GPF

Gauteng Partnership Fund

Leveraging Affordable Housing Finance

ANNUAL REPORT 2011

ANNUAL REPORT 2011

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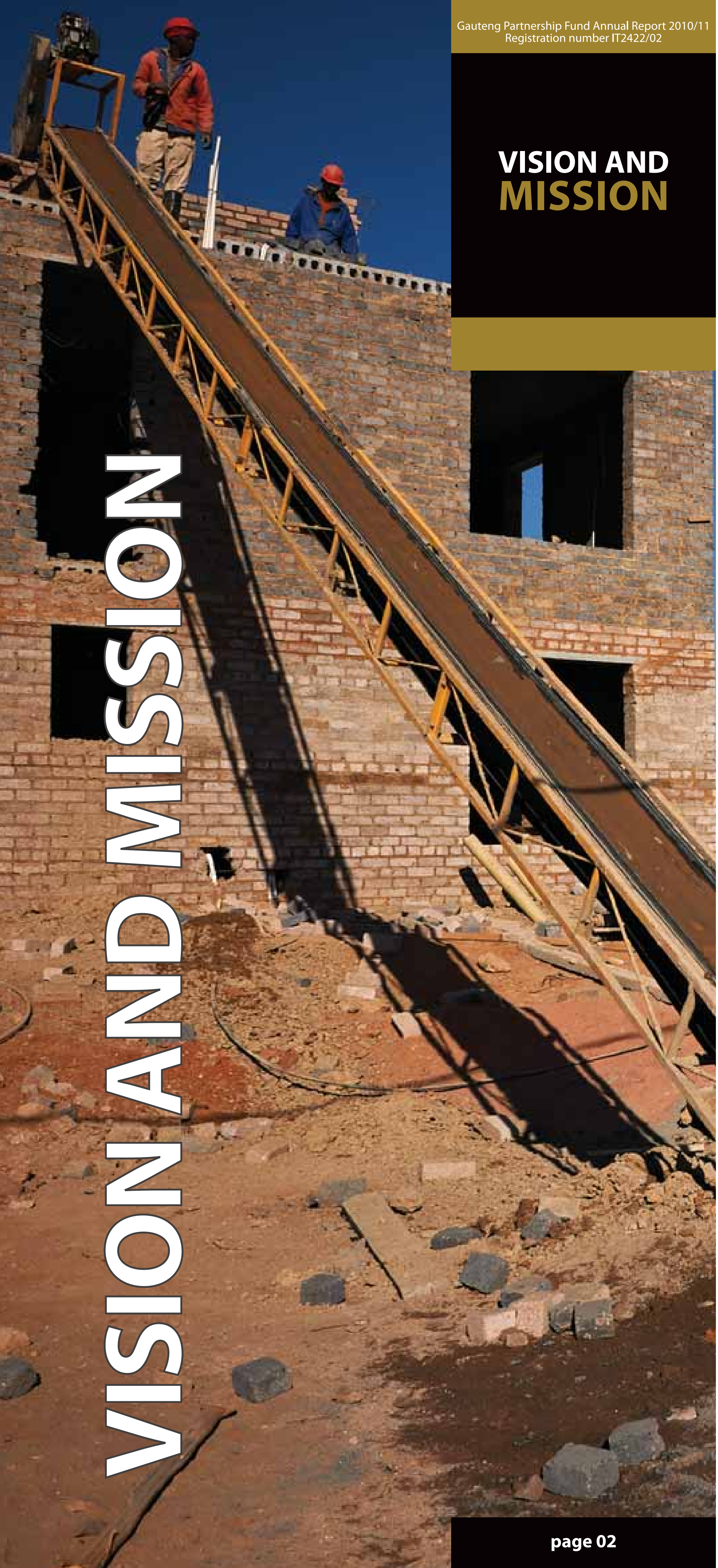
VISION AND MISSION



VISION

To be the pre-eminent partner in the mobilisation and optimisation of alternative funding; and a leading catalyst in the development of affordable housing in Gauteng.

MISSION

As a development finance institution, we pro-actively leverage affordable housing by:

- facilitating dynamic collaboration with the eco-system of public and private sector partners
- securing new and innovative funding streams
- gearing private sector finance to ensure better bankability of projects
- ensuring accountability, monitoring and efficiency in the long-term management of projects

thereby ensuring that housing financiers enter the affordable housing market on a sustainable basis – in support of sustainable human settlements and quality household life.

BOARD OF TRUSTEES

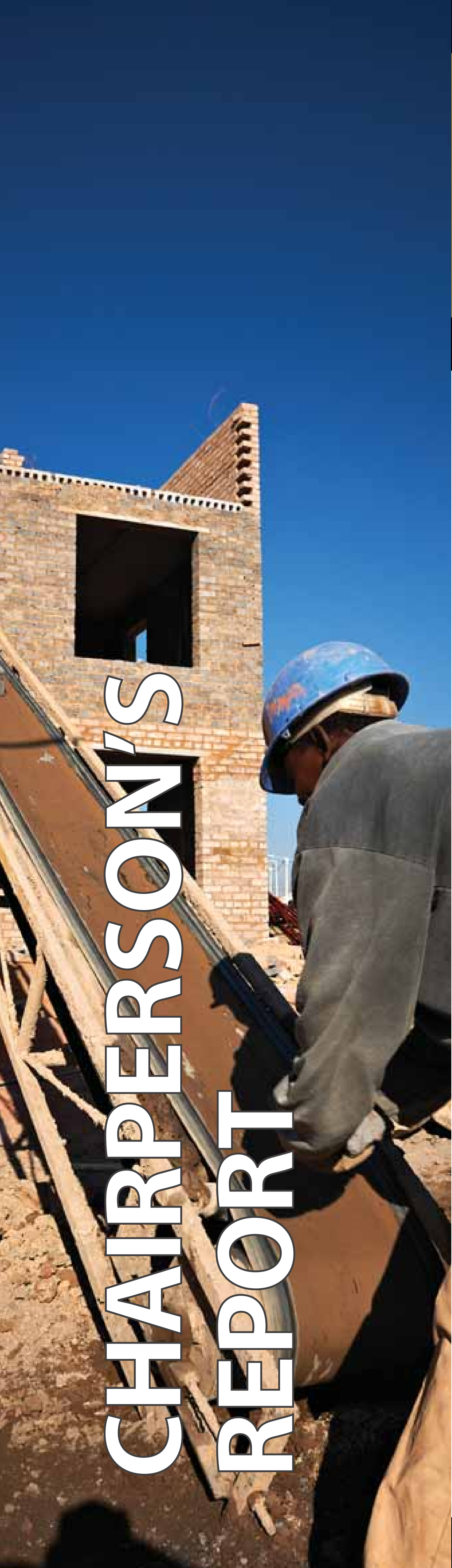
K KUTOANE
Chief Executive Officer

P Mphahlele
Non-executive

M Phaweni
Chairperson of the Board

K Mdlulwa
Non-executive

R Garach
Non-executive



A WORD FROM THE CHAIRPERSON

The Gauteng Partnership Fund (GPF) was founded in 2002 as a Trust under the Trust Properties Control Act 57, 1988. The original mandate was to normalise the social housing market in the province through the mobilisation of private sector funding. This was to be achieved through the provision of favourably priced public risk capital which would entice the banking sector to provide commercial funding with a better mitigated risk profile. The GPF has been successful in achieving this mandate. We have to date disbursed over R350 million and leveraged close to R2.2 billion in private funding for approximately 16,000 affordable housing units. We have continuously reviewed our strategy to align with changing national and provincial government policy imperatives. This year we sought to continue with the implementation of our strategic plan which hinged on five key strategic objectives, namely to:

1. enhance the visibility and credibility of the GPF
2. ensure the facilitation and funding of affordable housing developments in Gauteng
3. ensure a sustainable business model for the GPF
4. ensure optimised management of GPF internal resources
5. be a preferred employer, attracting and retaining highly skilled and performance-driven individuals.

While we have been successful in meeting the targets for the efficient management of the internal control environment, ensuring that the internal resources were optimised and maintaining the skills base of the organisation maintained, we met some challenges in realising the first three strategic objectives. The year was marked by a number of important events that impacted on our ability to realise these strategic objectives. We had to go through some re-evaluation of our strategic plan due to some uncertainties that were created by the changes that were taking place at provincial government level.

We reported in 2009/10 that the Gauteng Provincial Government (GPG) had decided to restructure the funding entities in order to realise economies of scale and achieve synergies. The funding functions of the GPF and the Gauteng Fund Project Office (GFPO) were to be merged into a new Gauteng Funding Agency (GFA). This new agency would be mandated to undertake mobilisation of alternative funding for provincial housing and other social and commercial infrastructure projects. After much work, involving the preparation of the business case and a series of consultations with relevant stakeholders, the National Treasury withheld approval for the establishment of the GFA on various grounds including their conviction that this would disrupt the current review of state owned entities. Late in the year the GPG decided to put the GFA establishment process on hold pending further investigation. The consequence of this decision was

Magapa Phaweni *Chairperson of the Board*

A WORD FROM THE CHAIRPERSON

that the GPF will continue to operate as mandated by the existing Trust Deed from 2011 onward.

In order to allow the process for the disestablishment of the GPF and concurrent establishment of the GFA to get underway, we put on hold all our funding activities and conclusion of new funding contracts from the start of the financial year until the expected completion date, which was expected to be achieved by end the of September 2010.

In September 2010 the Board re-evaluated the progress made and decided that the process for the GFA's formation would not be completed within the timeframe that had been envisaged due the complexities of the regulatory environment and the concomitant approvals that were needed to give effect to the GFA's establishment. We made a call that management should resume the GPF funding programme. This meant the review of the targets we had set in the strategic plan in light of the market environment. We decided to work with the six-month tactical plan, concentrating on the projects that could possibly be funded over the next six months. We set a target of R42 million in investment against which we achieved a commendable R68 million. The Board further approved R40 million in Development Finance Facility and long-term loans to rental residential projects which will be invested alongside First National Bank (FNB) which has committed R140 million to the scheme. The R100 million Empowerment Entrepreneurial Property Fund (EEPF) was also put in place and initial screening of the prospective emerging black investors has been undertaken by management.

The decision of the National Treasury to withhold approval of the GFA's establishment in November 2010 resulted in the GPF Board anticipating that the GPG will put the process on hold. We therefore assumed that our mandate under our formative trust deed will continue in the next three financial years at least. In the light of this we reviewed our strategic position in the last quarter of this financial year and made some variations in emphasis on specific products and programmes,

"...the GPF has emerged from the restructuring process unscathed in terms of maintaining staff morale and skills base while at the same time ensuring optimal management."

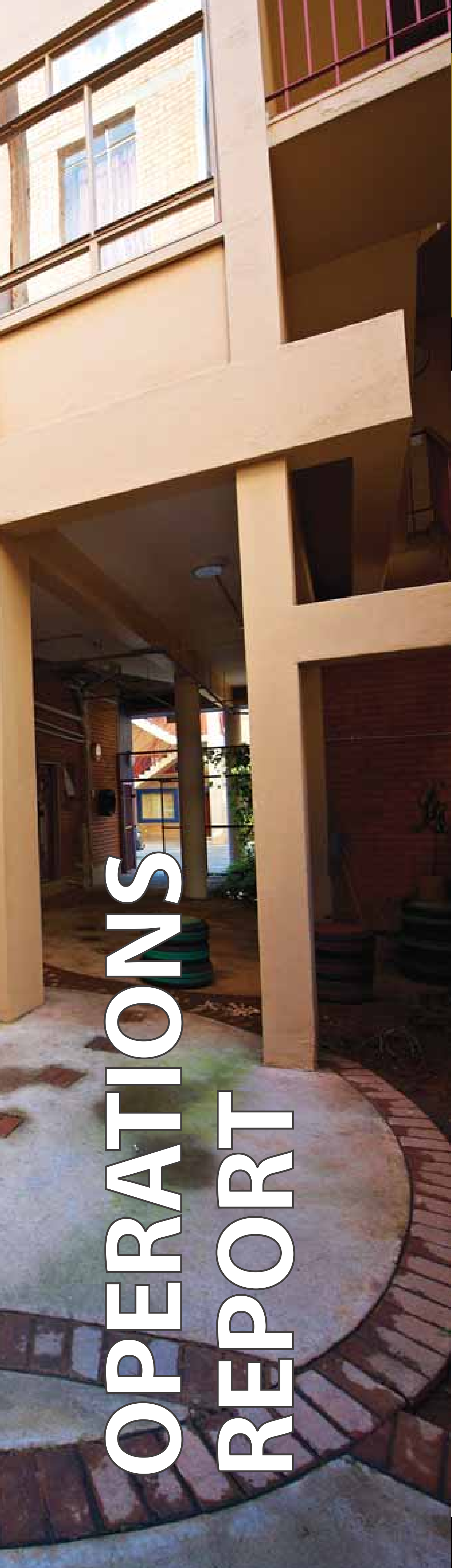
informed as it were by the renewed emphasis by the national and provincial governments on delivery of sustainable human settlements. We sought to align our strategic objectives for the next three years with the sixth provincial strategic outcome which seeks to proactively contribute to the development of sustainable human settlements and quality of household life within Gauteng. The GPF would therefore visibly and proactively support the key provincial outputs of accelerating the delivery of housing opportunities, more efficient land utilisation and an improved market for residential property. We will therefore seek not only to mobilise funding for the affordable housing projects within the framework of sustainable human settlements, but also to play a catalytic role in advocacy thus helping shape the affordable housing development agenda in Gauteng.

I wish to take this opportunity to express the GPF Board's appreciation for support and reassurances we continually received from our founder, the Gauteng Department of Local Government and Housing, the Gauteng Department of Finance and the entire GPG as a whole during the period of intense uncertainties created by the restructuring and integration process. We will count on their continued support as we delve into the implementation of our 2011 – 2014 strategy going forward.

The management of the GPF deserves accolades for the ability to hold fort during this difficult process. It is commendable that the GPF has emerged from the restructuring process unscathed in terms of maintaining staff morale and skills base while at the same time ensuring optimal management of the process and the internal resources of the organisation and maintaining un-faltered good governance at all times.

I wish to thank my colleagues on the Board for having continued with verve and commitment in ensuring good governance and strategic guidance to the GPF. You have been commendable in the face of immense challenges.

Ms. Magapa Phaweni
Chairperson



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PERFORMANCE REVIEW

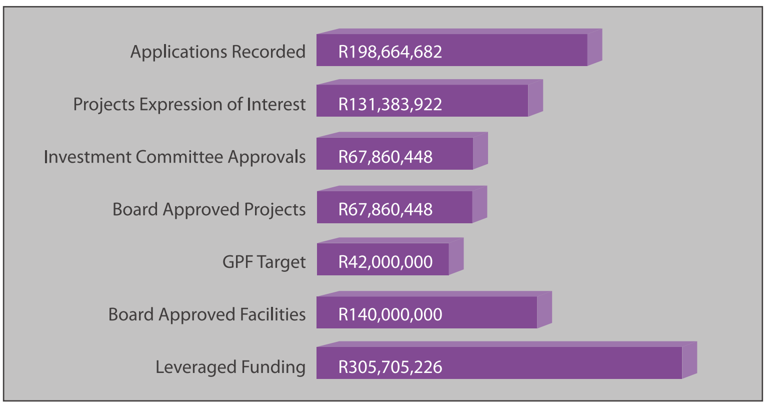
The major strategic objective for the 2010/11 financial year was facilitation and funding for affordable housing developments for low-income earning members of the population in Gauteng (household earning less than R11 000 per month) within the context of sustainable integrated housing programmes.

In meeting this objective, we received and evaluated project funding applications to the value of R199 million for GPF investments. Of these, there was expression of interest in approximately R131 million worth of projects, with the Board's in-principle and final approval of R68 million worth against a total GPF budget of R42 million. In addition, the GPF has approved R40 million in facilities with FNB for development finance and long-term loans for rental projects. FNB will commit R140 million for both facilities towards projects catering for affordable housing up to financial charter limits.

In comparison to marginal performance in the previous financial year, which was reflective of the tightening of the financial markets, we have done relatively well, committing a total of R106 million (Projects - R68m and GPF committee to FNB facilities - R40m) leveraging a total of R306 million in private commercial funding. In line with our strategic focus we have set up a R100m Empowerment Entrepreneurial Property Fund that aims to help emerging black entrepreneurs enter the market.

The summary of performance is illustrated below in Graph A:

Graph A - Summary of Performance



*Leveraged funding means total of private sector funding committed to projects
*Board approved facilities excludes proposed institutional subsidy bridging facility R100m

OPERATIONS REPORT FOR 2010/11

PERFORMANCE REVIEW *(continued)*

In assessing the GPF's performance as illustrated in Graph A, the leveraging of private sector funding is the primary measure in facilitating affordable housing units. This benchmark is linked to a specific amount to be invested, and projected and completed housing units per annum as shown in Table A below:

Table A - Performance 2010/11

Key Performance Areas (Programmes)	Goal	Output	Target for 2010/11	Actual performance for 2010/11	Reason for variance
1. Rental Housing Fund (focused on for-profit entities)	To enhance the debt / equity ratio for projects such that companies can raise commercial funding.	Committed value	R12m	R 45m	The performance exceeded set target for funding commitment.
		Facilitated units	400	700	
		Completed units	300	0	No units were completed.
		Debt to equity ratio of 70:30	70:30	49:51	Exceeded set target of debt to equity ratio.
2. Social Housing Fund (focused on non-profit entities)	To reduce the cost of capital for projects linked to institutional subsidies.	Committed value	R30m	R23m	The fund could not perform to its full potential due to budgetary constraints for institutional subsidies from Department of Local Government and Housing (DoLGH).
		Facilitated units	750	286	
		Completed units	500	0	No units were completed.
		Reduced cost of rentals from going market to subsidized - 15%	15% below market	38%	Exceeded set target.
3. Management of Institutional Subsidy programme	To reduce the capital cost of projects and to allow for lower affordable rentals.	Committed value	R120m	0	No performance due to budgetary constraints for institutional subsidies from DoLGH.
		Facilitated units	2250	0	
		Completed units	1000	0	

OPERATIONS REPORT FOR 2010/11

PERFORMANCE REVIEW *(continued)*

Table A - Performance 2010/11 *(continued)*

Key Performance Areas (Programmes)	Goal	Output	Target for 2010/11	Actual performance for 2010/11	Reason for Variance
4. Special Partnership Projects	To partner with financial institutions in order to leverage resources or share financing risk for housing developments.				The GPF has continuously engaged with financial institutions in order to attract funding for projects. The economic environment and integration process disturbed the momentum.
Sub-programmes:					
4.1 Risk Participation Facility	To facilitate the sustainable entry of banks through sharing of financing risk.	Committed value	0	R20m	The GPF board approved two facilities with FNB which account for the R40m GPF commitment. FNB will commit a total value of R140m. The GPF/ FNB facility contracts are yet to be finalised. The facilities with ABSA and Standard Bank have not performed in the current financial year.
		Facilitated units	0	0	
		Completed units	0	0	
4.2 Development Finance Facility	To promote sustainable entry of banks through the sharing of risks for short-term developments finance.	Committed value	0	R20m	
		Facilitated units	0	0	
		Completed units	0	0	
4.3 Intuthuko Fund		Committed value - Trust for Urban Housing Finance (TUHF)	0	R6.7m	Under the current loan facility of R10m partnership with TUHF for Intuthuko Fund we have committed funds and yielded units in the financial year.
		Facilitated units	0	412	
4.4 Bridging Finance Facility		Completed units	0	263	The current partnership with TUHF - bridging facility, which is a revolving fund and yielded units in the financial year.
		Committed value - Revolving Fund	0	R22m	
		Potential units	0	667	

PERFORMANCE REVIEW *(continued)*

Table A - Performance 2010/11 *(continued)*

Key Performance Areas (Programmes)	Goal	Output	Target for 2010/11	Actual performance for 2010/11	Reason for Variance
5. Sustainable Housing Equity Fund	To share financial risk with financial institutions in equity funding for sustainable integrated developments.	Committed value Facilitated units Completed units	R50m 0 0	GPF Board committed R50m in 2009/10 0 0	This funding initiative has been put on hold pending integration with Gauteng Project Office.
6. Emerging Entrepreneur Property Fund	To help the Historical Disadvantaged Individuals (HDI) companies enter the affordable rental market.	Fully established Emerging Entrepreneurs targeted fund	To select 10 -15 fund participants Induction of participants Detailed evaluation of projects Submission of two projects to IC	11 participants selected Induction programme completed Completed detailed evaluation of all initially submitted projects	All set targets were met however no projects were submitted to Investment Committee (IC) for consideration. This is because after detailed evaluation of projects it was found that - most projects' offer to purchase on properties had expired and some projects did not have complete information.

OPERATIONS REPORT FOR 2010/11

1. The Rental Housing Fund

The Rental Housing Fund is used to enhance the debt/equity ratio to projects. The following projects were supported during the 2010/11 financial year:

Table B - Rental Fund Commitments

Company & Project	GPF's Committed Value	Other Funding	Total Units	Completed Units
Tenitor Properties (Pty) Ltd - The Ridge Hotel	R 11,367,900	R 26,511,000	234	none
BM Molefi Properties 241 (Pty) Ltd - Kgorong Estate	R 22,305,600	R 52,046,400	282	none
Shamzang Property Investment Holding - Italic Mansions	R 5,847,570	R 13,644,330	64	none
Rivavect Investment (Pty) Ltd - Central House	R 5,000,000	R 20,260,983	120	none
Total	**R 44,521,070**	**R 112,462,813**	**700**	

2. The Social Housing Fund

The Social Housing fund reduces the cost of capital for projects, thereby enhancing the cash flows for housing institutions that are not for profit and who undertake mixed income projects. Budgetary constraints from the DoLGH affected performance of the Fund, because it co-funds or is linked to institutional subsidy funding for projects.

Table C - Social Fund Commitments

Company & Project	GPF's Committed Value	Other Funding	Total Units	Completed Units
Madulamoho Housing Association - Fleurhof Views	R 23,345,378	R 54,472,548	286	none
Total	**R 23,345,378**	**R 54,472,548**	**286**	

3. Management of the Institutional Subsidy Programme

Institutional Housing is defined as a housing option for low-income persons (from R2,500 to R7,000) at a level of scale and built form which requires institutionalized management and which is provided by accredited social housing institutions. Institutional housing projects are mainly undertaken by Section 21 not-for-profit companies. The tenure offered in an institutional housing project is rental, co-operative ownership, instalment sale and rent-to-own. Institutional housing projects are funded through a mixture of government grants and private sector funding. The government grants consist of the institutional subsidy. The aim of an institutional subsidy is to reduce the cost of capital for projects linked to institutional subsidies.

As from 1 April 2007 the GPF was tasked by the DoLGH with the management, evaluation and facilitation of the institutional subsidy programme. The motivations or proposals are submitted to the DoLGH's Housing Advisory Committee (HAC) for MEC approval of institutional subsidies. In 2010/11, due to budgetary constraints on institutional subsidies from the DoLGH, no projects could be accounted for.

OPERATIONS REPORT FOR 2010/11

4. Special Partnerships Projects

These are partnerships with financial institutions in order to leverage resources or share financing risk for affordable housing developments. The following sub programmes of the special projects performed as follows:

4.1 Risk Participation Facility

The fund facilitates the sustainable entry of banks through sharing financing risk for housing developments. It allows for an interest rate blending resulting in a reduced interest rate for housing project finance.

We did not budget any funding commitment over the 2010/11 period due to the uncertainty of the financial markets. However we have continued discussions with FNB to set up a facility, of which we have approved a R20 million GPF investment against R70 million by FNB. Contracts are yet to be signed.

4.2 Development Finance Facility

The aim of the facility is to share financial and developmental risk with developers for affordable housing projects. This is short-term loans or bridging finance for projects aimed at increasing the supply of new affordable housing stock in the market. This facility offers development finance for integrated residential developments to residential property developers for the acquisition of land, installation of services and/or top structures for sale, rental, instalment sale or other tenure options in Gauteng.

We did not budget any funding commitment over the 2010/11 period due the uncertainty of the financial markets. However we have continued discussions with FNB to set up a facility, of which we have approved a R20 million GPF investment against R70 million by FNB. Contracts are yet to be signed.

4.3 Intuthuko Fund

This programme is offered through the Trust for Urban Housing Finance (TUHF). The purpose of the Fund is to provide soft funding to emerging black entrepreneurs providing small-scale housing in the inner cities. A total of R10 million has been set aside to roll out the programme. The following lists of projects were supported during 2010/11:

Table D - Intuthuko Fund Commitments

Project Name	GPF Funding	Other Funding	Total Units	Completed Units
79 Mooi Street	R 475,000	R 60,000	18	18
11 Beit Street	R 471,596	R 4,814,382	34	34
Alton Court	R 480,823	R 5,482,721	54	54
33 & 33a Wilhelmina	R 247,390	R 1,093,248	8	8
22 & 24 Dawe Street	R 150,000	R 956,833	22	22
Santa Monica	R 450,000	R 2,615,739	17	17
58 Auret Street	R 432,670	R 2,442 801	41	41
Total	**R 2,707,479**	**R 17,465,724**	**194**	**194**

OPERATIONS REPORT FOR 2010/11

4.4 Bridging Facility

The Bridging Facility is aimed at addressing the requirements of the inner city's private investors who need quick responses to applications for property financing (purchase of property, rates clearance costs and construction loans) for the rental sector. The Bridging Finance Facility is a partnership with the TUHF established in 2006. The fund was fully capitalised by the GPF for an amount of R25 million and structured as a revolving fund. TUHF manages the facility. The following projects was funded by the Bridging Facility in 2010/11:

Table E - Bridging Facility Commitments

Project Name	Committed Funding	Total Units
Rochester Mansions	R 1,196,750	50
AP House & Polana	R 1,056,250	23
Massyn Court	R 1,093,750	38
30 Rockey Street	R 325,000	3
Marigold Inn	R 281,250	37
Benjamin Court	R 103,809	6
Duchess Court	R 625,000	24
Monaco Court	R 1,968,750	72
Ilana Court	R 2,217,855	34
Edenrock	R 2,210,000	23
41 Edith Cavell BF	R 269,832	26
Vrystaat House	R 2,529,494	59
3 Ash Road	R 506,000	1
Biccard House	R 4,999,000	54
36 Durban Street	R 1,113,000	83
Saci Property	R 100,000	32
Graceland	R 1,530,000	102
Total	**R 22,125,740**	**667**

OPERATIONS REPORT FOR 2010/11

4.5 TUHF Securitisation

The purpose of the facility is to assist TUHF in leveraging commercial funding for on-lending to inner-city investors contributing to urban regeneration and entrepreneurship development. This R30 million facility was approved by the GPF board in the 2006/07 financial year. The structure and legal documents took long to complete due to the complexity, and the transaction seems to have weathered the subprime crisis. The GPF has withdrawn its commitment to the securitisation transaction, but will provide the TUHF an opportunity to re-submit an application for funding when they have secured funding from principal lenders to the transaction.

5. Sustainable Housing Equity Fund

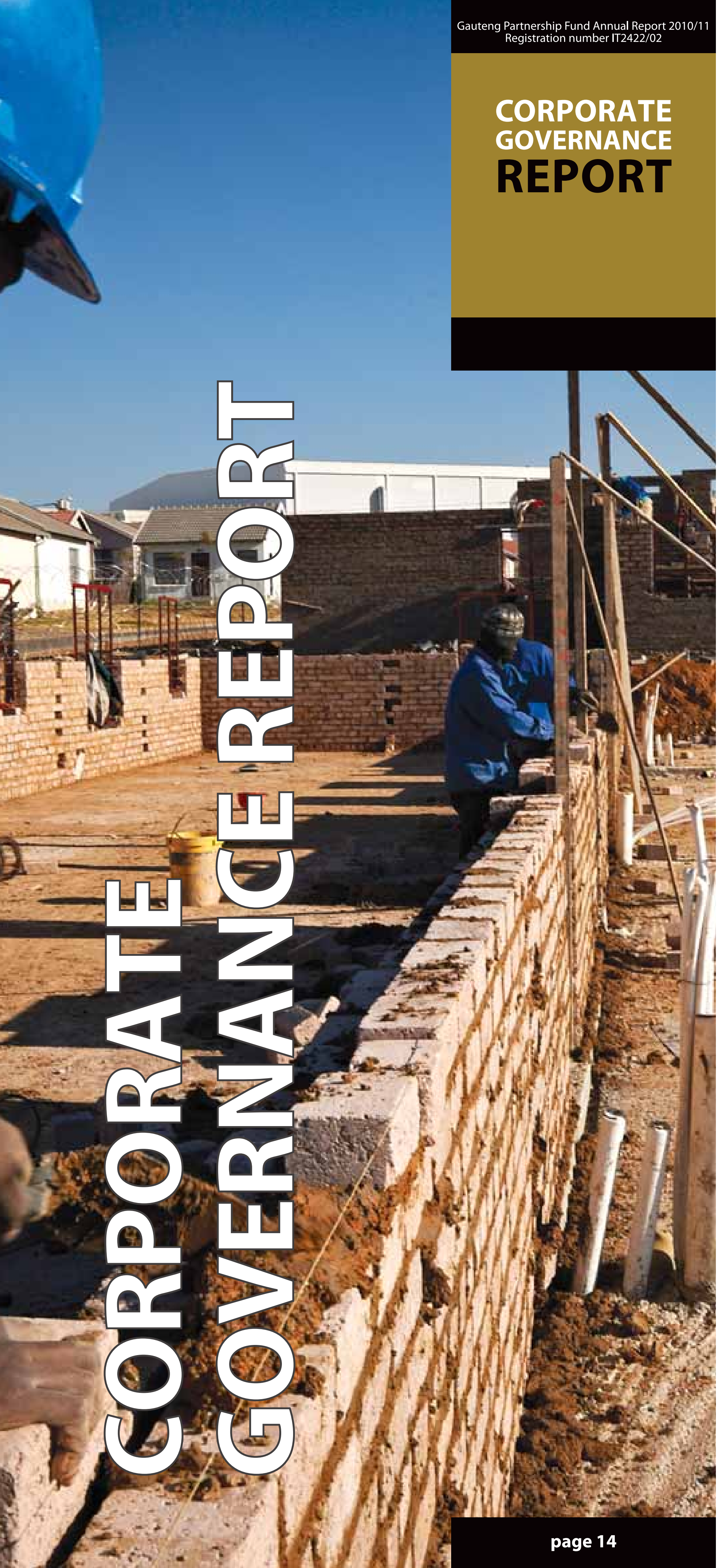
The aim of the Fund is to mobilise private sector equity funds to blend with GPF public risk capital so as to provide a balanced risk sharing arrangement among the participants in the Fund. The equity funds will then be utilised to leverage debt funding for integrated housing developments. This facility offers equity finance for integrated residential developments to residential property developers for the acquisition of land, installation of services and/or top structures for sale, rental, instalment sale or other tenure options in Gauteng.

The funding initiative has been put on hold pending integration with the Gauteng Fund Project Office (GFPO).

6. Entrepreneur Empowerment Fund

The aim is to help emerging black-owned companies to enter the affordable housing rental market. A business case proposing R100 million in funding was approved by the board and the programme is on track. Eleven (11) participants were selected after a public proposal call; an induction programme was completed and project evaluation is continuing. We have appointed a programme driver that is expected to adopt a proactive approach and response to the fund challenges in order to realise the objectives.

CORPORATE GOVERNANCE REPORT



One of the key objectives for the 2010/11 financial year was to ensure optimised financial and systems management and good governance within the GPF.

The GPF is a public entity within the meaning of section 1 of the Public Finance Management Act, 1999 (Act No1 of 1999) (PFMA). Members are governed by the Code and terms of reference, which have been enhanced to ensure that the entity operates efficiently and effectively.

The trustees of the GPF are committed to the principles of openness, honesty, integrity and accountability to all stakeholders. The trustees and management of the GPF endorse the objective of conducting the affairs of the trust in accordance with the highest standards of corporate governance and accept responsibility for achieving these standards.

The GPF is managed and controlled by a unitary Board of Trustees appointed in terms of a Trust Deed. The organisation's sole shareholder is the Government of the Republic of South Africa, represented by the Gauteng DoLGH.

The GPF is committed to the principles incorporated in the Code of Corporate Practices and Conduct as set out in the King III Code on Corporate Governance.

CORPORATE GOVERNANCE REPORT

Corporate governance practices are reviewed periodically and improvements effected where necessary to account for changes in governance requirements.

INTERNAL CONTROL

The GPF maintains internal controls and systems designed to provide reasonable assurance as to the integrity and reliability of the financial statements and to adequately safeguard and maintain accountability for assets. Documented and tested processes are in place that will allow the GPF to continue its critical operational processes in the event of a disastrous incident impacting negatively on its activities.

"The trustees of the GPF are committed to the principles of openness, honesty, integrity and accountability to all stakeholders."

The management team and the governing structures are confident that the standards that have been set and the systems of internal control and accounting control that have been implemented are adequate and ensure the integrity and reliability of the financial statements and accountability of the GPF's assets. These systems are monitored continuously throughout the year by both management and Internal Audit. During the period under review, adequate accounting records were maintained.

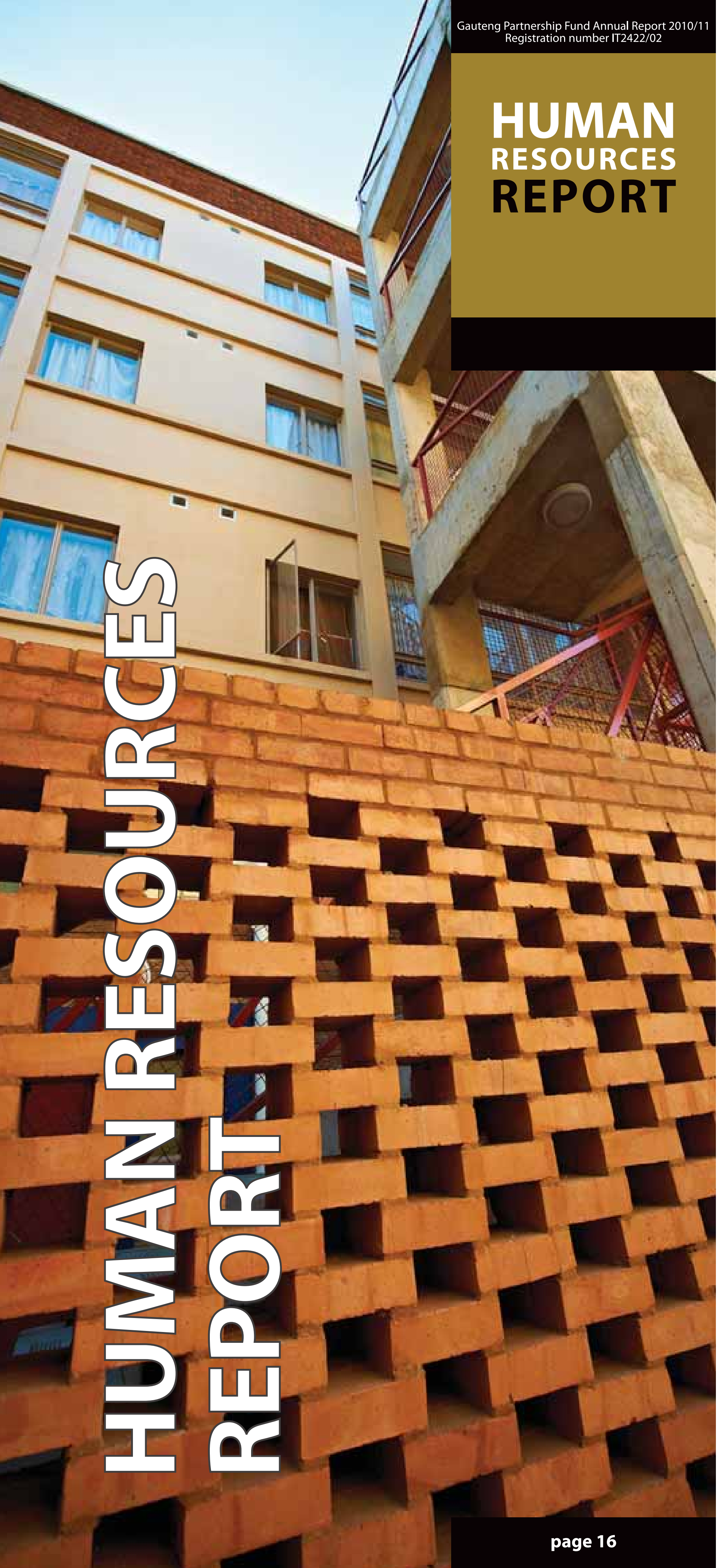
RISK MANAGEMENT

The GPF, like all businesses, is exposed to a number of risks which may have a material or adverse impact on its reputation, performance and financial position. While it is not possible to identify or anticipate every risk due to the changing business environment, the GPF has an established risk management process to manage and mitigate those key risks which it believes could have an impact on its well-being. The GPF has, as a result, chosen to use an Enterprise-Wide Risk Management (ERM) approach vs. a silo approach to risk management. ERM looks at risks within and across all business lines and activities of the organisation to consider how one area of the organisation may affect the risks of other business units and the enterprise as a whole. CURA risk software is utilised as the risk management tool.

The trust's process for identifying and managing risk is set by the board. The board has delegated the management of risk to the Audit Committee. The Audit Committee has reviewed the risk management plan, of which the design, implementation and monitoring of, which on a day-to-day basis is the responsibility of management.

The release of the King III Report on Corporate Governance has placed risk management as a cornerstone of corporate governance. Greater emphasis is placed on boards to ensure that they are satisfied with the management of risk.

HUMAN RESOURCES REPORT



HUMAN RESOURCES REPORT

HUMAN RESOURCE MANAGEMENT

During the 2010/11 financial year, the Human Resources unit focused on ensuring the alignment of its human resources to the objectives of the GPF whilst ensuring employee development, wellbeing and high performance.

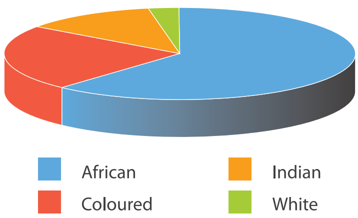
EMPLOYMENT EQUITY

The GPF is committed to establishing and maintaining an environment, which provides equal opportunities to all its employees with special consideration given to historically disadvantaged groups. The employee-nominated Employment Equity Committee promotes a culture of valuing diversity and ensuring all employees have fair and equal access to employment opportunities.

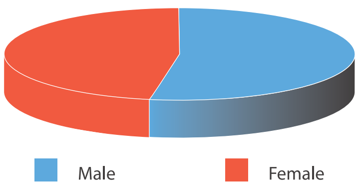
HUMAN RESOURCES REPORT

The tables below depict the profile of GPF employees by race and gender

Race



Gender



EMPLOYEE WELLNESS

The GPF has a comprehensive Employee Wellness Programme (EWP) that assists and supports employees in identifying and addressing health and other personal problems that may have a negative impact on the employee's daily performance. The GPF acknowledges the fact that health problems emanating from outside the work environment can have an impact on an employee's well-being which may result in lowered performance and a lack of productivity.

During the period under review the EWP focused on preventative initiatives which included medical screening, eye testing and subsidised gym membership for employees. The success of the EWP through continued preventative and curative initiatives ensures GPF employees enjoy a good quality of work life.

EMPLOYEE DEVELOPMENT

The GPF is a learning organisation where employees at all levels are given the opportunity to expand their capacity to reach their full potential. Employee development expenditure during the period was 4.74% of annual payroll. This expenditure provided 21 employees with attendance at 61 training days and provided 6 employees with bursaries for further education.

"The GPF is a learning organisation where employees at all levels are given the opportunity to expand their capacity to reach their full potential."

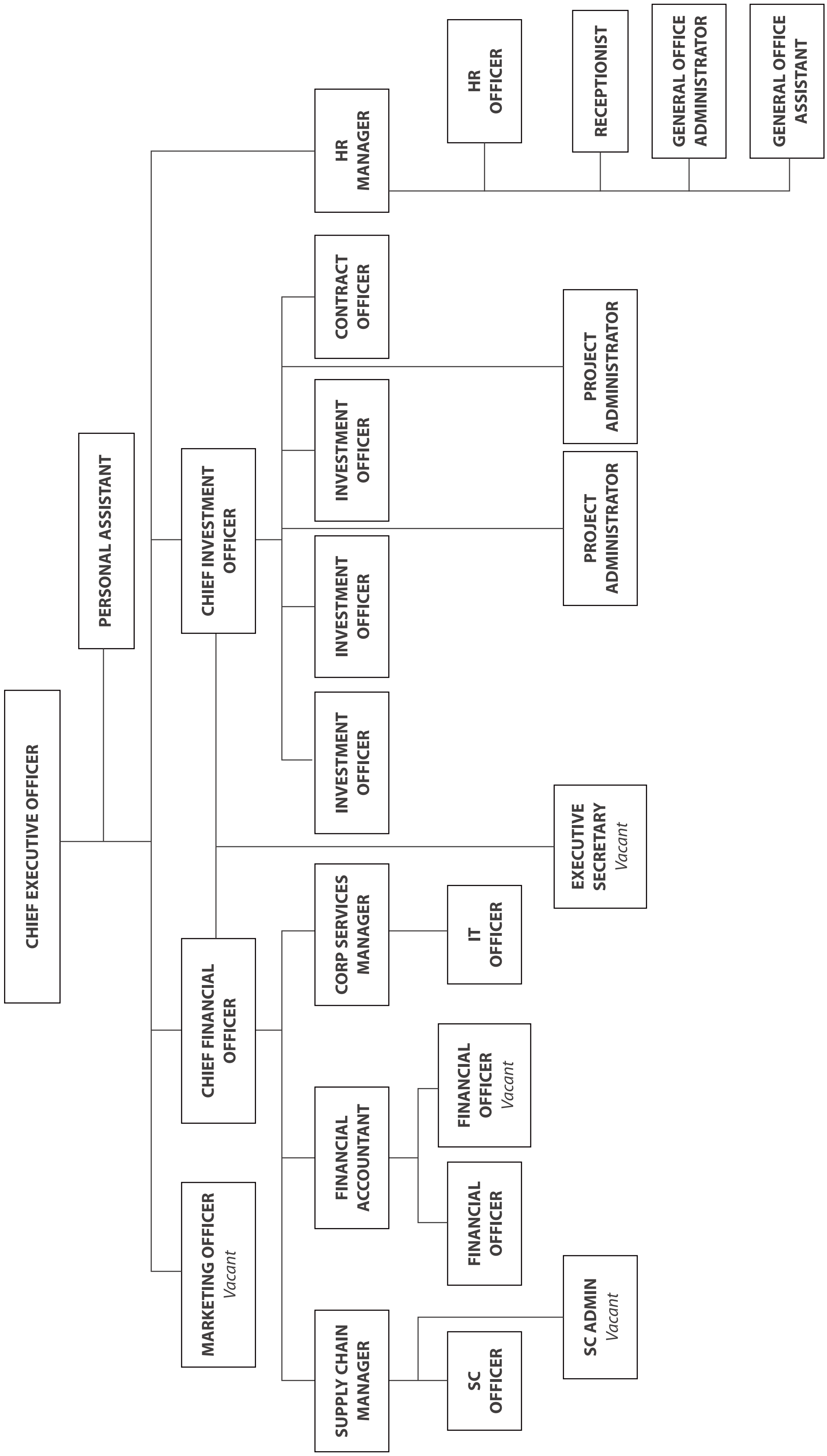
GENERAL

The Remuneration Committee has fulfilled its mandate for the reporting period and the GPF is very proud to report that, during the reporting period, there were no grievances raised, only one resignation and one new team member was appointed.

STAFF PROFILE

NAME	JOB TITLE	RACE	GENDER	COMMENCEMENT DATE
Lance Smith	Corporate Services Manager	Coloured	Male	01-Oct-04
Boni Muvevi	Chief Investment Officer	African	Male	01-Nov-04
Thando Masango	Financial Officer	African	Female	11-Jan-05
Basil Balkison	Financial Accountant	Coloured	Male	16-Feb-05
Godfrey Mathabathe	Contract Manager	African	Male	25-Apr-05
Mpho Mokoena	Human Resources Officer	African	Male	01-Sep-05
Anthea Jansen	Personal Assistant	Coloured	Female	01-Sep-05
Shiraaz Lorgat	Investment Officer	Indian	Male	01-Dec-05
Brian Mangcipu	Supply Chain Officer	African	Male	03-Apr-06
Lilian Diketane	General Office Administrator	African	Female	05-Apr-06
Komathie Govender	Chief Financial Officer	Indian	Female	03-Jan-07
Kutoane Kutoane	Chief Executive Officer	African	Male	07-May-07
Katleho Nchapha	Investment Officer	African	Male	03-Jan-08
Mapule Kuzwayo	Receptionist	African	Female	01-Apr-08
Marjorie Harrington	Human Resources Manager	White	Female	02-Apr-08
Maki (Immaculate) Shembe	Projects Administrator	African	Female	14-Apr-08
Renata Lement	Projects Administrator	Coloured	Female	01-Nov-08
Faizel Rayman	Supply Chain Manager	Indian	Male	15-Dec-08
Timothy Mutyavaviri	Financial Officer	African	Male	16-Mar-09
Ronald Tapera	IT Officer	African	Male	25-May-09
Patricia Jafta	General Office Assistant	African	Female	12-Nov-09
Vinolia Mashiane	Investment Officer	African	Female	01-Feb-11

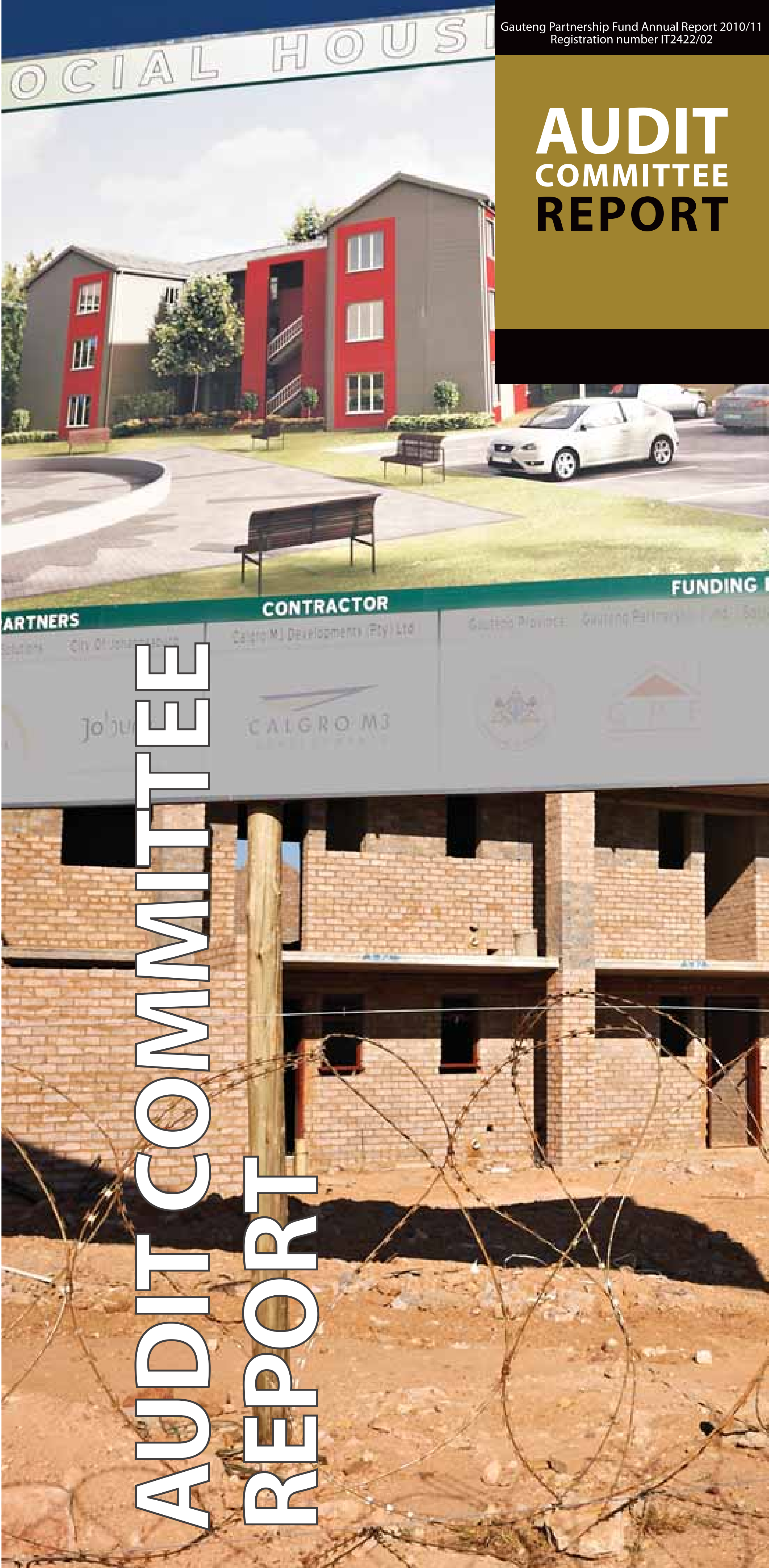
STAFF PROFILE



STAFF PROFILE

GAUTENG PARTNERSHIP FUND STAFF

AUDIT COMMITTEE REPORT



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

AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The accompanying table shows persons who served as members of the Audit Committee during the period under review, and their attendance record of formal Audit Committee Meetings.

Member	Profession/ Position	Meetings attended
P Mphahlele (Chairperson)	Masters in Finance	**4/5**
R Garach	CA(SA)	**4/5**
K Mdlulwa	Attorney	**4/5**

Remuneration rate:
Formal meetings = R2 909 (Chair), R1 766 (Audit Committee Member) per meeting.

AUDIT COMMITTEE RESPONSIBILITY

The Audit Committee has adopted appropriate terms of reference as its Audit Committee Charter (Charter) in line with the requirements of Section 51 (1)(a) of the PFMA and Treasury Regulation 27.1. The Charter is reviewed annually and updated as needed and complies with principles of good governance. The Audit Committee has satisfied its responsibilities for the year in compliance with its terms of reference.

AUDIT COMMITTEE REPORT

REPORT ON THE OPERATIONS OF THE AUDIT COMMITTEE

During the period under review, the following activities were undertaken and demonstrate the commitment of the Audit Committee to achieving its mandate:

- Reviewed management accounts
- Reviewed and approved the Internal Audit Charter
- Updated the Audit Committee Charter
- Reviewed the risk analysis, as well as the internal audit coverage plans and budget
- Considered internal audit reports and made recommendations as appropriate
- Monitored progress with the internal audit coverage plans as well as management's follow-up of matters requiring attention throughout
- Monitored compliance with GPF policies and applicable legislation
- Conducted separate informal meetings with both internal and external audit.

THE EFFECTIVENESS OF INTERNAL CONTROL

The Audit Committee is satisfied that:

- the risk management process is in place and the major risks under the control of GPF are properly managed
- the internal control systems are effective and the Internal Auditors are operating objectively and independently
- matters requiring management's attention have been adequately addressed.

"The Audit Committee has satisfied its responsibilities for the year in compliance with its terms of reference."

EVALUATION OF ANNUAL FINANCIAL STATEMENTS

The Audit Committee has:

- reviewed and discussed with the Auditor and management the audited annual financial statements to be included in the Annual Report
- reviewed the Auditors' management report and management's response thereto
- reviewed the entity's compliance with legal and regulatory provisions
- reviewed significant adjustments resulting from the audit.

The Audit Committee concurs and accepts the conclusions of the Auditors on the Annual Financial Statements and is of the opinion that the audited Annual Financial Statements be accepted and read together with the report of the Auditor-General of South Africa.

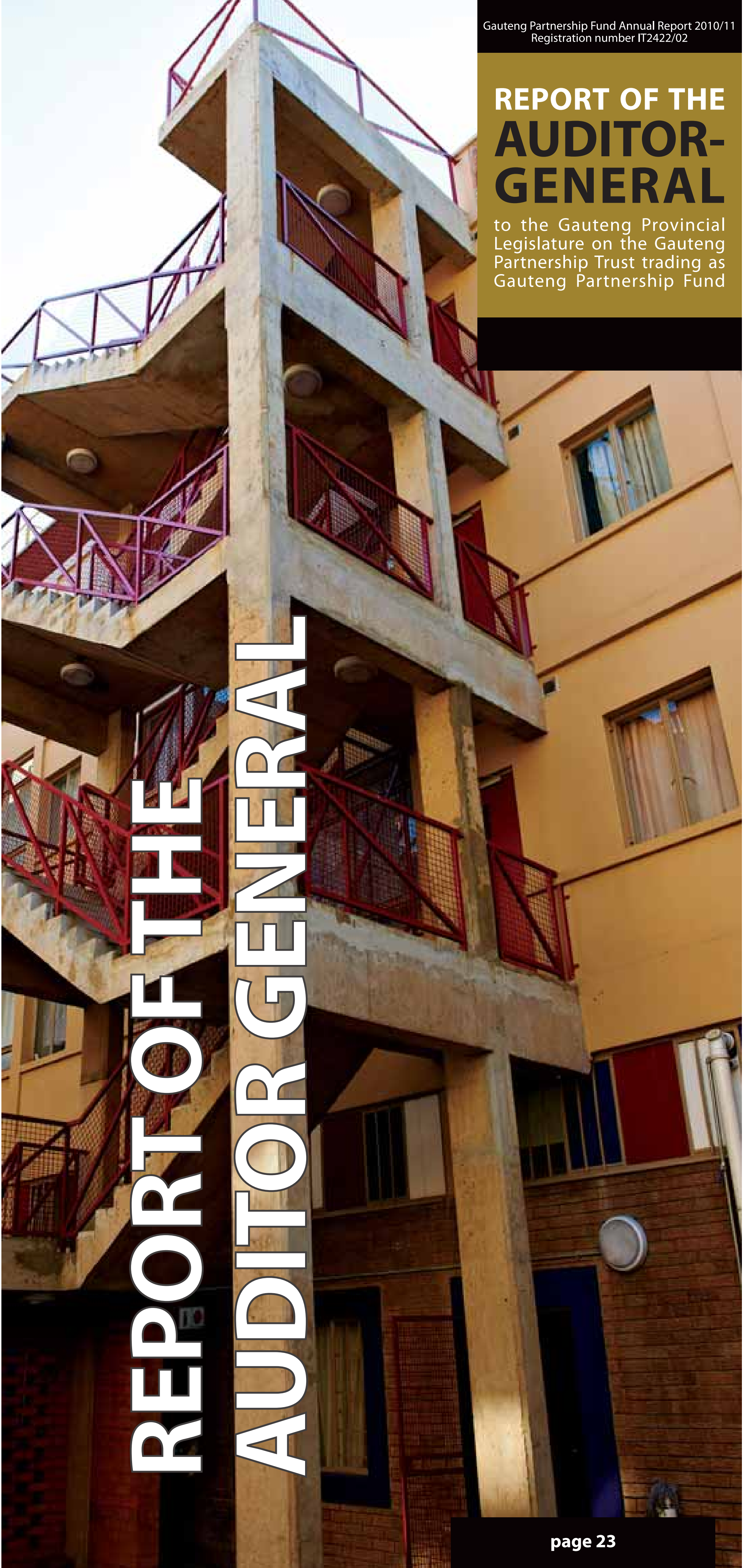
RISK MANAGEMENT

As part of the Audit Committee's responsibility it monitors and oversees the assessment and mitigation of risk on a prioritised basis throughout the trust. The Internal Auditors used this risk control framework to prepare their audit coverage plans and to undertake audit work in the higher prioritised risk areas identified.

P Mphahlele
Chair of the Audit Committee

REPORT OF THE AUDITOR-GENERAL

to the Gauteng Provincial Legislature on the Gauteng Partnership Trust trading as Gauteng Partnership Fund



REPORT ON THE FINANCIAL STATEMENTS

Introduction

I have audited the accompanying financial statements of the Gauteng Partnership Fund, which comprise the statement of financial position as at 31 March 2011, and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 26 to 63.

Accounting authority's responsibility for the financial statements

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

Auditor-General's responsibility

As required by section 188 of the Constitution of the Republic of South Africa, 1996 and section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA), my responsibility is to express an opinion on these financial statements based on my audit.

REPORT OF THE AUDITOR-GENERAL

to the Gauteng Provincial Legislature on the Gauteng Partnership Trust trading as Gauteng Partnership Fund

I conducted my audit in accordance with International Standards on Auditing and *General Notice 1111 of 2010* issued in *Government Gazette 33872 of 15 December 2010*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Gauteng Partnership Fund as at 31 March 2011, and its financial performance and cash flows for the year then ended in accordance with SA Standards of GRAP and the requirements of the PFMA.

Emphasis of matter

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

Restatement of corresponding figures

As disclosed in note 25 to the financial statements, the corresponding figures for 31 March 2010 have been restated as a result of an error discovered during 31 March 2011 in the financial statements of the Gauteng Partnership Fund at, and for the year ended, 31 March 2010.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the PAA and in terms of *General Notice 1111 of 2010*, issued in *Government Gazette 33872 of 15 December 2010*, I include below my findings on the annual performance report as set out on pages 6 to 13 and material non-compliance with laws and regulations applicable to the entity.

Predetermined objectives

There are no material findings on the annual performance report.

Compliance with laws and regulations

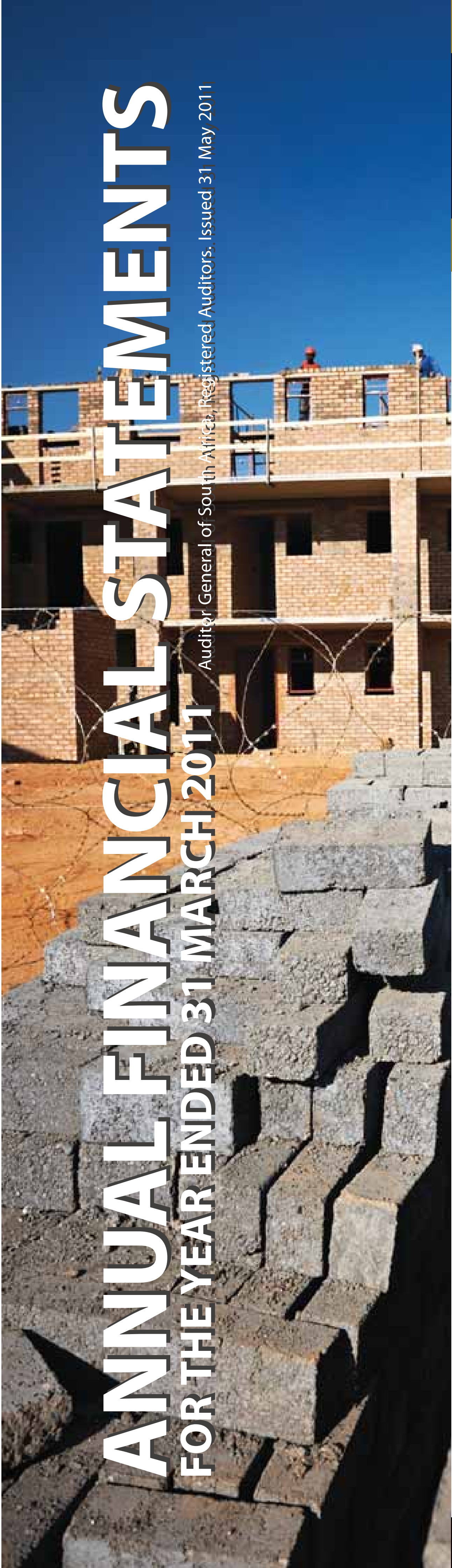
There are no findings concerning material non-compliance with laws and regulation applicable to the entity.

INTERNAL CONTROL

In accordance with the PAA and in terms of *General Notice 1111 of 2010*, issued in *Government Gazette 33872 of 15 December 2010*, I considered internal control relevant to my audit, but not for the purpose of expressing an opinion on the effectiveness of internal control. There are no significant deficiencies in internal control that resulted in a qualification of the auditor's opinion on the financial statements and findings on predetermined objectives and material non-compliance with laws and regulations.

Auditor-General

Johannesburg
30 July 2011



ANNUAL FINANCIAL STATEMENTS

for the year ended
31 March 2011

GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Social housing
Registered office	82 Grayston Drive Sandton Johannesburg 2196
Bankers	Absa Bank Limited
Auditors	Auditor-General of South Africa Registered Auditors
Registration number	IT2422/02
Attorneys	Mojela Hlazo Practice Des Naidoo Attorneys Cliffe Dekker Hofmeyer Bhika Incorporated

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

The following supplementary information does not form part of the annual financial statements and is unaudited:

REPORT OF THE TRUSTEES

The Trustees submit their report for the year ended 31 March 2011.

1. Review of activities

Main business and operations

The Gauteng Partnership Fund (GPF) provides flexible and innovative financing solutions in partnership with the private sector for the development of affordable housing within sustainable human settlements in Gauteng. The mission of the GPF is to mobilise risk mitigating development finance in dynamic collaboration with a network without boundaries of public and private sector partners in affordable housing finance. The GPF gears private sector funding from its own capital base on a project-by-project basis, which results in an enhanced debt to equity ratio for projects, ensuring growth and a variable return on investment.

Private sector involvement not only eases the burden on government facilities but also encourages better risk sharing, accountability, monitoring and efficiency in the long-term management of projects. The GPF thereby ensures that housing financiers enter the lower income housing market on a sustainable basis.

The strategic plan for 2011/12 has been developed to shape and scope the GPF and its enhanced contribution to the Provincial Outcome of: "Sustainable Human Settlements and Improved quality of Household Life".

The GPF mandate is that of partnership with value chain stakeholders to proactively catalyze and facilitate innovative financing solutions for the development of affordable housing within human settlements in Gauteng.

2. Statements of responsibility

The Trustees are required to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the trust as at the end of the financial year and the results of its operations and cash flows for the year then ended. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with the basis of preparation as detailed in note 1 of the accounting policies note to the financial statements and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Trustees acknowledge that they are ultimately responsible for the system of internal financial control established by the Trust and place considerable importance on maintaining a strong control environment. To enable the trustees to meet these responsibilities, the Trustees set standards for internal control aimed at reducing the risk error or loss 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 acceptance level of risk.

The Trustees are of the opinion, based on information and explanations given by management, that the system of internal control provides reasonable, but not absolute, assurance that the financial records may be relied on for the preparation of the financial statements. Nothing has come to the attention of the Trustees to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The financial statements have been prepared on the going concern basis, since the Trustees have every reason to believe that the Trust has adequate resources in place to continue in operation for the foreseeable future.

3. Subsequent events

The Gauteng Provincial Executive Council made a decision during 2009 to reorganise the funding functions of the Gauteng Provincial Government (GPG). This process entailed an analysis of the various entities and their functions to ensure that the province's processes were streamlined for maximum effectiveness. During 2010, the GPF received a directive from the Executive Authority, MEC for Housing Honourable Kgaogelo Lekgoro. The directive instructed the Board to begin the process of disestablishment of the GPF to ensure a seamless transfer of the GPF's operations to the Gauteng Funding Agency (GFA). The GPF operations would be subsumed in the GFA under the Gauteng Department of Finance as the Executive Authority. This decision was reconsidered, and moving forward, the GPF will continue as a stand-alone operation.

REPORT OF THE TRUSTEES *(continued)*

4. Equipment and intangibles

During the year, the Trust purchased equipment and intangibles to the value of R878,622 (2010: R516,035). The useful lives of the remaining assets were assessed during the year and any change has been disclosed as a change in estimate.

5. Cash and cash equivalents

The Trust holds unsecured deposits on behalf of the Gauteng Department of Local Government and Housing in terms of memoranda of agreements to assist the Deparment in expediting payments to contractors, subsidised projects and consultants. In prior years these unsecured deposits were disclosed under related party transactions (Refer note 24). These unsecured deposits have now been included in cash and cash equivalents (Refer note 7) with a corresponding liability (Refer note 12). The effect of the prior period error has been disclosed on note 25.

6. Secretary

The Trust is not required to have a secretary in terms of the Trust Property Control Act.

7. Trustees

The Trustees of the company during the year and to the date of this report are as follows:

Name	Nationality
M Phaweni (Chairperson)	Non-executive South African
D C Chainee	Non-executive South African
M Mnyani	Non-executive South African
K Kutoane (Chief Executive Officer)	Executive South African
K Mdlulwa	Non-executive South African
R Garach	Non-executive South African
P Mphahlele	Non-executive South African

The following are further sub-commitees of the Board of Trustees:

Audit Committee	Investment Committee	Remuneration Committee (REMCO)
P Mphahlele (Chairperson)	P Mphahlele (Chairperson)	M Phaweni (Chairperson)
R Garach	R Garach	DC Chainee
K Mdlulwa	K Kutoane	M Mnyani

At reporting date, Trust assets were sufficient to meet the Trustees' right of indemnity out of the Trust's assets for liabilities incurred on behalf of the Trust.

8. Auditors

The Auditor-General of South Africa will continue in office in accordance with the Public Audit Act, 2004 (Act No. 25 of 2004).

9. Trust liabilities

All liabilities incurred on behalf of the Trust are liabilities of the trust and have been included in the Trust's statement of financial position.

The financial statements set out on pages 28 to 65, which have been prepared on a going concern basis, were approved by the Board on 24 May 2011 and were signed on its behalf by:

K Kutoane
Chief Executive Officer

M Phaweni
Chairperson

Statement of Financial Position

Figures in Rand	Note(s)	2011	2010
Assets			
Current Assets			
Cash and cash equivalents	7	902,682,003	533,360,088
Current portion loans and receivables from exchange transactions	5	8,901,916	20,103,438
Receivables from exchange transactions	6	2,180,319	3,320,785
		913,764,238	**556,784,311**
Non Current Assets			
Available-for-sale investments	4	9,644,155	2,416,410
Equipment	2	1,155,889	1,002,680
Intangible Assets	3	149,210	159,011
Loans and receivables from exchange transactions	5	90,577,439	80,151,495
		101,526,693	**83,729,596**
Total Assets		**1,015,290,931**	**640,513,907**
Liabilities			
Current Liabilities			
Finance lease obligation	9	59,529	33,527
Payables from exchange transactions	12	379,226,147	35,008,386
Deferred income	10	217,714,424	156,955,358
Provisions	11	1,965,495	1,762,830
		598,965,595	**193,760,101**
Non Current Liabilities			
Finance lease obligation	9	111,881	-
Non current Deferred income	10	-	79,970,616
		111,881	**79,970,616**
Total Liabilities		**599,077,476**	**273,730,717**
Net Assets			
Reserves			
Other components of net assets	8	(772,252)	(7,999,997)
Accumulated surplus		416,985,707	374,783,187
Total Net Assets		**416,213,455**	**366,783,190**
Total Net Assets and Liabilities		**1,015,290,931**	**640,513,907**

ANNUAL FINANCIAL STATEMENTS

for the year ended
31 March 2011

Statement of Financial Performance

Figures in Rand	Note(s)	2011	2010
Revenue	13	65,599,961	92,627,494
Other income		6,241	33,069
Operating expenses		(21,026 361)	(22,373,202)
Operating surplus	**16**	**44,579,841**	**70,287,361**
Fair value adjustments	18	(3,770,108)	(12,423,883)
Impairment reversal/loss	19	1,400,000	(7,583,593)
Finance costs	20	(7,213)	(7,883)
Surplus for the year		**42,202,520**	**50,272,002**

Statement of Changes in Net Assets

	Available for sale asset reserve	Accumulated surplus	Total net assets
Balance at 01 April 2009 as restated (Refer to note 25)	**(7,964,997)**	**324,511,185**	**316,546,188**
Surplus for the year as restated (Refer to note 25)	-	50,272,002	50,272,002
Fair value adjustment	(35,000)	-	(35,000)
Total changes	(35,000)	50,272,002	50,237,002
Balance at 01 April 2010 as restated	**(7,999,997)**	**374,783,187**	**366,783,190**
Surplus for the year	-	42,202,520	42,202,520
Fair value adjustment (Refer to note 4)	7,227,745	-	7,227,745
Total changes	7,227,745	42,202,520	49,430,265
Balance at 31 March 2011	**(772,252)**	**416,985,707**	**416,213,455**
Note(s)	8		

Statement of Cash Flows

Figures in Rand	Note(s)	2011	2010
Cash flows from operating activities			
Receipts			
Cash receipts from borrowers		32,725,883	39,571,101
Cash receipts and interest from banks		32,912,879	13,145,243
Deposits received from Gauteng Department of Local Government and Housing		343,353,676	34,488,025
		408,992,438	87,204,369
Payments			
Employee costs		(13,521,534)	(12,642,090)
Suppliers		(6,106,520)	(7,866,194)
Finance costs		(7,213)	(7,883)
Cash paid to borrowers		(19,211,550)	(44,607,708)
		(38,846,817)	(65,123,875)
Net cash flows from operating activities	**22**	**370,145,621**	**22,080,494**
Cash flows from investing activities			
Purchase of equipment	2	(560,167)	(360,854)
Proceeds from sale of equipment	2	112,917	38,903
Purchase of other intangible assets	3	(318,455)	(155,181)
Net cash flows from investing activities		**(765,705)**	**(477,132)**
Cash flows from financing activities			
Finance lease payments		(58,001)	(44,987)
Net increase in cash and cash equivalents		**369,321,915**	**21,558,375**
Cash and cash equivalents at the beginning of the year		533,360,088	511,801,713
Cash and cash equivalents at the end of the year	**7**	**902,682,003**	**533,360,088**

Accounting Policies

1. Basis of preparation

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) issued by he Accounting Standards Board and in accordance with the Public Finance Management Act of South Africa, 1999 (Act No.1 of 1999) (PFMA).

Standards of GRAP approved but for which the Minister of Finance has not yet determined an effective date:

GRAP 21 - Impairment of non-cash-generating assets - The impact of this standard is not yet known.
GRAP 23 - Revenue from non-exchange transactions (Taxes and Transfers) - The impact of this standard is not yet known.
GRAP 25 - Employee Benefits - The impact of this standard is not yet known.
GRAP 26 - Impairment of cash generating assets - The impact of this standard is not yet known.
GRAP 103 - Heritage Assets - This standard is unlikely to have any impact on the GPF.
GRAP 104 - Financial Instruments - This revised standard will have an impact on the GPF but this impact is not yet known.

Directives issued and effective:

Directive 1 -	Repeal of Existing Transitional Provisions in, and Consequential Amendments to Standards of GRAP
Directive 2 -	Transitional Provisions for the Adoption of Standards of GRAP by Public Entities, Municipal Entities and Constitutional Institutions
Directive 5 -	Determining the GRAP Reporting Framework
Directive 6 -	Transitional Provisions for Revenue Collected by the South African Revenue Service (SARS)
Directive 7 -	The Application of Deemed Cost on the Adoption of Standards of GRAP

Interpretations of Standards of GRAP issued and effective:
IGRAP 1 Applying the Probability Test on Initial Recognition of Exchange Revenue

Approved guidelines of Standards of GRAP:
Guide 1 Guideline on Accounting of Public Private Partnerships

Effective accrual-based IPSASs that are applied:
IPSAS 20 Related Party Disclosures

Effective IFRS and IFRICs that are applied:

IFRS 3 (AC 140) -	Business Combinations
IFRS 4 (AC 141) -	Insurance Contracts
IFRS 6 (AC 143) -	Exploration for and Evaluation of Mineral Resources
IAS 12 (AC 102) -	Income Taxes
SIC 21 (AC 421) -	Income Taxes: Recovery of Revalued Non-Depreciable Assets
SIC 25 (AC 425) -	Income Taxes: Changes in the Tax Status of an Entity or its Shareholders
SIC 29 (AC 429) -	Service Concession Arrangements: Disclosures
IFRIC 4 (AC 437) -	Determining whether an Arrangement contains a Lease
IFRIC 12 (AC 445) -	Service Concession Arrangements
IFRIC 13 (AC 446) -	Customer Loyalty Programmes
IFRIC 15 (AC 448) -	Agreements for the Construction of Real Estate
IFRIC 17 (AC 450) -	Distribution of Non-cash Assets to Owners
IFRIC 18 (AC 451) -	Transfer of Assets from Customers
IAS 32 (AC 125) -	Classification of Rights issues
IFRS 7 (AC 144) -	Financial Instrument Disclosures

Accounting Policies *(continued)*

Standards of GRAP that may be used to interpret the requirements of other Standards of GRAP:
GRAP 24 Presentation of Budget Information in Financial Statements

Approved Standards of GRAP that entities are not required to apply:
GRAP 18 Segment Reporting

The cash flow statement can only be prepared in accordance with the direct method.

1.1 Significant accounting judgements, estimates and assumptions judgements

In the process of applying the Trust's accounting policies, management has made the following judgment, which has the most significant effect on the amount recognised in the financial statements:

Operating Lease Commitments
The Trust has entered into an operating lease for the photocopier machine. The Trust has determined based on evaluation of the terms and conditions of arrangements that it retains the significant risks and rewards of ownership of the machine, and so account for the contract as a finance lease.

Estimates and Assumptions

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

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position sheet cannot be derived from active markets (publicly traded debt and equity), they are determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

At subsequent reporting dates, the Trust revises its estimates of receipts and adjusts the carrying amount of the loan and receivable to reflect actual and revised estimated cash flows. The Trust recalculates the carrying amount by computing the present value to estimated future cash flows at the loan's original effective interest rate. The adjustment is recognised as income or expense in surplus or deficit.

1.2 Equipment

The cost of an item of equipment is recognised as an asset when:

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

Equipment is initially measured at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset if the recognition criteria are met. Costs include costs incurred initially to acquire or construct an item of 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 equipment, the carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are recognised in surplus or deficit as incurred.

Equipment is carried at cost less accumulated depreciation and any accumulated impairment losses. Equipment is depreciated over its expected useful life on a straight line basis.

Accounting Policies *(continued)*

The useful lives of items of equipment have been assessed as follows:

Item	Average useful life	
•	Furniture and Fixtures	6 to 10 years
•	Motor Vehicles	6 years
•	Office Equipment	6 years
•	Computer Equipment	Between 1 to 6 years
•	Leasehold Improvements	1,5 years

The equipment residual value, useful life and depreciation method of each asset are reviewed, and adjusted if appropriate, at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Each component of an item of equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit.

An item of equipment is derecognised upon disposal or when no further economic benefits are expected from its use or disposal. Any gain or loss arising from the derecognition of an item of equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in surplus or deficit in the year the asset is derecognised.

Leasehold improvements are capitalised at cost and are written off over the lease.

1.3 Intangible Assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the Trust; and
- the cost of the asset can be measured reliably.

The most important amortisation rates are as follows:

Computer Software 1 to 3 years
Intangible Assets are initially recognised at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any impairment losses. The useful lives of these intangible assets are assessed to be finite. Intangible assets are amortised on a straight line basis over their expected useful life and this expense is taken to the statement of financial performance.

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

The amortisation period and the amortisation method for intangible assets are reviewed every period end. Intangible assets with finite lives are amortised over their useful lives and are tested for impairment annually.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Accounting Policies *(continued)*

1.4 Financial instruments

Initial recognition

Financial instruments are recognised initially when the Trust becomes a party to the contractual provisions of the instruments. Initial measurement is at fair value, which includes directly attributable transactions costs for investments not at fair value through surplus and deficit. The day one gain or loss relates to a difference between the fair value on initial recognition and the consideration paid. This difference is taken to fair value adjustments in the statement of financial performance. Loans and receivables are concessionary loans. Concessionary loans are loans granted by the GPF on terms that are not market related. The day one gain or loss on these loans represents a social benefit. These instruments are subsequently measured as set out below:

Fair value determination

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position sheet cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgement includes considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. A decline in fair value is determined by objective evidence. The discount rates used for present value, these cash flows are adjusted for systematic and unsystematic risk.

Receivables from exchange transactions

Receivables from exchange transactions are subsequently measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

The Trust assesses its loans and receivables from exchange transactions at each statement of financial position date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A loan or receivable is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset and that impact on the estimated future cash flows of the loan. Evidence of impairment may include indications that the debtor or group of debtors is experiencing significant financial difficulty, default or delinquency interest or principle payments, the probability that they will enter bankruptcy and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrear or economic conditions that correlate with defaults. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the carrying amount and the present value of estimated future cash flows discounted at the original interest rate from financial asset. For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of collateral type and past due status. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed, shall not exceed what the amortised cost would have been has had the impairment not been recognised. In determining whether an impairment allowance should be recorded in the statement of financial position, the Trust makes judgements as to whether there is objective evidence that the asset might be impaired. The impaired allowance is measured as the difference between the carrying amount and the present value of the estimated future cash flows discounted at the original effective rate from a financial asset. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of financial performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. Criteria used to determine the objective evidence would include financial analysis and non-compliance with the loan agreement. Objective evidence would include a significant or prolonged decline in the fair value of the loan below its cost.

If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write off is later recovered, the recovery is credited to the statement of financial performance.

When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against income in the statement of financial performance. Gains or

Accounting Policies *(continued)*

losses from the amortisation process are recognised in the surplus or deficit. Receivables from exchange transactions are classified as loans and receivables from exchange transactions. Gains and losses are recognised in the statement of financial performance when the receivables from exchange transactions are derecognised or impaired, as well as through the amortisation process.

Payables from exchange transactions
Trade and other payables are subsequently measured at amortised cost using the effective interest rate method. Gains and losses from the amortisation process are recognised in the statement of financial performance when the trade and other payables are derecognised.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method, less any impairment allowance. Cash and cash equivalents is classified as loans and receivables from exchange transactions.

Loans and receivables from exchange transactions
Loans and receivables from exchange transactions are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. Subsequently, these are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

Available-for-sale assets
Available for sale assets are non-derivative financial assets that are designated as available for sale, which are neither classified in loans and receivables from exchange transactions, held to maturity investments or financial assets at fair value through surplus and deficit. After initial measurement, available for sale financial assets are measured at fair value with unrealised gains or losses recognised directly in net assets until the investment is derecognised or impaired, at which time the cumulative gain or loss recorded in net assets is recognised in the statement of financial performance and removed from the net assets.

These investments are measured initially and subsequently at fair value. Gains and losses arising from changes in fair value are recognised directly in net assets until the asset is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in net assets is included in the surplus or deficit for the period.

The GPF classifies all equity investments and related loans as available for sale assets. For available for sale assets, the Trust assesses at each statement of financial position date, whether there is objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as available for sale, the objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. Where there is evidence of impairment, the cumulative loss is measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of financial performance. Impairment losses on equity investment are not reversed through the statement of financial performance; increases in their fair value after impairment are recognised directly in net assets.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Assets past due or impaired that have been renegotiated
The GPF bases this renegotiation on the results of project monitoring including financial analysis, non-compliance with the loan agreement and representations from the borrower.

Accounting Policies *(continued)*

Loans to (from) economic entities
These include loans to and from controlling entities, fellow controlled entities, controlled entities, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

Loans to economic entities are classified as loans and receivables.

Loans from economic entities are classified as financial liabilities measured at amortised cost.

Impairment of financial assets
Loans and receivables from exchange transactions

The GPF classifies all its loans to third parties as loans and receivables from exchange transactions. The Trust assesses its loans and receivables from exchange transactions at each statement of financial position date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A loan or receivable is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the loan. Evidence of impairment may include indications that the debtor or group of debtors is experiencing significant financial difficulty, default or delinquency interest or principle payments, the probability that they will enter bankruptcy and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrear or economic conditions that correlate with defaults. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the carrying amount and the present value of estimated future cash flows discounted at the original interest rate from financial asset. For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of collateral type and past due status. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed, shall not exceed what the amortised cost would have been has had the impairment not been recognised. In determining whether an impairment allowance should be recorded in the statement of financial position, the Trust makes judgements as to whether there is objective evidence that the asset might be impaired. The impaired allowance is measured as the difference between the carrying amount and the present value of the estimated future cash flows discounted at the original effective rate from a financial asset. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of financial performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. Criteria used to determine the objective evidence would include financial analysis and non-compliance with the loan agreement. Objective evidence would include a significant or prolonged decline in the fair value of the loan below its cost.

Derecognition
Financial assets
A financial asset is derecognised when the rights to receive cash flows from the asset have expired or when the Trust has transferred its rights to receive cash flows from the asset.

When the GPF has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the GPF's continuing involvement in the asset.

Financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts, is recognised in the statement of financial performance.

Accounting Policies *(continued)*

Reclassification
Loans and receivables from exchange transactions

Reclassification to loans and receivables from exchange transactions is permitted when the financial asset meets the definition of loans and receivables from exchange transactions and has the intent and ability to hold these assets for foreseeable future or maturity. The reclassification to be held to maturity is permitted only when the GPF has the intention and ability to hold the asset for the foreseeable future or until maturity.

Available-for-sale assets
An available for sale asset may be reclassified out of available for sale loans and receivables from exchange transactions, if the GPF has the intention and ability to hold the financial asset for the foreseeable future or until maturity. For a financial asset reclassified out of the available for sale category, any previous gain or loss on that asset that has been recognised in net assets is amortised to surplus or deficit over the remaining life of the investment using the effective interest rate (EIR). Any difference between the new amortised cost and the expected cash flows is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired then the amount recorded in net assets is reclassified to the statement of financial performance.

Intangible assets
Intangible assets with indefinite useful lives are tested for impairment annually or as appropriate; when circumstances indicate that the carrying value may be impaired.

1.5 Leases
The determination of whether an arrangement is, or contains a lease, is based on the substance of the arrangement at inception date; whether the fulfillment of the arrangement is dependent on the use of a specific asset or the arrangement conveys a right to use the asset. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases - 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 prime rate at the date of inception.

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

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 is recognised as an operating lease asset or liability. The asset or liability is not discounted.

Accounting Policies *(continued)*

1.6 Impairment of cash generating assets

Cash generating assets are those assets held by the entity with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit orientated entity, it generates a commercial return.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

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

Criteria developed by the entity to distinguish cash generating assets from non-cash generating assets are as follows:

1.7 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

1.8 Employee benefits

Short-term employee benefits

The cost of employee benefits is recognised during the period in which the employee renders the related service. Employee entitlements are recognised when they accrue to employees.

A provision is made for the estimated liability as a result of services rendered by employees up to reporting date. Provisions included in the statement of financial position are provisions for leave (based on current salary rates) and bonus.

No provision has been made for retirement benefits as the Trust does not provide for retirement benefits for its employees.

1.9 Provisions and contingencies

Provisions are recognised when:

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

Accounting Policies *(continued)*

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

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

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

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

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

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

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.
If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:
- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of a activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:
- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the entity

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 agreement.

After their initial recognition contingent liabilities recognised in business 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 27.

Accounting Policies *(continued)*

1.10 Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Trust and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Revenue comprises government grants, interest received from loans and receivables from exchange transactions, available for sale assets and cash and cash equivalents.

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be compiled with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs intended to compensate. Where the grant is related to an asset, it is recognised as deferred income and released to the statement of financial performance when an amount has been disbursed in terms of the GPF mandate; the amount of deferred income is reduced by the disbursement and is recognised in income on a systematic basis.

Interest income from loans and receivables from exchange transactions, available for sale assets and cash and cash equivalents recognised as interest accrues using the effective interest rate that is the rate that exactly discounts estimated future cash receipts through expected life of the financial instruments to the net carrying amount of the financial asset.

Cash and cash equivalents are accrued on a time proportion basis, taking into account the principal amount outstanding and the effective interest rate over the period to maturity.

Revenue from non-exchange transactions for services in kind is not recognised but disclosed in the financial statements.

1.11 Deferred Income

Refer to the government grant and revenue accounting policy for the accounting of deferred income.

1.12 Government grants

Government grants are recognised as deferred income in the statement of financial position. When an amount has been disbursed in terms of the GPF mandate, the amount of deferred income is reduced by the reimbursement and is recognised as income on a systematic basis.

1.13 Irregular and fruitless and wasteful expenditure

Irregular expenditure means expenditure incurred in contravention of, or not in accordance with:

The Public Finance Management Act, Act 1 of 1999 (PFMA)

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

All irregular and fruitless and wasteful expenditure is charged against the respective class of expense in the period in which it is incurred.

1.14 Capacity grants

Capacity grants represent amounts disbursed to Social Housing Institutions for operating expenditure. Grants are only paid upon the fulfillment of conditions for payment as specified in the relevant agreements. Once these conditions are satisfied, the amount is expensed in the statement of financial performance. If subsequent to payment conditions are compromised, the grant is converted to a loan and any amount previously expensed is reversed in the statement of financial performance.

Notes to the Annual Financial Statements

Figures in Rand	2011	2010

2. Equipment

	2011 Cost	2011 Accumulated depreciation	2011 Carrying value	2010 Cost	2010 Accumulated depreciation	2010 Carrying value
Furniture and fixtures	308,158	(105,230)	202,928	760,687	(544,377)	216,310
Motor vehicles	161,076	(71,141)	89,935	161,076	(43,469)	117,607
Office equipment	753,648	(414,023)	339,625	565,611	(428,600)	137,011
IT equipment	1,224,752	(701,351)	523,401	986,910	(455,160)	531,750
Leasehold improvements	219,969	(219,969)	-	219,969	(219,967)	2
Total	**2,667,603**	**(1,551,714)**	**1,155,889**	**2,694,253**	**(1,691,573)**	**1,002,680**

Reconciliation of equipment - 2011	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	216,310	140,248	(81,740)	(71,890)	202,928
Motor vehicles	117,607	-	-	(27,672)	89,935
Office equipment	137,011	360,236	(23,304)	(134,318)	339,625
IT equipment	531,750	241,491	(1,632)	(248,208)	523,401
Leasehold improvements	2	-	-	(2)	-
	1,002,680	**741,975**	**(106,676)**	**(482,090)**	**1,155,889**

Reconciliation of equipment - 2010	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	199,427	150,000	-	(133,117)	216,310
Motor vehicles	144,454	-	-	(26,847)	117,607
Office equipment	248,834	33,980	(4,907)	(140,896)	137,011
IT equipment	571,680	176,874	(927)	(215,877)	531,750
Leasehold improvements	63,949	-	-	(63,947)	2
	1,228,344	**360,854**	**(5,834)**	**(580,684)**	**1,002,680**

	2011	2010
Assets subject to finance lease (net carrying amount)(Refer to note 9)		
Office equipment	156,556	129,831
Other information		
Equipment fully depreciated and still in use (Gross carrying amount)		
Furniture and fittings	20	84
Office equipment	54	67
IT equipment	138	77
Leasehold improvements	-	2
	212	230

Notes to the Annual Financial Statements *(continued)*

3. Intangible Assets

	2011 Cost	2011 Accumulated depreciation	2011 Carrying value	2010 Cost	2010 Accumulated depreciation	2010 Carrying value
Computer software	914,415	(765,205)	149,210	595,959	(436,948)	159,011

Reconciliation of intangible assets - 2011	Opening balance	Additions	Amortisation	Total
Computer software	159,011	318,455	(328,256)	149,210

Reconciliation of intangible assets - 2010	Opening balance	Additions	Amortisation	Total
Computer software, other	181,801	155,181	(177,971)	159,011

Other information		
Fully amortised intangible assets still in use	37	30

4. Available-for-sale investments

Unlisted shares at fair value	**2011**	**2010**
Greater Germiston Inner City Housing Company Phase II (Pty) Ltd - nominal amount	4,000,000	4,000,000
Impairment	(3,999,999)	(3,999,999)
Fair value	1	1
Greater Germiston Inner City Housing Company Pharoe Park (Pty) Ltd - nominal amount	4,000,000	4,000,000
Impairment	(3,999,999)	3,999,999
Fair value	1	1
Brickfields Housing Company (Pty) Ltd nominal amount	10,000,000	10,000,000
Impairment	(9,999,999)	9,999,999
Fair value adjustment 2009	10,035,000	10,035,000
Fair value adjustments 2010	(7,618,593)	(7,618,593)
Fair value adjustments 2011	7,227,745	-
Fair value	9,644,153	2,416,408
Non Currents Assets Available-for-sale	9,644,155	2,416,410

Available-for-sale

Available for sale financial assets consist of investments in unquoted ordinary shares and loans. The valuation requires management to make estimates about the expected future cash flows of the shares which are discounted at current rates. Management believes that the resulting estimated fair values are reasonable and the most appropriate at the reporting date. Management has determined that the potential effect of using reasonably possible alternatives as inputs to the valuation model would reduce the fair value by R2,717,097 using less favourable assumptions by increasing the systematic risk by 5% and increase the fair value by R5,867,059 using more favourable assumptions by reducing the systematic risk by 5%. Systematic risk is also known as market risk. It is the risk that cannot be diversified away.

The investment in Greater Germiston Inner City Housing Company Phase II (Pty) Ltd and Greater Germiston Inner City Housing Company Pharoe Park (Pty) Ltd consists of R4,000,000 each. The repayments of the investments have been determined by a put and call option between the Gauteng Partnership Fund and the Ekhuruleni Metropolitan Municipality as is stipulated in the loan agreement entered into by the former two parties. The put option has not been recognised in the annual financial statements as it has a fair value of nil.

The equity investment in Brickfields Housing Company (Pty) Ltd has been valued at R9,644,159 using the discounted cash flow technique. The cost of this investment is R10,000,000. This investment consists of R300 ordinary shares of R1 each and a loan of R9,999,700. This loan investment is unsecured, and bears interest from time to time at a rate not exceeding 25%. The repayment thereof has been determined by a put and call

Notes to the Annual Financial Statements *(continued)*

option between the Gauteng Partnership Fund and Johannesburg Housing Company (Pty) Ltd. The put option period commences on 1 July 2013 and terminates on 30 June 2015. The exercise of the put option is subject to the condition that all loan facility amounts and creditors are repaid in full. The Gauteng Partnership Trust has granted a call option to Johannesburg Housing Company (Pty) Ltd. The call option commences 1 July 2003 and terminates on 30 June 2013 as is stipulated in the loan agreement entered into by the former two parties. The put option has a nil value and has not been recognised in the annual financial statements as no dividends have been paid to the Gauteng Partnership Fund and loan facilities have not been fully repaid. Interest of R2,499,992 (2010: R2,156,191) was received during the 2011 year.

Derivatives
A derivative is a financial instrument or other contract within the scope of IAS 39 with all three of the following characteristics:

a) Its value changes in response to the change in a specified interest rate, financial instruments price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specified to a party in the contract;
b) It requires no initial net investment or an initial net investment that is smaller than what would be required for other types of contract that would be expected to have a similar response to changes in market factors; and
c) It is settled at a future date.

The put option is considered a derivative financial instrument due to the following:
a) The put option's value changes in response to the financial instrument's price being the change in the fair value of equity investment year on year;
b) The put option required no initial net investment in terms of shareholders agreement; and
c) The put option is going to be settled at a future date once the company has repaid the interest-free loan to the GPF and has paid the dividend to compensate the GPF for capital invested. Derivatives are classified as financial assets at fair value through surplus or deficit.

Credit quality of debt in available-for-sale financial assets
The credit quality of financial assets is managed internally by ensuring that investments are made only after assessing and evaluating the social housing institutions management capacity and project feasibility. Management considers the credit risk relating to the loan in Brickfields Housing Company (Pty) Ltd as being minimal as the company's cash flows have improved and they are able to make repayments on the loan.

5. Loans and receivables from exchange transactions

ABSA - Subsidised Loan Facility	2011	2010
Loan amount	8,167,469	20,768,229
Advances	-	2,641,618
Prior years current term portion reversed	15,268,671	3,676,173
Interest earned	1,330,193	1,957,616
Fair value adjustment	-	(423,112)
Short-term payments received	(20,504,986)	(5,766,982)
Interest amortised	3,906,032	582,598
Current portion transferred to current assets	(756,565)	(15,268,671)
	7,410,814	**8,167,469**

The ABSA subsidised loan facility supports developments of new sub markets within the social housing sector which allows for blending of interest rates between banks and the GPF resulting in reduced rates to projects. The nominal value of the loan was R9,455,514 (2010: R28,630,077) and bears interest at prime minus 4.25% and prime less 3.75%. The repayment terms are 10 years from date of disbursement.

ABSA - Development Finance Facility	2011	2010
Loan amount	4,913,033	6,702,720
Prior period current term portion reversed	1,629,336	-
Interest earned	438,538	198,506
Fair value adjustment	-	(268,770)
Short-term payments received	(2,104,883)	(153,965)
Interest amortised	127,169	63,878
Current portion transferred to current assets	(5,003,193)	(1,629,336)
	-	**4,913,033**

The ABSA development finance facility was developed to share financial risk with banks in the funding of developments for affordable housing projects. This facility is made available in partnership with Absa Bank to developers. This bridging facility aims to facilitate delivery of new stock of affordable housing. The nominal value of the loan was R5,080,909 (2010: R6,747,142 and bears interest at prime minus 2%. The repayment terms are two years from date of disbursement.

Notes to the Annual Financial Statements *(continued)*

5. Loans and receivables from exchange transactions *(continued)*

Brickfields Housing Company (Pty) Ltd	2011	2010
Loan amount	6,479,413	5,778,693
Interest amortised	751,954	700,720
	7,231,367	**6,479,413**

The nominal value of the loan to Brickfields Housing Company (Pty) Ltd of R14,300,000 consists of redeemable preference shares with a fixed redemption date in 2017 and is interest free.

Greater Germiston Inner City Housing Company Phase II (Pty) Ltd		
Loan amount	1	1,847,320
Impairment	-	(1,847,319)
Impairment reversal	700,000	-
Loan payment	(700,000)	-
	1	**1**

The nominal value of the interest-free loan to Greater Germiston Inner City Housing Corporation Phase II (Pty) Ltd is R3,500,000 and is repayable in five equal instalments of R700,000 each (no interest is payable on the capital amount). The first payment was received in January 2011. No interest income was earned on this loan.

Greater Germiston Inner City Housing Company Pharoe Park (Pty) Ltd		
Loan amount	1	1,847,320
Impairment	-	(1,847,319)
Impairment reversal	700,000	-
Loan repayment	(700,000)	-
	1	**1**

The nominal value of the interest-free loan to Greater Germiston Inner City Housing Corporation Pharoe Park (Pty) Ltd is R3,500,000 and is repayable in five equal instalments of R700,000 each (no interest is payable on the capital amount). The first payment was received in January 2011. No interest income was earned on this loan.

Housing Company Tshwane		
Loan amount	293,000	293,000
Impairment allowance	(292,999)	(292,999)
	1	**1**

The interest-free loan of R293,000 to Housing Company Tshwane was for capacity building and would have been converted into a grant if satisfactory progress reports had been received. As at year end the company had not fulfilled their obligations therefore an impairment allowance has been provided for. No interest income was earned on this loan. The repayment terms are immediate if grant obligations are not fulfilled.

Johannesburg Housing Company (Pty) Ltd - Hlanganani		
Loan Amount	13,032,142	-
Advance	-	20,000,000
Interest earned	520,225	283,750
Fair value adjustment	-	(7,491,776)
Interest amortised	731,576	240,168
Short-term payments received	(184,239)	-
Current portion transferred to current assets	(708,147)	-
	13,391,557	**13,032,142**

The loan of R20,000,000 to Johannesburg Housing Company (Pty) Ltd Hlanganani bears interest at prime less 7% and is repayable in 14 annual instalments of R1,470,730. The first repayment is due in September 2011. The nominal value of the loan is R20,619,737 (2010: R20,283,226). The loan is secured by a mortgage bond over Erg 15604, Cosmo City Extension 6.

Notes to the Annual Financial Statements *(continued)*

5. Loans and receivables from exchange transactions *(continued)*

Jozi Housing (Pty) Ltd - Manners Mansions	2011	2010
Loan amount	-	1,498,612
Prior period current term portion reversed	1,498,612	356,944
Interest earned	16,531	115,103
Interest amortised	99,281	58,219
Short-term payments received	(1,614,424)	(530,266)
Current portion transferred to current assets	-	(1,498,612)
	-	**-**

The loan of R2,836,466 to Jozi Housing company (Pty) Ltd bears interest at prime less 4.25% per annum and is repayable in eight annual instalments of R405,209. The first repayment was received in May 2007. The nominal value of the loan is Rnil (2010: R1,597,893). Jozi Housing refinanced their bond which resulted in settlement in May 2010.

KTN Properties (Pty) Ltd - Parklane	2011	2010
Loan amount	1,587,212	1,814,391
Prior period current term portion reversed	329,388	-
Interest earned	114,814	154,213
Short-term payments received	(496,000)	(97,728)
Interest amortised	51,798	45,724
Current portion transferred to current assets	(180,562)	(329,388)
	1,406,650	1,587,212

The loan of R1,944,000 to KTN Property Management (Pty) Ltd bears interest at a rate of prime less 3.75% per annum and is repayable in nine equal instalments of R240,078 commencing July 2010. The loan is secured by a mortgage bond over Erf 4604 Johannesburg Township. The nominal value of the loan is R1,779,510 (2010: R2,160,696).

KTN Properties (Pty) Ltd - Glazina	2011	2010
Advance	-	500,000
Prior years current term portion reversed	443,618	-
Interest earned	11,151	26,078
Short-term payments received	(531,550)	(5,679)
Fair value adjustment	-	(84,500)
Interest amortised	76,781	7,719
Current portion transferred to current assets	-	(443,618)
	-	**-**

The loan of R500,000 to KTN Property Management (Pty) Ltd bears interest at a rate of prime less 3.75% per annum. The loan is secured by a mortgage bond over Erf 231 Berea Township. The nominal value of the loan is Rnil (2010: R520,939). During 2011, KTN Property Management (Pty) Ltd disposed of the property and repaid their loan in full.

Lionshare New Prop CC - Lubraco House	2011	2010
Loan amount	2,491,018	-
Advance	-	3,700,000
Interest earned	97,296	97,007
Fair value adjustment	(46,681)	(1,395,344)
Interest amortised	136,772	89,355
Current portion transferred to current assets	(135,253)	-
	2,543,152	**2,491,018**

The loan of R3,700,000 to Lubraco New Prop CC - Lubraco House bears interest at a rate of prime less 7% per annum and is repayable in 14 equal instalments of R273,967 commencing in July 2011. the loan is secured by a mortgage bond over Erf 532 and 533 Johannesburg Township. The nominal value of the loan is R3,847,622 (2010:R3,797,319).

Notes to the Annual Financial Statements *(continued)*

5. Loans and receivables from exchange transactions *(continued)*

Madulamoho Housing Association - Allenby House	**2011**	**2010**
Loan amount	2,649,637	-
Advance	-	3,270,000
Interest earned	190,424	89,206
Fair value adjustment	-	(733,303)
Interest amortised	64,532	23,734
Short-term payments received	(58,709)	-
Current portion transferred to current assets	(174,919)	-
	2,670,965	**2,649,637**

The loan of R3,270,000 to Madulamoho Housing Association bears interest at a rate of prime less 4% per annum and is repayable in 14 equal instalments of R248,512 commencing in October 2011. The loan is secured by a mortgage bond over Erf 4880 Hillbrow, Johannesburg Township. The nominal value of the loan is R 3,490,921 (2010: R3,359,205).

Maseleng Investments (Pty) Ltd - Montrose Mansions		
Loan amount	**2,884,049**	**2,884,049**
Prior years current portion reversed	-	312,712
Interest earned	159,082	227,857
Short-term payments received	(162,819)	(665,450)
Interest amortised	116,945	124,881
Current portion transferred to current assets	(505,759)	-
	2,491,498	**2,884,049**

The loan of R3,100,000 to Maseleng Investments (Pty) Ltd bears interest at a rate of prime less 4.25% per annum and is repayable in seven annual instalments which have commenced. The nominal value of the loan is R3,016,449 (2010: R3,020,186). The loan is secured by a mortgage bond over Erf 4851 Johannesburg Township.

Standard Bank		
Loan amount	4,955,410	5,889,223
Prior years current portion reversed	933,813	1,093,399
Interest earned	360,531	505,606
Short-term payments received	(1,604,063)	(1,947,578)
Interest amortised	309,719	348,573
Current portion transferred to current assets	(1,131,553)	(933,813)
	3,823,857	**4,955,410**

The Standard Bank subsidised loan facility supports developments of new sub-markets within the social housing sector which allows for blending of interest rates between banks and the Gauteng Partnership Trust resulting in reduced rates to projects. The nominal value of the loan is R5,570,060 (2010: R6,813,592) and bears interest at prime less 3.75% per annum. The repayment of this amount is 10 years from date of disbursement.

Trust for Urban Housing Finance - Intuthuko (Pty) Ltd		
Loan amount	4,137,536	1,465,559
Advance	2,707,479	2,879,000
Fair value adjustment	(391,961)	(537,265)
Interest amortised	307,431	207,926
Interest earned	217,153	122,316
	6,977,638	**4,137,536**

The loan of R7,925,948 was made available from our Emerging Entrepreneur Fund to enable the Trust for Urban Housing Finance to finance low collateral projects. The first tranche of R2,000,000 is interest free and repayable in one amount in April 2012. The designated funds will not solely be managed and utilised with the object to make a surplus, but to facilitate and fund low collateral projects on the basis that the capital amount is preserved. The second tranche of R5,586,479 bears interest at prime less 4.16% and is repayable within 5 years from disbursement to lenders.

Notes to the Annual Financial Statements *(continued)*

5. Loans and receivables from exchange transactions *(continued)*

Trust for Urban Housing Finance - Bridging Facility (Pty) Ltd	**2011**	**2010**
Loan amount	26,300,751	25,658,255
Interest earned	1,643,153	2,057,303
Additional short-term payments received	(1,678,346)	(2,148,014)
Interest amortised	864,604	733,207
	27,130,162	**26,300,751**

The nominal value of the loan for the Bridging Facility for Trust for Urban Housing Finance is R29,652,542 (2010:R29,684,711) and is aimed at addressing the requirements of the inner cities business environment and of the property market that require quick responses to property financing. Interest is capitalised for the first two years at prime less 4%. The loan is repayable in one instalment in September 2013.

Yeast City Housing (Pty) Ltd - Tau Village		
Loan amount	2,553,822	-
Advance	4,892,421	4,107,579
Interest earned	217,336	7,489
Fair value adjustments	(1,847,844)	(1,564,120)
Interest amortised	295,589	2,874
Current portion transferred to current assets	(305,965)	-
	5,805,359	**2,553,822**

The loan of R4,107,579 to Yeast City Housing (Pty) Ltd bears interest at a rate of prime less 7% per annum and is repayable in 14 annual instalments of R302,104 commencing in February 2012. The nominal value of the loan is R9,224,827 (2010: R4,115,068). The loan is secured by a mortgage bond over Erf 112 Pretoria.

Tenitor Properties (Pty) Ltd - The Ridge Hotel		
Advance	11,217,900	-
Interest earned	32,268	-
Interest amortised	39,896	-
Fair value adjustment	(1,595,647)	-
	9,694,417	**-**

The loan of R11,217,900 to Tenitor Properties (Pty) Ltd bears interest at 7% per annum and is repayable in 12 annual instalments of R631,769 commencing in April 2013. The nominal value of the loan is R11,250,171. The loan is secured by a mortgage bond over Erf 185,187,189,191 and 1411 Berea, Johannesburg.

Total loan and receivables from exchange transactions	90,577,439	80,151,495
Total loans and receivables		
Non-Current portion	90,577,439	80,151,495
Current portion	8,901,916	20,103,438

6. Receivables from exchange transactions

Receivables from exchange transactions - interest accrued	1,451,763	68,699
Receivables from exchange transactions - capital accrued	109,116	2,805,378
Sundry debtors	619,440	446,708
	2,180,319	3,320,785

Receivables from exchange transactions

Receivables from exchange transactions are non-interest bearing and are generally on 30 day terms. Capital accrued represents amounts receivable within one month from Standard Bank. Interest accrued represents the amounts receivable within one month from ABSA and Standard Bank on current and capital accounts.

Credit quality of receivables from exchange transactions

The credit quality of receivables from exchange transactions that are neither past nor due nor impaired is good . The credit quality is assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

Notes to the Annual Financial Statements *(continued)*

6. Receivables from exchange transactions *(continued)*

Fair value of receivables from exchange transactions
Receivables from exchange transactions are carried at invoice amount and not discounted due to the effect of discounting not being material. Receivables from exchange transaction fair value approximate its carrying value.

Sundry debtors
Sundry debtors consist of prepayments.

7. Cash and cash equivalents

Cash and cash equivalents consist of:	2011	2010
Call account	30,045,123	30,291,329
Capital account	475,430,752	438,690,406
Deposits held on behalf of the Gauteng Department of Local Government and Housing	377,841,701	34,488,025
Current account	19,363,723	29,889,297
Petty cash	704	1,031
	902,682,003	**533,360,088**

Cash at banks earn interest at floating rates based on daily bank deposits rates. The fair value of cash equivalents approximates their carrying value as equivalents are readily convertible to cash. The Trust holds its capital account with the Corporation of Public Deposits at the South African Reserve Bank. R232,286,880 (2010: R156,955,358) of the cash and cash equivalents has been committed (Refer to note 24). R377,841,701 (2010: R34,488,025) of cash and cash equivalents represents amounts held on the behalf of the Gauteng Department of Local Government and Housing that are not available for use by the GPF (Refer to note 24 for detail)

8. Fair value adjustment assets available-for-sale reserve

The fair value adjustment assets available-for-sale reserve comprise all fair value adjustments on available for sale financial instruments. When an asset or liability is unrecognised, the fair value adjustments relating to that asset or liability are transferred to surplus or deficit.

Available-for-sale financial instruments	(7,999,997)	(7,999,997)
Fair value adjustment	7,227,745	-
	(772,252)	**(7,999,997)**

9. Finance lease obligation

Minimum lease payments due		
- within one year	72,540	35,247
- in second to fifth year inclusive	120,900	-
	193,440	35,247
less: future finance charges	(22,030)	(1,720)
Present value of minimum lease payments	**171,410**	**33,527**

Present value of minimum lease payments due		
- within one year	59,529	33,527
Non-current liabilities	111,881	-
Current liabilities	59,529	33,527
	171,410	**33,527**

This lease is linked to the prime lending rate with no escalation and for a period of three years.

The entity's obligations under finance leases are secured by the lessor's title over the leased assets. Refer to Note 2.

The photocopier under the finance lease is currently depreciated over the lease term of three years.

Notes to the Annual Financial Statements *(continued)*

10. Deferred income

Reconciliation of deferred income	2011	2010
Balance at the beginning of the year	236,925,974	281,494,308
Less: Deferred income transferred to revenue	(19,211,550)	(44,568,334)
	217,714,424	**236,925,974**
Non-current liabilities	-	79,970,616
Current liabilities	217,714,424	156,955,358
	217,714,424	**236,925,974**

Deferred income represents the amounts of government grants not yet disbursed.

11. Provisions

Reconciliation of provisions - 2011	Opening balance	Additions	Uitilised during the year	Total
Provision for leave pay	359,604	359,604	(307,258)	359,604
Provision for bonuses	1,455,572	1,605,891	(1,455,572)	1,605,891
	1,762,830	**1,965,495**	**(1,762,830)**	**1,965,495**

Reconciliation of provisions - 2010

Reconciliation of provisions - 2011	Opening balance	Additions	Uitilised during the year	Under Provision for the year	Total
Provision for leave pay	154,356	307,258	(154,356)	-	307,258
Provisions for bonuses	857,501	1,455,572	(1,039,254)	181,753	1,455,572
	1,011,857	**1,762,830**	**(1,193,610)**	**181,753**	**1,762,830**

Provision for leave is based on current salary rates and included in the statement of financial position. A provision is made for the estimated liability as a result of services rendered by employees up to reporting date. Provision for bonus is based on management's best estimate of expenditure required to settle the present obligation at the end of the reporting period. The expected settlement of this provision is 30 September 2011.

12. Payables from exchange transactions

Payables from exchange transactions	186,692	308,313
Sundry creditors	10,854	41,750
Gauteng Department of Local Government and Housing	379,028,601	34,658,323
	379,226,147	**35,008,386**

Payables from exchange transactions are non-interest bearing and are normally settled on 30-day terms. Payables from exchange transactions comprise accruals.

The Gauteng Department of Local Government and Housing represents interest earned on deposits. Deposits are held in terms of a memorandum of agreement to assist the Department in expediting payments to subsidised projects. For terms and conditions relating to related parties refer to Note 24.

Sundry creditors comprise staff creditors and credit card balances. These are non-interest bearing and are normally settled on 30-day terms.

Notes to the Annual Financial Statements *(continued)*

13. Revenue

	2011	2010
Deferred income transferred to revenue - Government grants	19,211,550	44,568,333
Revenue from exchange transactions - Interest received from banks	30,659,966	36,799,527
Revenue from exchange transactions - Actual interest received from loans and receivables	7,848,366	8,030,057
Revenue from exchange transactions - Interest calculated using effective interest rate method	7,880,079	3,229,577
	65,599,961	92,627,494

14. Interest received from banks comprises:

Current accounts	3,537,187	4,664,786
Capital account	25,311,921	30,502,279
Call accounts	1,810,858	1,632,462
	30,659,966	**36,799,527**

15. General expenses

Auditors' remuneration	1,304,347	1,037,438
Bank charges	30,730	32,276
Computer expenses	190	4,140
Consulting and professional fees	1,492,541	2,417,358
Entertainment	111,338	103,599
Fuel and oil	1,570	2,764
Insurance	269,970	277,028
Lease rentals on operating lease	53,399	317,154
Magazines, books and periodicals	55,990	66,705
Marketing	606,120	1,502,649
Office cleaning	8,212	7,023
Offsite storage	10,199	8,576
Postage and courier	13,019	20,498
Printing and stationery	309,577	288,686
Renovations	354,073	-
Secretarial fees	72,635	101,996
Subscriptions and membership fees	9,395	12,487
Telephone and fax	375,720	431,494
Training	444,475	715,354
Travel - local	16,086	84,844
	5,539,586	**7,432,069**

16. Operating surplus

Operating surplus for the year is stated after accounting for the following:

Auditors' remuneration		
Audit fee	882,084	675,520
Internal audit fee	422,263	361,918
	1,304,347	**1,037,438**

Operating lease charges		
Premises		
• Contractual amounts	54,824	315,762
Equipment		
• **Contractual amounts**	-	1,392
	54,824	**317,154**

Notes to the Annual Financial Statements *(continued)*

16. Operating surplus *(continued)*

	2011	2010
Gain on sale of equipment	6,241	33,069
Amortisation on intangible assets	328,256	177,971
Depreciation on property, plant and equipment	482,089	580,682
Employee costs	14 026 781	13,127,342

17. Employee-related costs

Basic	13,268,856	12,363,568
Medical aid company contributions	163,560	164,115
Life cover	104,374	94,610
Retirement annuity	489,991	505,049
	14,026,781	**13,127,342**

18. Fair value adjustments

Provisions	73,633	74,306
Day one loss on finance lease	(8,289)	-
Day one loss on loans and receivables	(3,835,452)	(12,498,189)
	(3,770,108)	**(12,423,883)**

Refer to Note 5 for detail of fair value adjustments of loans and receivables and day one losses.

The fair value adjustment for provisions is as a result of timing differences.

19. Impairment losses on loans and receivables

Impairment reversal/(loss)	1,400,000	(7,583,593)

Impairment loss reversal relates to Greater Germiston Inner City Housing Corporation (Pty) Ltd Pharoe Park and Greater Germiston Inner City Housing Corporation (Pty) Ltd Phase II (Refer note 5). The impairment loss related to Brickfields Housing Company (Pty) Ltd. Refer to Note 5 for details.

20. Finance costs

Finance lease	7,213	7,883

Finance cost comprises interest amortised for the finance lease.

21. Taxation

No provision has been made for 2010 tax as the Trust has been granted tax exemption status by the South African Revenue Service in terms of Section 30 of the Income Tax Act, and receipts and accruals are exempt from income tax in terms of Section 10 (1) (CN) of the Income Tax Act. The status quo was applicable for the 2011 year.

Notes to the Annual Financial Statements *(continued)*

22. Net cash outflow from operating activities

	2011	2010
Surplus before taxation	42,202,520	50,272,002
Adjustments for:		
Depreciation and amortisation	810,346	758,655
Surplus on sale of equipment	(6,241)	(33,069)
Impairment (reversal)/ loss	(1,400,000)	7,583,593
Fair value adjustments	3,770,108	12,423,883
Decrease in operating movements in operating lease assets and accruals	-	(13,182)
Movements in provisions	202,665	676,667
Changes in working capital:		
Receivables from exchange transactions	1,140,466	2,155,827
Payables from exchange transactions	344,217,761	34,245,835
Deferred income	(19,211,550)	(44,568,334)
Decrease in loans and receivables from exchange transactions	(775,578)	(29,058,693)
Difference in interest calculated and interest capitalised	(804,876)	(12,362,690)
	370,145,621	22,080,494

23. Commitments

Commitments are in terms of our mandate, to facilitate funding, provide capacity funding and to provide debt/equity to specific projects. Commitments for projects usually run longer than a year.

Facilitation Funding Commitments

Wholesale Facility Trust for Urban Housing Finance	30,000,000	30,000,000
FNB Development Facility	20,000,000	-
Sustainable Housing Equity Fund	50,000,000	50,000,000
FNB Risk Participation Facility	20,000,000	-
	120,000,000	**80,000,000**

The Wholesale Facility Trust for Urban Housing Finance allows for pooling or syndication of investments on a shared participation or other basis within a potential securitisation structure.

The First National Bank Development Funding Facility facilitates the sustainable entry of banks through sharing financing risk for housing developments. It allows for an interest rate blending resulting in cheaper housing project finance.

The First National Bank Risk Participation Facility was developed for the established entrepreneurial rental housing sub-sector, offering rental housing to low-income target market.

The Sustainable Housing Equity Fund provides for risk sharing with financial institutions in equity funding for sustainable integrated developments.

Project Funding Commitments

BM Molefi Properties 241 (Pty) Ltd - Kgorong Estate	22,305,600	-
Johannesburg Social Housing Company (Pty) Ltd - City Deep	23,948,109	23,948,109
Johannesburg Social Housing Company (Pty) Ltd - Roodepoort	19,663,319	19,663,319
Madulamoho Housing Association - Fleurhof Views	23,345,378	-
KTN Property Management (Pty) Ltd - Parklane Hotel	655,101	655,101
Johannesburg Social Housing Company (Pty) Ltd - Pennyville	-	8,063,710
Johannesburg Social Housing Company (Pty) Ltd - Orlando Ekhaya	12,888,948	12,888,948
Yeast City Housing	-	393,750
Yeast City Housing - TAU Village	-	4,892,421
Lead Properties CC - Ilana	-	1,469,605
Lead Properties CC - Ronian	-	1,489,383
Lead Properties CC - Monaco	-	2,110,567
Lead Properties CC - Edenrock	-	1,380,445
Tenitor Properties (Pty) Ltd - The Ridge Hotel	150,000	-
Rivavect Investment (Pty) Ltd	5,000,000	-
Shamzang Investments Holdings (Pty) Ltd - Italic Mansions	5,847,570	-
	113,804,025	76,955,358

Notes to the Annual Financial Statements *(continued)*

23. Commitments *(continued)*

The obligation to BM Molefi Properties 241 (Pty) Ltd - Kgorong Estate was approved by the Board.
The obligation to Johannesburg Social Housing Company (Pty) Ltd - Roodepoort and City Deep was approved by the Board.
The obligation to Madulamoho Housing Association - Fleurhof Views was approved by the Board.
The obligation to KTN Property Management (Pty) Ltd - Parklane Hotel was approved by the Board.
The obligation to Johannesburg Social Housing Company (Pty) Ltd - Pennyville was cancelled.
The obligation to Johannesburg Social Housing Company (Pty) Ltd - Orlando Ekhaya was approved by the Board.
The obligations to Lead Properties CC was cancelled during the year.
The obligation to Tenitor Properties (Pty) Ltd The Ridge Hotel was approved by the Board.
The obligation to Rivavect Investment (Pty) Ltd was approved by the Board.
The obligation to Shamzang Investments Holding (Pty) Ltd - Italic Mansions was approved by the Board.
Yeast City and Yeast City Tau Village was disbursed during the year.

24. Related Party Disclosure

Related party transaction includes:
The Trust was founded by the Gauteng Department of Local Government and Housing as an independent entity in the form of a non-profit Trust. The Trust was established and registered in terms of the Trust Property Control Act. A service level agreement has been entered into between the Trust and the Founder.

	2011	2010
Office rental		
The Founder		
Annual lease rental	54,824	328,944

The Trust had a lease rental agreement with the Gauteng Department of Local Government and Housing, the founder of the organisation, until May 2011.

Office rental in kind
Gauteng Project Office
In May 2010 the Trust relocated its premises to the Gauteng Project Office in anticipation of the reorganisation process (Refer to note 27). The GPF has an agreement with the Gauteng Project Office that no rental will be charged.

Deposits held		
Kliptown Project	705,784	7,890,166
Hostels programme and other programmes	334,064,992	-
Subsidies Programme	44,257,825	26,768,157
	379,028,601	34,658,323

The Trust holds unsecured deposits on behalf of the Gauteng Department of Local Government and Housing in terms of memoranda of agreements to assist the Department in expediting payments to contractors, subsidised projects and consultants.

Shared expenses
The Trust shared office space with the Gauteng Department of Local Government and Housing until May 2010 on which certain expenses are shared. During the year the following operational transactions occurred with the Department.

The Founder		
Net payments received	71,324	93,140
Balance as at year end (due from)	-	20,695

Notes to the Annual Financial Statements *(continued)*

24. Related Party Disclosure *(continued)*

Key Management	2011	2010
Non-executive Trustees		
M Phaweni Chairperson fees	24,483	38,193
EP Stroebel	-	24,062
K Mdlulwa	16,599	12,648
P Mphahlele	36,028	23,831
R Garach	26,372	8,282
Chief Executive Officer remuneration		
Chief Executive Officer Basic	1,392,703	1,279,688
Chief Executive Officer Performance bonus	324,394	270,305
Chief Executive Officer Retirement annuity contribution, medical aid and life insurance	91,139	83,302
Executive Management		
Chief Investment Officer Basic	1,069,596	982,800
Chief Investment Officer Performance bonus	197,100	155,505
Chief Investment Officer Retirement annuity contribution, medical aid and life insurance	92,084	125,169
Chief Financial Officer Basic	1,077,120	984,000
Chief Financial Officer Performance bonus	236,016	209,911
Chief Financial Officer Retirement annuity contribution, medical aid and life insurance	72,295	65,798
	4,655,929	4,263,494

Management considers the Trustees and Executive Management to be key management. Trustees do not receive pension entitlement from the Trust.

DC Chainee is representative of the National Department of Human Settlements and therefore does not receive any Trustees' remuneration.

M Mnyani is representative of the founder and therefore does not receive any Trustees' remuneration.

25. Prior period errors

In the prior years, the Trust revalued its loans with variable interest rates at each reporting date. These loans should have been valued using the effective interest rate method. The net effect on surplus is R7,267,050.

The correction of the error results in adjustments as follows:

Statement of financial position	
Loans and receivables from exchange transactions as previously stated	80,903,250
Restatement	(751,755)
Balance as restated	80,151,495
Current term portion loans and receivables from exchange transactions as previously stated	12,075,633
Restatement	8,027,805
Balance as restated	20,103,438
Total restatement	7,276,050
Effect on surplus	
Accumulated surplus as previously reported in 2009	322,338,619
Restatement	2,172,566
Accumulated surplus as restated	324,511,185
Surplus for 2010 as previously reported	45,168,518
Restatement	5,103,484
Surplus for 2010 as restated	50,272,002
Total restatement	7,276,050

Notes to the Annual Financial Statements *(continued)*

25. Prior period errors *(continued)*

In prior years, the Trust netted off deposits held on behalf of the Department of Local Government and Housing as payables from exchange transactions. This should have been separately disclosed as cash and cash equivalents and payables from exchange transactions.

Statement of Financial Position	
Cash and cash equivalents as previously stated	498,872,063
Restatement	34,448,025
Balance as restated	533,360,088

Payables from exchange transactions as previously stated	520,361
Restatement	34,488,025
Balance as restated	35,008,386

26. Financial risk management and objectives

Objective

The Trust's principal financial instruments comprise available for sale investments, loans and receivables from exchange transactions, cash and cash equivalents, and receivables from exchange transactions. The non-financial liabilities are finance lease and provisions. The main purpose of the available for sale investments, loans and receivables from exchange transactions and cash and cash equivalents is to assist Social Housing Institutions to leverage funding from private financial institutions, in line with one of the objectives of the Trust. The receivables from exchange transactions, payables from exchange transactions, finance lease and obligations arise directly from the Trust's operations.

The risks arising from the Trust's financial instruments are credit risk, interest rate risk and liquidity risk. The Board of Trustees reviews and agrees on policies for managing these risks.

The objective of managing financial instrument risk is to safeguard the Trust assets whilst still enabling fulfillment of the Trust mandate. The Trust's method of measuring the risks mentioned below involves detailed project feasibility, regular project monitoring and management.

Liquidity risk

The Trust manages liquidity risk by granting of loans to borrowers for affordable housing through proper management of working capital, capital expenditure and actual vs forecasted cash flows and its cash management policy. Liquidity risk is the risk arising from default of the counterparty. The objective of managing liquidity risk is to safeguard the Trust assets whilst still enabling fulfillment of the Trust mandate. The Trust manages liquidity risk through regular monitoring of financial assets. The forecasted cash flows considers the maturity of its financial assets and projected cash flows from operations. Adequate reserves and liquid resources are also maintained. The following table sets forth details of the remaining contractual maturities of financial assets and liabilities as at 31 March 2011. Liquidity risk is currently 0.005%. Liquidity risk is calculated by dividing the financial assets by the financial liabilities and non-financial liabilities as per the table shown below:

Notes to the Annual Financial Statements *(continued)*

26. Financial risk management and objectives *(continued)*

Financial Assets 2011	Due or due not later than 1 month	Due later than 1 month but not later than 3 months	Due later than 3 months but not later than 1 year	Due later than 1 year but not later than 5 years	Due later than 5 years	Total
Available for sale investments	-	-	-	18,000,000	-	18,000,000
Loans and receivables from exchange transactions	491,689	396,608	11,720,694	65,679,059	52,818,422	131,106,472
Cash and cash equivalents	902,682,003	-	-	-	-	902,682,003
Receivables from exchange transactions	1,963,646	216,673	-	-	-	2,180,319
	905,137,338	**613,281**	**11,720,694**	**83,679,059**	**52,818,422**	**1,053,968,794**

Financial and Non-financial Liabilities 2011	Due or due not later than 1 month	Due later than 1 month but not later than 3 months	Due later than 3 months but not later than 1 year	Due later than 1 year but not later than 5 years	Due later than 5 years	Total
Payables from exchange transactions	(193,046)	-	(4,500)	-	-	(197,546)
Non-financial liabilities						
Finance lease	(6,045)	(12,090)	(54,450)	(98,825)	-	(171,410)
Deposits held on behalf of the Gauteng Department of Housing	(379,028,601)	-	-	-	-	(379,028,601)
Provisions	(359,604)	-	(1,679,525)	-		(1,981,584)
	(379,587,296)	**(12,090)**	**(1,739,145)**	**(98,825)**	**-**	**(381,436,686)**
	525,530,042	**601,191**	**9,982,219**	**83,580,234**	**52,818,422**	**692,532,108**

Notes to the Annual Financial Statements *(continued)*

26. Financial risk management and objectives *(continued)*

Financial Assets 2010	Due or due not later than 1 month	Due later than 1 month but not later than 3 months	Due later than 3 months but not later than 1 year	Due later than 1 year but not later than 5 years	Due later than 5 years	Total
Available for sale investments	1	-	-	18,000,000	-	18,000,001
Loans and receivables from exchange transactions	6,955,361	2,560,855	3,485,420	106,195,487	36,760,630	155,957,753
Cash and cash equivalents	533,360,088	-	-	-	-	533,360,088
Receivables from exchange transactions	3,320,785	-	-	-	-	3,320,785
	543,636,235	**2,560,855**	**3,485,420**	**124,195,487**	**36,760,630**	**710,638,627**

Financial and Non-financial Liabilities 2010	Due or due not later than 1 month	Due later than 1 month but not later than 3 months	Due later than 3 months but not later than 1 year	Due later than 1 year but not later than 5 years	Due later than 5 years	Total
Payables from exchange transactions	(350,063)	-	-	-	-	(350,063)
Non-financial liabilities						
Finance lease	(4,029)	(8,194)	(21,304)	-	-	(33,527)
Deposits held on behalf of the Gauteng Department of Housing	(34,658,323)	-	-	-	-	(34,658,323)
Provisions	(307,258)	-	(1,529,877)	-	-	(1,837,135)
	(35,319,673)	**(8,194)**	**(1,551,181)**	**-**	**-**	**(36,879,048)**
	508,316,562	**2,552,661**	**1,934,239**	**124,195,487**	**36,760,630**	**673,759,579**

Interest rate risk

The Trust's exposure to the risk of changes in the market interest rate relates primarily to the Trust's loans and receivables from exchange transactions with floating interest rates. The objective of managing interest rate risk management is to safeguard the Trust assets whilst still enabling fulfillment of the Trust mandate. The objective of interest rate risk management is to consider the effect of fluctuations in interest rates that might affect the fair value or future cash flows of a financial instrument. The method for measuring interest rate risk is the sensitivity analysis for fluctuations in the interest rate. Interest rate risk is managed internally by ensuring that allowances for increased interest rates are provided for in the project assessment. The Trust's exposure to interest rate risk arises from increases in the rate that could give rise to default of the counterparty.

Interest rate risk table

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant of the Trust's surplus (through the impact of floating rate loans). The effect on surplus has been determined by calculating an increase or decrease of 100 basis points on the current interest rates of the receivables from exchange transactions. Management considers a range of 100 basis points increase or decrease to be reasonable for the analysis. There is no impact on the Trust's net assets.

Year	Increase/ decrease in basis points	Effect on surplus
2011	-	-
Effect of an increase in basis points on surplus	100	78,484
Effect of a decrease in basis points on surplus	(100)	(78,484)
2010	-	-
Effect of an increase in basis points on surplus	300	240,901
Effect of a decrease in basis points on surplus	(300)	(240,901)
	-	**-**

Notes to the Annual Financial Statements *(continued)*

26. Financial risk management and objectives *(continued)*

Credit risk

Credit risk is the risk that a counterpart will not meet its obligations under a financial instrument. The objective of credit risk is to ensure that the counterparty will meet its obligation under a financial instrument. The Trust is exposed to credit risk in respect of its available for sale debt instruments, receivables from exchange transactions, cash and cash equivalents and loans and receivables from exchange transactions. Credit risk is managed internally by ensuring that investments are made only after assessing and evaluating the social housing institutions management capacity and project feasibility. The method for measuring credit risk is the ongoing monitoring of financial assets. The Gauteng Partnership Fund's credit risk exposure arises from default of the counterparty, with a maximum exposure of R1,053,968,793 (2010: R653,684,248) equal to the carrying amount of loans and receivables from exchange transactions, cash and cash equivalents and receivables from exchange transactions.

Financial assets exposed to credit risk at year end were as follows:

Credit Exposure

Class of financial instrument	Credit risk exposure	Collateral	Repayment terms	Credit quality of financial assets that are neither past due nor impaired
ABSA - Development Finance Facility	5,003,193	Suretyship held by ABSA for the total loan granted to borrower	3 years from date disbursement of loan with final repayment date	Performing
ABSA - Subsidised Loan Facility	8,167,383	Suretyship held by ABSA for total loan granted	Seven years from date of disbursement of loan with final repayment date 31/1/2015	
Brickfields Housing Company (Pty) Ltd	7,231,367	Redeemable preference shares	Redemption date 1/4/2016	Performing
Greater Germiston Inner City Housing Corporation Phase II (Pty) Ltd	1	Loan to company	Twelve years from date of disbursement of loan with a final repayment date	Impaired
Greater Germiston Inner City Housing Corporation Pharoe Park (Pty) Ltd	1	Loan to company	Twelve years from date of disbursement of loan with a repayment date	Impaired
Housing Company Tshwane	1	N/A	N/A	Impaired
Johannesburg Housing Company (Pty) Ltd - Hlanganani	14,099,704	Mortgage bond held by Gauteng Partnership Fund for the total loan granted to Borrower	Fifteen years with final repayment date 30/09/2024	Performing
KTN Properties (Pty) Ltd - Parklane	1,587,212	Mortgage bond and suretyship held by Gauteng Partnership Fund for the total loan granted to the Borrower	Seven years with final repayment date 31/7/2015	Performing

Notes to the Annual Financial Statements *(continued)*

26. Financial risk management and objectives *(continued)*

Class of financial instrument	Credit risk exposure	Collateral	Repayment terms	Credit quality of financial assets that are neither past due nor impaired
Lionshare New Properties CC - Lubraco House	2,678,405	Mortgage bond and suretyship held by Gauteng Partnership Fund for the total loan granted to the Borrower	Fifteen years with final repayment date 31/7/2015	Performing
Madulamoho Housing Association Allenby House	2,845,884	Mortgage bond and suretyship held by Gauteng Partnership Fund for the total loan granted to the Borrower	Fifteen years with final repayment date 31/10/2024	Performing
Maseleng Investments (Pty) Ltd	2,997,257	Mortgage bond held by Gauteng Partnership Fund for the total loan granted to Borrower	Fifteen years with a final repayment date 30/09/2024	Performing
Standard Bank	4,955,410	Suretyship held by Standard Bank for total loan granted to Borrower	Seven years from date of disbursement of loan with final repayment date 15/2/2015	Performing
Trust for Urban Housing Finance Intuthuko (Pty) Ltd	6,977,638	Mortgage bond held by Intuthuko for the total loan granted to Borrower	One repayment in June 2015	Performing
Trust for Urban Housing Finance Bridging Facility (Pty) Ltd	27,130,162	No collateral held due to short duration of the facility to Borrower i.e. 3 months	Seven years with final repayment date 30/9/2013	Performing
Yeast City Housing (Pty) Ltd Tau Village	6,111,324	Mortgage Bond and suretyship held by Gauteng Partnership Fund for the total loan granted to Borrower	Fifteen years with final repayment date 28/02/2025	Performing
Tenitor Properties (Pty) Ltd	9,694,417	Mortgage Bond and suretyship held by Gauteng Partnership Fund for the total loan granted to Borrower	Twenty years with final repayment date 31/04/2031	Performing
Receivables from exchange transaction	2,180,319			
Cash and cash equivalents	902,682,003			
	1,004,341,681			

Notes to the Annual Financial Statements *(continued)*

26. Financial risk management and objectives *(continued)*

Concentration risk

The Gauteng Partnership Fund's risks are concentrated in the Gauteng social housing sector (for households earning less than R8 600 CPI-linked) through structured funding instruments to social housing institutions and financial institutions with the goal to attract fair priced private sector funding. Concentration risk is quantified at an amount of R149,106,471 (2010: R117,003,711) which is nominal balance of all investment and loans at year end.

27. Subsequent events

The Gauteng Provincial Executive Council made a decision during 2009 to reorganise the funding functions of the Gauteng Provincial Government (GPG). This process entailed an analysis of the various entities and their functions to ensure that the province's processes were streamlined for maximum effectiveness. During 2010, the GPF received a directive from the Executive Authority, MEC for Housing, Honourable Kgaogelo Lekgoro. The directive instructed the Board to begin the process of disestablishment of the GPF to ensure a seamless transfer of the GPF's operations to the Gauteng Funding Agency (GFA). The GPF operations would be subsumed in the GFA under the Gauteng Department of Finance as the Executive Authority. This decision was reconsidered and moving forward, the GPF will continue as a standalone operation.

28. Financial and non-financial instruments

2011	Loans and receivables	Available for sale	Other assets	Other liabilities	Non-financial instruments at amortised cost	Total
Financial Assets						
Available for sale investments	-	9,644,155	-	-	-	9,644,155
Loans and receivables from exchange transactions	99,479,355	-	-	-	-	99,479,355
Receivables from exchange transactions	2,180,319	-	-	-	-	2,180,319
Cash and cash equivalents	902,682,003	-	-	-	-	902,682,003
Non-financial Assets						
Intangible assets	-	-	149,210	-	-	149,210
Equipment	-	-	1,155,889	-	-	1,155,889
Financial Liabilities						
Payables from exchange transactions	-	-	-	(379,226,147)	-	(379,226,147)
Non-financial Liabilities						
Finance lease	-	-	-	-	(171,410)	(171,410)
Deferred Income	-	-	-	-	(217,714,424)	(217,714,424)
Provisions	-	-	-	-	(1,965,495)	(1,907,950)
	1,004,341,677	9,644,155	1,305,099	(379,226,147)	(219,851,329)	416,213,455

2010	Loans and receivables	Available for sale	Other assets	Other liabilities	Non-financial instruments at amortised cost	Total
Financial Assets						
Available for sale investments	-	2,416,410	-	-	-	2,416,410
Loans and receivables from exchange transactions	100,254,933	-	-	-	-	100,254,933
Receivables from exchange transactions	3,320,785	-	-	-	-	3,320,785
Cash and cash equivalents	533,360,088	-	-	-	-	533,360,088
Non-financial Assets						
Intangible assets	-	-	159,011	-	-	159,011
Equipment	-	-	1,002,680	-	-	1,002,680
Financial Liabilities						
Payables from exchange transactions	-	-	-	(35,008,386)	-	(35,008,386)
Non-financial Liabilities	-	-	-	-	-	-
Finance lease	-	-	-	-	(33,527)	(33,527)
Deferred Income	-	-	-	-	(236,925,974)	(236,925,974)
Provisions	-	-	-	-	(1,762,830)	(1,762,830)
	636,935,806	2,416,410	1,161,691	(35,008,386)	(238,722,331)	366,783,190

The above table illustrates the categorisation of financial instruments.

Notes to the Annual Financial Statements *(continued)*

28. Financial and non-financial instruments *(continued)*

Set out below is a comparison by class of carrying amounts and fair values of all the Gauteng Partnership Fund's financial instruments that are carried in the financial statements.

Financial assets	Carrying amount 2011	Carrying amount 2010	Fair value 2011	Fair value 2010
Available for sale investments	9,644,155	2,416,410	9,644,155	2,416,410
Loans and receivables from exchange transactions	99,479,355	100,254,933	99,479,355	100,254,933
Receivables from exchange transactions	2,180,319	3,320,785	2,180,319	3,320,785
Cash and cash equivalents	902,682,003	533,360,088	902,682,003	533,360,088
	1,013,985,832	**639,352,216**	**1,013,985,832**	**639,352,216**

Financial liabilities	Carrying amount 2011	Carrying amount 2010	Fair value 2011	Fair value 2010
Non-financial liabilities	171,410	33,527	171,410	33,527
Financial liabilities Payables from exchange transactions	379,226,147	35,008,386	379,226,147	35,008,386
	379,397,557	**35,041,913**	**379,397,557**	**35,041,913**

Fair value of financial instruments	Valuation technique market observable inputs	Valuation technique combination for market & non-market inputs	Total 2011	Valuation technique market observable inputs	Valuation technique combination for market & non-market inputs	Total 2010
Financial assets						
Available for sale investments	-	9,644,155	-	-	2,416,410	2,416,410
Loans and receivables from exchange transactions	99,479,355	-	99,479,355	100,254,933	-	100,254,933
	99,479,355	**9,644,155**	**99,479,355**	**100,254,933**	**2,416,410**	**102,671,343**

Non-financial liabilities	Valuation technique market observable inputs	Total 2011	Valuation technique market observable inputs	Total 2010
Finance lease	171,410	171,410	33,527	33,527

The fair value of shares which are not listed is estimated using the discounted cash flow valuation model based assumptions that are supported by a combination of market and non-market observable inputs. The valuation is based on projected sustainable cash flows taking into account views of future performance as at 31 March 2011. The discounted rates used to present value these cash flows taking both systematic and unsystematic risks into account. Systematic risk is market risk or the risk that cannot be diversified away. Unsystematic risk is asset specific risk.

The fair value of loans and receivables from exchange transaction has been determined by discounting future cash flows over the period of the loan at the prime rate at date of inception thereof.

Finance leases are capitalised at the lower of present value of minimum lease payments or fair value. The discounted rate used in calculating the present value of minimum lease payments is 9% (which is the prime rate at date of inception).

Notes to the Annual Financial Statements *(continued)*

28. Financial and non financial instruments *(continued)*

Fair Value Hierarchy

The fair value hierarchy shall have the following levels:

a) Quoted (unadjusted) prices in active markets for identical assets or liabilities (Level 1);
b) Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
c) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

As at 31 March 2011, the GPF held the following financial instruments measured at fair value:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2: Other techniques for which all inputs have a significant effect on the recorded fair value are observable, either directly or indirectly.
Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Assets measured at fair value	Level 1	Level 2	Level 3
Available for sale financial assets	-	-	9,644,155

29. Comparison of results with the approved budget

	Actual	Budget	Variances
Expenses			
Personnel	14,026,781	17,744,317	3,717,536
Repairs and maintenance	255,898	271,116	15,218
General expenses	5,539,586	11,397,981	5,858,395
Capex expenditure	878,622	1,067,688	189,066
	20,700,887	**30,481,102**	**9,780,215**

The budget was approved by the Board and submitted to the Executive Authority in terms of section 53(1) of the PFMA.

The GPF operated within its approved budget of R30 481 102. Actual expenditure was under budget by 32% . This is mainly due to:

- under expenditure on personnel due to a freeze on hiring new staff.
- under expenditure on general expenses due to:
  a) marketing plan that did not fully materialise; and
  b) expenditure on consulting due to lesser than anticipated projects.

30. Reconciliation of budget surplus with the surplus in the statement of financial performance

Net surplus per statement of financial performance adjusted for:	42,202,520
Total revenue	(65,606,202)
Fair value adjustments	3,770,108
Depreciation and amortisation	810,346
Finance costs	7,213
Grants and subsidies	393,750
Impairment loss reversal	(1,400,000)
Capex expenditure	(878,622)
Net amount as per approved budget	**(20,700,887)**

Detailed Income Statement

Figures in Rand	Note(s)	2011	2010
Revenue			
Deferred income		19,211,550	44,568,333
Interest received banks		30,659,966	36,799,528
Interest received from investments		15,728,445	11,259,633
Total revenue		**65,599,961**	**92,627,494**
Expenditure			
Personnel	17	(14,026,781)	(13,127,340)
Depreciation and amortisation		(810,346)	(758,655)
Finance costs	20	(7,213)	(7,883)
Repairs and maintenance		(255,898)	(287,722)
Grants and subsidies paid		(393,750)	(767,416)
General expenses	15	(5,539,586)	(7,432,069)
Total expenditure		**(21,033,574)**	**(22,381,085)**
Gain on disposal of assets and liabilities		6,241	33,069
Fair value adjustments	18	(3,770,108)	(12,423,883)
Impairment (loss)/reversal		1,400,000	(7,583,593)
Surplus for the year		**42,202,520**	**50,272,002**

World Cup Expenditure

	2010/11 Quantity	2010/11 R'000	2009/10 R'000
Tickets acquired			
Distribution of tickets	**Quantity**	**R'000**	**R'000**
Clients/Stakeholders			
Accounting Authority			
Executive			
Non-executive			
Accounting Officer			
Senior Management	1		3
Other employees	10		5
Family members of officials			
Other government entities			
Audit Committee members			
Other			
Total	**11.00**	**-**	**8.00**

Please Note: The supplementary information presented does not form part of the annual financial statements and is unaudited.

Word Cup Expenditure Report *(continued)*

Travel costs	2010/11	2009/10
Clients/Stakeholders		
Accounting Authority		
Executive		
Non-executive		
Accounting Officer		
Senior Management		
Other employees		
Family members of officials		
Other government entities		
Audit Committee members		
Other		
	-	-

Purchase of other World Cup apparel	2010/11 Quantity	2010/11 R'000	2009/10 R'000
Specify the nature of the purchase (e.g t-shirts, caps, etc)			
T-shirts	21	11.00	
T-shirts			
Bafana Support Items			
	21.00	11.00	-
Total world cup expenditure		**11.00**	**8.00**

	Quantity	R'000
Tickets acquired after year-end (30 June 2010)		
Distribution of tickets acquired after year-end		
Clients/Stakeholders		
Accounting Authority		
Executive		
Non-executive		
Accounting Officer		
Senior Management		
Other employees		
Family members of officials		
Other government entities		
Audit Committee members		
Other		
Total	**-**	**-**

Please Note: The supplementary information presented does not form part of the annual financial statements and is unaudited.

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