



Annual Report 2013





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VISION

Limpopo Gambling Board envisages a credible, viable and regulated gambling industry in the Province, which provides exciting leisure opportunities that contribute to economic development.

MISSION

Limpopo Gambling Board is committed to the promotion of the gambling industry for the benefit of the people of the Province, by ensuring:

- Compliance with the Law
- Provision of appropriate leisure facilities; and
- Sustainable local economic development.

VALUES

- To operate in accordance with the highest moral and ethical standards.
- To accept responsibility towards our most important resources, our employees and to maximize the development and utilization thereof.
- To strive towards a healthy relationship with our stakeholders.

STRATEGIC OUTCOME-ORIENTED GOALS

To regulate, control and monitor gambling activities in the Province inline with the Limpopo Gambling Act, Act No. 4 of 1996, as amended.



LIST OF ABBREVIATIONS / ACRONYMS

AGSA	Auditor-General of South Africa
MEC	Member of Executive Council
BBBEE	Broad Based Black Economic Empowerment
CEO	Chief Executive Officer
CFO	Chief Financial Officer
PFMA	Public Finance Management Act
TR	Treasury Regulations
MTEF	Medium-Term Expenditure Framework
SMME	Small Medium and Micro Enterprises
SCM	Supply Chain Management
RFA	Request for Application
LPM	Limited Payout Machines
LEDET	Limpopo Economic Development, Environment & Tourism
BIG	Business Innovation Group
IA	Internal Audit



LEGISLATIVE AND OTHER MANDATES

In terms of PFMA Limpopo Gambling Board falls under schedule 3C. The mandate of the Board is to regulate, control and monitor gambling activities in the Province in line with the Limpopo Gambling Act, Act No. 4 of 1996, as amended. The pursuit of the vision and the mission above will be regulated and guided by the following broad legislative mandates.

CONSTITUTIONAL MANDATES

The Constitution of the Republic of South Africa, 1996, (Act No. of 108 of 1996), establishes that the casinos, racing, gambling and wagering are matters of concurrent national and provincial legislative competence.

LEGISLATIVE MANDATES

Limpopo Province Gambling Act, No. 4 of 1996, as amended

- The Act empowers the MEC to establish and appoint the Board to manage the affairs of the entity on behalf of the Department of Economic Development, Environment and Tourism.
- The objectives of the Board are to license, regulate and monitor gambling activities in the Province.
- The new Limpopo Gambling Act is currently in the process of being passed.

National Gambling Act, Act No. 7 of 2004, as amended

- The Board must comply with national norms and standards during the licensing process.
- The Act empowers the Minister to prescribe the maximum number of casino licences that may be granted in the Republic and each Province.
- Declaration as Peace Officers in terms of Section 334 of the Criminal procedure Act, Act No. 51 of 1977:
 - Powers conferred upon a Police Official In terms of Chapter 2 of the CPA
 - Powers to arrest a person without a warrant – section 40(1) of the CPA
 - Powers conferred upon a Peace Officer - section 41(1) of the CPA
 - The execution of warrants of arrest - section 44 of the CPA
 - Powers to issue written notice - section 56 of the CPA
 - Powers to issue written notice - section 341 of the CPA
- Relevant legislation used to govern illegal gambling:
 - National Gambling Act, Act 7 of 2004
 - National Lotteries Act, Act 57 of 1997
 - Limpopo Gambling Act, Act 4 of 1996
 - Prevention of Organized Crime Act, Act 121 of 1998
 - Prevention and Combating of Fraud and Corruption Act, Act 12 of 2004

POLICY MANDATES

The following policy mandates are key to the Board in its endeavor to achieve its legislative mandates:

- **Responsible gambling**
The National Responsible Gambling Programme (NRGP) is a resource that integrates research and monitoring public education and awareness, training, treatment and counseling.
- **Broad Based Black Economic Empowerment**
To economically empower the previously marginalized black masses in the main stream economy.
- **Limpopo Gambling Regulations**
The Limpopo Gambling Regulations are in the process of being amended.
- **The Limpopo Betting and Racing Regulations are in the process of being promulgated**



FOREWORD BY THE CHAIRPERSON

Mr. A. L. Mkhabela



As our term of office inclusive of the extension given by the Responsible Member of the Executive Council has now come to an end, we are proud to say that we accomplished our mission during the period that we had to license and regulate gambling in our very beautiful Province. Notwithstanding the budgetary constraints as a result of the austerity measures introduced in the Province, we managed to ensure that all licensed forms of gambling in the Province were strictly monitored to satisfy ourselves that they all acted in accordance with the Limpopo Gambling Act, Act No. 4 of 1996 as amended as well as with the Regulations and Rules. It is on this basis that we have pleasure in submitting this Annual Report to the Responsible Member of the Executive Council, the Provincial Executive Council and Legislature as well as to all our other stakeholders.

While the Board prides itself in having licensed the third and final casino licence for the Province, we are nonetheless saddened by the fact that the casino could not be operational during our term of office due to reasons beyond our control. However, we are indeed hopeful that this project will reach fruition in the year that lies ahead in order that people of the Province will not only find job opportunities for themselves but that a major entertainment centre will be established for the Greater Sekhukhune region.

We are also proud to report that more limited payout machine sites as well as bookmaker licences were issued to qualifying institutions and persons during the course of the year. We did so while we continued to be sensitive to the need to avoid the proliferation of gambling in the Province as this has the potential to lead to irresponsible gambling.

As it remained one of our core responsibilities to eradicate all forms of illegal gambling, we did all we could to rid the Province of this scourge. Our Law Enforcement Unit, ably assisted by the South African Police Service and other agencies, continued to put behind bars, many of the illegal operators and punters, such that our Province became known for its no-tolerance approach to this menace.

As our term has now come to an end, we seize this opportunity to express our thanks to the MEC, the Provincial Executive Council, the Legislature and all our stakeholders for the support we received from them during our term of office. A word of sincere gratitude also is due to the Chief Executive Officer and staff for a job well done.

A handwritten signature in black ink, appearing to read 'A.L. Mkhabela'. The signature is stylized and cursive.

A.L. Mkhabela
Chairman

MEMBERS OF THE BOARD



BACK ROW:

Mr. K.J Sithole
Board Member

Mr. A. Mashele
Board Member

Ms. C.M Nkambule
Board Member

Mr. M.J Mathabatha
Board Member (deceased)

Ms. B.L Montjane
Board Member

Mr. Serobi Maja
Chief Executive Officer

Khosi T.N Makumbane
Board Member

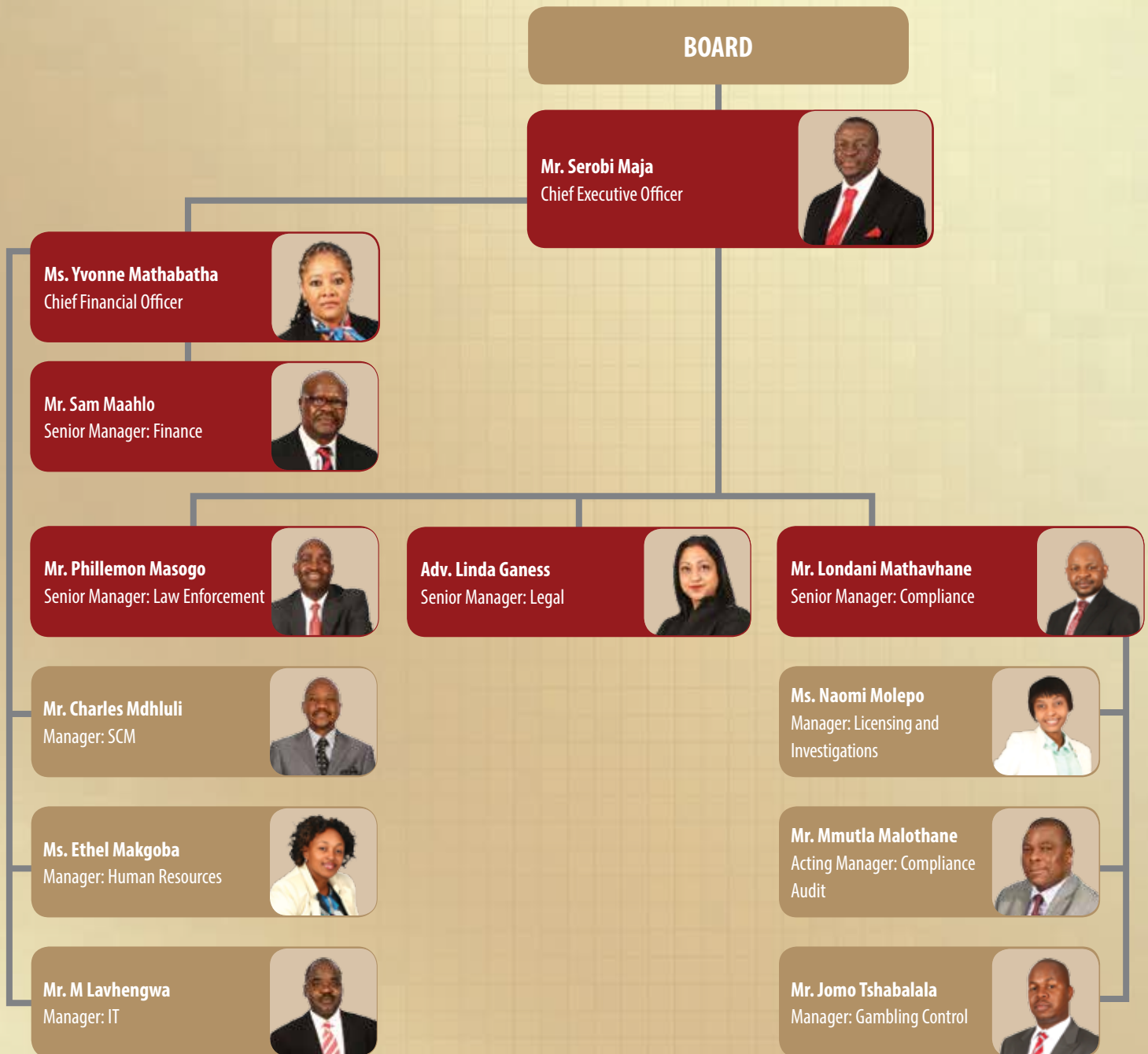
FRONT ROW:

Ms. J. Mogale
Deputy Chairperson

Mr. M.T Mokono
Chairperson



ORGANISATIONAL STRUCTURE



REPORT BY THE CEO

Mr. Serobi Maja



Specifically and from the beginning, we wish to express our most profound gratitude to the former Chairman, Mr. Leslie Mkhabela and members of the Board for the support and guidance we received from them during the course of the year.

We also seize this opportunity to welcome and congratulate the new Chairman, Mr. Mashile Mokono and all Members of the Board on their appointment with effect from the 11 March 2013. We remain hopeful that with their expertise and support, the Board will continue to implement its various programmes during the course of the new financial year.

Through the unselfish efforts of the previous Board, we succeeded in ensuring that best corporate governance practices and policies were formulated in order to bring the Board in line with the progressive institutions of our time and age. Relevant sub-committees such as the Human Resources-, Monitoring and Compliance-, Internal Audit- and Risk Management Committee were formed to make it easy for the Board to function properly.

MONITORING AND COMPLIANCE

The Board has, as its main function, the licensing and regulation of all forms of legalised gambling excluding the lottery. To this end, it continued to license and regulate the roll out of limited payout machines throughout the Province. For the 2012/13 Financial Year, thirty-four sites were licensed in addition to the one-hundred-and-thirty-one sites that had already been licensed. One-hundred-and-seventy machines were also licensed in addition to the five-hundred-and-eighty-two already licensed. With regard to Bookmaker licences, one was licensed thereby bringing the total number of Bookmaker licences to four. Seventeen bookmaker sites were licensed in addition to the eight that were already operational.

As it is common that gambling has the potential to create addiction and therefore, irresponsible gambling, the Board continued to conduct responsible gambling campaigns in the Province through the media and through personal contacts with communities. Huge billboards were erected in the vicinity of the two casinos to remind and call on punters to gamble responsibly. Pamphlets and brochures including branding of the Board's vehicles have been done to sensitise communities about responsible gambling.

ILLEGAL GAMBLING

While the Board continued to license gambling in the Province to create leisure opportunities for the public, other forms of illegal gambling such as Fafee/Mochina and online gambling have continued to mushroom in the Province. Consequently, two-hundred-and-sixty-five arrests of illegal operators and one-hundred-and-thirty-nine people gambling illegally were arrested and charged accordingly. The Law Enforcement Unit of the Board engaged themselves in two-hundred-and-sixty-two campaigns at which communities were sensitized against all forms of illegal gambling.

THIRD CASINO LICENSE FOR GREATER TUBATSE MUNICIPALITY

The hurdles that stood in the way of the development of this Casino have to a large extent been overcome. It is therefore hoped that construction work on the site earmarked for this Casino will start in the middle of the 2013/14 Financial Year.

SKILLS DEVELOPMENT

As the Board views this matter in a serious light, officials of the Board continued to be sent for training in the various fields to fully equip them with the requisite skills to perform their many and varied responsibilities. Furthermore, the Board attended both national and international conferences to keep abreast of the regulation of gambling.

The Chief Executive Officer of the Board was re-elected by the international community of gambling regulators to serve as a member of the Board of Trustees for a further term of three years at the Annual Convention of the International Association of Gambling Regulators in Singapore in October 2012.

CONCLUSION

In conclusion, we take this opportunity to express our gratitude to the Members of the Executive Council for Economic Development, Environment and Tourism, Hon. P. Kekana, for the unwavering support and guidance she gave the Board as well as for the significant role she played to assist the Board to relocate to new offices. Credit also goes to the Honourable Members of the Portfolio Committee for Economic Development, Environment and Tourism, the Standing Committee on Public Accounts and all Honourable Members of the Provincial Legislature for the significant role they all played without exception to make our work easier. We also thank all our external stakeholders for their support and encouragement.



SEROBI MAJA

Chief Executive Officer

Director: S.A. Responsible Gambling Foundation

Member of the Board of Trustees: IAGR



PERFORMANCE REPORT



STATEMENT OF RESPONSIBILITY

for Performance Information for the year ended 31 March 2013

The Chief Executive Officer is responsible for the preparation of Limpopo Gambling Board's performance information and for the judgements made in this information.

The Chief Executive Officer is responsible for establishing and implementing a system of internal control designed to provide reasonable assurance as to the integrity and reliability of performance information.

In my opinion, the performance information fairly reflects the actual achievements against planned objectives, indicators and targets as per the strategic and annual performance plan of Limpopo Gambling Board for the financial year ended 31 March 2013.

The Limpopo Gambling Board performance information for the year ended 31 March 2013 have been examined by the external auditors and their report is presented on page 12 to 14.

The performance information of Limpopo Gambling Board set out on page 15 to page 34 were approved by the Board.



Ms. Y.S.M. Mathabatha
Chief Financial Officer



Mr. Serobi Maja
Chief Executive Officer



Mr. M.T. Mokono
Chairman

AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL TO LIMPOPO PROVINCIAL LEGISLATURE ON LIMPOPO GAMBLING BOARD

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the Limpopo Gambling Board set out on pages 60 to 84 which comprise statement of financial position as at 31 March 2013, the statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting authority's responsibility for the financial statements

2. The board of directors which constitutes the accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Statements of Generally Accepted Accounting Practice (SA Statements of GAAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA), and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the *General Notice* issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Limpopo Gambling Board as at 31 March 2013, and its financial performance and cash flows for the year then ended in accordance with The SA Standards of GRAP and the requirements of the PFMA.

Additional matter

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



Unaudited supplementary schedules

8. The supplementary information set out on pages 21 to 29 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

9. In accordance with the PAA and the *General Notice* issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

10. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages 15 to 34 of the Annual Report.
11. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury's annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the *National Treasury Framework for managing programme performance information*.
12. The reliability of the information in respect of the selected programmes is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).
13. There were no material findings on the annual performance report concerning the usefulness and reliability of the information.

Additional matter

14. I draw attention to the following matter below. This matter does not have an impact on the predetermined objectives audit findings reported above.

Achievement of planned targets

15. Of the total number of 39 targets planned for the year, 13 of the targets were not achieved during the year under review. This represents 33% of total targets that were not achieved during the year under review.

This was mainly due to the fact that indicators and targets were not suitably developed during the strategic planning process.

Compliance with laws and regulations

16. I performed procedures to obtain evidence that the entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations as set out in the *General Notice* issued in terms of the PAA are as follows:

Annual financial statements, performance and annual reports

17. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records as required by section 55(1) (a) and (b) of the PFMA. Material misstatements of current assets and liabilities identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion

Expenditure management

18. The accounting authority did not take effective steps to prevent irregular, as required by section 51(1) (b) (ii) of the PFMA.
19. The accounting authority did not ensure that all payments due to creditors were settled within 30 days of receipt of invoice, as required by Treasury regulation 8.2.3.

Procurement and contract management

20. Goods and services with a transaction value below R500 000 were procured without obtaining the required price quotations, as required by Treasury Regulation 16 A 6.1.

Internal control

21. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the findings on compliance with laws and regulations included in this report.

Leadership

22. Processes that are in place to prevent and detect irregular and fruitless and wasteful expenditure are not operating effectively.
23. The accounting authority did not adequately review the financial statements prior to their submission for audit

Financial and performance management

24. A proper record system is not in place in all instances that provides for the maintenance of information, supporting the financial statements contained in the annual performance report.

Polokwane

31 July 2013



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence



OVERVIEW OF PERFORMANCE

SERVICE DELIVERY ENVIRONMENT

COMPLIANCE

The Board continued to receive applications for Bookmaker Licences and Limited Payout Machine sites in response to the requests for applications published on 2 September 2011. The Board received 11 applications for Bookmaker Operator licences and 92 applications for Bookmaker Site licences and 65 applications for LPM Site licences.

The construction of the Peermont Global Tubatse had not yet commenced by the end of financial year due to the legal challenges that the licensee experienced relating to the land where the Casino Complex is supposed to be built. The licensee has committed to commence with the development of the casino in the second semester of the 2013 calendar year.

During the financial year the Board created awareness on responsible gambling during and continued to monitor the licensees, to ensure that they contribute towards ensuring that there is awareness on responsible gambling amongst the public.

The Board continued to fulfil its mandate to supervise all its Licensees on matters of money laundering as required by the Financial Intelligence Center Act.

The delay in the appointment of the new Board created a challenge since some the licensing powers which cannot be delegated to the CEO or carried out by the responsible Member of Executive Council were put on hold.

The industrial action during the month of September 2012 had an impact on fulfilling the performance targets as outlined in the Annual Performance Plan. The Annual Performance Plan (APP) for the 2013/14 financial year has been compiled with this in mind to minimise the impact of any industrial action which may occur. The Board intends to fill the vacant positions in the Compliance Business Unit, during 2013/14 financial year, in order to achieve its objectives.

LAW ENFORCEMENT UNIT

For the 2012/13 financial year, the Unit was able to effect 444 arrests on illegal gamblers within the Province. The arrests emanate from Fahfi operators, cards and dice gamblers and from online gambling establishments sites.

There were 264 presentations conducted within schools, clinics and tribal authorities regarding illegal gambling awareness campaigns as part of social crime prevention strategy in the Province. In addition to these presentations, two formal crime awareness campaigns were conducted at Ga-Sekgopo and Bahananwa tribal authority in Ga-Mmaleboho.

Attendance at Ga-Sekgopo Tribal authority on the 30th November 2012 was 122 people, with a budget amount of R9 444, 32 utilised for the campaign. In Ga-Mmaleboho Tribal authority on the 22nd February 2013 attendance of people was 397 and a budget amount of R9 830, 40 was utilised.

The Unit is currently facing an enormous challenge in terms of policing illegal online gambling establishments' sites that are mushrooming in the Province. The challenges include collection of digital evidence, locating servers or IP addresses for identified sites, identification of lawful owners of the sites and defence attorneys who are challenging the validity of search warrants.

During this financial year, the Unit planned to adhere to its strategy and reach the given annual target by attending to all planned activities. In a nutshell, everything is under control and well managed except issues regarding loopholes created by our Gambling Act (Act No. 4 of 1996).

ORGANISATIONAL ENVIRONMENT

The Board has four business units namely Legal, Finance, Compliance and Law Enforcement. The Board has a low vacancy rate. All Senior Managers positions are filled.

In the third quarter there was a strike for four weeks which had an impact on service delivery. Due to the strike significant work could not be performed by the Board as only Senior Management and few officials were reporting for duty.

The Compliance Unit could still approve opening of sites and processing of employees certificates but not at the rate as it is accepted. The audits of licensees could not be performed.

There were arrests during the period but this did not have impact like in the case when things are normal.

In Finance payments were made but the weekly bank reconciliations and some of the reports to be submitted to the department were late as most of the staff was on strike.

KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

None

STRATEGIC OUTCOME-ORIENTED GOALS

The strategic outcome-oriented goal is to regulate and monitor gambling activities in the Province inline with the Limpopo Gambling Act, Act No. 4 of 1996, as amended.

To achieve this goal, the Board licensed 17 Bookmakers, 35 LPM Sites, and 551 employees. The Board conducted inspections and Audits to ensure that the licensees comply with the Limpopo Gambling, the National Gambling Act, The Financial Intelligence Center Act, the Broad Based Economic Empowerment Act and other relevant legislations.

CEO BUSINESS UNIT

The purpose of the CEO unit is to provide leadership, strategic management and administrative support to the Board.

STRATEGIC OBJECTIVES

- To develop, plan and report on strategic plan of the Board.
- To ensure that the operations of the LGB are conducted in compliance with all relevant legislation.

Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Number of plans submitted to DEDET as per SLA	1 Annual performance plan submitted to DEDET as per SLA	1 Annual performance plan submitted to DEDET as per SLA	1 Annual performance plan submitted to DEDET as per SLA	-	
Number of quarterly and annual monitoring reports by the Board	4 Quarterly reports	4 Quarterly reports	4 Quarterly reports submitted	-	
Number of annual reports submitted to DEDET and Treasury as per PFMA and SLA	1 Annual report	1 Annual report submitted to DEDET and Treasury as per SLA and PFMA	1 Annual report 2011/12 submitted to DEDET and Treasury as per SLA and PFMA	-	

CEO	Budget 2012/2013	Actual	Variances	Budget 2011/2012	Actual	Variances
Capital Expenditure	13	30	-17	36	24	11
Personnel Expenditure	3,330	3,112	217	3,322	3,181	141
Operational Expenditure	2,402	1,955	446	3,082	1,945	1,136
Total	5,745	5,099	646	6,441	5,152	1,289

COMPLIANCE BUSINESS UNIT

- The purpose of the unit is to monitor the compliance to all relevant legislation by the licensees.
- They must conduct all licensing processes as required by the Act. They must recommend to the Compliance Committee to advise the Board to the different licences as prescribed by the Act.
- The unit should advise the CEO whether to approve or disapprove gaming equipments, including the movements thereof.
- To conduct inspections on surveillance and central electronic monitoring control systems.
- To monitor and ensure that licensees are complying with section of the Financial Intelligence Centre Act, Act 38 of 2001.

STRATEGIC OBJECTIVES

- To ensure fairly regulated gambling industry.
- Promotion and ensuring awareness on responsible gambling.
- Regulate, control and monitor all gambling activities in the Province to ensure integrity, fairness and public confidence in legalized gambling establishment.

Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Number of Monitoring report of the development of the Casino as per tender document	Not done	4 Monitoring reports of the development of the new Casino as per tender document	Not done	4 Monitoring reports	Monitoring of the development of the Peermont global Tubatse (Pty) Ltd casino did not occur since the construction of the casino was delayed due to legal challenges relating to the zoning and land claims on the land where the casino is to be built
Number of Bookmaker's licences issued	Not done	Issuing of 4 Bookmakers Licences	17 Bookmaker licences were issued	-	More applications than anticipated were received. Betta Gaming was issued with 17 bookmaker outlets licences
Number of Probity Investigations/ licensing of employees	Meropa: 81	Meropa: 120	145	25	We have received and processed 25 more employee applications, due to new appointments by the licensee
	Khoroni: 68	Khoroni: 70	92	22	We have received and processed 22 more employee applications, due to new appointments by the licensee
	Vukani: 325	Vukani : 200 of licensing of employees	217	17	We have received and processed 17 more employee applications, due to new LPM sites which were opened and new appointments by the LPM Route Operator and LPM Site Operators, during the financial year
		Goldrush : 120 of licensing of employees	97	23	We have approved 23 less employee applications, due to less LPM Site applications meeting licensing criteria
Number of Responsible Gambling campaigns	Quarterly Report: 4	16 Responsible Gambling campaigns	16 Responsible Gambling campaigns	-	
Number of site visits to Casinos and LPM sites to conduct employee registration checks	Khoroni: 6	Khoroni: 4	4		Due to 4 weeks long industrial action, some audits could not be conducted.
	Meropa: 6	Meropa: 4	4		
	Vukani: 6	Vukani: 4	3	1	The outstanding Compliance Audits were regarded to generally pose no risk, hence it was decided not to perform the audit covering the period July to September 2012
		Gold Rush: 4	3	1	

COMPLIANCE BUSINESS UNIT (CONTINUED)

Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Number of gaming control technical and statutory compliance checks	Khoroni: 12	Khoroni: 12	11	1	Due to 4 weeks long industrial action, some audits could not be conducted. The outstanding Compliance Audits were regarded to generally pose no risk, hence it was decided not perform the audit covering the period July to September 2012
	Meropa: 12	Meropa: 12	11	1	
	Vukani: 4	Vukani: 4	4		
		Goldrush: 4	4		
Number of Levy Audits: Casinos	Khoroni: 4	Khoroni: 4	4	-	
	Meropa: 4	Meropa: 4	4	-	
Number of Compliance Audits: Casinos	Khoroni: 4	Khoroni: 4	3	1	Due to 4 weeks long industrial action, some audits could not be conducted. The outstanding Compliance Audits were regarded to generally pose no risk, hence it was decided not perform the audit covering the period July to September 2012
	Meropa: 4	Meropa: 4	3	1	
Number of Levy Audits: LPM's	Vukani: 4	Vukani: 4	4	-	The 4th quarter report was still in draft as at 31 March 2013, since the LGB was still awaiting Licensee's response
		Goldrush: 4	4	-	
Number of Compliance Audits: LPM Sites	Vukani: 4	Vukani: 4	3	1	Due to 4 weeks long industrial action, some audits could not be conducted. The 4th quarter reports were still drafts as at 31 March 2013, since the LGB was still awaiting Licensees' responses
		Goldrush: 4	3	1	
Number of Compliance Audits: LPM Sites	Vukani: 4	Vukani: 4	4	-	The 4th quarter reports were still drafts as at 31 March 2013, since the LGB was still awaiting Licensees' responses
		Goldrush: 4	4	-	
Number of Monitoring of Licencees' Bid Commitments	Khoroni: 2	Khoroni: 4	1	3	The variance was due to the 4 weeks long industrial action, delays in the appointment of the Manager: Compliance Audit there, and the shortage of Auditors. Continuous Monitoring of Licensees was conducted during the first three quarters of the financial year
	Meropa: 2	Meropa: 4	1	3	
		Thaba Moshate: 0	Thaba Moshate: 4	0	4
Number of Levy Audits: Bookmakers	6 Levy audits per Bookmakers	12 Bookmaker Levy Audits per Bookmaker	10	2	Due to technical problems with the wagering software and 4 weeks long industrial action, some audits could not be conducted; however, the two outstanding levy audits were in progress as at 31 March 2013
Number of Compliance Audits: Bookmakers sites	26 Compliance audits	Compliance Audits 28	32	4	One more bookmaker became operational during the financial year
Number of Levy Audits: Totalizators	Phumelela: 3	Phumelela: 4	4	-	

COMPLIANCE BUSINESS UNIT (CONTINUED)

Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Number of Compliance Audits: Totalizators sites	Phumelela: 4 per site	Phumelela Sites: 4 per site	4	-	The 4th quarter report is still a draft as LGB is still awaiting their responses

Bookmakers and Totalizators: Licensing of horse betting employees of 122 was received in the 4th quarter and processed. The site opened in the 4th quarter. It was not projected on the Annual Performance plan.

COMPLIANCE	Budget 2012/2013	Actual	Variances	Budget 2011/2012	Actual	Variances
Capital Expenditure	575	509	66	2,476	159	2,317
Personnel Expenditure	7,768	7,447	321	8,164	7,190	974
Operational Expenditure	1,590	1,453	136	2,229	1,564	665
Total	9,933	9,410	523	12,870	8,914	3,956

COMPLIANCE STATISTICS

TABLE 1 - NUMBER OF GAMBLING MACHINES

Casino	Total
Meropa Casino	404
Khoroni Casino	150
Total	554

TABLE 2 - GAMBLING TABLES

Casino	American Roulette	Blackjack	Casino Wars	Poker	TouchBet Roulette	Total
Meropa Casino	9	4	1	2	1	17
Khoroni Casino	4	3	0	0	0	7
Total	13	7	1	2	1	24

TABLE 3 - NUMBER OF LPMS AND LPM SITES

Municipal District	Number of LPMs	Number of LPM Sites
Capricorn	166	36
Waterberg	93	20
Mopani	207	39
Sekhukhune	212	44
Vhembe	88	18
Total	766	157

TABLE 4 - CASINO GAMBLING MACHINES TESTING

Casino	Monthly Compliance Inspections	Total
Meropa	110	110
Khoroni	110	110
Total	220	220

TABLE 5 - LPM SITE INSPECTIONS

Vukani Gaming	Capricorn	Waterberg	Mopani	Sekhukhune	Vhembe	Total
Total	21	19	25	17	22	104

TABLE 6 - GAMBLING MACHINES DISTRIBUTION

In the Province	Out of the Province	Within the Province	Through the Province	Total
291	106	425	40	862

TABLE 7 - LOC APPROVALS

Approval Type	Software	Hardware	Total
	449	50	499

TABLE 8 - LICENSING

	Meropa Casino	Khoroni Casino	Vukani Gaming Limpopo-LPM Route Operator	Vukani - LPM Sites	Goldrush Gaming Limpopo-LPM Route Operator	Goldrush - LPM Sites	Holly wood - Bookmaker	BetSA - Bookmaker	Betting World-Bookmake	Phumelela - Totalizator	Betta Gaming - Bookmaker	Total per category
New Licences: Key Employees	11	5	4	26	2	27	44	15	1	47	10	192
New Licences: Other Employees	38	18	0	104	6	62	0	0	0	0	0	228
Renewals: Key Employees	36	15	6	37	0	0	3	2	0	0	0	99
Renewals: Other Employees	60	54	0	40	0	0	0	0	0	0	0	154
Total per Licensee	145	92	10	207	8	89	47	17	1	47	10	673

TABLE 9 - NUMBER OF EMPLOYEES

	Khoroni Casino	Meropa Casino	Vukani – LPM Route Operator	Vukani – LPM Sites	GoldRush Gaming Limpopo- LPM Route Operator	Goldrush - LPM Sites	Holly wood - Bookmaker	BetSA - Bookmaker	Betting World- Bookmake	Phumelela - Totalizator	Betta Gaming - Bookmaker
Total employees	177	226	16	493	12	181	116	14	9	N/A	19
PDI	167	215	14	387	11	174	116	14	8	N/A	19
Non - PDI	10	11	2	106	1	7	0	0	1	N/A	0

PDI=Previously Disadvantaged Individuals

ANNEXURE A

GAMBLING PERFORMANCE

1. PATRONAGE - CASINOS

The estimated number of patrons, who visited the two casino licensees, during the 2012/13 and 2011/12 financial years, amounted to R1, 411, 938.00 and R1, 493,269, respectively. On a quarterly basis the numbers of estimated visitors were as follows at the casino licensees.

QUARTER ENDED	June	September	December	March	Total
2012/13	367,113.00	355,750.00	357,826.00	331,249.00	1,411,938.00
2011/12	360,658.00	408,808.00	374,228.00	349,575.00	1,493,269.00
Variance	6,455.00	(53,058.00)	(16,402.00)	(18,326.00)	(81,331.00)
Variance %	2%	-13%	-4%	-5%	-5%

2. PATRONAGE SPEND PER VISIT - CASINOS

Punters' average spend per quarter and per day during the 2012/13 and 2011/12 financial years were as follows:

AVERAGE SPEND PER PUNTER PER QUARTER					
QUARTER ENDED	June	September	December	March	
2012/13	3657.65	4612.07	4721.25	4281.40	
2011/12	3780.40	3789.69	3580.61	3814.39	
Variance	-122.75	822.38	1140.64	467.01	
Variance %	-3%	22%	32%	12%	

AVERAGE SPEND PER PUNTER PER DAY					
QUARTER ENDED	June	September	December	March	
2012/13	40.19	50.68	51.88	47.05	
2011/12	41.54	41.49	15.62	40.87	
Variance	-1.35	9.19	36.26	6.18	
Variance %	-0.03	0.22	2.32	0.15	

3. TOTAL MONEY WAGERED

The total money wagered at the Licensees, during the 2012/13 and 2011/12 financial year was as follows:

AVERAGE SPEND PER PUNTER PER QUARTER				
QUARTER ENDED	June	September	December	March
2012/13	3657.65	4612.07	4721.25	4281.40
2011/12	3780.40	3789.69	3580.61	3814.39
Variance	-122.75	822.38	1140.64	467.01
Variance %	-3%	22%	32%	12%

AVERAGE SPEND PER PUNTER PER DAY				
QUARTER ENDED	June	September	December	March
2012/13	40.19	50.68	51.88	47.05
2011/12	41.54	41.49	15.62	40.87
Variance	-1.35	9.19	36.26	6.18
Variance %	-0.03	0.22	2.32	0.15

4. GROSS GAMING REVENUE (GGR)

A) CASINOS

The GGR generated by the Casino Licensees during the 2012/13 and 2011/12 financial years amounted to R366 267 918.97 and R344 044 490.92 respectively. The GGR for 2012/13 increased by 6.00% from 2011/12 financial year.

The monthly GGR generated by the licensees was as follows:

APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR
7%	9%	7%	9%	10%	8%	8%	9%	9%	8%	7%	7%
7%	8%	9%	8%	9%	8%	8%	10%	6%	10%	9%	8%

B) LPMS

The GGR generated by the LPM licensee during the 2012/13 and 2011/12 financial years amounted to R119,268 465.05 and R88,402 368.12 respectively. The monthly GGR generated by the licensee was as follows:

MONTH	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR
2013/13	7%	9%	7%	10%	8%	8%	8%	10%	9%	9%	8%	8%
2011/12	7%	7%	9%	7%	8%	9%	7%	10%	9%	7%	8%	10%

5. RETURN TO PLAYER PERCENTAGE (RTP**)

The Casino Licensees Return to Player (RTP) percentage, for the 2012/13 and 2011/12 financial year was as follows:

RTP %												
MONTH	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR
2012/13	94.31	94.39	94.07	93.68	94.215	94.4	94.39	94.34	94.13	94.07	94.2	94.45
2011/12	93.92	94.14	94.46	94.16	94.43	94.50	95.00	94.02	94.54	94.16	94.43	93.83

Casinos Average RTP %: 2012/13 = 94.22% (2011/12 = 94.2%)

The prescribed RTP for casinos is 80%

The LPM Route Operator Return to Player (RTP) percentage, for the 2012/13 and 2011/12 financial years was as follows:

MONTH	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR
2012/13	92.24	90.205	90.04	90.365	90.15	90.205	90.23	90.13	90.28	90.19	90.31	90.50
2011/12	89.63	89.64	89.7	89.49	89.84	89.81	89.72	89.91	89.8	89.81	89.75	89.95

LPMs Average RTP %: 2012/13 = 90.40 % (2011/12 = 89.75%)

The prescribed RTP for LPMs is 75 %

** RTP = 100 % less (Gross Gaming Revenue ÷ money wagered)

6. LEVIES COLLECTED PER MONTH FROM LICENSEES

Total levies by generated by the licensed Casinos and LPM Route Operators during the 2012/13 and 2011/12 financial years were as follows:

MONTH	Casino Levies	Casino Levies	Variance	Variance	LPMs Levies	LPMs Levies	Variance	Variance
	R	R	R	%	R	R	R	%
	2012/13	2011/12			2012/13	2011/12		
April	2,132,223.20	1,282,125.49	850,097.71	66%	622,550.56	329,066.88	293,483.68	89%
May	2,765,009.03	1,456,957.44	1,308,051.59	90%	813,270.20	322,281.75	490,988.45	152%
June	2,056,066.67	1,571,616.71	484,449.96	31%	700,810.04	410,050.87	290,759.17	71%
July	2,684,123.16	1,377,106.37	1,307,016.79	95%	952,556.90	347,463.17	605,093.73	174%
August	2,998,856.03	1,707,796.88	1,291,059.15	76%	779,794.24	441,019.96	338,774.28	77%
September	2,304,589.69	1,585,673.52	718,916.17	45%	793,674.64	354,137.41	439,537.23	124%
October	2,436,804.39	2,096,988.14	339,816.25	16%	747,264.13	486,089.67	261,174.46	54%
November	2,766,674.63	2,839,176.62	(72,501.99)	-3%	959,123.24	711,382.01	247,741.23	35%
December	2,564,818.03	1,750,712.59	814,105.44	47%	846,610.72	650,831.05	195,779.67	30%
January	2,363,549.59	2,701,427.12	(337,877.53)	-13%	838,414.37	678,630.89	159,783.48	24%
February	2,117,550.70	2,583,685.25	(466,134.55)	-18%	730,211.33	564,019.70	166,191.63	29%
March	2,111,168.40	2,158,764.88	(47,596.48)	-2%	757,196.86	597,672.31	159,524.55	27%
TOTAL	29,301,433.52	23,112,031.01	6,189,402.51	27%	9,541,477.23	5,892,645.67	3,648,831.56	62%

Total levies by generated by the licensed Totalisators and Bookmakers during the 2012/13 and 2011/12 financial year were as follows:

MONTH	Casino Levies	Casino Levies	Variance	Variance	LPMs Levies	LPMs Levies	Variance	Variance
	R	R	R	%	R	R	R	%
	2012/13	2011/12			2012/13	2011/12		
April	298,827.67	486,460.28	(187,632.61)	-39%	211,981.42	103,342.66	108,638.76	105%
May	355,682.43	513,923.31	(158,240.88)	-31%	283,052.81	88,550.95	194,501.86	220%
June	277,661.05	598,010.63	(320,349.58)	-54%	202,577.15	90,562.87	112,014.28	124%
July	309,019.00	534,056.99	(225,037.99)	-42%	238,867.74	74,206.86	164,660.88	222%
August	370,633.24	622,684.80	(252,051.56)	-40%	213,880.40	151,180.45	62,699.95	41%
September	309,442.01	539,439.50	(229,997.49)	-43%	131,104.35	164,136.76	(33,032.41)	-20%
October	311,611.74	582,971.47	(271,359.73)	-47%	136,680.38	149,884.24	(13,203.86)	-9%
November	399,838.47	703,438.64	(303,600.17)	-43%	187,158.01	227,874.16	(40,716.15)	-18%
December	439,811.67	636,790.95	(196,979.28)	-31%	258,354.99	211,250.77	47,104.22	22%
January	293,215.55	576,140.22	(282,924.67)	-49%	182,584.39	216,186.46	(33,602.07)	-16%
February	291,642.99	713,925.17	(422,282.18)	-59%	208,490.80	242,869.32	(34,378.52)	-14%
March	291,014.22	424,753.72	(133,739.50)	-31%	181,175.96	170,376.56	10,799.40	6%
TOTAL	3,948,400.04	6,932,595.68	(2,984,195.64)	-43%	2,435,908.40	1,890,422.06	545,486.34	29%

N.B: The decline in Totalizator levies is due to a change in the levy rate and methodology from 3.5% of Turnover to 6.5% of Gross Betting Revenue.

7. UNCLAIMED DIVIDEND

Unclaimed dividend levy for 2012/13 and 2011/12 were R320, 519.06 and R235, 229.82 respectively. The levy increased by R85,289.24 (36%) compared to the previous financial year.

MONTH	Unclaimed Dividend Levy	Unclaimed Dividend Levy	Variance	Variance
	R 2012/13	R 2011/12	R (%)	(%)
April	18,882.71	27,338.42	(8,455.71)	-31%
May	38,476.57	19,344.46	19,132.11	99%
June	28,759.77	19,562.83	9,196.94	47%
July	21,584.58	19,814.70	1,769.88	9%
August	23,403.44	15,078.05	8,325.39	55%
September	25,360.88	20,088.97	5,271.91	26%
October	21,922.21	14,055.67	7,866.54	56%
November	21,727.00	24,363.86	(2,636.86)	-11%
December	42,517.36	19,901.28	22,616.08	114%
January	27,744.51	23,538.73	4,205.78	18%
February	30,230.42	10,363.16	19,867.26	192%
March	19,909.61	21,779.69	(1,870.08)	-9%
TOTAL	320,519.06	235,229.82	85,289.24	36%

All levies are paid over to the Limpopo Provincial Treasury. The levies do not include unclaimed dividends, license fees for slot machines, tables, employees and other fees payable on an annual basis.

The split of Gross Gambling Revenue and Levies between gambling slot machines, gambling tables and Limited Payment Machines was as follows:

	Gambling Machines	Gambling Tables	LPMs	TOTAL
GGR 2012/13	319,181,682.79	47,086,236.05	119,268,465.05	485,536,383.89
GGR 2011/12	287,103,810.03	56,940,680.89	88,645,726.29	432,690,217.21
Variance	32,077,872.76	(9,854,444.84)	30,622,738.76	52,846,166.68
% Variance	11%	-17%	35%	12%
Levies 2012/13	25,534,534.63	3,766,898.88	9,541,477.21	38,842,910.72
Levies 2011/12	19,107,048.33	4,004,982.67	5,892,646.47	29,004,677.47
Variance	6,427,486.30	(238,083.79)	3,648,830.74	9,838,233.25

LAW ENFORCEMENT BUSINESS UNIT

- The Law Enforcement Division is run by team of inspectors who are appointed in terms of section 65 of the Act.
- The Purpose of the unit is;
 - To investigate illegal gambling activities.
 - To confiscate equipment and devices those are instrumental in the commission of such offences.
 - To arrest persons contravening the Act in terms of its prohibitions.
 - To testify in court against accused persons.

STRATEGIC OBJECTIVES

- To ensure eradication of all illegal gambling in the Province and establish public confidence in legal establishments.

Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Number of arrests of illegal gambling offender	425 Arrests of illegal gambling offenders	450 Arrests of illegal gambling offenders	444 Arrests	6	6 Arrests could not be achieved due to the mushrooming of online gambling
Number of illegal gambling awareness campaigns	244 Awareness campaigns in the Province	350 Awareness programmes	264 Awareness programmes	86	86 Awareness programmes could not be achieved due to the mushrooming of online gambling

LAW ENFORCEMENT	Budget 2012/2013	Actual	Variances	Budget 2011/2012	Actual	Variances
Capital Expenditure	267	272	5	672	779	-107
Personnel Expenditure	3,181	2,948	233	3,319	2,852	467
Operational Expenditure	423	382	41	510	412	98
Total	3,871	3,603	269	4,501	4,043	458

FINANCE

- Establish effective monitoring mechanisms of ensuring that the budget is effectively managed and utilized.
- Ensuring adequate and effective internal controls and risk management.
- Ensuring the collection of appropriate levies.
- Ensuring that the Board has effective and efficient accounting systems, policies and procedures.

STRATEGIC OBJECTIVES

- To provide effective and budget efficient services and compliance.
- To ensure implementation of the risk management and improvement of internal controls.
- Implement the PFMA and Treasury Regulations.
- Effective levies management.

The business unit has three sub-units:

- Human Resource,
- IT; and
- Supply Chain Management

FINANCE

Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on Deviations
Number of MTEF statements submitted as per DEDET SLA	1 MTEF statements submitted as per DEDET SLA	Submit 1 MTEF statements as per DEDET SLA	1 MTEF statements submitted as per DEDET SLA	-	
Number of risk reports submitted to the Audit Committee	3 Risk reports and 1 Risk Register	4 Risk reports and 1 Risk Register	4 Risk reports and 1 Risk Register	-	
Number of internal audit reports and plans submitted to the Audit Committee	5 Internal audit reports and 1 internal audit coverage plan submitted to the Audit Committee	4 Internal audit reports and 1 internal audit coverage plan to be submitted to the Audit Committee	4 Internal audit reports and 1 internal audit coverage plan submitted to the Audit Committee	-	
Submission of financial statements 2 after the financial year to AG	Financial statement to the AG 2 months after the new financial year submitted	Submit the financial statement to the AG 2 months after the new financial year	Submitted the financial statement to the AG 2 months after the new financial year	-	
Number of management Account submitted to Treasury	12 Monthly Management Accounts submitted to Treasury	12 Monthly submission of Management Accounts to Treasury	12 Monthly Management Accounts Submitted to Treasury	-	
Number of payroll per year	12 Payroll reports done	12 Payroll reports	12 Payroll reports done	-	
Number of asset reconciliations	12 Asset reconciliation reports done	12 Asset reconciliation reports	12 Asset reconciliation reports done	-	
Number of creditors and debtors age analysis reports	12 Creditors and debtors age analysis done	12 Creditors and debtors age analysis	12 Creditors and debtors age analysis done	-	

FINANCE (CONTINUED)

Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on Deviations
Number of levies reports submitted to DEDET as per PFMA	12 Levies reports submitted to DEDET	12 Levies reports to be submitted to DEDET	12 Levies reports submitted to DEDET	-	
Number of cash flow and bank reconciliations prepared	12 Bank reconciliations done	12 Bank reconciliations	12 Bank reconciliations done	-	

FINANCE	Budget 2012/2013	Actual	Variances	Budget 2011/2012	Actual	Variances
Capital Expenditure	18	30	-12	69	44	25
Personnel Expenditure	5,271	4,825	447	4,761	4,632	129
Operational Expenditure	1,909	2,503	-594	2,185	2,456	-272
Total	7,198	7,357	-159	7,014	7,133	-118

Human Resources

- Responsible for selection and placement of employees with the Board.
- Responsible for administration of personnel records and employee benefits.
- Promote employment and skill development.
- Implement of health and safety programmes.
- Compliance with the Occupational Health and Safety Act.

HR Strategic Objectives

- To ensure sound Human Resource management.

Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on Deviations
Number of revised organisational structure	Not done	1 Approved organisational structure (2012/13)	Not done	-	Due to Austerity Measures, the entity could not review the organisational structure (Treasury note no 1 – Austerity measures)
Number of formal performance appraisals and performance agreement per employee	4 Performance appraisals and 1 performance agreement	4 Performance appraisals 1 Performance agreement per employee	4 Performance appraisals done 1 Performance agreement per employee done	-	
Number of EE reports submitted to the department of labour as per Act	Not done	1 Employment Equity report submitted on the 1 st October	1 Employment Equity report was submitted on the 29 th November 2012	-	The Board was registered to do the submission online and the due date for submission online was extended to 15 January 2013

Human Resource Management	Budget 2012/2013	Actual	Variances	Budget 2011/2012	Actual	Variances
Capital Expenditure	0	15	-15	31	10	21
Personnel Expenditure	1,755	1,715	39	2,028	1,857	171
Operational Expenditure	999	500	498	1,682	1,77	505
Total	2,753	2,231	522	3,742	3,043	698

Information Technology

- Improving organisational performance through the availability of information and systems which support the corporate strategy of the organisation.

IT Strategic Objectives

- To optimise system utilisation by all employees.
- Smooth running of all systems of the Board to enable employees to achieve optimum levels of performance.
- To create an ICT – enabled work environment.

Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on Deviations
Number of calls resolved	Most calls were resolved within 2hrs	240 Calls per annum	110 Calls per annum	129 Calls per annum	When the system stabilises calls come down
% of downtime and uptime of the network	N/A	4% or less downtime 96% or more uptime	13% or less downtime 87% or more uptime		The down time was high during February and March due to the moving to the new building
Number of incidents and monitoring system performance reports	12 Reports	12 Reports per annum	12 Reports per annum	-	

Supply Chain Management

- Ensure the appropriate implementation of the procurement and provisioning system in line with approved Supply Chain Management Regulations.

SCM Strategic Objectives

- Ensure compliance with the Supply Chain Regulations

Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on Deviations
Number of Supply Chain reports	12 Supply Chain reports	12 Supply Chain reports	12 Supply Chain reports	-	
Number of reviewed supply chain policy as per policy	Not done	1 Review supply chain policy as per plan	Not done	1	Awaiting approval of the Provincial Supply Chain Management Policy for alignment. Currently the Supply Chain Regulations and Practice Notes distributed by National Treasury are utilised to ensure that the Board is compliant to the Act
Number of Monitoring reports	Awarded the contract of construction of the new building	4 Monitoring reports	4 Monitoring reports done	-	

Supply Chain Management	Budget 2012/2013	Actual	Variances	Budget 2011/2012	Actual	Variances
Capital Expenditure	5,283	3,650	1,633	8,755	4,515	4,241
Personnel Expenditure	2,100	1,966	133	1,965	1,902	63
Operational Expenditure	7,554	5,592	1,961	5,791	4,861	929
Total	14,937	11,208	3,728	16,511	11,278	5,233

SUMMARY OF FINANCIAL INFORMATION

Revenue Source	Budget 2012/2013	Actual	Variances	Budget 2011/2012	Actual	Variances
Government Grant	39 000	39 000	0	48 000	48 000	0
Operating Revenue	4 562	5 741	-1 178	2 527	4 465	-1 938
Interest Received	875	924	-50	552	1 355	-803
Total Revenue	44 437	45 670	1 233	51 079	53 820	2 741

OPERATING REVENUE

The Board has processed more employee registrations and renewals than anticipated.

	Budget	Actual	Variances	Budget	Actual	Variances
Expenditure						
CEO	5 745	5 099	646	6 441	5 152	1 289
Finance	7 198	7 357	-159	7 014	7 133	-118
Human Resource	2 753	2 231	522	3 742	3 043	698
Compliance	9 933	9 410	523	12 870	8 914	3 955
Law Enforcement	3 871	3 603	269	4 501	4 043	458
SCM	14 937	11208	3 728	16 511	6 768	9 744
Total Budget	44 437	38 908	5 529	51 078	37 867	13 211

OPERATING EXPENSES

Accommodation and travelling were underspent due to enforcement of austerity measures in the Province. Operating lease charges were underspent because the Board moved to a new building in March instead of January 2013.

EMPLOYEE COST

Due to austerity measures all vacant posts are supposed to be approved by the Provincial Task team before they can be filled and the process took long to be finalised. Due to industrial action there was no work no pay principle which resulted in underspending.

CAPITAL EXPENDITURE

There was savings on computer equipment as successful bidder costed 76% less than the projected amount. The furniture could not be purchased during the financial year as the Board did not want to split the transaction but to go out on competitive bidding.



COMMUNITY SOCIAL DEVELOPMENT FOR 1 APRIL 2012 TO 31 MARCH 2013

Khoroni Hotel Casino and Convention Centre

Months	Description	Education	Youth	Entrepreneurial	Environmental	Community
			Development	Development	Enrichment	Development
May-12	Community Development(Miscellaneous)					4,290.00
Jun-12	SAPS Charging Office					4,089.00
	Rofhiwa Manwadu(Sports)		320.00			
Jul-12	Siavhe Secondary School	11,369.90				
	Rofhiwa Manwadu(Sports)		400.00			
Aug-12	Casual Day Sticker				1,000.00	
	Siavhe Secondary School	3,242.24				
Oct-12	Education(Others)	19,387.16				
	Sponsorship(Others)					4,300.00
	Elvis Manwadu(Sports)		439.32			
	Rofhiwa Manwadu(Sports)		700.00			
Nov-12	Sponsorship(Others)					17,293.67
Dec-12	Mulenzhe Project			8,093.18		
Jan-13	Community Development(Miscellaneous)					3,000.00
	Education	661.53				
	Other(Internet)		338.16			
	Sponsorship(Others)					
Feb-13	Education	10,094.00				
	Movho Secondary School	142.50				
	PEP		9,999.18			
	Elvis Manwadu(Sports)		3,040.00			
	Rofhiwa Manwadu(Sports)		736.84			
	Rofhiwa Manwadu(Sports)		900.00			
Total		44,897.33	16,873.50	8,093.18	1,000.00	32,972.67

COMMUNITY SOCIAL DEVELOPMENT FOR 1 APRIL 2012 TO 31 MARCH 2013

Meropa Casino and Entertainment World						
Months	Description	Education	Youth	Entrepreneurial	Environmental	Community
			Development	Development	Enrichment	Development
Apr-12	Mmakoma Drop In Centre	8,000.00				
	SANCA-Limpopo Alcohol and Drug Centre	9,400.00				
	Re A Kgona Disability Centre	45,000.00				
Jun-12	Community Development Project					136,706.00
Jul-12	Childline Limpopo					4,210.36
Sep-12	Association for People Living with Disabilities					2,500.00
	CANSA					1,000.00
Nov-12	Bokamoso Secondary School	23,645.30				
	Others	31,375.37				
Dec-12	Association for People Living with Disabilities					9,060.53
	Samarita Children's Home					4,575.60
April-12	Seshego Ikageng Community Home Based Care					2,500.00
	Centre					
	Bokamoso Secondary School (Ablution Block Renovation)	2,595.09				
	Youth Action Health		12,363.16			
Jan-13	Bokamoso Secondary School	2,205.96				
	Reach for a Dream			5,500.00		
Feb-13	Bokamoso Secondary School	1,995.50				
	Bokamoso Secondary School	4,752.00				
Mar-13	Community Development Project					14,400.00
	Education	22,496.00				
	CANSA(other)					10,000.00
Total		151,465.22	12,363.16	5,500.00	-	184,952.49





GOVERNANCE

The Board is mandated by LEDET to regulate and monitor gambling activities in the Province and in particular to ensure the eradication of unlawful gambling activities, promoting responsible gambling and to collect gambling revenue from gambling establishments.

Annually the Board enters into a performance agreement with the MEC of LEDET.

The performance agreement out-lines that the Board's mandate shall:

- Take full responsibility in the preparation, finalisation and drawing of Business Plans of the Board.
- Ensure that such Business Plans are aligned with the overall objectives of LEDET.
- Ensure that such Business Plans have been submitted to the MEC for approval prior to the implementation of these plans in line with the PFMA requirements.
- The Board undertakes to schedule and hold regular quarterly meetings with the MEC to ensure the MEC is kept informed of developments within the Board.

The Parties agree to conduct their relationship on the principles of transparency, mutual respect, bona fides, integrity and trust.

Where the MEC issues the Board with directives that have not been approved in the Board Business Plans, the MEC shall provide the Board with sufficient information and additional resources to carry out such directives within 30 (thirty) days of receipt of such directives.

The Board received funding from LEDET to the amount of R39 million. The Board must submit to LEDET the actual collection schedule of levies collected from operators monthly by the 7th of each month. The Board shall submit written reports on the projects and the status of funds to LEDET quarterly on stipulated dates.

PORTFOLIO COMMITTEES

The Board was invited to make presentations regarding the strategic plan of the Board and the 2011/12 Annual Report to the Limpopo Economic Development, Environment and Tourism Portfolio Committee on the following dates:

- 7 September 2012
- 16 October 2012

EXECUTIVE AUTHORITY

The Board submitted following reports to the Executive Authority monthly and quarterly. The acting General Manager came to the Board quarterly to discuss the reports submitted to the department. The Revenue Unit of LEDET came monthly to reconcile the levies transferred to the department with against the audited information done by the Compliance Unit. Management made presentations of their reviewed reports to the MEC.

Schedule and Section/Reg	Report	No. of Reports per Annum	No. of Reports Submitted	Date	Date Submitted
Instruction Note 1	Austerity Measures	12	12	10 th of each month	10 th of each month
2,3/s54(1)	Public Entity	12	12	10 th of each month	10 th of each month

There were challenges with the submission of the fourth quarter Public Entity schedules due to the moving of the Board to the new building as the server was down.

NO	Section: SLA	Report or Document	Submission Date	Date Submitted
1	4.8	Procurement Plan	5 days of signing	25 April 2013
2	4A.1	Levies	7 th of each month	7 th of each month except September 2012 & March 2013
3	8.1	Progress report of the projects and status of funds		
		First quarter	10 July 2012	5 July 2012
		Second quarter	10 October 2012	10 October 2012
		Third quarter	10 January 2013	4 January 2013
		Fourth quarter	10 April 2013	10 April 2013

THE BOARD

The Limpopo Gambling Board was established in terms of Section 2 of the Limpopo Gambling Act, Act No. 4 of 1996, as amended (hereinafter referred to as "The Act").

Section 3 of the Act governs the powers and functions of the Board and it states as follows:

1. *The Board shall:*
 - (a) *exercise such powers and perform such functions-*
 - (i) *assigned to it in terms of this Act;*
 - (ii) *assigned to it in terms of any other Act;*
 - (b) *advise the responsible Member or furnish a report or recommendations to the responsible Member on any matter referred to the Board by the responsible member for consideration or arising from the application of this Act relating to the control over gambling and racing in the Province.*
2. *The Board may, with the approval of the responsible Member and if an Act of any other Province provide therefore, exercise such powers and perform such functions and duties in terms of such Act in respect of persons and matters in the said Province as the Board may in terms of this Act exercise and perform in this Province.*
3. *The Board may, notwithstanding anything to the contrary in another Act contained; pay a reward to any person who has furnished information relating to an alleged contravention of a provision of this Act.*
4. *Notwithstanding anything to the contrary contained in this Act, the responsible Member may, in the absence of a Board, exercise and perform the powers and functions of the Board, excluding the granting and revocation of licences.*

In addition to this Section, the Board must take cognisance of Section 49(2) of the Public Finance Management Act, Act No. 29 of 1999 (PFMA), which states that:

"If the public entity-

- (a) has a Board or other controlling body, that Board or controlling body is the accounting authority for that entity."

The role of the Board is as follows:

- To promote a culture of responsible gambling in the Province. To ensure the eradication of all forms of illegal gambling in the Province.
- To ensure a creation of an organization capable of recruiting, retaining, continuously developing its workforce, and aiming at enhancing its effectiveness and employee well-being.
- To ensure the availability of real time information using technology in support of decision making processes.
- To ensure that the Board has and maintains an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost effective.
- To ensure that the Board establishes, implements, and maintains good principles of corporate governance, accounting practices, and sound systems of internal control.
- To ensure that the Board plans and utilizes limited resources economically, efficiently and effectively.

The term of the Board which was appointed in December 2008 expired in November 2011. The Board term was then extended until the end of November 2012.

The entity was without the Board for three months in which the CEO according to PFMA was consulting the MEC. The new Board was appointed on 11 March 2013.

Board Member Information

Name	Designation	Date appointed	Date of expiry of the term	Qualifications	Area of Expertise	Board Directorships	Other Committees (e.g: Audit Committee)	No. of Meetings attended 2012-13
Mr. A.L. Mkhabela	Chairperson of the Board	09.12.2008	30.11.12	B.Juris, LLB	Corporate and commercial law, regulatory work	LGB, Law society of Northern Provinces, Black Lawyers Association		4
Mr. J.K. Sithole	Deputy Chairperson of the Board	09.12.2008 Reappointed 11.03.2013	30.11.12	CA (SA), B Com, Honours B Compt	Accountancy	LGB	Audit Committee LGB, Audit Committee of Mpumalanga Tourism Authority, Audit Committee of Mpumalanga Gaming Board, Chairman of Audit Committee of Financial & Fiscal Commission, Member of Audit Committee of Dept. of Public Enterprises	3/2
Mr. J.Z. Moolman	Member	09.12.2008	30.11.12	B. Com (ACC)UP, MDP (Prep)Unisa	Business Man	LGB	Monitoring Committee	1
Mr. T.J. Mathebula	Member	09.12.2008	30.11.12	-	Governance, Entrepreneurship, policy development	LGB, Anglo Platinum (Lebowa Platinum Mines) Anglo Platinum (Mokopane Platinum Mines), INCA Mining, Mediro Investment, Tshivirika Mining, Review Printers, Nexus, Hazelwitch, Mavu Management Services	Monitoring Committee	0
Ms. T.E. Motsepe	Member	09.12.2008	30.11.12	B.Optom, Management, Bachelor of Optometry	Business Woman	LGB	HR Committee	4

Board Member Information (continued)

Name	Designation	Date appointed	Date of expiry of the term	Qualifications	Area of Expertise	Board Directorships	Other Committees (e.g: Audit Committee)	No. of Meetings attended 2012-13
Ms. N.N. Mushwana	Member	09.12.2008	30.11.12	STDC, Diploma in special Education, Labour Relations, P&DM	Business Woman	LGB, Nyankwavi catering & cleaning services, Nhluvuko Security, Karibu Leisure Resort	Audit Committee	3
Ms. M.J. Boshelo	Member	09.12.2008	30.11.12	M.SC in Financial Economics, Bachelor of Arts, Diploma in Economic Principles, Secondary Teachers Diploma		LGB, Gender committee- Ass. of SA Students	HR Committee	2
Mr. M.T. Mokono	Chairperson of the Board	11.03.2013		B.Proc	Law, Business Man	LGB, Law Society of SA, IMPSA		2
Ms. M. J. Mogale	Deputy Chairperson of the Board	11.03.2013		Bsc Honours, Master in Business Administration	Business Woman: Finances, HR, Strategic leadership	LGB, Cygnimart Investment Holdings, Ubublaele Capitec Investment Holding, Tirisano Trust, Ububhele, Ruby Stone Boutique Hotel, Marumini Holdings Transformation Trust	Monitoring Committee	2
Mr. M.J. Mathabatha	Member	11.03.2013		B.Proc, LLB	Law	LGB, Laws society of Northern Provinces, Jeff Mathabata Attorneys, Nungu Trading, attorneys Development Fund	HR Committee	2
Khosi T.N. Makumbane	Member	11.03.2013		Executive Leadership Development Programme		LGB	HR Committee	2
Ms. B.L. Montjane	Member	11.03.2013		B.Juris	Law, debt counselling	LGB, Zazi Trading	Monitoring Committee	2
Ms. C.M. Nkambule	Departmental Representative	11.03.2013		B.Com, B.Com (Hons)	Business Management Accounting	LGB	Audit Committee, HR Committee, Member of Audit Steering Committee, LEDET, Departmental Bid Committee Member, Departmental Budget Committee member, Member of Provincial Amalgamation Task Team, Member of Development of Monitoring Tool for LEDET Parastatals	1
Mr. A.V.K. Mashele	Departmental Representative	11.03.2013		Masters of Business Administration Finance, Bachelor of Accounting Science	Finances, SCM	LGB	Monitoring Committee	2

COMMITTEES

Audit Committee

Name of Members	Designation	No. of meetings attended	Term ended	Date appointed
Ms. N.N. Mushwana	Chairperson	2	November 2012	
Mr. J.K. Sithole	Member	2	November 2012	11 March 2013 as Chairperson
Mr. E.M. Makwela	Member (External)	2	November 2012	11 March 2013
Mr. M.L. Mashego	Member (External)	1	November 2012	11 March 2013
Ms. C.M. Nkambule	Member	0	-	11 March 2013

Human Resource Committee

Name of Members	Designation	No. of meetings attended	Term ended	Date appointed
Ms. M.J. Boshielo	Chairperson	2	November 2012	
Ms. T.E. Motsepe	Member	2	November 2012	
Mr. T.J. Mathebula	Member	1	November 2012	
Mr. M.J. Mathabatha	Chairperson	-	-	11 March 2013
Khosi T.N. Makumbane	Member	-	-	11 March 2013
Ms. C.M. Nkambule	Member	-	-	11 March 2013

Compliance and Monitoring Committee

Name of Members	Designation	No. of meetings attended	Term ended	Date appointed
Mr. T.J. Mathebula	Chairperson	-	November 2012	
Ms. T.E. Motsepe	Member	-	November 2012	
Mr. A.V.K. Mashele	Chairperson	-	-	11 March 2013
Ms. B.L. Montjane	Member	-	-	11 March 2013
Ms. M. J. Mogale	Member	-	-	11 March 2013

Remuneration of Board Members

Name	Remuneration	Other allowance	Other reimbursements	Total
Mr. A.L. Mkhabela	6,825	17 440	785	25,050
Mr. J.K. Sithole	12,421	-	30,519	42,940
Mr. J.Z. Moolman	0	-	-	-
Mr. T.J. Mathebula	0	-	-	-
Ms. T.E. Motsepe	18,121	-	2,862	20,982
Ms. N.N. Mushwana	5,178	-	30,261	35,438
Ms. M.J. Boshielo	-	-	18,603	18,603

Remuneration of the Board (continued)

Name	Remuneration	Other allowance	Other reimbursements	Total
Ms. M. Broderick	-	-	-	-
Mr. S. Kgopong	-	-	-	-
Mr. M.T. Mokono	6,826	-	196	7,022
Ms. J. Mogale	5,736	-	4,359	10,095
Mr. M.J. Mathabatha	5,450	-	196	5,646
Khosi T.N. Makumbane	5,450	-	3,128	8,578
Ms. B.L. Montjane	5,736	-	5,186	10,922
Ms. C.M. Nkambule	-	-	-	-
Mr. A.V.K. Mashele	-	-	-	-

RISK MANAGEMENT**Nature of Risk Management**

The Limpopo Gambling Board has a continued to cultivate a culture of risk management throughout the entity by ensuring:

The risk committee has met four times during the year as per the activity plan and has submitted quarterly monitoring reports to the Chief Executive Officer who further recommends them for submission to the Audit Committee.

Risk management strategies to identify risks and manage the risks**Risk Management Process**

Limpopo Gambling Board has a risk profile which is updated on an annual basis, following a process whereby Risk Management Officer facilitated a workshop of identifying emerging risks and reassessing the previous risk register with all business units.

The business units were involved to identify the operational risks and the strategic risks were identified by the CFO, Senior Managers and Managers.

The profile was then consolidated and reported to an independent Risk facilitator from BIG (Business Innovations Group) consultant whereby he then facilitated the final Risk Assessment Workshop with all business units, for consolidation of the final risk assessment profile for the Limpopo Gambling Board.

The Board invited LEDET and Treasury to the risk workshop. The report has mitigation measures that were compiled by management.

Each business unit manager had to approve the risk register before they were recommended to CEO for submission to the Audit Committee to consider and recommend to the Board to approve the 2012-13 Risk Register and Coverage Plan.

Quarterly management submits their reports to the risk officer who consolidate and presented to the Risk Management Committee.

The Risk Officer verifies the reports before they can be presented to the Committee. The Committee discusses each business unit report and recommends to the CEO for submission to the Audit Committee for consideration.

Risk Assessment Participants and Quality of Results

The results of this risk assessment process, represents the risk assessment participants’ interpretation and perception of the nature and significance of the risks impacting on LGB.

Progress made in addressing risks identified

The following graphs depict the progress made with regard to the risk profile from risk management unit with the Board for all business units as follows:

INTERNAL CONTROL UNIT

Figure 1
LGB Risk Fully Implemented Mitigation Strategies

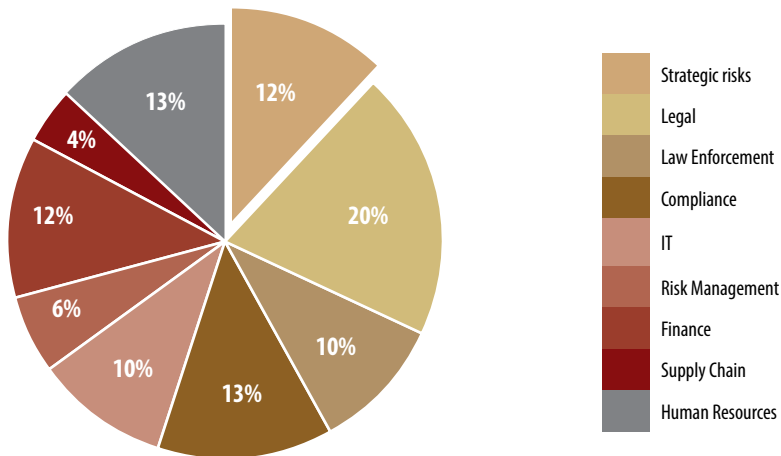


Figure 2
LGB Risk Partially Implemented Mitigation Strategies

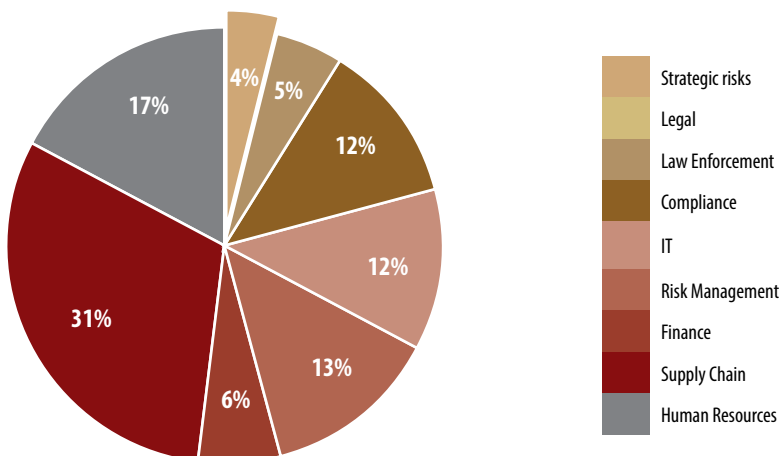
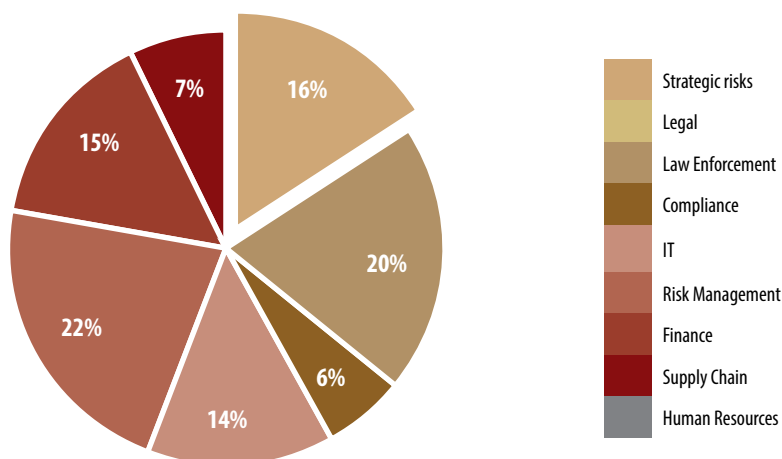


Figure 3
LGB Not Implemented Mitigation Strategies



The Board does not have an internal control unit. Each Manager perform the internal control of their units.

The Provincial Treasury was invited to discuss the AG Management letter with all Senior Managers. They indicated that each Manager should indicate the root causes of their units findings and how they will ensure non-occurrence.

The function renders an independent appraisal function as a service to LGB by examining and reviewing the effectiveness of internal controls for the purpose of assisting management in the effective discharge of its responsibilities.

The Compliance, Law Enforcement and Supply Chain units developed procedure manuals to ensure that their units perform their mandate competently.

Internal Audit and Audit Committees

Objective and Role of Internal Audit

- *The internal audit of the Board is outsourced to BIG*

Internal Audit (IA) is an independent, objective assurance and consulting activity designed to add value and improve LGB's operations. The objective of the IA function is to assist LGB to accomplish its objectives by bringing a systematic and disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes.

- *The Internal Audit function reviews the following:*

- The reliability and integrity of financial and operational information;
- Compliance with laws, regulations, policies and contracts;
- Safeguarding of assets;
- The economical and efficient use of resources;
- Establishment of operational goals and objectives; and
- Appropriateness of processes for the achievement of objectives.

The primary role of the IA function is to assist the Board, Audit Committee, and Executive Management in the effective discharge of their duties and responsibilities.

The IA through engagement with the internal stake holders formulated a three year rolling plan incorporating an annual plan which was approved by the Audit Committee. The annual audit plan was not fully executed during the year. This was because the IA was appointed during the financial year and the plan overlapped to the first quarter of the new financial year. The IA head reports at each Audit Committee.

Progress Report for the Year

Planned Activity	Actual Results
IA Coverage Plan (2012/2013)	Done
Human Resource Management	Done
Supply Chain Management	Done
Risk Management workshop	Done
Strategic Risk Report	Done
Operational Risk Report	Done
IA Coverage Plan (2013-14)	Done
Finance /Office of CFO/Risk Management	Done
Compliance Unit	Done
Information Technology	Done
Performance Information Audit	Done

Key activities and objectives of the audit committee

- The Audit Committee operates within its written terms of reference, which are reviewed annually.
- The Audit Committees met two times during the financial year under review.
- In these meetings the CEO, CFO, Senior Manager Finance and Senior Legal Manager were always represented.
- The Auditor General is always invited to attend, thus ensuring that such meetings are as effective as possible.

Audit Committee Members Information

Name	Qualifications	Internal or External	If internal, position in the public entity	Date appointed	Expiry term of office	No. of Meetings attended
Mr. J. Sithole	CA(SA)	Board Member		December 2008 Reappointed March 2013	November 2012	2
Mr. M. Mashego	B.Proc, LLB, LL.M	External Member		December 2008 Reappointed March 2013	November 2012	1
Mr. M. Makwela	B.IRUS, LLB, LL.M	External Member		December 2008 Reappointed March 2013	November 2012	2
Ms. N.N. Mushwana	STDC, Dipl in special education, P&DM	Board Member		December 2008	November 2012	2
Ms. C. Nkambule	B.Comm, B.Comm Honours	Board Member	Representing LEDET	March 2013		0

FRAUD AND CORRUPTIONS

The public entity's fraud prevention plan and the progress made in implementing the fraud prevention plan

The Limpopo Gambling Board has a Fraud and Corruption Prevention Committee which has met four times during the 2012-13 financial year. The Committee is chaired by an independent non executive member of the Audit Committee. The Limpopo Gambling Board has a zero tolerance stance on fraud and corruption. LGB further ensures the mitigation of identified fraud risks is implemented throughout the organisation.

During the 2012 - 13 financial year Limpopo Gambling Board conducted a workshop and issued the awareness material in the form of calendars to all staff and other stakeholders indicating the Limpopo Gambling Board Mission Statement regarding fraud and corruption. The Limpopo Gambling Board has a Whistle Blowing Policy in place which is aligned to the protected disclosure Act, No 26 Of 2000. No cases were reported with regard to fraud and corruption during the year under review.

MINIMISING CONFLICT OF INTEREST

- All staff members of the Limpopo Gambling Board are required to disclose their specific personal assets and business interests on appointment.
- Every year the Human Resources Unit issue a circular reminding officials to disclose a new business interests.
- The Senior Managers completes financial disclosure forms which are submitted to the Executive Authority annually.
- Suppliers are required to complete an SBD4 for declaration of interest purposes prior engagement of business activities with LGB.

CODE OF CONDUCT

The growth and success of the gambling industry in the Limpopo Province is dependent on public confidence and trust that is conducted honestly. The Board considers it desirable to provide further guidance to its members and employees to assist them in gaining a clear picture of the behavior expected in the execution of their various functions.

These standards apply to all members and employees of the Board as well and consultants engaged by the Board under sections 10, 18 and 19 of the Limpopo Gambling Board Act.

All newly appointed employees are made aware of the Board's Code of Conduct during induction. During the 2012/13 financial year the Code of Conduct was circulated to all employees.

If a member or employee becomes aware of the anticipates, or suspects, corrupt conduct on the part of an organization, a member of the public or another Board member or employee he or she must report this matter to the Chairperson or the CEO without delay.

HEALTH SAFETY AND ENVIRONMENTAL ISSUES

The Board is having an OHS Committee. The Board is having the Health and Safety Policy which is geared towards providing and maintaining a safe and healthy workplace for employees of the Board. The OHS Committee did inspections and advised Management accordingly.

REPORT OF THE AUDIT COMMITTEE

INTRODUCTION

We are pleased to present our report for the financial year ended 31 March 2013.

Limpopo Gambling Board has an Audit Committee which operates in terms of the Board's approved Audit Committee charter.

The Audit Committee consists of the members listed hereunder and meets at least two (2) times per annum as per the approved Audit Committee charter. During the current year, two (2) Audit Committee meetings were held.

Name of Members	Designation	No of meetings attended	Term ended	Date appointed
Ms. N.N. Mushwana	Chairperson	2	Nov 2012	
Mr. J.K. Sithole	Member	2	Nov 2012	11 March 2013 as Chairperson
Mr. E.M. Makwela	Member (External)	2	Nov 2012	11 March 2013
Mr. M.L. Mashego	Member (External)	1	Nov 2012	11 March 2013
Ms. C.M. Nkambule	Member	0	-	11 March 2013

AUDIT COMMITTEE RESPONSIBILITY

We report that we have complied with our responsibilities arising from Section 51(1)(a)(i)-(iv) of the Public Finance Management Act and Treasury Regulation 3.1.13. We also report that we have adopted appropriate formal terms of reference as incorporated in our Audit Committee charter. The 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

We are of the opinion, based on the information and explanations given by Management, the Internal Auditors, and discussions with the independent External Auditors (AGSA) on the result of its audits, that the internal accounting controls are operational to ensure that the financial records may be relied upon for preparing the annual financial statements, and accountability for assets and liabilities is maintained. From the various reports on the Internal Auditors, the Audit Report on the Annual Financial Statements as the management letter of the Auditor-General, it was noted that no significant or material non compliance with prescribed policies and procedures have been reported. We can report that the system of internal control for the period under review was effective although it requires improvements.

Our review of the findings of the Internal Audit work, which was based on the risk assessments conducted in the public entity revealed certain weaknesses, which were then raised with the public entity.

The following internal audit work was completed during the year under review:

Human Resource Management,
Supply Chain Management,

Finance / Office of the CFO / Risk Management,
Compliance Unit,
Information Technology,
Performance Information.

The following were areas of concern:

The internal control weaknesses identified and reported by external auditors were not adequately addressed. The review processes will have to be intensified from Audit Committee down to Internal Audit and Management.

IN YEAR MANAGEMENT AND MONTHLY / QUARTERLY REPORT

LGB has submitted monthly and quarterly reports to Department of Economic Development, Environment & Tourism.

EVALUATION OF FINANCIAL STATEMENTS

We have reviewed the financial statements for the year ended 31 March 2013 and we are satisfied that the matters have been adequately resolved.

We concur and accept the conclusions of the external auditor on the annual financial statements and is of the opinion that the audited financial statements be accepted and read together with the report of the auditor.



K.J. Sithole
Chairperson of the Audit Committee
Limpopo Gambling Board



HUMAN RESOURCE MANAGEMENT



The Human Resources Unit aims to assist and support other business units with any matters pertaining to the daily running of the business affecting its employees. Workforce planning framework and key strategies to attract and recruit a skilled and capable workforce. The success of the Limpopo Gambling Board in delivering its operational and developmental goals depends primarily on the efficiency and effectiveness where employees carry out their duties. Managing performance is therefore a key human resources management tool. The Limpopo Gambling Board ensures that employees are engaged in wellness programmes every year through the EAP.

ACHIEVEMENTS AND CHALLENGES

- **Achievements**
 - We had 1% staff turnover.
- **Challenges**
 - Vacant positions took long to be filled as we had to apply for approval and wait for the Provincial Task Team to respond which also took a while.

HUMAN RESOURCE OVERSIGHT STATISTICS

Personnel cost by Programme

Programme	Total Expenditure for the Entity (R'000)	Personnel Expenditure (R'000)	Personnel exp. as a % of Total Exp. (R'000)	No. of Employees	Average Personnel Cost per Employee (R'000)
CEO	5099	3 112	61%	4	778
Finance	7357	4 825	65%	8	603
Supply Chain	10862	1 973	18%	7	281
Human Resource	2230	1 715	76%	8	214
Compliance	9410	7 447	79%	18	413
Law Enforcement	3603	2 948	81%	8	368

Personnel cost by Salary Band

Level	Personnel Expenditure (R'000)	% of Personnel Exp. to Total Personnel Cost (R'000)	No. of Employees	Average Personnel Cost per Employee (R'000)
Top Management	2,807	13%	2	1404
Senior Management	3,527	16%	4	882
Professional qualified	2,884	13%	5	577
Skilled	8,061	37%	22	366
Semi-skilled	4,212	19%	16	263
Unskilled	527	2%	4	132
TOTAL	22,021	100%	53	

Performance Rewards

The Board does not have performance rewards.
Band A to C is receiving a 13th cheque.

Training Costs

Directorate/ Business Unit	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost.	No. of Employees Trained	Avg training Cost per Employee
CEO	3112	25	1%	1	25
CFO & Finance	4825	21	0	1	21
Compliance	7447	100	1%	13	8
Supply Chain	1973	15	1%	2	8
Law Enforcement	2948	17	1%	2	9
HR	1715	24	1%	5	5

Employment and Vacancies

Programme	2011/12 No. of Employees	2012/13 Approved Posts	2012/13 No. of Employees	2012/13 Vacancies	% of Vacancies
CEO	3	3	2	1	33
CFO	3	3	3	0	0
Law Enforcement	9	10	8	2	20
Supply Chain	5	5	5	0	0
HR	9	9	8	1	11
Finance	5	5	5	0	0
Legal	2	2	2	0	0
Compliance	20	20	18	2	10
IT	2	2	2	0	0
Total	58	59	53	6	10

Programme	2011/12	2012/13 Approved Posts	2012/13 No. of Employees	2012/13 Vacancies	% of Vacancies
Top Management	2	2	2	0	0
Senior Management	4	4	4	0	0
Professional qualified	5	6	5	1	2
Skilled	26	24	22	2	8
Semi-skilled	16	18	16	2	11
Unskilled	5	5	4	1	20
TOTAL	58	59	53	6	10

The position of Manager: Compliance Audit, as well as two Secretarial positions, are currently vacant. Only two positions have been advertised and the other Secretary position has been submitted to the Provincial Task Team for approval.

Employment changes

Salary Band	Employment at Beginning of Period	Appointments	Terminations	Employment at end of the Period
Top Management	2	0	0	2
Senior Management	4	0	0	4
Professional qualified	5	0	0	5
Skilled	24	0	1	23
Semi-skilled	15	0	0	15
Unskilled	4	0	0	4
Total	54	0	1	53

Reasons for staff leaving

Reason	Number	% of Total no. of Staff Leaving
Death	0	0
Resignation	0	0
Dismissal	1	100%
Retirement	0	0
Ill health	0	0
Expiry of contract	0	0
Other	0	0
Total	1	1

Most staff leave the organisation mainly for growth.

Labour Relations: Misconduct and disciplinary action

Nature of disciplinary Action	Number
Verbal Warning	0
Written Warning	0
Final Written warning	1
Dismissal	1

Equity Target and Employment Equity Status

Levels	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	1	0	0	0	0	0	0
Senior Management	3	3	0	0	0	0	0	0
Professional qualified	3	3	0	0	0	0	0	0
Skilled	10	10	1	1	0	0	1	1
Semi-skilled	6	7	0	0	0	0	1	1
Unskilled	1	2	0	0	0	0	0	0
TOTAL	24	26	1	1	0	0	2	2

Levels	FEMALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	0	0	1	0	0	0	0
Senior Management	0	0	0	0	1	1	0	0
Professional qualified	2	3	0	0	0	0	0	0
Skilled	10	10	0	0	0	0	1	1
Semi-skilled	5	6	1	1	0	0	3	3
Unskilled	2	2	0	0	0	0	1	1
TOTAL	20	21	1	2	1	1	5	5

Levels	DISABLED STAFF			
	Male		Female	
	Current	Target	Current	Target
Top Management	0	0	0	0
Senior Management	0	0	0	0
Professional qualified	0	0	0	0
Skilled	0	0	0	0
Semi-skilled	0	1	0	0
Unskilled	0	0	0	0
TOTAL	0	1	0	0



FINANCIAL STATEMENTS

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GENERAL INFORMATION

Country of Incorporation and domicile	South Africa
Legal form of entity	Public Entity
Nature of business and principal activities	Regulating, controlling and monitoring gambling activities in the Limpopo Province
Directors	Mr. M.T. Mokono (Chairperson) Ms. M. J. Mogale (Deputy Chairperson) Mr. M.J. Mathabatha (deceased) Khosi T.N. Makumbane Ms. B.L. Montjane Mr. K.J. Sithole Ms. C.M. Nkambule Mr. A.V.K. Mashele Mr. Serobi Maja (ex-officio)
Registered office	8 Hans van Rensburg Street Polokwane 0699
Postal address	Private Bag x 9520 Polokwane 0700
Auditors	Auditor-General of South Africa

STATEMENT OF RESPONSIBILITY

for the Annual Financial Statements for the year ended 31 March 2013

The Board is responsible for the preparation of the Limpopo Gambling Board Annual Financial Statements and for the judgements made in this information.

The Board is responsible for establishing, and implementing a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the Annual Financial Statements.

In our opinion, the financial statements fairly reflect the operations of the Board for the financial year ended 31 March 2013.

The Auditor-General is engaged to express an independent opinion on the annual financial statements of the Board.

The Limpopo Gambling Board Annual Financial Statements for the year ended 31 March 2013 have been audited by the Auditor-General and their report is presented on page 12 to 14.

The Annual Financial Statements of the Board set out on page 60 to page 84 have been approved.



Serobi Maja
Chief Executive Officer



M.T. Mokono
Chairperson of the Board

REPORT OF THE BOARD

The Board submits their report for the year ended 31 March 2013.

1. REVIEW OF ACTIVITIES

Main business and operations

The mandate of Board is to regulate, control and monitor gambling activities in the Province in line with the Limpopo Province Gambling Act, Act No. 4 of 1996 as amended.

The operating results and state of affairs of the entity are fully set out in the attached Annual Financial Statements.

2. 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.

3. EVENTS AFTER REPORTING DATES

The Board is not aware of any matter or circumstance arising after the reporting date.

4. NON-CURRENT ASSETS

No major changes in the nature of the non-current assets of the entity occurred during the year, as well as the policies relating to their use.

5. BOARD

The members of the entity during the year and to the date of this report are as follows:

Names	Changes
Mr. A.L. Mkhabela (Chairperson)	Term ended 30 November 2012
Mr. J.Z. Moolman	Term ended 30 November 2012
Mr. T.J. Mathebula	Term ended 30 November 2012
Ms. T.E. Motsepe	Term ended 30 November 2012
Ms. N.N. Mushwana	Term ended 30 November 2012
Ms. M.J. Boshielo	Term ended 30 November 2012
Mr. M.T. Mokono (Chairperson)	Appointed 11 March 2013
Ms. M.J. Mogale (Deputy Chairperson)	Appointed 11 March 2013
Mr. M.J. Mathabatha (deceased)	Appointed 11 March 2013
Khosi T.N. Makumbane	Appointed 11 March 2013
Ms. B.L. Montjane	Appointed 11 March 2013
Ms. C.M. Nkambule	Appointed 11 March 2013
Mr. A.V.K. Mashele	Appointed 11 March 2013
Mr. J.K. Sithole	Re-appointed 11 March 2013
Mr. Serobi Maja (CEO)	Ex-officio

6. BANKERS

Standard Bank

STATEMENT OF FINANCIAL POSITION

as at 31 March 2013

	NOTES	2013 R	2012 R
ASSETS			
Non-current Assets		6 828 568	3 491 288
Property, Plant & Equipment	2	6 807 467	3 470 187
Intangible Assets	3	-	-
Deposits		21 101	21 101
Current Assets		28 948 379	49 684 970
Trade and Other Receivables - Exchange	4	177 809	121 340
Cash and Cash Equivalents	5	28 770 570	49 563 630
Total Assets		35 776 947	53 176 258
LIABILITIES			
Non-current Liabilities			
Finance Lease Obligation	14	-	31 245
Current Liabilities		8 828 977	36 208 141
Trade and Other Payables	6	6 490 325	14 025 838
Deferred Income	17	2 307 407	22 034 380
Finance lease Obligation	14	31 245	147 923
Total Liabilities		8 828 977	36 239 386
Net Assets		26 947 970	16 936 872
Accumulated Surplus		26 947 970	16 936 872

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2013

	NOTES	2013 R	2012 R
TOTAL REVENUE		45 670 177	53 827 091
Government Grant	11.2	39 000 000	48 000 000
Other Operating Revenue	7.1	5 740 782	4 465 106
Interest Received	7.2	929 395	1 361 985
TOTAL EXPENSES		34 374 601	34 030 840
Operating Expenses	8	10 678 728	10 552 548
Depreciation and Amortisation	2	796 998	767 201
Board Members' Expenses	9	882 649	1 094 600
Employee Costs	10	22 016 226	21 616 491
SURPLUS FOR THE YEAR		11 295 576	19 796 251

STATEMENT OF CHANGES IN ASSET VALUE

for the year ended 31 March 2013

	NOTES	2013 R
Accumulated Surplus		
Balance as at 01 April 2011		10 114 514
Changes in Net Assets		
Surplus for the Period		19 796 251
Funds to be surrendered		(12 881 729)
Prior year adjustment		(92 164)
Total Changes		6 822 358
Balance as at 31 March 2012		16 936 872
Balance at 01 April 2012		16 936 872
Changes in Net Assets		
Surplus for the Period		11 295 576
Funds to be surrendered	26	(902 177)
Funds deferred		(382 302)
Total Changes		10 011 098
Balance as at 31 March 2013		26 947 970

CASH FLOW STATEMENT

for the year ended 31 March 2013

	NOTES	2013 R	2012 R
CASH FLOW FROM OPERATING ACTIVITIES			
Total Receipts		44 380 762	54 688 913
Total Payments		(61 044 481)	(33 263 639)
Net cash from operating activities	21	(16 663 719)	21 425 274
NET CASH OUTFLOW FROM INVESTING ACTIVITIES			
Acquisition of property,plant and equipment	2	(4 138 841)	(1 021 813)
Proceeds on disposal of property,plant and equipment		9 500	350 000
Net increase/(decrease) in cash and cash equivalents		(20 793 060)	20 753 461
Cash and cash equivalents at the beginning of the year		49 563 630	28 810 169
Cash and cash equivalents at the end of the year	5	28 770 570	49 563 630

STATEMENT OF COMPARISON BETWEEN BUDGET AND ACTUAL AMOUNT

for the year ended 31 March 2013

	NOTES	BUDGET R	ACTUAL R	VARIANCE R
TOTAL REVENUE		44 437 076	45 670 177	(1 233 101)
Government Grant		39 000 000	39 000 000	-
Other Operating Revenue	7	4 562 196	5 745 719	(1 183 523)
Interest Received		874 880	924 458	(49 578)
TOTAL EXPENSES		38 280 480	34 374 601	3 905 879
Operating Expenses	8	14 165 954	10 678 728	3 487 226
Depreciation and Amortisation	2	-	796 998	(796 998)
Board Members' Expenses	9	898 108	882 649	15 459
Employee Costs	10	23 216 418	22 016 226	1 200 192
SURPLUS FOR THE YEAR		6 156 596	11 295 576	(5 138 980)
Capital Expenditure	2	6 156 596	4 138 841	2 017 755

ACCOUNTING POLICIES

for the year ended 31 March 2013

1. ACCOUNTING POLICIES

Significant Accounting Judgements and Estimates

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement are inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include: provision for leave pay, bonus provision, leave pay, useful lives and depreciation methods. Notes relating to the subjects are included under the affected areas of financial statements.

1.1 Basis of Presentation

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost convention unless specified otherwise. All the GRAP standards applicable to public entities have been complied with.

1.1.1 New standards and interpretations

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;

Standard / Interpretation	Effective Date: Years Beginning on or After
GRAP 23: Revenue from Non-exchange transactions	1 April 2012
GRAP 24: Presentation of Budget Information in the Financial Statements	1 April 2012
GRAP103: Heritage Assets	1 April 2012
GRAP 21: Impairment of Non- cash-generating Assets	1 April 2012
GRAP 26: Impairment of Cash-generating Assets	1 April 2012
GRAP 104: Financial Instruments	1 April 2012

Standards and interpretations issued, but not yet effective.

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 1 April 2013 or later periods:

Standard / Interpretation	Effective Date: Years Beginning on or After
GRAP 18: Segment Reporting	1 April 2013
GRAP 25: Employee Benefits	1 April 2013
GRAP 105: Transfers of Functions between Entities Under Common Control	1 April 2014
GRAP 106: Transfers of Functions between Entities not Under Common Control	1 April 2014
GRAP 107: Mergers	1 April 2014
GRAP 1 (as revised 2012): Presentation of Financial Statements	1 April 2013
GRAP 3 (as revised 2012): Accounting Policies, Change in Accounting Estimates and Errors	1 April 2013



Standard / Interpretation	Effective date: years beginning on or after
GRAP 7 (as revised 2012): Investments in Associates	1 April 2013
GRAP 9 (as revised 2012): Revenue from Exchange Transactions	1 April 2013
GRAP 12 (as revised 2012): Inventories	1 April 2013
GRAP 13 (as revised 2012): Leases	1 April 2013
GRAP 16 (as revised 2012): Investment Property	1 April 2013
GRAP 17 (as revised 2012): Property, Plant and Equipment	1 April 2013
GRAP 27 (as revised 2012): Agriculture (replace GRAP 101)	1 April 2013
GRAP 31(as revised 2012): Intangible Assets (Replaces GRAP 102)	1 April 2013
iGRAP16: Intangible Assets – Website Costs	1 April 2013
iGRAP 1: (as revised 2012): Applying the probability Test on initial recognition of revenue	1 April 2013

1.2 Presentation of currency

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

1.3 Going concern

These annual financial statements have been prepared on the assumption that the entity will continue to operate as a going concern for the next foreseeable future.

1.4 Comparative Figures

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

1.5 Property, Plant and Equipment

The cost of an item of Property, Plant and Equipment is recognised as an asset when:

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

Property, Plant, and Equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation is calculated to write off the cost of an asset on a straight line basis to its residual value over its useful life as followings:

Item	Useful Life
Fittings	10 years
Furniture	15 years
Office equipment	15 years
Computer equipment	3 years
Motor vehicles	5 years
Computer software	1 year
Sundry Assets	5 years



The useful life, depreciation method and residual value are reviewed at each reporting date and if expectations differ from previous estimates the changes are accounted for as change in accounting estimates in accordance with GRAP 3 "Accounting Policies, Changes in Accounting Estimates and Errors." The carrying amount of an item of Property, Plant and Equipment shall be derecognised on disposal or when no future economic benefits or service potential are expected from its use or disposal and gains or losses shall be dealt with in the statement of financial performance.

1.6. Intangible assets

Intangible assets are measured on initial recognition at cost. Following initial recognition intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The amortisation method is as follows:

Trademarks: 10 years

Intangible assets with indefinite useful lives are not subject to amortisation and are tested annually for impairment. Intangible assets which are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

1.7. Inventory

The Board does not operate an inventory system for consumables that are bought in bulk as the stock levels are always immaterial at reporting dates. These transactions are charged to the statement of financial performance on monthly basis to various divisional accounts. The consumables at hand on the reporting date are counted to determine if they are material for disclosure in the financial statements.

1.8. Financial Instruments

Initial recognition

The Board classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability, or equity instrument in accordance with the substance of the contractual arrangement. Financial assets and financial liabilities are recognised in the statement of financial position when the Board becomes party to the contractual provisions of the instrument.

The entity does not offset a financial asset and a financial liability unless a legally enforceable right to set off the recognised amounts currently exists; and the entity intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Initial measurement

Financial instruments carried on the statement of financial position include cash and cash equivalents, trade and other receivables and trade and other payables. These instruments are initially measured at fair value plus in the case of financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Where the effect of any extended payment terms is not material no adjustments are made.

Fair value methods and assumptions

The fair values of financial instruments are determined as follows: If the market for a financial asset is not active the company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The effective interest rate method

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

Amortised Cost

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment or uncollectability.

Loans and receivables

Loans and receivables are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. Where the effect on fair value at initial recognition of any extended payment terms is not material no adjustments are made.

Loans and receivables are subsequently measured at amortised cost using the effective interest rate methods less any impairment loss. Interest income is recognised in the Statement of Financial Performance by applying the effective interest rate.

Trade and other receivables and cash and cash equivalents that have fixed or determinable payments that are not quoted in active market are classified as loans and receivables.

Financial liabilities held at amortised cost

Trade and other payables and finance lease liabilities are included in financial liabilities held at amortised cost. Items classified within trade and other payables are not usually re-measured, as obligations are usually known with a high degree of certainty due to their short term maturity, therefore the carrying amount would approximate the fair value. Where the effect on fair value at initial recognition of any extended payment terms is not material no adjustments are made.

Cash and Cash Equivalents

Cash and cash equivalents are measured at fair value, based on the relevant exchange rates at balance sheet date. Cash and cash equivalents includes cash on hand, deposits held at call with banks and other highly liquid investments with original maturities of three months or less. For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand net of bank overdrafts, all of which are available for use by the Board unless otherwise stated. The cash flow statement is prepared on the basis of the direct method.

1.9. Leases

1.9.1. Finance Leases - Lessee

A finance lease is a lease that transfers substantially all the risks and rewards incident ownership to the lessee. If at inception of the lease the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset it will be classified as a finance lease.

Finance leases are recognised as assets and liabilities in the Statement of Financial Position at amounts equal to the fair value of leased assets 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 the calculation of the present value of the minimum lease payments is the interest rate implicit in the lease.

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

1.9.2. Operating Leases - Lessee

An operating lease is a lease agreement that does not transfer all the risks and rewards incident to ownership to the lessee at inception.

Operating leases are recognised as an expense in the financial statements on a straight line method over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.10. Employee Benefits

1.10.1 Short Term Employee Benefits

The cost of all short term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employee render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

1.10.2 Defined Contribution Plans

Payments to defined contribution retirement benefits plans are charged as an expense to the Statement of Financial Performance as they fall due. There are no post employment benefits which have been arranged by the Board.

1.11. Provisions and Contingencies

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimates.

1.11.1. Provisions are recognised when:

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

1.11.2. Contingent Liabilities are regarded as:

- possible obligations that arises from past events.
- whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events; and/or
- the amount of the obligation cannot be measured with sufficient reliability.

1.12 Government Grant

The Board receives a grant from Government for each financial year. The grant is recognised when there is assurance that:

- the Board will comply with the conditions attached to the grant; and
- the grant will be received.

1.13 Related Parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

The Board is mandated by the Limpopo Department of Economic Development, Environmental and Tourism to regulate, control and monitor gambling activities in the Province.

Related parties include:

- Individuals owning directly and indirectly an interest in the entity.
- Key management personnel and their families.

1.14 Revenue from exchange transactions

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

An exchange transaction is one in which the Board 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.

1.14.1 Sale of goods

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

- the entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;

- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.14.2 Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date.

The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

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

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion to the transaction at the reporting date.

1.15. Revenue from non-exchange transactions

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

Recognition

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

As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognizes 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 recognizes 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 recognize 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.



Transfers

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

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

1.16. Accumulated Surplus

In terms of section 53(3) of Public Finance Management Act a public entity which must submit a budget in terms of subsection (1) may not budget for a deficit and may not accumulate surpluses unless the prior written approval has been obtained from the National Treasury. Pursuant to this provision surpluses at each reporting date are surrendered unless retention has been authorised. Funds generated by the Board are not surrendered.

1.17. Budget Information

Entity are typically subject to budgetary limits in the form of appropriations or budget authorizations (or equivalent), which is given effect through authorizing legislation, appropriation or similar.

General purpose financial reporting by entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

Budget information in accordance with GRAP 1 and 24 has been provided as a Statement of Comparison of Budget and Actual Expenditure with effect from the current financial year.

A reconciliation of budget and surplus / deficit with cash generated from operating investing and financing activities is also provided as part of the financial statements.

1.18 Fruitless and wasteful expenditure

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

In the eventuality of fruitless and wasteful expenditure appropriate disciplinary action is taken against the culprit and appropriate steps are also taken to recover the loss.

The Accounting Officer will accordingly be informed in line with prescripts of the PFMA. The loss so incurred will be disclosed in financial statement in the period to which it relates.

1.19. Irregular Expenditure

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

In the event such expenditure occurs appropriate disciplinary action will be taken against the perpetrator and appropriate steps will also be taken to recover the loss.

The Accounting Officer will accordingly be informed in line with the prescripts of the PFMA. The loss so incurred will be disclosed in the financial statements in the period to which it relates.

2. PROPERTY PLANT AND EQUIPMENT

	Fittings R	Furniture R	Office Equipment R	Computer Equipment R	Motor Vehicles R	Sundry Assets R	Total R
2013							
Opening Balances							
Cost	116 145	850 558	808 684	1 422 415	2 971 726	24 460	6 193 988
Accumulated Depreciation	(116 145)	(431 528)	(348 315)	(1 081 964)	(721 389)	(24 460)	(2 723 801)
Carrying Amount	-	419 030	460 369	340 451	2 250 337	-	3 470 187
Movement during the Year							
Prior year correction							
Additions	3 244 476	3 573	14 395	136 909	739 488	-	4 138 841
Disposals	-	-	4 563	-	-	-	4 563
Depreciation	28 003	55 666	155 535	194 287	363 507	-	796 998
	3 216 473	366 937	314 666	283 073	2 626 318	-	6 807 467
Cost	3 341 965	854 132	816 677	1 327 560	3 711 215	24 460	10 076 009
Accumulated Depreciation	125 492	487 195	502 011	1 044 487	1 084 897	24 460	3 268 542
Carrying Amount	3 216 473	366 937	314 666	283 073	2 626 318	-	6 807 467
2012							
Opening Balances							
Cost	116 145	850 973	764 657	1 329 800	2 807 905	24 460	5 893 940
Accumulated Depreciation	(116 145)	(381 819)	(199 377)	(943 593)	(631 003)	(24 460)	(2 296 397)
Carrying Amount	-	469 154	565 280	386 207	2 176 902	-	3 597 543
Movement during the Year							
Prior year correction	-	-	-	-	(28 591)	-	(28 591)
Additions	-	11 932	64 142	198 565	747 174	-	1 021 813
Disposals	-	(2 940)	(4 446)	(15 871)	(330 120)	-	(353 377)
Depreciation	-	(59 116)	(164 607)	(228 450)	(315 028)	-	(767 201)
		419 030	460 369	340 451	2 250 337	-	3 470 187
Cost	116 145	850 558	808 684	1 422 415	2 971 726	24 460	6 193 988
Accumulated Depreciation	(116 145)	(431 528)	(348 315)	(1 081 964)	(721 389)	(24 460)	(2 723 801)
Carrying Amount	-	419 030	460 369	340 451	2 250 337	-	3 470 187

2. PROPERTY PLANT AND EQUIPMENT (CONTINUED)

NOTES

2013
R

2012
R

On the date of reporting there were assets which have been fully depreciated but still in use and their costs at acquisition according to categories are as follows:

Computer equipment	548 056	606 056
Office equipment	106 773	-
Fittings	97 489	116 145
Software	164 669	179 480
Sundry assets	24 460	24 460
Motor vehicles	438 146	-
Trademarks	7 866	7 866
	1 387 459	934 007

3. INTANGIBLE ASSETS

Trademark		
Opening Balance (Cost)	7 866	7 866
Opening Balance (Accumulated Amortisation)	(7 866)	(7 866)
Carrying Amount (Opening Balance)	-	-

4. ACCOUNTS RECEIVABLES- EXCHANGE TRANSACTIONS

Sundry Debtors	119 442	106 024
Prepaid Expenses	58 367	15 316
	177 809	121 340

5. CASH AND CASH EQUIVALENTS

Bank	28 768 570	49 561 630
Petty Cash	2 000	2 000
	28 770 570	49 563 630

6. TRADE AND OTHER PAYABLES

Sundry Creditors and funds to surrender	5 376 376	12 881 728
Pay as you earn	9 138	-
Provision -Leave and 13th Cheque	1 041 800	710 974
Other Accruals	63 011	433 136
	6 490 325	14 025 838



7. OTHER OPERATING REVENUE	2013 R	2012 R
7.1 Non-exchange Revenue		
Horseracing Application Fees	647 480	340 896
LPM Application Fees	497 900	749 900
LPM Licence Fees	248 800	281 050
Annual Licence Fees	2 011 050	1 091 400
Manufacturer Licences	3 000	2 000
Investigation Fees	948 484	725 022
Horse Racing Licence Fees	68 270	181 230
Employee Registration Fees	903 112	665 798
Sundry Income	412 686	427 810
	5 740 782	4 465 106
7.2 Exchange Revenue		
Interest received	924 458	1 354 932
Profit (Loss) on Disposal of Assets	4 937	7 053
	929 395	1 361 985
8. OPERATING EXPENSES		
Audit Fees (Internal)	276 541	312 269
Audit Fees - Auditor-General	931 279	910 522
Operating Lease Charges	2 620 168	1 697 624
Investigation Fees	29 996	16 620
Interest Expense (Finance Lease)	20 690	47 528
Other Expenses	6 800 054	7 567 985
	10 678 728	10 552 548
9. BOARD MEMBERS' EXPENSES		
Subsistence and Travelling	36 769	143 434
International Conferences and Seminars	442 004	667 224
Chairperson's Allowance	17 440	26 160
Board Meetings	133 767	99 012
Accommodation	252 669	158 770
	882 649	1 094 600

10. EMPLOYEE COST	2013 R	2012 R
Salaries	16 158 403	15 757 115
Housing Allowance	385 200	337 000
Leave Provision	1 572 276	1 624 565
Pension Fund	1 893 515	1 776 534
13th Cheques	1 355 294	1 422 483
Medical Aid	566 472	532 811
Performance Bonuses	-	81 703
Unemployment Insurance Fund	85 066	84 280
	22 016 226	21 616 491

11. RELATED PARTY TRANSACTIONS

11.1 Remuneration of Senior Management	2013		2012	
	Performance Bonus	Annual Package	Performance Bonus	Annual Package
Serobi Maja		1 650 051	81 704	1 548 583
Y.S.M. Mathabatha		1 144 060	-	1 062 906
T. Ncube		-	-	75 272
L. Ganess		898 521	-	834 635
S. Maahlo		898 521	-	834 635
L.K Mathavhane		838 551	-	324 535
M.P. Masogo		830 320	-	259 628
		6 260 024	81 704	4 940 194

11.2 Grant Received	2013 R	2012 R
Department of Economic Development and Tourism		
Non-Exchange Revenue		
Unconditional Grant	39 000 000	48 000 000



12. REMUNERATION OF BOARD MEMBERS	2013 R	2012 R
J.Z. Moolman	-	12 119
K.J. Sithole	42 940	25 342
T.J. Mathebula	-	17 873
A.L. Mkhabela	25 050	93 651
N.N. Mushwana	35 438	17 839
T.E. Motsepe	20 982	64 336
M.J. Boshielo (Subsistence Allowance)	18 603	10 879
J. Mogale	10 095	-
B.L. Montjane	10 921	-
T.N. Makumbane	8 578	-
M.T. Mokono	7 022	-
M.J. Mathabatha	5 646	-
Total	185 275	242 039

The term of office in respect of the previous Board expired on the 30 November 2012.

The new Board took office on the 01 March 2013 and will expire on the 01 March 2016.

13. AUDIT COMMITTEE EXPENSES

Meetings	13 107	18 301
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14. COMMITMENTS

14.1 Leases

14.1.1 Operating Leases

Payable within 1 year	7 704 971	1 738 740
Payable within 2 to 5 years	36 685 168	-
Payable within 6 to 10 years	68 595 564	-
	112 958 703	1 738 740

The Board has two operating lease arrangements as follows:

Blue Chameleon for offices at 8 Hans Van Rensburg St in Polokwane which escalates at the rate of 10% annually. The lease expires on the 28 February 2023. The second agreement is with Tyzet Security Services for guarding of the office premises which has no escalation and expires on the 31 October 2014.

14. COMMITMENTS (CONTINUED)	2013 R	2012 R
14.1.2 Finance Leases		
Reconciliation of minimum lease payments		
Payable within 1 year (Short-term)	32 202	168 613
Payable within 2 to 5 years (Long-term)	-	32 203
Minimum Lease Payments	32 202	200 816
Less Future Finance Charges	(956)	(21 747)
1 Photocopier	-	(3 696)
3 Photocopiers	(956)	(18 051)
Present Value of Lease Liability	31 245	179 169
Payable within 1 year	31 245	147 923
Payable within 2 to 5 years	-	31 246

14.2 Other Commitments

The Board has an agreement with Alexander Forbes for insurance of the assets. Payment is once-off and the agreement expires on the 31 December 2013.

15. LEVIES

Levies collected and paid over to Provincial Treasury	40 456 621	37 827 694
Levies collected and not paid over to Provincial Treasury	3 332 132	-
Total	43 788 753	37 827 694

16. OTHER FINANCIAL LIABILITIES

Fair values of financial liabilities (Creditors) were determined based on the cost of services rendered and/or goods acquired by the Board, for which payments were outstanding at year end.

17. DEFERRED INCOME

License Fees	2 307 407	2 034 380
Conditional Grant (building)	-	20 000 000
	2 307 407	22 034 380

18. RECONCILIATION OF EMPLOYEE PROVISIONS	2013 R	2012 R
Leave Pay		
Opening Balance	366 083	336 850
Accrued during the Year	1 782 010	1 692 218
Utilised during the Year	(1 427 910)	(1 662 985)
Closing Balance	720 183	366 083
13th Cheques and Savings (CEO and Management)		
Opening Balance	344 891	346 851
Accrued during the Year	1 248 089	1 422 484
Utilised during the Year	(1 271 363)	(1 424 444)
Closing Balance	321 617	344 891
Performance Bonuses 2011/12		
Opening Balance		91 564
Accrued during the Year	-	-
Utilised during the Year		(91 564)
Closing Balance	-	-
TOTAL PERSONNEL ACCRUALS	1 041 800	710 974

19. INCOME TAX

The Limpopo Gambling Board is exempt from tax in terms of the provisions of Section 10(1)(cA)(i) of the Income Tax act.

20. RETIREMENT BENEFITS

The employer contributes a percentage of an employee's salary to the Old Mutual Pension Fund which is subject to the Pension Fund Act, where it is vested on the employee's behalf. On retirement the employee will receive contributions plus returns on investment. The employer has no obligation other than to make the monthly payments and no further risk. The risk of market movements lies with the employee.

Senior Staff	600 958	432 010
Other Staff	1 292 557	1 344 524
Total Contributions	1 893 515	1 776 534

21. CASH FLOW FROM OPERATING ACTIVITIES	2013 R	2012 R
SURPLUS	11 295 576	19 796 251
Deferred funds	(382 302)	-
Prior year adjustment	-	(53 143)
Funds to be surrendered	(902 177)	(12 881 729)
NON-CASH MOVEMENTS	792 061	760 149
Depreciation	796 998	767 201
Loss/(Profit) on Sale of Assets	(4 937)	(7 052)
CHANGES IN WORKING CAPITAL	(27 466 877)	13 803 746
Decrease / (Increase) in Receivables	(56 469)	130 717
(Decrease) / Increase in Payables and Deferred Income	(27 410 408)	13 673 029
NET CASH FLOW FROM OPERATING ACTIVITIES	(16 663 719)	21 425 274

22. IRREGULAR EXPENDITURES

Reconciliation of irregular expenditure		
Opening balance	-	18 320
Irregular expenditure - current year	278 392	-
Irregular expenditure condoned	(25 244)	(18 320)
Transfer to receivables for recovery	-	-
Irregular expenditure awaiting condonement	253 148	-
	253 148	-

The above amounts are made up as follows:

Cancellation fee - Accommodation and Airfare	18 615
Interest charged on legal costs	4 289
Sheriff's Costs	198
Additional Costs (legal)	2 029
Interest Telkom	113
Conflict of Interest Mashego Attorneys	192 000
Non-compliance with SCM procedures	61 148

23. POST BALANCE SHEET EVENTS

The Board is unaware of any matter or event arising since the end of the financial year.

24. FINANCIAL RISK MANAGEMENT**2013
R****2012
R**

The use of financial instruments exposes an organisation to a number of risks. Some of the main financial risks are considered below:

Treasury regulations require the entity to facilitate a risk assessment to determine the material risks to which the entity may be exposed to and to evaluate the strategy for managing these risks. A risk assessment exercise is therefore conducted for the whole organisation on an annual basis, with the help of the entity's internal auditors. These risk factors form the basis of the internal audit annual coverage plan.

Market Risk

This is the risk that the fair value or future cash flows from a financial instrument will fluctuate as a result of the changes in market prices. Values in financial instruments may change, thus resulting in both potential gains and losses. The entity's activities do not expose it to significant market risks. The entity's activities expose it primarily to the risk of fluctuations in interest rate.

Interest rate risk is a risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Market risk exposures are measured using sensitivity analysis. A sensitivity analysis shows how surplus would have been affected by changes in the relevant risk variable that were reasonably possible at the reporting date.

Interest Rate Sensitivity Analysis

The Board's major source of revenue is government grant and to lesser extent, interest income depending on cash equivalents held. A major expense is on salaries which are fixed for a financial year. The basis points increases or decreases, as detailed in the table below, were determined by management and represent management's assessment of the reasonably possible change in interest rates. The sensitivity analysis below has been determined based on financial instruments exposure to interest rates at reporting date. As the entity does not have any instruments that affect net assets directly, the disclosure only indicates the effect of the change in interest rates on surplus.

A change in market interest rate at the reporting date would have increased / (decreased) the surplus for the year by amounts below:

Cash and equivalents (Upward change)		28,770,570	49,563,630
Cash and equivalents (Downward change)	1%	(28,770,570)	(49,563,630)

Credit Risk Management

Credit risk refers to the risk that counter party will default on its contractual obligations resulting in financial loss to the entity. To mitigate credit risks, the entity has adopted a policy of only dealing with creditworthy parties. Credit risk with respect to trade and other receivables is limited due to our policy of not granting credit to third parties and also due to the fact the Limpopo Gambling Board is not a trading entity or profit orientated. Management manages the credit risk relating to staff loans by deducting payments due by employees monthly from their salaries. Our main source of income is through grants received from the Department of Economic Development, Environment and Tourism.

24. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial assets, that potentially subject the entity to credit risk, consist principally of cash and cash equivalents and short term deposits. The entity's cash and cash equivalents and short term deposits are placed with high credit quality financial institution.

Maximum Exposure to Credit Risk

The entity's exposure to credit risk with regards to loans and receivables is limited due to the nature of the entity's operations, as explained above. Credit risk is fairly low in respect of staff loans as they are related to the entity. There has been no significant change during the financial year, or since the end of the financial year, to the entity's exposure to credit risk, the approach of measurement or the objectives, policies and processes for managing this risk.

Liquidity Risk Management

Liquidity risk is the risk that the organisation would not have sufficient funds available or may encounter difficulties in raising funds to meet its future commitments. This risk is regarded as low considering the Board's current funding structure and management of available cash resources.

The table below provides detail of the entity's remaining contractual maturity for its financial liabilities:

2013	Carrying Amount	Total Cash Flow	Contractual Cash Flow 1	Contractual Cash Flow 1-5
Other Financial Liabilities	8 787 732	8 787 732	7 704 971	44 390 139

2012	Carrying Amount	Total Cash Flow	Contractual Cash Flow 1	Contractual Cash Flow 1-5
Other Financial Liabilities	1 722 506	1 722 506	1 543 337	1 722 506

The table below shows the classification on the Board's principal instruments together with their carrying values:

Financial Instruments	Classification	Carrying Amount 2013	Carrying Amount 2012
Cash & Cash Equivalents	Loans and Receivables	28 770 570	49 563 630
Trade and Receivables	Loans and Receivables	177 809	142 441
Trade and Other Payables	Financial Liabilities Held at Amortised Cost	8 757 732	14 025 838
Finance Leases	Financial Liabilities Held at Amortised Cost	31 245	179 168

24. FINANCIAL RISK MANAGEMENT (CONTINUED)

Net gains and losses on financial instruments. The following table presents the total net gains or losses for each category of financial liabilities:

2013	Receivables	Financial liability	Total
Interest Income	929 395		929 394
Finance Charges		(20 900)	20 900
Total Net Gains Recognised in the Statement of Financial Performance			908 495
2012			
Interest Income	935 127	-	935 127
Finance Charges	-	(56 892)	(56 892)
Total Net Gains Recognised in the Statement of Financial Performance			878 235

25. RECONCILIATION OF BUDGET AND SURPLUS / DEFICIT WITH THE CASH GENERATED FROM OPERATING, INVESTING AND FINANCING ACTIVITIES

	Operating	Financing	Investing	Total
Actual amount as presented in the budget statement	38 280 480	-	6 156 596	44 437 076
Basis difference	3 905 879	-	2 017 755	5 923 634
Actual amount in the cash flow statement	34 374 601	-	4 138 841	38 513 442

26. NOTES ON COMPARISON OF BUDGET AND ACTUAL EXPENSES

26.1 Operating Revenue

The Board has processed more employee registrations and renewals than anticipated.

26.2 Operating Expenses

Accommodation and travelling were underspent due to enforcement of austerity measures in the Province.

Operating lease charges were underspent because the Board moved to a new building in March instead of January 2013.

26.3 Employee Cost

Due to austerity measures all vacant posts are supposed to be approved by the Provincial Task team before they can be filled and the process took long to be finalised.

Due to industrial action there was no work no pay principle which resulted to underspending.

26.4 Capital expenditure

There was savings on computer equipment as successful bidder costed 76% less than the projected amount.

The furniture could not be purchased during the financial year as the Board did not want to split the transaction but to go out on competitive bidding.

27. AMOUNT TO BE SURRENDERED TO PROVINCIAL TREASURY	2013 R	2012 R
Calculation of noted funds to be surrendered - PFMA compliance		
Additional Surrender for 2011/12		
Total Revenue		48 000 000
Total Expenditure		34 702 653
Operating Expenditure		34 030 840
Capital Expenditure		671 813
Surplus		13 297 347
Surrendered 2011/12		12 881 728
Additional Amount to surrender		415 619
2. Amount to surrender 2012/13		
Grant	39 000 000	
Total Expenditure	38 907 632	
Operating Expenditure	34 374 601	
Capital Expenditure	4 138 841	
Surrender Amount	486 558	
Total Amount to Surrender	902 177	

28. CONTINGENT ASSETS

The Board anticipates to recover an amount of ± R100 000.00 from a lawsuit due to the auctioning of goods confiscated from illegal gambling operators which were forfeited to the Board.



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