



ANNUAL REPORT 2015/16



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PART A

GENERAL INFORMATION





It is my pleasure to present the annual report of the Provincial Gambling Board for the 2015/16 financial year to the honourable members of the Limpopo Provincial Legislature as well as to all other stakeholders.

It is indeed pleasing to note that despite the many and varied challenges that the Board was faced with during the course of the year, they managed to a large extent, to meet the targets they set for themselves in consultation with the Department of Economic Development, Environment and Tourism.

As the term of the current Board comes to an end in September 2016, I seize this opportunity to express my profound gratitude to them for the significant role they played without exception, to ensure that the Board continued to carry out its mandate to the best of their abilities.

In conclusion, I express my most sincere gratitude to the Chief Executive and staff of the Board for the supportive role they played to ensure that the gambling operators complied with our Gambling Act, its Regulations and Rules.

Honourable Seaparo C. Sekoati

MEC for Economic Development, Environment and Tourism

2. GENERAL INFORMATION

REGISTERED NAME	Limpopo Gambling Board
PHYSICAL ADDRESS	8 Hans van Rensburg Street, Polokwane, 0699
POSTAL ADDRESS	Private Bag X 9520, Polokwane, 0700
TELEPHONE NUMBER	(015) 230 2300
EMAIL ADDRESS	ceo@lgb.co.za
WEBSITE ADDRESS	www.lgb.org.za
EXTERNAL AUDITORS	Auditor-General of South Africa
BANKERS	Standard Bank

3. 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 Department of Economic Development Environment and Tourism



4. FOREWORD BY THE CHAIRPERSON



seize this opportunity to express my profound gratitude to Members of the Board, staff of the Board and all our licensees for the role they all played without exception, to ensure that the Provincial Gambling Act, Regulations and Rules and all other related Acts are religiously adhered to during the course of the year.

As the Board, we managed despite serious financial constraints, to live up to the mandate bestowed on us by the Member of the Executive Council for Economic Development, Environment and Tourism. Besides the additional licences that were issued to Bookmakers, Totalisators and to the Limited Payout Machine Site Operators, we continued to ensure that these operated their businesses within the prescripts of the law. In addition to these licences, the Board licensed for the first time in our Province, Type B Limited Payout Machines at strategic sites.

While we are proud of these achievements, we are nonetheless disturbed by the illegal online gambling sites that have now reached twenty four in number in the Province. Our Law Enforcement Unit, supported by the South African Police Service, are straining every nerve to bring the perpetrators to book and we are hopeful that we will succeed in getting rid of this scourge in our Province.

In order to provide entertainment facilities to all areas of the Province, the Board issued a Request for Applications for Bingo in all the districts. Two Bingo licences were issued to Galaxy Bingo to operate this mode of gambling in both Musina and Senwabarwana and it is hoped that these will be operational in the foreseeable future. Five more sites will hopefully be licensed in the near future.

May I conclude by expressing our most sincere thanks to the MEC in charge of our parastatal, Hon. Seaparo Sekoati, Members of the Portfolio Committee on Economic Development, Environment and Tourism, Members of the Standing Committee on Public Accounts, the Provincial Executive Council led by the Honourable Premier, Mr. C.S. Mathabatha for the significant support they gave us during the course of the year.

A word of thanks and sincere appreciation to the Chief Executive of the Board, as well as his staff for a job well done.

As the term of office of the Board will expire during the middle of the 2016/17 financial year, I wish on behalf of the Board to thank most sincerely, the Provincial Government for the trust and confidence they had in us to license and regulate all forms of legal gambling activities in our Province.



Mr. M.T. Mokono

Chairperson



5. CHIEF EXECUTIVE OFFICER'S OVERVIEW

The submission of an annual report on the activities of our public entity for the financial year 2015/16 fills us with a sense of pride as the Board managed, like in all the other years, to make significant strides in ensuring that the gambling operators in the Province comply with the Provincial Gambling Act, the National Gambling Act, Regulations and Rules as well as with all other applicable Legislation of our Country.

Furthermore, the Board continued to strain every nerve to bring the perpetrators of illegal gambling activities to face the full might of the law. The operation of Fafee as well as the mushrooming of illegal online gambling continued to keep the Law Enforcement Unit of the Board on their toes. In order to serve as a deterrent the Unit started to arrest the punters gambling at these illegal venues and it is hoped that these measures will serve to dissuade people from gambling illegally in the Province.

For this financial year, two hundred and twenty five (225) arrests of illegal Fafee operators were effected and these either paid admission of guilt fines or were successfully prosecuted. Fifteen illegal gambling machines were confiscated and destroyed. Twenty eight (28) computers were seized from illegal online operators.

Despite the above challenges, the Board continued to ensure that the licensed gambling operators complied not only with the various gambling Acts, Regulations and Rules but served to empower the previously disadvantaged individuals who became the Directors and Shareholders of the operating companies. The licensed gambling operators not only provided entertainment facilities for punters but they also created employment opportunities for the local people. Well over one thousand five hundred jobs were created at the three casinos, limited payout machine sites, totalisator branches and agencies and bookmaker sites. Seven hundred and seventeen gambling machines were licensed at the three casinos, one thousand and nine limited gambling machines were rolled out at two hundred and nine sites and ninety four bookmaker sites were licensed at various sites in the Province.

In addition to these, twenty three totalisator sites were licensed covering all the districts of the Province. As these gambling activities provide the much needed entertainment in the Province, the levies collected go a long way towards meeting the infrastructural and other challenges of the Province. For the 2015/16 year, levies collected amounted to seventy five million nine hundred and fifty eight thousand and five hundred and eleven rand (R75 958 511).

GENERAL FINANCIAL REVIEW OF THE PUBLIC ENTITY

The appropriated budget for 2015/16 year was R48 559 000. The Board approved own revenue amounting to R 80 446 720. This was in compliance with GRAP as the Board is forbidden to utilise own revenue. This amount is not appropriated but has to be accounted for in the budget. Own Revenue amounting to R86 886 941 and interest received of R394 894 has been collected and surrendered to LEDET monthly.

SPENDING TRENDS OF PUBLIC ENTITY

The Board utilised 99% of goods and services. Only 96% of the employee cost was spent, this is due to resignations and delayed appointments.

HUMAN RESOURCE CONSTRAINT AND CHALLENGES FACING THE ENTITY

As a result of budgetary constraints, the Entity does not have sufficient personnel to meet its requirements. For example, the Finance Unit is manned by four officials who report to the Senior Manager. This poses a challenge as the Unit cannot comply with the segregation of duties as enshrined in the Public Finance Management Act (PFMA). The Board has one official in the Risk Management component which has to align to the Risk Management Framework.

With the licensing of additional gambling operations, more posts need to be created to improve on the monitoring, inspection and auditing of these additional operations. As a result of the staff shortages, the Board is unable to do the compliance audits of these additional operations as required. The Human Resources Unit is understaffed and requires one more additional post as there are only two people in the Unit.

With regard to Law Enforcement, the Unit is faced with serious challenges emanating from the mushrooming of illegal online gambling sites which require sophisticated IT skills to investigate and ultimately bring the perpetrators to book. However, with the help of the South African Police Service, much progress was achieved in dealing with this scourge.

There were no discontinued activities notwithstanding the staff shortages. However, the Board embarked on reviewing its organisational structure to increase its staff and to align to the five year strategic plan. In order to meet the above challenges, the Board engaged the Department of Economic Development, Environmental and Tourism (LEDET) and the budget was increased accordingly. The reviewed organisational structure is not yet approved, as the Limpopo Provincial Government is busy with reviewing whether there is any duplication of duties between LEDET and the Limpopo Gambling Board.

During the financial year under review, both the National and Provincial Treasuries issued far reaching cost containment measures to which, as the Board, every attempt was made to comply. Deviations were reported to the Accounting Authority for approvals. For invoices that were paid after a 30 day period, cogent reasons for not complying were also reported to the Board for ratification. There were no unsolicited bid proposals for the year.

The Supply Chain Policy was approved by the Board, as it has been aligned to the Provincial Treasury Transversal Policies.

Matters emanating from the Audit Report of the previous year were addressed and rectified. In the 2014/15 financial year 16 were planned and 15 were achieved. In the 2015/16 18 targets were planned and 16 were achieved. This represent 89% of the total target achieved.

With regard to plans for the future, the Board will continue to ensure that it complies with all Treasury Regulations and directives. However, with the budgetary constraints resulting in the main from the directive to surrender own revenue, not much may be achieved unless the grant to the institution is increased. The increased rental of the offices of the Board is also cause for concern as this is not taken into consideration when grants to entities are considered. There were no events worth reporting after the reporting date.

In conclusion, we wish to express our profound gratitude to the Members of the Board for the unwavering support they gave us during the course of the year. Furthermore we thank most sincerely, the Department of Economic Development, Environmental and Tourism as well as the MEC, Honourable C. Sekoati, for the role he played to ensure that we carry out our mandate despite the financial constraints.

A word of gratitude also goes to Members of the Portfolio Committee, the Standing Committee on Public Accounts and all other stakeholders, for without their support, we would not have realised our objectives.

Credit also goes to the Premier of the Province, Hon. C.S. Mathabatha and all members of the Executive Council for their support and encouragement.



Mr. Serobi Maja
Chief Executive Officer

6. STATEMENT OF RESPONSIBILITY FOR PERFORMANCE INFORMATION FOR THE YEAR ENDED 31 MARCH 2016

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

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

- The annual report is complete, accurate and free from any omissions.
- The annual report has been prepared in accordance with the guideline on the annual report, as issued by the National Treasury.
- The Annual Financial Statements (Part E) have been prepared in accordance with the GRAP standards applicable to the Board.
- The Board is responsible for the preparation of the annual financial statements and for the judgments made in this information.

The Board is responsible for establishing, and implementing a system of internal control and has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

The external auditors are engaged to express an independent opinion on the annual financial statements.

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the public entity for the financial year ended 31 March 2016.

Yours faithfully



Mr. Serobi Maja

Chief Executive Officer



Mr. M.T. Mokono

Chairperson

LIMPOPO GAMBLING BOARD

BOARD OF DIRECTORS



Mr. M.T. Mokono
Chairperson



Mr. Serobi Maja
Chief Executive Officer



Ms. J. Mogale
Deputy Chairperson



Mr. K.J. Sithole
Board Member



Ms. B.L. Montjane
Board Member

Mr. K. S. Maboea
Board Member

Khosi T.N. Makumbane
Board Member

Mr. A. Mashele
Board Member

LIMPOPO GAMBLING BOARD

EXECUTIVE MANAGEMENT



Mr. Serobi Maja
Chief Executive Officer

Mr. L. Mathavhane
Senior Manager: Compliance

Mr. S. Maahlo
Senior Manager: Finance

Adv. L. Ganess
Senior Manager: Legal Service

Mr. P. Masogo
Senior Manager: Law Enforcement

Ms. Y. Mathabatha
Chief Financial Officer

7. STRATEGIC OVERVIEW

7.1. VISION

The innovative and leading gambling regulator in Africa.

7.2. MISSION

To regulate the gambling industry in a responsible and ethical manner for the benefit of the people of the Province by:

- Ensuring compliance with the Legislation;
- Promoting responsible gambling; and
- Facilitating sustainable local economic development.

7.3. VALUES

- Integrity
- Responsibility
- Consultation
- Transparency
- Diversity
- Teamwork

8. LEGISLATIVE AND OTHER MANDATES

In terms of the PFMA, the Limpopo Gambling Board is listed as schedule 3C public entity.

The mandate of the Board is to regulate, control and monitor gambling activities in the Province in accordance with the Limpopo Gambling Act, Act No 3 of 2013.

The pursuit of the vision and the mission above will be regulated and guided by the following broad legislative mandates.

8.1. 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.

8.2. LEGISLATIVE MANDATES

Limpopo Gambling Act, No. 3 of 2013

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 Limpopo Gambling Act, No. 3 of 2013 came into operation on 1 September 2014 and it consequently repealed the Limpopo Gambling Act, No. 4 of 1996.

The Limpopo Gambling Amendment Act is in the process of being promulgated and it is expected to come into operation in the early half of the next financial year.

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 licenses that may be granted in the Republic and each province.

The Criminal Procedure Act, No 51 of 1977

The law enforcement inspectors of the Board were declared as Peace Officers in terms of section 334 of the abovementioned Act and are now conferred with the following powers:

- 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

- Limpopo Gambling Act, No 3 of 2013;
- National Gambling Act, No. 7 of 2004;
- National Lotteries Act, No. 57 of 1997;
- Prevention of Organised Crime Act, No. 121 of 1998;
- Prevention and Combating of Fraud and Corruption Act, No. 12 of 2004.

8.3. 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 marginalised black masses in the main stream economy.

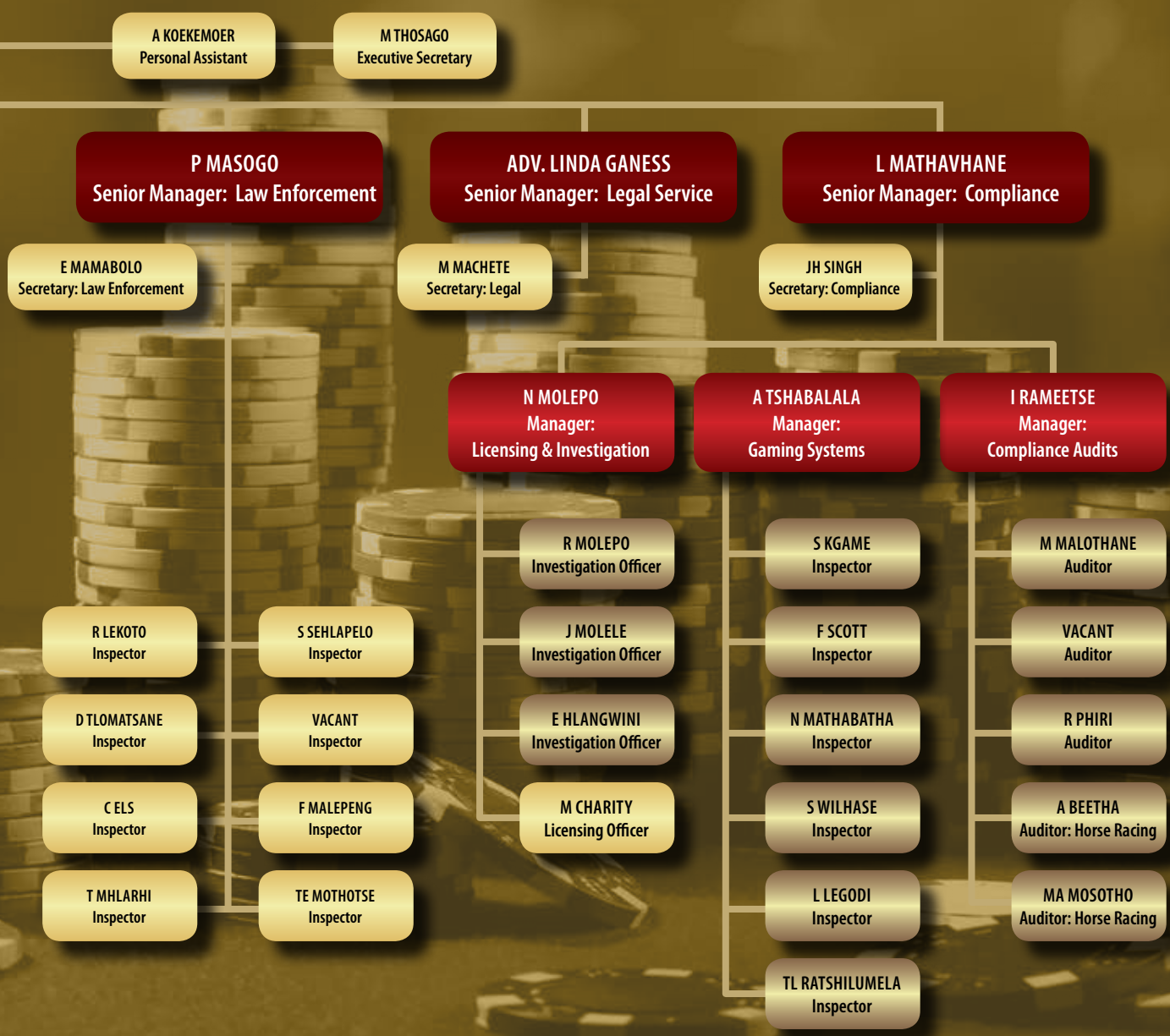
- **Limpopo Gambling Regulations**

New Regulations to the Limpopo Gambling Act are in the process of being drafted. It is hoped that they will be promulgated by the end of the next financial year.

9. ORGANISATIONAL STRUCTURE



We currently have 61 approved positions, of which four (4) are frozen. The organisational structure has been reviewed in 2015/16 and it is awaiting approval by the Board.





PART B

PERFORMANCE INFORMATION



1. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

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

Refer to pages 56 to 59 of the Report of the Auditors, published as Part E: Financial Information.

2. SITUATIONAL ANALYSIS

2.1 SERVICE DELIVERY ENVIRONMENT

2.1.1 Law Enforcement

The Unit comprises of a Senior Manager, six (6) Inspectors, one vacant post for an Inspector and a secretary.

The mushrooming of illegal gambling activities, especially illegal online gambling and illegal gambling machines within the Province remains a nightmare.

Inspectors combat illegal gambling activities within the five (5) districts of Limpopo Province.

Due to the range of Limpopo Province, Inspectors are required to cover huge travelling kilometers daily (financial implications).

Inspectors are working in two teams, one of three-three and the other of two-two (currently there are two groups servicing five districts). The remaining one Inspector works alone, conducting workshops, presentations and crime awareness campaigns within the entire Province.

Inspectors have limited powers in terms of the Criminal Procedure Act, which requires them to be assisted by members of the SAPS most of the time.

Due to current sophisticated criminal phenomenon of this century, of illegal online gambling activities (computer gambling) Inspectors need relevant skills to match today's criminal patterns. e.g. cyber and forensic investigations.

The Unit's current priority is the investigation and eradication of illegal online gambling activities. At the moment there are, twenty-two (22) illegal shops offering illegal online gambling activities in Limpopo under the disguise of Internet Cafés.

The crime has spread to all parts of the province, including villages. The worst scenario is in Alldays, where an RDP house has been converted into a gambling den operating 24/7.

The Unit, together with other stakeholders like SAPS, NPA, SARS, Home Affairs and Department of Labour, is working hard in trying to curb these developments.

2.1.2 Compliance

The soft opening of Thaba Moshate Casino was on 1 April 2015 and the official opening was on 23 April 2015. There were 550 people employed during the development phase of the casino and 206 people were employed by the Casino by 3 March 2016.

Five Bookmaker Site licensees licensed during the 2013/14 financial year became operational during this financial year and this has resulted in increase in revenues and the number of employees in the Bookmaker industry in Limpopo Province. There are now forty five Bookmaker Sites operational in Limpopo. Further contribution to the revenues and employment was made by the licensing and opening of three Totalizator Site licensees, which brings the number of Totalizators to twenty three.

The Limpopo Gambling Act, 2013 (Act no. 3 of 2013) became operational on 1 September 2014. In light of this the Board invited applications for seven Bingo Site licences to be located in Musina, Tzaneen, Phalaborwa, Lephalale, Bela Bela, Groblersdal and Senwabarwana. Ten Bingo Operator and twenty nine Bingo site licence applications were received. Public hearings for the Senwabarwana and Musina Bingo site licences were held on 11 and 12 February 2015 respectively. The adjudication and licensing of Bingo is expected to be finalised during the 2016/17 financial year.

The first two Type B LPM Site licences were issued in March 2016 to Phumelela TAB Phalaborwa and Phumelela TAB Tzaneen with 20 LPMs each.

2.1.2.1 Compliance Statistics

Table 1 – Number of Gambling Machines

CASINO	TOTAL
Meropa Casino	417
Khoroni Casino	150
Thaba Moshate Casino	150
Total	717

Table 2 – Gambling Tables

CASINO	AMERICAN ROULETTE	BLACKJACK	POKER	TOUCH BET ROULETTE	TOTAL
Meropa Casino	11	04	01	01	17
Khoroni Casino	05	03	0	0	08
Thaba Moshate Casino	06	03	01	0	10
Total	22	10	02	01	35

Table 3 – Number of LPMs and LPM Sites

MUNICIPAL DISTRICT	TOTAL NUMBER OF LPMs	TOTAL NUMBER OF LPM SITES	VUKANI LPMs	VUKANI SITES	GOLDRUSH LPMs	GOLDRUSH SITES
Capricorn	231	48	161	34	70	14
Waterberg	217	30	96	20	48	10
Mopani	259	54	138	28	121	26
Sekhukhune	218	45	177	36	41	09
Vhembe	157	32	102	21	55	11
Total	1 009	209	683	140	318	66

Table 4 – Casino Gambling Machines Testing

CASINO	MONTHLY COMPLIANCE INSPECTIONS
Meropa Casino	12
Khoroni Casino	12
Thaba Moshate Casino	12
Total	36

Table 5 – LPM Site Inspections

	CAPRICORN	WATERBERG	MOPANI	SEKHUKHUNE	VHEMBE	TOTAL
Vukani Gaming	24	17	15	20	13	89
Goldrush Gaming	10	02	08	07	13	40
TOTAL	34	19	23	27	26	129

Table 6 – Gambling Machines Distribution

IN THE PROVINCE	OUT OF THE PROVINCE	WITHIN THE PROVINCE	THROUGH THE PROVINCE	TOTAL
336	109	274	222	941

Table 7 – LOC Approvals

MUNICIPAL DISTRICT	SOFTWARE	HARDWARE	MCS	TOTAL
Approval type	519	72	10	601

Table 8 – Licensing

CASINOS, LPM ROUTES & LPM SITES	SUN MEROPA CASINO	KHORONI CASINO	THABA MOSHATE CASINO	VUKANI GAMING LIMPOPO – LPM ROUTE OPERATOR	VUKANI – LPM SITES	GOLDRUSH GAMING LIMPOPO – LPM ROUTE OPERATOR	GOLDRUSH – LPM SITES	TOTAL PER CATEGORY
New Licences: Employees	44	20	122	1	92	0	40	319
Renewals: Employees	67	23	0	11	154	10	44	309
Total per Licensee	111	43	122	12	246	10	84	628

BOOKMAKERS & TOTALISATORS	HOLLYWOOD – BOOKMAKER	BETSA – BOOKMAKER	BETTING WORLD – BOOKMAKER	PHUMELELA – TOTALISATOR	BETTA GAMING – BOOKMAKER	OCTOBER WIND	IDADA TRADING	FORTWOOD	PORTAPA	TOTAL PER CATEGORY
New Licences: Key Employees	106	6	60	37	20	36	30	0	46	341
Renewals: Key Employees	6	2	4	29	6	10	0	0	0	57
Total per Licensee	112	8	64	66	26	46	30	0	46	398

Table 9 – Number of Employees

CASINO, BOOKMAKERS AND TOTALISATORS	KHORONI CASINO	MEROPA CASINO	THABA MOSHATE CASINO	VUKANI GAMING LIMPOPO – LPM ROUTE OPERATOR	VUKANI – LPM SITES	GOLDRUSH GAMING LIMPOPO – LPM ROUTE OPERATOR	GOLDRUSH – LPM SITES	PHUMELELA GAMING & LEISURE	HOLLYWOOD – BOOKMAKER	BETSA – BOOKMAKER	BETTING WORLD - BOOKMAKER
Total employees	192	330	206	18	523	13	179	84	448	18	129
PDI	184	323	205	17	405	12	164	83	448	18	129
Non - PDI	8	330	1	1	118	0	15	1	0	0	0

	BETTA GAMING – BOOKMAKER	OCTOBER WIND	IDADA TRADING	FORTWOOD	PORTAPA
PDI	148	114	90	7	62
Non - PDI	0	8	0	0	2
Total employees	148	122	90	7	64

PDI = Previously Disadvantaged Individuals

2.1.2.2 Gambling Performance

a. Patronage - Casinos

The estimated number of patrons, who visited the two casino licensees, during the 2014/15 and 2015/16 financial years, amounted to 1 145 074 and 1 698 919 respectively. On a quarterly basis the numbers of estimated visitors were as follows at the casino licensees:

QUARTER ENDED	JUNE	SEPTEMBER	DECEMBER	MARCH	TOTAL
2014/15	303 577	296 599	287 638	257 260	1 145 074
2015/16	394 800	404 400	454 548	445 171	1 698 919
Variance	91 223	107 801	166 910	187 911	553 845
Variance%	30%	36%	58%	73%	48%

b. Patronage Spend per Visit - Casinos

Punters' average spend per quarter and per day during the 2014/15 and 2015/16 financial years were as follows:

	JUNE	SEPTEMBER	DECEMBER	MARCH
2014/15	5 287	3 700	5 122	5 646
2015/16	4 744	4 136	4 004	3 267
Variance	374	6	-1 958	-2 470
Variance %	9%	0%	-33%	-43%
Punters	394 800	404 400	454 548	445 171
Turnover	1 873 315 733	1 672 656 469	1 820 201 626	1 454 408 067

Average spend per Punter per Day

QUARTER ENDED	JUNE	SEPTEMBER	DECEMBER	MARCH
2014/15	58	40	55	62
2015/16	52	45	43	36
Variance	-5	5	-11	-25
Variance %	-10%	14%	-21%	-41%
Average spend per Punter per Quarter	4 744	4 136	4 004	3 267
Days per Quarter	91	91	92	90

c. Total Money Wagered - Casinos

The total money wagered at the Licensees during the 2014/15 and 2015/2016 financial year was as follows:

Average spend per Punter per Quarter

QUARTER ENDED	JUNE	SEPTEMBER	DECEMBER	MARCH
2014/15	1 605 310 715	1 097 452 352	1 473 450 771	1 452 560 903
2015/16	1 873 315 733	1 672 656 469	1 820 201 626	1 454 408 067
Variance	268 005 018	575 204 116	346 750 854	1 847 164
Variance %	17%	52%	24%	0%

d. Gross Gaming Revenue (GGR)

• Casinos

The GGR generated by the Casino Licensees during the 2014/15 and 2015/16 financial years amounted to R346 483 570 and R450 028 880 respectively. The monthly GGR generated by the licensees was as follows:

MONTH	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR
2014/15	12%	8%	10%	8%	10%	8%	8%	10%	1%	8%	7%	11%
2015/16	9%	7%	7%	9%	7%	9%	8%	8%	11%	8%	7%	10%

• LPMs

The GGR generated by the LPM licensees during the 2014/15 and 2015/16 financial years amounted to R176 251 568 and R187 827 805 respectively. The monthly GGR generated by the licensees was as follows:

MONTH	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR
2014/15	9%	7%	9%	8%	10%	7%	8%	10%	8%	7%	7%	10%
2015/16	9%	7%	7%	10%	8%	10%	8%	7%	10%	7%	7%	10%

e. Return to Player Percentage (RTP**)

The Casino Licensees Return to Player (RTP) percentage, for the 2014/15 and 2015/16 financial year was as follows:

MONTH	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR
2014/15	94%	94%	94%	94%	94%	95%	94%	93%	94%	94%	95%	94%
2015/16	94%	94%	94%	94%	94%	94%	94%	94%	94%	94%	94%	94%

Casinos Average RTP %: 2015/16 = 94 % (2014/15 = 94 %)

The prescribed RTP for casinos is 80 %

The LPM Route Operator Return to Player (RTP) percentage, for the 2014/15 and 2015/16 financial years was as follows:

MONTH	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR
2014/15	93%	91%	91%	91%	91%	91%	91%	91%	91%	91%	91%	91%
2015/16	91%	91%	91%	91%	91%	91%	91%	91%	91%	91%	91%	91%

LPMs Average RTP %: 2015/16 = 91 % (2014/15 = 91 %)

The prescribed RTP for LPMs is 75 %

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

f. Levies Collected Per Month from Licensees

Total levies by generated by the licensed Casinos and LPM Route Operators during the 2014/15 and 2015/2016 financial years were as follows:

	CASINO LEVIES 2014/15 R	CASINO LEVIES 2015/16 R	VARIANCE R	VARIANCE %	LPMs LEVIES 2014/15 R	LPMs LEVIES 2015/16 R	VARIANCE R	VARIANCE %
April	3 381 988	3 544 894	162 905	5%	1 507 317	1 746 851	239 533	16%
May	2 377 412	2 630 672	253 260	11%	1 254 891	1 300 122	45 231	4%
June	2 982 403	2 723 425	-258 977	-9%	1 658 279	1 390 817	-267 462	-16%
July	2 308 336	3 503 340	1 195 003	52%	1 360 149	1 837 309	477 159	35%
August	2 969 169	2 570 747	-398 421	-13%	1 721 343	1 429 252	-292 090	-17%
September	2 313 186	3 603 352	1 290 166	56%	1 307 948	1 820 703	512 755	39%
October	1 360 008	2 963 426	1 603 418	118%	1 352 823	1 417 239	64 416	5%
November	3 084 941	3 042 027	-42 914	-1%	1 731 615	1 352 111	-379 504	-22%
December	2 607 197	4 150 413	1 543 215	59%	1 462 540	1 958 384	495 843	34%
January	1 343 093	2 872 865	1 529 772	114%	1 281 714	1 338 065	56 351	4%
February	2 613 415	2 824 611	211 195	8%	1 279 845	1 362 451	82 606	6%
March	2 963 401	3 822 676	859 275	29%	1 706 688	1 829 471	122 782	7%
TOTAL	30 304 554	38 252 454	7 947 900	26%	17 625 156	18 782 780	1 157 623	7%

N.B: The increase in casino levies can partly be attributed to the increase in the punters visiting the casinos, gambling machines, gambling tables and the opening of the third casino (Thaba Moshate); whereas, the increase in LPM levies can mainly be attributed to the increase in the amount wagered and won by punters.

Total levies generated by the licensed Totalizators and Bookmakers during the 2014/15 and 2015/2016 financial year were as follows:

	TOTALISATOR 2014/15 R	TOTALISATOR 2015/16 R	VARIANCE R	VARIANCE %	BOOKMAKERS 2014/15 R	BOOKMAKERS 2015/146 R	VARIANCE R	VARIANCE %
April	320 255	347 245	26 989	8%	678 258	1 228 367	550 109	81%
May	293 279	412 687	119 408	41%	702 521	980 619	278 097	40%
June	279 581	317 158	37 577	13%	615 541	756 690	141 149	23%
July	374 143	330 654	-43 488	-12%	826 097	1 431 843	605 746	73%
August	297 903	453 187	155 284	52%	1 009 497	1 032 990	23 492	2%
September	315 061	371 300	56 239	18%	799 177	1 706 224	907 047	113%
October	401 329	360 908	-40 420	-10%	1 103 737	1 199 508	95 771	9%
November	309 898	460 011	150 112	48%	744 664	1 292 582	547 918	74%
December	444 362	399 870	-44 491	-10%	1 201 302	1 821 333	620 031	52%
January	300 170	482 995	182 824	61%	555 385	1 234 697	679 312	122%
February	328 730	353 818	25 087	8%	1 027 825	1 026 757	-1 067	0%
March	370 510	383 798	13 288	4%	708 315	1 847 205	1 138 889	161%
TOTAL	4 035 226	4 673 635	638 409	16%	9 972 323	15 558 822	5 586 498	56%

N.B: The increase in bookmaker levies can mainly be attributable to the increase in the number of operational licensed bookmaker sites and punters; whereas, the increase in Totalizator levies can mainly be attributed increase in the number of operational licensed Totalizator sites.

g. Unclaimed Dividend

Unclaimed dividend levies for 2014/15 and 2015/16 were R392 610 and R 389 379 respectively.

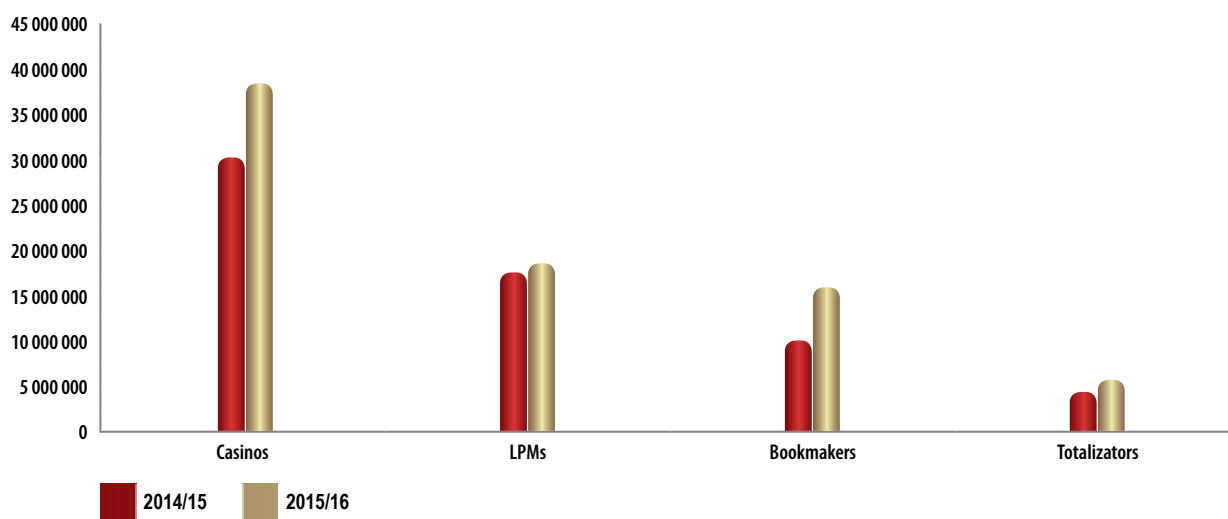
	UNCLAIMED DIVIDEND LEVY 2014/15 R	UNCLAIMED DIVIDEND LEVY 2015/16 R	VARIANCE R	VARIANCE %
April	35 055	30 814	-4 241	-12%
May	31 526	39 871	8 344	26%
June	25 814	29 349	3 534	14%
July	26 888	27 766	878	3%
August	35 922	27 212	-8 709	-24%
September	26 166	33 942	7 775	30%
October	34 568	32 335	-2 233	-7%
November	33 541	27 066	-6 475	-24%
December	47 675	30 234	-17 441	-58%
January	29 449	36 009	6 559	18%
February	33 681	37 732	4 051	11%
March	32 318	37 044	4 725	13%
TOTAL	392 610	389 379	-3 231	-1%

N.B: The levy decreased by R3 231 (-1%) compared to the previous financial year. This can partly be attributed to the increase in dividends claims by punters from the Totalizator. All levies are paid over to the Limpopo Provincial Treasury.

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

	GAMBLING MACHINES	GAMBLING TABLES	LPMs	TOTAL
GGR 2014/15	317 669 062	38 855 105	176 251 568	532 775 736
GGR 2015/16	391 548 525	58 480 355	187 827 805	637 856 686
Variance	102 897 215	19 625 249	7 842 817	130 365 282
% Variance	32%	51%	4%	24%

The total levies paid by Licensees for the financial year 2015/16 are as follows:



2.2 ORGANISATIONAL ENVIRONMENT

The Board has a low vacancy rate. All Senior Managers positions are filled. The Board has four (4) business units namely Legal, Finance, Compliance and Law Enforcement. The Legal unit is under the CEO business unit with one (1) Senior Manager for Legal Services. The Finance unit is headed by the CFO with one (1) Senior Manager and three (3) Managers. The Compliance business unit is headed by the Senior Manager Compliance with three (3) Managers. Law Enforcement business unit is headed by the Senior Manager Law Enforcement.

2.3 STRATEGIC OUTCOME ORIENTED GOALS

The strategic outcome oriented goal is to regulate and monitor gambling activities in the Province in-line with the Limpopo Gambling Act, Act No 3 of 2013.

To achieve this goal, the Board issued nine corporate licences, two of which are Type B LPM site licences with twenty LPMs each, four Type A LPM Sites, one Totalizator site and two Certificates of Suitability. Further, the Board conducted sixteen Compliance inspections and thirteen Audits to ensure that the licensees comply with the Limpopo Gambling Act, the National Gambling Act, the Financial Intelligence Center Act, the Broad Based Economic Empowerment Act and other relevant Legislations.

2.4 STRATEGIC OBJECTIVES OF THE BOARD

Objective 1: Social Awareness and upliftment

To promote responsible gambling and contribute towards the upliftment of the disadvantaged communities within the province.

Objective 2: Financial Sustainability

To maintain an effective and efficient financial management system through compliance to PFMA Legislation, Regulations and Practice Notes.

Objective 3: Enforcement of Legislation

To ensure that all gambling activities conducted within the Province are compliant with Legislation.

Objective 4: Capable Well Governed and Organisation

To strengthen and effectively manage their system and procedures to ensure sound practices and adhered thereto.

Objective 5: Skilled, Competent and Innovative Workforce

To provide adequate, focused training opportunities to ensure competent, skilled and innovative staff.

REVIEWING OF THE APP

According to the National Treasury Framework Guideline of 2008 on preparation of the APP, the Board needs to amend the following Performance Indicators:

PART B PROGRAMMES AND SUB-PROGRAMMES

Programme Compliance

Number of responsible gambling campaigns

The reporting period states quarterly in the APP instead of bi-annually

Sub-programme Licensing and Investigations

The indicator reads as follows: "Corporate Licences Issued" to be changed to "Number of Corporate Licences Issued".

Sub-programme Compliance Audits

The indicator reads as follows: "Number of compliance audits" to be changed to "Number of compliance audit reports".

"Number of levy audits conducted" to be changed to "Number of levy audit reports".

Number of monitoring reports.

The reporting period was erroneously printed as quarterly instead of bi-annual.

Objective 1: Social awareness and upliftment

Planned target of 55.

There is an inconsistent target of 75 and 55 in the Strategic Plan. This will be corrected under Annexure D in the APP of 2017/18.

The milestone in the APP should read as follows:

INITIATIVE /PROJECT	MILESTONE/ACTIVITIES QUARTER 1	MILESTONE/ACTIVITIES QUARTER 1	MILESTONE/ACTIVITIES QUARTER 1	MILESTONE/ACTIVITIES QUARTER 1
Conduct social crime prevention	20	20	15	20

Objective 2: Financial Sustainability

The indicator reads as follows:

Number of in-year reports submitted to National, Provincial Treasury, Office of the Premier and LEDET.

The In-year reports are submitted to LEDET and Provincial Treasury only, as the Quarterly Performance Report is no longer sent to National Treasury, as the Presidency is the one monitoring performance.

The template was discontinued in 2015/16.

The Board has to submit only to LEDET.

It is the responsibility of LEDET to submit to National Treasury and the Premier's Office.

Objective 4: Capable well governed organisation

Omission of the indicator: "Number of quarterly performance reports submitted to LEDET and Provincial Treasury/Premiers Office" in the Strategic Plan. This was erroneously typed as "Number of IT reports submitted to the Board".

The KPI "number of assurance certificates submitted to LEDET" should be removed, as the document is attached to the APP and sent to the Department quarterly.

3. PERFORMANCE INFORMATION BY PROGRAMME

PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2014/2015	PLANNED TARGET 2015/16	ACTUAL ACHIEVEMENT 2015/16	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2015/16	COMMENT ON DEVIATIONS
Number of Responsible Gambling Campaigns	12 Quarterly Responsible Gambling Campaigns	2	3	1	For the 2 nd Quarter we received 2 invitations to conduct responsible gambling awareness campaigns initiated by Stats SA and South African Responsible Gambling Foundation (SARGF).
Number of Revenue Reports Produced	Not Measured	12	12	None	None
Number of Compliance Inspection Reports	Not Measured	15	16	1	1 extra Report for the Route/Site Operators was done and 3 Reports for Casinos (1 each).
Number of Corporate licenses issued	35 LPM Site Applications Finalised 5 Totalizator Applications Finalised	20	9	(11)	<ol style="list-style-type: none"> We did not receive the Totalizator Applications as anticipated. Although 9 licences were issued, We processed and finalised a total of 20 applications, of which 11 licences were not issued due to the following reasons: <ul style="list-style-type: none"> 2 Declined. 4 Type B applications are awaiting National Gambling Board approval. 2 Type B approved by the National Gambling Board, but awaiting Section 41 & 42 Liquor Board approvals. 3 Bingo Applications awaiting LGB Board adjudication. The shortfall was mainly caused by fewer applications received than anticipated and incomplete applications which were either declined or put on hold.
Number of Compliance Audit Reports	2 Compliance Audits: <ul style="list-style-type: none"> 4 Casinos 4 LPM Sites 4 LPM Route Operators 8 Bookmakers 2 Totalizators 	13	13	None	None
Number of Levy Audit Reports	Not Measured	10	10	None	None
Number of Monitoring Reports Conducted Bi-annually	2 Casino Monitoring Audit Reports	2	2	None	None
Number of Awareness Campaign Conducted	151 Illegal Gambling Awareness Campaigns	75	85	10	Involvement of stakeholders in crime awareness campaigns.
Number of Investigations on Illegal Gambling activities	372 Investigations on Illegal Gambling Activities	360	380	20	Involvement of SAPS Corruption Unit in the investigation of fahfi and illegal gambling machines.
Number of Reports posted on the website as per PFMA timeframe	Not Measured	4	4	None	None
Number of In-year reports submitted to National Provincial Treasury and LEDET	Not Measured	12	12	None	None

PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2014/2015	PLANNED TARGET 2015/16	ACTUAL ACHIEVEMENT 2015/16	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2015/16	COMMENT ON DEVIATIONS
Number of Risk Reports Produced	4 Risk Reports 1 Risk Register	4	4	None	None
Number of Internal Audit Coverage Plans Produced	Not Measured	1	2	1	The 1 st coverage plan was finalised in the 1 st quarter 15-16 instead of the 14/15 4 th Quarter and the 2 nd coverage plan was done as planned.
Number of Financial Statements Submitted to Auditor General as per PFMA	Submitted the Financial Statement to the AG 2 Months after the Financial Year	1	1	None	None
Number of Quarterly Performance Reports submitted to LEDET and Provincial Treasury	4 Quarterly Reports	4	4	None	None
Number of Assurance Certificate submitted to LEDET	4 Assurance Certificates	4	4	None	None
Number of IT Reports submitted to the Board	Not Measured	12	9	(3)	The reports will be considered and approved by the Audit Committee on 24 May 2016.
Number of Human Resource Reports submitted to the Board	Not Measured	4	4	None	None

LINKING PERFORMANCE WITH BUDGET

LGB	BUDGET 2015/2016 R'000	ACTUAL 2015/2016 R'000	VARIANCE 2015/2016 R'000	BUDGET 2014/2015 R'000	ACTUAL 2014/2015 R'000	VARIANCE 2014/2015 R'000
Capital Budget	523	216	307	45	4	41
Personnel Budget	30 597	29 378	1 219	26 647	25 986	661
Operational Budget	23 991	23 653	336	19 983	24 456	(4 473)



PART C

GOVERNANCE



1. INTRODUCTION

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 outlines 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 thirty (30) days of receipt of such directives.

The Board received funding from LEDET to the amount of R48 559 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.

2. PORTFOLIO COMMITTEES

The Board had presentations to the Portfolio Committee on the following dates:

- 05 May 2015 – Briefing session on the 2015/16 APP and the Budget.
- 06 May 2015 – Tour of Khoroni Casino and discussion on the site visits.
- 04 November 2015 – The Annual Report for 2014/15 was presented.

3. EXECUTIVE AUTHORITY

The Board submitted the 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 the audited information done by the Compliance Business 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
2,3/s54(1)	Public Entity	12	12	10 of each month	10 of each month. There were certain months which the Board could not meet the target due to system failure.

Challenges from Finance

NO.	SECTION: SLA	REPORT OR DOCUMENT	SUBMISSION DATE	DATE SUBMITTED
1	4.8	Procurement Plan	30 April 2016	19 April 2016
2	4A.1	Levies	7 th of each month	7 th of each month (in certain months the revenue were not transferred due to the opinion received from the State Attorney.
3	8.1	Progress report of the projects and status of funds		
		First quarter	31 July 2015	29 July 2015
		Second quarter	31 October 2015	29 October 2015
		Third quarter	31 January 2016	29 January 2016
		Fourth quarter	30 April 2016	28 April 2016

4. THE BOARD

4.1 Introduction

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 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."*

4.2 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 organisation 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 utilises limited resources economically, efficiently and effectively.

4.3 Composition of the Board

NAME	DESIGNATION	DATE APPOINTED	DATE OF EXPIRY OF TERM	QUALIFICATIONS	AREA OF EXPERTISE	Board DIRECTORSHIPS	OTHER COMMITTEES	NO. OF MEETINGS ATTENDED 2015-16
Mr. M.T. Mokono	Chairperson of the Board	11.03.2013	Extended until September 2016	B.Proc	Law Business	LGB Board		6
Ms. J. Mogale	Deputy Chairperson of the Board	11.03.2013	Extended until September 2016	MBA BSc Hon Status Postgraduate Diploma in Health Management National Higher Diploma Med. Tech Med Technology Diploma x2	Business Financial Management Strategic Leadership	LGB Board Marubini Holdings Metso Minerals & Mining Ububele Capital ThyssenKrupp Industrial Solutions South Africa Cynimart Investments Tirisano Trust David Brown NINAFOR Oudtshoorn Ostrich and Game Klein Karoo Leather Training Center JTL Properties Tokheim South Africa Klein Karoo Akademie	HR & Remuneration Monitoring Committee	7
Mr. J.K. Sithole	Member	09.12.2008 Re-appointed 11.03.2013	Extended until September 2016	CA (SA) B Com Honours B Compt	Accountancy	LGB Board	LGB Audit Committee 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	10

NAME	DESIGNATION	DATE APPOINTED	DATE OF EXPIRY OF TERM	QUALIFICATIONS	AREA OF EXPERTISE	Board DIRECTORSHIPS	OTHER COMMITTEES	NO. OF MEETINGS ATTENDED 2015-16
Khosi T.N. Makumbane	Member	11.03.2013	Extended until September 2016	Executive Leadership Development Programme	Tribal Authority	LGB Board	LGB HR & Remuneration Committee	7
Ms. B.L. Montjane	Member	11.03.2013	Extended until September 2016	B.JURIS Certificate in Debt Councillng Certificate in Mediation	Law Debt Councillng Legal Costs & Mediation	LGB Board Lucetta Legal Consultancy	HR & Remuneration Monitoring Committee	10
Mr. A.V.K. Mashele	Departmental Representative (Treasury)	11.03.2013	Extended until September 2016	Bachelor of Accounting Science	Finances SCM	LGB Board	Audit Committee	9
Mr. K. S. Maboea	Departmental Representative (LEDET)	17.12.2013	Extended until September 2016	B.UIRIS LLB LLM Admitted Attorney of the High Court of S.A.	Administration Law	LGB Board	Monitoring Committee	9
Mr. M.D. Monakedi	Member	20.07.2015	Resigned 20 January 2016	B. Juris LLB Human Rights Certificate	Law	LGB Board Gold Creek Inv. 52 Monchi Ass. Engineering Nope Molagadi Oils Telman Business Enterprises Ntwampe Mineral Resources Mafikhata Mining	HR & Remuneration Monitoring Committee	3

4.4 Audit Committee

NAME OF MEMBERS	DESIGNATION	NO. OF MEETINGS ATTENDED	TERM ENDED	DATE APPOINTED
Mr. A. Mashele	Chairperson	3	Extended until September 2016	10 February 2014 as Chairperson of the Committee
Mr. J.K. Sithole	Member	5	Extended until September 2016	11 March 2013
Mr. E.M. Makwela	Member (External)	5	Extended until September 2016	11 March 2013

4.5 Remuneration and Human Resource Committee

NAME OF MEMBERS	DESIGNATION	NO. OF MEETINGS ATTENDED	TERM ENDED	DATE APPOINTED
Khosi T.N. Makumbane	Chairperson	3	Extended until September 2016	11 March 2013
Ms. B.L. Montjane	Member	2	Extended until September 2016	10 February 2014
Mr. M.D. Monakedi	Member	0	Resigned 20 January 2016	20 July 2015
Ms. J. Mogale	Member	1	11 June 2015	11 March 2013

4.6 Licensing and Compliance Committee

NAME OF MEMBERS	DESIGNATION	NO. OF MEETINGS ATTENDED	TERM ENDED	DATE APPOINTED
Ms. B.L. Montjane	Chairperson	2	Extended until September 2016	10 February 2014 as Chairper-son of the Committee
Mr. K. Maboea	Member	3	Extended until September 2016	10 February 2014
Mr. M.D. Monakedi	Member	0	Resigned 20 January 2016	20 July 2015
Ms. J. Mogale	Member	1	11 June 2015	11 March 2013

4.7 Remuneration of Board Members

NAME	ALLOWANCE	TRAVELLING	TOLL FEES & OTHER ALLOWANCE	OVERSEAS SUBSISTENCE	TOTAL
Mr. M.T. Mokono	444 671	978	0	9 997	455 646
Ms. J. Mogale	444 671	4507	360	0	449 538
Mr. J. Sithole	89 720	16 529	156	0	106 405
Khosi T.N. Makumbane	89 720	16 529	1 083	11 855	119 187
Ms. B.L. Montjane	89 720	25 554	2 563	3 951	121 788
Mr. K. Maboea	0	5 931	266	3 951	10 148
Mr. A.V.K. Mashele	0	0	0	24 674	24 674
Mr. M.D. Monakedi	44 860	0	0	0	44 860
TOTAL	1 203 365	70 028	4 428	54 428	1 332 247

5. RISK MANAGEMENT

5.1 Nature of Risk Management

Risk Management defined

Risk management is a continuous, comprehensive and systematic approach effected by an organisation's, management and other personnel aimed at identifying, measuring and controlling an organisation's exposure to accidental loss, theft and liability involving human, financial, physical and natural resources.

The Accounting Officer has set the tone at the top by supporting Enterprise Risk Management and allocating human and financial resources towards the implementation thereof.

The Risk Management function of the Limpopo Gambling Board which is within the finance business unit, has in place the risk management strategy, policy and charter that ensures adherence to the PFMA section 38(1) (a)(i).

The Risk Management Committee meets quarterly during the year to monitor the progress on the implementation of the mitigation strategies.

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

- Compliance to section 38 of the Public Finance Management Act;
- Compliance to section 27.2 of the Treasury Regulations;
- To promote and entrench risk management as value creation;
- To improve the LGB's risk maturity from a defensive risk management position to a responsive risk management position; and
- To embed risk management into LGB's business operations to support decision making and thereby increasing the likelihood of achieving the LGB's strategic objectives.

5.2 Risk Management Process

The approach that was adopted in the execution of the entity-wide LGB risk assessment process is presented below:

Limpopo Gambling Board has a Risk Profile which is updated on an annual basis, following a process whereby Risk Management Officer discussed the previous year's risk profile with the risk owners at their risk committee meeting by identifying emerging risks and reassessing the previous risk register. The profile was then consolidated and reported to an independent Risk facilitator from Shumba INC , who then facilitated the final Risk Assessment Workshop with all business units for consolidation of the final risk profile for the Limpopo Gambling Board. The report indicates mitigation measures that were compiled by management and are monitored on a quarterly basis by the risk management committee and further verified by the risk management officer. The risk committee has met 4 (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.

As LGB operates in an unstable environment, being influenced by various risk factors and its exposure to related risks is significantly increased. LGB's management thus ensures accountability and responsibility in relation to an effective risk management structure and principles are established and maintained.

5.3 Risk Assessment Participants and Quality of Results

The following LGB business units participated in the Strategic and Operational Risk Assessment workshops held during the period 27 January 2016 to 2 February 2016.

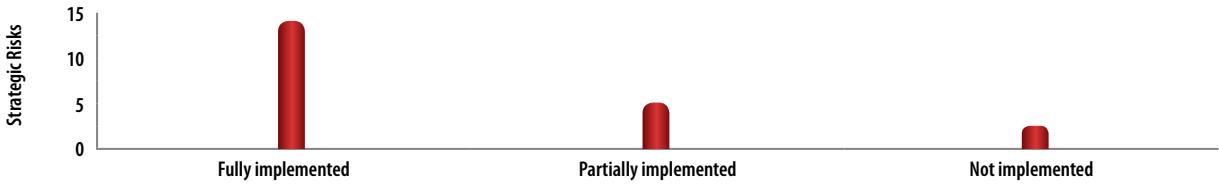
TASK DESCRIPTION	UNIT DETAILS	
Strategic Risks	<ul style="list-style-type: none"> Strategic and Operational Support (Senior & Middle Managers) Risk Management Officer 	
Operational Risks	1	Finance Unit
	2	Compliance Services Unit
	3	Law Enforcement Unit
	4	Legal Services Unit
	5	Risk Management Unit
	6	Human Resource Unit
	7	Supply Chain Management Unit
	8	Information Technology Unit

The aforementioned risk assessment resulted in the achievement of the following objectives:

- Identification of strategic and operational risks, and the linkage of identified risks to relevant objectives;
- Consideration and evaluation of risk impact and likelihood ratings per risk identified;
- The identification of risk mitigation strategies to reduce risk exposure;
- Consideration of any additional risks where necessary;
- The update of risk profiles.

5.4 Progress made in addressing Risks Identified

Fifteen (15) of the top twenty one (21) prioritised risks for the 2015-16 financial year have been mitigated to acceptable levels. Internal Audit provided reasonable assurance that the control design is adequate and effective for the achievement of organisational objectives. The Board will therefore ensure enhanced controls in 2016-17 that will assist in mitigating the remaining six (6) prioritised risks inclusive of four (4) that are partially implemented and two (2) that are not implemented to acceptable levels.



6. INTERNAL CONTROL UNIT

LGB has no internal control unit in place; hence the CFO's unit ensures there are processes in place. Upon the receipt of the Auditor General 2015 Final Report, the Limpopo Gambling Board Management developed action plans on the template recommended by Treasury to ensure that the findings do not recur in future. The template was submitted to Treasury on a quarterly basis to indicate the progress of the action plans. The Internal Audit then provided assurance regarding the status core of the action plans report.

7. INTERNAL AUDIT AND AUDIT COMMITTEES

Objective and Role of Internal Audit

The Internal Audit of the Board is outsourced to Shumba Inc.

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 IA head reports at each Audit Committee .

A) PROGRESS REPORT FOR THE YEAR

1) 1st Quarter Progress

No intervention for the 1st quarter

2) 2nd Quarter Progress

No intervention for the 2nd quarter

3) 3rd Quarter Progress

Appointment of Internal Audit Services

4) 4th Quarter Progress

PLANNED ACTIVITY	PLANNED EXECUTION DATE	ACTUAL RESULTS
IA Coverage Plan (2015/2016)	January 2016	Done
Internal Audit Charter	January 2016	Done
Risk Assessment Report	January 2016	Done
Information Technology Audit	January 2016	Done
Supply Chain Audit	January 2016	Done
Finance Audit	January 2016	Done
Human Resources & OHS Audit	January 2016	Done
Follow up (AGSA Action Plan)	February 2016	Done
Audit of Predetermined Objectives (AOP0)	February 2016	Done

Key activities and objectives of the Audit Committee

The Limpopo Gambling Board has established the Audit Committee "Committee" as a sub-committee of its controlling body ("Board") to assist the Board in discharging its duties relating to the safeguarding of assets, the operation of adequate systems, control processes and the preparation of accurate financial reporting and statements in compliance with all applicable legal requirements and accounting standards. The Committee shall not perform any management functions or assume any management responsibilities. It provides a forum for discussing business risk and control issues for developing relevant recommendations for consideration by the Board, the Committee shall mainly make recommendations to the Board for its approval or final decision. The membership, resources, responsibilities and authorities (composition, functions and operation) of the Committee to perform its role effectively, is stipulated in these terms of reference, which may be amended by the Board from time to time. The Committee is constituted in terms of the requirements of sound corporate governance practices and operates within that framework.

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. K.J. Sithole	CA(SA)	Member	N/A	11 March 2013	Extended until September 2016	5
Mr. M. Makwela	B.IRUS, LLB, LL.M	External member	N/A	11 March 2013	Extended until September 2016	5
Mr. A. Mashele	Masters of Business Administration Finance, Bachelor of Accounting Science	Chairperson	Representing Provincial Treasury	10 February 2014 as Chairperson of the Committee	Extended until September 2016	3

8. COMPLIANCE WITH LAWS AND REGULATIONS

Management submitted reports to the Board. Provincial Treasury held Quarterly Bi-Laterals with the entity.

9. FRAUD AND CORRUPTION

The Limpopo Gambling Board has a risk & fraud and corruption prevention committee in place. The Limpopo Gambling Board has a zero tolerance stance on Fraud and Corruption. The annual Fraud Risk Awareness Workshop was done in December 2015. LGB further ensures the planned mitigation of identified fraud risks is implemented throughout the organisation.

The Limpopo Gambling Board fraud and corruption prevention plan comprises of two areas namely education and communication.

Creating Awareness

Employee awareness

Formal awareness presentations were conducted for employees of Limpopo Gambling Board during the Fraud and Corruption Prevention awareness workshop. The ongoing creating awareness amongst all employees is however the responsibility of all managers.

Communication

The objective of communication is further to create awareness amongst employees, the public and other stakeholders of the plan in order to facilitate a culture where all stakeholders strive to contribute towards making it a success.

Progress made (Education and Communication)

During the 2015-16 Financial Year Limpopo Gambling Board conducted an awareness fraud and corruption prevention workshop to all staff.

Internal audit plan

A robust Internal Audit plan, which focuses on the prevalent high Fraud and Corruption risks, serves as an effective preventative measure. The audit plan was executed as planned.

Disclosure of interests

All staff members of the Limpopo Gambling Board were required to disclose their specific personal assets and business interests on an annual basis.

Progress made

Disclosure of interest was made and is facilitated by Human Resources in the form of circulars to remind staff.

Whistle Blowing

There are mechanisms in place to report fraud and corruption and how these operate for instance our whistle blowing policy - The need for officials to make factual confidential disclosure about 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.

How these cases are reported and what action is taken

No cases were reported with regard to fraud and corruption during the 2015/16 Financial Year.

10. 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 issues a circular reminding officials to disclose any new business interests.
- The Senior Managers complete financial disclosure forms which are submitted to the Executive Authority annually.
- Suppliers are required to complete an SBD4 for declaration of interest purposes prior to engagement of business activities with LGB.

11. 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 as consultants engaged by the Board.

All newly appointed employees are made aware of the Board's code of conduct during induction.

If a member or employee becomes aware of, anticipates, or suspects, corrupt conduct on the part of an organisation, 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.

12. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

The Board has an OHS Committee and a Health and Safety Policy, which is geared towards providing and maintaining a safe and healthy workplace for employees of the Board. The Occupational Health and Safety (OHS) Committee conducted an inspection and advised management accordingly.

13. SOCIAL RESPONSIBILITY (REPORTS FROM CASINOS)

The Board does not have any social responsibility programmes, this is done by the Licensees of the Board.

14. AUDIT COMMITTEE REPORT

14.1 Introduction

We are pleased to present our report for the financial year ended 31 March 2016. The 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 (02) times per annum as per the Audit Committee Charter. During the year three (03) scheduled and two (02) special Audit Committee meetings were held.

NAME OF MEMBERS	DESIGNATION	NO. OF MEETINGS ATTENDED	DATE APPOINTED
Mr. A. Mashele	Chairperson	3	10 February 2014
Mr. K.J. Sithole	Member	5	11 March 2013
Mr. M. Makwela	Member	5	11 March 2013

14.2 Audit Committee Responsibilities

We report that we have compiled 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.

14.3 The Effectiveness of Internal Control

We are of the opinion, based on the information and explanations given by management, the internal audit, and discussions with the external auditors (AGSA) on the results of its audits, that the internal accounting controls are operating 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 from 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 revealed certain weaknesses, which were then raised with the Board.

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

14.4 In-Year Management and Monthly/Quarterly Report

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

14.5 Evaluation of Financial Statements

We have reviewed the Financial Statements for the year ended 31 March 2016 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 are of the opinion that the audited financial statements must be accepted and read together with the report of the auditor.



Mr. A Mashele

Chairperson of the Audit Committee
Limpopo Gambling Board



PART D

HUMAN RESOURCE



1. INTRODUCTION

The Human Resource 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 relevant employee assistance programmes.

1.1 Policy Development

Highlight achievements

We had 5% staff turnover.

Organisational review

The aim is to review the structure of the Board to promote efficiency and to ensure that the objectives of the Board are met. There is a shortage of personnel.

Policy review

To ensure that policies are reviewed so as to keep abreast with updates and changes in various laws and Acts.

Staff development

Providing training for staff to ensure that our staff are furnished and equipped with the necessary skills to enable them to perform their jobs which will enhance productivity.

Challenges

We are still experiencing budgetary constraints in terms of training employees.

2. HUMAN RESOURCE OVERSIGHT STATISTIC

The public entity must provide the following key information on human resources. All the financial amounts must agree to the amounts disclosed in the annual financial statements.

2.1 Personnel Cost by Programme

PROGRAMME	TOTAL EXPENDITURE FOR THE ENTITY R'000	PERSONNEL EXPENDITURE R'000	PERSONNEL EXPENDITURE AS A % OF TOTAL EXPENDITURE %	NO. OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE R'000
CEO	53 031	4 175	8%	5	835
Finance		5 084	10%	8	636
IT		1 215	2%	2	608
SCM		2 530	5%	5	506
Human Resource		2 589	5%	9	288
Compliance		9 891	19%	19	521
Law Enforcement		3 984	7%	8	487

2.2 Training Costs

DIRECTORATE/BUSINESS UNIT	PERSONNEL EXPENDITURE R'000	TRAINING EXPENDITURE R'000	TRAINING EXPENDITURE AS A % OF PERSONNEL COST %	NO. OF EMPLOYEES TRAINED	AVERAGE TRAINING COST PER EMPLOYEE
CEO	4 175	8	2%	1	8
Finance	5 084	41	8%	6	7
SCM	2 530	0	0%	0	0
Human Resource	2 589	19	7%	2	10
Compliance	9 891	92	9%	7	13
Law Enforcement	3 894	1	0%	1	1
IT	1 215	0	0%	0	0

2.3 Employment and Vacancies

PROGRAMME	2014/15 NO. OF EMPLOYEES	2014/15 APPROVED POSTS	2015/16 NO. OF EMPLOYEES	2015/16 VACANCIES	% OF VACANCIES
CEO	5	5	5	0	0%
Finance	7	8	8	0	0%
SCM	5	5	5	0	0%
Human Resource	9	9	9	0	0%
Compliance	18	20	19	1	5%
Law Enforcement	9	9	8	1	13%
IT	2	2	2	0	0%

2.3 Employment and Vacancies (continued)

PROGRAMME	2014/15 NO. OF EMPLOYEES	2014/15 APPROVED POSTS	2015/16 NO. OF EMPLOYEES	2015/16 VACANCIES	% OF VACANCIES
Top Management	2	2	2	0	0%
Senior Management	4	4	4	0	0%
Professional qualified	6	6	6	0	0%
Skilled	22	24	23	1	4%
Semi-skilled	17	17	16	1	6%
Unskilled	5	5	5	0	0%
TOTAL	56	58	56	2	4%

2.4 Employment Changes

PROGRAMME	EMPLOYMENT AT BEGINNING OF PERIOD	APPOINTMENTS	TERMINATIONS	EMPLOYMENT AT END OF PERIOD
Top Management	2	0	0	2
Senior Management	4	0	0	4
Professional qualified	6	0	0	6
Skilled	22	2	1	23
Semi-skilled	17	-	1	16
Unskilled	5	-	-	5
TOTAL	56	2	2	56

2.5 Reason for Staff Leaving

REASON	NUMBER	% OF TOTAL NO. OF STAFF LEAVING
Death	0	0%
Resignation	3	100%
Dismissal	0	0%
Retirement	0	0%
Ill health	0	0%
Expiry of contract	0	0%
Other	0	0%
TOTAL	3	100%

Most staff leave the organisation mainly for growth.

2.6 Labour Relations: Misconduct and Disciplinary Action

Verbal Warning	0
Written Warning	1
Final Written warning	0
Dismissal	0

2.7 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	4	3	0	0	0	0	0	0
Skilled	9	10	1	1	0	0	1	1
Semi-skilled	6	7	0	0	1	0	1	1
Unskilled	2	2	0	0	0	0	0	0
TOTAL	25	26	1	1	1	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	9	10	0	0	0	0	2	1
Semi-skilled	5	6	1	1	0	0	2	3
Unskilled	2	2	0	0	0	0	1	1
TOTAL	19	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	1	1	0	0
Unskilled	0	0	0	0
TOTAL	1	1	0	0



PART E

FINANCIAL INFORMATION

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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.
Members	Mr. M.T. Mokono (Chairperson) Ms. M.J. Mogale (Deputy Chairperson) Khosi T.N. Makumbane Ms. B.L. Montjane Mr. K.J. Sithole Mr. A.V.K. Mashele Mr. K.S. Maboea Mr. Serobi Maja (<i>ex-officio</i>)
Registered office	8 Hans van Rensburg Street Polokwane 0699
Postal address	Private Bag X9520 Polokwane 0700
Auditors	Auditor-General of South Africa

STATEMENT OF RESPONSIBILITY

Statement of Responsibility for the Annual Financial Statements for the year ended 31 March 2016

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 2016.

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 2016 have been audited by the Auditor-General and their report is presented on page 56 to page 59.

The Annual Financial Statements of the Board set out on page 60 to page 86 have been approved.



Mr. Serobi Maja

Chief Executive Officer



Mr. M.T. Mokono

Chairperson of the Board

REPORT OF THE BOARD

The members submit their report for the year ended 31 March 2016.

1. REVIEW OF ACTIVITIES

Main business and operations

The mandate of the Board is to regulate, control and monitor gambling activities in the Province in line with the Limpopo Gambling Act No. 3 of 2013.

The operating results and state of affairs of the entity are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

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.

The entity is wholly dependent on the Limpopo Department of Economic Development, Environment and Tourism for continued funding of operations

3. SUBSEQUENT EVENTS

The members are not aware of any matter or circumstance arising since the end of the financial year.

4. BOARD

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

Mr. M.T. Mokono (Chairperson)

Ms. M.J. Mogale (Deputy Chairperson)

Mr. Khosi T.N. Makumbane

Ms. B.L. Montjane

Mr. A.V.K. Mashele

Mr. J.K. Sithole

Mr. K.S. Maboea

Mr. M.D. Monakedi

Mr. Serobi Maja (CEO)

5. ACCOUNTING POLICIES

The annual financial statements prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP), including any interpretations of such Statements issued by the Accounting Standards Board, as the prescribed framework by National Treasury.

6. BANKERS

Standard Bank.

REPORT OF THE AUDITOR-GENERAL

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the Limpopo Gambling Board set out on pages 60 to 86 which comprise statement of financial position as at 31 March 2016, the statement of financial performance, statement of changes in net assets, and cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting authority's responsibility for the separate financial statements

2. The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of 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 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 2016 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the PFMA.

Emphasis of matters

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

Restatement of corresponding figures

8. As disclosed in note 17 to the financial statements, the corresponding figures for 31 March 2016 have been restated as a result of an error discovered during 2016 in the financial statements of the Limpopo Gambling Board at, and for the year ended, 31 March 2015.

Additional matter

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

Unaudited supplementary schedules

10. The supplementary information set out on pages 23 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

11. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives of selected objectives presented in the annual performance report, compliance with Legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

12. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information of the following selected objectives presented in the annual performance report of the Limpopo Gambling Board for the year ended 31 March 2016:
 - To promote responsible gambling and contribute towards the upliftment of the disadvantaged communities within the province on page 30.
 - To maintain an effective and efficient financial management system through compliance to PFMA Legislation, Regulations and Practice Notes on page 30.
 - To ensure that all gambling activities conducted within the Province are compliant with Legislation on page page 30.
 - To strengthen and effectively manage their system and procedures to ensure sound practices and adhered to on page 30.
 - To provide adequate , focused training opportunities to ensure competent, skilled and innovative on page 30.
13. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned objectives further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for managing programme performance information (FMPP).

REPORT OF THE AUDITOR-GENERAL (continued)

14. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
15. I did not identify any material findings on the usefulness and reliability of the reported performance information for the objectives listed above.

Additional matter

16. Although I did not identify any material findings on the usefulness and reliability of the reported performance information for the selected objectives, I draw attention to the following matter:

Unaudited supplementary schedules

17. The supplementary information set out on pages 23 to 29 does not form part of the annual performance report and is presented as additional information. I have not audited these schedules and, accordingly, I do not report on them.

Compliance with Legislation

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

ANNUAL FINANCIAL STATEMENT AND ANNUAL REPORT

19. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and as required by section 55(1)(a) of the PFMA.
20. Material misstatements of current assets, revenue and disclosure items identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Internal control

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

Leadership

22. The accounting authority did not exercise adequate responsibility over the accuracy of the financial statements and compliance as well as related internal controls.

Financial and performance management

- 23. Non-compliance with Legislation could have been prevented had compliance been properly reviewed and monitored.
- 24. Policies and procedures designed for Information technology systems have not been not fully implemented by management.

Auditor-General

Polokwane

31 July 2016



**AUDITOR - GENERAL
SOUTH AFRICA**

Auditing to build public confidence

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2016

	NOTE(S)	2016 R	2015 R
ASSETS			
Current Assets			
Receivables from exchange transactions	5	6 854 417	1 619 655
Cash and cash equivalents	6	8 548 447	14 897 041
		15 402 864	16 516 696
Non-Current Assets			
Property, plant and equipment	3	5 220 758	6 052 087
Total Assets		20 623 622	22 568 783
LIABILITIES			
Current Liabilities			
Finance lease obligation	7	185 114	200 790
Trade and other payables	15	566 582	1 114 178
Staff Accrual	10	1 216 600	1 040 463
Deferred income	11	9 458 636	6 292 348
Long service award liability	12	44 369	-
		11 471 301	8 647 779
Non-Current Liabilities			
Finance lease obligation	7	-	147 412
Operating lease liability	4	10 640 879	7 977 963
Long service award liability	12	198 634	-
		10 839 513	8 125 375
Total Liabilities		22 310 814	16 773 154
Net Assets		(1 687 192)	5 795 628
Accumulated surplus		(1 687 192)	5 795 628

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2016

	NOTE(S)	2016 R	2015 R
Revenue			
Revenue from exchange transactions			
Interest received	18	394 894	283 808
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	19	48 559 000	46 675 000
Other operating revenue	17	86 886 941	45 095 649
Total revenue from non-exchange transactions		135 445 941	91 770 649
Total revenue		135 840 835	92 054 457
Expenditure			
Employee related costs	20	(29 377 830)	(25 997 258)
Depreciation and amortisation	3	(1 047 564)	(1 171 756)
Finance costs	21	(70 054)	(129 186)
Board members' expenses	22	(3 505 066)	(2 826 159)
Operating expenses	23	(19 031 234)	(20 315 509)
Total expenditure		(53 031 748)	(50 439 868)
Operating surplus		82 809 087	41 614 589
Loss on disposal of assets and liabilities		-	(2 323)
Surplus for the year		82 809 087	41 612 266

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 31 MARCH 2016

	ACCUMULATED SURPLUS R	TOTAL NET ASSETS R
Balance at 01 April 2014	5 037 675	5 037 675
<i>Changes in net assets</i>		
Funds surrendered	(3 175 975)	(3 175 975)
Deferred income surrendered	(479 547)	(479 547)
Own revenue surrendered	(37 198 790)	(37 198 790)
Net income (losses) recognised directly in net assets	(40 854 312)	(40 854 312)
Surplus for the year	41 612 266	41 612 266
Total recognised income and expenses for the year	757 954	757 954
Total changes	757 954	757 954
Balance at 01 April 2015	5 795 628	5 795 628
<i>Changes in net assets</i>		
Funds surrendered	(90 291 907)	(90 291 907)
Net balance after funds surrendered	(90 291 907)	(90 291 907)
Surplus for the year	82 809 087	82 809 087
Total recognised income and expenses for the year	(7 482 820)	(7 482 820)
Total changes	(7 482 820)	(7 482 820)
Balance at 31 March 2016	(1 687 192)	(1 687 192)

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2016

	NOTE(S)	2016 R	2015 R
Cash flows from operating activities			
Receipts			
Grants and own revenue		135 445 941	91 770 649
Interest income		394 894	283 808
Other receipts (changes in receivables)		(5 234 762)	(1 049 226)
		130 606 073	91 005 231
Payments			
Employee costs		(29 134 827)	(25 997 258)
Operating expenses		(16 368 318)	(16 862 133)
Finance costs		(70 054)	(129 186)
Cash surrendered to Government		(90 291 907)	(40 374 765)
Deferred income surrendered		-	(479 547)
Board expenses		(3 505 066)	(2 826 159)
Other payments (changes in payables)		2 794 829	2 167 910
		(136 575 343)	(84 501 138)
Net cash flows from operating activities	25	(5 969 270)	6 504 093
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(216 235)	(4 329)
Proceeds from sale of property, plant and equipment	3	-	1 751
Net cash flows from investing activities		(216 235)	(2 578)
Cash flows from financing activities			
Deposit realised as debtor		-	21 097
Finance lease payments		(163 089)	(150 583)
Net cash flows from financing activities		(163 089)	(129 486)
Net increase/(decrease) in cash and cash equivalents		(6 348 594)	6 372 029
Cash and cash equivalents at the beginning of the year		14 897 041	8 525 012
Cash and cash equivalents at the end of the year	7	8 548 447	14 897 041

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

FOR THE YEAR ENDED 31 MARCH 2016

	APPROVED BUDGET R	ADJUSTMENTS R	FINAL BUDGET R	ACTUAL AMOUNTS ON COMPARABLE BASIS R	DIFFERENCE BETWEEN FINAL BUDGET AND ACTUAL R
STATEMENT OF FINANCIAL PERFORMANCE REVENUE					
Revenue from exchange transactions					
Interest received	-	-	-	394 894	394 894
Revenue from non-exchange transactions					
Transfer revenue					
Government grants & subsidies	48 559 000	-	48 559 000	48 559 000	-
Other operating revenue	-	80 446 720	80 446 720	86 886 941	6 440 221
Total revenue from non- exchange transactions	48 559 000	80 446 720	129 005 720	135 445 941	6 440 221
Total revenue	48 559 000	80 446 720	129 005 720	135 840 835	6 835 115
Expenditure					
Personnel	(34 415 108)	3 817 680	(30 597 428)	(29 377 830)	1 219 598
Depreciation and amortisation	-	(1 079 899)	(1 079 899)	(1 047 564)	32 335
Finance costs	-	-	-	(70 054)	(70 054)
Board members' expenses	(1 654 500)	(1 891 404)	(3 545 904)	(3 505 066)	40 838
Operating expenses	(11 989 392)	(7 375 551)	(19 364 943)	(19 031 234)	333 709
Total expenditure	(48 059 000)	(6 529 174)	(54 588 174)	(53 031 748)	1 556 426
Surplus before taxation	500 000	73 917 546	74 417 546	82 809 087	8 391 541
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	500 000	73 917 546	74 417 546	82 809 087	8 391 541
STATEMENT OF FINANCIAL POSITION					
Assets					
Non-Current Assets					
Property, plant and equipment	500 000	23 000	523 000	216 235	(306 765)
Total Assets	500 000	23 000	523 000	216 235	(306 765)

ACCOUNTING POLICIES

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

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

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

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Presentation currency

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

1.2 Going concern assumption

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

1.3 Significant judgements and sources of estimation uncertainty

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

1.4 Property, plant and equipment

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

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

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

Property, plant and equipment is carried at cost less accumulated depreciation and any 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 follows:

ITEM	AVERAGE USEFUL LIFE
Furniture	15 years
Fittings	10 years
Motor vehicles	5 years
Office equipment	15 years
Computer equipment	3 years
Computer software	1 years
Sundry assets	5 years

ACCOUNTING POLICIES (continued)

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.

1.5 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 of financial assets and financial liabilities

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.

1.6 Leases

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.

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.

1.7 Inventories

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.

ACCOUNTING POLICIES (continued)

1.8 Impairment of cash-generating assets

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use. Useful life is either:

- (a) the period of time over which an asset is expected to be used by the entity; or
- (b) the number of production or similar units expected to be obtained from the asset by the entity.

Criteria developed by the entity to distinguish cash-generating assets from non-cash-generating assets are as follow:

1.9 Employee benefits

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.

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.

1.10 Provisions and contingencies

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimates. 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 or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

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.
- the amount of the obligation cannot be measured with sufficient reliability.

1.11 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

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

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.12 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 municipality 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.

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 of the transaction at the reporting date.

1.13 Revenue from non-exchange transactions

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

ACCOUNTING POLICIES (continued)

Recognition

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

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

Measurement

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

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

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.

Government grants

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.

1.14 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 surrendered as per Instruction Note 2 of 2013.

1.15 Budget Information

Entity are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising 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 .

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.

1.16 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds. Borrowing costs are recognised as an expense in the period in which they are incurred.

1.17 Comparative figures

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

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 unauthorised expenditure, incurred in contravention of 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.

1.20 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.

1.21 Events after reporting date

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

ACCOUNTING POLICIES (continued)

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

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

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

2. NEW STANDARDS AND INTERPRETATIONS

2.1 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2016 or later periods:

STANDARD/ INTERPRETATION:	EFFECTIVE DATE: YEARS BEGINNING ON OR AFTER	EXPECTED IMPACT:
GRAP 20: Related parties	01 April 2017	The impact of the amendment is not material.
GRAP 32: Service Concession Arrangements: Grantor	01 April 2016	The impact of the amendment is not material.
GRAP 108: Statutory Receivables	01 April 2016	The impact of the amendment is not material.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT

	2016			2015		
	COST / VALUATION	ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT	CARRYING VALUE	COST / VALUATION	ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT	CARRYING VALUE
	R	R	R	R	R	R
Fittings	3 244 475	(1 001 346)	2 243 129	3 244 475	(676 898)	2 567 577
Motor vehicles	3 591 247	(1 844 218)	1 747 029	3 591 247	(1 620 592)	1 970 655
Office equipment	399 599	(182 160)	217 439	399 599	(155 608)	243 991
Computer equipment	1 334 653	(1 070 900)	263 753	1 141 418	(856 884)	284 534
Computer software	61 450	(61 450)	-	61 450	(61 450)	-
Furniture	1 295 941	(653 518)	642 423	1 272 941	(577 999)	694 942
Leased assets	550 210	(443 225)	106 985	550 210	(259 822)	290 388
Sundry assets	18 280	(18 280)	-	18 280	(18 280)	-
Total	10 495 855	(5 275 097)	5 220 758	10 279 620	(4 227 533)	6 052 087

Reconciliation of property, plant and equipment - 2016

	OPENING BALANCE	ADDITIONS	DEPRECIATION	TOTAL
	R	R	R	R
Fittings	2 567 577	-	(324 448)	2 243 129
Motor vehicles	1 970 655	-	(223 626)	1 747 029
Office equipment	243 991	-	(26 552)	217 439
Computer equipment	284 534	193 235	(214 016)	263 753
Furniture	694 942	23 000	(75 519)	642 423
Leased assets	290 388	-	(183 403)	106 985
	6 052 087	216 235	(1 047 564)	5 220 758

Reconciliation of property, plant and equipment - 2015

	OPENING BALANCE	ADDITIONS	DISPOSALS	DEPRECIATION	TOTAL
	R	R	R	R	R
Fittings	2 892 025	-	-	(324 448)	2 567 577
Motor vehicles	2 287 560	-	-	(316 905)	1 970 655
Office equipment	272 945	-	(2 093)	(26 861)	243 991
Computer equipment	529 262	3 930	-	(248 658)	284 534
Furniture	768 003	399	(1 981)	(71 479)	694 942
Leased assets	473 792	-	-	(183 404)	290 388
	7 223 587	4 329	(4 074)	(1 171 755)	6 052 087

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

3.1 Intangible Assets	2016			2015		
	COST / VALUATION	ACCUMULATED AMORTISATION AND ACCUMULATED IMPAIRMENT	CARRYING VALUE	COST / VALUATION	ACCUMULATED AMORTISATION AND ACCUMULATED IMPAIRMENT	CARRYING VALUE
	R	R	R	R	R	R
Trademarks	7 866	(7 866)	-	7 866	(7 866)	-

Details of valuation

The useful lives and residual values were reassessed at year end for both tangible and intangible assets however, no material adjustments were considered necessary.

4. OPERATING LEASE LIABILITY

	2016 R	2015 R
Operating lease liability	10 640 879	7 977 963

5. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Debtors' control	6 754 124	439 218
Prepaid expenses and deposit	60 242	151 596
Sundry debtors	40 051	1 028 841
	6 854 417	1 619 655

Trade and other receivables

Included in the trade and other receivables is an amount of R6 645 165 which represents an overpayment of funds surrendered to Provincial Treasury through LEDET.

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:		
Petty cash	2 000	2 000
Bank balances	8 546 447	14 895 041
	8 548 447	14 897 041

7. FINANCE LEASE OBLIGATION

	2016 R	2015 R
Minimum lease payments due		
- within one year	209 828	279 771
- in second to fifth year inclusive	-	163 198
	209 828	442 969
less: future finance charges	-	(94 767)
Present value of minimum lease payments	209 828	348 202
Present value of minimum lease payments due		
- within one year	24 714	200 790
- in second to fifth year inclusive	-	147 412
	24 714	348 202
Non-current liabilities	-	147 412
Current liabilities	185 114	200 790
	185 114	348 202

The Board entered into a finance lease agreement with Palesa Technologies with effect from 01 November 2013. The rental amount is R23 314.18 per month with no escalations. Contingent rent is charged to the Statement of Financial Performance and it is based on the number of copies made calculated monthly in arrears. The agreement is for rental in respect of the stipulated period and the option for purchase and renewal are not applicable. The lease is expiring in October 2016.

8. LEVIES

Levies collected and paid over to Provincial Treasury	-	27 350 964
Levies collected and not paid over to Provincial Treasury	-	-
	-	27 350 964

According to the new Limpopo Gambling Board Act No.4 of 2013 which came into operation on the 1 September 2014, all levies collected by the Board are recognised as the Board's own revenue in terms of Section 17(b). The levies are now surrendered to Provincial Treasury as per Practice Note 2 of 2013.

9. 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

10. STAFF ACCRUAL

	OPENING BALANCE R	ACCRUED DURING THE YEAR R	UTILISED DURING THE YEAR R	TOTAL R
Reconciliation of staff accrual - 2016				
Leave days	696 167	2 055 007	(1 883 247)	867 927
13 th cheques and savings (CEO and Management)	344 296	1 425 652	(1 421 275)	348 673
	1 040 463	3 480 659	(3 304 522)	1 216 600

Reconciliation of staff accrual - 2015

Leave days	538 258	1 434 311	(1 276 402)	696 167
13 th cheques and savings (CEO and Management)	316 371	1 345 992	(1 318 067)	344 296
	854 629	2 780 303	(2 594 469)	1 040 463

11. DEFERRED INCOME

Reconciliation for the deferred income

	2016 R	2015 R
Opening balance	6 292 348	3 142 835
Recognised as income	(6 292 348)	(3 142 835)
Received in advance	9 458 636	6 292 348
	9 458 636	6 292 348

Deferred income is a money received for services which have not yet been delivered.

12. LONG SERVICE AWARD LIABILITY

Movement in the employee long term service award liability

Current service cost	239 662	-
Interest	18 341	-
Benefits paid	(15 000)	-
Subtotal	243 003	-
Current portion of liability as at 31 March	(44 369)	-
Long term portion of liability as at 31 March	198 634	-

Expense recognised in (profit)/loss

Current service cost	224 662	-
Interest cost	18 341	-
	243 003	-

Principal actuarial assumptions of valuation model used

	2016	2015
Discount rate as at 31 March 2016 (%)	8.91%	-
Real discount rate	8.91%	-
Average retirement age: females	65	-
Average retirement age: males	65	-

13. DEFINED CONTRIBUTION PLAN

2016 R	2015 R
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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	734 305	633 884
Other staff	1 842 369	1 561 718
Total contributions	2 576 674	2 195 602

14. 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.

15. TRADE AND OTHER PAYABLES

Sundry creditors and funds to surrender	465 474	1 029 938
Pay as you earn	-	3 266
Other accruals	101 108	80 974
	566 582	1 114 178

16. OTHER REVENUE

Other income	86 886 941	45 095 649
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17. OTHER INCOME

Annual license fees	6 311 714	3 142 835
Bingo application fees	477 600	-
Casino application fees	477 000	-
Casino license fees	20 988	1 171 088
Certificate of suitability	18 300	8 798
Employee registration fees	2 291 738	1 830 374
Horse racing application fees	8 798	114 374
Horse racing license fees	107 980	104 288
Investigation fees	628 691	1 016 415
LPM application fees	-	44 293
LPM license fees	98 474	263 916
Levies	75 958 511	36 512 468
Manufacturer's application fees	-	120 000
Manufacturer's license fees	-	1 000
Sundry income	487 147	765 800
	86 886 941	45 095 649

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

	2016 R	2015 R
18. EXCHANGE REVENUE		
Interest revenue		
Bank	394 894	283 808
19. GOVERNMENT GRANTS AND SUBSIDIES		
Non exchange revenue		
Department of Economic Development and Tourism	48 559 000	46 675 000
Conditional and Unconditional		
Included in above are the following grants and subsidies received:		
Unconditional grants received	48 559 000	46 675 000
20. EMPLOYEE RELATED COSTS		
Salaries	21 370 295	19 450 137
Medical aid - company contributions	837 159	842 124
UIF	99 942	94 521
Leave pay provision charge	2 055 008	1 434 311
Pension fund	2 576 674	2 195 602
13 th Cheques	1 425 652	1 345 992
Housing benefits and allowances	679 000	624 171
Danger allowance	32 800	10 400
Cell phone allowance	301 300	-
	29 377 830	25 997 258
21. FINANCE COSTS		
Finance leases	70 054	129 186
22. BOARD MEMBERS EXPENSES		
Subsistence and travelling	79 978	92 353
International conferences and seminars	2 082 480	1 229 645
Board meetings	6 544	54 419
Accommodation	132 702	291 240
Monthly allowance	1 203 362	1 158 502
	3 505 066	2 826 159

23. OPERATING EXPENSES

	2016 R	2015 R
Advertising and promotions	7 432	72 216
Assessment rates	335 595	319 753
Audit Committee expenses - meetings	60 254	59 825
Audit fees - Auditor General	1 071 095	1 147 094
Audit fees - internal	153 600	372 400
Bank charges	51 406	59 922
Building maintenance	164 820	138 463
Bursaries	28 119	35 926
Cleaning materials	16 357	22 725
Communication	127 730	223 664
Computer expenses	52 162	125 274
Consultation and research	322 080	56 480
Courier and postage	5 076	13 576
Crime awareness campaign	21 002	30 700
Cutlery and consumables	410	-
Bad debt written off	20 921	-
Donations	-	54 000
Entertainment expenses	-	1 615
Equipment maintenance	6 816	6 316
Insurance	195 259	201 721
Investigation fees	209 786	60 027
Law enforcement expenses	13 459	200
Legal fees	-	525 818
License fees	208 497	113 906
Motor vehicle expenses - fuel	602 168	721 533
Motor vehicle expenses - repairs	108 335	143 566
Occupational injuries and diseases act fund	103 153	138 305
Operating lease charges - building	11 357 958	11 357 959
Operating lease charges - server	37 757	37 757
Printing and stationery	442 214	455 941
Publications	34 143	-
Recruitment expenses	-	3 129
Refreshments	30 716	40 422
Reimbursive travelling	488 533	448 288
Rental - postal box	1 500	1 164
Responsible gambling awareness strategy	81 379	242 470
SARS - penalties and interest paid	-	191 902
Security expenses	493 627	481 788
Skills development levy	272 758	244 202
Staff meals and accommodation	743 676	864 580
Staff subsistence and toll fees	128 275	100 762
Staff training - inhouse	160 822	222 817
Staff welfare	24 924	43 318
Subscriptions	33 656	36 995
Telephone and fax	475 402	648 993
Water and electricity	338 362	247 997
	19 031 234	20 315 509

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

24. AUDITORS' REMUNERATION

	2016 R	2015 R
Fees	1 071 095	1 147 094

25. CASH (USED IN) GENERATED FROM OPERATIONS

Surplus	82 809 087	41 612 266
Adjustments for:		
Depreciation and amortisation	1 047 564	1 171 756
Loss on sale of assets and liabilities	-	2 323
Movements in operating lease assets and accruals	2 662 916	3 453 376
Movements in provisions	243 003	-
Overpayment surrendered	-	(479 547)
Surrendered funds (own revenue)	(90 291 907)	(40 374 765)
Changes in working capital:		
Receivables from exchange transactions	(5 234 762)	(1 049 226)
Trade and other payables	(371 459)	(921 760)
Income received in advance	3 166 288	3 089 670
	(5 969 240)	6 504 093

26. COMMITMENTS

Authorised operational expenditure		
Already approved and contracted for		
Expenditure	665 423	1 157 169
Total operational commitments		
Already approved and contracted for	665 423	1 157 169
Total commitments		
Authorised operational expenditure	665 423	1 157 169

The commitments relate to contracts in respect of insurance, security and the printing of the annual reports. The commitments are funded from existing funds.

Operating leases - as lessee (expense)

Minimum lease payments due

- within one year	9 564 543	8 695 041
- in second to fifth year inclusive	48 827 959	44 389 050
later than five years	30 807 591	44 811 041
	89 200 093	97 895 132

The Board rents offices in Polokwane at 8 Hans van Rensburg. Rental is payable monthly in advance and it escalates at the rate of 10% per annum. The tenant has the option to make an offer to purchase at any time during the currency of the lease agreement. The tenant is also precluded from using the building for other purposes other than that agreed upon in the lease agreement. The landlord can terminate the contract upon expiry of the termination date. There is no contingent rent in the Statement of Financial Performance. The lease expires on the 28 February 2023.

27. RELATED PARTIES

Relationships

Parent Department

Limpopo Department of Economic Development Environment and Tourism.

Members of key management

Mr. Serobi Maja CEO
 Ms. Y.S.M. Mathabatha CFO
 Adv. L. Ganess Senior Manager Legal
 Mr. L.S. Maahlo Senior Manager Finance
 Mr. L.K. Mathavhane Senior Manager Compliance
 Mr. M.P. Masogo Senior Manager Law

Board members

Mr. M.T. Mokono Chairperson
 Ms. J. Mogale Deputy Chairperson
 Ms. B.L. Montjane
 Khosi T.N. Makumbane
 Mr. A. Mashele
 Mr. K.S. Maboea
 Mr. J.K. Sithole
 Mr. M.D. Monakedi

Remuneration of management

Executive management: 2016	SALARY R	HOUSING ALLOWANCE R	TRAVEL ALLOWANCE R	MEDICAL AID R	CELLPHONE ALLOWANCE R	PENSION FUND R	ANNUAL PACKAGE R
Serobi Maja (CEO)	1 673 783	12 000	111 180	77 475	-	189 350	2 063 788
Y.S.M. Mathabatha (CFO)	1 200 267	12 000	96 000	-	20 500	134 688	1 463 455
L. Ganess	954 373	12 000	66 758	-	17 500	105 939	1 156 570
L.K. Mathavhane	868 199	12 000	84 000	-	17 500	98 976	1 080 675
S. Maahlo	892 646	12 000	114 000	21 439	17 500	106 627	1 164 212
M.P. Masogo	835 984	12 000	78 000	35 773	17 500	98 725	1 077 982
	6 425 252	72 000	549 938	134 687	90 500	734 305	8 006 682

Executive management: 2015	SALARY R	HOUSING ALLOWANCE R	TRAVEL ALLOWANCE R	MEDICAL AID R	PENSION FUND R	ANNUAL PACKAGE R
Serobi Maja (CEO)	1 564 937	11 600	111 180	74 387	165 197	1 927 301
Y.S.M. Mathabatha (CFO)	1 134 873	11 600	96 000	-	116 072	1 358 545
L. Ganess	898 162	11 600	66 758	-	91 224	1 067 744
S. Maahlo	827 598	11 600	114 000	26 805	91 551	1 071 554
L.K. Mathavhane	815 965	11 600	84 000	-	85 155	996 720
M.P. Masogo	781 007	11 600	78 000	35 899	84 685	991 191
	6 022 542	69 600	549 938	137 091	633 884	7 413 055

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

28. REMUNERATION OF BOARD MEMBERS

Executive: 2016	ALLOWANCES R	SUBSISTENCE R	TOTAL R
Mr. M.T. Mokono (Chairperson)	444 671	10 974	455 645
Ms. M. J. Mogale (Deputy Chairperson)	444 671	4 867	449 538
Khosi T.N. Makumbane	89 721	29 466	119 187
Ms. B.L. Montjane	89 721	32 068	121 789
Mr. K.J. Sithole	89 721	16 685	106 406
Mr. A.V.K. Mashele	-	24 674	24 674
Mr. K.S. Maboea	-	10 148	10 148
Mr. M.D. Monakedi	44 860	-	44 860
	1 203 365	128 882	1 332 247

Executive: 2015	ALLOWANCES & SUBSISTENCE R	TOTAL R
Mr. M.T. Mokono (Chairperson)	459 757	459 757
Ms. M. J. Mogale (Deputy Chairperson)	473 977	473 977
Khosi T.N. Makumbane	113 367	113 367
Ms. B.L. Montjane	125 745	125 745
Mr. K.J. Sithole	112 006	112 006
Mr. K.S. Maboea	6 675	6 675
	1 291 527	1 291 527

29. RISK MANAGEMENT

Financial risk management

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.

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.

29. 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.

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 a 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:

	2016 R	2015 R
Cash and equivalents (Upward change)	85 484	148 970
Cash and equivalents (Downward change) 1%	(85 484)	(148 970)

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:

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

29. RISK MANAGEMENT (CONTINUED)

	CARRYING AMOUNT R	TOTAL CASH FLOW R	CONTRACTUAL CASH FLOW 1 R	CONTRACTUAL CASH FLOW 1-5 R
2016				
Other financial liabilities	10 640 879	10 640 879	9 564 543	58 392 502
2015				
Other financial liabilities	7 977 962	7 977 962	8 695 041	53 084 091

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

Financial Instruments	Classification	CARRYING AMOUNT 2016 R	CARRYING AMOUNT 2015 R
Cash & Cash Equivalents	Cash & Cash Equivalents	8 548 447	14 897 041
Trade and Receivables	Receivables from exchange transactions	6 854 417	1 619 655
Trade and Other Payables	Financial Liabilities Held at Amortised Cost	1 783 182	2 154 641
Finance Leases	Financial Liabilities Held at Amortised Cost	185 114	200 790
		17 371 160	18 872 127

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

	RECEIVABLES R	FINANCIAL LIABILITY R	TOTAL R
2016			
Interest income	394 894	-	394 894
Finance charges	-	(70 054)	(70 054)
	394 894	(70 054)	324 840
2015			
Interest income	283 808	-	283 808
Finance charges	-	(129 186)	(129 186)
	283 808	(129 186)	154 622

30. EVENTS AFTER THE REPORTING DATE

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

31. FRUITLESS AND WASTEFUL EXPENDITURE

	2016 R	2015 R
Opening balance	226 652	33 652
Add: Fruitless and wasteful expenditure - current year	-	225 183
Less: Amounts condoned	(219 143)	(25 772)
Less: Transfer to receivables for recovery	(7 509)	(6 411)
	-	226 652

The above amounts are made up as follows:

Cancellation of trips	-	32 183
SARS penalty on P.A.Y.E returns	-	191 902
Dishonoured cheque (SARS) due to one signature	-	27 241
Wasteful expenditure condoned	-	(25 772)
Transfer to receivables for recovery	-	(6 411)
Officials that exceeded cellphone limits	-	7 509
	-	226 652

32. RECONCILIATION BETWEEN BUDGET AND CASH FLOW STATEMENT

Reconciliation of budget surplus/deficit with the net cash generated from operating, investing and financing activities:

Operating activities

Actual amount as presented in the budget statement	54 588 174	46 630 000
Basis differences	76 409 054	39 874 393
Net cash flows from operating activities	136 575 343	86 504 393

Investing activities

Actual amount as presented in the budget statement	(523 000)	45 000
Basis differences	306 765	(40 670)
Net cash flows from investing activities	(216 235)	4 330

Financing activities

Timing differences	(163 089)	129 186
Net cash generated from operating, investing and financing activities	136 196 019	86 637 909

33. BUDGET DIFFERENCES

Material differences between budget and actual amounts

Other operating income and interest

The material difference of R6 440 221 is caused by over collection of own revenue.

Operating expenditure

The savings of R1 219 598 on personnel cost is due to resignations and delayed appointments.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

34. AMOUNTS TO BE SURRENDERED TO PROVINCIAL TREASURY

	2016 R	2015 R
Grant received for the year	48 559 000	46 675 000
Less actual expenditure	(53 031 748)	(50 439 868)
Add Depreciation	1 047 564	1 171 756
Lease straight smoothing	2 662 918	3 453 376
Less capital expenditure	(216 235)	(4 330)
Add Bad debts written off	20 921	-
Surplus/(Deficit)	(957 580)	855 934
Amount to be surrendered/(Deficit for the year)	(957 580)	855 934

The Board has transferred R7 590 927 in September 2015 as unspent funds for 2014/15 financial year, instead of R 855 934 resulting in overpayment of R 6 734 993. At year end recognised a receivable of R6 645 165 which net of R 6 734 993 less R89 828 payable to LEDET as 31 March 2016. There are no funds to be surrendered for financial year 2015/16.

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