Annual Report



2024/25

WESTERN CAPE
LIQUOR AUTHORITY

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Annual Report

2024/25

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:	3rd Floor Sunbel Building 3 Old Paarl Road Bellville 7530
POSTAL ADDRESS:	Private Bag X6 Sanlamhof Bellville 7532
TELEPHONE NUMBER/S:	021 204 9700/ 021 204 9805
EMAIL ADDRESS:	Liquor.Enquiries@wcla.gov.za
WEBSITE ADDRESS:	www.wcla.gov.za
EXTERNAL AUDITORS:	Auditor General of South Africa
BANKERS:	Nedbank (PTY) LTD
BOARD SECRETARIAT:	Caylynne Symes

2. LIST OF ABBREVIATIONS/ACRONYMS

Act	Western Cape Liquor Act (4 of 2008) as amended
AHRI	Alcohol Harms Reduction Initiatives
AGSA	Auditor General of South Africa
BBBEE	Broad Based Black Economic Empowerment
CE	Compliance and Enforcement
CEO	Chief Executive Officer
CES	Communication, Education and Stakeholder Relations
CFO	Chief Financial Officer
CPF	Community Policing Forum
CS	Corporate Services
DLO	Designated Liquor Officer
DPO	Deputy Presiding Officer
DPOCS	Department of Police Oversight and Community Safety
FIN	Finance
GB	Governing Board
GRAP	Generally Recognised Accounting Practices
ICT	Information and Communication Technology
LLA	Liquor Licensing Administration
LLT	Liquor Licensing Tribunal
LMATS	License Management and Tracking System
NHW	Neighbourhood watch
MEC	Member of Executive Council
MTEF	Medium Term Expenditure Framework
PFMA	Public Finance Management Act
PO	Presiding Officer
PRF	Provincial Revenue Fund
PSP	Provincial Strategic Plan (2019-2024)
SALGA	South African Local Government Association
SAPS	South African Police Service
SCM	Supply Chain Management
SITA	State Information Technology Agency
SMME	Small Medium and Micro Enterprises
TR	Treasury Regulations
WCG	Western Cape Government
WCLA	Western Cape Liquor Authority

3. FOREWORD BY THE CHAIRPERSON



The Annual Report of the WCLA for the 2024/25 financial year is herewith presented. The Governing Board completed the 1st year of its 3-year term with two (2) Board member vacancies.

The introduction and functioning of the Strategy and Planning Subcommittee has strengthened governance within the WCLA. Key aspects of strategy and budget planning have been institutionalised to ensure the necessary guidance and leadership provided by the GB finds expression in all that the administration produces and is required to submit within the accountability framework.

The WCLA demonstrated progress against the Strategic Plan and the Annual Performance Plan. This relates to the timeous processing of applications received and the finalization of decisions in respect of all application types as provided for in the legislation. The regulatory role and mandate of the WCLA is more widely appreciated by legislative and strategic partners.

Progress has been made with the organisational structure of the WCLA. The introduction of an executive management level into the organogram will enhance strategy development and optimal mandate execution. The WCLA is now better positioned for continued growth and sustainability.

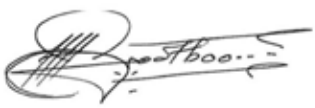
The two (2) Board vacancies placed pressure on the remaining members. The reasons for continued board vacancies must be explored to ensure the Board attracts and retains suitably qualified and experienced members. Similarly, the policy framework in respect of human resources and remuneration applicable to the entity is restrictive and all attempts will be made, in conjunction with the custodial department and Provincial Treasury, to formulate an enabling framework. The recruitment and retention of staff in especially key roles and functions continues to be a considerable challenge.

Fine revenue collection decreased over the reporting period. Within the context of a constrained fiscal and budget reality for the WCLA this is not ideal. It is anticipated that the risk-based approach adopted by the Inspectorate will arrest this development. The establishment of a Differentiated Pricing Model Task Team comprising the key stakeholders is a welcome development.

The WCLA will focus on ensuring communities are enabled to play a real and meaningful role in the on-going regulation of licenced premises. Key to this is the need to develop and enhance stakeholder relations more especially targeting communities. The development and implementation of a new Communication Strategy that serves to enable the WCLA in the execution of its mandate is nearing finalisation.

Resourcing of the ICT function has allowed the WCLA to extract greater value from existing ICT related expenditure. Much more however needs to be done. The value of ICT lies in reducing cost and enhancing impact. Greater operational alignment with legislated partners such as the SAPS (DLO's), Local Government and community representatives (CPF's and NHW's) will be possible with automated systems and processes. ICT initiatives will be accelerated going forward.

Gratitude is extended to all staff of the WCLA for their efforts and dedication. The support of the Executive Authority and the Head of Department is acknowledged for enabling the WCLA.



Gregory Grootboom (Phd)
Acting Chairperson of the Governing Board
Western Cape Liquor Authority
Date: 31 July 2025

4. CHIEF EXECUTIVE OFFICER'S OVERVIEW



The WCLA spent or committed 98% of its allocated budget for 2024/2025 and secured a favourable external audit outcome for the period under review. The high turnover of staff within the finance function continues to challenge WCLA operations and a sustainable solution must be pursued in this regard.

The WCLA is compelled to procure services to provide such expert guidance with regard to expenditure which requires specialised knowledge (eg. Capital expenditure) to facilitate bid specification documentation. This increases the cost of such projects. It is in the WCLA's interest to avoid complex procurement in future.

The WCLA will continue to strengthen partnerships that facilitate the determination of Public Interest. Partnerships with municipalities, Designated Liquor Officers within the SAPS and communities are critical to liquor regulatory processes within the WCLA. These partnerships serve to generate consensus on the nexus between liquor the economy and social harms within a geographical area. This again translates to greater alignment and integration of systems, processes and structures championed by institutions of government.

The Situational Analysis Reports are key to driving a risk based approach to compliance monitoring and enforcement. The objective is no longer simply to visit all licenced premises within a 12 month period but rather to focus on areas most problematic. The Operational plans drafted in response to the Situational Analysis Reports will be instructive in this regard.

Resource and capacity constraints continue to hamper the WCLA. A key learning has been that automation, digitization and effective enforcement will platform the future growth, sustainability and impact of the WCLA.

The custodial department, Provincial Treasury and the WCLA initiated the Tripartite Task Team and committed to facilitating the finalisation of a Differentiated Pricing Model (DPM) for consideration and implementation in the new financial year.

The liquor sector is a key driver of economic growth in the Western Cape. This requires capable and effective regulation to ensure growth of the sector does not translate to increased harms and social ills.

The Annual Financial Statements incorporated herein were compiled according to Generally Recognised Accounting Practice (GRAP) standards and outlines the financial position and financial performance of the entity for the 2024/25 financial year. Matters raised by the Auditor General in the 2023/24 financial year were responded to. The differentiated audit methodology reduced audit costs. Supply Chain Management policies and Revenue Management systems were reviewed and aligned to the latest National and Provincial Treasury Regulations and Instructions. Integration of financial and administrative systems and processes to manage revenue will receive priority going forward.

In conclusion I express appreciation for the Governing Board, the Liquor Licensing Tribunal and my colleagues at the WCLA. The Department of Police Oversight and Community Safety and the Minister of Police Oversight and Community Safety are acknowledged for enabling and supporting the WCLA.



Simion George
Chief Executive Officer
Western Cape Liquor Authority
Date: 31 July 2025

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

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

- All information and amounts disclosed in the annual report is consistent with the annual financial statements audited by the Auditor General.
- The annual report is complete, accurate and is free from any omissions.
- The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.
- The Annual Financial Statements (Part F) have been prepared in accordance with the GRAP standards applicable to the public entity.
- The Accounting Authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.
- The Accounting Authority is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.
- The external auditors are engaged to express an independent opinion on the annual financial statements.

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the public entity for the financial year ended 31 March 2025.

Yours faithfully



Chief Executive Officer
Simion George
Date: 31 July 2025



Acting Chairperson of the Board
Gregory Grootboom
Date: 31 July 2025

6. STRATEGIC OVERVIEW

6.1. Vision

Recognised by the public as leading the reduction of alcohol related harms through effective regulation of the retail sale and micro-manufacture of liquor in the Western Cape.

6.2. Mission

- Lead and promote the role of the public to reduce the impact of alcohol related harms.
- Effective and sustainable utilisation of resources to reduce the burden on the fiscus.
- In the public interest optimally regulate the liquor industry.

6.3. Values

In the execution of our mandate and functions, the Western Cape Liquor Authority places great reliance on the following values:

Accountability
We take responsibility.

Caring
To care for those we serve and with whom we work.

Competence
The ability and capacity to do the job we were employed to do.

Integrity
To be honest and do the right thing.

Innovation
To be open to new ideas and develop creative solutions to problems in a resourceful way.

Responsiveness
To serve the needs of the residents of the Western Cape and employees.

7. LEGISLATIVE AND OTHER MANDATES

7.1 Constitutional mandates

The regulation of liquor licensing is a provincial competency in terms Schedule 5 of the Constitution. For this reason, the Western Cape Liquor Authority (a Schedule 3C Public Entity as provided for in the Public Finance Management Act 1 of 1999, hereinafter referred to as the Authority) has been established in terms of Section 2(1) of the Western Cape Liquor Act, Act 4 of 2008.

7.2 Legislative mandates

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

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

7.3 Policy mandates

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

The Western Cape Cabinet adopted the White Paper as published in the Government Gazette dated 4 September 2017.

The purpose of the policy is to:

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

The current liquor legislation is being reviewed to accommodate responses to the White Paper.

The Provincial Strategic Plan (2019-2024)

The Alcohol Harms reduction approach finds expression in the Western Cape Provincial Strategic Plan 2019-24. The Authority's 5-Year Strategic Plan for the 2020-2025 period was guided by the Strategic Framework for the Provincial Strategic Plan, 2019-2024. It envisions a "safe Western Cape where everyone prospers" and an alignment to Vision Inspired Priority (VIP) 1, a safe and cohesive community.

Western Cape Government Recovery Plan (from Recovery to Growth)

In response to the disruptive nature and impact of the COVID-19 pandemic, the WCG responded with a Recovery Plan. It outlined a problem statement that required an urgent, whole of society response to create jobs, foster safe communities and promote the wellbeing of all citizens within the Western Cape.

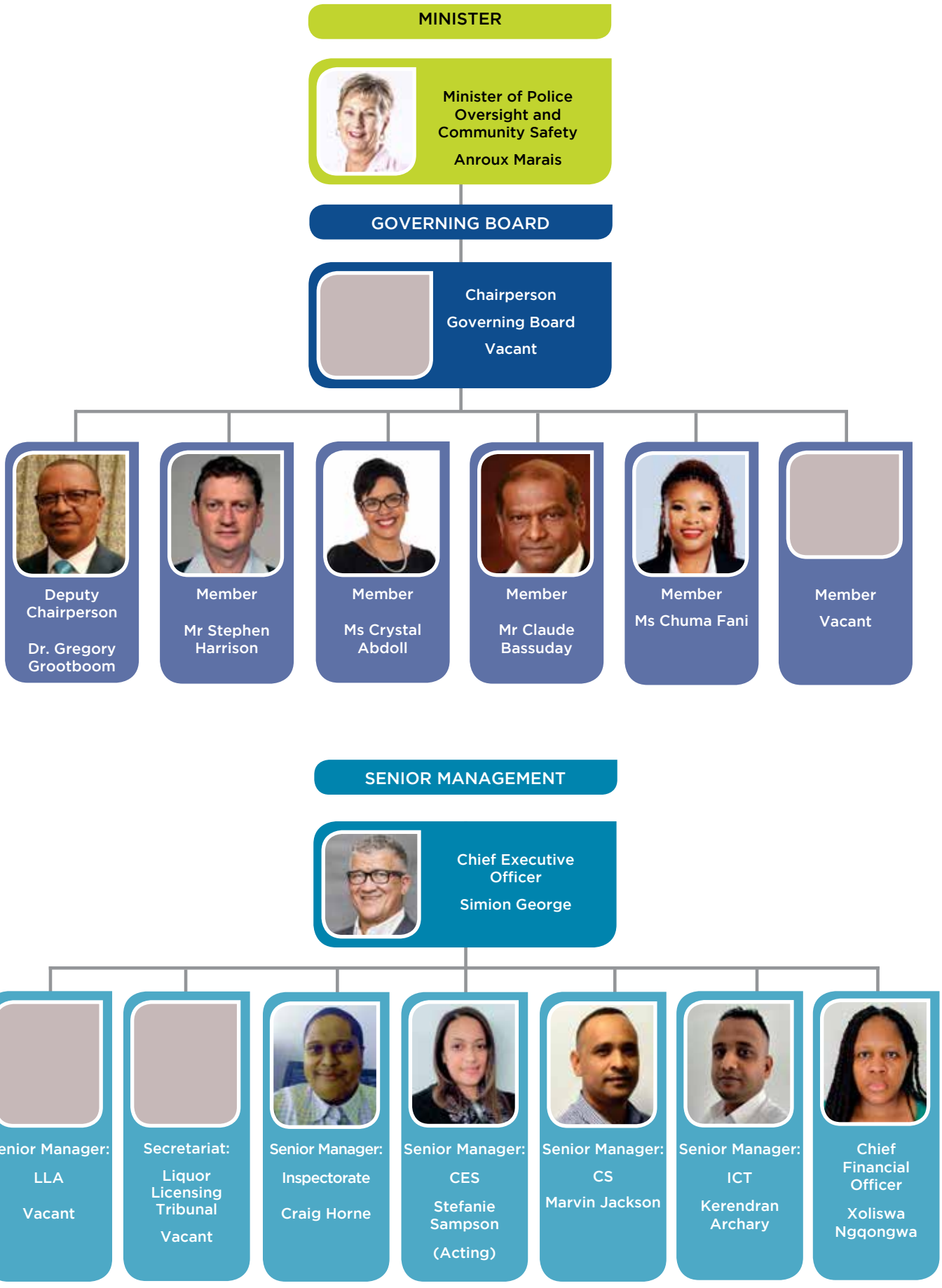
The response of the Western Cape Liquor Authority to the above imperatives:

Growth of the economy and a resultant increase in jobs is an imperative for the WC. Should much of that growth rely on the liquor industry, such growth should not be allowed to result in an increase in trauma. This necessitates effective regulation. The legislative review process is aimed at enhancing the efficiency and effectiveness of the entity in championing regulatory methodologies for greater regulatory impact.

7.4 Planned policy initiatives

The Alcohol Harms Reduction approach is reflected in the Western Cape Provincial Strategic Plan 2019-24. The legislative amendments underway will allow the Authority to optimize systems and processes towards greater efficiencies, resource optimization and regulatory impact. The Authority will embark on a communications strategy to enhance stakeholder engagement and community participation to facilitate the determination of public interest.

8. ORGANISATIONAL STRUCTURE



NOTE: Organisational Structure as at 31 July 2025



Part B:

Performance Information

Performance Information

1. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

The AGSA currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against pre-determined objectives is included in the report to management, with material findings being reported under the Predetermined Objectives heading in the ***Report on other legal and regulatory requirements*** section of the Auditor's report.

Refer to page 68 for the Auditor's Report, published in Part E: Financial Information.

2. SITUATIONAL ANALYSIS

2.1. Service Delivery Environment

Alcohol is the most prevalent and harmful drug in South Africa. The costs of alcohol-related harms, along with the other social harms outweigh the economic benefits associated with it[1]. These include costs associated with gender-based violence, sexual crime, the implications of unsafe sex, mental health issues and increasing levels of poverty.

The 2024 WHO Global Status Report on Alcohol and Health records that, in 2019, 43.4% of men and 22.6% of women in South Africa consumed alcohol, with 50.9% of male drinkers and 30.3% of female drinkers being heavy episodic drinkers.

The WHO Global Status Report (2024) ranks South Africa has having the 6th highest alcohol per capita consumption among drinkers in the world (up from 11th in 2011). The same report reveals that the average South African drinker consumes 27.2 litres of pure alcohol per year, which is more than twice the global average of 12.4 litres per year.

The availability of and access to alcohol is a significant contributor to the burden of disease and is a leading risk factor for premature deaths and disabilities in society. Alcohol is associated with more than 50% of interpersonal violence cases. Similarly, alcohol is associated with 53% of all transport fatalities, ranging from 40% of cyclist deaths to 60% of pedestrian deaths. It is associated with 60% of all burn cases, in 40% of drownings and 35% of suicides[2].

Reducing access to and the availability of alcohol as a policy imperative and providing an appropriate infrastructure to successfully implement such policy measures is required from a regulatory perspective. The fact that alcohol is subject to excise tax in the vast majority of countries acknowledges the fact that alcohol imposes external costs.

A range of interventions to reduce alcohol consumption and tackle its harms exist globally to effectively improve health and social outcomes for individuals, families and communities. Interventions cited and assessed to be effective or less so[3]:

1. **Most cost-effective: raising taxes on alcohol**. Taxation offers the most cost-effective strategy for minimising alcohol harm in most countries. WHO recommends that countries establish and enforce a taxation system that considers the alcohol content of the beverage, ban or restrict sales below cost and their price promotions.
2. **Highly cost-effective: restricting the availability of alcohol.** The WHO recommends countries enact and enforce regulations on the physical availability of alcohol by reducing the hours of sale, fixing an appropriate minimum age for purchase or consumption of alcoholic beverages and reducing the density of outlets.

1 *Western Cape Alcohol RelatedHarms Reduction Policy White Paper 2016.*
2 *The economics of alcohol use, misuse and policy in South Africa*
3 *World Health Organisation – Reporting on Alcohol: A guide for journalists*

3. **Effective: minimum unit pricing**. Increasing the price of alcohol has been found to reduce acute and chronic harm related to drinking among people of all ages, indicating that heavy or problem drinkers are no exception to the basic rule that alcohol consumers respond to changes in alcohol prices.
4. **Ineffective: corporate social responsibility initiatives**. There are irreconcilable differences between the goals of governments to protect and promote people's health and well-being and the economic operators pursuing maximum profit through increased alcohol consumption. Corporate social responsibility initiatives by the alcohol industry are typically a strategy to legitimise its participation in the public health agenda and divert attention from evidence-based strategies that reduce alcohol harm.

The Authority is mandated by the Western Cape Liquor Act, 4 of 2008 as amended (the 'Act'), to regulate liquor over an area spanning 129 462 km^2 in the Western Cape and serving a population in excess of 7 million people. This equates to 11,8% of the total South African population. The Authority is expected to assess the "environment" of liquor production, distribution and consumption and agitate for the resources and capacity to regulate effectively. Proposed legislative amendments will contribute to enhancing efficiency and effectiveness. The important contribution of liquor production and liquor retail industry to the Western Cape economy is considerable. Its growth continues to outperform other sectors of the economy.

The harm caused by alcohol consumption is higher in deprived communities where liquor outlets are largely unregulated. Zoning presents as the biggest challenge. The Authority has no leverage over unlicenced premises and communities have to rely on law enforcement agencies to prosecute illegal trading. As the number of Liquor establishments increase, so too do alcohol consumption and the attendant crime, traffic crashes, sexually transmitted diseases, suicide and trauma related deaths. Alcohol establishments tend to be more heavily concentrated in more deprived areas.

The Authority by virtue of its ability to interrogate volumes data and turnover of off consumption premises, is placed in a position to ascertain whether licenced premises are enabling unlicensed premises in a geographical area. Collaboration with partners such as the SAPS and Local Government in this regard is of great importance. This integration and alignment is required not only in respect of a licence application but more critically in the continued existence of a licence beyond the granting thereof.

Citizen engagement necessitates appropriate platforms for communities to be heard on matters that concern them most. It facilitates constructive engagement and promotes the quality of services Government commits to. Municipalities play a critical role connecting government in general to citizens. Efforts to enhance citizen engagement must be prioritised between all spheres of government. Municipalities must be affirmed as the most appropriate vehicle to ensure and enable the citizen.

The Authority is keen to transform all its services to embrace the evolving information communication technology opportunities. The absence of an ICT strategy in the past compromised the optimisation of resources. An ICT strategy will now allow for the appropriate prioritisation of initiatives and projects that support the strategic objectives of the Authority. The emphasis is on aligning and integrating service offerings in a manner that is effective, affordable, and designed around the needs of the citizen.

The Authority is committed to collaborating with the custodial department and other policymakers and champions within the AHR Task Team formed. The Task Team which focussed on the first phase of the legislative amendments is mandated to persue the implementation of key recommendations of the AHR White Paper. Two policy recommendations of note in this regard are the implementation of Minimum Unit Pricing (MUP) and setting uniform trading hours. In relation to access and availability hours and days of liquor trading is a very important lever for regulation purposes. In anticipation of the legislative review the WCLA will engage Local Government to ensure the processing of applications for the extension of trading hours take into account conditions imposed by the LLT.

2.2 Organisational environment

The Governing Board is the Accounting Authority and is responsible for providing the strategic direction and leadership of the WCLA. Members of the Governing Board are independent non-executive members appointed by the Minister of Police Oversight and Community Safety after consulting the Parliamentary portfolio committee.

The Chief Executive Officer (CEO) is the executive head official of the Administration and is responsible for implementing the strategic direction provided by the Governing Board and for the day-to-day operations of the WCLA. The CEO is an ex officio member of the Governing Board and is delegated by the Governing Board to ensure compliance with governance principles and financial reporting standards, including all related laws and regulations.

The WCLA conducts its business from offices situated in Bellville. The operations of the WCLA are geared towards ensuring Liquor Regulation serves the public interest and that the Liquor Licensing Tribunal is enabled to make the best possible determination.

The following application types and categories of licences are applicable:

- Section 36 - New Permanent Licence Application
- Section 51(1) & (2) – Change in Financial Interest Application
- Section 53 (1)(a) – Extension and Structural Changes Application
- Section 53 (1)(b) – Change in Nature of Business Application
- Section 53 (1)(c) – Consent to Conduct Multiple Businesses on Premises Application
- Section 65(1) – Transfer of a Licence Application
- Section 66(2) – Removal of a Licence Application
- Section 48(1) - Temporary Event Application
- Section 48(4) – Special Event Application

For the 2024/25 financial year the Liquor Licensing Tribunal could account for the following:

Considered 1339 new permanent licence applications. Below is a summary of the application outcomes after consideration.

OUTCOME	NUMBER OF APPLICATION
Applications approved	360
Applications conditionally approved	277
Applications refused	59
Applications postponed	643
Total	**1339**

Over the same period the Appeals Tribunal:

Considered 10 appeals in respect of new licence applications with the respective outcomes reflected below:

OUTCOME	NUMBER OF APPLICATION
Appeal upheld	2
Appeal dismissed	2
Appeal referred back to the Tribunal for reconsideration	0
Appeal struck off the roll	1
Appeal withdrawn	2
Appeal postponed	1
Appeal waiting on the appellant for a date	1
Appeal responding statement outstanding	1
Total	**10**

The **Regulatory Operations** include:

1. Liquor Licensing Administration
2. Liquor Licensing Tribunal
3. Inspectorate: Compliance and Enforcement

The **Management Support Services** incorporating:

1. Finance
2. Information and Communication Technology
3. Human Capital
4. Corporate Communication

There are 88 permanent positions that make up the approved organisational structure of the Authority. The structure including temporary positions to implement and account for the commitments made herein total 95 positions. The Authority explored the most appropriate and optimal alignment and allocation of resources.

Two key initiatives have been impacted upon in relation to the Authority. The first related to the walk-in centre. The administrative burden of facilitating capital expenditure is immense and a key learning has been to explore the outsourcing of complex projects. The Authority's capacity is not geared to execute major and complex procurement processes. The second is the Differentiated Pricing model (DPM). Initially funds earmarked by the Authority to acquire capacity and procure services to assist with the methodology to determine volumes traded with the collation of data. After an initial investment appointing a Financial Inspector the second phase had to be postponed due to severe budget cuts. For the new financial year an allocation has been made specifically for the finalisation of a DPM. The introduction of a DPM on the basis of volumes will necessitate legislative changes to compel the provision of data by ***on consumption*** premises.

OPERATIONS

Liquor Licensing Administration

The Liquor Licensing Administration entails receiving and processing applications as provided for in the Act. It includes administrative processes associated with the renewal of licences (both automatic and non-automatic).

The eLicence portal as a web-enabled platform is central to optimizing available resources. Although an increasing number of applicants, licence holders and interested parties accessed the platform, the take-up remains unsatisfactory. Engaging the Authority via the platform allows for greater responsiveness and effective communication. Licence holders can process payments and receive immediate confirmation. The platform can greatly enhance interaction between the Authority and applicants/licence holders.

The Client Service Centre will provide in person assistance to applicants, licence holders and menbers of the public who require such. Applicants and licence holders can walk into the Authority offices and be assisted in a step-by-step manner to register and create a profile and transact. This service can be provided remotely should the other party have access to internet. Members of the public will be assisted in relation to the submission of complaints and objections.

Liquor Licensing Tribunal

The Liquor Licensing Tribunal (LLT) performs a quasi-judicial function in the consideration and adjudication of all applications related to liquor licences as provided for in the Act. The LLT is required to focus on the determination of public interest in all applications. The LLT must be satisfied each application granted will be in the public interest. The burden of proof rests on the applicant.

When considering public interest in terms of the Act, the LLT places great reliance on the reports emanating from legislative partners such as the Municipality and Designated Liquor Officers (DLO) within the SAPS.

The Situational Analysis Report methodology introduced is aimed at facilitating integrated operational planning and collaboration with the SAPS and Municipalities in order to expedite the finalisation and enhancement of reports. Relevant Area-based information must increasingly form part of municipal and DLO reports.

Application types with higher risk and greater impact on communities are prioritised. Licence conditions are tailored on a case-to-case basis to mitigate potential for negative impact on communities. Oral hearings have increasingly been scheduled in those instances where the facts are disputed.

Administrative processes relating to the Tribunal have been interrogated to ensure timeous and thorough preparation of applications. The purpose is to identify, prioritize and expedite complete applications for enrolment to the LLT for adjudication.

A zero-tolerance approach is applied where transgressions relate to minors and the on selling of liquor to unlicensed liquor outlets.

Non-compliance with LLT orders have been prioritised and pursued. Irresponsible and non-compliant licence holders are now wary of the implications of Section 64 (non-automatic renewal).

Inspectorate: Compliance and Enforcement

The Inspectorate monitors and processes non-compliance with the provisions of the Act and applicable legislation. During 2024/25, the Inspectorate maintained performance levels of the previous year against the Annual Performance Plan (APP).

Collaboration with SAPS and municipalities has been institutionalised, significantly improving turnaround times in respect of requests to stakeholders and the resolution of complaints.

The refinement of situational analysis reporting during 2024/25 allowed for greater alignment and synergy between

our legislative partners. These reports mark a critical shift toward evidence led and data driven initiatives. This will also prove beneficial in expediting the consideration of Public Interest.

The Inspectorate has embedded the situational analysis report methodology to inform operational planning. A risk-based methodology applies and will inform all future interventions. Resources will be directed in a targeted and calibrated manner to areas of greatest need.

MANAGEMENT SUPPORT SERVICES

Corporate Communication

Functions relating to communication, education and stakeholder relations are performed primarily by those components directly engaging the stakeholders of the Authority in their day-to-day operations.

The Authority and all its components advocate a consolidated message:

- A commitment to the reduction of alcohol-related harms and the creation of safe spaces by regulating liquor effectively and in the public interest.
- A commitment to facilitate the most appropriate determination of public interest.
- Promoting a regulatory relationship with licensees enabling greater compliance and respecting public interest.
- All liquor licences are required to respect public interest.
- Optimise related resources across partners towards the determination of public interest.
- A liquor licence is a concession to trade in a regulated substance producing harm.

In the 2024/25 financial year, the Corporate Communication function focused on:

- Promoting a citizen centric approach through accessibility and visibility
- Integrating and collaborating with strategic partners
- Promoting community voices and engagement in the determination of public interest
- Targeting communication towards specific licence categories identified and prioritised for intervention.

Finance

The Authority maintained a commitment to financial sustainability, operational efficiency, and responsible resource management.

During the 2024/25 financial year, the Authority recorded a year-on-year decline of 3% in total revenue. This decrease is primarily attributed to align 53% reduction in income derived from fines, penalties, and forfeitures amounting to R2.75 million compared to R5.85 million in the previous financial year.

This decline can be ascribed to a range of factors. The introduction of sec 64 has compelled greater compliance. The increase in inspectorate capacity and visibility has enhanced the Authority's ability to proactively monitor licensees and reduce non-compliance, resulting in fewer contraventions more so in the Area Based Teams (ABT) areas. Target setting to inspect all licenced premises within a financial year to ensure the fair, just and equitable implementation of Section 64 resulted in routine regulatory compliance inspections. A risk-based approach has now been adopted that targets transgressions as opposed to compulsory routine inspections. The increase in inspectorate capacity and visibility has enhanced the Authority's ability to proactively monitor licensees and reduce non-compliance, resulting in fewer contraventions.

The Authority continued to exercise fiscal discipline. Overall operational expenditure decreased compared to the prior year, primarily due to lower advertising costs and savings on travel expenses. Additionally, employee-related expenditure declined by 5%, mainly as a result of vacancies over the reporting period.

The Finance Component played a key role in supporting the operations of the Authority over the reporting period

despite serious staffing challenges. The component accounts for the highest staff turnover rate. The component could still exercise sound financial planning, effective budgetary control, and optimise its resources. The Authority sustained its operations, pursued its mandate, and generated revenue paid over to the Provincial Revenue Fund. The component experienced a high staff turnover rate especially within SCM and the Risk Management and Compliance functions. The recommended DPSA Structure for a functional finance unit is not feasible for implementation by the Authority. The current budget reality does not allow this.

Corporate Services

The Corporate Services function provided support to the operational functions of the Authority. The objective is to ensure the resource allocation received and the assets held including human capital, are optimally applied towards the pursuit of the strategic goals and objectives of the Authority. Corporate Services facilitated the strategic planning and budget processes of the Authority which entailed entry into the new 5-year planning cycle and closure in respect of the 2020-2025 5-year cycle.

The Authority has developed an agility to respond to the operational demands and fiscal pressures that continue to mount. This agility is now a prerequisite when looking at the Budget Circulars issued in 2023. A risk-based approach to service delivery must be applied. The perspective remains that people remain central to Authority initiatives and strategies.

Despite several challenges the Authority has been able to expand its establishment over the past decade. This growth in capacity was however in response to crisis or imperatives determined or dictated in respect of governance. The WCLA now has a clear strategy, and an organisational design to direct its growth and regulating impact.

2.3 Key policy developments and legislative changes

The Authority as part of the Provincial Legislative Task Team, headed by the Department of Police Oversight and Community Safety is in the process of considering critical amendments to the Liquor Act that is informed by two key objectives. The first is regulatory impact in reducing harms associated with non-compliant licence holders and in the second instance to simplify and enhance systems and processes of the Authority to improve operational efficiency.The Authority as part of the Provincial Legislative Task Team, headed by the Department of Police Oversight and Community Safety is in the process of considering critical amendments to the Liquor Act that is informed by two key objectives. The first is regulatory impact in reducing harms associated with non-compliant licence holders and in the second instance to simplify and enhance systems and processes of the Authority to improve operational efficiency.

2.4. Progress towards Achievement of Institutional Impacts and Outcomes

Outcome	Outcome Indicator	Five-year target	Progress in terms of five-year target
1. Applications processed by the Liquor Licensing Administration within prescribed timeframes	1. Timeous processing of permanent and secondary applications to be referred to the Liquor Licensing Tribunal	100% of permanent and secondary applications processed by the Liquor Licensing Administration within prescribed timeframes	The applications processed within the prescribed timeframes achieved an overall average of 91% for the reporting period. The Tribunal needs to be placed in the position to make an informed decision regarding an application, and pertinent information, if outstanding, prevents this. The availability of DLO reports before any application can proceed thus poses a challenge, however the Administration aims to ensure that no application is enrolled without a DLO or Inspectorate report. In ensuring this, delays in the submission of these reports are still experienced during the processing timeline. Various initiatives have been employed towards ensuring that the risk related to these delays are mitigated and that further delays are prevented.
2. Matters considered by the Liquor Licensing Tribunal within prescribed timeframes	2. Timeous consideration of permanent and secondary applications and enforcement matters referred to the Liquor Licensing Tribunal	100% of permanent and secondary applications and enforcement matters considered by the Liquor Licensing Tribunal within the prescribed timeframes	Ongoing system enhancements and the ongoing optimisation of processes and procedures followed before enrolment and during the consideration stage contributed to most applications being dealt with within legislative timeframes. In most of the performance indicators the difference between actual achievement and the target is minimal. Section 82 proceedings were instituted in cases of non-compliance with LLT orders.
3. Community participation in the application and complaints processes	3.Year on year increase in community participation during the application and complaints processes	Increased community participation in the application and complaints processes	The Authority has increasingly become impactful in executing its mandate to regulate. The Authority facilitated and registered greater collaboration and alignment between the various partners. The increased inspectorate capacity allowed for all licensed premises to be inspected throughout the Western Cape which has driven up the compliance rates. Community participation in the application process assisted the LLT in determining public interest and the introduction of in-person hearings welcomed.
4. Compliance with the Act and license conditions by license holders	4.Focus on compliance with the Act and license conditions by license holders	Year-on-year increase in compliance levels	Due to numerous factors, it was difficult to determine baselines since the introduction of the current strategic plan. Furthermore, the National State of Disaster severely impacted the normal operations of licensed establishments, and therefore the benefits of the increased inspectorate capacity were only experienced for the 2022/2023 and 2023/2024 reporting cycles respectively. The operations in the ABT areas have however proven to show increases in compliance levels based on repeat inspections.

Outcome	Outcome Indicator	Five-year target	Progress in terms of five-year target
5. Compliance with relevant legislation and National and Provincial Treasury Instructions	5. Focus on compliance with relevant legislation and National and Provincial Treasury Instructions	Audit opinion from Auditor-General of South Africa	The regularity audit for the Authority was finalized by the Auditor-General on 31 July 2024, who thereafter issued a final unqualified audit opinion with no findings (Clean Audit). The clean audit means that the Authority complied with all the relevant laws and regulations governing its financial and performance affairs and that throughout the year under review, proper internal controls to manage performance and financial information were implemented. The Authority has now achieved clean audit outcomes for five consecutive years.
6. Alignment with the provincial government's strategic priorities, within a prescribed strategic framework	6. Manage the performance monitoring and reporting processes for the WCLA	Publication of an audited Annual Report	The Governing Board as constituted is the Accounting Authority for the Authority which accounts to the Minister of Police Oversight and Community Safety as the Executive Authority. This results in the Department of Police Oversight and Community Safety being the custodial department for the Authority. The department effectively thus is the vehicle utilized by the Minister to exercise executive authority responsibility in respect of the Authority. All budget and planning processes applicable to the Authority as an entity of Government will be facilitated via the Department of Police Oversight and Community Safety more specifically Programme 1. The parties acknowledge the respective roles, responsibilities and obligations attached and assigned to each institution.

3. PERFORMANCE INFORMATION BY COMPONENT

3.1 Component 1: Liquor Licensing Administration

The Liquor Licensing Administration Component provides a service to applicants and/ or licence holders by way of the administering of applications, issuing of licences, certificates and notices and the renewals of valid licences.

Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

Outcome	Output	Output Indicator	Audited Actual Perfor-mance 2022/23	Audited Actual Perfor-mance 2023/24	Planned Annual Target 2024/25	Actual Achieve-ment 2024/25	Deviation from planned target to Actual Achieve-ment 2024/25	Reason for deviations
Applications processed by the Liquor Licensing Administration within prescribed timeframes	Legislative compliance	1.1 Percentage of permanent and secondary licence applications received by the Liquor Licensing Administration processed within prescribed timeframes.	73.14%	90.67%	100%	95.89%	4.11%	Incomplete applications result in processing delays and performance variances in process timelines.
		1.2 Percentage of licence applications processed via our online portal.	NEW	0.78	25%	2.03%	22.97%	Online portal does not accept incomplete applications. Applicants elect to submit applications manually. Limited awareness of the availability of the online platform.
		1.3 Percentage of licensees meeting the criteria in Section 64(1) of the Act that are subjected to the non-automatic renewal process.	NEW	100%	100%	100%	0.00%	

ANALYSIS OF PERFORMANCE INFORMATION

The Act requires all applications to be processed within the prescribed timeframe. This remains an aspirational target that requires incessant interrogation if not met. An overall outcome of 98.89% although commendable, highlights the need for continued focus on improving systems and processes.

The manual and physical lodgement of applications continues to be the preferred method of lodgement for most applicants. The target was optimistic and did not fully anticipate the reluctance, inability and or resistance to transition to an automated/ digital way of doing business. It must be noted that the online system is configured to only accept complete applications. This deters users more especially representatives that hope to expedite applications by submitting incomplete applications in the interim.

STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

The continued and effective monitoring of the system generated task lists is key to ensuring compliance. In time the benefit of utilizing the online portal will translate to the more expeditious finalisation of online submissions as opposed to manual lodgement. It is accepted however that a need exists to continuously pursue enhancement of the eLicence portal to improve the user experience and accessibility. In addition, the Walk-in Centre will play a considerable role in assisting applicants with the submission of applications via the online platform. Scepticism and user reluctance may also be addressed when online use is facilitated by the walk-in centre staff. A communication strategy to market the online portal will be embarked upon.

CHANGES TO PLANNED TARGETS

No in-year changes to tabled APP indicators affected this component.

LINKING PERFORMANCE WITH BUDGET

Component/ activity/objective	2024/25			2023/24		
	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 Licensing Administration	19 556	15 275	4 281	14 091	13 857	234
Total	**19 556**	**15 275**	**4 281**	**14 091**	**13 857**	**234**

Note: The under expenditure is due to delays in the construction of the Walk-in Centre.

3.2 Component 2: Liquor Licensing Tribunal

This component is tasked with the responsibility of adjudicating liquor licence applications and complaints lodged regarding the conduct of a licensed business.

Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

Outcome	Output	Output Indicator	Audited Actual Performance 2022/23	Audited Actual Performance 2023/24	Planned Annual Target 2024/25	Actual Achievement 2024/25	Deviation from planned target to Actual Achievement 2024/25	Reason for deviations
Matters considered by the Liquor Licensing Tribunal within prescribed timeframes	Legislative compliance	2.1 Percentage of permanent and secondary license applications considered by the Liquor Licensing Tribunal within the prescribed timeframes.	97.53%	97.12%	100%	96.58%	3.42%	Public interest consideration on occasion necessitates interrogation beyond timelines set.
		2.2 Percentage of Section 73 reports accepted by the Prosecutor.	NEW	51.26%	100%	98.11%	1.89%	The negligible under achievement represents referrals back to the 'prosecutor' for clarification
		2.3 Percentage of all enforcement matters considered by the Liquor Licensing Tribunal within 60 days of referral.	90.72%	100%	100%	96.69%	3.31%	Some matters found complex and challenging based on facts and requiring greater application by the LLT.
		2.4 Percentage of compliance to Liquor Licensing Tribunal fines issued.	NEW	52.47%	100%	48.97%	51.03%	The Act provides for suspension of licences (s82) should licensees fail to pay fines imposed. Commencement of the process not factored in the indicator has been amended for the new cycle.
		2.5 Percentage of Section 64 non-automatic renewal matters finalised by the Liquor Licensing Tribunal by 31 December.	98.16%	99.30%	95%	100%	(5.00%)	All Section 64 non-automatic renewal applications were finalized by 31 December 2024.

ANALYSIS OF PERFORMANCE INFORMATION

The target to consider all matters tabled with the LLT within the determined timelines remains aspirational and although the 96.58% achievement can be considered noteworthy the ideal is to achieve 100% and the inability to do so should be interrogated, explained and understood. The LLT is scheduled for recess during the festive season resulting in sittings being considerably reduced for the 3rd quarter. Invariably matters are required to stand over until January following. More importantly the LLT has increasingly called for oral hearings to clarify aspects within highly contentious applications/ proceedings. These intricate and often contentious matters may require additional time for thorough consideration thereof. The LLT is compelled by the Act to ensure each licence granted will serve the public interest.

Similarly in relation to enforcement matters some are found to be more complex and challenging than others based on the facts and circumstances that may require greater application by the LLT. In instances of disputes of fact oral hearings may be scheduled by the LLT. The Authority has been increasingly cited in litigation, and it is prudent for the LLT to ensure a sound basis in law for its decisions.

The indicator in respect of percentage of fines issued paid, was intended to necessitate a reflection on the status of fines imposed by the LLT. Fined licenses on request are allowed to pay off fines imposed by the LLT. The indicator as it stands though does not necessitate a reflection on the process initiated to compel compliance with the LLT sanction imposed. This process is provided for in Section 82 of the Act which allows the Tribunal to suspend trading on licences in default until such time that the fine has been paid.

WOMEN, YOUTH AND PERSONS WITH DISABILITIES

The Tribunal follows a zero-tolerance approach towards license holders contravening the Act in selling liquor to minors. If found guilty of such an offence, a hefty sanction will be imposed.

STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

The increased automation, application and alignment of existing systems and processes within the operations programme including the LLT will expedite systems and processes not only in relation to the administration but also the LLT. This is now being pursued. Quality control measures were introduced by the office of the Prosecutor as well as the Secretariat resulting in only matters that are deemed warranted are enrolled for consideration by the LLT. Ongoing management of the application case-roll will continue to ensure application are considered within legislative timeframes.

Section 82 proceedings were initiated in all instances of non-payment of fines. The indicator was revised for the new cycle.

CHANGES TO PLANNED TARGETS

No in-year changes to tabled APP indicators affected this component.

LINKING PERFORMANCE WITH BUDGET

Component/activity/ objective	2024/25			2023/24		
	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 Licensing Tribunal	6 851	6 588	263	6 660	6 528	132
Total	**6 851**	**6 588**	**263**	**6 660**	**6 528**	**132**

3.3 Component 3: Inspectorate: Compliance and Enforcement

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

Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

Outcome	Output	Output Indicator	Audited Actual Perfor-mance 2022/23	Audited Actual Perfor-mance 2023/24	Planned Annual Target 2024/25	Actual Achieve-ment 2024/25	Deviation from planned target to Actual Achieve-ment 2024/25	Reason for deviations
Compliance with the Act and licence conditions by license holders	Proactive measures to ensure compliance	3.1 Percentage of valid licences at the beginning of the financial year that are inspected by the end of that financial year.	NEW	95.92	95%	100%	(5.00%)	The overachievement is attributed to greater efficiency occasioned by effective operational planning and continued collaboration with other agencies.
		3.2 Number of enforcement operations conducted with other agencies.	305	296	280	303	(23)	The overachievement is attributed to greater collaboration with stakeholders to ensure that all licences operate in the public interest.
		3.3 Percentage of complaints received finalised within two (2) months.	89.42%	97.12%	95%	94.92%	0.08%%	Isolated instances arise where the nature of complaints require complex investigations.
		3.4 Number of inspections conducted focused on under-age drinking and access to restricted areas*.	5 656	2 692	2 400	2 949	(549)	The scheduled operational visits to reach all licence holders within the financial year allowed the opportunity for added focus in respect of under-age drinking.
		3.5 Percentage of new licensed premises to be inspected within three (3) months after issuing of licence.	NEW	93.33%	95%	87.76%	7.24%	The under performance is due to control deficiencies within the component.

Outcome	Output	Output Indicator	Audited Actual Perfor-mance 2022/23	Audited Actual Perfor-mance 2023/24	Planned Annual Target 2024/25	Actual Achieve-ment 2024/25	Deviation from planned target to Actual Achieve-ment 2024/25	Reason for deviations
		3.6 Percentage of licensed outlets within the ABT areas inspected quarterly.	NEW	100%	100%	100%	0.00%	
		3.7 Number of Situational Analysis Reports for local municipalities and the City of Cape Town Sub-council submitted to the LLT for considerations.	NEW	NEW	25	25	0	

Note: The overachievement at indicator 3.4 was primarily occasioned by the improved collaboration with legislative partners. See analysis of performance information below.

ANALYSIS OF PERFORMANCE INFORMATION

The system reports did not reflect as a task the licences granted, and which needed to be inspected within a timeframe. Once detected as a challenge manual control systems were introduced. These controls still presented a challenge and were found to be ineffective and inefficient resulting in the underachievement. The target in respect of complaints received and investigated, although underachieved, was negligible.

WOMEN, YOUTH AND PERSONS WITH DISABILITIES

One of the indicators above measures the "Number of inspections conducted focussed on under-age drinking and access to restricted areas". The target was over-achieved by a large margin due to scheduled operational visits to reach all licence holders within the financial year that allowed the opportunity for added focus in respect of under-age drinking.

STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

To address the underperformance for indicator 3.3, mitigation measures include the prioritisation of case management for complex investigations and establishing timelines for completion of investigations. The adjustment of workflows for more complex cases has been undertaken especially where evidence is not forthcoming and implementing periodic reviews to track progress and identify delays. The control measures for indicator 3.5 have been strengthened through the introduction of clear supervisory responsibilities, leading to greater accountability and improved efficiency and effectiveness.

CHANGES TO PLANNED TARGETS

None.

LINKING PERFORMANCE WITH BUDGET

Component/activity/ objective	2024/25			2023/24		
	Budget	Actual Expenditure	(Over)/ Under Expenditure	Budget	Actual Expenditure	(Over)/ Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Inspectorate	16 733	16 576	157	17 103	16 978	125
Total	**16 733**	**16 576**	**157**	**17 103**	**16 978**	**125**

3.4 Component 4: Communication, Education and Stakeholder Relations

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

Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

Outcome	Output	Output Indicator	Audited Actual Perfor-mance 2022/23	Audited Actual Perfor-mance 2023/24	Planned Annual Target 2024/25	Actual Achieve-ment 2024/25	Deviation from planned target to Actual Achieve-ment 2024/25	Reason for deviations
Community participation in the application and complaints processes	Increased public participation	4.1 WCLA Annual Communication Plan developed.	NEW	1	1	1	0	
		4.2 Number of Liquor Consultants Forum engagements facilitated.	NEW	4	4	3	1	During quarter 3 the scheduled LCF engagement did not take place due to non-responsiveness on the part of primary stakeholders.
		4.3 Number of campaigns conducted targeting licence holders in understanding their roles and responsibilities as licensed outlets and the impact of liquor on priority groupings such as women, youth and children.	NEW	1	2	2	0	
		4.4 Number of campaigns developed targeting communities on their role in influencing the determination of public interest.	NEW	1	2	2	0	

ANALYSIS OF PERFORMANCE INFORMATION

Despite the reality of budget cuts and limited resources the CES continued messaging the facilitation of an appreciation for liquor regulation and enabling a shared understanding in localized areas to appreciate regulation through a safety lens and enabling the LLT to determine public interest.

WOMEN, YOUTH AND PERSONS WITH DISABILITIES

The operations of the Authority remained focus on a reduction of harms associated with alcohol especially in respect of vulnerable groups. Activities embarked upon included distribution if educational and awareness material and collaboration with strategic partners who enjoy direct access to the public.

STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

Not applicable.

CHANGES TO PLANNED TARGETS

No in-year changes to tabled APP indicators affected this component.

LINKING PERFORMANCE WITH BUDGET

Component/activity/ objective	2024/25			2023/24		
	Budget	Actual Expenditure	(Over)/ Under Expenditure	Budget	Actual Expenditure	(Over)/ Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Communication, Education and Stakeholder Relations	3 050	1 962	1 088	2 465	2 157	308
Total	**3 050**	**1 962**	**1 088**	**2 465**	**2 157**	**308**

Note: Delays in the appointment of a service provider for the development of the marketing and branding campaign have resulted in under-expenditure. The funds have, however, been committed at year end.

3.5 Component 5: Finance

This component aims to enhance performance oriented financial management.

Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

Outcome	Output	Output Indicator	Audited Actual Perfor-mance 2022/23	Audited Actual Perfor-mance 2023/24	Planned Annual Target 2024/25	Actual Achieve-ment 2024/25	Deviation from planned target to Actual Achieve-ment 2024/25	Reason for deviations
Compliance with relevant legislation and National and Provincial Treasury Instructions	Legislative compliance	5.1 Percentage expenditure in relation to the allocated budget.	93.48%	98.00%	98%	78.91%	19.09%	Under-expenditure due to delayed appointment of a service provider for the construction of the Walk-in Centre, acquisition of computer equipment and delayed implementation of marketing and branding campaigns.
		5.2 Percentage of invoices paid within 30 days after receipt of invoice.	94.34%	97.00%	100%	99.29%	0.71%	Invoices were queried in negligible instances
		5.3 Audit opinion from Auditor General of South Africa.	Unqualified Audit Opinion	Unqualified Audit Opinion	Unqualified Audit Opinion	Unqualified Audit Opinion	0	

ANALYSIS OF PERFORMANCE INFORMATION

The under-expenditure is due to delays in the appointment of a service provider for the construction of the Walk-in Centre, acquisition of computer equipment and delays in the implementation of marketing and branding campaigns.

Invoices queried resulted in delays in the processing of invoices.

STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

The under expended funds have been committed. Service providers have been appointed to provide services as mentioned and the funds have been committed by purchase orders being finalised.

Ongoing monitoring of payments.

CHANGES TO PLANNED TARGETS

No in-year changes to tabled APP indicators affected this component.

LINKING PERFORMANCE WITH BUDGET

Component/activity/ objective	2024/25			2023/24		
	Budget	Actual Expenditure	(Over)/ Under Expenditure	Budget	Actual Expenditure	(Over)/ Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Finance	15 184	15 261	(77)	15 109	14 871	238
Total	**15 184**	**15 261**	**(77)**	**15 109**	**14 871**	**238**

Note: The allocation of overhead costs to the Component have increased the expenditure for the Component. However, total expenditure for the Entity remains within budget.

3.6 Component 6: Corporate Services

The Corporate Services Component provides strategic and administrative support to the Components of the WCLA to monitor and report on the achievements of the WCLA's performance targets.

Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

Outcome	Output	Output Indicator	Audited Actual Perfor-mance 2022/23	Audited Actual Perfor-mance 2023/24	Planned Annual Target 2024/25	Actual Achieve-ment 2024/25	Deviation from planned target to Actual Achieve-ment 2024/25	Reason for deviations
Alignment with the provincial government's strategic priorities, within a prescribed strategic framework	Legislative compliance	6.1 Number of Annual Performance Plans (APP) published.	1	1	1	1	0	
		6.2 Number of quarterly performance reports submitted to DotP.	4	4	4	4	0	
		6.3 Number of quarterly reports submitted to Parent department.	4	4	4	4	0	

ANALYSIS OF PERFORMANCE INFORMATION

The Corporate Services component achieved all the planned targets for the year.

WOMEN, YOUTH AND PERSONS WITH DISABILITIES

The activities of this Component during the financial year especially when it came to its recruitment and selection process were focussed on the promotion of equal employment opportunities for all employees and applicants to achieve a diverse, inclusive workplace, foster a productive work environment and provide guidance and training to components and employees on EE compliance.

STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

Not applicable.

CHANGES TO PLANNED TARGETS

No in-year changes to tabled APP indicators affected this component.

LINKING PERFORMANCE WITH BUDGET

Component/activity/ objective	2024/25			2023/24		
	Budget	Actual Expenditure	(Over)/ Under Expenditure	Budget	Actual Expenditure	(Over)/ Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Corporate Services	16 303	13 630	2 673	18 204	17 573	631
Total	**16 303**	**13 630**	**2 673**	**18 204**	**17 573**	**631**

Note: The under-expenditure is largely driven by delays in the acquisition of computer equipment. The funds have, however, been committed at year end.

4. REVENUE COLLECTION

Sources of revenue	2024/25			2023/24		
	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
REVENUE COLLECTED ON BEHALF OF THE PROVINCIAL REVENUE FUND						
Automatic renewal	51 307	54 075	(2 768)	49 093	53 066	(3 973)
WCLA OWN REVENUE						
Application fees	2 823	2 849	(26)	3 668	2 930	738
Granting fees	4 444	4 623	(179)	5 465	5 524	(59)
Other income	57	3 049	(2 992)	50	258	(208)
Interest received	2 071	2 219	(148)	1 550	1 699	(149)
Fines	3 886	2 754	1 132	7 884	5 852	2 032
Total Own Revenue	**13 281**	**15 494**	**(2 213)**	**18 617**	**16 262**	**2 355**
TOTAL COMBINED	**64 588**	**69 569**	**(4 981)**	**67 710**	**69 328**	**(1 618)**

The Western Cape Liquor Authority is primarily funded through a grant received from the Western Cape Government via the Department of Police Oversight and Community Safety. In addition to this transfer, the Authority generates own revenue through licence fees, fines and interest earned on investments. Own revenue is retained by the Authority and is not paid over to the Provincial Revenue Fund.

The Authority collects annual licence fees through an automatic renewal process as prescribed by Section 63(2) of licenses in terms of Section 63(2) of the Western Cape Liquor Act (WCL Act). These fees are collected from licence holders and paid directly into the Provincial Revenue Fund in accordance with Section 30 of the WCL Act. In the 2024/25 financial year the Authority collected and paid over R54.1 million to the Provincial Revenue Fund, against a target of R51.3 million. This reflects an over-collection of R2.8 million for the year.

All other revenue streams – namely application fees, granting fees, fines and penalties are retained as own revenue by the Authority. The breakdown is as follows:

- **Application fee**s – Charged for the processing of new liquor licence applications, event licences and amendments to existing licenses.
- **Granting fees** – Payable upon the successful issuing or amendment of a liquor licence.
- **Fines and Penalties** – Imposed under the WCL Act with fines issued by the Liquor Licensing Tribunal in terms of Section 20 for non-compliance and penalties levied for late payment of license fees.

Additionally, the Authority earns interest income through the investment of surplus funds in interest bearing call accounts.

In 2024/25, total own revenue collection amounted to R15.5 million, compared to the target of R13.3 million, resulting in an over-collection of R2.2 million. This favourable variance was largely driven by once-off receipts classified under "Other Income" which significantly exceeded expectations. However, revenue from fines continued to decline, under-performing by R1.1 million against the target. This downward trend is attributed to improved compliance among licence holders, supported by increased inspectorate capacity, which has led to a reduced number of non-compliance matters and consequently fewer fines being issued.

Whist fines and penalties continue to decrease revenue from automatic renewals remains strong. Overall, the Authority recorded total revenue of R69.6 million for 2024/25 against a target of R64.6 million – an over-collection of R5.0 million. This performance reflects the continued effectiveness of revenue optimization efforts and improved compliance across the sector.

4.1. Capital Investment

The Authority continues to prioritise infrastructure development aligned with its strategic objectives, including improved service delivery and operational efficiency. The Authority is supported by the State Information Technology Agency (SITA) for IT Infrastructure provisioning and support.

As at 31 March 2025, the carrying value of intangible assets stood at R7.4 million while Property, Plant and Equipment (PPE) totaled R7.8 million. Included in PPE are assets held under finance lease agreements valued at R2.9 million. These assets are depreciated and amortized in line with the Authority's approved accounting policies.

In 2024/25 the total capital expenditure amounted to R2.33 million compared to the approved budget of R8.4 million resulting in a significant under-expenditure of R6.1 million. This variance is largely attributed to the delayed implementation of the Client Service Centre project.

Infrastructure projects	2024/25			2023/24		
	Budget	Actual Expenditure	(Over)/ Under Expenditure	Budget	Actual Expenditure	(Over)/ Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
IT equipment	1 372	174	1 198	0	0	0
Furniture and Fittings	357	33	324	0	0	0
Intangibles	2 311	2 123	188	1 855	1 853	2
Client Services centre	4 380	0	4 380	0	0	0
Total	**8 420**	**2 330**	**6 090**	**1 855**	**1 853**	**2**



Part C:

Governance

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

2. PORTFOLIO COMMITTEES

In respect of the year under review the Authority participated in all engagements called and responded to questions directed to the Authority by the Portfolio Committee facilitated by the Department of Police Oversight and Community Safety.

3. EXECUTIVE AUTHORITY

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

4. THE ACCOUNTING AUTHORITY/GOVERNING BOARD

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

The Governing Board of the Authority oversee the implementation of the Western Cape Liquor Act and management of the business of the Authority. The Governing Board is responsible for policy, control, strategy direction, leadership, proper accountability, probity and transparency in all respects.

The fiduciary responsibilities of the Board are as follows (Section 6A):

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

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

Composition of the Governing Board

Table 1 indicates the composition of the Governing Board that took up office on 20 March 2024.

Table 1

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g.: Audit committee / Ministerial task team)	No. of Meetings attended
Sibonile Khoza*	Chairperson	20/03/2024	15/11/2024	LLM, Post-Graduate Diploma in Development Policy and Practice, LL.B.	Governance, Planning, Strategy	N/A	-	3
Gregory Grootboom**	Deputy Chairperson	20/03/2024	N/A	PhD Educational Psychology, B Ed (Psych), Med (Psychology), Advanced Certificate in Governance and Leadership (WITS)	Communication, Governance and Leadership	N/A	Finance, HR, IT & Ethics Committee; Operations Committee; Policy & Strategy Committee	27
Crystal Abdoll	Member	20/03/2024	N/A	Chartered Accountant, Post Grad Diploma in Internal Auditing, BCompt Hons	Governance, Finance and Risk	Casidra SOC Limited, National Lotteries Participants Trust	Finance, HR, IT & Ethics Committee; Audit & Risk Committee; Policy & Strategy Committee	21
Chuma Fani	Member	20/03/2024	N/A	B. Admin, Public Administration (Hons), Masters in Public Administration (MPA)	Strategic Planning, Governance and Public Management	Western Cape Rental Housing Tribunal, Ditsong Museums of South Africa, Western Cape Gambling and Racing Board	Operations Committee; Policy & Strategy Committee	17
Claude Bassuday	Member	20/03/2024	N/A	B. Proc, LLB, LLM, Post Grad Diploma in Criminal justice and Forensic Auditing	Governance, Planning, Strategy	Western Cape Gambling and Racing Board, Western Cape Consumer Affairs Tribunal	Finance, HR, IT & Ethics Committee; Operations Committee; Policy & Strategy Committee	19

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g.: Audit committee / Ministerial task team)	No. of Meetings attended
Stephen Harrison	Member	20/03/2024	N/A	BA, LLB, LLM in Public Law, Master of Public Health, B. Tech in Emergency Medical Care	Public Law, Public Health, Planning and Strategy	N/A	Finance, HR, IT & Ethics Committee; Operations Committee; Policy & Strategy Committee	26

*Note: * Sibonile Khoza's term as the Chairperson of the Governing Board terminated on the 15 November 2024.*

*Note: ** Gregory Grootboom stepped in as Acting Chairperson of the Governing Board as from 16 November 2024.*

Governing Board and Committee meetings

Governing Board/ Committee	No. of meetings held	No. of members	Names of members
Governing Board	5	6	Sibonile Khoza, Gregory Grootboom, Crystal Abdoll, Chuma Fani, Claude Bassuday, Stephen Harrison
OPS Committee	3	4	Gregory Grootboom, Chuma Fani, Claude Bassuday, Stephen Harrison
Finance, HR, IT and Ethics Committee	3	4	Crystal Abdoll, Gregory Grootboom, Claude Bassuday, Stephen Harrison
Audit & Risk Committee	6	3	Crystal Abdoll
Strategy & Planning Committee	4	5	Gregory Grootboom, Crystal Abdoll, Chuma Fani, Claude Bassuday, Stephen Harrison

Note: Board members are required to attend other meetings, for example, stakeholder sessions, meetings with the Minister, participation on interview panels and any other engagements. These meetings are not provided for in the above table.

Remuneration of board members

The Governing Board was categorised at a B2 level. Payments per hour and day rate as follows:

Sub-category B2	R.p.d	R.p.h
Chairperson	4 005	501
Deputy Chairperson	2 820	353
Member	2 454	307

Name	Remuneration R'000	Other allowance R'000	Other re-imbursements R'000	Total R'000
Sibonile Khoza	8 411	3 035	0	11 446
Gregory Grootboom	41 081	19 523	0	60 604
Crystal Abdoll	43 443	6 511	0	49 954
Chuma Fani	22 035	7 002	0	29 037
Claude Bassuday	25 842	5 836	0	31 678
Stephen Harrison	34 347	7 323	0	41 670

5. RISK MANAGEMENT

The Authority has an Enterprise Risk Management Framework which entails a Risk Management Policy, Risk Management Implementation Plan, and Risk Appetite Framework. The Risk Management policy makes provisions for a governance structure. A Risk Management Committee chaired by the CEO meets on a quarterly basis. This follows on a review of all operational risk register facilitated by the Manager: Enterprise Risk. A risk management report is compiled for consideration and interrogation by the Audit and Risk Committee which reports to the Governing Board.

Core to the management of the Authority is a risk awareness and risk intelligent approach whereby risk is embraced as a strategic and tactical enabler towards greater mandate execution and regulatory impact. The risk management methodology allows for the ongoing assessment of risk on a real time basis, the development and initiation of risk mitigation measures and the ongoing evaluation and assessment of the impact of such measures.

The risk management methodology is deemed a critical tool informing decision making and to align and optimise the application of available resources optimally.

The Risk Management Committee reviews implementation of the risk management processes and methodology, monitors that action plans are implemented within agreed timeframes and that identified control strategies are working as intended.

Our Risk Management Framework is further aligned to the King IV™ principles on corporate governance as it decrees that the Governing Board must ensure the effective management of risk, with Principle 11 stating that, “the governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives”.

6. INTERNAL CONTROL UNIT

The Western Cape Liquor Authority has an Internal Control Unit. The system of Internal Control at the Authority is designed in such a way as to ensure:

- Integrity and reliability of financial and non-financial information;
- Compliance with laws and regulations;
- Achievement of objectives;
- Efficiency and effectiveness of operations; and
- Safeguarding of assets.

The Authority maintains a strong culture of internal controls and has designed controls that are effective and adequate to support the preparation of financial performance and operational information. Deficiencies in the design and operating effectiveness identified by Internal Audit were reported to the Audit & Risk Committee.

During the year under review, the Internal Control Unit undertook the following activities:

- Facilitated the implementation of Enterprise-Wide Risk Management across the Authority;
- Rendered policy advice to the finance component;
- Coordinated Assurance Services;
- Managed the Irregular, Fruitless & Wasteful Expenditure (IFWE) process within the Authority and ensured that motivation for IFWE is submitted for condonation to the relevant authority.
- Managed the loss control process and facilitated the gift register and declaration of interest process;
- Reported to the Audit & Risk Committee on Risk Management, Compliance and Internal Control.

During the year under review, there were no significant control deficiencies identified in the control environment of the Authority.

7. INTERNAL AUDIT AND AUDIT COMMITTEES

The Authority's Internal Audit Function is outsourced to a firm of Chartered Accountants and Auditors, Nexia SAB & T. The designated Chief Audit Executive holds appropriate industry credentials and is well placed to offer internal audit services as contracted. The Internal Auditors report administratively to the Chief Executive Officer and functionally to the Audit and Risk Committee.

In terms of the risk-based Internal Audit Plan, the Internal Audit function performed all the planned engagements for the 2024/25 financial year as per the audit plan approved by the Audit and Risk Committee.

The Authority's Audit and Risk Committee is established in terms of the Public Finance Management Act and comprises of three members at any one time. The Audit and Risk Committee is guided by its terms of reference and is chaired by an independent person who is not a member of the Governing Board. Members collectively have experience and expertise in risk management, auditing, governance, and financial reporting.

Six committee meetings were held during the year under review. These were attended by the Chief Executive Officer, Chief Financial Officer, Senior Managers and Manager: Compliance and Internal Control. The Chief Audit Executive (Director: Nexia SAB & T) and the Auditor – General of South Africa has unrestricted access to the Chairperson of the Audit & Risk Committee.

The table below discloses relevant information on the Audit and Risk committee members:

Name	Qualifications	Internal or external	If internal, position in the public entity	Date appointed	Contract Expired	No. of Meetings attended
Terence Arendse	Chartered Accountant CA(SA)	External	-	01/05/2019	Resigned 23/11/2024	5
Mbali Buthelezi	BCom Hons Accountancy, RGA, CIA	External	-	06/11/2023	-	5
Crystal Abdoll	Chartered Accountant CA(SA), Post Grad Diploma in Internal Auditing, BCompt Hons	Internal	Board Member	01/03/2022	-	6

Notes:
Mr Terence Arendse fulfilled the role of Chairperson for the Audit and Risk Committee until his resignation on 23 November 2024.
Ms Mbali Buthelezi was appointed as the Chairperson of the Audit and Risk Committee at the meeting of 06 March 2025.

The Chairperson of the Audit and Risk Committee is required to attend Board meetings as well as other meetings, for example, SCOPA and Standing Committee sessions. These meetings are included in the above table for the Chairperson.

Mr Nkosikhona Madikizala was appointed as the New Audit Committee Member on 22 April 2025.

8. COMPLIANCE WITH LAWS AND REGULATIONS

The Authority complied with applicable laws and regulations regarding financial matters, financial management and other related matters.

9. FRAUD AND CORRUPTION

Fraud and corruption prevention forms an integral focus area of the risk management process. The Authority has adopted and implemented its own fraud prevention policy and fraud response plan. Management and staff are responsible for the detection and prevention of fraud, misappropriations, and other irregularities.

10. MINIMISING CONFLICT OF INTEREST

Members of the Governing Board and Members of the Committees of the Governing Board are required to declare any interest in any matter to be discussed at Governing Board meeting or any Committee meeting, and to recuse themselves from meetings where such matters are discussed when appropriate. Declarations are recorded in meeting minutes.

The Authority has instituted a process where at the beginning of each financial year, all employee's complete declaration of interest forms. The Authority's Supply Chain Management Policy requires all members of bid specification, bid evaluation, and bid adjudication committees to declare any conflict of interest regarding matters before them and to recuse themselves from the meeting when such items are discussed.

11. CODE OF CONDUCT

The Western Cape Liquor Authority Board and its employees adhere to the guidelines as stipulated in the Code of Conduct. The Code of Conduct is in place to guide the decisions, behaviour and actions of employees as well as the Governing Board of the Authority.

Breach of the Code of Conduct by the employees and/or Board members is viewed as a serious offence and will be dealt with according to the disciplinary proceedings of the Authority.

12. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

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

13. COMPANY/BOARD SECRETARY (if applicable)

N/A

14. SOCIAL RESPONSIBILITY

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

The Communication, Education and Stakeholder Relations component of the Authority also focuses on educating license holders regarding responsible trading and raising awareness amongst relevant stakeholders of the harms caused by alcohol abuse.

15. AUDIT AND RISKI COMMITTEE REPORT

The Audit and Risk Committee (the Committee) is pleased to present its report for the financial year ended 31 March 2025.

Audit and Risk Committee Responsibility

The Committee reports that it has fulfilled its responsibilities as prescribed by Section 77 of the Public Finance Management Act, Treasury Regulation 27.1, and its formally adopted Charter, approved by the Governing Board of the Authority. The Committee regulated its affairs aligned to this charter and discharged its responsibilities as contained therein. It does not assume the function of management; it acts in an advisory and oversight capacity; it does not relieve management of its responsibilities but makes objective and independent recommendations.

Audit Committee Members and Attendance

As required by its Charter, the Audit and Risk Committee must meet at least four (4) times per annum, although additional meetings may be scheduled as the need arises. Six (6) meetings were held during the 2024/25 financial year.

	MEETINGS ATTENDED
Mrs C. Abdoll	6
Mr. T. Arendse (Chairperson resigned 23 September 2024)	4
Mrs. M. Buthelezi (appointed as Chairperson 06 March 2025)	5

The composition of the Committee complies with governance requirements, ensuring an appropriate mix of expertise, risk management, and independent oversight.

External Audit

The Committee is responsible for overseeing the external audit process and confirms that the Auditor-General of South Africa is independent of the Authority and conducted the audit without influence from the Authority. Engagements were held to discuss the audit scope, key findings and risk areas.

Internal Audit

The Committee is responsible for overseeing the Internal Audit Function which was outsourced to Nexia SAB&T. The Committee approved the rolling three-year strategic and annual risk-based internal audit plan, ensuring alignment with organisational risk priorities. It reviewed the independence and effectiveness of the internal audit service provider, internal audit reports, management action plans and co-ordination with external auditors.

Effectiveness of internal controls

The Committee reviewed quarterly financial and performance reporting, together with findings from the Auditor General of South Africa (AGSA) and Internal Audit. These findings were discussed with management. Based on the processes and assurances obtained, the Committee confirms that internal controls, including financial controls, are adequate and effective.

Internal and external audit findings have been communicated to Management, who have committed to corrective action. The Committee monitors the implementation of corrective actions on a quarterly basis.

In relation to ICT, the Committee noted that the Authority made significant progress since the appointment of a dedicated ICT champion. The Committee is satisfied that ICT risks and governance in this area have vastly improved. Further enhancements remain a priority for the upcoming year.

In-year management and monthly quarterly reports

The Committee is satisfied with the quality of quarterly reports prepared and issued by the Authority during the period under review.

Governance and Risk Management

The Committee is satisfied that the Authority has maintained a sound governance and risk management environment during the period under review. Governance structures are functioning effectively, and risk management processes are embedded to identify and mitigate key risks. While some improvements are required to strengthen monitoring and controls, management has committed to corrective actions. Overall, the governance and risk environment support the achievement of the Authority's mandate and objectives.

Fraud and Investigations

No material matters were brought to the attention of the Committee that required further reporting.

Auditor General of South Africa (AGSA) Report

The Committee has:

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

The Committee agrees and accepts AGSA's opinion regarding the Annual Financial Statements and proposes that these Audited Annual Financial Statements be accepted and read together with their report.

Evaluation of financial statements

The Committee has reviewed the Authority's draft annual financial statements prior to its submission to the AGSA and made recommendation for the Board's approval.

Appreciation

The Committee commends the Authority for maintaining an unqualified audit opinion with no findings and acknowledges the commitment and cooperation of Management, staff, and the Internal Auditors in supporting the execution of the internal audit plan.



Mbali Buthelezi
Chairperson of the Audit Committee
Western Cape Liquor Authority
Date: 31 July 2025

16. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

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

Has the Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following		
Criteria	**Response Yes/ No**	**Discussion (include a discussion on your response and indicate what measures have been taken to comply)**
Determining qualification criteria for the issuing of licenses, concessions or other authorisations in respect of economic activity in terms of any law?	Yes	The Authority through its enabling legislation and the LLT determines qualification criteria for the issuing of liquor licenses.
Developing and implementing a preferential procurement policy?	Yes	The SCM policy (S1.4) of the Authority makes provision for the implementation of preferential procurement.
Determining qualification criteria for the sale of state-owned enterprises?	No	The Authority does not engage in the economic activity.
Developing criteria for entering into partnerships with the private sector?	No	The Authority does not engage in the economic activity.
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment?	No	The Authority does not engage in the economic activity.



Part D:

Human Resource Management

Human Resource Management

1. INTRODUCTION

Over the 2024/25 financial year, the Human Resources (HR) team at the Western Cape Liquor Authority made significant strides in modernizing and aligning its operations with the organization's evolving strategic direction. A key focus was on the refinement and finalization of the revised organizational structure, including collaboration with the Department of the Premier and custodial department to ensure alignment with strategic leadership capacity needs. While grappling with a persistently high vacancy rate due to increased staff turnover and pending structural approvals, the team successfully maintained operational continuity by prioritizing critical recruitments and advancing initiatives that support a more agile and future-focused workforce.

In terms of strategic achievements, the HR Unit drove several initiatives that laid the groundwork for long-term transformation. Notable progress was made in the development of a hybrid work policy, the review of the Training and Bursary Policy, and preparations for the implementation of a new culture survey. The Authority also enhanced its inclusivity efforts by revising job advertisements to emphasize its commitment to diversity and the inclusion of persons with disabilities. Across all quarterly performance indicators, the HR team met their targets, illustrating a disciplined and outcomes-driven approach to human capital management. These efforts collectively demonstrate the HR Unit's ongoing commitment to building a responsive, engaged, and strategically aligned workforce.

These achievements not only reflect the HR team's ability to deliver under challenging conditions but also set a solid foundation for the Authority's five-year HR Strategy (2025–2030). By embedding agility, inclusivity, and forward-looking practices into its operations, the HR Unit has positioned itself to drive meaningful transformation in how the organization attracts, develops, and retains talent. The groundwork laid during the past year through policy refinement, strategic planning, and cultural alignment, provides a clear roadmap for becoming a learning organization that maximizes human capital and supports the Authority's broader vision of safe, caring, and resilient communities.

2. HUMAN RESOURCE OVERSIGHT STATISTICS

Personnel cost by component

Programme/activity/objective	Total expenditure for the entity (R'000)	Personnel expenditure (R'000)	Personnel exp. as a % of total exp.	No. of employees	Average personnel cost per employee (R'000)
Liquor Licensing Administration	21 863	10 533	15.20%	17	620
Communication, Education and Stakeholder Relations	1 962	1 419	2.05%	2	710
Compliance and Enforcement	16 576	15 407	22.23%	31	497
Finance	15 261	5 557	8.02%	9	617
Corporate Services	13 630	6 244	8.97%	11	565
TOTAL	**69 292**	**39 134**	**56.48%**	**70**	**559**

** Total expenditure excludes depreciation, amoritisation and other non-cash items, but includes capital expenditure.*

Personnel cost by salary band

Level	Personnel Expenditure (R'000)	% of personnel exp. to total personnel cost	No. of employees	Average personnel cost per employee (R'000)
Top Management	1 863	4.76 %	1	1 863
Senior Management	3 939	10.06 %	4	985
Professional qualified	11 419	29.16 %	15	761
Skilled	11 927	30.46 %	18	663
Semi-skilled	9 986	25.52 %	32	312
Unskilled	0	0	0	0
TOTAL	**39 134**	**100%**	**70**	**559**

Performance rewards

Programme/activity/objective	Performance rewards	Personnel expenditure (R'000)	% Of performance rewards to total personnel cost
-	-	-	-

** The Authority did not pay out performance bonuses for the year under review.*

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
Liquor Licensing Administration	10 533	62	0.58 %	17	3.64
Communication, Education and Stakeholder Relations	1 419	7	0.49 %	2	3.50
Compliance and Enforcement	15 407	116	0.75 %	31	3.63
Finance	5 557	33	0.59 %	9	3.67
Corporate Services	6 218	40	0.64 %	11	3.63
TOTAL	**39 134**	**258**	**0.66%**	**70**	**3.69**

Employment and vacancies

Programme/activity/objective	2023/24 No. of Employees	2024/25 Approved Posts	2024/25 No. of Employees	2024/25 Vacancies	% of vacancies
Liquor Licensing Administration	19	24	17	6	25.00%
Communication, Education and Stakeholder Relations	2	6	2	4	66.67%
Compliance and Enforcement	33	40	31	8	20.00%
Finance	8	12	9	3	25.00%
Corporate Services	13	15	11	4	26.67%
TOTAL	**75**	**97**	**70**	**25**	**25.77%**

Programme/activity/objective	2023/24 No. of Employees	2024/25 Approved Posts	2024/25 No. of Employees	2024/25 Vacancies	% of vacancies
Top Management	1	1	1	0	0.00%
Senior Management	3	6	4	2	33.33%
Professional qualified	19	22	15	7	31.82%
Skilled	18	28	18	10	35.71%
Semi-skilled	34	40	32	6	15.00%
Unskilled	0	0	0	0	0.00%
TOTAL	**75**	**97**	**70**	**25**	**25.77%**

Employment changes

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	1	0	0	1
Senior Management	3	3	1	4
Professional qualified	19	2	4	15
Skilled	18	2	2	18
Semi-skilled	34	4	2	32
Unskilled	0	0	0	0
TOTAL	**75**	**11**	**9**	**70**

Reasons for staff leaving

Reason	Number	% of total no. of staff leaving
Death	-	-
Resignation	7	7.37% (95)
Dismissal	-	-
Retirement	2	2.10% (95)
Ill health	-	-
Expiry of contract	-	-
Other	-	-
TOTAL	**9**	**9.47% (95)**

NOTE: *Exit interviews are conducted with all staff at termination of service. A formal recruitment process commences once a position becomes vacant. Temporary positions are filled dependent on budget availability and capacity needs (Approvals sought from relevant parties).*

Labour Relations: Misconduct and disciplinary action

Nature of disciplinary Action	Number
Verbal Warning	4
Written Warning	1
Final Written warning	3
Dismissal	-
Suspension without pay	1

NOTE: *Progressive discipline sessions/counselling is conducted to address instances that does not warrant a verbal or written warning.*

Equity Target and Employment Equity Status

Levels	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	0	1	0	0	0	0	0
Senior Management	0	2	2	1	1	0	0	1
Professional qualified	2	5	4	5	0	0	1	2
Skilled	2	6	4	7	0	0	0	2
Semi-skilled	3	8	13	9	0	0	2	3
Unskilled	0	0	0	0	0	0	0	0
TOTAL	**7**	**21**	**24**	**22**	**1**	**0**	**3**	**8**

Levels	FEMALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	0	0	0	0	0	0	0
Senior Management	1	1	0	1	0	0	0	0
Professional qualified	1	4	7	5	0	0	0	2
Skilled	3	5	7	6	0	0	2	2
Semi-skilled	5	7	9	8	0	0	0	3
Unskilled	0	0	0	0	0	0	0	0
TOTAL	**10**	**17**	**23**	**20**	**0**	**0**	**2**	**7**

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

NOTE: *The WCLA has an approved Employment Equity Plan and attempts appointing the preferred equity targets once a position becomes vacant. The WCLA has included standard wording on the vacancy adverts indicating that preference in appointments will be given to employment equity targets groups.*



Part E:

PFMA Compliance Report

PFMA Compliance Report

1. Information on irregular, fruitless and wasteful expenditure and material losses

1.1 Irregular Expenditure

a) Reconciliation of irregular expenditure

Description	2024/25	2023/24
	R'000	R'000
Opening balance	89	9 637
Adjustment to opening balance	0	0
Opening balance as restated	89	9 637
Add: Irregular expenditure confirmed	0	0
Less: Irregular expenditure condoned	(89)	(9 548)
Less: Irregular expenditure not condoned and removed	0	0
Less: Irregular expenditure recoverable	0	0
Less: Irregular expenditure not recoverable and written off	0	0
Closing balance	**0**	**89**

NOTE: *Irregular expenditure to the value of R84 011 was condoned by the Western cape Provincial Treasury in the year under review, whilst R4 168 was condoned by the governing board.*

Reconciling notes

Description	2024/25	2023/24
	R'000	R'000
Irregular expenditure that was under assessment	0	0
Irregular expenditure that relates to prior year and identified in the current year	0	0
Irregular expenditure for the current year	0	0
Total	**0**	**0**

b) Details of irregular expenditure (under assessment, determination and investigation)

Description	2024/25	2023/24
	R'000	R'000
Irregular expenditure under assessment	1 357	0
Irregular expenditure under determination	0	0
Irregular expenditure under investigation	0	0
Total	**1 357**	**0**

During the period under review, the Western Cape Liquor Authority identified irregular expenditure relating to the continued use of a service provider without compliance with the prescribed public procurement processes, as required by section 217(1) of the Constitution, the Public Finance Management Act (PFMA), and the Preferential Procurement Policy Framework Act (PPPFA).

The non-compliance arose from the appointment and continued utilization of the service provider without following a competitive, fair, and transparent procurement process. This included the absence of a valid contract, lack of an approved deviation, and no authorization by a properly delegated authority. The irregular expenditure spans multiple financial years. While the Authority undertook an assessment to quantify the extent of the expenditure over the past five years, system limitations and the unavailability of supporting records beyond this period have prevented a complete determination of the full extent of the irregular expenditure.

c) Details of irregular expenditure condoned

Description	2024/25	2023/24
	R'000	R'000
Irregular expenditure condoned	89	9 548
Total	**89**	**9 548**

NOTE: *Irregular expenditure to the value of R84 011 was condoned by the Western Cape Provincial treasury in the year under review, whilst R4 168 was condoned by the Governing Board.*

d) Details of irregular expenditure removed – (not condoned)

Description	2024/25	2023/24
	R'000	R'000
Irregular expenditure NOT condoned and removed	0	0
Total	**0**	**0**

e) Details of irregular expenditure recoverable

Description	2024/25	2023/24
	R'000	R'000
Irregular expenditure recoverable	0	0
Total	**0**	**0**

f) Details of irregular expenditure written-off (irrecoverable)

Description	2024/25	2023/24
	R'000	R'000
Irregular expenditure written-off	0	0
Total	**0**	**0**

Additional disclosure relating to inter-institutional arrangements

g) Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is not responsible for the non-compliance)

Description
N/A
Total

h) Details of irregular expenditure where an institution is involved in an inter-institutional arrangement (where such institution is responsible for the non-compliance)

Description	2024/25	2023/24
	R'000	R'000
N/A		
Total		

i) Details of current and previous year disciplinary or criminal steps taken as a result of irregular expenditure)

Disciplinary steps taken
N/A

1.2 Fruitless and wasteful expenditure

a) Reconciliation of fruitless and wasteful expenditure

Description	2024/25	2023/24
	R'000	R'000
Opening balance	0	0
Adjustment to opening balance	0	0
Opening balance as restated	0	0
Add: Fruitless and wasteful expenditure confirmed	0	0
Less: Fruitless and wasteful expenditure recoverable	0	0
Less: Fruitless and wasteful expenditure not recoverable and written off	0	0
Closing balance	**0**	**0**

Reconciling notes

Description	2024/25	2023/24
	R'000	R'000
Fruitless and wasteful expenditure that was under assessment	0	0
Fruitless and wasteful expenditure that relates to the prior year and identified in the current year	0	0
Fruitless and wasteful expenditure for the current year	0	0
Total	**0**	**0**

b) Details of fruitless and wasteful expenditure (under assessment, determination and investigation)

Description	2024/25	2023/24
	R'000	R'000
Fruitless and wasteful expenditure under assessment	0	0
Fruitless and wasteful expenditure under determination	0	0
Fruitless and wasteful expenditure under investigation	0	0
Total	**0**	**0**

c) **Details of fruitless and wasteful expenditure recoverable**

Description	2024/25	2023/24
	R'000	R'000
Fruitless and wasteful expenditure recoverable	0	0
Total	**0**	**0**

d) **Details of fruitless and wasteful expenditure not recoverable and written-off**

Description	2024/25	2023/24
	R'000	R'000
Fruitless and wasteful expenditure written-off	0	0
Total	**0**	**0**

e) **Details of disciplinary or criminal steps taken as a result of fruitless and wasteful expenditure**

Disciplinary steps taken
N/A

1.3 Additional disclosure relating to material losses in terms of PFMA Section 55(2)(b)(i) & (ii)

a) **Details of material losses through criminal conduct**

Description	2024/25	2023/24
	R'000	R'000
Theft	0	0
Other material losses	0	0
Less: Recovered	0	0
Less: Not recovered and written off	0	0
Closing balance	**0**	**0**

b) **Details of other material losses**

Nature of other material losses	2024/25	2023/24
	R'000	R'000
N/A	0	0
Total	**0**	**0**

c) **Other material losses recoverable**

Nature of losses	2024/25	2023/24
	R'000	R'000
N/A	0	0
Total	**0**	**0**

d) Other material losses not recoverable and written-off

Nature of losses	2024/25	2023/24
	R'000	R'000
N/A	0	0
Total	**0**	**0**

2. Late and/or non-payment of supplier

Description	Number of invoices	Consolidated value
	R'000	R'000
Valid invoices received	635	28 187
Invoices paid **within** 30 days or agreed period	631	27 946
Invoices paid **after** 30 days or agreed period	4	241
Invoices older than 30 days or agreed period (**unpaid and without dispute**)	0	0
Invoices older than 30 days or agreed period (**unpaid and in dispute**)	12	18

3. Supply Chain Management

3.1 Procurement by other means

Project Description	Name of supplier	Type of procurement by other means	Contract number	2023/24
				R'000
LMaTS annual licence, maintenance and support (3 years)	Blue Gheko	Limited Bid	LB005_2023_24	5 009
Annual CaseWare renewal and training	Adapt IT	Limited Bid	LB001_2024_25	216
Occupational Health and Safety	Coetzee CHSA	Limited Bidding	LB002_2024_25	103
Engineering Consulting Services	Dhahabu Consulting	Limited Bidding	LB003_2024_25	189
Annual Sage 200 renewal	Preferred Solutions	Limited Bidding	LB004_2024_25	151
Communication and Stakeholder Engagement Strategy	Alkemi Collective	Limited Bidding	LB006_2024_25	218
Emergency repairs to air-conditioners in server room	Walkerm Projects	Emergency Procurement	E001_2024_25	15
Total				**5 901**

3.2 Contract variations and expansions

Project Description	Name of supplier	Contract modification type (Expansion or Variation)	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of current contract expansion or variation
				R'000	R'000	R'000
Removal, hydrostatic test and refill, refit and commission of 150L FM200 (HFC227) cylinder	Manyene Holdings	Variation	VAR001-2024-25	363	0	18
Additional layout adjustments to the project	Linares	Expansion	EXP001-2024-25	476	61	109
Provision of data packages for one tablet and two Wi-Fi routers	MTN	Variation	RT15-2021	42	0	9
To include Quantity Surveyors on the tender evaluation Walk-In-Centre	Linares	Variation	V005_2024_25	476	169	11
Total					**230**	**148**



Part F:

Financial Information

Report of the auditor-general to the Western Cape Provincial Parliament on Western Cape Liquor Authority

Report on the review of the financial statements

1. I have reviewed the financial statements of the Western Cape Liquor Authority set out on pages 74 to 123, which comprise the statement of financial position as 31 March 2025, statement of financial performance, statement of changes in net assets and cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

Conclusion

2. Based on my review, nothing has come to my attention that causes me to believe that the financial statements do not present fairly, in all material respects, the financial position of the Western Cape Liquor Authority as at 31 March 2025 and its financial performance and cash flows for the year then ended in accordance with the Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

Responsibilities of the accounting authority for the financial statements

3. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

4. In preparing the financial statements, the accounting authority is responsible for assessing the public entity s ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

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

5. My responsibility is to express a conclusion on the accompanying financial statements. I conducted my review in accordance with the International Standard on Review Engagements (ISRE) 2400 (Revised), Engagements to review historical financial statements. The standard requires me to conclude on whether anything has come to my attention that causes me to believe that the financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires me to comply with relevant ethical requirements.

6. A review of financial statements in accordance with ISRE 2400 (Revised) is a limited assurance engagement. I am required to perform procedures, primarily consisting of making inquiries of management and others within the auditee, as appropriate, applying analytical procedures and evaluating the evidence obtained.

7. The procedures performed in a review engagement are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, I do not express an audit opinion on these financial statements.

Report on the annual performance report

8. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof; I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.

9. I selected the following material performance indicators related to component 3: Inspectorate: Compliance and Enforcement presented in the annual performance report for the year ended 31 March 2025. I selected those indicators that measure the Western Cape Liquor Authority's performance on its primary mandated functions and that are of significant national, community or public interest.
   - Indicator 3.1: Percentage of valid licences at the beginning of the financial year that are inspected by the end of that financial year.
   - Indicator 3.2: Number of enforcement operations conducted with other agencies.
   - Indicator 3.3: Percentage of complaints received finalised within two (2) months.
   - Indicator 3.4: Number of inspections conducted focused on underage drinking and access to restricted areas.
   - Indicator 3.5: Percentage of new licensed premises inspected within three (3) months after issuing of licence.
   - Indicator 3.6: Percentage of licensed outlets within the ABT areas inspected quarterly

10. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.

11. I performed procedures to test whether:
   - the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives
   - all the indicators relevant for measuring the public entity's performance against its primary mandated and prioritised functions and planned objectives are included
   - the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements
   - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
   - the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents
   - the reported performance information is presented in the annual performance report in the prescribed manner and is comparable and understandable
   - there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

12. I performed the procedures for the purpose of reporting material findings only.

13. I did not identify any material findings on the reported performance information for the selected material performance indicators.

Achievement of planned targets

14. The annual performance report includes information on reported achievements against planned targets and provides explanations for over and under-achievements. This information should be considered in the context of the material findings on the reported performance information.

15. The table that follows provides information on the achievement of planned targets and lists the key service delivery indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets / measures taken to improve performance are included in the annual performance report on page 29.

Component 3: inspectorate: compliance and enforcement

Targets achieved: 71% *Budget spent: 98%*		
Key indicators not achieved	**Planned target**	**Reported achievement**
3.3 Percentage of complaints received finalised within two (2) months.	95%	94,92%
3.5 Percentage of new licensed premises to be inspected within three (3) months after the issuance of the licence	95%	87,76%

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Report on compliance with legislation

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

17. I performed procedures to test compliance with selected requirements in key legislation in accordance with the AGSA findings engagement methodology. This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

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

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

Internal control deficiencies

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

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

Material irregularities

22. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit.

23. I did not identify any material irregularities.

Professional ethics and quality control

24. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my engagements in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

25. In accordance with the International Standard on Quality Management 1, the AGSA maintains a comprehensive system of quality management that includes documented policies and procedures on compliance with ethical requirements and professional standards.

Auditor-General

Cape Town

31 July 2025

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999	Sec 55(1)(a) Sec 55(1)(b) Sec 55(1)(c)(i) Sec 51(1)(b)(ii) Sec 53(4) Sec 57(b) Sec 51(1)(b)(i) Sec 51(1)(e)(iii) Sec 56 (1) Sec 57 (b)
Treasury Regulations, 2005	Regulation 31.1.2(c) Regulation 30.1.1 Regulation 30.1.3(a) Regulation 30.1.3(b) Regulation 30.1.3(d) Regulation 30.2.1 Regulation 16A9.1(b)(ii) Regulation 16A9.1(e) Regulation 16A9.1(f) Regulation 33.1.1 Regulation 33.1.3 Regulation 16A 3.2 Regulation 16A 3.2(a) Regulation 16A 6.1 Regulation 16A6.2(a) Regulation 16A6.2(b) Regulation 16A 6.3(a) Regulation 16A 6.3(b) Regulation 16A 6.3(c) Regulation 16A 6.3(e) Regulation 16A 6.4 Regulation 16A 6.5 Regulation 16A 6.6 Regulation 16A 8.3 Regulation 16A 8.4 Regulation 16A 9.1(d) Regulation 16A 9.2 Regulation 16A 9.2(a)(ii) Regulation 8.2.1 Regulation 8.2.2

Second Amendment National Treasury Instruction No. 5 of 2020/21	Paragraph 1
Erratum National Treasury Instruction No. 5 of 202/21	Erratum National Treasury Instruction No. 5 of 202/21
National Treasury instruction No 5 of 2020/21	Paragraph 4.8; 4.9; 5.3
National Treasury Instruction No. 1 of 2021/22	Paragraph 4.1
National Treasury Instruction No. 4 of 2015/16	Paragraph 3.4
National Treasury SCM Instruction No. 4A of 2016/17	Paragraph 6
National Treasury SCM Instruction No. 03 of 2021/22	Paragraph 4.1; 4.2 (b); 4.3; 4.4(a); 4.17; 7.2; 7.6
National Treasury SCM Instruction No. 11 of 2020/21	Paragraph 3.4(a); 3.4(b); 3.9
National Treasury SCM Instruction No. 2 of 2021/22	Paragraph 3.2.1; 3.2.4; 3.2.4(a); 3.3.1
Practice Note 11 of 2008/9	Paragraph 2.1; 3.1(b)
Practice Note 5 of 2009/10	Paragraph 3.3
Practice Note 7 of 2009/10	Paragraph 4.1.2
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2.1(a); 2.1(f)
Preferential Procurement Regulations, 2022	Regulation 4.1 Regulation 4.2 Regulation 4.3 Regulation 4.4 Regulation 5.1 Regulation 5.2 Regulation 5.3 Regulation 5.4
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)
National Treasury instruction No 5 of 2020/21	Paragraph 4.8; 4.9; 5.3
National Treasury Instruction No. 1 of 2021/22	Paragraph 4.1

General information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Regulation of the liquor industry in the Western Cape
Key enabling legislation	Western Cape Liquor Act (4 of 2008) as amended
Members of the Governing Board	Adv S Khoza (Chairperson, Term ended on 15 November 2024) Dr G Grootboom (Acting Chairperson, effective 16 November 2024) Ms C Abdoll Mr C Bassuday Ms C Fani Mr S Harrison
Registered office	3rd Floor Sunbel Building 3 Old Paarl Road Bellville 7530
Postal address	Private Bag X6 Sanlamhof Bellville 7532
Bankers	Nedbank Limited
Auditors	Office of the Auditor General of South Africa Chartered Accountants (S.A.) Registered Auditors
Secretary	Ms C Symes
Attorneys	State Attorney
Chief Executive Officer	Mr S George
Audit Committee Members	Mr T Arendse (Chairperson, Resigned on 23 September 2024) Ms C Abdoll Ms M Buthelezi (Chairperson, effective on 06 March 2025) Mr N Madikizela (Appointed on 22 April 2025)

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The reports and statements set out below comprise the annual financial statements:

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Abbreviations used:

POCS	Western Cape Department of Police Oversight and Community Safety
GRAP	Generally Recognised Accounting Practice
PFMA	Public Financial Management Act
SETA	Sector Education and Training Authority
WCLA	Western Cape Liquor Authority
DEDAT	Western Cape Department of Economic Development and Tourism

Governing Board Members' Responsibilities and Approval

The members are required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the members to ensure that the annual financial statements present fairly the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The members acknowledge that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the members to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While all operating risks cannot be fully eliminated, the entity endeavours to minimise their likelihood and impact infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The members are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The members have reviewed the entity's cash flow forecast for the 12 months ending 31 March 2026 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operating for the next twelve months.

The annual financial statements are prepared on the basis that the entity is a going concern and that the entity has neither the intention nor the need to liquidate or curtail materially the scale of the entity.

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

The annual financial statements set out on pages 77 to 123, which have been prepared on the going concern basis, were approved by the board on 31 May 2025 and were signed on its behalf by:



Dr G Grootboom
Acting Chairperson of the Governing Board

Statement of Financial Position as at 31 March 2025

Figures in Rand	Note(s)	2025	2024 Restated
Assets			
Current Assets			
Cash and cash equivalents	2	27 562 950	15 269 739
Receivables from exchange transactions	3	526 700	497 725
Receivables from non-exchange transactions	4	519 450	2 372 589
		28 609 100	**18 140 053**
Non-Current Assets			
Intangible assets	5	7 439 973	8 466 622
Property, plant and equipment	6	7 824 321	9 860 051
		15 264 294	**18 326 673**
Total Assets		**43 873 394**	**36 466 726**
Liabilities			
Current Liabilities			
Payables from exchange transactions	7	9 444 514	8 507 773
Operating lease liability	8	383 940	564 733
Unspent conditional grants and funds to be surrendered	9	8 833 817	912 122
Finance lease obligation	10	451 933	332 805
Employee benefit obligation	11	3 549 845	3 596 864
		22 664 049	**13 914 297**
Non-Current Liabilities			
Finance lease obligation	10	2 724 331	4 251 978
Employee benefit obligation	11	520 569	457 105
Provisions	12	1 751 874	1 637 265
		4 996 774	**6 346 348**
Total Liabilities		**27 660 823**	**20 260 645**
Net Assets		**16 212 571**	**16 206 081**
Reserves			
Social and education fund reserve		221 530	221 530
Accumulated surplus		15 991 041	15 984 551
Total Net Assets		**16 212 571**	**16 206 081**

Statement of Financial Performance

Figures in Rand	Note(s)	2025	2024 Restated
Revenue			
Revenue from exchange transactions			
Application fees	13	2 848 839	2 930 278
Granting fees	14	4 622 545	5 523 686
Interest earned	15	2 219 344	1 698 557
Other income	16	3 048 996	257 734
Total revenue from exchange transactions		**12 739 724**	**10 410 255**
Revenue from non-exchange transactions			
Transfer revenue			
Fines, Penalties and Forfeits	17	2 754 327	5 851 911
Government grants & subsidies	18	55 561 183	56 658 979
Total revenue from non-exchange transactions		**58 315 510**	**62 510 890**
Total revenue		**71 055 234**	**72 921 145**
Expenditure			
Employee related costs	19	(39 133 802)	(41 356 620)
Remuneration of governing board members	20	(224 389)	(230 075)
Debt (Impairment)/reversal	21	(598 464)	817 677
Depreciation and amortisation	22	(4 493 630)	(5 237 523)
Impairment loss	23	(37 182)	(139 570)
Finance costs	24	(1 261 500)	(1 507 948)
General expenses	25	(25 299 777)	(27 375 089)
Total expenditure		**(71 048 744)**	**(75 029 148)**
Surplus/(Deficit) for the year		**6 490**	**(2 108 003)**

Statement of Changes in Net Assets

Figures in Rand	Social Education Fund	Accumulated surplus/ (deficit)	Total net assets
Opening balance as previously reported	221 530	18 130 366	18 351 896
Adjustments	-	-	-
Prior year adjustments 35	-	(37 812)	(37 812)
Balance at 01 April 2023 as restated*	**221 530**	**18 092 554**	**18 314 084**
Changes in net assets			
Deficit for the year	-	(2 108 003)	(2 108 003)
Total changes	-	(2 108 003)	(2 108 003)
Opening balance as previously reported	221 530	16 092 750	16 314 280
Adjustments			
Prior year adjustments note 35	-	(108 199)	(108 199)
Balance at 01 April 2024 as restated*	**221 530**	**15 984 551**	**16 206 081**
Changes in net assets			
Surplus for the year	-	6 490	6 490
Total changes	-	6 490	6 490
Balance at 31 March 2025	**221 530**	**15 991 041**	**16 212 571**

Cash Flow Statement

Figures in Rand	Note(s)	2025	2024 Restated
Cash flows from operating activities			
Receipts			
Total amount collected on behalf of provincial revenue fund	7	54 075 257	53 066 076
Government Grants	9	64 395 000	55 015 000
Interest received		2 157 001	1 708 580
Other licence fees		11 678 487	17 008 935
		132 305 745	126 798 591
Payments			
Employees		(39 371 632)	(41 205 123)
Suppliers		(23 775 039)	(31 245 832)
Total amount of provincial revenue fund collections paid to PoCS		(52 998 478)	(56 801 506)
Interest paid		(996 005)	(1 353 556)
		(117 141 154)	(130 606 017)
Net cash flows from operating activities	26	**15 164 591**	**(3 807 426)**
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(312 743)	-
Purchase of computer software	5	(1 881 488)	(1 853 516)
Net cash flows from investing activities		**(2 194 231)**	**(1 853 516)**
Cash flows from financing activities			
Finance Lease Capital Redemption		(677 149)	(593 772)
Net increase/(decrease) in cash and cash equivalents		**12 293 211**	**(6 254 714)**
Cash and cash equivalents at the beginning of the year		15 269 739	21 524 453
Cash and cash equivalents at the end of the year	2	**27 562 950**	**15 269 739**

The accounting policies on pages 82 to 99 and the notes on pages 100 to 123 form an integral part of the annual financial statements.

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	%
Revenue						
Non-tax revenue						
Sale of goods other than capital assets	9 695 252	(2 430 046)	**7 265 206**	7 535 031	**269 825**	-4
Entity revenue other than sales	9 606 145	(3 589 070)	**6 017 075**	6 194 503	**177 428**	-3
	19 301 397	**(6 019 116)**	**13 282 281**	**13 729 534**	**447 253**	
Transfer revenue of which:						
Departmental transfers	61 120 000	-	**61 120 000**	61 120 000	**-**	-0
Roll over funds	-	3 275 000	**3 275 000**	3 275 000	**-**	-0
Total revenue from nonexchange transactions	**61 120 000**	**3 275 000**	**64 395 000**	**64 395 000**	**-**	
Total revenue	**80 421 397**	**(2 744 116)**	**77 677 281**	**78 124 534**	**447 253**	
Expenditure						
Compensation of employees	(44 454 261)	5 028 065	**(39 426 196)**	(39 464 468)	**(38 272)**	
Good and services	(27 441 579)	(561 011)	**(28 002 590)**	(25 634 661)	**2 367 929**	-8
Payments for capital assets	(8 525 557)	(1 722 938)	**(10 248 495)**	(4 191 588)	**6 056 907**	-59
Total expenditure	**(80 421 397)**	**2 744 116**	**(77 677 281)**	**(69 290 717)**	**8 386 564**	
	-	**-**	**-**	**8 833 817**	**8 833 817**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**-**	**-**	**-**	**8 833 817**	**8 833 817**	

The variances between the budget and actual amounts are explained in Note 37 of the financial statements

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance, and in compliance, with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

These accounting policies are consistent with the previous period.

1.1 Presentation currency

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

1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months.

1.3 Materiality

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

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

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

The entity does not retrospectively adjust the accounting of past items (or group of items) that were previously assessed as immaterial, unless an error occurred.

1.4 Comparative figures

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

Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, the prior year comparatives are restated accordingly.

1.5 Significant judgements and sources of estimation uncertainty

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

Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the entity for similar financial instruments.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of valuein-use calculations and fair values less costs to sell.

Provisions

Provisions were raised and management determined an estimate based on the information available.

The provision for restoration of premises is recognised as and when the contractual liability arises. The provision is calculated on the principle of best estimate. The provision represents the net present value at the reporting date of the expected future cash flows to restore the leased premises. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are recognised in the Statement of Financial Performance.

Management referred to the following when applying best estimate principle regarding the provision:

- Judgement based on quotations of an independent contractor to determine the cost of rehabilitation of premises.
- Interest rates (investment rate) linked to prime was used to calculate the effect of time value of money.

Additional disclosure of these estimates of provisions are included in note 12 - Provisions.

Useful lives of non-current assets

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

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

Other key assumptions on useful lives of non-current assets are available on note 5 and 6.

Employee benefits obligation

Effective interest rate

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

1.5 Significant judgements and sources of estimation uncertainty (continued)

Impairment of statutory receivables

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

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

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

Additional information is disclosed in Note 4

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

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

Reference	Topic	Effective date
GRAP 104	Financial Instruments (revised)	01 April 2025
GRAP 1	Presentation of Financial Statements (amended)	Undetermined

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

1.7 Budget information

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

The approved budget covers the fiscal period from 2024/04/01 to 2025/03/31.

The annual financial statements and the budget are not on the same basis of accounting therefore a reconciliation between the statement of financial performance and the budget have been included in the annual financial statements. Refer to note 36.

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

1.8 Financial instruments

Classification

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

Class	Category
Cash and Cash Equivalents	Financial asset measured at amortised cost
Receivable from Exchange Transactions	Financial asset measured at amortised cost

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

Class	Category
Finance Lease Liability	Financial liability measured at amortised cost
Payables from Exchange Transactions	Financial liability measured at amortised cost

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument. The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

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

Subsequent measurement of financial assets and financial liabilities

The entity measures financial instruments after initial recognition using the following categories:

- Financial assets at amortised cost, using the effective interest rate method, less accumulated impairment losses.
- Financial liabilities at amortised costs, using the effective interest rate method.

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

The entity does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

Gains and losses

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

Impairment and uncollectibility of financial assets

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

Financial assets measured at amortised cost:

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

1.8 Financial instruments (continued)

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

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 entity categorises cash and cash equivalents as financial assets carried at amortised cost.

Derecognition

Financial assets

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

Financial liabilities

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

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

Presentation

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

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

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

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

1.9 Property, plant and equipment

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

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

1.9 Property, plant and equipment (continued)

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

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

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

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight-line	5 - 30 years
Motor vehicles (Leased assets)	Straight-line	7 years
Office equipment	Straight-line	3 - 30 years
Computer equipment	Straight-line	5 - 10 years
Leasehold improvements	Straight-line	15 years
Safety and security equipment	Straight-line	10 years
Office equipment (leased assets)	Straight-line	2 - 5 years

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The entity assesses at each reporting date whether there is any indication that the entity's expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

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

1.9 Property, plant and equipment (continued)

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

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

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

The entity discloses relevant information relating to assets under a finance lease, in the notes to the financial statements (see note 11).

1.10 Site restoration and dismantling cost

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

The related asset is measured using the cost model as follows:

(a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;

(b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and

(c) if the adjustment results in an addition to the cost of an asset, the entity considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash-generating assets.

1.11 Intangible assets

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

1.11 Intangible assets (continued)

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

When licence fees comply with the recognition criteria of intangible assets then they are recognised as intangible assets.

However, licence fees are expensed when the following conditions are met:

- the licence fee is for a period of one year or less; and
- the one year or less period falls exactly within the financial reporting period of the entity.

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

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

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

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

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

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

Item	Depreciation method	Average useful life
Computer software	Straight-line	1-18 years
Internally generated computer software	Straight-line	10 years

Intangible assets are derecognised:

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

1.12 Provisions and contingencies

Provisions are recognised when:

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

1.12 Provisions and contingencies (continued)

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

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

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

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

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

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

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

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 30.

Provision for restoration of leased premises

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

If the related asset is measured using the cost model:

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity tests the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy.

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

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

1.13 Leases

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

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

Finance leases - lessee

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

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

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

Any contingent rent is expensed in the period in which they are incurred.

Operating leases - lessee

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

1.14 Statutory receivables

Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset. The WCLA recognises statutory receivables when it obtains the right to receive fines, application fees, issuing fees, etc, in terms of Section 30 of the Western Cape Liquor Act.

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

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

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

Recognition

The entity recognises statutory receivables as follows:

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

1.14 Statutory receivables (continued)

Initial measurement

The entity initially measures statutory receivables at their transaction amount.

Subsequent measurement

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

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

Impairment losses

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

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

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

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

In estimating the future cash flows, an entity considers both the amount and timing of the cash flows that it will receive in future.

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

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

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

1.14 Statutory receivables (continued)

Derecognition

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

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

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP.

Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

1.15 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for services rendered by employees Vested employee benefits are employee benefits that are not conditional on future employment.

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and cellphone allowance
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

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

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

1.15 Employee benefits (continued)

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

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.

Long-term employee benefits

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

Post-employment benefits: Defined contribution plans

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

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

1.16 Revenue from exchange transactions

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

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

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

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 entity acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the entity as compensation for executing the agreed services. Application and Granting Fees are charged in accordance with section 26(8), 36(1)(e), 38, 46(2), 48(1), 48(4), 53(1), 59(7), 64(1), 65(4), 65(16), 66(2) and 66(6) of the Western Cape Liquor Act. Fees mainly include applications for new liquor licences, amendments to existing liquor licences and the related granting

1.16 Revenue from exchange transactions (continued)

or issuing fees. The application documents are only supplied to the applicants on confirmation that the application fees have been received in the entity's bank account. Revenue is recognised when payment is received.

Interest

Revenue arising from the use by others of entity assets yielding interest is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity, and
- The amount of the revenue can be measured reliably.

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

1.17 Revenue from non-exchange transactions

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

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

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

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

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

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

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

Recognition

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

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

Measurement

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

When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability.

1.17 Revenue from non-exchange transactions (continued)

Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

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

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

Government grants

Funding from the Western Cape Provincial Treasury department via the PoCS 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. Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Fines and penalties

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

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 and the revenue is recognised when payment is received. Fines are either imposed by the Liquor Licencing Tribunal or other law-enforcement agencies for non-compliance by the licencee. Fines imposed by the Liquor Licencing Tribunal are recognised when the fines are issued. In cases where fines are issued by other law-enforcement agencies, revenue will only be recognised when monies are received, as the entity does not have any control over fines issued by other law-enforcement agencies.

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

1.18 Capital commitments

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

1.19 Accounting by principals and agents

Identification

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

Identifying whether an entity is a principal or an agent

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

1.19 Accounting by principals and agents (continued)

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

Binding arrangement

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

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

Assessing which entity benefits from the transactions with third parties

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

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

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

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

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

Recognition

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

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

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

1.20 Related parties

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

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

1.20 Related parties (continued)

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

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

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

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

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

1.21 Events after reporting date

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

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

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

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

1.22 Irregular expenditure

Losses emanating from irregular expenditure are recognised as a receivable in the statement of financial position when recoverable. The receivable is measured at the amount that is expected to be recovered and is de-recognised when settled or subsequently written-off as irrecoverable.

Irregular expenditure is recorded in the notes to the financial statements when and at amounts confirmed and comprises of:

- irregular expenditure that was under assessment in the previous financial year;
- irregular expenditure relating to previous financial year and identified in the current year; and irregular expenditure incurred in the current year.

1.23 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the total value of the fruitless and wasteful expenditure incurred.

Fruitless and wasteful expenditure is removed from the notes to the financial statements when it is resolved or receivables for recovery. Fruitless and wasteful expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.

1.24 Social and education fund

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

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

Figures in Rand	2025	2024

2. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	669 919	350 109
Call Investment Deposits	26 891 344	14 918 625
	27 561 263	**15 268 734**
Cash on hand	1 687	1 005
	27 562 950	**15 269 739**

The entity had the following bank accounts

Account number/description	Bank statement balances			Cash book balances		
	31 March 2025	31 March 2024	31 March 2023	31 March 2025	31 March 2024	31 March 2023
Nedbank - account no 1452069883 (Income account)	308 375	172 427	231 889	308 375	172 427	231 889
Nedbank - account no 1452069905 (Expenditure account)	361 544	177 683	84 416	361 544	177 683	84 416
Nedbank call account – no 037881100168 (Grant)	1 287 330	341 733	2 684 766	1 287 330	341 733	2 684 766
Nedbank call account – no 037881100168 (Income)	25 382 485	14 355 362	18 301 695	25 382 485	14 355 362	18 301 695
Nedbank call account – no 037881100168 (Social and education fund)	221 529	221 529	221 529	221 529	221 529	221 529
Total	**27 561 263**	**15 268 734**	**21 524 295**	**27 561 263**	**15 268 734**	**21 524 295**

	2025	2024

3. Receivables from exchange transactions

Deposits	19 523	19 523
Accrued interest	199 097	136 753
Prepaid expenses	308 080	341 449
	526 700	**497 725**

Prepayments relate to monthly expenditure paid in advance for insurance and building rentals.

4. Receivables from non-exchange transactions

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

Fines	307 000	2 086 929
Penalties	127 470	171 396
Renewals	84 980	114 264
	519 450	**2 372 589**

Figures in Rand	2025	2025

4. Receivables from non-exchange transactions (continued)

Statutory receivables general information

Transaction(s) arising from statute

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

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

Determination of transaction amount

The fines are determined by the Liquor Licensing Tribunal, after considering the merits of each matter brought before it, subject to the limit of R153 052 as set out in the Western Cape Liquor Regulations 2011 as amended.

The penalties for late renewal of licences are prescribed in section 63(4) of the Western Cape Liquor Act as 150% of the prescribed renewal fee. The renewal of annual licences are prescribed in section 63(1) of the Western Cape Liquor Act.

Provision for impairment of receivables from non-exchange transactions

A provision for impairment is raised for all fines that have been outstanding for more than a year. As of 31 March 2025, total fines outstanding amounted to R2 424 850 (2024: R3 606 316). A provision for impairment of R2 117 850 (2024: R1 519 387) was raised on these outstanding fines. The net fines receivables after taking into account the effect of the provision for impairment is R307 000 (2024: R2 086 929).

The ageing of the fines is as follows:

Current (0-30 days)	-	10 000
31-60 days	20 000	40 000
61-90 days	15 000	350 000
91-120 days	50 000	110 000
121-365 days	122 000	753 886
> 365 days	2 217 850	2 342 430
Provision for impairment	(2 117 850)	(1 519 387)
	307 000	**2 086 929**

A recievable that was previously impaired has been reinstated following the court order, resulting in reversal of a provision amounting to R100 000. Refer to Note 31 for further details.

The entity has reviewed the method of calculating the provision for impairment of fines. Refer to Note 34 for the impact of the change in estimate

No provision is raised for impairment of receivables from penalties and renewals as the risk of non payment is very low.

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

Opening balance	1 519 387	2 337 064
Provision for impairment	598 464	(817 677)
	2 117 850	**1 519 387**

Figures in Rand

5. Intangible assets

	2025			2024 Restated		
	Cost/ Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost/ Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	2 177 436	(1 351 265)	826 171	2 382 316	(1 510 240)	872 076
Internally generated computer software	12 032 584	(5 497 213)	6 535 371	12 032 583	(4 516 468)	7 516 115
Intangible assets under development	78 431	-	78 431	78 431	-	78 431
Total	**14 288 451**	**(6 848 478)**	**7 439 973**	**14 493 330**	**(6 026 708)**	**8 466 622**

Reconciliation of intangible assets - 2025

	Opening balance	Additions	Disposals Cost	Disposals – Accumulated Amortisation	Amortisation	Total
Computer software	872 076	1 881 488	(2 086 368)	2 086 368	(1 927 393)	826 171
Internally generated computer software	7 516 115	-	-	-	(980 744)	6 535 371
Intangible assets under development	78 431	-	-	-	-	78 431
	8 466 622	**1 881 488**	**(2 086 368)**	**2 086 368**	**(2 908 137)**	**7 439 973**

Reconciliation of intangible assets - 2024

	Opening balance	Additions	Disposals Cost	Transfers	Disposals – Accumulated Amortisation	Amortisation	Total
Computer software	811 472	1 853 516	(1 467 464)	-	1 467 464	(1 792 912)	872 076
Internally generated computer software	6 584 755	-	-	2 208 164	-	(1 276 804)	7 516 115
Intangible assets under development	2 286 595	-	-	(2 208 164)	-	-	78 431
	9 682 822	**1 853 516**	**(1 467 464)**	**-**	**1 467 464**	**(3 069 716)**	**8 466 622**

Other information

As at 31 March 2025, the entity did not have intangible assets where title is restricted.

The entity reviewed the useful lives of its intangible assets as at 31 March 2025. Management is of the opinion that the useful lives of these assets are in line with their carring values.

As at 31 March 2025, the entity had a commitment of R330 784 for acquisition of computer software. Refer to note 29 for details of commitments.

The assets under development relate to a development of a computer software module. The delays are largely due to resource constraints.

Internally generated computer software has been reclassified, it was previously reported under computer software.

6. Property, plant and equipment

	2025			2024 Restated		
	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	3 799 858	(2 343 569)	1 456 289	3 766 702	(2 085 071)	1 681 631
Motor vehicles (Leased assets)	2 950 613	(573 542)	2 377 071	4 633 857	(546 070)	4 087 787
Office equipment	1 298 272	(1 151 939)	146 333	1 280 376	(1 090 168)	190 208
Computer equipment	6 871 890	(5 999 461)	872 429	6 871 890	(5 825 705)	1 046 185
Leasehold improvements	5 805 242	(3 701 311)	2 103 931	5 805 242	(3 307 756)	2 497 486
Safety and security equipment	1 340 797	(1 056 045)	284 752	1 079 106	(905 006)	174 100
Office equipment (Leased assets)	1 374 649	(791 133)	583 516	1 249 967	(1 067 313)	182 654
Total	**23 441 321**	**(15 617 000)**	**7 824 321**	**24 687 140**	**(14 827 089)**	**9 860 051**

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Disposals- Cost	Disposals- Accumulated Depreciation	Depreciation	Impairment (loss)/ reversal	Total
Furniture and fixtures	1 681 631	33 156	-	-	(251 371)	(7 127)	1 456 289
Motor vehicles (Leased assets)	4 087 787	261 762	(1 945 006)	240 652	(268 124)	-	2 377 071
Office equipment	190 208	17 896	-	-	(61 771)	-	146 333
Computer equipment	1 046 185	-	-	-	(173 756)	-	872 429
Leasehold improvements	2 497 486	-	-	-	(395 346)	1 791	2 103 931
Safety and security equipment	174 100	261 691	-	-	(119 193)	(31 846)	284 752
Office equipment (Leased assets)	182 654	716 793	(592 112)	592 112	(315 931)	-	583 516
Total	**9 860 051**	**1 291 298**	**(2 537 118)**	**832 764**	**(1 585 492)**	**(37 182)**	**7 824 321**

Figures in Rand

6. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals - Cost	Disposals - Accumulated Depreciation	Depreciation	Impairment loss	Total
Furniture and fixtures	1 932 140	-	-	-	(250 509)	-	1 681 631
Motor vehicles (Leased assets)	2 661 076	2 138 412	(918 478)	469 759	(262 982)	-	4 087 787
Office equipment	310 750	-	-	-	(120 542)	-	190 208
Computer equipment	1 684 701	-	(39 434)	7 390	(606 472)	-	1 046 185
Leasehold improvements	2 930 244	-	-	-	(431 563)	(1 195)	2 497 486
Safety and security equipment	302 240	-	(44 736)	34 665	(118 069)	-	174 100
Office equipment (Leased assets)	582 949	-	(35 520)	12 894	(377 669)	-	182 654
	10 404 100	**2 138 412**	**(1 038 168)**	**524 708**	**(2 167 806)**	**(1 195)**	**9 860 051**

Assets subject to finance lease (Net carrying amount)

	2025	2024
Motor vehicles	2 377 071	4 087 787
Office equipment	583 516	182 654
	2 960 587	**4 270 441**

The entity spent R111 757 (2024: R272 571) on repairs and maintenance of property, plant and equipment.

The entity reviewed the useful lives of its assets as at 31 March 2025. Refer to note 34 for impact of changes in estimates.

There are no restrictions on the tittle of the PPE, except for assests held under finance leases.

As at 31 March 2025, the entity had commitments amounting to R5 973 109. Refer to note 29 for capital commitments in PPE.

Acquisition of PPE amounting to R978 555 (2024: R2 138 412) were financed through finance lease, while the balance of R312 743 was in cash.

Capital restoration costs have been reclassified and included under leasehold improvements. Refer to note 35 for details.

Figures in Rand	2025	2024

7. Payables from exchange transactions

Trade payables	2 704 118	1 438 769
Income received in advance	618 950	825 330
Licence-holder refunds	2 704 053	4 624 939
Unallocated deposits	854 719	1 076 450
Provincial revenue fund	2 195 509	206 608
Other payables*	367 165	335 677
	9 444 514	**8 507 773**

The licence-holder refunds include licence-holders who continue to pay the renewal fees even though their licences lapsed in provincial periods and are no longer valid.

Unallocated deposits have been reclassified and included under payables from exchange transactions. Refer to note 35 for details.

*Other payables consists of staff savings and suspense account.

Provincial revenue fund

Opening balance	206 608	952 038
Total amount collected on behalf of provincial revenue fund	54 075 257	53 066 076
Total amount of provincial revenue fund collections paid to PoCS	(52 086 356)	(53 811 506)
	2 195 509	**206 608**

The fees referred to in sections 63(2) and 65(16) must be paid into the Provincial Revenue Fund in terms of Section 30 of the Western Cape Liquor Act. The WCLA therefore acts as an agent in this relationship.

8. Operating lease liability

Current liabilities	383 940	564 733

A lease agreement for the building was concluded on 11 March 2021 for a period of 5 years from 1 April 2021 until 31 March 2026. The lease payments escalate at a rate of 6% per annum. Renewal of the lease at the end of the term is available. The entity does not engage in any sub-lease arrangements. The expected future minimum lease payments are as follows:

Minimum lease payments due

- within one year	3 588 935	3 385 787
- in second to fifth year inclusive	-	3 588 935
	3 588 935	**6 974 722**

The Authority also leases some vehicles from Government Motor Vehicles under operating leases. The entity does not have an option to purchase the leased assets at the expiry of the leased period. These rentals are classified as contingent rentals due to uncertain lease periods and fluctuating tariff increases. It is therefore impracticable to disclose the future minimum lease payments expected to be received as required by GRAP 13.

Figures in Rand	2025	2024

9. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Department of Police Oversight and Community Safety (PoCS)	8 833 817	912 122

Movement during the year

Balance at the beginning of the year	912 122	5 546 101
Grants received from PoCS	64 395 000	55 015 000
PoCS grant recognised as income	(55 561 183)	(56 658 979)
Amount surrendered to PRF	(912 122)	(2 990 000)
	8 833 817	**912 122**

The entity received conditional grants from PoCS as per the transfer payment agreements. The unspent conditional grants represent the amount to be surrendered.

Figures in Rand	2025	2024

10. Finance lease obligation

Minimum lease payments due		
- within one year	1 331 998	1 840 709
- in second to fifth year inclusive	4 187 610	7 826 129
	5 519 608	9 666 838
less: future finance charges	(2 343 344)	(5 082 055)
Present value of minimum lease payments	**3 176 264**	**4 584 783**
Present value of minimum lease payments due		
- within one year	451 933	332 805
- in second to fifth year inclusive	2 724 331	4 251 978
	3 176 264	**4 584 783**
Non-current liabilities	451 933	332 805
Current liabilities	2 724 331	4 251 978
	3 176 264	**4 584 783**

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

Finance leases which relate to vehicles have a lease term of between 5 to 10 years. The effective annual interest rate on the finance lease payables for motor vehicles are between 25% and 49%. Government Motor Transport charges interest on finance leases to replace vehicles at the end of their useful lives and to recoup operating expenditure such as tracking, insurance and Government Motor Transport overhead expenditure.

All leases have fixed repayments and no arrangements have been entered into for contingent rent.

The ownership of the leased assets does not transfer to the entity at the end of the lease term, except the tablets.

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

Figures in Rand	2025	2024

11. Employee benefit obligation

The amounts recognised in the statement of financial position are as follows:

Long service awards	600 270	699 188
Staff incentive bonus	2 217 762	2 126 665
Staff leave	1 252 382	1 228 116
	4 070 414	**4 053 969**
Non-current liabilities	520 569	457 105
Current liabilities	3 549 845	3 596 864
	4 070 414	**4 053 969**

11.1 Long Service awards

Opening balance	699 188	557 890
Benefits paid	(267 000)	(66 000)
Next expense recognised in the statement of financial performance	168 082	207 298
	600 270	**699 188**
Current liabilities	79 701	242 083
Non-current liabilities	520 569	457 105
	600 270	**699 188**

Next expense recognised in the statement of financial performance

Current service cost	138 196	170 966
Interest cost	29 886	36 332
	168 082	**207 298**

The entity provides long-service awards in the form of cash payments and additional leave days to eligible employees, after completion of every three years' service up to 15 years. The risk associated with the long service award are minimal, as the amount and timing of payments are almost certain.

11.2 Staff Incentive bonus

Opening balance	2 126 666	1 970 880
Benefits paid	(2 084 299)	(2 237 271)
Net expense recognised in the statement of financial performance	2 175 395	2 393 056
	2 217 762	**2 126 665**

Net expense recognised in the statement of financial performance

Current service cost	2 175 395	2 393 056

11.3 Staff leave

Opening balance	1 228 116	970 183
Benefits paid	(274 179)	(239 925)
Net expense recognised in the statement of financial performance	298 445	497 858
	1 252 382	**1 228 116**

Net expense recognised in the statement of financial performance

Current service cost	298 445	497 858

Figures in Rand	2025	2024

12. Provisions

Reconciliation of provisions - 2025

	Opening Balance	Change in discount factor	Total
Provision for Restoration of Leased Premises	1 637 265	114 609	1 751 874

Reconciliation of provisions - 2024

	Opening Balance	Change in discount factor	Total
Provision for Restoration of Leased Premises	1 519 205	118 060	1 637 265

The current lease contract states that at termination date, the entity will be liable for the restoration of the leased premises back to "base building condition". The entity estimates that the outflows would only occur by 27 July 2030.

This is, however, dependent on the continued renewal of the lease, which is uncertain.

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

A retrospective calculation of time value of money, based on average weighted investment rate of prime less 4% was used.

13. Application fees

	2025	2024
New licences	1 241 287	1 153 812
Licence for transfer of licence to new owner	265 031	263 400
Alteration of premises	295 780	259 455
Non-automatic renewals of licences	109 933	323 574
Interim or pending licence fee	208 273	224 850
Transfer of financial interest on existing licence	47 456	57 732
Temporary and event licences	537 100	514 050
Other application fees*	143 979	133 405
	2 848 839	**2 930 278**

*Other application fees consists of minor applications fees for removal/change of premises, ammendment of conditions of licences, application to store liquor, and extended trading hours.

14. Granting fees

Licence issuing fee	1 039 731	1 192 138
Issuing fee for temporary and event licences	2 399 760	3 133 780
Transfer of licence issuing fee	839 214	875 274
Other granting fees*	343 840	322 494
	4 622 545	**5 523 686**

*Other granting fees relate to issuing fees charged for removal/change of premises, alteration of premises, and amendments of conditions of licence.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

15. Interest earned

Interest revenue

Bank-call accounts	2 219 344	1 698 557

16. Other income

Copies	60 532	58 794
Profit on sale of assets	126 573	198 940
Other operating income	2 861 891	-
	3 048 996	**257 734**

Other operating income relates to long-outstanding unallocated deposits and licence holder refund that have been recognised as income in accordance with prescription laws.

17. Fines, Penalties and Forfeits

Fines imposed by the Liquor Licencing Tribunal	18 000	2 197 000
Penalties on late payments of licence renewals	895 919	1 499 936
Penalties on late payments of event licences	1 840 408	2 154 975
	2 754 327	**5 851 911**

18. Government grants & subsidies

Operating grants

Department of Police Oversight and Community Safety (PoCS)	55 561 183	56 658 979

19. Employee related costs

Salaries and wages	31 234 677	32 708 066
Staff incentive bonus	2 175 395	2 393 056
UIF	151 280	174 048
Workmen' s compensation	43 259	67 033
Leave pay	298 447	497 857
Defined contribution plans	3 930 418	3 939 918
Overtime payments	79 738	383 756
Long-service awards	138 196	170 966
Group risk and funeral benefit	558 851	499 382
Cell phone allowances	523 541	522 538
	39 133 802	**41 356 620**

Figures in Rand	2025	2024

19. Employee related costs (continued)

2025

Remuneration of Senior Management	Basic salary	Pension fund	13th cheque	Other	Total
Simion George: CEO	1 492 985	203 021	119 439	47 418	1 862 863
Xoliswa Ngqongwa: CFO	795 976	107 956	-	27 810	931 742
Leatitia Petersen: Senior manager (Note1)	124 219	15 259	-	68 905	208 383
Marvin Jackson: Senior manager	870 355	115 398	69 628	43 524	1 098 905
Keren Archary: Senior manager (Note 2)	652 766	81 407	-	28 785	762 958
Craig Horne: Senior manager	745 337	102 606	59 996	28 942	936 881
Stefanie Sampson: Acting senior manager	557 987	91 532	44 915	130 360	824 794
Johan Dreyer: Manager (Note 3)	480 717	113 389	49 850	170 552	814 508
Johan Smit: Acting Manager (Note 4)	102 318	11 628	-	6 003	119 949
	5 822 660	**842 196**	**343 828**	**552 299**	**7 560 983**

Note 1: Resigned from 26 May 2024

Note 2: Appointed effective on 01 July 2024

Note 3: Retired from 31 January 2025

Note 4: Acting secretariat Liquor Licencing Tribunal appointed effective on 01 February 2025

Other benefits comprise of leave paid, acting allowances and cellphone allowances

2024

Remuneration of Senior Management	Basic salary	Pension fund	13th cheque	Other	Total
Simion George	1 422 519	194 921	113 802	42 592	1 773 834
Selwyn Adams	354 217	49 715	-	99 525	503 457
Xoliswa Ngqongwa	354 694	-	-	6 388	361 082
Leatitia Petersen	811 336	102 662	65 300	36 967	1 016 265
Marvin Jackson	823 251	111 725	66 260	29 727	1 030 963
Adv. Martell Van Lill	320 853	43 985	-	15 651	380 489
Craig Horne	314 632	52 062	42 796	82 995	492 485
Stefanie Sampson	524 232	86 948	42 188	134 218	787 586
Johan Dreyer	547 085	116 873	47 315	30 895	742 168
	5 472 819	**758 891**	**377 661**	**478 958**	**7 088 329**

Figures in Rand	2025	2024

19. Employee related costs (continued)

Allan Gray Umbrella Retirement Fund

The Allan Gray Umbrella Retirement Fund is a defined contribution scheme. Members contribute at a rate of not less than 7.5% of their salaries, as required by the Rules. The fund has 69 employees (2024: 67 employees) who are members and they contributed a total of R1 942 345 (2024: R1 939 885).

Allan Gray Group Retirement Annuity Fund

The Allan Gray Group Retirement Annuity Fund is a defined contribution scheme. Members contribute at a rate of not less than 7.5% of their salaries, as required by the Rules. The fund has 69 employees (2024: 67 employees) who are members and they contributed a total of R1 989 426 (2024: R2 000 033).

20. Remuneration of Governing Board Members

2025	Members' fees	Other fees	Total
Adv S Khoza (Note 1)	8 411	3 035	11 446
Dr G Grootboom (Note 2)	41 081	19 523	60 604
Ms C Abdoll	43 443	6 511	49 954
Mr C Bassuday	25 842	5 836	31 678
Ms C Fani	22 035	7 002	29 037
Mr S Harrison	34 347	7 323	41 670
	175 159	**49 230**	**224 389**

Note 1: Chairperson, term ended on 15 November 2024.

Note 2: Acting chairperson, effective on 16 November 2024.

Other fees comprise of claims for business kilometres and data allowances.

2024	Members' fees	Other fees	Total
Adv S Khoza	10 896	5 669	16 565
Mr R Kingwill	59 003	7 273	66 276
Dr G Grootboom	34 320	17 935	52 255
Ms C Abdoll	33 676	4 454	38 130
Mr A Le Roux	18 138	2 116	20 254
Ms C Foulis	20 482	4 471	24 953
Ms T Wainwright	10 342	1 300	11 642
	186 857	43 218	230 075

21. Debt impairment/reversal

Debt (reversal)/impairment	598 464	(817 677)

The impairment relates to fines issued to licence-holders by the Liquor Licence Tribunal.

Figures in Rand	2025	2024

22. Depreciation and amortisation

Property, plant and equipment	1 585 492	2 167 807
Intangible assets	2 908 137	3 069 716
	4 493 630	**5 237 523**

23. Impairment loss

Impairment loss	37 182	139 570

24. Finance costs

Finance leases	1 117 005	1 353 556
Other provisions*	144 495	154 392
	1 261 500	**1 507 948**

*Other provisions relate to provision for capital restoration costs and long service awards.

25. General expenses

Advertising fees	4 169 479	4 596 606
Audit fees - external	886 353	747 597
Audit fees - internal	358 570	565 110
Bank charges	83 499	73 733
Catering	37 349	11 009
Cleaning services	201 689	188 013
Computer and equipment support	1 596 825	1 537 781
Conferences and seminars	284 365	823 130
Consulting and professional fees	2 361 028	2 761 537
Insurance	325 722	321 172
Legal fees	216 928	222 435
Liquor licence tribunal	3 715 811	4 218 618
Operating leases	3 199 094	3 200 894
Postage and courier	21 151	111 276
Printing and stationery	628 041	551 784
Rates and taxes	293 471	293 471
Repairs and maintenance	111 757	272 571
Social and education fund	15 000	-
Software licence fees	1 700 457	1 481 422
Subscriptions and membership fees	105 904	77 015
Telephone and fax	677 277	688 870
Training & bursaries	641 059	271 407
Travel and subsistence	2 231 737	2 917 261
Water and electricity	1 238 070	1 172 316
Other general expenses*	199 141	270 061
	25 299 777	**27 375 089**

*Other general expenses consist of protective clothing and utilities.

Figures in Rand	2025	2024

26. Cash generated (utilised) from operations

Surplus (deficit)	6 490	(2 108 003)
Adjustments for:		
Depreciation and amortisation	4 493 630	5 237 523
Profit on sale of assets	(126 573)	(198 940)
Finance costs - Finance leases	121 000	-
Impairment loss	37 182	139 570
Debt impairment	598 464	(817 677)
Movements in employee benefit obligations (decrease)/increase	(13 441)	354 768
Movements in provisions	114 609	118 060
Current Employee Benefits - Finance cost	29 886	36 332
Other non-cash items	(2 861 891)	348 159
Changes in working capital:		
Receivables from exchange transactions	(28 975)	(14 369)
Operating lease	(180 793)	10 855
Other receivables from non-exchange transactions	1 254 676	2 459 234
Payables from exchange transactions	3 798 632	(4 738 959)
Unspent conditional grants and receipts	7 921 695	(4 633 979)
	15 164 591	**(3 807 426)**

28. Financial instruments disclosure

Categories of financial instruments		
At amortised cost		
Financial assets		
Cash and cash equivalents	27 562 950	15 269 739
Receivables from exchange transactions	218 620	156 276
	27 781 570	**15 426 015**
At amortised cost		
Financial assets		
Payables from exchange transactions	8 825 564	6 605 992
Finance lease liability	3 176 264	4 584 783
	12 001 828	**11 190 775**
Financial instruments in Statement of financial performance		
At amortised cost		
Interest income (calculated using effective interest method) for financial instruments at amortised cost	2 219 344	1 698 557
Interest expense (calculated using effective interest method) for financial instruments at amortised cost	(1 261 500)	(1 507 948)
	957 844	**190 609**

Figures in Rand	2025	2024

28. Risk management

Financial liabilities

Financial risk management

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

The entity's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the entity's financial performance.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses,the entity maintains flexibility in funding by maintaining availability under committed credit lines.

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

Credit risk

Credit risk consists mainly of cash deposits and cash equivalents. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

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 entity to incur a financial loss.

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

No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure is disclosed below.

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

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

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

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

Financial instrument	2025	2024
Cash and cash equivalents	27 562 950	15 269 739
Receivables from exchange transactions	218 620	156 276

Figures in Rand	2025	2024

28. Risk management (continued)

Market risk

Interest rate risk

As the entity has no significant interest-bearing assets, the entity's income and operating cash flows are substantially independent of changes in market interest rates.

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

At 31 March 2025, if the weighted average interest rates on the financial asset had been 1% higher/lower with all other variables held constant, surplus for the year would have been R275 629 (2024: R152 697) lower/higher, mainly as a result of higher/lower interest income on financial assets at variable rates.

Cash flow interest rate risk

Financial instrument	Financial instrument	Due in less than a year
Cash and cash equivalents	7,74 %	27 562 950

29. Commitments

Authorised capital expenditure: already contracted for but not yet provided for

Already contracted for but not provided for		
Property, plant and equipment - Leasehold improvement	4 765 014	-
Property, plant and equipment - Computer equipment	974 983	-
Property, plant and equipment - Furniture and fixtures	233 112	-
Intangible Assets – Computer software	330 784	-
Property, plant and equipment - Office equipment (Leased assets)	-	850 932
	6 303 893	**850 932**

Total capital commitments		
Already contracted for but not provided for	**6 303 893**	**850 932**

	2025	2024

30. Contingent Liabilities

Applicant vs WCLA
This matter involves a High Court review application following the refusal of an on-consumption liquor licence for a service station on the N1 highway, with the applicant also challenging the constitutionality of section 34(1) of the Western Cape Liquor Act as inconsistent with section 22 of the Constitution. Counsel has been appointed, and the WCLA is awaiting for the draft answering papers from counsel. At this stage, it is not practical to estimate the financial effect of this case.

Licence holder 1 vs WCLA
This matter concerns a lapse of a liquor licence in 2019 due to incomplete payment, which was reviewed by the Appeal Tribunal. The complainant now seeks reinstatement of the licence. The matter has been referred to legal services. Legal costs are estimated at R50 000.

Licence holder 2 vs WCLA (Third Respondent)
This matter relates to whether the licence holder's retail business model, requires national or provincial distribution licence.

After the initial hearing in January 2024, the court allowed the licence holder to continue trading pending the outcome of the Part B of the application, supplementary and answering affidavits have since been filed. The legal costs of this matter cannot be reliably measured, at this stage.

31. Events after the reporting date

Adjusting event:
A matter concerning a licence revoked by the Appeal Tribunal was taken for review by the High Court in August 2024. On 22 April 2025, the court ordered the licence to be reinstated and imposed a R300,000 fine, R200,000 of which is suspended for two years, conditional on the licence holder not breaching sections 60(2) or 76(e) during that time. While the full R300,000 was initially recognised as receivables, a provision for impairment was raised for the full amount. Following the High Court judgement in April 2025, the provision for impairment of this receivable was reversed by R100,000 to reinstate this debtor.

Figures in Rand	2025	2024

32. Related parties

Relationships

Western Cape Provincial Minister of Police Oversight and Community Safety	Ms Anroux Marais
Governing board members	Refer to note 20
WCLA and PoCS (Custodial department) are subject to common control	PoCS
WCLA and Western Cape Government Motor Transport are subject to common control	GMT
WCLA and Department of Economic Development and Tourism are subject to common control	DEDAT
Department of the Premier - Western Cape Government	DotP
Members of key management	Refer to note 19

Related party balances

	2025	2024
Department of Police Oversight and Community Safety		
Balance at the beginning of the year	206 608	952 038
Total amount collected on behalf of provincial revenue fund	54 075 257	53 066 076
Total amount of provincial revenue fund collections paid to PoCS	(52 086 356)	(53 811 506)
	2 195 509	**206 608**
Government Motor Transport		
Accrued expenses	(390 038)	(240 065)
Leased vehicles	1 259 567	1 423 039
DEDAT		
Balance at the beginning of the year	-	18 533
DEDAT grant recognised as income	-	(18 533)
Government Motor Transport		
Interest paid on finance lease liability included under finance charges	1 044 157	1 353 556
Kilometre tariff included under general expense	840 809	1 352 657
Operating lease – Vehicles	497 046	602 458

Figures in Rand	2025	2024

33. Accounting by principals and agents

The entity is a party to a principal-agent arrangement.

Details of the arrangment as follows:

In terms of s (30) (1) of the Western Cape Liquor Authority Act the fees referred to in sections 63(2) and 65(16) must be paid into the Provincial Revenue Fund. Such fees are those related to annual renewal fees.

The Authority is an agent as it collects license fees on behalf of the Provincial Revenue Fund. Payments in respect of license fees are paid over to the Western Cape Department of Police Oversight and Community Safety as the department is a conduit for the license fees collected by the Authority to the Provincial Revenue Fund.

Entity as agent

Resources held on behalf of the principal(s), but recognized in the Authority's own financial statements:

Reconciliation of Provincial Revenue Fund		
Opening balance	206 608	952 038
Total amount collected on behalf of the Provincial Revenue Fund	54 075 257	53 066 076
Total amount of Provincial Revenue Fund paid over to POCS	(52 086 356)	(53 811 506)
Closing balance	**2 195 509**	**206 608**

34. Change in estimate

Property, plant and equipment

An assessment has been made of the useful lives of the entity's Property, Plant, and Equipment effective 01 April 2024.

Management is of the opinion that the useful lives of the assets are in line with the current circumstances.

The re-assessment of useful lives led to a decrease in depreciation as the changes were applied prospectively.

The effect in the current period is an increase in net surplus of R219 770 resulting in a future decrease in net surplus of R219 770 over the remaining years.

Receivables from non-exchange transactions

The entity has reviewed the method of calculating the provision for impairment of fines. Previously, the provision was calculated based on the percentage of fines received during the current year compared to outstanding fines at the end of the year. Management has now changed this methodology to raise a provision for all fines that have been outstanding for more than a year. Management is of the opinion that this better reflects the recoverability of outstanding fines.

The re-assessment led to an increase in debt impairment expense. The effect in the current period is a decrease in net surplus of R1 096 230.

Figures in Rand	2025	2024

35. Prior-year adjustments

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

2024

Statement of financial position	Note	As previously reported	Adjustment	Restated
Accummulated depreciation -PPE	6	(14 718 891)	(108 199)	(14 827 089)
Accumulated surplus		(18 130 366)	37 812	(18 092 554)
Statement of financial performance				
Depreciation- PPE	6	2 097 420	70 387	2 167 807
Staff incentive bonus	19	2 229 139	163 917	2 393 056
Salaries and wages	19	32 871 983	(163 917)	32 708 066

In the prior year, there was an error in the calculation of the depreciation, resulting in the above adjustment.

The staff incentive bonus amounting to R163 917 was incorrectly recorded under salaries and wages.

Reclasification of financial information

Statement of financial position - 2024

		As previously reported	Adjustment	Restated
Payables from exchange transactions	7	7 431 322	1 076 450	8 507 772
Unallocated deposits	7	1 076 450	(1 076 450)	-
Leasehold improvements	6	2 009 527	560 249	2 569 776
Capital restoration	6	560 249	(560 249)	-
Computer software	5	8 388 191	(7 516 115)	872 076
Internally generated computer software	5	-	7 516 115	7 516 115
Statement of financial performance - 2024				
Remuneration of governing board members	20	186 857	43 218	230 075
General expenses	25	27 418 307	(43 218)	27 375 089

The above have been reclassified for fair presentation of financial information.

Other fees for governing board, which include claims for business kilometres and data allowances, were previously reported under general expenses. These have now been reclassified to remuneration of the govern board members.

Figures in Rand		2025	2024

35. Prior-year adjustments (continued)

Reclasification of financial information

Statement of comparison of budgets and actual amounts

		As previously reported	Adjustment	Restated
Movements in receivables	36	(406 978)	2 851 843	2 444 865
Finance cost	36	1 507 948	(1 353 556)	154 392
Movements in payables	36	3 887 397	(1 111 360)	2 776 037
Employee benefits	36	(450 013)	804 781	354 768
Transactions not included in approved budget	36	885 562	(885 562)	-
Profit on sale of assets	36	-	(198 940)	(198 940)
Movements in provisions	36	118 061	(118 061)	-
Movement in operating leases	36	-	10 855	10 855

The above have been reclassified for fair presentation of financial information.

Figures in Rand	2025	2024

36. Reconciliation between budget and statement of financial performance

The amounts in the annual financial statements were reconciled from the accrual basis to the cash basis to be on the same basis as the final approved budget. In addition, adjustments to amounts in the annual financial statements for timing differences associated with the continuing appropriation and differences in the entities covered (government business enterprises) were made to express the actual amounts on a comparable basis to the final approved budget. The amounts of these adjustments are identified in the following table.

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

Net surplus (deficit) per the statement of financial performance	6 490	(2 108 003)
Adjusted for:		
Net Cash Flows from operating activities - Government grants	7 921 695	(4 633 979)
Net Cash Flows from operating activities - Depreciation and amortization	4 493 630	5 237 523
Net Cash Flows from operating activities - Movement in receivables	1 225 701	2 444 865
Net Cash Flows from operating activities - Debt impairment	598 464	(817 677)
Net Cash Flows from operating activities - Finance costs	144 495	154 392
Net Cash Flows from operating activities - Movement in payables	460 240	2 776 037
Net Cash Flows from operating activities - Non- cashflow items	(2 861 891)	-
Net Cash Flows from operating activities - Employee benefit obligations	(13 441)	354 768
Net Cash Flows from operating activities - Operating lease	(180 793)	10 855
Net Cash Flows from operating activities - Impairment loss/ (reversal)	37 182	139 570
Net Cash flows from investing activities - PPE assets purchases	(312 743)	-
Cash flows from investing activities - Intangible assets purchases	(1 881 489)	(1 853 516)
Cash flows from financing activities - Finance lease capital redemption	(677 150)	(593 773)
Net Cash Flows from operating activities - Profit on sale of assets	(126 573)	(198 940)
Net surplus per approved budget	**8 833 817**	**912 122**

Figures in Rand	2025	2024

37. Budget differences

Material adjustments from approved budget to final budget

Revenue Performance
The entity experienced a decline in revenue, specifically in revenue generated from fines. This reduction coincided with an increase in the operational visibility and employment of additional inspectors, which contributed to enhanced compliance and, consequently, fewer fines being issued. Accordingly, the budget for revenue was reduced.

Rollover of funds
A request to retain rollover of funds from prior financial years was approved by the Provincial Treasury. This rollover was incorporated into the revised budget, resulting in a positive impact on the adjusted budget for the year.

Employee-Related Costs
Delays in the approval and implementation of the new organisational structure led to under-expenditure in personnel-related costs. As a result, adjustments were made to the budget to align it with the expected expenditure patterns observed during the financial year.

Material differences between budget and actual amounts

Payments for capital assets
The WCLA had initially budgeted for the construction of a Client Service Centre as well as the procurement of laptops. However, delays in the implementation resulted in under-expenditure.



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