



2020-21

ANNUAL REPORT



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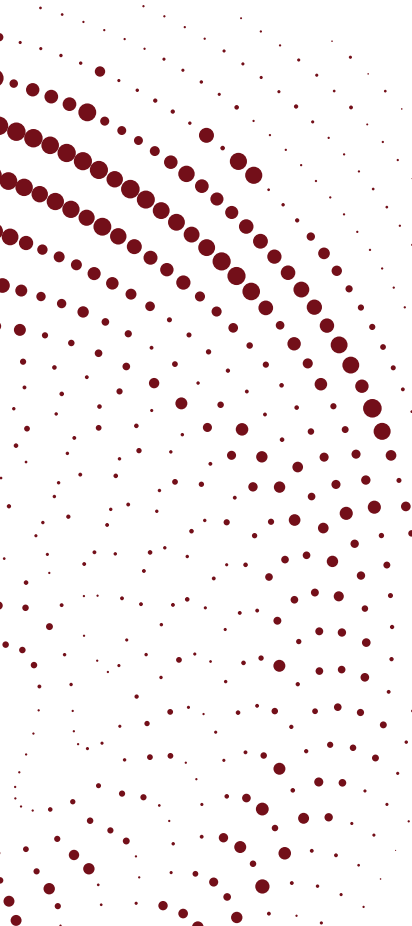
Responsible Gambling 184





PART A

GENERAL INFORMATION



1. Foreword by the Member of Executive Council – Hon. T.A. Mokone



The Annual Report is the reflection of the Limpopo Gambling Board's achievements. It reflects also on the challenges that were encountered and to map a way forward.

You are aware that the Department of Economic Development, Environment and Tourism as mandated by this august house amongst others is to serve as a custodian of the gambling industry in the Province whose responsibility has been bestowed to the Limpopo Gambling Board. The Entity is categorized as Schedule 3C Public Entity in terms of the Public Finance Management Act (PFMA) of 1999. The mandate of the Entity is to regulate, license and monitor the gambling industry while ensuring the compliance with the law.

The Gambling industry in the Province is one of the levers that serve as a catalyst for job creation and socio-economic development in general. This significant stride made by the industry in the creation of jobs, reduction of poverty and inequality was as a result of the increase of gambling sites such as Bookmakers and LPMs which were able to integrate our people from the periphery of unemployment to mainstream job market more especially in the rural areas and townships. This achievement is a testament that the Limpopo Gambling Board is not faltering in execution of its mandate as established by the Limpopo Gambling Act which amongst part of its licensing conditions is to ensure that operators contribute in the socio-economic development in the Province and for this reason I would like to give credits to both LGB and the industry in general for doing great in the midst of challenges which were brought by COVID-19 pandemic hitherto.

The advent of Covid-19 pandemic has continuously impacted negatively on the operations of Government with the result that we were forced to adapt to the new normal phenomena of operating within the gambling industry.

The other challenges which the industry is experiencing is with regard to the act of illegal gambling across the Province which some are taking place within closed doors. However I am grateful for the tireless job done by the Entity in ensuring that illegal gambling activities are combatted. I successfully led an intervention of destroying confiscated illegal machines during the year as an intervention in dealing with illegal gambling.

Campaigns are also done in tandem with responsible gambling which seek to conscientize people on how to gamble responsibly in partnership with the South African Responsible Gambling Foundation.

I am proud and bold to say that despite the aforementioned challenges, the Limpopo Gambling Board

performed very well for the year under review which evidence is provided by the recent audit outcome from the Auditor-General South Africa (AGSA). It is my singular honour and pleasure to report that LGB has maintained the momentum by obtaining the clean audit outcome for the 2020/21 financial year like it has scooped that in the 2019/20 financial year.

There is a Pedi idiom that says “ *Tau tsa hloka seboka di shitwa ke nare e hlotsa*” which simply translate that “ *The lions that fails to work as a team struggles to bring down a wounded buffalo*”, or to interpret very well the meaning of this idiom is to say : *two hands are better than one hand*, this phrase embodies the spirit of collectivism that nothing is impossible if we continue fostering the spirit of working as a team. In this context, I would like to give credit to the leadership of the Entity led by Ntate Tjiane and his collective as well as the Executive Management led by Ntate Makoko and the entire staff of the Limpopo Gambling Board to this milestone achievement for maintaining standards of good governance and your work in this regard will serve as a yardstick to others.

The tremendous performance achieved by the Entity would have not been realised without the support of the Portfolio Committee on Economic Development, Environment and Tourism under the stewardship of Hon. Selamolela and all Committee Members who continued to play a pivotal oversight role to us as a Department, the constructive criticism we got from you and guidance cannot go unnoticed, the support by the Office of the Premier and Limpopo Provincial Treasury on the journey is highly recognised and other stakeholders we engage with on issues of mutual interest will be forever recorded by us. Hi Ku Tirhisana Swing'we Hi ta Kota kuendla swotala.

Rolivhuwa! Thank You! Baie Dankie!



Honourable Thabo Mokone

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

Physical Address: 32 Dimitri Crescent, Polokwane, Extension 1

Telephone Number: (015) 283-9300

Bankers: Standard Bank of South Africa

Physical Address: Mall of the North, Polokwane

Telephone Number: (015) 265-2000

3. List of Abbreviations/Acronyms

ACT	Limpopo Gambling Act No. 3 of 2013
AGSA	Auditor-General of South Africa
APP	Annual Performance Plan
BBBEE	Broad-Based Black Economic Empowerment
CA (SA)	Chartered Accountant South Africa
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CSI	Corporate Social Investment
DTI	Department of Trade, Industry and Competition
Entity	Limpopo Gambling Board
EPWP	Expanded Public Works Programme
GGR	Gross Gaming Revenue
HR	Human Resources Management
IA	Internal Audit
LEDET	Limpopo Department of Economic Development Environment and Tourism
LGB	Limpopo Gambling Board
LPM	Limited Payout Machines
MCS	Monitoring and Control Systems
MEC	Member of Executive Council
MTEF	Medium-Term Expenditure Framework
MTSF	Medium-Term Strategic Framework
NGB	National Gambling Board
NPA	National Prosecuting Authority
PDI	Previously Disadvantaged Individuals
PFMA	Public Finance Management Act
RA	Registered Auditor
RFA	Request for Application
RSA	Republic of South Africa
RTP	Return to Player
SAPS	South African Police Service
SAQA	South African Qualifications Authority
SARGF	South African Responsible Gambling Foundation
SARS	South African Revenue Service
SCM	Supply Chain Management
SLA	Service-Level Agreement
SMME	Small, Medium and Micro Enterprises
TR	Treasury Regulations

4. Foreword by the Chairperson



The Limpopo Gambling Board (LGB) welcomes the opportunity to present the 2020/21 Annual Report to the Executive Authority of the Limpopo Department of Economic Development, Environment and Tourism (LEDET), MEC Thabo Mokone.

The Annual Report reflects that the Entity has performed very well in maintaining good governance by obtaining an unqualified audit opinion without findings, just like we did in the 2019/20 financial year. This achievement was done against the difficulties presented by the COVID-19 pandemic which continued to hinder our day-to-day activities. In addition, the Entity managed to meet all of its performance targets, except on the licensing of key employees, largely due to difficulties posed by COVID-19 restrictions. We are also proud to say the Entity is tirelessly dealing with illegal gambling challenges, with the support of law enforcement agencies. We continued to close the illegal sites and to confiscate illegal machines. We also hosted a public event to destroy illegal gambling machines, which created awareness about the negative effects of illegal

gambling in the Province. Additional campaigns on responsible gambling were also carried out in partnership with the South African Responsible Gambling Foundation.

My gratitude goes to the gambling industry for sustaining jobs, implementing corporate social investment projects, as well as contributing towards the Provincial economy during the challenging times posed by the COVID-19 restrictions.

This excellent achievement would not have been realised without the unrelenting support from members of the Board in the execution of their fiduciary responsibility.

Let me take this opportunity to thank MEC Mokone and the LEDET officials for the incredible support to the Board. I also appreciate the oversight role played by the Portfolio Committee responsible for Economic Development, Environment and Tourism in ensuring that the Entity was able to account on its performance relating to service delivery and expenditure.

Word of appreciation also goes to the Standing Committee on Public Accounts (SCOPA) for guiding the Entity in ensuring that there was an effective accountability with regards to the matters raised by the Auditor-General of South Africa (AGSA) as well as the implementation of the Committee resolutions.

Lastly, the Board commends Management and all staff members for ensuring that the gambling industry in Limpopo complied with the regulatory framework and ensuring that the unqualified audit opinion with no findings/clean audit is maintained.



Mr. M.E Tjiane
Chairperson

5. Chief Executive Officer's Overview



It is with pleasure that I report on the annual performance of the Limpopo Gambling Board against the set target for 2020/21 as outlined in the Annual Performance Plans, which include both the original and the amended one. The original plan was amended due to reduction of the budget of the Entity to fund the Provincial COVID-19 Provincial interventions.

The Entity has managed to perform its regulatory role in the Province despite the challenges that were encountered as a result of the COVID-19 pandemic. With the exception of sport betting, the gambling industry was closed at the beginning of the financial year until the end of the first quarter of 2020/21. The gambling industry plays a crucial role in contributing towards economic growth, job creation and socio-economic development.

The Entity has achieved 92% of the set targets (13 out of the 14) that were set in the revised Annual Performance Plan. 1 target (8%) was partially achieved.

Service Delivery Overview

The advent of COVID-19 negatively affected the gambling industry in Limpopo in many ways, due to the declared State of national Disaster and the National Lockdown throughout the financial year, albeit, at different National Lockdown levels. As a result, the LGB collected R 77,650,995.09 in levies and experienced the biggest decline in levies collected by 34% in comparison to the 2019/20 financial year. The biggest decline in levies collected was from Bingo Operators at 55%, whereas the lowest decline was on levies collected from Bookmaker Operators by 6%. Notably there was also a substantial decline in levies collected from Totalizators by 54%, whilst the levies from Casino Operators declined by 50% and the levies from LPM Operators also declined by 31%.

During the financial year, VbetSA opened its eighth Bookmaker site at Tibane Shopping Centre in Ga-Matlala. This brings the total number of operational Bookmaker sites in Limpopo to 60. The Entity processed all LPM Site licence applications during the financial year and issued 14 Type A LPM Site licences and continued to licence LPM sites during the financial year. The opening of the Bookmaker site and LPM Sites in the respective areas contribute to economic development by creating employment, offering entertainment to the local population, contributing to the local municipality through municipal rates and taxes, and to the Provincial and National Government through taxes, levies, fees.

In the same vein the number of employees in the gambling industry declined by 12% (from 4258 employees to 3745).

As the Entity continued to regulate and monitor Licensees it was apparent that most Licensees are committed to maintaining a good compliance culture in line with the relevant legislation, licence conditions and internal control procedures. The Entity takes this opportunity to appreciate the efforts of the Licensees and look forward to working together during 2021/22 under the aura of COVID-19.

The additional mandate of the Entity is to investigate and combat illegal gambling activities through its Law Enforcement Business Unit. The Entity conducts this through collaboration with SAPS, NPA and other Government Departments.

In addition to investigations of illegal gambling activities, the Entity conducts crime awareness campaigns to the entire community of Limpopo in line with the principles of Community Policing as a required policing model in South Africa.

During the 2020/21 financial year, a total of 61 illegal gambling operators were arrested during investigations and admissions of guilt fines were paid. A total of 52 cases were investigated in the current financial year, 4 of which were carried over from the previous financial year. The investigations also resulted in the confiscation of 3 illegal gambling machines and 79 computers.

During the financial year, the Entity destroyed a total of 137 illegal gambling machines in the form of Chinese Roulette, which were confiscated during the previous financial year. These machines were confiscated from various spaza shops or taverns throughout the Province.

General Financial Review of the Public Entity

The operations of the Entity are funded through a grant from the Department of Economic Development, Environment and Tourism. The Entity's allocation in the current year decreased from R77 million to R61 million, which indicates a decrease of 21%. The decrease in the budget was mainly attributed to the funds being diverted to fund the COVID-19 pandemic alleviation efforts. During the budget adjustment, the Entity did not surrender any funds back through the shareholder to the Provincial Treasury. For the current year, the Entity has had to work within the means allocated by the Provincial Treasury and this has meant that the bulk of the services being provided by the Entity had to come to a halt or operate remotely.

Although the Entity was hardly affected by the pandemic, it was still able to collect levies and other operation income. The collection for the year under review (R 70 798 559) was lower than that of the previous financial year (R 130 687 435). Interest received for the year is R 587 692. The Entity had to decrease its anticipated collection in relation to revenue to cater for the impact of the pandemic and the lockdown on the industry. The Entity's total expenditure is R 60 532 055 which is 99% of the adjusted grant of R 61 381 000. 100% of the employee cost was spent for the financial year under review.

Capacity, Constraints and Challenges facing the Board

The Entity has 73 posts on the organisational structure and has 56 posts filled. The Entity managed to fill only two (2) posts during the financial year due to budget cut to fund Provincial COVID-19 interventions

and the reconfiguration process of the Provincial state-owned entities. The Entity has appointed an acting CFO during the year due to the resignation of the CFO and also appointed an acting Manager – Supply Chain Management due to the retirement of the incumbent of the post. The high vacancy rate of 23% has a negative impact on the operations of the Entity.

The budget cut has significantly affected the operations of the Entity with regard to the implementation of the various undertakings, such as dealing effectively with illegal gambling and responsible gambling programmes.

New or proposed activities

In an effort to make informed decisions based on scientific facts, the Entity has commissioned a Socio-Economic impact study which is a collaboration with the South African Responsible Gambling Foundation. The study is in progress and it is anticipated that it will be finalised towards the end of the 2021/22 financial year.

In line with its strategic objectives the Entity has concluded a Memorandum of Understanding with the National Lotteries Commission, which will enable the two entities to collaborate on various matters of mutual interest.

The Entity anticipates that the preparations to open Goldrush Bingo Phalaborwa will culminate in the Bingo Site being operational by 30 November 2021 as committed by the licensee. This will contribute towards creating more job opportunities for the previously disadvantaged and provide leisure for the local and neighbouring communities.

Planet Bingo (Pty) Ltd has presented its plans to the Board for the development of a new Boutique Hotel Complex in Lephalale, which is expected to commence during the 2021/22 financial year. The complex will also encompass a boutique hotel, conference facilities, a restaurant Bingo site Lephalale and waterpark.

The Entity is working with the Limpopo Treasury to fund the procurement of a system to automate the operations of the Compliance Business Unit to improve efficiency and effectiveness.

Supply Chain Management

The Entity has the Supply Chain Management Unit in place as required by Regulation 16A of Treasury Regulations (2005), and approved the LGB Procedure Manual which will be reviewed annually to ensure an effective and efficient management system.

The Entity has in place the relevant committees as required in terms of Treasury Regulations.

The Entity did not conclude unsolicited bids. There was no conflict of interests by the officials and their close family members in SCM matters of the Board.

The Auditor-General of South Africa made an assessment of procurement processes, contract management and any related controls. The Entity is expected to make improvements on procurement processes.

Despite the COVID-19 challenges in which SCM staff was working on a rotational basis, the Entity was able to pay creditors within a period of thirty (30) days. The Entity was also able to finalise the appointment of suitable service providers for the provision of hygiene service, as well as development and delivery of annual performance plans & annual reports for a period of three years.

Audit Report in respect of matters of the previous year and how they would be addressed

The Auditor-General of South Africa (AGSA) has performed the necessary audit procedures on financial and performance information to provide an audit opinion for the 2020/21 financial year.

The Entity obtained an unqualified audit opinion with no findings, which is included in the Auditor's Report on pages 108 to 112 of the Report.

Outlook or Plans for the future to address financial challenges

The budget of the Entity has been drastically reduced and this has affected the operations and projects of the Entity. The Entity intends to approach various stakeholders to raise funds for the Socio-Economic Impact Study which is jointly funded with the South African Responsible Gambling Foundation.

With regard to the core operations, the Entity has implemented alternative measures to carry out audits and inspections remotely to compensate for the budgetary constraints.

It is anticipated that the bingo site licensed in Phalaborwa will be opened during 2021/22 as this was not done during 2020/21 as planned due to the advent of COVID-19. The opening of the site will contribute towards stimulating the economy of the Phalaborwa town by creating more job opportunities for the previously disadvantaged and provide leisure for the neighbouring communities.

It is anticipated that Planet Bingo will start with the process to develop a hotel within Lephalale town in line with the Licence conditions, and this will further contribute towards job creation during the construction of the hotel including upon its completion.

The Entity still intends to automate the licensing application system to improve efficiency and effectiveness in processing license applications as this was not realised during 2020/21 due to COVID-19 and the budget constraints.

The Entity will also endeavour to continue and finalise the Socio-economic impact study in collaboration with the South African Responsible Gambling Foundation.

Economic Viability

Effects of the global political economy as well as the current pandemic continue to have far-reaching economic ramifications for the world including South Africa. The Limpopo Province is not immune to these effects. The Entity has been hard hit with the current pandemic which has affected the 20/21 financial year drastically.

The three economic pillars which are fundamentally based on mining, agriculture and tourism have consistently been shedding jobs. This has exacerbated the problem, given that the Province is predominately rural where unemployment and poverty continue to be an area of concern.

The current economic situation has the potential to cause harm in industries such as gambling and will consequently result in the Entity being unable to reach its predetermined targets in revenue collection.

Acknowledgement

I would like to thank the Board for their undivided support and cooperation during the year under review. Furthermore, a word of gratitude to the MEC of LEDET, Mr T.A Mokone, and the Management of the Department of Economic Development, Environment and Tourism for the role they played in ensuring that the Entity was able to carry out its mandate despite the financial constraints.

A word of gratitude also goes to the Members of the Portfolio Committee on Economic, Development, Environment and Tourism, the Standing Committee on Public Accounts, Provincial Treasury, National Gambling Board, South African Responsible Gambling Foundation, law enforcement agencies, our Licensees and the public of Limpopo for the contribution made in ensuring that the Entity maintains good governance and enforced gambling prescripts. This has enabled the Entity to maintain a clean audit (unqualified audit without findings).

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.

It is obvious that the excellent work displayed in this report could not have been possible without the dedication and discipline of our committed LGB Management and staff who went an extra mile in the execution of their duties.



Mr. M.G. Makoko
Chief Executive Officer

6. Statement of Responsibility for Performance Information for the Year Ended 31 March 2021

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

All information and amounts disclosed in the Annual Report are consistent with the Annual Financial Statements audited by the Auditor-General.

- a) The Annual Report is complete, accurate and free from any omissions.
- b) The Annual Report has been prepared in accordance with the guideline on the Annual Report, as issued by the National Treasury.
- c) The Annual Financial Statements (Part E) have been prepared in accordance with the GRAP standards applicable to the Entity.
- d) The Entity is responsible for the preparation of the Annual Financial Statements and for the Judgements made in this information.

The Entity is responsible for establishing and implementing a system of internal control and this 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 2021.

Yours faithfully



Mr. M.G. Makoko
Chief Executive Officer



Mr. M.E. Tjiane
Chairperson of the Board

7. Strategic Overview

a) Vision

To be the leading, exemplary and innovative regulator in the world.

b) 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 legislation, promoting responsible gambling, and facilitating sustainable local economic development.

c) Values

The Limpopo Gambling Board has identified the following values as the principles that will govern behaviour of all employees within the organisation.

Values	Description
Integrity	To operate in accordance with the highest moral and ethical standards.
Responsibility	To accept responsibility towards our most important resources - our employees, and to maximise the development and utilisation thereof.
Consultation	To strive towards a healthy relationship through interactive communication and consultation with our stakeholders.
Transparency	To fulfil our obligations to our stakeholders with honesty, integrity and transparency.
Diversity	To accept and respect the uniqueness and difference of all people and to provide a safe, positive and nurturing environment for the exploration of these differences.
Teamwork	To value the complementary talents and perspectives of the Entity and personnel in achieving our objectives.

8. Legislative and Other Mandates

In terms of the PFMA, the Limpopo Gambling Board is listed as a Schedule 3C Public Entity.

The mandate of the Entity 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:

a) Constitutional Mandates

In terms of Part A of Schedule 4 of the Constitution of the Republic of South Africa, Act No. 108 of 1996, Casino, racing, gambling and wagering are matters of concurrent National and Provincial Legislative competence.

b) Legislative Mandates

PUBLIC FINANCE MANAGEMENT ACT, NO. 1 of 1999

The Public Finance Management Act is utilised to regulate the Management of finances.

In terms of the Public Finance Management Act, No.1 of 1999, the Limpopo Gambling Board is classified as a Schedule 3C public Entity.

LIMPOPO GAMBLING ACT, NO. 3 OF 2013

The Limpopo Gambling Board was established in terms of the Limpopo Gambling Act, No. 4 of 1996 and was retained in terms of the Limpopo Gambling Act No 3 of 2013.

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 Act empowers the MEC to establish and appoint the Board to manage the affairs of the Entity. The objectives of the Entity are to licence, regulate and monitor gambling activities in the Province.

NATIONAL GAMBLING ACT, ACT NO.7 OF 2004

The Entity must comply with national norms and standards during the licensing process. The National Gambling Act empowers the Minister to prescribe the maximum number of Casino Licences that may be granted in the Republic and in each Province.

THE CRIMINAL PROCEDURE ACT, NO 51 OF 1977

The Law Enforcement Inspectors of the Entity are declared as Peace Officers in terms of Section 334 and are conferred with the powers in terms of chapter 2 of the abovementioned Act.

OTHER RELEVANT LEGISLATION USED TO REGULATE GAMBLING

- i. National Lotteries Act, No. 57 of 1997 (relevant in terms of intergovernmental cooperation and illegal gambling criminal charges);
- ii. Prevention of Organised Crime Act, No. 121 of 1998 (relevant in terms of illegal gambling activities and for the forfeiture of assets used in commission of offences);
- iii. Prevention and Combating of Fraud and Corruption Act, No. 12 of 2004 (relevant in terms of preventing corrupt activities and fraud within the gambling industry);
- iv. Financial Intelligence Centre Act, No. 38 of 2001 (relevant in terms of the LGB being appointed as a supervisory body to monitor the implementation of the FICA by its licensed entities); and
- v. Broad-Based Black Economic Empowerment Act, No. 53 of 2003 (Section 10 of the Act requires the Entity to consider BBBEE requirements in executing its functions).

c) Policy Mandates

The following policy mandates are key to the Entity in its endeavour to achieve its legislative mandates:

RESPONSIBLE GAMBLING STRATEGY

The South African Responsible Gambling Foundation in partnership with the Limpopo Gambling Board addresses problem gambling by conducting various activities; being research and monitoring, public education and awareness, training, treatment and counselling.

LIMPOPO GAMBLING REGULATIONS, SEPTEMBER 1997

The Limpopo Gambling Regulations were promulgated in terms of the Limpopo Gambling Act No. 4 of 1996 to provide for the regulation of the various forms of gambling in the Province. New Regulations in terms of the Limpopo Gambling Act No. 3 of 2013 are in the process of being promulgated by LEDET.

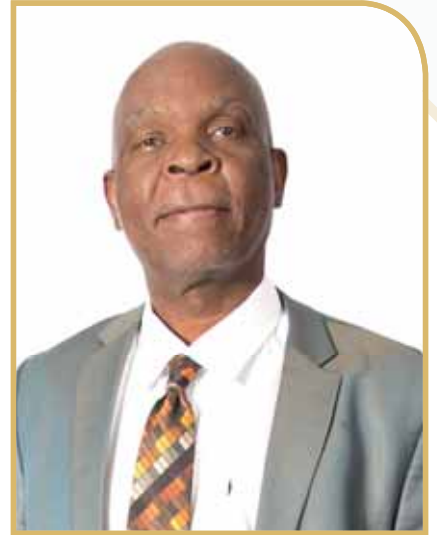
9. Members of the Board



Mr M.E. Tjane
Chairperson



Ms B.L. Montjane
Deputy Chairperson



Hosi-Adv. K.A. Mahumani
Member



Mr. S.M. Maja
Member



Ms. M.E. Maditsi
Member



Mr. J.N. Mpjane CA(SA)
Member



Mr. C.C. Nkadameng
Member



Mr M.I. Rathumbu
LEDET Representative

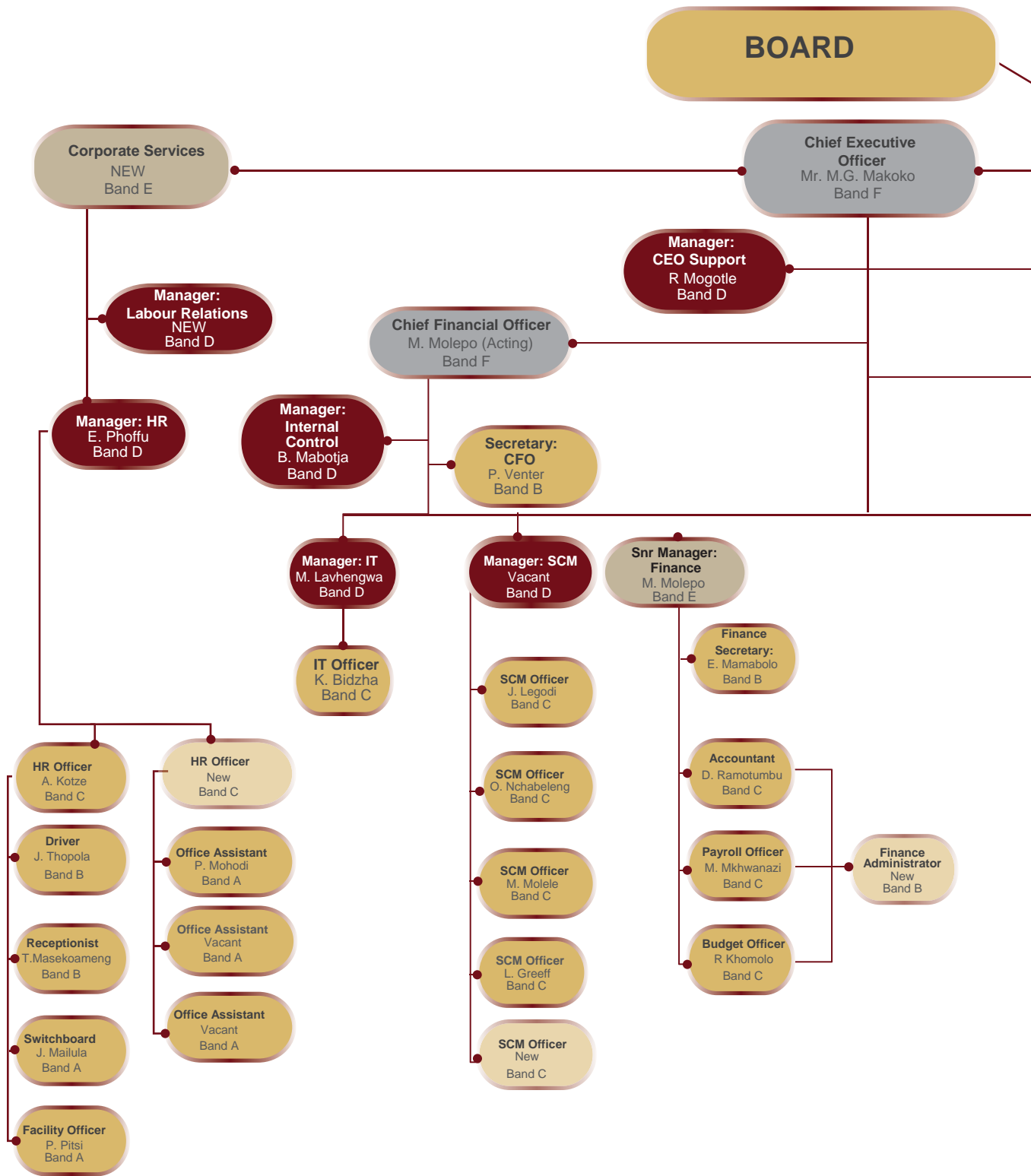


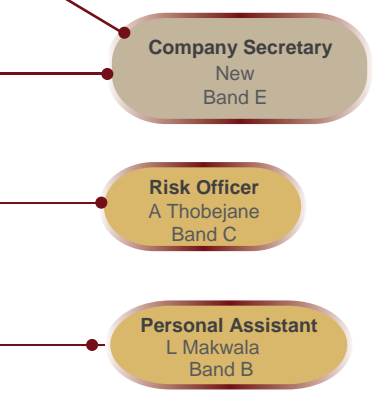
Mr. M.B. Tema (SA)
Treasury Representative



Mr. M.G. Makoko
Chief Executive Officer

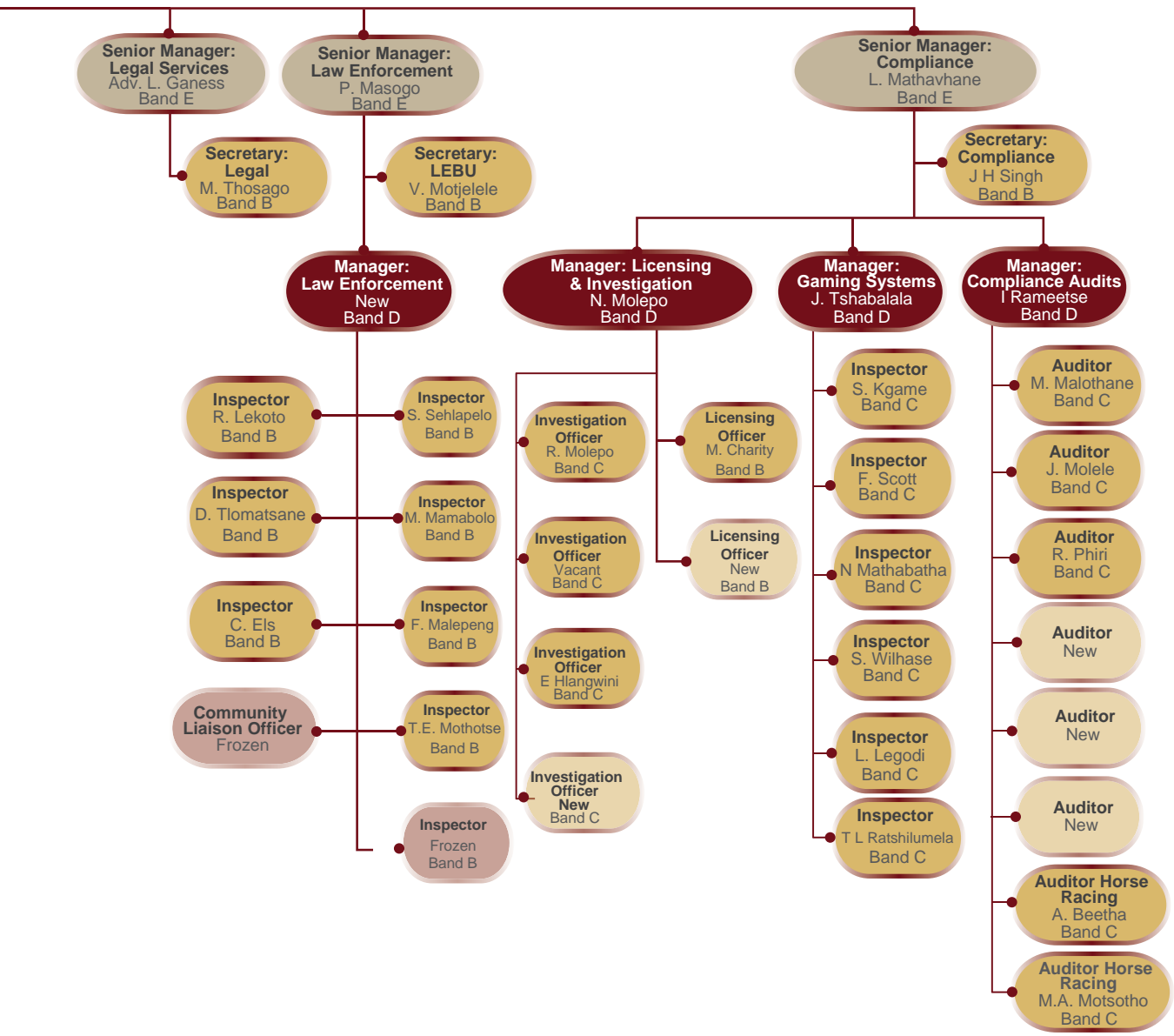
10. Organisational Structure





The Entity has a total number of seventy-three (73) approved permanent posts. Fifty-six (56) posts are filled, whilst seventeen (17) are vacant. The three (3) posts were advertised and are pending appointment once the Entity receives approval from the Provincial Personnel Management Committee (Provincial Treasury and Office of the Premier).

The Entity appointed 10 Interns during 2019/20. The contracts of interns were extended due to COVID-19 and will expire in 2022/23 financial year. One intern resigned in February 2021 and the other two were employed permanently during 2020/21 Financial year. The Entity is currently operating with 7 Interns.



11. LGB Business Units



CEO & SENIOR MANAGEMENT



CHIEF EXECUTIVE OFFICER'S OFFICE



**SUPPLY CHAIN MANAGEMENT
UNIT**



**HUMAN RESOURCES MANAGEMENT
UNIT**



CHIEF FINANCIAL OFFICER'S OFFICE



**FINANCE
BUSINESS UNIT**



**INFORMATION TECHNOLOGY
UNIT**



**LAW ENFORCEMENT
BUSINESS UNIT**

11. LGB Business Units (Continued)

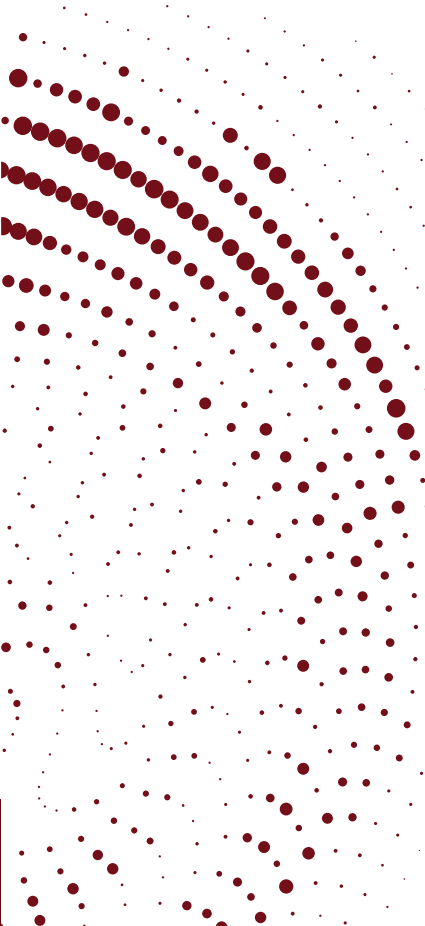


COMPLIANCE BUSINESS UNIT



PART B

PERFORMANCE INFORMATION



1. Auditor's Report: Predetermined Objectives

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

Refer to page 108 to 112 of the Report of the Auditors Report, published as Part E: Financial Information.

2. Situational Analysis

2.1. Service Delivery Environment

The 2020/21 financial started with President Cyril Ramaphosa having declared a National State of Disaster on 15 March 2020 and a National Lockdown which started on 26 March 2020 due to COVID-19. This was in addition to the country's gloomy economic outlook during 2019, and the 28.48% unemployment in 2020, economic growth of 1.5% in the fourth quarter ended December 2020. The contraction of the Gross Domestic Product by 0.8% and 1.4% in the third and fourth quarters of 2019 respectively led to a technical recession. At the end of the first quarter ended 31 March 2020 the economy followed suit and declined by 2%. At the same time Statistics South Africa further reported that the economy declined by 7.0% in 2020 compared to 2019. This is recorded as the biggest annual fall in economic activity in South Africa since 1946.

2.1.1. Compliance

The technical recession, the announcement of the first COVID-19 infections, the declaration of the National State of Disaster and the National Lockdown, closure of some businesses and the loss of jobs contributed to an overall 34% decline in the levies collected by the Entity from Licensees. The biggest decline in levies collected was from Bingo Operators at 55%, followed by the decline in levies from Totalizators by 54%, whilst the levies from Casino Operators declined by 50%. The levies from LPM Operators also declined by 31%; whereas the Bookmakers levies were the least affected as they declined by only 6%.

The status of licensed establishments in the Limpopo Province includes three Casinos, two LPM Route Operators, 215 LPM Site operators, five Bingo Operators, seven Bingo Sites, nine Bookmaker Operators and 95 Bookmaker sites, and one Totalizator with 25 Totalizator Sites. Nine entities which provide gambling related goods and services to the licensed gambling and betting establishments have been issued with Certificates of Suitability.

During the financial year all LPM Site licence applications were processed and 14 Type A LPM Site licences were issued to (a) Diza Star Bar, (b) Lim Bets Mohlabaneng Restaurant, (c) VBetSA Seshego, (d) Bettabets Groblersdal, (e) Bettabets Mankweng, (f) VBetSA Mutale, (g) Makete liquor restaurant, (h) Funyuan liquor tavern, (i) Yolanda Pub and Grill, (j) Waterfall Restaurant, (k) Baker's sports bar, (l) Mmamore liquor restaurant, (m) Tshivhulani Eating House and (n) Baselone Tarven.

Boss Gaming Limpopo (Pty) Ltd - Phalaborwa was expected to become operational during the 2020/21 financial year, however, this was postponed due to municipal infrastructural requirements as well as COVID-19 challenges. The Board has since required the Licensee to ensure that the Bingo site is operational by 30 November 2021.

One VbetSA (Pty) Ltd Bookmaker Site was opened in Tibane, during the financial year. By the end of the financial year the number of operational Bookmakers was sixty.

a). Gambling and Betting Statistics

Table 1 – Number of Gambling Machines

Casino	Licensed For	Total 2018/19	Total 2019/20	Total 2020/21	Active 31 Mar 2021
Sun Meropa	550	417	400	400	253
Khoroni Casino	150	150	150	150	91
Thaba Moshate Casino	300	150	160	160	112
Total	1000	717	710	710	456

**As a result of the lockdown restrictions, specifically with social distancing and occupancy rate, the active/operational gambling machines have been reduced in order to comply with the relevant prescriptions as indicated above.*

Table 2 - Gambling Tables

Casino	American Roulette	Black Jack	Poker	Touch Bet Roulette	Baccarat	Total
Sun Meropa	11	04	02	00	00	17
Khoroni	06	03	00	00	00	09
Thaba Moshate	08	02	00	00	00	10
Total	25	9	02	00	00	36

Thaba Moshate Casino: The number of Poker tables decreased from one (1) to zero (0).

Table 3 - Limited Payout Machines: Type A

Municipal District	Total Number of LPMs	Total Number of LPM Sites	Vukani LPMs	Vukani Sites	Goldrush LPMs	Goldrush Sites
Capricorn	222	46	151	30	71	16
Waterberg	170	34	90	18	80	16
Mopani	235	61	133	37	102	24
Sekhukhune	197	41	143	29	54	12
Vhembe	176	37	120	25	56	12
Total	1000	219	637	129	363	80

Table 4 - Limited Payout Machines: Type B

Municipal District	Total Number of LPMs	Total Number of Type B LPM Sites	Vukani LPMs	Vukani Sites	Goldrush LPMs	Goldrush Sites
Capricorn	50	3	40	2	10	1
Waterberg	30	1	30	1	0	0
Mopani	110	6	80	3	30	3
Sekhukhune	10	1	0	0	10	1
Vhembe	60	3	60	3	0	0
Total	270	14	210	9	50	5

Table 5 - Bingo

Bingo Operator	Licensed For	EBT's 18/19	EBT's 19/20	EBT's 20/21	Active EBT's	Traditional Bingo Seats
Galaxy Gaming Limpopo (Pty) Ltd t/a Galaxy Bochum	400	100	112	112	62	N/A
Galaxy Gaming Limpopo (Pty) Ltd t/a Galaxy Musina	400	128	209	209	115	N/A
Galaxy Gaming Tzaneen(Pty) Ltd t/a Galaxy Tzaneen	400	200	200	209	112	N/A
Latiano 557 (Pty) Ltd t/a Goldrush Bela Bela	198	118	118	118	118	80
Latiano 557 Pty Ltd t/a Goldrush Groblersdal	142	N/A	100	100	100	42
Planet Bingo Pty Ltd t/a Vegas Bingo Lephalale	400	164	164	164	162	N/A
Total	1940	710	903	912	669	122

Goldrush Bingo Groblersdal has an additional forty-two (42) traditional bingo seats. Goldrush Bingo Bela-Bela has an additional eighty (80) traditional bingo seats. All the traditional bingo seats are non-operational.

Table 6 - Casino Gambling Machines Tested

Casino	Gambling Machines Tested 18/19	Gambling Machines Tested 19/20	Gambling Machines Tested 20/21
Sun Meropa	91	67	12
Khoroni	108	94	28
Thaba Moshate	125	97	18
Total	324	258	58

*During lockdown alert 4 and 5, April to September 2020, no compliance inspections were conducted hence the drop in the numbers. Again, in December 2020, technical compliance was not conducted on gambling machines.

Table 7 – LPM Site Inspections

Route Operator	Capricorn	Waterberg	Mopani	Sekhukhune	Vhembe	Total
Vukani Gaming	05	04	04	07	00	20
Goldrush Gaming	02	08	01	00	06	17
TOTAL	07	12	05	07	06	37

**During lockdown alert 4 and 5, April to September 2020, no compliance inspections were conducted hence the drop in the numbers. Again, in December 2020, technical and regulatory compliance inspections were not conducted at sites.*

Table 8 – Gambling Machines Distribution

The approval of the movement of gambling machines during the financial year is depicted as follows:

Year	Into the Province	Out of the Province	Within the Province	Through the Province	Total
18/19	700	218	366	174	1458
19/20	1049	321	606	118	2094
20/21	136	83	203	55	477

**As a result of the lockdown alert 4 and 5, April to September 2020, no requests were submitted to the Board for distribution approvals, hence the drastic drop in the numbers.*

Table 9 - Approved Letters of Certification (LOC)

Year	Software	Hardware	MCS (Monitoring and Control Systems)	Total
18/19	713	49	11	773
19/20	513	69	13	595
20/21	544	101	39	684

Table 10 – Number of Employees

Type	2019/20	2020/21
Total number of employees in the Limpopo gambling industry		
Previously Disadvantaged Individuals (PDI)	4 096	3 633
Non-PDI	162	112
Total Employed	4 258	3 745

The total number of employees decreased by 513 (12.05%) employees during the financial year. This was mainly due to COVID-19 and the State of National Disaster.

Table 11 – Number of Employees per Licensee

The following is a breakdown of PDI and Non-PDI of employees per licensee:

	Khoroni Casino	Sun Meropa	Thaba Moshate Casino	Vukani Gaming Limpopo	Vukani – LPM Sites	Goldrush Gaming Limpopo	Goldrush – LPM Sites	Phumelela Gaming & Leisure	Hollywood	BetSA	Betting World
PDI	176	218	170	17	513	20	621	58	603	33	182
Non – PDI	4	5	0	1	63	2	25	3		0	0
Total	180	223	170	18	576	22	646	61	603	33	182

	Betta Gaming	October Wind	Idada Trading	Fortwood	Galaxy Bingo Tzaneen	Galaxy Bingo Limpopo	Goldrush Bingo	VbetSA	Vegas Bingo
PDI	430	97	101	9	72	75	54	149	35
Non – PDI	0	8	0	0	0	0	0	1	0
Total	430	105	101	9	72	75	54	150	35

b) Gambling Performance

Casino Patronage

Table 12 - Casino Patronage Per Annum

Estimated number of Patrons who visited the three Casinos	
2020/21	493 945
2019/20	1 730 060
Variance (Percentage variance)	-1 236 115 (-68%)

The declaration of the National State of Disaster and the National Lockdown in March 2020 by the State President had a negative effect on the number of Casino visitors since the Casino establishments had to implement measures that limit the number of visitors in the Casinos in an effort to prevent the spread of COVID-19 amongst the punters and Casino employees. The total number of visitors declined by 1 236 115 punters (68%) in 2020/21 contrary to an increase of 36 806 (2%) from 2018/19 to 2019/20. The annual decline in Casino patronage is mainly in the first quarter that ended in June 2020.

Table 13 - Casino Patronage per Quarter

Quarter Ended	June 2020	September 2020	December 2020	March 2021	Total
2020/21	0	132575	207438	153932	493945
2019/20	437891	493776	446307	352086	1730060
Variance	-437891	-361201	-238869	-198154	-1236115
Variance%	-100.00%	-272.45%	-115.15%	-128.73%	-250.25%

Casinos Patron Spend Per Visit

Table 14 - Casino Patronage spend per visit

Punters' average spend per quarter and per day during the 2020/21 and 2019/20 financial years were as follows:

	June (R)	September (R)	December (R)	March (R)
2020/21	-	6,669	5,915	8,981
2019/20	3,356	3,269	3,329	5,021
variance	-3,356	3,400	2,586	3,960
variance%	-100%	51%	44%	44%
Punters	0	132575	207438	153932
Turnover	-	884,111,348	1,226,993,949	1,382,430,969

Table 15 - Average spend per Casino Patron per Day

Quarter Ended	June (R)	September (R)	December (R)	March (R)
2020/21	-	72.49	64.29	98.69
2019/20	36.88	35.53	36.18	55.18
variance	-36.88	36.96	28.11	43.52
variance %	-100.00%	50.98%	43.72%	44.09%

The average spend per punter at the Casinos was zero in the first quarter of 2020/21 due to the COVID-19 hard lockdown; however, in the average spend per day increased from the second quarter by 51%, 43% and 44% as compared to the respective quarters of 2019/20. This is despite the low turnover amount collected by Casinos in 2020/21 as compared to in 2019/20.

Total Money Wagered - Casinos

Table 16 - Total Money Wagered

The total money wagered at the Casinos during the 2020/21 and 2019/20 financial year was as follows:

Quarter Ended	June 2020 (R)	September 2020 (R)	December 2020 (R)	March 2021 (R)	Total (R)
2020/21	-	884,111,348	1,226,993,949	1,382,430,969	3,493,536,265.64
2019/20	1,469,472,973	1,614,266,667	1,485,691,271	1,767,850,964	6,337,281,875.05
variance	-1,469,472,973	-730,155,319	-258,697,322	-385,419,995	-2,843,745,609.41
variance%	-100%	-83%	-21%	-28%	-2.32

Gross Gaming Revenue (GGR)

Table 17 - Monthly Casino GGR

The GGR generated by Casinos during the 2020/21 and 2019/20 financial years amounted to R 208 240 063 and R 415 100 255 respectively. The monthly GGR generated by the Licensees was as follows:

Month	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
2020/21	0%	0%	0%	0%	0%	0%	14%	19%	9%	16%	30%	12%
2019/20	6%	10%	8%	8%	10%	8%	9%	8%	7%	13%	7%	7%

Table 18 - Monthly LPM GGR

The GGR generated by LPM Licensees during the 2019/20 and 2018/19 financial years amounted to R 190 072 556 and R 276 024 721 respectively. The monthly GGR generated by the Licensees was as follows:

Month	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
2020/21	1%	0%	0%	1%	2%	3%	13%	16%	11%	24%	14%	17%
2019/20	5%	9%	8%	8%	10%	8%	10%	8%	6%	12%	8%	8%

Return to Player Percentage (RTP**)

The RTP% for the different modes of gambling reflects the amount paid back to the public in the form of winnings during the financial year. The RTP percentage above the threshold for Casinos, LPMs and Bingo for 2020/21 and 2019/20 indicates that the public won more money than set in the legislation.

Table 19 – Monthly Casino RTP

The Casino Licensees Return to Player (RTP) percentage, for the 2020/21 and 2019/20 financial year was as follows:

Month	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
2020/21	0%	0%	0%	93%	94%	95%	94%	96%	96%	96%	96%	95%
2019/20	94%	94%	94%	94%	94%	94%	94%	94%	94%	94%	95%	95%

Casinos Average RTP %: 2020/21 = 95% (2019/20 = 94%)

The prescribed RTP for Casinos is 80%.

Table 20 – Monthly LPM RTP

The LPM Route Operator Return to Player (RTP) percentage, for the 2020/21 and 2019/20 financial years was as follows:

Month	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
2020/21	0%	0%	0%	93%	93%	93%	92%	92%	92%	92%	92%	92%
2019/20	92%	92%	92%	92%	92%	92%	92%	92%	93%	92%	92%	92%

LPMs Average RTP %: 2020/21 = 92% (2019/20 = 92%)

The prescribed RTP for LPMs is 75 %

** RTP = 100 % less (Gross Gaming Revenue ÷ Money Wagered)

Table 21 – Monthly Bingo RTP

The Bingo Return to Player (RTP) percentage for the 2020/21 and 2019/20 financial years was as follows:

Month	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
2020/21	0%	0%	0%	95%	95%	95%	95%	95%	95%	95%	95%	94%
2019/20	95%	94%	95%	95%	95%	95%	95%	95%	94%	95%	95%	95%

Bingo Average RTP %: 2020/21 = 95% (2019/20 = 95%)

The prescribed RTP for Bingos is 70 %

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

Levies Collected Per Month from Licensees

Section 41(2) of the Act requires Licensees to pay Levies as prescribed in the Regulations. The Regulations prescribe various levy rates for different Licensees. The Levies are payable to the Board on a weekly basis and all Levies are paid over to the Limpopo Provincial Treasury. The following is a breakdown of Levies per licence type:

Table 22 - Casino and LPM Levies

Casino and LPM Levies are payable at 8.5% and 10% of GGR as prescribed by Regulations 75 and 172 respectively. Total Levies generated by the licensed Casinos and LPM Route Operators during the 2020/21 and 2019/20 financial years were as follows:

	Casino Levies 2020/21 (R)	Casino Levies 2019/20 (R)	Variance (R)	Variance (%)	LPM Levies 2020/21 (R)	LPM Levies 2019/20 (R)	Variance (R)	Variance (%)
April 2020	44,974.01	2,107,938.49	-2,062,964.48	-4587.0%	225,549.06	1,486,313.02	-1,260,763.96	-559%
May 2020	0.00	3,365,785.04	-3,365,785.04	-100%	0.00	2,567,045.41	-2,567,045.41	-100%
June 2020	0.00	2,648,822.12	-2,648,822.12	-100%	0.00	2,092,852.76	-2,092,852.76	-100%
July 2020	0.00	2,745,822.17	-2,745,822.17	-100%	159,608.04	2,181,676.45	-2,022,068.41	-1267%
August 2020	4,670.74	3,378,517.66	-3,373,846.92	-72234%	356,434.01	2,804,606.11	-2,448,172.10	-687%
September 2020	0.00	2,843,653.33	-2,843,653.33	-100%	479,980.17	2,237,217.92	-1,757,237.75	-366%
October 2020	2,502,250.57	3,294,872.74	-792,622.17	-32%	2,422,276.53	2,802,866.21	-380,589.68	-16%
November 2020	3,289,120.85	2,654,232.92	634,887.93	19%	2,996,181.78	2,151,425.16	844,756.62	28%
December 2020	1,665,504.01	2,511,825.66	-846,321.65	-51%	2,090,638.27	1,776,673.69	313,964.58	15%
January 2021	2,810,032.81	4,515,697.91	-1,705,665.10	-61%	4,511,148.81	3,262,290.65	1,248,858.16	28%
February 2021	5,257,068.52	2,635,934.72	2,621,133.80	49.86%	2,597,676.75	2,082,860.41	514,816.34	20%
March 2021	2,126,783.93	2,580,418.93	-453,635.00	-21%	3,167,762.19	2,156,646.41	1,011,115.78	32%
TOTAL	17,700,405.44	35,283,521.69	-17,583,116.25	-99%	19,007,255.61	27,602,474.20	-8,595,218.59	-45%

The decrease in Casino and LPM Levies can partly be attributed to the decrease in punters visiting the Licensees and the impact of the various COVID-19 restrictions in all quarters of 2020/21, as well as the prevailing gloomy economic outlook during the financial year.

Table 23 - Bingo Levies

Bingo Levies are payable at 8.5% of GGR as prescribed by Regulation 133 of the Act. Total Levies generated by the licensed Bingo Operators during the 2020/21 and 2019/20 financial years were as follows:

	Bingo Levies 2020/21 (R)	Bingo Levies 2019/20 (R)	Variance (R)	Variance (%)
April 2020	74,488.59	673,068.49	-598,579.90	-804%
May 2020		1,209,996.49	-1,209,996.49	-100%
June 2020		1,012,057.51	-1,012,057.51	-100%
July 2020	415,126.98	1,085,857.27	-670,730.29	-162%
August 2020	738,044.66	1,421,346.12	-683,301.46	-93%
September 2020	840,836.40	1,179,408.53	-338,572.13	-40%
October 2020	1,088,966.54	1,612,226.82	-523,260.28	-48%
November 2020	963,131.17	1,216,536.79	-253,405.62	-26%
December 2020	481,742.96	1,252,459.96	-770,717.00	-160%
January 2021	1,226,926.44	1,682,737.27	-455,810.83	-37%
February 2021	962,886.06	1,148,849.81	-185,963.75	-19%
March 2021	942,833.95	1,195,101.41	-252,267.46	-27%
TOTAL	7,734,983.75	14,689,646.47	-6,954,662.72	-90%

The decrease in Bingo Levies can partly be attributed to the decrease in punters visiting the Bingo Sites and the impact of the various COVID-19 restrictions in all quarters of 2020/21, as well as the prevailing gloomy economic outlook during the financial year.

Table 24 - Totalizator and Bookmaker Levies

Totalizator Levies were payable at 7% of Gross Betting Revenue as prescribed by Betting Regulation 16; whereas Bookmaker Levies on Sport and Horseracing were payable at 6.5% and 6% respectively in terms of Betting Regulation 19. Total Levies generated by the licensed Totalizators and Bookmakers during the 2020/21 and 2019/20 financial year were as follows:

	Totalizator 2020/21 (R)	Totalizator 2019/20 (R)	Variance (R)	Variance (%)	Bookmakers 2020/21 (R)	Bookmakers 2019/20 (R)	Variance (R)	Variance (%)
April 2020	-	256,701.46	-256,701.46	-100.0%	706,522.02	2,104,395.74	-1,397,873.72	-198%
May 2020	-	372,535.95	-372,535.95	-100.0%	685,139.25	2,622,644.26	-1,937,505.01	-283%
June 2020	-	273,931.90	-273,931.90	-100.0%	1,136,007.52	1,782,270.88	-646,263.36	-57%
July 2020	31,317.66	283,005.36	-251,687.70	-804%	3,025,701.81	3,132,272.18	-106,570.37	-4%
August 2020	134,498.45	341,797.27	-207,298.82	-154%	3,104,996.37	4,014,865.01	-909,868.64	-29%
September 2020	192,175.40	320,278.21	-128,102.81	-67%	3,133,679.42	3,068,781.55	64,897.87	2%
October 2020	218,604.61	397,155.28	-178,550.67	-82%	4,226,194.47	1,215,071.54	3,011,122.93	71%
November 2020	229,544.54	308,083.54	-78,539.00	-34%	2,807,295.17	3,669,721.59	-862,426.42	-31%
December 2020	288,501.34	264,996.36	23,504.98	8%	1,208,732.70	1,289,865.90	-81,133.20	-7%
January 2021	228,566.60	462,954.75	-234,388.15	-103%	4,645,013.34	4,068,340.35	576,672.99	12%
February 2021	218,498.01	288,980.84	-70,482.83	-32%	4,397,849.40	3,669,836.38	728,013.02	17%
March 2021	210,082.76	259,809.11	-49,726.35	-24%	2,379,429.45	2,985,267.19	-605,837.74	-25%
TOTAL	1,751,789.36	3,830,230.03	-2,078,440.67	-119%	31,456,560.93	33,623,332.57	-2,166,771.64	-7%

The decrease in Totalizator and Bookmaker Levies can partly be attributed to the decrease in punters visiting the Totalizator and Bookmaker sites, the impact of the various COVID-19 restrictions in all quarters of 2020/21, as well as the prevailing gloomy economic outlook during the financial year.

Unclaimed Dividend

Betting Regulation 18 prescribes that Totalizators pay a levy of 12% on Unclaimed dividends. The Unclaimed Dividend Levies for 2020/21 and 2019/20 were R128 678.77 and R361 733.82 respectively. The levy decreased by R-188 162.08 (59%) compared to the previous financial year. This can partly be attributed to punters claiming dividends timeously from the Totalizator during 2019/20. However, the impact of COVID-19 restrictions led to punters unable to claim dividends from April 2020 to August 2020.

Table 25 – Unclaimed Dividend

	Unclaimed Dividend (Levy 2020/21) (R)	Unclaimed Dividend (Levy 2019/20) (R)	Variance (R) R	Variance (%)
April 2020	0.00	29,789.50	-29,789.50	-100.0%
May 2020	0.00	29,429.12	-29,429.12	-100.0%
June 2020	0.00	25,694.68	-25,694.68	-100.0%
July 2020	0.00	32,012.12	-32,012.12	-100.0%
August 2020	0.00	23,483.29	-23,483.29	-100.0%
September 2020	32,514.74	24,973.64	7,541.10	23%
October 2020	10,516.21	22,998.94	-12,482.73	-54%
November 2020	13,723.24	29,559.47	-15,836.23	-54%
December 2020	21,337.44	19,187.29	2,150.15	11%
January 2021	14,953.76	22,151.78	-7,198.02	-32%
February 2021	19,254.95	31,195.26	-11,940.31	-38%
March 2021	16,378.43	26,365.76	-9,987.33	-38%
TOTAL	128,678.77	316,840.85	-188,162.08	-59.4%

Table 26 - Gross Gambling Revenue

The split of Gross Gambling Revenue and Levies between gambling slot machines, Gambling Tables, Bingo and Limited Payout Machines since 2015/16 was as follows:

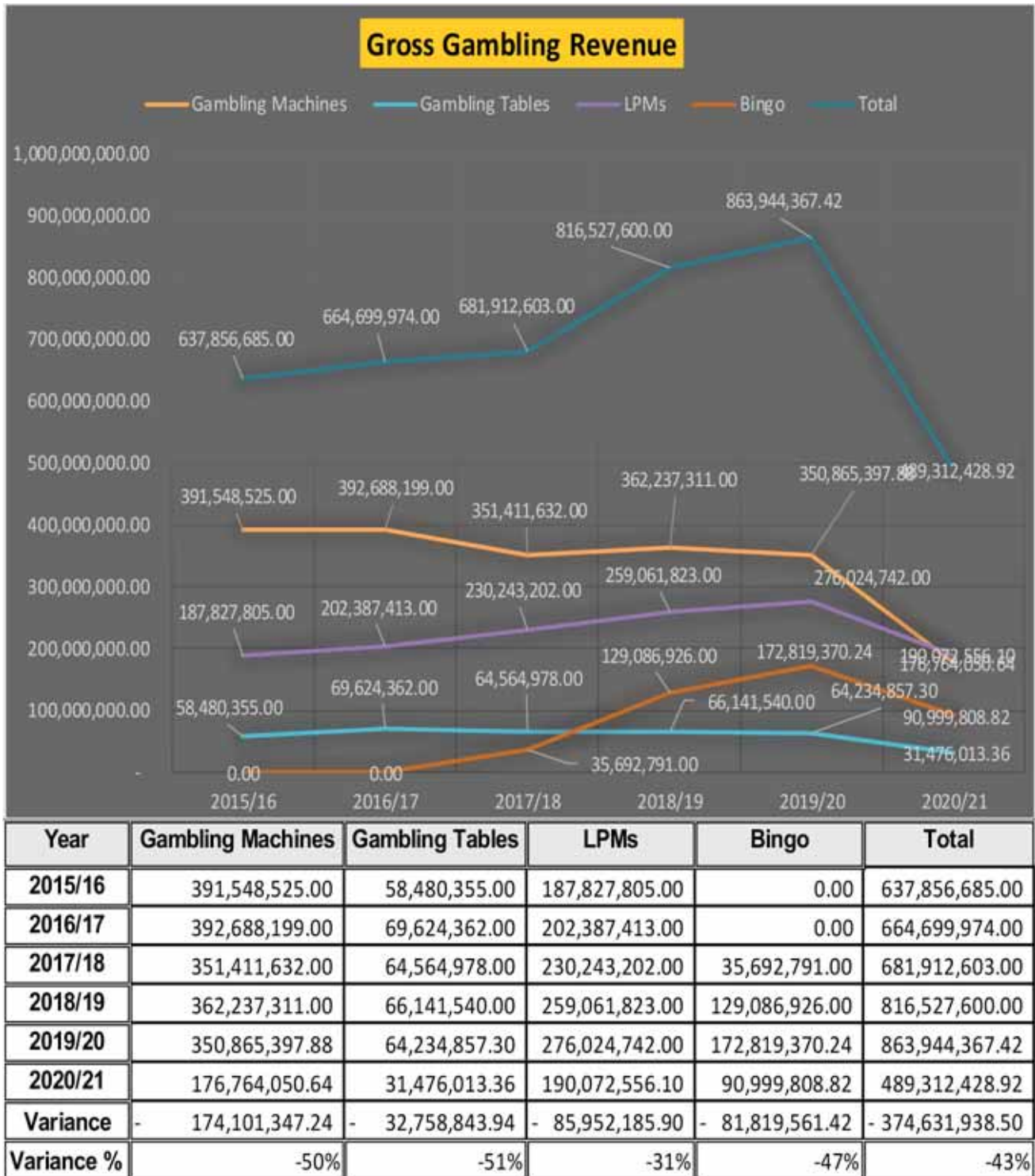
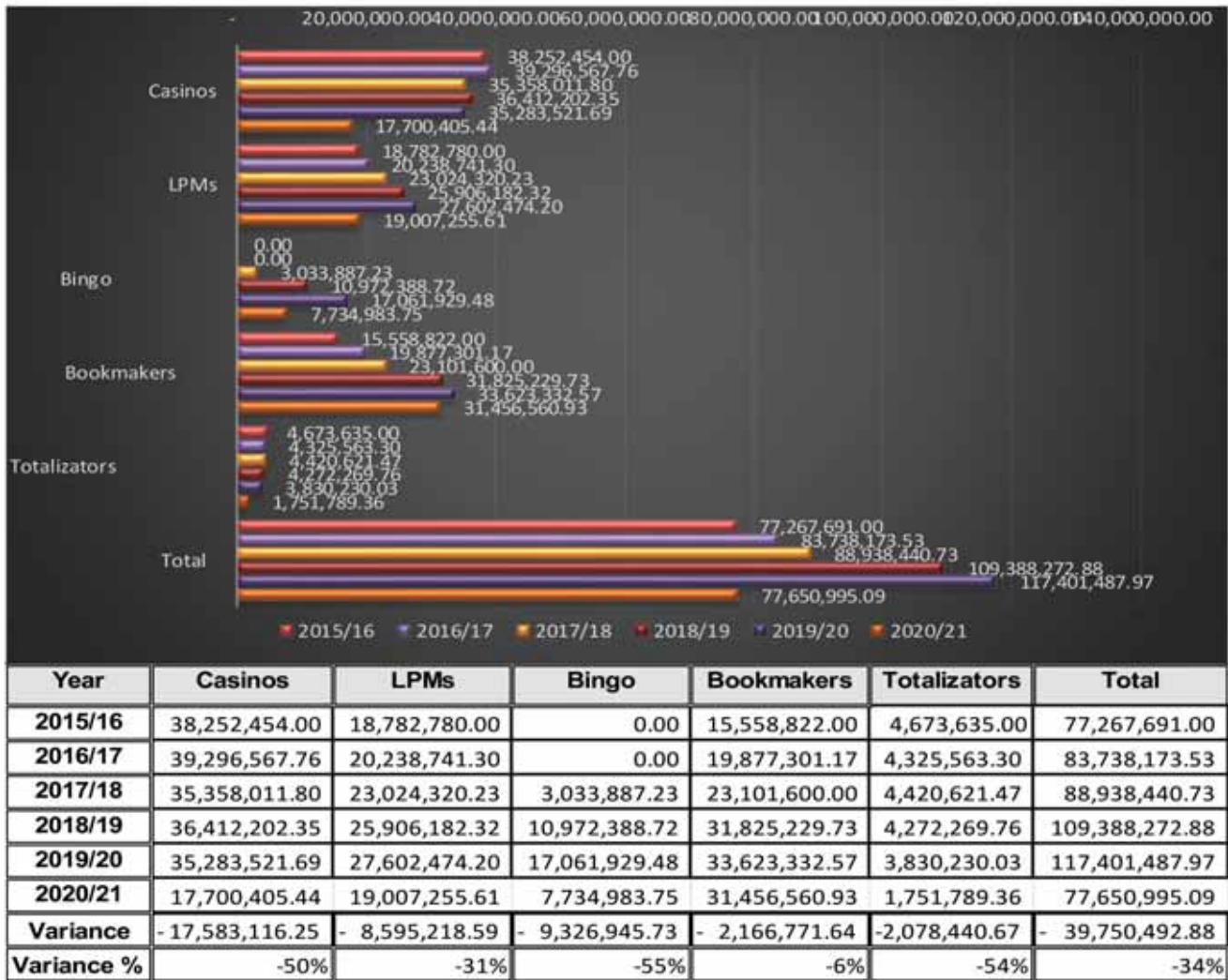


Table 27 - Gambling Levies

The Total Levies paid by Licensees for the financial years 2015/16 to 2019/21 were as follows:



The GGR for Gambling Machines and Gambling Tables have been declining over the past five years. The Overall Casino Levies have over the past five years fluctuated culminating in a decline in Levies collected from Casino in 2020/21 by 50% in comparison to 2019/20. The decline is in line with the decline in the GGR for Gambling Machines and Gambling Tables by the same percentage and the nominal decrease of 28% in the total money wagered at the Casino.

Levies from LPM and Bingo Operators have decreased by 31% and 55% respectively in 2020/21 due to COVID-19 restrictions in the 2020/21 financial year.

The Horseracing sector has performed poorly in the 2020/21 financial year due to restrictions of COVID-19. The impact of the pandemic has led to the Totalizator (Phumelela Gaming and Leisure) being placed

under business rescue, which is expected to be finalised soon.

2.1.2. Law Enforcement

The mandate of the Entity is also to investigate and eradicate all forms of illegal gambling activities within the Province. This is done through collaborations with SAPS, NPA and other government departments. In addition to investigations, the Entity also conducts crime awareness campaigns to the entire community of Limpopo in line with the principles of Community Policing approach. The Province is faced with a challenge of illegal gambling activities which have a negative impact on the ability of the licensed sites to raise revenue and also depriving the Province of the revenue.

Due to the onset of COVID-19 pandemic during March 2020, investigations of illegal gambling activities and crime awareness campaigns were cut down, and the Entity only focused on invitations received from SAPS on emergency matters.

During the 2020/21 financial year a total of 61 illegal gambling operators were arrested during investigations, and R10 300.00 admissions of guilt fines were paid. A total number of 52 cases were investigated in the current financial year, 4 of which were carried over from the previous financial year. The investigations also resulted in the confiscation of 3 illegal gambling machines and 79 computers.

During the financial year, the Entity destroyed a total of 137 illegal gambling machines in the form of Chinese Roulette. These machines were confiscated from various spaza shops or taverns throughout the Province.

The current observed trend compared to the previous years is that illegal gambling operators are operating within locked gates and locked doors, with a guard positioning himself far away from the illegal shop. This approach makes it difficult for both SAPS and Inspectors of Gambling Board to access or penetrate some illegal gambling dens.

2.2. Organisational Environment

The organisational structure was reviewed and approved during 2017/18 financial year. The Entity has five (5) Business Units namely; Governance, Corporate Services, Finance, Compliance and Law Enforcement.

The Governance Business Unit comprises the Chief Executive Officer, one (1) Senior Manager for Legal Services, Company Secretary, Manager - CEO's Office and Risk Officer.

Corporate Services Unit is headed by the Senior Manager: Corporate Services. The Labour Relations and Human Resource Managers report to the Senior Manager: Corporate Services.

The Finance Business Unit is headed by the CFO with one (1) Senior Manager of Finance and four (4) Managers namely: Internal Control, Information Technology, Human Resources Manager, and Supply Chain Management. The Human Resources Manager is currently reporting to the CFO since the new approved position of Senior Manager Corporate Services is vacant.

The Compliance Business Unit is headed by the Senior Manager of Compliance with three (3) Managers namely: Investigations and Licensing, Gambling Control and Compliance Audit.

The Law Enforcement Business Unit is headed by the Senior Manager of Law Enforcement, with the Manager Law Enforcement which is still vacant.

The Entity is unable to fill vacant posts due to the reconfiguration process (Office of the Premier) which was still in progress as by the end of the financial year.

2.3. Key Policy Developments and Legislative Changes

There has been no legislative or policy changes for the period under review.

2.4. 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, fourteen Type A LPM Site licences were issued. Further, the Entity conducted 24 Compliance inspections and 28 Compliance Audits to ensure that the Licensees comply with the Limpopo Gambling Act, the National Gambling Act, the Broad-Based Economic Empowerment Act and other relevant Legislations.

To assist the Entity to make future decisions of inviting and issuing licences, the Entity has commissioned the South African Responsible Gambling Foundation (SARGF) to conduct research on the Socio-economic impact of gambling in Limpopo. SARFG is partially funding the study. The study is in progress and it is expected to be completed by the end of the 2021/22 financial year.

2.5. Progress towards achievement of institutional Impacts and Outcomes

2.5.1. Impacts and Outcomes as per the Strategic Plan and the progress made towards the achievement of the five year targets in relation to the outcome indicators is outlined below:

Programme 1: Governance

Outcome 1: A sustainable, efficient and effective organisation

The Entity achieved 100% in relation to both outcome indicators of the declaration of the financial interests by the board members and the financial disclosures by the members of Senior Management.

Programme 2: Finance

Outcome 1: A sustainable, efficient and effective organisation

Finance is divided into three sub-programmes made up of Chief Financial Officer, Human Resource Management and Supply Chain Management. The targets set for the entire programme two were in-house targets and did not have any effects of the external factors. 100% of the performance indicators was achieved for the year under review for the programme. The Entity received unqualified audit outcome (clean) for 2019/20 financial year.

Programme 3: Compliance

Outcomes 2: Transformed gambling industry that creates sustainable jobs in Limpopo

Outcome 3: Responsible gambling and compliance with legislations improved in Limpopo

Outcome 4: Improved local and international relations with other gambling regulators and related institutions

The Entity has achieved five out of six (83%) key performance indicators which had targets set for 2020/21. In this regard the Entity was able to substantially achieve the outcome of a regulated, sustainable, and socially responsible gambling environment, which is fully compliant with relevant legislations. This was achieved despite one out of 340 Licensees was found, through the Compliance inspections and audits, to be substantially non-compliant with some of the regulatory stipulations.

The substantial achievement of the outcome of Programme 2 had an impact in the communities around the Province through the creation of jobs when 14 LPM sites were licensed, and one bookmaker site became operational during the financial year. The impact of the key performance indicators of Programme 2 was ravaged by COVID-19, resulting in 34% less gambling levy revenue being generated by Licensees and a 12% decline of employees to 3745. Despite the challenges resulting from COVID-19, the Licensees were able to spend R 10 150 572.00 on Corporate Social Responsibility projects to the local communities of social ills and challenges.

Programme 4: Law Enforcement

Outcome 5: All modes of illegal gambling activities combatted

100% of the set target based on the revised APP was achieved. 53 investigations were conducted during the year, due to an increased number of illegal gambling activities that were identified during lockdown.

The impact of illegal gambling activities within the Province is very huge in that, legal gambling operators are unable to collect expected revenue as it is stolen through illegal gambling. In addition to the collection of revenue, illegal gambling operators evade paying levies and tax to the Provincial government as they are not registered and controlled.

Illegal gambling dens are not registered with Responsible Gambling Programme, as such they are a huge risk to society as they are unable to assist addicted gamblers.

2.5.2. Significant Achievements with regard to the contribution toward the 2019-24 Medium-Term Strategic Framework and Provincial Development Plan

MTSF Priority 1 – Capable, Ethical and Developmental State – The Limpopo Gambling Board (LGB), in its quest of regulating, monitoring and licensing the gambling industry in the Province, strives to render those services with high level of professionalism. As part of the lever that seeks to contribute positively to this priority for driving the state that is transformative and capable for development, the Entity is fostering that obligation with the human resource that is skilled and capable of discharging their bestowed responsibilities. Furthermore, the Entity believes in the continuous capacity building of its human resource.

Whilst it has a capacity of contributing to the socio-economic upliftment of the general populace of the Limpopo Province, the gambling industry is also polarised by the illegal gambling activities.

The Entity's contribution in respect of this MTSF priority is indicated below:

Governance – the Entity has managed to improve the audit outcome from unqualified audit opinion with findings during 2018/19 to unqualified audit opinion with no material findings (clean) during 2019/20.

Human resource capacity – the Entity has a vacancy rate of 23% as at the end of the financial year 2020/21. The Entity was not able to fill vacant posts due to budget cut to fund COVID-19 interventions in the Province, moratorium on the filling of posts and reconfiguration of state-owned entities in the Province.

Employment equity – the Entity has employment equity plan and the status in respect of equity is indicated below:

- Overall staff complement is 54% males and 46% females.
- Senior Management is 60% males and 40% females. Equity status iro females declined from 50% during the year due to the resignation of the CFO who was a female.

- People with disability is at 2%.

The Entity will target female appointees during the recruitment process in order to address the equity challenge of under representation of women at all levels.

Youth empowerment – the Entity appointed ten (10) interns appointed in the Compliance and Finance Business Units to enable them to gain employment in the gambling industry. Two (2) of those interns are now permanently appointed by the Entity in Law Enforcement and Compliance Business Units. One (1) is permanently appointed outside the Entity. The current number of interns remains at seven (7).

The Entity has a partnership with Provincial Treasury regarding the programme of training Chartered Accountants for public sector and this resulted in the placement of one (1) youth with the Entity.

Business process and practice – the Entity has developed standard operating procedures for all the Units to improve the internal control standards, as well as to enhance efficiency in the operations of the Entity. These procedures are reviewed on annual basis.

Management of conflict of interest and financial disclosures – 100% of the board and committee members make declaration of financial interest in each meeting to manage conflict of interest. 100% of Bid Evaluation and Bid Adjudication members make sign declarations in all the bids that were evaluated or adjudicated during the 2020/21 financial year. 100% of all members of the Senior Management submitted financial disclosure forms as a mechanism to promote accountability and governance.

MTSF Priority 2 - Economic Transformation and Job Creation - Through achieving the set outcomes of a regulated, sustainable, and socially responsible gambling environment which is fully compliant with relevant legislations, the Entity has contributed to this priority by issuing 14 LPM site licences which created 30 new jobs in addition to the already existing 3740 jobs created in the gambling industry by licensing three Casinos, two LPM Route Operators, 215 LPM Site operators, five Bingo Operators, seven Bingo Sites, nine Bookmaker Operators and 95 Bookmaker sites (of which 60 are operational), and one Totalizator Operator with 25 Totalizator Sites. The 35 licensed Bookmaker sites and one Bingo site which are yet to open are expected to create at least 500 jobs in the Province over the MTSF period.

The licensed entities have generated GGR of R 489 312 428,92 in 202/21, which is 43% lower than the previous financial year. However, over the past five years Licensees have consistently generated an increasing GGR which totalled R 4 154 253 658,34. The gambling industry has thus made a significant contribution to the Gross Domestic Product of Limpopo Province and the country, effectively contributing towards the targeted national economic growth of 2 to 3% by 2024.

The history of ownership of gambling establishments in South Africa was skewed towards the privileged part of society. The Entity has through the licensing process issued licence conditions to ensure that there is inclusive growth in the gambling industry, which will ensure that the highly skewed distribution of productive assets of the gambling industry is more equitable. In this regard, the Entity has required Licensees to comply with the BBBEE levels set in the licence conditions of respective Licensees in terms of the BBBEE Act no. 53 of 2003. Licensees have substantially complied with the set licence conditions

in this regard.

The BBEE arrangements of Licensees include worker, community, and Historically Disadvantaged Individuals ownership. Licensees are also required to implement the prescripts of the Employment Equity Act no.55 of 1998 to eliminate gender and race wage disparity in the gambling industry.

Section 33 of the Act mandates the Entity to consider issues of competition whilst adjudicating on applications for gambling licences to determine whether the approval of a licence is likely to substantially affect competition in the gambling industry generally, or in respect of the proposed activity within the Province. The Entity rigorously implements this section to prevent the exacerbation of high levels of economic concentration in one sector of population.

The licensing of LPM sites and Bookmakers has facilitated the increase in the number of competitive micro, small and medium sized businesses, and contributes to township economies and rural development. This is through employment creation, procurement of goods and services, CSI contributions and contributions to the government coffers through taxes, fees and levies.

As part of the licence conditions, Licensees are required to procure 40% of goods and services from local entities from the Province, and this supports the localisation and buy local campaigns.

MTSF Priority 6 – Social Cohesion and Safe Communities – During the 2020/21 financial year a total of 61 illegal gambling operators were arrested during investigations and R10 300.00 admissions of guilt fines were paid. A total number of 52 cases were investigated in the current financial year, 4 of which were carried over from the previous financial year. The investigations also resulted in the confiscation of 3 illegal gambling machines and 79 computers.

During the financial year, the Entity destroyed a total of 137 illegal gambling machines in the form of Chinese Roulette. These machines were confiscated from various spaza shops or taverns throughout the Province.

The current observed trend compared to the previous years is that illegal gambling operators are operating within locked gates and locked doors, with a guard positioning himself far away from the illegal shop. This approach makes it difficult for both SAPS and Inspectors of Gambling Board to access or penetrate some illegal gambling dens.

MTSF Priority 7 – A Better Africa and World

a) International Association of Gaming Regulators

Gambling is a global recreational activity that is regulated in many jurisdictions around the world. The regulation of gambling is aligned to socio-economic priorities of each jurisdiction, hence, the requirements for licensing and operating a gambling establishment differ from one jurisdiction to another. Gambling Regulators from around the world established the International Association of Gaming Regulators (IAGR) with the mission to advance the effectiveness and efficiency of gambling regulation by providing:

- a forum in which gambling regulators from around the world can meet, exchange views and information, and discuss policy issues among themselves and with representatives of the

- international gambling industry;
- a means of fostering cooperation between gambling regulators in the performance of their official duties; and
 - a central point of contact for inquiries from governments, gambling regulatory agencies and personnel, and representatives of the international gaming industry.

The Entity is a jurisdictional member of IAGR and has 3 Board members and 2 Officials registered with the association. The former CEO Mr. Serobi Maja was a President of IAGR in 2010, and a member of the Board of Trustees of IAGR. IAGR hosts annual conferences which the Board Members and Officials of the Entity attend regularly. The conferences are of much benefit as they are a source of latest developments in the gambling industry, a discussion platform for various gambling policy issues, and a platform for attendees to network with other Gambling Regulators and Operators.

On 14 October 2020, IAGR held an Annual General Meeting which the Entity attended as a jurisdictional member represented by the CEO, Mr M.G.Makoko. In the same meeting Mr. Mabutho Zwane from the Eastern Cape Gambling Board was elected as the President of IAGR for a year, and the Board congratulated Mr. Zwane accordingly.

The Entity has previously engaged some IAGR members, that is, the Bulgarian State Commission on Gambling, the Norwegian Gambling Authority and the Casino and Gaming Commission of Jamaica for the purposes of learning from each other. In line with the strategic plan, the Entity will seek to formalise collaborations with other member Gambling Regulators of IAGR.

b) Training and Development

The gambling industry is dynamic, technology based, and in some instances highly complex. As a result, the Entity strives to learn from various platforms to keep up to date with the latest developments and trends. In this regard the Entity participates in various international conferences, such as, the Asian Racing Conference hosted by the Asian Racing Federation, the Global Gaming Expo hosted by the American Gaming Association, the ICE London and ICE Africa hosted by Clarion Gaming.

c) Gambling Regulators Africa Forum

Gambling Regulators Africa Forum (GRAF) was established in 2003 by the various gambling jurisdictions from Africa. The Limpopo Gambling Board being a jurisdictional member.

GRAF aims to protect communities and citizens through the adherence of gambling regulatory laws applicable to each jurisdictional member. It aligns matters that affect the gambling industry and ensures that Africa does not become the dumping ground for old and degenerating gaming technologies. Concurrently, GRAF implements initiatives that are aimed at curbing problem gambling and ensures counselling and education for the affected.

The GRAF hosts annual Conferences for the purposes of sharing knowledge on various aspects relating to the gambling industry and regulation, and thus it is a learning platform for member states, most of whom are still new to regulating gambling. The Entity contributes to the GRAF conferences by presenting on various topics and participating in various committees of GRAF.

d) Regulation of Movement of Gambling Devices

Illegal gambling is a major conundrum in South Africa and many other African jurisdictions. Concurrently, some licensed entities in South Africa trade with other gambling entities in countries such as Zimbabwe, Zambia, Botswana, Malawi, and Tanzania where Limpopo Province is the gateway to such jurisdictions when gambling devices are delivered by road. As part of dealing with illegal gambling and to keep record of the movement of gambling devices into, through and out of the Province and South Africa as a whole, the Entity requires local and international Manufacturers and Suppliers of gambling devices, as well as licensed gambling operators to obtain approval from the Entity for the movement of gambling devices. The approval of the movement of gambling devices ensures that the authorised gambling devices are traded by licensed entities and end up in the hands of licensed entities throughout Africa.

e) Collaborations and Stakeholder Engagement Sessions -Increased regional integration and trade is the output pursued by the Entity under MTSF Priority 7, by seeking to achieve two performance indicators being the number of formal collaborations established and the number of stakeholder engagement sessions held. To this end, the Entity has an ongoing five-year collaborative relationship with the South African Responsible Gambling Foundation through a Memorandum of Understanding (MOU). The MOU enjoins the two entities to collaborate on matters relating to responsible gambling and research. In the 2020/21 financial year the SARGF commenced with a Socio-Economic Impact Study commissioned by the Entity.

In September 2020, the Entity also concluded a collaborative Memorandum of Understanding with the National Lotteries Commission which will enable the two regulatory public entities to collaborate on various issues of mutual interest.

The Entity has a wide variety of stakeholders, and the Entity recognises the importance of maintaining good relations with the stakeholders to enable the Entity to achieve its strategic outcomes. In this regard, two stakeholder engagement sessions were held during the financial year with the licensee to engage a wide variety of issues of mutual interest.

3. Amendments to the Strategic Plan

The 2020/21 Annual Performance Plan was revised due to the COVID-19 pandemic and budget cuts by Provincial Treasury, as a result the Strategic Plan also had to be revised and both documents were tabled at Legislature on 26 November 2020. The following key issues were amended on the Strategic Plan:

Programme 1: Governance, the outcome indicator “Percentage of compliance to disclosure of financial interests by the Board” was amended to read “Percentage of compliance to disclosure of interests by the Board”.

Programme 4: Law Enforcement, the outcome indicator “Percentage of cases referred to Law Enforcement Agencies” was amended from a percentage of calculation to a number and now reads as “Number of cases referred to Law Enforcement Agencies” and the target was also amended from 100% to a number of 500.

3.1. Strategic Outcomes of the Entity

Outcome 1: A sustainable, efficient, and effective organisation

Outcome 2: Transformed gambling industry that creates sustainable jobs in Limpopo

Outcome 3: Responsible gambling and compliance with legislations improved in Limpopo

Outcome 4: Improved local and international relations with other gambling regulators and related Institutions

Outcome 5: All modes of illegal gambling activities combatted

4. Reviewing of the APP

The 2020-2025 Strategic Plan and 2020/21 APP were amended, approved by the MEC and considered by the Portfolio Committee. This was done to compensate for the COVID-19 pandemic and the budget cut by Provincial Treasury.

The revised Strategic Plan 2020-2015 and Revised APP 2020/21 were tabled at Legislature on 26 November 2020.

5. Institutional Programme Performance Information

5.1. Programme 1: Governance

The purpose of this programme is to provide executive and strategic direction to the Board.

This programme does not have any sub-programmes.

The institutional outcomes that programme 1 contributes towards:

Outcome 1: A sustainable, efficient, and effective organisation

Outcomes, outputs, output indicators, targets and actual achievements

The Entity is highly committed to deliver all the strategic goals set out in the Annual Performance Plan to contribute not only to the overall objectives of the Entity but to also contribute positively into the Provincial government priorities stipulated in the Limpopo Development Plan. In an endeavour to effectively realise those strategic targets, the Entity is doing that with capable human capital employed. We have terms of reference in all business units and committees of the Board which guide the efficiency of our daily operations and enables coordinated internal control systems.

In our effort to deliver and run clean governance, accountability, and compliant Entity we have mechanisms in place which are adhered to by all members of Senior Management and the Board. Achieving 100% targets in Compliance to disclosures of interests by the members of the Executive Management and the Board was as a result of the mechanism we use as an Entity, such as completion of declaration forms in every meeting.

In the 2019/20 financial year, the Entity has made significant strides in improving the audit outcomes from qualified to unqualified in the previous financial year, that is evidence that as an Entity we are committed to contribute in making Limpopo government image look better.

It is our commitment as an Entity to join collective government of South Africa and the Province in expediting transformation that seeks to eradicate the triple bondages of poverty, inequality and unemployment through empowerment in particular youth, women and people with disabilities. We have staff establishment which is composed of 54% males, 46% females, 2% disabilities and 40% of Senior Management is composed by Women.

Currently we have about 23% rate of vacant posts which we are committed to fill once the reconfiguration process has been completed. As part of expediting transformation process, in filling those vacant posts, the Entity will give priority to women and people with disability.

(Table 2.4.4.1) Performance Information according to the Original APP

This table presents changes made on the originally tabled APP 2020/21 until date of re-tabling on 26 November 2020.

programme 1: Governance									
Purpose: The purpose of this programme is to provide executive and strategic direction to the Board.									
Outcome	Output	Output indicator	Audited actual Performance (2018/19)	Audited actual Performance (2019/20)	Planned Annual Target (2020/21)	Actual achievement (2020/21) <u>until date of re-tabling (26 November 2020)</u>	Deviation from planned target to Actual achievement	Reasons for deviation	Reasons for Revision to Outputs/ Output indicator/ Annual Targets
A sustainable, efficient and effective organisation	Corporate Social Investment partnership established	Number of Established corporate social investment projects implemented	22	15	11	0	-11	The budget that was initially allocated to fund CSI projects was cut and reallocated to fund Provincial COVID-19 interventions. There was no budget allocation for CSI projects due to budget cuts to fund COVID-19 interventions in the Province	There was a review of targets in the APP due to budget cuts to fund COVID-19 and some of the reviewed targets were for CSI as there was no budget to fund the identified projects to be implemented. There was a prohibition of physical engagements and gatherings
	Accountability implemented	Percentage of compliance to disclosure of interests by the Board	0%	0%	100%	100%	0%	None	None

N.B. The targets indicated in Programme 1 are the reflection of the first two quarters of the performance targets which were achieved prior the declaration of State of National Disaster the State President, which was before the revision of the APP, which affected Corporate Social Investments (CSI) projects.

(Table 2.4.4.2) Performance Information according to the Revised APP

This table presents information based on the revised APP 2020-21

programme 1: Governance								
Purpose: The purpose of this programme is to provide executive and strategic direction to the Board.								
Outcome	Output	Output indicator	Audited actual Performance (2018/19)	Audited actual Performance (2019/20)	Planned Annual Target (2020/21)	Actual achievement (2020/21)	Deviation from planned target to Actual achievement	Reasons for deviation
A sustainable, efficient and effective organisation	Corporate Social Investment partnership established	Number of Established corporate social investment projects implemented	22	15	0	0	0	None
	Accountability implemented	Percentage of compliance to disclosure of interests by the Board	0%	0%	100%	100%	0%	None
		Percentage of compliance to disclosure of financial interests by the Executive Management	0%	0%	100%	100%	0%	None

Strategy to overcome areas of under-performance

Not Applicable.

Performance in relation to Standardised Outputs and Output Indicators for Economic Development Sector with Concurrent Functions

Not Applicable.

Programme expenditure

Programme 1: Governance	2019/2020			2020/2021		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Capital budget	0	0	0	10	5	5
Personnel Budget	4564	4548	16	5537	5548	-11
Operational Budget	2086	6454	6062	1027	1027	0
Total	6650	11002	6078	6574	6580	-6

5.2. Programme 2: Finance

The purpose of this programme is to provide financial and administrative support to all (04) programmes.

This programme is divided into 3 sub-programmes as follows:

Chief Financial Officer: The purpose of this sub-programme is to ensure efficient and effective utilisation of resources through strategic prioritisation.

Human Resources Management: The purpose of this sub-programme is to ensure a well governed and capable organisation.

Supply Chain Management: The purpose of this sub-programme is to ensure compliance with procurement prescripts.

The institutional outcomes that programme 2 contributes towards:

Outcome 1: A sustainable, efficient, and effective organisation

Outcomes, outputs, output indicators, targets and actual achievements

The Entity strives to achieve clean administration through programme 2 with regards to financial management lead by the Acting Chief Financial Officer. In the same breath the programme strives for employment and retaining a competent workforce. The targets set within the programme aims to achieve the objective of the programme driven through business units being Finance, Supply Chain Management and Human Resource Management. Within the Finance division, the Entity strives for continued clean administration and effective and efficient allocation of resources, which is aligned to the strategy of the Entity. The Supply Chain Management looks at mainly ensuring compliance with the various Supply Chain Management prescripts as it supports the core business units in implementation of the Entity's strategy through the procurement of goods and services. Throughout the financial year, the Human Resource Management Unit has ensured that the employees of the Entity are still able to carry out the mandate of the Entity amidst the pandemic. Through the support of the OHS committee, the Human Resource Management Unit has ensured adequate compliance with the set out regulations of the Department of Labour to ensure that the employees of the Entity remain productive and efficient in their individual work responsibilities.

The programme deals mainly with support of the Core Business Units and the targets set under the programme are internal in nature and we are therefore not affected by any other external factors in the current year. The Finance business unit has set out to continue to maintain the unqualified audit opinion for the year under review, and the unit was able to achieve the set target by receiving an unqualified audit opinion with no findings with the 2019/20 financial year audit. The Supply Chain Management Unit had set out to achieve of the core mandates of the Province when it comes to supporting SMMEs in the

Province by ensuring that these are paid timeously within 30 days as set out by the prescripts. The Supply Chain Business Unit has achieved the set target for the financial year under review and ensured that all suppliers of the Entity are paid within the prescribed 30 days. The Human Resource Management Unit had set out to achieve continued development and assessment of employees through performance management. Additionally, the unit had set to ensure that all newly appointed employees are vetted. The unit has achieved the administration of the performance management of the Entity, both with regards to ensuring that all employees of the Entity have performed and completed their individual performance agreements and performance appraisals.

(Table 2.4.4.1) Performance Information according to the Original APP

This table presents changes made on the originally tabled APP 2020/21 until date of re-tabling on 26 November 2020.

Sub-Programme 2.2: Human Resources Management									
Purpose: The purpose of this sub-programme is to ensure a well governed and capable organisation.									
Outcome	Output	Output indicator	Audited actual Performance (2018/19)	Audited actual Performance (2019/20)	Planned Annual Target (2020/21)	Actual achievement (2020/21 until date of re-tabling (26 November 2020)	Deviation from planned target to Actual achievement	Reasons for deviation	Reasons for Revision to Outputs/Output indicator/Annual Targets
A sustainable, efficient and effective organisation	Accountability and consequence Management implemented	Percentage of annual performance assessment conducted	0%	0%	100%	0%	-100%	Performance appraisals were postponed to the 3 rd quarter due to lockdown	Some officials were not able to submit due to lockdown and amended APP during the year. DPSA directive iro submission dates was also considered.
	Skills audit and workforce planning undertaken	Percentage of LGB newly appointed employees whose qualifications are verified	0%	0%	20%	100%	+80%	Target was captured incorrectly and was amended in the revised APP	The target was captured incorrectly as 20% in the MTEF instead of 100%. However, in the quarterly breakdown, the annual target was captured correctly as 100%. This has since been rectified in amended APP.
	Vacancies on organogram maintained below the acceptable norm	Percentage of vacancies on organogram maintained below the acceptable norm	0%	0%	10%	23%	-13%	No employees were appointed as from 2 nd quarter during the financial year.	The filling of posts was put on hold due to moratorium on the filling of posts due to budget cut and the reconfiguration of entities project which is coordinated by the Office of the Premier.

Sub-Programme 2.2: Human Resources Management

Purpose: The purpose of this sub-programme is to ensure a well governed and capable organisation.

Outcome	Output	Output indicator	Audited actual Performance (2018/19)	Audited actual Performance (2019/20)	Planned Annual Target (2020/21)	Actual achievement (2020/21 until date of re-tabling (26 November 2020)	Deviation from planned target to Actual achievement	Reasons for deviation	Reasons for Revision to Outputs/Output indicator/Annual Targets
	Personnel trained	Percentage of personnel trained according to the work skills plan	0%	0%	100%	0%	-100%	The Entity did not have the budget to implement training programmes due to budget cut to fund COVID-19 interventions in the Province	Original APP amended due to budget cut as the Entity was no longer having a budget for training of staff.

N.B. The Entity has had to review its APP for the 2020/21 financial year, taking into account the impact of the pandemic. The pandemic has led to the Entity having to reduce its budget and the budget being directed to matters of the pandemic. In hindsight, this has led to the Entity having to reduce some of the set targets for the year under review. This includes, amongst others, some of the targets that were set with the Human Resource business unit. The following targets were removed for the APP: the target in relation to the reduction of vacancy rate. This was mainly because the Entity would not be able to fill any vacancies in the year under review due to limitations on budget. The second target that was removed is with regards to the training of employees, which could also not be implemented as there were not enough funds to conduct training for the year under review. These were however reported on in the first and second quarter of the financial year, as the amended APP was approved later in the financial year.

(Table 2.4.4.2) Performance Information according to the Revised APP

This table presents information based on the revised APP 2020-21.

Sub-Programme 2.1: Chief Financial Officer

Purpose: The purpose of this sub-programme is to ensure efficient and effective utilisation of resources through strategic prioritisation.

Outcome	Output	Output indicator	Audited actual Performance (2018/19)	Audited actual Performance (2019/20)	Planned Annual Target (2020/21)	Actual achievement (2020/21)	Deviation from planned target to Actual achievement	Reasons for deviation
A sustainable, efficient and effective organisation	Accountability and consequence Management implemented	Unqualified Audit outcome	0	0	01	01	0	None

Sub-Programme 2.2: Human Resources Management

Purpose: The purpose of this sub-programme is to ensure a well governed and capable organisation.

Outcome	Output	Output indicator	Audited actual Performance (2018/19)	Audited actual Performance (2019/20)	Planned Annual Target (2020/21)	Actual achievement (2020/21)	Deviation from planned target to Actual achievement	Reasons for deviation
A sustainable, efficient and effective organisation	Accountability and consequence Management implemented	Percentage of Performance agreements developed	0%	0%	100%	100%	0%	None
		Percentage of annual performance assessment conducted	0%	0%	100%	100%	0%	None
	Skills audit and workforce planning undertaken	Percentage of LGB newly appointed employees whose qualifications are verified	0%	0%	100%	100%	0%	None
	Vacancies on organogram maintained below the acceptable norm	Percentage of vacancies on organogram maintained below the acceptable norm	0%	0%	0%	0%	0%	None
	Personnel trained	Percentage of personnel trained according to the work skills plan	0%	0%	0%	0%	0%	None

Sub-Programme 2.3: Supply Chain Management

Purpose: The purpose of this sub-programme is to ensure compliance with procurement prescripts.

Outcome	Output	Output indicator	Audited actual Performance (2018/19)	Audited actual Performance (2019/20)	Planned Annual Target (2020/21)	Actual achievement (2020/21)	Deviation from planned target to Actual achievement	Reasons for deviation
A sustainable, efficient and effective organisation	Invoices paid within 30 days	Percentage of invoices paid within 30 days of receipt	0%	0%	100%	100%	0%	None

Strategy to overcome areas of under-performance

Not Applicable.

Performance in relation to Standardised Outputs and Output Indicators for Economic Development Sector with Concurrent Functions

Not Applicable.

Programme and Sub-programme expenditure

Programme 2: Finance	2019/2020			2020/2021		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Capital budget	0	0	0	15	5	10
Personnel Budget	6968	6983	-15	5720	6022	-302
Operational Budget	4052	3899	153	2450	2344	106
Total	10120	10882	138	8185	8371	-186

Programme 2 Sub-Programme HR	2019/2020			2020/2021		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Capital budget	0	0	0	0	0	0
Personnel Budget	3253	3253	0	3334	3345	-11
Operational Budget	960	899	61	517	517	0
Total	4213	4152	61	3851	3862	-11

Programme 2: Sub-Programme Supply Chain Management	2019/2020			2020/2021		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Capital budget	0		0	15	11	4
Personnel Budget	3709	3304	405	2433	2478	-45
Operational Budget	15721	14528	1193	17079	16923	156
Total	19430	17832	1598	19527	19412	115

Programme 2 Sub-Programme: IT	2019/2020			2020/2021		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Capital budget	1750	1260	490	0	0	0
Personnel Budget	1680	1677	3	1739	1722	17
Operational Budget	672	555	117	1225	1130	95
Total	4102	3492	610	2964	2852	112

5.3. Programme 3: Compliance

The purpose of this programme is to:

- Promote responsible gambling through visibility and awareness,
- To ensure that gambling activities are compliant with relevant legislations.

This programme is divided into 5 sub-programmes as follows:

Responsible Gambling Campaigns and Research: To promote responsible gambling and build a base of empirical evidence for decision making.

Investigations and Licensing: To issue corporate and individual Licences to candidates who meet regulatory requirements.

Gambling Control: To ensure that Licensees are compliant with technical regulatory requirements and protect the public from unscrupulous practices and the negative effects of gambling.

Compliance Audit: To ensure that Licensees are compliant with general and financial regulatory requirements.

Stakeholder Management: To build good relations with Stakeholders.

The institutional outcomes that programme 3 contributes towards:

Outcomes 2: Transformed gambling industry that creates sustainable jobs in Limpopo

Outcome 3: Responsible gambling and compliance with legislations improved in Limpopo

Outcome 4: Improved local and international relations with other gambling regulators and related Institutions

Outcomes, outputs, output indicators, targets and actual achievements

Significant achievements of targets – the Entity deals with various stakeholders, and the Entity has sought to formalise some of these relationships with stakeholders to enhance its ability to achieve its strategic outcomes. In this regard the Entity finalised a Memorandum of Understanding (MOU) with the National Lotteries Commission which will enable the two entities to collaborate on various matters of mutual interest in regulating the gambling and Lotteries industries. The execution of the MOU will enable the two Entities to address issues such as illegal gambling and lotteries, which will in turn enable the Licensees to operate at maximum capacity thereby creating employment, generate more revenue to the Board and to various other government Entities, as well making more contributions to Community Social Responsibility projects in the respective communities where they operate. The Entities will also be able to collaborate on implementing Corporate Social Responsibility programmes of the respective entities in a manner that will maximise the benefits to the communities in Limpopo Province.

The Entity regards women, youth, and persons with disabilities as part of Previously Disadvantaged individuals (PDIs), and as part of its redress programme for PDIs the Entity requires that Licensees comply with the BBBEE Act by prescribing respective BBBEE levels in the licence conditions. Licensees are also expected to comply with the Employment Equity Act as encapsulated in the licence conditions. The majority of Licensees have met the licence conditions on BBBEE levels and Employment Equity Act. The Board has instituted remedial actions against the Licensees that are failing to comply with these licence conditions. The Entity is in the process of standardising the BBBEE licence conditions and aims for all Licensees to be at Level 2 BBBEE status by 2025.

(Table 2.4.4.1) Performance Information according to the Original APP

This table presents changes made on the originally tabled APP 2020/21 until date of re-tabling on 26 November 2020.

programme 3: compliance									
Purpose: The purpose of this programme is to:									
<ul style="list-style-type: none"> Promote responsible gambling through visibility and awareness, To ensure that gambling activities are compliant with relevant legislations. 									
Outcome	Output	Output indicator	Audited actual Performance (2018/19)	Audited actual Performance (2019/20)	Planned Annual Target (2020/21)	Actual achievement (2020/21) <i>until date of re-tabling (26 November 2020)</i>	Deviation from planned target to Actual achievement	Reasons for deviation	Reasons for Revision to Outputs/Output indicator/ Annual Targets
A regulated, sustainable, and socially responsible gambling environment, fully compliant with relevant legislations.	Responsible gambling and compliance to legislations improved in Limpopo.	Number of responsible gambling campaigns conducted	34	72	90	0	-90	Responsible gambling campaigns were not conducted due to National Lockdown Regulations which did not allow social gatherings, as the campaigns required face-to-face interactions and budget constraints to fund the campaigns.	Due to the budget constraints and National Lockdown restrictions the number of responsible gambling campaigns were revised to zero.
		Number of research projects completed	0	0	1	0	-01	The research was suspended due to the National Lockdown Regulations as the fieldwork could not be conducted due to restrictions imposed and the budget cut for the project.	Due to the budget constraints, time limitations and National Lockdown restrictions the number of research projects were revised to zero.

Sub-Programme 3.2: Investigations and Licensing

Purpose: To issue corporate and individual Licences to candidates who meet regulatory requirements.

Outcome	Output	Output indicator	Audited actual Performance (2018/19)	Audited actual Performance (2019/20)	Planned Annual Target (2020/21)	Actual achievement (2020/21) <u>until date of re-tabling (26 November 2020)</u>	Deviation from planned target to Actual achievement	Reasons for deviation	Reasons for Revision to Outputs/ Output indicator/ Annual Targets
A regulated, sustainable, and socially responsible gambling environment, fully compliant with relevant legislations.	Economic Transformation and enabled job creation.	Percentage of key employee applications processed within the standard timeframe of 4 months.	0%	0%	100%	100%	0%	None	None

Sub-Programme 3.3: Gambling Control

Purpose: To ensure that Licensees are compliant with technical regulatory requirements and protect the public from unscrupulous practices and the negative effects of gambling.

Outcome	Output	Output indicator	Audited actual Performance (2018/19)	Audited actual Performance (2019/20)	Planned Annual Target (2020/21)	Actual achievement (2020/21) <u>until date of re-tabling (26 November 2020)</u>	Deviation from planned target to Actual achievement	Reasons for deviation	Reasons for Revision to Outputs/Output indicator/Annual Targets
A regulated, sustainable, and socially responsible gambling environment, fully compliant with relevant legislations.	Responsible gambling and compliance with legislations improved in Limpopo.	Number of compliance inspections conducted	48	46	56	04	-52	Inspections could not be conducted as a result of the State of National Disaster that was declared on 15 March 2020 as the gambling sites were closed and the budget for travelling was reduced.	Due to the budget constraints that resulted in less budget for travel, limited time and National Lockdown restrictions led to fewer annual targets to be set.

Sub-Programme 3.4: Compliance Audit

Purpose: To ensure that Licensees are compliant with general and financial regulatory requirements.

Outcome	Output	Output indicator	Audited actual Performance (2018/19)	Audited actual Performance (2019/20)	Planned Annual Target (2020/21)	Actual achievement (2020/21) <u>until date of re-tabling (26 November 2020)</u>	Deviation from planned target to Actual achievement	Reasons for deviation	Reasons for Revision to Outputs/ Output indicator/ Annual Targets
A regulated, sustainable, and socially responsible gambling environment, fully compliant with relevant legislations.	Responsible gambling and compliance with legislations improved in Limpopo.	Number of compliance audits conducted	24	20	44	05	-39	No Compliance Audit was performed in the 1 st quarter of 2020/21 due to COVID-19 restrictions as the gambling sites were closed and the budget for travelling was reduced.	Due to the budget constraints with reduced budget for travelling, limited time and National Lockdown restrictions led to fewer annual targets to be set.

Sub-Programme 3.5: Stakeholder Management

Purpose: To build good relations with Stakeholders.

Outcome	Output	Output indicator	Audited actual Performance (2018/19)	Audited actual Performance (2019/20)	Planned Annual Target (2020/21)	Actual achievement (2020/21) <u>until date of reporting (26 November 2020)</u>	Deviation from planned target to Actual achievement	Reasons for deviation	Reasons for Revision to Outputs/Output indicator/Annual Targets
An enhanced national and international integration through collaboration with other Regulators and Stakeholders	Increased regional integration and trade	Number of Stakeholder engagement sessions held	0	0	2	0	-02	Sessions were not held as planned due to lockdown and total shutdown of the gambling industry during the 1 st quarter.	Due to the budget constraints, limited time and National Lockdown restrictions led to fewer annual targets to be set.
		Number of formal collaborations established	0	0	2	01	-01	Collaboration engagements with potential institutions could not be carried out due to the budget constraints, limited time and National Lockdown restrictions.	Due to the budget constraints, limited time and National Lockdown restrictions led to fewer annual targets to be set.

N.B. The 2020/21 financial started with a National State of Disaster having been declared on 15 March 2020 and a National Lockdown which started on 26 March 2020 due to COVID-19. These developments led to most activities of Programme 3 being suspended, thus resulting in the Key performance targets not being achieved in the first two quarters. The above tables record the performance of Programme 3 for the first two quarters before the APP was amended to cater for the COVID-19 developments. The performance of Programme 3 for the full year are recorded below.

(Table 2.4.4.2) Performance Information according to the Revised APP

This table presents information based on the revised APP 2020-21

programme 3: compliance								
Purpose: The purpose of this programme is to:								
<ul style="list-style-type: none"> • Promote responsible gambling through visibility and awareness, • To ensure that gambling activities are compliant with relevant legislations. 								
Outcome	Output	Output indicator	Audited actual Performance (2018/19)	Audited actual Performance (2019/20)	Planned Annual Target (2020/21)	Actual achievement (2020/21)	Deviation from planned target to Actual achievement	Reasons for deviation
A regulated, sustainable, and socially responsible gambling environment, fully compliant with relevant legislations.	Responsible gambling and compliance to legislations improved in Limpopo.	Number of responsible gambling campaigns conducted	34	72	0	0	0	None
		Number of research projects completed	0	0	0	0	0	None

Sub-Programme 3.2: Investigations and Licensing

Purpose: To issue corporate and individual Licences to candidates who meet regulatory requirements.

Outcome	Output	Output indicator	Audited actual Performance (2018/19)	Audited actual Performance (2019/20)	Planned Annual Target (2020/21)	Actual achievement (2020/21)	Deviation from planned target to Actual achievement	Reasons for deviation
A regulated, sustainable, and socially responsible gambling environment, fully compliant with relevant legislations.	Economic Transformation and enabled job creation.	Percentage of key employee applications processed within the standard timeframe of 4 months	0%	0%	100%	47%	53.%	The actual achievement for the four quarters was 0%, 100%, 72% and 47%, respectively. The 0% achieved in the first quarter contributes to a lower annual average percentage achieved. The variance was due to closed gambling industry during the 1 st quarter due to lockdown and restrictions that were imposed for other levels, incomplete key employee licence applications and the manual processing of applications, which takes longer to process applications. It was anticipated when the target was set that the Entity would have an operational compliance system that would have assisted in improving turn-around time, but Provincial Treasury is not able to fund the system due to budget constrains brought on by COVID-19.
		Percentage of corporate applications processed within the standard timeframe of 6 months	0%	0%	100%	100%	0%	None

Sub-Programme 3.3: Gambling Control

Purpose: To ensure that Licensees are compliant with technical regulatory requirements and protect the public from unscrupulous practices and the negative effects of gambling.

Outcome	Output	Output indicator	Audited actual Performance (2018/19)	Audited actual Performance (2019/20)	Planned Annual Target (2020/21)	Actual achievement (2020/21)	Deviation from planned target to Actual achievement	Reasons for deviation
A regulated, sustainable, and socially responsible gambling environment, fully compliant with relevant legislations.	Responsible gambling and compliance with legislations improved in Limpopo.	Number of compliance inspections conducted	48	46	23	24	+01	An extra compliance inspection was conducted at Goldrush Groblersdal when Inspectors were conducting tests Electronic Bingo Terminals

Sub-Programme 3.4: Compliance Audit

Purpose: To ensure that Licensees are compliant with general and financial regulatory requirements.

Outcome	Output	Output indicator	Audited actual Performance (2018/19)	Audited actual Performance (2019/20)	Planned Annual Target (2020/21)	Actual achievement (2020/21)	Deviation from planned target to Actual achievement	Reasons for deviation
A regulated, sustainable, and socially responsible gambling environment, fully compliant with relevant legislations.	Responsible gambling and compliance with legislations improved in Limpopo.	Number of compliance audits conducted	24	20	22	28	+06	One Bookmaker Compliance audit from 2019/20 financial year was finalised in the 2 nd quarter of 2020/21. Five Bookmaker Compliance Audits from 2019/20 were finalised during the 3 rd quarter. The reports were outstanding due to State of National Disaster and the National Lockdown which resulted in the closure of the gambling industry.

Sub-Programme 3.5: Stakeholder Management

Purpose: To build good relations with Stakeholders.

Outcome	Output	Output indicator	Audited actual Performance (2018/19)	Audited actual Performance (2019/20)	Planned Annual Target (2020/21)	Actual achievement (2020/21)	Deviation from planned target to Actual achievement	Reasons for deviation
An enhanced national and international integration through collaboration with other Regulators and Stakeholders	Increased regional integration and trade	Number of Stakeholder engagement sessions held	0	0	2	2	0	None
		Number of formal collaborations established	0	0	1	1	0	None

Strategy to overcome areas of under-performance

The under-performance in relation to the Performance Indicator in relation to Key employee licences will be addressed by procuring an online Gambling Operations System. The Entity has submitted a funding proposal to the Limpopo Treasury to request for funds to procure the System. The outcome of the requested is expected to be provided during 2021/22 financial year.

Performance in relation to Standardised Outputs and Output Indicators for Economic Development Sector with Concurrent Functions

Not Applicable.

Programme expenditure

Programme 3 : Compliance	2019/2020			2020/2021		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Capital budget	0	0	0	0	0	0
Personnel Budget	13667	13665	2	14435	14475	-40
Operational Budget	3401	3202	199	380	380	0
Total	17068	16867	201	14815	14855	-40

5.4. Programme 4: Law Enforcement

The purpose of this programme is to combat illegal gambling throughout the Province by conducting investigations of illegal gambling activities and crime awareness campaigns.

This programme does not have any sub-programmes.

The institutional outcomes that programme 4 contributes towards:

Outcome 5: All modes of illegal gambling activities combatted

Outcomes, outputs, output indicators, targets and actual achievements

Due to COVID-19 regulations, the organisation was able to conduct eighteen (18) investigations on illegal gambling activities from a target of 360 with an under-performance of three-hundred and forty-two (342). Crime awareness campaigns were totally not conducted as COVID -19 regulations prohibited any forms of gatherings.

The under-performance of the organisation had a huge impact on the collection of Provincial revenue, as illegal gambling activities had since mushroomed tremendously from March 2020. The mushrooming of illegal gambling activities also had a huge impact on the well-being of Society as illegal gambling operators or illegal gambling dens does not implement Responsible Gambling Programme. Due to the non-implementations of Responsible Gambling Programme by illegal gambling Operators, the youth, women, and people living with disabilities are affected as they cannot access any form of assistance in the form of counselling which results from gambling addictions.

It will be imperative that the organisation put sufficient resources in place in the form of investigating officers and sufficient budget to combat illegal gambling activities in partnership with the South African Police Service (SAPS) and the National Prosecuting Authority (NPA).

(Table 2.4.4.1) Performance Information according to the Original APP

This table presents changes made on the originally tabled APP 2020/21 until date of re-tabling on 26 November 2020.

programme 4: law enforcement									
Purpose: The purpose of this programme is to reduce illegal gambling throughout the Province by:									
a) Conducting investigation of crime.									
b) Conducting crime awareness campaigns.									
Outcome	Output	Output indicator	Audited actual Performance (2018/19)	Audited actual Performance (2019/20)	Planned Annual Target (2020/21)	Actual achievement (2020/21) <u>until date of re-tabling (26 November 2020)</u>	Deviation from planned target to Actual achievement	Reasons for deviation	Reasons for Revision to Outputs/ Output indicator/ Annual Targets
All modes of illegal gambling activities combatted	Investigations on illegal gambling activities conducted.	Number of investigations conducted on illegal gambling activities	367	355	360	18	-342	Due to the COVID-19 Pandemic and the budget cut by Provincial Treasury. The Disaster Regulations restricted social interactions and the budget cut restricted travelling with the result that few investigations were conducted. Investigations were only focused on invitations received from SAPS, as Law Enforcement Inspectors are more reliant on SAPS's assistance.	Due to COVID-19 Pandemic, regulations, and budget cut by Provincial Treasury.
		Number of crime awareness campaigns conducted	133	133	120	0	-120	Crime Awareness Campaigns were cancelled due to the COVID-19 Pandemic regulations which did not allow social gatherings and the budget cut for the campaigns by Provincial Treasury.	Due to COVID-19 pandemic, regulations, and budget cut by Provincial Treasury. The target was reduced to zero.

N.B. Due to the proclamation of a national lockdown by the State President of the Republic of South during March 2020, annual targets indicators and performance were revised only in the 2nd Quarter as indicated in the APP and the revised targets was achieved. This was done in line with COVID-19 regulations, as gatherings were not permitted, and movements of individuals were restricted to avoid the spread of the virus.

(Table 2.4.4.2) Performance Information according to the Revised APP

This table presents information based on the revised APP 2020-21

programme 4: law enforcement								
Purpose: The purpose of this programme is to reduce illegal gambling throughout the Province by:								
a) Conducting investigation of crime.								
b) Conducting crime awareness campaigns.								
Outcome	Output	Output indicator	Audited actual Performance (2018/19)	Audited actual Performance (2019/20)	Planned Annual Target (2020/21)	Actual achievement (2020/21)	Deviation from planned target to Actual achievement	Reasons for deviation
All modes of illegal gambling activities combatted	Investigations on illegal gambling activities conducted.	Number of investigations conducted on illegal gambling activities	367	355	25	53	+28	More investigations were conducted due to an increased number of illegal gambling activities that were identified during lockdown than anticipated.
		Number of crime awareness campaigns conducted	133	133	0	0	0	None

Strategy to overcome areas of under-performance

Not Applicable.

Performance in relation to Standardised Outputs and Output Indicators for Economic Development Sector with Concurrent Functions

Not Applicable.

Programme expenditure

Programme 4 : Law Enforcement	2019/2020			2020/2021		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Capital budget	0	0	0	0	0	0
Personnel Budget	5051	5012	39	5300	5270	30
Operational Budget	1634	1628	6	164	144	20
Total	6685	6640	45	5464	5414	50

5.5. Reporting on the Institutional Response to the COVID-19 Pandemic

Internal Intervention:

- The Entity has appointed a Compliance Officer.
- All OHS Committee members were trained as screening officers to assist if needed.
- Cleaning was done daily according to Regulations. Each employee is responsible for sanitizing their own workstation every two hours.
- PPEs were procured for all staff.
- Temperature screening was done on each entry to the premises by security officers. Full screening is done on first entry of the week by screening officers.
- No visitors were allowed on the premises. All officials and service providers entering the premises were required to wear a mask and the security officers sanitize official's hands on entrance. A register was kept with all required information on the persons entering the premises.
- The Entity has a staff strength of fifty-six (56) permanent staff and seven (7) interns.
- Implementation plan was developed according to Cir 27 of 2020 as received from DPSA and submitted to LEDET on the 30th of September 2020.
- Officials with co-morbidities and who are above 60 years worked on a rotational basis and they are all in good health.

External Intervention:

The Entity approved three COVID-19 relief measures to Licensees, in the form of:

- A three-month levy payment break. The full levies were payable by 28 February 2021. Three

Licensees opted to take the offer, and eventually repaid the full levies by 28 February 2021.

- b) Community Social Responsibility (CSR) – the Entity offered Licensees a six months CSR implementation break until 31 December 2020, after which Licensees were expected to implement the postponed CSR projects within six months. None of the Licensees took the offer; however, Licensees implemented the CSR projects during 2020.
- c) The Entity offered Licensees an annual license fees payment break; however, none of the Licensees took the relief measure offer as they were able to pay.

5.6. Progress on Institutional Response to the COVID-19 Pandemic

Budget Programme	Intervention	Geographic location (Province/District/local municipality) (Where Possible)	No. of beneficiaries (Where Possible)	Disaggregation of Beneficiaries (Where Possible)	Total budget allocation per intervention (R'000)	Budget spent per intervention	Contribution to the Outputs in the APP (where applicable)	Immediate outcomes
Not Applicable to Limpopo Gambling Board								

5.7. Linking performance with budgets

The Entity has spent 99% of the allocated budget for the year under review. Although the budget was drastically cut and the core units were affected, the Entity was able to perform some of its service delivery aspects as per its core mandate. Below is the spending per unit for the current year and the previous year compared to the allocated budget in the unit including the variances.

6. REVENUE COLLECTION

Sources of revenue	2019/2020			2020/2021		
	Estimate	Actual Amount Collected	Sources of revenue	Estimate	Actual Amount Collected	Sources of revenue
	R'000	R'000		R'000	R'000	
Levies	109000	118125	Levies	109000	118125	Levies
Own Revenues	16940	12473	Own Revenues	16940	12473	Own Revenues
TOTAL	125940	130598	TOTAL	125940	130598	TOTAL

The 2019/20 financial year collection of revenue is quite high in comparison to the current year. Collection for the Entity had been growing at a growth rate of approximately 8% year-on-year until the 2019/20 financial year. The 2020/21 financial year was quite affected by the pandemic and the closing of the economy. Even when the economy had opened up, operators were working at limited capacity. This is greatly seen in the collection for the year under review in comparison to the previous financial year. The figures depicted above for the year under review in relation to the estimate, is after the budgeted figures were adjusted downwards to consider and take into account the possible impact of the pandemic on revenue collection. Although the Entity has performed with regards to the collection, under normal circumstances the Entity would have collected revenue in excess of a R100 million.

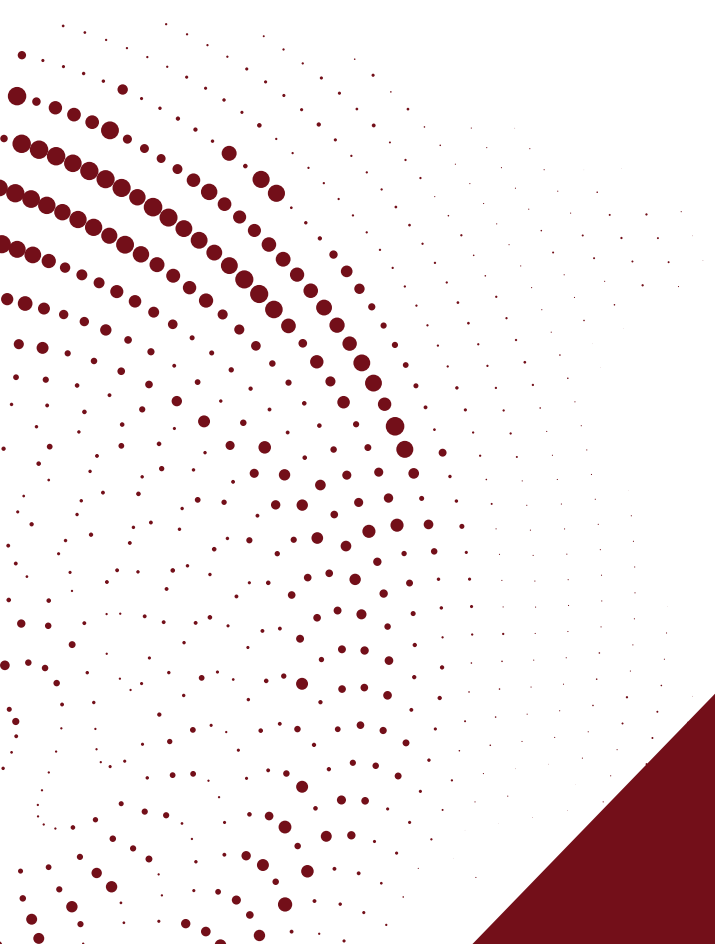
7. CAPITAL INVESTMENT

Infrastructure projects	20YY/20ZZ			20XX/20YY		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Not Applicable to the Limpopo Gambling Board						



PART C

GOVERNANCE



1. Introduction

The Entity is mandated by the Limpopo Gambling Act No. 3 of 2013 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 licensed gambling establishments.

Annually, the Entity enters into a Performance Agreement with the MEC of LEDET.

The Performance Agreement outlines that the Entity's mandate shall:

Take full responsibility for the preparation, finalisation and drawing up of Business Plans of the Entity.

- a) Ensure that such Business Plans are aligned with the overall objectives of LEDET;
- b) 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; and
- c) The Entity undertakes to schedule and hold regular quarterly meetings with the MEC to ensure the MEC is kept informed of developments within the Entity.

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

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

The Entity received a grant from LEDET to the amount of R 61, 381 million.

The Entity submits written reports on the projects and the status of funds to LEDET quarterly on stipulated dates.

The Department agreed with the Entity that Levies collected must be transferred monthly to the Department of Provincial Treasury.

2. Portfolio Committees

The Entity presented to the Portfolio Committee on Economic Development, Environment and Tourism and SCOPA on the following dates:

Date of Meeting	Topic of Presentation
24 March 2020	Tabling of Strategic Plan and Budget for 2020-2025
	Tabling of APP and Budget for 2020/21
28 July 2020	Presentation of Revised Strategic Plan and Budget for 2020-2025
	Presentation of Revised APP and Budget for 2020/21
08 October 2020	Progress Report on SCOPA Resolutions for 2014/15, 2015/16 & 2016/17
19 November 2020	Tabling of Annual Report for 2019/20
26 November 2020	Tabling of Revised Strategic Plan and Budget for 2020-2025
	Tabling of Revised APP and Budget for 2020/21
16 March 2021	Tabling of APP and Budget for 2021/22

3. Executive Authority

The Entity submitted the reports as per table below to the Executive Authority on a monthly and quarterly basis:

Schedule and Section/ Reg	Report	No. of Reports per Annum	No. of reports Submitted	Date	Date Submitted
2,3/s54(1)	Public Entity (IYM Report)	12	12	15 th of each month	15 May 2020 25 May 2020 12 June 2020 20 July 2020 14 August 2020 15 September 2020 13 October 2020 13 November 2020 15 December 2020 12 January 2021 15 February 2021 11 March 2021

The Revenue Unit of LEDET came monthly to reconcile the Levies transferred to the Department against the audited information done by the Compliance Business Unit. Management presented their reviewed reports to the MEC.

No.	Section: SLA	Report or Document	Submission Date	Date Submitted
31	4.8	Procurement Plan	31 May 2020	29 May 2020
2	4A.1	Levies	Monthly	Revenue was transferred monthly, totalling R 77 651 million for the financial year.
3	8.1	Progress Quarterly reporting		
		First quarter	31 July 2020	31 July 2020
		Second quarter	31 October 2020	31 October 2020
		Third quarter	31 January 2021	29 January 2021
		Fourth quarter	30 April 2021	29 April 2021

The Department did quarterly monitoring and provided feedback to the Entity of the reports submitted to them.

4. The Entity

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 and retained in terms of section 3 of the Limpopo Gambling Act, Act No. 3 of 2013 (hereinafter referred to as “The Act”).

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

- a) The Board shall:
 - i. exercise such powers and perform such functions-
 - assigned to it in terms of this Act;
 - assigned to it in terms of any other Act;
 - ii. 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.
- b) 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.
- c) 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.

- d) 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-

- i. 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:

- a) To promote a culture of responsible gambling in the Province.
- b) To ensure the eradication of all forms of illegal gambling in the Province.
- c) To ensure the creation of an organisation capable of recruiting, retaining, continuously developing its workforce, and aiming at enhancing its effectiveness and employee well-being.
- d) To ensure the availability of real-time information using technology in support of decision making processes.
- e) To ensure that the Entity has and maintains an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost effective.
- f) To ensure that the Entity establishes, implements, and maintains good principles of corporate governance, accounting practices, and sound systems of internal control.
- g) To ensure that the Entity 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 2020/21
Mr. M.E. Tjiane	Chairperson of the Board	31.10.2017	31.10.2022	<ul style="list-style-type: none"> • MBL (current studies, mini-thesis Pending) • Executive Leadership Programme (INSEAD Business School) • B. Pharm 	<ul style="list-style-type: none"> • Business Management. • Leadership. • Healthcare 	<ul style="list-style-type: none"> • LGB Board • Evocare(Pty)Ltd – 2014/258770/07 • Bakoni Medical Suppliers (Pty) Ltd – 2012/149095/07 • Bakoni Network Group – 2013/009665/07 • Thutamahlale Academy – 2012/095869/07 • Bakoni Surgicals – 2018/260664/07 • Bakoni Forensics – 2018/569652/07 	Corporate Social Investment (CSI) Committee	5/6
Ms. B.L. Montjane	Deputy Chairperson of the Board	31.10.2017	31.10.2022	<ul style="list-style-type: none"> • B.Juris. • LLB • Certificate in Legal Training, • Certificate in Debt Counselling, • Certificate in Mediation Law • Certificate in Corporate Governance 	<ul style="list-style-type: none"> • Law • Debt counselling • Legal Costs & Mediation 	<ul style="list-style-type: none"> • LGB Board • Lucetta Legal Consultancy • Montjane BL Attorneys 	Compliance & Enforcement Committee. Remuneration Committee	6/6
Mr. Serobi Maja	Member	31.10.2017	31.10.2022	<ul style="list-style-type: none"> • Bachelor of Arts 	<ul style="list-style-type: none"> • Administration • Governance • Gambling Regulation 	<ul style="list-style-type: none"> • LGB Board • University of Venda • South African Responsible Gambling Foundation 	Compliance & Enforcement Committee.	6/6

Name	Designation	Date Appointed	Date of expiry of Term	Qualifications	Area of Expertise	Board Directorships	Other Committees	No. of Meetings Attended 2020/21
Hosi Adv. K.A. Mahumani	Member	31.10.2017	31.10.2022	<ul style="list-style-type: none"> Bachelor of Law, Post-graduate Diploma in Labour Law, Master of Laws (LLM) 	<ul style="list-style-type: none"> Law 	<ul style="list-style-type: none"> LGB Board 	<ul style="list-style-type: none"> Compliance & Enforcement Committee. HR, Ethics and Social Committee 	6/6
Ms. M.E. Maditsi	Member	31.10.2017	31.10.2022	<ul style="list-style-type: none"> Current: Bachelor of Public Administration Diploma in Advanced filmmaking & broadcasting. Certificate in food preparation and cooking. Certificate in food preparation and cooking principles/ practical 	<ul style="list-style-type: none"> Administration 	<ul style="list-style-type: none"> LGB Board Koshline Multi Trading Megapolo Construction and Projects 	<ul style="list-style-type: none"> HR, Ethics and Social Committee. Corporate Social Investment (CSI) Committee 	6/6
Mr. C.C. Nkadimeng	Member	31.10.2017	31.10.2022	<ul style="list-style-type: none"> Bachelor of Arts, Honours in Public Governance 	<ul style="list-style-type: none"> Governance Administration Tourism 	<ul style="list-style-type: none"> LGB Board Bluedisa Trading 412 Linespires Trading 38 Morwa Sekobe Trading GNT 	<ul style="list-style-type: none"> HR, Ethics and Social Committee. Remuneration Committee 	6/6
Mr. M.B. Tema Professional Accountant (SA), (M.Inst.D)	Departmental Representative (Provincial Treasury)	31.10.2017	31.10.2022	<ul style="list-style-type: none"> MBA (Finance), Hons B. Com (Accounting), B. Com (Accounting) 	<ul style="list-style-type: none"> Accounting & Finance 	<ul style="list-style-type: none"> LGB Board 	<ul style="list-style-type: none"> Audit & Risk Committee. 	5/6

Name	Designation	Date Appointed	Date of expiry of Term	Qualifications	Area of Expertise	Board Directorships	Other Committees	No. of Meetings Attended 2020/21
Mr. J.N. Mpjane CA (SA) ,RA	Member	01.12.2019	31.10.2022	<ul style="list-style-type: none"> • Bcompt Degree • Bcompt Hons (CTA) • Chartered Accountant South Africa • Registered Auditor 	<ul style="list-style-type: none"> • Accounting and Finance • Corporate Governance 	<ul style="list-style-type: none"> • Limpopo Gambling Board • Limpopo Tourism Agency Audit Committee • Limpopo Audit Committee Cluster 4 	Audit & Risk Committee	6/6
Mr M.I. Rathumbu	Departmental Representative (LEDET)	01.12.2019	31.10.2022	<ul style="list-style-type: none"> • Current Studies: PhD (Economics)-UJ • MA (Economics)-UNISA; • BEcon (Hons)-Stellenbosch; • BMil-Stellenbosch; • MDP-Unisa School of Business Leadership • PR Certificate-Damelin • Courses in Project Management and Labour Relations (USBL) 	<ul style="list-style-type: none"> • Economics, Administration, politics 	<ul style="list-style-type: none"> • LGB • LEDA • Musina-Makhado SEZ SOC 	Compliance and Enforcement Committee	5/6

4.4 Audit and Risk Committee

Name	Qualifications	Internal or external	If internal, position in the Public Entity	Date appointed	Expiry term of office	No. of Meetings attended
Mr. J.N. Mpjane CA (SA) RA	<ul style="list-style-type: none"> Chartered Accountant (CA) Registered Auditor (RA) 	External Co-Opted Chairperson	N/A	01.03.2018	31.10.2022	7/7
Mr. M.B. Tema Professional Accountant (SA)	<ul style="list-style-type: none"> MBA (Finance), Hons B.Com (Accounting), B.Com (Accounting), Professional Accountant (SA) 	External Board member	N/A	08.11.2017	31.10.2022	6/7
Ms. M.M. Mashamaite CA (SA)	<ul style="list-style-type: none"> Chartered Accountant (SA) Certified Ethics Officer 	External Co-Opted Member	N/A	01.02.2018	31.10.2022	7/7
Adv. J.L. Thubakgale	<ul style="list-style-type: none"> B.JURIS LLB LLM Postgraduate Diploma: Labour Law MBA 	External Co-Opted Member	N/A	01.02.2018	31.10.2022	7/7
Hosi Adv. K.A. Mahumani	<ul style="list-style-type: none"> Bachelor of Law, Post-graduate Diploma in Labour Law, Master of Laws (LLM) 	External Chairperson (moved to another Committee)	N/A	08.11.2017	31.10.2022	1/7

4.5 Human Resources, Ethics and Social Committee

Name of Members	Designation	No. of Meetings Attended	Term Ending	Date Appointed
Mr. C.C. Nkadimeng	Chairperson	3/3	31.10.2022	08.11.2017
Ms. M.E. Maditsi	Member	2/3	31.10.2022	08.11.2017
Hosi Adv..A.Mahumani	Member	3/3	31.10.2022	08.11.2017

4.6 Compliance and Enforcement Committee

Name of Members	Designation	No. of Meetings Attended	Term Ending	Date Appointed
Mr. S.M. Maja	Chairperson	5/5	31.10.2022	08.11.2017
Ms. B.L. Montjane	Member	5/5	31.10.2022	08.11.2017
Hosi Adv. K.A. Mahumani	Member	5/5	31.10.2022	08.11.2017
Mr. M.I.Rathumbu	Member	3/5	31.10.2022	01.12.2019

4.7 Remuneration Committee

Name of Members	Designation	No. of Meetings Attended	Term Ending	Date Appointed
Ms. B.L. Montjane	Chairperson	1/1	31.10.2022	08.11.2017
Mr. Nkadimeng	Member	0/1	31.10.2022	08.11.2017
Mr. N.J.Mpjane	Member	1/1	31.10.2022	01.12.2019

4.8 Corporate Social Investment (CSI) Committee

Name of Members	Designation	No. of Meetings Attended	Term Ending	Date Appointed
Ms. M.E. Maditsi	Chairperson	2/2	31.10.2022	08.11.2017
Mr. S.M. Maja	Member	2/2	31.10.2022	08.11.2017
Mr.M.E. Tjiane	Member	2/2	31.10.2022	01.12.2019

4.9 Remuneration of Board Members

NO	BOARD MEMBER	BOARD MEMBERS TRAVELLING AND SUBSISTENCE	BOARD MEMBERS SITTING ALLOWANCES	RETAINER	BOARD OVERSEAS TRIPS ALLOWANCES	TOTAL
		(R'000)	(R'000)	(R'000)	(R'000)	(R'000)
1	Tjjane ME	5	86	87	5	183
2	Maditsi ME	6	42	53	4	101
3	Mahumani KA	0	52	53	4	109
4	Nkadimeng CC	0	34	53	4	91
5	Maja SM	10	47	53	4	113
6	Montjane BL	0	65	76	4	145
7 *	Tema MB	-	-	-	0	0
8	Mpjane J.N.	12	50	53	4	106
9 **	Rathumbu M	-	-	-	-	-

* Mr. Tema is a representative from Provincial Treasury and as such, does not receive a sitting allowance.

** Mr. Rathumbu is a representative from LEDET and as such, does not receive a sitting allowance.

5. Risk Management

5.1 Nature of Risk Management

The Board of Directors, through its Audit and Risk Committee, provides an oversight role on the effectiveness and efficiency of the Entity's risk Management system in alignment with the implementation of the Five-Year Strategic Plan. The Limpopo Gambling Board is committed to an enterprise-wide risk Management process that is in accordance with the provisions of the PFMA, Act 1 of 1999 and aligned to best international practices (ISO 31 000:2009, COSO Framework, King IV Report on Corporate Governance in South Africa, 2016, Public Sector Risk Management Framework and Provincial Risk Management Framework). The LGB recognises Risk Management as an integral part of responsible Management and the process is fully outlined in the Risk Management Policy.

The Chief Executive 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 Office of the CEO, has in place the Risk Management Strategy, Policy and Charter that ensures adherence to the provisions of the PFMA, Act 1 of 1999, and other prescripts of good governance. The Chief Executive Officer has appointed a Risk and Fraud Management Committee and its role is to formulate, promote and review the institution's ERM objectives, strategy and policy and also monitor the process at strategic, Management and operational levels.

The Risk and Fraud Management Committee meets quarterly to evaluate the effectiveness of mitigating strategies to address the material risks of the institution and to monitor the progress on the implementation of these strategies.

The Limpopo Gambling Board has continued to cultivate a culture of Risk Management throughout the Entity by:

- Ensuring compliance with section 38 and 51 of the Public Finance Management Act, and section 27.2 of the Treasury Regulations;
- Promoting and entrenching Risk Management as value creation;
- Improving the LGB's risk maturity from a defensive Risk Management position to a responsive Risk Management position; and
- Embedding 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

An Entity-wide Enterprise Risk Management (ERM) framework is adopted by Limpopo Gambling Board and applied across the entire LGB from a strategic level down to operational and business process levels.

Limpopo Gambling Board maintains a Risk Profile which is updated on a quarterly basis or as and when the need arises. This is preceded by a process of the Risk Management Officer performing risk assessments with the risk owners and all staff members during workshops by identifying new and emerging risks and further reassessing the previous year's risk register. The profile is then consolidated and presented to the Risk and Fraud Management Committee for inputs and endorsement to the Audit and Risk Committee who in turn recommend it to the Board for approval. The risk profile is inclusive of mitigation measures that were compiled by Management and are monitored on an ongoing basis, with internal audit providing quality assurance in respect thereof.

Provincial Treasury, through its Transversal Risk Management forum, supports Risk Management activities within Provincial Departments and Public Entities by rolling out programs that are geared towards addressing challenges and leveraging on opportunities to enhance the overall Management of risks. An assessment is conducted on a quarterly basis, regarding the ERM performance outcome of the Entity with specific focus being guided by the results of the Key Performance Indicators, Risk Management Committee meetings and Evaluation of Implementation Plans. A report is then issued on a quarterly basis, to communicate progress made in the implementation of Enterprise Risk Management. The aim of the report is to afford the relevant stakeholders the courtesy of being timeously informed of Risk Management performance and be afforded an opportunity to give guidance in order to enhance the effective functioning of ERM.

The Risk and Fraud Management Committee has met five (5) times during the year - 4 ordinary quarterly meetings and 1 special meeting. The committee submitted quarterly monitoring reports to the Chief Executive Officer who further recommended them for submission to the Audit and Risk Committee. There were seven (7) Audit and Risk Committee Meetings for the 2020/21 financial year, four (4) of which were ordinary quarterly meetings and three (3) were special sittings.

5.3 Progress made in addressing Risks Identified

Five (5) of the nineteen (19) strategic risks were prioritised for the 2020/21 financial year. Of the five (5) that were prioritised only one (1) risk has been mitigated to acceptable levels. Internal Audit continued to provide reasonable assurance that the control design is adequate and effective for the achievement of organisational objectives. The Entity will therefore ensure enhanced controls in 2021/22 that will assist in mitigating the remaining four (4) prioritised risks mitigation plans that are partially implemented.

6. Internal Control Unit

LGB has an Internal Control Unit in place reporting to the Chief Financial Officer. The Entity has developed a procedure manual, reviewed annually or as and when necessary, ensuring there are proper processes in place.

The main focus of the Unit is to ensure that the Entity improves the audit opinion and complies with the relevant laws and Regulations, such as the Limpopo Gambling Act No. 3 of 2013, Public Finance Management Act No. 1 of 1999 and the Treasury Regulations.

The Entity developed action plans to ensure that the findings on the Auditor-General's 2019-20 Final Report do not recur. Reports were submitted to the Limpopo Provincial Treasury on a quarterly basis to indicate the progress of the developed action plans.

7. Internal Audit and Audit and Risk Committee

7.1 Objective and Role of Internal Audit

The Internal Audit of the Entity is outsourced to SAB & T Nexia. Internal Audit (IA) function is an independent, objective assurer 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, controls 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 Entity, Audit and Risk Committee, and Executive Management in the effective discharge of their duties and responsibilities.

The IA, through engagement with the internal stakeholders, formulated a three-year rolling plan incorporating an annual plan which was approved by the Audit and Risk Committee. The IA head reports at each Audit and Risk Committee meeting.

7.2 Progress Report for the Year

a) 1st Quarter Progress:

Planned Activity	Planned Execution Date	Actual Results
Audit Of Performance Objectives 4 th Quarter review	May 2020	Done
Risk Monitoring Action Plan 4 th Quarter Review	June 2020	Done
Review of AFS 2019/20	June 2020	Done

b) 2nd Quarter Progress:

No Interventions were executed during the quarter.

c) 3rd Quarter Progress:

Planned Activity	Planned Execution Date	Actual Results
Risk Monitoring Quality Assurance 2 nd Quarter	October 2020	Done
Audit Of Predetermined Objectives 2 nd Quarter	October 2020	Done
Finance	November 2020	Done

d) 4th Quarter Progress:

Planned Activity	Planned Execution Date	Actual Results
Supply Chain Management	March 2021	Done
Human Resources Management	March 2021	Done

7.3 Key activities and objectives of the Audit and Risk Committee

The Limpopo Gambling Board has established the Audit and Risk Committee as a Committee of its controlling body ("Board"). It was established in order 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.

7.4 Audit and Risk Committee Members Information

Name	Qualifications	Internal or external	If internal, position in the Public Entity	Date appointed	Expiry term of office	No. of Meetings attended
Mr. J.N. Mpjane CA (SA) RA	<ul style="list-style-type: none"> Chartered Accountant (CA) Registered Auditor (RA) 	External Co-Opted Chairperson	N/A	01.03.2018	31.10.2022	7/7
Mr. M.B. Tema Professional Accountant (SA)	<ul style="list-style-type: none"> MBA (Finance), Hons B.Com (Accounting), B.Com (Accounting), Professional Accountant (SA) 	External Board member	N/A	08.11.2017	31.10.2022	6/7
Ms. M.M. Mashamaite CA (SA)	<ul style="list-style-type: none"> Chartered Accountant (SA) Certified Ethics Officer 	External Co-Opted Member	N/A	01.02.2018	31.10.2022	7/7
Adv. J.L. Thubakgale	<ul style="list-style-type: none"> B.JURIS LLB LLM Postgraduate Diploma: Labour Law MBA 	External Co-Opted Member	N/A	01.02.2018	31.10.2022	7/7
Hosi Adv. K.A. Mahumani	<ul style="list-style-type: none"> Bachelor of Law, Post-graduate Diploma in Labour Law, Master of Laws (LLM) 	External Chairperson (moved to another Committee)	N/A	08.11.2017	31.10.2022	1/7

8. Compliance with Laws and Regulations

The Limpopo Gambling Board recognises the essential role that compliance with applicable legal and regulatory requirements plays in the governance and sustainability of its business. The Compliance function lies in both the Chief Executive Officer's office and the Chief Financial Officer's office. Both offices provide support to the Entity relating to regulatory reporting obligations. The function further provides regulatory updates to employees and Management relating to applicable legislation and changes to legislation. The compliance universe is continually reviewed in collaboration with the Business Units and in ensuring that the Entity continues to identify for compliance controls, monitoring them and reporting on them.

9. Fraud and Corruption

The Limpopo Gambling Board has a Risk and Fraud Management Committee in place that has met five (5) times in the year. The Limpopo Gambling Board has a zero-tolerance stance on Fraud and Corruption. The annual Fraud Risk Awareness Workshop could not be hosted during the financial year due to COVID-19 regulations prohibiting the gathering of individuals, as well as contributing budgetary constraints. The Limpopo Gambling Board further ensures the planned mitigation of identified fraud risks is implemented throughout the organisation.

The Limpopo Gambling Board's Fraud and Corruption Prevention Plan comprises two areas, namely education and communication.

9.1 Creating Awareness

a) *Employee awareness*

The ongoing creation of awareness amongst all employees is the responsibility of all Unit senior managers and managers during their Unit staff meetings.

b) *Communication*

The objective of communication is 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 2020/21 financial year, the annual awareness on Fraud and Corruption Prevention Workshop could not be hosted due to budgetary constraints and strict COVID-19 Regulations which have prevented 100% staff availability for most parts of the financial year.

c) Internal Audit plan

The internal audit plan was not fully carried out as planned, due to budget cuts by Provincial Treasury. Projects were prioritised based on the ones with the high risk exposure based on the Risk Assessment Report.

d) Disclosure of interests

Management of the Limpopo Gambling Board are required to disclose their specific personal assets and business interests on an annual basis.

e) Progress made

Senior Managers have submitted their Annual Financial Interest Disclosures to the office of the Executive Authority, and this submission was facilitated through the Risk Management office.

9.2 Whistle Blowing

There are mechanisms in place to report fraud and corruption. The Entity has a Whistle Blowing Policy in place which is aligned to the Protected Disclosure Act. No 26 of 2000, which allows for officials to make factual confidential disclosures about fraud and corruption they might be aware of.

9.2.1 How these cases are reported and what action is taken

- The first step will be for the employee to approach his/her immediate supervisor/ manager unless he/ she or Senior Management is the subject of the complaint, in which case Risk Management Officer within LGB should be informed. Should the complaint be found by the manager to be substantiated, he/she will consult with the Risk and Fraud Committee on whether the matter should be investigated internally or referred to the appropriate external body (e.g. the SAPS).
- Concerns are better raised in writing. The background and history of the concern, giving names, dates and places where possible should be set out, as well as the reason why the individual is particularly concerned about the situation. Those who are uncomfortable to put their concern in writing can telephone the Limpopo Provincial Fraud Hotline number. The earlier the concern is reported, the easier it is to take action and initiate recovery procedures where necessary.
- Employees are not expected to prove the truth of an allegation, however, they will need to demonstrate to the person contacted that there are sufficient grounds for concern.
- Advice and guidance on how matters of concern may be pursued can be obtained from the Manager: Risk Management Officer or the Risk and Fraud Committee.
- Should members of the public wish to report allegations of fraud anonymously; they can contact any member of Management, the Chief Executive Officer at (8 Hans van Rensburg Street, Polokwane, Private Bag X9520, Polokwane, (0700), or the National Fraud Hotline on the toll free number 0800 701 701.

9.2.2 Where a case is reported, the following process will ensue:

Action taken by LGB will depend on the nature of the concern and the possible actions to the matters raised may, among others be:

- investigated internally by the Risk Management Officer; and/or
- referred to the SAPS or other relevant law enforcement agency.

10. Minimising Conflict of Interest

- a) Management of the Limpopo Gambling Board are required to disclose their specific personal assets and business interests on appointment.
- b) Every year the Human Resources Unit issues a circular reminding Management and officials to disclose any new business interests.
- c) The Senior Managers complete financial disclosure forms which are submitted to the Executive Authority annually.
- d) Suppliers are required to complete an SBD4 for declaration of interest purposes prior to engagement of business activities with LGB and the centralised supplier database (CSD), introduced by National Treasury, and also assists in minimising the risk of disloyal suppliers.

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 Entity considers it desirable to provide further guidance to its members and employees to assist them in gaining a clear picture of the behaviour expected in the execution of their various functions.

These standards apply to all members and employees of the Entity, as well as consultants engaged by the Entity.

All newly appointed employees are made aware of the Entity'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 Entity has an Occupational Health and Safety Committee. The Committee has an approved Charter in place. The approved Health and Safety Policy provides guidance and compliance towards a safe and healthy workplace. The committee holds meetings to ensure that safety and wellbeing of employees is attended to. Monthly inspections are done to identify any risks and health issues. Matters arising from the inspection reports are attended to immediately.

Due to the COVID-19 pandemic, the Entity has placed emphasis on all Health and Safety protocols which must be followed at all times, including observance of guidelines for social distancing, sanitation and hygiene, and use of appropriate personal protective equipment, like cloth face masks, as determined by the National Department of Health.

The Entity has reviewed the Occupational Health and Safety Policy and has also done a risk assessment for COVID-19.

13. Company Secretary

Mandatory appointment of Company Secretary

The Companies Act section 86 (1) states that a public company or state-owned company must appoint a person knowledgeable or experienced in relevant laws as a Company Secretary.

The Limpopo Gambling Board has been operating without a Company Secretary; the Entity re-advertised the post and the post was put on hold due to the reconfiguration of posts by the Office of the Premier.

14. Social Responsibility

The Entity has previously implemented Corporate Social Responsibility projects, but from the previous financial year up to this 2021/22 financial year, no projects have been implemented as a result of budget cuts which happened due to the COVID-19 pandemic.

15. Audit and Risk Committee Report

15.1 Introduction

We are pleased to present our report for the financial year ended 31 March 2021. The Limpopo Gambling Board has an Audit and Risk Committee which operates in terms of the Board's approved Audit and Risk Committee Charter.

The Audit and Risk Committee consists of the members listed hereunder and meets at least four (04) times per annum as per the Audit and Risk Committee Charter. During the year, four (04) scheduled and three (03) special Audit and Risk Committee Meetings were held.

Hosi Adv. Mahumani attended only one meeting, as he had to handover and welcome the newly appointed Chairperson, Mr J. Mpjane.

Name of Members	Designation	No. of Meetings Attended	Date Appointed
Mr. J.N. Mpjane CA (SA) RA	External Co-Opted Chairperson	7/7	08.11.2017
Mr. M.B. Tema Professional Accountant (SA)	External Board member	6/7	01.02.2018
Ms. M.M. Mashamaite CA (SA)	External Co-Opted Member	7/7	01.02.2018
Adv. J.L. Thubakgale	External Co-Opted Member	7/7	01.03.2018
Hosi Adv. K.A. Mahumani	External Chairperson (moved to another Committee)	1/7	08.11.2017

15.2 Audit and Risk Committee Responsibilities

We report that we have complied with our responsibilities arising from Section 51(1) (a) (i)-(iv) of the Public Finance Management Act and Treasury Regulation 3.1.13. We also report that we have adopted appropriate formal Terms of Reference as incorporated in our Audit and Risk Committee Charter. The Audit and Risk Committee has regulated its affairs in compliance with this Charter and has discharged all its responsibilities as contained therein.

15.3 The Effectiveness of Internal Control

Based on the information given by Management, we are of the opinion that where the Internal Audit and the discussions with the External Auditors (AGSA) on the results of its audit are concerned, the internal 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 Internal Auditors, the audit report on the Annual Financial Statements, as well as the Management Letter of the Auditor-General, it was noted that no significant misstatements were reported.

There were internal control deficiencies that resulted in findings on the Annual Financial Statements.

Our review of the findings of Internal Audit work, which was based on the risk assessment conducted, revealed certain weaknesses which were then raised with the Board.

The internal control weaknesses identified and reported by External Auditors, Management monitored and adhered to the plan.

The review process on non-compliance with regulations and misstatements on Annual Financial Statements will have to be intensified from the Audit and Risk Committee down to Internal Audit and Management.

15.4 In-Year Management and Monthly/Quarterly Report

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

15.5 Evaluation of Financial Statements

We have reviewed the Financial Statements for the year ended 31 March 2021 and we are satisfied that matters have been adequately resolved.

We concur and accept the conclusion of the External Auditors on the Financial Statements and are of the opinion that the Audited Financial Statements must be accepted and read together with the report of the Auditor-General.



Mr. J.N. Mpjane

Chairperson of the Audit and Risk Committee

16. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

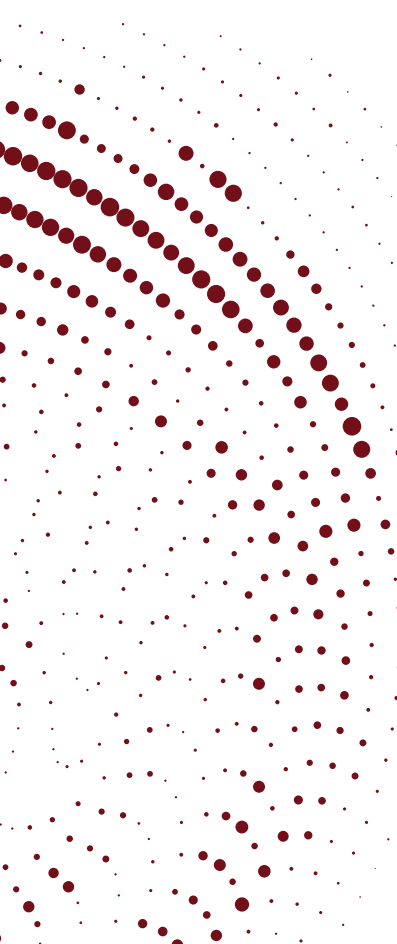
The following table has been completed in accordance with the compliance to the BBEE requirements of the BBEE Act of 2013 and as determined by the Department of Trade and Industry.

Has the Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:		
Criteria	Response Yes / No	Discussion (include a discussion on your response and indicate what measures have been taken to comply)
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	Yes	The Entity has in line with section 10 of the BBEE Act, required Licensees to comply with the BBEE levels set in the licence conditions of respective Licensees. Licensees have substantially complied with the set licence conditions. Remedial actions have been instituted on Licensees that do not comply with the set BBEE licence conditions.
Developing and implementing a preferential procurement policy?	No	The Entity implements the Preferential Procurement Policy Framework Act. The Entity uses the said Act in assessing the functionality of a potential service provider and in evaluating bids/ quotations for pricing and BBEE status level. The Act assists in ensuring that the correct/ appropriate service providers as guided in the Act are given preference as per the Act.
Determining qualification criteria for the sale of state-owned enterprises?	No	Not applicable
Developing criteria for entering into partnerships with the private sector?	No	Not applicable
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad-Based Black Economic Empowerment?	No	Not applicable



PART D

HUMAN RESOURCES
MANAGEMENT



1. Introduction

The Human Resources Unit aims to assist and support other Business Units with any matter pertaining to the daily running of the business affecting its employees.

A workforce planning framework and key strategies to attract and recruit a skilled and capable workforce are in place. The success of the Limpopo Gambling Board in delivering its operational and developmental goals depends primarily on efficiency and effectiveness where employees carry out their duties. Managing performance is therefore a key Human Resources Management Tool and quarterly moderations are done.

1.1 Policy Development

- **Policy review**

The Human Resource Policy is in the process to be reviewed.

- **Staff development**

Due to COVID-19 there were insufficient funds and the Entity was therefore unable to provide employees with training to ensure that they are equipped with the necessary skills to enable them to perform their jobs, which will enhance productivity.

- **Challenges**

The Entity was unable to fill all the vacant posts due to the budget cut and reconfiguration of the entities.

2. Human Resource Oversight Statistic

The Public Entity must provide the following key information on Human Resources. All the financial amounts must agree with the amounts disclosed in the Annual Financial Statements.

2.1 Personnel Cost by Programme

Programme	Total Expenditure per Programme	Personnel Expenditure	Personnel Expenditure%	No. of Employees	Average Personnel Cost per Employee
	(R'000)	(R'000)	(%)		(R'000)
CEO	6 378	5 548	87%	6	925
FINANCE	8 302	6 022	73%	11	669
LAW ENFORCEMENT	5 577	5 270	95%	8	586
SUPPLY CHAIN	19 527	2 478	13%	5	496
HUMAN RESOURCES	4 118	3 345	81%	8	418
COMPLIANCE	14 595	14 475	99%	25	603
INFORMATION TECHNOLOGY	2 884	1 722	60%	2	861
TOTAL	61 381	38 860	63%	65	627

The total number of 65 employees includes only positions which were filled from April 2020 - March 2021. Positions which are vacant are not included. The interns are also included on the report.

2.2 Training Costs

Directorate/Business Unit	Personnel Expenditure	Training expenditure	Training expenditure as a % of Personnel Cost	No. of Employees Trained	Average Training Cost per Employee
	(R'000)	(R'000)	(%)		(R'000)
CEO & BOARD MEMBERS	5 548	0	0%	1	0
FINANCE	6 022	0	0%	0	0
LAW ENFORCEMENT	5 270	0	0%	0	0
SUPPLY CHAIN	2 478	0	0%	0	0
HUMAN RESOURCES	3 345	3	0.001%	1	0
COMPLIANCE	14 475	0	0%	1	0
INFORMATION TECHNOLOGY	1 722	-	0%	0	0
TOTAL	38 860	3	0.001%	3	0

2.3 Employment and Vacancies

Programme	2019/20 No of employees	2020/21 Approved Posts	2020/21 No. of Employees	2020/21 No. of Vacancies	% of Vacancies
CEO	5	9	6	3	33%
Finance	8	9	7	2	22%
Supply Chain	4	6	4	2	33%
Human Resource	8	10	8	2	20%
Compliance	19	25	20	5	20%
Law Enforcement	8	12	9	3	25%
IT	2	2	2	0	0%
TOTAL	53	73	56	17	23%

Programme	2019/20 No of employees	2020/21 Approved Posts	2020/21 No. of Employees	2020/21 No. of Vacancies	% of Vacancies
Top Management	2	2	1	1	50%
Senior Management	4	6	4	2	33%
Professional qualified	6	10	7	3	30%
Skilled	22	30	24	6	20%
Semi-skilled	15	20	16	4	20%
Unskilled	4	5	4	1	20%
TOTAL	53	73	56	17	23%

2.4 Employment Changes

Programme	Employment at Beginning of Period	Appointments	Terminations	Employment at End of Period
Top Management	2	0	1	1
Senior Management	4	0	0	4
Professional qualified	6	1	0	7
Skilled	23	1	0	24
Semi-skilled	16	0	0	16
Unskilled	4	0	0	4
TOTAL	55	2	1	56

2.5 Reason for Staff Leaving

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

2.6 Labour Relations: Misconduct and Disciplinary Action

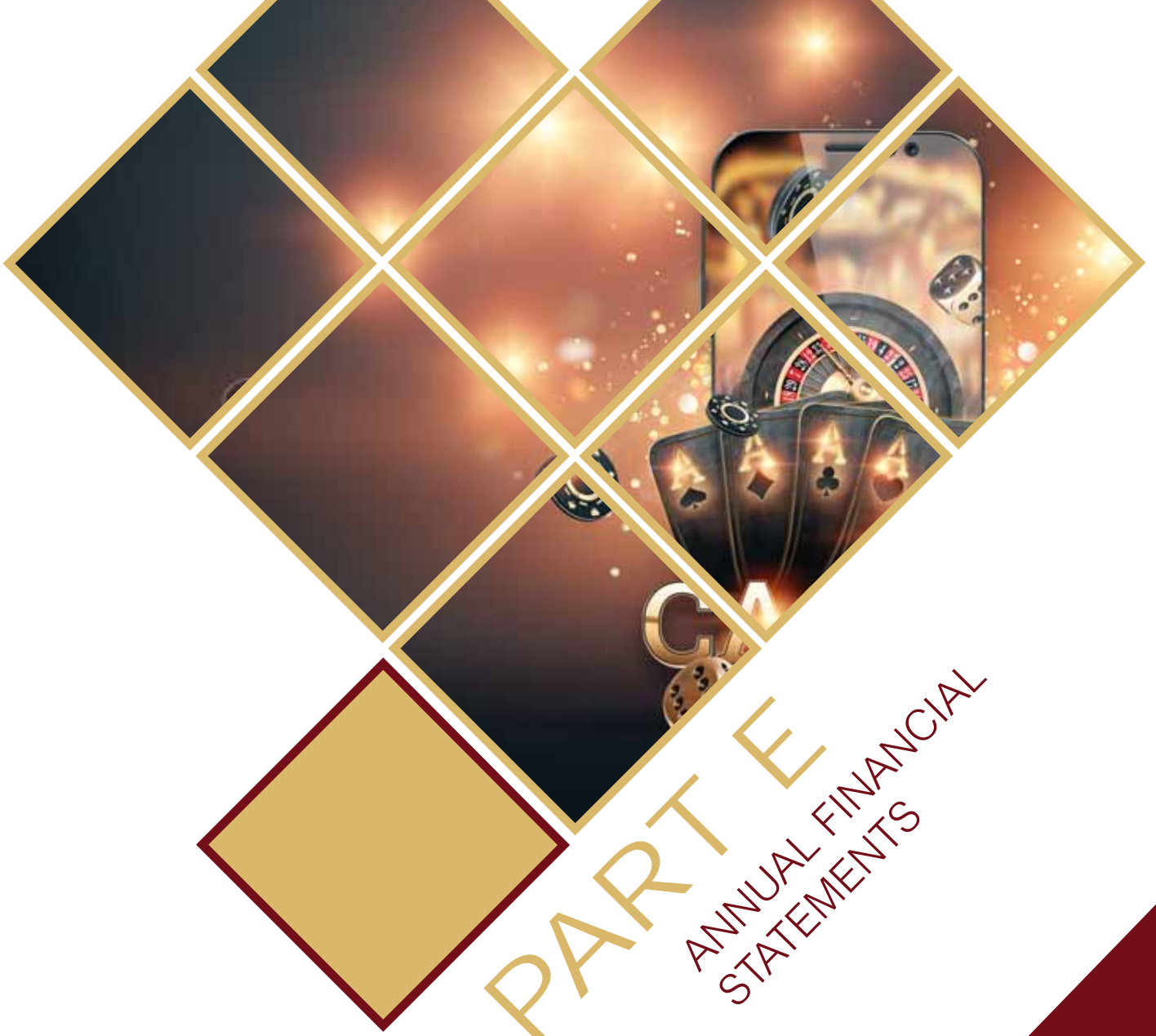
Verbal Warning	0
Written Warning	0
Final Written Warning	0
Dismissal	0

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	2	3	0	0	0	0	0	0
Professional qualified	4	3	0	0	0	0	0	0
Skilled	11	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	26	26	1	1	1	0	2	2

Levels	Female							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	1	0	0	0	0	0	0
Senior Management	1	0	0	0	1	1	0	0
Professional qualified	3	3	0	0	0	0	0	0
Skilled	8	10	0	0	0	0	2	1
Semi-skilled	6	6	1	1	0	0	1	3
Unskilled	2	2	0	0	0	0	0	1
TOTAL	21	22	1	1	1	1	3	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

ANNUAL FINANCIAL
STATEMENTS

LIMPOPO GAMBLING BOARD

Financial Statements for the year ended 31 March 2021

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Regulating, controlling and monitoring gambling activities in the Limpopo Province.
Members	Mr. M.E. Tjiane - Chairperson Ms. B.L. Montjane - Deputy Chairperson Hosi/Adv. K.A. Mahumani Ms. M.E. Maditsi Mr. C.C. Nkadimeng Mr. J. N.Mpjane CA(SA) RA Mr. M.B. Tema - Treasury Representative Mr.S. Maja Mr. M.G. Makoko - Chief Executive Officer Mr. M. Rathumbu - LEDET Representative
Registered office	8 Hans van Rensburg Street Polokwane 0699
Business address	8 Hans van Rensburg Street Polokwane 0699
Postal address	Private Bag X9520 Polokwane 0700
Controlling Entity	Limpopo Department of Economic Development, Environment and Tourism
Bankers	Standard Bank of South Africa Auditors Auditor-General South Africa
Secretary	None

LIMPOPO GAMBLING BOARD

Financial Statements for the year ended 31 March 2021

Index

The reports and statements set out below comprise the financial statements presented to the Provincial Treasury:

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LIMPOPO GAMBLING BOARD

Financial Statements for the year ended 31 March 2021

Board Members' Responsibilities and Approval

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

The financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice

(GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

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

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

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

The members have reviewed the Entity's cash flow forecast for the year to 31 March 2022 and, in light of this review and the current financial position, they are satisfied that the Entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

LIMPOPO GAMBLING BOARD

Financial Statements for the year ended 31 March 2021

The Entity is wholly dependent on the Limpopo Department of Economic Development, Environment and Tourism for continued funding of operations. The financial statements are prepared on the basis that the Entity is a going concern and that the Limpopo Department of Economic Development, Environment and Tourism has neither the intention nor the need to liquidate or curtail materially the scale of the Entity.

The external auditors are responsible for independently reviewing and reporting on the Entity's financial statements. The financial statements have been examined by the Entity's external auditors and their report is presented on page 108.

The financial statements set out on pages 115 to 178, which have been prepared on the going concern basis, were approved by the members on 31 May 2021 and were signed on its behalf by:



Mr. M.G. Makoko
Chief Executive Officer



Mr. M.E. Tjiane
Chairperson of the Board

Report of the auditor-general to Provincial legislature on Limpopo Gambling Board

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Limpopo Gambling Board set out on pages 115 to 178, which comprise the statement of financial position as at 31 March 2021, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Limpopo Gambling Board as at 31 March 2021, and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act, 1999 (Act No 1 of 1999) (PFMA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
4. I am independent of the public Entity in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

6. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Restatement of corresponding figures

7. As disclosed in note 40 to the financial statements, the corresponding figures for 31 March 2020 were restated as a result of an error in the financial statements of the Entity at, and for the year ended, 31 March 2021

Significant uncertainty

8. With reference to note 28 to the financial statements, the Entity is the defendant in various lawsuits. The Entity is opposing the claims, and it believes that it will incur cost during the representation. The ultimate outcome of the matters could not be determined and no provision for any liability that may result was made in the financial statements.

Other matter

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

Unaudited supplementary schedules

10. The supplementary information 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 on them.

Responsibilities of the accounting authority for the financial statements

11. The board of directors, which constitutes the accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the PFMA, and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
12. In preparing the financial statements, the accounting authority is responsible for assessing the public Entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public Entity or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

13. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
14. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

15. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programme presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
16. My procedures address the usefulness and reliability of the reported performance information, which must be based on the public Entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the public Entity enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
17. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme presented in the public Entity's annual performance report for the year ended 31 March 2021:

Programmes	Pages in the annual performance report
Programme 3 – Compliance	57 – 66

18. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
19. I did not identify any material findings on the usefulness and reliability of the reported performance information for this programme:
- Programme 3: Compliance

Other matters

20. I draw attention to the matters below.

Achievement of planned targets

21. Refer to the annual performance report on pages 23 to 73 for information on the achievement of planned targets for the year and management's explanations provided for the under/over achievement of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraph(s) 15 to 19 of this report.

Adjustment of material misstatements

22. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of programme 3: Compliance. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Report on the audit of compliance with legislation

Introduction and scope

23. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the public Entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
24. I did not identify any material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

Other information

25. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report, which includes the directors' report and the audit committee's report. The other information does not include the financial statements, the auditor's report and the selected programme presented in the annual performance report that have been specifically reported in this auditor's report.
26. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
27. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

28. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

29. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. I did not identify any significant deficiencies in internal control.

Auditor General

Polokwane
31 July 2021



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general’s responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected programme and on the public Entity’s compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor’s report, I also:
 - identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
 - obtain an understanding of internal control relevant to the audit 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 public Entity’s internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the [board of directors, which constitutes the accounting authority
 - conclude on the appropriateness of the accounting authority ’s use of the going concerns basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the Limpopo Gambling Board to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause a public Entity to cease operating as a going concern
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

LIMPOPO GAMBLING BOARD

Financial Statements for the year ended 31 March 2021

Board Members' Report

The members submit their report for the year ended 31 March 2021.

1. Review of activities

Main business and operations

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

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 any matter or circumstance arising since the end of the financial year

4. Non-current assets

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

5. Members

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

Name	Nationality
Mr. M.E. Tjiane - Chairperson	South African
Ms. B.L. Montjane - Deputy Chairperson	South African
Hosi/Adv. K.A. Mahumani	South African
Ms. M.E. Maditsi	South African
Mr. C.C. Nkadimeng	South African
Mr. J. N.Mpjane CA(SA) RA	South African
Mr. M.B. Tema - Treasury Representative	South African
Mr.S. Maja	South African
Mr. M.G. Makoko - Chief Executive Officer	South African
Mr. M. Rathumbu - LEDET Representative	South African

6. Bankers

The bankers of the Entity are Standard Bank of South Africa.

7. 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.

LIMPOPO GAMBLING BOARD

Financial Statements for the year ended 31 March 2021

Statement of Financial Position as at 31 March 2021

Figures in Rand	Note(s)	2021	2020
			Restated
Assets			
Current Assets			
Receivables from exchange transactions	3	254 049	1 562 421
Receivables from non-exchange transactions	4	145 792	216 010
Cash and cash equivalents	5	27 007 359	25 296 460
		27 407 200	27 074 891
Non-Current Assets			
Property, plant and equipment	6	3 568 755	4 420 274
Intangible assets	7	564 521	538 115
Receivables from non-exchange transactions	4	5 040	5 040
		4 138 316	4 963 429
Total Assets		31 545 516	32 038 320
Liabilities			
Current Liabilities			
Operating lease liability	13	4 057 649	2 645 020
Payables from exchange transactions	9	886 868	1 631 155
Payable from non-exchange	8	2 338 685	13 176
Employee benefit obligation	10	27 500	59 069
Staff accrual	11	2 917 194	2 632 106
Funds to surrender	34	11 482 256	12 396 379
Deferred income	12	8 515 282	8 000 493
Fines and Penalties	35	-	167 425
		30 225 434	27 544 823
Non-Current Liabilities			
Operating lease liability	13	5 014 420	9 072 069
Employee benefit obligation	10	250 168	225 478
		5 264 588	9 297 547
Total Liabilities		35 490 022	36 842 370
Net Assets		(3 944 506)	(4 804 050)
Accumulated surplus		(3 944 506)	(4 804 050)

LIMPOPO GAMBLING BOARD

Financial Statements for the year ended 31 March 2021

Statement of Financial Performance

Figures in Rand	Note(s)	2021	2020
			Restated
Revenue			
Revenue from exchange transactions			
Operating revenue	18	1 538 344	2 220 700
Interest received	14	587 692	1 151 141
Gain on disposal of assets		-	75 982
Total revenue from exchange transactions		2 126 036	3 447 823
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	15	61 381 000	72 117 000
Other operating revenue	17	79 540 774	117 991 912
Annual licence fees	16	9 131 749	9 247 680
Total revenue from non-exchange transactions		150 053 523	199 356 592
Total revenue		152 179 559	202 804 415
Expenditure			
Employee related costs	19	(38 861 315)	(39 180 633)
Board members' expenses	21	(820 489)	(2 485 293)
Depreciation and amortisation		(1 328 723)	(1 507 532)
Loss on disposal of assets		(54 745)	-
Operating expenses	22	(19 155 482)	(28 870 266)
Total expenditure		(60 220 754)	(72 043 724)
Surplus for the year		91 958 805	130 760 691

LIMPOPO GAMBLING BOARD

Financial Statements for the year ended 31 March 2021

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Balance at 01 April 2019 as previously reported	(3 023 240)	(3 023 240)
Changes in net assets		
Levies surrendered	(119 633 178)	(119 633 178)
Net income (losses) recognised directly in net assets	(119 633 178)	(119 633 178)
Restated Surplus for the year	130 760 691	130 760 691
Total recognised income and expenses for the year	11 127 513	11 127 513
Restated Funds to surrender	(12 256 382)	(12 256 382)
Prior period error	(640 546)	(640 546)
Adjustment made directly in net assets	(11 435)	(11 435)
Total changes	(1 780 850)	(1 780 850)
Restated* Balance at 01 April 2020	(4 804 050)	(4 804 050)
Changes in net assets		
Levies surrendered	(77 650 995)	(77 650 995)
Funds to be surrendered	(11 124 943)	(11 124 943)
Net income (losses) recognised directly in net assets	(88 775 938)	(88 775 938)
Surplus for the year	91 958 805	91 958 805
Total recognised income and expenses for the year	3 182 867	3 182 867
Levies to surrendered in April	(2 334 758)	(2 334 758)
Adjustments made directly in net assets	11 435	11 435
Total changes	859 544	859 544
Balance at 31 March 2021	(3 944 506)	(3 944 506)
Note(s)		

LIMPOPO GAMBLING BOARD

Financial Statements for the year ended 31 March 2021

Cash Flow Statement

Figures in Rand	Note(s)	2021	2020
			Restated
Cash flows from operating activities			
Receipts			
Grants and subsidies		61 381 000	72 117 000
Other operating income		92 104 247	130 577 084
Interest income		587 692	1 151 141
		<u>154 072 939</u>	<u>203 845 225</u>
Payments			
Employee costs		(38 583 106)	(38 544 004)
Operating expenses		(22 710 008)	(29 422 260)
Funds surrendered		(89 690 055)	(131 199 085)
Board expenses		(820 489)	(2 553 776)
		<u>(151 803 658)</u>	<u>(201 719 125)</u>
Net cash flows from operating activities	25	<u>2 269 281</u>	<u>2 126 100</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(469 916)	(1 276 881)
Proceeds from sale of property, plant and equipment	6	-	95 100
Purchase of other intangible assets	7	(88 466)	(151 699)
Net cash flows from investing activities		<u>(558 382)</u>	<u>(1 333 480)</u>
Net increase/(decrease) in cash and cash equivalents		<u>1 710 899</u>	<u>792 620</u>
Cash and cash equivalents at the beginning of the year		25 296 460	24 503 840
Cash and cash equivalents at the end of the year	5	<u>27 007 359</u>	<u>25 296 460</u>

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
figures in Rand						

Statement of Financial Performance Revenue

Revenue from exchange transactions

Operating Income	6 554 000	(5 939 000)	615 000	1 538 344	923 344	39.1
Interest received	1 617 000	(852 000)	765 000	587 692	(177 308)	39.2
Total revenue from exchange transactions	8 171 000	(6 791 000)	1 380 000	2 126 036	746 036	

Revenue from non-exchange transactions

Transfer revenue

Government grants & subsidies	78 321 000	(16 940 000)	61 381 000	61 381 000	-	
Other operating revenue	107 000 000	(45 000 000)	62 000 000	79 540 774	17 540 774	39.3
Annual Licence fees	10 578 000	(1 002 000)	9 576 000	9 131 749	(444 251)	39.4
Total revenue from non-exchange transactions	195 899 000	(62 942 000)	132 957 000	150 053 523	17 096 523	
Total revenue	204 070 000	(69 733 000)	134 337 000	152 179 559	17 842 559	

Expenditure

Personnel	(47 723 993)	9 225 190	(38 498 803)	(38 861 315)	(362 512)	39.5
Board member expenses	(809 266)	(58 429)	(867 695)	(820 489)	47 206	39.6
Depreciation and amortisation	(1 165 725)	-	(1 165 725)	(1 328 723)	(162 998)	39.7
Operating Expenses	(30 712 100)	8 530 930	(22 181 170)	(19 155 482)	3 025 688	39.8
Total expenditure	(80 411 084)	17 697 691	(62 713 393)	(60 166 009)	2 547 384	
Operating surplus	123 658 916	(52 035 309)	71 623 607	92 013 550	20 389 943	
Loss on disposal of assets and liabilities	-	-	-	(54 745)	(54 745)	39.9
Surplus before taxation	123 658 916	(52 035 309)	71 623 607	91 958 805	20 335 198	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	123 658 916	(52 035 309)	71 623 607	91 958 805	20 335 198	

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Financial Statements for the year ended 31 March 2021

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
figures in Rand						

Statement of Financial Position

Assets

Non-Current Assets

Property, plant and equipment	(320 000)	(178 000)	(498 000)	469 889	(28 111)	39.10
Intangible assets	-	-	-	88 466	88 466	39.11
	(320 000)	(178 000)	(498 000)	558 355	60 355	
Total Assets	(320 000)	(178 000)	(498 000)	558 355	60 355	
Net Assets	(320 000)	(178 000)	(498 000)	558 355	60 355	

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Financial Statements for the year ended 31 March 2021

Accounting Policies

1. Presentation of Financial Statements

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

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

In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5.

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

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

1.1 Presentation currency

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

1.2 Going concern assumption

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

1.3 Significant judgements and sources of estimation uncertainty

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

Trade receivables

Trade and other receivables are stated at the nominal value as reduced by appropriate allowances

LIMPOPO GAMBLING BOARD

Financial Statements for the year ended 31 March 2021

Accounting Policies

for estimated irrecoverable amounts. The carrying amount of these receivables approximate fair value due to the short period to maturity of these instruments. Trade and other receivables from exchange transactions are disclosed separately from trade and other receivables from non-exchange transactions. Trade and other receivables in exchange for which the Entity gives approximately equal value to another Entity are recognised as trade and other receivables from exchange transactions. Trade and receivables received without directly giving approximately equal value in exchange are recognised as trade and other receivables from non-exchange transaction. The Entity assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the Entity makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The Entity assesses its trade and receivables from exchange transactions and trade and other receivables from non-exchange transactions for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit in the statement of financial performance, the Entity makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cashflows from a financial asset.

1.3 Significant judgements and sources of estimation uncertainty (continued) Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The Entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including supply and demand, together with economic factors such as rates inflation interest.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 11 - Provisions.

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Financial Statements for the year ended 31 March 2021

Accounting Policies

Long service awards

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of the long service award obligation.

The Entity determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Entity considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 10.

Trade Payables

The Entity has both exchange and non exchange transactions. The basis of recognition is either date of service or delivery in the case of goods and services. Payables from exchange and non-exchange transaction are carried at fair value and disclosed in the statement of financial position. The fair value of payables from exchange and non-exchange transactions approximates their carrying value. The carrying amount of these payables approximate fair value due to the short period to maturity of these instruments. Trade and other payables from exchange transactions are disclosed separately from trade and other payables from non-exchange transactions in the statement of financial position.

1.4 Property, plant and equipment

Property, plant and equipment are tangible non-current 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

LIMPOPO GAMBLING BOARD

Financial Statements for the year ended 31 March 2021

Accounting Policies

1.4 Property, plant and equipment (continued)

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

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

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses. The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Fittings	Straight line	10 years
Motor vehicles	Straight line	5 - 12 years
Office equipment	Straight line	15 - 25 years
Computer equipment	Straight line	3 - 9 years
Military equipment	Straight line	5 - 25 years
Furniture	Straight line	15 - 25 years

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Financial Statements for the year ended 31 March 2021

Accounting Policies

1.4 Property, plant and equipment (continued)

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

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

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

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

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

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

The Entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 5). The Entity's management determines the estimated residual values, depreciation methods as well as useful lives and related depreciation charges for the property, plant and equipment. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

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Accounting Policies

1.5 Intangible assets

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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

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

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

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

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

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

Item	Depreciation method	Average useful life
Computer software	Straight line	8 years

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Accounting Policies

1.5 Intangible assets (continued)

The Entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 7).

Intangible assets are derecognised:

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

1.6 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one Entity and a financial liability or a residual interest of another Entity.

The amortised cost of a financial asset or financial liability 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 (directly or through the use of an allowance account) for impairment or uncollectibility.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Derecognition is the removal of a previously recognised financial asset or financial liability from an Entity's statement of financial position.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) 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. When calculating the effective interest rate, an Entity shall estimate cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the Entity uses the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

LIMPOPO GAMBLING BOARD

Financial Statements for the year ended 31 March 2021

Accounting Policies

1.6 Financial instruments (continued)

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.

A financial asset is:

- cash;
- a residual interest of another Entity; or
- a contractual right to:
 - receive cash or another financial asset from another Entity; or
 - exchange financial assets or financial liabilities with another Entity under conditions that are potentially favourable to the Entity.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another Entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the Entity.

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

Liquidity risk is the risk encountered by an Entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an Entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- parties to the transaction as forming part of an Entity's net assets, either before the contribution occurs or at the time of the contribution; or

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Financial Statements for the year ended 31 March 2021

Accounting Policies

1.6 Financial instruments (continued)

- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an Entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the Entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the Entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
 - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
 - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
 - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
 - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

1.6 Financial instruments (continued) Classification

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

Class	Category
Receivables from exchange	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost

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Financial Statements for the year ended 31 March 2021

Accounting Policies

1.6 Financial instruments (continued)

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

Class	Category
Payables from exchange	Financial liability measured at amortised cost

Initial recognition

The Entity recognises a financial asset or a financial liability in its statement of financial position when the Entity becomes a party to the contractual provisions of the instrument.

The Entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

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

Subsequent measurement of financial assets and financial liabilities

The Entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at amortised cost.
- Financial instruments at cost.

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

Gains and losses

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

Impairment and uncollectibility of financial assets

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

LIMPOPO GAMBLING BOARD

Financial Statements for the year ended 31 March 2021

Accounting Policies

1.6 Financial instruments (continued)

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost is expected, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly. The amount of the loss is recognised in surplus or deficit.

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

Financial assets measured at cost:

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

The Entity derecognises financial assets using trade date accounting. The Entity derecognises a financial asset only when:

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

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

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Financial Statements for the year ended 31 March 2021

Accounting Policies

1.6 Financial instruments (continued)

If the Entity transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognise either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the Entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the Entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the Entity recognise the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the Entity has retained substantially all the risks and rewards of ownership of the transferred asset, the Entity continues to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the Entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial liabilities

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

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

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Financial Statements for the year ended 31 March 2021

Accounting Policies

1.6 Financial instruments (continued)

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

Presentation

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

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

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

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

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

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.

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.

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Financial Statements for the year ended 31 March 2021

Accounting Policies

1.6 Financial instruments (continued)

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.

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.

1.7 Statutory receivables

Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another Entity in cash or another financial asset.

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

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

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

The transaction amount (for purposes of this Standard) for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

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Accounting Policies

1.7 Statutory receivables (continued)

Recognition

The Entity recognises statutory receivables as follows:

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

Initial measurement

The Entity initially measures statutory receivables at their transaction amount.

Subsequent measurement

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

- impairment losses; and
- amounts derecognised.

Derecognition

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

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

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1.7 Statutory receivables (continued)

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The Entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

1.8 Leases

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

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

Operating leases - lessee

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

1.9 Inventories

The Entity 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.

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Accounting Policies

1.10 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

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 used 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:

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

1.11 Employee benefits

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

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

LIMPOPO GAMBLING BOARD

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Accounting Policies

1.11 Employee benefits (continued)

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

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

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

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

Short-term employee benefits

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

Short-term employee benefits include items such as:

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

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

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

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Accounting Policies

1.11 Employee benefits (continued)

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

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

1.12 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

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Accounting Policies

1.12 Provisions and contingencies (continued)

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

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

A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating deficits.

If an Entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision. Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 9 - Provisions

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 28.

1.13 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.

1.14 Revenue from exchange transactions

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

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Accounting Policies

1.14 Revenue from exchange transactions (continued)

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

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

Measurement

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

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. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

Interest

Interest is recognised, in surplus or deficit, using the effective interest rate method.

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Accounting Policies

1.15 Revenue from non-exchange transactions

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

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

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

Exchange transactions are transactions in which one Entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another Entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

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

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

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

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation. Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

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Accounting Policies

1.15 Revenue from non-exchange transactions (continued)

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

Recognition

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

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

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the Entity. When, as a result of a non-exchange transaction, the Entity recognises an asset, it also recognises revenue equivalent to the

amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. 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.

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.

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Accounting Policies

1.15 Revenue from non-exchange transactions (continued)

Government grants

The Board receives a grant from government through the shareholder each financial year. The grant is recognised as a receivable at the beginning of each financial year and recognised into revenue as monthly transfers are made by the shareholder to the Board. The receivable is only recognised when: It is probable that the future economic benefits or service potential associated with the asset will flow to the Entity and that the fairvalue of the asset can be measured reliably.

1.16 Accumulated Surplus

In terms of Section 53(3) of Public Finance Management Act a public Entity which must submit a budget in terms of Subsection (1) may not budget for a deficit and may not accumulate surpluses unless the prior written approval has been obtained from the National Treasury. Pursuant to this provision surpluses at each reporting date are surrendered unless retention has been authorised. Funds generated by the Entity are surrendered as per Instruction Note 2 of 2013.

1.17 Accounting by principals and agents

Identification

An agent is an Entity that has been directed by another Entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an Entity that directs another Entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

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

Identifying whether an Entity is a principal or an agent

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

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

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Accounting Policies

1.17 Accounting by principals and agents (continued)

Binding arrangement

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

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

Assessing which Entity benefits from the transactions with third parties

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

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

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

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

Recognition

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

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

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

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Accounting Policies

1.18 Comparative figures

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

1.19 Fruitless and wasteful expenditure

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

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.20 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, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

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Accounting Policies

1.20 Irregular expenditure (continued)

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.21 Budget information

Entity is 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.

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

The approved budget covers the fiscal period from 2020/04/01 to 2021/03/31.

The financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.22 Related parties

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

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

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Accounting Policies

1.22 Related parties (continued)

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

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

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

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

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

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

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

1.23 Events after reporting date

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

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

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Accounting Policies

1.23 Events after reporting date

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

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

1.24 Prior period error

Prior period errors are omissions from and misstatements in, the Entity's Financial statements for one or more prior periods arising from failure to use/misuse of reliable information that:

- was available when the financial statements for the period was issued, and
- could have been reasonably expects to be taken into account in those financial statements.

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Financial Statements for the year ended 31 March 2021

Notes to the Financial Statements

Figures in Rand	2021	2020
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2. New standards and interpretations

There are no new prevailing standards that are applicable to the Entity for the year under review.

3. Receivables from exchange transactions

Trade debtors	11 000	173 500
Prepaid expenses and deposit	243 049	1 388 921
	<u>254 049</u>	<u>1 562 421</u>

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 31 March 2021, 11 321 (2020: 132 854) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

1 month past due	11 000	45 000
2 months past due	321	9 000
3 months past due	-	78 854

4. Receivables from non-exchange transactions

Levies not received at year end	145 471	215 155
Staff debtors	321	855
Consumer debtors - Rates	5 040	5 040
	<u>150 832</u>	<u>221 050</u>
Non-current assets	5 040	5 040
Current assets	145 792	216 010
	<u>150 832</u>	<u>221 050</u>

Receivables from non- exchange

Levies amounting to R 145 470 (R 215 155) are for the last week of March and had not been received at year end. The Entity raised a statutory receivable for these levies as per GRAP 108.

Levies arise as a result of the Limpopo Gambling Act and Limpopo Gambling Regulations. The regulations stipulate a rate to be applied on an operators profit to get the levy figure. No interest is charged on late levies. These are paid to the Entity by the operators on a weekly basis and transferred to the shareholder at the end of each month. The levies were assessed for impairment as at 31 March 2021 and none of the levy amounts outstanding were deemed irrecoverable.

LIMPOPO GAMBLING BOARD

Financial Statements for the year ended 31 March 2021

Notes to the Financial Statements

Figures in Rand	2021	2020
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5. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	5 000	5 000
Bank balances	27 002 359	25 291 460
	27 007 359	25 296 460

6. Property, plant and equipment

	2021			2020		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Fittings	3 244 475	(2 623 583)	620 892	3 244 475	(2 299 136)	945 339
Motor vehicles	1 833 239	(1 333 991)	499 248	1 833 239	(1 201 306)	631 933
Office equipment	523 747	(246 230)	277 517	523 747	(215 726)	308 021
Computer equipment	2 511 280	(1 515 817)	995 463	2 615 860	(1 374 398)	1 241 462
Furniture	2 196 742	(1 024 641)	1 172 101	2 186 291	(896 723)	1 289 568
Military equipment	36 316	(32 782)	3 534	36 316	(32 365)	3 951
Total	10 345 799	(6 777 044)	3 568 755	10 439 928	(6 019 654)	4 420 274

Reconciliation of property, plant and equipment - March 2021

	Opening balance	Additions	Disposals	Depreciation	Total
Fittings	945 339	-	-	(324 447)	620 892
Motor vehicles	631 933	-	-	(132 685)	499 248
Office equipment	308 021	-	-	(30 504)	277 517
Computer equipment	1 241 462	458 000	(54 621)	(649 378)	995 463
Furniture	1 289 568	11 889	(124)	(129 232)	1 172 101
Military equipment	3 951	-	-	(417)	3 534
	4 420 274	469 889	(54 745)	(1 266 663)	3 568 755

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Financial Statements for the year ended 31 March 2021

Notes to the Financial Statements

Figures in Rand	2021	2020
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6. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Disposals	Depreciation	Total
Fittings	1 269 787	-	-	(324 448)	945 339
Motor vehicles	954 574	-	-	(322 641)	631 933
Office equipment	328 765	17 125	(3 598)	(34 271)	308 021
Computer equipment	558 963	1 259 756	(15 340)	(561 917)	1 241 462
Furniture	1 431 290	-	(181)	(141 541)	1 289 568
Military equipment	5 906	-	-	(1 955)	3 951
	4 549 285	1 276 881	(19 119)	(1 386 773)	4 420 274

Notes on assets

Following the Entity's annual review of its assets' residual values and useful lives, the Entity extended the useful lives of assets. This was provided for prospectively. The effect of the change in estimate is a decrease in current year depreciation and an increase in the current year surplus of R 363 346 and R 363 346 for future years.

Expenditure incurred to repair and maintain property, plant and equipment

Equipment maintenance	37 691	58 861
Motor vehicle expenses - repairs	4 825	22 475
	42 516	81 336

7. Intangible assets

	2021			2021		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	988 854	(424 333)	564 521	900 388	(362 273)	538 115

Reconciliation of intangible assets - 2021

	Opening balance	Additions	Amortisation	Total
Computer software	538 115	88 466	(62 060)	564 521

LIMPOPO GAMBLING BOARD

Financial Statements for the year ended 31 March 2021

Notes to the Financial Statements

Figures in Rand	2021	2020
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7. Intangible assets (continued)

Reconciliation of intangible assets - 2020

	Opening balance	Additions	Amortisation	Total
Computer software	507 174	151 699	(120 758)	538 115

8. Payables from non-exchange

UIF	928	-
PAYE	3 025	1 741
Levies to be paid to Ledet	2 334 732	11 435
	2 338 685	13 176

The amount of levies to be paid over to ledet which were not transferred at year end is 2 334 732 (11 435)

9. Payables from exchange transactions

Trade payables	275 857	1 527 914
Sundry Creditors	-	13 202
Other payables	611 011	90 039
	886 868	1 631 155

10. Employee benefit Obligation

The amounts recognised in the statement of financial position for long service awards are as follows:

Carrying value

Present value of the defined benefit obligation-wholly unfunded	277 668	(284 547)
Non-current liabilities	(250 168)	(225 478)
Current liabilities	(27 500)	(59 069)
	(277 668)	(284 547)

LIMPOPO GAMBLING BOARD

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Figures in Rand	2021	2020
10. Employee benefit Obligation (continued)		
Movement in the employee long term service award liability		
Opening balance	284 547	264 557
Contributions by plan participants	-	(1 354)
Benefits paid	(60 000)	(27 500)
Net expense recognised in the statement of financial performance	53 121	48 844
	277 668	284 547
Net expense recognised in the statement of financial performance		
Current service cost	28 909	28 659
Interest cost	23 282	21 137
Actuarial (gains) losses	930	(952)
	53 121	48 844
Actuarial gains/ losses		
Actuarial (gains) losses – Obligation	930	(952)

Key assumptions used

For the purpose of performing the calculation on the employee benefit, the Nominal Bond Curve, as compiled by the Johannesburg Stock Exchange of South Africa and obtained from Inet Bridge, at the duration of the liabilities of 6 years. This converts into an effective yield of 8.20% as at 29 February 2021. In terms of the accounting standards historical yields are less important and we consequently consider it appropriate to use the discount rate 8.20% per annum. We have assumed that Staff will retire at age 60. We have assumed no future increases in the long service awards. Assumptions used at the reporting date:

Discount rates used	8,20 %	8,20 %
Average Age	48	48

We recalculated the liability to show the effect of:

- the discount rate assumption on the defined benefit obligation by adding and subtracting 1% to the discount rate
- the long service award increase rate assumption on the defined benefit obligation by adding and subtracting 1% to the long service award increase rate; and
- the age rating assumption by adding and subtracting 1 year from the age rating. The effects of the above are as follows:

LIMPOPO GAMBLING BOARD

Financial Statements for the year ended 31 March 2021

Notes to the Financial Statements

10. Employee benefit Obligation (continued) Other assumptions

Assumed long service cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed long service cost trends rates would have the following effects:

	One percentage point increase	One percentage point decrease
Effect on defined benefit obligation	305 434	249 901

Amounts for the current and previous four years are as follows:

	2021	2020	2019	2018
Defined benefit obligation	277 668	284 547	264 557	316 858

11. Staff accrual

Reconciliation of provisions - 2021

	Opening Balance	Additions	Utilised during the year	Total
Leave days	1 244 359	3 744 605	(3 714 197)	1 274 767
13th cheques and savings	426 285	1 770 920	(1 752 610)	444 595
Performance bonus	961 462	236 370	-	1 197 832
	2 632 106	5 751 895	(5 466 807)	2 917 194

Reconciliation of provisions - 2020

	Opening Balance	Additions	Utilised during the year	Total
Leave days	995 358	3 835 026	(3 586 025)	1 244 359
13th cheques and savings	379 566	1 699 559	(1 652 840)	426 285
Performance bonus	640 581	320 881	-	961 462
	2 015 505	5 855 466	(5 238 865)	2 632 106

13th Cheque relates to savings which the staff accrue on a monthly basis and is paid in December each year. Leave days accrue monthly and expensed as utilised against the provision. Provision for performance bonus is raised on an annual basis and is paid after approval by the Board.

LIMPOPO GAMBLING BOARD

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Figures in Rand	2021	2020
12. Deferred income		
Reconciliation for the deferred income		
Opening balance	8 000 493	7 733 342
Increase/(decrease) in the carrying amount recognised in the period as a result of a change in the fair value of the assets to be distributed	(8 000 493)	(7 733 342)
Current year deferred income	8 515 282	8 000 493
	8 515 282	8 000 493
Deferred income relates to annual licence fees paid in advance by operators for the next financial year.		
13. Operating lease liability		
Non Current Operating lease liability	(5 014 420)	(9 072 069)
Current Operating lease liability	(4 057 641)	(2 645 020)
	(9 072 061)	(11 717 089)
14. Investment revenue		
Interest revenue		
Interest	587 692	1 151 141
15. Revenue from Non-Exchange Transactions - Government grants and subsidies		
Operating grants		
Department of Economic Development, Environment and Tourism	61 381 000	72 117 000
Unconditional grants		
Included in above are the following grants received from the shareholder:		
Unconditional grants received	61 381 000	72 117 000
16. Revenue from non-exchange - Annual Licence Fees		
Annual Licence Fees	9 131 749	9 247 680

Annual licence fees are paid by operators on an annual basis. These are due at the 1 of April each financial year.

LIMPOPO GAMBLING BOARD

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Notes to the Financial Statements

Figures in Rand	2021	2020
17. Revenue from Non-Exchange Transactions - Levies		
Levies	79 540 774	117 991 912
Disagregation of levies collected		
Casino levies	18 211 347	35 328 495
LPM Levies	19 372 004	27 828 023
Horseracing Levies	34 037 856	40 071 259
Bingo Levies	7 919 566	14 764 135
	79 540 773	117 991 912
18. Revenue from Exchange Transactions - Operating revenue		
Bingo application fees	-	15 622
Bingo licence fees	-	10 773
Casino application fees	143 100	15 900
Certificate of suitability	-	10 000
Employee registration fees	700 465	970 590
Horse racing application fees	272 738	167 162
Investigation fees	245 309	445 059
LPM application fees	52 501	309 255
LPM license fees	86 125	131 175
Sundry income	38 106	145 164
	1 538 344	2 220 700
19. Employee related costs		
Basic	30 368 478	30 936 680
Bonus	236 370	320 881
Medical aid - company contributions	948 075	918 141
UIF	106 502	104 578
Leave pay provision charge	175 909	454 172
Pension fund	3 266 870	3 287 782
Long-service awards	53 121	48 442
13th Cheques	1 758 973	1 697 445
Housing benefits and allowances	999 864	928 143
Danger allowance	44 330	41 993
Cell phone allowance	902 823	442 376
	38 861 315	39 180 633

LIMPOPO GAMBLING BOARD

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Notes to the Financial Statements

Figures in Rand	2021	2020
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20. Defined contribution plan

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	701 845	829 763
Other staff	2 513 897	2 458 019
	3 215 742	3 287 782

21. Board members' expenses

Accommodation and meals	181	494 529
Board meetings	347 531	455 879
International conferences and seminars	-	919 271
Monthly allowance and data allowance	455 433	374 231
Subsistence and travelling	17 344	241 383
	820 489	2 485 293

The Board has met for the year under review as prescribed including having special board meetings.

LIMPOPO GAMBLING BOARD

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Notes to the Financial Statements

Figures in Rand	2021	2020
22. Operating expenses		
Advertising and promotions	21 617	209 667
Assessment rates	468 265	454 482
Audit committee expenses - meetings	104 824	165 028
Audit fees - Auditor General	1 673 633	2 491 383
Audit fees - internal	304 318	329 144
Bank charges	43 834	80 711
Building maintenance	63 486	108 776
Bursaries	-	108 374
CSI project expenses	147 068	2 667 713
Cleaning materials	248 504	228 242
Communication	149 254	133 028
Computer expenses	85 606	44 555
Consultation and research	119 565	167 527
Consumables	2 560	5 347
Courier and postage	390	3 271
Crime awareness campaign	-	78 672
Equipment maintenance	37 691	58 861
Insurance	233 415	232 309
Investigation fees	45 121	35 070
Law enforcement expenses	7 237	1 050
Legal fees	-	40 800
License fees	882 432	724 870
Magazines, books and periodicals	-	12 960
Motor vehicle expenses - fuel	29 517	156 563
Motor vehicle expenses - repairs	4 825	22 475
Occupational injuries and diseases act fund	161 500	166 357
Operating lease charges - building	11 481 268	11 481 266
Other expenses	531	3 071
Placement fees	2 141	20 705
Printing and stationery	278 191	547 892
Refreshments	175	36 586
Reimbursive travelling	212 344	2 158 527
Rental - postal box	2 330	-
Rental expenses	39 786	150 286
Responsible gambling awareness	-	557 030
Security expenses	1 089 479	935 465
Skills development levy	238 906	373 008
Staff meals and accommodation	67 829	2 573 711
Staff subsistence and toll fees	10 819	227 095
Staff training - inhouse	5 707	267 124
Staff welfare	284 041	61 093
Subscriptions	70 785	90 687
Telephone and fax	179 201	198 323
Water and electricity	357 287	461 162
	19 155 482	28 870 266

LIMPOPO GAMBLING BOARD

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Notes to the Financial Statements

Figures in Rand	2021	2020
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23. CSI project expenses

CSI expenses	147 068	2 667 713
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The CSI project relates to projects that were carried through from the 2019/20 financial year which could not be implemented due to the pandemic. These were however accounted for under commitments in the 2019/20 financial year and expensed in the 2020/21 year.

24. Taxation

No provision has been made for the 2021 tax year as the Limpopo Gambling Board is exempt from tax in terms of the provisions of Section 10(1)(cA)(i) of the Income Tax Act.

25. Cash generated from operations

Surplus	91 958 805	130 760 691
Adjustments for:		
Depreciation and amortisation	1 328 723	1 507 532
Gain (loss) on sale of assets and liabilities	54 745	(75 982)
Movements in operating lease assets and accruals	(2 645 020)	(1 360 812)
Movements in long service awards	(6 879)	19 990
Movements in staff accruals	285 088	616 641
Funds surrendered	(89 690 055)	(131 199 085)
Changes in working capital:		
Receivables from exchange transactions	1 378 593	849 641
Payables from exchange transactions	(744 295)	673 075
Payables from non exchange transactions	2 212	(20 167)
Fines and penalties	(167 425)	87 425
Deferred income	514 789	267 151
	2 269 281	2 126 100

LIMPOPO GAMBLING BOARD

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Notes to the Financial Statements

Figures in Rand	2021	2020
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26. Financial instruments disclosure

Categories of financial instruments

March 2021

Financial assets	At amortised cost	Total
Trade and other receivables from exchange transactions	11 000	11 000
Cash and cash equivalents	27 007 359	27 007 359
	27 018 359	27 018 359

Financial liabilities	At amortised cost	Total
Trade and other payables from exchange transactions	886 860	886 860

March 2020

Financial assets	At amortised cost	Total
Trade and other receivables from exchange transactions	173 500	173 500
Cash and cash equivalents	25 296 461	25 296 461
	25 469 961	25 469 961

Financial liabilities	At amortised cost	Total
Trade and other payables from exchange transactions	1 631 155	1 631 155

Financial instruments in Statement of financial performance

March 2021

Financial liabilities	At amortised cost	Total
Interest income (calculated using effective interest method) for financial instruments at amortised cost	587 692	587 692

LIMPOPO GAMBLING BOARD

Financial Statements for the year ended 31 March 2021

Notes to the Financial Statements

Figures in Rand	2021	2020
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26. Financial instruments disclosure (continued)

March 2020

Financial liabilities	At amortised cost	Total
Interest income (calculated using effective interest method) for financial instruments at amortised cost	1 151 141	1 151 141

27. Commitments

Authorised operational expenditure

Already contracted for but not provided for

- Expected Operating Expenditure to be incurred
- | | | |
|--|-----------|-----------|
| | 4 016 372 | 5 285 666 |
|--|-----------|-----------|

Total operational commitments

- Already contracted for but not provided for
- | | | |
|--|-----------|-----------|
| | 4 016 372 | 5 285 666 |
|--|-----------|-----------|

The commitments relate to contracts in respect of internal audit, security, hygiene cleaning company. The commitments are funded from existing funds.

Operating leases - as lessee (expense)

Minimum lease payments due

- within one year	15 538 916	14 126 288
- in second to fifth year inclusive	15 538 916	31 077 833
	31 077 832	45 204 121

The Entity rents offices in Polokwane at 8 Hans van Rensburg Street. 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 28th of February 2023.

The Entity rents digital printers for a period of three years. Rental is payable monthly in advance and is fixed over the entire contract period. The tenant has the option to renew the rental agreements at reduced rental. Contingent rent is payable based on the number of copies made by the tenant.

LIMPOPO GAMBLING BOARD

Financial Statements for the year ended 31 March 2021

Notes to the Financial Statements

28. Contingencies

Litigation is in the process against the Board relating to the following cases:

INNOCENT SIBOTSHWA (T/A LEBOWAKGOMO INTERNET CAFÉ// LIMPOPO GAMBLING BOARD

On 21 August 2020, the Board received a notice of motion application to join the Chairman/Limpopo Gambling Board as the

3rd respondent to the above case. The Applicant was successful, and the court granted an order for the Board to be joined as the third respondent. To date, the Board was not served with the amended notice of motion in which the Board is cited as the third respondent. The hearing date was also not allocated and the matter is therefore not on the roll. No financial liability will arise from the case save for the legal costs associated therewith. The Board's legal representative (the State Attorney) is unable to estimate the legal costs associated with the case.

ACAPULCO TRADE AND INVEST +123 (PTY) LIMITED

An application was brought seeking a *mandament van spolie* to declare a search warrant applied for and executed by members of the South African Police Service as invalid. The Board is cited as the fourth respondent on account of members of the Board's law enforcement business unit being present during the search and seizure operation. The Applicant has not applied for a hearing date as yet. The Board is duly represented by the State Attorney.

According to the State Attorney's assessment "should the Board be unsuccessful, the anticipated financial liability of the Board will be R200 000 (Two hundred thousand rands). If successful, the Board will be entitled to legal costs which is estimated at R150 000 (One hundred and fifty thousand rands).

LABOUR CASE: MR. S. MAAHLO

The above employee was dismissed after an internal disciplinary enquiry was held on misconduct charges. The employee then referred the matter to the CCMA seeking re-instatement on the basis of an unfair dismissal. The Commissioner found that the dismissal was fair and dismissed the applicant's/employee's case. The employee thereafter took the matter on appeal in the Labour Court. A hearing date is being awaited.

The Board's legal representative considers the success of the action against the Board as being as unlikely and it is not anticipated that the Board would pay anything more than legal fees. The legal fees associated with the case are estimated at R400 000-00.

LIMPOPO GAMBLING BOARD

Financial Statements for the year ended 31 March 2021

Notes to the Financial Statements

28. Contingencies (continued)

REVOCAION OF LICENCE/ PORTAPA 2 (PTY) t/a SUPERBETS REVIEW APPLICATION

The Applicant's bookmaker licence was revoked by the Board. The Applicant then took the matter on review whereafter the court referred the matter for trial. An interim order was awarded to the licensee to continue with operations pending the outcome of the trial. After a pre-trial conference, the matter will be set down for trial. The Board's legal representative considers the success of the action against the Board as being unlikely. No financial liability will arise from the case save for the legal costs associated therewith. The board's legal representative (the State Attorney) estimates the legal costs for the work done thus far to be approximately R70 000-00.

GOLDRUSH GAMING LATIANO557 (PTY) LTD t/a GOLDRUSH BINGO

The Applicant is challenging the award of a bingo licence. The Board's legal representative considers the success of the action against the Board as being unlikely. The Applicant initially placed the matter on the roll but subsequently filed a notice of removal of the matter from the opposed motion roll of 4 December 2017. The main review has not been set down and there has been no movement in the matter since the above date. No financial liability will arise from the case save for the legal costs associated therewith. The board's legal representative (the State Attorney) is unable to estimate the legal costs for the case.

SOUTH AFRICAN BOOKMAKERS ASSOCIATION AND 5 OTHERS/NATIONAL GAMBLING BOARD AND 9 OTHERS

The Board is opposing an application made by the Bookmaker's Association of South Africa, who are seeking a declaratory order on whether the Board and other Provinces are allowed to receive bets placed on dog racing taking place in the United Kingdom. The Board does not expect any cash outflows in relation to the matter. The Applicant has not applied for a trial date and there has been no movement in the matter for period under review.

No financial liability will arise from the case save for the legal costs associated therewith. The board's legal representative (the State Attorney) is unable to estimate the legal costs for the case. The State Attorney further confirmed as follows: "These claims are not monetary in nature, thus there is no money claimed from the board. The only money which might be payable is the legal costs which I am unable to estimate, costs undergo taxation with the taxing master and depend on the work done and the how much Counsel charges as well."

LIMPOPO GAMBLING BOARD

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Notes to the Financial Statements

28. Contingencies (continued)

TCBS TRADING 4 (PTY) LTD 43 LIMPOPO GAMBLING BOARD

The Applicant sought an application in the High Court to set aside a search warrant and to subsequently seek a mandament van spolie for the return of items seized by the 2nd respondent in respect of an illegal gambling matter. The Board was cited as the 4th Respondent and was duly represented by the State Attorney. On account of the inability of the State Attorney to consult with the 2nd respondent, the State Attorney was not prepared for the court date on 29 October 2019 and as a result, a default judgement was obtained by the Applicant. The State Attorney has subsequently brought an application for the rescission of judgment wherein such application was opposed by the Applicant. The court is yet to set a date for the hearing of the application.

According to the State Attorney's assessment "should the Board be unsuccessful, the anticipated financial liability of the Board will be R200 000 (Two hundred thousand rands). If successful, the Board will be entitled to legal costs which is estimated at R150000(One hundred and fifty thousand rands).

ADV. M.J.MANTSHO

The above candidate was an unsuccessful in his application for the position of company secretary. After being informed of the outcome of the interviews, Adv. Mantsho being duly represented by Machaba Incorporated sent a notice to the Entity on

7 August 2020. The notice stipulated that Adv. Mantsho intends instituting legal action against the Entity, if the Entity does not pay him R20million "for damage to his name, trauma and shock, damage to his integrity and dignity, damage to his confidence and ability to apply for other posts, ability to honour interviews invitations or apply for posts at all." The Entity has still not received a summons for the abovementioned issue. However, should Adv. Mantsho proceed and is successful with the civil claim, based on recent case law the award against the Entity would most probably not exceed R500 000.

LABOUR UNIONS VS NATIONAL TREASURY

The Labour Appeal Court (LAC) declared the salary increases for the 2020/21 financial year unlawful and invalid. The LAC ruling has been appealed and referred to the Constitutional Court. The ruling by the Constitutional Court will confirm if the Entity will be obligated to pay the salary increases in dispute.

LIMPOPO GAMBLING BOARD

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Notes to the Financial Statements

Figures in Rand	2021	2020
29. Related parties		
Relationships		
Controlling Entity	Limpopo Department of Economic Development, Environment and Tourism	
Board Members	Mr. M.E. Tjiane - Chairperson Ms. B.L. Montjane - Deputy Chairperson Hosi/Adv. K.A. Mahumani Ms. M.E. Maditsi Mr. C.C. Nkadimeng Mr.S. Maja Mr. M.B. Tema Mr. J.N.Mpjane CA (SA) RA	
Members of key management	Mr.M.G. Makoko - Cheif Executive Officer (Member of the Board) Ms.Y.S.M. Mathabatha - Former Cheif Financial Officer Adv.L.Ganess - Senior Manager Legal Mr.L.K. Mathavhane - Senior Manager Compliance Dr.M.P. Masogo - Senior Manager Law Enforcement Ms.M.V. Molepo CA (SA) RA - Senior Manager Finance	

Related party balances

Funds to surrender/ surrendered	11 482 256	12 396 378
Microsoft license s	-	392 328
Fines and penalties	-	167 425
Levies payable	2 334 732	11 435

The shareholder has paid licence fees for the board which the board has accounted for as a liability at the end of the financial year ending March 2021. Fines and penalties are collected by the board on behalf of the provincial treasury and these are paid upon completion of each financial audit. Funds to surrender consists of unspend funds for the financial year and own revenue monies which are payable upon completion of each financial audit.

LIMPOPO GAMBLING BOARD

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Figures in Rand	2021	2020
29. Related parties (continued)		
Related party transactions		
Levies and funds transferred to the shareholder	89 690 055	117 980 497
Grant transferred by shareholder	61 382 000	72 117 000
Microsoft licences	472 734	392 328

The shareholder has two additional entities (Limpopo Tourism Agency and LEDA and its subsidiaries) to which the Limpopo Gambling Board is related.

LIMPOPO GAMBLING BOARD

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Notes to the Financial Statements

29. Related parties (continued)

Remuneration of Board members

March 2021

Name	Travel and subsistence	Sitting allowances	Data costs	Retainer	Total
Mr. M.E. Tjiane - Chairperson	4 879	86 340	5 159	87 030	183 408
Ms. B.L. Montjane - Deputy Chairperson	-	64 766	3 839	76 175	144 780
Hosi/Adv. K.A. Mahumani	-	49 761	3 839	52 807	106 407
Ms. M.E. Maditsi	2 528	41 904	3 839	52 807	101 078
Mr. C.C. Nkadameng	-	34 047	3 839	52 807	90 693
Mr.S. Maja	10 117	47 142	3 839	52 807	113 905
Mr.J.N Mpjane	-	18 333	3 839	52 807	74 979
	17 524	342 293	28 193	427 240	815 250

March 2020

Name	Travel and subsistence	Sitting allowance	Overseas trips and allowances	Retainer	Total
Mr. M.E. Tjiane - Chairperson	35 009	103 608	-	54 394	193 011
Ms. B.L. Montjane - Deputy Chairperson	38 420	98 228	-	76 175	212 823
Hosi/Adv. K.A. Mahumani	29 973	39 285	-	52 807	122 065
Ms. M.E. Maditsi	36 047	81 189	-	52 807	170 043
Mr. C.C. Nkadameng	27 920	57 618	10 381	52 807	148 726
Mr.S. Maja	70 230	68 094	-	13 201	151 525
Mr. M.B Tema	-	-	10 381	-	10 381
Mr.J.N. Mpjane	12 472	7 857	-	35 479	55 808
	250 071	455 879	20 762	337 670	1 064 382

LIMPOPO GAMBLING BOARD

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Notes to the Financial Statements

30. Executive management's emoluments

March 2021

	Salary	Housing allowance	Travel allowance	Medical aid	Cellphone allowance	Leave payout	Acting allowance	Pension	Total
Mr. M.G. Makoko (CEO)	1 646 284	17 085	168 000	72 868	28 464	-	-	185 327	2 118 028
Y.S.M. Mathabatha (CFO)	274 053	2 847	16 000	-	4 100	143 270	-	28 480	468 750
L. Ganess	1 296 985	17 085	66 758	-	24 036	-	-	134 713	1 539 577
L.K. Mathavhane	1 187 755	17 085	84 000	-	24 036	-	-	125 892	1 438 768
M.P. Masogo	1 158 885	17 085	78 000	37 048	24 036	-	-	126 101	1 441 155
M.V. Molepo	991 625	17 085	24 000	-	24 036	-	222 150	101 332	1 380 228
	6 555 587	88 272	436 758	109 916	128 708	143 270	222 150	701 845	8 386 506

March 2020

	Salary	Housing allowance	Travel allowance	Medical aid	Cellphone allowance	Backpay	Pension	Total
M.G. Makoko(CEO)	1 623 658	17 010	168 000	63 204	24 922	-	181 884	2 108 629
Y.S.M. Mathabatha (CFO)	1 616 516	17 010	96 000	-	24 600	-	168 204	1 949 986
L. Ganess	1 275 167	17 010	66 758	-	21 253	-	132 347	1 534 214
L.K Mathavhane	1 167 398	17 010	84 000	-	21 253	-	123 666	1 433 546
M.P. Masogo	1 140 264	17 010	78 000	34 769	21 253	-	123 823	1 435 362
M.V. Molepo	990 912	17 010	12 000	-	21 253	-	99 839	1 153 589
	7 813 915	102 060	504 758	97 973	134 534	132 323	829 763	9 615 326

LIMPOPO GAMBLING BOARD

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Notes to the Financial Statements

31. Risk management

Liquidity risk

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 Entity'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:

At 31 March 2021	Less than 1 year	Between 1 and 2 years
Operating lease	15 538 916	15 538 916
Trade and other payables	886 860	-
Staff accrual	2 917 194	-
Long service awards	27 500	250 168

At 31 March 2020	Less than 1 year	Between 1 and 2 years
Operating lease	14 126 288	31 077 833
Trade and other payables	1 631 155	-
Staff accrual	2 632 106	-
Long service awards	59 069	225 478

Credit risk

Credit risk refers to the risk that a 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.

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.

LIMPOPO GAMBLING BOARD

Financial Statements for the year ended 31 March 2021

Notes to the Financial Statements

31. Risk management (continued)

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.

The Entity's major source of revenue is government grants and to a 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:

Financial instrument	March 2021	March 2020
Cash and cash equivalents (Upward change 1%)	270 074	264 639
Cash and cash equivalents (Downward change 1%)	270 074	264 639

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.

LIMPOPO GAMBLING BOARD

Financial Statements for the year ended 31 March 2021

Notes to the Financial Statements

Figures in Rand	2021	2020
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32. Going concern

The 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. Although the Entity is sitting at a negative net asset, this is a result of the own revenue that the Entity needs to surrender at the end of the year which is now sitting as a liability. The Entity will still be receiving funding for the next financial year as the allocation and the budget has been disclosed Estimates of Provincial Revenue and Expenditure.

33. Events after the reporting date

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

34. Amounts to be surrendered to Provincial Treasury

Cash and cash equivalents	27 007 359	25 296 460
Less current liabilities	(18 743 170)	(15 148 444)
Less levies transferred to Ledet in April	(145 480)	(215 155)
Add under payment for previous year	357 321	139 996
Add trade debtors	399 842	1 778 432
Less committed expenditure	(38 637)	(809 168)
Less effect of changes in prior year balances	-	(6 554)
Add lease smoothing	2 645 020	1 360 812
	11 482 255	12 396 379

The committed expenditure represents the amounts budgeted for the financial year and contracted for by year end with performance only taking place in the next financial year. The funds to be surrendered to the shareholder includes penalties which the Entity has collected as an agent for the Provincial Revenue Fund. The levies not received at year end are transferred to the shareholder once received in the next year. The levies outstanding as at 31 March 2021 were received and transferred in April 2021. Therefore they will not form part of funds to be surrendered when the audit is concluded. Included in the funds to surrender note is amounts that relate to prior period errors which have been deducted. This means that in the previous years the Entity had over- surrendered as the figures pertaining to the errors had not been taken into account then. Prior period errors are disclosed in note 40.

The Entity surrenders the funds to Provincial Treasury through the LEDET.

LIMPOPO GAMBLING BOARD

Financial Statements for the year ended 31 March 2021

Notes to the Financial Statements

Figures in Rand	2021	2020
35. Fines payable		
Opening balance	167 425	80 000
Amount raised in the current year	-	167 425
Amount transferred to revenue fund	(167 425)	(80 000)
	-	167 425

Fines payable are treated under GRAP 109 Agent- Principle Relationship. The Entity collects fines that arise as a result of non compliance by operators of the Limpopo Gambling Board Regulations. These are directly paid to the revenue fund through the shareholder on completion of the audit. The penalties for 2019/20 financial year was paid over to the shareholder in October 2020. No penalties were raised in the current financial year.

36. Fruitless and wasteful expenditure

Opening balance	6 839	6 839
Add: fruitless expenditure raised	-	-
Less: Amounts raised as debtor/ not recoverable	-	-
	6 839	6 839

This relates to no show costs were charged of R 6 839 for accommodation in the 2018/19 financial year. The matter was investigated, disciplinary process initiated in respect of the affected official who was found guilty regarding fruitless and wasteful expenditure. The Entity was waiting for sanction from the Chairperson of the Disciplinary Hearing as by the date the annual financial statement were submitted

37. Irregular expenditure

Opening balance	3 600	-
Add: Irregular Expenditure - current year	-	3 600
Less: Amounts condoned	-	-
Less: Amounts recoverable (not condoned)	-	-
Less: Amounts not recoverable (not condoned)	-	-
	3 600	3 600

LIMPOPO GAMBLING BOARD

Financial Statements for the year ended 31 March 2021

Notes to the Financial Statements

Figures in Rand	2021	2020
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37. Irregular expenditure (continued)

Details of irregular expenditure

The irregular expenditure for the current year relates to accommodation that was sort by the Entity without following the necessary procurement processes. The accommodation was treated as an emergency which is not in line with the Treasury SCM Regulations. Investigation in respect of the matter is completed and the report is to be processed by Financial Misconduct Committee for a recommendation to the Chief Executive Officer and Accounting Authority as by the date the annual financial statements were submitted.

38. 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	92 013 550	131 036 224
Basis differences	(89 744 269)	(128 910 125)
Net cash flows from operating activities	2 269 281	2 126 099
Investing activities		
Actual amount as presented in the budget statement	(558 382)	(1 428 580)
Basis differences	-	95 100
Net cash flows from investing activities	(558 382)	(1 333 480)
Net cash generated from operating, investing and financing activities	1 710 899	792 619

LIMPOPO GAMBLING BOARD

Financial Statements for the year ended 31 March 2021

Notes to the Financial Statements

39. Budget differences

Material differences between budget and actual amounts

The budget covers the full financial year to 31 March 2021 . Material differences are explained below.

39.1 Operating income

Although the budget for operating income had to be adjusted downwards to cater for the effect of the pandemic on the collection, operating income performed fairly well in comparison to the adjusted budget. This was mainly due to the reopening and the easing of the lockdown restrictions which led to the operators operations returning to somewhat of a full capacity.

39.2 Interest received

The interest earned by the Entity comes from a call account that the Entity maintains. Levies that are collected are kept in the call account before they are transferred to LEDET. The interest collected for the current financial year was less than budgeted for mainly due to the collection of levies which was delayed as a result of the grace period granted by the Entity for operators to assist in managing their cashflows.

39.3 Other operating revenue

Levies for the year under review under performed due to the effect of the lockdown restrictions occasioned by the covid pandemic in comparison to the prior year. However; the Entity's collection outperformed the adjusted budget as the lockdown restrictions were lifted.

39.4 Annual licence fees

Annual licence had under performed for the year under review even after a revision downwards of the expected income mainly due to the effect of the lockdown restrictions on the operators

39.5 Personnel

Included under employee costs is leave provision figure amounting to R 1 244 359. This figure is included as the accounting policy of the Entity is to prepare and report on its budget statement on an accrual basis.

LIMPOPO GAMBLING BOARD

Financial Statements for the year ended 31 March 2021

Notes to the Financial Statements

39.6 Board member expenses

Board expenses has slightly under performed when compared to the budgeted amount.

39.7 Depreciation and amortisation

Depreciation and amortisation has increased ahead of the budget due to the effect of additional assets acquired in the current year.

39.8 Operating Expenses

Operating expenses for the current year have reduced in comparison to the prior year as a result of a reduction the allocated grant and suspension of core services.

39.9 Loss on sale of assets

A few assets were written off as a result of the assets being scrapped due to the assets being damaged.

39.10 Property plant and equipment

The difference will be funding a commitment for a further purchase of assets. Included in the property plant and equipment is the previous year commitment to R 458 000.

39.11 Intangible Asset

Intangible purchase was funded by funds that were not surrendered in the previous financial year as the purchase was treated as a commitment.

40. Prior-year adjustments

There was an error in relation to operating expenses on staff accommodation and legal fees that were captured in the incorrect year. This affected both operating expenses and payables. The errors were corrected. There was an error in the reported balance of the funds to surrender, the error has been corrected in the respective note and shown below. The board expenses in the prior year included audit committee related costs and these have been corrected as reflected below.

LIMPOPO GAMBLING BOARD

Financial Statements for the year ended 31 March 2021

Notes to the Financial Statements

40. Prior-year adjustments (continued)

Staff accruals has increased as a result of the provision for bonus that has been raised for the prior two years including the current year. This has affected both statement of financial position and the statement of financial performance. Payables from non-exchange and receivables from non-exchange were not correctly presented in the previous financial year, as these were included under exchange transactions. These have been corrected in the current year.

The net asset figure as was reported in the prior year has been adjusted to account for changes made that affected both the surplus and the net asset balance. R 11 435 of the adjustments have been incorporated into the surplus of the prior financial year.

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

Statement of financial position

2020

	Note	As previously reported	Correction of error	Re-classification	Restated
Receivables from non exchange transaction		-	-	216 010	216 010
Receivables from exchange transactions		1 778 431	-	(216 010)	1 562 421
Payables from exchange transactions		1 602 301	42 030	(13 176)	1 631 155
Staff accrual		1 670 644	961 462	-	2 632 106
Payables from non exchange transactions		-	-	13 176	13 176
Funds to be surrendered		12 039 058	357 320	-	12 396 378
		17 090 434	1 360 812	-	18 451 246

LIMPOPO GAMBLING BOARD

Financial Statements for the year ended 31 March 2021

Notes to the Financial Statements

40. Prior-year adjustments (continued)

Statement of financial performance

	Note	As previously reported	Correction of error	Re-classification	Restated
Revenue from non-exchange transactions (Levies)		117 980 477	11 435	-	117 991 912
Other operating income		118 125 641	-	(145 164)	117 980 477
Operating income		2 075 536	-	145 164	2 220 700
Employee cost- staff accrual		(38 859 714)	(320 881)	-	(39 180 595)
Operating expense		(28 759 752)	(110 513)	-	(28 870 265)
Board expenses		(2 553 776)	68 483	-	(2 485 293)
		168 008 412	(351 476)	-	167 656 936

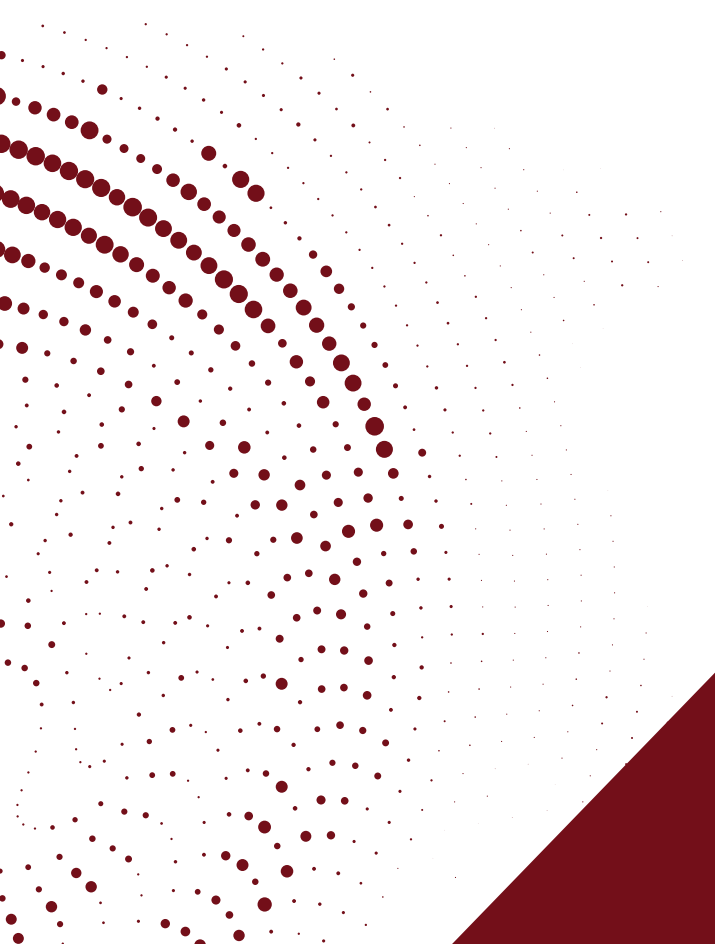
Statement of net assets

2020

	Note	As previously reported	Correction of error	Restated
Net Asset				
Accummulated surplus		(3 443 237)	(1 360 813)	(4 804 050)
		(3 443 237)	(1 360 813)	(4 804 050)



RESPONSIBLE GAMBLING



RESPONSIBLE GAMBLING

1. What is problem gambling?

Gambling has been part of the South African culture for a long time and until the promulgation of the Limpopo gambling Act 1996 (no. 4 of 1996) as amended; only a few forms of gambling were regulated in the Limpopo Province.

To a greater extent gambling is an accepted leisure activity and the majority of the population gamble with no adverse consequences. Yet there is a minority of people who end up gambling excessively and often feel rejected, misunderstood and isolated because there is little knowledge in our community about the potential dangers of gambling.

Anybody who gambles has the potential to develop problems. People often begin to lose control when difficult personal issues arise and gambling becomes a coping mechanism. Problem gambling is characterised by a strong pull or compulsion towards gambling which becomes more and more difficult to resist. People describe this as the urge to gamble and say that despite all the logical arguments they have against gambling, this urge will not go away until it is satisfied by gambling.

People often become frustrated with themselves and carry feelings of guilt, shame and embarrassment. Excessive gambling can lead to significant problems which may harm relationships, finances, work, physical health and mental health. This experience is called problem or compulsive gambling.

2. Warning Signs of Problem gambling:

The following are some of the signs that gambling has become a problem:

- a) Gambling more money than is affordable.
- b) Being preoccupied with gambling.
- c) Making repeated, unsuccessful attempts to cut down or stop gambling and being irritable or restless during these attempts.
- d) Gambling to escape problems or to relieve negative feelings.
- e) Chasing losses (gambling more money to try to win back losses).
- f) Lying to others to conceal the extent of gambling.
- g) Obtaining money illegally to gamble.
- h) Risking relationships or work or educational opportunities due to gambling.
- i) Borrowing from friends, family or financial institutions to finance gambling or gambling related debts.
- j) Gambling alone.
- k) Gambling a significant proportion of income on pay-day.
- l) Feeling stressed during and/or after a gambling session.
- m) Gambling being the only source of fun.

3. Excessive Gambling can affect:

a) Personal life

When you are a problem gambler you may end up feeling depressed, lonely and isolated from family and friends. A problem gambler may gamble to escape pressures or conflict.

b) Family life

Relationships can suffer as a result of excessive gambling. Family members may also lie to keep the extent of gambling a secret.

c) Financial situation

A compulsive gambler would:

- Borrow money to maintain his/her lifestyle and gambling habits;
- Gamble until all the money is gone.
- Gamble to chase losses, even when in debt.
- Experience financial difficulties possibly leading to legal problems.

d) Work life

Preoccupation with gambling can result in the loss of concentration at work, lost time from work due to gambling and working long hours to obtain money to gamble.

e) Health

Stress-related illness, such as headaches, back pain, inability to sleep, mood swings and hypertension can develop as a result of problem gambling. Loss of control over gambling can trigger feelings of guilt and desperation which can lead to thoughts of suicide.

f) Values

When you are a problem gambler you can compromise your values by lying about the amount of time and money spent on gambling.

g) Social life

A compulsive gambler would prefer to gamble alone and as a result have little or no time for socialising. Social life may also be affected when a compulsive gambler avoids friends who have lent money.

4. Strategies to Control Gambling:

The following are some suggestions for reducing the harm associated with gambling:

- a) Remember that gambling is entertainment. It's not a way to get rich quickly or pay off your debts;
- b) Practice delay in responding to the urge to gamble by doing something else or finding long-term alternative enjoyable activities;

- c) Work out how much you can afford to spend on gambling and budget for it. Be careful to stick to your gambling budget. One way to do this is to only carry the amount of money you have budgeted for gambling on the day;
- d) Don't try to recoup your losses. They may only increase;
- e) Beware of how often and how long you play;
- f) When you are winning, take occasional breaks. Think about the smart time to stop;
- g) Only use your own money;
- h) Gamble in company, not alone;
- i) Develop a support network of family or friends to talk to when you want to resist the urge to gamble;
or
- j) Apply for self-exclusion at one of the gambling institutions.

Sometimes, even after trying some of these strategies, dealing with gambling problems on your own can be difficult. This is when the extra support of someone who specialises in gambling counselling can be very helpful.

If you need help with a gambling problem, for yourself, a friend or someone you care for, call the National Gambling Programme's toll free helpline on **0800 006 008** or send a **SMS to 076 675 0710**



GAMBLING MYTHS & FACTS

Wise up to responsible gambling!!!



www.lgb.org.za

MYTH

The longer a slot machine is played without a big win, the more likely it is to pay out next time.

FACT

Each spin of a slot machine produces a random number. While it seems jackpots pay out at regular intervals, it is impossible for random numbers to be influenced by a previous sequence of random numbers.

MYTH

If you keep track of previous results, you can figure out future outcomes.

FACT

Every gambling play is an independent random event, with no memory. So, previous outcomes (as in lottery draws, cards and slots) cannot influence future ones.

MYTH

The race goes to the strongest, fastest horse.

FACT

Studying the form—the past performance of a race-horse or its jockey—should make it easy to choose a winner, however, the handicap system lowers the odds on a superior horse and increases the element of chance in every race.

MYTH

Luck favours the superstitious.

FACT

Although many gamblers believe that lucky rituals, actions or objects can help tip the odds in their favour, all outcomes are random and pure chance. "Lady Luck" does not exist in gambling and cannot influence results.

MYTH

If you know the rules of a game, you increase your chances of winning.

FACT

Knowing the rules of the game can only help you make decisions while playing. It cannot increase your chances of winning. The cards you are dealt will decide whether you win or lose—and you have no control over them.

MYTH

My uncle is an expert at roulette. He has a system for coming out ahead.

FACT

The probability of winning always favours the house. Every play on the roulette wheel is an independent chance event, so systems cannot determine results or give an advantage to one player over another.

Winners know when to stop

FOR PROBLEM
GAMBLING
COUNSELLING PHONE
0800 006 008



NATIONAL
**Responsible
Gambling**
PROGRAMME

e-mail: counsellor@responsiblegambling.co.za



IF YOU STICK TO THESE RULES, YOU CAN AVOID PROBLEMS WITH YOUR GAMBLING:

1. Decide beforehand how much money you are willing to spend. Stick to your limit.
2. Don't try and recoup your losses. They may only increase.
3. Beware of how often and how long you play.
4. When you are winning, take occasional breaks. Think about the smart time to stop.
5. Remember that gambling is entertainment. It is not a way to get rich quickly, or to pay off your debts.
6. Don't forget that gambling is all about chance. There are no systems or formulas to guarantee success.



**WINNERS KNOW
WHEN TO STOP**

A GAMBLING PROBLEM HURTS
Call Our Toll Free Counselling Line
0800 006 008
or SMS **076 675 0710**

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