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ANNUAL REPORT 2021/2022



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PART A

GENERAL INFORMATION



PART A: GENERAL INFORMATION

1. LIMPOPO TOURISM AGENCY'S GENERAL INFORMATION

REGISTERED NAME:	Limpopo Tourism Agency
REGISTRATION NUMBER (if applicable):	Schedule 3C PFMA
PHYSICAL ADDRESS:	Southern Gateway Ext. 4, N1 Main Road Polokwane 0700
POSTAL ADDRESS:	P. O. Box 2814 POLOKWANE 0700
TELEPHONE NUMBER/S:	+27 15 293 3600
FAX NUMBER:	+27 15 293 3655
EMAIL ADDRESS:	info@golimpopo.com
WEBSITE ADDRESS:	www.golimpopo.com
EXTERNAL AUDITORS:	Auditor General South Africa
BANKERS:	ABSA Bank Limited
COMPANY SECRETARY	T.G Kotsedi

2. LIST OF ABBREVIATIONS/ACRONYMS

CEO - Chief Executive Officer

CFO- Chief Financial Officer

Cllr-Councillor

CoE- Compensation of Employees

COVID- Coronavirus Disease

CPPP - Community Private Public Partnership

CS - Corporate Services

DMC-Destination Management Company

DPSA-Department of Public Service and Administration

DSTV-Digital Satellite Television

EAP - Employee Assistant Programme

EEP - Employee Equity Plan

FC-Football club

FIFA- Federation International Football Association

GRAP-Generally Recognised Accounting Practice

ICT - Information Communication Technology

IDM- Integrated Destination Marketing

LEDET - Limpopo Economic Development, Environment and Tourism

LTA - Limpopo Tourism Agency

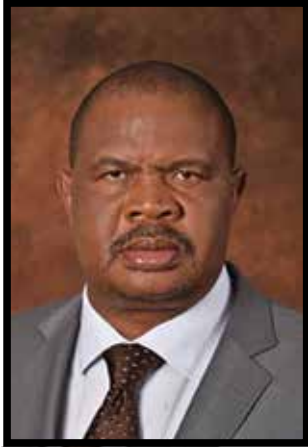
LTAB- Limpopo Tourism Agency Board

MEC-Member of the Executive Council

MICE - Meetings Incentives Conference and Exhibitions (Business Tourism)

MPL- Member of the Provincial Legislature
MTEF - Medium Term Expenditure Framework
NTSS - National Tourism Sector Strategy
PPE- Personal Protective Equipment
PPP - Public-Private Partnership
SAT - South African Tourism
SATAVITO- South African Township and Village Tourism Organisation
SEDA- Small and Enterprises Development Agency
SEZ - Special Economic Zones
SMMEs - Small Medium and Micro Enterprises
SATSA- Southern Africa Tourism Services
STATSSA - Statistics South Africa
UNWTO - The United Nations World Tourism Organisation
VFR - Visiting Friends and Relatives
VIC- Visitor Information Centre
WTD-World Tourism Day

3. Foreword by Member of the Executive Council



Thabo Mokone
Member of the Executive Council

It is with great honour for me to report on the performance and activities of the Limpopo Tourism Agency (LTA) for the financial year 2021/22. The tourism sector continued to display resilience over the past two years despite COVID-19 pandemic prevalence, which had so much impact on the sector. The sector contributed so much to the economy of our province and the country during the period under review.

The travel and tourism sector is a key component of economic growth for the province and country in general. Having been identified by Limpopo Development Plan as one of the three economic pillars with Agriculture and Mining, the tourism sector has displayed signs of flexibility over the years, thus clearly making it a consistent sector of our economy in the country and Limpopo Province in particular.

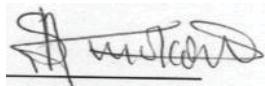
It is encouraging that Limpopo continues to be the second most popular destination for international tourists. The Agency is intensifying its marketing efforts in order to reclaim the province's position and increasing its market share.

The year under review was once again very momentous and productive with tourism showing signs of growth. The Department of Economic Development, Environment and Tourism, compliment the Limpopo Tourism Agency Board for the enhanced performance of the Agency. The Agency collaborated with key stakeholders to celebrate Tourism Month in Sekhukhune District to help ignite tourism and travel in the region. The launch and wrap-up of the Tourism Month Campaigns were at Black Aloe Waterfront Resort in Ephraim Mogale Municipality and Burgersfort at Fetakgomo-Tubatse Municipality respectively.

The department commend the Agency on its effective collaboration with Sunshine Tour and European Challenge Tour to bring international professional golfers to our shores during the third Limpopo Championship. The Agency also hosted a very successful Summer Campaign launch in Phalaborwa. We will give determination of growing tourism in the province because is an important pillar of our economy.

The past two years have been very difficult for the tourism sector due to the outbreak of COVID-19 Pandemic. This caused several major tourism disruptions to events and shows such as Africa Travel Indaba, World Tourism Market (WTM) London, and Internationale Tourismus Börse (ITB) in Berlin, Sanganai Expo and Botswana Expo. These events were unsettled while others like WTM Africa and Dubai Expo were attended virtually.

The Department will remain critical on compliance and governance. We wish to congratulate the Board of the entity to have attained an unqualified audit opinion from the Auditor General. It is imperative for the Board to conduct its oversight responsibilities to ensure further perfection on the Auditor General's opinion. I still maintain that a clean audit is not farfetched as it can be achieved.



Thabo Mokone
MEC for Limpopo Economic Development, Environment and Tourism

4. FOREWORD BY THE CHAIRPERSON



Khiba Andrew Dipela
Chairperson of the Board

The year 2021/22, like the previous one, has been the most challenging and difficult period the tourism sector has ever experienced. This can, of course, be attributed to the outbreak of COVID-19 pandemic in 2020, which caused so many disruptions in the tourism industry in general. It is evident that the COVID-19 pandemic negatively impacted the tourism industry around the world and in South Africa with lockdown and travel restrictions that were imposed. Tourism is dependent on domestic trips and international arrivals, which were a rarity during the period under review given the persistent prevalence of the pandemic.

According to the 2020 report released by Statistics South Africa, foreign arrivals dropped by 71% from just over 15,8 million in 2019 to less than 5 million in 2020. It is evident that the COVID-19 pandemic impacted severely on the tourism industry in South Africa and other parts of the world.

According to 2021 Travel and Tourism Report, the volume of tourists decreased by 72,6% from 10,2 million in 2019 to 2,8 million in 2020. The distribution of tourists by region of residence shows that 74,8% of the tourists who arrived in South Africa in 2020 were residents of the Southern African Development Community (SADC) countries and 1,5% were from 'other' African countries beyond SADC. These two sub-regions constituted a total of 76,3% tourists from Africa. Residents of overseas countries made up 23,6% of the tourists.

Travel and Tourism Development Index 2021, a wing of World Economic Forum on the other hand states, "Two years later, the travel and tourism sector looks very different. Demand in this sector was one of the hardest hit by the COVID-19 pandemic, leaving not only companies but also tourism-driven national economies severely affected by shutdowns, travel restrictions and the disappearance of international travel. Fortunately, there are positive signals, and analysis shows that recovery has started, albeit not at the same pace across the globe or in the same market segments. New factors, such as the war in Ukraine, are also adding to the complexity of this uneven recovery".

The COVID-19 pandemic lockdowns also caused massive job losses in the sector whereby some establishments also closed down. Limpopo Tourism Agency Board (LTAB) wishes to commend the tourism sector for its resilience during these difficult times. Despite the COVID-19, the Agency remained focused on its mandate of destination marketing by developing mechanisms of resuscitating the tourism industry which was the worst affected by the pandemic.

The Board successfully hosted the third installment of the Limpopo Championship, the international Golf Tournament at both Euphoria Golf and Lifestyle Estate and Koro Creek Bushveld Golf Estate. We are pleased to indicate that the Minister of Tourism at the time, Ms. Mmamoloko Kubayi-Ngubane, blessed the event by attending the prize giving ceremony after which she had an interaction with the media. She was supported by the MEC of LEDET, Mr. Thabo Mokone, and members of the Board.

The 26th-27th August 2021 LTA spearheaded a successful hosting of Limpopo Tourism Lekgotla, which sought to stimulate discussions around the best practices and tourism development imperatives in the province. Resolutions of this critical conference will be implemented by relevant stakeholders. This session took place at Tiveka Game Lodge and was attended by the MEC of LEDET, Mr. Thabo Mokone. The Premier of the Province was also invited but he was represented by the MEC for Limpopo Provincial Treasury, Mr. Seaparo Sekoati as he attended to other commitments.

The purpose of this Provincial Tourism Lekgotla was to come up with innovative ways of rejuvenating the tourism industry after devastations caused by COVID-19. The session took place at a time when the industry was struggling to get back on shape and many jobs having been lost due to the pandemic. This challenge created an opportunity for the industry to find creative ways

to strengthen the businesses that have survived the pandemic and help save jobs. It was the first physical event that the Agency organised after a long period of separation from stakeholders in the tourism sector due to COVID-19.

The Board is content with the amount of work done in Sekhukhune during the Tourism Month campaign conducted in September. We believe this will go a long way in reviving and igniting tourism activity in that region. The launch of the campaign was successfully conducted in Ephraim Mogale Municipality at the newly opened Black Aloe Waterfront Resort near Flag Boshielo Dam. MEC, of LEDET, Mr. Thabo Mokone and the District Executive Mayor, Mr. Stan Ramaila both attended the media launch with the local Mayor, Cllr. Given Moimana and the LTA Board.

The wrap-up of the campaign was held at Fetakgomo-Tubatse Municipality in Burgersfort. It is worth noting that the Deputy Minister of Tourism, Mr. Fish Mahlalela, graced the event. The Deputy Minister was supported by the MEC of LEDET, Mr. Thabo Mokone and the LTA Board.

The Agency was also invited to the Limpopo Investment Summit that took place through a hybrid setup but was able to attract a lot of business owners and companies wanting to invest in Limpopo. The event was a resounding success and was attended by local and multinational companies both from the Africa, Asia and Europe. This was seen as a step in the right direction by our government to contribute to job creation by calling for investment in the province.

LTA continued to collaborate and partner with its important stakeholders to help it achieve its mandate of destination marketing. Key among these include Limpopo-based DSTV Premiership clubs, namely, Baroka FC and Marumo Gallants FC. We hope to continue with these partnerships given the amount of mileage this derives for the province. The partnerships also help expand on the brand awareness campaign that the Agency continues to get with enormous value of publicity.

The White Paper on Tourism emphasises cooperation amongst all sections of the society as it states that “Tourism should be Government led, Private sector driven, and Community based”. This is the reason why LTA Board worked so relentlessly to develop a new focused strategy that is also outward looking to bring all the tourism stakeholders together to grow tourism and economy of the province. The perfect environment created by Government for dialogue has not been used optimally to our advantage. To that end, LTA continued to work with another key stakeholder, Limpopo Provincial Tourism Association (LPTA) to help bolster domestic tourism by hosting the fourth edition of Limpopo Holiday Fair at Savannah Mall from the 1st-3rd October 2021. The event had a fair amount of feet, and for that we wish to thank the mall management for once again partnering with us to have a successful event. The venue was lively with many people witnessing so much that Limpopo has on offer.

The Board and the MEC of LEDET, the Shareholder, Mr. Thabo Mokone launched the festive season campaign on 22 October 2021 at the Phalaborwa Gate of the Kruger National Park. The Kruger National Park, whose bigger portion of over 70% resides in Limpopo Province, was used as a draw card to create awareness of this big tourism gem the province has on offer.

The Board also participated in the media launch of the 2022 instalment of Limpopo Marula Festival on the 16th March 2022 in Phalaborwa. The event was last held in 2020 after which the country was on a long lockdown period due to the outbreak of COVID-19 pandemic.

On the 17th March 2022, LTA participated in the stakeholder engagement forum organised by the office of the Deputy Minister of Tourism Mr. Fish Mahlalela in Mopani District at Maruleng Municipal hall. LTA was invited by the Mayor of Maruleng Municipality, Cllr. Tsheko Musolwa as well as the office of the Deputy Minister, Mr. Fish Mahlalela to be part of the session. The session was well attended with the tourism industry making valuable inputs to change the outlook of Maruleng municipality and Hoedspruit as the tourism gem of the province.

The Board is still committed to protecting its domestic and international market share but will also endeavour to regain its position as the top-most visited province in the country on the domestic tourism front.

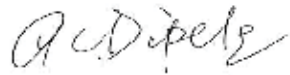
The following policy directives continue to be of paramount importance to LTA:

- ✓ Achieving clean Audit,
- ✓ Integrating all the entity's systems,
- ✓ Attaining exceptional performance,
- ✓ Fighting triple challenges of poverty, unemployment, and inequality,
- ✓ Building strong partnerships with private sector and Local Government,
- ✓ Encouraging grading of tourism facilities,
- ✓ Intensifying efforts on research,
- ✓ Growing tourism, and
- ✓ Enhancing market intelligence.

I wish to, on behalf of the Board, express my sincere gratitude to the following for having been on our side:

- Shareholder, the Honourable MEC for Limpopo Economic Development, Environment and Tourism (LEDET), Mr. Thabo Mokone, Management and staff of his department for continued support, guidance and provision of space for the Board to fulfil its mandate.

- Media in general to have given us coverage to expose the Agency's activities in the country and beyond, thereby promoting our immaculate province, its people with their diverse cultures, icons and a myriad of attractions. This will help the tourism sector grow despite COVID-19, which almost paralyzed the tourism sector.
- The tourism industry leaders and drivers for their continued support and technical advice on various tourism related matters.
- The unqualified audit opinion in the past financial year, would not have been possible had it not been for the continued cooperation among the various stakeholders including the Auditor General, Risk and Audit Committee, our internal auditors, LTA management and staff as well as the Shareholder. Success in this area calls for intensity in compliance to governance. Clean audit is still attainable and continues to be our aspiration.



Khiba Andrew Dipela

Board Chairperson

Limpopo Tourism Agency

5. CHIEF EXECUTIVE OFFICER'S OVERVIEW



Tlou Phillip Maleka
Acting Chief Executive Officer

The Member of the Executive Council (MEC) responsible for Economic Development, Environment and Tourism, the Hon Thabo Mokone (MPL).

The Chairperson of Limpopo Tourism Agency Board, Mr. Andrew Dipela and Members of the Board.

It is an honour and pleasure for me, on behalf of LTA management and staff, to present the 2021/22 Annual Performance Report to you. The Global tourism sector continued to be affected negatively by the COVID- 19 pandemic and unfortunately, the sector needed to be innovative and do business differently to remain relevant and competitive. The current situational analysis shows that tourism witnessed a significant improvement which is encouraging though recovery remains fragile. In terms of the UNWTO's global tourism barometer, foreign travel with regard to overnight visitors, displayed an increase of 58% in the period July to September 2021 compared to the same period in 2020, however, the increase remains below with 64% compared to 2019.

The Agency opened the new financial year 2021/22 with the 3rd edition of the Limpopo Golf Championship at Euphoria Golf and Lifestyle Estate, Mookgophong on 25 April 2021. Limpopo Tourism Agency is grateful that the tournament was a resounding success as it went well with no challenges. LTA is grateful that the tournament was a resounding success as the event met all its objectives. The Minister of Tourism, Ms. Mmamoloko Kubayi-Ngubane came to grace the event on the last day of the tournament, 25 April 2021.

Limpopo Tourism Agency partnered with Euphoria Golf and Lifestyle Estate as well as a group of 41 motor enthusiasts called The Jeep Inmate Club, to support the club's annual tour and CSI charity drive named 'Go Topless'. The event was hosted on Saturday, the 15th of May 2021 at Euphoria Golf and Lifestyle Estate in Mookgopong.

The tourism industry and its sub-sectors were the hardest hit ever since the country went on a nationwide lockdown because of COVID-19 pandemic outbreak. Restaurants and other eateries under Lockdown alert level-4 were only allowed to serve food on take-aways and deliveries, putting a strain on an already struggling sub-sector. As part of our tourism recovery plan, LTA utilized its social media platforms to encourage the public and those who could afford to order take-aways from their local restaurants and eateries to support the outlets as the sub-sector was already strained.

There was a slight relief after the President's announcement of sit-inns in restaurants and eateries, allowing not more than fifty people at such venues. We had to relook at our provincial tourism sector recovery plan to find innovative ways of supporting some of the mostly affected sectors such as restaurants and eateries. We reached out to the industry to send us their menus, locations and contact details for scheduling and uploading on our social media platforms.

The province convened Tourism Lekgotla, which took place on 26 and 27 August 2021 in Polokwane. The conference was convened within the broad strategic context of formulating a common approach and understanding on a range of issues and challenges facing the Tourism Industry in Limpopo. The objectives for this much-anticipated Lekgotla were, to initiate and facilitate a conversation about the value of tourism and how to position Limpopo and address critical areas that needs improvements, such areas included the COVID-19 recovery plan, ease of access through effective and efficient infrastructure, airlift, connectivity, and others, to increase domestic tourism trips (educate and create awareness of domestic tourism, tourism products and related services, particularly in the rural areas), to encourage domestic travellers (especially Visiting Friends and Relatives) to be tourists in their own province as well as to enhance visitor experience and to improve destination management practices.

The Agency and the Shareholder department, LEDET, ensured that Sekhukhune region, which did not do well in the past was made the centre of attraction by making the region the host of the media launch of the 2021 Tourism Month when the event was hosted at the newly opened Black Aloe Waterfront Lodge, under Ephraim Mogale Local Municipality at Letebejane Village next to Flag Boshielo Dam. Sekhukhune district has enormous tourism potential that is yet to be unlocked. Tourism has labour absorptive capacity as it can create more job opportunities thereby reducing poverty, unemployment and inequality, which are triple challenges tormenting our society. The event was blessed with the attendance of the MEC of LEDET, Mr. Thabo Mokone, the Executive Mayor of Sekhukhune District Municipality at the time, Cllr. Stan Ramaila and Board members.

Tourism Month Campaign was wrapped up in style from the 28th to 30th September 2021 in Sekhukhune, Burgersfort. The event was also attended by the Deputy Minister of Tourism, Mr. Fish Mahlalela, who attendance the event to support the MEC of Limpopo Department of Economic Development, Environment and Tourism (LEDET), Mr. Thabo Mokone, during dinner held at the newly opened 4-star establishment, Rufaro Guest House. Tourism Month campaign was concluded in style with a plethora of activities like open the market in the form of exhibition, which the MEC officially opened on 30th September 2021. Official opening of Fetakgomo-Tubatse Visitor Information Centre was a highlight on the day and was done by the Deputy Minister Mr. Fish Mahlalela, MEC of LEDET, Mr. Thabo Mokone and LTA Board Chairperson, Mr. Andrew Dipela.

The day's activities on the 30th September 2021 were preceded by the virtual session with the Tourism Minister, Ms Lindiwe Sisulu whereby she encouraged stakeholders to hold on despite devastation caused by COVID-19. The Minister at the time had just received a synopsis of the impact, challenges and proposed collaborative interventions from industry and stakeholders representing the aviation, hospitality, restaurant, food and beverage, and service operators including tour guides and travel agencies as well as the events and exhibitions industries amongst others.

The World Tourism Day (WTD) is annually celebrated worldwide on the 27th September 2021 annually under a specific theme. This year, United Nations World Tourism Organization (UNWTO) announced the theme “*Tourism for inclusive growth*”, under which Tourism Month Campaign was celebrated. The 2021 celebrations were held in Free State Province in the small town of Clarens on the 27th September 2021. LTA was represented by its Board Chairperson, Hon.Mr. Andrew Dipela and Head of Communications and PR, Mr. Mike Tauatsoala.

Limpopo Tourism Agency launched its summer campaign as an initiative to promote and drive domestic tourism during the festive season. The campaign was launched on 22 October 2021 at the Phalaborwa Gate of the Kruger National Park. The aim was to showcase Limpopo as a suitable holiday destination for the festive season, but most importantly to grow its market share of domestic travellers. The Agency took advantage of the President's announcement of easing restrictions by moving the country to adjusted alert level one at the time.

The emphasis was on the “More to Enjoy” pay-offline as a way of emphasizing diverse destination offerings. The plan was targeting local travellers and especially the visiting friends and relatives (VFR's) from neighbouring provinces such as Gauteng, North West and Mpumalanga who often come to Limpopo during this period. The campaign was supported by activations and/or exhibitions provincially through other partners such as Limpopo Economic Development Agency.

On the 20th November 2021, the agency took its activation of the Summer Campaign to Waterberg District, Bela-Bela as a way of encouraging the citizens to do tourism this festive season.

In its attempt to promote Limpopo Golf Tourism as well as creating awareness about Golf Passport for all golf courses in the Waterberg District, the Agency partnered with Dipekwa Golf Club and Babirwa Golf and Bush Lodge for a two-day golf event on the 5th and 6th November 2021. This was also done for purposes of promoting Limpopo Golf and Safari Route and sports tourism in the Waterberg. LTA saw this as an opportunity for creating more awareness about the Golf and Safari Route under Sport and Wildlife Cluster. The partnership of LTA and Babirwa Golf and Bush Lodge would be beneficial for both parties with Babirwa Golf and Bush Lodge being used as a platform to promote Limpopo Golf Tourism in the province. The establishment would in the process gain popularity with more rounds of golf being played at this less known golf course and exquisite five-star establishment in the Waterberg District.

The agency further took activation to Bela-Bela mall as a way of encouraging the citizens to do tourism during the festive season. The Agency took advantage of the annual Kudu Golf Tournament that took place from 18-20 November 2021 at Koro Creek Bushveld Golf Estate. This activation is an attempt to transform visiting friends and relatives (VFRs) into holiday makers and tourists in their own province. It was also aimed at enhancing the visitor experience and to improve destination management practices.

LTA partnered with the two Limpopo-based DSTV Premiership clubs, Baroka FC and Marumo Gallants FC. The rationale behind partnership with these clubs is purely for purposes of increasing its marketing initiatives from which the Agency derives enormous mileage for brand equity and awareness. The clubs are playing a strategic role in the tourism sector benefiting various sectors in the tourism value chain such as restaurants, fuel stations, accommodation facilities, shops, hawkers, street vendors, etc. This enhances and ignites tourism especially when the clubs host their home games in the province. This was done with optimism that the spectators would gradually be allowed into the stadia by the Premier Soccer League (PSL) towards the end of the season as COVID-19 pandemic was at its peak.

LTA continued with its festive campaign activations in the first week of December 2021 with SAPA YOPA bikers' rally in Polokwane from 2-5 December 2021. LTA partnered with the event and conducted an activation at this event. LTA welcomes this continued gesture by the leadership of SAPA YOPA Motorcycling Club to make Limpopo the home of their annual rally. This no doubt boosts the economy but also grows tourism in the province. LTA also sent some of its officials, Gary Player Count to Sun City Resort for an activation during the SA Open Championship from 2-5 December 2021. LTA partnered with Sunshine Tour for this event and used this as an opportunity to create awareness about destination Limpopo and what it has on offer to the golfers and non-golfers attending the event. This is an annual mass event that we are confident will boost the numbers of domestic trips to our province at a later stage.

The main objective for our participation in these activations was to secure those undecided travellers and to convince the last-minute holiday takers to choose Limpopo as an ideal summer destination.

LTA led tourism stakeholders in Sekhukhune District including Sekhukhune District Development Agency, Fetakgomo-Tubatse Local Municipality, Small and Enterprises Development Agency (SEDA) with some SMMEs on a mission to expose some hidden gems of the province to the world. On the 14th December 2021, the delegation headed to Leolo Mountain ranges for sight-seeing as well as exploring the rare species like the other family of the yellow arum lily that grows in the wild around that area, whose botanical name is *Zantedeschia Jucunda*. This genome of the yellow arum lilies is endemic to Mohlake Valley and the surrounding. On the 15th December 2021, the Agency paid a visit to Phiring Village under Dinkwenyane Traditional Authority for a visit to yet another new gem in the province, a unique geological formation of an active Sekweneng tufa rock.

That could not have been a better way to start the new year boosting tourism after devastating effects of COVID-19. The event was expected to attract leaders of the ruling party from all provinces including senior government leaders, as well as media from all over the country. It was good news for the province especially after the tourism industry was hit so hard by COVID-19 since its outbreak in March 2020.

On the 12th January 2022 the Agency launched the 4th edition of Limpopo Championship, a mega golf tournament in Limpopo. The tournament was staged between 31 March and 01 April 2022 at both the Euphoria Golf & Lifestyle Estate and Koro Creek Bushveld Golf Estate. This tournament, co-sanctioned by European Challenge Tour and the Sunshine Tour, which was a resounding success, firmly put the province of Limpopo in the golf calendar. The championship was presented by the Limpopo Tourism Agency with a prize money of R3.5 mil. This saw Mateusz Gradecki finishing on 19 under par thus winning the tournament.

LTA Board and management took a strategic retreat for three days, 25-27 January 2022, to plan for the new financial year, 2022/23. The first day was dedicated to engagement with our key stakeholders by way of consultation before the start of the new financial year. structures met included Limpopo Provincial Tourism Association (LPTA), Southern African Tourism Services Association (SATSA) Limpopo, Limpopo Chapter of Women in Tourism (LimWit), Traditional African Homestays South African (TAHSA), South African Township and Village Tourism Organization (SATAVITO), regional tourism associations, National Department of Tourism, South African Tourism, Limpopo Department of Economic Development, Environment and Tourism (LEDET), Limpopo chapter of South African Local Government Association (SALGA) and Limpopo Provincial Treasury. Government structures attended for purposes of providing advice to the entity on matters of compliance before the commencement of the new financial year.

While the world was celebrating Valentine's Day on the 14th February 2022, Limpopo got its memorable present when it was graced with the arrival of the superstar, Tom Cruise the film star. The Agency was elated to the good news of the arrival of the film star and his crew in Hoedspruit, Maruleng Municipality for the shooting of his movie, Mission Impossible 8. A warm

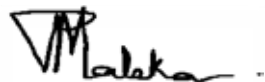
welcome awaited Tom Cruise and the entire film crew who were in Hoedspruit shooting a movie. Cruise, who is a producer and actor started shooting movies since 1981. The arrival of Tom Cruise and his crew in the province created a lot of hype in the province with a lot of excitement from the people in the area where the movie was billed to be shot.

The media launch took place on the 16th March 2022, at Sefapane Lodge and Safaris in Phalaborwa. The MEC of LEDET, Mr. Thabo Mokone, presided over the event and was accompanied by the Mayor of Ba-Phalaborwa Municipality, Cllr. Merriam Malatji. The MEC, in his address emphasized the importance of protecting the Marula trees in the province wherever they grow, and that the festival should benefit the rural poor, women and people with disabilities working in the Mukumbi Cooperatives.

We wish to thank everybody who contributed towards the success of LTA during this difficult period, which saw most events disrupted due to COVID- 19. These include but not limited to the following:

- Our Board for its visionary leadership, support, and guidance.
- Our Executive Management and the entire staff for giving their all during the most difficult times.
- My colleagues, CEOs from other tourism authorities in other Provinces, for their willingness to always share good practices on how best we could grow tourism and navigate out of frustrations posed by this devastating and invisible enemy.
- My colleagues, CEOs of other state-owned entities in our Province, for their unqualified support.
- Members of the media for continuously covering our events and exposing Limpopo gems to the world.
- Our esteemed lifetime partners, the ever-hard-working tourism industry with the different formations

As an entity we value the strong partnership that we have with various industry players and together we continue to position Limpopo as a competing destination.



Tlou Phillip Maleka

Acting Chief Executive Officer

Limpopo Tourism Agency

6. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

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

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

The annual report is complete, accurate and is free from any omissions.

The annual report has been prepared per the guidelines on the annual report as issued by National Treasury.

The Annual Financial Statements (Part E) have been prepared following the Generally Recognised Accounting Practice (GRAP) standards applicable to the public entity.

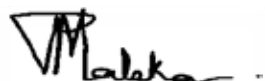
The Accounting Authority is responsible for the preparation of the annual financial statements and the judgements made in this information.

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

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

In my opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the public entity for the financial year ended 31 March 2022.

Yours faithfully



Tlou Phillip Maleka

Acting Chief Executive Officer

7. STRATEGIC OVERVIEW

7.1. Vision

To position Limpopo as a leading tourism destination in Southern Africa.

7.2. Mission

To promote and offer a sustainable and diverse tourism experience through strategic marketing (destination marketing) and support and facilitate tourism development programmes, collaborations with stakeholders and sector transformation.

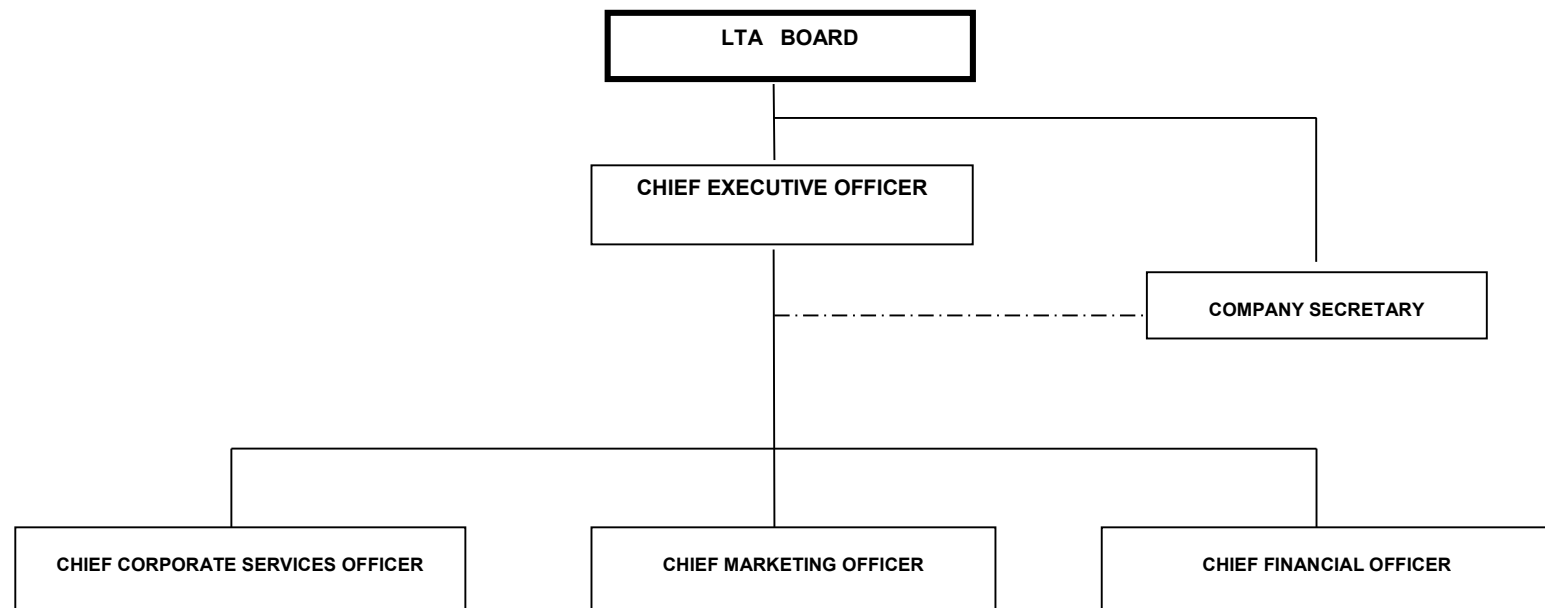
7.3. Values

7.4. Core Value	Description
Integrity	Conduct beyond reproach will be deployed by staff and Board.
Respect	Display respect in dealing with all stakeholders, be they colleagues, other departments, business partners in the tourism industry or Limpopo, which is best displayed through effective listening and communication, as well as seeking first to understand them before being understood.
Excellence	The entire LTA organisation shall continually strive for service excellence delivery towards all our tourists.
Responsibility	All tourism development, management and activities shall deliver on all areas of economic, social, environmental and personal, growth sustainability.
Communication	LTA will strive to communicate effectively and efficiently within and outside the organisation.
Accountability	The obligation of an individual or organisation to account for its actions (Financials, Performance and Social), accepts responsibility for their disclosed results in a transparent manner.
Learning Organisation	Culture of continuous improvement by adopting best practices.

8. LEGISLATIVE AND OTHER MANDATES

- State what schedule Public Entity falls under in terms of schedule 3C PFMA 1/1999.
- Set out the specific constitutional and other legislative, functional and policy mandates of the public entity, as per the relevant act(s) that govern(s) its establishment and operations. This should not be the entire list of legislation that the public entity is subject to in the course of its operations. Also include legislation of the entity and related legislation, government policy frameworks that govern the public entity.
- This information must be consistent with the information provided in the strategic plan and annual performance plan.

9. ORGANISATIONAL STRUCTURE

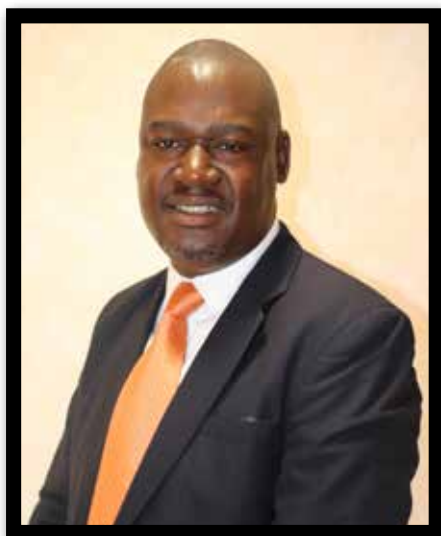


PART B

PERFORMANCE INFORMATION



EXECUTIVE MANAGEMENT



Mr. Tlou Phillip Maleka
Acting Chief Executive Officer



Mr. Mapale Peter Maila
Chief Financial Officer



Ms. Modjadji Alydia Makoela
Chief Marketing Officer



Mr. Choene Vincent Masoga
Manager Risk and Compliance



Mr. Thapelo Gladwin Kotsedi
Company Secretary

PART B: PERFORMANCE INFORMATION

1. AUDITOR GENERAL'S REPORT: PREDETERMINED OBJECTIVES

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

Refer to page 88-94 of the Report of the Auditors Report, published as Part E: Financial Information.

2. SITUATIONAL ANALYSIS

2.1. Service Delivery Environment

This Annual Performance Report is presented with several imbalances that were caused by the different stages of the COVID-19 pandemic that impacted the tourism industry negatively especially in the first four months of the financial year under review. There were indications that 98% of the businesses in the tourism industry were negatively affected by the COVID 19 restrictions that were only eased in the second quarter of the financial year.

The easing of the COVID 19 restrictions allowed the entity to roll out key outdoor activations that included the Tourism Month, Summer and Easter campaigns to achieve more in terms of reach and enhancement of partnerships that were not possible during the lockdown restrictions. The plan unleashed the net wider taking advantage of the alert level that allowed physical participation and as such, the entity implemented aggressive Programmes that created a hype of activities, using various platforms to announce to the market that Limpopo is ready to welcome tourists in numbers, but also to send the message that the industry complies with the COVID 19 Norms and Standards for safe travel. The implemented plans included the following:

- Industry partnerships on speed marketing involving trade and buyers as well as institutions that facilitate travel bookings and product promotions. This required proper partnerships with Industry and relevant media partners to reach the target market as well as to promote available packages.
- Involved trade partners and media buy-in with national reach to communicate the festive campaign and packages which will be supported throughout with weekly updates on the LTA website linked those of the products and their promotional platforms.
- Activations in various identified malls in Limpopo, Gauteng, Mpumalanga and North-West) to enhance the campaign reach for Intra-Provincial promotion for the festive campaign.
- Conducted media adverts on selected media platforms between August 2021 and March 2022 with television interviews through the various activations undertaken.

Due to the COVID-19 pandemic, it was necessary for the entity to focus on the domestic marketing efforts focusing on the local markets. This was achieved minimally through traditional marketing methods and alternative methods such as social media and other content generation platforms. It was proven during this period that the alternative media platform seems to be yielding higher measurable returns in terms of the number of views and impressions. This however became a bit cumbersome to measure the actual conversion into a real business.

2.2. Organisational environment

The entity achieved 97 percent expenditure against the projected expenditure of 100 percent. The 3 percent under expenditure resulted from Compensation of Employees (CoE) because of four (4) vacant positions of Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Marketing Officer (CMO) and Manager SCM. The entity had identified four strategic risks for the current financial year. The risks were assessed and found to be partially mitigated with the exception of achieving the same audit outcome of unqualified audit opinion. There was also an increase in physical marketing from the second to the fourth quarter where the entity attended internationally recognized events from the launch of the Tourism Month, hosting of the Summer Campaign, participation at Meetings Africa, Limpopo Championship and recently both WTM Africa and Africa's Travel Indaba in Durban. South African Tourism will release the statistics and as Limpopo we are hopeful that there will be an increase on both domestic trips undertaken to the Province as well as foreign arrivals. Measures are in place to ensure adherence to activity-based budget and regular budget committee meetings to review the spending pattern within the entity.

The entity's vacancy rate on funded vacant posts at the end of March 2022 remained at 8%, which was due to the moratorium placed, barring the filling of vacant positions until the re-configuration of state-owned entities in the province is concluded. Four (4) funded vacant positions remained vacant including the two (2) critical positions of Chief Executive Officer and Chief Marketing Officer.

In terms of managing COVID-19 at the workplace employees of the entity were provided with the necessary Personal Protective Equipment (PPEs) as part of risk mitigation for COVID-19 in the workplace, and these include but are not limited to cloth masks, face shields, and hands sanitisers. The entity has introduced basic occupational hygiene practices such as the washing of hands with soap regularly, hand sanitizing and social distancing. The building was also marked with signs to ensure that employees and visitors to the workplace adhere to the protocols. During the financial year under review, the entity did not have reported death case/s.

2.3. Key policy developments and legislative changes

There are no key policy developments, but the entity awaits the outcome of the process of reconfiguration on public entities in Limpopo that may have a bearing on its mandate. Leave Policy, Settlement Policy, Study Assistance, Long Service Award and Overtime Policy were aligned to the Department of Public Service and Administration (DPSA) policies.

2.4. Progress towards achievement of institutional Impacts and Outcomes

The strategic plan adopted in 2021/22 remains unchanged but has factored in the challenges that may affect the entity in attaining the 2030 goals, especially those that are related to an increase in the number of tourists visiting Limpopo.

3. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

3.1. Programme 1: CHIEF EXECUTIVE OFFICE

The purpose of this Programme is to provide capacity to the entity to deliver on its mandate.

The Programme is subdivided into three sub-programmes as follows:

- Board support: the sub-Programme aims to ensure efficient Board Leadership of the agency in compliance with relevant legislative prescripts.
- Monitoring and evaluation: the sub-programme aims to ensure effective and efficient monitoring of the performance of the entity.
- Internal Audit and Risk: the sub-programme aims to provide risk management and compliance services.

NB: For the Office of the Board Support, there are no output Indicators set in the planning document.

Institutional Outcomes that 1 contributes to:

- Improved governance, oversight, and intergovernmental coordination.

Outcomes, outputs, output indicators, targets and actual achievements table

Under Programme 1, the entity achieved 94 % of the planned annual output targets. The following are the reasons for the underperformance of this Programme in the financial year under review:

- Throughout the four quarters the entity was unable to achieve 100 % of the set targets.

Table no.3.1.1.

Programme 1: Chief Executive Office								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	**Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations
Improved governance, oversight, and intergovernmental coordination	Reduced incidents of corruption	Reduction in incidents of corruption	Not measured	<5	<5	<5	none	none
	Alignment with Stakeholders	Stakeholder engagements hosted	Not measured	8	8	11	Exceeded targets by 3 additional stakeholder engagements.	Exceeded targets due to partnerships with LEDA, National Department of Tourism and Municipalities.
	Improved organisational	Achievement of	78%	74%	100%	91.30 % (94+89+95+87 = 365/4)	8.70 %	Material findings on

Programme 1: Chief Executive Office								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	**Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations
	Performance	Performance targets					<p>Three targets were not achieved.</p> <p>1.Clean audit opinion.</p> <p>2.100 % spending of the annual budget.</p> <p>3.Negative audit opinion as a risk.</p>	<p>SCM and performance information.</p> <p>3 % underspending on vacant positions of CEO, CMO and CFO.</p> <p>Unqualified audit opinion obtained.</p>
		Number of Strategic risks mitigated	4	1	4	3	1.Unqualified audit opinion obtained	Material findings on SCM and performance information.

Sub-programme expenditure

Programme/activity/objective CEO	2021/2022			2020/2021		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Board Support	1 528	1 727	(199)	1 012	1 052	(40)
Monitoring and Evaluation	404	481	(77)	1 026	261	765
Communications	557	557	-	60	38	22
Risk and Compliance	-	-	-	80	-	80
Compensation of Employees	6 618	5 840	778	5 760	5 851	(91)
Capex	123	119	4	56	40	16
Total	9 230	8 724	506	7 994	7 242	752

3.2. PROGRAMME 2: CORPORATE SERVICES

The purpose of this Programme is to provide effective and efficient corporate support services in Limpopo Tourism Agency.

The Programme is subdivided into four sub-programmes as follows:

- Administration whose aim is to render support and auxiliary services.
- Human Resources: aimed at providing human resources management services.
- Information Communication Technology: which is aimed at providing information technology services.
- Legal Services: This is aimed at providing strategic legal advice and support services.

Outcomes, outputs, output indicators, targets and actual achievements

Programme 2 achieved 100% of the planned output indicators and targets during the year under review.

Table No. 3.2.1

Programme 2: Corporate Services									
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
A professional, meritocratic and ethical public administration	Implementation of ICT systems to digitise the operating environment	Number of ICT digitalization programmes implemented	Not measured	0	3	3	None	None	None

Sub-programme expenditure

	2021/2022			2020/2021		
Programme/activity/objective CS	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Human Resources Management	3 623	3 625	(2)	4 240	2 835	1 405
Human Resources Development	64	64	-	110	107	3
Professional Fees	13	13	-	300	23	277
Employee Wellness	99	97	2	130	107	23
Information Communication Technology	1 096	1 094	2	930	625	305
Compensation of Employees	9 655	9 986	(331)	7 672	9 141	(1 469)
Capex	592	573	19	2 469	284	2 185
Total	15 142	15 452	(310)	15 851	13 123	2 728

3.3. PROGRAMME 3: FINANCIAL MANAGEMENT

The purpose of this Programme is to ensure sound financial management and accountability in the entity.

This Programme is divided into two sub-programmes as thus:

- Financial Management: the sub-programmes aims to provide sound financial management and accountability in the entity.
- Supply Chain Management: It aims to provide a procurement system, which is fair, equitable, transparent, competitive and cost-effective.

Institutional Outcomes that Programme 3 contributes to:

- Improved financial and procurement governance.

Outcomes, outputs, output indicators, targets and actual achievements table

The programme targets are, clean audit, 100 per cent budget spend and 30 per cent procurement from a small business owned by blacks, women, disabled and youth.

Regarding clean audit opinion, the entity is still waiting for the report to be issued at the end of the audit, 31 July 2022.

Budget spend, the entity achieved 97 per cent against 100 per cent target on budget spend. The variance of 3% was realised during the financial year under review.

The entity achieved 100 per cent on the procurement and support for small businesses owned by blacks, women, the disabled and youth.

Programme 3 achieved 67% of the annually planned targets for the period under review.

Table No.3.3.1

Programme 3: Financial Management								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022 until the date of re-tabling	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations
Maintained effective, efficient, and transparent systems of financial and risk management and internal controls and provision of an appropriate procurement system which is fair, equitable transparent,	Improved audit outcomes	Clean audit opinion obtained	Unqualified audit opinion obtained	Unqualified audit opinion obtained	Clean Audit Opinion	Unqualified audit opinion obtained.	Unqualified audit opinion	Material findings on SCM and performance information.
	Allocated Budget spent	Percentage (100%) expenditure against budget	91%	81%	100%	97%	3%	Underspending on vacant positions of CEO, CMO and CFO.
	Implementation of 2030 Provincial Procure	30% procurement spending on black, youth, disabled and women	Not measured	100%	100%	100%	None	None

Programme 3: Financial Management

Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022 until the date of re-tabling	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations
competitive, and cost effective.	ment Strategy	owned SMMEs set aside						

Sub-programme expenditure

Programme/activity/objective FM	2021/2022			2020/2021		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Financial Management	3 165	3 128	37	4 244	3 250	994
Supply Chain Management	75	72	3	77	45	32
Compensation of Employees	6 538	5 283	1 255	6 980	5 200	1 780
Capex	66	65	1	1 126	861	265
Total	9 844	8 548	1 296	12 427	9 356	3 071

3.4. PROGRAMME 4: INTEGRATED DESTINATION MARKETING

The purpose of this Programme is to market Limpopo as a leading tourism destination to domestic, regional and international markets.

This Programme is divided into two sub-programmes as follows:

- Destination Marketing Services: this sub-programme aims to market the province.
- Destination information Services: to provide information to tourists and a point of contact.

Institutional Outcomes that Programme 4 Contribute to:

Enhanced visitor experience

Growth in tourist arrivals and trips into and intra Limpopo

Outcomes, outputs, output indicators, targets and actual achievements

The IDM programme achieved 100% of the annual planned targets. During the financial year under review, the entity was able to implement marketing programmes based on the COVID 19 Marketing Recovery Plan. The easing of lockdown measures with effect from August 2021 had allowed the implementation of marketing campaigns and partnerships with the industry and municipalities.

Table No.3.4.1.

Programme 4: Integrated Destination Marketing								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations
Enhanced visitor experience	Research conducted	Number of research conducted	2	2	2	3	Exceeded targets by 1 additional research conducted	Exceeded targets due to previous year research study only completed in the current financial year
	Increased tourism information dissemination	Number of platforms utilised to disseminate	Not Measured	3	20	20	None	None

		tourism information						
Growth tourism in Limpopo	Improved destination brand awareness	Number of brand awareness campaigns implemented	4	4	4	4	None	None
		Number of collaborations implemented	12	7	8	8	None	None
		Number of business events awareness programmes implemented	4	1	1	1	None	None
		Number of trade marketing platforms activated	10	1	4	4	None	None

Sub-programme expenditure

Programme/activity/objective IDM	2021/2022			2020/2021		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Destination Marketing Services	16 491	16 308	183	12 400	8 737	3 663
Destination Information Services and Research	940	938	2	2 300	522	1 778
Divisional Support	410	500	(90)	300	312	(12)
Compensation of Employees	14 502	14 032	470	15 086	14 159	927
Capex	138	118	20	55	18	37
Total	32 481	31 896	585	30 141	23 748	6 393

Strategy to overcome areas of underperformance

The following measures shall be implemented to deal with the strategic challenges towards the realisation of the institutional outcomes and impact:

Chief Executive Office

- An official has been seconded from the Corporate Services division to the Chief Executive Officer's office to take care of planning, monitoring and evaluation activities on a full-time basis.

Corporate Services

- The entity has filled the positions of Chief Financial Officer, Manager Supply Chain Management and was in the process of filling vacant critical positions (Chief Executive Officer and Chief Marketing Officer) as at the end of the financial year.

Financial Management

- Full implementation of Manager Supply Chain Management and finance standard operating procedure document.
- Adherence to activity-based budget.

Integrated Destination Marketing

- Continuous digital marketing of the destination with limited physical marketing.

Reporting on the Institutional Response to the COVID-19 Pandemic

The entity did not receive special funding for COVID 19 relief; however, it supported the industry through marketing initiatives made available through its digital platforms, webinars and bookings.

The entity also assisted the province in the evaluation of applications for the COVID 19 relief fund that was offered by LEDET to the tourism industry.

Table: Progress on Institutional Response to the COVID-19 Pandemic (not applicable)

Programme/ Sub Programme	Intervention	Geographic location (Province/ District/local municipality) (Where Possible)	No. of beneficiaries (Where Possible)	Disaggregation of Beneficiaries (Where Possible)	Total budget allocation per intervention (R'000)	Budget spent per intervention (R*000)	Contribution the Outputs in the APP (where applicable)	Immediate outcomes
Employee Wellness	Personal Protective Equipment	Limpopo Province: Capricorn District, Polokwane Municipality	51	N/A	20	16	N/A	N/A

Linking performance with budgets

Sub-Programme Name	2021/2022			2020/2021		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Personnel Cost	37 313	35 141	2 172	35 498	34 350	1 148
Goods & Services	9 405	9 487	(82)	11 327	7 469	3 858
Board Expenditure	1 219	1 316	(97)	882	874	8
Integrated Destination Marketing	17 841	17 746	95	15 000	9 571	5 429
Capex	919	875	44	3 706	1 204	2 502
Total	66 697	64 565	2 132	66 413	53 468	12 45

4. REVENUE COLLECTION

- The entity has no revenue collection activity.

5. CAPITAL INVESTMENT

- Progress made on implementing the capital, investment, and asset management plan.
 - ✓ The entity does not have any capital investment.
 - ✓ The asset management plan is well implemented by the entity, asset verification was conducted in line with the asset management policy and asset management plan.
- Infrastructure projects which have been completed in the current year and the progress in comparison to what was planned at the beginning of the year.
 - N/A

Infrastructure projects that are currently in progress

- ✓ Their were no infrastructure projects planned for the year under revue.
- Progress made on the maintenance of infrastructure.
 - ✓ None
- Developments relating to the above that are expected to impact the public entity's current expenditure.
 - ✓ None
- Details as to how asset holdings have changed over the period under review, including information on disposals, scrapping and loss due to theft.
 - ✓ No changes on asset holdings
 - ✓ During asset verification, the entity identified assets that need to be impaired, disposed and written off/ scrapping. The write-offs and disposals were approved by the Board.
- Measures were taken to ensure that the public entity's asset register remained up to date during the period under review.
 - ✓ Performed monthly reconciliations and oversight by Provincial Treasury.
- The current state of the public entity's capital assets.
 - ✓ 95% of the entity's assets are in good condition and 5% in fair condition. All assets in bad condition were written off.
- Major maintenance projects that have been undertaken during the period under review.
 - ✓ No major maintenance projects.
- Progress made in addressing the maintenance backlog during the period under review, for example, has the backlog increased or become smaller? Is the rate of progress according to plan? If not why, and what measures were taken to keep on track.

- ✓ The entity did not have maintenance backlog during financial year under review

	2020/2021			2019/2020		
Infrastructure projects	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
N/A	0	0	0	0	0	0
Total	0	0	0	0	0	0

PART C

GOVERNANCE



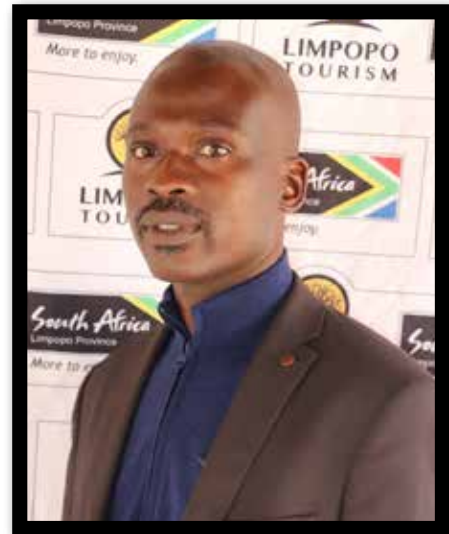
BOARD MEMBERS



Mr. Dipela K.A.
Chairperson of the Board



Mr. Chikane C.A
Deputy Chairperson of the Board



Cllr. Mashimbye P.F.
Board Member



Mr. Tseli R.M.
Board Member



Ms. Moganedi M.O.
Board Member



Ms. Tlouane K.C.
Board Member

PART C: GOVERNANCE

1. INTRODUCTION

The Board has ensured that entity has been guided on governance prescripts. During the year under review, the Board's decisions and resolutions were arrived at after careful consideration of data and applicable legislation. The Board submitted well researched documents and literature to the legislative forums. As the Accounting Authority, the Board executed in line with the Performance Agreement signed with the Executive Authority.

2. PORTFOLIO COMMITTEES

The entity appeared at the Portfolio Committee on 24/11/2021 as hereunder detailed; -

- 89% of the quarter target achieved.
- Nil report on incidents of fraud.
- Held 3 stakeholder engagement events.
- One strategic risk successfully mitigated.
- Quarter Financial Statements prepared in line with the GRAP framework.
- 51% expenditure against the target of 56%.
- 100% achievement on the indicator “minimum of 30% procurement spending on black, youth, disabled and women owned SMMEs set aside”.
- Five platform utilized to disseminate tourism information.
- One brand awareness campaign implemented.
- One marketing collaboration implemented.
- One marketing trade marketing platform activated.

3. EXECUTIVE AUTHORITY

Four quarterly reports were submitted to the Executive Authority on the following dates:

- First-quarter on the 30th July 2021
- Second-quarter on the 29th October 2021
- Third quarter on the 28th January 2022
- Fourth quarter on the 29th April 2022

Emphasis were made by Executive Authority to the entity to submit the mode of verification (MOVs) intime.

4. THE ACCOUNTING AUTHORITY / BOARD

The Accounting Authority considered and approved the following documents/submissions:

- Code of Conduct on 25/08/2021
- Payment Policy on 25/08/2021
- Petty Cash Policy on 25/08/2021
- Telecommunications Policy on 28/08/2021
- Five (5) Year Strategic Plan document on 10/03/2022
- Annual Performance Report Plan on 10/03/2022
- Procurement Plan on 10/03/2022
- Banking and Cash Policy on 10/03/2022
- Demand Management Policy on 10/03/2022
- Delegation of Authority on 10/03/2022
- Risk Management Framework on 10/03/2022
- Whistle Blowing Policy on 10/03/2022
- Leave Management Policy on 16/03/2022
- Transfer Allowance Policy on 16/03/2022
- Long Service Award Policy on 16/03/2022
- Payment of Overtime policy on 16/03/2022
- Operational Plan on 31/03/2022

As part of its fiduciary duties, the Board has been consistent with its inherent obligation of an oversight role.

The Board has played its role as more fully detailed hereunder:

Continuously overseen that the Agency:

- (a) Markets the province as a tourist destination.
- (b) Markets provincial tourism products and facilities.
- (c) Develops and implements a marketing strategy for tourism that promotes.
 - (i) The objects of this Act; and
 - (ii) The provincial tourism sector strategy;
- (d) Advised the MEC on any matter relating to the tourism marketing; and
- (e) Performed any other function the MEC may assign or delegate to the Agency.

Board Charter

The Accounting Authority has considered and approved the Board Charter. The Charter details the terms of reference for the Board. In its application, the Board understands its mandate, the frequency of its meetings, the quorum of the meetings, declaration of interest, and the threshold of decision making by the Board amongst others. The Board Charter has been instrumental in guiding how the Board should conduct its business.

Composition of the Board

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g: Audit committee / Ministerial task team)	No. of Meetings attended
Khiba Andrew Dipela	Chairperson of the Board	01 December 2019		<ul style="list-style-type: none"> • Courses passed: Private 1 &2 Constitutional Law African Law English 1 Criminal Law Interpretation of Statutes Family Law Afrikaans Political Science 1 &2 • Professional Sports Management Graduate Module 	<ul style="list-style-type: none"> • Sports • Human Resources 	<ul style="list-style-type: none"> • Trustee of Bokamoso Investment Trust • Revolutionary Road Solutions • Rotakuwa Gaming and Leisure • Chairperson of Dipela Sports Events • Dipela Farming 	<ul style="list-style-type: none"> • Destination Marketing (ex -officio) • Human Resources and Remunerations (ex-officio) 	18

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g: Audit committee / Ministerial task team)	No. of Meetings attended
				<ul style="list-style-type: none"> Executive Sports Management Programme FIFA Futuro 3 Graduate 				
Chikane Chikane Albert	Deputy Chairperson Destination Marketing Committee Chairperson Risk and Audit Committee Chairperson	01 December 2019		<ul style="list-style-type: none"> Master in Public Administration Post Graduate Diploma in Monitoring and Evaluation Advanced Programme in Project Management B Juris 	<ul style="list-style-type: none"> Human Resource specialist Strategist 		<ul style="list-style-type: none"> Contracts Human Resources and Remunerations 	20

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g: Audit committee / Ministerial task team)	No. of Meetings attended
				<ul style="list-style-type: none"> • Advance Labour Law Programme • Business Management Development Programme • Executive Development Programme • GCRA Executive Leadership Development Programme • Strategic Human Resources Management 				

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g: Audit committee / Ministerial task team)	No. of Meetings attended
				<ul style="list-style-type: none"> • Certificate in Corporate Governance 				
Rembuluwani Moses Tseli	Member Risk and Audit Committee Chairperson Destination Marketing Chairperson	01 December 2019		<ul style="list-style-type: none"> • Postgraduate Diploma in Management • Senior Primary Teacher's Diploma • Diploma in Municipal Governance • The advanced certificate in Governance and Leadership 	<ul style="list-style-type: none"> • Educationist • Corporate Governance 		<ul style="list-style-type: none"> • Human Resources and Remunerations 	19

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g: Audit committee / Ministerial task team)	No. of Meetings attended
Madipoane Refiloe Moremadi Mothapo	Member Human Resources and Remunerations Committee Chairperson	01 December 2019	07 December 2021	<ul style="list-style-type: none"> • Baccalaureus Procurations • Bachelor of Laws • Postgraduate Diploma in Drafting and Interpretation of Contracts • Postgraduate Diploma in Corporate Law • Postgraduate Diploma in Labour Law • Postgraduate Diploma 	<ul style="list-style-type: none"> • Traditional leadership • Legal specialist 	<ul style="list-style-type: none"> • Moremadi Mothapo Foundation 	<ul style="list-style-type: none"> • Destination Marketing 	12

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g: Audit committee / Ministerial task team)	No. of Meetings attended
				in Political Transformation and Governance • Postgraduate Certificate in Mergers and Acquisitions • Qualification in Integrated Human Settlement • Qualification in Property Development and Investment				

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g: Audit committee / Ministerial task team)	No. of Meetings attended
Mathipe Orcillia Moganedi	Member Contracts Committee Chairperson	01 December 2019		<ul style="list-style-type: none"> • Master in Business Administration • Management Development Programme • Advanced Labour Relations • Master' Diploma in Human Resources • Bachelor of Education • Higher Diploma in Education • Bachelor of Arts Social Science 	<ul style="list-style-type: none"> • Entrepreneurship • Educationist 		<ul style="list-style-type: none"> • Destination Marketing • Human Resources 	19

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g: Audit committee / Ministerial task team)	No. of Meetings attended
Keleabetswe Clementine Tlouane	Member	01 December 2019		<ul style="list-style-type: none"> • M ED in Environmental Education • B A in Education • Bachelor of Education • Management Programme • Diploma in Computer Literacy 	<ul style="list-style-type: none"> • Environmentalist • Educationist 	Shareholder's representative Limpopo Gambling Board	<ul style="list-style-type: none"> • Destination Marketing • Contracts 	14
Cllr. Percy Faneriwa Mashimbye	Member	01 December 2019		<ul style="list-style-type: none"> • Diploma in Human Resource Management • National Certificate on Executive Leadership 	<ul style="list-style-type: none"> • Council • Political 	<ul style="list-style-type: none"> • SALGA Representative • Collins • Chabane Municipal Councillor 	<ul style="list-style-type: none"> • Destination Marketing • Contracts 	7

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g: Audit committee / Ministerial task team)	No. of Meetings attended
				Municipal Development Programme <ul style="list-style-type: none"> • Certificate in Disaster Management • Certificate in Ethics Management in Local Government • Certificate in the Municipal Executive Leadership and Finance Managemet Programme 				

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g: Audit committee / Ministerial task team)	No. of Meetings attended
Moses Ngobeni	Acting Chief Executive Officer	01 August 2021		<ul style="list-style-type: none"> • Bachelor of Administration • Higher Education Diploma • Diploma in Economic Development and Management • Course in the Introduction to Marketing Management • Executive Management Programme 	<ul style="list-style-type: none"> • Administration • Management • Tourism 			13

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g: Audit committee / Ministerial task team)	No. of Meetings attended
Mapale Peter Maila	Chief Financial Officer	01 February 2022		<ul style="list-style-type: none"> • Business Accountant in Practice (SA) • Bachelor of Commerce Degree • Post Graduate Diploma in Public Management 	<ul style="list-style-type: none"> • Financial management 			19

- Alternate members; not applicable.
- Outgoing Board members and their designation; Kgoshigadi Mothapo M.R.M, Chairperson of the Human Resources and Remunerations Committee resigned on 07/12/2021.

Board and Committees

Committee	No. of meetings held	No. of members	Name of members
Board	10	9	KA Dipela (appointed 01/12/2019) CA Chikane (appointed 01/12/2019) Kgoshigadi MRM Mothapo (appointed 01/12/2019) and resigned from the Board on ** 7 December 2021) MO Moganedi (appointed 01/12/2019) RM Tseli (appointed 01/12/2019) KC Tlouane (appointed 01/12/2019)) Cllr. PF Mashimbye (appointed 01/12/2019) M Ngobeni (Acting Chief Executive Officer appointed 01/08/2021) MP Maila (acting Chief Financial Officer ** 01/02/2021) **
Risk and Audit	5	4	RM Tseli (appointed 01/12/2019) and resigned on 01/08/2021 CA Chikane (Appointed on 01/08/2021) F Malaza (appointed 01 December 2020)

Committee	No. of meetings held	No. of members	Name of members
			TC Modipane (appointed 01 December 2020) JN Mpjane (appointed 01 December 2020)
Contracts	0	0	MO Moganedi (appointed 01/12/2019) CA Chikane (appointed 01/12/2019) KC Tlouane (appointed 01/12/2019) Cllr. PF Mashimbye (appointed 01/12/2019)
Human Resources and Remunerations	4	4	Kgoshigadi MRM Mothapo (appointed 01/12/2019) to chair and resigned from the Board on (07/12/2021) MO Moganedi (appointed 27/01/2022 after being acting capacity until appointment) CA Chikane (appointed 01/12/2019) RM Tseli (appointed 01/12/2019)
Destination Marketing	5	5	CA Chikane (appointed 01/12/2019 and resigned from the Destination Marketing Committee on 01/08/2021) RM Tseli (appointed to the Committee as Chairperson on 01/08/2021)

Committee	No. of meetings held	No. of members	Name of members
			Kgoshigadi MRM Mothapo (appointed 01/12/2019 and resigned from the Board on 07/12/2021) MO Moganedi (appointed 01/12/2019) KC Tlouane (appointed 01/12/2019) Cllr. PF Mashimbye (appointed 01/12/2019)

Remuneration of Board members

- The Board is remunerated in terms of the 2019 Remunerations Levels; Service Benefit Packages for Office Bearers of Certain Statutory and Other Institutions, Category C1 as determined by the National Treasury Central Evaluation Committee.
- Cllr. Mashimbye P.F is a representative of the South African Local Government and Ms Tlouane K.C comes from the Executive Authority.

Non - Executive Members:

Name	Remuneration	Other allowance	Other re-imbursements	Total
KA Dipela (Chairperson)	535 067	-	151 409	686 476
CA Chikane (Deputy Chairperson)	217 089	-	81 195	298 284
MO Moganedi	135 829	-	21 569	157 398
RM Tseli	215 952	-	59 344	275 296
MRM Mothapo (Kgoshigadi)	97 782	-	7 962	105 744
PF Mashimbye (Cllr)	-	-	5 109	5 109
KC Tlouane (Shareholder representative)	-	-	-	-
Total	1 201 719		326 588	1 528 307

Risk and Audit Committee:

Name	Remuneration	Other allowance	Other re-imbursements	Total
F Malaza (Risk and Audit)	37 120	1 800	-	38 920
TC Modipane (Risk and Audit)	35 011	1 800	-	36 811
JN Mpjane (Risk and Audit)	37 120	1 800	3 874	42 794
Total	109 251	5 400	3 874	118 525

5. RISK MANAGEMENT

- The entity had an approved risk management policy and strategy in place for the year under review.
- The risk assessment workshop for the year under review was conducted. The main aim of conducting the assessment was to determine the effectiveness of the risk management strategy and to identify new and emerging risks. The strategic risk register was developed from the assessment.
- The entity has in place a Risk and Audit Committee whose role is to advise management on the overall system of risk management, especially the mitigation of unacceptable levels of risk.
- The Risk and Audit Committee's role is to further advise the entity on risk management and independent monitoring of the effectiveness of the system of risk management.
- The entity noted some progress in the management of risks, this has transmitted into some improvements in the entity's performance.

6. INTERNAL CONTROL UNIT

The entity does not have an internal control unit in place. The responsibilities of the unit are performed by various divisions including amongst others, financial management, supply chain management and risk and compliance.

The Committee has ensured that there was a system of internal controls designed to provide cost-effective assurance that assets are safeguarded against liabilities and that the working capital is efficiently managed. It can be confirmed that the system of internal control and risk management applied by Limpopo Tourism Agency during the financial year was effective, efficient and transparent.

The work of the Internal and External audit has sufficiently covered the following areas:

- Draft a three (3) year risk internal audit plan based on the risk assessment report provided by the risk function.
- The audit scope will be based on management's assessment of business risk and audit coverage should focus on high-risk areas.
- Execute the projects outlined in the risk based internal audit plan and report to the executive management committee.
- Ensure that the results of the audits, and where appropriate, recommended corrective actions will be presented to the management of the function or activity under review.

- Report to the Risk and Audit committee on the assessment from internal audit on the adequacy of the internal controls.
- Ensure that the activities performed by Internal Audit in executing its responsibilities include assisting management in identifying business risks and assessing the adequacy of their risk management processes, while maintaining their independence within the organization.
- Keep abreast of relevant best practice and new developments affecting their work and in matters affecting the Agency's activities.
- Respond to the Agency's needs by striving for continuous improvement and maintain integrity in carrying out their activities.
- Coordinate its activities with those of the external auditors.

7. INTERNAL AUDIT AND AUDIT COMMITTEES

- The work of the Internal Audit has been effective. The work of the Internal Audit has had a positive impact in responding to the internal control deficiencies and contributed to the improved internal control systems within LTA, a fact positively expressed by the External Auditors.
- The internal audit plan for the year under review was accordingly approved.
- The Internal Auditors for the year under review was SAB&T.

The table below provides detailed information on the Risk and Audit Committee members

Name	Qualifications	Internal or external	If the internal, position in the public entity	Date appointed	Date Resigned	No. of Meetings attended
Mr RM Tseli	<ul style="list-style-type: none"> • Postgraduate Diploma in Management • Senior Primary Teacher's Diploma • Diploma in Municipal Governance <p>The advanced certificate in Governance and Leadership</p>	External	N/A	01 December 2019	01 August 2021	2
Mr. CA Chikane	<ul style="list-style-type: none"> • Master's in public administration • Post Graduate Diploma in Monitoring and Evaluation • Advanced Programme in Project Management • B Juris • Advance Labour Law Programme • Business Management Development Programme 	External	N/A	01 August 2021		3

Name	Qualifications	Internal or external	If the internal, position in the public entity	Date appointed	Date Resigned	No. of Meetings attended
	<ul style="list-style-type: none"> • Executive Development Programme • GCRA Executive Leadership Development Programme • Strategic Human Resources Management • Certificate in Corporate Governance 					
Ms F Malaza	<ul style="list-style-type: none"> • Chartered Accountant • Bachelor of Honours in Accounting Science • Bachelor of Accounting Science • Certificate of Theory in Accounting 	External		01 November 2020		5
Mr TC Modipane	<ul style="list-style-type: none"> • Chartered Accountant • Bachelor of Commerce Honours Accounting • Bachelor of Commerce Accounting • Higher Diploma in Auditing • Certificate in Financial Modelling 	External		01 November 2020		4

Name	Qualifications	Internal or external	If the internal, position in the public entity	Date appointed	Date Resigned	No. of Meetings attended
	<ul style="list-style-type: none"> • Certificate in Business Development Systems • Certificate in Effective Audit Committees 					
Mr JN Mpjane	<ul style="list-style-type: none"> • Chartered Accountant • Honours Bachelor of Accounting • Bachelor of Accounting Science 	External		01 November 2020		4

8. COMPLIANCE WITH LAWS AND REGULATIONS

The founding legislation of the entity is the Limpopo Tourism Act 4/2018 after the repeal of the Limpopo Tourism Act 2/2009. The Objectives of the entity are well articulated under section 2 of both acts. It should, however, be emphasised that the entity has many approved policies in place to ensure compliance with applicable pieces of legislation and governance prescripts.

9. FRAUD AND CORRUPTION

- The entity has in place a fraud prevention policy that guides in dealing with any allegation of fraud and corruption. The entity had an indicator in the approved APP to a quarterly report on fraud and corruption.
- The entity has in place the whistleblowing policy which guides on reporting any fraud and corruption allegations, the policy further ensures the protection of whistle-blowers.
- The fraud and allegations are reported on the PSC fraud hotline which is managed at the National Department level by the Public Service Commission Department.

10. MINIMISING CONFLICT OF INTEREST

The LTA policies require that all employees including those charged with Supply Chain Management responsibilities, disclose all their interests. Where potential for conflict is identified, an employee concerned was recused from discharging any responsibility that would give rise to such conflict of interest.

11. CODE OF CONDUCT

The LTA Code of Conduct has been formulated to foster and maintain trust of the employees of the entity. The entity's Code of Conduct ensures that all employees and the Board adhere to appropriate standards of conduct to maintain and enhance the reputation of the entity. LTA has disciplinary rules that shape the acceptable standard of conduct required for employees and its stakeholders.

12. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

Although health and safety are valued in every facet of operations, the term health and safety relates primarily to occupational health safety and environmental concerns. Workplace Safety is not only about employees whose health is at stake, but also employers who seek to both maintain a productive healthy workforce and avoid penalties or legal liability (vicarious liability) as well as the public at large which can be affected by environmental hazards from major workplace incidents.

13. COMPANY SECRETARY

The Company Secretary is accountable to the Board.

The role and responsibility of the Company Secretary are outlined in Section 88(1) - (2) of the Act and what has been executive can be summarised as follows -

- Provided the directors of the company collectively and individually with guidance as to their duties, responsibilities, and powers.
- Consistently made the directors aware of any law relevant to or affecting the entity.

- Ensured that there were no failures on the part of the entity and Directors to comply with the founding legislation and related legislations of the entity.
- Ensured that Minutes of all meetings, Board Meetings and the Meetings of any Committees of the directors, or the entity's Risk and Audit Committee, were properly recorded following the Act.
- Ensured that the Board oversee that a copy of the company's Annual Financial Statements was sent, following the Act, to the Auditor General, Provincial Treasury and Shareholder Department.

14. SOCIAL RESPONSIBILITY

Given the COVID-19 environment that the country finds itself under and continued prevalence of the pandemic, the entity again created awareness about the importance of sharing and working for the communities by posting the Nelson Mandela Day banners on the website and its social media platforms. The entity saw the need to encourage its employees and the public in general about the importance of caring for those less fortunate by doing community work in line with our iconic former and first democratic President, Nelson Mandela. The entity would over the years partner with some community-based organisations or like-minded stakeholders to assist by engaging in community work as part of the 67 minutes of community work as suggested for the international Nelson Mandel Day.

15. RISK AND AUDIT COMMITTEE REPORT

This report accounts for the Committee's work for the period ended 31/03/2022.

RISK AND AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The Risk and Audit Committee meetings were held as hereunder detailed: -

- Four (4) Risk and Audit Committee meetings.
- One (1) special Risk and Audit Committee meeting.

The attendance information by members of the Risk and Audit Committee during the 2021/22 financial year indicated below:

Risk and Audit Committee

Name	Designation	No. of Meetings attended	Date appointed	Date Resigned
Mr. RM Tseli	Chairperson	2	01 December 2019	01 August 2021
Mr. C.A Chikane	Chairperson	4	01 August 2021	N/A
Ms. F Malaza	Committee member	5	01 November 2020	N/A
Mr. TC Modipane	Committee member	4	01 November 2020	N/A
Mr. JN Mpjane	Committee member	4	01 November 2020	N/A

Risk and Audit Committee responsibilities

The Risk and Audit Committee has performed its responsibilities in terms of sections 51(1)(a)(ii) and 76(4)(d) of the PFMA and Treasury Regulation 27.1.

During the period under review, the Risk and Audit Committee has reviewed and adopted appropriate formal terms of reference using the Charter. The Committee has ensured that it regulated its affairs in compliance with this Charter and has discharged all its responsibilities as contained therein.

Effectiveness of internal controls procedures

The Committee has guided that there was a system of internal control designed to provide cost effective assurance that assets are safeguarded against liabilities and that the working capital was efficiently managed. The Committee

confirmed that the system of internal control and risk management applied by Limpopo Tourism Agency during the financial year was effective, efficient and transparent.

The Committee has at all times used the following: the Public Finance Management Act 1/1999 as well as the King Code in its quest to ensure the development of the following:

- A risk-based audit action plan,
- The Risk Register.

Internal Audit

The work of the internal Audit has been effective. The work of the Internal Audit has had a positive impact in responding to the internal control deficiencies and contributed to the improved internal control systems within LTA.

Evaluation of Annual Financial Statements

The Risk and Audit Committee had devoted time to deal with the following: -

- Ensured compilation of the Annual Financial Statements by management.
- Reviewed and discussed the Annual Financial Statements to be included in the annual report.
- Reviewed changes in the accounting policies and practices.
- Reviewed the Limpopo Tourism Agency's compliance with legal and regulatory provisions;
- Reviewed the External Auditors' management report and responses thereof, and put in place the audit action plan to respond to the findings; and
- The entity's Annual Financial Statements were found to be free of misstatements.

The Committee has expressed satisfaction to the tabling of the report.

We therefore concur and accept the Auditor General of South Africa's report on the annual financial statements.

Integrity of the Annual Report

The Risk and Audit Committee is satisfied with the integrity of the Annual Report on the performance of the Agency. The Risk and Audit Committee will continue to monitor the processes and procedures in place to ensure improvement and consistency in the quality and integrity of performance information.

The focus on performance information is and will remain a priority area until better audit outcomes are obtained in this area.

Auditor General of South Africa

The Committee had encouraged for regular Audit Steering Committee meetings between management and auditors. The Audit report outcome is an unqualified audit opinion, which is accepted by the Risk and Audit committee. As indicated, the Committee still believes that the entity has potential to achieve a clean audit outcome in the future.

Conclusion

The entity and management are encouraged to give time to attend to the Audit Action Plan to address the findings of the current audit.

My appreciation goes to my colleagues, members of this Committee who have always availed themselves each time called upon to serve.

The cooperation from management under the leadership of Acting Chief Executive Officer and the good attitude displayed by the staff is appreciated.

The support from the Board is as well acknowledged with appreciation.



Chikane Chikane Albert
Risk and Audit Committee Chairperson
Limpopo Tourism Agency

16. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

The entity has complied with the prescripts pertaining to the B-BBEE Act of 2013.

PART D

HUMAN RESOURCES MANAGEMENT



Part D: Human Resources Management

1. Introduction

The Provincial Treasury granted the entity authorisation to fill the following key vacant positions:

- Chief Executive Officer
- Chief Financial Officer
- Chief Marketing Officer
- Manager Supply Chain Management
- Senior Manager Budget and Treasury

By the end of the March 2022, only the position of Chief Financial Officer was filled and it was expected for Manager Supply Chain Management to commence with her duties with effect from 01 April 2022.

2. Human Resources Oversight Statistics

Personnel cost by Programme

Programme	Total Expenditure for the entity (R)	Personnel Expenditure (R)	Personnel exp. as a % of total exp. (R)	No. of employees	Average personnel cost per employee (R)
Office of the CEO	8 724 420	5 840 248	67%	6	973 375
Corporate Services	15 397 581	9 985 678	65%	17	587 393
Financial Management	8 548 184	5 283 441	62%	8	660 430
Integrated Destination Marketing	31 895 734	14 032 168	44%	19	738 535

Personnel cost by salary band

Level	Personnel Expenditure (R)	% of personnel exp. to total personnel cost (R)	No. of employees	Average personnel cost per employee (R)
Top Management	881 883	3%	#	881 883
Senior Management	3 949 316	11%	3	1 316 439
Professional qualified	14 839 523	42%	13	1 141 502
Skilled	8 834 297	25%	17	519 665
Semi-skilled	3 758 896	11%	11	341 718
Unskilled	1 095 720	3%	6	182 620
Stipend, Provident Fund and Salary Admin	1 781 899	5%		35 638
TOTAL	35 141 535	100%	50	702 831

#1 Cost is due to acting allowances paid to officials

Performance rewards

Programmeme	Performance rewards	Personnel Expenditure (R'000)	% of performance rewards to total personnel cost (R'000)
Top Management	None	None	None
Senior Management	None	None	None
Professional qualified	None	None	None
Skilled	None	None	None
Semi-skilled	None	None	None
Unskilled	None	None	None
TOTAL	None	None	None

Training Costs

Directorate/ Business Unit	Personnel Expenditure (R)	Training Expenditure (R'000)		No. of employees trained	Avg training cost per employee
Office of the CEO	5 840 248	-	-	0	0,00
Corporate Services	9 985 678	13 800	0.14%	2	6 900
Financial Management	5 283 441	1 719	0.03%	1	1 719
Integrated Destination Marketing	14 032 168	16 600	0.12%	1	16 600

Employment and vacancies

Programmeme	2020/2021 No. of Employees	2021/2022 Approved Posts	2021/2022 No. of Employees	2021/2022 Vacancies	% of vacancies
Office of the CEO	6	10	6	4	40%
Corporate Services	17	22	17	5	23%
Financial Management	8	15	8	7	47%
Integrated Destination Marketing	20	30	19	11	37%

Programmeme	2020/2021 No. of Employees	2021/2022 Approved Posts	2021/2022 No. of Employees	2021/2022 Vacancies	% of vacancies
Top Management	0	1	0	1	0%
Senior Management	3	4	3	1	25%
Professional qualified	14	28	13	15	54%
Skilled	17	23	17	6	26%
Semi-skilled	11	13	11	2	15%
Unskilled	6	8	6	2	25%
TOTAL	51	77	50	27	35%

Employment changes

Salary Band	Employment at beginning of period	Appointment	Terminations	Employment at end of the period
Top Management	0	0	0	0
Senior Management	3	1	1	3
Professional qualified	14	0	1	13
Skilled	17	0	0	17
Semi-skilled	11	0	0	11
Unskilled	6	0	0	6
Total	51	1	2	50

Reasons for staff leaving

Reason	Number	% of total no. of staff leaving
Death		0%
Resignation	1	2%
Dismissal		0%
Retirement		0%
Ill health		0%
Expiry of contract		0%
Other		0%
Total	1	2%

Labour Relations: Misconduct and disciplinary action

Nature of disciplinary Action	Number
Verbal Warning	1
Written Warning	1
Final Written warning	0
Dismissal	0
Other	0

Equity Target and Employment Equity Status

Levels	MALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	0	0	0	0	0	0	0
Senior Management	3	2	0	0	0	0	0	0
Professional qualified	10	11	1	1	0	1	0	1
Skilled	7	7	0	1	0	1	0	1
Semi-skilled	5	5	0	0	0	0	0	0
Unskilled	0	2	0	0	0	0	0	0
TOTAL	25	27	1	2	0	2	0	2

Levels	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	1	0	0	0	0	0	0
Senior Management	0	1	0	0	0	0	0	1
Professional qualified	2	11	0	1	0	1	0	1
Skilled	10	10	0	1	0	1	0	1
Semi-skilled	6	5	0	1	0	1	0	1
Unskilled	6	3	0	1	0	1	0	1
TOTAL	24	31	0	4	0	4	0	5

Levels	Disabled Staff			
	Male		Female	
	Current	Target	Current	Target
Top Management	0	0	0	0
Senior Management	0	0	0	1
Professional qualified	0	0	0	1
Skilled	0	0	0	1
Semi-skilled	0	0	0	1
Unskilled	0	0	0	0
TOTAL	0	0	0	4

PART E

FINANCIAL INFORMATION



Report of the auditor-general to the Limpopo Provincial Legislature on Limpopo Tourism Agency

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Limpopo Tourism Agency set out on pages 96 to 140, which comprise the statement of financial position as at 31 March 2022, the statement of financial performance, statement of changes in net assets and cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Limpopo Tourism Agency as at 31 March 2022 and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

Basis for opinion

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

Responsibilities of the accounting authority for the financial statements

6. The board of directors, which constitutes the accounting authority, is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the PFMA, and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
7. In preparing the financial statements, the accounting authority is responsible for assessing the public entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate

governance structure either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

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

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

Emphasis of matter

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

Irregular expenditure

11. As disclosed in note 28 to the financial statements, irregular expenditure of R425 559 that was incurred in the previous years still awaiting condonation.

Report on the audit of the annual performance report

Introduction and scope

12. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
13. My procedures address the usefulness and reliability of the reported performance information, which must be based on the public entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the public entity enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
14. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme presented in the public entity's annual performance report for the year ended 31 March 2022:

Programmes	Pages in the annual performance report
Programme 4: Integrated destination marketing	40 – 43

15. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
16. The material findings on the usefulness and reliability of the performance information of the selected programme are as follows:

Programme 4: Integrated destination marketing

Various indicators

17. The source information and evidence and method of calculation for achieving the planned indicator was not clearly defined for the following indicators:
- Number of platforms utilised to disseminate tourism information;
 - Number of collaborations implemented;
 - Number of researches conducted.

Number of platforms utilised to disseminate tourism information

18. I was unable to obtain sufficient appropriate audit evidence that clearly defined the predetermined method of collection to be used when measuring the actual achievement for the indicator. This was due to insufficient measurement definitions and processes. I was unable to test whether the indicator was well defined by alternative means.

Other matters

19. I draw attention to the matters below.

Achievement of planned targets

20. Refer to the annual performance report on pages 26 – 48 for information on the achievement of planned targets for the year and management explanations provided for the under/overachievement of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 17 to 18 of this report.

Adjustment of material misstatements

21. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of programme 4: integrated destination marketing. As management subsequently corrected only some the

misstatements, we raised material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are reported above.

Report on the audit of compliance with legislation

Introduction and scope

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

Other information

24. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report, which includes the directors' report, the audit committee's report. The other information does not include the financial statements, the auditor's report and the selected programme presented in the annual performance report that have been specifically reported in this auditor's report.
25. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
26. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
27. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

28. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the findings on the annual performance report and the findings on compliance with legislation included in this report.

29. As the accounting authority did not adequately review the annual performance report before submission for the audit, material misstatements were identified.
30. The internal policies and procedures of the entity did not adequately address the processes pertaining to planning, monitoring, managing and reporting performance information at programme level.
31. The entity developed a plan to address internal and external audit findings, but the appropriate level of management did not monitor adherence to the plan in a timely manner.

Auditor-General

Polokwane

31 July 2022



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general’s responsibility for the audit

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

Financial statements

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

Communication with those charged with governance

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

independence and, where applicable, actions taken to eliminate threats or safeguards applied.

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022



Limpopo Tourism Agency

Annual Financial Statements for the year ended 31 March 2022

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Integrated Destination Marketing
Board members	KA Dipela (Chairperson) CA Chikane (Deputy Chairperson) MO Moganedi RM Tseli KC Tlouane PF Mashimbye (Cllr)
Registered office	Southern Gateway Ext 4 N1 Main Road Polokwane 0699
Postal address	PO Box 2814 Polokwane 0700
Bankers	ABSA Bank Limited
Auditors	Auditor General of South Africa Registered Auditors
Secretary	TG Kotsedi
Preparer	The annual financial statements were internally prepared by: MP Maila

Limpopo Tourism Agency

Annual Financial Statements for the year ended 31 March 2022

Index

The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

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Statement of Financial Performance	103
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Limpopo Tourism Agency

Annual Financial Statements for the year ended 31 March 2022

Board Members' Responsibilities and Approval

The Board is 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 2021/22 and the results of its operations and cash flows for the said period. The external auditors are engaged to express an independent opinion on the annual financial statements and were 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 Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

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

The Board acknowledges 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 Board to meet these responsibilities, the Board 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 that 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 risks across the entity. While operating risks cannot be fully eliminated, the entity endeavours to minimise it by ensuring that the appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within the predetermined procedures and constraints.

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

The Board has reviewed the entity's cash flow forecast for the year to 31 March 2023 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 Limpopo Department of Economic Development Environment and Tourism (LEDET) for continued funding of operations. The annual financial statements are prepared on the basis that the entity is a going concern. This basis presumes that funds will be available to finance future operations of the entity, to such an extent, the Limpopo Department of Economic Development Environment and Tourism (LEDET) has confirmed the funding for Limpopo Tourism Agency for the foreseeable future and a letter to that effect has been received. The entity has neither the intention nor the need to liquidate or curtail materially the scale of the entity.

The Board is responsible for the financial affairs of the entity.

The external auditors are responsible for independently reviewing and reporting on the entity's annual financial statements.

The annual financial statements set out on page 102 - 140, which have been prepared on the going concern basis, were approved by the Board members on 31 May 2022 and were signed on its behalf by:



KA Dipela (Chairperson)
Designation

Limpopo Tourism Agency

Annual Financial Statements for the year ended 31 March 2022

Board Members' Report

The members submit their report for the year ended 31 March 2022.

1. Review of activities

Main business and operations

The entity is engaged in integrated destination marketing of the Limpopo Province. The operating results and state of affairs of the entity are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

2. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations of the entity, to such an extent, the Limpopo Department of Economic Development Environment and Tourism (LEDET) has confirmed the funding for Limpopo Tourism Agency for the foreseeable future and a letter to that effect has been received.

3. Subsequent events

The Board is not aware of any matter or circumstance arising since the end of the financial year.

4. Accounting policies

The annual financial statements have been prepared in accordance with the South African Statements of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

5. Board Members

The members of the board of the entity during the financial year under review are as follows:

Name	Changes
KA Dipela (Chairperson)	
* CA Chikane (Deputy Chairperson)	
MO Moganedi	
RM Tseli	
** MRM Mothapo (Kgoshigadi)	Resigned Tuesday, 07 December 2021
KC Tlouane	
*** PF Mashimbye (Cllr)	

* Chairperson of Risk and Audit Committee

** Resigned -07 December 2021

*** Cllr- Councillor

6. Secretary

The secretary of the entity is TG Kotsedi of:

Business address

Southern Gateway Ext 4
N1 Main Road
Polokwane
0699

Limpopo Tourism Agency

Annual Financial Statements for the year ended 31 March 2022

Board Members' Report

7. Board member fees

Board members

	Board fee	Cellphone/ Data	Reimbursement allowance	Total package 2022	Total package 2021
Non-executive members					
KA Dipela (Chairperson)	535 067	-	151 409	686 476	352 710
CA Chikane (Deputy Chairperson)	217 089	-	81 195	298 284	203 739
MO Moganedi	135 829	-	21 569	157 398	116 324
RM Tseli	215 952	-	59 344	275 296	124 357
MRM Mothapo (Kgoshigadi)	97 782	-	7 962	105 744	98 836
PF Mashimbye (Cllr)	-	-	5 109	5 109	5 943
	1 201 719	-	326 588	1 528 307	901 909
Risk and Audit Committee					
F Malaza	37 120	1 800	-	38 920	34 655
TC Modipane	35 011	1 800	-	36 811	47 870
JN Mpjane	37 120	1 800	3 874	42 794	43 408
	109 251	5 400	3 874	118 525	125 933
	1 310 970	5 400	330 462	1 646 832	1 027 842

Limpopo Tourism Agency

Annual Financial Statements for the year ended 31 March 2022

Board Members' Report

Board member fees (continued)

Senior management

	Salary or fee	Allowances	Contributions	13th Cheques	Leave gratuity	Acting Allowance	Total package 2022	Total package 2021
Chief Executive Officer								
NC Ndlovu	-	-	-	-	-	-	-	1 172 462
NK Ramakuela (ACEO)	-	-	-	-	-	54 725	54 725	-
P Maleka (ACEO)	-	-	-	-	-	-	-	64 075
M Ngobeni (ACEO)	672 938	-	744	-	-	153 477	827 159	-
	672 938	-	744	-	-	208 202	881 884	1 236 537

Chief Financial Officer

MN Lion	-	-	-	-	-	-	-	158 236
MP Maila	217 551	24 000	11 297	-	-	62 287	315 135	72 884
	217 551	24 000	11 297	-	-	62 287	315 135	231 120

Senior Management

TG Kotsedi (Company Secretary)	1 293 153	55 800	67 848	73 404	-	-	1 490 205	1 448 169
TP Maleka (Chief Corporate Services Officer)	1 133 243	96 000	111 229	69 387	-	-	1 409 859	1 369 010
NK Ramakuela (Chief Marketing Officer)	341 650	80 000	21 196	45 470	197 853	-	686 169	1 355 726
Dr M Musitha (Acting Chief Marketing Officer)	-	-	-	-	-	47 949	47 949	-
	2 768 046	231 800	200 273	188 261	197 853	47 949	3 634 182	4 172 905
	3 658 535	255 800	212 314	188 261	197 853	318 438	4 831 201	5 640 562

Limpopo Tourism Agency

Annual Financial Statements for the year ended 31 March 2022

Statement of Financial Position as at 31 March 2022

Figures in Rand	Note(s)	2022	2021
Assets			
Current Assets			
Inventories	4	80 699	110 413
Receivables	5	2 532 065	3 103 572
Prepayments		350 402	1 557 067
Cash and cash equivalents	7	13 594 271	15 317 975
		16 557 437	20 089 027
Non-Current Assets			
Property, plant and equipment	3	3 234 063	3 293 598
Total Assets		19 791 500	23 382 625
Liabilities			
Current Liabilities			
Payables from exchange transactions	11	3 950 240	4 896 295
Revenue payable to Provincial Revenue Fund (PRF)	12	13 975	176 358
Unspent earmarked grant	9	95 473	5 429 228
Employee benefits-Long service awards	10	22 000	-
		4 081 688	10 501 881
Non-Current Liabilities			
Employee benefits-Long service awards	10	385 000	341 000
Leave liabilities		676 000	624 130
		1 061 000	965 130
Total Liabilities		5 142 688	11 467 011
Net Assets		14 648 812	11 915 614
Reserves			
Revaluation reserve	8	157 654	269 774
Accumulated surplus		14 491 158	11 645 840
Total Net Assets		14 648 812	11 915 614

Limpopo Tourism Agency

Annual Financial Statements for the year ended 31 March 2022

Statement of Financial Performance

Figures in Rand	Note(s)	2022	2021
Revenue			
Revenue from exchange transactions			
Other income		20 542	-
Interest received	14	374 752	340 170
Total revenue from exchange transactions		395 294	340 170
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies		48 855 778	51 413 000
Other revenue -service in kind		3 083 233	3 103 712
Earmarked funding-Marketing		17 745 749	9 570 772
Total revenue from non-exchange transactions		69 684 760	64 087 484
Total revenue	13	70 080 054	64 427 654
Expenditure			
Personnel costs	15	(34 404 405)	(36 081 116)
Board expenditure	16	(1 316 367)	(874 126)
Depreciation and amortisation		(640 152)	(409 792)
Finance costs	17	-	(402)
Lease rental-(operating lease)-service in kind		(3 083 233)	(3 103 712)
Impairment loss		(23 763)	-
Repairs and maintenance		(420 388)	(194 978)
General expenses	18	(26 812 911)	(16 844 589)
Total expenditure		(66 701 219)	(57 508 715)
Operating surplus		3 378 835	6 918 939
Write offs/scraping of assets		(131 377)	(52 925)
Transfer of assets		(138 399)	-
		(269 776)	(52 925)
Surplus for the year		3 109 059	6 866 014

Limpopo Tourism Agency

Annual Financial Statements for the year ended 31 March 2022

Statement of Changes in Net Assets

Figures in Rand	Revaluation reserve	Accumulated surplus / deficit	Total net assets
Balance at 01 April 2020	303 496	11 487 713	11 791 209
Changes in net assets			
Surplus for the year	-	6 866 014	6 866 014
Realisation of revaluation reserve	(33 722)	-	(33 722)
Transfer to Provincial Revenue Fund	-	(6 707 887)	(6 707 887)
Total changes	(33 722)	158 127	124 405
Balance at 01 April 2021	269 774	11 645 840	11 915 614
Changes in net assets			
Surplus for the period	-	3 109 059	3 109 059
Realisation of revaluation reserve	(33 722)	-	(33 722)
Derecognition of revaluation reserve	(78 398)	-	(78 398)
Movement in retained surplus	-	(263 741)	(263 741)
Total changes	(112 120)	2 845 318	2 733 198
Balance at 31 March 2022	157 654	14 491 158	14 648 812
Note(s)	8		

Limpopo Tourism Agency

Annual Financial Statements for the year ended 31 March 2022

Cash Flow Statement

Figures in Rand	Note(s)	2022	2021
Cash flows from operating activities			
Receipts			
Grants		66 697 000	66 413 000
Interest income		374 752	340 170
Other receipts		592 049	2 190
		<u>67 663 801</u>	<u>66 755 360</u>
Payments			
Employee costs		(35 257 298)	(34 398 587)
Suppliers		(26 135 705)	(17 548 524)
Finance cost		-	(402)
Board expenses		(1 316 367)	(883 912)
Payment to Provincial Treasury		(374 752)	(6 819 424)
		<u>(63 084 122)</u>	<u>(59 650 849)</u>
Net cash flows from operating activities	20	<u>4 579 679</u>	<u>7 104 511</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	3	<u>(874 155)</u>	<u>(1 203 775)</u>
Cash flows from financing activities			
Unspent grant surrendered		<u>(5 429 228)</u>	<u>(2 598 461)</u>
Net increase/(decrease) in cash and cash equivalents		<u>(1 723 704)</u>	<u>3 302 275</u>
Cash and cash equivalents at the beginning of the year		15 317 975	12 015 700
Cash and cash equivalents at the end of the year	7	<u>13 594 271</u>	<u>15 317 975</u>

Limpopo Tourism Agency

Annual Financial Statements for the year ended 31 March 2022

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

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

Statement of Financial Performance

Revenue

Revenue from exchange transactions

Other income	-	-	-	20 542	20 542	
Interest received	-	-	-	374 752	374 752	
Total revenue from exchange transactions	-	-	-	395 294	395 294	

Revenue from non-exchange transactions

Transfer revenue

Government grants	51 697 000	(2 841 222)	48 855 778	48 855 778	-	
Earmarked funding -Marketing	15 000 000	2 841 222	17 841 222	17 841 222	-	
Total revenue from non-exchange transactions	66 697 000	-	66 697 000	66 697 000	-	

Total revenue	66 697 000	-	66 697 000	67 092 294	395 294	
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Expenditure

Personnel costs	(37 312 764)	-	(37 312 764)	(35 141 535)	2 171 229	30.1
Board fees	(788 814)	(430 600)	(1 219 414)	(1 316 367)	(96 953)	30.2
Repairs and maintenance	(296 901)	(124 100)	(421 001)	(420 388)	613	
General expenses	(10 048 521)	1 064 922	(8 983 599)	(9 067 161)	(83 562)	
Earmarked funds-IDM	(15 000 000)	(2 841 222)	(17 841 222)	(17 745 749)	95 473	

Total expenditure	(63 447 000)	(2 331 000)	(65 778 000)	(63 691 200)	2 086 800	
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Operating surplus	3 250 000	(2 331 000)	919 000	3 401 094	2 482 094	
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Surplus for the year	3 250 000	(2 331 000)	919 000	3 401 094	2 482 094	
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Statement of Financial Position

Assets

Non-Current Assets

Property, plant and equipment	(3 250 000)	2 331 000	(919 000)	(874 155)	44 845	
Total Assets	(3 250 000)	2 331 000	(919 000)	(874 155)	44 845	

Limpopo Tourism Agency

Annual Financial Statements for the year ended 31 March 2022

Accounting Policies

Figures in Rand	Note(s)	2022	2021
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1. Presentation of Annual Financial Statements

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

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

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

1.1 Presentation currency

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

1.2 Going concern assumption

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

1.3 Materiality

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

1.4 Significant judgements and sources of estimation uncertainty

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

Trade receivables, loans and other receivables

The entity assesses its trade receivables, and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, management makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables and loans and receivables is calculated on an individual basis, based on historical loss events, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the trade receivables.

Fair value estimation

The carrying value of trade receivables and payables are assumed to approximate their fair values. The short term receivables and payables are not discounted.

Impairment testing

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

Employee benefits

Employee benefits were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of employee benefits are included in note 10 - Employee benefits.

Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

Allowance for doubtful debts

For accounts receivable, an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.5 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

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

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

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment except for leasehold property is carried at cost less accumulated depreciation and any impairment losses. Leasehold property is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit. When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the elimination is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

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Accounting Policies

1.5 Property, plant and equipment (continued)

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

Leasehold improvements are written off over the expected period of the relevant lease agreement or the useful life of the asset if it is shorter than the lease period.

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

Item	Depreciation method	Average useful life
Communication equipment	Straight-line	5-8 years
Leasehold property	Straight-line	10-20 years
Furniture and fixtures	Straight-line	5-15 years
Motor vehicles	Straight-line	5-10 years
Office equipment	Straight-line	5-12 years
IT equipment	Straight-line	5-8 years
Mobile offices and containers	Straight-line	10-15 years

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

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

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

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

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.

1.6 Financial instruments

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

Classification

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

Class

Receivables from exchange transactions
Payables from exchange transactions
Cash and cash equivalent

Category

Financial asset measured at amortised cost
Financial asset measured at amortised cost
Financial asset measured at amortised cost

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Accounting Policies

1.6 Financial instruments (continued)

Initial recognition

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

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

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

Subsequent measurement of financial assets and financial liabilities

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

- Financial instruments at amortised cost.

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

Presentation

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

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

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

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

1.7 Leases

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

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

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 rents are expensed in the period in which they are incurred.

Operating leases - lessee

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

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Accounting Policies

1.8 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the entity incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

The expenses are recognised when goods are distributed, or related services are rendered. The amount of any write down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write down or loss occur. The amount of any reversal of any write-down of inventories, arising from increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.9 Impairment of non-cash-generating assets

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

Identification

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

The 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, the entity estimates the recoverable service amount of the asset.

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Annual Financial Statements for the year ended 31 March 2022

Accounting Policies

1.9 Impairment of non-cash-generating assets (continued)

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the current reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the entity would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Restoration cost approach

Restoration cost is the cost of restoring the service potential of an asset to its pre-impaired level. The present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

Service units approach

The present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. The current cost of replacing the remaining service potential of the asset before impairment is determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Recognition and measurement

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.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the entity recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

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Annual Financial Statements for the year ended 31 March 2022

Accounting Policies

1.9 Impairment of non-cash-generating assets (continued)

Reversal of an impairment loss

The entity assesses 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, the entity estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.10 Employee benefits

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

Short-term employee benefits

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

Short-term employee benefits include items such as:

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

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

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

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

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

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Annual Financial Statements for the year ended 31 March 2022

Accounting Policies

1.10 Employee benefits (continued)

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

Long service award obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
 - those changes were enacted before the reporting date; or
 - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

1.11 Contingencies

Contingencies are recognised when:

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

The amount of a contingency is the best estimate of the expenditure expected to be required to settle the obligation.

No obligation arises as a consequence of the sale or transfer of an operation until the entity is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 22.

1.12 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

Limpopo Tourism Agency

Annual Financial Statements for the year ended 31 March 2022

Accounting Policies

1.13 Revenue from exchange transactions

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

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

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

Measurement

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

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight-line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

1.14 Revenue from non-exchange transactions

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

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

Recognition

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

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

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Annual Financial Statements for the year ended 31 March 2022

Accounting Policies

1.14 Revenue from non-exchange transactions (continued)

Measurement

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

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

Transfers

Apart from Services in kind, which are not recognised, the entity recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Services in-kind

Except for financial guarantee contracts, the entity recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

Where services in-kind are not significant to the entity's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the entity discloses the nature and type of services in-kind received during the reporting period.

1.15 Fruitless and wasteful expenditure

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

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

1.16 Irregular expenditure

Irregular expenditure means expenditure, other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including-

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

National Treasury practice notice no. 4 of 2008/09 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from April 2008):

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

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

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Accounting Policies

1.16 Irregular expenditure (continued)

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

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

1.17 Budget information

The entity is typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by the entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The annual financial statements and the budget are not prepared on the same basis of accounting. The actual financial statement information is therefore presented on comparable basis to the budget information. The comparison and the reconciliation between the statement of financial performance and the budget for the reporting period have been included in the statement of comparison of budget and actual amounts.

1.18 Related parties

The entity operates in an economic sector currently dominated by entities directly and indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

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

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

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

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

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

1.19 Events after reporting date

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

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

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

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Accounting Policies

1.19 Events after reporting date (continued)

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

Limpopo Tourism Agency

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Notes to the Annual Financial Statements

Figures in Rand	2022	2021
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2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2022 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 25 (as revised): Employee Benefits	01 April 2022	Unlikely there will be a material impact
• GRAP 104 (as revised): Financial Instruments	01 April 2022	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements	01 April 2022	Unlikely there will be a material impact

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Notes to the Annual Financial Statements

Figures in Rand

3. Property, plant and equipment

Leasehold property
Furniture and fixtures
Motor vehicles
Office equipment
IT equipment
Mobile office and containers
Communication equipment

Total

2022			2021		
Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
2 398 911	(1 470 730)	928 181	2 710 909	(1 373 238)	1 337 671
2 320 892	(1 717 276)	603 616	2 331 867	(1 632 454)	699 413
361 419	(233 898)	127 521	361 419	(203 177)	158 242
370 729	(217 763)	152 966	632 552	(428 338)	204 214
2 566 387	(1 367 194)	1 199 193	2 268 776	(1 483 175)	785 601
34 555	(34 554)	1	34 555	(34 554)	1
334 541	(111 956)	222 585	189 070	(80 614)	108 456
8 387 434	(5 153 371)	3 234 063	8 529 148	(5 235 550)	3 293 598

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Notes to the Annual Financial Statements

Figures in Rand

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Transfers	Write offs	Depreciation	Impairment loss	Total
Leasehold improvement	1 337 671	-	(138 399)	-	(271 091)	-	928 181
Furniture and fixtures	699 413	-	-	(6 430)	(89 366)	(1)	603 616
Motor vehicles	158 242	-	-	-	(30 721)	-	127 521
Office equipment	204 214	7 219	-	(13 125)	(45 342)	-	152 966
IT equipment	785 601	717 431	-	(111 735)	(168 343)	(23 762)	1 199 193
Mobile office and containers	1	-	-	-	-	-	1
Communication equipment	108 456	149 505	-	(87)	(35 289)	-	222 585
	3 293 598	874 155	(138 399)	(131 377)	(640 152)	(23 763)	3 234 063

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Notes to the Annual Financial Statements

Figures in Rand

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Work in progress- capitalised to lease improvement	Scrapping/wri te offs	Depreciation	Total
Leasehold improvement	475 002	824 469	106 222	-	(68 022)	1 337 671
Furniture and fixtures	802 819	-	-	(1 964)	(101 442)	699 413
Motor vehicles	188 963	-	-	-	(30 721)	158 242
Office equipment	252 198	-	-	(2 134)	(45 850)	204 214
IT equipment	641 950	338 999	-	(48 825)	(146 523)	785 601
Mobile offices and containers	1	-	-	-	-	1
Work In Progress-lease improvement	106 222	-	(106 222)	-	-	-
Communication equipment	85 383	40 307	-	-	(17 234)	108 456
	2 552 538	1 203 775	-	(52 923)	(409 792)	3 293 598

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3. Property, plant and equipment (continued)

Assets subject to operating lease (Net carrying amount)

Leasehold improvements	928 181	1 337 671
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Rental leases (Head Office, Mopani and Vhembe VICs)

The entity has entered into a lease agreement with Makhado and Greater Tzaneen municipalities for a period of 99 years at an annual rental of R1. However, the lease agreement with Greater Tzaneen Municipality has been terminated with effect from 31 March 2022. The properties (8 rondavels) with the carrying amount of **R138 399** have been transferred back to the municipality in accordance with the lease agreement.

The entity further entered into a free lease agreement with Department of Public Works with effect from October 2018. The service in kind is considered in line with GRAP 23, section 6.4 which states that an entity shall recognise services in kind that are significant to its operations and/or service delivery objectives. Refer to note 13.

4. Inventories

Consumable stores	80 699	110 413
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Reconciliation Inventory-consumable stores

Opening balance	110 413	131 112
Adjustment during the year	25 017	12 400
Inventories expensed during the year	(54 731)	(33 099)
	80 699	110 413

5. Receivables

Receivables	2 508 423	3 008 423
Employee costs in advance	620	-
Other receivables	-	22 112
Study assistance	23 022	76 829
Allowance for doubtful debt	-	(3 792)
	2 532 065	3 103 572

Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

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5. Receivables (continued)

Reconciliation of provision for impairment of trade and other receivables

Opening balance	3 792	3 792
Amounts recovered	(3 792)	-
	-	3 792

6. Receivables

Aging of receivables from non-exchange transactions above are as follows:

120 days and above	2 508 423	3 008 423
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Aging of receivables from exchange transactions above are as follows:

Current	23 642	95 149
	(2 532 065)	(3 103 572)

7. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	290	947
Bank balances	13 593 981	15 317 028
	13 594 271	15 317 975

8. Revaluation reserve

Revaluation surplus beginning of period	269 774	303 496
Movements in the reserve for the year	(33 722)	(33 722)
Derecognition of revaluation reserve	(78 398)	-
	157 654	269 774

The revaluation surplus relates to the valuation of leasehold properties for both Makhado and Mopani regional offices in 2018/19 financial year. The revaluation surplus amounting to R78 398, related to Mopani regional office has been derecognised due to transfer of the properties to Greater Tzaneen Municipality. No revaluation was conducted during financial year under review.

9. Unspent earmarked grant

Earmarked grant- marketing comprises of:

Unspent earmarked grant

Unspent grant - Marketing	95 473	5 429 228
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Movement during the year

Balance at the beginning of the year	5 429 228	2 598 461
Grant received during the year	17 841 222	15 000 000
Less unspent funds surrendered to Provincial Treasury	(5 429 228)	(2 598 461)
Less income recognised for the period	(17 745 749)	(9 570 772)
	95 473	5 429 228

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9. Unspent earmarked grant (continued)

The grant is ring fenced for collaborative marketing, of the Limpopo Province, both locally and internationally. The grant is initially recognised as a liability in the statement of financial position and subsequently as a revenue in the statement of financial performance.

The unspent grant is surrendered to the Provincial Treasury through Limpopo Department of Economic Development Environment and Tourism (LEDET).

10. Employee benefits-Long service awards

Reconciliation of employee benefits-long service awards - 2022

	Opening Balance	Provision adjustment	Total
Employee benefit- long service awards	341 000	66 000	407 000

Reconciliation of employee benefits-long service awards - 2021

	Opening Balance	Provision adjustment	Utilised during the year	Total
Employee benefit- long service	286 581	84 897	(30 478)	341 000
Non-current liabilities			385 000	341 000
Current liabilities			22 000	-
			407 000	341 000

The long service awards represent the estimates of the entity's liability as valued by professional valuers annually. The entity values the long service awards using a professional valuer. ARCH Actuarial Consulting has been appointed to estimate the present value of long service awards and leave accruals in the financial year under review. The liabilities are classified between current and non-current and are accounted as such in the statement of financial position.

Methodology.

The projected Unit Credit Method has been used to determine the present value of the long service awards liability and the related current service and interest.

For each employee, this projection is based on the probability of being employed at each service award date, taking into account the assumed rates of withdrawal, early retirement and death.

Key assumptions.

The key assumptions are detailed below as follows:

1) Financial assumptions.

a) Discount Rate

The discount rates of 10.19% for long service award and 10.38% for capped leave accruals have been used. These yields were obtained by calculating the duration of the liability and then taking the yield from the yield curve at that duration using an iterative process, because the yield depends on the duration which in turn depends on the liability. The corresponding liability weighted index-linked yield is 4.06% on long service awards and 4.09% on capped leave accruals.

b) CPI Inflation Rate.

The assumption is required to reflect the estimated growth in the awards values for the long services award liability and growth in capped leave accrual earnings of the eligible employees until retirement.

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10. Employee benefits-Long service awards (continued)

The expected CPI inflation assumptions of 5.41% for long service award and 5.57% obtained for capped leave were obtained from the differential between market yields on index-linked bonds 4.06% and 4.09% respectively. Therefore, expected inflation is determined as $((1+10.19\%-0.50\%)/(1+4.06\%))-1$ for long service award and $((1+10.38\%-0.50\%)/(1+4.09\%))-1$ for capped leave.

The assumptions reflects a net discount rates of 4.53% and 3.58% respectively.

2) Demographic Assumptions.

Demographic assumptions are required about the future characteristics of current employees who are eligible for long service awards as well as capped leave.

a) Average Retirement Age

The normal retirement age of employees is 65. It has been assumed that employees will retire at age 65 on average, which thus assumes that expected rates of ill-health and early retirement are nil.

b) Pre-Retirement Mortality

70% of SA 85-90 (light), adjusted for female lives.

Comparison of valuation assumptions long service awards and capped leaves

The table below present comparison of assumptions in the current and previous valuation dates:

Long service award

Assumptions	31 March 2022	31 March 2021
Discount rate	10.19%	8.04%
CPI inflation rate (long-term)	5.41%	4.43%
Net discount rate	4.53%	3.46%
Average retirement age	65	
Pre-retirement mortality	70% of SA 85-90 (light)	

Capped leave

Assumption	31 March 2022	31 March 2021.
Discount rate	10.38%	10.76%
General earning inflation rate (long-term)	6.57%	6.78%
Net discount rate	3.58%	3.73%
Average retirement age	65	
Pre-retirement mortality	70% of SA 85-90 (light)	

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10. Employee benefits-Long service awards (continued)

Sensitivity analysis on the unfunded accrued liability (long service award).

The table below indicates, for example if CPI is one percentage point greater than the long term assumption made, the liability will be 8% higher than (5.41%) above.

a) Assumptions	Change	Liability	Change
Central assumptions		407 000	
CPI inflation rate	+1%	439 000	8%
	-1%	378 000	-7%
Discount rate	+1%	378 000	-7%
	-1%	440 000	8%
Average retirement age	+2 yrs	467 000	15%
	-2 yrs	370 000	-9%
Withdrawal rates	x2	360 000	-12%
	x0.5	435 000	7%

Sensitivity analysis on the unfunded accrued liability (Capped leave)

The table below indicates, for example if CPI is one percentage point greater than the long term assumption made, the liability will be 11% higher than 6.57 % above.

b) Assumptions	Change	Liability	Change
Central assumptions		697 000	
General earnings inflation rate	+1%	776 000	11%
	-1%	627 000	-10%
Discount rate	+1%	629 000	-10%
	-1%	776 000	10%
Average retirement age	+2 yrs	659 000	-5%
	-2 yrs	738 000	6%
Withdrawal rates	x2	723 000	4%
	x0.5	681 000	-2%

Impact of COVID-19

It is difficult to estimate what impact the pandemic is likely to have on the entity's liability at this stage. There is still much uncertainty as to how it will affect mortality in the medium to long term, and what effect treatments and/or vaccines will have.

The sensitivity of the tables above, (table a & b) may be used to understand the potential impacts on the liability and expenses of, for example, an increase in the expected CPI inflation rate / general earning inflation rate, or increase in the discount rate, or increase in the withdrawal rates.

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10. Employee benefits-Long service awards (continued)

Once any long-term impacts of COVID-19 on the various valuation parameters becomes more evident, appropriate adjustments to the parameters will be feasible. In the meanwhile, any short term impacts of actual experience being different to the current long-term assumptions will contribute to actuarial gain/loss items.

Financial Results:

	Long Service Awards	Leave Accruals
Opening net liability 1 April 2021	341 000	653 000
Expense (Service service and interest cost)	58 000	69 000
Expected benefit vesting	-	(22 000)
Actuarial gain/(loss)	8 000	(3 000)
Net periodic cost recognised in profit/(loss)	66 000	44 000
Closing accrued liability	407 000	697 000

11. Payables from exchange transactions

Trade payables	1 628 210	1 603 502
Workmans compensation	178 506	-
Staff S&T Control Account	77 748	24 565
Accrued-13th Cheque	578 089	587 043
Leave accrual	1 475 090	2 330 090
Accrued -Provident Fund	-	351 095
Salary Control Account	12 597	-
	3 950 240	4 896 295

12. Revenue payable to Provincial Revenue Fund

Revenue payable	13 975	176 358
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Revenue payable to Provincial Revenue Fund is an amount the entity collected from recoveries, rental (MTN`) and interest received from the bank. The table below illustrates the reconciliation of revenue collected and paid out to the Provincial Treasury.

Revenue collected on behalf of Department

Opening balance	176 358	139 475
Revenue collected during the year	535 741	488 742
Revenue transferred to Provincial Revenue Fund	(698 124)	(451 859)
	13 975	176 358

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13. Revenue

Other income	20 542	-
Interest received	374 752	340 170
Government grants & subsidies	48 855 778	51 413 000
Revenue-Service in kind	3 083 233	3 103 712
Grant Marketing-Conditional	17 745 749	9 570 772
	70 080 054	64 427 654

The amount included in revenue arising from exchanges of goods or services are as follows:

Other income	20 542	-
Interest received	374 752	340 170
	395 294	340 170

The amount included in revenue arising from non-exchange transactions is as follows:

Transfer revenue

Government grant and subsidies	48 855 778	51 413 000
Revenue-Service in kind	3 083 233	3 103 712
Conditional grant-Marketing	17 745 749	9 570 772
	69 684 760	64 087 484

14. Interest received

Interest revenue

Bank	374 752	340 170
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15. Employee related costs

Basic salary	22 955 979	22 028 687
Medical aid - company contributions	843 945	855 568
UIF	91 332	87 847
WCA	178 506	160 224
SDL	113 068	106 494
Leave provision charge	(605 277)	1 676 223
Provident fund contribution	2 333 571	2 305 274
Long-service awards	66 000	84 897
13th cheque	1 566 287	1 501 868
Housing benefits and other allowances	1 308 793	1 268 431
Internship stipend	721 000	365 040
	29 573 204	30 440 553

Remuneration of Chief Executive Officer

Annual Remuneration	672 938	843 464
Car Allowance	-	70 000
Performance Bonuses	-	79 306
Contributions to UIF, Medical and Pension Funds	744	46 611
Leave gratuity	-	133 081
Acting allowance	208 202	64 075
	881 884	1 236 537

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15. Employee related costs (continued)		
Remuneration of Chief Finance Officer		
Annual Remuneration	217 550	15 620
Car Allowance	24 000	-
Performance Bonuses	-	22 566
Contributions to UIF, Medical and Pension Funds	11 297	297
Leave gratuity	-	119 753
Acting allowance	62 287	72 884
	315 134	231 120
Remuneration of Executive Managers		
Annual Remuneration	2 768 046	3 334 842
Car Allowance	231 800	391 800
Performance Bonuses	188 261	208 378
Contributions to UIF, Medical and Pension Funds	200 731	237 886
Leave gratuity	197 853	-
Acting allowance	47 492	-
	3 634 183	4 172 906
	34 404 405	36 081 116
16. Board members fees		
Board fees	1 310 967	870 076
Cell phone allowances	5 400	4 050
	1 316 367	874 126
17. Finance cost		
Interest paid	-	402
18. General expenses		
Advertising	-	41 256
Auditors remuneration	2 637 817	2 569 470
Bank charges	38 608	33 889
Cleaning expenses	225 642	268 098
Computer expenses	1 040 121	625 303
Consulting and professional fees	59 435	22 960
Supplies and consumables	246 608	72 437
Insurance	151 505	196 403
Accommodation, conferences and workshops	348 435	110 276
Fleet management	72 399	45 060
Marketing research, trade shows and events	1 600 390	528 008
Marketing campaigns and branding	15 645 424	8 397 083
Recruitment cost	218 183	3 850
Postage and courier	-	100
Printing and stationery	257 553	330 929
Security costs	995 326	1 272 282
Staff welfare expenses	12 783	28 756
Subscriptions and membership fees	168 761	28 907
Telephone and fax expenses	1 133 148	971 192
Staff training expenses	32 119	-
Subsistence & travel expenses	840 365	404 760
Electricity expense	384 509	308 055

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18. General expenses (continued)		
Entrepreneur support & tourism services	-	333 736
Study assistance	49 751	106 578
Employee wellness	97 479	107 326
Public relations and communications	556 550	37 875
	26 812 911	16 844 589
19. Auditors' remuneration		
Internal audit fees	488 972	534 106
External audit fees	2 148 845	2 035 364
	2 637 817	2 569 470

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20. Cash (used in) generating from operations		
Surplus	3 109 059	6 866 014
Adjustments for:		
Depreciation and amortisation	640 152	409 792
Write offs/scraping of property, plant and equipment	131 377	52 925
Transfer of assets-LEDET	138 399	-
Impairment loss	23 763	-
Movement in retained income	(375 861)	(6 741 610)
Lease revenue-service in kind	3 083 233	3 103 712
Movements -leave liabilities-non-current	51 870	(603 483)
Movements -employee benefits-long service awards	66 000	54 419
Lease expense-service in kind	(3 083 233)	(3 103 712)
Unspent conditional grant-marketing	95 473	5 429 228
Changes in working capital:		
Inventories	29 714	20 699
Receivables	571 507	77 079
Prepayments	1 206 665	(676 392)
Payables from exchange transactions	(946 056)	2 178 957
Movement in revenue payable to Provincial Revenue Fund	(162 383)	36 883
	4 579 679	7 104 511

21. Commitments

Operating commitments already contracted for but not provided for

Not yet contracted for, and authorised by management

• Provision for hygiene	197 960	138 126
• Provision for internal auditors	-	514 855
• Website development, design and hosting	241 852	729 059
• Short term insurance	-	242 292
• Vehicle tracking	3 421	5 639
• Provision for security services	982 306	-
• Provision for actuarial services	25 070	-
• Provision for advert space on electronic billboard	66 240	-
• Partnership with PSL club	380 000	-
• Upgrading of internet	142 017	-
• Outstanding orders	214 222	1 765 700
	2 253 088	3 395 671

Total commitments

Already contracted for but not provided for	2 253 088	3 395 671
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22. Contingencies

The entity has a labour related matter concerning 5 employees, Ms Mokgadi Reginah Ratlabala and 4 others, under case number JR 559/2020. The applicants have since lodged a review application at labour court in Johannesburg, Gauteng province, against the arbitration decision of the Commission of Conciliation, Mediation and Arbitration (i.e. CCMA) in Polokwane.

The dispute relates to a question of law and is not a claim sound in money. The matter is yet to be set down for hearing by applicants.

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23. Related parties

Relationships

Parent Department

Members of key management

Board members

Limpopo Department of Economic Development
Environment and Tourism
M Ngobeni-Acting Chief Executive Officer
MP Maila-Chief Financial Officer
TP Maleka-Chief Corporate Services Officer
Dr. M Musitha-Acting Chief Marketing Officer
KA Dipela-(Chairperson)
CA Chikane-(Deputy Chairperson)
MO Moganedi
MRM Mothapo-(Kgoshigadi)-resigned 07/12/2021
RM Tseli
KC Tlouane
PF Mashimbye-(Cllr)

Related party transactions

Government grant & subsidies	48 855 778	51 413 000
Earmarked funding	17 841 222	15 000 000
Department of Public Works	3 083 233	3 103 712

Receivables from Limpopo Economic Development Environment and Tourism

Receivable-LEDET	2 508 423	3 008 423
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Payables to Provincial Treasury

Unspent earmarked funding	95 473	5 429 228
Payables to Provincial Revenue Fund	13 975	176 358

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24. Board members' fees

Board members

2022

	Board fees	Re- imbursement allowance	Total
KA Dipela (Chairperson)	535 067	151 409	686 476
CA Chikane (Deputy Chairperson)	217 089	81 195	298 284
MO Moganedi	135 829	21 569	157 398
RM Tseli	215 952	59 435	275 387
MRM Mothapo (Kgoshigadi)	97 782	7 962	105 744
PF Mashimbye (Cllr)	-	5 109	5 109
	1 201 719	326 679	1 528 398

2021

	Board fees	Re- imbursement allowance	Total
KA Dipela (Chairperson)	273 893	78 817	352 710
CA Chikane (Deputy Chairperson)	156 720	47 019	203 739
MO Moganedi	109 989	6 335	116 324
RM Tseli	115 252	9 105	124 357
MRM Mothapo (Kgoshigadi)	96 803	2 033	98 836
PF Mashimbye (Cllr)	-	5 943	5 943
	752 657	149 252	901 909

25. Risk management

Financial risk management

Liquidity risk

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments.

Cash flow forecasts are prepared.

The table below analyses the entity's financial liabilities which will be settled on a gross basis into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 31 March 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	3 950 240	-	-	-
Revenue payable to Provincial Revenue Fund	13 975	-	-	-
Unspent earmarked grant	95 473	-	-	-
Long service award	22 000	-	-	-
At 31 March 2021	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	4 896 295	-	-	-
Revenue payable to Provincial Revenue Fund	176 358	-	-	-
Unspent earmarked grant	5 429 228	-	-	-

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25. Risk management (continued)

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored.

Financial assets exposed to credit risk at 12 month period as follows:

Financial instrument	2022	2021
Cash and cash equivalents	13 594 271	15 317 975
Receivables from exchange transactions	2 532 065	3 103 572

26. Going concern

The accounting authority remains confident that funds will be available to finance future operations of the entity, to such an extent, the Limpopo Economic Development, Environment and Tourism has confirmed the funding for Limpopo Tourism Agency for the foreseeable future and a letter to this effect has been received.

27. Fruitless and wasteful expenditure

Opening balance as previously reported	620 934	110 859
Add: No show booking on accommodation	-	1 658
Interest/penalties on late payment	-	402
Private use of rental vehicle	-	4 699
Rental car tracking report	-	550
Non-completion of e-learning programme by two SCM officials	-	4 120
Payment of employee not reported to work	-	491 770
Medical expenses-L Mango	-	15 550
Less amounts recovered-2021/22	(26 650)	(8 272)
Less amounts incorrectly classified as fruitless & wasteful expenditure	(21 576)	-
Less amount written off-prior year	(80 938)	(402)
Closing balance	491 770	620 934

The entity has recovered a total of R26 650 from all employees responsible for fruitless and wasteful expenditure. The board has approved a total of R 21 576 which was incorrectly classified as fruitless and wasteful expenditure in the prior year.

Furthermore the board has during its meeting of the 26 May 2022 approved the write off of the fruitless and wasteful expenditure to the tune of R80 938.

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27. Fruitless and wasteful expenditure (continued)

Details of fruitless and wasteful expenditure

	Prior year amount incorrectly classified as fruitless & wasteful expenditure		
Mopani bush lodge	No show charge on accomodation	1 850	-
Travel Rep	Double booking of flight-Durban	4 176	-
Ms Mango L	Medical Expenditure	15 550	-
		21 576	-

Amount recovered

No fruitless and wasteful expenditures incurred and reported in the financial year under review. However, a total of R26 650 has been recovered.

Less amount recovered (2018/19)	-	88
Less amount recovered (2019/20)	-	7 631
Less amount recovered (2020/21)	-	553
Less prior years fruitless & wasteful expenditures	9 994	-
No show bookings accomodation	1 658	-
Private use of rental car	4 954	-
Cost of tracking report-rental car	550	-
Non-completion of e-learning programme by scm officials	4 120	-
Penalties on M/vehicle license renewal	4 061	-
No show -accomodation-related to 2019/20	1 313	-
	26 650	8 272

Amount written-off

	Details of write offs		
Polokwane municipality	Interest on late payment of municipality invoice	-	402
Exila travel centre	No show accomodation in Botswana	5 010	-
Phophi travel tour & projects	No show flight-Dubai	51 602	-
Mthiro ya kahle	No show charge -accomodation	1 595	-
Image travel agency	Change booking fee -flight	2 620	-
Babirwa Travel Agency	No show accomodation in Germany	16 608	-

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27. Fruitless and wasteful expenditure (continued)		
Babirwa Travel Agency No show booking -Gauteng	1 103	-
Babirwa Travel Agency Travel insurance	2 400	-
	80 938	402
28. Irregular expenditure		
Opening balance as previously reported	1 221 256	5 393 710
	1 221 256	5 393 710
Add: Irregular Expenditure - current year	167 778	3 215
Less: 2018/19 irregular expenditure-condoned	(778 430)	-
Less: 2019/20 irregular expenditure condoned	(6 800)	(3 416 310)
Less: 2019/20 amount incorrectly disclosed as irregular expenditure	(7 252)	(759 359)
Less: 2020/21 irregular expenditure condoned	(3 215)	-
Less: 2021/22 irregular expenditure condoned	(167 778)	-
Closing balance	425 559	1 221 256

Incidents/cases identified/reported in the current year include those listed below:

	Details of irregular expenditure identified during the year		
Tracker	Contract expired	-	3 215
Nexia SAB & T Chartered accountants Inc	Bid awarded based on pre-qualification differed from those stipulated on the original one.	111 225	-
Securelife security services	A bidder did not fully complete SBD forms	19 083	-
Myaleni security services	A bidder did not fully complete SBD forms	37 470	-
		167 778	3 215

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28. Irregular expenditure (continued)

Details of expenditure condoned or incorrectly classified

Macufe-2018(Oxytone T/A PSS)-incorrectly disclosed as irregular expenditure in the prior year	-	150 000
PRI solution (Telkom) -incorrectly disclosed as irregular expenditure in 2019/20	-	609 359
Media Logging Tourism Indaba (Oxytone T/A Koi-koi)-2018/19-condoned	-	99 000
Website Hosting and maintenance (PII Digital (Pty) Ltd-2019/20-condoned	-	47 310
Tour De Limpopo (Cycling SA)2019/20-condoned	-	3 270 000
Media logging tourism indaba-2018/19-condoned	309 352	-
BMI sport info-only one quotation was sourced	69 000	-
KPMG-contract continued after expiry.	16 468	-
Glen Steyn-Setumu-Extension of contract without following the SCM processes	383 610	-
Tracker-contract continue after expiry	6 800	-
The amount incorrectly classified as irregular-2019/20	7 252	-
Tracker-contract expired-2020/21	3 215	-
Nexia SAB&T Chartered Accountant-SBD forms not fully completed and SBD3.3 not attached-2021/22	111 225	-
Mjayeli security services Pty (Ltd)-SBD forms not fully completed (form A and B)-2021/22	19 083	-
Securelife security services-SBD forms not fully completed (form A & B)-2021/22	37 470	-
	963 475	4 175 669

Disciplinary steps taken/criminal proceedings

The Disciplinary steps have been taken against the Senior Manager Supply Chain Management for allowing the irregular expenditure being incurred during 2021/22 financial year. The said expenditure has been condoned by the Provincial Treasury.

Limpopo Tourism Agency

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29. Reconciliation between budget and cash flow statement

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

Operating activities

Actual amount as presented in the budget statement

3 401 094 14 488 602

Basis differences

1 178 585 (7 384 091)

Net cash flows from operating activities

4 579 679 7 104 511

Investing activities

Actual amount as presented in the budget statement

(874 155) (1 203 775)

Financing activities

Actual amount as presented in the budget statement

(5 429 228) (2 598 461)

Net cash generated from operating, investing and financing activities

(1 723 704) 3 302 275

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30. Budget differences

Material differences between budget and actual amounts

The information below explains the material variances between the final budget and actual amounts as presented in the statement of comparison between the budget and the actual amounts.

1. Personnel costs

The under expenditure of R 2,171,22 which translates to 6 percent of the total allocation resulted from savings on Compensation of Employees (CoE) due to vacant positions of Chief Executive Officer, Chief Financial Officer, Chief Marketing Officer and Manager SCM.

The position of the CFO was filled with effect from February 2022 and Manager SCM will be filled in April 2022. The other two positions CEO and CMO are currently filled on an acting basis.

2. Board expenses

The board overspent by R96, 953 which translates to 7 percent of the allocated funds. The over expenditure is occasioned by the need to resuscitate the tourism industry which was hit by COVID-19 pandemic. The board participated in a myriad of marketing campaigns which were initiated both nationally and provincially with an aim of increasing and jerking up domestic arrivals during the harsh impact of COVID-19. Further, the board was also embarking on a process to monitor the implementation of the tourism recovery plan.

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