Repositioning Regulation ***Excellence***

Annual ***Report*** 2010 ***2011***

National Gambling Board

a member of **the dti** group

Vision

To position South Africa as the pre-eminent jurisdiction with an exemplary and effectively regulated gambling industry.

Mission

Lead the regulation of the gambling industry in South Africa in the fulfilment of the National Gambling Act, 2004 (Act No. 7 of 2004) through an effectively regulated and supervised gambling industry that upholds domestic, continental and internationally recognised standards of compliance.

Values

The National Gambling Board consists of a unitary board of executive and non-executive directors who bring in expertise and knowledge into the NGB and provide broader strategic direction to the organisation's activities.

The leadership ethos of the Board is underpinned by:

a. Professionalism
b. Moral integrity
c. Transparency, commitment and consistency
d. Effective implementation of resolutions and re-sponsive communication
e. Team-work, respect and tolerance

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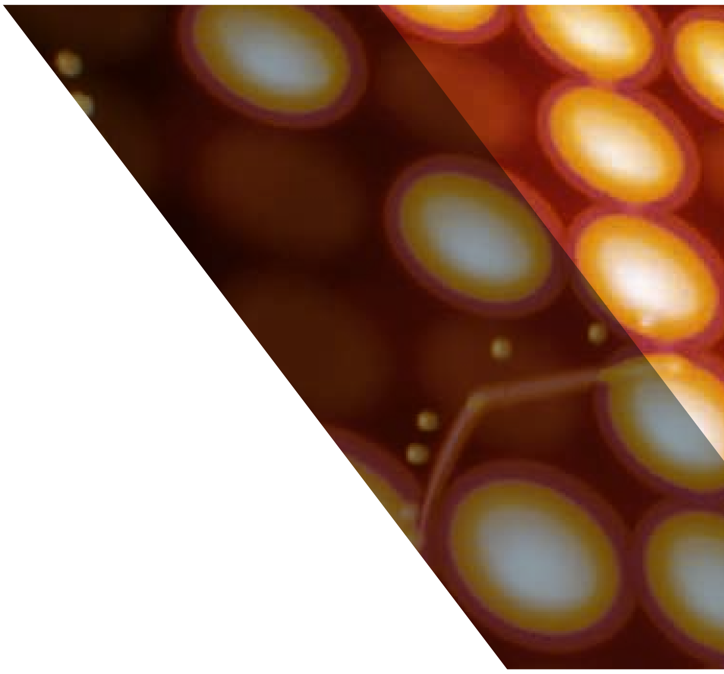

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NGB strategic objectives:

- ***Harmonisation*** in a dynamic legislative environment
- ***Compliance*** oversight of the Provincial Gambling Boards and the gambling industry in general
- ***Integrated*** Strategic Information Portal
- ***Leadership*** of the Debate Concerning New Forms of Gambling
- ***Optimise*** Organisational Excellence

Accounting Authority's Responsibilities and Approval

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

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practices (GRAP).

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

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

The members have reviewed the entity's cash flow forecast for the year to March 31, 2011 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The entity is wholly dependent on the National Treasury for continued funding of operations. The annual financial statements are prepared on the basis that the entity is a going concern and that the National Treasury has neither the intention nor the need to liquidate or curtail materially the scale of the entity.

Although the accounting authority is primarily responsible for the financial affairs of the entity, they are supported by the entity's external auditors.

Accounting Authority’s Responsibilities and Approval (continued)

> “The members have reviewed the entity’s cash flow forecast for the year to March 31, 2011 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.”

The external auditors are responsible for independently reviewing and reporting on the entity’s annual financial statements. The annual financial statements have been examined by the entity’s external auditors and their report is presented on page 6.

The annual financial statements, which have been prepared on the going concern basis, were approved by the accounting authority on 27 July 2011 and were signed on its behalf by:

Prof L de Vries
27 July 2011

Chairperson's Report

The National Gambling Board (NGB) continues to embrace the mammoth challenge of devising and implementing strategies aimed at transforming the gambling industry with a legacy of concurrent legislation such as the National Gambling Act, 2004 (Act No. 7 of 2004) and provincial gambling legislation. The NGB achieves the effective coordination and monitoring of gambling regulations by working together with the Provincial Licensing Authorities (PLAs) and other stakeholders. Our well-functioning gambling regulatory regime is supported by forums of chief executive officers, board chairpersons from the nine provinces and the NGB. By working in tandem, we ensure we remain conversant with our environment and respond with relevant strategies and activities.

The NGB's response to, and engagement with, the Gaming Review Commission as well as its subsequent reports allowed the NGB to look critically at the regulatory space within which we operate. We have continued addressing the need to ensure national oversight, monitoring and direction are provided within the legalised gambling arena. The emergence of illegal internet gambling remains a concern. Increasing numbers of people in the country are connected to the internet and some operators targeting the South African public do so from neighbouring countries. The NGB's related actions to inform and create awareness of the modes of gambling that remain illegal to the South African public must be noted. It does however raise challenges to the regulatory regime concerning when, how and what the framework of interactive gambling will be and what the challenges are. The Board and staff have participated in and given input in the various working groups, within the international arena, which consider regulations, control and the practical implications of this mode of gambling.

With the challenge of interactive gambling falling within our jurisdiction, the Board, in collaboration with the PLAs and law enforcement agencies, is geared to curtail this activity. Furthermore, within the area of land-based operation, the PLAs conducted 86 raids; over 350 illegal gambling machines were destroyed between July last year and the end of March 2011. Working with law enforcement agencies has proven successful in curbing illegal gambling within the Republic. The Board continues to raise public awareness of legal and illegal gambling activities.

Through the aforementioned action in the year under review we enhanced and strengthened the integrity of the South African gambling industry. Further afield we kept abreast of developments in globalisation and technological advancements and continued providing leadership within the gambling industry in the southern African region. The NGB strengthened its role in supporting and managing the Gaming Regulators Africa Forum (GRAF). Guiding its activities demonstrates our resolve to build a well-regulated industry at home and in Africa. The NGB successfully hosted the 8th GRAF Conference from 21 to 24 February 2011, which attracted the participation of approximately 200 stakeholders from at least seven other African countries namely Botswana, Kenya, Malawi, Namibia, Tanzania, Zambia, and Zimbabwe. Through GRAF, we are committed to sustaining information networks, and sharing information and best practices to ensure our gambling industries keep abreast of globalisation, rapid technological developments and unforeseen complexities.

In the next reporting period it will be a priority to respond to President Zuma's call for job creation made during the 2011 State of the Nation Address. While ensuring job creation in this industry, we also need to maintain a delicate balance by ensuring that communities are not over-stimulated by gambling activities. We have to be cognisant of

> "During the year under review the industry demonstrated its ability in this regard by creating some 57 745 jobs. Within this context, the Board will ensure a workable balance between job creation, the monitoring of proliferation and regulatory discipline to protect communities against the likely vagrancies of gambling."

gambling's tangible and intangible costs and the resultant benefits (jobs, taxes, infrastructure development) for communities.

The Board will ensure the industry heeds this call to create jobs. During the year under review the industry demonstrated its ability in this regard by creating some 57 745 jobs. Within this context, the Board will ensure a workable balance between job creation, the monitoring of proliferation and regulatory discipline to protect communities against the likely vagrancies of gambling. We will collaborate with the industry and encourage special programmes by both the operators and regulators. Monitoring and reporting on the implementation of the gambling industry's job creation initiatives will be ongoing.

On the other hand, we have been mindful of the need to balance growth and development in the industry to guard against proliferation and excessive gambling especially by the vulnerable. South Africa is proud of the awareness, education and counselling initiatives led by the NGB and implemented through the National Responsible Gambling Programme, which is regarded as one of the best programmes in the world. Similar efforts by other role players are noted, but more should be done to ensure that we distribute information broadly within communities and sustain these initiatives for a better informed citizenry.

This year has been a time of real invigoration for regulators. We are excited to report that in October 2011 South Africa will host the annual International Association of Gaming Regulators (IAGR) conference. In the almost 20 years of the IAGR's existence it is the first time the conference will be held in Africa.

During the year under review, the Board took and in-depth look at the horseracing and betting industry as the Board is well aware of its potential for prolific job creation/retention ability. The Board noted with concern the decline in the industry's fortunes and, in conjunction with the industry, is looking for solutions for this very vexing problem.

I extend my gratitude to my fellow members of the Board, the Department and Ministry of Trade and Industry (**the dti**), PLAs, the GRAF member states and other industry stakeholders for providing advice and supporting the NGB in implementing the 2010/11 business plan. Various forums and sub-structures played a pivotal role in ensuring that the NGB implemented relevant activities throughout this reporting year. I extend special thanks to the Chief Executive Officer, Executive Management and staff for ensuring that the work of the NGB is implemented in line with the set objectives, performance outcomes and alignment to government's socio-economic priorities.

Prof. Linda de Vries
NGB Board Chairperson
GRAF Chairperson

Chief Executive Officer's Report

In the last six months of the 2010/11 financial year, the National Gambling Board (NGB) undertook an organisational review that interrogated its current business processes, systems and skills available in order to gauge its capacity to deliver on its mandate.

After a democratic dispensation had been introduced South Africa made a conscious decision to legalise gambling. Historically, gambling had been associated with cloak, smoke and dagger conduct or been allowed in the apartheid Bantustans. This denied and deprived the country of an industry that could generate revenue to complement the critical development of the country.

During the reporting period, the Minister of Trade and Industry, to whom the NGB reports and from whom we derive our mandate and operational budget, commissioned a review of the gambling industry. The aim was to understand the country's appetite for gambling and the shortcomings of the legislation that has regulated the industry in the past 14 years.

This review came at the right time, motivating us to look at how we regulate the industry and how we have, inadvertently, duplicated the work of the provincial boards. It made the NGB more conscious of emerging practices and activities within the industry. Furthermore, the review was a clarion call to the NGB to focus inwardly with respect to firming up legislation protecting the public and communities from the adversity of gambling.

Notwithstanding the stability and efficient regulation of the gambling industry, including the most unique private-public partnership programme for problem and compulsive gamblers, the NGB needs to be central in developing more strategies for public awareness of the adversities of gambling.

The Gambling Review Commission report was critical, as the country had enjoyed a well-regulated gambling industry which adhered to the Constitution and the laws of the country.

In the 2010/11 financial year the NGB developed a focused Strategic Plan for 2010 – 2014 with clear objectives aligned to **the dti**'s service delivery outcomes. Our achievements can be outlined under the following objectives:

- harmonisation in a dynamic legislative environment;
- compliance oversight of the Provincial Gambling Boards and the gambling industry in general;
- an Integrated Strategic Information Portal;
- leadership of the debate concerning new forms of gambling;
- organisational excellence.

We can confidently report the following high-level achievements, among other things:

- consultation with provincial license authorities about draft national norms and standards;
- liaison with the law enforcement agencies to address illegal gambling activities - in developing a working forum the law enforcement agencies will work with the NGB to execute their powers to arrest and prosecute anyone found to be offering gambling outside the ambit of the law;
- the NGB consulted with the various gambling operators with a view to understanding the best stakeholder relations that need building in future; meeting with the Bingo Association of South Africa and the Casino

"With our tight and delivery-driven strategy we are confident that this year has been used to plant the seeds that will ensure that the NGB makes a greater contribution to strategy with respect to the direction gambling takes in South Africa."

Association of South Africa raised the need to strengthen stakeholder relations;
- a strategic session was held with the South African Responsible Gambling Foundation to assess and contribute strategic inputs on how to use the clinical research from the National Responsible Gambling Programme to inform the communications and public awareness programmes further;
- our self-exclusion registers have been active, albeit at a lower rate than expected; the NGB is working with **the dti** to ensure the refinement of the legislative issues is completed so that adherence to usage of the system may be simplified;
- the NGB has completed the compliance strategy that will inform an automated compliance system in the 2011 – 2014 Medium Term Expenditure Framework (MTEF);
- the comprehensive national research into the size and growth/non-growth of the gambling industry that is underway will give the NGB a data dashboard with critical indices that will provide empirical data on the size and the propensity of the South African community to gamble.

We are convinced that our revised strategic plan for 2011 – 2014 will build on the successes of the 2010/11 financial year and ensure that as a national regulator we operate at a strategic rather than operational level (as was the case before) and that we become a repository of information and data on the state of gambling and the effectiveness of gambling regulation in the country.

This will ensure that we respond effectively to issues relating to both internal corporate governance and the external environment - the industry. Remaining viable within our operating environment while also ensuring that we adhere to good governance practices is important. Our budget has been cut over time however the NGB has stayed the course, exercising frugal financial management adhering to the Public Financial Management and the National Treasury Regulations.

This year the NGB shifted its focus to more strategic operations addressing the needs of the industry as well as studying the outputs of the Gambling Review Commission whose report is going through the parliamentary process. The NGB has readied itself to consider the possible outcomes and impact the report might have on its work.

With our tight and delivery-driven strategy we are confident that this year has been used to plant the seeds that will ensure that the NGB makes a greater contribution to strategy with respect to the direction gambling takes in South Africa.

The 2010/11 financial report is an indication of the fiscal discipline the NGB exercised during the year. It is important to note that the NGB will have to motivate for an improved budget baseline so that it may operate at a higher trajectory so that it might achieve its revised Strategic Plan 2011 – 2014 as approved by **the dti** and Parliament.

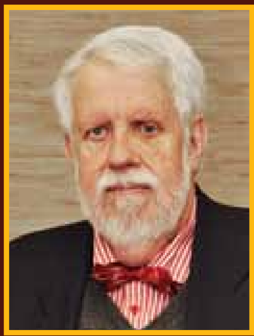
Tyawa.

B. Tyawa
Chief Executive Officer

Board Members

Prof L de Vries
Board Chairperson

B Tyawa
CEO



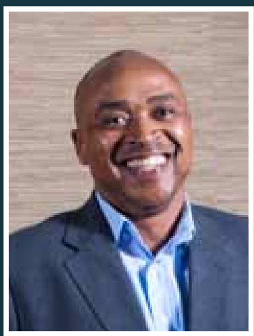
Mr. AC Keyser

Advocate TN Aboobaker

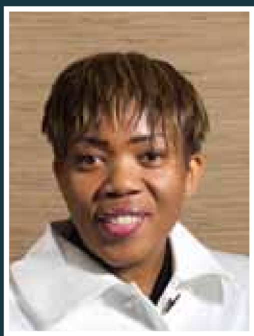
Mr. MC Macebele

Staff Members

K Makopo
Board Secretary: Industry Administrator



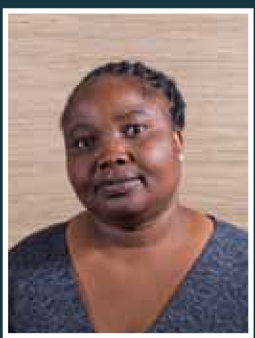
E Machabaphala
Snr. Manager: Racing & Betting Compliance



T Polaki
Snr. Manager: Board Legal Advisor

E Jonkheid
Snr. Manager: Research & Information

S Mthombeni
Snr. Manager: Supply Chain Management



T Mlobedzi
Finance: Corporate Services Administrator

N Bogoshi
PA to CFO

T Litabe
Gaming Systems Technologist

S Mhlongo
IT Systems Support Officer

V Northmore
Administrator

Major-General JW Meiring

Executives

B Tyawa
CEO

T Marasha
CCO

E Ntsowe
CFO

K Khan
Snr. Manager: Finance

M Burns
Snr. Manager: Compliance Strategy Management

M Msolo
Manager: Racing & Betting Compliance

M Maponya
Manager: LPM, Bingo & Casino Compliance

K Kleinbooi
Chief Stakeholder Officer

P Makamo
Administrator: Research & Information

M Mahawane
Compliance Administrative Specialist

B Leola
Receptionist

M Lekala
General Office Assistant

Introduction

It is crucial for the NGB as a government entity to fulfil its regulatory mandate in a manner that is in keeping with good governance best practices and, more specifically, principles of accountability, transparency, fairness and responsibility as set out in the King Report on Governance for South Africa 2009 (King III). There were demands and notable challenges in the year under review. The reporting period was marked by a re-engineering exercise following an intensive review of the NGB's governance and management structures and processes. Notable are the key outcomes of the process which led to the rethinking and redesign of the composition and functions of governance in the NGB to effectively execute its governance and oversight functions internally, while also enhancing its visibility and impact within the external environment.

Also notable is the interaction between the NGB and its stakeholders on issues affecting the industry as a whole. It remains necessary for the governance processes, systems and structures to deal with a number of issues coherently and effectively. The NGB has committed itself to improving its communication with stakeholders.

More frequent meetings of the Board and its executive management were held with a view to dealing with the many challenges requiring governance practices that will ensure the long-term sustainability of the business.

King III report and new Companies Act, 2008

The NGB has, as far as possible, adhered to the requirements of the Public Finance Management Act, 2001 (Act No 1 of 2001) (PFMA). The NGB's processes are reviewed continuously to ensure that the organisation adheres and complies accordingly. The NGB is inculcating governance processes in its systems, as articulated in King III, and has observed key duties and responsibilities as provided for in the new Companies Act of 2008, which came into effect in 2010. Both instruments grant the NGB an opportunity to review its governance framework and ensure alignment with statutory prescripts and best practice developments in the area of governance.

NGB shareholder compact

The National Gambling Board (NGB) is one of the Council of Trade and Industry Institutions (COTTI), falling under the executive powers of the Department of Trade and Industry (the dti). The NGB, in consultation with the Minister of Trade and Industry, agrees on its performance objectives, measures and indicators in line with Treasury Regulations under the PFMA. The performance of the entity against the performance objectives is articulated in the Shareholder Compact as agreed. The Board ensures that proper internal controls are in place and that the NGB is effectively managed. The compact also promotes a culture of good corporate governance by clarifying the different roles played by the Board and the dti. It further ensures consensus on the NGB's mandate and key objectives.

"Notable are the key outcomes of the process which led to the rethinking and redesign of the composition and functions of governance in the NGB to effectively execute its governance and oversight functions internally, while also enhancing its visibility and impact within the external environment."

Composition of the Board

The NGB has a unitary board structure: non-executive members, who have been appointed by the Minister, are in the majority. Members have a wide range of experience and professional skills. With the ending of Mr Chris Fismer's term in office as Chairperson, the Minister of **the dti** appointed Professor Linda de Vries as interim Acting Chairperson from January 2010. She was confirmed as Chairperson of the Board on 1 December 2010 for a period of three years.

Ms Thebi Moja, Deputy Chairperson of the Board, was appointed acting Chief Executive Officer (CEO) and granted executive powers to fill the vacant position as an interim measure. The NGB is cognisant of the governance risks associated with having an executive Deputy Chairperson, although it strives to adhere to best governance principles and practices. The unusual circumstances that the NGB faced at the time necessitated that, as an interim measure, a suitably experienced, skilled and available person is appointed to lead the NGB until a permanent CEO was appointed.

The Board appointed a new CEO effective 1 July 2010. Ms Moja resigned as a non-executive member at the end of September 2010 having served on the Board for over five years.

Ms Vuyelwa Nhlapo, representing the Department of Social Development, also resigned as a member of the Board effective August 2010, as did Ms Nomfundo Maseti, representing **the dti**.

The members representing departments, and thus holding their positions by virtue of the positions they hold at their offices, would have to be substituted and new appointments made from the respective departments upon their departure. **The dti** is filling vacancies and appointing substitute members to the Board to ensure full composition.

Board meetings are scheduled in advance once a year and special meetings are called to address specific issues. During the period under review, five meetings were convened as reflected below.

Delegations of authority

While the Board remains accountable, it retains the ultimate authority to lead, control and manage the NGB's business, inclusive of powers to delegate responsibilities. In its desire to ensure that the NGB remains a viable and effective institution, its responsibilities are facilitated by a well-developed governance structure and sub-committees, inclusive of the Executive Management Committee (Exco), Audit Committee and Human Resources (HR) Committee, as well as comprehensive delegations of authority framework. The framework assists in ensuring effective decision making without diluting members' accountability and responsibilities. With the re-engineering processes effected, it is anticipated that committees will be rationalised and that there will be greater delegation, speedier decision-making and increased efficiencies that would enhance governance within the NGB.

Board evaluation and performance

It is NGB practice to do performance evaluation exercises with individuals at least once a year at the end of each financial year. The performance of the Board and its committees is assessed against their terms of reference; any common shortcomings and areas of strength are highlighted.

Board member induction

Members are continuously inducted to improve their understanding of the Board's business and legislative framework, governance processes and delegations of authority. The Board was introduced to King III and its implications.

Board and board committee meeting attendance

In the review period, additional meetings were held to address key developments as they unfolded and strategies introduced by the Board on an ongoing basis.

Members	Board meeting	Exco	Audit committee	HR committee
Number of meetings				
Prof. L de Vries*	5	2		1
A Keyser	5	2	4	
M Macebele	4		2	1
T Aboobaker	5	2		
T Moja**	1			
N Maseti***	1			
V Nhlapo****	1			
H Meiring	3			1
B Tyawa*****	5	2	4	1
G Taylor			4	
Modiadia			3	
J Hargovan			1	

Notes:
* Appointed Chairperson 1 December 2010
** Resigned as a member in September 2010
*** Resigned as a member in ** 2010
**** Resigned as a member in *** 2010
***** Ex officio member

Board member remuneration

Board members' remuneration is in accordance with National Treasury stipulations

Board secretarial function

The secretarial functions of the Board reside within the Legal Department. During the period under review, the Board coordinator, Ms Lindiwe de Beer, provided administrative secretariat functions. Members may seek outside professional advice with the authority of the Board should they deem it necessary.

Audit Committee

The Audit Committee comprises five independent non-executive members. Ms Gerdileen Taylor was appointed Chair of the Committee in 2009/10. The Committee is charged with the responsibility of monitoring internal control systems and processes to ensure the NGB's interests and assets are protected. It further reviews any accounting concerns raised by internal and external audit, and the annual financial statements. It also ensures, among other things, that the NGB has an effective internal audit function in place and that the roles and functions of external and internal audit are sufficiently clarified and coordinated to provide an objective overview of the operational effectiveness of the entity's systems of internal control, risk management, governance and reporting.

Committee meetings were held during the period under review and also attended by external and internal auditors and management.

Risk management

The Committee ensures that the Board's risk management strategies and processes are aligned with best practices. Risk Management Committee synergies between the Risk Committee and Audit Committee are achieved by having management fully involved in the processes and reporting to Audit Committee on such things as risk exposures and emerging risks.

Executive Committee

The Exco represented by executive management and two non-executive board members, assists the CEO in guiding the overall direction of NGB's business and in exercising control. Its mandate is to assist with the effective management of the day-to-day operations of the business. There were two meetings during the review period.

Strategic objective	Goal	Key Performance Indicator	Target	Performance results	Reason for variance
To be the portal of gambling information	Provide reliable information on gambling activities	Updated data bases • Gambling statistics • Market conduct • Probity • Information sharing • Machine & devices • Exclusions	Maintain and update databases	The NGB collected gambling statistical data from the nine Provincial Gambling Boards on quarterly basis. This data was consolidated, analysed and presented to the Board on national status Significance progress has been made with regard to the roll out of various national registers, such as Probity, Information Sharing, Exclusions and devices, countrywide. Respective Boards and stakeholders involved are currently populating these registers with the necessary information. Continuous assessment of these registers is important since it will enable the Board to determine if they are achieving their objective. During this period, more than (statistical info) gamblers have been excluded, mostly from Gauteng followed by, KwaZulu Natal.. More than (statistical info) machines have been registered. During the period under review the Exclusions register which had been introduced toward the end of 2009 was withdrawn and a new notice bringing into effect the relevant section of the legislation was issued by the Minister. Legislative processes relating to exclusions are currently ongoing.	
		CEMS		The CEMS was established to detect and monitor events within Limited Payout Machines (LPM) and to analyse data as prescribed in the Service Level Contract (SLC). The Board managed compliance and suitability of the CEMS operator through the ZMS Management Committee and Operations and Changes Committee. An annual CEMS Audit was contacted. The purpose of this audit is to ensure that the system is secured and it transmits authentic and accurate data.the audit was conducted in two phases • Compliance audit • System Audit The findings of the Audit report would be followed up in 2011/12 financial year. CEMS has continued to report a less than 1%.System's reports show uninterrupted functionality and good performance.	

Strategic objective	Goal	Key Performance Indicator	Target	Performance results	Reason for variance
To build integrity of the gambling industry	To oversee the regulatory functions in the gambling industry	All PGBs evaluated in terms of compliance monitoring of licensees including economic transforma-tion of the industry	Evaluation and follow up of all PGB's	Compliance evaluation tool was developed to assess and evaluate compliance of Provincial Licensing Authorities. Compliance evaluation of PLA's was concluded during period under review and synthesized analysis of compliance of all PLA's was consolidated. A joint compliance audit (NGB &PGB's) was performed on Gold Circle and Phumelela. The purpose was to ensure a uniform approach when conducting compliance audit on licensees. A review of totalisator operational rules done. A wagering seminar to was conducted with all racing and betting industry role players. The intension was to become aware of challenges impeding growth in the racing and betting industry.	
	Monitor compliance with NGA	Compliance with NGA	Develop norms and standards	A draft norms and standard document has been developed and would be work-shopped with other industry regulators in 2011/12 financial year. A 40 machine criteria was developed and presented to the Board for approval	
	Monitoring compliance with anti-money laundering and financing of terrorism legislation	Industry compliance with the legislation	Conduct FICA inspections at 54% betting outlets (8% of total betting industry) Conduct FICA inspections on all licensed casinos	FICA inspections were conducted in partnership with the Financial Intelligence Centre. Inspections on tote outlets were conducted for the first time and a consolidated FICA report was presented to totalisator operator with recommendations. Training was conducted on Cash Threshold Reporting as well as Suspicious Transaction Reporting for bookmakers and operators as required by FICA. Industry role players in betting and racing fraternity were engaged. Training on excluded persons was conducted for bookmakers and operators	

Strategic objective	Goal	Key Performance Indicator	Target	Performance results	Reason for variance
	Technical Assistance to SANAS	Assessment of technical competency of applications for gaming laboratories accreditation	Continuous annual assessment of the accredited gaming laboratories Continuous evaluation of gambling technical standards	Four assessments of two gaming laboratories in partnership with SANAS.	
	To oversee the issuance of National Licenses	PGBs evaluated in terms of issuance of national licenses	Evaluation of issuance of licenses	On overall 158 employees licenses and 43 entities licenses were issued. The issuance of these licenses was executed in a satisfactory manner as part of oversight role performed by NGB.	
	To regulate interactive gambling in the Republic	Licensed IG operators	Evaluation of all applications	The IG legislation is put on hold until the Gambling Review Commission has presented a report to the Portfolio and Minister pronounce his decision on the report.	
	Assist in the suppression of illegal gambling	Intelligence Reports	Provide intelligence and assistance to various law enforcement and prosecuting authorities	We continue to participate in the Anti Money Laundering Advisory Council appointed by the Minister of Finance (in terms of FIC Act) to advise on gambling related matters in line with money laundering including the review of the legislation and on other matters as deemed by the Minister. A significant amendment to the FIC Act has introduced Provincial Gambling Boards as supervisory bodies thus allowing them to take over the duty of on-site visits with the NGB reverting to an oversight and a policy (Norms and Standards) role. However, this shift of responsibilities will only be implementable in the 2011/12 financial year.	

Strategic objective	Goal	Key Performance Indicator	Target	Performance results	Reason for variance
Advise on gambling policy related matters	Provide informed advice on gambling activities	Proposals and recom-mendations on gambling issues Proposed legislative amendments	Research and align operational rules to best practices Review of legislation/ policy framework Propose amendment to legislation	Guiding principles were provided to merchant dealers with a view of distinguishing between legalized and illegal betting transactions within the Republic. Extensive inputs were also made to the international guidelines on internet gambling issued by the International Association of Gambling Regulators. Issuance of warnings during the FIFA World cup which incorporated permissible and impermissible activities. Submissions made on the applicability and proposed changes to regulation 8(4) of the National Regulations. Engagement with law enforcement agencies on illegal gambling activities and requirements s of the law. Extensive public awareness press releases and public engagement through the media on the requirements of gambling legislation insofar as interactive gambling is concerned. Regulatory views on status of gambling and lacuna identified in regulation consultative paper to the GRC.	
	Facilitate transforma-tion in the gambling industry	Increase level of transforma-tion in the gambling industry	Evaluation of PGBs monitoring mechanism	The research study that is being undertaken will indicate where the industry is in terms of transformation and this would inform policy direction.	

Strategic objective	Goal	Key Performance Indicator	Target	Performance results	Reason for variance
Monitoring socio-economic patterns of gambling activities in SA	To facilitate and conduct research	Research report	Conduct research	The Board commissioned two research projects for the 2010/11 financial year, viz "**Spatial Mapping of the Gambling Industry**" and "**Stakeholder Satisfaction Survey**". The two projects have been outsourced to external service providers through a tendering process. The final reports on both projects will be presented in June 2011. **Mapping of the industry** will provide information about the geographical scope of the gambling market, the physical products/services delivered and information on recent developments and investments in the industry. In short it will illustrate the status of the gambling market including ownership and BBBEE. While "**the external stakeholder survey**" will serve as a barometer how stakeholders view the service rendered by the Board as a regulator and how the Board can draw from it strategies to improve and address service delivery within the industry.	
To promote a responsible gambling environment and public protection	Promotion of responsible gambling	Awareness programmes	National Responsible Gambling Awareness Campaign	In the past year the Board held a strategic working session with the South African Responsible Gambling Foundation (SAGRF) to improve on the input it makes to the public awareness and other forms of research that the National Responsible Gambling Programme (NRGP) should engage in. It is envisaged that with this strategic input, the NRGP will be able to take on board programmes and communication campaigns that are informed by the needs of the provinces, and by the material conditions of the provinces together of the industry. It should be noted that the NRGP remains independent so that its research is objective and has veracity.	
To maintain good corporate governance and efficient management systems	Provide good financial and resources management and systems	Effective financial management systems	Review and implement comprehen-sive financial / software systems	A supplier database which complies with SCM requirements was purchased and implemented during this financial period. Previously internally developed software was used but did not satisfy National Treasury prescripts towards procurement of goods and services. The Procurement processes and SCM policy was revised to incorporate changes in terms of the Treasury Regulations.	

Strategic objective	Goal	Key Performance Indicator	Target	Performance results	Reason for variance
	Good governance and management systems	Effective governance structure	Incorporate King 11 & 111 recommenda-tions	A training intervention was arranged for senior management and Board members of NGB. The purpose was to raise awareness of added responsibilities King111 poses on them. The terms of reference and charters of the Board and its subcommittees were revised and presented for approval after discussions.	
	Provide integrated human capital management service	Effective HR management system	Develop and implement HR Plan	A draft HR Strategy and plan were developed in alignment to the new NGB strategy. The Board developed a five year strategy in August 2010. A new structure was developed and approved by Board for implementation in 2011/12 financial year. A re-engineering process was undertaken to review the workflow processes of the Board to be aligned to the mandate. A skills audit project resulted with a review of existing positions and drafting of new job descriptions. All positions (except CEO position) have been reviewed and internally advertised. The process will be completed by Mid-June 2011.	
Contributing to Africa's development and regional integration within the New Partnership of African Development (NEPAD)	Provide strategic leadership to Gaming Regulators Africa Forum (GRAF)	Secretariat and administrative support to GRAF		NGB facilitated a review of the GRAF objectives which resulted in a new strategic plan and focus formulated. National Gambling Board in partnership with PGB's hosted a GRAF conference in February 2011.	

02 Part two

Audit Committee Report

Report of the Auditor-General

Statement of Financial Position

Statement of Financial Performance

Statement of Changes in Net Assets

Cash Flow Statement

Notes to the Annual Financial Statements

Report of the Audit Committee

We are pleased to present our report for the financial year ended 31 March 2011.

Audit committee members and attendance

The audit committee consists of the members listed hereunder and should meet at least two times per annum as per its approved terms of reference. During the current year four meetings were held and attendance was as tabled.

Name of member	Number of meetings attended
Ms. G. Taylor (appointed 01/10/2009): Independant Chairperson	4
Ms. E. Modiadia (appointed 01/10/2009): Independant	4
Ms. D. Tshabalala: Independant (term expired June 2010)	1
Mr. A. Keyser (appointed 14/02/2009): Board member	4
Mr. M Macebele (appointed 14/02/2009): Board member	2
Mr. Hargovan. Independent (appointed Sept 2010)	1

Audit committee responsibility

We report that we have adopted appropriate formal terms of reference in our charter in line with the requirements of Section 55(1)(a) of the PFMA and Treasury Regulation 27.1. We further report that we have conducted our affairs in compliance with this charter.

The effectiveness of internal control

The system of internal control employed by the entity to financial and risk management is effective, efficient and transparent. In line with the PFMA and the recommendations from 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 identification 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 the management letter of the Auditor-General South Africa, it was noted that there were no indicated material deficiencies in the system of internal controls or deviations there from. Accordingly, we can report that the system of internal control over financial reporting for the period under review was efficient and effective.

We reviewed the in year quarterly reports submitted together with internal audit comments thereon. We noted improvement in the content and quality of reports prepared and submitted by management.

> "We noted improvement in the content and quality of reports prepared and submitted by management."

Evaluation of annual financial statements

We have:

- Reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor-General South Africa; internal auditors and the Chief Executive Officer.;
- Reviewed the Auditor-General of South Africa's management letter and management's response thereto;
- Reviewed changes in accounting policies and practices;
- Reviewed the entity's compliance with legal and regulatory provisions;
- Reviewed significant adjustments and noted none resulting provisions.

We concur with and accept the Auditor-General of South Africa's report the annual financial statements, and are of the opinion that the audited annual financial statements should be accepted and read together with the report of the Auditor-General of South Africa.

Internal audit

The NGB awarded a tender for internal audit services to ORCA in November 2010. This followed a tendering process after the contract previously awarded to SEMAIRS expired. The Internal Audit completed their 2010/11 annual plan as approved by the Audit Committee.

We have met with Internal Audit during the year to ensure that the function is executed effectively and objectively (from management).

We are satisfied with the content and quality of quarterly reports prepared and issued by the internal auditors of the entity during the year under review.

Auditor-General of South Africa

We have met with the Auditor-General of South Africa to ensure that there are no unresolved issues.

G. Taylor
Chairperson of the Audit Committee
20 July 2011

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF THE NATIONAL GAMBLING BOARD

Introduction

1. I have audited the accompanying financial statements of the National Gambling Board, which comprise the statement of financial position as at 31 March 2011, and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 32 to 61.

Accounting authority's responsibility for the financial statements

2. The accounting authority is responsible for the preparation and fair presentation of the 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 of South Africa, 1999 (Act No.1 of 1999) (PFMA) and for such internal control as management determines 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. As required by section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) and, section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and section 75(2) of the National Gambling Act, 2004 (Act No.7 of 2004), 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 *1111 of 2010* issued in Government Gazette *33872 of 15 December 2010*. 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 the National Gambling Board as at 31 March 2011 and its financial performance and cash flows for the year then ended in accordance with SA Standards of GRAP and in the manner required by the PFMA.

Emphasis of matters

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

Significant uncertainties

9. With reference to note 31 to the financial statements, the entity is a defendant in various lawsuits. The ultimate outcome of these matters cannot presently be determined, and no provision for any liability that may result has been made in the financial statements.

Restatement of corresponding figures

10. As disclosed in note 30 to the financial statements, the corresponding figures for 31 March 2010 have been restated as a result of an error discovered during 2011 in the financial statements of the National Gambling Board at, and for the year ended, 31 March 2010.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENT

11. In accordance with the PAA and in terms of *General notice 1111 of 2010*, issued in *Government Gazette 33872 of 15 December 2010*, I include below my findings on the annual performance report as set out on pages 18 to 23 and material non-compliance with laws and regulations applicable to the public entity.

Predetermined objectives

Usefulness of information

12. The reported performance information was deficient in respect of the following criteria:

- Measurability: The indicators are not well defined and verifiable, and targets are not specific, and measurable.

The following audit findings relate to the above criteria:

- For all objectives, planned and reported indicators were not clear, as unambiguous data definitions were not available to allow for data to be collected consistently.
- For all objectives valid performance management processes and systems that produce actual performance against the planned indicator do not exist for the indicators.

For the selected objectives, 90% of the planned and reported targets were not:

- specific in clearly identifying the nature and the required level of performance;
- measurable in identifying the required performance.

Compliance with laws and regulations

Annual financial statements, performance and annual report

13. The accounting authority submitted financial statements for auditing that were not prepared in all material aspects in accordance with generally accepted accounting practice as required by section 55(1) (b) of the PFMA. The material misstatements identified by AGSA with regard to accounts receivables; trade and other payables and contingent liabilities were subsequently corrected.

INTERNAL CONTROL

14. In accordance with the PAA and in terms of General notice *1111 of 2010*, issued in *Government Gazette 33872 of 15 December 2010*, I considered internal control relevant to my audit, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the significant deficiencies that resulted in the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

Leadership

15. The internal policies and procedures pertaining to the planning of performance information were not aligned to National Treasury's Framework for Managing Programme Performance.

Financial and performance management

16. The entity does not have a reliable system for recording contingent liabilities which resulted in contingent liabilities being understated in the financial statements submitted on the 31 May 2011.

Auditor - General.

Pretoria
29 July 2011

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Statement of Financial Position
for the year ended 31 March 2011

	Note(s)	2011 '000	Restated 2010 '000
Assets			
Current Assets			
Accounts receivable: Exchange transactions	16	378	42
Accounts receivable: Non exchange transactions	17	9	62
Inventory	18	59	94
Cash and cash equivalents	19	4,191	4,059
		4,637	4,257
Non-Current Assets			
Property, plant and equipment	20	546	673
Intangible assets	21	666	719
		1,212	1,392
Total Assets		5,849	5,649
Liabilities			
Current Liabilities			
Trade and other payables	22	3,143	2,634
Provisions	23	1,367	1,367
Finance lease obligation	24	-	17
		4,510	4,018
Total Liabilities		4,510	4,018
Net Assets		1,339	1,631
Net Assets			
Accumulated surplus		1,339	1,631
Total Liabilities and Reserves		5,849	5,649

Statement of Financial Performance

for the year ended 31 March 2011

	Note(s)	2011 '000	Restated 2010 '000
Revenue			
Government grant	2	22,000	21,570
Interest income	3	420	413
Other Income	4	343	117
		22,763	22,100
Operating expenses			
Depreciation and Amortisation	5	(398)	(405)
Auditors remuneration	6	(761)	(855)
Board & Executive Members Remuneration	7	(3,656)	(3,896)
Consulting and professional fees	8	(1,880)	(1,575)
Personnel Costs	10	(10,025)	(8,254)
Travel and subsistence	11	(2,094)	(2,475)
Other operating expenses	12	(2,498)	(3,175)
Operating Leases	13	(1,743)	(1,709)
Impairment Loss	14	-	(3)
		(23,055)	(22,347)
Operating deficit		(292)	(247)
Finance costs	15	-	(14)
Surplus for the period		(292)	(261)

Statement of Changes in Net Assets
for the year ended 31 March 2011

	Accumulated surplus '000	Total net assets '000
Balance at 31 March 2009	1,892	1,892
Changes in net assets		
Net surplus for the period as restated	(261)	(261)
Total changes	(261)	(261)
Balance at 01 April 2010	1,631	1,631
Changes in net assets		
Surplus for the period	(292)	(292)
Total changes	(292)	(292)
Balance at 31 March 2011	1,339	1,339

Cash Flow Statement
for the year ended 31 March 2011

	Note(s)	2011 '000	Restated 2010 '000
Cash flows from operating activities			
Receipts			
Government grants		22,000	21,570
Interest income		420	413
Other receipts		355	115
		22,775	22,098
Payments			
Employee costs		(12,702)	(12,155)
Suppliers		(9,654)	(10,714)
Finance costs		-	(14)
		(22,356)	(22,883)
Net cash flows from operating activities	25	**419**	**(785)**
Cash flows from investing activities			
Purchase of property, plant and equipment	20	(115)	(131)
Proceeds from sale of property, plant and equipment	20	-	2
Purchase of other intangible assets	21	(155)	(113)
Loss on asset disposal (Donated assets)		-	28
Net cash flows from investing activities		**(270)**	**(214)**
Cash flows from financing activities			
Finance lease payments		(17)	(45)
Net increase/(decrease) in cash and cash equivalents		**132**	**(1,044)**
Cash and cash equivalents at the beginning of the year		4,059	5,103
Cash and cash equivalents at the end of the year	19	**4,191**	**4,059**

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with South African Statements of Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board in accordance with the Public Finance Management Act (Act 1 of 1999). These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. Accounting policies for material transactions, events or conditions not covered by GRAP reporting framework have been developed in accordance with paragraph 7, 11 and 12 of GRAP 3 and the hierarchy approved in Directive 5 issued by the Accounting Standards Board. Assets, liabilities, revenue and expenses have not been offset except where offseting is required or permitted by a Standard of GRAP.

Significant accounting policies, which have been consistently applied, are disclosed below. Details of any changes in accounting policies are explained in the relevant policy.

1.1 Significant Accounting Judgements and Estimates

In preparing the financial statements, management makes estimates and assumptions that affect the amounts presented 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 annual financial statements. Significant judgements include : provision for doubtful debts, bonus provision, leave provision, useful lives and depreciation methods and asset impairment. Notes relating to the subject are included under the affected areas of the financial statements.

1.2 Presentation currency

These financial statements are presented in South African Rands since that is the currency in which the majority of the National Gambling Board's transactions are denominated.

1.3 Rounding

Unless otherwise stated all financial figures have been rounded off to the nearest one thousand rand (R'000).

1.4 Revenue recognition

Revenue is recognised when it is probable that economic benefits associated with the transaction will flow to the National Gambling Board and can be reliably measured.

Government grants are recognised when there is reasonable assurance that such grant will be received and all related conditions are complied with. Interest is recognised on a time proportion basis that takes into account the effective yield on assets.

Revenue from nonexchange transactions is distinguished from revenue from exchange transactions. The corresponding trade and other receivables are split between trade and other receivables from exchange transactions and trade and other receivables from nonexchange transactions.

1.5 Unauthorised, Irregular, Fruitless and Wasteful expenditure

In terms of section 55(2)(b)(i) of the Public Finance Management Act, 1999 the financial statements must include particulars of any irregular and fruitless and wasteful expenditure.

Fruitless and Wasteful expenditure is expenditure made in vain and would have been avoidaded had reasonable care been exercised. All unauthorised, irregular, fruitless and wasteful expenditure is charged against income in the period in which they are incurred.

1.6 Inventory

Inventory is stated at the lower of cost or net realisable value while cost is determined on a firstinfirstout basis. Net realisable value represents the estimated selling price in the ordinary course of business less any costs incurred in selling and distribution. Inventory comprise of stationery that shall be consumed within a shortterm period in the normal business of the entity and not held for sale.

1.7 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition.

Where property, plant and equipment is acquired through a nonexchange transaction, its costs shall be measured at its fair value at the date of acquisition. If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

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

The carrying values of property, plant and equipment are reviewed for impairment when events or circumstances indicate that the carrying values may not be recovarable. If any such indicators are present and where the recovarable amount of an asset is less than its carrying value, the carrying value of the asset is written down to its recovarable amount through the statement of financial performance.

Item	Average useful life
Leased assets	over the period of lease
Furniture and office equipment	10 to 13 years
Motor vehicles	5 to 6 years
Computer equipment	5 to 12 years

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

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

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

1.8 Intangible assets

Costs associated with research or maintenance of software programs are recognised as an expense and are charged to the statement of financial performance when incurred. Identifiable development costs are recognised as an asset when it is probable that it will give rise to an asset that will generate future economic benefits for the organisation.

Development costs are only recognised as assets if they meet the following conditions:
- An asset is created that can be identified;
- It is probable that the asset created will generate future economic benefits; and
- The development costs of the asset can be measured reliably.

Expenditure that enhances or extends the performance of computer software programs beyond their original specifications is recognised as a new acquisition.

Internally Generated Software
Internally generated software programs are initially recognised at cost. Intangible assets with indefinite useful lives, if any, are not amortised but tested for impairment annually and impaired if necessary.

National databases with a finite useful life are amortised over their useful lives using a straight line basis and tested for impairment at each reporting date. A database is amortised only once it is complete.

Purchased Software
Software licenses are carried at cost less accumulated amortisation and impairment. Software is amortised over its useful life on a straight line basis.

Item	Useful life
National databases	4 to 5 years
Computer software	5 to 10 years

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

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

1.9 Leases

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

Finance leases
Assets held under finance leases are recognised as assets at their fair value at the inception of the lease or, if lower, at 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. Lease payments are apportioned between finance

charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the statement of financial performance.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property 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 calculating 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 of on the remaining balance of the liability.

Any contingent rent is expensed in the period in which they are incurred.

Operating leases

Leases under which the lessor effectively retains the risks and benefits of ownership are classified as operating leases. Obligations incurred under operating leases are charged against income in equal installments over the period of the lease.

1.10 Financial instruments

Classification

Financial instruments are recognised on the statement of financial position when the entity becomes party to the contractual provisions of the instrument. Financial instruments include cash and bank balances, receivables and trade payables. These financial instruments are generally carried at their estimated fair value, which is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's length transaction.

Financial Assets

The entity's principle financial instruments are cash at bank and cash on hand, trade receivables and other receivables.

Financial Liabilities

The entity's principle financial liabilities are trade and other payables.

Initial recognition and measurement

Financial instruments are initially recognised using the trade date accounting method. The entity classifies the financial instruments on their component parts on initial recognition in accordance with the substance of the contractual arrangement.

Financial instruments are initially measured at fair value costs when the entity is a party to contractual arrangement. Subsequent to initial recognition these instruments are measured as set out below.

Trade and other payables

Trade and other payable are stated at their nominal value. The carrying amount of these payables approximates fair value due to the short period to maturity of these instruments.

Cash and cash equivalents

Cash and cash equivalents are measured at fair value. The carrying amount approximates fair value due to the short period to maturity. Cash and cash equivalents comprise cash at bank , cash on hand and short term investments (32 days) held to maturity.

Trade and other receivables

Trade and other receivables are stated at the nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. The carrying amount of these receivables approximate fair value due to the short period to maturity of these instruments. Trade and other receivables from exchange transactions are disclosed separately from trade and other receivables from nonexchange transactions. Trade and other receivables in exchange for which the entity gives approximately equal value to another entity are recognised as trade and other receivables from exchange transactions. Trade and receivables received without directly giving approximately equal value in exchange are recognised as trade and other receivables from nonexchange transactions.

Gains and losses

Gains and losses arising from a change in the fair value of financial instruments are included in net surplus or deficit in the period in which they arise.

Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when the entity has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Heldtomaturity investments are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Availableforsale financial assets are subsequently measured at fair value. This excludes equity investments for which a fair value is not determinable, which are measured at cost less accumulated impairment losses.

Impairment of financial assets

At the end of the reporting period the entity assesses all financial assets, other than those at fair value, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the entity, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised as a reduction to the surplus. Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in the surplus.

Derecognition of financial instruments

A financial asset is derecognised when:

- the right to receive cash flows from the asset has expired;
- the entity retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without delay to a third party under a "pass through" arrangement; or

- the entity has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset or (b) has neither transferred nor retained substanially all the risks and rewards of the asset, but has transferred control thereof.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same customer on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability, and the difference in the respective carrying amounts is derecognised in the Statement of Financial Performance.

Financial Risk Management

In running its operations the organisation is exposed to interest rate, liquidity, credit and market risks. NGB has developed a comprehensive risk management process which monitors and controls the impact of such risks on the organisation's daily operations. The risk management process relating to each of these risks is discussed under the headings below.

Credit Risk and Market Risk

Credit risk consist mainly of accounts receivable and cash and cash equivalents.This is the risk of the entity being exposed to counter party failures. Although this risk is unlikely to occur in the short term, it is mitigated as follows:

- Cash and shortterm deposits are placed with well established financial institutions of high quality and credit standing and also approved by National Treasury;
- Transactions are entered into with reputable financial institutions which are approved by National Treasury;
- Funds are invested in shortterm facilities; and
- The organisation does not raise debtors in its ordinary course of business.

Credit risk with respect to accounts receivable is limited due to the nature of the entity's business and its reliance on government grant as the main source of funding.

Market risk is the risk that the value of an investment will decrease due to changes in market factors. The above stated mitigating factors apply to market risk as well.

Interest Rate Risk Management

This is the risk that adverse changes in interest rates will have a negative impact on the net income of the entity. The inherent interest rate risk is concentrated in short term investments and deposits which are highly liquid. This risk is managed by:

- investing in short term deposit accounts;
- transacting with well established financial institutions of high quality credit standing and the accounts bearing interest at prevailing market rates; and
- the entity does not hold significant finance leases with fluctuating interest rates.

Liquidity Risk

This is the risk that the entity may encounter difficulties in raising funds to meet its statutory commitments. Liquidity risk is managed by:

- investing in short term deposit facilities with a maturity period between 14 and 32 days;
- timeous request and release of funds by **the dti** to the NGB; and
- the nature of the entity's business is on a 30 days cash cycle basis.

Fair Value

The entity's financial instruments consist mainly of cash and cash equivalents, receivables and trade payables. No financial asset was carried at an amount in excess of its fair value and fair values could be reliably measured for all financial assets. The carrying amounts of financial assets and liabilities approximate their fair values due to their short term maturity period.

1.11 Foreign currency transactions

Transactions in foreign currencies are recorded at the rate of exchange ruling at the transaction date. Gains and losses arising on translation are credited to or charged against income in the statement of financial performance

1.12 Provisions

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

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

Employees entitlement to annual leave is recognized when it accrues. A provision is made on the estimated liability for annual leave as a result of services rendered by employees up to the amount of the obligation.

Employees entitlement to performance bonus is recognised when the Board has approved a percentage of the annual package as bonus for the year. The provision becomes actual after being qualified by the results of the performance measurement tool applied.

Payment of performance bonuses is the sole discretion of the Board. The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date.

1.13 Employee benefits

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

The provisions for employee entitlements to salaries and annual leave represent the amount which the organisation has a present obligation to pay as a result of employees' services provided for at the reporting date. The provisions have been calculated at undiscounted amounts based on current salary rates.

Retirement benefits

Provident Fund
Both the entity and employees contribute to a defined contribution fund. Benefits are provided to all eligible employees. Contributions to the Provident fund operated for employees are charged against income as incurred. The funds are externally managed.

1.14 Comparative figures

Prior period comparative information has been presented in the current financial year. Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

1.15 Taxation

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

1.16 Contingent Liabilities

Contingent liabilities are possible obligations that arose from past events and whose existence will be confirmed only by the occurrence or nonoccurrence of one or more uncertain future events not wholly within control of the entity; or a present obligation that arises from past events but is not recognised because:

- it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- the amount of the obligation cannot be measured with sufficient reliability.

1.17 Capital Commitments

Capital commitments are disclosed in respect of contracted amounts for which delivery by the contractor is outstanding at the accounting date, and for amounts which the Board's approval has been obtained but not yet contracted for.

1.18 Related Parties

Parties are considered to be related to the entity if they have the ability to control or exercise significant influence over the the entity (or vise versa) in making financial and operational decisions or if both parties are subject to common control. Related party relationships where control exists are disclosed irrespective of whether there have been transactions between the related parties. Related party disclosures for transactions that took place on terms and conditions considered to be "at arms length" and "in the ordinary course of business" are not disclosed. All other transactions with related parties not considered to be "in the ordinary course of business" are disclosed in accordance with IPSAS 20: "Related Party Disclosures".

	2011 '000	2010 '000
2. Grants		
Government grants	22,000	21,570
3. Interest income		
Interest revenue		
Bank Deposits	420	413
4. Other income		
Zonke LPM License fees	122	115
RFP Sales	37	-
P/L on Disposal of F/Assets	45	2
Miscellaneous Income	138	-
Bad debt recovered	1	-
	343	117

Miscellaneous income includes conference registration fees for the GRAF and Biennial conferences hosted by the NGB.

5. Depreciation and Amortisation

	2011 '000	2010 '000
Amortisation		
Computer software Licensed	49	29
Computer software, internally generated	159	131
	208	160
Depreciation		
Furniture and Office Equipment	23	36
Computer Equipment	139	157
Vehicles	21	21
Leased Cellular Phones	7	31
	190	245

6. Auditors' remuneration

	2011 '000	2010 '000
External Audit fee	761	855

7. Members' emoluments

Board members' and senior management's remuneration during the year.

Executive

2011	Basic Salary	Pension	Medical Aid	Total
Acting Chief Executive Officer : Ms. T. Moja (Term ended 30 June 2010)	326	-	-	326
Chief Executive Officer : P.B. Tyawa	835	116	21	972
Chief Financial Officer : E. Ntsowe	738	106	41	885
Chief Operating Officer : T. Marasha	726	106	53	885
	2,625	328	115	3,068

2010	Basic Salary	Pension	Medical Aid	Total
Acting Chief Executive Officer : Ms. T. Moja	1,001	-	-	1,001
Chief Financial Officer : E. Ntsowe	686	96	37	819
Chief Operating Officer : T. Marasha	696	96	27	819
	2,383	192	64	2,639

Nonexecutive

2011	Board Allowance	Kilometer claims	Infrastructure	Total
Prof. L. de Vries (Chairperson)	312	-	-	312
Ms. T. Moja	21	-	-	21
Adv. T. N. Aboobaker	74	-	-	74
Mr A. C. Keyser (Board & AC Member)	144	-	-	144
Ms. G. Taylor (A.C Member)	32	-	-	32
Mr Hargovan (Appointed 01/07/2010, AC Member)	5	-	-	5
	588	-	-	588

2010	Board Allowance	Kilometer Claims	Infrastructure	Total
Mr. C.L Fismer (Term ended 31 December 2009)	734	-	229	963
Adv. T. N. Aboobaker	69	-	-	69
Prof. L. de Vries (Appointed 1 January 2010)	116	-	-	116
Mr A. C. Keyser	109	-	-	109
	1,028	-	229	1,257

During the year, the acting CEO received a bonus payment of R110,076, the COO received R90,115 while the CFO received R106,500. These payments were included in the provisions for performance bonuses for the 2009/10 financial year and disclosed as part of employee costs.

	2011 '000	2010 '000

8. Professional and Consulting Fees

Research	666	-
Other Consulting Fees	916	994
Internal Auditors' Fees	298	581
	1,880	1,575

Other consulting fees includes the remuneration to the Chairperson of the Soth African Responsible Gambling Foundation, consultant fees for the work process flow reengineering and the skills audit conducted during the year.

9. Reconciliation between budget and statement of financial performance

Reconciliation of budget surplus/deficit with the surplus/deficit in the statement of financial performance:

Net deficit per the statement of financial performance	(292)	(261)
Adjusted for:		
Impairments recognised	-	3
Profit/Loss on the sale of assets	45	(28)
Overspent budget for the year	279	302
Net surplus per approved budget	32	16

10. Personnel costs

Salaries, Bonuses and Overtime excl CEO, CFO & COO	9,050	7,835
Contract and temporary staff	101	171
Payment in Lieu of Leave	50	32
UIF	83	48
Insurance & Administration of the Provident Fund	325	250
Other Salary Related Costs	416	(82)
	10,025	8,254

11. Travel and subsistence

Local	1,014	733
Overseas	1,080	1,742
	2,094	2,475

	2011 '000	2010 '000
12. Other Operating Expenses		
Communication costs	481	380
Conference, Forum and Workshop expenses	809	147
Administrative expenses	328	560
Maintenance, Repairs and Running costs	67	158
Public Awareness Campaign	-	1,270
Other	813	660
	2,498	3,175

13. Operating lease

Current year		
Premises	1,547	1,547
Other rent and accomodation costs	196	162
	1,743	1,709

The future minimum lease payments under noncancelable operating leases for the Board's offices are as follows:		
Within 1 year	1,315	1,234
1 to 5 years	7,485	7,028
Thereafter	10,255	11,946
	19,055	20,208

The National Gambling Board leases a building from Parkdev SA (Pty) Ltd for a period of 15 years, effective from 1 April 2006.The lease payment is R128,906 per a month with an annual escalation clause of 6.5%. No contingent rent is payable. The lease agreement is not renewable at the end of the lease term.

14. Impairment Loss

Impairment of debtors	-	3

15. Finance costs

Interest paid Finance lease	-	14

16. Accounts receivable: Exchange transactions

Payments in Advance Conferences	241	-
Accrued Interest Income	-	18
Other Receivables	137	24
	378	42

	2011 '000	2010 '000

17. Accounts receivable: Non-exchange transactions

	2011 '000	2010 '000
SARS for PAYE	9	62

18. Inventory

	2011 '000	2010 '000
Stationery on Hand and Consumables	59	94

No discounts or rebate were received from the purchase of inventory during the year.

19. Cash and cash equivalents

Cash and cash equivalents consist of:

	2011 '000	2010 '000
Cash at Bank	4,188	4,057
Cash on hand	3	2
	4,191	4,059

20. Property, plant and equipment

	2011			2010		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Furniture and Office Equipment	260	(132)	128	259	(109)	150
Motor vehicles	-	-	-	174	(101)	73
IT equipment	923	(515)	408	881	(448)	433
Cellular Phones (Leased)	68	(58)	10	68	(51)	17
Total	1,251	(705)	546	1,382	(709)	673

Reconciliation of property, plant and equipment 2011

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and Office Equipment	150	1	-	(23)	128
Motor vehicles	73	-	(52)	(21)	-
IT equipment	433	114	-	(139)	408
Cellular Phones (Leased)	17	-	-	(7)	10
	673	115	(52)	(190)	546

Reconciliation of property, plant and equipment 2010

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and Office Equipment	62	108	-	(20)	150
Motor vehicles	92	-	-	(19)	73
Office equipment (Leased)	17	-	-	(17)	-
IT equipment	595	23	(28)	(157)	433
Cellular Phones (Leased)	48	-	-	(31)	17
	814	131	(28)	(244)	673

21. Intangible assets

	2011			2010		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Computer software, internally generated	795	(381)	414	795	(222)	573
Computer software, other	509	(257)	252	354	(208)	146
Total	1,304	(638)	666	1,149	(430)	719

Reconciliation of intangible assets 2011

	Opening balance	Additions	Scrapped assets	Amortisation	Impairment loss	Total
Computer software, internally generated	573	-	-	(159)	-	414
Computer software, other	146	155	-	(49)	-	252
	719	155	-	(208)	-	666

Reconciliation of intangible assets 2010

	Opening balance	Additions	Amortisation	Total
Computer software, internally generated	705	-	(132)	573
Computer software, other	62	113	(29)	146
	767	113	(161)	719

	2011 '000	2010 '000
22. Trade and other payables		
Trade Creditors and Accruals	872	663
SARS for PAYE and UIF, and Penalties	-	12
Other payables	2,271	1,959
	3,143	2,634

NGB did not discount trade creditors since these are paid within 30 days, thus their fair value approximates their actual cost .

23. Provisions

Reconciliation of provisions 2011

	Opening Balance	Additional Provisions and adjustments	Utilisation of Provision	Reversed during the year	Total
Performance bonuses	1,139	1,000	(915)	(224)	1,000
Leave Pay	184	367	(184)	-	367
Provision for pay progression	44	-	(44)	-	-
	1,367	1,367	(1,143)	(224)	1,367

Reconciliation of provisions 2010

	Opening Balance	Additional Provisions and adjustments	Utilisation of Provision	Reverse Unutilises Provision	Total
Performance Bonuses	1,194	1,139	(962)	(232)	1,139
Leave Pay	258	184	(258)	-	184
Provision for pay progression	-	44	-	-	44
	1,452	1,367	(1,220)	(232)	1,367

Provision for bonus was capped at 12% of total annual salary package for staff members below senior management. Bonus provision for senior managers is capped at 20% of total annual salary package. The bonus liability is anticipated to be paid within the next twelve months. Provision for leave is calculated at current salary rate multiplied by number of available leave credits.

There are no uncertainties envisaged that may affect the above provisions.

	2011 '000	2010 '000

24. Finance lease obligation

b) Finance lease relates to Cellular phones and there are no restrictions imposed in terms of this lease.

The lease covers the periods 01 August 2008 to 31 July 2010.

	2011 '000	2010 '000
Total Future Lease Payments	-	17
Future finance charges	-	-
	-	17
Up to 1 year	-	17

	2011 '000	2010 '000

25. Reconciliation of Net Suplus for the year to Net Cash From Operating Activities

	2011 '000	2010 '000
Deficit	(292)	(261)
Adjusted for:		
Depreciation and amortisation	398	405
Movements in provisions relating to employee costs	-	(85)
Profit on Disposal of Fixed Assets	(45)	(3)
Proceeds on disposal of fixed assets (Motor vehicle)	97	-
Changes in working capital:		
Inventory	35	(61)
Accounts receivable: Exchange transactions	(336)	(14)
Accounts receivable: Nonexchange transactions	53	(62)
Trade and other payables	509	(704)
	419	(785)

26. Related parties

Relationships

The Department of Trade and Industry	National department in National Sphere
SA Revenue Services	Public Entity in National Sphere
National Responsible Programme	Private Entity
NGB Trust	Trust established in terms of Section 16(3) of NGA

The National Gambling Board registered a Trust to administer unlawful winnings affairs in anticipation of Section 14 of the the National Gambling act No. 7 of 2004 coming into effect soon. The detailed unaudited financial statements of the NGB Trust do not form an integral part of these financial statements. There were no related party transactions during the year under review.

27. Losses

	2011 '000	2010 '000
SARS penalties	-	12
Other Losses Written Off	5	6
	5	18

Unavoidable operating losses relating to travel alterations totalling R4,564 were incurred during the year.

28. Fruitless and Wasteful Expenditure

	2011 '000	2010 '000
Interest and penalties for late payment to SARS	-	12

Irregular Expenditure
No irregular expenditure realised during the year under review.

Unauthorised Expenditure
There was no unauthorised expenditure during the year under review.

29. Change of Accounting Estimate

The remaining useful lives of all assets were assessed during the year. A change in accounting estimate was effected in relation to fully depreciated assets still in use. The effect of the change in accounting estimate on the current year's results was an increase in the current year's surplus by R5,645. The effect of the change in accounting estimate for future financial years will be a decrease in net surplus of R3,667 and R1,978 for 2012 and 2013 respectively.

30. Prior Year Errors

The Operating Lease expense in relation to the leased premises was understated by R387,831.24 during the 2009/10 financial year. This resulted from accounting for rental payments on an actualcost basis as opposed to accounting for them on a straight line basis as prescribed by GRAP 13. The effect of the correction of the prior year error on the entity's financial results is shown below.

	2009/10	2008/09
Statement of financial position		
Net assets at 1 April 2009	3,590	3,462
Increase in trade and other payables for 2009/10	(1,959)	(1,570)
	1,631	1,892
Statement of financial performance		
Surplus for 2009/10 as previously stated	127	354
Increase in Rent & Accomodation expense	(388)	(459)
	(261)	(105)
Adjustment against retained earnings at the beginning of the year	-	(1,112)

31. Contingent Liabilities

The NGB is currently involved in the following litigious matters:

Legal fees : R450 000: Derivco vs NGB & KZNGB
NGB is cited as first respondent in the matter between Derivco (Pty) Ltd and others. The action involves whether or not an online gambling software developer should be licensed in terms of applicable legislation. Parties are currently exchanging pleadings and the matter is yet to be set down for hearing.

Legal fees : R350 000: Casino Enterprises vs NGB & others (GGB)
The appeal against the judgment of the North Gauteng High Court decision declaring online gambling activities in South Africa unlawful is to be heard in the Supreme Court on 23 August 2011. The estimated costs of the litigation is R350 000. The NGB has taken a position to abide the decision of the court.

32. Events after the reporting date

At the reporting date, management was not aware of any postreporting events.

33. Statements Issued but not Effective

GRAP 18: Segment Reporting

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the entity. The major classifications of activities identified in budget documentation will usually reflect the segments for which an entity reports information to management.

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of an entity that provides specific outputs or achieves particular operating objectives that are in line with the entity's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by an entity within a particular region.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

Directive 2 Transitional provisions for public entities, municipal entities and constitutional institutions, states that no comparative segment information need to be presented on initial adoption of this Standard.

Directive 3 Transitional provisions for high capacity municipalities states that no comparative segment information need to be presented on initial adoption of the Standard. Where items have no been recognised as a result of transitional provisions under the Standard of GRAP on Property, Plant and Equipment, recognition requirements of this Standard would not apply to such items until the transitional provision in that Standard expires.

Directive 4 – Transitional provisions for medium and low capacity municipalities states that no comparative segment information need to be presented on initial adoption of the Standard. Where items have not been recognised as a result of transitional provisions un the Standard of GRAP on Property, Plant and Equipment and the Standard of GRAP on Agriculture, the recognition requirements of the Standard would not apply to such items until the transitional provision in that standard expires.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance.

It is unlikely that the standard will have a material impact on the entity's annual financial statements.

GRAP 23: Revenue from Non exchange Transactions

Revenue from nonexchange transactions arises when an entity receives value from another entity without directly giving approximately equal value in exchange. An asset acquired through a nonexchange transaction shall initially be measured at its fair value as at the date of acquisition.

This revenue will be measured at the amount of increase in net assets recognised by the entity.

An inflow of resources from a nonexchange transaction recognised as an asset shall be recognised as revenue, except to the extent that a liability is recognised for the same inflow. As an entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a nonexchange transaction recognised as an asset, it will reduce the carrying amount of the liability recognised as recognise an amount equal to that reduction.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance.

It is unlikely that the standard will have a material impact on the entity's annual financial statements.

GRAP 24: Presentation of Budget Information in the Financial Statements

Subject to the requirements of paragraph .19, an entity shall present a comparison of the budget amounts for which it is held publicly accountable and actual amounts either as a separate additional financial statement or as additional budget columns in the financial statements currently presented in accordance with Standards of GRAP. The comparison of budget and actual amounts shall present separately for each level of legislative oversight:

- the approved and final budget amounts;
- the actual amounts on a comparable basis; and
- by way of note disclosure, an explanation of material differences between the budget for which the entity is held publicly accountable and actual amounts, unless such explanation is included in other public documents issued in conjunction with the financial statements, and a cross reference to those documents is made in the notes.

Where an entity prepares its budget and annual financial statements on a comparable basis, it includes the comparison as an additional column in the primary annual financial statements. Where the budget and annual financial statements are not prepared on a comparable basis, a separate statement is prepared called the 'Statement of Comparison of Budget and Actual Amounts'. This statement compares the budget amounts with the amounts in the annual financial statements adjusted to be comparable to the budget.

A comparable basis means that the budget and annual financial statements:

- are prepared using the same basis of accounting i.e. either cash or accrual;
- include the same activities and entities;
- use the same classification system; and
- are prepared for the same period.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance

It is unlikely that the standard will have a material impact on the entity's annual financial statements.

GRAP 103: Heritage Assets

Grap 103 defines heritage assets as assets which have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

Certain heritage assets are described as inalienable items thus assets which are retained indefinitely and cannot be disposed of without consent as required by law or otherwise.

A heritage asset should be recognised as an asset only if:

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

The standard required judgment in applying the initial recognition criteria to the specific circumstances surrounding the entity and the assets.

GRAP 103 states that a heritage asset should be measured at its cost unless it is acquired through a nonexchange transaction which should then be measured at its fair value as at the date of acquisition.

In terms of the standard, an entity has a choice between the cost and revaluation model as accounting policy for subsequent recognition and should apply the chosen policy to an entire class of heritage assets.

The cost model requires a class of heritage assets to be carried at its cost less any accumulated impairment losses.

The revaluation model required a class of heritage assets to be carried at its fair value at the date of the revaluation less any subsequent impairment losses. The standard also states that a restriction on the disposal of a heritage asset does not preclude the entity from determining the fair value.

Grap 103 prescribes that when determining the fair value of a heritage asset that has more than one purpose, the fair value should reflect both the asset's heritage value and the value obtained from its use in the production or supply of goods or services or for administrative purposes.

If a heritage asset's carrying amount is increased as a result of a revaluation, the increase should be credited directly to a revaluation surplus. However, the increase should be recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same heritage asset previously recognised in surplus or deficit. If a heritage asset's carrying amount is decreased as a result of a revaluation, the decrease should be recognised in surplus or deficit. However, the decrease should be debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset.

Grap 103 states that a heritage asset should not be depreciated but an entity should assess at each reporting date whether there is an indication that it may be impaired.

In terms of the standard, compensation from third parties for heritage assets that have been impaired, lost or given up, should be included in surplus or deficit when the compensation becomes receivable.

For a transfer from heritage assets carried at a revalued amount to property, plant and equipment, investment property, inventories or intangible assets, the asset's deemed cost for subsequent accounting should be its revalued amount at the date of transfer. The entity should treat any difference at that date between the carrying amount of the heritage asset and its fair value in the same way as a revaluation in accordance with this Standard. If an item of property, plant and equipment or an intangible asset carried at a revalued amount, or investment property carried at fair value is reclassified as a heritage asset carried at a revalued amount, the entity applies the applicable Standard of GRAP to that asset up to the date of change. The entity treats any difference at that date between the carrying amount of the asset and its fair value in accordance with the applicable Standard of GRAP relating to that asset. For a transfer from investment property carried at fair value, or inventories to heritage assets at a revalued amount, any difference between the fair value of the asset at that date and its previous carrying amount should be recognised in surplus or deficit.

The carrying amount of a heritage asset should be derecognised:

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

The gain or loss arising from the derecognition of a heritage asset should be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance.

It is unlikely that the standard will have a material impact on the entity's annual financial statements.

GRAP 21: Impairment of non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

An entity assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, an entity estimates the recoverable service amount of the asset.

The present value of the remaining service potential of a non-cash-generating asset is determined using one of the following approaches:

- Depreciated replacement cost approach
- Restoration cost approach
- Service units approach

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss. An impairment loss is recognised immediately in surplus or deficit. Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

An entity assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, an entity estimates the recoverable service amount of that asset.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance.

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It is unlikely that the standard will have a material impact on the entity’s annual financial statements.

GRAP 26: Impairment of cash-generating assets

Cash-generating assets are those assets held by an entity with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profitorientated entity, it generates a commercial return.
When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

An entity assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, an entity estimates the recoverable amount of the asset. When estimating the value in use of an asset, an entity estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and an entity applies the appropriate discount rate to those future cash flows.

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss. An impairment loss is recognised immediately in surplus or deficit. Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, an entity determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, an entity use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

An entity assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, an entity estimates the recoverable amount of that asset.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance.

It is unlikely that the standard will have a material impact on the entity's annual financial statements.

34. Risk management

Liquidity risk

Liquidity risk is the risk that the organisation would not have sufficient funds available or may encounter difficulties in raising funds to meet its future commitments. This risk is regarded as low considering the entity's current funding structures and management of available cash resources. The table below illustrates the Board's exposure to liquidity risk from financial liabilities.

2011	Carrying Amount	Total Cash Flow	Contractual Cashflow 1 year	Contractual Cashflow 1 year
Other financial liabilities	4,658	4,658	4,658	-

2010		Carrying Amount		Contractual Cashflow 1 year
Other financial liabilities	4,018	4,018	4,018	-

Sensitivity Analysis

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

		Upward change	Downward change
31/03/2011			
Cash and Cash Equivalents	1%	42	(42)
31/03/2010			
Cash and Cash Equivalents	1%	41	(41)

Interest rate risk

The organisation is exposed to interest rate risk in respect of returns on investments with financial institutions and interest payable on finance leases contracted with outside parties.

Interest rate risk is a risk that adverse changes in interest rates will negatively impact on the net income of the organisation. This exposure to interest rate risk is mitigated by investing on short term basis in fixed deposits. The other factor is that NGB does not hold significant finance leases with fluctuating interest rates.

Credit Risk and Market Risk

Credit risk arise mainly from receivables and cash and cash equivalents.The Board's exposure to credit risk arises because of default of counterparties with the maximum exposure equal to the carrying amount of these instruments. Market risk refers to the risk that the value of an investment will decrease due to moves in market factors. These risks are mitigated as follows:

a) Cash and Cash equivalents are placed with high credit quality financial institutions thus rendering the credit risk with regard to cash and cash equivalents limited.
b) Transactions are entered into with reputable institutions approved by National Treasury.
c) With regard to accounts receivables credit risk is limited by the fact that the organisation does not issue loans to staff or raise debtors in its day to day operations.
d) Funds are invested in short term facilities which are highly liquid.
e) The entity does not offer credit facilities either to employees or any other person except where a debtor may be raised due to advance on travel and subsistence.

Exposure to Credit Risk

Maximum exposure to credit and market risk at the reporting date from financial assets was:

R'000		
Cash and Cash Equivalents	4,188	4,058
Other Receivables	102	10
	4,290	4,068

Concentration of credit risk

The maximum exposure to credit risk for financial assets at the reporting date by credit rating category was as follows:

R'000	AAA/Gov	AAA/Gov
Cash and Cash equivalents	4,188	4,058
Other receivables	102	10
	4,290	4,068

The following table provides information regarding the credit quality of assets which may expose the Board to credit risk.

2011		Not past due nor impaired		Past due not impaired more than 2 months
Cash and cash equivalents	-	4,188	-	-
Other Receivables	-	102	-	-
	-	4,290	-	-

2010		Not past due nor impaired		Past due not impaired more than 2 months
Cash and Cash equivalents	-	4,058	-	-
Other Receivables	-	10	-	-
	-	4,068	-	-

Market risk is the risk that changes market prices, such as interest rates will affect the value of the financial assets of the board.

Financial Instruments

The following table shows the classification on the entity's principle instruments together with their carrying values:

Financial Instrument	Classification	Carrying amount 2011	Carrying Amount 2010
Cash & Cash Equivalents		4,188	4,058
Receivables		102	10
Trade Payables		3,326	2,634
Finance Lease		-	17

The following table presents the total net gains or losses for each category of financial liabilities.

2011	Loans & Receiv-ables R'000	Financial liability at amortised cost R'000	Total R'000
Interest Income	420	-	420
Total net gains recognised in the statement of financial performance	420	-	420

2010	Loans & Receiv-ables R'000	Financial liability at amortised cost R'000	Total R'000
Interest Income	413	-	413
Finance Charges	-	(14)	(14)
Total net gains recognised in the statement of financial performance	413	(14)	399

35. Expenditure Relating to Soccer World Cup

NGB did not incur any expenditure relating to the 2010 Soccer World Cup for the year ended 31 March 2011 and subsequent thereto.

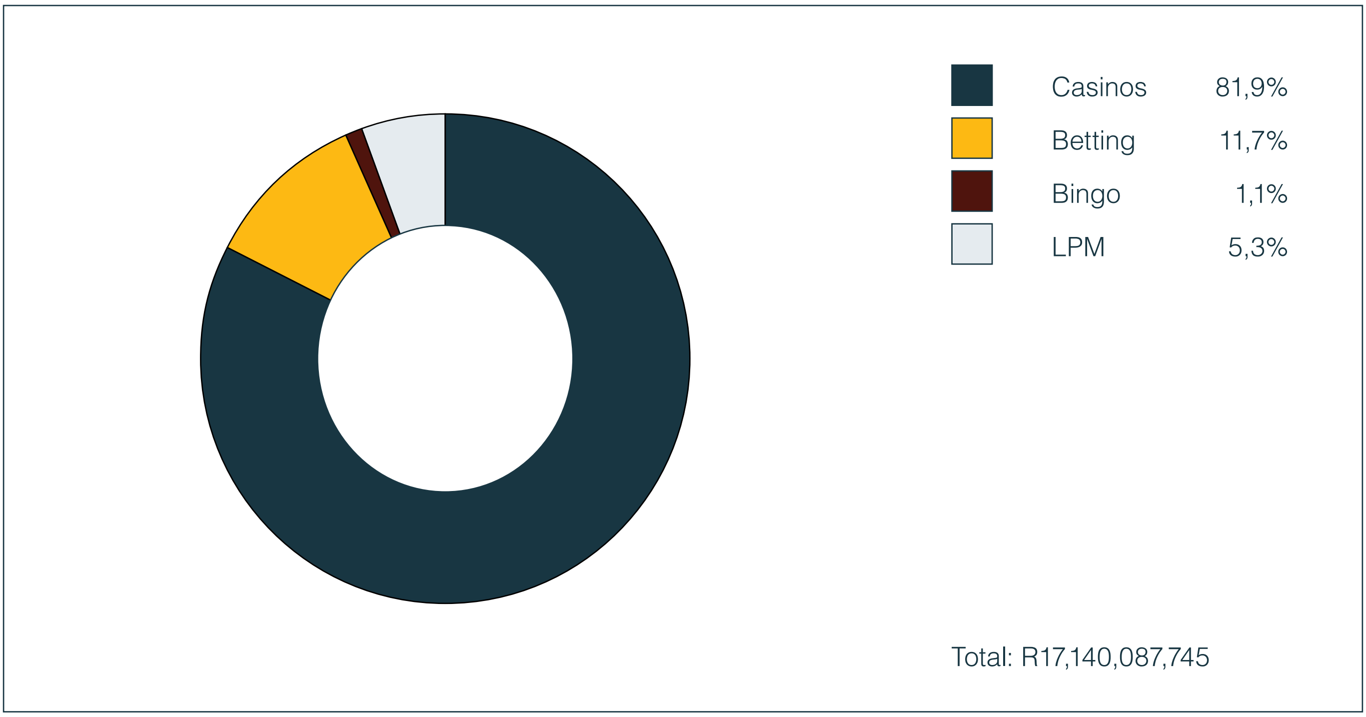
03 Part three

Gambling Statistics

The NGB maintains a national gambling database that contains information on primary statistics such as turnover, gross gambling revenue (GGR), gambling taxes and levies, as well as return to player/punter. Provincial gambling boards are required to submit the primary statistics to the board on a quarterly basis for consolidation and reporting on national status. The data presented below is based on annual audited data. The results for 2010/2011 continued to show an increase in GGR, despite the negative impact of the world wide recession experienced prior to the reporting period. The GGR increased by 5.4% from R16,268 million to R17,140 million, whereas taxes/levies paid increased by 6.0% from R1,575 million to R1,670 million.

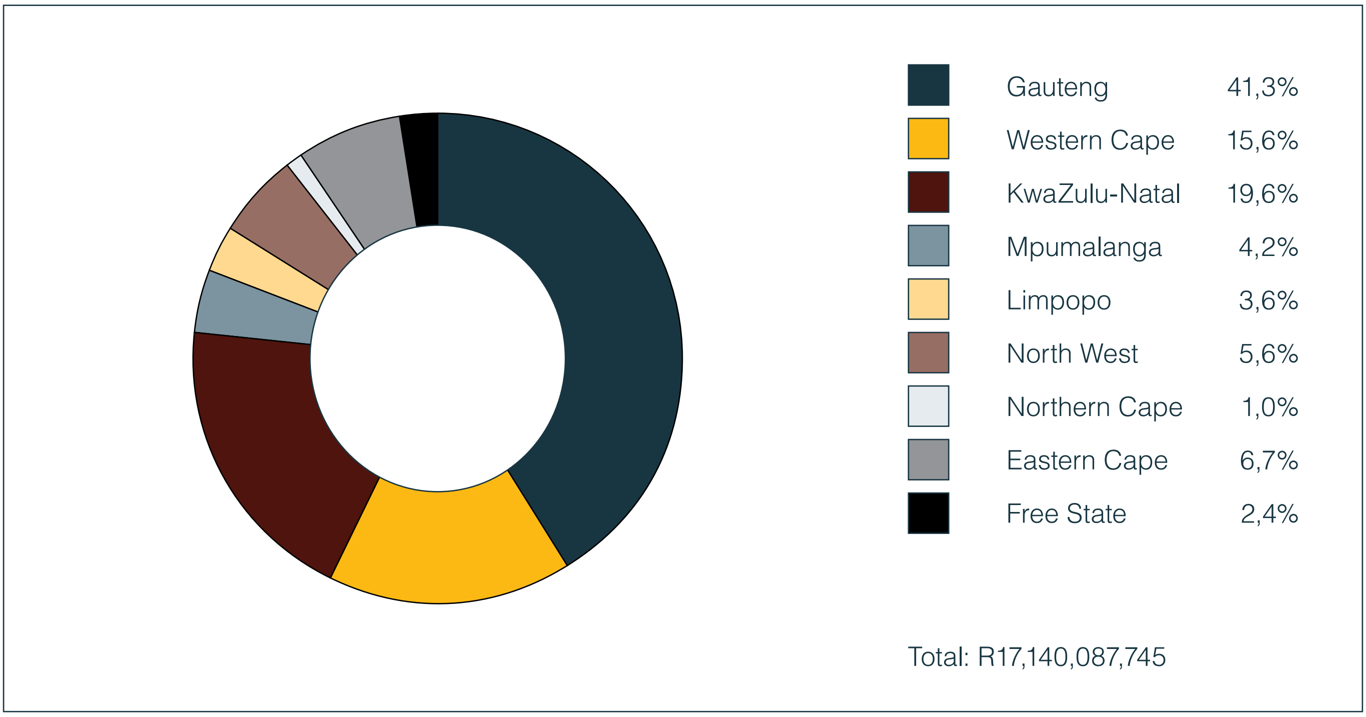
GGR per gambling mode – F2011: Qrt 1 – 4

Rand value of the gross revenue of an operator



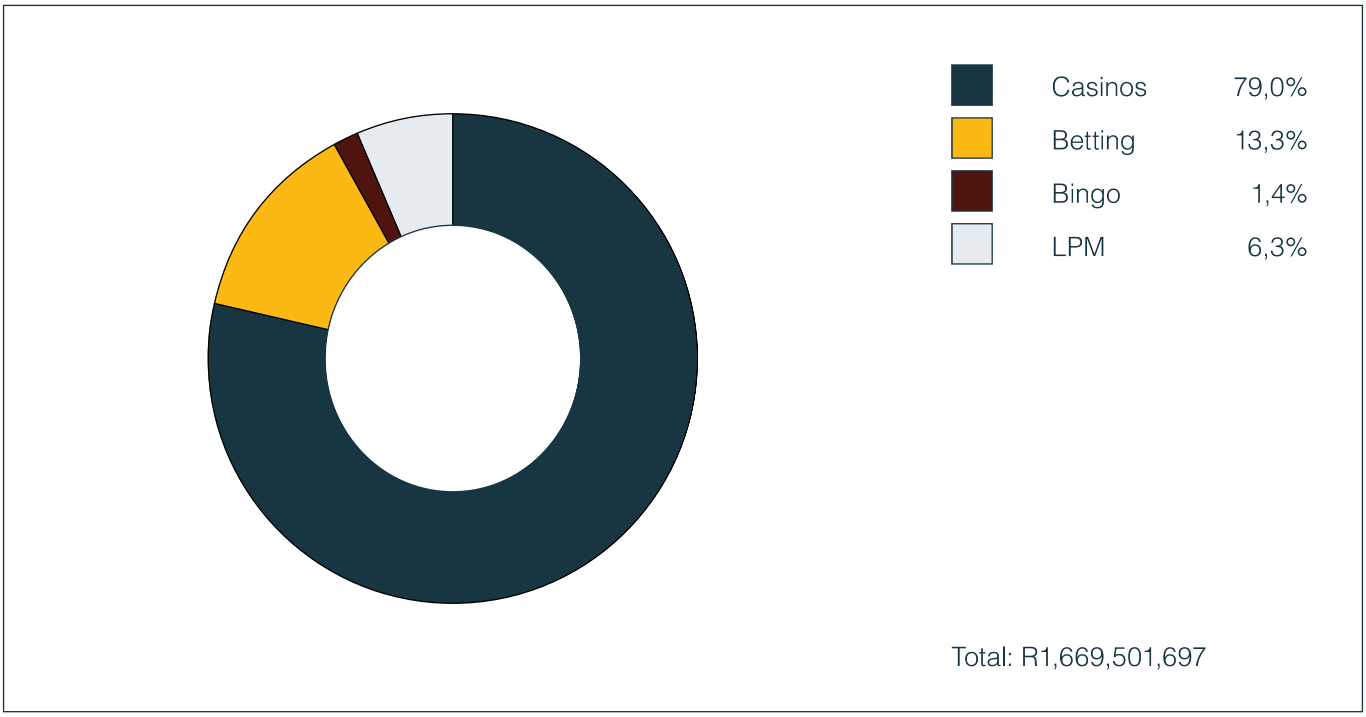
GGR per province - F2011: Qrt 1 - 4

Rand value of the gross revenue of an operator



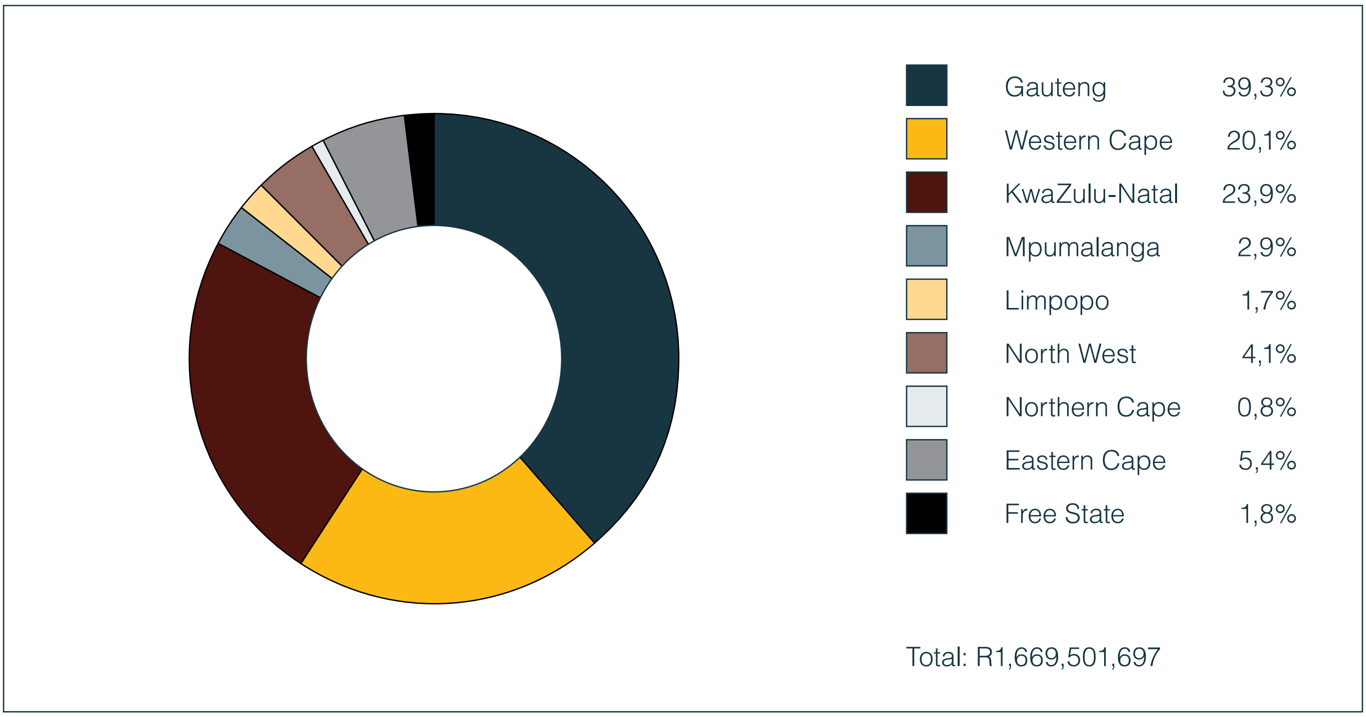
Taxes/levies contribution per gambling mode - F2011: Qrt 1 - 4

Gambling tax levied by and collected by PLAs

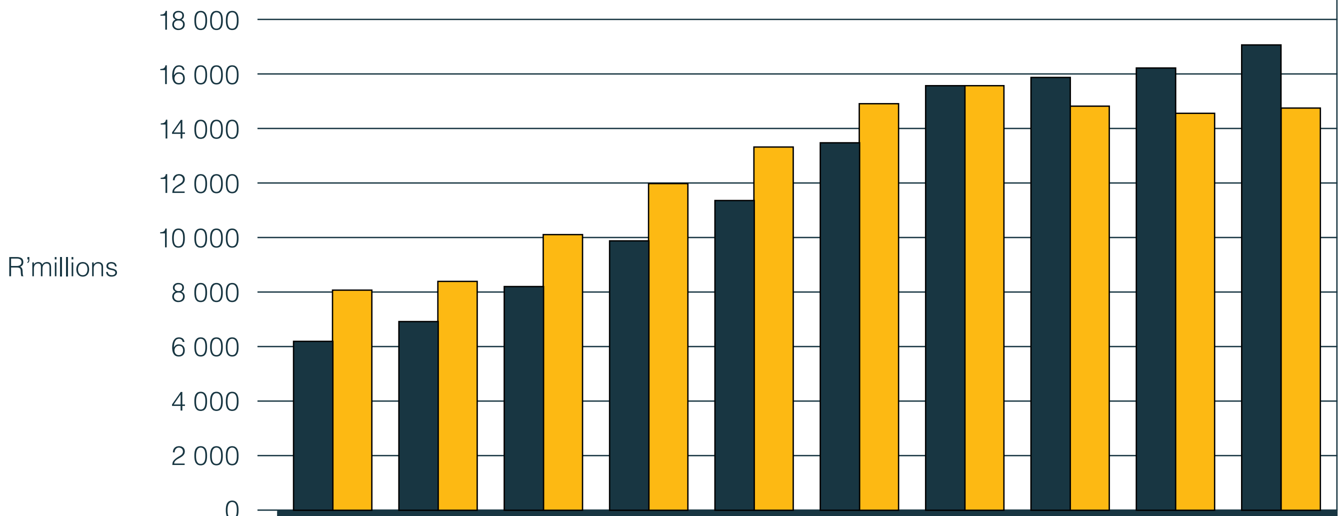


Taxes/levies contribution per province - F2011: Qrt 1 - 4

Gambling tax levied by and collected by PLAs



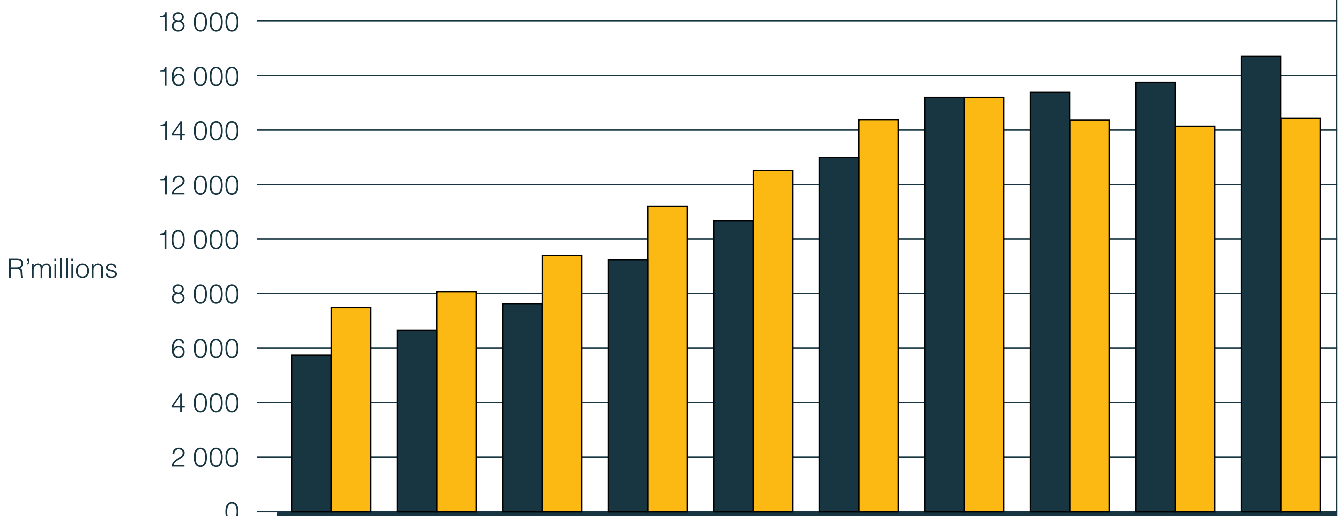
Trend in GGR - F01/02 to F10/11



	FY 01/02	FY 02/03	FY 03/04	FY 04/05	FY 05/06	FY 06/07	FY 07/08	FY 08/09	FY 09/10	FY 10/11
At current prices	6 227	6 954	8 240	9 918	11 400	13 520	15 618	15 921	16 268	17 140
At constant prices*	8 108	8 429	10 148	12 022	13 365	14 956	15 618	14 866	14 603	14 814

GGR is deflated with the 2010 rebased Consumer Price Indexes of Stats SA. CPI deflator at 2008 prices.

Trend in Taxes/Levies - F01/02 to F10/11

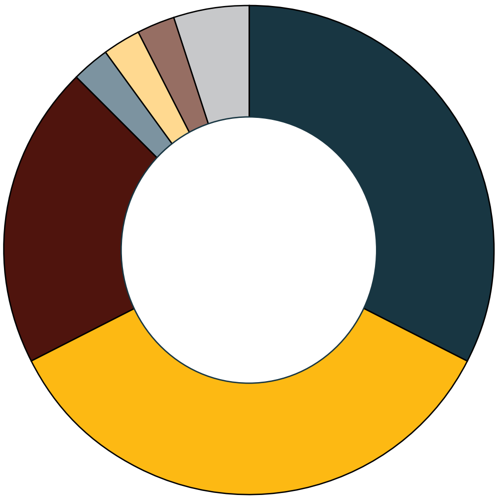


	FY 01/02	FY 02/03	FY 03/04	FY 04/05	FY 05/06	FY 06/07	FY 07/08	FY 08/09	FY 09/10	FY 10/11
At current prices	576	667	764	925	1 068	1 300	1 520	1 539	1 575	1 670
At constant prices*	750	808	941	1 121	1 252	1 438	1 520	1 437	1 414	1 443

Taxes/levies are deflated with the 2010 rebased Consumer Price Indexes of Stats SA. CPI deflator at 2008 prices.

Casino groups operating in South Africa – F2011

(Expressed as percentage of total number of available 40 licenses)



		No. of Casinos
Sun International	32,5%	13
Tsogo Sun Group	35,0%	14
Peermont Global	20,0%	8
London Clubs International	2,5%	1
Northen Cape Casino Consultants	2,5%	1
Leitlho	2,5%	1
No licences issued	5,0%	2

Gambling Statistics (continued)

PROVINCIAL LICENCING AUTHORITY	KZN	GAUTENG	FREE STATE	NORTH WEST	NORTHERN CAPE	LIMPOPO	EASTERN CAPE	WESTERN CAPE	MPUMALANGA	TOTAL
Number of raids/closure	25	52	13	0	11	0	17	18	27	163
Number of raids (fahfee)	0	0	0	0	0	325	36	0	6	367
Confiscated gambling machines	46	107	19	0	221	60	0	77	79	609
Confiscated gambling tables	0	0	0	0	0	0	0	0	0	0
Confiscated computer devices	4	0	0	0	0	0	0	0	0	0
Case convictions	27	0	0	0	0	7	0	5	0	39
Acquittals	0	0	0	0	0	1	0	0	0	1
Admission of guilt	24	51	8	1	0	340	0	5	29	458
Withdrawals	1	0	0	1	2	5	6	8	0	23
Forfeited gambling machines	25	107	19	0	0	53	0	69	42	315
Forfeited gambling tables	0	0	0	0	0	0	0	0	0	0
Forfeited computer devices	5	0	0	0	0	0	0	0	0	5
Returned gambling machines	0	0	0	36	50	0	0	0	0	86
Returned gambling tables	0	0	0	0	0	0	0	0	0	0
Returned computer devices	0	0	0	0	21	0	0	0	0	21
Destroyed gambling machine	71	288	0	0	0	35	0	69	71	534

CASINOS IN SOUTH AFRICA

	PROVINCE	AREA	LOCATION	NAME OF RESORT	DATE OPENED	CASINO OPERATOR	MANAGEMENT COMPANY	TOTAL CAPITAL INVESTMENT (R)	NUMBER OF GAMBLING EQUIPMENT PERMITTED TO OPERATE WHEN LICENCE WAS GRANTED			TEMPORARY OR PENDING CASINOS			PERMANENT CASINOS			CURRENT STATUS Jun-11
									Slots	Tables	Gaming Positions	Slots	Tables	Gaming Positions	Slots	Tables	Gaming Positions	
1	Eastern Cape	Zone 1	Port Elizabeth	The Boardwalk Casino & Entertainment World	Oct-00	Emfuleni Resort	Sun International Management Ltd	484,000,000	700	20					781	23		Permanent casino - Oct 00
2	Eastern Cape	Zone 2	East London	Hemingways Casino	Sep-01	Tsogo Sun Emonti	Tsogo Sun Casino Management Company	222,000,000	400	12					395	12		Permanent casino - Mar 02
3	Eastern Cape	Zone 3	Queenstown	Queens Casino	Dec-07	Lukhanji Leisure (Pty) Ltd	Gold Reef Management (Pty) Ltd*	130,533,545	180	6	222				180	6		Permanent casino - May 08
4	Eastern Cape	Zone 4						0										No licence issued
5	Eastern Cape	Zone 5	Bizana	Wild Coast Sun	Dec-81	Transkei Sun International	Sun International Management Ltd	188,000,000	450	16	555				450	16	555	New licence issued Sep 09
6	Free State	Zone 1	Southern Region (Bloemfontein)	Naledi Hotel & Casino	May-89	Sun International	Sun International	17,000,000	150	0	160				150	0	160	Permanent casino - May 89
7	Free State	Zone 1	Southern Region (Bloemfontein)	Windmill Casino & Entertainment Centre	Sep-05	Sun International Management Ltd	Sun International Management Ltd	203,000,000	240	10					300	13		Permanent casino - Oct 05
8	Free State	Zone 2	Welkom	Goldfields Casino & Entertainment Centre	Dec-03	Goldfields Casino and Entertainment Centre (Pty) Ltd	Gold Reef Management (Pty) Ltd*	169,000,000	226	6	266				250	9		Permenent casino - Oct 07
9	Free State	Zone 3	Eastern Region (Bethlehem)	Frontier Inn & Casino	Nov-06	Peermont Global (Eastern Free State) (Pty) Ltd	Peermont Global (Pty) Ltd	102,000,000	250	17					130	11	284	Permanent casino - Nov 06
10	Gauteng		Fourways	Montecasino	Sep-98	Tsogo Sun Casinos	Tsogo Sun Casino Management Company	2,292,000,000	1,700	70					1,714	75	2,680	Permanent casino - Nov 00
11	Gauteng		Golf Reef City	Gold Reef City Casino	Nov-98	Akani Egoli (Pty) Ltd	Akani Egoli Management (Pty) Ltd*	1,500,000,000	1,600	50	2300				1,600	50	2,300	Permanent casino - Mar 00

	PROVINCE	AREA	LOCATION	NAME OF RESORT	DATE OPENED	CASINO OPERATOR	MANAGEMENT COMPANY	TOTAL CAPITAL INVESTMENT (R)	NUMBER OF GAMBLING EQUIPMENT PERMITTED TO OPERATE WHEN LICENCE WAS GRANTED			TEMPORARY OR PENDING CASINOS			PERMANENT CASINOS			CURRENT STATUS
									Slots	Tables	Gaming Positions	Slots	Tables	Gaming Positions	Slots	Tables	Gaming Positions	Jun-11
12	Gauteng		Vanderbijlpark	Emerald Resort & Casino	Dec-98	Emerald Safari Resort (Pty) Ltd	London Clubs International	536,099,280	440	20					660	33	1,122	Permanent casino - May 01
13	Gauteng		Kempton Park	Emperors Palace Hotel Casino Convention Resort	Nov-98	Peermont Global (Pty) Ltd	Peermont Global (Pty) Ltd	1,870,000,000	1,500	50					1,724	60	2,564	Permanent casino - Nov 00
14	Gauteng		Brakpan	Carnival City Casino & Entertainment World	Dec-98	Afrisun Gauteng (Pty) Ltd	Sun International	1,098,000,000	1,758	56	2590				1,758	60	2,590	Permanent casino - Oct 99
15	Gauteng		Mabopane	Morula Casino & Hotel	Jun-89	Sun International	Sun International Management Ltd	97,877,961	1,098	28					510	12	678	Permanent casino
16	Gauteng		West Rand	Silverstar Casino	Dec-07	Silverstar Casino (Pty) Ltd	No management company*	1,100,000,000	756	26	1120				784	28	1,120	Permanent casino - Feb 09
17	Kwazulu-Natal	Zone 1	Greater Durban (Village Green)	Suncoast Casino & Entertainment World	Nov-02	Tsogo Sun KZN (Pty) Ltd	Tsogo Sun Casino Management Company	1,400,000,000	1,250	50					1,330	50		Permanent casino - Nov 02
18	Kwazulu-Natal	Zone 1	North Durban (Umhlanga)	Sibaya Casino & Entertainment Kingdom	Dec-04	Afrisun KZN (Pty) Ltd	Sun International	5,763,036	800	26					1,142	43		Permanent casino - Oct 06
19	Kwazulu-Natal	Zone 2	North Coast (Empangeni)	Umfolozi Hotel Casino & Convention Resort	May-02	Peermont Global (KZN) (Pty) Ltd	Peermont Global Management (KZN) (Pty) Ltd	272,000,000	300	10		267	12	435				Temporary casino - Oct 02
20	Kwazulu-Natal	Zone 3	Northern Natal (Newcastle)	Century Casino Newcastle	Sep-99	Century Casino Newcastle (Pty) Ltd	Tsogo Sun Casino Management Company	116,964,616	250	10					250	7		Permanent casino - Dec 06
21	Kwazulu-Natal	Zone 4	Natal Midlands (Pietermaritzburg)	Golden Horse Casino	Sep-01	Akani Msunduzi (Pty) Ltd	Akani Msunduzi Management (Pty) Ltd*	412,000,000	450	23	620				450	19		Permanent casino - Sep 01
22	Mpumalanga	Zone 1	Witbank	The Ridge Casino & Entertainment Resort	Mar-98	Tsogo Sun Casinos (Pty) Ltd	Tsogo Sun Casino Management Company	205,000,000	360	12					425	18	677	Permanent casino - Sep 02
23	Mpumalanga	Zone 2	Secunda	Graceland Hotel, Casino & Country Club	Oct-97	Peermont Global (Southern Highveld) (Pty) Ltd	Peermont Global (Pty) Ltd	237,000,000	408	16					311	14	507	Permanent casino - Jul 98

	PROVINCE	AREA	LOCATION	NAME OF RESORT	DATE OPENED	CASINO OPERATOR	MANAGEMENT COMPANY	TOTAL CAPITAL INVESTMENT (R)	NUMBER OF GAMBLING EQUIPMENT PERMITTED TO OPERATE WHEN LICENCE WAS GRANTED			TEMPORARY OR PENDING CASINOS			PERMANENT CASINOS			CURRENT STATUS
									Slots	Tables	Gaming Positions	Slots	Tables	Gaming Positions	Slots	Tables	Gaming Positions	Jun-11
24	Mpumalanga	Zone 3	Nelspruit	Emnotweni Casino	Oct-97	Tsogo Sun Casinos (Pty) Ltd	Tsogo Sun Casino Management Company	170,000,000	298	12					367	10	507	Permanent casino - Nov 99
25	Mpumalanga	Zone 4	Pilgrims Rest/ Lydenburg/ Bushbuck					0										No licence issued
26	Limpopo		Polokwane (Pietersburg)	Meropa Casino & Entertainment World	Mar-02	Sun International	Meropa Casino Resort Manco (Pty) Ltd	224,000,000	374	16					374	16		Permanent casino - Mar 02
27	Limpopo		Burgersfort	Thaba Moshate Hotel Casino & Convention Resort		Peermont Global (Tubatse) (Pty) Ltd	Peermont Global (Pty) Ltd	236000000	300	16	524	150	8	262				Temporary casino - Oct 02, not operational
28	Limpopo		Thohoyandou	Khoroni Hotel Casino & Convention Resort	Jul-85	Peermont Global (Limpopo) (Pty) Ltd	Peermont Global Management (NW&L) (Pty) Ltd	129,000,000	160	7					140	7	238	Permanent casino - Jul 95
29	Northern Cape		Kimberley	Flamingo Casino	Mar-02	Teemane (Pty) Ltd	Sun International	158,365,407	220	9					250	9		Permanent casino - Mar 02
30	Northern Cape		Upington	Desert Palace Hotel Resort (Pty) Ltd	Jun-00	Desert Palace Hotel Resort (Pty) Ltd	Northern Cape Casino Consultants Kairo (Pty) Ltd	68,000,000	145	7					158	7		Permanent casino - May 05
31	Northern Cape		Kuruman	Leitlho Entertainment World		Leitlho		0										Permanent licence issued, granted permission for temporary casino, not operational
32	North West		Mmabatho	Mmabatho Palms Hotel Casino & Convention Resort	Dec-78	Peermont Global (North West) (Pty) Ltd	Peermont Global Management (NW&L) (Pty) Ltd	243,000,000	155	8					155	8	267	Permanent casino - Dec 78
33	North West		Pilanesberg	Sun City	Dec-79	Sun International	Sun International Management Ltd	1,000,000,000	1,315	38					601	38		Permanent casino

	PROVINCE	AREA	LOCATION	NAME OF RESORT	DATE OPENED	CASINO OPERATOR	MANAGEMENT COMPANY	TOTAL CAPITAL INVESTMENT (R)	NUMBER OF GAMBLING EQUIPMENT PERMITTED TO OPERATE WHEN LICENCE WAS GRANTED			TEMPORARY OR PENDING CASINOS			PERMANENT CASINOS			CURRENT STATUS
									Slots	Tables	Gaming Positions	Slots	Tables	Gaming Positions	Slots	Tables	Gaming Positions	Jun-11
34	North West		Klerksdorp	Rio Hotel Casino & Convention Resort	Sep-04	Peermont Global (North West) (Pty) Ltd	Peermont Global Management (NW&L) (Pty) Ltd	495,000,000	255	11					274	13	456	Permanent casino - Sep 04
35	North West		Hammanskraal	The Carousel Casino & Entertainment World	Nov-91	Sun International	Sun International	310,000,000	1,745	69					700	19		Permanent casino - Dec 00
36	Western Cape	Zone 1	Cape Metropole (Goodwood)	GrandWest Casino & Entertainment World	Dec-00	Sun West International	Sun International Management Ltd	62,000,000	1,750	66					2,524	76	3,070	Permanent casino - Dec 00
37	Western Cape	Zone 2	Southern Cape (Mossel Bay)	Garden Route Casino	Dec-02	Garden Route Casino (Pty) Ltd	Gold Reef Management (Pty) Ltd*	183,148,173	412	16	523				412	16		Permanent casino - Dec 02
38	Western Cape	Zone 3	Breede River (Worcester)	Golden Valley Casino	Nov-06	Worcester Casino (Pty) Ltd	Sun International Management Ltd	187,000,000	220	0					224	6	262	Permanent casino - Nov 06
39	Western Cape	Zone 4	Overberg	The Caledon Hotel, Spa & Casino	Oct-00	Century Casinos Caledon (Pty) Ltd	Tsogo Sun Casino Management Company	158,787,623	250	14					343	8		Permanent casino - Oct 00
40	Western Cape	Zone 5	West Coast	Club Mykonos Holiday Resort	Nov-00	West Coast Leisure (Pty) Ltd	Gold Reef Management (Pty) Ltd*	100,700,000	270	9	333				300	9		Permanent casino - Nov 00
								16,383,239,641	23,135	812	9,213	417	20	697	22,116	801	20,037	

Total Capital Investment is defined as:

- Total initial capex, including land, buildings and furniture/fittings/equipment
- Capex for additional infra-structure development on the same basis as above (casino development includes any development which the casino licensee is obliged to develop in terms of its bid commitments and conditions of licence)

Information as provided by Management Companies, Casino Operators and Provincial Gambling Boards

* Companies owned and controlled by the Tsogo Sun Group

Summary
Licences issued 38
- Operational 36
- Not operational 2
No licences issued 2
TOTAL 40

Notes

Notes

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RP100/2011
ISBN: 978-0-621-40137-0

Design & Layout:
Blackmoon Design and Advertising