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# VISION

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

# MISSION

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

- Compliance with the Law;
- Provision of appropriate leisure facilities; and
- Sustainable Local Economic Development.

# OUR PHILOSOPHY

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





# MESSAGE BY THE MEC

FOR ECONOMIC DEVELOPMENT, ENVIRONMENT & TOURISM

**Hon. P. Kekana**

**MEC: Economic Development, Environment & Tourism**

It is with a great sense of pride that I present the Annual Report of the Limpopo Gambling Board for the 2011/12 financial year to the honourable members of the Limpopo Provincial Legislature and to all other stakeholders.

My pride results from the fact that the Board has managed to achieve the targets that it set for itself as illustrated in their Annual Performance and Strategic Plans for the year under review.

While much more remains to be done in terms of licensing more gambling activities such as Limited Payout Machines and Bingo in order to create more leisure opportunities while at the same time generating revenue for the Province, much more still has to be done to ensure that the communities gamble much more responsibly.

I therefore use this opportunity to express my sincere thanks to the Board, the Chief Executive and staff for the significant role they all played to ensure that both their Strategic and Annual Performance Plans are fully implemented.

**Hon. P. Kekana**

MEC: Economic Development, Environment & Tourism



## REPORT BY THE **CHAIRPERSON**

**Mr. A.L. Mkhabela**  
Chairperson

As the financial year 2011/12 has now come to an end, we are indeed proud of the fact that we managed to a great extent, to achieve the objectives that we had set for ourselves at the beginning of the year as outlined in our Annual Performance and Strategic Plans. We need to mention that notwithstanding the austerity measures that indirectly affected our Board, we nonetheless managed to carry out the mandate of the Board as enshrined in the statute that regulates our operations. It is therefore our pleasure to submit this Annual Report to the Member of the Executive Committee for Economic Development, Environment and Tourism, the Provincial Executive Council, the Provincial Legislature as well as to all other stakeholders.

As we mentioned in the previous financial year, the Board issued a casino licence for the Greater Tubatse Municipal area to Peermont Global (Tubatse) (Pty) Ltd for the operation of the Thaba Moshate Casino, Hotel and Conference Centre. However, as a direct result of litigation initiated by a developer in the area against the Municipality and other private institutions as well as a land claim made by one individual, the development of the casino could not proceed prior to finalisation of the two instances. This, without doubt, has adversely affected the creation of more job opportunities for the people of the Province and the provision of the entertainment facilities in the area. It is hoped that this matter will be brought to finality in the near future.

The roll-out of more limited payout machines at strategic sites in the Province is continuing smoothly. This,

together with the Totalisator and Bookmaker licences that were issued during the year under review, increased the revenue paid over to the Provincial Treasury. As we continued to license all these activities, we were mindful of the need to be cautious at all times in order to avoid the proliferation of gambling which may impact adversely upon the socio-economic well being of our communities. The Board, therefore, had the obligation to strike a balance between the roll-out of more gambling venues and the adverse impacts of gambling, such as addiction. While it remains the responsibility of the Board to promote responsible gambling, we are highly appreciative of the strides made by the South African Responsible Gambling Foundation to bring to a bare minimum, the percentage of punters addicted to gambling through their counseling and treatment of affected persons. On our part, we continued throughout the year to engage in campaigns to inform communities about responsible gambling.

As it remains one of our core responsibilities to eradicate all forms of illegal gambling in the Province, our Law Enforcement unit spared no effort in bringing the perpetrators to book. However, with the introduction of new forms of illegal gambling such as cards, dice and online gambling, the Law Enforcement unit had its hands full in its endeavours to minimise the harmful effects of these forms of illegal gambling among the pensioners and the youth. Through our co-operation with other Law Enforcement agencies such as the South African Police Services, the Board managed to secure successful prosecutions of some of the offenders.

As the term of office of the Board comes to an end, we seize this opportunity to express our indebtedness to the Chief Executive, Mr. Serobi Maja, his management team and all staff, for all the efforts they made to make our work easy. We also say a word of gratitude to the former MEC for our Department, Hon. Pitsi Moloto, without whose unwavering support and guidance, we would not have achieved all the successes we have managed. We hope and trust that the new MEC, Hon. Pinky Kekana, will give the Board her full support and unwavering commitment to ensure that the Board achieves all the goals it sets for itself in the ensuing year. Credit is also due to the Premier, the Provincial Executive Council and Legislature for their support and encouragement.



**Mr. A. L. Mkhabela**  
Chairperson

# CORPORATE GOVERNANCE

## Strategic Goals

To regulate, control, and monitor gambling activities in the Province in line with the Limpopo Province Gambling Act, Act 4 of 1996, as amended.

To regulate, control, and monitor all gambling activities in the Province to ensure integrity, fairness, and public confidence in legalised gambling establishments.

## Institutional Arrangements

The Board was established in terms of the Limpopo Gambling Act, Act 4 of 1996, as amended. As a Schedule 3C Public Entity listed in the PFMA, disclosure requirements are guided by "Protocol on Corporate Governance in the Public Sector 2002" and the "Code of Corporate Practices and Conduct" contained in the "Kings' Report on Corporate Governance for South Africa 2003".

The Board comprises of eight members including the Chairman. All members, with the exception of the Chief Executive Officer are non-executive and meet at least bi-monthly. The current Board was appointed on 9 December 2008.

The Board is the Accounting Authority of the Entity in terms of the Public Finance Management Act.

The remuneration of members is determined and approved by the responsible Member of the Executive Council for Economic Development, Environment and Tourism.

Continuous education and training programmes are provided for all members to improve and maintain effectiveness.

## Internal Audit and Risk Management

The internal audit of the Board is conducted in accordance with the standards set by the Institute of Internal Auditors and operates in terms of the charter. The charter sets out the internal audit's purpose, authority and responsibilities.

The internal risk management structure oversees significant risks. It ensures that the wide range of risks associated with diverse operations of the Board is effectively managed.

## Code of Conduct

The Code of Conduct as endorsed by the Board, requires all employees to maintain the highest standards of behavior, and provides clear guidance on the expected behavior for all employees.

## Functions of the Board

The Board is responsible to oversee and control gambling activities in the Province through:

- Licensing of individuals and companies to conduct gambling and related activities.
- Registering of persons engaged in such activities.
- Registering of gambling devices.
- Collection of appropriate taxes and levies.
- Ensuring compliance with all legislation in connection with gambling.

# STATEMENT OF RESPONSIBILITY

The Public Finance Management Act, 1999 (Act No.1 of 1999), as amended, requires the Limpopo Gambling Board to ensure that the Board keeps full and proper records of its financial affairs. The Annual Financial Statements should fairly present the state of affairs of the Board, its financial results, its performance against predetermined objectives and its financial position at the end of the year in terms of Generally Accepted Accounting Practice.

The Annual Financial Statements are the responsibility of the Board; the external auditors are responsible for independently auditing and reporting on the financial statements. The Board is responsible for monitoring the preparation, the integrity of the Financial Statements and related information included in this report.

The Annual Financial Statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice including any interpretations of such Statements issued by the Accounting Practices Board with the prescribed standards of Generally Recognised Accounting Practice (GRAP), and the provisions of the Public Finance Management Act (PFMA)(Act No.1 of 1999) as amended, as well as the other applicable legislation. These Annual Financial Statements are based on appropriate accounting policies, supported by reasonable and prudent judgments and estimates.

The Board has reviewed the budgets and cash flow forecasts for the year ended 31 March 2012. On the basis of this view of the current financial position, the Board members have every reason to believe, that the Board will be a going concern in the year ahead and have continued to adopt the going concern basis in preparing the Financial Statements.

To enable the Board to meet the above responsibilities, the Board sets standards and implements systems of internal control and risk management that are designed to provide reasonable, but not absolute, assurance against material misstatements and losses.

The entity maintains internal financial controls to provide assurance regarding:

- The safeguarding of assets against unauthorised use or disposition.
- The maintenance of proper accounting records and the reliability of financial information used within the operations or for publication.

The controls contain a self-monitoring mechanism, and actions are taken to correct deficiencies as they are identified. Even an effective system of internal control, no matter how well designed, has inherent limitations, including the possibility of circumvention or the overriding of controls.

An effective system of internal control, therefore aims to provide reasonable assurance with respect to the reliability of financial information and in particular, financial statements presentation. Furthermore, because of changes in conditions, the effectiveness on internal control may vary over time.

As part of the system of internal control, the internal audit function conducts operational, financial and specific audits.

The Board has reviewed the system of internal control and risk management for the period from 1 April 2011 to 31 March 2012. The Board is of the opinion that the entity's systems of internal control and risk management were effective for the period under review.

In the opinion of the Board, based on the information available to date, the Annual Financial Statements fairly present the financial position of the Board as at 31 March 2012 and the results of its operations and cash flow information for the year, and that the Code of Corporate Practices and Conduct has been adhered to.

The Annual Financial Statements for the year ended 31 March 2012, set out on pages 33 to 51 were approved by the Board on 25 May 2012.



**MR. A.L. MKHABELA**  
Chairperson of the Board



**MR. SEROBI MAJA**  
Chief Executive Officer



**MS. Y.S.M. MATHABATHA**  
Chief Financial Officer



# MONITORING AND COMPLIANCE COMMITTEE

**Mr. T.J. Mathebula**  
Chairperson

The Monitoring & Compliance Committee was established in line with Section 16 of the Limpopo Gambling Act, to assist the Board in discharging its duties relating to the monitoring of compliance with the Limpopo Gambling Act, Regulations, Rules, the National Gambling Act and all applicable laws of the Republic of South Africa, the Bid Commitments of licensees and the conditions of the licence.

The Sub-Committee shall not perform any management functions or assume any management responsibilities. Except for functions that may from time to time be delegated to it to finalise, the Sub-Committee shall make recommendations to the Board for consideration and approval of compliance or non-compliance matters placed before it by Management.

Any delegated function or power so exercised shall, subject to Section 10(4)(a), be deemed to have been exercised or performed by the Board.

The Committee shall have as its main responsibilities, the following:

1. Consideration of compliance reports placed before it by Management relating to licensees.
2. Consideration of compliance or non-compliance matters with the conditions of the licence issued by the Board.

3. Consideration of corporate social investment issues made in bid commitments.
4. Consideration of the licensees' compliance with Broad Based Black Economic Empowerment issues.
5. Consideration of any other matters that may be referred to it by the Board.

During the year ended 31 March 2012, the Monitoring and Compliance Committee held 1 scheduled meeting.

The attendance of the Members was recorded as follows:

Members	Meetings Attended
Mr. T.J. Mathebula	1/1
Mr. J.Z. Moolman	1/1
Ms. T.E. Motsepe	1/1

**Mr. T.J. Mathebula**  
Chairperson





# HUMAN RESOURCES COMMITTEE

**Ms. M.J. Boshielo**  
Chairperson

The Limpopo Gambling Board established a committee known as the Human Resources Committee to assist the Board in discharging its duties relating to the Human Resource Management, Performance Management, and Employee Relations Management.

The Committee shall not perform any management functions or assume any management responsibilities. It provides a forum for discussing Human Resources activities and 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, are stipulated in these Terms of Reference, which may be amended by the Board from time to time.

The Human Resources Committee will have the following as its responsibilities:

1. To ensure that the Board adheres to the employment practices in line with the Labour Relations Act, Act No. 65 of 1995, as amended and all other Human Resources related legislation.
2. To ensure that the Limpopo Gambling Board complies with relevant laws, regulations and codes of business practices with regard to the Human Resources.
3. To act as the Board's Employment Conditions Committee in line with the Board's approved Human Resources Policy.
  - Considers and makes recommendations to the Board on matters related to senior/

executive human resources management (senior/executive management structure, process for recruitment, selection and appointment of senior managers).

- Considers and recommends to the Board the conditions of service for employees, including salary increases and performance management principles/systems at the Limpopo Gambling Board.
- Considers and recommends to the Board the delegation of authority to line managers within the Limpopo Gambling Board.
- To deliberate on any matter that in the opinion of the Chairperson (which may be in consultation with the Chief Executive Officer) should serve at the Board's Human Resources Committee prior to serving at the Board.
- To establish sub committees/tasks teams as it deems fit.

During the year ended 31 March 2012, the Human Resources Committee held 2 scheduled meetings. The attendance of the Members was recorded as follows:

Members	Meetings Attended
Ms. M.J. Boshielo	2/2
Ms. T.E. Motsepe	2/2
Mr. T.J. Mathebula *	1/2

\*Appointed in October 2011 as member of the HR Committee

**Ms. M.J. Boshielo**  
Chairperson: HR Committee



# CHIEF EXECUTIVE'S OVERVIEW

**Mr. Serobi Maja**  
Chief Executive Officer

First and foremost, we wish to express our most sincere indebtedness as the executive management, to the chairman and members of the Board for the support and guidance we received from them during the course of the year.

As a direct consequence of the constructive role they played jointly and severally, we succeeded in achieving the objectives that we set at the beginning of the year. We complied with the requirements of the Public Finance Management Act and all applicable laws and regulations that are critical to our operations as the Board. Furthermore, together with the Board, we developed our Annual Performance Plan with clearly defined strategic plans and objectives which were costed properly in order to avoid overspending.

Furthermore, the Board issued the third and final casino licence to Thaba Moshate Casino and Conference Centre for the Greater Tubatse area. The Casino is to be owned and operated by the Peermont Resorts - a reputable operator of the Emperors Palace in Gauteng, the Khoroni Casino in Vhembe and other casinos in the country.

However, due to a court case instituted by one of the developers in Tubatse relating to the envisaged casino site, no progress was done with regard to the construction of the casino and conference centre. It is hoped that this matter will be finalised in the near future in order to ensure that more job opportunities are created in that area.

## **Corporate Governance**

As this is critical to the success of our institution, the Board continued to ensure that all the necessary committees and governance policies are in place and reviewed as and when circumstances so dictated.

Furthermore, the Board ensured that the Internal Audit, Human Resources, Monitoring and Compliance, Risk Management and all other functions are performed to the best of our ability.

## **Monitoring & Compliance**

As the core mandate of the Board is to licence and regulate all forms of legalised gambling in the Province, the Board continued to visit all the gambling sites in the Province to ensure compliance with the Limpopo Gambling Act, the National Gambling Act, Regulations and Rules and all other applicable laws of the Republic. Furthermore, audits were carried out to ensure that the levies paid over to the Provincial Treasury were accurate. As it remains our inescapable responsibility to protect the punters from the sometimes harmful effects of gambling, we could not ignore this task. Furthermore, the National Responsible Gambling Programme which falls under the auspices of the South African Responsible Gambling Foundation continued to counsel and treat those adversely affected by gambling addiction. Two counsellors for Capricorn and Vhembe have been appointed to carry out this task on behalf of the National Responsible Gambling Programme. It is also pleasing to report that in terms of the National Gambling Act, families of

affected or addicted persons now have the legal right to approach the court to be granted an order that would be used to stop such addicted persons from engaging themselves in any gambling activity at all the licensed sites.

### Skills Development

As the development of human capital is viewed in a serious light by the Board, we continued to train and send our officials to refresher courses to keep them abreast of developments in gaming control and regulation, financial management, law enforcement, supply chain management and corporate governance. Furthermore, members of the Board also attended both national and international conferences at which the regulation of gambling was discussed by panels of experts in order to fully equip them.

### Illegal Gambling

As the Board has, for a number of years been in the forefront of combatting illegal gambling, we continued to excel in terms of the number of arrests made in the Province. Working together with the South African Police Service and other security agencies we managed to minimise illegal gambling activities in the Province.

### Conclusion

As the term of office of the members of the Board has come to an end, we seize this opportunity to thank them most sincerely for the significant role they all played without exception, to ensure that we achieve our goals. We wish them well in their various responsibilities.

Credit also goes to our former MEC, the Hon. Pitsi Moloto, for the support and encouragement he gave us during his tenure in office. We also convey our gratitude to all members of the Portfolio Committee for our Department, Standing Committee on Public Accounts and all members of the Legislature for the constructive role they played to make our work much easier. Credit is also due to all our external stakeholders for their unwavering support and co-operation. We extend our warmest welcome to the new MEC for our department, the Hon. P. Kekana.



### Serobi Maja

Chief Executive

Director: S.A. Responsible Gambling Foundation

Member of the Board of Trustees: International Association of Gaming Regulators

# MEMBERS OF THE **BOARD**



*Mr. A.L. Mkhabela (Chairperson)*



*Mr. K.J. Sithole (Deputy Chairperson)*



*Mr. T.J. Mathebula*



*Ms. T.E. Motsepe*



*Ms. M.J. Boshielo*



*Ms. N.N. Mushwana*



*Mr. J.J. Moolman*



*Mr. Serobi Maja (CEO)*



# ADMINISTRATIVE INFORMATION

## BOARD

**Mr Serobi Maja**  
Chief Executive Officer



**Ms Yvonne Mathabatha**  
Chief Financial Officer



**Mr Sam Maahlo**  
Senior Manager: Finance



**Mr Phillemon Masogo**  
Senior Manager: Law Enforcement



**Adv Linda Ganess**  
Senior Manager: Legal



**Mr Londani Mathavhane**  
Senior Manager: Compliance



**Mr Charles Mdhuli**  
Manager: SCM

**Ms Ethel Makgobo**  
Manager: Human Resources

**Mr M Lavhengwa**  
Manager: IT

**Ms Naomi Molepo**  
Manager: Licensing and Investigations

**Mr Mmutla Malothane**  
Acting Manager: Compliance Audit

**Ms Lolo Shadung**  
Acting Manager: Gambling Control

# PERFORMANCE REPORT



Strategic Objectives	Measurable Objectives/KPA	KPI	Target	Performance Results and Achievements	Variances
<b>LGB</b>					
Develop, plan, monitor and report on the strategic plan of the Board.	Monitoring performance of the Board.	Number of plans submitted to DEDET as per SLA.	1 Annual performance plan submitted to DEDET as per SLA.	1 Annual performance plan submitted to DEDET as per SLA.	
To ensure that licensees comply with all relevant legislation.	Monitoring through audit.	Number of compliance audits.	4 Compliance audits per licensee.	4 Compliance audits per licensee done.	
To ensure that licensees comply with bid commitments and conditions of licence.	Monitoring through audits.	Number of monitoring audits.	4 Monitoring reports.	4 Monitoring reports.	The Compliance Audit team was assisting the Investigation of Bookmaker Licence Applications; hence the preparation of the Monitoring report was put on hold.
To ensure a fairly regulated gambling industry.	Licensing of all types of licences as prescribed in the Act.	Monitoring the development of the Casino.	Monitoring the development of the Casino.	Not done.	Development of Casino has not yet commenced due to legal proceedings relating to the land on which the casino is to be built.
		Licensing of 1/3 (3000) of the total LPMs allocated by National Gambling Act and Type A & B LPM Site Operators.	Rolling out of additional 281 LPMs and issuing of 120 Type A LPM Site Operator Licences as per allocation by the NG Act.	44 LPM sites were licensed. The sites were licensed with a total of 220 LPMs.	The Request for Applications was published later than planned, on 2 September 2011.
			Rolling out of additional 375 LPMs at 15 Type B LPM sites and issuing of Site Operator Licences continues.	Not done.	The Regulations were being amended to accommodate Type B LPM Site licence application.  The Regulations were gazetted on 16 September 2011; however, the LPM Rules for Type B still have to be gazetted.
		Number of Bookmaker's licenses issued.	Tendering and issuing of 4 Bookmakers Licences.	Not done.	The investigation of applications is still in progress.
Number of Bingo licenses awarded.	Tendering and awarding of 2 Bingo licenses.	Not done.	The licensing of Bingo has been suspended as resolved by the Board in a meeting held on 30 September 2011.		
Promotion and ensuring awareness on responsible gambling.	Programme for ensuring Responsible Gambling in the Province.	Number of Responsible Gambling Reports.	4 Quarterly reports.	4 Quarterly reports.	
To ensure the eradication of all forms of illegal gambling in the Province and establish public confidence in legal establishment.	Programmes to ensure eradication of illegal gambling and promotion of responsible gambling awareness programmes.	Number of arrests of illegal gambling offenders.	412 Arrests of illegal gambling offenders.	425 Arrests of illegal gambling offenders.	More arrests were made after actual target reached due to intelligence network.
		Number of awareness campaigns in the Province.	300 Awareness campaigns in the Province.	244 Awareness campaigns in the Province.	Below by 56 due to elections in May, lack of manpower and school holidays.
To implement the PFMA and Treasury Regulations.	Reporting on the financial performance of the Board.	Submission of financial statements 2 months after the new financial year.	Submit the 2010/11 financial statement to AG 2 months after the financial year end.	Submitted the 2010/11 financial statement to AG 2 months after the financial year end.	

Strategic Objectives	Measurable Objectives/KPA	KPI	Target	Performance Results and Achievements	Variations
<b>CEO</b>					
Develop, plan, monitor and report on the strategic plan of the Board.	Monitoring performance of the Board.	Number of plans submitted to DEDET as per SLA.	1 Annual performance plan submitted to DEDET as per SLA.	1 Annual performance plan submitted to DEDET as per SLA.	
	Number of quarterly and annual monitoring reports by the Board.	4 Quarterly reports.	4 Quarterly reports.	4 Quarterly reports.	
	Number of annual reports submitted to DEDET and Treasury as per PFMA and SLA.	1 Annual report submitted to DEDET and Treasury as per SLA and PFMA.	1 Annual report submitted to DEDET and Treasury as per SLA and PFMA.	1 Annual report submitted to DEDET and Treasury as per SLA and PFMA.	

<b>COMPLIANCE</b>					
To ensure a fairly regulated gambling industry.	Licensing of all types of licences as prescribed in the Act.	Monitoring the development of the Casino.	Monitoring the development of the Casino.	Not done	Development of Casino has not yet commenced due to legal proceedings relating to the land on which the casino is to be built.
		Licensing of 1/3 (3000) of the total LPMs allocated by National Gambling Act and Type A & B LPM Site Operators.	Rolling out of additional 281 LPMs and 120 Type A LPM Site Operator Licences continues.	44 LPM sites were licensed. The sites were licensed with a total of 220 LPMs.	The Request for Applications was published later than planned, on 2 September 2011.
			Rolling out of additional 375 LPMs at 15 Type B LPM Sites and issuing of Site Operator Licences continues.	Not done	The Regulations were being amended to accommodate Type B LPM Site licence Application.  The Regulations were gazetted on 16 September 2011; however, the LPM Rules for Type B still have to be gazetted.
		Number of Bookmaker's licences issued.	Issuing of 4 Bookmakers Licences.	Not done	The investigation of Applications still in progress.
		Number of Bingo licences awarded.	Tendering process and awarding of 2 Bingo licences .	Not done	The licensing of Bingo has been suspended as resolved by the Board in a meeting held on 30 September 2011.
		Number of probity investigations/ licensing of employees.	Meropa: 103	Meropa: 81	The Board has received less applications from the licensee.
			Khoroni: 62	Khoroni: 68	The Board has received more applications from the licensee.
	Vukani: 207	Vukani: 325	The Board has received more applications from the licensee.		
Promotion and ensuring awareness on responsible gambling.	Programme for ensuring Responsible Gambling in the Province.	Number of Responsible Gambling Reports.	Quarterly reports: 4	Quarterly reports: 4	



Strategic Objectives	Measurable Objectives/KPA	KPI	Target	Performance Results and Achievements	Variances
<b>COMPLIANCE (cont.)</b>					
Regulate, control, and monitor all gambling activity in the Province to ensure integrity, fairness, and public confidence in legalised gambling establishments.	Properly regulated gambling Industry.	Number of site visits to Casinos and LMP site to conduct employee registration checks.	Khoroni: 4 Meropa: 4 Vukani: 4	Khoroni: 6 Meropa: 6 Vukani: 6	The initial annual Performance Plan had a higher target and it was subsequently amended during the financial year.
		Approval of movement of gaming equipment.	In the Province: 80	In the Province: 272	More applications were received from licensees as this depends on their request.
			Out of the Province: 105	Out of the Province: 88	More applications were received from licensees as this depends on their request.
			Within the Province: 120	Within the Province: 223	More applications were received from licensees as this depends on their request.
			Through the Province: 470	Through the Province: 131	Less applications were received from licensees as this depends on their request.
		Approval of gaming software and hardware equipment.	Software: 750	Software: 738	Less applications were received from licensees as this depends on their request.
			Hardware: 100	Hardware: 81	Less applications were received from licensees as this depends on their request.
		Number of gaming control technical and statutory compliance checks.	Khoroni: 12 Meropa: 12 Vukani: 4	Khoroni: 12 Meropa: 12 Vukani: 4	
		Number of investigations on punters disputes and cheating activities.	Disputes lodged with Casino Licensees – 120 Disputes per Licensee.	Khoroni: 104 Meropa: 119	
			Investigate all disputes lodged with the Board.	Investigate all disputes lodged with the Board: 4	
Regulate, control and monitor all gambling activity in the Province to ensure integrity, fairness and public confidence in legalised gambling establishments.	Properly regulated gambling industry.	Number of Levy Audits: Casinos.	Khoroni: 4 Meropa: 4	Khoroni: 4 Meropa: 4	
		Number of Compliance Audits: Casinos.	Khoroni: 4 Meropa: 4	Khoroni: 4 Meropa: 4	
		Number of Levy Audits: LPM's.	Vukani: 4	Vukani: 4	
		Number of Compliance Audits: LPM's.	Vukani: 4	Vukani: 4	
		Number of Compliance Audits: LPM Sites.	Vukani: 4	Vukani: 4	
		Number of Monitoring of Licensees' Bid Commitments: Casinos.	Khoroni: 4 Meropa: 4 Thaba Moshate: 4	Khoroni: 2 Meropa: 2 Thaba Moshate: 0	The Compliance Audit team was assisting the Investigation of Bookmaker Licence Applications: hence the preparation of the Monitoring report was put on hold. The construction has not started due to the litigation process.

Strategic Objectives	Measurable Objectives/KPA	KPI	Target	Performance Results and Achievements	Variances
<b>COMPLIANCE (cont.)</b>					
		Number of Levy Audits: Bookmakers.	12 Levy audits per Bookmakers.	6 Levy audits per Bookmakers.	One of the two Compliance auditors in the Racing & Betting unit resigned on 9 May 2011. Another Compliance auditor was appointed on 1 December 2011.
		Number of Compliance Audits: Bookmakers sites.	8 Bookmakers: 4 per Licensee .	7 Bookmakers: 26 Compliance audits.	The 8th Bookmaker only became operational on 28 March 2012.
		Number of Levy Audits: Totalisators.	Phumelela: 4	Phumelela: 3	One of the two Compliance auditors in the Racing & Betting unit resigned on 9 May 2011. Another Compliance auditor was appointed on 1 December 2011.
		Number of Compliance Audits: Totalisators sites.	Phumelela: 4 per site.	Phumelela: 4 per site.	

<b>LAW ENFORCEMENT</b>					
To ensure the eradication of all forms of illegal gambling in the Province and establish public confidence in legal establishment.	Programmes to ensure eradication of illegal gambling and promotion of responsible gambling awareness programmes.	Number of arrests of illegal gambling offenders.	412 Arrests of illegal gambling offenders.	425 Arrests of illegal gambling offenders.	More arrests were made after actual target reached due to intelligence network.
		Number of awareness campaigns in the Province.	300 Awareness campaigns in the Province.	244 Awareness campaigns in the Province.	Below by 56 due to elections in May, lack of manpower and school holidays.

<b>FINANCE</b>					
To provide effective and efficient budget services and compliance .	Effective budget planning processes.	Number of MTEF statements submitted as per DEDET SLA.	1 MTEF statement submitted as per DEDET SLA.	1 MTEF statement submitted as per DEDET SLA.	
To ensure implementation of risk management and improve internal controls.	Implementation of the risk management strategy and improvement of internal controls.	Number of risk reports and plans submitted to the Audit Committee.	4 Risk reports and one risk register.	3 Risk reports and one risk register.	The Risk Assessment was conducted in May 2011.
	Co-ordinate the internal audit of the Board.	Number of internal audit reports and coverage plans submitted to the Audit Committee.	4 Internal audit reports and 1 internal audit coverage plan submitted to the Audit Committee.	5 Internal audit reports and 1 internal audit coverage plan submitted to the Audit Committee.	
Implement the PFMA and Treasury Regulations.	Developing of Financial Statement report.	Submission of financial statements two months (2) after the financial year to AG.	Submit the financial statement to the AG 2 months after the new financial year.	Submit the financial statement to the AG 2 months after the new financial year.	

Strategic Objectives	Measurable Objectives/KPA	KPI	Target	Performance Results and Achievements	Variances
<b>FINANCE (cont.)</b>					
	Monitor and report on budget of the Board.	Number of management accounts submitted to Treasury.	12 Monthly submissions of Management Accounts to Treasury as per PFMA.	12 Monthly submissions of Management Accounts to Treasury as per PFMA.	
	Effective payroll management.	Number of payroll reports per year.	12 Payroll reports.	12 Payroll reports.	
	Management and safeguard of assets.	Number of asset reconciliations.	12 Asset reconciliation reports.	12 Asset reconciliation reports.	
	Debtors and creditors management.	Number of creditors and debtors age analysis.	12 Creditors and debtors age analysis.	12 Creditors and debtors age analysis.	
Effective levies management.	Time taken to collect levies and transfer to DEDET.	Number of levies reports submitted to DEDET as per PFMA.	12 Levies reports submitted to DEDET.	12 Levies reports submitted to DEDET.	
Implement the PFMA and Treasury Regulations.	Cash and bank management.	Number of bank reconciliations prepared.	12 Bank reconciliations.	12 Bank reconciliations.	

<b>SCM</b>					
Ensure compliance with the Supply Chain Regulations.	To ensure that the Board has and maintains an appropriate procurement and provision system which is fair, equitable, transparent, competitive and cost effective.	Number of Supply Chain reports.	12 Supply Chain reports.	12 Supply Chain reports.	
	Development of supply chain management policy.	Number of reviewed supply chain policies as per policy.	1 Reviewed Supply Chain Policy as per policy.	Not done.	Refer to Legal opinion for the Office of the Premier on Limpopo PPP Framework dated 9 November 2011.
	Provision of Office Accommodation.	Award of the tender and monitoring of construction of the new building.	Award and construction of the new building.	Awarded the contract and construction of the new building.	

<b>HR</b>					
To ensure sound Human Resource Management.	To ensure that the organisational structure is revised annually.	Number of revised organisational structures.	1 Approved organisational structure.	Not done.	Due to Practice Note 1 the process was cancelled.
	Ensuring that the annual salary inflation adjustment is implemented.	Inflation adjustment for employees.	Approved salary inflation adjustment for employees.	Inflation adjustment done April.	

Strategic Objectives	Measurable Objectives/KPA	KPI	Target	Performance Results and Achievements	Variations
<b>HR (cont.)</b>					
	Implementation of the Performance Management Policy of the Board.	Number of performance appraisals and performance agreements.	4 Performance appraisals and one(1) performance agreement.	4 Performance appraisals and one(1) performance agreement.	
	Development of the Employment Equity Plan.	Number of EE reports submitted to the Department of Labour as per Act.	1 Employment Equity report submitted on 1 October.	Not done.	The EE report will only be submitted in 2012 as per section 21 of the Employment Equity Act 55,1998 and Regulation 4(2) of 14 July (2009).

<b>IT</b>					
To optimise system utilisation by all employees. Smooth running of all systems of the Board to enable employees to achieve optimum levels of performance.	Monitoring through audits.	Time taken to resolve calls.	2 Hours.	Most calls were resolved within 2 hours.	Calls that were logged to the service provider were not finalised within two hours.
		Number of IT Audit.	1 Audit.	Not done.	Awaiting report from the Auditor-General.
		Number of back up reports per month.	12 Reports.	12 Reports.	

# COMPLIANCE

## STATISTICS

Table 1 - Number of Gambling Machines

Casino	Total
Meropa Casino	400
Khoroni Casino	150
<b>Total</b>	<b>550</b>

Table 2 - Gambling Tables

Casino	American Roulette	Blackjack	Poker	Total
Meropa Casino	10	4	2	16
Khoroni Casino	4	3	0	7
<b>Total</b>	<b>14</b>	<b>7</b>	<b>2</b>	<b>23</b>

Table 3 - Vukani Gaming - Number of LPMs and LPM Sites

Municipal District	Number of LPMs	Number of LPM Sites
Capricorn	126	29
Waterberg	97	23
Mopani	112	23
Sekhukhune	144	32
Vhembe	72	16
<b>Total</b>	<b>551</b>	<b>123</b>

Table 4 - Goldrush Gaming - Number of LPMs and LPM Sites

Municipal District	Number of LPMs	Number of LPM Sites
Capricorn	5	1
Waterberg	0	0
Mopani	21	5
Sekhukhune	12	3
Vhembe	3	1
<b>Total</b>	<b>41</b>	<b>10</b>

Table 5 - Casino Gambling Machines Testing

Casino	Monthly Compliance Inspections	Total
Meropa	110	110
Khoroni	120	120
<b>Total</b>	<b>230</b>	<b>230</b>

Table 6 - LPM Site Inspections

Vukani Gaming	Capricorn	Waterberg	Mopani	Sekhukhune	Vhembe	Total
<b>Total</b>	15	18	16	15	17	81

Table 7 - Gambling Machines Distribution

In the Province	Out of the Province	Within the Province	Through the Province	Total
272	88	223	131	714

Table 8 - LOC Approvals

Approval Type	Software	Hardware	Total
	738	81	819

Table 9 - Licensing

Licensed Employees	Meropa Casino	Khoroni Casino	Vukani Gaming Limpopo	Goldrush Gaming Limpopo	Hollywood - Bookmaker	BetSA - Bookmaker	Betting World	Phumelela
New Licences: Key Employees	1	2	40	16	2	1	0	0
New Licences: Other Employees	17	14	124	16	29	0	0	0
Renewals: Key Employees	16	16	69	0	0	0	0	0
Renewals: Other Employees	47	36	92	0	0	0	0	0

New LPM Site Licensed

	New LPM Site Licences
Vukani Gaming Limpopo	34
Goldrush Gaming Limpopo	10

Table 10 - Number of employees

	Khoroni Casino	Meropa Casino	Vukani - LPM Route Operator	Vukani - LPM Sites	Goldrush - LPM Route Operator	Goldrush - LPM Sites	Betting World	Phumelela	Hollywood - Bookmaker	BetSA - Bookmaker
Total employees	187	232	16	432	7	26	5	104	83	16
PDI	177	219	13	332	6	26	4	101	83	0
Non - PDI	10	13	3	100	1	0	1	3	0	16

PDI = Previously Disadvantaged Individuals

# ANNEXURE A

## GAMBLING PERFORMANCE

### 1. Patronage - Casinos

The estimated number of patrons, who visited the two Casino Licensees, during the 2011/12 and 2010/11 financial years, amounted to 1,493,269 and 1,552, 513 respectively. On a quarterly basis the numbers of estimated visitors were as follows at the Casino Licensees.

QUARTER ENDED	June	September	December	March	Total
2011/12	360 658.00	408 808.00	374 228.00	349 575.00	1 493 269.00
2010/11	340 825.00	362 246.00	510 765.00	338 677.00	1 552 513.00
Variance	19 833.00	46 562.00	(136 537.00)	10 898.00	(59 244.00)
Variance %	6%	13%	-27%	3%	-4%

### 2. Patronage Spend per Visit - Casinos

Punters' average spend per quarter and per day during the 2011/12 and 2010/11 financial years were as follows:

Average spend per Punter per Quarter				
QUARTER ENDED	June	Sept	Dec	March
2011/12	3780.40	3504.51	1437.10	3678.34
2010/11	3834.41	3789.69	3580.61	3814.39
Variance	-54.01	-285.18	-2143.51	-136.04
Variance %	-1%	-8%	-60%	-4%

Average spend per Punter per Day				
QUARTER ENDED	June	Sept	Dec	March
2011/12	41.54	41.49	15.62	40.87
2010/11	42.14	41.19	38.92	41.46
Variance	-0.59	0.30	-23.30	-0.59
Variance %	-0.01	0.01	-0.60	-0.01

### 3. Total Money Wagered

The total money wagered at the Licensees, during the 2011/12 and 2010/11 financial year was as follows:

	Casinos	LPM Route Operators	Totalisators	Bookmakers	Total
Turnover/ Total bets 2011/12	5 440 082 603.09	940 948 905.69	198 074 162.43	77 663 926.50	6 656 769 597.71
%	82%	14%	3%	1%	
Turnover/ Total bets 2010/11	5 316 066 382.11	635 318 271.41	190 618 354.28	40 109 527.21	6 182 112 535.01
%	88%	15%	3%	-	
Variance	124 016 220.98	305 630 634.28	7 455 808.15	37 554 399.29	474 657 062.70
Variance %	2%	32%	4%	48%	7%

#### 4. Gross Gaming Revenue (GGR)

##### a) Casinos

The GGR generated by the Casino Licensees during the 2011/12 and 2010/11 financial years amounted to R344, 044, 490.92 and R330, 913,934.26 respectively. The GGR for 2011/12 increased by 11.00% from 2010/11 financial year.

The monthly GGR generated by the Licensees was as follows:

	APR %	MAY %	JUN %	JUL %	AUG %	SEP %	OCT %	NOV %	DEC %	JAN %	FEB %	MAR %
2011/12	7%	8%	9%	8%	9%	8%	8%	10%	6%	10%	9%	8%
2010/11	7%	7%	9%	8%	7%	10%	7%	7%	11%	8%	8%	9%

##### b) LPMs

The GGR generated by the LPM Licensees during the 2011/12 and 2010/11 financial years amounted to R88,402,368.12 and R74,459,758.30 respectively. The monthly GGR generated by the Licensees was as follows:

	APR %	MAY %	JUN %	JUL %	AUG %	SEP %	OCT %	NOV %	DEC %	JAN %	FEB %	MAR %
2011/12	7%	7%	9%	7%	9%	8%	8%	10%	9%	10%	8%	8%
2010/11	7%	7%	9%	7%	8%	9%	7%	10%	9%	7%	8%	10%

#### 5. Return to Player Percentage (RTP\*\*)

The Casino Licensees Return to Player (RTP) percentage, for the 2011/12 and 2010/11 financial year was as follows:

RTP %												
	APR %	MAY %	JUN %	JUL %	AUG %	SEP %	OCT %	NOV %	DEC %	JAN %	FEB %	MAR %
2011/12	93.92	94.14	94.46	94.16	94.43	94.50	95.00	94.02	94.54	94.16	94.43	93.83
2010/11	94.01	93.74	94.07	94.02	93.70	94.26	93.63	93.72	94.08	93.90	93.8	94.14

Casinos Average RTP %: 2011/12 = 94.2 % (2010/11 = 93.9 %). The prescribed RTP for casinos is 80%.

The LPM Route Operator Return to Player (RTP) percentage, for the 2011/12 and 2010/11 financial years was as follows:

	APR %	MAY %	JUN %	JUL %	AUG %	SEP %	OCT %	NOV %	DEC %	JAN %	FEB %	MAR %
2011/12	89.63	89.64	89.7	89.49	89.84	89.81	89.72	89.91	89.8	89.81	89.75	89.95
2010/11	89.26	89.63	89.47	89.28	89.50	89.55	89.51	89.57	89.56	89.59	89.58	89.59

LPMs Average RTP %: 2011/12 = 89.75% (2010/11 = 89.51%). The prescribed RTP for LPMs is 75 %.

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



## 6. Levies Collected per Month from Licensees

Total levies generated by the licensed Casinos and LPM Route Operators during the 2011/12 and 2010/11 financial years were as follows:

	Casino Levies R 2011/12	Casino Levies R 2010/11	Variance R	Variance %	LPMs Levies R 2011/12	LPMs Levies R 2010/11	Variance R	Variance %
April	1 282 125.49	1 193 740.52	88 384.97	7%	329 066.88	306 957.12	22 109.76	7%
May	1 456 957.44	1 252 744.23	204 213.21	16%	322 281.75	312 434.86	9 846.89	3%
June	1 571 616.71	1 650 009.66	(78 392.95)	-5%	410 050.87	414 792.97	(4 742.10)	-1%
July	1 377 106.37	1 431 040.00	(53 933.63)	-4%	347 463.17	333 799.25	13 663.92	4%
August	1 707 796.88	1 294 725.68	413 071.20	32%	441 019.96	338 096.80	102 923.16	30%
September	1 585 673.52	1 767 135.71	(181 462.19)	-10%	354 137.41	413 191.07	(59 053.66)	-14%
October	2 096 988.14	1 245 182.54	851 805.60	68%	486 089.67	325 844.20	160 245.47	49%
November	2 839 176.62	1 261 467.15	1 577 709.47	125%	711 382.01	445 070.38	266 311.63	60%
December	1 750 712.59	1 971 793.48	(221 080.89)	-11%	650 831.05	399 741.26	251 089.79	63%
January	2 701 427.12	1 399 750.85	1 301 676.27	93%	678 630.89	334 829.12	343 801.77	103%
February	2 583 685.25	1 316 531.57	1 267 153.68	96%	564 019.70	378 123.86	185 895.84	49%
March	2 158 764.88	1 632 400.46	526 364.42	32%	597 672.31	464 704.61	132 967.70	29%
<b>TOTAL</b>	<b>23 112 031.01</b>	<b>17 416 521.85</b>	<b>5 695 509.16</b>	<b>33%</b>	<b>5 892 645.67</b>	<b>4 467 585.50</b>	<b>1 425 060.17</b>	<b>32%</b>

Total levies generated by the licensed Totalisators and Bookmakers during the 2011/12 and 2010/11 financial year were as follows:

	Totalisator Levies R 2011/12	Totalisator Levies R 2010/11	Variance R	Variance %	Bookmaker Levies R 2011/12	Bookmaker Levies R 2010/11	Variance R	Variance %
April	486 460.28	636 462.54	(150 002.26)	-24%	103 342.66	41 100.63	62 242.03	151%
May	513 923.31	470 301.09	43 622.22	9%	88 550.95	38 199.72	50 351.23	132%
June	598 010.63	485 725.98	112 284.65	23%	90 562.87	22 248.51	68 314.36	307%
July	534 056.99	596 314.72	(62 257.73)	-10%	74 206.86	24 336.62	49 870.24	205%
August	622 684.80	493 706.78	128 978.02	26%	151 180.45	25 229.56	125 950.89	499%
September	539 439.50	636 502.21	(97 062.71)	-15%	164 136.76	33 134.77	131 001.99	395%
October	582 971.47	510 121.30	72 850.17	14%	149 884.24	14 982.21	134 902.03	900%
November	703 438.64	522 662.75	180 775.89	35%	227 874.16	16 788.34	211 085.82	1257%
December	636 790.95	714 750.91	(77 959.96)	-11%	211 250.77	25 311.44	185 939.33	735%
January	576 140.22	482 528.03	93 612.19	19%	216 186.46	33 632.45	182 554.01	543%
February	713 925.17	482 143.45	231 781.72	48%	242 869.32	30 166.19	212 703.13	705%
March	424 753.72	640 422.64	(215 668.92)	-34%	170 376.56	42 285.39	128 091.17	303%
<b>TOTAL</b>	<b>6 932 595.68</b>	<b>6 671 642.40</b>	<b>260 953.28</b>	<b>4%</b>	<b>1 890 422.06</b>	<b>347 415.83</b>	<b>1 543 006.23</b>	<b>444%</b>

## 7. Unclaimed Dividend

Unclaimed dividend levy for 2011/12 and 2010/11 was R235, 229.82 and R242, 914.62 respectively. The levy decreased by R7, 684.80 (3%) compared to the previous financial year.

	Unclaimed Dividend Levy R 2011/12	Unclaimed Dividend Levy R 2010/11	Variance R	Variance %
April	27 338.42	17 801.51	9 536.91	54%
May	19 344.46	16 372.28	2 972.18	18%
June	19 562.83	16 779.90	2 782.93	17%
July	19 814.70	16 795.28	3 019.42	18%
August	15 078.05	15 149.02	(70.97)	0%
September	20 088.97	19 826.76	262.21	1%
October	14 055.67	21 784.25	(7 728.58)	-35%
November	24 363.86	16 104.13	8 259.73	51%
December	19 901.28	22 682.53	(2 781.25)	-12%
January	23 538.73	31 460.37	(7 921.64)	-25%
February	10 363.16	27 304.99	(16 941.83)	-62%
March	21 779.69	20 853.60	926.09	4%
<b>TOTAL</b>	<b>235 229.82</b>	<b>242 914.62</b>	<b>(7 684.80)</b>	<b>-3%</b>

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

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

	Gambling Machines	Gambling Tables	LPMs	TOTAL
GGR 2011/12	287 103 810.03	56 940 680.89	88 645 726.29	432 690 217.21
GGR 2010/11	137 688 723.70	25 509 815.52	35 321 201.25	198 519 740.47
Variance	149 415 086.33	31 430 865.37	53 324 525.04	234 170 476.74
% Variance	109%	123%	151%	118%

Levies 2011/12	19 107 048.33	4 004 982.67	5 892 646.47	29 004 677.47
Levies 2010/11	14 086 435.58	1 530 588.93	2 119 272.07	198 519 740.47
Variance	8 261 323.41	(21 504 832.85)	(29 428 554.78)	(169 515 063.00)
% Variance	6%	-84%	-83%	-85%

# CSI PROJECTS

## KHORONI HOTEL CASINO AND CONVENTION RESORT

### EDUCATION

<b>Project Name</b>	KCET (Khoroni Community Education Trust)
<b>Project Description</b>	Bursaries for three Students = R50 000 budget <ol style="list-style-type: none"> <li>1. KI Monyai – R10 440</li> <li>2. TG Mugwena – R14 920</li> <li>3. PR Buys – R17 180</li> </ol>
<b>Anticipated Duration of Project</b>	Ongoing, to review annually (2012 is Khoroni's 3 <sup>rd</sup> year).
<b>Project Status / Latest Update</b>	Students are from the University of Venda.  Bursaries awarded to deserving two students for 2012. A progress report on the student to be provided for each semester. When students are on holiday, they come and perform duties at Khoroni and we remunerate them. They have gaming licenses.

### YOUTH DEVELOPMENT AND SPORTS

<b>Project Name</b>	<ol style="list-style-type: none"> <li>1. Special Olympics – Rofhiwa Manwadu</li> <li>2. Marathon runner – Elvis Manwadu</li> </ol>
<b>Project Description</b>	<ol style="list-style-type: none"> <li>1. Khoroni is sponsoring a physical disabled and speech imparrament athlete. We pay for his participation in marathons, his accommodation and meals at our hotel. Khoroni pays for his trips to marathons, tekkies and track suits, as well as all his trips for tests regarding his disability.</li> <li>2. Gardener who participates in marathons. Khoroni pays for his track suits, tekkies ,trips and accommodation.</li> </ol>
<b>Anticipated Duration of Project</b>	Annually
<b>Project Status / Latest Update</b>	All CSI projects and initiates will be reviewed continuously to be in line with our four pillars, as outlined in the Peermont CSI strategy.

### ENTREPRENEURIAL DEVELOPMENT

<b>Project Name</b>	Car Wash
<b>Project Description</b>	Seth Mushawhanamadi
<b>Anticipated Duration of Project</b>	Winners circle members to receive vouchers.
<b>Project Status / Latest Update</b>	The construction of the car wash facility has been completed and is operating very well without any problems or complains from guest.

### ENVIRONMENTAL ENRICHMENT

<b>Project Name</b>	Cleanup Campaign with SAPS
<b>Project Description</b>	Clean up
<b>Anticipated Duration of Project</b>	Implementation scheduled for December 2012. Rubbish collected and removed by volunteers in association with the South African Police Service.
<b>Project Status / Latest Update</b>	We envision this to become an annual project.

## MEROPA CASINO AND ENTERTAINMENT WORLD

<p><b>1. CANSA RELAY FOR LIFE CAMPAIGN</b></p> <p>Employees of Meropa Casino participated in the CANSA Relay for Life Walk that was held on the 7<sup>th</sup> October 2011. The CSI Committee contributed R2 500 to this educational, inspiring and motivational event. It was the perfect opportunity to enlighten those who knew little or nothing about cancer, as well as remember those who are fighting the dreaded disease.</p>	<p><b>2. WORLD AIDS DAY</b></p> <p>Meropa Casino and Entertainment World joined millions of people and organisations across the world in commemorating the World Aids Day through messages of learning, motivation, encouragement and support. The event culminated in the handover of a cheque of R20 000 to the South African Red Cross Society. Voluntary HIV / AIDS tests were available at the event.</p>
<p><b>3. MAHWELERENG VICTIM EMPOWERMENT CENTRE</b></p> <p>Meropa Casino donated office furniture and stationery to Mahwelereng Victim Empowerment Centre who work closely with the victims of domestic violence in the area. Two Wendy houses were donated to the centre previously.</p>	<p><b>4. SOUTH AFRICAN NATIONAL ASSOCIATION FOR THE BLIND AND PARTIALLY SIGHTED PERSONS (SANABP)</b></p> <p>Meropa Casino came to the aid of the SANABP through the donation of five computers, five chairs and a steel cabinet at their training centre located at Capricorn FET College.</p>
<p><b>5. MMAISHIBA DISABILITY CENTRE, JUDY'S PARADISE AND LIMPOPO LYFESTYLE</b></p> <p>Meropa Casino donated blankets valued at R12 000 to Mmaishiba Disability Centre, Judy's Paradise and Limpopo Lyfestyle in aid of disabled children who are wheel chair bound as a result of Spina bifida (Cerebral Palsy). Limpopo Lyfestyle contributes to a number of charitable organisations.</p>	<p><b>6. SEKWALA PRIMARY SCHOOL AND MMATSWELE OLD AGE CARE CENTRE</b></p> <p>Used chairs and sofas were donated to Sekwala Primary School and Mmatswele Old Age Care Centre and will drastically improve the quality of life at these institutions.</p>
<p><b>7. PALEDI MULTIPURPOSE CENTRE AND RELEKAMO DAY CARE CENTRE</b></p> <p>Blankets, carpets, desks, chairs and steel cabinets were donated to the children of Paledi Multipurpose Centre in Mankweng, and Relekamo Day Care Centre in Polokwane, Extension 76.</p>	<p><b>8. GRACE AND HOPE LSEN SCHOOL</b></p> <p>Meropa has afforded the children at Grace and Hope Lsen School the opportunity to engage in advanced educational tools. Grace and Hope received educational toys and story books for the intellectually impaired learners.</p>
<p><b>9. REAKGONA DISABILITY CENTRE</b></p> <p>The youth and adults residents of Reakgona Disability Centre received a donation of warm, clean clothing that was donated by Meropa and its employees.</p>	<p><b>10. MMAKOMA DROP-IN CENTRE</b></p> <p>Educational materials were donated to Mmakoma Drop-in Centre to aid in the children's development.</p>
<p><b>11. YOUNG FIGHTERS NETBALL CLUB</b></p> <p>The Young Fighters Netball Club received uniforms donated by Meropa and managed to win their first tournament in their new kit.</p>	<p><b>12. MEMA ATHLETICS CLUB</b></p> <p>Mema Athletics Club will be the lucky recipients of their new uniforms, donated by Meropa, in August 2012.</p>



# AUDIT COMMITTEE REPORT

**Mr. K.J. Sithole**  
Chairperson

We are pleased to present our report for the financial year ended 31 March 2012.

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

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

	Ordinary Meetings
Mr. K.J. Sithole	2/2
Ms. N.N. Mushwana	0/2
Mr. E.M. Makwela	2/2
Mr. M.L. Mashego	2/2

### Audit Committee Responsibility

The audit committee reports that it has complied with its responsibilities arising from Section 51(1)(a) (ii), 76(4)(d), and 77 of the PFMA and Treasury Regulation 27.1.8. The audit committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

### The Effectiveness of Internal Control

The system of control is designed to provide cost effective assurance as safeguard and liabilities and working capital are efficiently managed. In line with the PFMA and the King III Report on Corporate Governance requirements, internal audit provides the audit committee and management with assurance that the internal controls are appropriate and effective.

This is achieved by means of the risk management process, as well as the identifications of corrective actions and suggested enhancements to the controls and processes. From the various reports of the internal auditors, the audit report on the annual financial statements and management letter of the Auditor-General, it was noted that the system of internal control was effective for the year under review.

### The Quality of In-Year-Monitoring and Quarterly Reports submitted in terms of the PFMA

The audit committee is satisfied with the content and quality of quarterly reports prepared and issued by the Board during the year under review.

### Evaluation of Financial Statements

The audit committee has:

- reviewed and discussed the audited annual financial statements to be included in the annual report with the Auditor-General and management;
- reviewed the Auditor-General's management letter and management's response thereto; and
- reviewed significant adjustments resulting from the audit.

The audit committee concurs and accepts the Auditor-General's conclusions on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor-General.

**Mr. K.J. Sithole**  
Chairperson

# REPORT OF THE AUDITOR-GENERAL

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

## REPORT ON THE FINANCIAL STATEMENTS

### Introduction

1. I have audited the financial statements of the Limpopo Gambling Board set out on pages 33 to 51, which comprise the statement of financial position as at 31 March 2012, the statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

### Accounting Authority's responsibility for the financial statements

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

### Auditor-General's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the General Notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether

the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Limpopo Gambling Board as at 31 March 2012, and its financial performance and cash flows for the year then ended in accordance with the SA Standards of GRAP and the requirements of the PFMA.

### Emphasis of matter

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

### **Restatement of corresponding figures**

8. As disclosed in note 2 to the financial statements, the corresponding figures for 31 March 2011 have been restated as a result of an error discovered during 2012 in the financial statements of the Limpopo Gambling Board at, and for the year ended, 31 March 2011.

### **Additional matters**

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

### **Unaudited supplementary schedules**

10. The supplementary information set out on pages 20 to 25 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

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

### **Predetermined objectives**

12. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages 14 to 19 of the annual report.

13. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the National Treasury Framework for managing programme performance information.

The reliability of the information in respect of the selected programmes is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

14. There were no material findings on the annual performance report concerning the usefulness and reliability of the information.

### **Compliance with laws and regulations**

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

### **Annual financial statements, performance and annual reports**

16. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by section 55(1) (a) and (b) of the PFMA.

Material misstatements of disclosure items identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

### Internal control

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

### Leadership

18. The accounting authority did not adequately review the financial statements prior to their submission for audit.

*Auditor General*

**Polokwane**  
31 July 2012



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*



# FINANCIAL STATEMENTS

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# STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 MARCH 2012

	Notes	2012 R	2011 R
<b>ASSETS</b>			
<b>Non- Current Assets</b>			
Property, Plant & Equipment	2	3 470 187	3 597 543
Intangible Assets	3	-	-
<b>Current Assets</b>			
Trade and Other Receivables	4	142 441	273 159
Cash and Cash Equivalents	5	49 563 630	28 810 169
<b>Total Assets</b>		<b>53 176 258</b>	<b>32 680 871</b>
<b>NET ASSETS AND LIABILITIES</b>			
Accumulated Surplus		16 936 872	10 114 514
<b>Non-Current Liabilities</b>			
Finance Lease Obligation	14	31 245	179 169
<b>Current Liabilities</b>			
Trade and Other Payables	6	14 025 838	1 414 291
Deferred Income	17	22 034 380	20 843 852
Finance Lease Obligation	14	147 923	129 045
<b>TOTAL NET ASSETS AND LIABILITIES</b>		<b>53 176 258</b>	<b>32 680 871</b>

# STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2012

	Notes	2012 R	2011 R
<b>TOTAL REVENUE</b>		<b>53 827 091</b>	31 748 863
Government Grant		<b>48 000 000</b>	28 000 000
Other Operating Revenue	7	<b>4 472 159</b>	2 813 736
Interest Received		<b>1 354 932</b>	935 127
<b>TOTAL EXPENSES</b>		<b>(34 030 840)</b>	(31 311 312)
Operating Expenses	8	<b>(10 552 548)</b>	(9 476 683)
Depreciation and Amortisation	2	<b>(767 201)</b>	(679 766)
Board Members' Expenses	9	<b>(1 094 600)</b>	(2 098 427)
Personnel Cost	10	<b>(21 616 491)</b>	(19 056 436)
<b>SURPLUS FOR THE YEAR</b>		<b>19 796 251</b>	437 551

# STATEMENT OF CHANGES IN ASSET VALUE

FOR THE YEAR ENDED 31 MARCH 2012

	Notes	2012 R	2011 R
Opening Accumulated Surplus		10 114 514	9 676 963
Surplus for the Year		19 796 251	437 551
Funds to be Surrendered		(12 881 729)	-
Prior Year Adjustment		(92 164)	-
<b>BALANCE AT THE END OF THE YEAR</b>		<b>16 936 872</b>	10 114 514

# CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2012

	Notes	2012 R	2011 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>		<b>54 688 913</b>	51 761 034
Unconditional Government Grant		<b>48 000 000</b>	28 000 000
Conditional Government Grant		-	20 000 000
Other Receipts		<b>5 333 981</b>	2 825 907
Interest		<b>1 354 932</b>	935 127
<b>Payments</b>		<b>(33 263 639)</b>	(36 130 687)
Personnel Cost		<b>(21 616 491)</b>	(21 154 863)
Suppliers		<b>(10 552 548)</b>	(9 476 683)
Other Payments		<b>(1 094 600)</b>	(5 499 141)
<b>Net Cash Inflow from Operating Activities</b>	21	<b>21 425 274</b>	15 630 347
<b>NET CASH OUTFLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of Fixed Assets		<b>(1 021 813)</b>	(1 427 412)
Proceeds on Disposal of Fixed Assets		<b>350 000</b>	170 000
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Finance Lease		-	(125 517)
		-	(125 517)
<b>NET INCREASE IN CASH AND EQUIVALENTS</b>		<b>20 753 461</b>	14 247 418
Cash and Cash Equivalents at the Beginning of the Year		<b>28 810 169</b>	14 562 751
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	5	<b>49 563 630</b>	28 810 169

# ACCOUNTING POLICIES

## 1. ACCOUNTING POLICIES

### 1.1. Basis of Presentation

The Financial Statements are presented in accordance with Generally Recognised Accounting Practice (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board and National Treasury. All the standards applicable to public entities have been complied with except the following which were not yet effective at the reporting date:

Grap 18	Segment Reporting	Unknown
Grap 21	Impairment of non-cash generating assets	1 April 2012
Grap 23	Revenue from Exchange Transactions	1 April 2012
Grap 24	Presentation of Budget Information	1 April 2012
Grap 25	Employee Benefits	Unknown
Grap 26	Impairment of cash generating assets	1 April 2012
Grap 103	Heritage Assets	1 April 2012
Grap 105	Transfer of functions between entities of common control	Unknown
Grap 106	Transfer of functions between entities of common control	Unknown

### 1.2. Presentation of currency

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

### 1.3. Going Concern

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

### 1.4. Comparative Information

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated and the nature and reason for reclassification is disclosed. Where accounting errors have been identified in the current year the correction is made retrospectively as far as applicable and the prior year comparatives are restated accordingly.

### 1.5 Property, Plant and Equipment

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

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

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

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

Property, plant and equipment are reviewed periodically to assess whether or not the net recoverable amount has declined below the carrying amount. In the event of such impairment, the carrying amount is reduced with the impairment loss and the impairment loss is charged as an expense against income. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These gains and losses are included in the statement of financial performance.

## 1.6 Intangible Assets

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

Trade marks: 10 years

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

## 1.7 Financial Instruments

### **Initial Recognition**

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

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

### **Initial Measurement**

Financial instruments carried on the statement of financial position include cash and cash equivalents trade and other receivables and trade and other payables. These instruments are initially measured at fair value plus in the case of financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition

or issue of the financial asset or financial liability. Where the effect of any extended payment terms is not material no adjustments are made.

### **Fair value methods and assumptions**

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

### **The effective interest rate method**

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

### **Amortised cost**

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

### **Loans and receivables**

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

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

# ACCOUNTING POLICIES

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

## **Financial liabilities held at amortised cost**

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

## **Cash and Cash Equivalents**

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

## **1.8 Leases**

### **1.8.1. Finance Leases - Lessee**

Finance leases are recognised as assets in the statement of financial position at amounts equal to the fair value of leased assets or if lower the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. The discount rate used in the calculation of the present value of the minimum lease payments is the interest rate implicit in the lease.

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

### **1.8.2. Operating Leases - Lessee**

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

## **1.9. Employee Benefits**

### **Short-Term Employee Benefits**

The cost of all short-term employee benefits is recognised in the statement of financial performance during the period in which the employee renders the related service.

The provisions for employee entitlements to wages, salaries, annual and sick leave represent the amount which the Board has a present obligation to pay as a result of the employee's past services.

### **Defined Contribution Plans**

Payments to defined contribution retirement benefit plans are charged as an expense to the statement of financial performance as they fall due.

## **1.10 Provisions and Contingencies**

### **1.10.1. Provisions are recognised when:**

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

### **1.10.2. Contingent Liabilities are regarded as:**

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



### 1.11 Government Grant

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

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

The Government grant is recognised as income and is spread over a period of twelve months to cover the costs as contained in the approved budget.

### 1.12 Revenue

Revenue is recognised on accrual basis at fair value when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably; and
- it is probable that the economic benefits associated with the transaction will flow to the Board.

Revenue comprises of the following:

- 1.12.1 Government Grant;
- 1.12.2 Employee Application Fees;
- 1.12.3 Licence Application Fees;
- 1.12.4 Annual Licence Fees;
- 1.12.5 Investigation Fees;
- 1.12.6 Penalties;
- 1.12.7 Confiscated Monies from Illegal Operations;
- 1.12.8 Horse Racing Licence Fees; and
- 1.12.9 Sundry Income.

### 1.13 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. Own funding surplus is not surrendered.

### 1.14 Budget Information

Budget information in accordance with GRAP 1 and 24 has been provided in the reconciliation of budget and surplus /deficit with the cash generated from operating investing and financing activities.

### 1.15. Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised. In the eventuality of fruitless and wasteful expenditure appropriate disciplinary action is taken against the culprit and appropriate steps are also taken to recover the loss. The Accounting Officer is informed accordingly, in line with prescripts of the PFMA. The loss so incurred will be disclosed in the Financial Statement in the period to which it relates.

### 1.16. Irregular Expenditure

Irregular expenditure defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation. In the event it occurs, appropriate disciplinary action will be taken against the perpetrator and appropriate steps will also be taken to recover the loss. The Accounting Officer will accordingly be informed in line with the prescripts of the PFMA. The loss so incurred will be disclosed in the Financial Statement in the period to which it relates.

# PROPERTY, PLANT & EQUIPMENT

## 2. ACCUMULATED DEPRECIATION AND OTHER MOVEMENT

<b>2012</b>	<b>Fittings R</b>	<b>Furniture R</b>	<b>Office Equipment R</b>	<b>Computer Equipment R</b>	<b>Motor Vehicles R</b>	<b>Sundry Assets R</b>	<b>Total R</b>
<b>Opening Balances</b>							
Cost	116 145	850 973	764 657	1 329 800	2 807 905	24 460	5 893 940
Accumulated Depreciation	(116 145)	(381 819)	(199 377)	(943 593)	(631 003)	(24 460)	(2 296 397)
Carrying Amount	-	469 154	565 280	386 207	2 176 902	-	3 597 543
<b>Movement during the Year</b>							
Prior year correction	-	-	-	-	(28 591)	-	(28 591)
Additions	-	11 932	64 142	198 565	747 174	-	1 021 813
Disposals	-	(2 940)	(4 446)	(15 871)	(330 120)	-	(353 377)
Depreciation	-	(59 116)	(164 607)	(228 450)	(315 028)	-	(767 201)
	-	419 030	460 369	340 451	2 250 337	-	3 470 187
Cost	116 145	850 558	808 684	1 422 415	2 971 726	24 460	6 193 988
Accumulated Depreciation	(116 145)	(431 528)	(348 315)	(1 081 964)	(721 389)	(24 460)	(2 723 801)
<b>Carrying Amount</b>	-	419 030	460 369	340 451	2 250 337	-	3 470 187

<b>2011</b>	<b>Fittings R</b>	<b>Furniture R</b>	<b>Office Equipment R</b>	<b>Computer Equipment R</b>	<b>Motor Vehicles R</b>	<b>Sundry Assets R</b>	<b>Total R</b>
<b>Opening Balances</b>							
Cost	116 145	687 318	797 474	1 132 042	2 160 118	24 460	4 917 557
Accumulated Depreciation	(116 145)	(329 390)	(414 494)	(784 828)	(512 406)	(24 460)	(2 181 723)
Carrying Amount	-	357 928	382 980	347 214	1 647 712	-	2 735 834
<b>Movement during the Year</b>							
Additions	-	163 654	343 891	278 582	936 999	-	1 723 126
Disposals	-	-	(246)	(6 611)	(175 315)	-	(182 172)
Depreciation	-	(52 428)	(161 339)	(232 978)	(232 496)	-	(679 241)
Cost	116 145	850 973	764 657	1 329 800	2 807 905	24 460	5 893 940
Accumulated Depreciation	(116 145)	(381 819)	(199 377)	(943 593)	(631 003)	(24 460)	(2 296 397)
<b>Carrying Amount</b>	-	469 154	565 280	386 207	2 176 902	-	3 597 543

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

	<b>2012 R</b>	<b>2011 R</b>
Computer equipment	606 056	606 056
Fittings	116 145	116 145
Software	179 480	179 480
Sundry assets	24 460	24 460
Trademarks	7 866	7 866
	<b>934 007</b>	<b>934 007</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

3. INTANGIBLE ASSETS	Notes	2012 R	2011 R
<b>Trademark</b>			
Opening Balance (Cost)		<b>7 866</b>	7 866
Opening Balance (Accumulated Amortisation)		<b>(7 866)</b>	(7 344)
<b>Carrying Amount (Opening Balance)</b>			522
Amortisation (during the year)		-	(522)
		-	-

4. TRADE AND OTHER RECEIVABLES			
Sundry Debtors		<b>106 024</b>	88 954
Deferred Expenses		<b>15 316</b>	172 104
Deposits		<b>21 101</b>	12 101
		<b>142 441</b>	273 159

5. CASH AND CASH EQUIVALENTS			
Bank		<b>49 561 630</b>	28 808 169
Petty Cash		<b>2 000</b>	2 000
		<b>49 563 630</b>	28 810 169

6. TRADE AND OTHER PAYABLES			
Sundry Creditors and funds to surrender		<b>12 881 728</b>	509 904
Pay as you earn		-	3 230
Operating Lease Obligation		-	74 493
Personnel Accruals	<b>17</b>	<b>710 974</b>	775 267
Other Accruals		<b>433 137</b>	51 398
		<b>14 025 839</b>	1 414 292

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

7. OTHER OPERATING REVENUE	2012 R	2011 R
Casino Application Fees	-	206 000
Horseracing Application Fees	<b>340 896</b>	2 000
LPM Application Fees	<b>749 900</b>	252 000
LPM Licence Fees	<b>281 050</b>	28 900
Annual Licence Fees	<b>1 091 400</b>	1 101 000
Manufacturer Licences	<b>2 000</b>	7 000
Investigation Fees	<b>725 022</b>	423 543
Horse Racing Licence Fees	<b>181 230</b>	61 800
Employee Registration Fees	<b>665 798</b>	337 412
Sundry Income	<b>427 810</b>	405 117
Profit (Loss) on Disposal of Assets	<b>7 053</b>	(12 172)
Bad Debts Recovered	-	1 136
	<b>4 472 159</b>	<b>2 813 736</b>

8. OPERATING EXPENSES		
Audit Fees (Internal)	<b>312 269</b>	300 764
Audit Fees - Auditor-General	<b>910 552</b>	508 066
Operating Lease Charges	<b>1 697 624</b>	1 541 344
Investigation Fees	<b>16 620</b>	26 098
Interest Expense (Finance Lease)	<b>47 528</b>	56 892
Other Expenses	<b>7 567 985</b>	7 043 519
	<b>10 552 548</b>	<b>9 476 683</b>

9. BOARD MEMBERS' EXPENSES		
Subsistence and Travel	<b>143 434</b>	64 483
International Conferences and Seminars	<b>667 224</b>	1 492 851
Chairperson's Allowance	<b>26 160</b>	26 160
Board Meetings	<b>99 012</b>	223 381
Accommodation	<b>158 770</b>	291 552
	<b>1 094 600</b>	<b>2 098 427</b>

10. PERSONNEL COST	2012 R	2011 R
Salaries	15 757 115	13 706 269
Housing Allowance	337 000	-
Leave Provision	1 624 565	1 394 914
Pension Fund	1 776 534	1 554 932
13th Cheques	1 422 483	1 819 681
Medical Aid	532 811	507 735
Performance Bonuses	81 703	(5 384)
Unemployment Insurance Fund	84 280	78 291
	21 616 491	19 056 438

## 11. RELATED PARTY TRANSACTIONS

### 11.1 Remuneration of Senior Management

	2012		2011	
	Performance Bonus R	Annual Package R	Performance Bonus R	Annual Package R
S. Maja	81 704	1 548 583	136 173	1 361 732
Y.S.M. Mathabatha	-	1 062 906	55 728	928 794
T. Ncube	-	75 272	47 783	796 385
L. Ganess	-	834 635	43 692	728 193
S. Maahlo	-	834 635	43 692	728 193
H. Pohl	-	-	-	674 185
L.K. Mathavhane	-	324 535	-	-
M. P. Masogo	-	259 628	-	-
	81 704	4 940 194	327 068	5 217 482

### 11.2 Grant Received

	2012 R	2011 R
<b>Department of Economic Development and Tourism</b>	<b>48 000 000</b>	48 000 000
Unconditional Grant	48 000 000	28 000 000
Conditional Grant	-	20 000 000

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

12. REMUNERATION OF BOARD MEMBERS	2012 R	2011 R
J.Z. Moolman	12 119	18 345
K.J. Sithole	25 342	87 584
A.L. Mkhabela	93 651	103 496
T.J. Mathebula	17 873	94 561
N.N. Mushwana	17 839	61 236
T.E. Motsepe	64 336	98 971
M.J. Boshielo (Subsistence Allowance)	10 879	11 238
	<b>242 039</b>	<b>475 431</b>

13. AUDIT COMMITTEE EXPENSES		
Meetings	18 301	25 910

14. COMMITMENTS		
<b>14.1 Leases</b>		
<b>14.1.1 Operating Leases</b>		
Payable within 1 year	1 738 740	1 224 058
Payable within 2 to 5 years	-	-
	<b>1 738 740</b>	<b>1 224 058</b>

The Board rents two buildings at 22 Schoeman Street and 16 Schoeman Street under an operating lease. There is no escalation on these lease agreements.

The current lease arrangements for both premises are being renewed annually and expire on 28 February 2013. Rental is payable monthly in arrear.

There is also a lease agreement with Motcom in respect of the server. This lease agreement has no escalation clause and expires on 30 September 2012.

14. COMMITMENTS (cont.)	2012 R	2011 R
<b>14.1.2. Finance Leases</b>		
<b>Reconciliation of minimum lease payments</b>		
Payable within 1 year (Short-term)	<b>168 613</b>	176 573
Payable within 2 to 5 years (Long-term)	<b>32 203</b>	200 816
<b>Minimum Lease Payments</b>	<b>200 816</b>	377 389
<b>Less Future Finance Charges</b>	<b>(21 747)</b>	(69 176)
1 Photocopier	<b>(3 696)</b>	(15 482)
3 Photocopiers	<b>(18 051)</b>	(53 694)
<b>Present Value of Lease Liability</b>	<b>179 169</b>	308 212
Payable within 1 year	<b>147 923</b>	129 045
Payable within 2 to 5 years	<b>31 246</b>	179 167

#### 14.2 Other Commitments

The Board has entered into an agreement with Tyzer-T Security to render all security services with effect from 1 November 2011 to 31 October 2014. The all inclusive annual security expenses amounts to R336 000.00. There is also an agreement with Telkom for telephones which commenced on 1 April 2008 and expires on 31 March 2013, and monthly payments are based on usage. The last one is Alexander Forbes which commenced on 1 January 2011 and expires on 31 December 2012 of which the annual rental is R1 537 956 with no escalation.

#### 15. LEVIES

Levies Collected and Paid Over to Provincial Treasury	<b>37 827 694</b>	29 094 698
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#### 16. OTHER FINANCIAL LIABILITIES

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

#### 17. DEFERRED INCOME

Licence Fees	<b>2 034 380</b>	843 852
Conditional Grant (building)	<b>20 000 000</b>	20 000 000
	<b>22 034 380</b>	20 843 852

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

18. RECONCILIATION OF PERSONNEL ACCRUALS	2012 R	2011 R
<b>Leave Pay</b>		
Opening Balance	336 850	406 257
Accrued during the Year	1 692 218	1 767 895
Utilised during the Year	(1 662 985)	(1 837 302)
Closing Balance	366 083	336 850
<b>13th Cheques and Savings (CEO and Management)</b>		
Opening Balance	346 851	256 024
Accrued during the Year	1 422 484	1 169 450
Utilised during the Year	(1 424 444)	(1 078 623)
Closing Balance	344 891	346 851
<b>Performance Bonuses 2010/11</b>		
Opening Balance	91 564	1 419 265
Accrued during the Year	-	(5 384)
Utilised during the Year	(91 564)	(1 322 317)
Closing Balance		91 564
<b>TOTAL PERSONNEL ACCRUALS</b>	<b>710 974</b>	<b>775 265</b>

## 19. INCOME TAX

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

## 20. RETIREMENT BENEFITS

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

Senior staff	432 010	455 386
Other staff	1 344 524	1 099 549
<b>Total contributions</b>	<b>1 776 534</b>	<b>1 554 932</b>



21. CASH FLOW FROM OPERATING ACTIVITIES	2012 R	2011 R
<b>SURPLUS</b>	<b>19 796 251</b>	437 551
Prior year adjustment	(53 143)	-
Funds to be surrendered	(12 881 729)	-
<b>NON-CASH MOVEMENTS</b>	<b>760 149</b>	691 937
Depreciation	767 201	679 766
Loss/( Profit) on Sale of Assets	(7 052)	12 171
<b>CHANGES IN WORKING CAPITAL</b>	<b>13 803 746</b>	14 500 859
Decrease / (Increase) in Receivables	130 717	209 582
(Decrease) / Increase in Payables and Deferred Income	13 673 029	14 291 277
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>21 425 274</b>	15 630 347

22. IRREGULAR EXPENDITURE		
Reconciliation of irregular expenditure		
Opening balance	18 320	-
Irregular expenditure-current year	-	18 320
Irregular expenditure condoned	(18 320)	-
Transfer to receivables for recovery	-	-
Irregular expenditure awaiting condonement	-	-
	-	18 320

### 23. POST BALANCE SHEET EVENTS

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

### 24. FINANCIAL RISK MANAGEMENT

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

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

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

## 24. FINANCIAL RISK MANAGEMENT (cont.)

### 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 rates.

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

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

### Interest rate sensitivity analysis

The Board's major source of revenue is a government grant and, to 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:

		2012	2011
Cash and equivalents (Upward change)	1%	49 563 630	28 810 169
Cash and equivalents (Downward change)	1%	(49 563 630)	(28 810 169)

### Credit Risk Management

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 institutions.

## 24. FINANCIAL RISK MANAGEMENT (cont.)

### Maximum Exposure to Credit risk

The entity's exposure to credit risk with regard to loans and receivables is limited due to the nature of the entity's operations, as explained above. Credit risk is fairly low in respect of staff loans as they are related to the entity.

There has been no significant change during the financial year, or since the end of the financial year, to the entity's exposure to credit risk, the approach of measurement or the objectives, policies and processes for managing this risk.

### Liquidity Risk Management

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

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

2012	Carrying Amount	Total Cash Flow	Contractual Cash Flow 1	Contractual Cash Flow 1-5
Other Financial Liabilities	2 270 740	2 270 740	1 738 740	2 270 740

  

2011	Carrying Amount	Total Cash Flow	Contractual Cash Flow 1	Contractual Cash Flow 1-5
Other Financial Liabilities	1 722 506	1 722 506	1 543 337	1 722 506

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

Financial Instruments	Classification	Carrying Amount 2012	Carrying Amount 2011
Cash & Cash Equivalents	Loans and Receivables	49 563 630	28 810 169
Trade and Receivables	Loans and Receivables	142 441	273 159
Trade and Other Payables	Financial Liabilities Held at Amortised Cost	14 025 838	1 414 291
Finance Leases	Financial Liabilities Held at Amortised Cost	179 168	308 214

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

## 24. FINANCIAL RISK MANAGEMENT (cont.)

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

2012	Receivables	Financial liability	Total
Interest Income	1 354 932	-	1 354 932
Finance Charges	-	(47 528)	(47 528)
<b>Total Net Gains Recognised in the Statement of Financial Performance</b>	<b>1 354 932</b>	<b>(47 528)</b>	<b>1 307 404</b>

2011	Receivables	Financial liability	Total
Interest Income	935 127	-	935 127
Finance Charges	-	(56 892)	(56 892)
<b>Total Net Gains Recognised in the Statement of Financial Performance</b>	<b>935 127</b>	<b>(56 892)</b>	<b>878 235</b>

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

	Operating	Financing	Investing	Total
Actual amount as presented in the budget statement	42 039 326	-	12 039 414	54 078 740
Basis difference				
Timing differences	(8 008 486)	-	(11 017 601)	(19 026 087)
Actual amount in the cashflow statement	34 030 840	-	1 021 813	35 052 653