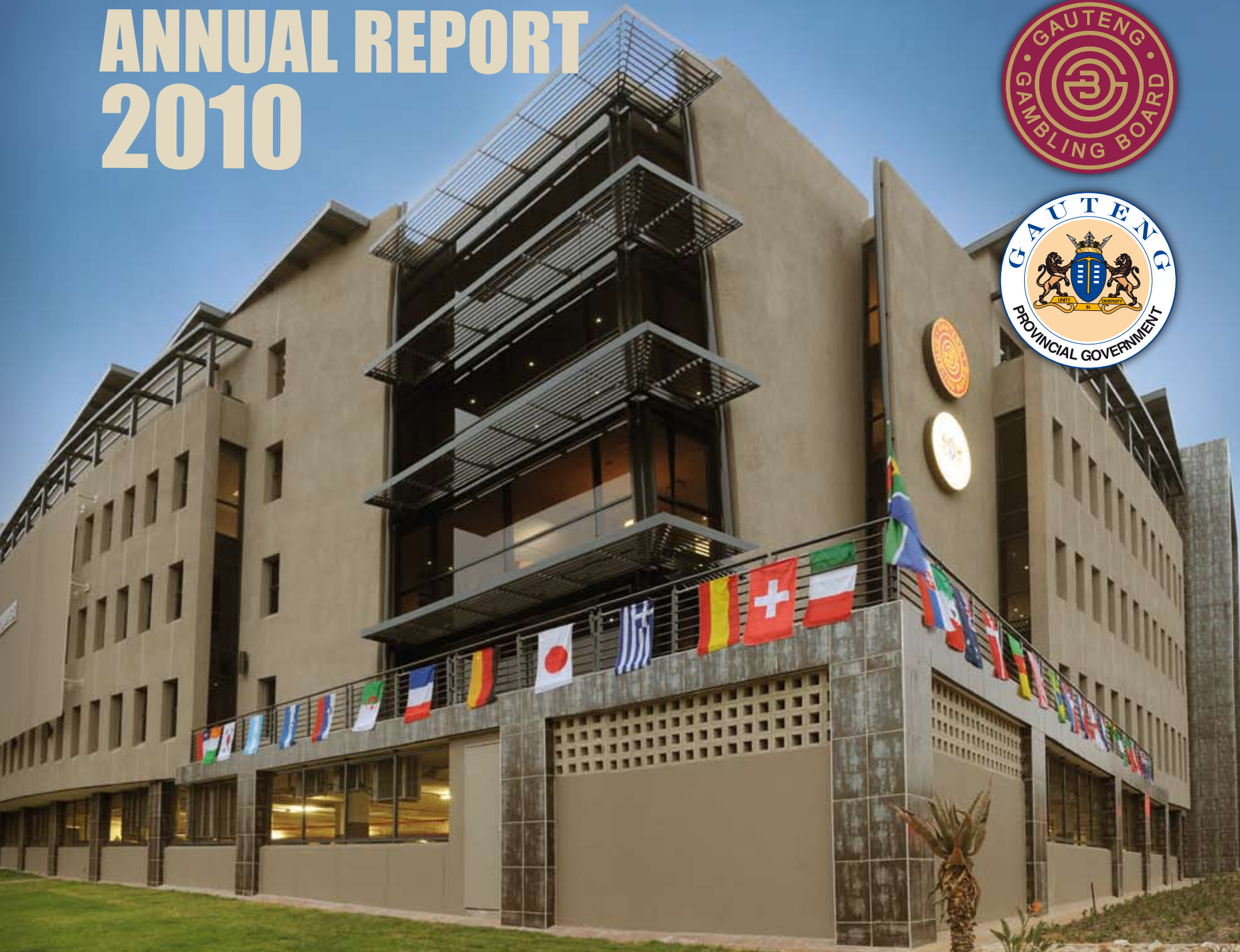


GAUTENG GAMBLING BOARD

# ANNUAL REPORT 2010







# GAUTENG GAMBLING BOARD

Established in terms of Section 3 of the Gauteng Gambling Act,  
1995 (Act No 4 of 1995), as amended

## ANNUAL REPORT 31 MARCH 2010

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## Foreword by the MEC

I am once more delighted to present the Annual Report of the Gauteng Gambling Board for the financial year 2009/10.

The Board has, despite difficult conditions resulting from the global recession, discharged its mandate to regulate gambling on behalf of the Provincial Government effectively.

For the financial year ended 31 March 2010, the Board maintained its track record with respect to financial management, once again achieving an unqualified and clean audit report, which it has done since its inception in 1996. This track record demonstrates leadership, good corporate governance and sound financial and performance management.

The Gauteng Gambling Board needs to consolidate and built on this achievement.

I wish to express my thanks and appreciation to the Board and staff for the sterling work they continue to do.



**F CACHALIA**  
**MEMBER OF THE EXECUTIVE COUNCIL**  
**FOR ECONOMIC DEVELOPMENT**



## Chairperson's Statement

This year can be characterised as a mixed bag of fortune. At a macro level consumers in South Africa faced many challenges and pressures, largely as a result of the adverse economic conditions worldwide. Consequently the gambling industry in Gauteng did not escape the impact of this phenomenon.

For the first time since inception of the Board we have a decline in tax revenue, unlike other gaming jurisdictions overseas which experienced a significant decline in gaming revenue in two digit numbers. The overall decline in revenue year on year was a modest 2% (a decline from R620 million 2008/2009 to R608 million in 2009/2010). This minor decline may be attributed to a number of factors including the resilience and adaptability of the industry.

It is with sadness that I report the passing on of our fellow Board Member, Dr Portia Ndaba early this year. While the Board and the industry mourned her death, her absence brought the requisite number of Board members below the prescribed threshold in terms of the Act, thereby resulting in the Board being unable to function or take valid decisions. Shortly thereafter the term of the Board came to an end.

This year marks the first and one of the shortest terms of office of this Board. The Board was appointed by the MEC for a period of six months for reasons which will become more apparent hereunder.

The Board is a statutory body established in terms of the Act to implement the regulation and control of gambling in Gauteng on behalf of the Gauteng Provincial Government. The new term of office for the Provincial Government commenced around June 2009 after the National Elections was won by the African National Congress. The elections were on the basis of the manifesto. The Provincial Government embarked on a process of implementing the delivery undertaking contained in the manifesto. This process entailed the re-organisation of the structure of the Gauteng Provincial Government and its implementing agencies to make them more efficient and effective to implement the delivery ideals of the manifesto. The implications of this process is that the Gauteng Gambling Board may no longer exist in the form in which it currently is. It may be merged

with other implementing agencies in order to optimise and rationalise the resources. It is not expected that this change will affect the Gauteng Gambling Board in the next financial year as many legislative changes need to be effected. What is certain is that the regulation and control of the industry will continue, though under a different organisational structure.

The Board has during the year commenced with the follow up study to the baseline study conducted during 1994 on the socio-economic impact of gambling in Gauteng. It is important that the policy on the regulation and control of gambling is informed on empirical data as opposed to anecdotal evidence. The result of this study will hopefully provide critical data which will form the basis of gambling policy formulations in Gauteng.

Looking forward to the year ahead and the extraordinary short term of office, we will to the best of our ability focus amongst others on the following:

- Make a constructive input into the re-organisation of the Board guided by the paramount interest of the citizens of Gauteng, the Industry and staff of the Board.
- Implement the findings of the socio-economic impact study.
- Continue the roll out of the limited payout industry aimed at job creation, provision of alternative entertainment and additional revenue.

I would like to take this opportunity to express my sincere appreciation to the MEC, Firoz Cachalia, my fellow Board members and staff for their sterling efforts in ensuring the achievement of the Board's regulatory mandate.



**RL MOGOTSI**  
**CHAIRPERSON**



## Community Work

The Board as a good corporate citizen is committed to the social needs of its surrounding communities. This is manifested in contributions to a raft of community projects.

*Alexandra Community Broadcasting Trust*



*Boitekanelo Day & Aftercare Centre*





PROJECT NAME	ALLOCATED AMOUNT	CLASSIFICATION	SEE PHOTOS ON PAGE
Kings Hope Development Foundation	50,004.41	Elderly	
Noma's Care Centre for the Aged	51,914.39	Elderly	17
Ga-Rankuwa Sunshine Hospice	50,038.70	Elderly	
Little Flowers Pre-School	24,958.95	Children	
ABBA House	50,000.00	Children	
Siphumelele	49,997.25	Children	
Johannesburg Child Welfare	15,986.88	Children	
Fred & Marties Soup Kitchen	49,892.65	Children	
Little Eagles Care Centre	30,354.40	Children	
Child Welfare South Africa	150,000.00	Children	
Leratong Early Learning Centre	52,547.67	Children	
Ubhle Bomntu Day Care Centre	50,000.00	Children	
Emfundisweni Primary School	24,853.50	Children	
Thabong Educare	39,439.11	Children	
Child Protection and Treatment Centre	105,000.00	Children	7
Crossroad Kids Care Centre	40,114.30	Children	17
Be a Friend Foundation	45,000.00	Children	
Stanza Bopape Health and Community	24,396.01	Children	
Bophelong Orphanage	42,789.40	Children	
P.S Fourie Primary School	125,000.00	Children	
Sithabile Child and Youth Care Centre	41,600.00	Children	
Philani Support Group OVC	28,137.45	Children	
Boitekanelo Day & After Care Centre	38,471.41	Children	6, 52
Red Sea and Holy Band Apostolic	49,905.94	Youth	
Kutlwano Centre for Maths and Science	120,000.00	Youth	
Alexandra Community Broadcasting Trust	120,000.00	Youth	6
Happy Family Unity Organisation	50,000.00	Youth	
Tshwane Home of Hope	29,481.80	Youth	13
Spiritual Waters	37,900.00	Youth	
Calvary Christian Church	30,000.00	Youth	
Godfrey Moloi Goodwill Games	24,814.95	Youth	
Change The World South Africa	40,400.00	Youth	
Kwa Thema Stimulation Centre	100,000.00	Disabled	13, 52
16 Days of Activism	4,954.01	Woman	
Sister's Sewing Project	53,685.05	Women	12
<b>TOTAL</b>	<b>1,841,638.23</b>		



*Child Protection and Treatment Centre*

## Administrative Information

### BOARD MEMBERS

Messrs	L Mogotsi	Chairperson	(3)
	S Mahlalela	Acting Deputy Chairperson	(3)
	T Molai		(3)
	P Mafojane		(3)
	J Andrews	CA(SA)	(2)
	L Modise		(2)
Mesdames	S Machaba	CA(SA)	(3)
	K Moloto-Stofile		(3)
	P Ndaba		(1)
	Z Ntlangula		(3)
(1)	Passed away in February 2010		
(2)	New appointments with effect 1 April 2010, inaugurated 14 April 2010		
(3)	Re-appointed 1 April 2010, inaugurated 14 April 2010		

### AUDIT AND RISK COMMITTEE

Mesdames	S Machaba	CA(SA)	Chairperson
	Z Ntlangula		
Messrs	M Nkhabu	CA(SA)	
	G Nzalo	CA(SA)	
	L Nekhondela	CA(SA)	

### CHIEF EXECUTIVE OFFICER

Advocate MBB Lekalakala

### CHIEF OPERATING OFFICER

Mr E Lalumbe

### CHIEF FINANCIAL OFFICER

Ms D Dondur CA(SA)

Seconded to the Department of Economic Affairs as from 4 January 2010; Resigned 1 April 2010.

### ACTING CHIEF FINANCIAL OFFICER

Ms C Simons



Advocate MBB Lekalakala  
*Chief Executive Officer*



Mr E Lalumbe  
*Chief Operating Officer*

### BOARD SECRETARY

Mr L Lukhwareni

### POSTAL ADDRESS

Private Bag X15  
Bramley 2018  
South Africa

### TELEPHONE

+27 11 581-4800

### E-MAIL

info@ggb.org.za

### BANKERS

Standard Bank

### PHYSICAL ADDRESS

125 Corlett Drive  
Bramley 2018  
South Africa

### FAX

+27 11 581-4900

### WEBSITE

www.ggb.org.za

## Members of the Board 2010



L Mogotsi  
*Chairperson*



S Mahlalela  
*Acting Deputy  
Chairperson*



K Moloto-Stofile



P Mafojane



T Molai



S Machaba



L Modise



J Andrews



Z Ntlangula

## Members of the Audit and Risk Committee 2010



S Machaba  
*Chairperson*



L Nekhondela



Z Ntlangula



G Nzalo

M Nkhabu  
*(Absent)*



## Statement of Responsibility by the Members of the Board

The Board Members are responsible for monitoring the preparation and the integrity of the financial statements and related information included in the annual report.

### INTERNAL AND ACCOUNTING CONTROLS

In order for the Board members to discharge their responsibilities, management has developed and continues to maintain a risk management policy and an effective and efficient system of internal control.

The system of internal control is designed to provide reasonable assurance as to the integrity and reliability of the financial records of the Gauteng Gambling Board and to safeguard and maintain accountability of the Gauteng Gambling Board's assets.

Management and the Audit and Risk Committee of the Board regularly review the risk management policy and system of internal control and these are modified and improved as operating conditions change.

The system of internal control includes a comprehensive budgeting and reporting system operating within strict deadlines and monitored by the Board Members.

As part of the system of internal control, the Gauteng Gambling Board's internal audit function, outsourced to a firm of chartered accountants, conducts the internal audit and co-ordinates audit coverage with the Auditor-General.

The Board is satisfied that the system of internal control is adequate so that the financial records may be relied upon for preparing the financial statements and maintaining accountability of assets and liabilities.

### AUDIT AND RISK COMMITTEE

The Audit and Risk Committee of the Board consists of two non-executive Board members and three non-Board members and meets at least four times per annum. The committee ensures effective communication between the

Board, Internal Audit and the Auditor-General. The Auditor-General and Internal Audit have free access to the Audit and Risk Committee.

The Audit and Risk Committee operates within the framework of a formal terms of reference and has discharged its responsibilities for the year, in compliance with its terms of reference.

### ANNUAL FINANCIAL STATEMENTS

The annual financial statements are prepared in accordance with Statements of Generally Recognised Accounting Practice and the reporting requirements of the Public Finance Management Act.

The financial statements are prepared in accordance with appropriate accounting policies as set out in the notes to these financial statements and which are supported by reasonable and prudent judgements and estimates.

The financial statements have been prepared on the going concern basis, as the Board Members have every reason to believe that the Gauteng Gambling Board has adequate resources in place to continue in operation for the year ahead.

The Board believes that the annual financial statements fairly present, in all material respects, the financial position of the Board as at 31 March 2010 and the results of its operations and cash flow for the year then ended.

The Annual Report for the year ended 31 March 2010 set out on pages 3 to 25 and 28 to 52 was approved by the Board on 24 June 2010 and signed on its behalf by the Chairperson of the Board and the Chief Executive Officer.



**RL MOGOTSI**  
CHAIRPERSON



**ADVOCATE MBB LEKALAKALA**  
CHIEF EXECUTIVE OFFICER

## Report of the Audit and Risk Committee For the year ended 31 March 2010

We are pleased to present our report for the financial year ended 31 March 2010.

### AUDIT AND RISK COMMITTEE MEMBERS AND ATTENDANCE

The Audit and Risk Committee consists of the members listed hereunder and meets at least four times per annum as per its approved terms of reference. During the year under review 8 meetings were held.

### AUDIT AND RISK COMMITTEE MEETING ATTENDANCE

	NAME OF MEMBER	NUMBER OF MEETINGS ATTENDED
Mesdames	S Machaba CA(SA) Chairperson	8 out of 8
	Z Ntlangula	8 out of 8
Messrs	M Nkhabu CA(SA)	7 out of 8
	G Nzalo CA(SA)	8 out of 8
	L Nekhondela CA(SA)	7 out of 8

### AUDIT AND RISK COMMITTEE RESPONSIBILITY

The Audit and Risk Committee reports that it has complied with its responsibilities arising from section 51(1)(a) of the Public Finance Management Act ("the Act") and Treasury Regulations 27.1.8 and 27.1.10. The Audit and Risk Committee also reports that it has adopted 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 audit committee charter has been reviewed to ensure its relevance as required by Treasury Regulation 3.1.8.

### THE EFFECTIVENESS OF INTERNAL CONTROL

The system of internal control is effective as the various reports of the Internal Auditors, the External Audit Report on the Annual Financial Statements and Management have not reported any significant or material non-compliance with prescribed policies and procedures.

During the year under review the Board embarked on a process of reviewing, updating and evaluating all financial related policies and other policies with the aim of strengthening the control environment.

### MONTHLY AND QUARTERLY REPORTS SUBMITTED IN TERMS OF THE ACT

The Audit and Risk Committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the Board during the year under review.



*Sister's Sewing Project*

## EVALUATION OF FINANCIAL STATEMENTS

The Audit and Risk Committee has:

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

The Audit and Risk Committee concurs with and accepts the conclusions of the Auditor-General 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.

The auditors have remained independent throughout the financial year.



**S MACHABA**  
CHAIRPERSON OF THE AUDIT AND RISK COMMITTEE



*Tshwane Home of Hope*

## Report of the Board For the year ended 31 March 2010

The Members of the Board have pleasure in presenting their report for the year ended 31 March 2010.

### INCORPORATION, FUNCTIONS AND POWERS

The Gauteng Gambling Board is a statutory body established in terms of section 3 of the Gauteng Gambling Act, 1995 (Act No 4 of 1995), as amended.

The main functions of the Gauteng Gambling Board are to:

- Oversee and control gambling activities in Gauteng, including:
  - Licensing of individuals and entities to conduct gambling and related activities.
  - Registering of persons engaged in such activities.
  - Approval and registering of all gambling devices.
  - Collecting prescribed taxes and levies for the Gauteng Province and other specified beneficiaries.
  - Ensuring compliance with gambling legislation.
- Manage and administer the Sports Development Fund.
- Advise the Member of the Executive Council of the Gauteng Provincial Government responsible for the administration of the Act on matters relating to gambling.

### MISSION STATEMENT

To create and maintain a viable, fair and respectable gambling industry for all who have an interest in, or are affected by gambling in Gauteng, by licensing and controlling as well as advising government, making use of competent people and appropriate resources.

### BOARD MEMBERS

The names of the Board Members appear on page 8.

### BOARD MEMBER REMUNERATION

Board Member remuneration is reflected in note 9 to the Annual Financial Statements.

### SENIOR MANAGEMENT REMUNERATION

Senior Management remuneration is reflected in note 10 to the Annual Financial Statements.

### PERFORMANCE AGAINST OBJECTIVES

The performance against objectives for the year under review is dealt with in the Performance Report set out on pages 24 to 25.

### GENERAL REVIEW

The following is a brief overview of the activities and achievements of the Gauteng Gambling Board during the year under review.

### Socio-economic Impact Study

Sound regulatory policy is always premised upon empirical data as opposed to anecdotal information. In keeping with this principle the Board has during the year published an invitation to interested parties to assist it by conducting a socio-economic impact study of gambling in the Province. The results of the study will assist the Board in advising the member of the Executive Committee on the appropriate gambling regulatory framework.



Fresh Thinking Holding was appointed to conduct the socio-economic impact study and is currently busy with the study. It is envisaged that this study will be completed by August 2010.

## Responsible Gambling

The productive co-operation dating back to 2004 between the internationally acknowledged National Responsible Gambling Programme (NRGP), the Gauteng Gambling Board and the Gauteng Provincial Government's Department of Economic Development resumed for the year with new vigour.

This time, provision was also made for a specialist training programme as well as a research component, comprising a specific sample of 1 500 Gauteng residents to augment the 2008-09 National Prevalence Study which will be completed later this year.

The aim is to create and fund public awareness of problem gambling via seasonal advertising in the media, community outreach initiatives, and an educational prevention campaign aimed at high school learners and vulnerable members of the community, including senior citizens and recipients of social grants and pensions via AllPay.

## Specialist Training

### Workshops

The NRGP treatment division held a highly successful Treatment Professionals training workshop on the weekend of 20 November 2009 in the Johannesburg area. Approximately 30 treatment professionals attended.

The workshop focused on four broad areas of interest to the Treatment Network. The first presentation by Mr Paul Slot of Money Sense/Octogen reviewed the debt management referral service. Since March 2007 to date 135 patients have been referred for debt management, of which 50 have required formal debt counselling services.

## Licensee training

A total of 2 030 licensee staff members consisting of Casino, Bookmaking, Horse-racing, Route Operator and Bingo staff received training on the NRGP Basic course during the financial year.

## Research

### *Gauteng Research Project*

A substantial report has now been completed by Professor Don Ross of UCT and his colleagues on participation in gambling and problem gambling in Gauteng.

The most significant conclusions are that the regulated parts of the gambling industry are clearly succeeding in discouraging excessive and compulsive gambling (which nationally shows no increase over 2006).

However, there does seem to be a significant correlation between informal and illegal gambling, particularly Fafi and cards played in locations such as those where shebeens are found.

Problem gambling also correlates with other addictive substance abuse disorders, as well as with depression and anxiety (though it is unclear what the cause or relationships here are). Surprisingly, there seems to be no correlation between problem gambling and impulsivity.

### *Schools Pilot Study*

During this financial year the NRGP in Gauteng undertook a schools pilot study which is currently underway.

The pilot study in Gauteng was implemented from May 2009 and involves 12 schools including 60 teachers, curriculum advisors and principals who have been instructed and trained.

## Report of the Board For the year ended 31 March 2010 (Continued)

The "Taking Risks Wisely Programme" for Grades 7-9 was modified based on the feedback from the pilot study and final modifications were made in January 2010. It is anticipated that the final version will be completed by April 2010 which will be presented to the National and Provincial Departments of Education.

### *Treatment Outcomes Research Study*

In December 2009 the NRGP contracted with Datadesk, a research company based in Stellenbosch, to review the programme's treatment outcomes. This is essentially a pilot study that aims to review how successful the treatment intervention is with respect to people's gambling behaviour. The NRGP has contracted to research 120 graduates of its treatment programme and capture data illustrating the benefit of treatment.

This pilot study is hopefully the pre-cursor of a more significant study where it plans to compare the benefit of treatment i.e. those problem gamblers who engage with the outpatient treatment programme versus those patients who simply call the counselling line and receive counselling telephonically.

### *Counselling*

Requests for counselling assistance have marginally increased since the last quarter of 2009 as have previously been reported, the NRGP traditionally experiences a drop in treatment referrals over the December period and an increase again in the New Year.

The December quarter saw an average of 95 problem gamblers referred for treatment and the first quarter of 2010 saw 110 gamblers per month referred for treatment. The NRGP continues to monitor this statistic but it does seem to suggest that although gambling opportunities have grown over the past decade, the prevalence of problem gamblers in the country remains fairly constant. In addition, the telephone counselling remains a satisfactory intervention for approximately 11% of callers to the helpline. The third element of the telephone counselling line service is basic information about problem gambling and once again a significant portion of the enquiries are satisfied with information only about problem gambling and the nature of the service. These enquiries may eventually graduate into treatment referrals.

### *Schools*

The tally for the financial year to date is 37 827 learners at 65 schools (including two primary schools). It is anticipated that the three remaining 'blocks' budgeted for in the 2010 financial year will be completed during the second and third terms, taking into consideration the early closing for the winter school holidays because of the World Cup events.

### *Allpay (Pension Payout Points)*

A total of 285 sites were visited and a total of 87 850 beneficiaries of old age pension and social grants were visited in Gauteng whereby facilitators distributed leaflets debunking gambling myths and presenting facts about problem gambling.

### *Special Events*

The presence of NRGP trained facilitators handing out collateral at various public events raised the public awareness levels about problem gambling and the NRGP's problem gambling counselling line.

These included participation in the Pretoria Show during September and the Johannesburg Easter Festival (formally known as the Rand Easter Show) during the Easter period.

### *Advertising and Collateral*

Various advertisements warning the public about the dangers of gambling were placed in various print publications and radio stations.

### **Broad Based Black Economic Empowerment ("BBBEE") in the Gambling Industry**

The minimum target in respect of Broad Based Black Economic Empowerment agreed to between the nine Provincial Regulators and the National Gambling Board were tabled before and endorsed by the National Policy Council, a body consisting of the nine members of the Executive Council of the provinces

responsible for gambling and the Minister of Trade and Industry. The Gauteng Gambling Board is currently monitoring the annual milestone targets. The completion date for this process is set for 2015.

**Casinos**

**Operating Profile**

The Board took a policy decision on 8 May 2007 to allow the amendment of casino licences to substitute reference to gambling devices on the licence with gambling positions. One slot machine is equal to one gambling position and one table is equal to 14 gambling positions.

The operating profile of the casinos can be summarised as follows:

CASINO NAME	NO. OF GAMING MACHINES	NO. OF GAMING TABLES	NO. OF GAMING POSITIONS
Carnival City	N/A	N/A	2 590
Emerald Safari Resort	660	33	N/A
Emperors Palace	N/A	N/A	2 872
Gold Reef City	1600	60	N/A
Montecasino	N/A	N/A	2 848
Morula Sun	N/A	N/A	678
Silverstar Casino Resort	N/A	N/A	1 204
	<b>2,260</b>	<b>93</b>	<b>10,192</b>

*Crossroad Kids Care Centre*



*Nama's Care Centre for the Aged*



## Report of the Board For the year ended 31 March 2010 (Continued)

### Financial Performance

For the financial year ended 31 March 2010	2010	2009	YEAR ON YEAR INCREASE/DECREASE
<b>CASINO</b>			
Gaming Revenues	R5,8 Billion	R5,96 Billion	-2,7%
Tax Collections	R521,8 Million	R536,6 Million	-2,8%
<b>HORSE-RACING AND BETTING</b>			
Pool Betting:			
Totalizator Turnover	R1,87 Billion	R1,94 Billion	-3,6%
Totalizator Taxation	R29,96 Million	R30,57 Million	-2,0%
Fixed Odds Betting:			
Tax Collections	R36,5 Million	R34,9 Million	4,4%
<b>BINGO OPERATIONS</b>			
Bingo Revenues	R150,6 Million	R126 Million	16,3%
Tax Collections	R18,08 Million	R15,12 Million	16,4%

### Legislative Amendments

During the year the Gauteng Gambling Act was amended to achieve the increase in the annual licence fees as well as the application fees in terms of the Regulations promulgated in terms of Section 84 of the Act.

### Current Litigation

The Gauteng Gambling Board is currently involved in the following litigation:

*Akani Egoli (Pty) Ltd and Others vs  
Gauteng Gambling Board and Others*

The action involves a determination as to whether or not electronic bingo constitutes bingo within the contemplation of the National Gambling Act 7 of 2004.

The North Gauteng High Court held that electronic bingo was not bingo in terms of the National Gambling Act as there was no human involvement.

The matter is currently on appeal and parties are exchanging pleadings.

*Casino Enterprises Swaziland (Pty) Ltd versus  
Minister of Trade and Industry and Others*

The action involves a determination as to where gambling takes place in respect of interactive transactions (online gambling).

The matter was heard on 26 to 29 September 2010 and the North High Court reserved judgment.

*Top Bet SA versus De Lange, Robert George N.O, Gauteng Gambling Board N.O, Russet Trading & Investment 148 (Pty) Limited N.O, Portapa 5 (Pty) Limited N.O*

The licensed bookmaker brought an application interdicting another bookmaker from applying for a transfer of a license to a third party and for the board not to consider the application.

The Gauteng Gambling Board has decided not to oppose the application and to abide by decision of the court.

The parties are currently exchanging pleadings.

*Colin Joseph De Jager South Rock Trading 20 cc versus The Minister of Safety and Security, The National Commissioner of SAPS, The Provincial Commissioner of SAPS, The Chairperson of Gauteng Gambling Board*

The action involves an application brought before the High Court of South Africa, interdicting and restraining applicants from:

- Obtaining search and seizure warrants, in terms of sections 20 and 21 of the Criminal Procedure Act, 51 of 1977, in respect of their businesses.
- Carrying out warrantless searches, in terms of section 20 and 22 of the Criminal Procedure Act, with the intention to seize the equipment operated at its business premises.

The court dismissed this application and the subsequent application for leave to appeal.

*Zimele Slots (Pty) Ltd versus Gauteng Gambling Board, Chairperson, Gauteng Gambling Board, Chief Executive Officer, Playmeter Leisure Services (Pty) Ltd, Bohwa Investments (Pty) Ltd t/a Hot Slots, Vukani Gaming (Pty) Ltd, Zico Gaming (Pty) Ltd, Egoli Gaming (Pty) Ltd t/a Gold Rush and The Members of the Executive Council Responsible for Gambling, Gauteng.*

This action involves an application brought by an unsuccessful applicant, Zimele Slots (Pty) Ltd, for a route operator licence to review and set aside the decision of the Board.

Zimele Slots (Pty) Ltd subsequently withdrew its application.

**Illegal gambling**

The Gauteng Gambling Board continued its close working relationship with the South African Police Services and the Directorate of Public Prosecutions in order to ensure the effective enforcement of gambling legislation in the Province.

During the year, 712 (2009 : 249) illegal gaming machines were confiscated and 56 (2009 : 82) people were convicted of gambling-related offences.

During 2009 the Cross-Boundaries Municipality Law Repeal and Related Matters Act of 2005, was amended and as a result the Merafong City Local Municipality, which includes the towns of Carletonville and Fochville, became part of the Gauteng Province and was geographically removed from the jurisdiction of the North West Province.

**Sports Development Fund**

The income of the Sports Development Fund amounted to R2,78 million during the year under review (2009: R2,63 million).

The balance of the Fund at 31 March 2010 amounted to R3,16 million.

The Board has approved grants totaling R2,25 million from the Sports Development Fund to the Gauteng Cricket Board.

The Board has since 1997 approved grants totaling R21,61 million from the Sports Development Fund.

## Report of the Board For the year ended 31 March 2010 (Continued)

### Human Resources

#### *Employees according to race and gender*

Race	Female	Male	Total	Percentage
African	24	23	47	72,3
Coloured	3	2	5	7,7
Indian	2	0	2	3,1
White	7	4	11	16,9
<b>TOTAL</b>	<b>36</b>	<b>29</b>	<b>65</b>	
Disabled	1	1	2	3,1

#### *Performance Management*

Significant improvements in the management of performance have been realised through the sustained institutionalisation and support of the Gauteng Gambling Board's performance management system. Individual performance objectives are linked to the Board's strategic objectives. Training of both management and staff was undertaken with a view to continuously improve the system.

#### *Skills Development*

Training and development at the Gauteng Gambling Board is done through various interventions that contribute to the improvement of organisation performance, talent attraction, retention and service delivery to our licensees.

To ensure the development of suitable skills and knowledge the following initiatives were undertaken in the 2009/2010 financial year:

- Bursaries and training for employees – R1,15 million
- Conferences – R0,47 million

### *Employee Wellness*

The Gauteng Gambling Board implemented a formal comprehensive wellness programme in January 2009. In this regard we partnered with ICAS to provide counselling and advisory services to all the Board's employees and their families, 24 hours a day, 7 days a week.

25,7% of the Gauteng Gambling Board staff utilised the programme in its first year of implementation.

Gauteng Gambling Board is committed to fighting HIV/Aids, by conducting awareness campaigns throughout the year. The World Aids Day activities form part of our HIV/Aids campaign of education, voluntary counselling and testing. These interventions were well received by employees.

### **Corporate Governance**

The Gauteng Gambling Board is committed to business integrity, transparency and accountability in all its activities. In support of this commitment, the Gauteng Gambling Board subscribes to the highest standards of corporate governance in all aspects of the business and the ongoing development of best practices.

### **Board Members**

As required in terms of the Act and good governance, the Board Members come from diverse professional backgrounds. Their collective qualifications, skills and experience enable them to provide transparency, independent and objective judgement in the decision-making process. They provide strategic direction to the Gauteng Gambling Board in addition to monitoring and measuring the Gauteng Gambling Board's performance and its executive management against key performance indicators.

The roles of the Chairperson and the Chief Executive Officer are separate, with a clear division of responsibilities.

## Board Meetings

The Board typically meets at least quarterly and further meetings are scheduled should circumstances dictate.

The Board and its sub-committees are timeously supplied with comprehensive information to enable them to effectively discharge their duties. All Board Members have access to the Gauteng Gambling Board's secretary and all the Gauteng Gambling Board's records, as well as to independent professional advice at the Gauteng Gambling Board's expense in appropriate circumstances.

	NUMBER OF MEETINGS ATTENDED		
	Board Meetings	Hearings	Strategic Planning Session
<b>Messrs</b>			
L Mogotsi <i>(Chairperson)</i>	8 out of 11	0 out of 3	1 out of 1
S Mahlalela <i>(Acting Vice Chairperson)</i>	6 out of 11	3 out of 3	1 out of 1
T Molai	10 out of 11	3 out of 3	1 out of 1
P Mafojane	8 out of 11	3 out of 3	1 out of 1
<b>Mesdames</b>			
S Machaba CA(SA)	11 out of 11	3 out of 3	1 out of 1
K Moloto-Stofile	10 out of 11	3 out of 3	1 out of 1
Dr P Ndaba (1)	10 out of 11	3 out of 3	1 out of 1
Z Ntlangula	8 out of 11	2 out of 3	1 out of 1

(1) Passed away in February 2010

## Board Committees

The Board has delegated specific responsibilities to sub-committees, each with their own mandate. The sub-committees meet independently and report back and table the minutes of their meetings before the Board.

Currently the Board has the following sub-committees:

- Executive Committee
- Audit and Risk Committee
- Gaming Committee
- Responsible Gambling Committee

## Code of Conduct

The Gauteng Gambling Board has adopted a Code of Conduct aimed at creating a culture of the highest standards of ethics and uncompromising honesty amongst all Board Members and staff. The Code of Conduct is founded on the principles of integrity, good faith, impartiality, openness and accountability.

The Code of Conduct forms an integral part of the induction programme and all new Board Members and staff members agree to subscribe to the Code of Conduct.

## FINANCIAL RESULTS

The financial results of the Gauteng Gambling Board and the taxes and levies collected and distributed are reflected in the annual financial statements as reflected on pages 28 to 52.

The Gauteng Gambling Board has previously received approval to retain the accumulated surplus of R12,01 million as at 31 March 2001, R13,05 million as at 31 March 2007, R18,70 million as at 31 March 2008 and R9,95 million as at 31 March 2009.

## Report of the Board For the year ended 31 March 2010 (Continued)

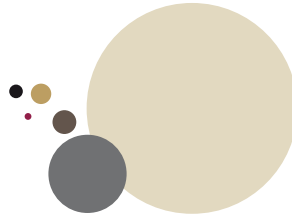
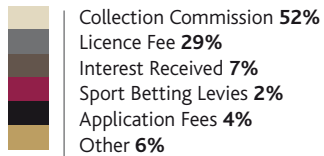
### FINANCIAL HIGHLIGHTS

	2010 R'000	%	2009 R'000	%
<b>REVENUE</b>				
Collection commission	48,705	52,2	40,569	50,7
Cost recovery : On-site casino inspectors	993	1,1	985	1,2
Licence fees	27,241	29,2	22,092	27,5
Sports betting levies	2,169	2,3	2,952	3,7
Interest received	6,928	7,4	9,380	11,7
Application fees	3,403	3,6	3,401	4,2
Other	3,917	4,2	852	1,0
	93,357	100,0	80,231	100,0
<b>EXPENDITURE</b>				
Staff costs	41,581	64,2	35,009	62,3
Board member remuneration	1,346	2,1	1,477	2,6
Depreciation	1,469	2,3	754	1,3
Other operating expenditure	20,368	31,4	18,996	33,8
	64,764	100,0	56,236	100,0
<b>SURPLUS FOR THE YEAR</b>				
	<b>28,593</b>		<b>23,995</b>	
Total collections on behalf of beneficiaries	647,247		660,011	
Expenditure as a percentage of total collections	10,0%		8,5%	

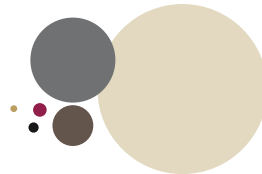
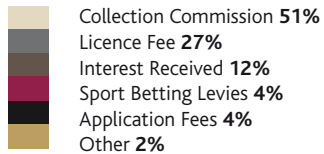
The increase in the expenditure as a percentage of total collection can be attributed to the 2% decrease in tax collections in this FY2010.



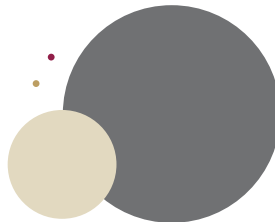
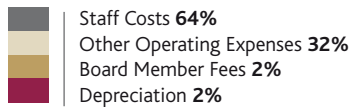
### REVENUE 2009/2010



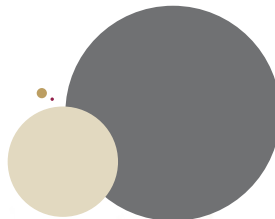
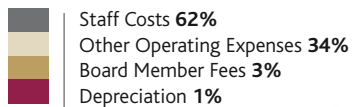
### REVENUE 2008/2009



### EXPENDITURE 2009/2010



### EXPENDITURE 2008/2009



### APPRECIATION

The Board wishes to express its appreciation to all parties who participated in its activities and assisted it during the year under review, and specifically the following:

- The Gauteng Provincial Government, the Executive Council, MEC Firoz Cachalia and the Department of Economic Development;
- All applicants for licences and licensees;
- Industry associations;
- The staff of the Board, past and present, for their dedication and commitment;
- The National Responsible Gambling Programme;
- The Directors of Public Prosecutions and the South African Police Services;
- Other gambling regulatory authorities, both local and international;
- Professional bodies who rendered services to the Board;
- Independent Audit and Risk Committee members;
- The media fraternity; and
- The public in general.

## Performance Report For the year ended 31 March 2010

OBJECTIVE	KEY PERFORMANCE AREA	PERFORMANCE RESULTS
<p>1. Ensure that all monies due are properly accounted for and distributed as prescribed</p> <p>2. Ensure the effective and efficient operation of the Gauteng Gambling Board</p> <p>3. Assist in the development of gambling policy and legislation</p> <p>4. Maximise the benefits derived from gambling and minimise the negative impact thereof</p>	<ul style="list-style-type: none"> <li>• Collection of 100% of all monies due, accurate distribution and reporting on due date</li> <li>• Ensuring accuracy of gaming revenue paid by the licensees and compliance to applicable gaming legislation</li> <li>• Strategic plan and budget approved by the Board and submitted to the Gauteng Department of Economic Development and the Gauteng Member of the Executive Council: Economic Development by 30 September 2009</li> <li>• Achievement of an unqualified audit report, detailing objectives, released by 31 August 2009</li> <li>• To annually review relevant technological developments impacting upon gambling regulation and the industry and submit by 31 December 2009 to the Board the proposed regulatory amendments and by 31 January 2010 to the Gauteng Member of the Executive Council: Economic Development for any proposed legislative requirements</li> <li>• To measure the socio-economic impact of gambling on society by commissioning a study every three years</li> </ul>	<ul style="list-style-type: none"> <li>• 100% of all monies due was collected, totalling R647 247 million for financial year 2010</li> <li>• All monies were accurately distributed to beneficiaries on due date</li> <li>• Reporting of all monies collected and distributed was done to stakeholders on due date, the details of which are contained in the financial statements</li> <li>• 115 revenue and compliance audits conducted for financial year 2010</li> <li>• The strategic plan and budget was approved by the Board during September 2009 and submitted to the Gauteng Department of Economic Development and the Gauteng Member of the Executive Council : Economic Development during September 2009</li> <li>• An unqualified audit report was achieved for the financial year ended 31 March 2009. This report was approved and released before 31 August 2009</li> <li>• The relevant technological developments impacting upon gambling regulation were reviewed and the proposed regulatory amendments were timeously submitted to the Board and the Gauteng Member of the Executive Council : Economic Development</li> <li>• The socio-economic impact of gambling tender was awarded during December 2009. It is anticipated that this study will be completed in July 2010</li> </ul>

OBJECTIVE	KEY PERFORMANCE AREA	PERFORMANCE RESULTS
<p>5. Ensure suitability of participants in and premises used for gambling</p> <p>6. Ensure fairness to punters and ensure that gambling activities are conducted in accordance with legislative requirements</p>	<ul style="list-style-type: none"> <li>Ongoing effective and efficient monitoring of compliance with BBBEE requirements and bid commitments</li> <li>Efficient, timely and effective licensing and implementation processes, making use of relevant licensing criteria and an appropriate roll out programme for Limited Payout Machines</li> </ul>	<ul style="list-style-type: none"> <li>Licensees are reviewed and monitored on their state of compliance, on a regular basis</li> <li>27 Monitoring audits were conducted for the financial year 2010</li> <li>Employee Applications                             <ul style="list-style-type: none"> <li>Provincial                                     <ul style="list-style-type: none"> <li>Key employees 494 applications</li> <li>Other employees 814 applications</li> </ul> </li> <li>National                                     <ul style="list-style-type: none"> <li>83 employee applications</li> </ul> </li> </ul> </li> <li>Company Applications                             <ul style="list-style-type: none"> <li>32 amendments of licence applications</li> <li>8 certificate of suitability applications</li> <li>12 financial interest applications</li> <li>3 national manufacturer licence applications</li> <li>11 transfer of bookmaker licence applications</li> <li>3 second licence premises applications</li> <li>3 provincial manufacture licence applications</li> <li>173 gaming machine (site) licence applications</li> </ul> </li> <li>Limited Payout Machines Roll out                             <p>To date the Board has accepted 173 gaming machine (site) licence applications and heard 83 (81 approved) of these. 4 Licences have since been withdrawn by the Route Operators. The next submission is on 10 and 11 June 2010, with each Route Operator allowed to submit up to a maximum of 40 site licence applications and thereafter on 29 and 30 November 2010.</p> </li> </ul>

# Report of the Auditor-General to the Gauteng Provincial Legislature on the Financial Statements and Performance Information of Gauteng Gambling Board

For the year ended 31 March 2010

## REPORT ON THE FINANCIAL STATEMENTS

### Introduction

1. I have audited the accompanying financial statements of the Gauteng Gambling Board, which comprise the statement of financial position as at 31 March 2010, and the statement of financial performance, the statement of changes in net assets and the cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory information, as set out on pages 28 to 51.

### 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 in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999)(PFMA). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditor-General's responsibility

3. As required by section 188 of the Constitution of South Africa and section 4 of the Public Audit Act of South Africa, my responsibility is to express an opinion on these financial statements based on my audit.

4. I conducted my audit in accordance with International Standards on Auditing and *General Notice 1570 of 2009* issued in *Government Gazette 32758 of 27 November 2009*. 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.
5. 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.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Opinion

7. In my opinion the financial statements present fairly, in all material respects, the financial position of Gauteng Gambling Board as at 31 March 2010 and its financial performance and its cash flows for the year then ended are prepared, in all material respects, in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and in the manner required by the PFMA.

**Additional matter**

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

- 8. The supplementary information set out on page 52 does not form part of the financial statements and is presented as additional information. I have not audited this schedule and accordingly I do not express an opinion thereon.

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

In terms of the PAA of South Africa and *General Notice 1570 of 2009*, issued in *Government Gazette No. 32758 of 27 November 2009* I include below my findings on the report on predetermined objectives, compliance with the PFMA and financial management (internal control).

**Findings**

**Predetermined objectives**

- 9. No matters to report

**Compliance with laws and regulations**

- 10. No matters to report.

**INTERNAL CONTROL**

I considered internal control relevant to my audit of the financial statements and the report on predetermined objectives and compliance with the PFMA, but not for the purposes of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the deficiencies identified during the audit.

- 11. No matters to report

*Auditor-General*

Johannesburg

29 July 2010





## Statement of Financial Position

For the year ended 31 March 2010

	Notes	2010 R'000	2009 R'000
<b>ASSETS</b>			
Non-current assets		106,141	14,899
Property, plant and equipment	2	105,973	13,954
Building project	2.1	0	708
Intangible assets	2	168	237
Current assets		189,651	211,836
Trade and other receivables	4	15,648	1,728
New building attorney trust account	2.1	468	99,042
Prepayments and advances		257	15
Cash and cash equivalents	13.2	159,178	111,051
Asset held for sale	3	14,100	0
<b>TOTAL ASSETS</b>		<b>295,792</b>	<b>226,735</b>
<b>LIABILITIES</b>			
Current liabilities		163,682	105,977
Trade and other payables	7	110,570	83,772
Collections for distribution	16	53,112	22,205
<b>TOTAL LIABILITIES</b>		<b>163,682</b>	<b>105,977</b>
<b>RESERVES</b>			
Non-distributable Reserve	6	8,545	7,138
New Building Trust Account	2.1	69,853	69,853
Retained surplus	5	53,712	43,767
<b>TOTAL RESERVES AND LIABILITIES</b>		<b>295,792</b>	<b>226,735</b>

## Statement of Financial Performance

For the year ended 31 March 2010



	Notes	Actual 2010 R'000	Budget 2010 R'000	Actual 2009 R'000	Budget 2009 R'000
Gross Revenue	8	86,429	69,792	70,851	56,928
Total operating expenses		64,764	72,814	56,236	60,280
Board member remuneration	9	1,346	1,850	1,477	1,668
Depreciation	2	1,469	1,029	754	936
Other operating expenses	11	20,368	27,935	18,996	22,897
Staff costs	12	41,581	42,000	35,009	34,779
Operating surplus(deficit) for the year		21,665	(3,022)	14,615	(3,352)
Interest received		6,928	3,360	9,380	3,500
Net surplus for the year		28,593	338	23,995	148

## Statement of Changes in Net Assets

For the year ended 31 March 2010

	Retained Surplus R'000	Revaluation Reserve R'000	New Building Trust R'000	Total R'000
Balance at 31 March 2008	43,767	7,028	-	50,795
Increase in the revaluation reserve	-	110	-	110
Approved retentions	-	-	69,853	69,853
Balance at 31 March 2009	43,767	7,138	69,853	120,758
Net surplus for the period	28,593	-	-	28,593
Surplus to be paid over to Provincial Revenue Fund	(28,593)	-	-	(28,593)
Increase in the revaluation reserve	-	1,406	-	1,406
Approved retentions	9,945	-	-	9,945
Balance at 31 March 2010	53,712	8,544	69,853	132,109



## Cash Flow Statement

For the year ended 31 March 2010

	Notes	2010 R'000	2009 R'000
<b>Cash flows from operating activities</b>			
Cash receipts		78,390	73,206
Cash paid to suppliers and employees		(41,339)	(50,735)
Cash generated from operations	13.1	37,052	22,471
Interest received:			
- Bank Accounts		6,928	9,380
Cash paid to Provincial Revenue fund	13.3	(14,050)	-
Increase/(decrease) of monies held in trust		245	2,023
Net cash inflow/(outflow) from operating activities		30,175	33,874
<b>Cash flows from investing activities</b>			
Additions to property, plant and equipment	2	(106,464)	(721)
Proceeds from sale of property, plant and equipment		114	28
Building Project		708	(708)
Net cash outflow from investing activities		(105,642)	(1,401)
<b>Cash flows from collection and distribution activities</b>			
Increase/(decrease) in collections for distribution		30,907	(40,141)
(Increase)/decrease in trust debtors		(5,887)	269
Decrease/(increase)/ in Trust account for building		98,574	(29,189)
Net cash outflow from collection and distribution activities		123,594	(69,061)
Net increase/(decrease) in cash and cash equivalents		48,127	(36,588)
Cash and cash equivalents at beginning of year		111,051	147,639
Cash and cash equivalents at end of year	13.2	159,178	111,051



# Notes to the Annual Financial Statements

For the year ended 31 March 2010



## SUMMARY OF ACCOUNTING POLICIES

### 1.1 BASIS OF PREPARATION

The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations and directives issued by the Accounting Standards Board.

1.1.1 The cash flow statement has been prepared in accordance with the direct method.

1.1.2 Specific information has been presented separately on the statement of financial position such as:

- (a) Receivables from non-exchange transactions, including taxes and transfers;
- (b) Taxes and transfers payable;
- (c) Trade and other payables from non-exchange transactions;

1.1.3 Amount and nature of any restrictions on cash balances is required.

1.1.4 The following GRAP Standards have been approved but are not yet effective

STANDARD OF GRAP		EFFECTIVE DATE OF STANDARD
GRAP 18	Segment Reporting	Unknown
GRAP 21	Impairment of Non-cash-generating Assets	Unknown
GRAP 23	Revenue from Non-exchange Transactions (Taxes and Transfers)	Unknown
GRAP 24	Presentation of Budget Information in Financial Statements	Unknown
GRAP 25	Employee Benefits	Unknown
GRAP 26	Impairment of Cash-generating Assets	Unknown
GRAP 103	Heritage Assets	Unknown
GRAP 104	Financial Instruments	Unknown

The effect of these GRAP Standards has not had a significant impact on the financial statements as the principles are similar to those already applied under the equivalent Statements of SA GAAP.

### 1.2 GOING CONCERN

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that resources will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.



## Notes to the Annual Financial Statements (Continued)

For the year ended 31 March 2010

### 1.3 SIGNIFICANT JUDGEMENTS

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

#### Trade and loans receivables

The Gauteng Gambling Board assesses its trade receivables for impairment at each balance sheet date. In determining whether an impairment loss should be recorded in the income statement, the Gauteng Gambling Board makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

### 1.4 REVENUE

This includes revenue derived from collection commission, application fees, licence fees, sports betting levies and other income. Revenue is recognised on the accrual basis.

Revenue is measured at the fair value of the consideration received or receivable for the rendering of services in the ordinary course of the entity's activities.

#### Rendering of services

Revenue from services rendered is recognised in the income statement in proportion to the stage of completion of the transaction at the balance sheet date.

Interest is recognised, in the statement of financial performance, using the effective interest rate method.

### 1.5 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at historical cost less accumulated depreciation. Buildings are stated at gross replacement value less accumulated depreciation since the date of the revaluation and are revalued every five years. The revaluation surplus is credited to non-distributable reserves. On disposal, the net revaluation surplus is transferred to retained surplus while profits or losses on disposal, based on current values, are credited or charged to the statement of financial performance. Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it.

Any gains or losses arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised.

The depreciation charge for each period is recognised in the statement of financial performance. Depreciation is calculated on the straight-line method to write off the cost/valuation of each asset, less residual value, over its estimated useful life as follows:

- Buildings	50 years
- Fixtures and fittings	10 years
- Furniture and equipment	6 years
- Motor vehicles	5 years
- Information technology equipment	3 years
- Intangible assets	2 years

The useful life, depreciation method and residual value of each asset is reviewed annually.



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. Maintenance and repairs which neither materially add to the value of assets nor appreciably prolong their useful lives are charged against income.

## 1.6 INTANGIBLE ASSETS

Intangible assets are measured at historical cost less accumulated amortisation. Amortisation is calculated on the straight line method to write off the cost of each asset over its estimated useful life being two years.

## 1.7 LEASES

### Operating leases

Leases where the lessor retains the risks and rewards of ownership of the underlying asset are classified as operating leases. Payments made under operating leases are charged against income on a straight-line basis over the period of the lease.

## 1.8 CURRENCY

These financial statements are presented in South African Rand since that is the currency in which the Gauteng Gambling Board's transactions are denominated.

## 1.9 EMPLOYEE BENEFITS

### Short term employee benefits

The cost of short term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as group life), are

recognised in the period in which the service is rendered and are not discounted when the effect is not material.

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

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

### Long term employee benefits

The Gauteng Gambling Board does not incur a liability for post employment medical aid benefits.

### Retirement benefits

The Gauteng Gambling Board contributes to a defined contribution fund. Contributions to the defined contribution fund are charged to the statement of financial performance in the year to which they relate.

## 1.10 FINANCIAL INSTRUMENTS

The Gauteng Gambling Board classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

### Initial recognition

Financial assets and financial liabilities are recognised on the Gauteng Gambling Board's Statement of Financial Position when the entity becomes party to the contractual provisions of the instrument.



## Notes to the Annual Financial Statements (Continued)

For the year ended 31 March 2010

Financial instruments carried on the statement of financial position include cash and bank balances, trade and other receivables and trade and other payables.

### Loans and receivables

Trade and other receivables are initially carried at their estimated fair values and subsequently carried at amortised cost. Appropriate allowances for estimated irrecoverable amounts are recognised in the Statement of Financial Performance when there is objective evidence that the asset is impaired. Interest income is recognised in the Statement of Financial Performance by applying the effective interest rate.

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

### Trade and other payables

Trade and other payables are initially carried at their estimated fair values and subsequently carried at amortised cost, using the effective interest rate method.

### Cash and cash equivalents

Bank balances are initially carried at their estimated fair value and are subsequently remeasured at fair value.

### Impairment

At reporting date (the end of each financial year), the Gauteng Gambling Board determines whether there is any objective evidence that a financial asset or group of financial assets is impaired.

The Gauteng Gambling Board follows the following steps in judging whether objective evidence exists on reporting date that the financial asset or group of financial assets is impaired.

The carrying amount of the financial asset is reduced by the impairment loss directly for financial assets with the exception of trade receivables, where the carrying amount is reduced through use of an allowance account. When a trade receivable is considered uncollectable it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited in the Statement of Financial Position. Changes in the carrying amount of the allowance account are recognised in the Statement of Financial Performance.

If, in a subsequent period, the amount of the impairment loss is decreased and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the borrower's credit rating), the previously recognised impairment loss is reversed either directly or by adjusting an allowance account. The reversal may not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in the Statement of Financial Performance.

### Derecognition

The Gauteng Gambling Board derecognises a financial asset when and only when: the rights to the cash flows from the financial asset expire; or it transfers the financial asset and the transfer qualifies for derecognition. The Gauteng Gambling Board firstly needs to evaluate the extent to which it retains the risks and rewards of ownership of the financial asset.



The Gauteng Gambling Board transfers a financial asset if, and only if, it either:

- Transfers the contractual rights to receive the cash flows of the financial asset;
- or retains the contractual rights to receive the cash flows of the financial asset.

The Gauteng Gambling Board removes a financial liability (or a part of a financial liability) from its statement of financial position when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires.

### 1.11 CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and at the bank.

### 1.12 PROVISIONS AND CONTINGENCIES

#### Provisions

Provisions are recognised when:

- the Gauteng Gambling Board has a present 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 obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation. The Gauteng Gambling Board does not discount the liability where the time value of money is not material.

### 1.13 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in the notes to the annual financial statements.

### 1.14 TAXES AND LEVIES

Taxes and levies are accounted for on an invoice basis. These are collected in an agency capacity and are therefore not treated as revenue.

### 1.15 CHANGES IN ACCOUNTING POLICY

There were no changes in accounting policies in the current financial year.

### 1.16 TAXATION

The Gauteng Gambling Board's income is exempt from taxation in terms of Section 10(1)(cA) of the Income Tax Act.

### 1.17 COMPARATIVE FIGURES

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

### 1.18 POST BALANCE SHEET EVENTS

Any known or anticipated event that may occur after the reporting period is declared in the notes to the financial statements. See Note 19 to the Annual Financial Statements.



## Notes to the Annual Financial Statements For the year ended 31 March 2010

### 2 PROPERTY, PLANT AND EQUIPMENT

31 MARCH 2010	Land and building R'000	Fixtures & fittings R'000	Motor vehicles R'000	IT Hardware R'000	IT Intangible R'000	Furniture & equipment R'000	Total R'000
Opening net carrying amount	12,528	98	172	446	237	711	14,191
Gross carrying amount	12,600	606	258	2,468	1,449	2,318	19,698
Accumulated depreciation	(72)	(508)	(86)	(2,022)	(1,212)	(1,607)	(5,507)
Additions	91,398	2,738	-	486	72	11,770	106,464
Disposals	-	-	-	(20)	-	(330)	(350)
- Cost	-	-	-	(41)	-	(1,247)	(1,288)
- Accumulated depreciation	-	-	-	21	-	917	938
Depreciation charge	(299)	(99)	(52)	(241)	(141)	(637)	(1,469)
Impairment	-	-	-	-	-	-	-
Revaluation	1,406	-	-	-	-	-	1,406
Asset held for sale	(14,100)	-	-	-	-	-	(14,100)
Accumulated depreciation reversal	-	-	-	-	-	-	-
Closing net carrying amount	90,933	2,737	120	671	168	11,512	106,141
Gross carrying amount	91,304	3,344	258	2,913	1,521	12,840	112,180
Accumulated Depreciation	(371)	(607)	(138)	(2,242)	(1,353)	(1,328)	(6,039)
31 MARCH 2009	Land and building R'000	Fixtures & fittings R'000	Motor vehicles R'000	IT Hardware R'000	IT Intangible R'000	Furniture & equipment R'000	Total R'000
Opening net carrying amount	12,600	158	130	362	31	867	14,147
Gross carrying amount	12,600	606	437	2,449	1,180	2,274	19,545
Accumulated depreciation	-	(448)	(307)	(2,087)	(1,149)	(1,407)	(5,398)
Additions	-	-	-	342	297	82	721
Disposals	-	-	-	(4)	(27)	(2)	(33)
- Cost	-	-	-	(323)	(28)	(38)	(389)
- Accumulated depreciation	-	-	-	319	1	36	356
Depreciation charge	(72)	(60)	(68)	(254)	(64)	(236)	(754)
Impairment	-	-	(179)	-	-	-	(179)
Accumulated depreciation reversal	-	-	289	-	-	-	289
Closing net carrying amount	12,528	98	172	446	237	711	14,191
Gross carrying amount	12,600	606	258	2,468	1,449	2,318	19,698
Accumulated Depreciation	(72)	(508)	(86)	(2,022)	(1,212)	(1,607)	(5,507)

- The budgeted figure for Property, Plant and Equipment was R109 767 625 (2009 : R15 334 812)
- The overrun on the budget for depreciation is due to the acquisition of the new building.

#### 2.1 BUILDING PROJECT

On 8 February 2010, the Gauteng Gambling Board took ownership of the new office building in Bramley situated on RR1 and RR3 of the sectional title known as Waverly Office Park. The property is situated at Erf number 377, Bramley Township, City of Johannesburg.

The capitalised expenditure as at 31 March 2009 amounted to R707,823. The new building trust account of R69,9 million was funded by retention with the remainder of the purchase being funded through retained surplus amounts.



**3 NON-CURRENT ASSET HELD FOR SALE**

Assets held for sale consists of land and building purchased on 31 March 1999. The office building is held under Title Deed Number T86131 99. The property is situated at portion 4 of Erf 44 Verwoerdburgstad, Registration Division JR Province of Gauteng and measures 2210 square metres in extent.

The property was revalued by an independent valuer, Valco Property Valuers, Registration No 3629/4 on 31 December 2009, at R14 100 000. The valuation was still valid as at 31 March 2010. The Income Capitalisation Method of Valuation was applied. This revaluation resulted in a surplus of R1 406 000. The Gauteng Gambling Board expects to sell the building within the next 12 months through a tender process.

**4 TRADE AND OTHER RECEIVABLES**

	2010 R'000	2009 R'000
Trust debtors	6,446	559
Gauteng Provincial Government – collection commission	8,333	141
Sundry debtors	869	1,028
	15,648	1,728

The carrying amount of trade receivables approximates their fair value due to their short-term maturity.

**5 RETAINED SURPLUS**

In terms of Section 17(6) of the Gauteng Gambling Act, 1995, as amended, and Section (53)3 of the Public Finance Management Act, surplus funds at the close of the financial year, shall be paid to the Provincial Revenue Fund, unless Treasury approval has been obtained to retain such funds. Approval was received to retain the following surplus amounts:

YEAR ENDED	AMOUNT R'000
31 March 2001	12,014
31 March 2007	13,049
31 March 2008	18,704
31 March 2009	9,945
<b>TOTAL</b>	<b>53,712</b>



## Notes to the Annual Financial Statements (Continued)

For the year ended 31 March 2010

	2010 R'000	2009 R'000
<b>6 NON-DISTRIBUTABLE RESERVE</b>		
Reserve on revaluation of property, plant and equipment		
Building	8,412	7,005
Motor vehicles	110	110
Paintings	23	23
	<b>8,545</b>	<b>7,138</b>
<b>7 TRADE AND OTHER PAYABLES</b>		
Amounts held in trust		
- Peermont : Social Advancement	31,328	31,083
Licence fees received in advance	28,182	20,337
Creditors and accruals	21,503	7,209
Investigation deposits	964	1,148
Provincial Revenue Fund – current year surplus	28,593	23,995
	<b>110,570</b>	<b>83,772</b>
The Gauteng Gambling Board considers the carrying amount of trade and other payables approximate to their fair value due to their short-term maturity.		
<b>8 GROSS REVENUE</b>		
Revenue consists of:		
Administration fees	72	72
Application fees	3,403	3,401
Collection commission	48,705	40,569
Cost recovery – On-site casino inspectors	993	985
Licence fees received	27,241	22,092
Penalties collected	101	-
<b>Balance carried forward</b>	<b>80,515</b>	<b>67,119</b>





	2010 R'000	2009 R'000
<b>Balance brought forward</b>	<b>80,515</b>	<b>67,119</b>
(Loss)/Profit on sale of assets	(236)	(6)
Sports betting levies	2,169	2,952
Sundry income	627	410
Recoveries of investigation expenses	3,354	376
	<b>86,429</b>	<b>70,851</b>
<b>9 BOARD MEMBER REMUNERATION</b>		
Board Member emoluments for non-executive Board Member services rendered during the year:		
<b>Messrs:</b>		
L Mogotsi	198	188
T Molai	144	138
P Masegare	-	111
P Mafojane	106	147
S Mahlalela	70	127
<b>Mesdames:</b>		
M Gasela	-	56
S Machaba	125	19
Z Ntlangula	149	206
P Ndaba	168	176
K Moloto-Stofile	130	164
<b>TOTAL PAID TO BOARD MEMBERS</b>	<b>1,090</b>	<b>1,332</b>
<b>AUDIT COMMITTEE REMUNERATION</b>	<b>256</b>	<b>145</b>
<b>TOTAL</b>	<b>1,346</b>	<b>1,477</b>



## Notes to the Annual Financial Statements (Continued)

For the year ended 31 March 2010

### 10 SENIOR MANAGEMENT REMUNERATION

FOR THE YEAR ENDED 31 MARCH 2010

	Basic Salary R'000	Allowances R'000	13th Cheque R'000	Total Bonus R'000	Employer Contributions R'000	Total R'000
<b>Advocate MBB Lekalakala</b> <i>Chief Executive Officer</i>	1,674	95	141	613	280	2,803
<b>E Lalumbe</b> <i>Chief Operating Officer</i>	1,346	145	114	507	275	2,387
<b>D Dondur</b> <i>Chief Financial Officer</i> (01/04/09 - 04/01/2010 - seconded)	709	117	91	407	155	1,479
<b>O Hadebe</b> <i>Manager : Human Resources</i>	879	123	78	341	155	1,576
<b>K Jacobs</b> <i>Manager : MIS</i>	848	60	74	336	213	1,531
<b>L Kobue</b> <i>Manager : Compliance</i>	893	82	76	339	184	1,574
<b>L Lukhwareni</b> <i>Manager : Legal Services</i>	863	95	75	337	199	1,569
<b>JJ Oberholzer</b> <i>Manager : Licensing, Registration and Betting</i>	968	150	84	377	222	1,801
<b>C Simons</b> <i>Acting Chief Financial Officer</i> (04/01/2010 – 31/03/2010)	163	47	0	0	35	246



FOR THE YEAR ENDED 31 MARCH 2009

	Basic Salary R'000	Allowances R'000	13th Cheque R'000	Total Bonus R'000	Employer Contributions R'000	Total R'000
<b>Advocate MBB Lekalakala</b> <i>Chief Executive Officer</i>	1,143	318	115	532	237	2,345
<b>E Lalumbe</b> <i>Chief Operating Officer</i>	1,152	60	96	458	239	2,006
<b>D Dondur</b> <i>Chief Financial Officer</i>	789	156	74	350	180	1,550
<b>O Hadebe</b> <i>Manager : Human Resources</i>	739	90	66	304	134	1,333
<b>K Jacobs</b> <i>Manager : MIS</i>	721	60	62	304	184	1,331
<b>L Kobue</b> <i>Manager : Compliance</i>	721	42	59	282	153	1,258
<b>L Lukhwareni</b> <i>Manager : Legal Services</i>	704	55	59	283	159	1,261
<b>JJ Oberholzer</b> <i>Manager : Licensing, Registration and Betting</i>	776	60	65	325	211	1,437



## Notes to the Annual Financial Statements (Continued)

For the year ended 31 March 2010

	2010 R'000	2009 R'000
<b>11 OTHER OPERATING EXPENSES</b>		
Advertisements	211	163
Audit fees:	956	695
External audit	504	348
Internal audit	452	347
Bank charges	38	38
Board Members' training	-	60
Conference costs	467	510
Employee Assistance Programme	148	95
Gambling Community Outreach Programme	107	89
Information technology	500	565
Insurance	297	260
Investigation and enforcement costs	257	155
Legal expenses	2,012	757
Management Development Programme	628	715
Office accommodation and storage rentals	985	892
Office consumables, maintenance and refreshments	286	327
Photocopying	284	260
Postage, printing and stationery	413	385
Professional and consulting fees	993	214
Public relations	605	487
Responsible Gambling Awareness Programme	2,652	2,701
Security expenses	87	24
Social responsibility	1,842	1,201
Skills Development Levy	373	312
Staff recruitment	59	43
Staff training and development	521	822
Telephone and communications	1,138	1,023
Transcription costs	13	25
Travelling and subsistence:		
Local	1,776	1889
Overseas	2,720	4,289
	<b>20,368</b>	<b>18,996</b>



	Notes	2010 R'000	2009 R'000
<b>11 OTHER OPERATING EXPENSES continued</b>			
BBBEE Spend % = 69%			
Amount paid to BBBEE suppliers as a percentage of total expenditure (excluding salaries and Responsible Gambling Awareness Programme)			
<b>12 STAFF COSTS</b>			
Included in the staff costs are:			
		41,581	35,009
- Salaries, bonuses and allowances		36,106	30,223
- Defined contribution plan expense	14	3,411	2,970
- Medical aid contributions		1,528	1,371
- Group life contributions		349	271
- Other employer contributions		187	174
<b>13 NOTES TO THE CASH FLOW STATEMENT</b>			
<b>Reconciliation of the net surplus to cash generated from operations</b>			
Net surplus		28,593	23,995
Adjustments for:			
- Depreciation		1,469	754
- Investment income		(6,928)	(9,380)
- Provision for leave pay		231	383
- Loss/(Profit) on sale of property, plant and equipment		236	6
Operating surplus before working capital changes		23,601	15,758
Increase /(decrease) in trade and other payables		21,725	4,364
(Increase)/decrease in trade and other receivables		(8,274)	2,349
<b>13.1 Cash generated from operations</b>		<b>37,052</b>	<b>22,471</b>

Cash is reflected at the carrying value which equals fair value.  
There is no credit risk attached to the instrument.



## Notes to the Annual Financial Statements (Continued)

For the year ended 31 March 2010

	Notes	2010 R'000	2009 R'000
<b>13.2 Cash and cash equivalents</b>			
Cash and cash equivalents consist of cash on hand and balances with banks. Cash and cash equivalents included in the cash flow statement comprise the following statement of financial position amounts:			
Bank		159,177	111,050
Petty cash		1	1
		<u>159,178</u>	<u>111,051</u>
Cash is reflected at the carrying value which equals fair value. There is no credit risk attached to this instrument.			
<b>13.3 Cash Paid to Provincial Revenue Fund</b>			
Surplus 2009		23,995	
Retained Surplus		(9,945)	
		<u>14,050</u>	
<b>14 RETIREMENT BENEFITS</b>			
The Board provides retirement benefits for all its permanent employees, through a defined contribution provident fund, which is subject to the Pension Fund Act, 1956 as amended.			
The total amount expensed during the year was			
		<u>3,411</u>	<u>2,970</u>
<b>15 NON-CAPITAL COMMITMENTS</b>			
<b>Operating leases</b>			
The future minimum lease payments under non-cancellable operating leases for the Board's photocopiers, telecommunications systems and others are as follows:			
- Within 1 year		466	113
- 1 to 5 years		685	66
		<u>1,151</u>	<u>179</u>



Notes	2010 R'000	2009 R'000
<b>16 TAXES AND LEVIES</b>		
<b>16.1 Taxes and levies for distribution to beneficiaries at year-end</b>		
Gauteng Provincial Administration	47,290	46,970
Phumelela Gaming & Leisure Limited	2,663	2,457
Sports Development Fund	3,159	2,630
	<b>53,112</b>	<b>52,057</b>
<b>16.2 Reconciliation of taxes and levies collected for the year</b>		
<b>16.2.1 Provincial taxes</b>		
<i>16.2.1.1 Gauteng Provincial Government</i>		
Betting tax	<b>67,737</b>	<b>66,749</b>
Totalizator		
- horse-racing	28,853	29,785
- other sport	2,421	2,043
On-course bookmakers		
- horse-racing	5,197	4,400
- other sport	56	148
Off-course bookmakers		
- horse-racing	26,705	26,615
- other sport	4,505	3,758
Gaming Tax	<b>541,406</b>	<b>552,200</b>
Casinos		
- machines	397,503	411,907
- tables	124,324	124,743
Bingo	18,075	15,550
Limited Payout Machines	1,504	-
<b>Taxes collected for Gauteng Provincial Government</b>	<b>609,143</b>	<b>618,949</b>



## Notes to the Annual Financial Statements (Continued)

For the year ended 31 March 2010

	Notes	2010 R'000	2009 R'000
Balance brought forward		609,143	618,949
<b>16.2.1 Levies Collected</b>			
Sports Development Fund Levies		2,780	2,629
Levies		2,634	2,421
Interest earned		146	208
Phumelela Gaming & Leisure Limited Off-course bookmakers		31,830	30,964
<b>Total levies collected</b>		<b>34,610</b>	<b>33,593</b>
<b>Interest earned and penalties received</b>		<b>3,588</b>	<b>7,469</b>
<b>Total collections for distribution</b>		<b>647,341</b>	<b>660,011</b>
Taxes and levies for distribution to beneficiaries at year-end	16.1	(53,112)	(52,057)
		<b>594,229</b>	<b>607,954</b>
<b>16.2 Taxes and levies distributed during the year</b>			
Gauteng Provincial Administration		612,411	637,524
Phumelela Gaming & Leisure Limited		31,625	31,672
Sports Development Fund		2,250	1,104
		<b>646,286</b>	<b>670,300</b>
Less: Prior year-end collections distributed during the year		(52,057)	(62,346)
		<b>594,229</b>	<b>607,954</b>





**17 VAT DEREGISTRATION**

In terms of Section 24(1) of the VAT Act, the Gauteng Gambling Board was deregistered for VAT with effect from 1 April 2005. In terms of Section 8(2)(iv) of the VAT Act, the Gauteng Gambling Board qualified for exemption from paying VAT Output on the value of its assets upon deregistration.

	2010 R'000	2009 R'000



## Notes to the Annual Financial Statements (Continued)

For the year ended 31 March 2010

### 18 FINANCIAL INSTRUMENTS

#### Categories of Financial Instruments

2010 FINANCIAL YEAR	LOANS AND RECEIVABLES	FINANCIAL LIABILITIES AT AMORTISED COST	TOTAL
	R'000	R'000	R'000
<b>Current assets</b>			
Trade and other receivables	14,779	-	14,779
Cash and cash equivalents	159,178	-	159,178
Loans receivables	869	-	869
<b>Current liabilities</b>			
Trade and other payables	-	110,570	110,570
2009 FINANCIAL YEAR	LOANS AND RECEIVABLES	FINANCIAL LIABILITIES AT AMORTISED COST	TOTAL
	R'000	R'000	R'000
<b>Current assets</b>			
Trade and other receivables	700	-	700
Cash and cash equivalents	111,051	-	111,051
Loans receivables	1,028	-	1,028
<b>Current liabilities</b>			
Trade and other payables	-	83,772	83,772

Loans receivables consists of loans to employees which has been included in the sundry debtors note under note 4

#### Credit Risk

Management manages the credit risk relating to employee loans by deducting the payments due by the employees monthly from their salaries and by keeping a register of the amounts due and owing by each employee. If the employees would like to take out an additional loan after payments have been made on the initial loan, management will inspect the register and limit the total of the initial loan plus the additional loan to R3 000, therefore limiting the credit risk per employee to R3 000. Credit risk is fairly low in respect of these parties as they are related to the Gauteng Gambling Board.

Financial assets, that potentially subject the Gauteng Gambling Board to credit risk, consist principally of cash and cash equivalents, loans and receivables and trade and other receivables.

The Gauteng Gambling Board's cash and cash equivalents are placed with high credit quality financial institutions.

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

The carrying amount of financial assets recorded in the financial statements represents the Gauteng Gambling Board's maximum exposure to credit risk.

The following represents information on the credit quality of trade receivables that are neither past due nor impaired:

	2010	2009
A	99,8%	99,9%
B	0,2%	0,1%



A - The debtors are of good credit quality and no default in payment is expected.

B - These debtors usually pay, but have previously paid late and therefore there is a possibility that these debtors will not be recoverable.

**Age Analysis of financial assets that are past due but not impaired**

	2010 TRADE RECEIVABLES	2009 TRADE RECEIVABLES
1 – 30 days past due	6,619	513
30 – 60 days past due	(23)	62
61 – 90 days past due	63	59
91 – 120 days past due	(213)	(75)
<b>TOTAL</b>	<b>6,446</b>	<b>559</b>

The credits on the age analysis can be explained as follows:

In terms of Gauteng Gambling Regulation 270, the tax on sports betting unlike horse-racing is a percentage on gross betting revenue and is paid by the bookmaker and not the punter. Where the gross betting revenue is less than zero, i.e. the bookmaker has operated at a loss for the tax period, he will accumulate a tax credit which can be claimed against future sports betting tax liability. This credit may never be refunded in cash.

**Market Risk**

There is no significant interest rate or other market risk applicable to these financial assets as the amounts are interest free and the time value of money effect is not deemed to be significant in affecting their fair values.

**Liquidity Risk**

The Gauteng Gambling Board’s risk to liquidity is a result of the funds available to cover future commitments. The Gauteng Gambling Board manages liquidity risk through an ongoing review of future commitments and credit facilities

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

**Interest Rate Risk**

The Gauteng Gambling Board’s policy is to manage interest rate risk so that fluctuations in variable rates do not have a material impact on profit (loss).

**19 EVENTS AFTER REPORTING DATE**

There are no matters or circumstances arising since the end of the financial year ended 31 March 2010.



## Materiality and Significance Framework in terms of Treasury Regulation 28.1.5

PUBLIC FINANCE MANAGEMENT ACT SECTION	QUANTITATIVE [AMOUNT]	QUALITATIVE [NATURE]
<p><b>S50</b> Fiduciary duties of accounting authorities</p> <p>(1) The accounting authority for a public entity must-</p> <p>(c) on request, disclose to the executive authority responsible for that public entity or the legislature to which the public entity is accountable, <b>all material facts</b>, including those reasonably discoverable, which in any way may influence the decisions or actions of the executive authority or that legislature; and</p>	<p>Any fact discovered of which the amount exceeds the planning materiality figure used by the external auditors for the year under review.</p>	<p>(1) Any item or event of which specific disclosure is required by law.</p> <p>(2) Any fact discovered of which its omission or misstatement, in the Board's opinion, could influence the decisions or actions of the executive authority or legislature.</p>
<p><b>S54</b> Information to be submitted by accounting authorities</p> <p>(2) Before a public entity concludes any of the following transactions, the accounting authority for the public entity must promptly and in writing inform the relevant treasury of the transaction and submit relevant particulars of the transaction to its executive authority for approval of the transaction:</p> <p>(b) participation in a <b>significant</b> partnership, trust, unincorporated joint venture or similar arrangement;</p> <p>(c) acquisition or disposal of a <b>significant</b> shareholding in a company;</p> <p>(d) acquisition or disposal of a <b>significant</b> asset;</p>	<p>Not applicable.</p> <p>Not applicable.</p> <p>Not applicable.</p>	<p>Any participation, outside of the approved strategic plan and budget.</p> <p>Any acquisition or disposal.</p> <p>Acquisition – Cost in excess of approved budget.</p>



PUBLIC FINANCE MANAGEMENT ACT SECTION	QUANTITATIVE [AMOUNT]	QUALITATIVE [NATURE]
<p><b>S54</b> Information to be submitted by accounting authorities</p> <p>(e) commencement or cessation of a <b>significant</b> business activity</p>	<p>Not applicable.</p>	<p>Disposal of asset/assets constituting in excess of 25% of the Board's assets, measured at cost.</p> <p>Any business activity that would impact on the Board's ability to fulfil its mandate, outside of the approved strategic plan and budget.</p>
<p><b>S55</b> Annual report and financial statements</p> <p>(2) The annual report and financial statements referred to in subsection (1)(d) must-</p> <p>(a) fairly present the state of affairs of the public entity, its business, its financial results, its performance against predetermined objectives and its financial position as at the end of the financial year concerned;</p> <p>(b) include particulars of-</p> <p>(i) <b>any material losses</b> through criminal conduct and any irregular expenditure and fruitless and wasteful expenditure that occurred during the financial year;</p>	<p>(1) Losses through Criminal conduct – any loss identified.</p> <p>(2) Losses through irregular/ fruitless/ wasteful expenditure – if the combined total exceeds the planning materiality figure used by the external auditors for the year under review.</p>	<p>Any identified loss through criminal conduct.</p>



## Unaudited Supplementary Schedule

### SOCCER WORLD CUP EXPENDITURE

No tickets were purchased for the Soccer World Cup.

	2010 R'000	2009 R'000
Purchase of world cup apparel	42	-
Bafana t-Shirts for Gauteng Gambling Board staff	42	-
Total World Cup expenditure	42	-

*Kwa Thema Stimulation Centre*



*Boitekanelo Day & Aftercare Centre*



## MYTH

Luck favours the superstitious.

## FACT

Although many gamblers believe that lucky rituals, actions or objects can help tip the odds in their favour all outcomes are random and pure chance. 'Lady Luck' does not exist in gambling and cannot influence results.

## MYTH

If you know the rules of a game, you increase your chances of winning.

## FACT

Knowing the rules of the game can only help you make decisions while playing. It cannot increase your chances of winning.

## Signs of Problem Gambling

- Spending more time or money on gambling than intended
- Borrowing or stealing money to fund gambling
- Missing work, school, or other commitments to gamble
- Gambling more to recover your losses
- Feeling worried, anxious and moody when you are not gambling
- Family relationships breaking down because of debt and dishonesty
- Hiding your gambling from others but unable to stop gambling
- Gambling with ever bigger amounts to reach desired level of excitement



**TOLL-FREE HELPLINE  
0800 006 008**

