



ENABLING & PROMOTING

A RESPONSIBLE LIQUOR INDUSTRY

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Enabling and Promoting a Responsible Liquor Industry

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EASTERN CAPE
LIQUOR BOARD

ANNUAL REPORT

2024/2025





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ANNUAL REPORT

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PART A

GENERAL INFORMATION



ENABLING &
PROMOTING

A RESPONSIBLE
LIQUOR INDUSTRY

1. PUBLIC ENTITY'S GENERAL INFORMATION

Country of domicile	South Africa
Accounting Authority	Mr M. Gobingca Dr M. Mboto Ms N. Nongongo Mr W. Manthe
Business address	Shop 10, Beacon Bay Crossing Beacon Bay East London 5241
Postal address	PO Box 15147 Beacon Bay 5205
Controlling Entity	Department of Economic Development, Environmental Affairs and Tourism
Website	www.eclb.co.za
Bankers	ABSA
External Auditors	Auditor-General of South Africa
Chief Executive Officer	Dr N. Makala
Chief Financial Officer	Mr Z. Zibi
Public Entity Type	Schedule 3C

2. LIST OF ABBREVIATIONS/ ACRONYM

AFS	Annual Financial Statements	HIV	Human immunodeficiency virus
AGSA	Auditor General South Africa	ICT	Information Communication and Technology
AO	Accounting Officer	IDC	Independent Development Corporation
AG	Auditor General	IGR	Inter-Governmental Relations
APP	Annual Performance Plan	IPID	Independent Policing Investigating Directorate
BBBEE	Broad Based Black Economic Empowerment	LED	Local Economic Development
BCMM	Buffalo City Metropolitan Municipality	LTDP	Liquor Traders Development Programme
CEO	Chief Executive Officer	MEC	Member of the Executive Council
CFO	Chief Financial Officer	NMMM	Nelson Mandela Metro Municipality
CIPC	Companies Intellectual Properties Commission	MoU	Memorandum of Understanding
CoGTA	Cooperative Governance and Traditional Affairs	MTEF	Medium Term Expenditure Framework
CSI	Corporate Social Investment	NGO	Non-Governmental Organisation
DEDEAT	Department of Economic Development, Environmental Affairs and Tourism	NPA	National Prosecuting Authority
DTIC	Department of Trade, Industry and Competition	NDP	National Development Plan
EC	Eastern Cape	NLF	National Liquor Forum
ECGB	Eastern Cape Gambling Board	PAIA	Promotion of Access to Information Act
ECLA	Eastern Cape Liquor Act, 2003	PAJA	Promotion of Administrative Justice Act
ECLAA	Eastern Cape Liquor Authority Act, 2018	PFMA	Public Finance Management Act
ECLB	Eastern Cape Liquor Board	POE	Portfolio of Evidence
ECPTA	Eastern Cape Parks and Tourism Agency	POPI	Protection of Public Information Act
FAS	Foetal Alcohol Syndrome	RAF	Road Accident Fund
FNB	First National Bank	RTF	Responsible Trade Facilitation
GBV	Gender Based Violence	SAB	South African Breweries
GDP	Gross Domestic Product	SALGA	South African Local Government Association
GIS	Geographical Information Systems	SAPS	South African Police Services
GRAP	Generally Recognised Accounting Practise	SARS	South African Revenue Services
GTAC	Government Technical Advisory Centre	SEDA	Small Enterprise Development Agency
		SEFA	Small Enterprise Finance Agency
		SMME	Small Medium and Micro Enterprise

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¹ ECLB/Entity will be used interchangeably in this document.

3. FOREWORD BY THE CHAIRPERSON



"I am proud to announce that the entity has again obtained a clean audit outcome for the 2024/25 financial year."

It is with great pleasure that I present the Eastern Cape Liquor Board's (ECLB) Annual Report for the 2024/25 financial year, a testament to our unwavering commitment to promoting responsible liquor trading and fostering safer communities across the Eastern Cape Province. I am pleased to serve on the board as we mark the conclusion of this five-year term. This period has presented numerous challenges that have tested the organisation; however, we have also celebrated our successes and observed significant growth within the organisation.

I am proud to announce that the entity has again obtained a clean audit outcome for the 2024/25 financial year, for the seventh consecutive year. A big thank you to the CEO and staff for their continued commitment and for consistently promoting good governance.

Our commitment to regulatory integrity, transparency, and efficiency has guided the strategic direction of the ECLB. Over the past year, we have focused on reinforcing our regulatory framework, enhancing license and compliance mechanisms, as well as promoting anti-alcohol abuse activities.

In terms of strategic overview and performance, the ECLB has achieved significant milestones. We have amended the Eastern Cape Liquor Act, 2003, regulations to strengthen the regulatory environment. Key to the amendments is the increased radius between educational/religious institutions and liquor outlets for new applications. The requirements of applications for liquor licences have been increased to include, but not limited to, an approved building plan, a premises' population

certificate, a Municipal zoning certificate, and the revised license fees to improve compliance and increase revenue collection.

We conducted a comprehensive study to gain insights into the demographic composition of licensed liquor trading outlets. The goal was also to identify potential areas for developing support to liquor traders regulated by the ECLB to achieve transformation and facilitate the inclusion of those in the lower levels of the liquor value chain, thereby ensuring the development of the industry objectives.

On the anti-alcohol interventions, our focus on underage drinking prevention, Foetal Alcohol Syndrome awareness, and responsible trading has made a tangible impact across our communities. This is evidenced by the positive response that has been received from communities across the province, as well as the support from different stakeholders, including traditional leaders and the religious fraternity.

Furthermore, the School Ambassador Programme, the Anti-Pens Down campaigns, and institutional partnerships with universities and TVET colleges demonstrate our comprehensive approach to underage drinking and alcohol harm reduction. The launch of our School Ambassador Programme is now benefiting 103 schools across the province, representing an innovative peer-to-peer approach to combating underage drinking. During this financial year, we extended the Ambassador programme to the institutions of higher learning. We are pleased to report that it has been well received.

Building and maintaining strategic relationships has been pivotal to our success in augmenting funding and acquiring support in the fight against alcohol abuse initiatives. Through strategic partnerships with stakeholders, we have managed to source commitments from the liquor industry to support our economic development projects. I would be failing in my duty if I didn't express a special word of gratitude to our MEC: Ms Nonkubela Pieters, for taking time out of her busy schedule to engage industry stakeholders and for her unwavering support. Through these engagements, Heineken has pledged R20 million over the next five years to implement "The Taverns of the Future" project and the apple production project within the Koukamma Local Municipality, exploring avenues for Heineken to directly source from local producers.

Our commitment to transformation is evident through our achievement of 83% procurement from Eastern Cape-based SMMs, significantly exceeding our 50% target. The facilitation of three new formal liquor traders' associations and support for Black liquor traders to participate at higher levels of the value chain demonstrates our dedication to creating an inclusive and sustainable liquor industry.

As we reflect on these achievements, we remain mindful of the challenges ahead. The successful implementation of our amended regulations and the implementation of our new licensing system will be key priorities for the coming year. We are committed to continuous improvement in our service delivery while maintaining the highest standards of corporate governance.

I extend my sincere gratitude to Dr Makala, the CEO of the entity and all staff members whose professionalism and commitment have made these achievements possible. Our success is also attributed to the unwavering support of our Board members, the provincial government, and our numerous stakeholders who share our vision of a well-regulated, responsible liquor industry. I would like to extend my sincere appreciation to the Shareholder, our Honourable MEC, and all role players for their steadfast guidance and support. This assistance has been pivotal in enabling ECLB to effectively fulfil its mandate.

In conclusion, to the liquor traders and communities we serve, we remain committed to providing excellence in service delivery while promoting responsible practices that contribute to safer, healthier communities across the Eastern Cape.

"Heineken, pledging R20 million over the next five years to implement "The Taverns of the Future"."

4. REPORT OF THE CHIEF EXECUTIVE OFFICER



“ECLB is strengthening its response to underage drinking by enforcing stricter measures against the rise in Pens Down Parties.”

I am honored to present the Annual Report and Financial Statements of the Eastern Cape Liquor Board (ECLB) for the period from 01 April 2024 to 31 March 2025. This report outlines the operational and financial performance of the ECLB for the year under review, with a particular focus on its 2024/25 activities. This reporting cycle underscores the ECLB's unwavering commitment to fulfilling the Eastern Cape Liquor Act, 2003, achieving its strategic objectives, and maintaining the highest standards of governance in managing public finances and resources. The effective delivery of our five-year strategic goals and attainment of a clean audit during this period further reflect our ongoing dedication to sound governance and accountability.

I am pleased to report that the amended Eastern Cape Liquor Act of 2003 Regulations came into effect on 01 March 2025. These amendments aim to enhance the regulatory framework governing liquor licensing, which includes a more stringent application of license requirements. Notably, the new regulations contain a provision wherein the radius between educational institutions and liquor outlets has been increased from 100 meters to 500 meters. Furthermore, the Eastern Cape Department of Education is commended for its decisive action in announcing that public schools will be prohibited from selling liquor or holding liquor licenses. Additionally, the effective implementation of these regulations will improve revenue generation.

ECLB is strengthening its response to underage drinking by enforcing stricter measures against the rise in Pens Down Parties. The entity continues with its Anti-Pens Down Parties campaigns, particularly close to the end of school exams, and has engaged various stakeholders to discourage these gatherings and raise awareness of the risks of excessive alcohol consumption. There has been a noticeable decrease in the number of these parties reported this year compared to the previous financial years.

It is with great pride and heartfelt gratitude that I share the news of our organisation receiving a clean audit report for the 2024/25 financial year. This achievement is a testament to the dedication, hard work, and unwavering commitment of our entire team to upholding transparency, financial integrity, and accountability. Thank you for your ongoing support and trust in our mission.

PERFORMANCE REVIEW

Corporate Goals Achievement

I am proud to report that the Eastern Cape Liquor Board has achieved exceptional performance during this reporting period, meeting 14 of our 15 key performance indicators, translating to an outstanding 93.3% overall achievement rate. This remarkable performance demonstrates our organisation's dedication to excellence and our commitment to fulfilling our mandate effectively.

Corporate Governance

At the ECLB, we are deeply committed to living our core values and fostering a culture of integrity and good corporate governance, as outlined in the King IV Corporate Governance Report. Our Board of Directors and its Committees work collaboratively and in alignment with our approved charters, ensuring transparency, accountability, and a shared sense of purpose.

Despite currently having four of our five Board members, we remain dedicated and resilient in our service. The Board committees are fully operational and continue to play a vital role in the effective and efficient management of our organisation's governance.

While we have successfully amended Regulations in terms of the Eastern Cape Liquor Act, 2003, the amendments do not fully close the gaps that have been identified in the Act, and as such, the Board is committed to pursuing the process of amending and implementing the new Eastern Cape Liquor Authority Act, 2018.

We have seen a surge in illegal outlets operating outside the law. Our team is working hard to help these businesses find a path to legitimacy as this may play a role in increasing revenue.

Licencing programme

In terms of the issuance of licenses, the Licensing Committee considered 1500 new applications during the year and approved 724. While we experienced some challenges in meeting our 60-day processing timeframe target, we have implemented corrective measures to address these technical challenges and ensure improved service delivery going forward.

The successful renewal of 7,469 liquor licences translates to a 97.04% renewal rate. This reflects the confidence that liquor traders have in our regulatory framework and the support we provide to the industry.

Liquor Trader Development

The ECLB is committed to transforming the liquor industry by empowering liquor traders to formalize their businesses and promoting the formation of liquor traders' associations throughout the province. The initiative to facilitate the liquor traders to move up the value chain as Liquor Distributors and

Wholesalers remains a priority, even though the ECLB does not have authority over the process of issuing these licenses, it plays a facilitative role in this regard.

Two (2) liquor traders successfully registered as Distributors with the National Liquor Authority (NLA). Three (3) formal liquor traders' associations registered with the Department of Social Development (DSD) and successfully registered as NPOs.

171 liquor traders were capacitated in various business skills training and workshops.

Local Economic Development Projects

During this reporting period, the entity facilitated funding for three (3) projects, namely Mayime Winery, Training of Brewmasters and Taverners of the future. Further to this, a delegation comprising the MEC: DEDEAT and ECLB held engagements with the liquor industry. In response, the industry committed to the following projects that will be implemented in the next coming financial year:

Taverners of the future
Apple growing and production
Glass and Plastic Recycling Project

We view this as a positive development for both the entity and the province, as the liquor industry is actively supporting and contributing to local economic growth.

Compliance and Enforcement

The ECLB maintains regulatory oversight to ensure adherence to prescribed trading conditions among licensed liquor establishments. Despite these regulatory efforts, persistent non-compliance continues to present significant challenges for the Board's enforcement mandate.

The ECLB actively implements comprehensive compliance initiatives designed to promote adherence to licensing requirements among liquor traders. However, enforcement efforts with the limited number of inspectors are significantly complicated by a number of factors, such as the increasing establishment of unlicensed liquor outlets within communities and the illegal renting out of liquor licences to third parties. These issues collectively undermine the Board's regulatory framework and compromise the integrity of the licensing system.

During the reporting period, the entity conducted a total of 3,290 compliance inspections at the registered outlets. 328 illegal outlets were identified and referred to the criminal justice system for prosecution. In collaboration with different law enforcement agencies, 89 joint blitz operations were conducted, and 505 liquor outlets were inspected.

The ECLB continues to implement comprehensive training programs and has designated 149 South African Police Service (SAPS) and Municipal Law Enforcement Agencies as liquor inspectors this financial year. The Entity is currently awaiting official approval of its application for the declaration of its inspectors as Peace Officers, in accordance with the Criminal Procedure Act.

A total of 7 training workshops were held with Municipal Councils across the province in the period under review. Over 322 ward councillors (including 161 ward committees from BCM), Proportional Representation (PR) Councillors, and other municipal officials attended these sessions on the regulation of the liquor trading industry with a specific emphasis on the responsibilities of Municipal Ward Councillors and relevant municipal departments. Furthermore, the entity conducted training sessions in three (3) municipalities on the amended regulations and their respective roles in the liquor licence applications and compliance processes.

Social Accountability

The ECLB maintains a comprehensive public education strategy focused on community outreach and awareness programs that address the detrimental health and social impacts of alcohol abuse. These targeted interventions are strategically designed to equip individuals and communities with evidence-based information regarding the adverse consequences of alcohol abuse while promoting responsible consumption behaviors. Through systematic awareness campaigns that highlight the multifaceted risks associated with excessive alcohol use, the ECLB seeks to measurably reduce alcohol-related harm and mitigate its broader socioeconomic implications within communities.

The entity implements its interventions in-line with the four focus areas, namely underage drinking, Foetal Alcohol Syndrome, Road Safety, and responsible alcohol consumption and trading. The entity implemented 372 campaigns and 97 237 people were reached and educated on the harmful effects of excessive alcohol consumption.

These comprehensive initiatives are amplified through an intensive multi-media communication strategy that delivers targeted alcohol abuse prevention messaging to Eastern Cape communities. The campaign leverages diverse media channels, including electronic media, print media, outdoor advertising, and digital social media platforms, to maximize community reach and engagement.

The ECLB conducted 13 Anti-Pens down campaigns in the year under review, and various stakeholders, including community members, were invited. The campaign aims to curb the rapidly emerging culture of "Pens Down Parties" conducted after the end of examinations.

The Ambassador programme has been implemented in over 103 high schools across the Province. In the year under review, the programme was launched at five institutions of Higher Learning. To enhance the program's efficiency, the entity established a dedicated WhatsApp group for all program ambassadors. The WhatsApp group facilitates real-time information sharing, program updates, and the reporting of alcohol-related incidents, such as planned Anti-Pens down activities. The platform serves as a centralized communication hub that enables rapid information dissemination and collaborative incident management among field ambassadors.

Corporate Social Investment

ECLB is mindful of the importance of providing alternatives to communities. The consumption of alcohol by many community members is often a result of limited socio-economic activities. As such, it has become imperative to devise a program that can provide social and economic support to community members, thereby encouraging them to reduce their alcohol intake. The entity invested over R 460 000 in the promotion of sport development in communities. ECLB believes that engaging in sport can shift the focus of the youth from alcohol to sport. The industry and other stakeholders continue to provide financial and non-financial support towards the alcohol harm reduction initiatives.

Research and Development

The entity recognises research as a fundamental component of its operational framework, providing vital insights that inform the projects undertaken. The entity finalized the Demographic profile of the liquor traders' study during this reporting period.

The board regards research as a pivotal tool and will continue to incorporate research into our operations to ensure optimal outcomes. Hence, we have committed to conducting annual assessments and evaluation reports of the anti-alcohol initiatives.

Acknowledgment

The Management and Staff extend profound appreciation to the Board Chairperson and all the Board Members for their steadfast dedication to advancing the organisation's mandate of transforming and strengthening liquor industry regulation throughout the Eastern Cape Province. Their strategic oversight and visionary leadership have been pivotal in driving organisational development and operational excellence.

Special recognition is accorded to the Executive Management team for their collaborative approach, dynamic engagement, and valuable strategic contributions that enabled the successful realisation of key organisational objectives during the reporting period. Their collective commitment to constructive

dialogue and innovative problem-solving has been fundamental to achieving our annual strategic milestones. A big thank to all ECLB staff, whose dedicated professionalism and commitment serve as the cornerstone of the organisation's reputation and operational excellence.

The ECLB acknowledges the strategic partnership with our shareholder, the Department of Economic Development, Environmental Affairs and Tourism (DEDEAT), whose exceptional support and directional guidance have been fundamental to our organisational advancement. We also acknowledge the Portfolio Committee for its oversight and professional stewardship, which has strengthened our commitment to operational transparency and institutional accountability.

Finally, we acknowledge our valued stakeholders for their essential contributions to our achievements and continued success. The ECLB anticipates strengthening these strategic partnerships and fostering new collaborative initiatives to advance liquor industry regulation and governance throughout the province.

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

To the best of our knowledge and belief, we confirm the following:

All information and amounts disclosed in the Annual Report are consistent with the annual financial statements audited by the Auditor-General.

The Annual Report is complete, accurate and 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 GRAP standards applicable to the public Entity.

The Accounting Authority is responsible for the preparation of the annual financial statements and for the judgments made in this information.

The Accounting Authority is responsible for establishing and implementing a system of internal control which 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



Dr. N Makola
Chief Executive Officer
31 August 2025



Mr. M. Goringca
Chairperson of the Board
31 August 2025

6. STRATEGIC OVERVIEW

6.1. Vision

To be a liquor authority that strives for economic transformation and social cohesion.

6.2. Mission

To become a responsible regulator that promotes compliance and the transformation of the liquor industry, while mitigating the adverse effects of excessive alcohol consumption.

6.3. Values

Table 1: ECLB values

VALUE	BEHAVIOURAL DEMONSTRATION
Fairness	Behaviour without favouritism, bias or discrimination in all our dealings.
Integrity	Ensuring uncompromised truth, demonstrating sound and moral principles. Demonstrate consistency and trustworthiness.
Accountability	Obligated to demonstrate and take responsibility for our actions, decisions and policies and accountable to the public at large.
Transparency	The decisions and actions taken are open to public scrutiny and the public has a right to access information.
Customer centricity	Demonstrating that our customers both internally and externally, are at the centre of our business's philosophy, operations and decisions.

7. LEGISLATIVE AND OTHER MANDATES

The Eastern Cape Liquor Board (ECLB) is established in terms of the Eastern Cape Liquor Act No. 10 of 2003 (ECLA) as a regulatory body. The ECLB is a Schedule 3C public Entity in terms of the Public Finance Management Act No. 1 of 1999 (PFMA).

The main functions of the ECLB are to:

- Regulate the registration of retail sales and micro-manufacturing of liquor in the Province.
- Encourage and support the liquor industry in the management and reduction of the socio-economic and other costs of excessive alcohol consumption by creating an environment in which:
 - The entry of new participants into the liquor industry is facilitated.
 - Appropriate steps are taken against those selling liquor outside the regulatory framework.
 - Those involved in the liquor industry may attain and maintain adequate standards of service delivery.
- Facilitate participation by ward committees and communities in the consideration of applications for registration certificates.
- Ensure that the particular realities confronting the liquor industry in the Province can be addressed.

The ECLB also discharges its mandate in terms of the following legislation amongst others:

- Employment Equity Act 55 of 1998.
- The Liquor Act 59 of 2003.
- The Public Finance Management Act 1 of 1999.
- Promotion of Access to Information Act 2 of 2000.
- Promotion of Administrative Justice Act 3 of 2000.
- Preferential Procurement Policy Framework Act 5 of 2000.
- Labour Relations Amendment Act 6 of 2014.
- Companies Act 71 of 2008
- Disaster Management Act 52 of 2002

ECLB BOARD MEMBERS



MR MANDLENKOSI GOBINGCA
CHAIRPERSON



DR MZUKISI MBOTO



MR WAYNE MANTHE



**MS NCUMISA NOMFUNDO
NONGOGO**

EXECUTIVE MANAGEMENT



DR NOMBUYISELO MAKALA
CHIEF EXECUTIVE OFFICER



MR ZOLILE ZIBI
CHIEF FINANCIAL OFFICER



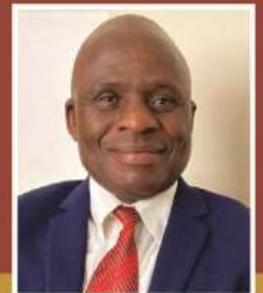
MR PURLANI TYALI
SENIOR MANAGER LICENSING



MR ZOLA TYIKWE
CHIEF INSPECTOR

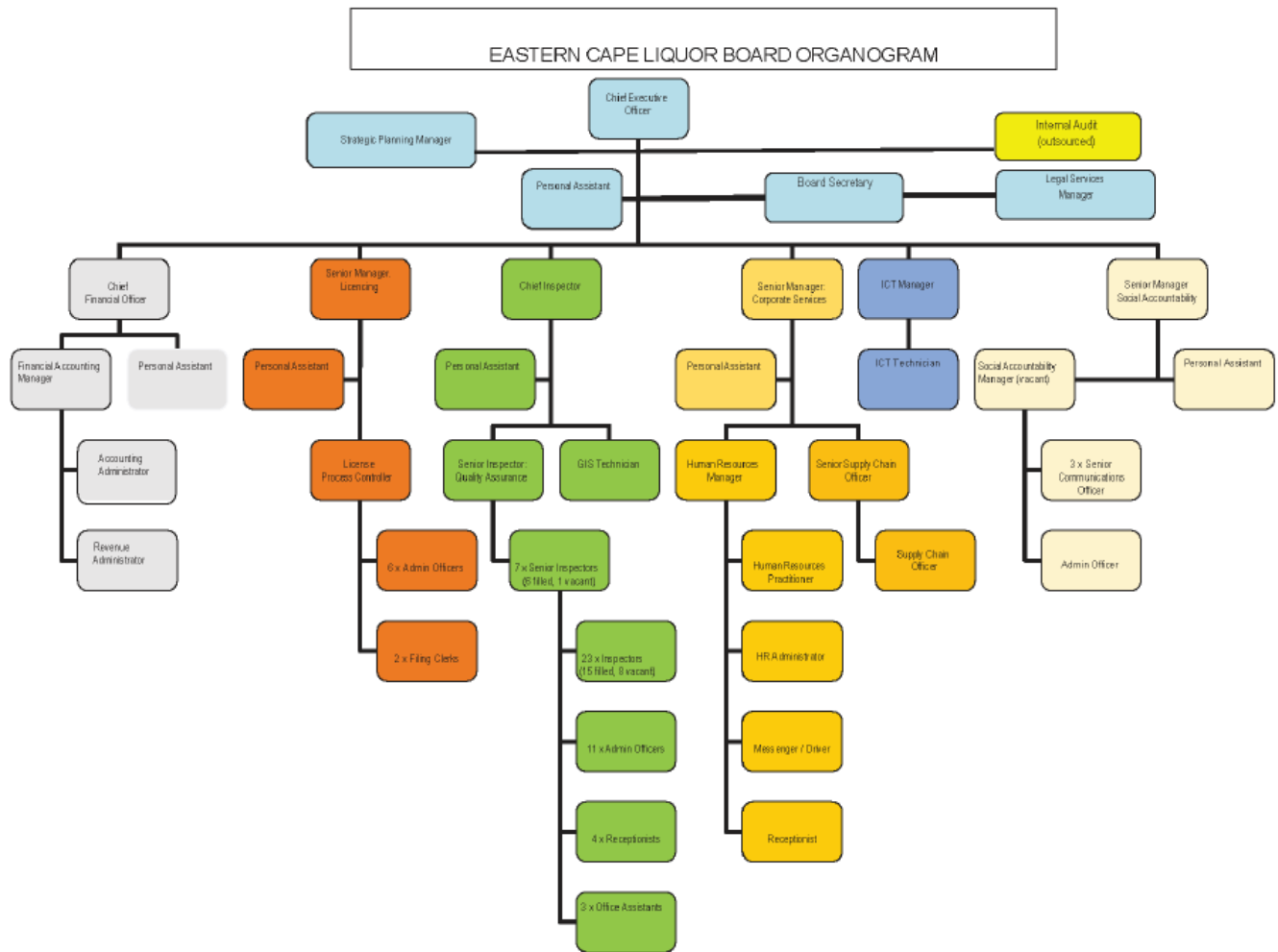


MRS LINDA LINDELWA TINI
SENIOR MANAGER
CORPORATE SERVICES



DR MGWEBI MSIYA
SENIOR MANAGER
SOCIAL ACCOUNTABILITY

8. ORGANISATIONAL STRUCTURE



PART B

PERFORMANCE INFORMATION



1. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

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

Refer to page 75 of this document for the Auditors' Report, published as Part F: Financial Information.



2. SITUATIONAL ANALYSIS

2.1. SERVICE DELIVERY ENVIRONMENT

INTRODUCTION

The Eastern Cape Liquor Board (ECLB) is, in terms of the Eastern Cape Liquor Act, 2003, mandated to regulate the registration of retail sales and micro-manufacturing of liquor in the Province, encourage and support the liquor industry in the management and reduction of the socio-economic and other costs of excessive alcohol consumption, facilitate participation by ward committees and communities in the consideration of applications for registration certificates is provided. In implementing its mandate, the ECLB offers the following services:



ECLB functions in a constantly changing environment, where both internal and external challenges create an inconstant landscape. Socio-economic issues like underage drinking, unemployment, and irresponsible liquor trading remain significant hurdles for the organisation. The operational environment of the ECLB necessitates an increased awareness and enforcement of strategies aimed at mitigating the adverse social issues related to alcohol abuse within our communities.

The situational analysis below is informed by the implementation of the 2024/25 APP as well as the high-level review of the 2020-2025 Strategic Plan.

INTERNAL ENVIRONMENT

The ECLB operates under a mandate that encompasses facilitating new participants' entry into the liquor industry while simultaneously taking enforcement action against those operating outside established administrative and regulatory boundaries. The organisation is also tasked with managing and reducing the broader socio-economic impacts of excessive alcohol consumption, ensuring that community concerns are properly considered when registering retail outlets. The successful execution of these responsibilities largely depends on liquor traders developing a thorough understanding of industry complexities, regulatory requirements, and available business development opportunities, with good corporate governance serving as the foundation for achieving the organisation's strategic objectives.

Despite these clear mandates and governance structures, the ECLB faces significant operational challenges that impede its effectiveness. Shrinking budgets and insufficient human resources create substantial barriers to addressing critical issues such as underage drinking and irresponsible or illegal trading practices. The organisation's capacity limitations extend to its inability to conduct proper scientific baseline studies and impact assessments, which fundamentally challenge its ability to implement evidence-based interventions. Furthermore, the current liquor legislation presents additional constraints on the ECLB's regulatory effectiveness, limiting the scope of its enforcement capabilities. While these legislative limitations have been recognized, there has been progress through a comprehensive review of existing regulations aimed at addressing some identified gaps within the framework of the current Eastern Cape Liquor Act, suggesting potential improvements to the organisation's regulatory capacity in the future.

EXTERNAL ENVIRONMENT

South Africa's drinking culture, particularly in the Eastern Cape, is deeply rooted in social traditions where alcoholic beverages play a central role in celebrations and community gatherings. The province has experienced significant demographic and economic shifts, including rapid urbanization, changing population demographics, and the emergence of a substantial middle class, all of which have been further supported by government relief grants. These developments have resulted in increased disposable income and greater discretionary spending power among consumers, creating favourable conditions for the liquor industry. Consequently, there has been a notable surge in demand for premium and craft alcoholic beverages, with the market demonstrating remarkable resilience even amid economic challenges, largely because consumers view alcoholic beverages as affordable luxuries worth purchasing despite financial uncertainties.

The provincial liquor industry landscape is characterized by the dominance of taverns, which account for approximately 60% of all registered liquor outlets and offer both on-site and off-site consumption options. The ECLB actively conducts workshops aimed at encouraging liquor traders to formalize their business operations, and while progress has been gradual, there have been successful cases of traders transitioning to formal businesses and achieving tax compliance through registration with the South African Revenue Service (SARS). The organisation has strengthened its operational capacity through strategic partnerships, formalizing collaborative relationships with key stakeholders, including the South African Police Service (SAPS) and municipalities through signed Memorandums of Agreement (MOU).

However, the ECLB faces mounting challenges related to alcohol-related social problems, experiencing a concerning increase in incidents involving underage drinking, alcohol abuse, and gender-based violence that is significantly influenced by excessive alcohol consumption. These issues are particularly prevalent in educational institutions and community settings, with alarming trends such as "Pens Down parties" among school-going youth highlighting the urgent need for targeted intervention programs focused on educating young people about the dangers of underage drinking. In response, the ECLB has intensified its social accountability campaigns to raise community awareness about the social problems associated with alcohol abuse.

The industry also grapples with structural challenges that impede growth and development. A significant portion of liquor traders operate informal businesses, which severely limits their access to funding opportunities from government development finance institutions and constrains their ability to expand and improve their operations. Additionally, traditional Black liquor traders in township markets are facing increasing competitive pressure from large retail chain stores, which represents a growing encroachment on their historically established customer base and threatens the sustainability of these community-based businesses.

The ECLB has achieved progress in advancing the transformation of the liquor sector through strategic interventions and targeted support mechanisms. Critical for the ECLB's transformation strategy is the integration of liquor traders by providing comprehensive support to enable their progression along the value chain, specifically moving them from retail operations to distribution and wholesale businesses. Furthermore, the ECLB has implemented a structured support program specifically designed to foster economic development projects within the liquor industry, thereby creating additional opportunities for sector

participants to expand their operations, improve their market positioning, and contribute meaningfully to the provincial economy while promoting sustainable business practices and industry growth.

CHALLENGES IN THE OPERATING ENVIRONMENT

The ECLB faces significant systemic challenges across regulatory, operational, and social dimensions. With only 23 inspectors overseeing 7,469 liquor outlets province-wide, the organisation struggles with capacity constraints, budget limitations, and increasing regulatory demands while addressing growing social issues including underage drinking, alcohol abuse, and gender-based violence.

- **Regulatory Environment**
 - The stop-measure of amending the Eastern Cape Liquor Act, 2003, while awaiting the amendment of the Eastern Cape Liquor Authority Act (2018).
 - Ward Councillors lack understanding of their licensing responsibilities, causing application delays.
 - Municipal capacity deficits in enforcing liquor trading and public nuisance bylaws
 - Incomplete national and provincial liquor policy/legislation reforms
- **Market Environmental Threats**
 - Rising illicit alcohol manufacturing and distribution
 - Renting out of liquor licenses to third parties
 - Limited oversight of distributors/wholesalers, enabling unlicensed trading
 - There had been a lack of supervision of uncompetitive behavior by the manufacturers and wholesalers by the Competition Commission
- **Transformation of the liquor industry**
 - Absence of an industry Transformation Charter limiting accountability by major players
 - Barriers preventing Black participation in micro-manufacturing (technical knowledge, capital access)
 - Slow progress on industry transformation with no tangible results

OPPORTUNITIES

While the entity recognises the challenges in the operating environment, there are also opportunities that

- The implementation of the amended Eastern Cape Liquor Act, 2003 Regulations.
- Implementation of the Ambassador Programme at higher education institutions.
- Continuous training of municipal councillors and officials on the local government's role in the issuance of liquor licences.
- To address staffing limitations, the entity continues to appoint SAPS police officers and municipal enforcement personnel as Designated Liquor Officers.
- The organisation coordinated three significant research studies; the findings from these research studies will provide strategic guidance for the organisation to optimize resource allocation toward areas requiring the greatest intervention.
- The organisation has established formal cooperative agreements with multiple stakeholders through signed Memorandums of Understanding to coordinate activities in enforcement monitoring, compliance oversight, information exchange, and personnel training.
- An application requesting official Peace Officer status for ECLB Inspectors awaits approval from both the Department of Justice and Correctional Services and the South African Police Service.

KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

- The reviewed and amended Eastern Cape Liquor Act, 2003, Regulations have been published. The amended regulations will strengthen the regulatory environment.

3. STRATEGIC OUTCOMES

The table above demonstrates the outcomes, outcome indicators and five-year targets set for the organisation as contained in the Strategic Plan 2020

Outcome	Outcome indicator	Five-year target	Performance indicator	2020/21 Performance	2021/2022 Performance	2022/23 Performance	2023/24 Performance	2024/25 Performance
Reduction in alcohol abuse and behavioural change towards alcohol consumption	Informed and educated communities on dangers of alcohol abuse	40% - 60% Responsible consumption of alcohol	Number of anti-alcohol abuse interventions conducted	291	4	4 Reports on the 195 anti-alcohol abuse interventions conducted	4 Reports on the 339 anti-alcohol abuse interventions conducted	4 Reports on the 372 anti-alcohol abuse interventions conducted
Empowered communities through Social Responsibility/CSI programmes of the ECLB			Number of people reached through education and awareness interventions and social responsibility initiatives	42 987	80 708	96 909	107 890	97237
			Number of social responsibility programmes conducted	8	12	15	23	23
			Number of assessments and evaluations reported produced on the interventions conducted	New Indicator	New Indicator	0	1	n/a
Compliant liquor trading and regulated access to alcohol	Improved compliance and enforcement with liquor regulations/trading conditions	80% - 90% compliance with liquor regulations and conditions	% pre-registration inspections conducted	73%	95%	95%	88%	80%
			Number of compliance inspections conducted to ensure compliance with liquor regulations	45%	68%	3 115	3 603	3 290
			Number of blitz operations conducted with law enforcement agencies to enforce liquor legislation	50	67	93	103	89
Efficient liquor licensing	Liquor licences issued within legislated timeframes	100% compliance with legislated timeframes.	% of fully compliant licence applications considered within legislated timeframes	40%	50%	42%	74%	77,8%

Outcome	Outcome indicator	Five-year target	Performance indicator	2020/21 Performance	2021/2022 Performance	2022/23 Performance	2023/24 Performance	2024/25 Performance
Increased participation by the previously disadvantaged in both the retail and micro-manufacturing levels in the province,	Percentage increase of participation by the previously disadvantaged in the retail sales and micro-manufacturing liquor in the province	20% – 40 % increased participation.	Number of new formal liquor traders' associations facilitated	2	1	0	5	3
			Number of Black liquor traders to participate at higher levels of the value chain	0	0	8	2	2
		Reports on the number of liquor related projects facilitated to support economic development in the province	Number of projects facilitated with funding to contribute to local economic development	New Indicator	New Indicator	3	4	3
Good Corporate Governance	Improved compliance to corporate governance standards and prescripts	Unqualified audit opinion with no material findings	Audit outcome	Clean Audit	Clean Audit	Clean Audit	Clean Audit	Clean Audit
		Progress report on HR Maturity level	HR Maturity level	New Indicator	New Indicator	Level 3	HR Maturity Level 3	HR Maturity Level 3
		Signed and approved procurement report	Percentage spent on Eastern Cape SMME's	42%	53%	84%	62%	83%
		ICT Maturity Index Framework Report on the assessment of the ECLB ICT Maturity	ICT Governance Framework implemented	Maturity level 3	Maturity level 3	Maturity level 3	Maturity level 3	Maturity level 4
		Validated report on the number of planned targets achieved by the end of the financial year	Organisational performance index	83%	82%	81%	94%	93,3%

4. PERFORMANCE INFORMATION BY PROGRAMME

4.1. CORPORATE GOVERNANCE

4.1.1. FINANCE

4.1.1.1. Purpose of the programme

To ensure an effective, efficient and transparent system of financial management as well as establish, maintain and enhance appropriate organisational systems to fulfill the Board's mandate:

- Financial Management
- Asset management
- Reporting and accountability responsibilities.

KEY PERFORMANCE MEASURES, TARGETS AND ACTUAL RESULTS									
Outcome	Output	Output Indicator	Actual Achievement 2022/2023	Actual Achievement 2023/2024	Planned Target 2024/ 2025	Actual Achievement 2024/2025	Deviation from planned target to Actual Achievement for 2024/ 2025	Comment on deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Good corporate governance	Improved adherence with corporate governance standards and government prescripts	Audit outcome	Clean Audit (2021/22)	Clean Audit ² (2022/23)	Unqualified Audit without findings (2023/24)	Unqualified Audit without findings (2023/24)	N/A	N/A	No revision was made from the previous year.

4.1.1.2. Programme performance

- All In-Year-Monitoring (IYM) reports due were submitted to Treasury and DEDEAT.
- The payment to DEDEAT is reconciled monthly and paid on time.
- Financial oversight reports were submitted to Management.

² The indicator name was changed during the 2024/25 financial year from Clean Audit to Unqualified Audit without findings

- Total liquor licensing revenue recognized from 01 April 2024 to 31 March 2025 amounted to R23 259 005.

4.1.1.3. Strategy to overcome areas of underperformance

There were no areas of underperformance on the performance indicators that were planned during the financial year of reporting.

4.1.1.4. Changes to planned targets

There were no changes made to the performance indicators and targets during the financial year of reporting.

4.1.1.5. Linking performance with budget

Programme	Budget R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
Finance	14 470	12 204	2 266
Capital expenditure	6 899	5 536	1 363
TOTAL	21 369	17 740	3 629

4.1.2. CORPORATE SERVICES

4.1.2.1. Purpose of the programme

The Corporate Services Programme provides operational support to the Entity. The core functions of this programme include the following:

- Human Resources,
- Corporate Administration and
- Supply Chain Management.

KEY PERFORMANCE MEASURES, TARGETS AND ACTUAL RESULTS									
Outcome	Output	Output Indicator	Actual Achievement 2022/2023	Actual Achievement 2023/2024	Planned Target 2024/ 2025	Actual Achievement 2024/2025	Deviation from planned target to Actual Achievement for 2024/ 2025	Comment on deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Good corporate governance	Improved adherence with corporate governance standards and government prescripts	Progress report on HR Maturity level	New	New	Level3	Level3	N/A	N/A	N/A
		Percentage spent on Eastern Cape SMME's	84%	62%	50%	83%	33% over	Target Met. The overachievement is due to the Entity focusing its efforts to support and promote the local suppliers.	N/A

4.1.2.2. Programme performance

The Corporate Services programme achieved all the planned targets for the year. The following activities were undertaken:

HR Maturity level

- The Entity has achieved HR Maturity level three as planned, the entity has implemented a range of HR practices and processes that are integrated, aligned and focused on delivering business outcomes. These include:
 - Strategic alignment - HR functions, policies and procedures are closely aligned with organisational strategy and HR initiatives are designed to support organisational objectives.
 - Processes integration - HR processes are integrated across the organisation, including recruitment, talent management, performance management and employee development and wellness.
 - HR operations are streamlined, with clear roles, responsibilities and accountabilities.
 - HR governance, risk and compliance - The organisation ensures HR compliance with laws, regulations and organisational policies. Policies are reviewed annually to ensure compliance with HR developments and prescripts. HR related risks are mitigated continuously.
 - There are plans to enhance and automate most HR processes as the function matures.

Performance Management

- A robust and effective performance management system that supports employees' growth and development is in place and includes contracting annually, assessments biannually, rewarding for qualifying employees and supporting nonperformers.

Employee Health and Wellness

- An employee health and wellness programme to promote the physical and mental well-being of our employees is implemented. This programme includes various interventions aimed at creating a healthy work environment and encouraging healthy lifestyles.
- All interventions planned for the year were implemented.
- Health and safety awareness programmes are periodically implemented:
 - educate employees on potential hazards and risks in the workplace,
 - ensure a safe and healthy work environment for the employees, and
 - enable prompt action to mitigate or eliminate identified safety risks.

Learning and Development

- A comprehensive learning and development programme for the year was developed, aimed at capacitating employees and improving their skills and knowledge. This programme includes various initiatives and interventions to support employee growth and development.

Recruitment and Selection

- Recruitment and selection for all funded vacant positions is done timeously to ensure continuity of services and minimise disruptions to operations.
- During the reporting period, the following positions became vacant due to resignation and ill-health and all the positions were filled:
 - Chief Financial Officer
 - Receptionist,
 - Administration Officer
 - ICT Manager
 - Senior Inspector

Supply Chain Management

- All procurement processes were adhered to during the review period.
- There were no irregular procurement transactions identified.
- The organisation prioritises procurement through small, medium, and micro enterprises (SMMEs) based in the Eastern Cape. For the 2024/25 financial year the target that was set has been achieved.

4.1.2.3. Strategy to overcome areas of underperformance

There were no areas of underperformance on the performance indicators that were planned during the financial year of reporting.

4.1.2.4. Changes to planned targets

There were no changes that were made to the performance indicators and targets during the financial year of reporting.

4.1.2.5. Linking performance with budget

Programme	Budget R000	Actual Expenditure R000	(Over)/Under Expenditure R000
Corporate Services	9 096	9 023	73
TOTAL	9 096	9 023	73

4.1.3. INFORMATION COMMUNICATION AND TECHNOLOGY

4.1.3.1. Purpose of the programme

Information Communication and Technology Division is to provide IT support to the head office and district offices.

4.1.3.2. Programme performance

Outlined below is the progress that has been made in the period under review in respect of the performance indicators of this programme.

KEY PERFORMANCE MEASURES, TARGETS AND ACTUAL RESULTS									
Outcome	Output	Output Indicator	Actual Achievement 2022/2023	Actual Achievement 2023/2024	Planned Target 2024/ 2025	Actual Achievement 2024/2025	Deviation from planned target to Actual Achievement for 2024/ 2025	Comment on deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Good corporate governance	Improved adherence with corporate governance standards and government prescripts	ICT Governance Framework implemented	Maturity level 3	Maturity level 3	Maturity level 4	Maturity level 4	Target achieved	N/A	No revision was made from the previous year.

ICT Infrastructure Support

- The availability and uptime of the ICT infrastructure is maintained at the acceptable level requirement of 98.33%.
- ICT District support is on-going.

ICT Governance Framework

The following highlights the achievements in the implementation of the ICT Governance Framework:

- Compliance with maturity level 3 of Control Objectives for Information and Related Technology (COBIT).
- Implementation of ICT Governance (ICT Charter in place, formulation of ICT Steering Committee, appointment of ICT Steering Committee members including ICT Governance Champion, ICT Steering Committee convened quarterly).
- Implementation of the ICT Audit findings through Policy reviews and controls.
- ICT Strategic Plan is in place and implemented.
- ICT Governance Policy and Disaster Recovery Plan is implemented and monitored.

ICT Projects

- Implementation and Monitoring of the new Network Printing solution.
- Implementation and monitoring of the cloud-based data centre.
- Development and Implementation of the new Licensing and Compliance System (LiComms).
- Implementation and monitoring of the new network and telephone system SD-WAN.
- Annual licenses renewed (Office365, Antivirus, Adobe).

4.1.3.3. Strategy to overcome areas of underperformance

There were no areas of underperformance on the performance indicators that were planned during the year under review.

4.1.3.4. Changes to planned targets

There were no changes made to the performance indicators and targets during the year under review.

4.1.3.5. Linking performance with budget

Programme	Budget R000	Actual Expenditure R000	(Over)/Under Expenditure R000
Information Communication and Technology	4 657	4 619	38
TOTAL	4 657	4 619	38

4.1.4. OFFICE OF THE CEO

4.1.4.1. Purpose of the programme

The office of the CEO provides strategic leadership to the Entity and handles all the matters of the Board and its Committees. The responsibilities include:

- Oversee corporate governance,
- Oversee the organisational performance management and reporting
- Legal Services
- Providing Board Support

KEY PERFORMANCE MEASURES, TARGETS AND ACTUAL RESULTS							
Outcome	Output	Output Indicator	Actual Achievement 2022/2023	Actual Achievement 2023/2024	Planned Target 2024/ 2025	Actual Achievement 2024/2025	Deviation from planned target to Actual Achievement for 2024/ 2025
Good corporate governance	Improved adherence with corporate governance standards and government prescripts	Organisational performance index	82%	94%	85%	93,3%	Target achieved N/A
							Reasons for revisions to the Outputs / Output indicators / Annual Targets
							No revision was made from the previous year.

4.1.4.2. Programme performance

- The Entity has achieved 93,3% of its planned targets for the year.
- The Entity achieved 14 of its 15 planned targets, and one (1) indicator was not met.
- The organisational performance was monitored, evaluated, reported, and audited quarterly.
- The 2025-30 Strategic Plan, Annual Performance Plan (2025/26) and Annual Operational Plan (2025/26) were developed, approved by the Board and submitted as per legislated timeframes.
- All the policies that were due for review were reviewed and the policy workshops for all the employees were conducted.

4.1.4.3. Strategy to overcome areas of underperformance.

The Entity will lobby the relevant stakeholders to support liquor traders who want to apply for distribution licences at the initial stages of preparing their applications, and will improve the underperformance.

4.1.4.4. Changes to planned targets

There were no changes made to the performance indicators and targets during the financial year of reporting.

4.1.4.5. Linking performance with budget

Programme	Budget R000	Actual Expenditure R000	(Over)/Under Expenditure R000
Office of the CEO	10 430	10 015	415
TOTAL	10 430	10 015	415

4.2. LICENSING PROGRAMME

4.2.1. Purpose of the programme

The Licensing programme is responsible for: -

- Administrative processing of liquor licence applications and renewals.
- Monitor the running of the Snapstar Licensing System.
- Provision of secretariat services to the Licensing Committee.
- Implementation of the Liquor Traders Development Programme.

Outcome	Output	Output Indicator	KEY PERFORMANCE MEASURES, TARGETS AND ACTUAL RESULTS					Comment on deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
			Actual Achievement 2022/2023	Actual Achievement 2023/2024	Planned Target 2024/ 2025	Actual Achievement 2024/2025	Deviation from planned target to Actual Achievement for 2024/ 2025		
Efficient licensing	Reports of licence applications considered within 60-day legislated timeframes	% of compliant licence applications considered within the 60-day legislated timeframes	42.02%	74%	80%	77.84%	2.16 Under-achieved	The underperformance is due to (i) reliance on ward councillors who delay to fulfill legislated obligations within the prescribed period (30 days), (ii) technical glitches in the old licensing system, which resulted in delays in the processing of applications.	None
								The entity also experienced challenges with	

KEY PERFORMANCE MEASURES, TARGETS AND ACTUAL RESULTS									
Outcome	Output	Output Indicator	Actual Achievement 2022/2023	Actual Achievement 2023/2024	Planned Target 2024/2025	Actual Achievement 2024/2025	Deviation from planned target to Actual Achievement for 2024/2025	Comment on deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Transformed and Sustainable Liquor Industry in the Province								the courier service provider since the beginning of this financial period. This resulted in delayed applications being received by the Head Office for further processing of applications.	
	Proof of registration of liquor traders' association	Number of formal liquor traders' associations facilitated.	0	5	2	3	1 Over-achieved	The implementation of the amended regulations of the Act will minimize the blockage of applications in the pipeline as the entity will no longer be capturing applications with outstanding documents.	
	Proof of newly established liquor traders participating at micro/retail level of distributors liquor industry value chain diversification of the business	Number of Black liquor traders participating at micro/retail level of distributors liquor industry value chain and participate at higher levels of the value chain	8	2	2	2	Target achieved	The service provider that developed the system is addressing the issues relating to migration of data.	None.
	Proof of newly established liquor traders participating at micro/retail level of distributors liquor industry value chain diversification of the business	Number of Black liquor traders participating at micro/retail level of distributors liquor industry value chain and participate at higher levels of the value chain	8	2	2	2	Target achieved	The entity continues to educate liquor traders about the benefits of participating at the higher levels of the liquor industry value chain. However, there are challenges with the application meeting the requirements of obtaining a distribution license due to accessing land for the warehouses and zoning requirements that take longer for the municipalities to issue.	None.
	Reports on the number of liquor projects related	Number of liquor projects facilitated to	3	4	2	3	1 Over-achieved	Three (3) business plans were submitted for funding from the municipalities to relevant potential funders. The entity continues to	None.

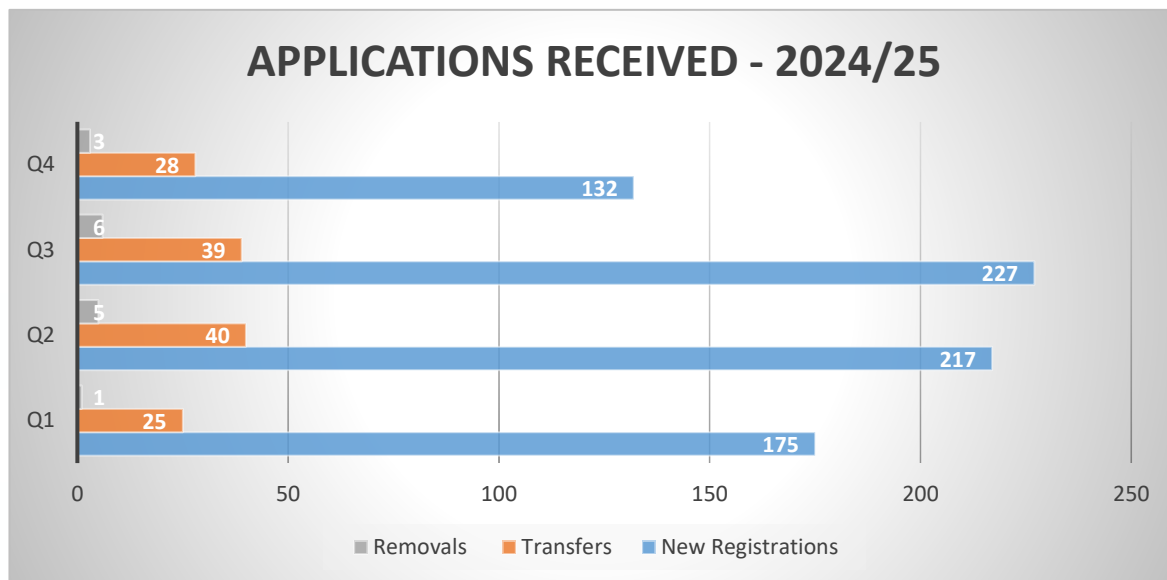
KEY PERFORMANCE MEASURES, TARGETS AND ACTUAL RESULTS									Reasons for revisions to the Outputs / Output indicators / Annual Targets
Outcome	Output	Output Indicator	Actual Achievement 2022/2023	Actual Achievement 2023/2024	Planned Target 2024/2025	Actual Achievement 2024/2025	Deviation from planned target to Actual Achievement for 2024/ 2025	Comment on deviations	
	facilitated to support economic development in the Province	contribute to local economic development						explore more opportunities that are linked to the liquor industry value chain.	

4.2.2. Programme performance

The next sections outline progress that has been made in the period under review in respect of the performance indicators as presented below.

Overall licence applications received

The table below depicts the total of 898 applications received during this financial year, categorised as follows:



Manager's Appointment Applications

- 2 139 manager's appointment applications were received, processed, and certificates issued, and 3 applications of foreigners were awaiting verification by the Department of Home Affairs (DHA).
- In the cases of foreigners applying for manager appointment certificates, the Entity their status verifies their status is the DHA.

Licence applications considered for approval

A total of 1 500 applications were considered by the Licensing Committee in the period under review. The 1 500 applications referred below include backlog applications from the prior year. The table below shows the applications considered. The outcomes are as follows: -

2024/25	Considered by LC	Approved	Refused	Withdrawn	Hearing	Section 22(5)	Section 22(6)	Validation of Objections	Controlling Interest	Deregistration	LC Query
Q1	325	156	13	5	1	113	23	6	0	4	4
Q2	429	222	12	5	0	140	33	11	1	3	2
Q3	386	212	16	7	0	102	33	7	3	0	6
Q4	360	134	23	4	0	137	43	4	7	3	5
TOTAL	1500	724	64	21	1	492	132	28	11	10	17

Of the 1 500 considered, 871 were considered for the first time. A total of 679 of the 871 (77.84%) were considered within the prescribed period of 60 days and 192 (2.16%) outside this period.

Special Events

- A total of 87 special events applications were considered and 84 applications were approved during the year under review.

Licence Renewals

- There were 7 829 active liquor licences as at the end of this financial period.
- Of the 7 697 due for 2025 licence renewals, 7 469 (97.04%) of licences have successfully renewed their 2025 liquor licences.
- A total of 318 have been declared as non-renewed for 2025, of which 22 traders paid with the wrong ECP number.

Micro-manufacturing licences

- No new applications were received for micro-manufacturing this financial year.
- As at 31 March 2025, there were 23 Micro-Manufacturing registered outlets. The table below reflects the listing of these outlets.

List of micro manufacturers

NO	TOWN	TYPE OF LIQUOR
8	Gqeberha	Sherry (ingredient for medication)
		Wine
		Beer and Cider
		Beer
		"Rhino – Rum"
		Traditional Beer
3	St Francis	Beer
		Rum
3	East London	Beer
		Malt Based Beer
		Alcoholic Fruit Beverage
3	Jeffrey's Bay	Beer
		Rum
1	Port Alfred	Malt-Based Beer
1	Joubertina	Beer
1	Hogsback	Beer
1	Graaff Reinet	Spirits (Witblits)
1	Makhanda	Beer
1	Patansie	Gin

Liquor trader's development programme**Number of new formal traders' associations facilitated**

- The facilitation process to formalise liquor traders' associations was concluded with 3 new liquor traders' associations lodging applications for a Non-Profit Organisations (NPO) registration with the Department of Social Development and/or Co-Operative with Companies Intellectual Property Commission. The 3 liquor traders associations are:
 - Invaba Yethu Association from Comfivaba,
 - Makhanda Liquor Traders Primary Cooperative Limited from Makhanda and
 - Mount Ayliff Liquor Traders Association from Emaxesibeni.
- A registration certificate for Flagstaff Liquor Trader's Association (Flagstaff) that was lodged in the previous financial year was received in the first quarter.
- Number of liquor traders empowered in the Province

The tables below provide a summary of the sessions that were held with liquor traders across the Province:

#	TRAINING INTERVENTION	NO OF ATTENDEES
1.	Business Tax and Registration.	116
2.	SMMEasy	21
3.	Environmental, Health and Safety	34
TOTAL		171

Black liquor traders to participate at higher levels of the value chain

- The entity received 2 proofs of lodgement of applications for a distribution licence from the National Liquor Authority (NLA):
 - Liquid Fun (Flagstaff)
 - Dan Bottle Store (Mthatha).

Projects facilitated to contribute to local economic development

- The entity received 3 business plans for submission to potential funders, namely:
 - Mayime Winery business plan submitted to the Department of Economic Development, Environmental Affairs and Tourism (DEDEAT) and Eastern Cape Development Corporation (ECDC). ECLB is waiting for confirmation of funding.
 - Training of Brewmasters business plan submitted to ECDC and Beer Association of South Africa (BASA). BASA has committed to funding the project in the 2025/26 financial year.
 - Taverners of the Future Project submitted to Heineken. Heineken has committed to funding the project during the 2025/26 financial year.

4.2.3. Strategy to overcome areas of underperformance

The Entity will apply the following corrective measures to overcome the underperformance indicated in this report for each of the indicators:

- (i) **% of fully compliant licence applications considered within the 60-day legislated timeframes**
 - The Entity will resolve challenges on data migration experienced with the launch of the new system to guarantee a smooth processing of applications.

4.2.4. Linking performance with budget

Programme	Budget R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
Licencing	8 915	8 479	436
TOTAL	8 915	8 479	436

4.3. COMPLIANCE AND ENFORCEMENT PROGRAMME

4.3.1. Purpose of the programme

The principal responsibility of the Compliance and Enforcement Programme is to:

- Ensure that appropriate steps are taken against those selling liquor outside the administrative and regulatory framework established in terms of the Eastern Cape Liquor Act (ECLA).
- Ensure that community considerations on the registration of retail premises are taken into account.
- Work with other law enforcement agencies towards achieving the goal of responsible liquor trading in the Eastern Cape that promotes safe communities.

KEY PERFORMANCE MEASURES, TARGETS AND ACTUAL RESULTS									
Outcome	Output	Output Indicator	Actual Achievement 2022/2023	Actual Achievement 2023/2024	Planned Target 2024/ 2025	Actual Achievement 2024/2025	Deviation from planned target to Actual Achievement for 2024/ 2025	Comment on deviations	Reasons for revisions to the Outputs / Output Indicators / Annual Targets
Compliant liquor trading and regulated access to alcohol	Improved compliance and enforcement	% of pre-registration inspections conducted	95%	88%	80%	94%	14% Over-achieved.	In the period under review, the entity has developed an application monitoring tool that assisted the entity in tracking and monitoring the application process and its associated timelines.	None.
	Reduction in incidents of non-compliance reported with liquor regulations	Number of compliance inspections conducted to ensure compliance with liquor regulations	3 115	3 603	3 000	3 290	290 Over-achieved.	Access to the ECLB Tool-Free complaints management system by communities has increased the number of complaints received by the entity, which necessitated adequate responses from the entity. The increase in the number of inspectors in the previous financial years has enhanced our capacity to conduct more compliance inspections.	None.
		Number of blitz operations conducted with	93	103	60	89	29 Over-achieved.	ECLB has strengthened its multi-stakeholder approach to liquor regulation in the province. In this	None.

KEY PERFORMANCE MEASURES, TARGETS AND ACTUAL RESULTS									
Outcome	Output	Output Indicator	Actual Achievement 2022/2023	Actual Achievement 2023/2024	Planned Target 2024/ 2025	Actual Achievement 2024/2025	Deviation from planned target to Actual Achievement for 2024/ 2025	Comment on deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
		law enforcement agencies to enforce legislation						regard, more blitz operations were conducted due to invitations from various stakeholders to coordinate and lead multisectoral blitz operations and ensure compliance.	

4.3.2. Programme performance

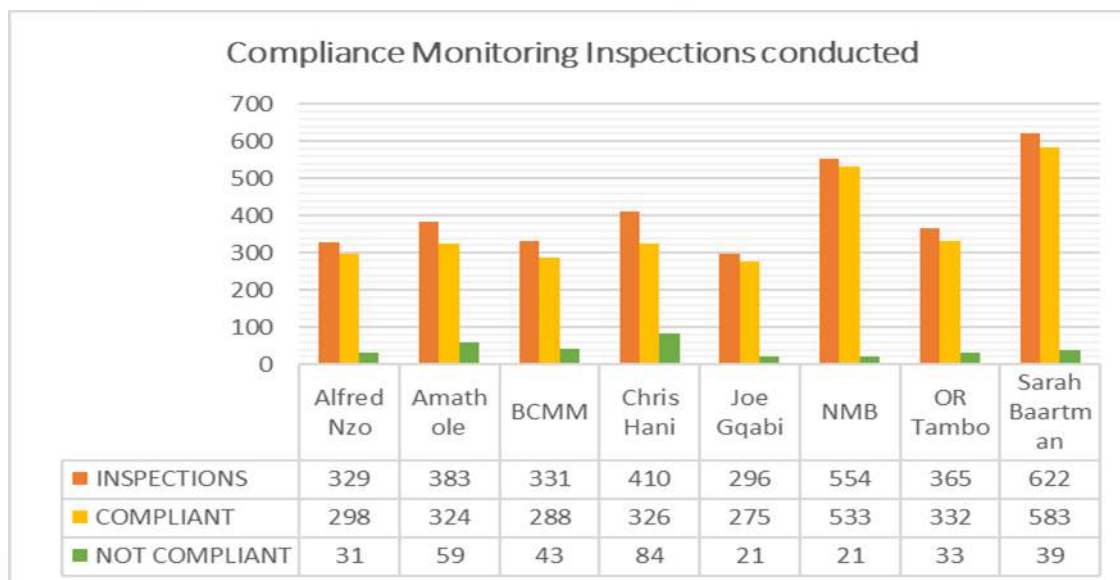
The next sections outline progress that has been made in the period under review in respect of the performance indicators as presented below.

Pre-registration inspections

- For the period under review 880 applications were inspected out of the 935 applications received. This translates to 94.11% new applications inspected in the period under review.

Post Registration Inspections

- 3 290 inspections in total were conducted. The total exceeds the targeted total of 3 000 outlets that were planned to be visited during the period under review due to:
 - the pressure from community stakeholders and complaints received
 - the verification of non-renewal as part of our post-registration inspections and due to a concerted effort to monitor compliance and complaints received.
 - the repeated visits at some of these outlets as they were found closed on the date and times they were first visited and had to be revisited to confirm if they are still operational and compliant with the legislation.
- The graphical representation below displays the rate of compliance:

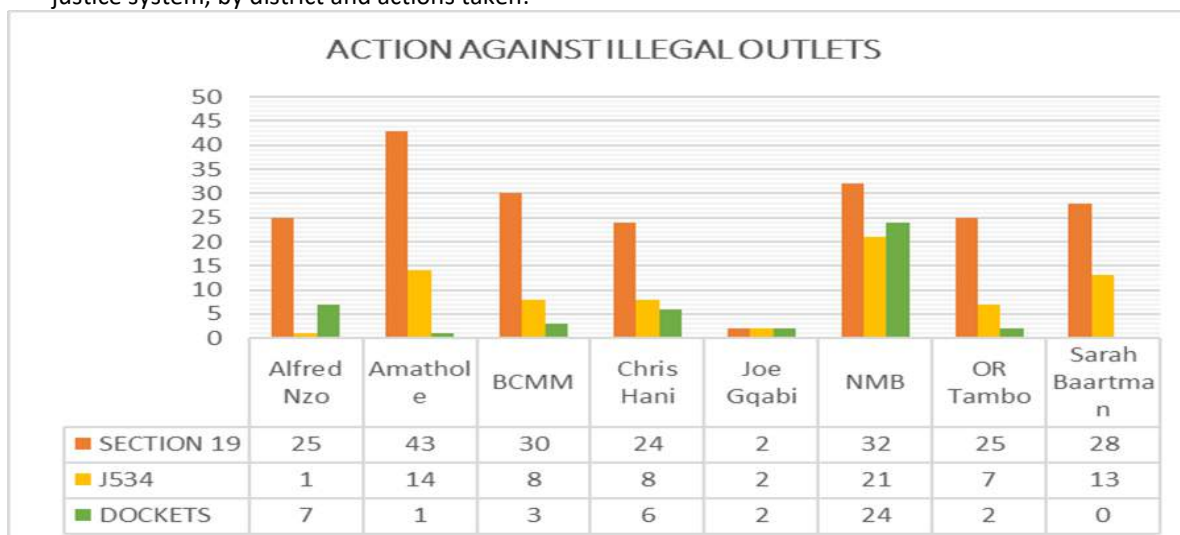


- 2 959 were found to be compliant with the Act, and 331 were not compliant translating to a non-compliance rate of 9%. For the 331 non-compliant, actions were taken as follows:
 - 206 compliance notices,
 - 106 were found not trading anymore as some have not non-renewed.
 - 16 were issued with standard reminder notices to attend to issues of concern ranging from premises to contravention of trading conditions and failure to appoint managers.
 - 2 were found to be trading illegally
 - 1 refused to give the inspector access to the premises

Illegal Trading

- In the year under review, 328 persons operating unregistered liquor outlets were referred to the criminal justice system:
 - 74 of these were issued with Written Notices to Appear in Court (J534 Notices) in terms of Section 56 of the Criminal Procedure Act 51 of 1977 and paid fines to the total of R331 000.00.
 - 45 cases were referred to court for prosecution.
 - 209 were issued with Section 19 notices and cases registered in the Occurrence Books (O/B) in various police stations in the province for further monitoring.

- The graph below illustrates the illegal and suspected illegal outlets identified and referred to the criminal justice system, by district and actions taken:



Blitz Operations

- Joint Blitz Operations relate to collaboration with law enforcement agencies where the blitz operation embarks on strategic crime prevention programmes targeted at non-compliant liquor outlets, inconsiderate trading liquor outlets and those that trade in liquor without being registered.
- These joint blitz operations are carried out with various stakeholders who have an interest in the liquor industry, such as the South African Police Service, Department of Home Affairs Immigration Division, Department of Labour, Municipal Disaster Management, Environmental Health, Fire and Safety and Building Inspectorates.
- A total of 89 joint blitz operations were carried out during the period under review, where 505 liquor outlets were inspected, and the following was found:
 - 342 were found to be compliant with the applicable laws and trading conditions.
 - 89 were found to be non-compliant with the Act and trading conditions and were thus issued with Section 54 Compliance Notices.
 - During the period under review, 74 were found to be trading illegally.
- The table below illustrates blitz operations conducted per district municipality:

DISTRICT MUNICIPALITY	Blitz Operations	Premises Inspected	Compliant	Not Compliant	Illegal
Alfred Nzo	3	33	10	12	11
Amathole	8	80	33	33	14
BCMM	17	63	44	6	13
Chris Hani	18	66	51	14	1
Joe Gqabi	4	66	60	6	0
NMBM	14	73	52	5	16
OR Tambo	8	10	4	0	6
Sarah Baartman	17	114	88	13	13
	89	505	342	89	74

Complaints Management

- A complaints management system is used to record, monitor and manage complaints filed by members of the public as well as institutions that experience challenges due to people trading in liquor, who may sometimes be trading illegally.
- 435 complaints were received during the period under review, and 379 of those were attended to within 30 days, translating to 87%.
- The following are the types of complaints received during the period under review:
 - Suspected illegal trading complaints and suspected illicit alcohol is about 48% of all complaints received during the year under review.

- 14% of all the complaints received relate to noise/loud music at premises.
- 21% relate to trading beyond determined trading hours.
- 11% relate to premises not being suitable, selling to underage persons and patrons misbehaving.
- Just about 6% related to application or renewal enquiries.

4.3.3. Linking performance with budget

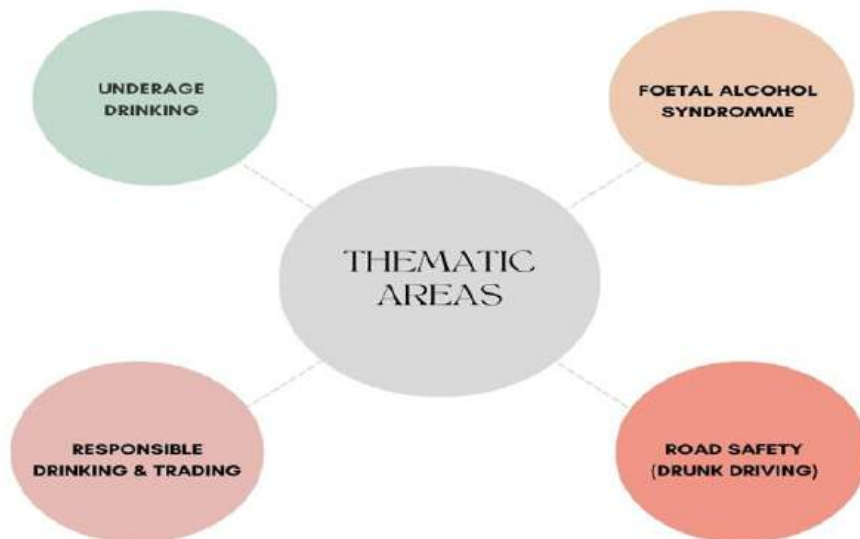
Programme	Budget R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
Compliance and enforcement	33 490	33 855	-365
TOTAL	33 490	33 855	-365

4.4. SOCIAL ACCOUNTABILITY PROGRAMME

4.4.1. Purpose of the programme

The Social Accountability Programme is responsible for:

- raising awareness and educating the public on the adverse effects of alcohol consumption through Anti-Alcohol Abuse Awareness programmes. The figure below shows the key focus areas for the Anti-Alcohol Abuse Awareness and Education programme:



Sources of data for education and awareness interventions:

In the period under review, the Entity made use of the following sources of data for the education and awareness intervention initiatives implemented:

- The data that were generated through the Socio-Economic Impact of the liquor industry study in the Eastern Cape, the Economic Profile of the Liquor Industry in the Eastern Cape and the investigation of the Prevalence of Alcohol Consumption during Pregnancy.
- Data that was sourced from Nielsen has also been used as a basis for understanding the economics of the liquor industry and how it contributes to the broader economic outlook of the Province.
- The Entity also relied on the data from various international and national sources, including the World Health Organisation, which has undertaken research studies on alcohol abuse and its implications both in South Africa and internationally.

- Statistics from various health facilities, SAPS and other sector departments on reported cases on the abuse of alcohol and other alcohol related incidents.
- Anecdotal reports were received from the liquor inspectors on the prevalence of alcohol abuse in communities that they serve or visit for inspections.
- ECLB Geographical Information System (GIS) data that shows the distribution of liquor outlets in the Province and targets those areas with high concentrations of liquor outlets that are inclined to have high cases of non-compliance, and
- For all the road safety interventions, the Entity relied on statistics obtained from the Department of Transport and the Road Accident Fund on road accidents.

KEY PERFORMANCE MEASURES, TARGETS AND ACTUAL RESULTS									
Outcome	Output	Output Indicator	Actual Achievement 2022/2023	Actual Achievement 2023/2024	Planned Target 2024/ 2025	Actual Achievement 2024/2025	Deviation from planned target to Actual Achievement for 2024/ 2025	Comment on deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Reduction in alcohol abuse and behavioural change towards alcohol consumption	Informed and educated communities on dangers of alcohol abuse	Number of Thematic Reports ³ on the awareness interventions conducted	4	4	4	4	Target achieved	Not Applicable	None.
		Number of social responsibility interventions conducted	15	23	13	23	10 Over-achieved	The overachievement on this indicator is due to stakeholder collaborations that the Entity mobilised as well as requests received from other stakeholders for partnership in their own community-based initiatives which has enabled the Entity to achieve a substantial number of social responsibility initiatives. There has been a remarkable increase in the community and stakeholder awareness about the ECLB mandate which is, among others, due to rigorous and sustained implementation of the ECLB's education and awareness initiatives. ECLB has further continued to build relations with various stakeholders and	None.

³ The target refers to the number of reports submitted on initiatives implemented per thematic area.

KEY PERFORMANCE MEASURES, TARGETS AND ACTUAL RESULTS									
Outcome	Output	Output Indicator	Actual Achievement 2022/2023	Actual Achievement 2023/2024	Planned Target 2024/ 2025	Actual Achievement 2024/2025	Deviation from planned target to Actual Achievement for 2024/ 2025	Comment on deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
								community-based structures, which have stimulated interest in the operations of the ECLB.	
		Number of people reached through awareness interventions	96 909	107 890	75 000	97 237	22 237 Over-achieved	Overachievement on this indicator has been due to intensified stakeholder engagements and collaborations. There has been a considerable increase of interest in the ECLB programme due to intensified education and awareness initiatives which resulted in enhanced participation of communities in the ECLB programme. In addition to its planned initiatives, ECLB has increasingly received invitations to other stakeholders' initiatives. The entity has also increased its underage drinking efforts, focusing on schools and more schools have extended invitations for the implementation of education and awareness, thus resulting in more people being reached.	None.

4.4.2. Programme performance

The following section details the progress achieved during the review period concerning the performance indicators presented in the table above.

Number of awareness programmes conducted

- The Entity effectively implemented 372 interventions focusing on underage drinking, Foetal Alcohol Syndrome, road safety and responsible drinking and trading.
- A total of 97 237 people were reached through anti-alcohol abuse awareness and education intervention initiatives that were conducted.
- The table below breaks down the total number of people reached per thematic area:

No	Thematic areas	No. of Interventions Conducted	No. of people reached
1	Underage drinking	108	82 637
2	Responsible drinking and trading (tavern activations, community outreaches & Institutions of higher learning campaigns)	224	12 909
3	Foetal Alcohol Syndrome (FAS)	25	893
4	Road Safety (drunk driving)	15	798
Total		372	97 237

UNDERAGE DRINKING INTERVENTIONS

- Underage drinking initiatives have largely focused on schools, as the majority of underage people are found within the school setting.
- While the Entity does not have adequate data on the prevalence of alcohol consumption on school premises, the limited scientific evidence and available anecdotal accounts suggest that schools in general are increasingly experiencing an upsurge in the consumption of alcohol among learners.
- The data from Aware! org study (2020) shows that there is an exponential increase in alcohol consumption among learners, and often they start to experiment with alcohol as early as 13 years old.
- In the period under consideration, school-based campaigns were conducted in five (5) district municipalities and two (2) metropolitan municipalities in the Province.
- Through the school-based interventions, a total of 108 campaigns were conducted that sought to educate and raise awareness among learners about the dangers of underage drinking and during these campaigns, a total of 82 637 learners were reached.

School Ambassador Programme

- As part of the underage drinking campaigns, ECLB launched the Ambassador Programme in Engcobo and Komani, Chris Hani District Municipality. The programme identifies learners that will drive ECLB underage drinking messages in schools with a view of sustaining the “No to underage drinking” campaign. This is a peer-to-peer education concept where learners educate one another.
- As part of this programme, each school nominates four learners (two boys & two girls) who are then inducted as ECLB ambassadors. Nominated learners are trained on how to drive the campaign in their respective schools so that underage messages are sustained over time for more impact.
- In implementing this programme, ECLB partnered with various stakeholders, namely, Eastern Cape Department of Eastern Cape, SAPS, Department of Social Development, Eastern Cape Department of Economic Development, Environmental Affairs and Tourism, Council of churches, the Office of the Eastern Cape Legislature Deputy Speaker, ward councillors, liquor industry, the Department of Trade Industry and Competition.

District Municipality	Areas/Town/Township	Number of Schools
Nelson Mandela Metro	Motherwell; KwaZakhele	20
Buffalo City	Mdantsane; Scenery; Duncan Village; Cambridge Location	20
OR Tambo	Libode & Mthatha	22
Alfred Nzo	Mt Ayliff	10
Sarah Baartman	Graaff-Reinet	6
Sarah Baartman	Somerset East	7
Chris Hani	Ngcobo & Queenstown	18
TOTAL		103

Anti Pens Down

- Over the past few years, there has been a notable increase in the notorious “Pens Down Parties”, particularly in areas such as East London, Mthatha, Gqeberha, Butterworth and Queenstown.
- The Provincial Anti-Pens Down Parties campaign was launched in Zwelitsha, Buffalo City Metro, and a total of 11 schools participated in the launch. The campaign was extended to other parts of the province, such as Gqeberha (Uitenhage & KwaZakhele).
- Various stakeholders participated in the launch, and they included the Buffalo City Municipality, religious fraternity, liquor traders’ associations, community organisations, SAB In-Bev, Non-Governmental Organisations (NGOs), the Department of Education, South African Police Service (SAPS), and other government departments.

FOETAL ALCOHOL SYNDROME (FAS)

- The Entity embarked on education and awareness initiatives with a specific focus on FAS.
- A total of 25 FAS initiatives were conducted with a view to educate women and their partners on the dangers of drinking alcohol during pregnancy.
- Subsequently, a total of 893 people were reached during these campaigns.

RESPONSIBLE TRADING AND DRINKING INITIATIVES

- Non-compliance with trading conditions among liquor traders remains one of the significant contributing factors to the escalating cases of alcohol abuse and numerous social ills in society. The responsible trading and drinking interventions comprised tavern activations, institutions of higher learning education interventions and community engagement sessions
- A total of 224 responsible trading and drinking initiatives were conducted, and a total of 12 909 people were reached.
- The responsible trading and drinking thematic area is conducted through three (3) focus areas of intervention as illustrated in the figure below:



Institutions of Higher Learning Alcohol Harm Reduction Initiative

- Over the period under review, the Entity facilitated the Institutions of Higher Learning-based education and awareness programme. The intervention targeted all four universities and two TVET Colleges (Buffalo City College and Lovedale College) in the Eastern Cape.
- A total of 136 campaigns were conducted on various campuses, and a total of 9 809 students were reached

Community-based intervention initiatives:

- The Entity undertook responsible trading and drinking campaigns with a view of promoting responsible drinking and trading.
- A total of 36 community engagement sessions were conducted and a total of 2 378 people were reached.
- ECLB, in partnership with the Office of the MEC for Economic Development, Environmental Affairs Tourism (DEDEAT), facilitated a community engagement session in Misgund to raise awareness on the dangers of illegal trading, alcohol abuse and irresponsible trading.
- In addition, ECLB conducted a community engagement session in Dutywa, through the signing of a Memorandum of Agreement with Bhashe Traditional Council. The engagement session was attended by other traditional leaders under Bhashe Traditional Council and community members were also presented with information on their role in the liquor licence application process.
- ECLB handed over educational material at various community engagement sessions.

Tavern activations

- In the period under review, the Entity conducted tavern-based campaigns to promote responsible trading and drinking.
- A total of 52 responsible trading and drinking initiatives were conducted and 722 people were reached.
- The Entity partnered with the South African Police Services, the Municipal Law Enforcement Agencies and ECLB inspectors.

DRUNK DRIVING AWARENESS CAMPAIGN

- In the period under review, the Entity, in partnership with the Provincial Road Safety, Municipalities, SAPS and other law enforcement agencies, embarked on a number of road safety intervention initiatives through roadblocks and taxi rank activations.
- A total of 15 road safety campaigns were conducted during the period under review and 798 people were reached.

NUMBER OF SOCIAL RESPONSIBILITY INTERVENTIONS CONDUCTED

- During this period, a total of 23 social responsibility initiatives were conducted across the province.
- ECLB supported school-going youth who are coming from destitute families with school shoes, school uniforms and sanitary towels, sports equipment as part of its Corporate Social Investment (CSI).
- A total of R 460,300 was invested in the CSI interventions.

MULTI-MEDIA ENGAGEMENTS

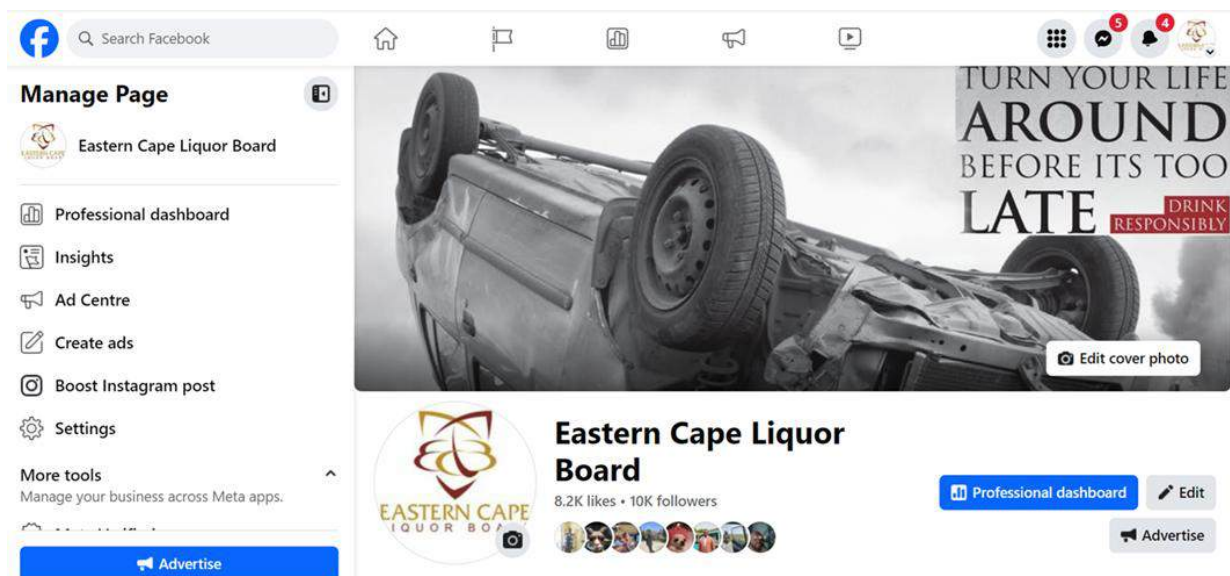
- In order to reach a large proportion of community members from across diverse demographics, the Entity used various media platforms to intensify its messages that sought to mitigate the harmful effects of excessive consumption of alcohol in the Eastern Cape. The ECLB conducted various media campaigns with various media houses showcasing its programmes.
- Positive media coverage was received from both print and electronic media, and this mainly epitomised thriving relations between media and ECLB.

Outdoor advertising

- As part of its outdoor advertising campaign, the entity utilised various outdoor digital screens to showcase its messages on alcohol abuse and road safety/ drunk driving. Digital screens were secured in East London, King Williams Town and Mthatha

Social Media Analytics

- The ECLB Facebook page gained followers during the period under consideration from 9 600 to current followers of 10,000 and over 8,200 likes.



4.4.3. Strategy to overcome areas of under performance

There were no areas of underperformance on the performance indicators that were planned during the financial year of reporting.

4.4.4. Changes to planned targets

There were no changes made to the performance indicators and targets during the financial year of reporting.

4.4.5. Linking performance with budget

Programme	Budget R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
Social Accountability	10 816	10 271	545
TOTAL	10 816	10 271	545

4.5. STAKEHOLDER AND INTER-GOVERNMENTAL RELATIONS (IGR)

During the review period, the organisation has increased its efforts to connect with stakeholders and establish partnerships. These partnerships aim to strengthen the organisation's capacity to address the problem of alcohol abuse. The subsequent table outlines the different stakeholders who have worked with ECLB on various initiatives over the financial year.

4.5.1. Stakeholder Engagements

Stakeholder	Area of collaboration	Engagement status
Daily Dispatch	Underage Drinking	Social Accountability held a meeting with Daily Dispatch management to introduce the ECLB's annual 21km Awareness Race and gave a presentation on the anti-alcohol abuse programme. The meeting sought to build a partnership with the Daily Dispatch on various ECLB initiatives, including the planned 21km awareness Race. Additionally, Daily Dispatch agreed to partner with ECLB in the facilitation of the Race and other related initiatives.
Office of the Premier	Underage Drinking	A meeting was held with the office of the Premier's Intergovernmental Section to discuss potential areas of collaboration. Presentations were made by both ECLB and OTP with a view to outlining programmes and consequently identifying potential areas of collaboration. It was agreed that ECLB would share with the OTP its programme for purposes of integration. Indeed, the programme was subsequently submitted, and OTP has consistently invited ECLB to its initiatives, and vice-a-versa.
Business organisations & associations: SAB In-Bev, Lunika, Xhobani Security Services Ronnies Motors, Coca Cola, Real Gijimas, Amathola water, ABSA, Aware! Org, Avis	Alcohol harm reduction initiatives	The ECLB engaged various business organisations in the period under review to garner support for its initiatives, including its 21 KM awareness. All the business organisations that ECLB engaged to support its 21km Race with different items that made the Race a resounding success and ECLB has sought to sustain these relations going into the future.
Sports Association: Haven Hills Athletics Club, Mpofu Local Football Association, Mpucuko Sport Development	Alcohol harm reduction initiatives	Following rigorous engagements, ECLB has collaborated with three sporting associations in the period under review, viz. Haven Hills Athletic Club, Mpofu Local Football Association and Mpucuko Sport Development. ECLB facilitated sporting activities through these associations with a view to reduce alcohol abuse and underage drinking in communities. During the sporting activations, ECLB provided sporting material to promote sport among young people who may resort to alcohol abuse due to the limited recreational activities. ECLB will continue to work with these associations to reduce alcohol abuse amongst young people. ECLB also supported a running club, Real Gijimas during its races in Buffalo City and ECLB used the races as a platform to conduct education and awareness on alcohol abuse.
Chairperson of Alfred Nzo Traditional Council & Mthonjane traditional leaders	Alcohol harm reduction initiatives and Underage Drinking	ECLB engaged the Chairperson of Alfred Nzo Traditional Council to discuss possible collaboration with the Traditional Council. The meeting discussed potential areas of collaboration between ECLB and the Traditional Council. The Chairperson of the Council, Chief Faku, committed to work with ECLB in promoting compliance among liquor traders, but also in driving initiatives that are intended to educate the community about the dangers of excessive consumption of alcohol. The Traditional Council will from time to time invite ECLB to their ordinary sittings and various development initiatives. Secondly, ECLB held a meeting with Mthonjane traditional leaders to plan for an alcohol abuse awareness campaign to be conducted at Mthonjane village in Coffee Bay. The meeting was a response to a special request made by the traditional leader of Mthonjeni AA

Stakeholder	Area of collaboration	Engagement status
		following reported cases of underage drinking in the area. The meeting specifically focused on campaigns that would be facilitated in the area with a view to fight the scourge of underage drinking in the area. Consequently, ECLB facilitated a sporting programme targeting young people during June holidays, including introducing a long-term sport programme that would keep young people occupied. Further ECLB facilitated liquor traders' workshops to promote responsible trading in the area.
Institutions of Higher Learning: Walter Sisulu University, Nelson Mandela University, Rhodes University, Fort Hare University, Buffalo City College, Lovedale College and East Cape Midlands College	Responsible alcohol consumption (reducing binge drinking)	ECLB has continued to collaborate with institutions of higher learning in the province with a view of collaborating on alcohol harm reduction initiatives, research-related matters and any initiatives that seek to fight the scourge of excessive consumption of alcohol.
Religious Leaders	Alcohol harm reduction, substance abuse & promotion of responsible trading	ECLB continues to collaborate with various religious fraternity groups in the province on alcohol harm reduction initiatives. In the period under review, ECLB engaged religious leaders in Kind Sabata Dalindyebo, Chris Hani, Buffalo City Metro and Nelson Mandela Metro with a view to identify possible areas of collaboration. Various religious leaders have shown interest in working with ECLB.
Government institutions	Improvement of operational efficiencies in the ECLB licensing processes	Automatic plug-in into the systems of the CIPC, SARS and Deeds Office.

4.5.2. Inter-Governmental Relations

- The Entity continues to strengthen relations with various government departments and entities to communicate the role of the Entity, as well as the role of other stakeholders in the consideration of liquor licences and strategies in mitigating the harmful effects of alcohol:
 - A session was held with about 41 representatives of Pick 'n Pay Stores within the province at the Vincent Park Store regarding liquor trading regulations.
 - The application for the declaration of ECLB Inspectors as Peace Officer is still awaiting the Minister of Police to finalize.
 - In the period under review, the training on the roles and responsibilities of ward councillors in terms of the EC Liquor Act 10 of 2003 was provided to more than 161 municipal councillors in the province in the following municipalities:

NO.	Municipality
1.	Kouga Local Municipality
2.	Port St Johns Municipality
3.	Sakhisizwe Local Municipality
4.	Nyandeni Local Municipality
5.	King Mhlontlo Local Municipality
6.	Winnie Madikizela-Mandela Local Municipality
7.	Buffalo City Metro Municipalities (161 Ward Committees)

- 149 SAPS designated Liquor Officers were trained in the EC Liquor Act 10 Of 2003 during the period under review from the following areas:

NO.	Area/Town
1.	Makhanda & Humansdorp
2.	Gqeberha
3.	Nxuba
4.	Mthatha

- In collaboration with SALBA and Heineken, 2 training sessions on Illicit Liquor Products were conducted with Buffalo City Metro Law Enforcement Officers, Nelson Mandela Bay Metro Police, SAPS members, and Safety Officials from Mbhashe Local Municipality.
- In the period under review, the ECLB conducted three (3) training & information sharing sessions with law enforcement agencies and directorates in Nelson Mandela Metro, King Sabatha Dalindyebo and Buffalo City Metro municipalities on the amended regulations and their respective roles in the liquor licence applications and compliance.

Highlights

- In a bid to enhance cooperation and compliance within the liquor retail industry, ECLB shared a draft MoA with King Mhlontlo and Winnie Madikizela-Mandela Local municipalities,
- The ECLB signed Memorandum of Agreements with two municipalities namely, King Sabatha Dalindyebo Municipality and Nelson Mandela Bay Metro to enhance the working relationships between the Board and these municipalities.
- ECLB in partnership with the South African Police Service (SAPS) and the National Prosecuting Authority (NPA) successfully secured a conviction against an individual found guilty of the illegal sale of liquor. The court imposes a R10 000 fine, or a 10-month imprisonment suspended for five years. Additionally, the confiscated liquor was forfeited to the State as per the court ruling.

4.6. DESIGNATED GROUPS

The table below illustrates and disaggregates the vulnerable groups information of people reached during the period under review:

Intervention Conducted	No of Interventions	Women Reached	Women Traders	Liquor	Disability	Youth
Underage drinking	108	43 146	0		184	82 442
Tavern Activations & Responsible drinking and trading (Community Engagement sessions)	87	1 251	0		87	1 193
FAS	25	637	0		10	504
Road Safety	15	264	0		3	321
Institutions of Higher Learning Programme	137	6 866	0		52	9 078
TOTAL	372	52 164	0		336	93 538

4.7. CORPORATE SOCIAL RESPONSIBILITY (CSI)

In the financial year of 2024/25, ECLB mobilised stakeholder partnerships to reinforce its capacity to drive campaigns that seek to alleviate the scourge of alcohol abuse and non-compliance in the province, including facilitation of the 21km Underage Drinking Race.

The table below illustrates financial support from stakeholders that contributed to the ECLB alcohol harm reduction initiatives and licence renewal period processes:

Stakeholder	Area of Support	Total Investment
SAB IN-BEV	Support towards the facilitation of the Underage Drinking Race	R20 000
	Support towards licence renewal publicity	R30 000
Heineken	Sponsorship towards the ECLB Licence Renewal Publicity	R40 000
	Contributed towards the capacitation of Eastern Cape liquor traders in Customer Service, Compliance and Enforcement by facilitating and hosting five (5) sessions that benefited a total of 260 liquor traders across the province	R380 000
SALBA	Support towards the training of ECLB Inspectors, liquor traders and SAPS in the identification of illicit liquor	R45 000
ABSA	Support towards the ECLB Underage Drinking Race by providing promotional material (T	R150 000
Amatola Water	Contributed to ECLB's 21KM Awareness Race by providing water for stakeholders and athletes	R2 000
Coca-Cola Beverages	Contributed to ECLB's 21KM Awareness Race by sponsoring an entertainment Truck for which the Entity would have paid more than R6000	R5 220
Gambling Board & DEDEAT	Supported the Underage Drinking Race	R16 800
Xhobani & Tyeks Security Services	Provided two security guards to patrol Beacon Crossing, lead vehicle to escort and guide athletes during the race, which would have costed the Entity R5000. Tyeks also sponsored t-shirts for the Race.	R65 000
Printing Companies	Supported production of promotional material for the Race	R4 000
SABC	Total amount of support offered by SABC in the form of discount to support the marketing and advertising of the Underage Drinking Awareness 21 KM Race	R214 000
Daily Dispatch	Support offered by Daily Dispatch in the form of advertising discount to support the marketing of the Underage Drinking Awareness 21 KM Race.	R252 925
Avis	Contributed to ECLB's 21KM Awareness Race sponsored two ten-seater combis for working crew for one day, which would have costed the Entity R20 000 and promotional material in the form of goodie bags for the runners	R50 000
TOTAL		R1,274, 945

5. SUMMARY OF FINANCIAL INFORMATION

5.1. REVENUE COLLECTION

Revenue reflected below represents licence fees due and paid in the process of issuing licences from 01 April 2024 to 31 March 2025. There was no change in the fee structure in the 2024/25 financial year. All revenue generated in the process of issuing licences is paid to the Provincial Revenue Fund through DEDEAT.

ACCOUNT	REVENUE STATS	RATE	APR	MAY	JUNE	JULY	AUG	SEP	Oct	Nov	Dec	Jan	Feb	Mar	Total
1006	APP – COPY OF REGISTRATION	250	250	500	1 750	2000	250	0	500	250	0	0	0	0	5 500
1002	APP - REGISTRATION	2 500	182 000	120 000	115 000	116 000	215 000	135 000	235 000	215 750	67 500	44 550	82 500	132 500	1 660 800
1003	APP - CONTROLLING INTEREST	500	0	0	0	0	500	0	0	0	0	0	0	0	500
1004	APP - TRANSFER	750	7 500	7 500	6 000	12 000	16 490	4 500	11 250	13 750	4 500	2 250	9 000	7 500	102 240
1005	APP - REMOVAL	750	1 000	0	0	750	750	750	750	0	0	0	0	750	4 750
1007	LODGEMENT OF APPEAL	750	0	0	0	1500	0	0	0	0	0	0	0	0	1 500
1101	NEW REGISTRATION Sec 20(a)	5 000	23 000	30 000	20 000	50 000	40 000	65 000	35 000	25 000	25 000	5 000	38 750	25 000	381 750
1104	NEW REGISTRATION Sec 20(b)	8 000	15 500	40 000	39 000	64 000	16 000	64 000	32 000	22 750	32 000	0	40 000	72 000	437 250
1107	NEW REGISTRATION Sec 20(c)	2 000	48 000	58 000	38 000	40 000	87 750	101 750	84 000	68 750	102 000	8 000	60 000	68 000	764 250
1110	NEW REGISTRATION Sec 20(d)	1 000	5 000	6 000	4 000	3 000	10 000	6 000	14 000	21 000	2 000	0	5 000	8 000	84 000
1102	TRANSFER/REMOVAL Sec 20(a)	1 250	2 500	2 500	1 250	2 500	5 000	3 750	8 500	1 250	7 500	0	2 500	7 500	44 750
1105	TRANSFER/REMOVAL Sec 20(b)	1 000	1 000	1 000	2 000	4 000	1 000	2000	0	2000	4000	1000	2000	1000	21 000
1108	TRANSFER/REMOVAL Sec 20(c)	1 000	3 000	4 000	3 000	7 000	3 000	3000	8 000	8 000	3 000	0	3 000	6 000	51 000
1103	ANNUAL LICENCE Sec 20 (a)	2 500	12 500	23 250	0	10 000	0	0	602 500	894 250	883 000	491 500	120 750	80 500	3 118 250
1106	ANNUAL LICENCE Sec 20 (b)	3 000	40 500	48 000	6 000	0	0	6000	639 000	871 500	1 238 300	317 000	380 000	164 250	3 710 550
1109	ANNUAL LICENCE Sec 20 (c)	2 500	121 750	263 300	47 600	26 500	17 500	11250	763 680	1 666 050	3 457 440	4 397 870	1 136 110	961 865	12 870 915
	TOTAL REVENUE RECEIVED		463 500	604 050	283 600	339 250	413 240	403 000	2 434 180	3 810 300	5 826 240	5 267 170	1 879 610	1 534 865	23 259 005

5.2. OVERALL EXPENDITURE

The Entity spent R97.2 million of the R99.1 million budget allocated for the achievement of its mandate in the 2024/25 financial year, with the remaining amount of R1,8 million ring-fenced for the completion of multi-year projects. The Entity is within its budget allocation for the year as it has implemented cost containment measures per the National Treasury regulations.

5.2.1. Expenditure by Economic Classification

EXPENDITURE BY ECONOMIC CLASSIFICATION	R'000			
	ACTUAL EXPENDITURE	BUDGET	(OVER)/UNDER EXPENDITURE	ACTUAL %
Compensation of Employees*	63 041	62 975	-66	100.1%
Goods and Services**	28 635	29 206	571	97.72%
Capital Expenses***	5 536	6 899	1 363	80.24%
TOTAL PAYMENTS	97 212	99 080	1 868	
TRANSFERS RECEIVED FROM DEDEAT	96 863	96 863	-	100%

*The compensation of employees increased due to inflationary cost of living adjustments, performance-related increments and the implementation of the Long Service policy in the current year.

**The variance in goods and services is attributable to the implementation of cost containment measures relating to subsistence and travel as required National Treasury.

***The variance in capital expenditure is attributable to multi-year projects whose funds will be spent in line with project milestones.

5.2.2. Expenditure by programme

PROGRAMME NAME	R'000		
	BUDGET	ACTUAL EXPENDITURE	(OVER)/UNDER EXPENDITURE
Licensing	8 915	8 479	436
Compliance and Enforcement	33 490	33 855	-365
Social Accountability	10 816	10 363	453
Finance	14 777	15 322	-545
Corporate Services	9 096	9 023	73
ICT	4 657	4 619	38
Office of the CEO	10 430	10 015	415
Capital expenses	6 899	5 536	1 363
TOTAL	99 080	97 212	1 868

5.3. CAPITAL INVESTMENTS

The entity invested in a new Licensing system with a cost of about R6 million and a new ICT Infrastructure costing R1.7 million to ensure a seamless achievement of its mandate.

PART C

GOVERNANCE



1. INTRODUCTION

Corporate governance is poised to evolve as it continues to shape the processes and systems through which public entities will be directed, controlled, and held accountable. In the near future, we can expect an even greater emphasis on adhering to legislative requirements stemming from a public entity's enabling legislation and the Companies Act. The implementation of corporate governance in public entities is set to align more closely with the principles outlined in the Public Finance Management Act (PFMA) while reinforcing the guidelines provided in the King Report on Corporate Governance. As we look ahead, the roles of Parliament, the Executive, and the Accounting Authority of each public entity will become increasingly vital in fostering effective corporate governance practices.

2. PORTFOLIO COMMITTEES

The Portfolio Committee on Economic Development, Environmental Affairs and Tourism oversees the service delivery effectiveness of the ECLB and, consequently, evaluates the non-financial details found in the Annual Reports of the ECLB, focusing on service delivery and promoting economic growth. The following reports have been submitted and shared with the Portfolio Committee:

- Presentation of the 2025-2030 Strategic Plan, 2025/26 Annual Performance Plan and Budget of the ECLB.
- Consideration of the 2023/24 Annual Report and 2024/25 Half-Year Oversight Report.

3. EXECUTIVE AUTHORITY

The Executive Authority oversees the ECLB as outlined in the PFMA. According to the ECLA, the Executive Authority has the authority to appoint and dismiss the members of the Board. The ECLB is required to report to the Executive Authority quarterly, submitting various oversight reports as specified in the PFMA.

NO	DATE	REPORTS SUBMITTED TO THE EXECUTIVE AUTHORITY
1	20 July 2024	2024/25 First Quarter Financial and Performance Report
2	31 August 2024	2023/24 Annual Report, including Annual Financial Statements
3	20 October 2024	2024/25 Second Quarter Financial and Performance Report
4	25 October 2024	2024/25 Six months Oversight Report and Performance Information Report
5	20 January 2025	2024/25 Third Quarter Financial and Performance Report
6	10 March 2025	2025-2030 Strategic Plan 2025/26 Annual Performance Plan
7	20 April 2025	2024/25 Fourth Quarter Financial and Performance Information Report

4. THE ACCOUNTING AUTHORITY / BOARD

The members of the Board and its committees jointly and severally derive their fiduciary responsibilities from the provisions of the EC Liquor Act and the PFMA, the Board Charter and the Terms of Reference of the various committees of the Board.

These fiduciary responsibilities involve the following:

- The duty to exercise the utmost care to ensure reasonable protection of the assets and records of the ECLB.
- The duty to act with fidelity, honesty, integrity and in the best interests of the ECLB in managing the financial affairs of the ECLB.
- The duty to disclose on request, to the Executive Authority responsible for the public Entity or the Legislature to which the public Entity is accountable, all material facts, including those reasonably discoverable, which in any way may influence the decisions or actions of the Executive Authority or the Legislature; and
- The duty to seek, within the sphere of influence of the accounting authority, to prevent any prejudice to the financial interests of the state.

The Board and its committees also have those responsibilities as set out in the PFMA and the EC Liquor Act.

4.1. The role of the Board is as follows:

The Board is mandated to regulate the liquor establishments within the Eastern Cape by complying with the Eastern Cape Liquor Act, Act No. 10 of 2003. The Board is ultimately accountable and responsible to the MEC for DEDEAT for the performance and affairs of the ECLB in terms of the Eastern Cape Liquor Act and the PFMA. The Board must, therefore, retain full and effective control over the ECLB and must give strategic direction to the ECLB's Executive Management. The Board is also responsible for ensuring that the ECLB complies with all relevant laws, regulations and codes of business practice.

4.2. Composition of the Board

The Board consists of four (4) non-executive members and one (1) executive member in an ex-officio capacity, and the Chief Executive Officer. One position of the Board is currently vacant. Meetings attended by the Board Members include meetings with the Portfolio Committee and the Shareholder.

NAME	DATE APPOINTED	DESIGNATION	QUALIFICATIONS
Mr M. Gobingca	25 February 2024 (<i>Term extended</i>) 01 April 2023 25 February 2021	Chairperson Chairperson Deputy Chairperson	- Bachelor of Arts - Postgraduate Diploma in Management - Management Advanced Program - Programme in Road Transport Management
Dr M. Mboto	28 January 2024 (<i>Term extended</i>) 26 January 2021	Board Member	- Doctor of Public Administration - Master of Public Administration - Bachelor of Administration - Post Graduate Certificate in Leadership Development Programme - Advanced Certificate in Area Development
Ms N. N. Nongogo	11 March 2024 (<i>Term extended</i>) 01 March 2021	Board Member	- B Juris - LLB
Mr W. Manthe	01 May 2023	Board Member	- CA (SA) - Postgraduate Diploma in Accounting - Certificate in Theory and Practice of Auditing - Bachelor of Commerce (majors in Accounting and Commercial Law)

4.3. Remuneration of Board Members

Name	Remuneration	Cell phone allowance	Travel Allowance	Total
Mr Gobingca (Chairperson)	R563 160	R18 000	R43 862	R625 022
Dr Mboto	0	0	R120 697	R120 697
Ms Nongogo	R170 650	-	R17 167	R187 817
Mr W. Manthe	R197 400	-	R13 064	R210 464
TOTAL	R931 210	R18 000	R194 790	R1 144 000

Dr Mboto represents the shareholder DEDEAT and was therefore reimbursed for travelling expenses amounting to R120,697.

Date	Mr M. Gobingca	Dr M. Mboto	Ms N. Nongogo	Mr W. Manthe	TYPE OF SITTING
12 April 2024	Yes	Yes	Yes	Yes	Board Hearing
24 April 2024	Yes	Yes		Yes	Board Hearing
25 April 2024	Yes	Yes		Yes	Board Meeting
03 May 2024	Yes	Yes		Yes	Board Hearing
28 May 2024	Yes	Yes		Yes	Board Hearing and Special Board Meeting
25 June 2024	Yes	Yes	Yes	Yes	Board Session
30 June 2024	Yes				ECLB 21 KM Race (Underage Drinking Awareness Campaign)
11 July 2024	Yes	Yes	Yes	Yes	MEC Meeting with ECLB
18 July 2024		Yes			CFO's Exit Interview
26 July 2024	Yes	Yes	Yes	Yes	Shortlisting for the position of the CFO
29 July 2024	Yes				Mandela Day Celebration
31 July 2024	Yes	Yes	Yes	Yes	Special Board Meeting
01 August 2024	Yes				Opening of the 7 th Legislature and the State of the Province Address (SOPA)
08 August 2024	Yes				MEC's Policy Speech
20 August 2024	Yes				ECLB Ambassador Launch Programme
28 August 2024	Yes	Yes	Yes	Yes	Board Meeting
3-4 September 2024	Yes	Yes	Yes	Yes	Interviews for the position of the CFO
6 September 2024	Yes	Yes	Yes	Yes	Portfolio Committee
16-17 September 2024	Yes				Visit to Liquor Industry
26 September 2024	Yes	Yes	Yes	Yes	In-Committee Board Session
27 September 2024	Yes				Launch of the partnership between ECLB and Mbashe Traditional Authority
30 September 2024		Yes			Student Ambassador Programme Launch
10 October 2024	Yes	Yes	Yes	Yes	Finalisation of the CFO Recruitment process
22-25 October 2024	Yes				Taking Legislature to the People
5-7 November 2024	Yes				Meeting with Liquor Industry
12 November 2024	Yes	Yes	Yes	Yes	Portfolio Committee
18 November 2024	Yes				Public Entities Collaboration Forum
20 November 2024	Yes				Meeting with King Sabatha Dalindyebo Municipality re Liquor By-laws
25 November 2024	Yes	Yes	Yes	Yes	Board Hearing
27 November 2024	Yes	Yes	Yes	Yes	ECLB Policy Review Session
28 November 2024	Yes	Yes	Yes	Yes	Board Meeting
9-10 December 2024	Yes	Yes	Yes	Yes	ECLB Strategic Planning Session
12 December 2024	Yes			Yes	Meeting with Audit Committee
31 January 2025	Yes	Yes	Yes	Yes	Board Hearing
25 February 2025	Yes	Yes	Yes	Yes	Training in the new Regulations
26 February 2025	Yes	Yes	Yes	Yes	Continuation of the ECLB Policy Review Session
27 February 2025	Yes	Yes	Yes	Yes	Board Meeting
28 February 2025	Yes				MEC Meeting with DEDEAT Group
04 March 2025	Yes				EC Roundtable on Inclusive Economic Growth
17 March 2025	Yes	Yes	Yes	Yes	Risk Assessment and Identification Workshop
21 March 2025	Yes				2025 Human Rights Day
23 March 2025	Yes				Meeting with MEC (Liquor Regulations)
26 March 2025	Yes	Yes	Yes	Yes	Continuation of Risk Assessment and Identification Workshop
TOTAL	49	29	23	28	

5. RISK MANAGEMENT

- The Entity has a fully functional Audit and Risk Committee. In respect of Risk Management, the Entity is guided by the Risk Framework Strategy Manual which is updated on an annual basis and approved by the Board.
- Risk assessment meetings for 2025/26 were held with staff, management, the Audit Committee as well as the Board. A complete risk assessment of the organisation has been performed with emerging risks being identified.
- Inputs from the Board, Audit Committee, Executive management, Management and staff were collated, and the risk profile was created which is comprised of two risk registers (Strategic and Operational).
- This was then submitted to the Risk and Audit Committees before final approval by the Board.
- The identified risks are monitored and discussed in the Risk Management meetings. The risks identified for the year were categorised in order of priority.
- All the divisions in which the priority risks reside have submitted evidence of their mitigating actions in respect of the priority risks. Constant monitoring of risks takes place on a monthly and quarterly basis. Risk Management within the Entity has enabled mitigation of risk and in turn transmitted into improvements into the Entity's performance, specifically in the attainment of performance indicators.

6. INTERNAL AUDIT UNIT

- The Internal Audit function was outsourced for the year under review to Lunika Incorporated.
- The Audit Committee has approved the Internal Audit plan and the Internal Audit has executed the plan accordingly.
- The Audit Committee has received reports from the Internal Auditors, considered the content of the reports and is satisfied with the content and quality of reports received on the audits carried out for the year under review.
- The Audit Committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the Eastern Cape Liquor Board and its audits.

7. AUDIT COMMITTEE

The table below discloses relevant information on the Audit Committee members:

Name	Qualifications	Position in the audit committee	Date appointed	No. of Meetings attended
Mrs Vicky Ntsodo-Boyce	• N. Dip Cost & Management Acc • BCom Honours Accounting (CTA) • Chartered Accountant CA (SA)	Chairperson	01/10/2022	6
Mr Phumzile Zitumane	• B Com • Master of Business Leadership (MBL)	Deputy Chairperson	Term extended 07/05/2024	5
Mr Phambili Jizana	• ND Electronics Engineering • Diploma: Project Management • Post Grad in E-Commerce • M Phil IT Governance (Currently studying)	Member	Term ended 30/09/2024	2
Mr Dumisani Rorwana	• B. Juris • LLB • Admitted Attorney of the High Court of South Africa • Certificate in compliance management • Certificate in advanced Risk Management • Certificate in Project Management • Ethics officer certificate	Member	01/10/2022	6
Mr Wayne Manthe	• CA (SA) • Postgraduate Diploma in Accounting	Member	11/04/2023	5

Name	Qualifications	Position in the audit committee	Date appointed	No. of Meetings attended
	- Certificate in Theory and Practice of Auditing - Bachelor of Commerce (majors Accounting and Commercial Law)			
Mr Norman Baloyi	- Master of Science in Electronics (Information Security, Computer Networks) - Master of Science in Electrical Engineering - B.Sc. Honours in Computational and Applied Mathematics - Bachelor of Science in Computer Science and Information Systems - B.Sc. Mathematics and Computational and Applied Mathematics - Higher Diploma in Computer Auditing - Diploma in Network Security - Diploma in Datametrics	Member	01/10/2024	2

8. COMPLIANCE WITH LAWS AND REGULATIONS

The Entity has complied with applicable laws and regulations regarding financial matters, financial management and other relevant matters.

9. FRAUD AND CORRUPTION

The public Entity has a fully functional fraud prevention plan and has a fraud email account and telephone number for the public to report any fraudulent activities.

10. MINIMISING CONFLICT OF INTEREST

The declaration of interest documentation is mandatory for all personnel, including staff members, Board members, and Audit Committee members, and must be completed annually at the commencement of each financial year. For the current 2024/25 financial year reporting period, no instances of conflicting interests among organisational stakeholders were reported.

11. CODE OF CONDUCT

The ECLB has a Code of Conduct Policy in place and workshops on the policy are held annually. For the 2024/25 financial year, no recorded cases of breaches in the policy were recorded.

12. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

A Health and Safety Committee comprising of representatives from all the divisions has been established. The committee is responsible for monitoring the health and safety of the working environment. The committee meets on a quarterly basis to discuss and address health and safety-related matters. The Entity complies with the requirements and no incidents were reported for the period under review.

13. COMPANY/BOARD SECRETARY

N/A

14. SOCIAL RESPONSIBILITY

Embedded within the Entity's responsibilities and mandate is ensuring that the Entity embarks on social responsibility as well as education and awareness campaigns. Detailed reports on responsible drinking and trading programmes, alcohol harm reduction initiatives, poverty alleviation projects and related matters are reported on page 46 of this document.

15. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2025.

Audit committee members and attendance

The audit committee consists of the members as listed hereunder. In terms of section 77 of the PFMA, the Audit Committee should meet at least twice a year to ensure effective support of the Accounting Authority in discharging the entity's mandate whilst ascribing to good Corporate Governance principles. The Audit Committee plays a crucial role in reviewing the effectiveness of internal controls, governance and risk management of the institution by providing an independent advice and guidance to the Board of Directors. The Audit Charter also prescribes 4 (four) ordinary meetings and 2 (two) special meetings to consider the annual financial statements and the Audit report.

The table below provides a detail of the 4 (four) ordinary meetings and 2 (two) special meetings which were held as per the annual Audit Committee Schedule:

Name of member	2024/04/18	2024/05/22	2024/07/23	2024/08/21	2024/11/21	2025/02/20
Mrs Vicky Ntsodo-Boyce (Chairperson)	Yes	Yes	Yes	Yes	Yes	Yes
Mr Phumzile Zitumane (Deputy Chairperson)	Yes	Yes	Yes	Yes	Yes	No
Mr Phambili Jizana (Term ended 30/09/2024)	No	Yes	Yes	No	No	No
Mr Dumisani Rorwana	Yes	Yes	Yes	Yes	Yes	Yes
Mr Wayne Manthe	Yes	Yes	Yes	Yes	No	Yes
Mr Norman Baloyi (Appointed 01/10/2024)	N/A	N/A	N/A	N/A	Yes	Yes

Mr Jizana's term ended on 30 September 2024.

The Audit Committee met with the Auditor General on the 21st of June 2024 to discuss the 2023/24 audit strategy. On the 19th March 2024, the ECLB conducted its risk assessment workshop which was attended by the Board Members, Audit Committee as well as ECLB Management.

Audit committee responsibility

The audit committee reports that it has complied with its responsibilities arising from section 38(10)(1) of the PFMA and Treasury Regulation 3.1.

The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The effectiveness of internal control

The system of internal controls applied by the Eastern Cape Liquor Board for financial and risk management is effective, efficient and transparent. In line with the PFMA and the King IV Report on Corporate Governance requirements, Internal Audit provides the audit committee and management with assurance that the internal

controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the annual financial statements, and the management report of the Auditor-General South Africa, it was noted that no matters were reported that indicate any material deficiencies in the system of internal control or any deviations therefrom. Accordingly, we can report that the system of internal control over performance and financial reporting for the period under review was efficient and effective.

The audit committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the Accounting Authority of the Eastern Cape Liquor Board during the year under review.

Evaluation of annual financial statements and annual performance information report

The audit committee has:

- reviewed and discussed the unaudited annual financial statements to be audited by the Auditor-General;
- reviewed changes to accounting policies and practices; and
- reviewed the entities compliance with legal and regulatory provisions;

Internal audit

The Internal Audit function was outsourced for the year under review.

The Audit Committee has approved the Internal Audit plan and Internal Audit has executed the plan accordingly. The Audit Committee has received reports from the Internal Auditors, considered the content of the reports and is satisfied with the content and quality of reports received on the audits carried out for the year under review.

Auditor General of South Africa

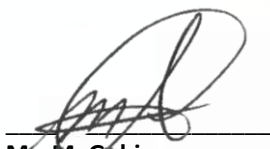
The Audit Committee has met with the Auditor-General of South Africa to discuss the audit strategy for the year under review as indicated above.

16. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

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

Has the Department / 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
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	No	The current legislation governing the regulation of liquor trading in the Eastern Cape does not provide for compliance to the BBBEE legislation as a requirement for obtaining a liquor licence.
Developing and implementing a preferential procurement policy?	Yes	All procurement is conducted in line with the approved Supply Chain Management Policy of the Board which includes the preferential procurement regulations in terms of the Preferential Procurement Policy Framework Act No. 5 of 2000. In this regard, points are awarded for all procurement greater than R30 000 based on the B-BBEE status level of the supplier until 15 January 2023. Effective from 16 January 2023 specific goals were used in line with the new Preferential Procurement Regulations, 2022/2023.
Determining qualification criteria for the sale of state-owned enterprises?	N/A	
Developing criteria for entering into partnerships with the private sector?	N/A	
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment?	N/A	

APPROVED BY:



Mr. M. Gobingca
Board Chairperson

ACCOUNTING AUTHORITY: **EASTERN CAPE LIQUOR BOARD**

SPHERE OF GOVERNMENT / PUBLIC ENTITY / ORGAN OF STATE: **EASTERN CAPE LIQUOR BOARD**

DATE: 31 / 08 / 2025

PART D

HUMAN RESOURCE MANAGEMENT



1. INTRODUCTION

The primary objective of the Human Resources (HR) function is to ensure the effective and efficient implementation of all aspects related to Human Resource Management and Development. The successful execution of the entity's strategic objectives depend significantly on its workforce, how employees are led, empowered, and supported within an enabling environment that fosters a high-performance culture. In this regard, human resource management is instrumental. HR continuously strives to deliver integrated HR solutions that align with the ECLB's strategic priorities, driven by a commitment to quality and excellence in customer service.

Throughout the reporting period, the HR Unit fulfilled its mandate by collaborating with business units and optimizing resource utilization to address both current and future workforce needs. Central to this is the cultivation of a skilled, informed, and motivated workforce, underpinned by a values-driven approach focused on execution. This foundation enables the ECLB to deliver on its strategic goals and maintain high standards of service delivery.

2. THE HUMAN RESOURCE MANAGEMENT

The Human Resources (HR) function adheres to the professional standards set by the South African Board for People Practices (SABPP) and delivers services aligned with strategic human resource management principles. Its support and service offerings are forward-looking, designed to address organisational challenges and enhance overall performance.

Key focus areas include talent management, risk mitigation, workforce planning, capacity-building, learning and development, performance management, and the implementation of reward and recognition frameworks. In addition, HR oversees employee wellness initiatives, manages employment relations, and ensures effective delivery of core HR services. These integrated solutions are tailored to meet the evolving needs of both employees and business units, supporting the achievement of strategic goals.

3. HR PRIORITIES FOR 2024/25

The HR priorities play a key role in the achievement of the organisation's overall strategic objectives and its mandate of regulating liquor in the Province.

The HR priorities during the year under review were as follows:

- Enhance employee wellness programmes.
- Enhance human capital development for all employees.
- Enhance the integrated performance management system.
- Effectively manage employment relations within the organisation.
- Automation of some HR functions

People are the organisation's most valuable resource and their management and development are critical to meeting planned organisational objectives.

3.1. EMPLOYEE PERFORMANCE MANAGEMENT FRAMEWORK

During the 2024/25 financial year, the implementation of a structured Performance Management System (PMS) continued to play a critical role in driving organisational effectiveness and aligning employee outputs with strategic objectives. The system served as a key mechanism for monitoring, evaluating, and enhancing both individual and organisational performance. 100% of employees signed performance contracts as planned. The Performance Management System enabled the organisation to track progress against its strategic goals and operational targets. Through planned performance reviews and structured assessments, management was able to identify areas of achievement, address performance gaps, and implement timely corrective actions. This ensured that the organisation remained focused on delivering high-quality services and achieving its annual performance plan targets.

3.2. EMPLOYEE HEALTH AND WELLNESS PROGRAMME (EWP)

The Employee Health and Wellness Programme remained a strategic priority for the organisation, recognizing that employee wellbeing is fundamental to sustaining productivity, engagement, and a high-performance culture. The Wellness Programme was designed to support the holistic health needs of employees, physically, mentally, and emotionally within a structured and supportive environment.

Key initiatives and interventions included a comprehensive Employee Health and Wellness plan that was developed and implemented, guided by identified wellness priorities. The plan was aimed at promoting preventative health care, enhancing psychological resilience, and supporting work-life balance across the organisation. The entity collaborates with wellness partners from the private and public sector to provide services from counselling and mental health support, debt advice, legal advice, and general health advice. The services are easily accessible on a self-referral basis as well as managerial referral.

3.3. POLICY REVIEW

Several HR policies were reviewed in the 2024/25 financial year to ensure alignment with changes in the operating and legislative environment.

3.4. SKILLS DEVELOPMENT

Skills development is essential for employees to excel in their personal and team roles and functions and deliver on the organisation's strategy. The Skills Development Plan with training programmes for all staff members are developed. Functional training programmes were undertaken in various programmes. Training and development initiatives, including study loan assistance, are in place to ensure that the current workforce is efficient and to enhance personal development.

3.5. GRADUATE DEVELOPMENT PROGRAMME

The ECLB is implementing the Graduate Development Programme as part of its contribution to skills development initiatives as expressed in the National Skills Development Strategy (NSDS III), National Growth Plan (NGP), Provincial Growth Development Strategy (PGDS) and the National Development Plan (NDP) Vision 2030. The Graduate Development programme entails Internship programme with 11 graduates and 17 placed in the Anti-alcohol harm reduction programme implemented in institutions of higher learning. The objectives are to attract unemployed graduates to participate in the programmes, providing them with valuable work experience and increase their employment opportunities. The programmes are fully structured, graduates are placed for 24 months and receive a monthly stipend. Some of the graduates have secured employment while on their terms

4. CHALLENGES FACED BY THE PUBLIC ENTITY

- Inability to fill vacant unfunded position remains a challenge, DEDEAT and Treasury are engaged in this regard.
- Shortage of staff due to evolving size and functions of the organisation.

5. FUTURE HR PLANS /GOALS

- The development of Human Resource Strategy in line with the latest organisational strategy.
- The review of the Organisational structure to align with the evolving organisational functions.
- Review of HR policies to ensure alignment with the latest organisational and HR strategy.
- The development and implementation of an organisation-wide succession plan to ensure talent retention and business continuity.
- Deployment of latest HR technological systems to ensure enhance HR maturity and services.

6. HUMAN RESOURCES OVERSIGHT STATISTICS

6.1. PERSONNEL COST BY PROGRAMME

Programme	Total Expenditure for the entity (R'000)	Personnel Expenditure (R')	Personnel exp. as a % of total exp. (R'000)	No. of employees	Average personnel cost per employee (R'000)
Licensing	8 479 000	6 606 291	7	12	550 524
Finance	12 204 000	4 513 961	5	7	644 852
Corporate	9 023 000	5 904 247	6	11	536 750
Compliance and Enforcement	33 855 000	25 490 165	26	43	592 795
Social Accountability	10 271 000	5 283 788	6	26	203 223
Information and Communication Technology	4 619 000	1 800 535	2	4	450 134
Office of the CEO	10 015 000	6 017 752	6	7	859 679
TOTAL	95 994 000	55 616 739	58	110	505 607

The total number and personnel expenditure per programme include stipends for 11 interns and 17 project facilitators for the university's anti-alcohol programme. Performance rewards are excluded in the total personnel expenditure.

6.2. PERSONNEL COST BY SALARY BAND

Personnel costs excluding performance rewards and including interns/project facilitators

Level	Personnel Expenditure (R'000)	% of personnel exp. to total personnel cost (R'000)	No. of employees	Average personnel cost per employee (R'000)
Top Management	2 706 931	5	1	2 706 931
Senior Management	8 653 785	16	5	1 730 757
Professional Qualified	13 441 678	24	12	1 120 140
Skilled	13 838 005	25	24	576 584
Semi-skilled	13 954 169	25	36	387 616
Unskilled	759 978	1	3	253 327
Contract workers (Interns)	2 262 194	4	29	78 007
TOTAL	55 616 739	100	110	505 607

NB. Personnel expenditure above excludes performance rewards and leave provision.

6.3. PERFORMANCE REWARDS

The table below illustrates the amounts for performance rewards for the period under review

Level	Performance rewards	Personnel Expenditure (R'000)	% of Performance rewards to total personnel cost (R'000)
Top Management	296 127	2 706 931	11
Senior Management	767 696	8 653 785	9
Professionally qualified	1 382 493	13 441 678	10
Skilled	1 819 430	13 838 005	13
Semi-skilled	1 609 625	13 954 169	12
Unskilled	98 544	759 978	13
Contract workers (Interns)	-	2 262 194	
TOTAL	5 973 915	55 616 739	11

(NB. The total personnel expenditure and performance rewards above excludes the personnel expenditure for Interns/ Project Facilitators)

6.4. Training Costs

The table below depicts the training costs incurred per division and it should be noted that more training interventions were conducted for employees without incurring costs. Training of staff was augmented by conducting inhouse intervention and using internal expertise, as well as through joining training interventions planned by other departments/ entities.

Programme	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost.	No. of employees trained	Avg training cost per employee
Licensing	6 606 291	30 607,22	0,5	9	1 170,08
Finance	4 513 961	42 123,00	0,9	4	10 530,75
Corporate	5 904 247	80 940,20	1,4	8	10 117,53
Compliance and Enforcement	25 490 165	98 741,00	0,4	22	4 488,23
Social Accountability	5 283 788	21 694,80	0,4	5	4 338,96
Information and Communication Technology	1 800 535	20 345,00	1,1	4	5 086,25
Office of the CEO	6 017 752	41 744,44	0,7	4	10 436,11
TOTAL	55 616 739	336 195,66	0,6	56	6 003,49

6.5. EMPLOYMENT AND VACANCIES

Occupational Category	2023/2024 No. of Employees	2024/2025 Approved Posts	2024/2025 No. of Employees	2024/2025 Vacancies	% of vacancies
Top Management	1	1	1	-	-
Senior Management	5	5	5	-	-
Professionally qualified	13	15	11	4	26%
Skilled	24	32	24	8	25%
Semi-skilled	35	35	35	-	-
Unskilled	3	3	3	-	-
TOTAL	81	91	79	12	13%

Programme	2023/2024 No. of Employees	2024/2025 Approved Posts	2024/2025 No. of Employees	2024/2025 Vacancies	% of vacancies
Licensing	11	11	11	-	-
Finance	5	5	5	-	-
Corporate	9	9	9	-	-
Compliance and Enforcement	43	52	42	10	19%
Social Accountability	6	7	6	1	14%
Information and Communication Technology	2	2	1	1	50%
Office of the CEO	5	5	5	-	-
TOTAL	81	91	79	12	13%

6.6. EMPLOYMENT CHANGES

The table below provides information on changes in employment over the financial year. Turnover rates provide an indication of trends in employment profile of the public Entity.

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	1	-	-	1
Senior Management	5	1	1	5
Professional qualified	13	0	2	11
Skilled	24	0	0	24
Semi-skilled	35	2	2	35
Unskilled	3	-	-	3
TOTAL	81	3	5	79

Appointments: CFO, Receptionist, and Administrative Officer. **Termination:** CFO, ICT Manager, Senior Inspector, Admin Officer, Receptionist - appointed as Admin Officer.

6.6.1. Reasons for staff leaving

Reason	Number	% of total no. of staff leaving
Death	-	-
Resignation	2	2
Dismissal	-	-
Retirement	1	1
Ill health	1	1
Expiry of contract	-	-
Other	0	-
TOTAL	4	5

Resignation -CFO & ICT Manager; **Retirement:** Senior Inspector; **Ill health:** Administrative Officer

6.7. LABOUR RELATIONS: MISCONDUCT AND DISCIPLINARY ACTION

Nature of disciplinary Action	Number
Verbal Warning	-
Written Warning	-
Final Written warning	-
Dismissal	-
TOTAL	-

6.8. EQUITY TARGET AND EMPLOYMENT EQUITY STATUS

During the reporting period, the entity continued the implementation of its Employment Equity (EE) Plan. In compliance with the Employment Equity Act (Act 55 of 1998), an annual EE report was submitted to the Department of Labour. The entity faced limited recruitment opportunities during the year, and when vacancies did arise, there was a low response rate from individuals within designated groups. The ECLB remains committed to intensifying its efforts to meet equity targets and promote greater representation. Below are the tables that show equity target and employment status.

Levels	MALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	0	0	0	0	0	0	0
Senior Management	4	2	0	0	0	0	0	0
Professional Qualified	7	5	0	1	0	0	0	0
Skilled	11	12	1	2	0	1	0	1
Semi-skilled	5	6	0	1	0	0	0	1
Unskilled	0	1	0	0	0	0	0	0
TOTAL	27	26	1	4	0	1	0	2

Levels	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	1	0	0	0	0	0	0
Senior Management	1	2	0	1	0	0	0	0
Professional Qualified	3	5	1	1	0	1	1	1
Skilled	12	13	0	2	0	1	0	1
Semi-skilled	27	25	1	3	0	1	1	1
Unskilled	3	3	0	0	0	0	0	0
TOTAL	49	42	2	7	0	3	2	3

Levels	Staff with disability			
	MALE		FEMALE	
	Current	Target	Current	Target
Top Management	0	0	0	0
Senior Management	1	1	0	0
Professional Qualified	0	1	1	1
Skilled	0	0	0	1
Semi-skilled	1	1	2	2
Unskilled	0	0	0	1
TOTAL	2	3	3	5

PART E

PFMA COMPLIANCE REPORT



1. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE AND MATERIAL LOSSES

1.1. Irregular Expenditure

None for the period under review.

1.2. Fruitless and wasteful expenditure

a) Reconciliation of fruitless and wasteful expenditure

Description	2024/ 2025 R'000	2023/2024 R'000
Opening balance	-	6 000
Add: Fruitless and wasteful expenditure confirmed	-	-
Less: Fruitless and wasteful expenditure written off	-	-
Less: Fruitless and wasteful expenditure recoverable	-	(6 000)
Closing balance	-	-

b) Reconciling notes

Description	2024/ 2025 R'000	2023/2024 R'000
Fruitless and wasteful expenditure that was under assessment in 2023/2024	-	-
Fruitless and wasteful expenditure that relates to 2022/2023 and identified in 2024/ 2025	-	-
Fruitless and wasteful expenditure for the current year	-	6 000
Total	-	6 000

2. LATE AND/OR NON-PAYMENT OF SUPPLIERS

Description	Number of invoices	Consolidated Value R'000
Valid invoices received	573	46 324 782
Invoices paid within 30 days or agreed period	571	45 175 0799
Invoices paid after 30 days or agreed period	-	-
Invoices older than 30 days or agreed period (<i>unpaid and without dispute</i>)	-	-
Invoices older than 30 days or agreed period (<i>unpaid and in dispute</i>)	2	1 148 983

3. SUPPLY CHAIN MANAGEMENT

3.1. Procurement by other means

None

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
Leasing and maintenance of Fleet Management Services	Zelda Car Leasing/ Trading as Avis	Expansion	ECLB 009/2021/22	R5 961 390	n/a	R1 794 870
Total						

The contract variation started in 2023/24 and ended 31 December 2024.

PART F

FINANCIAL INFORMATION



ENABLING &
PROMOTING

A RESPONSIBLE
LIQUOR INDUSTRY

AUDITOR GENERAL'S REPORT



ENABLING &
PROMOTING

A RESPONSIBLE
LIQUOR INDUSTRY

Eastern Cape Liquor Board

Audit Report

For the year ended 31 March 2025



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Report of the auditor-general to the Eastern Cape Provincial Legislature on Eastern Cape Liquor Board

Report on the financial statements

1. I have reviewed the financial statements of the Eastern Cape Liquor Board set out on pages 82 to 122, which comprise the statement of financial position as at 31 March 2025, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts 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 Eastern Cape Liquor Board as at 31 March 2025 and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Acceptable 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 GRAP and the requirements of the PFMA and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
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 audit 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, and 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 the licensing programme presented in the annual performance report for the year ended 31 March 2025. I selected those indicators that measure the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.
- % of fully compliant licence applications considered within the 60-day legislated timeframes
 - Number of new formal liquor traders' associations facilitated
 - Number of Black liquor traders' distributors facilitated to participate at higher levels of the value chain
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; and not to express an assurance opinion or conclusion.
13. I did not identify any material findings on the reported performance information for the selected indicators.

Other matter

14. I draw attention to the matter below.

Achievement of planned targets

15. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- and underachievement's.
16. The table that follows provides information on the achievement of planned targets and lists the key indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets are included in the annual performance report on pages 23 to 47 .

Licensing programme

Targets achieved: 75%		
Budget spent 94%		
Key indicator not achieved	Planned target	Reported achievement
% of fully compliant licence applications considered within the 60-day legislated timeframes	80%	77,84%

Report on compliance with legislation

17. 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 public entity's compliance with legislation.
18. 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.

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

Internal control deficiencies

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

Professional ethics and quality control

23. 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.
24. 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

East London

29 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	Section 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii); 53(4); 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b); 55(1)(c)(i); 56; 57(b); 66(4)
Treasury Regulations, 2005	Regulation 16A3.2; 16A3.2(a); 16A6.1; 16A6.2(a) 16A6.2(b); 16A6.3(a); 16A6.3(b); 16A6.3(c); 16A6.3(e); 16A6.4; 16A6.5; 16A6.6; 16A7.1; 16A7.3; 16A7.6; 16A8.3; 16A8.4; 16A9.1(b)(ii); 16A9.1(d); 16A9.1(e); 16A9.1(f); 16A9.2; 16A9.2(a)(ii); 30.1.1; 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1; 31.1.2(c); 31.2.1; 31.2.5; 31.2.7(a); 31.3.3; 33.1.1; 33.1.3
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations, 2004	Regulation 17; 25(7A)
National Treasury Instruction No. 5 of 2020/21	Paragraph 4.8; 4.9; 5.3
Second Amendment National Treasury Instruction No. 5 of 202/21	Paragraph 1
Erratum National Treasury Instruction No. 5 of 2020/21	Paragraph 2
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
National Treasury Practice Note 5 of 2009/10	Paragraph 3.3
National Treasury Practice Note 7 of 2009/10	Paragraph 4.1.2
Preferential Procurement Policy Framework Act 5 of 2000	Section1; 2.1(a); 2.1(f)
Preferential Procurement Regulations, 2022	Paragraph 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Preferential Procurement Regulations, 2017	Paragraph 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; 6.3; 6.6; 6.8; 7.1; 7.2; 7.3; 7.6; 7.8; 8.2; 8.5; 9.1; 10.1; 10.2; 11.1; 11.2
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

ANNUAL FINANCIAL STATEMENTS





EASTERN CAPE
LIQUOR BOARD

EASTERN CAPE LIQUOR BOARD

Annual Financial Statements
for the year ended 31 March 2025

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2025

General Information

Country of domicile	South Africa
Nature of business and principal activities	The Eastern Cape Liquor Board (ECLB) is established in terms of the Eastern Cape Liquor Act No. 10 of 2003 (ECLA) as a regulatory body. The ECLB is a Schedule 3C Public Entity in terms of the Public Finance Management Act No. 1 of 1999 (PFMA).
Accounting Authority	Mr. M. Gobingca (Chairperson) Dr. M. Mboto Ms. N.N. Nongogo Mr. W. Manthe
	The term of office for the above Board Committee members will end in the 2026/27 financial year.
Business address	Shop 10, Beacon Bay Crossing Beacon Bay East London 5241
Postal address	PO Box 15147 Beacon Bay East London 5205
Controlling entity	Department of Economic Development, Environmental Affairs and Tourism
Website	www.eclb.co.za
Bankers	ABSA Bank
External Auditors	Auditor General of South Africa
Chief Executive Officer	Dr. N. Makala
Chief Financial Officer	Mr. Z. Zibi
Public Entity Type	Schedule 3C Public Entity

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2025

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Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2025

Statement of Responsibility

The members are required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the members to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and 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 accounting authority sets standards for internal control aimed at reducing the risk of error or deficit in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The members have reviewed the entity's cash flow forecast for the year to 31 March 2026 determined through the Department of Economic Development, Environmental Affairs and Tourism (DEDEAT) Medium Term Expenditure Framework budget, and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The entity is wholly dependent on the DEDEAT for continued funding of operations. The annual financial statements are prepared on the basis that the entity is a going concern and that the DEDEAT has neither the intention nor the need to liquidate or curtail materially the scale of the entity. Further to that, the entity has received additional funding to commence activities towards the implementation of the Eastern Cape Liquor Authority Act 4 of 2018 which was asserted to and published in the Provincial Government Gazette on 11 March 2019. The DEDEAT and the ECLB have also finalised the Liquor Regulations in line with the new Act which is a further confirmation of the entity's ability to continue operating in the foreseeable future.

Although the Board Committee members are primarily responsible for the financial affairs of the entity, they are supported by the Chief Executive Officer, Audit Committee and the external auditors.

The external auditors are responsible for independently reviewing and reporting on the entity's annual financial statements. The annual financial statements have been examined by the entity's external auditors and their report is presented on page 75.

The annual financial statements set out on pages 82 to 122, which have been prepared on the going concern basis, were approved by the accounting authority on 25 July 2025 and were signed on its behalf by:



Mr. M. Gobingca
 Board Chairperson

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2025

Audit Committee Report

We are pleased to present our report for the financial year ended 31 March 2025.

Audit Committee Member attendance

The audit committee consists of the members as listed hereunder. In terms of section 77 of the PFMA, the Audit Committee should meet at least twice a year to ensure effective support of the Accounting Authority in discharging the entity's mandate whilst ascribing to good Corporate Governance principles. The Audit Committee plays a crucial role of reviewing the effectiveness of internal controls, governance and risk management of the institution by providing an independent advice and guidance to the Board of Directors. The Audit Charter also prescribes 4 (four) ordinary meetings and 2 (two) special meetings to consider the annual financial statements and the Audit report.

The Audit Committee met during the year on a quarterly basis to review the reports as provided by the Internal Audit on Internal Controls. The Committee also attended the sessions held for the identification and assessment of both the strategic and operational risks of the organisation. During the external audit of the 2023/24 financial year, there were ad hoc sessions held to discuss and resolve audit findings and the disclosures relating to cash on hand (petty cash) which the Audit Committee was required to attend together with the members of the Board, Management and the Internal Auditors, and these were held in the period under review. The table below provides a detail of the 4 (four) ordinary meetings and 2 (two) special meetings which were held as per the annual Audit Committee Schedule:

Name of Member	2024/04/18	2024/05/22	2024/07/23	2024/08/21	2024/11/21	2025/02/20
Vicky Ntsodo-Boyce (Chairperson)	Yes	Yes	Yes	Yes	Yes	Yes
Phumzile Zitumane (Deputy)	Yes	Yes	Yes	No	Yes	No
Wayne Manthe	Yes	Yes	Yes	Yes	No	Yes
Phambili Jizana (Term ended 30/09/2024)	No	Yes	Yes	No	No	No
Norman Baloyi (Appointed 01/10/2024)	N/a	N/a	N/a	N/a	Yes	Yes
Dumisani Rorwana	Yes	Yes	Yes	Yes	Yes	Yes

The Audit Committee met with the Auditor General on the 10th and the 15th of July 2024 to discuss the 2023/24 Audit Strategy. On the 17th and 24th of March 2025, the ECLB conducted its risk assessment workshop which was attended by the Board Members, Audit Committee as well as ECLB Management.

Audit committee responsibility

The audit committee reports that it has complied with its responsibilities arising from section 38(10)(1) of the PFMA and Treasury Regulation 3.1.

The audit committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The effectiveness of internal control

The system of internal controls applied by the Eastern Cape Liquor Board over financial and risk management is effective, efficient and transparent. In line with the PFMA and the King IV Report on Corporate Governance requirements, Internal Audit provides the audit committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the annual financial statements, and the management report of the Auditor-General South Africa, it was noted that no matters were reported that indicate any material deficiencies in the system of internal control or any deviations therefrom. Accordingly, we can report that the system of internal control over financial reporting for the period under review was efficient and effective.

The audit committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the Accounting Authority of the Eastern Cape Liquor Board during the year under review.

Evaluation of annual financial statements and annual performance information report

The audit committee has:

- reviewed and discussed the unaudited annual financial statements to be audited by the Auditor-General;
- reviewed changes to accounting policies and practices; and
- reviewed the entities compliance with legal and regulatory provisions.

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2025

Audit Committee Report

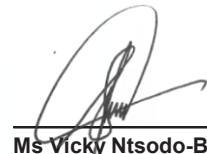
Internal audit

The Internal Audit function was outsourced for the year under review to Lunika Incorporated.

The Audit Committee has approved the Internal Audit plan and Internal Audit has executed the plan accordingly. The Audit Committee has received reports from the Internal Auditors, considered the content of the reports and is satisfied with the content and quality of reports received on the audits carried out for the year under review.

Auditor-General of South Africa

The Audit Committee has met with the Auditor-General of South Africa to discuss the audit strategy for the year under review as indicated above.



Ms Vicky Ntsodo-Boyce
Chairperson of the Audit Committee

Date: 31 August 2025

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2025

Statement of Financial Position as at 31 March 2025

	Note(s)	2025	2024
Assets			
Current Assets			
Receivables from exchange transactions	5	786 002	1 522 879
Cash and cash equivalents	6	26 841 742	30 932 165
		27 627 744	32 455 044
Non-Current Assets			
Property, plant and equipment	3	10 102 723	4 537 849
Intangible assets	4	7 710 386	3 164 648
		17 813 109	7 702 497
Total Assets		45 440 853	40 157 541
Liabilities			
Current Liabilities			
Finance lease obligation	7	2 675 037	2 199 550
Payables from exchange transactions	8	29 824 424	25 470 972
Payables from non-exchange transactions	11	-	8 103 856
		32 499 461	35 774 378
Non-Current Liabilities			
Finance lease obligation	7	5 472 538	-
Total Liabilities		37 971 999	35 774 378
Net Assets		7 468 854	4 383 163
Accumulated surplus		7 468 854	4 383 163
Total Net Assets		7 468 854	4 383 163

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2025

Statement of Financial Performance

	Note(s)	2025	2024
Revenue from non-exchange transactions			
Government grants & subsidies	11	96 862 856	91 519 144
Revenue from exchange transactions			
Commissions received		210	518
Other income	9	45 335	5 420
Interest received	10	2 171 657	2 244 691
		2 217 202	2 250 629
Expenditure			
Administration and management fees	13	(15 015 055)	(15 672 328)
Auditors remuneration	17	(1 571 756)	(1 513 472)
Depreciation and amortisation	14	(4 318 938)	(5 852 383)
Personnel expenditure	12	(63 041 416)	(55 997 898)
Operating expenses	16	(10 330 211)	(8 976 538)
Marketing		(651 420)	(458 274)
Research and development costs		(654 441)	(336 865)
		(95 583 237)	(88 807 758)
Operating Surplus		3 496 821	4 962 015
Finance costs	15	(411 128)	(546 549)
Surplus for the year from operating activities		3 085 693	4 415 466
Profit on disposal of property, plant and equipment		-	8 511
Surplus for the year		3 085 693	4 423 977

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2025

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Balance at 01 April 2023	(40 814)	(40 814)
Changes in net assets		
Surplus for the year	4 423 977	4 423 977
Total changes	4 423 977	4 423 977
Balance at 01 April 2024	4 383 161	4 383 161
Changes in net assets		
Surplus for the year	3 085 693	3 085 693
Total changes	3 085 693	3 085 693
Balance at 31 March 2025	7 468 854	7 468 854

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2025

Cash Flow Statement

	Note(s)	2025	2024
Cash flows from operating activities			
Receipts			
Revenue from non-exchange transactions		88 759 000	91 660 748
Interest income		2 171 657	2 244 691
Receipts on behalf of DEDEAT		23 259 005	21 934 430
Other receipts		45 545	-
		<u>114 235 207</u>	<u>115 839 869</u>
Payments			
Employee costs		(60 983 944)	(55 707 726)
Suppliers		(26 724 889)	(14 960 269)
Finance costs		(411 128)	(546 549)
Paid to DEDEAT		(21 724 140)	(22 080 650)
		<u>(109 844 101)</u>	<u>(93 295 194)</u>
Net cash flows from operating activities	19	<u>4 391 106</u>	<u>22 544 675</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(122 549)	(138 530)
Proceeds from sale of property, plant and equipment	3	-	32 890
Purchase of other intangible assets	4	(5 536 473)	(2 550 015)
Net cash flows from investing activities		<u>(5 659 022)</u>	<u>(2 655 655)</u>
Cash flows from financing activities			
Finance lease payments		(2 822 507)	(2 831 641)
Net increase/(decrease) in cash and cash equivalents		<u>(4 090 423)</u>	<u>17 057 379</u>
Cash and cash equivalents at the beginning of the year		30 932 165	13 874 786
Cash and cash equivalents at the end of the year	6	<u>26 841 742</u>	<u>30 932 165</u>

The accounting policies on pages 11 to 24 and the notes on pages 25 to 40 form an integral part of the annual financial statements.

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual
Statement of Financial Performance					
Revenue					
Revenue from exchange transactions					
Commissions received	-	210	210	210	-
Other Income	-	45 335	45 335	45 335	-
Interest received - investment	741 000	1 430 657	2 171 657	2 171 657	-
Total revenue from exchange transactions	741 000	1 476 202	2 217 202	2 217 202	-
Revenue from non-exchange transactions					
Transfer revenue					
Government grants & subsidies	87 509 000	9 353 856	96 862 856	96 862 856	-
Total revenue	88 250 000	10 830 058	99 080 058	99 080 058	-
Expenditure					
Personnel (i)	(59 375 000)	(3 600 000)	(62 975 000)	(63 041 416)	(66 416)
Administration (ii)	(14 766 500)	(1 500 000)	(16 266 500)	(15 015 055)	1 251 445
Finance costs	(741 000)	329 872	(411 128)	(411 128)	-
Marketing expenses	(1 250 000)	500 000	(750 000)	(651 420)	98 580
Research and development costs	(625 000)	-	(625 000)	(654 441)	(29 441)
Operating Expenses (iii)	(8 593 500)	(1 059 930)	(9 653 430)	(10 330 211)	(676 781)
Audit fees	(1 500 000)	-	(1 500 000)	(1 571 756)	(71 756)
Capital Expenditure (iv)	(1 399 000)	(5 500 000)	(6 899 000)	(5 536 473)	1 362 527
Total expenditure	(88 250 000)	(10 830 058)	(99 080 058)	(97 211 900)	1 868 158
Surplus for the year from operating activities	-	-	-	1 868 158	1 868 158
Reconciliation					
Basis for the difference					
Depreciation and Amortisation				(4 318 938)	
Capital expenditure				5 536 473	
Actual Amount in the Statement of Financial Performance				3 085 693	

Explanation of significant account balances:

(i) Personnel costs - The cost of employees have been incurred in line with inflationary cost of living adjustments and performance related increments as contained in the revised budget baselines, and in consideration of the five additional inspectors that were appointed permanently.

(ii) Administration costs - The variance is attributable to educational awareness and harm reduction initiative costs which are multi-year projects and will be expended in the outer years in line with the revised budget baselines.

(iii) Operating expenses - The increase in operating costs is attributable to other variable costs like social responsibility outreach costs, motor vehicle fuel costs and utilities.

(iv) Capital expenditure - The variance is attributable to the new licensing system development and maintenance, cloud backup and data recovery expenditure which are multi-year projects and will be incurred upon completion of these projects in the outer years.

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2025

Significant Accounting Policies

	2025	2024
Note(s)		

1. Significant accounting policies

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

1.1 Basis of preparation

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

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

1.2 Presentation currency

These financial statements are presented in South African Rand, which is the functional currency of the Eastern Cape Liquor Board.

1.3 Going concern assumption

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

1.4 Significant judgements and sources of estimation uncertainty

The use of judgment, estimates and assumptions is inherent to the process of preparing annual financial statements. These judgements, estimates and assumptions affect the amounts presented in the annual financial statements. Uncertainties about these estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of the relevant asset or liability in future periods. Actual results in the future could differ from these estimates which may be material to the annual financial statements.

Judgements

In the process of applying these accounting policies, management has made the following judgements that may have a significant effect on the amounts recognised in the financial statements

Estimates

Estimates are informed by historical experience, information currently available to management, assumptions, and other factors that are believed to be reasonable under the circumstances. These estimates are reviewed on a regular basis. Changes in estimates that are not due to errors are processed in the period of the review and applied prospectively.

Designation of property plant and equipment and intangible assets as non-cash generating assets

All items of property, plant and equipment and intangible assets are designated as non-cash generating assets as they are held to for service delivery purposes and are not expected to generate commercial returns

Other significant judgements, sources of estimation uncertainty and/or relating information, have been disclosed in the relating notes.

Provisions

Provisions are measured as the present value of the estimated future outflows required to settle the obligation. In the process of determining the best estimate of the amounts that will be required in future to settle the provision management considers the weighted average probability of the potential outcomes of the provisions raised.

This measurement entails determining what the different potential outcomes are for a provision as well as the financial impact of each of those potential outcomes. Management then assigns a weighting factor to each of these outcomes based on the probability that the outcome will materialise in future.

The factor is then applied to each of the potential outcomes and the factored outcomes are then added together to arrive at the weighted average value of the provisions.

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2025

Significant Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

Impairment for credit losses

The measurement of receivables is derived after consideration of the allowance for doubtful debts. Management makes certain assumptions regarding the categorisation of debtors into groups with similar risk profiles so that the effect of any impairment on a group of receivables would not differ materially from the impairment that would have been determined had each debtor been assessed for impairment on an individual basis.

The determination of this allowance is predisposed to the utilisation of estimates, assumptions and management judgements. In determining this allowance, the estimates are made about the probability of recovery of the receivables from exchange transactions based on their past payment history and risk profile.

Depreciation and amortisation

Depreciation and amortisation recognised on property, plant and equipment and intangible assets are determined with reference to the useful lives and residual values of the underlying items. The useful lives and residual values of assets are based on management's estimation of the asset's condition, expected condition at the end of the period of use, its current use, expected future use and the entity's expectations about the availability of finance to replace the asset at the end of its useful life. In evaluating the how the condition and use of the asset informs the useful life and residual value management considers the impact of technology and minimum service requirements of the assets.

1.5 Property, plant and equipment

Initial recognition and measurement

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

Items of property, plant and equipment are recognised as assets when it is probable that future economic benefits or service potential associated with the item will flow to the entity and the cost or fair value can be measured reliably.

Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost when acquired through exchange transactions. However, when items of property, plant and equipment are acquired through non exchange transactions, those items are initially measured at their fair values as at the date of acquisition.

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

The cost also includes the estimated costs of dismantling and removing the asset and restoring the site on which it is operated.

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

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

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

Subsequent measurement

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

Depreciation

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2025

Significant Accounting Policies

1.5 Property, plant and equipment (continued)

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The depreciable amount is determined after taking into account an assets' residual value, where applicable.

The assets' residual values, useful lives and depreciation methods are reviewed at each financial year-end and adjusted prospectively, if appropriate.

The annual depreciation rates are based on the following estimated asset useful lives and 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	8 to 15 years
Motor vehicles	Straight-line	5 years
Office equipment	Straight-line	4 to 10 years
Computer equipment (including cellular and related equipment)	Straight-line	1 to 10 years
Leasehold improvements	Straight-line	1 to 5 years
Finance lease assets	Straight-line	Lease term

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

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

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

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

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

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

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

The Eastern Cape Liquor Board separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements.

The entity tests for impairment where there is an indication that the asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period the impairment is identified.

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

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2025

Significant Accounting Policies

1.6 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. The entity recognises an intangible asset in its Statement of Financial Position when:

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

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

An intangible asset is recognised when:

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

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

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

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. 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 initially recognised at cost.

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

Subsequent measurement

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

The cost of an intangible asset is amortised over the useful life where that useful life is finite. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Financial Performance in the expense category consistent with the function of the intangible asset.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in the Statement of Financial Performance in the expense category consistent with the function of the intangible asset. During the period of development, the asset is tested for impairment annually.

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

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

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2025

Significant Accounting Policies

1.6 Intangible assets (continued)

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

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values. The annual amortisation rates are based on the following estimated average asset lives:

Item	Depreciation method	Average useful life
Computer software, internally generated	Straight line	24 months to indefinite
Computer software, other	Straight-line	1 to 6 years

The Eastern Cape Liquor Board discloses relevant information relating to assets under construction or development, in the notes to the financial statements.

Impairments

The entity tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is performed at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Intangible assets with indefinite useful lives are assessed for impairments at the end of each reporting period.

Derecognition

Intangible assets are derecognised:

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

The gain or loss arising from the derecognition of intangible assets is included in surplus or deficit when the asset is derecognised and is determined as the difference between the sales proceeds and the carrying value and is recognised into the Statement of Financial Performance (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.7 Financial instruments

Initial recognition

The entity recognises a financial asset or a financial liability in its Statement of Financial Position when, and only when, the entity becomes a party to the contractual provisions of the instrument.

Upon initial recognition the entity classifies financial instruments or their component parts as a financial liability, financial assets or residual interests in conformity with the substance of the contractual arrangement and to the extent that the instrument satisfies the definitions of a financial liability, a financial asset or a residual interest.

Financial instruments are evaluated, based on their terms, to determine if those instruments contain both liability and residual interest components (i.e. to assess if the instruments are compound financial instruments). To the extent that an instrument is in fact a compound instrument, the components are classified separately as financial liabilities and residual interests as the case may be.

Initial Measurement

When a financial instrument is recognised, the entity measures it initially at its fair value plus, in the case of a financial asset or a financial liability not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2025

Significant Accounting Policies

1.7 Financial instruments (continued)

Subsequent Measurement

Subsequent to initial recognition, financial assets and financial liabilities are measured at fair value, cost or amortised cost.

Derecognition of financial assets

A financial asset is derecognised at trade date, when:

- a) The cash flows from the asset expire, are settled or waived;
- b) Significant risks and rewards are transferred to another party; or
- c) Despite having retained significant risks and rewards, the entity has transferred control of the asset to another entity.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation is extinguished. Exchanges of debt instruments between a borrower and a lender are treated as the extinguishment of an existing liability and the recognition of a new financial liability. Where the terms of an existing financial liability are modified, it is also treated as the extinguishment of an existing liability and the recognition of a new liability.

Gains and losses

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

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

Offsetting

The entity does not offset financial assets and financial liabilities in the Statement of Financial Position unless a legal right of setoff exists and the parties intend to settle on a net basis.

Impairments

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

For financial assets held at amortised cost:

The entity first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant and individually or collectively for financial assets that are not individually significant. If the entity determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in the collective assessment of impairment.

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 (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss shall be reversed either directly or by adjusting an allowance account. The reversal shall 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.

For financial assets held at cost:

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2025

Significant Accounting Policies

1.7 Financial instruments (continued)

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

1.8 Tax

No provision for taxation has been made as the Eastern Cape Liquor Board is exempted in terms of Section 10 (1)(cA)(1) of the Income Tax Act (Act No 58 of 1962).

1.9 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. Assets subject to finance leases are recognised in the Statement of Financial Position at the inception of the lease, as is the corresponding finance lease liability.

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership. Assets subject to operating leases are not recognised in the Statement of Financial Position. The operating lease expense is recognised over the course of the lease arrangement.

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date; namely whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Measurement

Assets subject to a finance lease, as recognised in the Statement of Financial Position, are measured (at initial recognition) at the lower of the fair value of the assets or the present value of the future minimum lease payments. Subsequent to initial recognition these capitalised assets are depreciated over the contract term.

The finance lease liability recognised at initial recognition is measured at the present value of the future minimum lease payments. Subsequent to initial recognition this liability is carried at amortised cost, with the lease payments being set off against the capital and accrued interest. The allocation of the lease payments between the capital and interest portion of the liability is effected through the application of the effective interest method.

The finance charges resulting from the finance lease are expensed, through the Statement of Financial Performance, as they accrue. The finance cost accrual is determined using the effective interest method.

The lease expense recognised for operating leases is charged to the Statement of Financial Performance on a straight-line basis over the term of the relevant lease. To the extent that the straight-lined lease payments differ from the actual lease payments the difference is recognised in the Statement of Financial Position as either lease payments in advance (operating lease asset) or lease payments payable (operating lease liability) as the case may be. This resulting asset and / or liability is measured as the undiscounted difference between the straight-lined lease payments and the contractual lease payments.

Derecognition

The finance lease liabilities are derecognised when the entity's obligation to settle the liability is extinguished. The assets capitalised under the finance lease are derecognised when the entity no longer expects any economic benefits or service potential to flow from the asset.

The operating lease liability is derecognised when the entity's obligation to settle the liability is extinguished. The operating lease asset is derecognised when the entity no longer anticipates economic benefits to flow from the asset.

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2025

Significant Accounting Policies

1.9 Leases (continued)

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 (if available), or the applicable government lending rate.

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

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

Operating leases - lessee

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

Future expenses relating to operating leases are separately disclosed as operating lease commitments in note 18

1.10 Employee benefits

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

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- The proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- The proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- An entity's decision to terminate an employee's employment before the normal retirement date; or
- An employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

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

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2025

Significant Accounting Policies

1.10 Employee benefits (continued)

A constructive obligation is an obligation that derives from an entity's actions whereby an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Short-term employee benefits

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

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

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

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

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

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

Short term employee benefits are recognised in the Statement of Financial Performance as services are rendered, except for non-accumulating benefits, which are recognised when the specific event occurs. These short-term employee benefits are measured at their undiscounted costs in the period the employee renders the related service the specific event occurs. They are recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Contributions made towards the fund are recognised as an expense in the Statement of Financial Performance in the period that such contributions become payable/fall due. This contribution expense is measured at the undiscounted amount of the contribution paid or payable to the fund. A liability is recognised to the extent that any of the contributions have not yet been paid. Conversely an asset is recognised to the extent that any contributions have been paid in advance.

1.11 Commitments

Commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the notes to the annual financial statements. Commitments represent goods/services that have been ordered, but no delivery has taken place at the reporting date. Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Eastern Cape Liquor Board

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Significant Accounting Policies

1.11 Commitments (continued)

Commitments for which disclosure is necessary to achieve a fair presentation are disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost; and
- Contracts should relate to capital commitments (excluding operational commitments and routine business activities).

Approved and contracted commitments means the expenditure has been approved and the contract has been awarded at the reporting date.

Approved but not yet contracted commitments means the expenditure has been approved and the contract is awaiting finalisation at the reporting date.

Material contracts entered into after the reporting date but prior to the approval of the financial statements are disclosed under subsequent events.

1.12 Revenue from non-exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

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

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2025

Significant Accounting Policies

1.12 Revenue from non-exchange transactions (continued)

Measurement

Government grants

Government grants are recognised as revenue when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the Eastern Cape Liquor Board,
- The amount of the revenue can be measured reliably, and
- To the extent that there has been compliance with any restrictions associated with the grant.

The Eastern Cape Liquor Board assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, whichever is earlier.

When government remit grants on a reimbursement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

Donations and sponsorships

Other donations and sponsorships are recognised as revenue when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the Eastern Cape Liquor Board;
- The amount of the revenue can be measured reliably; and
- To the extent that there has been compliance with any restrictions associated with the donation and/or sponsorship.

If donations and sponsorships are received without conditions attached, revenue is recognised immediately. If conditions are attached, a liability is recognised, which is reduced and revenue recognised as the conditions are satisfied.

1.13 Revenue from exchange transactions

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

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

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

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.

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

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2025

Significant Accounting Policies

1.13 Revenue from exchange transactions (continued)

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

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.

1.14 Interest received

Investment income is recognised on a time-proportion basis which takes into account the effective yield on the asset over the period it is expected to be held.

1.15 Comparative figures

Current year comparatives (Budget)

Budget information in accordance with GRAP 1 and 24, has been provided in the Statement of Comparison of Budget and Actual amounts.

The financial statements and budget are presented on the same basis. A reconciliation between the surplus/(deficit) for the period as per the Statement of Financial Performance and Statement of Comparison of Budget is included in the statement.

Prior year comparatives

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are also reclassified and restated, unless such comparative reclassification and / or restatement is immaterial and not required by a Standard of GRAP. The nature and reason for such reclassifications and restatements are also disclosed.

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

The presentation and classification of items in the current year is consistent with prior periods.

1.16 Fruitless and wasteful expenditure

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

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2025

Significant Accounting Policies

1.16 Fruitless and wasteful expenditure (continued)

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and in instances where expenditure is recovered in subsequent financial years, it is accounted for as revenue in the statement of financial performance. Fruitless and wasteful expenditure recoverable in the year the expenditure is incurred is transferred to the statement of financial position as a receivable.

1.17 Irregular expenditure

Irregular expenditure is expenditure that is incurred in contravention with the Public Finance Management Act (PFMA), or is in contravention of the Provincial Treasury and the entity's Supply Chain Management principles and policies. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and disclosed in the notes to the financial statements. In instances where expenditure is condoned, it is subsequently accounted for as such in the disclosure notes and updated on the Irregular expenditure register.

1.18 Budget information

The approved budget is prepared on a accrual basis and presented by economic classification linked to performance outcome objectives by division, such details are provided on the annual performance plan and actual performance reported included in the annual report.

The approved budget covers the fiscal period from 01 Apr 2024 to 31 Mar 2025.

The financial statements and the relevant budget figures are both presented by economic classification therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

Comparative information is not required.

1.19 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.

The entity has processes and controls in place to aid in the identification of 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. Related party relationships where control exists are disclosed regardless of whether any transactions took place between the parties during the reporting period.

Where transactions occurred between the entity any one or more related parties, and those transactions were not within:

normal supplier and/or licensee/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 within the normal operating parameters established by the reporting entity's legal mandate;

Further details about those transactions are disclosed in the notes to the financial statements. Information about such transactions is disclosed in the financial statements.

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

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2025

Significant Accounting Policies

1.20 Events after reporting date (continued)

The ECLB 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.

1.21 Cash and cash equivalents

Cash and cash equivalents are measured at fair value which is considered to be equivalent to its carrying amount. Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the Cash Flow Statement, cash and cash equivalents includes cash on hand and deposits held on call with bank.

1.22 Contingent liabilities and contingent assets

A contingent liability is:

- a possible obligation, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future event(s) not wholly within the control of the entity; or
- a present obligation that is not recognised because, the outflow of economic benefits or service potential is not probable; or
- a real obligation, that may not be recognised, either because the timing or measurement is not known.

Contingent liabilities are not recognised. Contingent liabilities are disclosed in note 21.

A contingent asset is a possible asset that arises from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the entity.

Contingent assets are not recognised.

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the entity has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

GRAP 1 Presentation of Financial Statements
 GRAP 2 Cash Flow Statement
 GRAP 3 Accounting Policies, Changes in Accounting Estimates and Errors
 GRAP 9 Revenue from Exchange Transactions
 GRAP 13 Leases
 GRAP 14 Events After the Reporting Date
 GRAP 17 Property, Plant and Equipment
 GRAP 19 Provisions, Contingent Liabilities and Contingent Assets
 GRAP 20 Related Parties
 GRAP 21 Impairment of Non-cash generating Assets
 GRAP 23 Revenue from Non-Exchange Transactions (Taxes and Transfers)
 GRAP 24 Presentation of Budget Information in Financial Statements
 GRAP 25 Employee Benefits
 GRAP 31 Intangible Assets
 GRAP 34 Separate Financial Statements
 GRAP 107 Mergers
 GRAP 104 Financial Instruments
 GRAP 105 Transfers of Functions Between Entities Under Common Control
 GRAP 106 Transfers of Functions Between Entities Not Under Common Control

IGRAP21 The effects of past decisions on Materiality

2.2 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2025 or later periods. The entity is of the view that these standards will have none, to insignificant impact for the entity, as a result the entity has not early adopted these standards:

GRAP 104 Financial Instruments (Revised 2019)

• GRAP 107 Mergers	Not yet effective	Unlikely there will be a material impact
• GRAP 106 Transfer of Functions Between Entities Not Under Common Control	Not yet effective	Unlikely there will be a material impact
• GRAP 105 Transfer of Functions Between Entities Under Common Control	Not yet effective	Unlikely there will be a material impact
• GRAP 2023 Improvements to the Standards of GRAP 2023	Not yet effective	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements (Going Concern)	Not yet effective	Unlikely there will be a material impact
• GRAP 103 (as revised): Heritage Assets	Not yet effective	Unlikely there will be a material impact
• iGRAP 22 Foreign Currency Transactions and Advance Consideration	Not yet effective	Unlikely there will be a material impact
• GRAP 104 (as revised): Financial Instruments	Not yet effective	Unlikely there will be a material impact

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand

3. Property, plant and equipment

	2025		2024	
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation
				Accumulated depreciation and accumulated impairment
				Carrying value
Furniture and fixtures	3 599 292	(2 490 454)	1 108 838	3 581 241
Office equipment	1 592 638	(1 443 848)	148 790	1 592 638
Computer equipment	5 094 379	(4 288 943)	805 436	4 989 880
Leasehold improvements	950 559	(950 554)	5	950 559
Finance Lease Vehicles	8 770 532	(730 878)	8 039 654	5 703 092
Total	20 007 400	(9 904 677)	10 102 723	16 817 410
				(12 279 561)
				4 537 849

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	1 314 165	18 051	(223 378)	1 108 838
Office equipment	247 690	-	(98 900)	148 790
Computer equipment	1 017 214	104 499	(316 277)	805 436
Leasehold improvements	900	-	(894)	6
Finance Lease Vehicles	1 957 880	8 770 531	(2 688 757)	8 039 654
	4 537 849	8 893 081	(3 328 206)	10 102 724

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	1 544 716	-	-	(230 551)	1 314 165
Office equipment	356 849	13 698	-	(122 857)	247 690
Computer equipment	1 419 653	124 832	(24 379)	(502 892)	1 017 214
Leasehold improvements	2 689	-	-	(1 789)	900
Finance Lease Vehicles	3 362 101	919 075	-	(2 323 296)	1 957 880
	6 686 008	1 057 605	(24 379)	(3 181 385)	4 537 849

Assets subject to finance lease (Net carrying amount)

Finance lease vehicles	8 039 654	1 957 880
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The ECLB has assets that are fully depreciated, however these assets are still in use. The review of these asset's residual values, useful lives and depreciation methods at year end did not warrant an adjustment to be made.

The ECLB has spent R33 396 (2024: R36 248) repairing and maintaining its property, plant and equipment.

An amount of R128 909 (2024: R124 164) was spent by the ECLB on repairs and maintenance of leased premises as well as assets under finance lease agreement.

There were no proceeds on disposal of assets in the current year (2024: R32 890).

Security

Assets held under the finance lease agreement had a carrying value amounting to R8 039 655 (2024: R1 957 880) at year-end and were used as security for the finance lease obligation as disclosed in note 7 .

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2025

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Figures in Rand

2025 2024

4. Intangible assets

	2025		2024			
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, internally generated	1 240 219	-	1 240 219	1 240 219	-	1 240 219
Computer software, other	10 041 602	(9 571 435)	470 167	9 005 132	(8 580 703)	424 429
Intangible assets under development	6 000 000	-	6 000 000	1 500 000	-	1 500 000
Total	17 281 821	(9 571 435)	7 710 386	11 745 351	(8 580 703)	3 164 648

Reconciliation of intangible assets - 2025

	Opening balance	Additions	Amortisation	Total
Computer software, internally generated	1 240 219	-	-	1 240 219
Computer software, other	424 429	1 036 473	(990 733)	470 169
Intangible assets under development	1 500 000	4 500 000	-	6 000 000
	3 164 648	5 536 473	(990 733)	7 710 388

Reconciliation of intangible assets - 2024

	Opening balance	Additions	Amortisation	Total
Computer software, internally generated	2 843 507	-	(1 603 288)	1 240 219
Computer software, other	442 122	1 050 015	(1 067 708)	424 429
Intangible assets under development	-	1 500 000	-	1 500 000
	3 285 629	2 550 015	(2 670 996)	3 164 648

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2025

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4. Intangible assets (continued)

The ECLB incurred R20 833 in repairs and maintenance costs of intangible assets in the current year whilst prior year expenditure amounted to R226 504.

The entity's internally generated software was assessed as having indefinite useful life in prior years. The entity tests internally generated software for impairment as well as the adequacy of reported useful life annually. The technological events and circumstances related to the use of these assets had not changed in the current financial year and the entity can still effectively use the assets in support of business operations without any interruptions. As such, an assessment made indicated that the software could still assist business in the foreseeable future. The entity procured an internally developed licensing system which was earmarked for a public launch at the beginning of March 2025. However, due to major glitches experienced, the system could not be utilised in the month of March.

5. Receivables from exchange transactions

Receivables	1 674 341	1 396 139
Staff debt	647 038	635 528
Less: Impairment for credit losses	(1 535 377)	(508 788)
	786 002	1 522 879

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 6 months past due are not considered to be impaired. Receivables include rental deposits, hall hire deposits, staff recoverable expenditure relating to cellphone usage, study loans, prepayments and sundry debts. Trade receivables are impaired when recovery is highly unlikely and a provision relating to this has increased to R1 535 377 (2024: 508 788) due to the long outstanding debts whose recovery remains doubtful. At 31 March 2025, R 786 002 (2024: R 1 522 879) were past due but not impaired.

The amount of gross receivables increased as a result of an increase in prepayments relating to April rental that was paid on 31 March 2025.

The ageing of amounts past due is as follows:

1 month past due	786 002	1 522 879
More than 12 months past due	1 535 377	508 788

Reconciliation of provision for impairment of trade and other receivables

Opening balance	508 788	508 788
Provision for impairment	1 026 589	-
	1 535 377	508 788

6. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with ABSA Bank Ltd. Cash at bank earn interest at floating rates based on daily bank deposit rates. Interest earned on positive bank balances is reflected in note 10:

Cash on hand	931	9 500
Bank balances	26 840 811	30 922 665
	26 841 742	30 932 165

The entity has unrestricted title to cash and bank balances, and no portion of these are ceded in any way.

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

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6. Cash and cash equivalents (continued)

The entity had the following bank accounts

Licensing deposit account	17 292 663	13 702 612
Operational account	9 548 148	17 220 053
	26 840 811	30 922 665

7. Finance lease obligation

It is the ECLB's Policy to lease motor vehicles under finance lease agreements. The entity's previous finance lease agreement was for the period of 36 months (from 02 January 2022 to 31 December 2024). Upon the expiration of the previous finance lease contract on 31 December 2024, the entity entered into a new finance lease agreement with effect from 02 January 2025. The lease-term of the new lease agreement is for a period of 36 months (3 years) with the lease liability repayable in monthly instalments. The monthly instalments are paid on the last day of each month including finance charges using the government lending rates (equivalent to prime interest rate of 11%). This debt is secured by the finance lease assets as per note 3.

Minimum lease payments due

- within one year	3 462 315	2 374 856
- in second to fifth year inclusive	6 059 050	-
	9 521 365	2 374 856
less: future finance charges	(1 373 790)	(175 306)
	8 147 575	2 199 550

Present value of minimum lease payments

Present value of minimum lease payments due

- within one year	2 675 037	2 199 550
- in second to fifth year inclusive	5 472 538	-
	8 147 575	2 199 550
Non-current liabilities	5 472 538	-
Current liabilities	2 675 037	2 199 550
	8 147 575	2 199 550

The average lease term is 3 years and the average effective borrowing rate was 11% (2024: 16%).

All leases have fixed repayments and no arrangements have been entered into for contingent rent and monthly instalments are reviewed monthly.

The entity's obligations under finance leases are secured by leased assets as disclosed in note 3.

8. Payables from exchange transactions

Trade payables	1 007 001	211 714
Salary related	35 263	418 371
Revenue payable to DEDEAT	1 534 865	-
Accrued leave pay	3 480 357	1 963 804
Accrued bonus	5 973 915	5 259 866
Accruals	907 539	1 405 306
Sundry payables	16 256 654	15 092 127
Operating lease payables	628 830	1 119 784
	29 824 424	25 470 972

A major component of sundry payables relates to unallocated funds due to over / under payments as well as incorrect or insufficient information provided by licence holders and applicants. Revenue payable to DEDEAT relate to licensing revenue that was collected in the month of March 2025 and paid after year-end (in April 2025).

Eastern Cape Liquor Board

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Notes to the Annual Financial Statements

Figures in Rand

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8. Payables from exchange transactions (continued)

Accrued bonus relates to employee performance bonuses for the 2024/25 financial year which were paid subsequent to year-end following approval granted by the Accounting Authority on 29 April 2025. These amounts, together with accrued leave pay have not been included in the financial instruments amounts and related statements as they are specifically excluded from that standard. There is no other GRAP standard requiring additional disclosure of these amounts.

Accruals relate to normal payments for goods and services received by the entity in the normal course of its operations whose invoices were received either before or after year end.

Salary related amounts relate to balances (owing by) / due to third parties which have not been paid over at year end.

9. Other income

Insurance claim	-	1 300
Tender document fees	2 900	4 120
Sundry income	42 435	-
	45 335	5 420

10. Interest received

Interest revenue

Bank	2 171 657	2 244 691
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11. Revenue from non-exchange transactions

Operating grants

DEDEAT Transfer	88 759 000	99 623 000
Rollover funds approved and available	8 103 856	(8 103 856)
	96 862 856	91 519 144

The entity applied for a rollover of surplus funds relating to mainly to cloud backup facility as well as the development of a new licensing system that could not be completed in the 2023/24 financial year due to the nature of these projects (i.e. multi-year projects). All funds for which a rollover was applied were fully approved and available for use by the entity in the current year.

12. Personnel

Basic salaries (i)	48 805 537	44 361 138
Bonus	5 973 915	5 259 870
Medical aid contributions	430 781	492 939
Unemployment Insurance Fund	382 619	372 805
Workmen's compensation	209 975	68 723
Pension fund contributions	5 722 035	5 279 828
Net movement in leave accruals (ii)	1 516 553	162 595
	63 041 415	55 997 898

Explanation of significant variances:

(i) The increase in basic salaries is in line with the inflationary cost of living adjustments and performance related increments as approved by the Accounting Authority.

(ii) The increase in the net movement in leave accruals is attributable to the implementation of the Long Service Policy wherein employees were granted additional leave days which resulted to increased leave balances at the end of the year.

Eastern Cape Liquor Board

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Notes to the Annual Financial Statements

Figures in Rand	2025	2024
13. Administration and management fees		
General and administrative expenses	396 818	810 619
Board administrative expenses	507 461	478 401
Board Members honorarium	931 210	778 043
Audit Committee expenses	375 433	247 248
Storage costs	53 657	57 628
Travel and subsistence	3 045 861	4 055 351
Rentals in respect of operating leases	4 736 802	5 069 866
Insurance	937 829	894 299
Communication costs	4 029 984	3 280 873
	15 015 055	15 672 328

General and administrative costs mainly relate to day-to-day operating costs to support the mandate of the entity.

14. Depreciation and amortisation

Computer Equipment	316 276	502 892
Office Furniture and Fittings	223 378	230 553
Office Equipment	98 900	122 857
Amortisation - Computer Software	990 732	2 670 998
Leasehold Improvements	895	1 789
Finance lease - Vehicles	2 688 757	2 323 296
	4 318 938	5 852 385

15. Finance costs

Finance leases	411 128	546 549
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16. Operating expenses

Cleaning	321 231	323 574
Consulting and professional fees	49 199	107 427
Consumables and tools	14 555	46 036
Equipment rental	1 654 662	1 297 076
Fuel and oil	1 317 751	1 305 999
Legal costs	1 116 218	143 111
Maintenance, repairs and running costs	162 305	500 469
Staff recruitment	2 576	35 572
Printing and stationery	296 095	355 806
Social responsibility outreach programme	4 077 740	3 812 987
Staff training and development	147 366	115 549
Utilities	727 636	314 634
Other	442 877	618 298
	10 330 211	8 976 538

Other includes costs relating to call centre services, staff refreshments, employee wellness, postage and delivery as well as costs relating to the strategic planning session

17. Auditors' remuneration

Statutory audit - Auditor General	1 173 092	1 235 871
Internal Audit	398 664	277 601
	1 571 756	1 513 472

Eastern Cape Liquor Board

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Notes to the Annual Financial Statements

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	2025	2024
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18. Operating lease

The Eastern Cape Liquor Board has the following operating lease agreements:

- Office rental of properties in East London, Gqeberha, Cradock, Queenstown, and Mthatha with escalation fees ranging between 5.5% to 6.5%,
- Rental of network and printers with no escalation; and
- Rental of computer equipment with no escalation.

At the statement of financial position date, the ECLB had the above outstanding commitments under non-cancellable operating leases arrangements.

All entity operating lease contracts range between 36 and 60 months. These contracts are extended as and when the contracts come to an end to ensure continued service delivery.

The operating lease contracts for Gqeberha, Cradock and Queenstown regional offices came to an end in the current year, and as such were extended for the next five years. As at the reporting date, the related commitments in respect of all lease contracts have been included in the amounts disclosed below.

Up to 1 year	7 191 284	5 725 215
2 to 5 years	5 903 572	6 711 383
Total operating lease commitments	13 094 856	12 436 598

19. Cash generated from operations

Surplus	3 085 695	4 423 977
Adjustments for:		
Depreciation and amortisation	4 318 938	5 852 383
Loss/ gain on sale of assets	-	(8 511)
Finance costs - Finance leases	-	546 549
Debt impairment	1 026 589	-
Funds to be surrendered (approved rollover) to the revenue fund	(8 103 856)	8 103 856
Changes in working capital:		
Receivables from exchange transactions	(289 711)	(24 933)
Payables from exchange transactions	4 353 451	3 651 354
	4 391 106	22 544 675

20. Commitments

Authorised capital expenditure

Already contracted and provided for

• Property, plant and equipment	1 787 065	-
• Intangible assets	500 000	5 000 000
	2 287 065	5 000 000

Total capital commitments

Already contracted and provided for	2 287 065	5 000 000
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The above Capital Commitments relate to future capital expenditure committed on the ICT infrastructure and the Licensing system multi-year projects and exclude operating lease commitments disclosed in note 18.

The Eastern Cape Liquor Board, in line with GRAP and its Accounting policies opted against the disclosure of operational commitments and to only record these on its operational commitment registers for monitoring purposes. This has resulted in the reduction of the comparative figure by R6 975 309. This is also done to be more aligned with the entity's strategic objectives. The disclosure of operational commitments is not required by GRAP.

Eastern Cape Liquor Board

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21. Contingent liabilities

1. The Eastern Cape Liquor Board (hereafter referred to as "ECLB") received summons from the Plaintiff in 2019 who claims to have lost income due to an alleged wrongful cancellation his liquor licence. The case is pending before the Mqanduli Magistrates Court of South Africa.

The quantum claimed by the plaintiff is R180, 000. Moreover, the management of the ECLB considers the prospects of success of the case against the ECLB to be remote.

2. The ECLB has appealed a decision of the Panel of Appeals after it held that the duty to ensure that Ward Councillors attend to their legislative duty of conducting community consultation meetings fell within the ambit of the ECLB (and not that of the Applicant). In essence, this matter relates to an interpretation of Section 22(2)(d)(i) of the Eastern Cape Liquor Act, 2003 (Act no. 10 of 2003).

The application holds no quantum claim. Moreover, the management of the ECLB considers the prospects of success of the case against the ECLB to be remote.

3. The ECLB launched a review application, in terms of which it seeks to interdict the Respondent from trading and to have the Board's decision to issue a licence to the Respondent reviewed and set aside by the High Court in Mthatha. The ECLB approached the Court after becoming aware that the Respondent misled it to have their licence issued.

As the ECLB is the Applicant in this matter there is no quantum claim against the respondent. In addition, the management of the ECLB considers the prospects of success on the case to be favorable.

4. The ECLB refused a transfer application and provided the applicant (Transferor) the refusal correspondence with indication of the right to seek internal appeal should they intend appealing the decision. The internal remedy was not elected and in turn the Transferee has approached the High Court to seek remedy in respect of the refusal.

The application holds no quantum claim. However, the management of the ECLB considers the prospects of success of the case against the ECLB to be remote.

5. In addition, there is one labour related case that was referred by the former employee of ECLB to the Labour Court for an equal pay for equal work. The referral to the Labour Court was late. The employee applied for a condonation of lateness and the Court upheld the application on 08 September 2023. The Parties are now waiting for the Court date of the hearing of the merits of the matter.

The matter holds no quantum claim. However, the management of the entity considers the prospects of success of the case against the entity to be remote.

6. The entity has applied for the rollover of surplus funds from the Provincial Treasury to comply with Instruction Note No.6 of 2024/25 regarding "year end disclosure, retention and surrender of surplus funds by provincial Public and Trading entities".

In terms of Annexure A as contained in the aforementioned Instruction Note, the calculation of surplus funds revealed that the entity's unspent funds (bank balance of R9,548,148 as at 31 March 2025) were fully committed and as such there was no quantum amount of the surplus funds derived that ought to be surrendered.

The Provincial Treasury will finalise preliminary assessment and approve the retention in principle by 31 July annually; and final approval will be issued by 30 November annually in line with provincial adjusted estimates of revenue and expenditure. The management of the ECLB considers the prospects of success of the rollover application to be favorable.

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22. Related parties

Relationships

Board Members and members of senior management
Controlling entity

Refer to members' report note 23
Department of Economic Development,
Environmental Affairs and Tourism
Coega Development Corporation
East London Industrial Zone
Eastern Cape Development Corporation
Eastern Cape Gambling and Betting Board
Eastern Cape Parks and Tourism Agency
Refer to note 24

Entities under the same controlling entity

Members of key management

Related party transactions

Controlling entity related transactions

Revenue from non-exchange transactions through DEDEAT	96 862 856	99 623 000
Revenue received on behalf of DEDEAT	23 259 005	21 934 430
Revenue paid to DEDEAT	(21 724 140)	(22 080 650)
Revenue due to DEDEAT	(1 534 865)	(146 220)

The Eastern Cape Liquor Board (ECLB) receives an allocation appropriated by the Legislature through the Department of Economic Development Environmental Affairs and Tourism (DEDEAT). The annual allocations are reflected above as revenue from non-exchange transactions including R8 103 856 relating to the approved rollover of surplus funds from prior year.

Registered and prospective liquor traders make deposits made into the licensing bank account which are reconciled with licensing reports to record revenue collected for the reporting period, reflected above as revenue received on behalf of DEDEAT. Consideration is made for timing differences between all licensing activities around revenue received, recognition thereof and payment to DEDEAT. Funds identified and reconciled within the reporting period are paid over to DEDEAT whilst amounts identified and reconciled outside reporting periods are accrued for and recorded as revenue due to DEDEAT.

Unallocated amounts relating mainly to payments made with wrong reference numbers, short-payments, payments for applications that have not been lodged yet, wrong payments meant for accounts liquor traders have with the liquor industry (liquor traders not differentiating between payment to the liquor industry and ECLB) and overpayments relating to licence registration and renewals are recorded under sundry payables and included in note 9.

Audit Committee fees

Ms. V. Ntsodo-Boyce (Chairperson)	155 036	64 400
Mr. P. Zitumane (Deputy Chairperson)	66 143	33 400
Mr W. Manthe	72 054	25 188
Mr. D. Rorwana	65 400	46 400
Mr. N. Baloyi	14 400	-
Mr. P. Jizana	2 400	-

Mr. P. Jizana was a member of the Audit Committee while also employed by the Department of Public Works. He was therefore paid a data allowance and no meeting fees were paid to him. He has since left the Audit Committee and was duly replaced.

Mr. W. Manthe was appointed to the entity's Board by the MEC of DEDEAT in May 2023, and the ECLB Board Members appointed him to represent the Board in the Audit Committee.

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22. Related parties (continued)

Key management information

Class	Description	Number
Board members	Accounting Authority of the ECLB appointed by the MEC for the Department of Economic Development, Environmental Affairs and Tourism. Fiduciary duties of the Accounting Authority are stipulated in section 50 of the PFMA, Act 1 of 1999.	4
Audit Committee members	Committee of the Board whose composition and responsibilities are in line with the PFMA. Audit Committee comprises of 1 Board Member and 4 independent members.	5
Executive management	Comprises of the Accounting Officer being the Chief Executive Officer of the ECLB reporting directly to the Board Members. The following direct reports of the Chief Executive Officer form part of the Executive Management: Chief Financial Officer, Chief Inspector, Senior Manager: Licensing, Senior Manager: Corporate Services as well as the Senior Manager: Social Accountability.	6

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23. Emoluments to Senior Management and Board Members

Senior Management

2025

	Total Cost To Company	Performance Bonuses*	Total
Dr. N. Makala (Chief Executive Officer)	2 706 931	296 127	3 003 058
Ms. A Vikilahle (Chief Financial Officer - Resigned on 31 July 2024)	672 103	-	672 103
Mr. Z Tyikwe (Chief Inspector)	1 891 841	203 217	2 095 058
Mr. P. Tyali (Senior Manager: Licensing)	2 028 535	200 876	2 229 411
Ms. L. Tini (Senior Manager Corporate Services)	1 715 058	134 634	1 849 692
Dr. M. Msiya (Senior Manager Social Accountability)	1 536 000	164 950	1 700 950
Mr. Z. Zibi (Chief Financial Officer - Appointed on 01 November 2024)	810 248	64 019	874 267
	11 360 716	1 063 823	12 424 539

2024

	Total Cost To Company	Performance Bonuses*	Total
Dr. N. Makala (Chief Executive Officer)	2 516 119	336 691	2 852 810
Ms. A. Vikilahle (Chief Financial Officer)	1 654 525	179 837	1 834 362
Mr. Z. Tyikwe (Chief Inspector)	1 758 529	186 605	1 945 134
Mr. P. Tyali (Senior Manager: Licensing)	1 759 473	182 151	1 941 624
Ms. L. Tini (Senior Manager: Corporate Services)	1 594 218	165 023	1 759 241
Dr. M. Msiya (Senior Manager: Social Accountability)	1 070 844	148 712	1 219 556
	10 353 708	1 199 019	11 552 727

* The amount shown as bonuses above relates to the accrual recognised in terms of the Policy on the Performance Management and Development System.

Non-executive Board Members

2025

	Board Members' fees for service	Cellphone allowance	Travel reimbursement	Total
Mr. M. Gobingca (Chairperson)	563 160	18 000	43 862	625 022
Dr. M Mboto	-	-	120 697	120 697
Ms. N.N. Nongogo	170 650	-	17 167	187 817
Mr. W. Manthe	197 400	-	13 064	210 464
	931 210	18 000	194 790	1 144 000

2024

	Board Members' fees for service	Cellphone allowance	Travel reimbursement	Total
Mr. M. Gobingca (Chairperson from 01/04/2023)	436 500	18 000	30 717	485 217
Dr. M. Mboto	-	-	133 608	133 608
Ms. N.N. Nongogo	205 300	-	31 987	237 287
Mr. W. Manthe	137 300	-	24 838	162 138
	779 100	18 000	221 150	1 018 250

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24. Risk management

Liquidity risk

Liquidity risk is the risk that the entity will not be able to meet its financial obligations as they fall due. The entity's risk of liquidity is therefore as a result of the funds availability to cover future commitments. The entity manages liquidity risk through ensuring that adequate funds are available to meet its expected and unexpected financial commitments through an ongoing review of cash flows and future commitments and related budgets.

The table below analyses the entity's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Refer to note 6 and below for financial assets exposed to liquidity risk.

Maturity analysis of non-derivative financial liabilities

At 31 March 2025

	From 1 to 12 months	More than 12 months	Total
Finance leases	2 675 037	5 472 538	8 147 575
Trade and other payables - Exchange transactions	20 370 152	-	20 370 152

At 31 March 2024

	From 1 to 12 months	More than 12 months	Total
Finance leases	2 199 550	-	2 199 550
Trade and other payables - Exchange transactions	18 247 302	-	18 247 302
Trade and other payables - Non-exchange transactions	8 103 856	-	8 103 856

Credit risk

Credit risk refers to the risk that the counter party will default on its contractual obligations resulting in financial loss to the entity. The entity has adopted a policy of only dealing with credit-worthy parties

Credit risk consists mainly of cash deposits, cash equivalents and receivables from exchange transactions. The entity only deposits cash with major banks with high quality credit standing.

Credit risk relating to receivables from exchange transactions is limited and relates mostly to rental deposits, staff debt as well as licensing fees paid in advance to DEDEAT due to payments received with limited or incorrect information also referred to as unallocated payments. Fees paid to DEDEAT are also disclosed in related party transactions.

All financial assets and liabilities are subsequently measured at amortised cost, with the exception of cash and cash equivalents which are carried at their fair values at the end of the reporting period.

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

Financial assets

Cash and cash equivalents	26 841 742	30 932 165
Receivables from exchange transactions	786 002	1 522 879
	27 627 744	32 455 044

Financial liabilities

Payables from exchange transactions	20 370 152	18 247 302
Payables from non-exchange transactions	-	8 103 856
Finance lease obligations	8 147 575	2 199 550
	28 517 727	28 550 708

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24. Risk management (continued)

Market risk

The entity's activities exposes it primarily to the risks of fluctuations in interest rates.

Interest rate risk refers to the risk that the fair value of future cash flows of a financial instruments will fluctuate because of changes in market interest rates.

The entity manages interest rate risk through negotiating preferential rates with its financial institution on all savings, as well as the use of fixed interest rates where possible.

25. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business for at least the next 12 months.

Further to that, the entity has implemented revisions of the Eastern Cape Liquor Authority Act 4 of 2018 which was asserted to and published in the Provincial Government Gazette on 11 March 2019. The DEDEAT and ECLB have also finalised the Liquor Regulations in line with the new Act which is a further confirmation of the entity's ability to continue operating in the foreseeable future.

A proposal on the merger of ECGB and ECLB has been made by the Provincial Treasury, but no formal instruction or announcement in this regard has been made. At reporting date, there were no indications that the ECLB would cease to exist (in its current form) in the next twelve months.

26. Events after the reporting date

The ECLB received letters of demand and statutory notices after the 31st of March 2025 from the legal representatives of the families of the 20 (twenty) victims of the Enyobeni Tavern tragedy, which occurred on 26 June 2022.

The claimants are demanding a payment of R1 500 000 (one million five hundred thousand rands) each, which amounts to R30 000 000 (thirty million rands) for the 20 (twenty) victims affected. The claims are in respect of damages suffered by the families of the victims. The ECLB is cited as a Respondent on the basis of its statutory responsibility as the Eastern Cape provincial liquor regulator for the issuance of licences and enforcement of compliance within the Eastern Cape province. The ECLB considers the prospects of success of these claims against the entity to be remote as the allegations were considered to be unfounded with no legal merits. Accordingly, the ECLB has provided formal response to the aforesaid letters of demand and statutory notices placing on record its intention to defend against any contemplated legal proceedings as referred to in the aforementioned letters of demand and statutory notices.

Subsequently, it came to the ECLB's attention that the Department of Economic Development, Environmental Affairs and Tourism (DEDEAT) was also served with letters of demand and statutory notices. As of the reporting date, there were no formal summons received by the entity. The ECLB will respond accordingly upon receipt of legal summons.

27. Fruitless and wasteful expenditure

Add: Fruitless and wasteful expenditure identified - current
Less: Amount recovered - current

- 6 020
- (6 020)

Closing balance

- -

Fruitless and wasteful expenditure relates to paid amounts which could have been avoided by the employee concerned and the amounts have been recovered from respective employee.

There were no incidents of irregular, fruitless and wastful expenditure that were identified and incurred in the current year.

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28. BBBEE Performance

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