



EASTERN CAPE
LIQUOR BOARD

**ANNUAL
REPORT
2025/2026**



ANNUAL REPORT 2025/2026

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EASTERN CAPE
LIQUOR BOARD

PART A
GENERAL
INFORMATION

1. PUBLIC ENTITY'S GENERAL INFORMATION

Country of domicile	South Africa
Accounting authority	Mr M. Gobingca Dr M. Mboto Ms N. Nongogo Mr W. Manthe Ms P. Tshwete (term commenced 12 May 2025)
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 AND ACRONYMS

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
B-BBEE	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	POPIA	Protection of Public Information Act
FAS	Foetal Alcohol Syndrome	RAF	Road Accident Fund
FNB	First National Bank	SAB	South African Breweries
GBV	Gender Based Violence	SALGA	South African Local Government Association
GDP	Gross Domestic Product	SAPS	South African Police Services
GIS	Geographical Information Systems	SARS	South African Revenue Services
GRAP	Generally Recognised Accounting Practise	SEDA	Small Enterprise Development Agency
GTAC	Government Technical Advisory Centre	SEFA	Small Enterprise Finance Agency
		MSME	Micro Small and Medium Enterprise

3. FOREWORD BY THE CHAIRPERSON

INTRODUCTION

It is my privilege and honour, on behalf of the Eastern Cape Liquor Board, to present the Annual Report for the 2025/26 financial year.

This has been a year in which the Board sharpened its focus on the two obligations sitting at the heart of our mandate: opening opportunities into the liquor industry for legitimate traders, while closing the door firmly on those who operate outside the law. The legal use of alcohol remains deeply woven into South African and Eastern Cape social and economic life; however, all efforts must be strengthened to combat the scourge of alcohol abuse and underage drinking. I am satisfied that, notwithstanding real resource constraints, the Board discharged this dual mandate during the year under review with discipline, integrity, and measurable impact.

GOVERNANCE AND FINANCIAL STEWARDSHIP

Sound governance is the foundation of the ECLB Board. I am pleased to report that the ECLB again obtained an Unqualified Audit Outcome without findings for 2025/26 financial year, extending an unbroken run of clean, unqualified audit outcomes over the past eight (8) years. This did not happen by accident; it reflects deliberate investment in internal controls, consistent in-year monitoring, and a culture of accountability that runs from the Board through to every official who handles public funds.

That same discipline is evident in our financial management. Of the R85.839 million allocated to the entity for the year, R85.837 million was utilised in pursuit of our mandate, with cost-containment measures observed throughout in line with National Treasury requirements, and no irregular procurement transactions occurring.

“An Unqualified Audit without findings, sustained for eight consecutive years.”

REGULATORY ENVIRONMENT

The Board welcomed the publication of the amended Regulations to the Eastern Cape Liquor Act, 2003 – a first step toward the strengthened regulatory toolkit this entity has long argued for. I remain committed, together with my fellow Board members, to continued engagement with our Executive Authority and the Provincial Legislature to finalise the Eastern Cape Liquor Authority Act, 2018, which will give the ECLB enforcement powers proportionate to the scale of the industry it regulates.

ENFORCEMENT WITH INTEGRITY

Our inspectors conducted 3,552 post-registration compliance inspections this financial year, and 96% of new applications received were pre-registered. We carried out 95 joint blitz operations in collaboration with the South African Police Service, municipal metro police, and other stakeholders. There were 408 people who were operating unregistered outlets and they were referred to the criminal justice system, resulting in fines totalling R551,897.

I want to be candid about the environment in which these results were achieved: – as few as 21 to 23 inspectors are currently responsible for regulating more than 7,500 registered outlets across the province. A case in point is Buffalo City Metro: the number of registered outlets grew from 515 to 975 in the two years following the Enyobeni Tavern tragedy, while the number of inspectors grew only to four. The Board continues to prioritise the designation of ECLB inspectors as Peace Officers, the extension of Designated Liquor Officer to SAPS officers, and a shift toward risk-based, intelligence-led inspections as the most immediate way to close this gap while the longer legislative process runs its course. Nationally, the illicit alcohol trade is now estimated at R25.1 billion, roughly 18% of all alcohol sold, remaining the fastest-growing risk to everything this Board is working to build, and one no province can regulate its way out of alone.

BUILDING AN INCLUSIVE LIQUOR INDUSTRY

Transformation of the liquor sector remains a deliberate focus of the Board. The Board facilitated the formal registration of two new liquor traders' associations and supported two Black-owned liquor traders from Mthatha and Willowvale in lodging applications to move into liquor distribution. The Langkloof Apple Project advanced into its next phase, with Heineken Beverages and ABSA Bank both playing a role in moving it from concept toward a fundable business case. Our supply chain practices were effective in leveraging our procurement spend deliberately towards local economic development imperatives, with 74% of the entity procurement spend going to Eastern Cape-based MSME's, well above our 60% target.

PROTECTING OUR YOUNG PEOPLE

Nowhere is the human cost of alcohol misuse felt more acutely than among the province's children, and the Board's social accountability programme in this regard continued to grow in both reach and ambition. A total of 172,927 people were reached through education and awareness interventions this year, an increase of almost 80% on the 97,237 reached in 2024/25. School-based campaigns alone reached 135,754 learners through 152 sessions across five districts and two metropolitan municipalities. Our School Ambassador Programme, which trains learners to carry anti-underage-drinking messages to their peers, has now been introduced in 115 schools, producing 460 learner ambassadors across eight municipal areas.

This work is at the centre of our efforts to prevent tragedies, and I am encouraged by the entity's intention to extend the Ambassador Programme into institutions of higher learning.

THE ROAD AHEAD

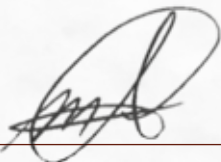
The gains recorded in this report were realised despite the limited number of resources available to the Board. Closing the gap between our mandate and our capacity will remain the Board's central priority for 2026/27. This includes finalising the amendment of the Eastern Cape Liquor Authority Act, 2018; building the case for organisational structure review including the additional Inspector posts; finalising the Peace Officer designation; formalising partnerships with development finance institutions such as the National Empowerment Fund and the Small Enterprise Finance Agency to open a dedicated funding window for micro-traders; and building the small research and monitoring-and-evaluation capability the Board needs in order to demonstrate, with evidence, where its interventions are working. None of this is beyond our reach, but it will require sustained support from our Executive Authority and continued collaboration with our law-enforcement, municipal, and industry partners.

APPRECIATION

I would like to extend my sincere appreciation to my fellow Board members, whose oversight and guidance shaped every decision reflected in this report, and I welcome Ms P. Tshwete, who joined the Board in May 2025. My thanks go to the MEC for Economic Development, Environmental Affairs and Tourism (DEDEAT), and to the Department, for their continued support and oversight.

To Dr N. Makala, the Chief Executive Officer, and to the management and staff of the ECLB, the results recorded in this report are the product of your disciplined execution ethos and commitment, often under considerable pressure, and the Board is grateful for this. Finally, to all of our key stakeholders, the South African Police Service, our municipal partners, industry partners, government departments and the many communities that work alongside us: thank you for continuing to hold up your end of a shared responsibility.

I commend this Annual Report to our Executive Authority, the Provincial Legislature, and the people of the Eastern Cape.



Mr M. Gobingca
Chairperson of the Board

31 August 2026

4. REPORT OF THE CHIEF EXECUTIVE OFFICER

INTRODUCTION

I am pleased to present the performance of the Eastern Cape Liquor Board for the 2025/26 financial year. Regarding a liquor industry that keeps growing and changing shape, and capacity constraints that have never fully eased, the entity kept its focus on execution, and the results below reflect what that discipline produced across licensing, compliance, community outreach and financial management.

Overall, the entity achieved 17 of its 18 planned annual targets, translating to a 94% achievement rate. Organisational performance was monitored, evaluated, reported on and audited every quarter; all policies due for review were reviewed; and the entity met all of its statutory obligations.

REGULATORY EFFICIENCY AND LICENSING

The turnaround improved through concrete operational changes, as the Licensing and Compliance divisions began jointly tracking the application pipeline every week. The Licensing Committee met twice a month to ensure that the legislated timeframes were met.

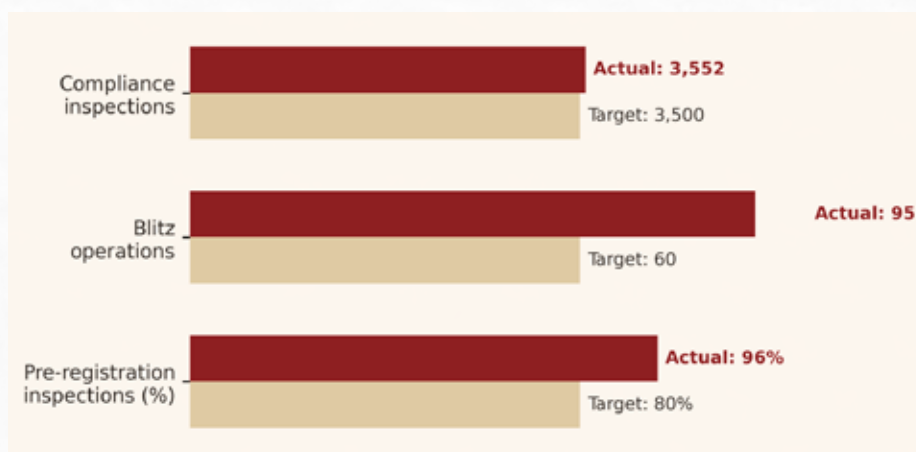
Transformation of the sector progressed with two new liquor traders' associations, for which the entity facilitated registration. The entity assisted two Black-owned traders in lodging their applications, after which they will move into the distribution category in the liquor industry value chain. The Langkloof Apple Project was identified by the Hon. MEC Nongqubela Pieters during her engagements with communities. This project, also owned by black farmers, is advancing into its next phase with support from Heineken Beverages and ABSA Bank. In the period under review, four new micro-manufacturing licences were issued, taking the number of registered micro-manufacturers to 26 province-wide.

COMPLIANCE AND ENFORCEMENT

The Compliance and Enforcement programme once again exceeded its targets by conducting 3,552 post-registration inspections. 95 joint blitz operations were carried out with the South African Police Service (SAPS) and Municipal Law Enforcement agencies and in some instances with the community leaders. During these blitz operations, 408 people operating illegally were identified and referred to the criminal justice system, resulting in fines totalling R551,897, with alcohol valued at R870,000 confiscated.

This performance was achieved with the limited number of 23 inspectors who work province-wide on both pre- and post-compliance inspections.

COMPLIANCE AND ENFORCEMENT: TARGET VS ACTUAL



SOCIAL ACCOUNTABILITY AND COMMUNITY IMPACT

The entity implemented 520 education and awareness interventions through the four thematic areas, namely underage drinking, responsible drinking and trading, Foetal Alcohol Syndrome (FAS), and road safety, reaching a total of 172,927 people in partnership with different stakeholders. We can never overemphasise the importance of collaboration with various stakeholders in achieving our targets and spreading our footprint across the province.

Through our School Ambassador Programme, ECLB trained 460 learner peer-educators to sustain the “No to Underage Drinking” messaging in 115 schools across different municipal areas in the province. This work was done in conjunction with the Department of Education, SAPS, the Department of Social Development, DEDEAT, the Council of Churches, and Traditional Leadership structures. 20 social responsibility interventions were conducted, and a sum of R 497,680 was invested in CSI interventions.

ORGANISATIONAL CAPABILITY

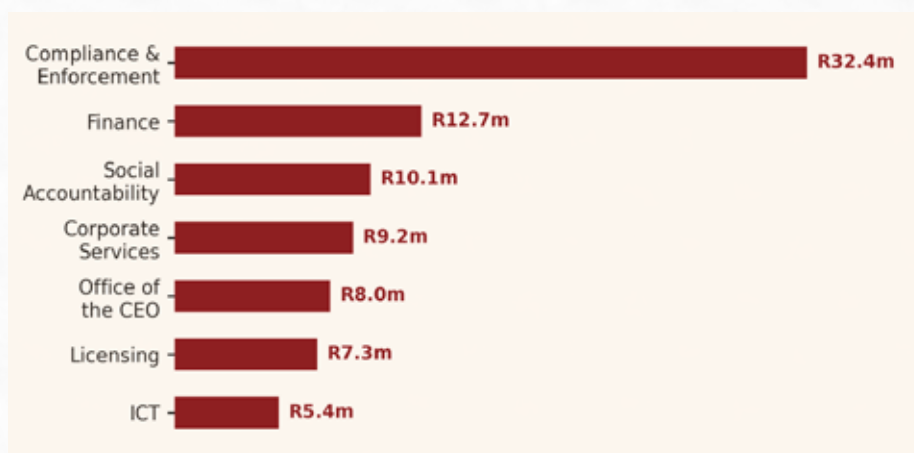
None of this operational performance could have been achieved without a capable organisation behind it. Amongst the targets that were set for this period, HR Maturity Level 4 was achieved, and this was underpinned by the implementation of a new Human Resource Information System. With the guidance of the active ICT Steering Committee, the entity ensured that the infrastructure uptime was always at 98% and 100%. Full migration to a cloud-based primary and secondary data environment was successfully implemented, and a newly institutionalised ICT Helpdesk was established.

The institution remains candid, however, about where our capacity still falls short in our mandate. The entity closed the year with 78 employees against 91 approved posts, a 14% vacancy rate concentrated most heavily in Compliance and Enforcement, where 13 of 91 approved posts remain unfunded. This is the biggest constraint on how much further the inspectorate programme results can grow, and it requires sustained engagement with our Executive Authority on funding for critical frontline posts.

FINANCIAL MANAGEMENT

The entity spent R85.837 million of its R85.839 million budget for the year. The cost-containment measures were applied and fully executed in line with National Treasury requirements. No irregular, unauthorised and fruitless expenditures were identified in this period. The entity’s preferential procurement framework continues to support local economic development, with 74% of the procurement budget spent directly on Eastern Cape-based MSMEs, against the 60% target. This financial discipline underpinned the entity’s Unqualified Audit Outcome without findings for 2025/26, extending an unbroken record of clean and unqualified outcomes since 2018/19.

ACTUAL EXPENDITURE BY PROGRAMME (R'000)



LOOKING AHEAD

For 2026/27, management’s priorities follow directly from the constraints set out above and from closing the gap between the ECLB’s mandate and the resources available to deliver it. Management’s priorities for the year ahead include building the funding case for critical Inspector posts and finalising the designation of ECLB inspectors as Peace Officers; extending the School Ambassador Programme into institutions of higher learning; strengthening collaborations with stakeholders to augment the resources in order to deliver on our mandate; and securing the budget needed to institutionalise a small research and monitoring-and-evaluation function.

APPRECIATION

The Management and Staff of the Eastern Cape Liquor Board (ECLB) extend their sincere appreciation to the Board Chairperson and Members of the Board for their unwavering leadership, strategic guidance, and commitment to advancing

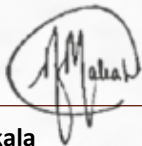
the organisation's mandate. Their governance, oversight, and strategic direction have been instrumental in strengthening the organisation and achieving its strategic objectives. We further extend our gratitude to the Executive Management team for their collaborative leadership, sound decision-making, and unwavering commitment to organisational excellence.

We also extend our sincere appreciation to every ECLB employee: your professionalism, dedication and commitment to ensure that the ECLB continues to deliver on its legislative mandate does not go unnoticed.

The ECLB gratefully acknowledges the continued support and strategic partnership of its shareholder, the Department of Economic Development, Environmental Affairs and Tourism (DEDEAT). The Department's guidance and support have played a significant role in strengthening the organisation's governance, institutional capacity and service delivery. We also recognise the Portfolio Committee for its invaluable oversight, guidance and commitment to promoting transparency, accountability, and good governance.

Finally, we express our sincere gratitude to our stakeholders and partners across government, law enforcement agencies, municipalities, industry, civil society and communities for their continued collaboration and support. These partnerships remain central to the ECLB's ability to fulfil its mandate and create a safer, more responsible liquor environment within the province.

As we look to the future, we remain committed to strengthening existing partnerships, forging new strategic collaborations, and working collectively to advance effective liquor regulation, socio-economic development, and public safety in the Eastern Cape.



Dr. N. Makala

Chief Executive Officer

31 August 2026

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.

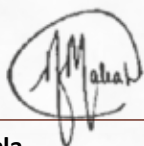
The Accounting Authority is responsible for the preparation of the annual financial statements and for the judgments made in this information.

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.

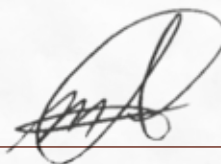
In our opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the public Entity for the financial year ended 31 March 2026.

Yours faithfully



Dr. N. Makala
Chief Executive Officer

31 August 2026



Mr. M. Gobingca
Chairperson of the Board

31 August 2026

6. STRATEGIC OVERVIEW

VISION

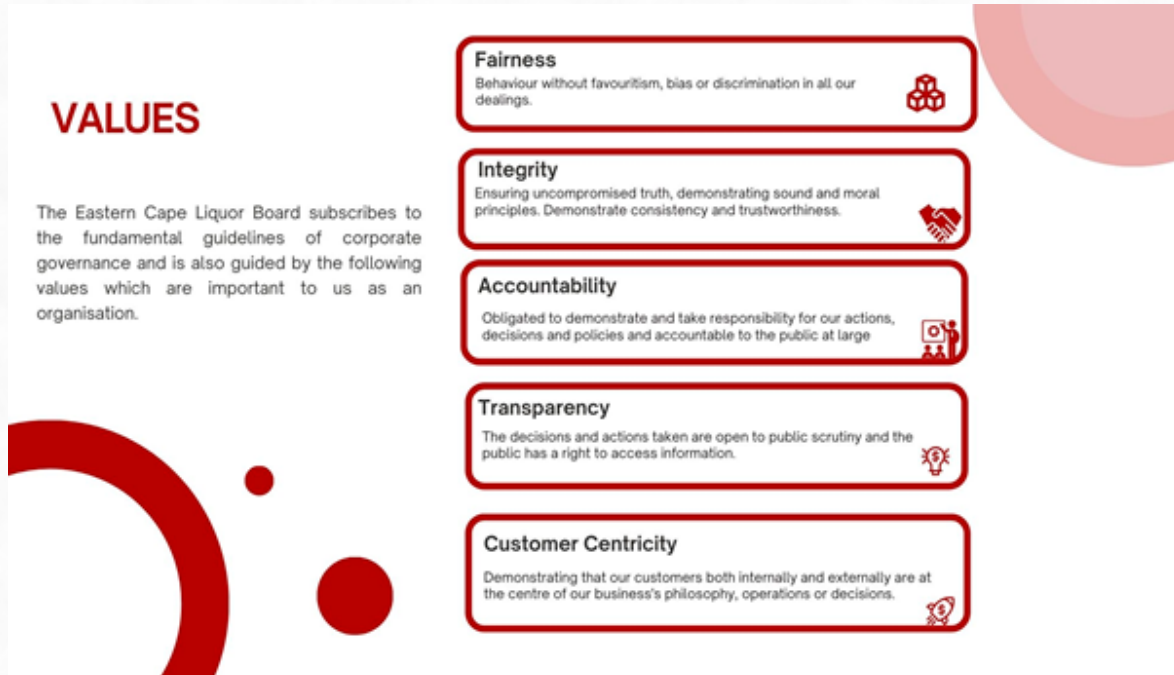
To be a leading liquor authority that drives economic transformation, promotes diversification and social cohesion.

MISSION

A responsible, effective regulator that consciously drives transformation of the liquor industry by promoting compliance and responsiveness, whilst mitigating the adverse effects of excessive, irresponsible alcohol consumption and reducing social ills.

VALUES

TABLE 1: ECLB VALUES



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;
- to 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; and
 - those involved in the liquor industry may attain and maintain adequate standards of service delivery.
- to facilitate participation by ward committees and communities in the consideration of applications for registration certificates; and
- to ensure that the particular realities confronting the liquor industry in the province can be addressed.

The ECLB 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.



OUR BOARD COMPOSITION

Mr Mandlenkosi Gobingca

	Designation	Chairperson	Qualifications • Bachelor of Arts • Postgraduate Diploma in Management • Management Advanced Program • Program in Road Transport Management
	Date appointed	Appointed: 25/02/2021 Term extended	
	Gender / Race	Male / Black African	

Dr Mzukisi Mboto

	Designation	Board Member	Qualifications • Doctor of Public Administration • Master of Public Administration • Bachelor of Administration • Post Graduate Certificate in Leadership Development Programme • Advanced Certificate in Area Development
	Date appointed	Appointed: 26/01/2021 Term extended	
	Gender / Race	Male / Black African	

Ms Ncumisa Nomfundo Nongogo

	Designation	Board Member	Qualifications • B Juris • LLB
	Date appointed	Appointed: 11/03/2024	
	Gender / Race	Female / Black African	

Mr Wayne Manthe

	Designation	Board Member	Qualifications • CA (SA) • Postgraduate Diploma in Accounting • Certificate in Theory and Practice of Auditing • Bachelor of Commerce (majors in Accounting and Commercial Law)
	Date appointed	Appointed: 01/05/2023	
	Gender / Race	Male /White	

Ms Pam Tshwete

	Designation	Board Member	Qualifications • National Diploma in Nursing Management in Primary Health Science • Certificate in Computer Literacy • Certificate in Advance Course in Public Administration
	Date appointed	Appointed: 12/03/2025	
	Gender / Race	Female / Black African	

EXECUTIVE MANAGEMENT



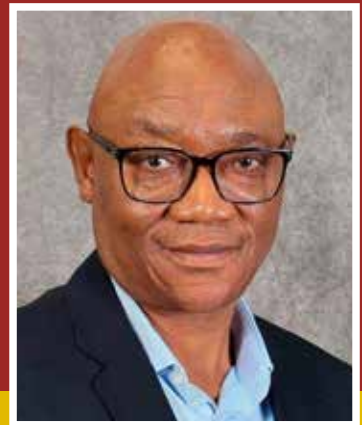
DR NOMBUYISELO MAKALA
CHIEF EXECUTIVE OFFICER



MR ZOLILE ZIBI
CHIEF FINANCIAL OFFICER



MS KERRY-ANNE OOSTHUYSEN
SENIOR MANAGER LICENSING



MR ZOLA TYIKWE
CHIEF INSPECTOR

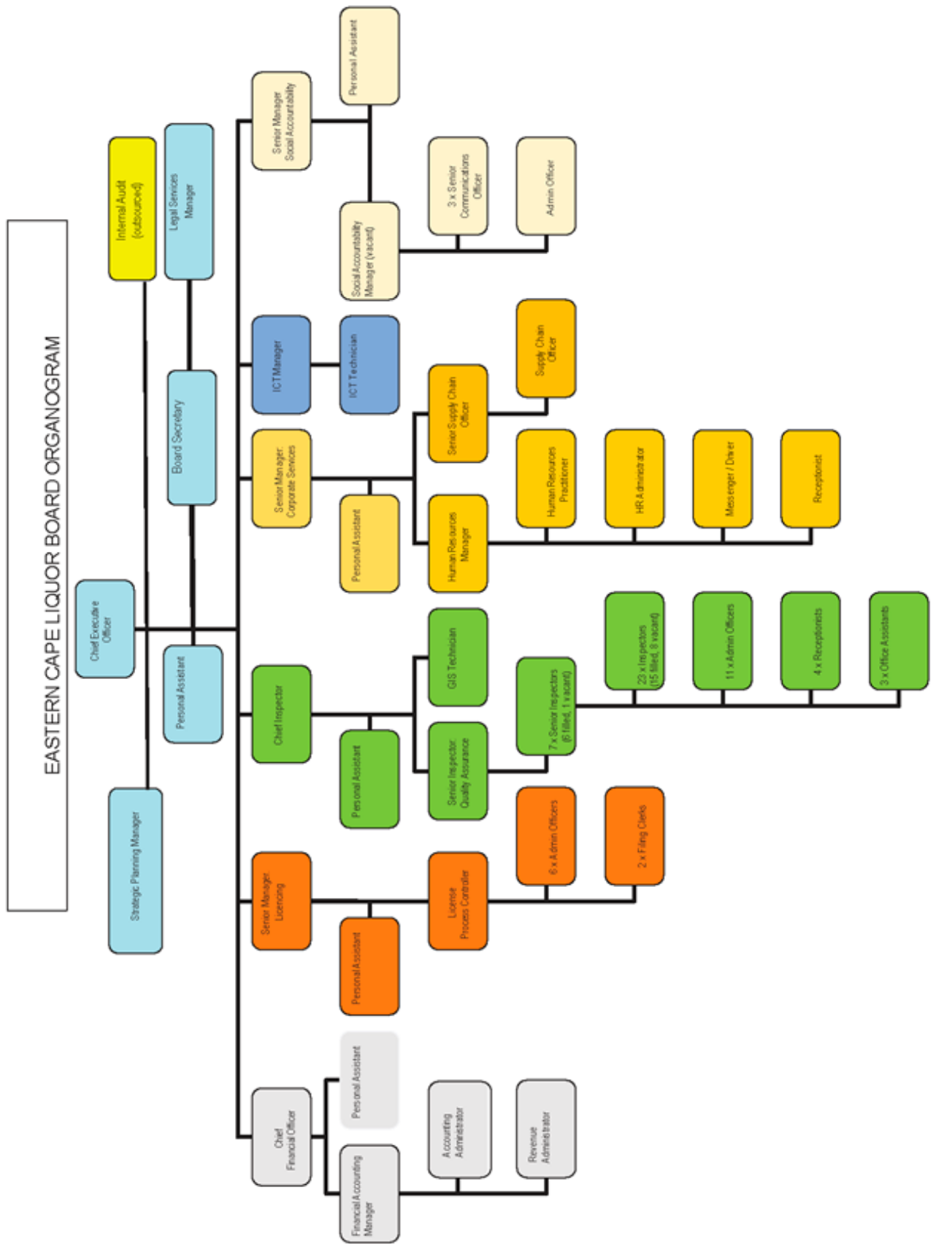


MRS LINDA LINDELWA TINI
SENIOR MANAGER
CORPORATE SERVICES



DR MGWEBI MSIYA
SENIOR MANAGER
SOCIAL ACCOUNTABILITY

8. ORGANISATIONAL STRUCTURE





EASTERN CAPE
LIQUOR BOARD

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 84 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), established under the Eastern Cape Liquor Act, 2003, carries a dual mandate: to facilitate responsible entry into the liquor trade, while taking firm enforcement action against those who trade outside the law. In practice, this means registering and regulating retail and micro-manufacturing liquor outlets across the province, supporting the industry to manage the social and economic costs of excessive alcohol consumption, and ensuring that ward committees and communities are able to participate meaningfully in the consideration of applications for registration. The ECLB offers the following services:



The Board delivers this mandate within an operating environment shaped by a fast-growing liquor economy on the one hand, and persistent social challenges – underage drinking, unemployment, gender-based violence, and a growing illicit trade – on the other. Balancing economic opportunity against the mitigation of public harm remains the ECLB's core strategic and operational challenge.

This situational analysis draws on the implementation of the 2025/26 Annual Performance Plan, a high-level review of the 2025–2030 Strategic Plan, and the latest available research and sector data, to provide a current, evidence-based account of the environment within which the ECLB delivered services during the period under review.

INTERNAL ENVIRONMENT

The ECLB's mandate requires it to pursue two objectives concurrently: facilitating the entry and growth of legitimate traders within the industry and taking firm enforcement action against those who operate outside regulatory boundaries. Underpinning both is a broader developmental responsibility – reducing the socio-economic harms associated with excessive alcohol consumption and ensuring that community voices are heard before a new outlet is registered. Achieving this mandate depends on traders developing a sound understanding of industry requirements, regulatory obligations and available business development opportunities, underpinned by sound corporate governance within the entity itself.

Despite this clear mandate and established governance structures, the gap between what the ECLB is required to do and the resources available to do it remains the Board's defining internal constraint. Budget and staffing shortfalls limit the entity's ability to act on priorities such as curbing underage drinking and addressing illegal or irresponsible trading practices. The scale of this constraint is illustrated below:

INSPECTOR-TO-OUTLET RATIO

As few as 21–23 inspectors regulate an estimated 7,500+ registered liquor outlets province-wide.

The scale of the shortfall is illustrated in Buffalo City Metro, where the number of registered outlets grew from 515 to 975 in the two years following the Enyobeni Tavern tragedy of June 2022 – in which 21 young people, most of them minors, died after a school “pens-down” party – while the number of inspectors serving the Metro only increased to four. This equates to one inspector for every 244 outlets, a ratio which the SAHRC found directly compromises the Board's ability to respond to non-compliance before it results in serious harm.

Capacity constraints extend beyond frontline inspection capacity. The Board still lacks the resources to commission scientific baseline studies and impact assessments, which limits its ability to target interventions where they are most needed and to demonstrate, with evidence, the effectiveness of its programmes. On the legislative side, the current Eastern Cape Liquor Act limits the scope of enforcement action available to the Board, although a comprehensive review of the regulations, now published, begins to address some of these gaps and points toward a strengthened regulatory toolkit going forward.

EXTERNAL ENVIRONMENT

Alcohol Consumption Patterns and Market Growth

Alcohol is woven into South African social life, and the Eastern Cape is no exception – from celebrations and traditional gatherings to everyday socialising. That cultural weight is matched by real economic scale. South Africans, on average, consume roughly 7.8 litres of pure alcohol per person a year, well above the global average of 5.5 litres; among people who actually drink, average annual consumption is closer to 30 litres, placing South Africa fifth highest in the world on that measure (*WHO 2025, Eighty20 Consulting, 2025*).

NATIONAL ALCOHOL SPEND

R414 million spent on alcohol per day nationally in 2025 – nearly R1 billion a day over the festive season

Daily Maverick, 21 January 2026

Rapid urbanisation, a growing middle class, and social grant income have combined to lift discretionary spending, and consumers increasingly treat alcohol as an affordable luxury even in tough economic times. That resilience shows up most clearly in the shift toward premium and craft products, and in the explosive growth of ready-to-drink (RTD) cocktails – now dominated by spirit-based brands that capture more than four-fifths of the bottled-cocktail category, driven by social-media marketing aimed squarely at South Africa's youthful population. At the same time, a parallel “sober-curious” trend is emerging: close to a million people now drink a non-alcoholic beer, cider or gin in a given week, up from roughly 666,000 a year earlier.

In the Eastern Cape specifically, taverns remain the backbone of the trade, accounting for an estimated 60% of registered outlets and offering both on- and off-site consumption. The ECLB's ongoing formalisation workshops have started to bear fruit, with a growing number of traders registering with the South African Revenue Service (SARS) and becoming tax compliant. Formal Memorandums of Understanding with the South African Police Service (SAPS) and municipalities have also strengthened the Board's operational reach, coordinating enforcement, compliance monitoring, information sharing and training.

Social impact of alcohol-related harm

Growth in the legal market has not translated into a decline in alcohol-related harm; if anything, the two have risen together. Underage drinking remains a serious and visible problem; national survey data conducted by HSRC, 2022 indicate that roughly a quarter of Grade 8–11 learners report recent binge drinking, and about a quarter of 15–19-year-olds have consumed alcohol at some point, with “pens down” parties among school leavers a recurring flashpoint for tragedy (e.g., Enyobeni chief among them).

Researchers increasingly describe alcohol misuse as sitting at the centre of two of South Africa's most damaging social problems: gender-based violence and HIV transmission. Impaired judgment, easy access, and normalised heavy drinking combine to raise the risk of violence and risky sexual behaviour, particularly among young people and in communities already under economic strain. The ECLB's social accountability campaigns — aimed at raising awareness of these harms in schools and communities — sit squarely within this evidence base, even as the underlying drivers remain stubbornly structural.

Structural challenges facing liquor traders

The industry's formal-informal divide continues to shape who benefits from its growth. Nationally, researchers estimate there are between 190,000 and 265,000 informal liquor retailers, or shebeens. This sector has persisted for decades not simply because enforcement is weak, but because current licensing requirements are ill-suited to the realities of township economies. Operating informally locks traders out of development finance, constraining their ability to invest, expand, or move up the value chain from retail into distribution and wholesale.

Meanwhile, large retail chains continue to encroach on markets historically served by small, Black-owned township traders, adding competitive pressure on top of the funding gap. The ECLB's transformation programme, — designed to help traders progress along the value chain and to support economic development projects within the sector, — is a direct response to this squeeze, though the scale of the challenge means results will take sustained, coordinated effort.

Illicit alcohol trade

The fastest-growing external risk to the regulatory environment is the one operating entirely outside it. Industry research shows the illicit alcohol market has surged by 55% in volume since 2017, and now accounts for roughly 18% of all alcohol sold in South Africa — meaning close to one in every five drinks consumed nationally falls outside the law.

ILLICIT ALCOHOL TRADE, 2024

R25.1 billion market value; R16.5 billion in lost annual tax revenue

Euromonitor International / Drinks Federation of South Africa, 2025; reported in Daily Maverick, IOL and SABC News

The composition of the illicit market has also shifted: where smuggled alcohol previously dominated, counterfeit production — particularly of white spirits such as vodka and gin — is now the fastest-growing and most dangerous category. Methanol poisoning linked to counterfeit alcohol has already resulted in fatalities elsewhere in the country, and independent surveys indicate that a substantial proportion of South Africans personally know someone who has been harmed by illicit alcohol. Because illicit product typically sells at 37–70% below legal prices, price-sensitive consumers in lower-income communities — including many in the Eastern Cape — are disproportionately exposed to this risk, while the fiscus continues to lose significant revenue.

ALIGNING CHALLENGES AND OPPORTUNITIES: PRIORITY ACTIONS

The table below aligns each major challenge identified in the situational analysis with the corresponding opportunity available to the ECLB, the risk of inaction, and the specific action proposed to close the gap.

Challenge	Related Opportunity	Risk if Unaddressed	Proposed Action
Severe inspector shortage (21–23 inspectors for 7,500+ outlets)	Designated Liquor Officers; Peace Officer status application	Continued inability to respond to non-compliance timeously	Prioritise budget for the appointment of additional Inspectors; operationalise the designation of the ECLB Inspectors as Peace Officers; continue the Designated Liquor Officer secondment agreements; adopt a risk-based, intelligence-led inspection model
Legislative limitations under the current Eastern Cape Liquor Act, 2003	Amended Regulations now published; legislative review under way	Enforcement gaps persist; ECLB continues operating with a narrower toolkit than better-resourced provinces	Prioritise engagement with the Executive Authority and Legislature to finalise the Eastern Cape Liquor Authority Act, 2018
Ward councillor knowledge gaps causing licensing application delays	Continuous municipal councillor and official training programme	Application backlogs persist	Formalise the training programme as a mandatory, accredited module delivered with SALGA and municipalities; introduce standard checklists for community consultation
Growing illicit alcohol trade (R25.1bn, 18% of national market)	Existing MOUs with SAPS and municipalities; national industry research partnerships	Continued erosion of the legal industry, lost tax revenue, and rising counterfeit-related health risk	Establish a joint provincial task team with SAPS, SARS and the Hawks; partner with academic/industry testing capacity to identify counterfeit hotspots in the province
Underage drinking and alcohol-related gender-based violence	Ambassador Programme; social accountability campaigns	Continued youth harm and risk of repeat tragedies of the kind seen at Enyobeni	Expand the Ambassador Programme into secondary schools with the Department of Basic Education; use the completed research studies as a baseline to measure programme impact
Informal traders locked out of development finance	ECLB trader-transformation and economic development support programme	Township traders continue losing ground to large retail chains; transformation targets remain unmet	Formalise partnerships with development finance institutions (e.g., NEF, SEFA) for a dedicated micro-trader funding window; adopt phased formalisation rather than enforcement alone
Absence of scientific baseline and impact-assessment capacity	Three completed research studies	Interventions remain difficult to prioritise or evaluate, weakening evidence-based decision-making	Institutionalise a small research and M&E function, or a formal university partnership, to build on existing studies and track outcomes over time
Governance and capacity risk under sustained resource pressure	Established Board oversight and PFMA-aligned governance structures	Resource-constrained regulators are vulnerable to the type of governance collapse recently exposed at a peer board	Conduct a proactive internal controls review; strengthen conflict-of-interest and inspector-rotation policies; report regularly to the Executive Authority and the Legislature on enforcement integrity

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 below demonstrates the outcomes, outcome indicators and five-year targets set for the organisation as contained in the Strategic Plan 2025-2030.

Outcome	Outcome Indicator	Five-year target	Performance Indicator	2021/2022 Performance	2022/23 Performance	2023/24 Performance	2024/25 Performance	2025/26 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	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	4 reports on the 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	80 708	96 909	107 890	97 237	172 927
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	Number of social responsibility programmes conducted	12	15	23	23	20
			Number of assessments and evaluations reported produced on the interventions conducted	New Indicator	0	1	n/a	0
			% pre-registration inspections conducted	95%	95%	88%	80%	95%
			Number of compliance inspections conducted to ensure compliance with liquor regulations	68%	3 115	3 603	3 290	3 552
			Number of blitz operations conducted with law enforcement agencies to enforce liquor legislation	67	93	103	89	95
Efficient liquor licensing	Liquor licences issued within legislated timeframes	100% compliance with legislated timeframes.	% of fully compliant licence applications considered within legislated timeframes	50%	42%	74%	77,8%	92%
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 of liquor in the province	20% – 40 % increased participation.	Number of new formal liquor traders' associations facilitated	1	0	5	3	2
			Number of Black liquor traders to participate at higher levels of the value chain	0	8	2	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	3	4	3	1

Outcome	Outcome Indicator	Five-year target	Performance Indicator	2021/2022 Performance	2022/23 Performance	2023/24 Performance	2024/25 Performance	2025/26 Performance
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	Unqualified Audit without findings (2024/25)
		Progress report on HR Maturity level	HR Maturity level	New Indicator	Level 3	HR Maturity Level 3	HR Maturity Level 3	Level 4
		Signed and approved procurement report	Percentage spent on Eastern Cape SMME's	53%	84%	62%	83%	74%
		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 4	Maturity level 4
		Validated report on the number of planned targets achieved by the end of the financial year	Organisational performance index	82%	81%	94%	93,3%	Target removed
		5 Annual Performance Plan	Number of approved Annual Performance Plans	New	New	New	New	1
		5 Annual Report	Number of approved Annual Reports	New	New	New	New	1
		20 Quarterly Performance Report (QPR)	Number of approved Quarterly Performance Reports (QPR)	New	New	New	New	4

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 to establish, maintain and enhance appropriate organisational systems to fulfil the Board's mandate in terms of:

- Financial Management,
- Asset Management, and
- Reporting and Accountability responsibilities.

KEY PERFORMANCE MEASURES, TARGETS AND ACTUAL RESULTS									
Outcome	Output	Output Indicator	Actual Achievement 2023/2024	Actual Achievement 2024/2025	Planned Target 2025/ 2026	Actual Achievement 2025/2026	Deviation from planned target to Actual Achievement for 2025/ 2026	Comment on deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Good corporate governance	Improved adherence to corporate governance standards and government prescripts	Audit outcome	Clean Audit ¹ (2022/23)	Unqualified Audit without findings (2023/24)	Unqualified Audit without findings (2024/25)	Unqualified Audit without findings (2024/25)	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.

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

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

Programme	Budget R000	Actual Expenditure R000	(Over)/Under Expenditure R000
Finance	12 392	12 667	(275)
Capital Expenditure	1 010	987	23
TOTAL	13 402	13 654	(252)

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 2023/2024	Actual Achievement 2024/2025	Planned Target 2025/ 2026	Actual Achievement 2025/2026	Deviation from planned target to Actual Achievement for 2025/ 2026	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	Level 4	Level 4	Target Met	None	No revisions were made.
		Percentage spent on Eastern Cape SMME's	62%	83%	60%	74%	14%	Positive variance results from alignment with provincial economic objectives and procurement requirements were structured to allow increased access for SMME's.	No revisions were made.

4.1.2.2 Programme performance

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

HR Maturity level

- The Corporate Services Programme achieved all targets planned for the 2025/26 financial year. These include:
 - o the attainment by the entity of HR Maturity Level 4, reflecting a structured, integrated, strategically aligned HR function. At this level HR practices are standardised and increasingly supported by automation and the effective use of technology, enabling improved organisational performance, operational efficiency, and sound governance outcomes, with level automation that supports organisational performance and governance outcomes;
- and

- the implementation of a modern Human Resource Information System (HRIS), a key milestone in this progression, which has enhanced data integrity, strengthened reporting capabilities and improved the efficiency of HR operations and decision-making processes.

Performance Management

- A comprehensive and effective performance management system has been implemented to promote growth and development. It incorporates annual performance agreements, biannual performance reviews and formal mechanisms to recognise strong performance while managing underperformance.

Employee health and wellness

- An employee health and wellness programme has been implemented to support the physical and mental well-being of employees. The programme includes targeted interventions designed to foster a healthy work environment and promote a positive lifestyle.
- All interventions planned for the year were implemented

Learning and development

- A comprehensive learning and development programme was developed and implemented for the year, aimed at strengthening employee capability and enhancing skills and knowledge. Most of the implementation was through coaching, workshops, webinars and participation in other departments' initiatives due to budget constraints.

Recruitment and selection

- Critical funded vacancies resulting from resignations and retirements were filled, including Senior Inspector, Senior Manager Licensing, and support roles.
- Recruitment is conducted in line with governance and employment equity requirements.
- Additionally, the recruitment process of the Legal Services Manager, ICT Technician, and Inspector positions was initiated and concluded within the reporting period, with successful incumbents scheduled to assume duties on the first day of the 2026/27 financial year.
- The reported resignations and retirements created upward mobility opportunities, enabling internal employees to progress into higher-level roles within the organisation.

Supply Chain Management

- All procurement processes were adhered to during the review period.
- There were no irregular procurement transactions identified.
- The entity achieved more than its planned target for procurement through small, medium and micro enterprises (SMME's) based in the Eastern Cape, demonstrating a commitment to inclusive procurement and support for SMME development within the Eastern Cape.

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	9 061	9 161	(100)
TOTAL	9 061	9 161	100

4.1.3 INFORMATION COMMUNICATION AND TECHNOLOGY

4.1.3.1 Purpose of the programme

The purpose of the 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 2023/2024	Actual Achievement 2024/2025	Planned Target 2025/ 2026	Actual Achievement 2025/2026	Deviation from planned target to Actual Achievement for 2025/ 2026	Comment on deviations
Good corporate governance	Improved adherence to corporate governance standards and government prescripts	ICT Governance Framework implemented	Maturity level 3	Maturity level 3	Maturity level 4	Maturity level 4	Target met	None
								No revisions to the Outputs / Output indicators / Annual Targets were made.

ICT Infrastructure Support

- Maintained ICT infrastructure availability and uptime at 98.33%, in line with defined service level requirements, supporting business continuity and operational efficiency.
- Implemented a cloud-based infrastructure environment with primary and secondary sites to ensure resilience and continuity of critical systems.
- Established and institutionalised an ICT Helpdesk function to enhance service delivery management, including the monitoring of incidents, service requests, and performance.
- Strengthened network resilience through managed services and failover capabilities to ensure sustained connectivity and minimise service disruptions.
- Implemented and monitored data backup and recovery processes to ensure data integrity, availability, and compliance with governance requirements.
- Strengthened and monitored cybersecurity threats.
- Conducted periodic disaster recovery testing to ensure alignment with defined recovery objectives and organisational resilience requirements.

ICT governance framework

- The following points highlights the achievements in the implementation of the ICT Governance Framework:
 - Achieved compliance with maturity level 4 of the Control Objectives for Information and Related Technology (COBIT) framework.
 - Successfully implemented ICT Governance structures, formation of the ICT Steering Committee, appointment of committee members convening of quarterly ICT Steering Committee meetings.
 - Addressed ICT audit findings through the review and strengthening of policies and internal controls.
 - Developed and implemented the ICT Service Continuity Policy to ensure the availability and resilience of critical ICT services during disruptions.
 - Developed and implemented an ICT Project Management Framework to standardise project planning, execution, monitoring, and reporting across ICT initiatives.

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 (LiComs).
- Implementation and monitoring of the new network and telephone system SD-WAN.
- Annual licences 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	5 385	5 353	32
TOTAL	5 385	5 353	32

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:

- Oversight of corporate governance,
- organisational strategic planning
- oversight of organisational performance management and reporting
- legal services, and
- provision of support to the Board

KEY PERFORMANCE MEASURES, TARGETS, AND ACTUAL RESULTS									
Outcome	Output	Output Indicator	Actual Achievement 2023/2024	Actual Achievement 2024/2025	Planned Target 2025/ 2026	Actual Achievement 2025/2026	Deviation from planned target to Actual Achievement for 2025/ 2026	Comment on deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Good corporate governance	Improved adherence to corporate governance standards and government prescripts	Organisational performance index	82%	94%	Target removed	N/A	N/A	N/A	N/A
		Number of approved Annual Performance Plans	New	New	1	Target met	N/A	N/A	N/A
		Number of approved Annual Reports	New	New	1	Target met	N/A	N/A	N/A
		Number of approved Quarterly Performance Reports (QPR)	New	New	4	Target met	N/A	N/A	N/A

4.1.4.2 Programme performance

- The entity achieved 17 of its 18 planned targets, translating to 94% achievement.
- The organisational performance was monitored, evaluated, reported, and audited on a quarterly basis.
- The 2026/27 Annual Performance Plan and Annual Operational Plan 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.
- The entity has met all its statutory obligations.
- All Board vacancies are filled.

4.1.4.3 Strategy to overcome areas of underperformance.

The entity will lobby relevant stakeholders to support and fund the research initiatives. The availability of funding will enable the entity to achieve its objective of evidence-based planning and will address underperformance.

4.1.4.4 Changes to planned targets

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

4.1.4.5 Linking performance with budget

Programme	Budget R000	Actual Expenditure R000	(Over)/Under Expenditure R000
Office of the CEO	7 991	7 836	155
TOTAL	7 991	7 836	155

4.2.1.1 PURPOSE OF THE PROGRAMME

- administrative processing of liquor licence applications and renewals;
- monitoring of the functioning of the software licensing system, LiComs;
- provision of secretariat services to the Licensing Committee;
- implementation of the Liquor Traders Development Programme; and
- support and facilitation of initiatives for the transformation of the liquor

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KEY PERFORMANCE MEASURES, TARGETS AND ACTUAL RESULTS									
Outcome	Output	Output Indicator	Actual Achievement 2023/2024	Actual Achievement 2024/2025	Planned Target 2025/ 2026	Actual Achievement 2025/2026	Deviation from planned target to Actual Achievement for 2025/ 2026	Comment on deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Transformed and Sustainable Liquor Industry in the province	Proof of formal registration of liquor traders' association	Number of new formal liquor traders' associations facilitated.	0	5	2	2	Target met	None	No revisions were made.
	Proof of newly established liquor traders participating at micro/retail level of liquor industry value chain and diversification of the business	Number of Black liquor traders' distributors facilitated to participate at higher levels of the value chain	8	2	2	2	Target met	None	No revisions were made.
	Reports on the number of liquor related projects facilitated to support economic development in the province	Number of projects facilitated to contribute to local economic development	3	4	1	1	Target met	None	No revisions were made.

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 216 applications received during this financial year, categorised as follows:

2025/26 APPLICATIONS RECEIVED				
Quarter	New Registration	Transfer	Removal	Total
Quarter 1	29	2	1	32
Quarter 2	49	5	0	54
Quarter 3	63	7	1	71
Quarter 4	48	9	2	59
TOTAL	189	23	4	216

Manager's Appointment Applications

- 2 304 manager's appointment applications were received, processed, and certificates issued.
- 8 applications are awaiting verification by the Department of Home Affairs (DHA) to determine compliance with the provisions of the Immigration Act 13 of 2002 and section 40 of the Eastern Cape Liquor Act 10 of 2003.
- In the cases of foreigners applying for manager appointment certificates, the entity verifies their status with the DHA.

Licence applications considered for approval

- A total of 891 applications were considered by the Licensing Committee in the period under review. The 891 applications referred to below include backlog applications from the prior year. The table below shows the applications considered. The outcomes are as follows:–

2025/26	Considered	Approved	Refused	Withdrawn	Hearing	Section 22(5)	Section 22(6)	Validation of Objections	Controlling Interest	Deregistration	LC Query	Section 32(1)	Section 32(2)	Letter to the Speaker	Form 27
Q1	305	110	25	6	1	103	40	5	0	2	13	0	0	0	0
Q2	240	88	22	4	0	4	39	12	1	2	4	1	3	0	0
Q3	201	89	19	3	2	35	38	5	2	6	2	0	0	0	0
Q4	145	43	14	2	0	34	24	5	0	1	6	5	0	10	1
TOTAL	891	330	80	15	3	236	141	27	3	11	25	6	3	10	1

- Of the 891 considered, 271 were considered for the first time. A total of 249 of the 271 (92%) were considered within the prescribed period of 60 days, and 22 (8%) were outside this period.

Special Events

- A total of 67 special events applications were considered: 66 applications were approved, and 1 was refused during the year under review.

Licence Renewals

- There were 7,850 active liquor licences as at the end of this financial period.
- Of the 7,765 due for 2026 licence renewals, 7,038 (91%) of licences have successfully renewed their 2026 liquor licences.
- A total of 727 licence holders have until 31 August 2026 to renew their liquor licences in accordance with the renewal deferral period as per the Eastern Cape Liquor Act 10 of 2003: Deferral of Annual Licence Renewal Period from 1 October 2025 to commence on 1 December 2025, Provincial Gazette (Eastern Cape) Extraordinary No. 5508 (30 September 2025).

Micro-manufacturing licences

- A total of 4 new applications for micro-manufacturing were received this financial year:
 - Gqeberha (Wines)
 - KuGompo City (Beer)
 - Nieu Bethesda (Rum, Beer, Vodka, Cane Spirits, Gin, Spirit Cocktail, Spirit, Pot Still brandy, Bitters, Beer, Alcoholic Fruit Beverage and Brandy)
 - Robert Sobukhwe (Spirits – Rocco Torro Spirit Aperitif Gold)
- One micro-manufacturer from Gqeberha (Threesome Wines) deregistered its liquor licence this financial year.
- As at 31 March 2026, there were 26 micro-manufacturing registered outlets. The table below lists these outlets.

List of micro manufacturers

NO PER TOWN	TOWN	TYPE OF LIQUOR
8	Gqeberha	Sherry (ingredient for medication)
		Wine
		Beer and Cider
		Beer
		“Rhino-Rum”
		Traditional Beer
3	St Francis	Beer
		Rum
4	Ku Gombo City	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
2	Nieu Bethesda	Spirits (Rocco Torro Spirit Aperitif Gold) Rum, Beer, Vodka., Gin, Spirit and Brandy
1	Robert Sobukwe	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 2 new liquor traders’ associations lodging applications for registration as Non-Profit Organisations (NPO) with the Department of Social Development. The 2 liquor traders’ associations are:
 - Gatyane Phakamani Association from Willowvale,
 - OR Tambo Liquor Traders Association from Mthatha.

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 - SARS	62
2.	ABSA Personal and Business Finances	157
TOTAL		219

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

- The entity received proof of lodgement of 2 applications for distribution licences from the National Liquor Authority (NLA) from two liquor traders:
 - Samano Liquor Wholesale from Mthatha,
 - Magqaza and Sons (Pty) Ltd from Willowvale.

Projects facilitated to contribute to local economic development

- The entity has identified one project and two business plans that are being compiled for submission to potential funders, namely:
 - Langkloof Apple Project is structured into a phased implementation with Heineken Beverages securing assistance through its implementing agent. ABSA Bank, as a potential funder, is a key stakeholder. ABSA has funded the development of the business case, thereby enabling the project to progress. Two business plans have been compiled in preparation for the next phase of the project.

4.2.3 STRATEGY TO OVERCOME AREAS OF UNDERPERFORMANCE

- None

4.2.4 LINKING PERFORMANCE WITH BUDGET

Programme	Budget R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
Licensing	7 759	7 325	434
TOTAL	7 759	7 325	434

4.3 Compliance and enforcement programme

4.3.1 PURPOSE OF THE PROGRAMME

The principal responsibilities of the Compliance and Enforcement Programme are:

- 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);
- to ensure that community considerations on the registration of retail premises are taken into account; and
- to work with other law enforcement agencies towards achieving the goal of responsible liquor trading to promote safe communities in the Eastern Cape.

KEY PERFORMANCE MEASURES, TARGETS AND ACTUAL RESULTS									
Outcome	Output	Output Indicator	Actual Achievement 2023/2024	Actual Achievement 2024/2025	Planned Target 2025/ 2026	Actual Achievement 2025/2026	Deviation from planned target to Actual Achievement for 2025/ 2026	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	60%	75%	80%	95%	15%	More focus has been placed on application pipeline management, and the implementation of the amended regulations has an impact on the number of new applications processed.	No revisions were made.
	Reduction in incidents of reported non-compliance with liquor regulations	Number of compliance inspections conducted to ensure compliance with liquor regulations	60%	3000	3 500	3 552	52	More inspections were conducted than planned due to the pressure from community stakeholders and complaints received.	No revisions were made.
		Number of blitz operations conducted with law enforcement agencies to enforce legislation	48	60	60	95	35	Overachievement is mainly due to cooperation with other stakeholders.	No revisions were made.

4.3.2 PROGRAMME PERFORMANCE

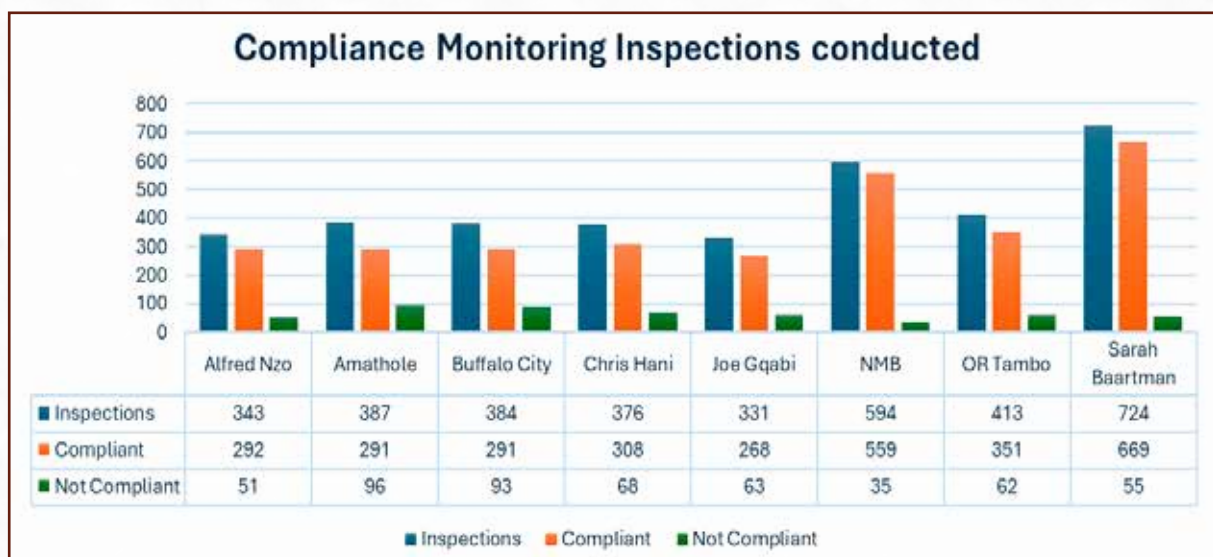
The next sections outline the progress made during the period under review for the performance indicators presented below.

Pre-registration inspections

- For the period under review, 216 applications were inspected out of the 226 applications received. This translates to 95% of new applications inspected in the period under review.

Post-registration inspections

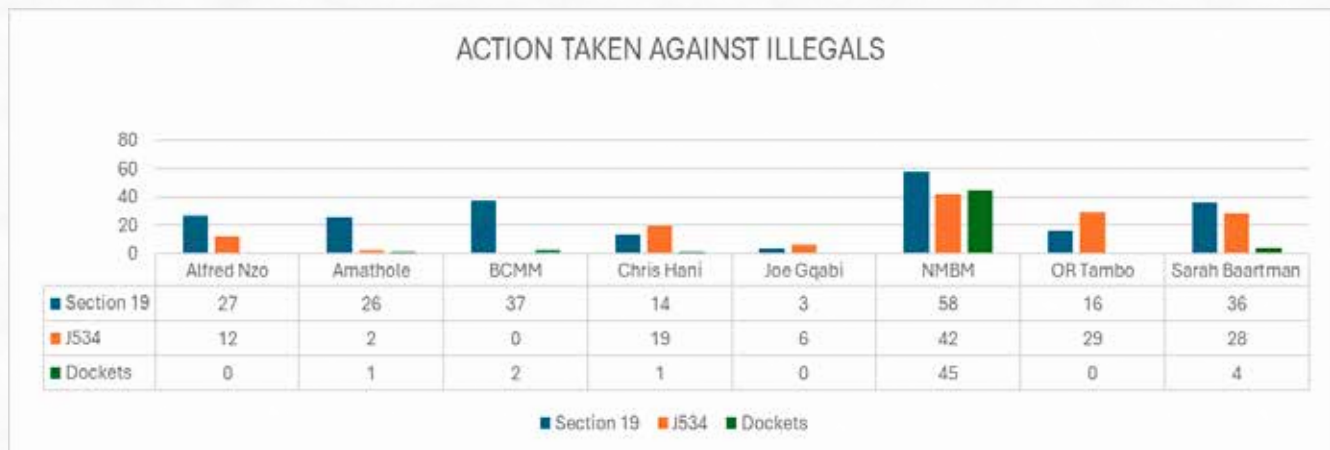
- 3,552 inspections in total were conducted. The total exceeds the targeted total of 3,500 outlets that were planned to be visited during the period under review due to:
 - the pressure from community stakeholders and complaints received,
 - the verification of non-renewal as part of our post-registration inspections and because of a concerted effort to monitor compliance and complaints received,
 - repeated visits at some of these outlets as they were found to be closed on the dates and times they were first visited; they had to be revisited to confirm whether they were still operational and compliant with the legislation,
- The graphical representation below displays the rate of compliance.



- Of the 3,552, 3,029 were found to be compliant with the Act, and 523 were not compliant, translating to a non-compliance rate of 17%.
- For the 523 non-compliant, actions were taken as follows:
 - 287 compliance notices issued;
 - 213 were found not to be trading anymore and had not non-renewed;
 - 8 were issued with a J534;
 - 7 were issued with Section 19 Notices;
 - 6 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;
 - 1 Criminal Case was filed and the liquor was confiscated; and
 - 1 Section 40 Notice was issued for failure to appoint a manager.

Illegal trading

- In the year under review, 408 persons operating unregistered liquor outlets were referred to the criminal justice system:
 - 138 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 R551 897.
 - 53 cases were referred to court for prosecution.
 - 217 were issued with Section 19 notices and cases were 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 95 joint blitz operations were carried out during the period under review, where 486 liquor outlets were inspected, and the following was found:
 - 296 were found to be compliant with the applicable laws and trading conditions.
 - 96 were found to be non-compliant with the Act and trading conditions and were thus issued with Section 54 Compliance Notices.
 - 94 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	11	33	22	11	0
Amathole	10	31	17	7	7
BCMM	13	54	21	19	14
Chris Hani	12	47	28	12	7
Joe Gqabi	8	51	44	7	0
NMBM	15	91	40	15	36
OR Tambo	7	32	19	11	2
Sarah Baartman	19	147	105	14	28
	95	486	296	96	94

Complaints Management

- A complaints management system is used to record, monitor and manage complaints filed by members of the public as well as by institutions that experience challenges due to people trading in liquor, who may sometimes be trading illegally.
- 494 complaints were received during the period under review, and 444 of those were attended to within 30 days, translating to 90%.
- The following are the types of complaints received during the period under review:
 - Suspected illegal trading complaints and suspected illicit alcohol complaints constitute about 48% of all complaints received during the year under review.
 - 17% of all the complaints received relate to noise/loud music at premises.
 - 14% relate to trading beyond determined trading hours.
 - 8% relate to premises not being suitable, selling to underage persons and patrons misbehaving.
 - Just about 9% related to application or renewal enquiries.

4.3.3 STRATEGY TO OVERCOME AREAS OF UNDERPERFORMANCE

- None

4.3.4 LINKING PERFORMANCE WITH BUDGET

Programme	Budget R000	Actual Expenditure R000	(Over)/Under Expenditure R000
Compliance and Enforcement	32 337	32 446	(109)
TOTAL	32 337	32 446	(109)

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 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 were sourced from Nielsen have 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 data from various international and national sources, including the World Health Organisation, which have 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, which has enabled the entity to design intervention initiatives that target areas with high concentrations of liquor outlets that have the inclination to experience high cases of non-compliance.
- 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 and fatalities.

KEY PERFORMANCE MEASURES, TARGETS AND ACTUAL RESULTS									
Outcome	Output	Output Indicator	Actual Achievement 2023/2024	Actual Achievement 2024/2025	Planned Target 2025/2026	Actual Achievement 2025/2026	Deviation from planned target to Actual Achievement for 2025/2026	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 the dangers of alcohol abuse	Number of Thematic Reports ² on the anti-alcohol abuse interventions conducted	291	4	4	4	Target achieved	Target achieved, no deviation applicable	No revisions were made.
		Number of people reached through education and awareness interventions and social responsibility initiatives	29 000	75 000	150 000	172 927	22 927	Overachievement in 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 have enabled the entity to reach a substantial number of people. In the period under review, the entity has prioritised stakeholder partnerships and as a result has sought to collaborate with other stakeholders in seeking also to augment the limited capacity thus resulting in more people being reached. In addition, due to the escalating number of cases of underage drinking there are schools that made special requests to ECLB to conduct awareness campaigns in their institutions, and this resulted in more people reached than the annual target number.	No revisions were made.

² 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 2023/2024	Actual Achievement 2024/2025	Planned Target 2025/2026	Actual Achievement 2025/2026	Deviation from planned target to Actual Achievement for 2025/2026	Comment on deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Empowered communities through Social Responsibility / CSI Programme of the ECLB	Reports on the Projects/ tools events implemented as a plough-back to communities	Number of social responsibility interventions conducted	8	11	12	20	8	Overachievement on this indicator was due to the entity's rigorous stakeholder engagement and collaborations. The entity also received requests for support and partnerships from various stakeholders in their own community-based initiatives which enabled the entity to achieve a substantial number of social responsibility initiatives.	No revisions were made.
	Assessment and evaluation report produced annually	Number of assessment and evaluation reports produced on the interventions conducted	N/A	1	1	0	Target not met	Non-achievement of the indicator has largely been due to the unavailability of the budgets. Quotations received from various research companies were excessively high and could not be accommodated in the available budgets, hence the indicator had to be deferred to the outer years.	No revisions were made.

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 520 interventions focusing on underage drinking, Foetal Alcohol Syndrome, road safety and responsible drinking and trading.
- A total of 172 927 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	152	135 754
2	Responsible drinking and trading (tavern activations, community outreaches and campaigns in Institutions of higher learning)	316	34 246
3	Foetal Alcohol Syndrome (FAS)	29	1 086
4	Road Safety (drunk driving)	23	1 841
TOTAL		520	172 927

UNDERAGE DRINKING INTERVENTIONS

- Underage drinking initiatives have in the main focused on schools, as the majority of underage people are found within the school setting and schools are reportedly experiencing growing cases of underage drinking among learners.
- 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.
- For example, the data from Aware! org study (2020) show that there is an exponential increase in alcohol consumption among learners, and often they start to experiment with alcohol as young as 13 years old.
- In the period under consideration, school-based campaigns were conducted in 5 district municipalities and 2 metropolitan municipalities in the province.
- Through the school-based interventions, a total of 152 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 135 754 learners were reached.

School Ambassador Programme

- As part of the underage drinking campaigns, ECLB launched the Ambassador Programme in KwaMazama, Amathole District Municipality. The programme identifies learners that will be empowered to drive ECLB underage drinking messages in schools with a view to sustaining the “No to underage drinking” campaign. This is a peer-to-peer education concept where learners educate one another.
- As part of the Learner Ambassador programme, each school nominates four learners (two boys and 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, the Eastern Cape Department of Education, SAPS, the Department of Social Development, the Department of Economic Development, Environmental Affairs and Tourism, the Council of Churches, the Office of the Eastern Cape Legislature Deputy Speaker, ward councillors, the liquor industry, traditional leaders and various NGOs. Currently the total number of schools that have introduced the Ambassador Programme is 115 (translating into a total of 460 learner ambassadors) and the table below is an illustration of the district municipalities and exact areas where the programme has been launched and is being monitored.

District Municipality	Areas/Town/Township	Number of Schools
Nelson Mandela Metro	Motherwell; KwaZakhele	20
Buffalo City	Mdantsane; Scenery; Duncan Village; Cambridge Location	20
Amathole	KwaMaqoma	7
OR Tambo	Libode & Mthatha	22
Alfred Nzo	Mt Ayliff	15
Sarah Baartman	Graaff-Reinet	6
Sarah Baartman	Somerset East	7
Chris Hani	Ngcobo & Queenstown	18
TOTAL		115

Anti Pens-down parties

- 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. Pens-down parties are usually arranged by learners upon completion of the examinations as a celebration but are often marked by excessive consumption of alcohol, which has often resulted in terrible incidents.
- The provincial Anti Pens-down parties campaign was launched in Buffalo City Metropolitan Municipality in Mdantsane, and a total of 10 schools participated in the launch. The campaign was thereafter extended to other parts of the province, such as Gqeberha (KwaZakhele) and KwaMaqoma, Amathole District Municipality.
- Various stakeholders participated in the launch, these included Buffalo City Metropolitan Municipality, the religious fraternity, liquor traders’ associations, community organisations, SAB In-Bev, non-governmental organisations (NGOs), the Department of Education, the 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, with a view to increase the awareness of communities, and particularly that of women, regarding the inherent risks of consuming alcohol during pregnancy, which may potentially affect the unborn baby.
- A total of 29 FAS initiatives were conducted with a view to educating women and their partners on the dangers of drinking alcohol during pregnancy.
- Subsequently, a total of 1 086 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 in the escalation of 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 316 responsible trading and drinking initiatives were conducted, and a total of 34 246 people were reached.
- The responsible trading and drinking thematic area is conducted through 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 four TVET colleges (Buffalo City College, KSD, Ikhalala and Lovedale College) in the Eastern Cape.
- A total of 238 campaigns were conducted on various campuses, and a total of 18 828 students were reached.

Community-based intervention initiatives

- The entity undertook responsible trading and drinking campaigns with a view to promoting responsible drinking and trading.
- A total of 38 community engagement sessions were conducted, and 15 078 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 Woodlands, Sarah Baartman District Municipality, to raise awareness on the dangers of illegal trading, alcohol abuse and irresponsible trading.
- In addition, ECLB formed part of other community engagement sessions that were conducted by the provincial government and other stakeholders, during which the entity presented information on the role of community members in the liquor licence application process and furthermore handed over educational material.

Tavern activations

- In the period under review, the entity conducted numerous tavern-based campaigns to promote responsible trading and drinking.
- A total of 39 responsible trading and drinking initiatives were conducted and 548 people were reached.
- The entity partnered with the South African Police Service and the Municipal Law Enforcement Agencies.

DRUNK-DRIVING AWARENESS CAMPAIGN

- In the period under review, the entity, in partnership with provincial road safety organisations, municipalities, SAPS and other law enforcement agencies, embarked on a number of road safety intervention initiatives that comprised roadblocks and taxi rank activations to conscientise road users about the dangers of driving under the influence of alcohol and jaywalking.
- Furthermore, to encourage road users to consume alcohol only in the comfort of their homes and to make necessary arrangements for alternative transport in cases where they are already too drunk to drive their vehicles.
- A total of 23 road safety campaigns were subsequently conducted during the period under review and 1 841 people were reached.

NUMBER OF SOCIAL RESPONSIBILITY INTERVENTIONS CONDUCTED

- During this period, a total of 20 social responsibility initiatives were conducted across the province.
- The ECLB supported school-going youth from destitute families with school shoes, school uniforms, sanitary towels and sports equipment as part of its Corporate Social Investment (CSI) initiative.
- A total of R 497,680 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 the thriving relations between media and ECLB.

Social media analytics

- The ECLB Facebook page gained followers during the period under consideration, increasing from 10,000 to 11,000 current followers.



4.4.3 STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

The one indicator that was not achieved in the period under review was “Number of assessments and evaluations conducted”. The underachievement was in the main due to limited budgets and excessive cost. It has, therefore, been deferred to the following years so that the entity can effectively mobilise adequate budgets to implement this indicator.

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 R000	Actual Expenditure R000	(Over)/Under Expenditure R00
Social Accountability	9 904	10 062	(158)
TOTAL	9 904	10 062	(158)

4.5 Stakeholder and inter-governmental relations (igr)

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

Stakeholder engagements

Stakeholder	Area of collaboration	Engagement status
Business organisations and associations: Daily Dispatch, Lunika, Xhobani Security Services, Coca Cola, Real Gijimas, 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 the ECLB engaged to support its 21km race with different items made the race a resounding success and the ECLB has sought to sustain these relations going into the future.
Sports Association: ECABO, Mpucuko Sport Development, Real Gijima Athletics Club and Mpofa Sport Association	Alcohol harm reduction initiatives & underage drinking	Following rigorous engagements, ECLB has collaborated with three sporting associations in the period under review, viz. Mpucuko Sport Development, Mpofa Sport Association and ECABO. The ECLB facilitated sporting activities through these associations with a view to reducing alcohol abuse and underage drinking in communities. During the sporting activations, the ECLB provided sporting material to promote sport among young people who may otherwise resort to alcohol abuse due to the limited recreational activities. The ECLB will continue to work with these associations to reduce alcohol abuse amongst young people. The ECLB also supported a running club, Real Gijimas during its races in Buffalo City; the races as a platform to conduct education and awareness on alcohol abuse.
Chairperson of Mabalengwe Traditional Council, Bashe Traditional Council, Joe Gqabi House of Traditional Khoisan Leaders and Lwandlelolumvu Traditional Council	Alcohol harm reduction initiatives and Underage Drinking	The ECLB engaged the Chairperson of Mabalengwe 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 Ntandoyesizwe, committed to working with the ECLB to promote compliance among liquor traders and to drive initiatives to educate the community about the dangers of excessive alcohol consumption. The Traditional Council will from time to time invite the ECLB to their ordinary sittings and various development initiatives. Secondly, the ECLB held a meeting with Bashe traditional council to plan for an alcohol abuse awareness campaign to be conducted. The meeting was a response to a special request made by the traditional leader. A 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, the 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 the ECLB facilitated liquor traders' workshops to promote responsible trading in the area. The ECLB also engaged and supported Lwandlelolumvu Traditional Council during its annual traditional festival and utilised the festival to heighten its message on alcohol abuse. The partnership is also being formalised through signing of the MoA.
Institutions of Higher Learning: Walter Sisulu University, Nelson Mandela University, Rhodes University, Fort Hare University, Buffalo City College, Lovedale College, East Cape Midlands Colleg, King Hintsa College, Ikhala College, King Sabatha Dalindyebo College and Port Elizabeth TVET College	Responsible alcohol consumption (reducing binge drinking)	The ECLB has continued to collaborate with institutions of higher learning in the province with a view to 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 and underage drinking	The 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 Nelson Mandela Metro with a view to identifying possible areas of collaboration. Various religious leaders have shown interest in working with the ECLB and have invited the entity to some of their activations.
Siya Kolisi Foundation	Alcohol harm reduction initiatives	ECLB facilitated a session with The Siya Kolisi Foundation to discuss potential areas of collaboration between the two entities. As part of the discussions both entities showed interest in working together, especially on sport-related interventions. The Siya Kolisi Foundation proposed that the ECLB submits a proposal which will be presented at their next Board meeting after which feedback will be provided to ECLB on the outcomes of the meeting. The ECLB prepared and submitted a proposal.
Department of Education	Underage drinking	The meeting between ECLB and DoE discussed collaborative efforts in the fight against underage drinking. The meeting discussed leveraging resources such as ambassadorship and learner support agents. The two stakeholders drafted a list of activities to support the program and also the DoE shared their plan for 2026/27 indicating the areas in which they are working for the new financial year.

4.5.2 INTER-GOVERNMENTAL RELATIONS

- At the MUNMEC Forum, the amended regulations and the role of the municipalities in ensuring alignment with the requirements of the new regulations.
- In the period under review, a collaborative operation was conducted with multi-stakeholders, namely SAPS, the Eastern Cape Liquor Board, Home Affairs Immigration and the Department of Labor in the Mthatha Cluster area and beyond, and they resolved the following:
 - To inspect legal and problematic licensed premises in the Mthatha cluster.
 - To reduce crimes, drug trafficking and selling liquor to minors.
 - To educate citizens on trading conditions and the disadvantages of non-compliance.
 - To monitor and vet foreigners at licensed premises.
 - In the month of November, the CED held public participation sessions in the various districts in terms of the implementation of the amended regulations and fees.
- A certification event was held during which about 23 Nelson Mandela Bay Metro Police Officers were awarded appointment certificates as Designated Liquor Officers in terms of Section 46 of the Act (No 10 of 2003).
- A certification event was held in Mthatha District, during which 44 Law Enforcement Officers from KSD Municipality were awarded appointment certificates as Designated Liquor Officers in terms of Section 46 of the Act (No 10 of 2003).
- Certification awards were made in King Sabata Dalindyebo Municipality.
- The declaration of ECLB Inspectors as Peace Officers has been approved and finalised by the Minister of Police. The inspectors are currently undergoing vetting.

Highlights

- Certification of Nelson Mandela Bay Liquor Inspectors.
- Training of 82 SAPS members in the SAPS-ECLB Liquor Regulation Manual took place in the Joe Gqabi District. These officers will be appointed by the Board as Designated Liquor Officers (DLOs) in terms of Section 46 of the Eastern Cape Liquor Act.
- The division trained 57 municipal officials from the following departments: land use, building control and environmental health; and fire practitioners from three municipalities, i.e. Walter Sisulu, Senqu and Elundini Local Municipalities.
 - In the period under review, two liquor licences were revoked by the Board in terms of Section 29 of the Act for failure to comply with the regulations and trading conditions. The outlets were Nobuzwe Night Club and Nobuzwe Liquor Store, in the Chris Hani District Municipality.
 - Certification awards in King Sabata Dalindyebo Municipality.
 - Two cases were opened in Komga, one for a fraudulent liquor licence and the other for illegal trading. The case number (CAS: 8/12/2023) has been successfully prosecuted in the period under review and a fine of R15,000 for fraud and illegal trading was levied.

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 Liquor Traders	Disability	Youth
Underage drinking	152	71 027	0	232	138 100
Tavern Activations and Responsible drinking and trading (Community Engagement sessions)	78	2 054	12	51	1 686
FAS	29	793	0	1	713
Road safety	23	552	0	0	671
Institutions of Higher Learning Programme	238	13 180	0	85	16 268
TOTAL	520	87 606	12	369	157 438

NB: Please note that this table reflects the disaggregated numbers of the vulnerable groups. Therefore, the numbers will not be the same as the total number of people reached.

4.7 Corporate social responsibility (CSI)

In the financial year of 2025/26, the 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 Awareness Race and Underage Drinking Awareness Summit.

The table below illustrates financial support from stakeholders that contributed to the ECLB alcohol harm reduction initiatives (incl. 21km Underage Drinking Awareness Race and Underage Drinking Awareness Summit) and licence renewal period processes:

Stakeholder	Area of Support	Total Investment
SKG Properties	Support towards the facilitation of the Underage Drinking Race	R70 000
Aware org	Support towards the facilitation of the Underage Drinking Race	R350 000
ABSA	Support towards the ECLB Underage Drinking Race by providing promotional material	R180 000
Beer SA	Contributed to ECLB's 21km Awareness Race by providing water for stakeholders	R80 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	R4 800
Xhobani Security Services	Provided two security guards to patrol Beacon Crossing and lead vehicle to escort and guide athletes during the race, which would have cost the entity R5000.	R5 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 and Underage Drinking Summit	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 and Underage Drinking Summit	R252 925
Daai Insure	Supported the Underage Drinking Race	R2 800
Lunika	Supported the Underage Drinking Race	R65 000
TOTAL		R1 229 745

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 1 April 2025 to 31 March 2026. There were changes in the fee structure during the 2025/26 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	0.00	0.00	0.00	500		0	500	0	750	0		0	1 750.00
1002	APP - REGISTRATION	2 500	7 500.00	7 500.00	15 000.00	40 000	10 000	40 000	35 000	67 500	32 500	2 500	37 740	55 500	350 740.00
1003	APP - CONTROLLING INTEREST	500	0.00		0.00			0	0		0	0		500	500.00
1004	APP - TRANSFER	750	750.00	0.00	750.00	750		0	750	750	0	0	2 250	3 000	9 000.00
1005	APP - REMOVAL	750	0.00	750.00	0.00			0	0	0	0	0		750	1 500.00
1007	LODGE MENT OF APPEAL	750	0.00		0.00			750	0	2 250	0	0	1 500	0	4 500.00
1101	NEW REGISTRATION Sec 20(a)	5 000	15 000.00		20 000.00	55 200	47 000	30 000	22 000	40 000	12 750	10 000	31 000	20 000	302 950.00
1104	NEW REGISTRATION Sec 20(b)	8 000	8 000.00	16 000.00	13 000.00	43 000	16 000	5 000	31 000	34 000	13 000	15 000	8 000	34 000	236 000.00
1107	NEW REGISTRATION Sec 20(c)	2 000	12 000.00	6 000.00	48 500.00	79 000	36 000	34 000	52 000	37 000	14 000	10 000	52 000	40 750	421 250.00
1110	NEW REGISTRATION Sec 20(d)	1 000	1 000.00		5 000.00	9 000	2 000	4 000	4 000	13 000	1 000	0	6 000	6 000	51 000.00
1102	TRANSFER/REMOVAL Sec 20(a)	1 250	0.00		3 750.00		2 500	3 750	2 500	2 750	1 250	3 500	1 250	3 750	25 000.00
1105	TRANSFER/REMOVAL Sec 20(b)	1 000	0.00		1 000.00	2 000	4 000	4 000	0	0	0	0		3 000	14 000.00
1108	TRANSFER/REMOVAL Sec 20(c)	1 000	1 000.00		1 000.00	10 750	1 000	6 500	2 000	2 000	0	0		0	24 250.00
1305	TRANSFER/REMOVAL Sec 20(d)	1 250						0		0	1 250	5 000		0	6 250.00
1103	ANNUAL LICENCE Sec 20(a)	2 500	0.00	7 500.00	0.00	2 500	5 000	5 000	0	2 500	1 901 750	843 400	1 395 920	208 600	4 372 170.00
1106	ANNUAL LICENCE Sec 20(b)	3 000	21 000.00	5 500.00	12 000.00	6 000	21 000	9 000	9 000	0	1 416 800	1 189 000	1 137 500	192 000	4 018 800.00
1109	ANNUAL LICENCE Sec 20(c)	2 500	60 500.00	60 000.00	22 500.00	25 000		15 000	5 000	27 500	1 907 070	3 632 975	7 844 650	772 280	14 372 475.00
1303	ANNUAL LICENCE Sec 20(c)	5 000						0		0	40 000	18 500	42 500	0	101 000.00
1301	MANAGERS APPOINTMENT sec 4	200		228 230.00		28 800	32 400	25 800	33 700	22 200	16 200	7 720	53 450	72 300	520 800.00
1302	CHANGE OF PLAN	1 500			3 000.00			0	1 500	0	0	0	1 500	3 000	9 000.00
1304	CONTROLLING INTEREST	5 000						5 000		0	0	0		0	5 000.00
	TOTAL REVENUE RECEIVED		126 750.00	331 480.00	145 500.00	302 500.00	176 900.00	187 800.00	198 950.00	251 450.00	5 358 320.00	5 737 595.00	10 615 260.00	1 415 430.00	24 847 935.00

5.2 Overall expenditure

The entity spent R85.837 million of the R85.839 million budget allocated for the achievement of its mandate in the 2025/26 financial year, thus remaining within its budget allocation for the year as it has implemented cost containment measures per the National Treasury regulations.

Expenditure by economic classification

EXPENDITURE BY ECONOMIC CLASSIFICATION	R'000			
	ACTUAL EXPENDITURE	BUDGET	(OVER)/UNDER EXPENDITURE	ACTUAL %
Compensation of Employees*	58 458	58 772	314	99%
Goods and Services**	24 614	26 036	1 443	95%
Capital Expenses***	2 786	1 031	(1 755)	270%
TOTAL PAYMENTS	85 837	85 839	2	100%
TRANSFERS RECEIVED FROM DEDEAT	83 227	83 227		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 by National Treasury.

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

5.2.1 EXPENDITURE BY PROGRAMME

PROGRAMME NAME	R'000		
	BUDGET	ACTUAL EXPENDITURE	(OVER)/UNDER EXPENDITURE
Licensing	7 759	7 325	434
Compliance and Enforcement	32 337	32 446	(109)
Social Accountability	9 904	10 062	(158)
Finance	12 392	12 667	(275)
Corporate Services	9 061	9 161	100
ICT	5 385	5 353	32
Office of the CEO	7 991	7 836	155
Capital expenses	1 010	987	23
TOTAL	85 839	85 837	2

5.3 Capital investments

The previous year's property, plant and equipment commitments relate to expenditure for the installation, professional fees and minor assets consumed in the SD-WAN project, while intangible assets relate to the licensing system costs incurred in the testing and glitch resolution process of the system.

A conceptual image featuring a hand holding a glowing globe. The globe is composed of concentric circles and is surrounded by a network of lines and dots, suggesting a global or digital theme. The word "GOVERNANCE" is prominently displayed in the center of the globe.

GOVERNANCE



EASTERN CAPE
LIQUOR BOARD

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 in the ECLB's Annual Reports, focusing on service delivery and 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 members of the Board. The ECLB is required to report to the Executive Authority on a quarterly basis, submitting various oversight reports as specified in the PFMA.

NO	DATE	REPORTS SUBMITTED TO THE EXECUTIVE AUTHORITY
1	20 July 2025	2024/25 First Quarter Financial and Performance Report
2	31 August 2025	2023/24 Annual Report, including Annual Financial Statements
3	20 October 2025	2024/25 Second Quarter Financial and Performance Report
4	25 October 2025	2024/25 Six months Oversight Report and Performance Information Report
5	20 January 2026	2024/25 Third Quarter Financial and Performance Report
6	10 March 2026	2025-2030 Strategic Plan 2025/26 Annual Performance Plan
7	20 April 2026	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

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 non-executive members and one 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.

Board Composition Summary

The following table summarises the composition of the Board by designation, gender, and race.

Name	Designation	Gender	Race	Status
Mr Mandlenkosi Gobingca	Chairperson	Male	Black African	Active
Dr Mzukisi Mboto	Board Member	Male	Black African	Active
Ms Ncumisa Nomfundo Nongogo	Board Member	Female	Black African	Active
Mr Wayne Manthe	Board Member	Male	White	Active
Ms Pam Tshwete	Board Member	Female	Black African	Active
Total: 5 Members Male: 3 Female: 2 Black African: 4 White: 1				

4.3 Board meeting attendance — 2025/26

The following table and chart reflect meetings attended by Board Members during the 2025/26 financial year.

Date	Mr M. Gobingca	Dr M. Mboto	Ms N. Nongogo	Mr W. Manthe	Mrs P. Tshwete	TYPE OF SITTING
08 April 2025	Yes					MEC Budget and Policy Speech
10 April 2025	Yes					Digital Summit
25 April 2025	Yes	Yes	Yes	Yes		Board Hearing
29 April 2025	Yes	Yes	Yes	Yes		Board Meeting
29 May 2025	Yes	Yes	Yes	Yes	Yes	Special Board Meeting
10 June 2025	Yes	Yes	Yes	Yes	Yes	Shortlisting for the position of Senior Manager: Licensing
24-25 June 2025	Yes	Yes	Yes	Yes	Yes	Interviews for the position of Senior Manager: Licensing
26 June 2025	Yes	Yes	Yes	Yes	Yes	Portfolio Committee
28 June 2025	Yes	Yes	Yes	Yes	Yes	ECLB Provincial Summit
29 June 2025	Yes	Yes	Yes	Yes	Yes	21km Race
24 July 2025	Yes	Yes	Yes	Yes	Yes	Board Hearing
25 July 2025	Yes	Yes	Yes	Yes	Yes	Special Board Meeting
08 August 2025	Yes	Yes	Yes	Yes	Yes	Board Hearing
28 August 2025	Yes	Yes	Yes	Yes	Yes	Board Meeting
01-02 September 2025		Yes				Social Accountability Awareness Campaigns
01 October 2025	Yes	Yes	Yes	Yes	Yes	In-Committee Board Session

Date	Mr M. Gobingca	Dr M. Mboto	Ms N. Nongogo	Mr W. Manthe	Mrs P. Tshwete	TYPE OF SITTING
13-14 October 2025	Yes					Meeting regarding merger between Eastern Cape Gambling Board and Eastern Cape Liquor Board
30-31 October 2025	Yes					DEDEAT Strategic Planning Session
20 November 2025	Yes	Yes	Yes		Yes	Portfolio Committee
25 November 2025	Yes	Yes	Yes	Yes	Yes	Board Hearing
26 November 2025	Yes	Yes	Yes	Yes	Yes	ECLB Policy Review Session
27 November 2025	Yes	Yes	Yes	Yes	Yes	Board Meeting
04 December 2025	Yes	Yes	Yes	Yes	Yes	ECLB Strategic Planning Session
05 February 2026	Yes					Executive Council Lekgotla
24 February 2026	Yes	Yes	Yes	Yes	Yes	Board Meeting
13 March 2026	Yes					MEC 2026 Budget Speech
19 March 2026	Yes	Yes				MEC Q3 Board Meeting
TOTAL	26	21	19	18	17	

4.4 Remuneration of Board Members

Name	Remuneration	Cell phone allowance	Travel Allowance	Total
Mr Gobingca (Chairperson)	R297 000	R18 000	R24 978	R339 978
Dr Mboto	0	0	R70 853	R70 853
Ms Nongogo	R162 800	-	R17 400	R180 200
Mr W. Manthe	R145 800	-	R11 879	R157 679
Mrs.P.Tshwete	R145 401		R13 917	159 318
TOTAL	R751 001	R18 000	R139 027	R908 028

Dr Mboto represents the shareholder DEDEAT and was therefore reimbursed for traveling expenses amounting to R70 853.

Remuneration of ICT Steering Committee Chairperson

Dr. Madyibi was appointed as the entity's ICT Steering Committee Chairperson in October 2025. His appointment underscores the entity's commitment to good corporate governance and is in line with the recommendations of King V, which states that the Chairperson of the Committee should be an independent, non-executive member.

Name	Position in the audit committee	Date appointed	No. of Meetings attended	Total
Dr. A. Madyibi	Chairperson	01 October 2025	03	R24 000
TOTAL				R 24 000

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 annually and approved by the Board.
- Risk assessment meetings for 2025/26 were held with staff, management, the Audit Committee and the Board. A comprehensive risk assessment of the organisation has been completed, with emerging risks identified.

- Inputs from the Board, Audit Committee, Executive management, Management and staff were collated and the risk profile was created, which comprised 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 risk mitigation and, in turn, has led to improvements in 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 01/10/2025 (term extended)	8
Mr Phumzile Zitumane	- B Com - Master of Business Leadership (MBL)	Deputy Chairperson	Term extended 07/05/2024	7
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 01/10/2025 (term extended)	8
Mr Wayne Manthe	- CA (SA) - Postgraduate Diploma in Accounting - Certificate in Theory and Practice of Auditing - Bachelor of Commerce (majors Accounting and Commercial Law)	Member	11/04/2023 01/05/2026 (term extended)	8
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	8

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 2025/26 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 2025/26 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 51 of this document.

15. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2026.

Audit committee members and attendance

The Audit Committee ("The 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 adhering to good corporate governance principles. The Committee plays a crucial role in reviewing the effectiveness of internal controls, governance and risk management of the institution by providing independent advice and guidance to the Board of Directors. The Audit Charter also prescribes 4 ordinary meetings and 2 special meetings to consider the annual financial statements and the Audit report.

The Audit Committee met quarterly during the year to review reports provided by 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. The table below presents the dates and attendance of the ordinary and special meetings including the recommendation for approval by the Board of the 2025 Annual Financial Statements and Annual Performance Report held on 27 May 2025 as well the presentation of the Audit Strategy by AGSA on 23 June 2025. The meetings were held in line with the annual Audit Committee Schedule:

Name of member	2025/04/22	2025/05/23	2025/05/27	2025/06/23	2025/07/18	2025/08/21	2025/11/19	2026/02/20
Mrs Vicky Ntsodo-Boyce (Chairperson)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mr Phumzile Zitumane (DC)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No
Mr Dumisani Rorwana	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mr Wayne Manthe	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mr Norman Baloyi	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

The Audit Committee Chairperson also attends quarterly Board meetings of the ECLB to present the Committee's reports and provide status updates on pertinent matters emanating from its meetings.

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 V 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 through the risk management process, as well as by identifying 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 controls or any deviations therefrom. Accordingly, we can report that the system of internal controls 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 and annual performance report to be audited by the Auditor-General;
- reviewed changes to accounting policies and practices; and
- reviewed the entity's 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

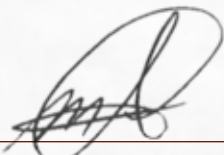
The Audit Committee has met with the Auditor-General of South Africa to discuss the audit strategy for the year under review as indicated above.

16.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 / 2026



EASTERN CAPE
LIQUOR BOARD

PART D
HUMAN RESOURCE
MANAGEMENT

1. INTRODUCTION

The Eastern Cape Liquor Board (ECLB) recognises that its employees are its most valuable asset and remains committed to building a high-performing, ethical and responsive workforce that supports the achievement of the organisation's strategic objectives. During the year under review, the Human Resources function continued to focus on strengthening organisational capability, improving employee experience, enhancing governance, and leveraging technology to improve service delivery.

The Human Resources Division plays a strategic role in ensuring that the organisation attracts, develops, retains, and effectively manages competent employees while maintaining compliance with applicable labour legislation, policies, and governance requirements.

2. HR PRIORITIES FOR 2025/26

During the financial year, the Human Resources function focused on the following key priorities:

- Enhancing organisational effectiveness and workforce productivity.
- Strengthening talent management and employee development initiatives.
- Improving employee wellness and engagement.
- Modernising HR service delivery through automation and digitalisation.
- Strengthening performance management systems and accountability.
- Ensuring compliance with legislative and regulatory requirements.

2.1 Human resource information system (hris)

A significant milestone during the year under review was the acquisition and implementation of a new Human Resource Information System (HRIS). The system was introduced as part of the organisation's digital transformation journey and aims to automate and streamline key human resource processes.

The implementation of the HRIS has enhanced operational efficiency by automating various HR functions, including employee records management, leave administration, performance management, reporting, and workforce data management. The system has improved data integrity, reduced manual processing, enhanced reporting capabilities, and strengthened internal controls relating to employee information management.

The HRIS is expected to contribute significantly to improved decision-making by providing reliable workforce information and real-time reporting, while enhancing service delivery to employees and management.

2.2 Performance management and development

The organisation remains committed to fostering a culture of accountability, continuous improvement, and high performance. Performance agreements and performance assessments continued to be implemented in accordance with the approved Performance Management Policy.

During the year under review, the ECLB piloted a 360-degree performance evaluation process for Senior Managers. The pilot initiative sought to strengthen leadership effectiveness by obtaining structured feedback from supervisors, peers, and subordinates.

The pilot provided valuable insights into leadership competencies, behavioural effectiveness, communication, teamwork, and strategic leadership capabilities. The outcomes of the pilot will be used to inform future enhancements to the performance management framework and leadership development initiatives within the organisation. The organisation will continue evaluating the effectiveness of the 360-degree assessment process with a view to broader implementation in future reporting periods.

2.3 Employee wellness

Employee wellness remained a key priority during the reporting period. Various wellness initiatives were implemented to support the physical, emotional, financial, and psychological wellbeing of employees.

Employee Assistance Programme (EAP) services through organisations we have partnered with remained available to employees and their immediate family members, providing confidential counselling and support services where required. The organisation recognises that employee wellbeing is critical to sustaining productivity, employee engagement, and overall organisational performance.

2.4 Employment equity and transformation

The ECLB remains committed to promoting diversity, inclusion, and equitable representation within the workforce. Employment Equity targets continue to inform recruitment, promotion, and development initiatives to ensure alignment with legislative requirements and transformation objectives.

The organisation remains committed to creating opportunities for career growth and advancement for its employees. During the year under review, a significant number of vacant positions were successfully filled through internal recruitment processes, resulting in promotional opportunities for suitably qualified and competent employees. This approach not only supports employee retention and motivation but also demonstrates the organisation's commitment to succession planning, talent management, and the development of internal capacity.

The organisation continues to monitor workforce demographics and to implement measures aimed at achieving greater representation of designated groups at all occupational levels.

2.5 Labour relations

The organisation maintained sound labour relations during the year through ongoing engagement with employees and organised labour. Labour relations matters were managed in accordance with applicable legislation, policies, and procedures.

Management remains committed to fostering constructive workplace relationships, promoting fair labour practices, and resolving workplace matters effectively and timeously.

3. HUMAN RESOURCE GOVERNANCE

The Human Resources function continued to ensure compliance with applicable legislation, policies, and governance frameworks. Regular monitoring and reporting mechanisms were maintained to support accountability, transparency, and good governance practices.

The organisation's Human Resources Maturity Assessment continues to reflect a structured, integrated, and strategically aligned HR function that supports organisational performance and governance objectives. The introduction of the new HRIS further strengthens the maturity of the function through enhanced automation, improved data management, and strengthened decision-support capabilities.

4. CHALLENGES FACED BY THE PUBLIC ENTITY

The Human Resources function continued to operate within a constrained fiscal environment during the year under review. Ongoing budget pressures limited the implementation of certain planned initiatives, particularly in the areas of learning and development, employee wellness, talent acquisition and management, and organisational development.

The financial constraints also resulted in the organisation being unable to implement performance rewards for qualifying employees for the 2025/26 performance cycle despite performance assessments being conducted. This presented a challenge in recognising and rewarding high-performing employees.

Despite these challenges, the organisation prioritised critical HR activities, collaborated with other organisations and leveraged technology, including the newly implemented Human Resource Information System (HRIS), to improve efficiency and service delivery. The ECLB remains committed to developing its workforce and exploring cost-effective solutions to support human capital management within the prevailing financial constraints.

5. FUTURE HR PLANS /GOALS

In the forthcoming financial year, the Human Resources unit will continue to focus on:

- optimising the utilisation of the new HRIS;
- enhancing workforce planning and talent management;
- strengthening leadership development initiatives;
- expanding digital HR services and self-service capabilities;
- reviewing the outcomes of the 360-degree performance evaluation pilot and considering broader implementation;
- improving employee engagement and organisational culture; and
- supporting organisational sustainability through strategic human capital management.

Through these initiatives, the ECLB will continue to position its workforce as a strategic enabler of organisational success and service excellence.

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	7 759 000	6 948 140	8	11	631 649
Finance	12 392 000	5 186 364	6	7	740 909
Corporate	9 061 000	6 342 453	7	11	576 587
Compliance and Enforcement	32 337 000	26 676 014	31	43	620 372
Social Accountability	9 904 000	5 981 118	7	25	239 245
Information and Communication Technology	5 385 000	1 389 080	2	3	463 027
Office of the CEO	7 991 000	6 206 567	7	6	1 034 428
TOTAL	85 839 000	58 729 736	68	106	554 054

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	2 884 773	5	1	2 884 773
Senior Management	10 124 034	17	5	2 024 807
Professional Qualified	13 398 268	23	11	1 218 024
Skilled	13 835 304	24	22	628 877
Semi-skilled	15 049 721	26	36	418 048
Unskilled	817 176	1	3	272 392
Contract workers (Interns/Project Facilitators)	2 620 460	4	28	93 588
TOTAL	58 729 736	100	106	554 054

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

6.3 Performance rewards

The organisation has not yet implemented performance rewards for the 2025/26 financial year.

6.4 Training costs

Due to the need to prioritise limited 2025/26 financial resources towards the delivery of the entity's core mandate, the budget available for learning and development was significantly constrained. Consequently, emphasis was placed on implementing unfunded learning interventions, including internal knowledge-sharing initiatives and workplace-based learning opportunities. Furthermore, the entity leveraged training and capacity-building programmes facilitated by government departments and strategic stakeholders at no cost, thereby ensuring continued employee development. These interventions contributed to sustaining organisational capability despite the prevailing budget constraints.

6.5 Employment and vacancies

Occupational Category	2024/2025 No. of Employees	2025/2026 Approved Posts	2025/2026 No. of Employees	2025/2026 Vacancies	% of vacancies
Top Management	1	1	1	-	-
Senior Management	5	5	5	-	-
Professionally qualified	11	15	12	3	20
Skilled	24	32	22	10	31
Semi-skilled	35	35	35	-	-
Unskilled	3	3	3	-	-
TOTAL	79	91	78	13	14

Programme	2024/2025 No. of Employees	2025/2026 Approved Posts	2025/2026 No. of Employees	2025/2026 Vacancies	% of vacancies
Licensing	11	11	11	-	-
Finance	5	5	5	-	-
Corporate	9	9	9	-	-
Compliance and Enforcement	42	52	42	10	19
Social Accountability	6	7	6	1	14
Information and Communication Technology	1	2	1	1	50
Office of the CEO	5	5	4	1	20
TOTAL	79	91	78	13	14

The 13 vacancies comprise 10 unfunded positions (i.e. 8 Inspectors, Senior Inspector and Manager Social Accountability) and 3 funded positions (i.e. Legal Services Manager, ICT technician and Inspector, to be appointed from 01 April 2026).

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	3	1	13
Skilled	23	-	-	23
Semi-skilled	35	1	1	35
Unskilled	3	-	-	3
TOTAL	80	5	3	79

Appointments: ICT Manager, Senior Inspectors x2, Personal Assistant, Senior Manager Licensing.

Termination: Senior Manager Licensing, Senior Inspector, Personal Assistant.

6.6.1 REASONS FOR STAFF LEAVING

Reason	Number	% of total no. of staff leaving
Death	-	-
Resignation	1	1
Dismissal	-	-
Retirement	2	3
Ill health	-	-
Expiry of contract	-	-
Other	0	-
TOTAL	3	3,8

Retirement: Senior Manager Licensing, Senior Inspector; Resignation: Personal Assistant

6.7 Labour relations: misconduct and disciplinary action

Nature of disciplinary Action	Number
Verbal warning	1
Written warning	-
Final written warning	-
Dismissal	-
TOTAL	1

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	3	1	0	0	0	0	0	0
Professional Qualified	7	7	0	1	0	0	0	0
Skilled	10	10	1	1	0	0	0	0
Semi-skilled	5	5	0	1	0	0	0	0
Unskilled	0	1	0	0	0	0	0	0
TOTAL	25	24	1	2	0	0	0	0

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	1	0	1	0	0	1	1
Professional Qualified	4	4	1	1	0	1	0	0
Skilled	11	10	0	1	0	1	0	0
Semi-skilled	28	28	1	1	0	1	1	1
Unskilled	3	3	0	0	0	0	0	0
TOTAL	48	47	2	4	0	3	2	2

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





EASTERN CAPE
LIQUOR BOARD

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	2025/ 2026	2024/ 2025
	R'000	R'000
Opening balance	-	-
Add: Fruitless and wasteful expenditure confirmed	-	-
Less: Fruitless and wasteful expenditure written off	-	-
Less: Fruitless and wasteful expenditure recoverable	-	-
Closing balance	-	-

b) Reconciling notes

Description	2025/ 2026	2024/ 2025
	R'000	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	-	-
Total	-	-

2. LATE AND/OR NON-PAYMENT OF SUPPLIERS

Description	Number of invoices	Consolidated Value
		R'000
Valid invoices received	325	23 982 471
Invoices paid within 30 days or agreed period	325	23 982 471
Invoices paid after 30 days or agreed period	-	-
Invoices older than 30 days or agreed period (unpaid and without dispute)	-	-
Invoices older than 30 days or agreed period (unpaid and in dispute)	-	-

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 printing network services	Genbiz 1001(PTY) LTD/ Trading as Xerox	Expansion	ECLB 002/2022/23	R1 943 989,20	n/a	R233 216,16
Total				R1 943 989,20		R233 216,16





EASTERN CAPE
LIQUOR BOARD

PART F
FINANCIAL
INFORMATION

AUDIT

Findings

Compliance

Eastern Cape Liquor Board

Audit Report

For the year ended 31 March 2026

Auditing to build public confidence



Report of the auditor-general to the Eastern Cape Provincial Legislature on the 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 84 to 124, which comprise the statement of financial position as at 31 March 2026, statement of financial performance, statement of changes in net assets and 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 2026 and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

Responsibilities of the accounting authority for the financial statements

3. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with 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 review of the financial statements

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

inquiries of management and others within the auditee, as appropriate, 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 compliance and enforcement programme presented in the annual performance report for the year ended 31 March 2026. 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 pre-registration inspections conducted
 - Number of compliance inspections conducted to ensure compliance with liquor regulations
 - Number of blitz operations conducted with law enforcement agencies to enforce legislation
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
- 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-achievements.

Report on compliance with legislation

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

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

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

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

Internal control deficiencies

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

Professional ethics and quality control

22. 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.
23. 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

KuGompo City

29 July 2026



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; 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
Companies Act 71 of 2008	Section 45(2); 45(3)(a)(ii); 45(3)(b)(i); 45(3)(b)(ii); 45(4); 46(1)(a); 46(1)(b); 46(1)(c); 112(2)(a); 129(7)
Construction Industry Development Board Regulations, 2004	Regulation 17; 25(7A); 25(9)(a); 25(10)
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. 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	Section 1; 2(1)(a); 2(1)(b); 2(1)(f)
Preferential Procurement Regulations, 2022	Paragraph 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4

Legislation	Sections or regulations
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)



EASTERN CAPE LIQUOR BOARD

Annual Financial Statements
for the year ended 31 March 2026

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2026

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 Mrs. N.N. Nongogo Mr. W. Manthe Mrs. P. Tshwete (Term commenced on 12 May 2025) The term of office for each Board Committee member has been approved by the Member of Executive Council (MEC):DEDEAT.
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 2026

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Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2026

Statement of Responsibility

The Board members ("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 Eastern Cape Liquor Board ("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 Officer 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 2027 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 Provincial Treasury through 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 entity has neither the intention nor the need to liquidate or curtail materially the scale of the entity. The DEDEAT and ECLB also finalised and implemented Liquor Regulations in line with the Eastern Cape Liquor Authority Act 4 of 2018 which is a further confirmation of the entity's ability to continue operating in the foreseeable future.

Although the Board Committee 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 6.

The Annual Financial Statements set out on pages 84 to 124, which have been prepared on the going concern basis, were approved by the Accounting Authority on 31 August 2026 and were signed on its behalf by:



Mr. M. Gobingca
Chairperson of the Board

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2026

Audit Committee Report

We are pleased to present our report for the financial year ended 31 March 2026.

Audit Committee Member attendance

The Audit Committee ("The 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 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. The table below holds the dates and attendance of the ordinary and special meetings including the recommendation for approval by the Board of the 2025 Annual Financial Statements and Annual Performance Report held on 27 May 2025 as well the presentation of the Audit Strategy by AGSA on 23 June 2025. The meetings were held in line with the annual Audit Committee Schedule:

Name of Member	2025/04/22	2025/05/23	2025/05/27	2025/06/23	2025/07/18	2025/08/21	2025/11/19	2026/02/20
Vicky Ntsodo-Boyce (Chairperson)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Phumzile Zitumane (Deputy)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No
Wayne Manthe	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Norman Baloyi	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Dumisani Rorwana	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

The Audit Committee Chairperson also attends quarterly Board meetings of the ECLB to present the Committee's reports and provide status update on pertinent matters emanating from its meetings.

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 V 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 2026

Audit Committee Report

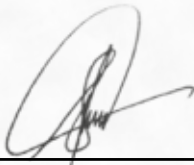
Internal audit

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

The Audit Committee has approved the Internal Audit plan and 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.

Auditor-General of South Africa

The Audit Committee meets with the Auditor-General of South Africa to discuss the audit strategy for the year under review.



Ms Vicky Ntsodo-Boyce
Chairperson of the Audit Committee

Date: 28 July 2026

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2026

Statement of Financial Position as at 31 March 2026

	Note(s)	2026	2025
Assets			
Current Assets			
Receivables from exchange transactions	5	434 921	786 002
Cash and cash equivalents	6	20 596 854	26 841 742
		21 031 775	27 627 744
Non-Current Assets			
Property, plant and equipment	3	6 959 074	10 102 723
Intangible assets	4	5 278 288	7 710 386
		12 237 362	17 813 109
Total Assets		33 269 137	45 440 853
Liabilities			
Current Liabilities			
Finance lease obligation	7	3 148 064	2 675 037
Payables from exchange transactions	9	23 786 202	29 824 424
Provisions	8	7 954 552	-
		34 888 818	32 499 461
Non-Current Liabilities			
Finance lease obligation	7	2 605 039	5 472 538
Total Liabilities		37 493 857	37 971 999
Net Assets		(4 224 720)	7 468 854
Accumulated surplus		(4 224 720)	7 468 854
Total Net Assets		(4 224 720)	7 468 854

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2026

Statement of Financial Performance

	Note(s)	2026	2025
Revenue from non-exchange transactions			
Government grants & subsidies	12	83 227 000	96 862 856
Revenue from exchange transactions			
Commissions received		210	210
Other income	10	128 016	45 335
Interest received	11	2 309 612	2 171 657
		2 437 838	2 217 202
Expenditure			
Administration and management fees	14	(14 713 373)	(15 015 055)
Auditors remuneration	18	(1 550 799)	(1 571 756)
Depreciation, amortisation and impairment	15	(7 156 051)	(4 318 938)
Personnel expenditure	13	(65 669 462)	(63 041 416)
Operating expenses	17	(7 245 615)	(10 330 211)
Marketing		(211 363)	(651 420)
Research and development costs		-	(654 441)
		(96 546 663)	(95 583 237)
Operating Surplus		(10 881 825)	3 496 821
Finance costs	16	(811 751)	(411 128)
Surplus/(Deficit) for the year		(11 693 576)	3 085 693

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2026

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
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 01 April 2025	7 468 855	7 468 855
Changes in net assets		
Deficit for the year	(11 693 575)	(11 693 575)
Total changes	(11 693 575)	(11 693 575)
Balance at 31 March 2026	(4 224 720)	(4 224 720)

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2026

Cash Flow Statement

	Note(s)	2026	2025
Cash flows from operating activities			
Receipts			
Revenue from non-exchange transactions		83 227 000	88 759 000
Interest income		2 115 900	2 171 657
Receipts on behalf of DEDEAT		24 847 935	23 259 005
Other receipts		128 226	45 545
		<u>110 319 061</u>	<u>114 235 207</u>
Payments			
Employee costs		(64 362 446)	(60 983 944)
Suppliers		(23 982 471)	(26 724 889)
Finance costs		(811 751)	(411 128)
Paid to DEDEAT		(23 432 505)	(21 724 140)
		<u>(112 589 173)</u>	<u>(109 844 101)</u>
Net cash flows from operating activities	20	<u>(2 270 111)</u>	<u>4 391 106</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(70 455)	(122 549)
Purchase of other intangible assets	4	(1 135 772)	(5 536 473)
Net cash flows from investing activities		<u>(1 206 227)</u>	<u>(5 659 022)</u>
Cash flows from financing activities			
Finance lease payments		(2 768 550)	(2 822 507)
Net increase/(decrease) in cash and cash equivalents		<u>(6 244 888)</u>	<u>(4 090 423)</u>
Cash and cash equivalents at the beginning of the year		26 841 742	30 932 165
Cash and cash equivalents at the end of the year	6	<u>20 596 854</u>	<u>26 841 742</u>

The accounting policies on pages 95 to 108 and the notes on pages 109 to 124 form an integral part of the annual financial statements.

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2026

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	-	128 016	128 016	128 016	-
Interest received - investment	750 000	1 559 612	2 309 612	2 309 612	-
Total revenue from exchange transactions	750 000	1 687 838	2 437 838	2 437 838	-
Revenue from non-exchange transactions					
Transfer revenue					
Government grants & subsidies	82 467 000	760 000	83 227 000	83 227 000	-
Total revenue	83 217 000	2 447 838	85 664 838	85 664 838	-
Expenditure					
Personnel (i)	(59 001 477)	-	(59 001 477)	(65 669 462)	(6 667 985)
Administration (ii)	(13 189 908)	(1 523 465)	(14 713 373)	(14 713 373)	-
Finance costs	(900 000)	-	(900 000)	(811 751)	88 249
Marketing expenses	(180 000)	-	(180 000)	(211 363)	(31 363)
Operating Expenses (iii)	(7 145 615)	(924 373)	(8 069 988)	(7 245 615)	824 373
Audit fees	(1 500 000)	-	(1 500 000)	(1 550 799)	(50 799)
Capital Expenditure (iv)	(1 300 000)	-	(1 300 000)	(1 206 227)	93 773
Total expenditure	(83 217 000)	(2 447 838)	(85 664 838)	(91 408 590)	(5 743 752)
Deficit from operating activities	-	-	-	(5 743 752)	(5 743 752)
Reconciliation					
Basis for the difference					
Depreciation, amortisation and impairment				(7 156 051)	
Capital expenditure				1 206 227	
Actual Amount in the Statement of Financial Performance				(11 693 576)	

Explanation of variances:

(i) Personnel costs - The variance is attributable to the provision for performance bonuses in line with the Performance Management and Development Policy of the organisation as well as the movements in leave accruals.

(ii) Administration costs - The adjustment budget received and own revenue generated from interest income were reprioritised to augment the original budget, hence there is no variance on the expenditure.

(iii) Operating expenses - The variance is attributable to the adjustment budget received and own revenue generated to defray all operational expenses for the year.

(iv) Capital expenditure - The variance is trivial and relates to minor savings realised during the procurement process of the respective goods.

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2026

Significant Accounting Policies

	Note(s)	2026	2025
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1. Significant accounting policies

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

1.1 Basis of preparation

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

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

1.2 Presentation currency

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

1.3 Going concern assumption

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

1.4 Significant judgements and sources of estimation uncertainty

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 2026

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.

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2026

Significant Accounting Policies

1.5 Property, plant and equipment (continued)

Depreciation

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

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

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

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

The entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements.

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.

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2026

Significant Accounting Policies

1.5 Property, plant and equipment (continued)

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.

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

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

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.

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2026

Significant Accounting Policies

1.6 Intangible assets (continued)

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.

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 entity 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 - GRAP 104 (Revised 2019)

The entity has applied the standards and interpretations of GRAP 104 (Revised 2019) which have been published and are mandatory for the periods on or after 01 April 2025 or later periods. The entity is of the view that these standards will have no impact for the financial instruments of the entity. As such there has been no changes in the accounting and disclosure for the organisation.

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.

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2026

Significant Accounting Policies

1.7 Financial instruments - GRAP 104 (Revised 2019) (continued)

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.

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.

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2026

Significant Accounting Policies

1.7 Financial instruments - GRAP 104 (Revised 2019) (continued)

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:

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.

Recognition of expected credit losses (GRAP 104 Revised)

Simplified approach for receivables

The entity assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired and recognises expected credit losses accordingly.

The entity applies an Expected Credit Loss ("ECL") model for the measurement of impairment losses on financial assets measured at amortised cost.

The ECL model reflects:

- > unbiased and probability-weighted amounts;
- > time value of money;
- > reasonable and supportable information available without undue cost or effort; and
- > forward-looking information.

The entity categorises financial assets into the following stages:

The entity applies a simplified impairment approach for trade receivables and contract receivables by recognising lifetime expected credit losses from initial recognition.

Expected credit losses are estimated using current, future-forecasting, and historical credit loss experience.

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).

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2026

Significant Accounting Policies

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.

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 entity's incremental borrowing rate (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.

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2026

Significant Accounting Policies

1.9 Leases (continued)

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 the disclosure notes.

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.

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:

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2026

Significant Accounting Policies

1.10 Employee benefits (continued)

- 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.

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 2026

Significant Accounting Policies

1.12 Revenue from non-exchange transactions (continued)

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 an entity, which represents an increase in net assets, other than increases relating to contributions from owners.

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

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

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 2026

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

Measurement

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

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

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 2026

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 2025 to 31 Mar 2026.

The annual 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 entity 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 2026

Significant Accounting Policies

1.20 Events after reporting date (continued)

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

1.21 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 2026

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 104 (Revised 2019) 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

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 107 Mergers	To be determined	Unlikely there will be a material impact
• GRAP 106 Transfer of Functions Between Entities Not Under Common Control	To be determined	Unlikely there will be a material impact
• GRAP 105 Transfer of Functions Between Entities Under Common Control	To be determined	Unlikely there will be a material impact
• GRAP 2023 Improvements to the Standards of GRAP 2023	To be determined	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements (Going Concern)	To be determined	Unlikely there will be a material impact
• GRAP 103 (as revised): Heritage Assets	To be determined	Unlikely there will be a material impact
• iGRAP 22 Foreign Currency Transactions and Advance Consideration	To be determined	Unlikely there will be a material impact

Eastern Cape Liquor Board

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3. Property, plant and equipment

	2026			2025		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	3 440 520	(2 554 752)	885 768	3 599 292	(2 490 454)	1 108 838
Office equipment	957 032	(880 478)	76 554	1 592 638	(1 443 848)	148 790
Computer equipment	1 886 194	(1 276 474)	609 720	5 094 379	(4 288 943)	805 436
Leasehold improvements	736 075	(736 070)	5	950 559	(950 554)	5
Finance Lease Vehicles	9 144 609	(3 757 582)	5 387 027	8 770 532	(730 878)	8 039 654
Total	16 164 430	(9 205 356)	6 959 074	20 007 400	(9 904 677)	10 102 723

Reconciliation of property, plant and equipment - 2026

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	1 108 838	-	(223 070)	885 768
Office equipment	148 790	-	(72 235)	76 555
Computer equipment	805 436	70 454	(266 170)	609 720
Leasehold improvements	5	-	-	5
Finance Lease Vehicles	8 039 654	374 077	(3 026 704)	5 387 027
	10 102 723	444 531	(3 588 179)	6 959 075

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2026

Notes to the Annual Financial Statements

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3. Property, plant and equipment (continued)

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	899	-	(894)	5
Finance Lease Vehicles	1 957 880	8 770 531	(2 688 757)	8 039 654
	4 537 848	8 893 081	(3 328 206)	10 102 723

Assets subject to finance lease (Net carrying amount)

Finance lease vehicles	5 387 027	8 039 654
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The ECLB spent R42 366 (2025: R33 396) on repairs and maintenance of its property, plant and equipment, and R46 860 (2025: R128 909) on repairs and maintenance of leased premises and assets under finance lease.

The entity has fully depreciated assets that are still in use. However, the review of these assets useful lives, residual values, and depreciation methods at year end did not warrant an adjustment to be made. The entity also disposed/scrapped some of its fully depreciated assets that no longer met the safety and ergonomic standards in line with the entity's Asset Disposal Policy as follows:

Asset Category	Total Cost	Total Accumulated Depreciation	Net Book Values
Computer equipment	R3 278 639	R3 278 639	R0.00
Office equipment	R635 606	R635 606	R0.00
Furniture	R158 772	R158 772	R0.00
Leasehold improvements	R214 484	R214 484	R0.00

There were no proceeds on disposal of assets in the current year.

Security

Assets held under the finance lease agreement had a carrying value amounting to R5 387 027 (2025: R8 039 655) at year-end and were used as security for the finance lease obligation as disclosed in note 7.

Eastern Cape Liquor Board

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4. Intangible assets

	2026			2025		
	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	2 264 296	(1 826 227)	438 069	10 041 602	(9 571 435)	470 167
Intangible assets under development	6 000 000	(2 400 000)	3 600 000	6 000 000	-	6 000 000
Total	9 504 515	(4 226 227)	5 278 288	17 281 821	(9 571 435)	7 710 386

Reconciliation of intangible assets - 2026

	Opening balance	Additions	Amortisation	Impairment loss	Total
Computer software, internally generated	1 240 219	-	-	-	1 240 219
Computer software, other	470 169	1 135 772	(1 167 872)	-	438 069
Intangible assets under development	6 000 000	-	-	(2 400 000)	3 600 000
	7 710 388	1 135 772	(1 167 872)	(2 400 000)	5 278 288

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

Eastern Cape Liquor Board

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4. Intangible assets (continued)

The entity disposed/derecognised some of its fully amortised intangible assets that no longer met the current technological requirements (outdated and expired software and licenses) in line with the entity's Asset Disposal Policy as follows:

Asset category	Total cost	Total accumulated amortisation	Net Book Values
Intangible assets	R8 913 079	R8 913 079	R0.00

There were no proceeds on disposal of these assets.

The ECLB did not incur expenditure on repairs and maintenance of intangible assets in the current year and the prior year expenditure amounted to R20 833.

The entity's internally generated software was assessed as having indefinite useful life on acquisition. The entity tests the software for impairment and the adequacy of reported useful life annually. There were no changes in technological events and circumstances relating to the use of this asset and the asset can still effectively support business operations without any interruptions. Therefore, the assessment made indicated that the software can still assist business in the foreseeable future.

The entity's intangible asset under development relates to an internally developed Licensing System which was earmarked for a public launch and full rollout in the prior year. At the time of the launch, significant "glitches" were experienced and the system was unable to effectively support business activities that it was intended for. A 'glitch' resolution process was initiated and extensive meetings were conducted with the service provider during the period under review. The 'glitches' were found to be technical in nature and related to data migration, configuration and data structures of the system amongst other issues. As such, a completion certificate bearing system source codes had not been issued at year-end rendering the system incomplete and under development.

During the fourth quarter meetings of the Executive Management Team, Audit and Risk Committee, ICT Steering Committee and the Board Committee, reports were received from respective managers regarding significant and pervasive deficiencies of the newly developed Licensing System. Upon receiving the aforementioned adverse reports, the entity embarked on a process to independently assess and evaluate the system and to investigate the extent of the overhaul required on the system. A formal written request for the assistance by the Chief Technology Officer was submitted to the Office of the Premier for the independent assessment and evaluation of the system.

An impairment loss of R2 400 000 was subsequently estimated and recognised on the system in consideration of the existing impairment indicators alluded to above, and the entity will proceed with the independent assessment and evaluation process of the system to monitor and recognise any developments.

<u>Disclosure item</u>	2026 (R)	2025 (R)
Impairment losses recognised in the deficit	2 400 000	-

Line item inclusion: Depreciation, amortisation and impairment

Management evaluated the licensing system and determined that the foregoing technical limitations have severely impaired its operational capabilities, resulting in a significant reduction in total output potential. The remaining service potential of the asset was quantified using the **service units approach** to determine its **value in use**. Consequently, an impairment loss was recognized to align the asset's carrying value with its revised recoverable service amount.

5. Receivables from exchange transactions

Receivables	1 439 386	1 674 341
Staff debt	45 018	647 038
Less: Impairment for credit losses	(1 049 483)	(1 535 377)
	434 921	786 002

Eastern Cape Liquor Board

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5. Receivables from exchange transactions (continued)

Trade and other receivables past due but not impaired

Trade and other receivables were all considered for impairment assessment in line with GRAP 104 (Revised). Receivables include rental deposits, hall hire deposits etc while Staff debt includes study loans and other staff recoverable expenditure. Trade receivables are impaired when recovery is highly unlikely and a provision relating to this amounted to R1 049 483 (2025: R1 535 377) due to the long outstanding debts whose recovery remains doubtful. At 31 March 2026, R 434 921 (2025: R 786 002) were past due but not impaired.

The ageing of amounts past due is as follows:

1 month past due	434 921	786 002
More than 12 months past due	1 049 483	1 535 377

Reconciliation of provision for impairment of trade and other receivables

Opening balance	1 535 377	508 788
Provision for impairment	-	1 026 589
Amounts written off as uncollectible	(485 894)	-
	1 049 483	1 535 377

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 11:

Cash on hand	79	931
Bank balances	20 596 775	26 840 811
	20 596 854	26 841 742

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

The entity had the following bank accounts

Licensing deposit account	303 787	17 292 663
Operational account	73 258	9 548 148
Call Account	20 219 730	-
	20 596 775	26 840 811

7. Finance lease obligation

It is the ECLB's Policy to lease motor vehicles using finance lease agreements. The current lease commenced on 02 January 2025 and is for a period of 36 months (3 years) with the lease liability repayable in monthly instalments. The monthly instalments are paid at the end 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	3 639 294	3 462 315
- in second to fifth year inclusive	2 729 471	6 059 050
	6 368 765	9 521 365
less: future finance charges	(615 662)	(1 373 790)
Present value of minimum lease payments	5 753 103	8 147 575

Eastern Cape Liquor Board

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Figures in Rand	2026	2025
7. Finance lease obligation (continued)		
Present value of minimum lease payments due		
- within one year	3 148 064	2 675 037
- in second to fifth year inclusive	2 605 039	5 472 538
	5 753 103	8 147 575
Non-current liabilities	2 605 039	5 472 538
Current liabilities	3 148 064	2 675 037
	5 753 103	8 147 575

The average lease term is 3 years and the average effective borrowing rate was 11% (2025: 11%).

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. Provisions

Reconciliation of provisions - 2026

	Opening Balance	Additions	Total
Performance Bonus Provision	-	7 954 552	7 954 552

The performance bonus provision represents management's best estimate of the Eastern Cape Liquor Board's liability under the Performance Management and Development System Policy on performance rewards, based on prior experience and industry averages for performance incentives. The amount is recorded as a provision in the current year as payment thereof is subject to budget availability.

The performance bonuses were accrued for and recorded under payables in the prior as there were no uncertainties on their payment.

This provision represents a constructive obligation arising from the entity's history of established practices or past actions and published policies creating a valid expectation that the entity will accept certain responsibilities in respect of this provision.

9. Payables from exchange transactions

Trade payables	1 543	1 007 001
Salary related	471 889	35 263
Revenue payable to DEDEAT	1 415 430	1 534 865
Accrued leave pay	2 450 085	3 480 357
Accrued bonus	-	5 973 915
Other accruals	138 917	907 539
Sundry payables	18 842 373	16 256 654
Operating lease payables	465 965	628 830
	23 786 202	29 824 424

Sundry payables relate to license funds paid to the organisation's account with incomplete payment details such as over/under payments, incorrect reference numbers, cancelled licenses etc which are referred to as unallocated payments. The monies are either refunded to license holders or allocated and paid over as revenue collection upon identification of the respective holders.

Revenue payable to DEDEAT relate to licensing revenue that was collected in the month of March 2026 and paid after period-end (in April 2026).

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9. Payables from exchange transactions (continued)

Accrued bonus in the prior year relates to performance bonuses for that year which were paid after the year-end upon 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.

Other 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 to third parties which had not been paid over at year end.

10. Other income

Tender document fees	1 800	2 900
Sundry income	126 216	42 435
	128 016	45 335

11. Interest received

Interest revenue

Bank	2 309 612	2 171 657
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12. Revenue from non-exchange transactions

Operating grants

DEDEAT Transfer	83 227 000	88 759 000
Rollover funds approved and available	-	8 103 856
	83 227 000	96 862 856

The entity's surplus rollover was mainly for multi-year projects which were completed in the previous year. All funds for which a rollover was applied were fully approved and used in the previous year and there were no surplus funds carried forward.

13. Personnel

Basic salaries (i)	51 704 755	48 805 537
Bonus accrual	-	5 973 915
Medical aid contributions	538 267	430 781
Unemployment Insurance Fund	387 672	382 619
Workmen's compensation (ii)	130 000	209 975
Pension fund contributions	5 984 488	5 722 035
Net movement in leave accruals	(1 030 272)	1 516 553
Performance bonus provision (iii)	7 954 552	-
	65 669 462	63 041 415

Explanation of variances:

(i) The increase in basic salaries is attributable to the cost of living adjustments and pay progressions for the year under review.

(ii) The decrease in workmen's compensation for the current year is attributed to the delayed submission of the provisional and final assessments for two preceding periods in the prior year.

(iii) The performance bonus provision relates to the obligation recognised as a result of the Performance Management and Development Policy wherein performing employees are paid performance bonuses and the organisation has an established history and past practise of paying performance bonuses. The bonuses were not accrued for due to the uncertainty of payment as they are subject to budget availability.

Eastern Cape Liquor Board

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Notes to the Annual Financial Statements

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14. Administration and management fees		
General and administrative expenses	173 596	396 818
Board administrative expenses	345 185	507 461
Board Members honorarium	751 001	931 210
Audit Committee expenses	206 648	375 433
Storage costs	234 622	53 657
Travel and subsistence	3 002 689	3 045 861
Rentals in respect of operating leases	4 441 396	4 736 802
Insurance	1 130 140	937 829
Communication costs	4 428 096	4 029 984
	14 713 373	15 015 055

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

15. Depreciation, amortisation and impairment

Computer Equipment	266 170	316 276
Office Furniture and Fittings	223 070	223 378
Office Equipment	72 235	98 900
Amortisation - Computer Software	1 167 872	990 732
Leasehold Improvements	-	895
Finance lease - Vehicles	3 026 704	2 688 757
Impairment loss - Intangible asset under development	2 400 000	-
	7 156 051	4 318 938

16. Finance costs

Finance leases	811 751	411 128
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17. Operating expenses

Cleaning	315 124	321 231
Consulting and professional fees	481 404	49 199
Consumables and tools	7 172	14 555
Equipment rental	1 569 167	1 654 662
Fuel and oil	925 157	1 317 751
Legal costs	57 385	1 116 218
Maintenance, repairs and running costs	72 227	162 305
Staff recruitment	-	2 576
Printing and stationery	280 795	296 095
Social responsibility outreach programme	2 621 320	4 077 740
Staff training and development	29 853	147 366
Utilities	678 747	727 636
Other	207 264	442 877
	7 245 615	10 330 211

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

18. Auditors' remuneration

Statutory audit - Auditor General	1 392 337	1 173 092
Internal Audit	158 462	398 664
	1 550 799	1 571 756

Eastern Cape Liquor Board

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19. 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 3 and 5 years. These contracts form part of the respective procurement plans to ensure continued service delivery.

As at the reporting date, the related commitments in respect of all lease contracts have been included in the amounts disclosed below.

Operating lease commitments

Up to 1 year	4 697 612	7 191 284
2 to 5 years	3 261 319	5 903 572
Total operating lease commitments	7 958 931	13 094 856

20. Cash (used in) generated from operations

(Deficit) surplus	(11 693 575)	3 085 695
Adjustments for:		
Depreciation, amortisation and impairment	7 156 051	4 318 938
Debt impairment	-	1 026 589
Movements in provisions	7 954 552	-
Funds to be surrendered (approved rollover) to the revenue fund	-	(8 103 856)
Changes in working capital:		
Receivables from exchange transactions	351 083	(289 711)
Payables from exchange transactions	(6 038 222)	4 353 451
	(2 270 111)	4 391 106

21. Commitments

Authorised capital expenditure

Already contracted and provided for

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

Total capital commitments

Already contracted and provided for	-	2 287 065
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The prior year property, plant and equipment commitments relate to expenditure for installation, professional fees and minor assets consumed in the SD-WAN project, while intangible assets relate to the licensing system costs incurred in the testing and glitch resolution process of the system. The above exclude operating lease commitments disclosed in note 19.

The entity records operational commitments on the respective commitment registers for monitoring purposes and to align its disclosure notes with the entity's strategic objectives. The disclosure of operational commitments is not required by GRAP.

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22. Contingent liabilities

1. The Eastern Cape Liquor Board 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 received letters of demand and statutory notices in April 2025 and these were issued in terms of the Institution of Legal Proceedings against Certain Organs of State Act 40 of 2002. These were submitted on behalf of the families of twenty deceased minors who passed away during the tragic Enyobeni Tavern incident on 26 June 2022. The matter is not before any courts as no summons were received by the and has been included on the disclosure note for transparency and comparability as previously reported.

The quantum claim contained in the letters of demand was an amount of R30 million, calculated as R1.5 million per deceased minor. However, the management of ECLB considers the future prospects of the contemplated legal proceedings and claims against the entity to be remote.

23. Related parties

Members of the Board Committee

Refer to members' report note 24

Controlling entity

Department of Economic Development,
Environmental Affairs and Tourism

Entities under the same controlling entity

Coega Development Corporation
East London Industrial Zone
Eastern Cape Development Corporation
Eastern Cape Gambling and Betting Board
Eastern Cape Parks and Tourism Agency

Members of key management

Refer to note 24

Related party transactions

Controlling entity related transactions

Revenue from non-exchange transactions through DEDEAT	83 227 000	96 862 856
Revenue received on behalf of DEDEAT	24 847 935	23 259 005
Revenue paid to DEDEAT	(23 432 505)	(21 724 140)
Revenue due to DEDEAT	(1 415 430)	(1 534 865)

The ECLB receives an allocation appropriated by the Legislature through the Department of Economic Development Environmental Affairs and Tourism (DEDEAT).

The licensed and prospective liquor traders make deposits into the Licensing deposit account and are reconciled with licensing reports to record the revenue collection for the reporting period. Revenue received considers timing differences on amounts received, recognised and payments to DEDEAT and is reflected above as revenue received on behalf of 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 relate mainly to payments made with incorrect reference numbers, short-payments, payments for applications not yet lodged, erroneous deposits and overpayments which are all recorded under Sundry payables.

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23. Related parties (continued)

Audit Committee fees

Ms. V. Ntsodo-Boyce (Chairperson)	84 000	155 036
Mr. P. Zitumane (Deputy Chairperson)	34 800	66 143
Mr. W. Manthe	28 000	72 054
Mr. D. Rorwana	39 048	65 400
Mr. N. Baloyi	20 800	14 400
Mr. P. Jizana	-	2 400

Mr. P. Jizana was an ex officio member of the Audit Committee employed by the Department of Public Works. He has since left the Committee and was duly replaced.

Mr. W. Manthe is also a Board member representing the Eastern Cape Liquor Board's Members in the Audit and Risk Committee.

ICT Steering Committee

Dr. A. Madyibi (Chairperson - Appointed on 01 October 2025)	24 000	-
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Dr. Madyibi was appointed as the entity's ICT Steering Committee Chairperson in October 2025. His appointment underscores the entity's commitment to good corporate governance and in line with the recommendations of King V which states that the Chairperson of the Committee should be an independent, non executive member.

Key management information

Class	Description	Number
Non-executive 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.	5
Non-executive 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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24. Emoluments to Senior Management and Board Members

Senior Management

2026

	Total Cost To Company	Total Earnings
Dr. N. Makala (Chief Executive Officer)	2 884 772	2 884 772
Ms. KA Oosthuysen (Senior Manager: Licensing - Appointed on 01 January 2026)	367 641	367 641
Mr. Z. Tyikwe (Chief Inspector)	2 016 089	2 016 089
Mr. P. Tyali (Senior Manager: Licensing - Retired on 31 December 2025)	1 710 422	1 710 422
Ms. L. Tini (Senior Manager: Corporate Services)	1 827 684	1 827 684
Dr. M. Msiya (Senior Manager: Social Accountability)	1 636 852	1 636 852
Mr. Z. Zibi (Chief Financial Officer)	2 138 997	2 138 997
	12 582 457	12 582 457

2025

	Total Cost To Company	Performance Bonuses*	Total Earnings
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

* The amounts shown as performance bonuses relate to accrued bonuses paid after year-end.

Non-executive Board Members

2026

	Members' fees for service	Cellphone allowance	Travel reimbursement	Total
Mr. M. Gobingca (Chairperson)	297 000	18 000	24 978	339 978
Dr. M. Mboto	-	-	70 853	70 853
Mrs. N.N. Nongogo	162 800	-	17 400	180 200
Mr. W. Manthe	145 800	-	11 879	157 679
Mrs. P. Tshwete (Appointed on 12 May 2025)	145 401	-	13 917	159 318
	751 001	18 000	139 027	908 028

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24. Emoluments to Senior Management and Board Members (continued)

2025

	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
Mrs. 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

25. 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 2026	From 1 to 12 months	More than 12 months	Totals
Finance leases	3 148 064	2 605 039	5 753 103
Trade and other payables - Exchange transactions	21 336 117	-	21 336 117
At 31 March 2025	From 1 to 12 months	More than 12 months	Totals
Finance leases	2 675 037	5 472 538	8 147 575
Trade and other payables - Exchange transactions	20 370 152	-	20 370 152

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 debts as well as licensing fees received on behalf of DEDEAT containing partial or incorrect information classified as unallocated payments. Fees paid to DEDEAT are also disclosed in related party transactions.

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25. Risk management (continued)

Change in accounting policy – Financial Instruments

During the current financial year, the entity adopted the revised requirements of GRAP 104 - Financial Instruments relating to the classification, measurement and impairment of financial instruments.

The revised standard introduced an expected credit loss ("ECL") impairment methodology, which is aligned with the previous approach applied by the entity.

The ECLB has identified the below financial instruments for which the provisions of GRAP104 (Revised) would apply, and has determined that there will be no changes to the measurement approach. As such, all financial assets and liabilities continued to be subsequently measured at amortised cost, except for cash and cash equivalents which are carried using their fair values at the end of the reporting period.

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

Financial assets

Cash and cash equivalents	20 596 854	26 841 742
Receivables from exchange transactions	434 921	786 002
	21 031 775	27 627 744

Financial liabilities

Payables from exchange transactions	21 336 117	20 370 152
Finance lease obligations	5 753 103	8 147 575
	27 089 220	28 517 727

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.

26. 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.

The ECLB is wholly dependent on the grant allocation as appropriated by the Legislature through DEDEAT to continue to operate as a going concern. There have been diminishing annual budget allocations for the Medium Term Expenditure Framework (MTEF) period resulting to unfavourable liquidity and solvency ratios in the entity's annual financial statements, however, these quantitative indicators are superseded by the gazetted new Liquor Act and approved grant allocations for the financial year 2026/27 and beyond which are more qualitative and conclusive indicators.

The annual financial statements as at 31 March 2026 reflected an adverse financial health as indicated by the solvency ratio of 0.89 to cover total liabilities and the liquidity ratio of 0.60 covering short-term liabilities. An accounting deficit is reported at R11.69 million mainly attributable to the provisions and other non-cash expenses.

Eastern Cape Liquor Board

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26. Going concern (continued)

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 ECLB 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.

27. Irregular, Fruitless and wasteful expenditure

There were no incidents of irregular, fruitless and wasteful expenditure that were identified and/or incurred during the current and prior financial year.

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.



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