

# ANNUAL REPORT 2013/14



**Gauteng Partnership Fund**

Leveraging Affordable Housing Finance



## STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

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

All information and amounts disclosed in the annual report is consistent with the annual financial statements audited by the Auditor General.

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

The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.

The Annual Financial Statements (Part B) have been prepared in accordance with the Generally Recognised Accounting Practice (GRAP) standards applicable to the public entity.

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

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

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

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the entity for the financial year ended 31 March 2014.

Yours faithfully



**Mr. Boni Muvevi**  
**Chief Executive Officer**

27 May 2014

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## **Vision**

To be the partner of choice in the mobilisation and optimisation of funding; and a leading catalyst in the development of integrated human settlements in Gauteng

## **Mission**

"As a public housing delivery vehicle, we pro-actively leverage sustainable human settlements, by:

- Facilitating dynamic collaboration with a network of public and private sector partners,
- Mobilising new and innovative funding streams for projects,
- Gearing private sector finance to ensure better bankability of projects,
- Ensuring accountability, monitoring and efficiency in the implementation of projects, thereby ensuring coordinated effort by both the public and private sector in sustainable human settlements delivery.

## **Values**

In achieving its vision and mission set out above, the GPF subscribes to the following internal values:

Proactive - activism, interventionist, involved

Innovative - cutting edge, best in class, outside the box

Excellence - pride, passion, discipline, customer orientated

Integrity - trust, honesty, ethics, do what you say you will do

Accountability - professionalism, transparency, value for money

# **PART A : Annual Reports**

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## BOARD OF TRUSTEES



Mr. Pakie Mphahlele  
**CHAIRPERSON**



Mr. Boni Muvevi  
**CHIEF EXECUTIVE OFFICER**  
(1 March 2014)



Ms. Dineo Maphatiane  
**NON - EXECUTIVE TRUSTEE**



Mr. Lefadi Makibinyane  
**NON - EXECUTIVE TRUSTEE**



Ms. Lavinia Khangala  
**NON - EXECUTIVE TRUSTEE**



Mr. Zola Fihlani  
**NON - EXECUTIVE TRUSTEE**



Ms. Molebogeng Leshabane  
**NON - EXECUTIVE TRUSTEE**



Mr. Siyabonga Mbanjwa  
**NON - EXECUTIVE TRUSTEE**



Mr. Job Mnguni  
**NON - EXECUTIVE TRUSTEE**



## REPORT OF THE CHAIRMAN

### Dear Valued Stakeholders

I am pleased to present the Gauteng Partnership Fund's (GPF) Annual Report for the ended year 31 March 2014. This year was marked by significant changes to the composition of the Board. In September 2013, the Chief Executive Officer (CEO), Kutoane Kutoane resigned, after leading GPF for the past six years. Under his leadership, GPF showed growth and maintained a culture of performance and clean audit reports. On behalf of the Board, I would like to take this opportunity to thank him for the visionary and exemplary leadership displayed during his tenure.

1 April 2013, GPF appointed four new non-executive Trustees, namely, Lavinia Kangala, Siyabonga Mbanjwa, Molebogeng Leshabane, Job Mnguni and the new CEO, Boni Muvevi was appointed on 1 March 2014. Despite the changes, GPF has remained steadfast in its ability to continue to do business and adapt to a challenging environment. This reflects our organisation's inherent systems, people qualities, capacity and experience to be flexible and embrace change.

### Housing Mandate

The provision of housing for households that earn an income between R3,500 to R15,000 remains one of the greatest social challenges in South Africa. It is exacerbated in Gauteng because of the high number of migrants to the region, seeking work and economic opportunities. The rental accommodation remains inadequate, as more people look for mobility and locational benefits within Gauteng.

### GPF Performance

GPF has maintained its performance against the mandated objectives over the years and has once again obtained a clean Auditor General's report for 2013/14 maintaining the past decade performance. GPF has certainly proved to be a leading entity in Gauteng and it is an institution that is recognised nationally for its impact. GPF's vision of supporting emerging black developers was demonstrated by a commitment of R149 million for projects in the financial year versus a budget of R150 million. During the year, two projects were completed in Kempton Park and Tshwane which was funded under this flagship programme.

### The Future

We are forging partnership agreements with local authorities and provincial government in order to operationalise the government's "Breaking New Ground" in line with the National Development Plan. In the development of our strategic plan, we also align to National and Provincial Government plans such as NDP, Gauteng 2055, GDHS strategy, Metros IDP's and initiatives – Johannesburg Corridors of Freedom, Transport and Infrastructure plans, among others.

The new CEO, management team and committed staff are steadfast in their resolve to take on the housing challenges with vigour and determination. I am confident that we will continue to improve our future organisational performance to ensure that our clients receive quality service and stakeholders expectations are met.

I would like to thank the stakeholders especially Gauteng Department of Human Settlements (GDHS) for their support and the Board for their good governance and strategic guidance and our staff for their hard work and commitment to GPF.

**Mr. Pakie Mphahlele**  
Chairman





## REPORT OF THE CEO



Gauteng province is the largest contributor of Gross Domestic Product (GDP) nationally, at over 34 percent and has an estimated 12.7 million residents (24 percent) of South Africa's population, making it the most populated province, yet the smallest in size. The largest population group is between the ages of 30-34 (Mid-year Population Estimates 2013). It is estimated that at least one million people migrated to Gauteng between 2011 and 2013. This has put continued pressure on the infrastructure and housing delivery requirements for the province, especially with a significant mobile population, the rental tenure option demand is high. This is a huge challenge that Gauteng province has accepted and seeks to address, hence the establishment of Gauteng Partnership Fund (GPF) as part of the solution.

The GPF's main objective is to fund and facilitate social rental housing in Gauteng to meet the vast housing market for people that earn above R3,500 to R15,000 (Gap housing). As an agency of the Gauteng Department of Human Settlements (GDHS), GPF is mandated with developing innovative funding solutions for affordable housing projects in the province. Since its inception, the GPF has leveraged state capital at 70:30 (External funding: GPF funding) where possible for housing projects, which is a key measure of success for GPF. To date, we have funded developers and completed over 15,000 quality affordable housing units and have a pipeline of projects at various development stages across the province.

In this financial year, we attracted a total of R414 million of non-GPF funding, in comparison to R422 million in the previous reporting period. The leveraged amount was reduced due to the decision made during the year to fund 100 percent bridge financed Emerging Entrepreneur Property Fund (EETF) projects worth R72 million. This decision was taken because our co-funder reprioritised funds intended for the programme. If these projects were externally funded, the total amount would have been R494 million, however GPF has exceeded the three-year target for facilitation of 6000 social rental units by 2014.

We have had to re-group in the past year after the resignation of our Chief Executive Officer (CEO), Kutoane Kutoane in the middle of the year and the subsequent appointment of a new CEO in March 2014. Over the past six years, we saw growth and stability in GPF under Kutoane Kutoane's leadership, despite the challenging global financial environment. His vision and contribution to GPF and housing delivery in Gauteng, will be missed and we wish him well in his new endeavours. Kutoane Kutoane has built a foundation that will make it easier for GPF to forge ahead.

The continuity of GPF business has been essential, given the leadership changes, whilst also addressing the immediate business challenge of diminishing co-funding partners. The GPF funding model is based on sharing financial risk with funding partners on housing projects. We will continue to direct our efforts in seeking housing investors both locally and internationally. This is a priority for GPF and we have devised a plan and dedicated resources to manage this risk in the medium to long term.

## REPORT OF THE CEO (Continued)

The reprioritisation of funds from our co-funder affected the performance of our strategic programme, Emerging Entrepreneur Property Fund, delaying the implementation of identified housing projects. This programme is key for GPF, as we take the lead in developing and supporting entrepreneurs that will become future developers and investors in housing. These developers will assist GPF in meeting our housing service delivery mandate. This is a flagship programme and its success is critical to transforming the South African property sector and black property entrepreneur development. During this financial year, under this programme, loan funding for 10 black entrepreneurs to the value of R149 million was approved, which will yield 405 units. These projects are spread across the Gauteng region, predominantly in Ekurhuleni (Kempton Park), Tshwane (Pretoria) and the Johannesburg Central Business District (CBD).

Overall, GPF continues to grow and mature as an organisation with 12 years of history of operational performance and positive reports by the Auditor General. Our loan book is healthy and continues to perform across all funding products and we apply robust up-front risk mitigation approaches to every investment. Supply Chain Management processes are in place. During the year under review there were no unsolicited bid proposals. We will continue to focus on GPF's operational efficiency to ensure we meet our client's turnaround expectations and future business sustainability requirements.

GPF was set up to intervene in the housing market by providing funding solutions or products to address the failures in the market and to speed up delivery of affordable housing. Therefore, product development and innovation is part of our business DNA. Our latest product introduced is funding student accommodation and with a few other initiatives under development ie. Pension Backed Home Improvement loans.

Over the past year, GPF has sought to play a catalytic role in mobilising provincial and government institutions in shaping the sustainable human settlement sector. We contributed to developing provincial rental strategy forums and have been proactive in creating opportunities in the social rental housing sectors for mixed housing projects with private sector participation. We have created partnership agreements with Tshwane and continue to engage with other Local Authorities and Provincial Governments in order to operationalise the government's "Breaking New Ground" Strategy in line with the National Development Plan (NDP). In the development of our Strategic Plan, we also align to National and Provincial Government plans such as NDP, Gauteng 2055, GDHS strategy, Metros IDP's and initiatives – Johannesburg Corridors of Freedom, Transport and Infrastructure plans, among others.

I would like to take this opportunity to extend my sincere gratitude to the outgoing CEO, Kutoane Kutoane, Board, management team and staff. The support over the period has been invaluable and demonstrated by our excellence in the execution of our housing mandate, daily work, meeting clients' needs and ensuring housing service delivery.



**Mr. Boni Muvevi**  
**Chief Executive Officer**



## OPERATIONS REPORT

(GPF PERFORMANCE REPORT 2013/14)

### 1. Introduction

The past trend of demand outstripping supply for affordable rental accommodation continued in 2013/2014 financial year. According to the First National Bank-Tenant Profile Network yield data, a survey conducted by Tenant Profile Network ("TPN"), indicated that during 2013 there was a growing supply shortage in the residential rental market. Indications were also that rental inflation began accelerating against the background of the expected rising interest rates environment, thereby raising the attractiveness of property as an investment. According to John Loos (Households and property sector strategist at FNB), the yields on low income areas (average home values of below R600 000) were higher than those in the middle and higher income segments of the market supporting the fact that affordable housing portfolio continued to perform relatively better than other property portfolios during 2013.

Growth prospects for a stronger rental market remain positive; this is supported by some of the major players in the industry such as the International Housing Solution ("IHS") who have broadened access to affordable housing finance for the low-to-middle income South African households through its Second Fund. The Fund is aimed at supporting the development of affordable housing in South Africa and Sub-Saharan Africa.

The European Investment Bank has injected R2 billion towards S.A affordable housing developments. The funds will be managed by two development finance institutions and two commercial banks. This funding will enable or encourage participation of the private sector into the affordable and social housing sector in the next financial year.

Notwithstanding the aforementioned, reluctance by established financial institutions to participate in the affordable housing sector, as a Senior or co-funder with GPF continued to present challenges on the supply side during the year under review. As a result the GPF has taken pro-active steps to alleviate the identified challenge by;

- funding 100% projects with total loan exposure of R10 million or below;
- Incentivizing capital raisers to submit funding proposals through a public tender from interested financial institutions to provide senior debt funding for affordable residential rental housing along-side the GPF.

Some of the initiatives with government agencies from the previous financial year proved to be worthwhile and notable, namely, the approval by the Department of Trade and Industry (DTI) of a grant to the value of R9 950 000 payable over three years as contribution towards funding the cost of feasibility studies and mentorship programme offered under the Entrepreneur Empowerment Property Fund (EPPF) programme.

## OPERATIONS REPORT

GPF PERFORMANCE REPORT 2013/14

### 2. Performance Overview

**Table 1: Summary of Performance**

MEASURE	ACTUAL (FY '13/14)	TARGET (FY 13/14)	TARGET ACHIEVED	COMMENTS
Applications recorded	R430m	-	-	There has been an increase in the deal flow compared to the previous financial year where R370million applications were recorded. Mainly as a result of GPF establishing a permanent client base, clients doing second projects with GPF as well as some aggressive marketing initiatives especially for the rental housing fund.
Projects Expression of Interest (EOI)	R295m	-	-	As a result of the increased deal flow, the projects expressed interest also increased when compared to the previous year
Approvals (RHF & SHF)	R159m	R102m	156%	Target has been exceeded by 56% on the back of increased deal flow.
EEPF Approval (total project funding)	R149m	R150m	99%	Target (funding) incl. NHFC approval. NHFC has not approved any projects in the 2013/2014 financial year. All projects were approved 100% by the GPF with the exception of one project which was co-funded with TUHF.
Cancelled projects: 1.Bruzar consulting engineers, 2.Molepu properties	2 projects (R11,3m funding commitments cancelled)	-	-	This equates to 4% of total approvals.

The GPF's overarching strategic goal for the 2013/14 financial year was to increase the rate of delivery of sustainable human settlements in the province for the low income segment (i.e. households earning less than R15 000 per month) by leveraging private sector funding for affordable housing in Gauteng. In meeting the strategic objective,

- We and evaluated project funding applications to the value of approximately R430 million;
- Of the funding applications received, the GPF issued expressions of interest in projects approximately R295 million, and obtained Board approval for R283 million worth of projects against an annual target of R256 million;
- The approvals recorded by the GPF during the year under review represent a significant year-on-year growth of 60% compared to 2012/13, and was 11% above target for the year. The major contributor to an increase in GPF funding commitment was a change in the funding model, whereby the Fund provided 100% funding onselected projects in response to shortage of senior debt finance in the market. During the year under review, 9 out of 10 EEPF projects received 100% funding from the GPF. The EEPF contributed 44% to the overall GPF funding commitment for the year. A decision by the Board to provide 100% funding to projects with a total loan exposure of R10 million and below also contributed to the GPF's performance.

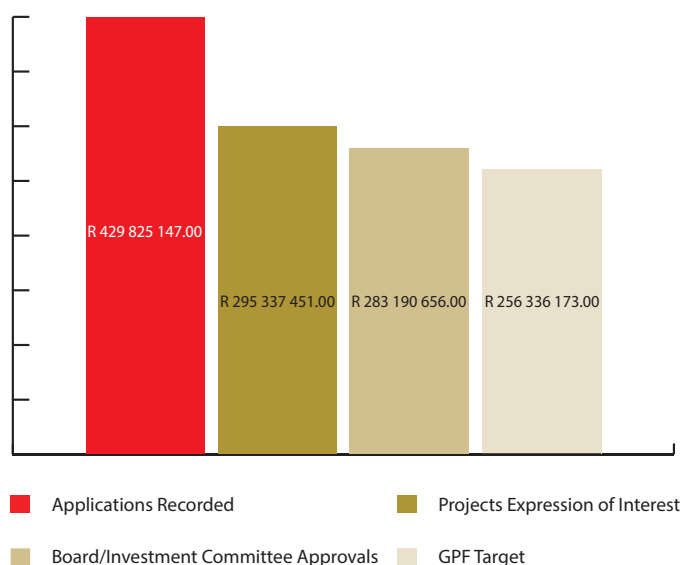
There were no key policy developments and legislative changes that affected the performance of the GPF during the year under review.

## GPF PERFORMANCE REPORT 2013/14 (Continued)

The GPF's funding model is reliant on the availability of alternative funding from the market (we entice commercial funders to share financing risk and increase their quantum of funding exposure on projects). Since the GPF is structured as a social delivery vehicle for the Gauteng Department of Human Settlements, it does not earn a market-related return on its investments. Our broad objective is to meet a social objective of delivering affordable housing to our beneficiaries. To date the GPF has made significant strides in meeting its mandate, and has been able to establish trust and forge sustainable relationships with the private sector. The GPF has completed of over 15000 affordable housing units since its inception.

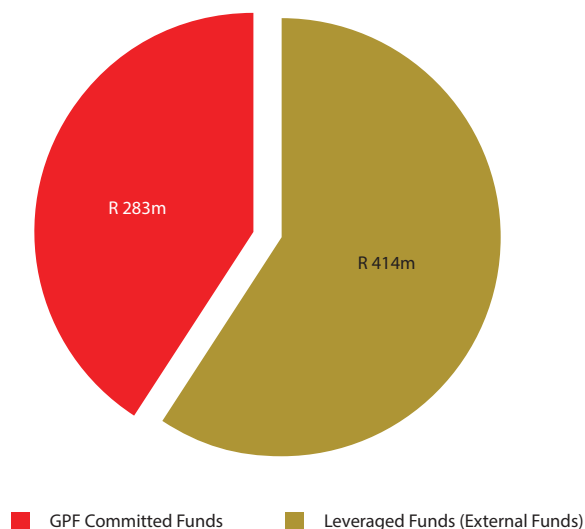
We have summarised the GPF 2013/14 funding performance below in Graphs A and B.

### Graph A: Summary of Performance



Reference: Project list 2013/2014; Investment Committee and Board Minutes; 2013/2014 Strategy Plan

### Graph B: GPF Committed Funds vs. Leveraged Funds (External Funds)



## GPF PERFORMANCE REPORT 2013/14 (Continued)

Despite the inherent senior funding challenges, in the 2013/14 financial year the GPF has leveraged R414 million of private commercial funding from a GPF commitment of R283 million. This has resulted in an overall gearing ratio of 59:41. This low gearing ratio was attributed to higher GPF funding appetite following a decision by the Board to provide 100% funding to projects with maximum total loan exposure of R10 million and to the provision of 100% funding for EEPF projects.

### 3. Product Performance Review

Annual targets have been exceeded in all portfolios except for the EEPF, which is only 1% below target. The missed target is mainly as a result of loss of projects due to the unavailability of senior funding. During the 2013/2014 financial year, NHFC (co-funding partner under the EEPF) indicated that they will not be able to continue with the co-funding arrangement due to reprioritisation of funds. This resulted in most applicants who had previously identified projects that were above R10 million to cancel the projects and look for smaller projects that could be funded 100% by the GPF. All projects under the EEPF were subsequently funded 100% by the GPF with the exception of one project which was co-funded with TUHF; this has made the EEPF the major contributor towards the GPF's funding commitment for the year under review at (44%), followed by the Rental housing Fund which contributed (39%) with the Social Housing Fund contribution at (17%).

**Table 2: Commitment Value**

PRODUCT	BUDGET	PERCENTAGE	ACTUAL	PERCENTAGE
Rental Housing Fund	R 56,000,000	22%	R 110,769,333	39%
Social Housing Fund	R 46,000,000	18%	R 48,085,150	17%
*Entrepreneur Empowerment Property Fund	R124 336 173	48%	R124 336 173	44%
Student Accommodation	R30,000,000	12%	-	-
<b>TOTAL</b>	<b>R 256,336,173</b>	<b>100%</b>	<b>R 283,190,656</b>	<b>100%</b>

#### **\*Entrepreneur Empowerment Property Fund (EEPF)**

As per the strategic plan for 2013/2014 financial year, the target for the EEPF includes senior funder approvals, there was no split between GPF funding commitment and leveraged funding. All projects approved under the EEPF were funded 100% by the GPF with an exception of one project following NHFC's withdrawal from the co-funding agreement. The one project referred to was co-funded with TUHF.

GPF PERFORMANCE REPORT 2013/14 (Continued)

**Table 3: Product Performance 2013 - 2014**

KEY PERFORMANCE AREAS (PROGRAMMES)	GOAL	OUTPUT	TARGET FOR 2013/2014	ACTUAL PERFORMANCE FOR 2013/2014	REASON FOR VARIANCE
<b>3.1 Rental Housing Fund</b> (focused on for-profit entities)	Enhanced debt to equity ratio for companies in projects so they can raise commercial funding	Committed Value	R 56m	R 111m	Target has been exceeded. Refer to note 1 below for list of projects approved
		Debt to Equity (External funding to GPF Loan)  Ratio of 70:30	   70:30	   64:36	   Refer to note 2. below
<b>3.2 Social Housing Fund</b> (focused on non-profit entities)	To reduce cost to capital on projects linked to Institutional subsidies	Committed Value.	R46m	R48m	Target has been exceeded. Refer to note 3. below for list of projects approved
		Reduced cost of rentals from going market to subsidized – 10%	Reduced cost of rentals from going market to subsidized -10%	Actual subsidised percentage - 68%	Set target met
<b>3.3 Entrepreneur Empowerment Property Fund (EPPF)</b>	This is an incubator programme designed to promote participation of HDI owned companies in the affordable rental property market. (The programme is limited to prospective participants invited on public tender annually).	Committed Value	R150m	R149m	Less than 1% below target see note 4. below
		Number of identified HDI companies	12	10	See note 4. below

GPF PERFORMANCE REPORT 2013/14 (Continued)

KEY PERFORMANCE AREAS (PROGRAMMES)	GOAL	OUTPUT	TARGET FOR 2013/2014	ACTUAL PERFORMANCE FOR 2013/2014	REASON FOR VARIANCE
<b>3.4 Student accommodation</b>	Leverage funding for affordable student accommodation.	Committed Value	R90M		See note 5. below
		Debt to equity ratio	70:30	-	See note 5. below
<b>3.5 Special Partnership projects</b>	To share financial risks with financial institutions for affordable housing developments.				See note 6. below
Sub programmes:					
<b>3.5.1 Risk Participation Facility</b>	To facilitate the sustainable entry of Banks through sharing of financing risk.	Committed Value	R0	R0	
		Facilitated units	0	0	
		Completed units	0	0	
		Committed Value	R0	R0	
<b>3.5.2 Development Finance Facility</b>	To promote sustainable entry of banks through sharing risks for short term developments finance	Facilitated units	0	0	See Note 7. below
		Completed units	0	0	
		Committed Value - TUHF	R0	R0	

GPF PERFORMANCE REPORT 2013/14 (Continued)

KEY PERFORMANCE AREAS (PROGRAMMES)	GOAL	OUTPUT	TARGET FOR 2013/2014	ACTUAL PERFORMANCE FOR 2013/2014	REASON FOR VARIANCE
<b>3.5.3 Intuthuko Fund</b>	To provide Soft Funding to emerging black entrepreneurs providing small-scale housing in the Inner Cities.	Potential units	0	0	See Note 8. below
			0	338	
			R0	R0	
<b>3.5.4 Bridging Finance Facility</b>	To address the requirements of the Inner Cities's private investor for quick responses to property financing ie. Rates clearance costs.		0	0	
<b>3.6 To play a catalytic role in mobilising provincial and local government institutions in shaping the sustainable human settlement sector.</b>	Create regional platforms for co-ordination of projects and provide a sounding board for solutions in achieving the provincial government outcomes.	Number of MOU's signed with the municipalities	One MOU signed	MOU has been signed with the city of Tshwane.	Target has been met
		Number of projects initiated through partnerships with municipalities	One project in progress	One project has been identified	See note 9. below
<b>3.7 Assist the DHS in appropriate funding on mixed income housing (human settlements) on projects that have completed township establishment and all technical input but require bankability studies</b>	Develop optimal funding structure and raise appropriate funding for human settlements projects	Number of financial packaged projects investigated	Investigation of alternative funding opportunity for 4 priority projects.	Target not met	See note 10. below
		Percentage of funding committed	Target was not determined	0	
		Number of units facilitated through project funding commitments	Target was not determined	0	

## GPF PERFORMANCE REPORT 2013/14 (Continued)

### Note 1.

**Table 4: Rental Housing Fund**

List of Approved projects

NAME OF COMPANY AND PROJECT NAME	NO. OF UNITS	GPF FUNDING COMMITMENT
Meilijian Construction and Development CC- Erf 232 Kempton Park	22	R 2 642 124
Laudium Property Holdings (Pty) Ltd- Erf 303 Laudium	87	R 7 912 500
Amaveni Capital (Pty) Ltd – Erf 337&338 City of JHB	63	R 5 546 100
Xanado Trade or Invest 614 (Pty) Ltd- Erf 324 Princess Roodepoort	161	R 12 289 413
NinarichTrading 3 (Pty) Ltd –Betty street precinct JHB	255	R 18 744 740
Kertrade 24 CC – Erf 4873 JHB	82	R 6 986 400
Meilijian Construction and Development CC – Erf 24 Kempton Park	26	R 9 537 189
Highlands Urban Living (Pty) Ltd- Erf 5,6&7 Highlands JHB	210	R 13 615 375
Meilijian Construction and Development CC- ERF 27 Kempton Park	26	R 9 590 178
Golden City Properties (Pty) Ltd-Erf 142&143 Germiston	49	R 9 682 803
Obten Investments (Pty) Ltd- Erf 564, Bertrams, JHB	30	R 9 457 971
KDM Properties (Pty) Ltd- Erf 403 JHB	19	R 4 764 540
<b>TOTAL</b>	<b>1030</b>	<b>R 110 769 333</b>

### Note 2.

In 2013/14 financial year, the Board gave the Investment Committee a mandate to approve the provision of 100% funding to projects with total loan exposure of R10 million or below. This has resulted in the overall increase in the GPF funding commitment relative to leveraged funding.

### Note 3.

**Table 5: Social Housing Fund**

List of Approved Projects

NAME OF COMPANY AND PROJECT	NUMBER OF UNITS	GPF FUNDING COMMITMENT
Yeast City Housing-Thembelihle	733	R48 085 150

Only one project was approved under the social housing fund mainly as a result of the following;

- Limited number of social housing institutions,
- Non accreditation of social housing institutions by the SHRA,
- Gauteng based institutions expanding to other provinces,
- Capacity of the social institution to deliver and manage multiple projects,
- SHRA allocation/approval of the RCG subsidy for projects,



## GPF PERFORMANCE REPORT 2013/14 (Continued)

### **Note 4.**

During the 2013/2014 financial year, NHFC (co-funding partner under the EEPF) indicated that they will not be able to continue with the co-funding arrangement due to financial constraints. This resulted in most applicants who had previously identified projects that were above R10 million to cancel the projects and look for smaller projects that could be funded 100% by GPF. This also resulted in less companies being funded under the EEPF. All projects under the EEPF were subsequently funded 100% by the GPF with the exception of one project which was co-funded with TUHF.

### **Note 5.**

There were no projects approved under Student Accommodation. The product is currently being marketed and there have been a lot of interest from potential investors. We intend to have a pilot project in the next financial year.

### **Note 6.**

We did not budget any new funding towards partnership facilities with the banks and financial institutions in 2013/14. The facilities with the banks were withdrawn in the previous financial year. We continue to engage with banks and other financial institutions to encourage funding for affordable housing projects. Alternative funding initiatives for some of the products proved to be successful; the Department of Trade and Industry has approved a grant of R9 950 000 payable over three years as contribution towards funding the cost of mentorship programme that is offered under the EEPF programme. On the other hand, NYDA and CEDA have cancelled the potential partnerships that were proposed in the previous financial year.

### **Note 7.**

The GPF board approved a facility, funding partnership with TUHF for Intuthuko fund. In the 2013/2014 financial year, 23 projects were funded under the facility, GPF's funding committed amount to R9,7 million resulting in 338 affordable housing units being facilitated. Total amount disbursed for the 2013/2014 financial year amounted to R3,5 million.

### **Note 8.**

In 2013/14 GPF had not budgeted any funding commitment and units under the current partnership with TUHF (bridging facility for projects). However under the facility no projects were committed in the financial year. The bridge facility has since been repaid. We received a request for another R20 million bridge facility, which was approved during the second quarter. As at 31 March 2014, the facility was not drawn, we are in a process of finalising the bridge agreement.

### **Note 9.**

One project has been identified under the MOU with the City of Tshwane. As at the 31st of March 2014, the project was awaiting Mayoral approval for the properties to be leased to the selected developer, thereafter the Due diligence review on the project will commence. The proposed properties will be developed into affordable housing units.

### **Note 10.**

The GPF management had developed an implementation plan for the mixed use housing projects and anticipated that the Gauteng Department of Human settlement will provide project information during the second quarter of the year. Project information was not received as anticipated; however during the third quarter of the financial year 2013/2014, one project was identified with the regional Manager of Tshwane for implementation with GPF. The project's name is Mandela Heights. The project will yield over 600 units. We have received the preliminary plans as well as the cost estimates. The project was not financially feasible; the Professional team is currently re-designing the plans to make it more feasible. The stands are also in a process of being consolidated. It is anticipated that the project will only be ready for implementation in the next 8 months.

We have drafted and sent the MOU to the Regional Manager of Tshwane for consideration.

## **3.1 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 2013/14 financial year: There were only two projects cancelled for the year under review.

GPF PERFORMANCE REPORT 2013/14 (Continued)

**Table 6: Rental Housing Fund Commitments**

COMPANY & PROJECT	GPF'S COMMITTED VALUE	OTHER FUNDING	TOTAL UNITS	COMPLETED UNITS
Meilijian Construction and Development CC	R 2 642 124	R 5 843 559	22	22
Laudium Property Holdings (Pty) Ltd	R 7 912 500	R 31 036 905	87	None- construction is yet to start
Amaveni Capital (Pty) Ltd	R 5 546 100	R 12 469 228	63	None- construction is yet to start
Xanado Trade or Invest 614 (Pty) Ltd	R 12 289 413	R 36 342 616	161	None- construction is yet to start
Ninarich Trading 3 (Pty) Ltd	R 18 744 740	R 41 455 728	255	Construction is in progress
Kertrade 24 CC	R 6 986 400	R 14 758 600	82	None- construction is yet to start
Meilijian Construction and Development CC- Erf 24 Kempton Park	R 9 537 189	R 850 000	26	Construction in progress
Highlands Urban Living (Pty) Ltd	R 13 615 375	R 51 378 772	210	None- construction is yet to start
Meilijian Construction and Development CC- Erf 27 Kempton Park	R 9 590 178	R 850 000	26	None- construction is yet to start
Golden City Properties (Pty) Ltd	R 9 682 803	R 600 000	49	None- construction is yet to start
Obten Investments (Pty) Ltd	R 9 457 971	R 750 000	30	None- construction is yet to start
KDM Properties (Pty) Ltd	R 4 764 540	R 600 000	19	None- construction is yet to start
<b>TOTAL</b>	<b>R110 769 333</b>	<b>R196 935 408</b>	<b>1030</b>	

**Table 7: Cancelled Projects**

COMPANY NAME AND PROJECT	NO. OF UNITS	GPF COMMITMENT VALUE	STATUS AS AT 31/03/13
Bruzar Consulting – Randburg	72	R7,144,939	The seller sold the property to another buyer while client was waiting for GPF approval.
Molepu Properties- Erf 101 JHB	62	R4,120,326	The seller cancelled the transaction as the offer to purchase was only entered into with one out of three trustees representing the seller.
<b>TOTAL</b>	<b>134</b>	<b>R11,265,265</b>	

## GPF PERFORMANCE REPORT 2013/14 (Continued)

**Table 8: Projects Completed During the 2013/2014 Financial Year**

COMPANY	PROJECT NAME	NUMBER OF UNITS
Meilijian Construction and Development cc	ERF 256 Kempton Park	22
Comocap	88 Relly Street , Sunnyside, Pretoria	47
<b>TOTAL UNITS COMPLETED</b>		<b>69</b>

Challenges:

- Securing senior funding for projects
- Established companies BBBEE inclusion

Solutions:

- Seek alternative funders- GPF has issued a public call for proposal inviting potential financial institutions to provide senior debt funding for affordable residential rental housing along-side the GPF.
- GPF/HDI/BBBEE transformation plan and guideline – the GPF transformation plan was approved by the Board during the 2013/2014 financial year.

### 3.2 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. The following projects were supported during the 2013/14 financial year:

**Table 9: Social Housing Fund Commitments**

COMPANY & PROJECT	GPF'S COMMITTED VALUE	OTHER FUNDING	TOTAL UNITS	COMPLETED UNITS
Yeast City Housing- Thembelihle	R48 085 150	R192 340 600	733	None- construction yet to start

**Table 10: Projects Completed During the 2013/2014 Financial Year**

COMPANY	PROJECT NAME	NUMBER OF UNITS
Madulamoho	Jabulani view	72
JHC	117 Prichard street	133
JHC	Crest Hotel	225
Yeast City Housing company	Salvokop	20
<b>TOTAL UNITS COMPLETED</b>		<b>450</b>

## GPF PERFORMANCE REPORT 2013/14 (Continued)

### Challenges:

- Limited number of social housing institutions,
- Non accreditation of social housing institutions by the SHRA,
- Gauteng based institutions expanding to other provinces,
- Capacity of the social institution to deliver and manage multiple projects,
- Quantum of subsidy visa vie the expected end product,
- Quantum of the subsidy visa vie the prescribed rental,
- The (RCG) on Restructuring Grant subsidy is the catalyst for projects,
- Bureaucracy delays in town planning approval projects on municipal owned land,
- Dysfunctional or underachieving municipal owned social housing entities, and
- Emerging social housing entities that must still be supported in order to receive SHRA accreditation.

### Solutions:

- Establishment of the Social Housing Fund- work in progress
- Partnerships and Joint Ventures
- Mentoring of social housing institutions
- Private Sector Involvement in Social Housing

## 3.3 Special Partnerships Projects

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

### 3.3.1 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 2013/14 due to the continued reluctance of banks to participate in the affordable housing sector.

### 3.3.2 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 2013/14 financial year due to the continued reluctance of banks to participate in the affordable housing sector.

## GPF PERFORMANCE REPORT 2013/14 (Continued)

### 3.3.3 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 R20 million has been committed to roll out the programme.

Total amount disbursed for the 2013/2014 financial year amounted to R3,6 million.

**Table 11: Intuthuko Fund - Disbursed Amount 2013/14**

PROJECT NAME	AMOUNT DISBURSED	NO. OF UNITS	STATUS
Bermol	R700 000	37	Still waiting for the project to register
Olympia Mansions	R750 000	24	Still waiting for the project to register
Republic Hotel	R750 000	30	Still waiting for the project to register
Court de Shaw	R600 000	15	Still waiting for the project to register
75/74/76 Frere	R750 000	27	In construction
<b>TOTAL</b>	<b>R3 550 000</b>	<b>133</b>	

Approximately R9,7 million has been committed to 23 projects in the 2013/14 financial year resulting in 338 affordable housing units being facilitated. The following projects were approved by TUHF.

**Table 12: Intuthuko Fund - Committed Funding 2013/14**

PROJECT NAME	GPF FUNDING	NO. OF UNITS
Melody Court	R 770 554	14
Republic Hotel	R 750 000	30
Ravello	R 762 254	8
Brenlin Manor	R 500 000	8
182 & 182A Fawcus Street	R 203 268	10
443 Fox Street	R 101 634	12
26 and 26A Darling Street	R 173 713	12
The Minfield Flats	R 750 000	23
Bermol Court	R 774 707	37
Olympia Mansions	R 711 437	24
72 74 and 76 Frere Road	R 766 383	27
15 Kent Street	R 173 713	12
Court De Shaw	R 609 803	15
277 and 279 Fawcus Street	R 204 369	18
17 & 17A, 5th Street	R151 629	4
Peene Hill	R 762 254	13

**Table 12: Intuthuko Fund - Committed Funding 2013/14 (Continued)**

PROJECT NAME	GPF FUNDING	NO. OF UNITS
13 & 13A Liddle Street	R 250 000	5
60 High Street	R 406 535	12
6 35th Street	R 121 304	12
32 and 32A 26th Street	R 203 268	12
14 3rd Street	R 203 268	14
Clover Court	R 187 010	5
73 St Georges Street	R 167 696	11
23	R 9,704,799	338

### 3.3.4 Bridging Facility

The bridging facility is aimed at addressing the requirements of the inner cities' private investor need for quick responses to property financing (purchase of property, rates clearance costs and construction loans) for the rental sector. The bridging finance facility is a partnership with TUHF established in 2006. The fund was fully capitalised by GPF for an amount of R25 million and structured as a revolving fund managed by TUHF. To date the R25 million has been invested in a total of 72 residential inner city projects. The total bridge funding extended to end users since September 2006 amounted to R123,8 million including capitalized interest. The facility has since been repaid in full.

During the second quarter of the 2013/2014 financial year, the Board of trustees has approved a R20 million new bridging loan facility to TUHF. As at the 31 March 2014, the facility was not drawn yet as the legal agreement was not yet finalised.

Other special partnerships that were formed include the approval of grant funding by DTI of R9 950 000 payable over three years as contribution towards funding the cost of mentorship programme that is offered under the EEPF programme. NYDA and CEDA have cancelled the potential partnerships that were proposed in the previous financial year.

### 3.4 Entrepreneur Empowerment Property Fund (EEPF)

The EEPF is an incubator programme designed to promote participation of Historically Disadvantaged Individuals owned companies in the rental market. The programme is limited to prospective participants invited on a public tender annually.

The aim of the fund is to assist emerging black owned companies to enter the affordable housing rental market. The programme is on track; to date GPF has identified 61 companies as participants in the programme. Of the 61 companies 32 companies has approved projects. The projects are in different stages of development. During the 2013/2014 the first two projects were completed under the EEPF.

**Table 13: EEPF Completed Projects**

COMPANY	PROJECT NAME	NUMBER OF UNITS
Tsebo Consumables supplies and projects (Pty) Ltd	ERF 256 Kempton Park	22
Castle Crest Properties 80 (Pty) Ltd	ERF 504 Pretoria	43 units plus 3 retail shops

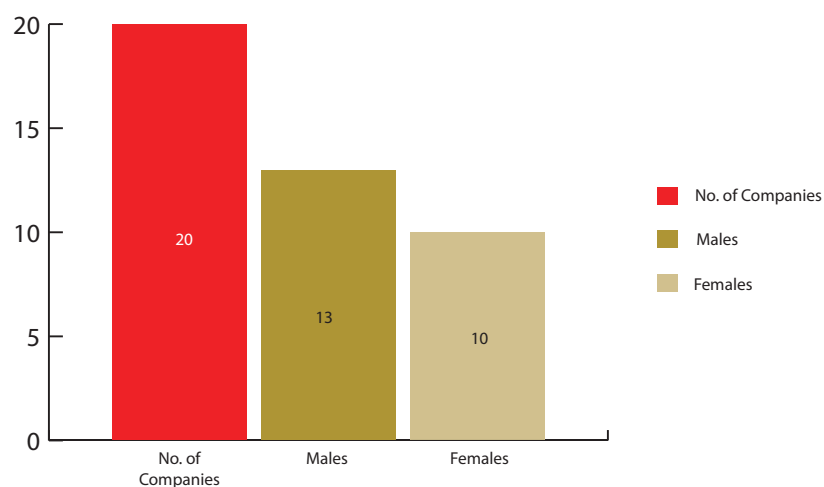
For the 2013/2014 financial year 20 companies were selected to be part of the Programme. 4 companies out of 20 have already secured projects; refer to the list of participants below

GPF PERFORMANCE REPORT 2013/14 (Continued)

**Table 14: EEPF Companies that Secured Funding**

NO.	COMPANY	LOCATION	UNITS	GPF LOAN	PROJECT STATUS
1	Take Shape Properties 75 CC	Erf 4510 Johannesburg	101	R10 465 300.00	Approved at Board.
2	Sabiglo (Pty) Ltd t/a Red Door Projects (Pty) Ltd	Stand No. 301 Windsor West	24	R 9 412 200	Approved at IC
3	Seco Developments (Pty) Ltd	-	-	-	Still to secure a project.
4	Begin All Investments CC	-	-	-	Still to secure a project.
5	Mdomula Family Trust	-	-	-	Still to secure a project.
6	Lukataedi (Pty) Ltd	Erf 739 Pretoria North	30	R9 999 600	Approved at IC
7	Phab Properties (Pty) Ltd	-	-	-	Still to secure a project.
8	XTLS Investments 189 (Pty) Ltd	-	-	-	Still to secure a project.
9	Inkanyeli Construction (Pty) Ltd	-	-	-	Still to secure a project.
10	Ratehang Projects CC	-	-	-	Still to secure a project.
11	Redformationz Holdings (Pty) Ltd	-	-	-	Still to secure a project.
12	Tawana Business Projects (Pty) Ltd	-	-	-	Still to secure a project.
13	Moreteng Investments (Pty) Limited	-	-	-	Still to secure a project.
14	Baravista (Pty)Ltd	-	-	-	Still to secure a project.
15	Beyond- Build Construction (Pty) Ltd	-	-	-	Still to secure a project.
16	Sakhazonke (Pty)Ltd	Erf 252, Kempton Park	24	R 7 818 792	Approved at IC
17	Vuttomi Group (Pty)Ltd	-	-	-	Still to secure a project.
18	Stormstrong (Pty)Ltd	-	-	-	Still to secure a project.
19	Maziya General Services	-	-	-	Still to secure a project.
20	Bua Africa Properties (Pty)Ltd	-	-	-	Still to secure a project.
<b>TOTAL</b>			<b>179</b>	<b>R37 695 892</b>	

**Graph B: Participants Profile 2013/14**



\*Gender Analysis for the 2013/2014 intake

## GPF PERFORMANCE REPORT 2013/14 (Continued)

\*Gender analysis is based on the shareholders of the companies. Some companies have more than one shareholder (Male and female) hence the total number of shareholders is more than the total number of companies.

### EEPF Challenges Experienced in 2013/14

- Lack of senior funding approval, NHFC (co-funding partner under the EEPF) indicated that they will not be able to continue with the co-funding arrangement due to reprioritisation of funds. This resulted in most applicants who had previously identified projects that were above R10 million to cancel the projects and look for smaller projects that could be funded 100% by GPF. All projects under the EEPF were subsequently funded 100% by the GPF with the exception of one project that was co-funded with TUHF.
- Identifying appropriate priced property for development with total project cost of R10 million.
- Delays in obtaining municipal approval in order to commence with construction. This has resulted in delayed construction and an increase in construction repayment period moratoriums on other projects.

The following EEPF projects have been approved by the Board Investment Committee in the 2013/14 financial year. As shown in Table F:

**Table 15: EEPF Commitments 2013/14**

COMPANY & PROJECT	GPF'S COMMITTED VALUE	OTHER FUNDING	TOTAL UNITS	COMPLETED UNITS
Michaelson Investment (Pty) Ltd	R 5 602 100		16	None-construction is yet to start
Eagle Valley Property 41 (Pty) Ltd	R 14 286 400		40	None-construction is yet to start
Sidavu Trading Enterprises (Pty) Ltd	R 18 824 834		50	None-construction is yet to start
Landopoint (Pty) Ltd	R 11 294 367		30	None-construction is yet to start
Zwide & Dewa Investments (Pty) Ltd	R 26 821 980		64	None-construction is yet to start
Harvifusion (Pty) Ltd	R 9 810 600		30	None-construction is yet to start
Sabiglo (Pty) Ltd	R 9 412 200		24	None-construction is yet to start
Take Shape Properties 75 CC	R 10 465 300	R 18 942 100	101	None-construction is yet to start
Lukataedi	R 9 999 600		26	None-construction is yet to start
Sakhazonke	R 7 818 792		24	None-construction is yet to start
<b>TOTAL</b>	<b>R124,336,173</b>		<b>405</b>	

### 3.5 Student Accommodation

The fund is developed for entities that provides rental student accommodation to assist in procuring finance at the most favourable terms in order to promote affordable and quality student accommodation that is well managed.

This is a new product for the GPF. GPF deems it prudent to intervene in the student accommodation because:

- Student accommodation is a sub sector of rental housing and within the domain of
- GPF's mandate
- Students compete for accommodation with GPF's target market anyway
- GPF's financial intervention can lead to reduced rentals if the weighted average cost of funding is reduced

## GPF PERFORMANCE REPORT 2013/14 (Continued)

- GPF can facilitate SMME and BEE companies into the sector in line with governments mandate
- GPF can facilitate well managed and quality accommodation to students

The product is currently being marketed and there have been a lot of interest from prospective investors, we intend to have a pilot project in the next financial year.

### 3.6 Facilitation of Integrated Housing

The Facilitation of Integrated Housing is a GPF intervention to unlock bottlenecks and ensure appropriate deal flow to meet affordable housing targets.

In the 2013/14 financial year the facilitation of integrated housing was part of GPF strategic plan objectives 2.

#### **To effectively implement programmes and expand GPF's role within sustainable human settlement programme of Government:**

a) Play a catalytic role in mobilising provincial and local government institutions in shaping the sustainable Human Settlements sector. The main outcome was to create platforms for co-ordination of projects and provide a sounding board for solutions in achieving the provincial government outcomes. In this regard we have entered into a memorandum of understanding (MOU) with the City of Tshwane. The role of the GPF will be to;

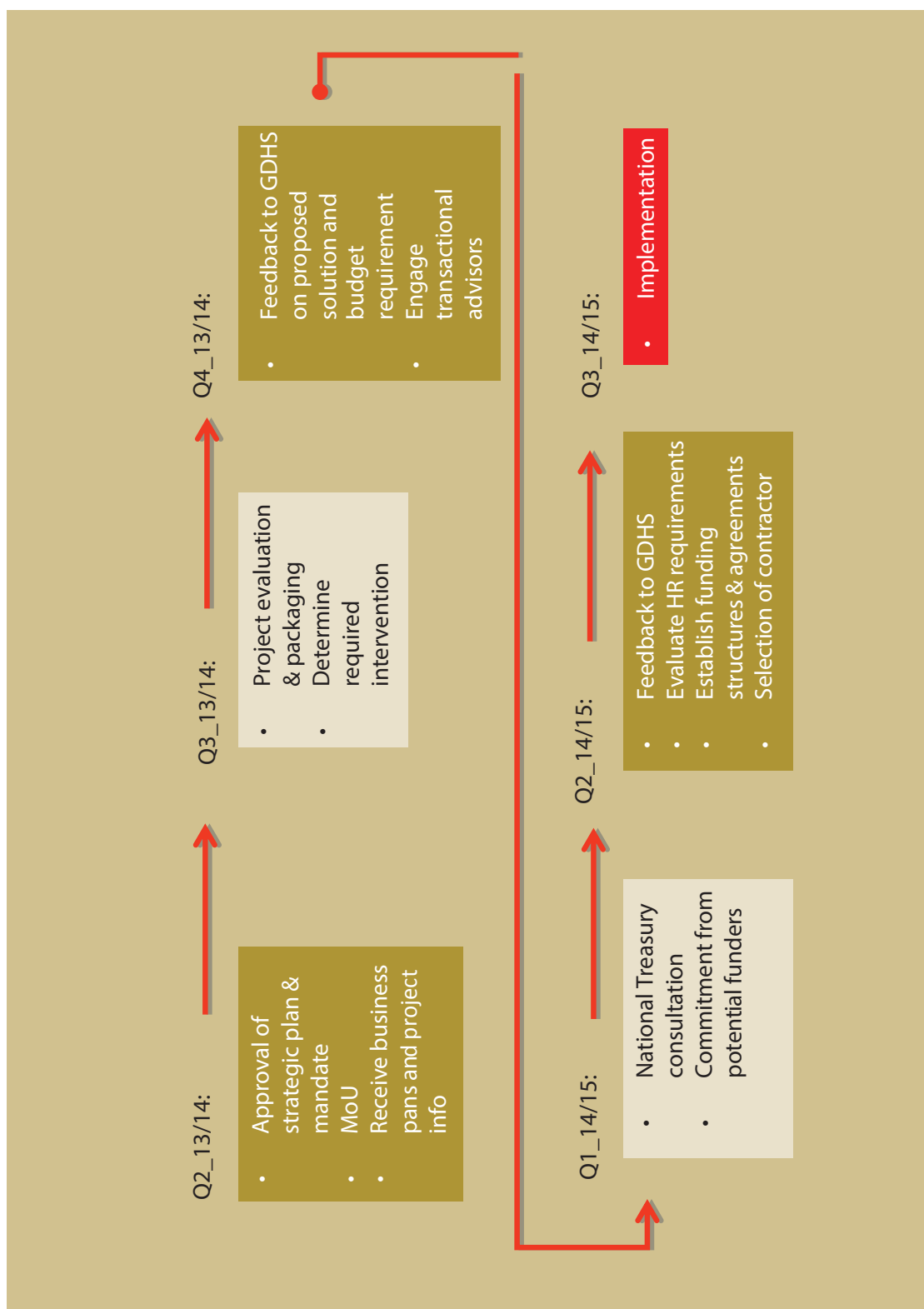
- provide second tier or part funding for a Project and where applicable bridging finance, such finance to be provided on a Project-by-Project basis and up to a maximum of 30% (thirty per cent) of the Project value;
- facilitate the procurement of senior debt funding from development finance institutions, including the NHFC and any other relevant commercial finance institutions;
- provide the Municipality with assistance in the implementation of a Project, to the extent reasonably possible;
- ensure that all relevant financing information is communicated to the municipality within a reasonable time period, include whether or not a project is underwritten and on what term;
- provide support to the HCT (Housing Company Tshwane) and other Social Housing Institutions, in order to achieve their mandates in developing and managing Social Housing developments, which supports includes using the Social Housing Fund to assist Social Housing Institutions to procure finance on favourable terms, and where necessary, providing expertise in relation to feasibility studies for the Projects; and
- where necessary, providing expertise in relation to feasibility studies for projects

There has been one project identified under the MOU with the City of Tshwane. As at 31 March 2014, the project was awaiting Mayoral approval for the properties to be leased to the selected developer, thereafter the Due diligence review on the project will commence. The proposed properties will be developed into affordable housing units.

b) Assist the Gauteng Department of Human Settlements (GDHS) in appropriate funding of mixed income housing (human settlements) on projects that have completed, township establishment and all technical input but require bankability studies.

The intension was to develop an optimal funding structure and raise appropriate funding for at least four priority projects that have been identified by the Department. We had also developed an implementation plan, see Diagram 1 below.

**Diagram 1**





## GPF PERFORMANCE REPORT 2013/14 (Continued)

According to the implementation plan we anticipated receipt of project information from the Gauteng Department of Human settlement (GDHS) during the second quarter of 2013/2014 financial year. We did not receive project information as anticipated. During the third quarter of the financial year 2013/2014, we identified one mixed housing project within the City of Tshwane with the GDHS regional Manager of Tshwane for implementation. Since then we have been working with the professional team involved in the project. The project name is Mandela Heights and it will yield over 600 units.

### Project Status

- We have received the preliminary plans as well as the cost estimates for the project.
- We have done a desktop analysis and indications were that the project was not financially feasible;
- The department as well as the Professional team were advised accordingly
- The Professional team is currently re-designing the plans to make it more feasible.
- We are awaiting the revised designs as well as cost estimates
- The stands are in process of being consolidated.
- It is anticipated that the project will only be ready for implementation in the next 8 months.

We have drafted and sent the draft MOU to the Regional Manager of Tshwane for consideration. The proposed role of the GPF was as follows;

- providing second tier or part funding for a Project and where applicable bridging finance, such finance to be provided on a Project-by-Project basis and up to a maximum of 30% (thirty per cent) of the Project value;
- facilitating the procurement of senior debt funding from development finance institutions, including the SHRA grants, institutional subsidies, NHFC and any other relevant commercial finance institutions;
- providing institutional support to identified Social Housing Institutions ;
- providing the Department (GDHS) with assistance in the implementation of a Project, to the extent reasonably possible;
- ensuring that all relevant financing information is communicated to the Department (GDHS) within a reasonable time period;
- procuring the services of a developer who will be responsible for the design and build of the project;
- providing support to identified Mixed Housing projects
- where necessary, providing expertise in relation to feasibility studies for the Projects; and
- Financial closure of the identified projects by facilitating the procurement of funding from other sources.



**Legae on 76  
Kempton Park**



LETHABONG  
MANSIONS

## Lethabong Mansions Johannesburg



## OPERATIONS REPORT

### CORPORATE GOVERNANCE

#### 1. Introduction

Corporate governance embodies processes and systems by which public entities are directed, controlled and held to account. GPF being a Schedule 3C public entity established by Gauteng Department of Human Settlements under the Public Finance Management Act 1999 (Act No.1 of 1999) (PFMA). The GPF does not have enabling legislation. The Trust Property Control Act and corporate governance with regard to a Trust is applied through the precepts of the Public Finance Management Act 1999 (Act No.1 of 1999) (PFMA) and runs in tandem with the principles contained in the King Report on Corporate Governance.

The Executive, Accounting Authority and the Management of the public entity are responsible for corporate governance.

#### 2. Executive Authority

As per the requirements of the PFMA, GPF provides quarterly reports to the Executive Authority based on the Strategic Plan to monitor delivery on the mandate. These reports are reviewed by the Internal Auditors before submission to the Executive Authority to ensure correctness.

#### 3. The Accounting Authority/Board

##### Introduction

The GPF Board of Trustees is committed to maintaining the highest standards of corporate governance as we believe this is pivotal to delivering sustainable growth for the benefit of all our stakeholders.

##### The Board of Trustees

The Board of Trustees is committed and subscribes to the values of good corporate governance, as contained in King III. The Board endorses and accepts the responsibility of achieving the four values underpinning good governance advocated by King III:

- Fairness
- Responsibility
- Transparency
- Accountability

The Board committees regularly review the entities governance structures and processes to ensure the Board exercises effective and ethical leadership, good corporate citizenship and sustainability. GPF is committed to achieving high standards of business integrity and ethics. This report aims to provide our stakeholders with an understanding of how we adhered to the principles of King III.

The Board of Directors is responsible for the strategic direction and control of the company. The Board exercises its control through the governance framework of the company, which includes detailed reporting to the Board and its committees, board-reserved decision-making matters and a system of assurance on internal controls.



## CORPORATE GOVERNANCE (Continued)

### **The Role of the Board is as follows**

- Assist in achieving GPF's objectives as set out in the GPF's strategic plan
- Appoint the Chief Executive Officer
- Provide strategic leadership
- Ensure sound corporate governance
- Monitor performance against GPF's strategic plan submitted to GDHS
- Monitor performance against the budget as submitted to GDHS
- Manage the performance of the CEO
- Ensure overall efficient functioning of GPF
- Promote the interest of GPF

The Board comprises nine trustees, of whom seven are independent non-executive directors, one is a non-executive, non-independent trustee and the other trustee is an executive trustee. The non-executive trustees have no fixed terms of office.

### **Board Charter**

The Board has adopted a charter, which sets out the practices and processes adopted by the Board in order to discharge its responsibilities. The Board's charter specifically sets out the following:

- A description of roles, functions, responsibilities and powers of the Board
- The terms of reference of the Board and its committees
- Matters reserved for the final decision making or pre approval of the Board
- Policies and practices of the Board on matters such as corporate governance, declarations of conflicts of interest, board meeting documentation, appointment, induction, training and evaluation of the directors and members of the board committees.

### **Delegation of Authority**

The Board of Trustees has the authority to lead, control and manage the business of the GPF. The Board has developed a governance structure of board committees and has delegated through a comprehensive delegation-of-authority framework, some of its authority to the Chief Executive Officer together with his management team, to manage the day-to-day business affairs of the GPF. This delegation-of-authority assists decision-making and delivery of strategic objectives without exonerating the Board of its accountability and responsibility for the GPF. The delegation-of-authority is continuously reviewed to ensure effective governance.

The Board of Trustees is responsible for the strategic direction and control of the company.

## CORPORATE GOVERNANCE (Continued)

**Table 16: Composition of the Board**

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g.: Audit committee / Ministerial task team)	No. of Meetings attended
Pakie Mphahlele	Chairperson (Independent Non-executive)	01/06/2012	N/A	Masters in Financial Economics	Micro Finance	None		7/8
Lefadi Makibinyane	Trustee (Independent Non-executive)	30/08/2011	N/A	BSc. Eng. Chemical (Hons) MBL	Engineering	Rand Water Construction Industry Development Board	Investment and Remuneration Committee	7/8
Zola Fihlani	Trustee (Independent Non-executive)	30/08/2011	N/A	CA (SA)	Accounting and Business development	National Empowerment Fund	Audit and Investment Committee	7/8
Dineo Maphatiane	Trustee (Independent Non-executive)	30/08/2011	N/A	BA Human Resource Management	Human Resources	Gauteng Enterprise Propeller	Remuneration and Audit Committee	5/8
Lavinia Khangala	Trustee (Independent Non-executive)	01/04/2013	N/A	LLM (Masters in Law) LLB B.Proc Higher Diploma in Financial Planning – CFP	Legal	Telkom Pension Fund Eskom Pension and Provident Fund	Audit and Remuneration Committee	4/8
Molebogeng Leshabane	Trustee (Independent Non-executive)	01/04/2013	N/A	BSc. Eng. Civil (Hons) Bus. Management GDE Civil (Proj Man. Property Law, Geotechnical Engineering, Maintenance Engineering)	Engineering and Management	None	Investment Committee	7/8
Job Mnguni	Trustee (Executive)	01/04/2013	N/A	BTech (Internal Auditing)	Housing and Construction	Xhasa Accounting and Technical Centre		4/8
Siyabonga Mbanjwa	Trustee (Independent Non-executive)	01/04/2013	N/A	MBA Masters of Science	Business and Construction	None	Investment Committee	7/8
Kutoane O Kutoane	CEO and Trustee	05/08/2008	31 August 2013	Masters in Economics	Business Leadership	Gauteng Funding Agency		1/1

During the year the former CEO, Kutoane Kutoane resigned and was replaced by the newly appointed CEO, Boni Muvevi.

All trustees are appointed by our Executive Authority: Gauteng Department of Human Settlements. GPF has 9 trustees, of which 7 are non executive trustees and 2 are executive trustees.

## CORPORATE GOVERNANCE (Continued)

**Table 17: Board Committees**

COMMITTEE	NO. OF MEETINGS HELD	NO. OF MEMBERS	NAME OF MEMBERS
Investment Committee	9	4	Lefadi Makibinyane (Chairperson) Zola Fihlani Molebogeng Leshabane Siyabonga Mbanjwa
Audit and Risk Committee	5	3	Zola Fihlani (Chairperson) Dineo Maphatiane Lavinia Khangala
Remuneration Committee	4	3	Dineo Maphatiane (Chairperson) Lefadi Makibinyane Lavinia Khangala

### Remuneration of Board Members

- Board members are remunerated at a rate of R1,100 per hour. Travel and expenditure is covered in the board stipend paid.
- The CEO and Mr Job Mnguni are deemed to be public officials and are not paid a board stipend.
- The following is a breakdown of the remuneration paid to the each board member. There are no other allowances or reimbursements.

**Table 18: Board Remuneration**

NAME	REMUNERATION
Dineo Maphatiane	67,320
Lefadi Makibinyane	97,405
Zola Fihlani	92,785
Pakie Mphahlele	166,485
Siyabonga Mbanjwa	81,400
Molebogeng Leshabane	89,100
Lavinia Khangala	136,950
<b>TOTAL</b>	<b>731,445</b>



## CORPORATE GOVERNANCE (Continued)

### 4. Risk Management

The Board delegated to management the responsibility to design, implement and monitor the risk management plan and to ensure that risk assessments are performed on a continual basis. The Board ensures that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks. The Board ensures that management considers and implements appropriate risk responses and ensures continual risk monitoring. The Board receives assurances from management regarding the effectiveness of the risk management process. The Board ensures that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders.

GPF is exposed to a number of risks which may have a material or adverse impact on its reputation or performance and financial position. The Board of Trustees considers risk management to be a key discipline to protect the GPF against risks and uncertainties that could threaten the GPF to achieve its objectives. The Board determines the levels of risk tolerance and is assisted by the audit and risk committees in carrying out its risk responsibilities. The trust process for identifying and managing risk is set by the Board. The day-to-day responsibility for risk management, including maintaining an appropriate loss prevention and internal control framework remains with the management of GPF. Risks are continually being identified and mitigated in terms of a process that involves allocating responsibility, developing action plans and monitoring compliance with these action plans. Risks are monitored and reported upon at executive committees (exco) meetings and in the audit committee meetings.

### 5. Internal Control

The Board acknowledges its overall responsibility for GPF's system of internal control and for reviewing its effectiveness, whilst the Executive Management is accountable to the Board for monitoring the system of internal control and for providing assurance to the Board that it has done so. Executive Management has implemented an internal control system designed to facilitate effective and efficient operation of the GPF. Internal control focusses on critical risk areas, which are identified by management and reviewed by the Audit Committee.

GPF outsources its Internal Audit function. Internal Audit attends the Board's audit and risk committee meetings to report on all internal audit performed during the year. The internal audit plan incorporates the outcomes of the risk management process. Internal audit facilitates the risk identification and mitigation. GPF has developed a culture of identifying and managing risk.

The controls are designed to provide cost-effective assurances that assets are safeguarded and that liabilities and working capital are efficiently managed. Organisational policies, procedures, structure and approval frameworks provide direction, accountability and segregation of responsibilities and contain self-monitoring mechanisms. The system of internal control also assists to ensure the quality of internal and external reporting, compliance with applicable laws and regulations, and internal policies with respect to the conduct of business.

Executive Management is responsible for the identification, evaluation and management of the significant risks applicable to their areas of business. These risks are assessed on a regular basis and may be associated with a variety of internal and external sources.

The management team and the governing structures are confident that the standards that were set and the systems of internal control and accounting control that were implemented are adequate and ensure the integrity and reliability of the Financial Statements and accountability of GPF's assets. In this regard, management views the role of Internal Audit as the primary assurance provider that ensures that controls are working as intended.

Systems are monitored continuously throughout the year by both Management and Internal Audit. During the period under review, adequate accounting records were maintained.

## CORPORATE GOVERNANCE (Continued)

### 6. Internal Audit and Audit Committees

The audit and risk committee considers the internal audit division to be an independent, objective body that provides assurance to governance, risk and control activities. The team comprises qualified and experienced personnel to ensure the delivery of a relevant and high-quality, risk-based audit service.

Responsibilities of the internal audit department are governed by a charter approved by the audit and risk committee and the Board. Internal Audit has unrestricted access to all information and staff, in order to discharge its responsibilities. The summary of internal audits executed during the year is listed in the report of the audit and risk committee

Internal Audit reviews the significant business, strategic governance, risk and controls. The internal audit department provides the audit and risk committee with a level of assurance for the governance, control and risk management of the group.

To ensure the independence of Internal Audit, the department reports directly to the audit committee. The committee reviews and approves the annual internal audit plan, which approves the strategic risk-based internal audit plan. The internal audit has unrestricted access to all employees and trustees of GPF.

Frequent discussions are held with the audit and risk committee chairman and the executive team. Internal Audit formally reports any material findings and matters of significance to the audit committee at every audit and risk committee meeting. The report highlights all actual and potential risks to the business and whether or not, these risks are being appropriately managed or controlled. Progress updates on unsatisfactory audit findings are followed up and reported back to the audit and risk committee, until resolved.

Internal audit follows a risk-based approach audit methodology, which is updated annually. The annual audit plan is determined after consideration and assessment of all risks facing the group, including coverage of significant operating segments. The internal audit department reviews the ICT general and application controls of the company to ensure satisfactory ICT governance and assurance.

The key duties of the internal audit function include:

- Preparing a flexible three-year rolling risk-based strategic internal audit coverage plan
- A flexible annual risk-based internal audit coverage plan for the first year of the rolling three-year strategic plan
- Evaluating the company's governance processes
- Performing an objective assessment of the effectiveness of risk management and the internal control network
- Systematically analysing and evaluating business processes and associated controls

The table below discloses relevant information on the audit committee members

**Table 19: Audit Committee Members**

NAME	QUALIFICATIONS	INTERNAL OR EXTERNAL	IF INTERNAL, POSITION IN THE PUBLIC ENTITY	DATE APPOINTED	DATE RESIGNED	NO. OF MEETINGS ATTENDED
Zola Fihlani	CA (SA)	External	N/A	31 August 2011	N/A	4/5
Dineo Maphatiane	BA Human Resource Man. Diploma in Project Man.	External	N/A	31 August 2011	N/A	4/5
Lavinia Khangala	LLM (Masters in Law) LLB, B.Proc CFP (Post Graduate Diploma in Financial Planning)	External	N/A	01 April 2013	N/A	4/5

## CORPORATE GOVERNANCE (Continued)

### 7. Compliance with Laws and Regulations

Through the able guidance of the Board of Trustees, GPF amongst others, complies with the following principle laws and regulations:

- Treasury Regulations
- Trust Property Control Act No. 57 of 1988
- Basic Conditions of Employment Act No. 75 of 1997
- Labour Relations Act, No. 66 of 1995
- Public Service Act, No 103 of 1994
- Public Service Regulations of 2001
- Public Finance Management Act 1999
- Employment Equity Act 55 of 1998
- King III Code of Good Practice

### 8. Fraud and Corruption

GPF subscribes to the principles of good corporate governance, which requires that business is conducted in an honest and transparent manner. Consequently, GPF is committed to fighting fraudulent behaviour at all levels within the organisation. The Fraud Plan is premised on the organisations core ethical values, driving the business of GPF, the development of its systems, policies and procedures, interactions with clients, the public and other stakeholders, and even decision-making by individual managers representing the organisation.

### 9. Minimising Conflict of Interest

GPF has a Conflict of Interest Policy in place that regulates what a conflict is. All GPF staff declare their conflict of interest on an annual basis. The Board declares any possible conflict of interest at every meeting and once a year by completing a formal form.

All declarations are kept on file and is reviewed annually. If a staff member is aware that he/she will enter into possible conflict, he/she has the opportunity to declare such interest to GPF. The CEO reviews it and will give an approval on it.

### 10. Code of Conduct

The GPF has a responsibility to the people of South Africa, stakeholders, itself and to its environment. Fundamental issues such as respect, honesty, communication, teamwork and safety, form the basis of this responsibility.

The GPF is committed to providing an environment that encourages and fosters open communication, forming the basis for mutual trust and respect. The GPF and its management encourage and provide the means for employees to responsibly express their ideas, opinions, attitudes and concerns without fear of reprisal.

Each employee of the GPF must also observe their ethical obligation in such a way as to carry on business without causing harm to the environment and third parties, other than by fair commercial competitive practices.



## OPERATIONS REPORT

### HUMAN RESOURCE

Translating business objectives into sustainable business and people practices has been a key focus during the past year. Aligning GPF's human resources strategy to that of the business was an important pillar and is an ongoing process. One of the major achievements, is that through one of the core objectives to retain highly skilled and performing staff, we were able to appoint a CEO from one of the internal staff members. This speaks volumes for the way we treat our staff and that we are able to retain skilled staff.

In 2013/2014 financial year, the Human Resources (HR) unit focused on the HR objectives of a high performing and optimally capacitated organisation to ensure the achievement of GPF's strategic objectives. During the year under review, GPF enhanced its HR policies. Future HR goals and plan is to attract and retain highly skilled and performing individuals that are committed to GPF values. A key challenge and focus area for 2013/14 is to continuously attract highly skilled and performing individuals, GPF has maintained this and will continue to develop in this area. Our commitment to equity and transformation is visible and underpinned by our ongoing investment in our people. This objective was achieved through the following:

#### **Attract and retain highly skilled and performing individuals committed to GPF values**

- Timely recruitment of competent, performing individuals
- Comprehensive, effective induction programme
- Executive remuneration alignment to strategic objectives
- Individual performance contracts to be aligned to strategic objectives
- Team Building for target groups
- Monitoring of human resource alignment to strategic objectives
- Review of the Performance Management System

#### **Effective performance management and development of GPF staff**

- Review and realignment of a three-year Individual Development Plans (IDP's) to ensure availability of required skills and knowledge
- Maintain an internship programme in support of national job creation drive
- Improvement of retention and succession plan with all identified training requirements provided
- Provide training services of GPF developed qualifications to external fee paying stakeholders
- Annual review of previous expenditure to identify opportunities for employee development and cost reduction

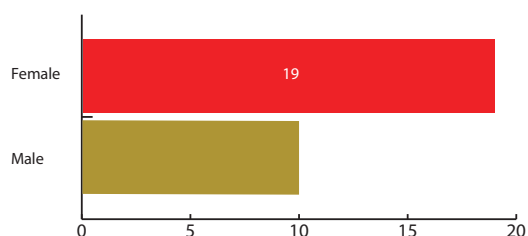
#### **Organisational welfare programmes are relevant and beneficial to employees**

- Regular communication within all internal communication channels
- Availability of a healthy workforce
- Awareness and understanding of GPF values amongst employees
- Support of community programmes in support of Government initiatives
- Regular effective social activities to enhance GPF culture

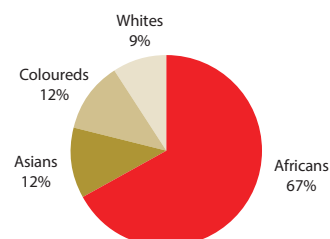
Human resources oversight statistics:

## HUMAN RESOURCE (Continued)

**Employees by Gender**



**Employees by Race**



**Table 20: Personnel Cost by Programme/ Activity/ Objective**

PROGRAMME/ ACTIVITY/ OBJECTIVE	TOTAL EXPENDITURE FOR THE ENTITY (R'000)	PERSONNEL EXPENDITURE (R'000)	PERSONNEL EXP. AS A % OF TOTAL EXP. (R'000)	NO. OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE (R'000)
GPF	45,207,000	26,201,837	58%	34	770,642.27

**Table 21: Personnel Cost by Salary Band**

LEVEL	PERSONNEL EXPENDITURE (R'000)	% OF PERSONNEL EXP. TO TOTAL PERSONNEL COST (R'000)	NO. OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE (R'000)
Top Management	9,423,723.85	36%	6	1,570,620.64
Senior Management	10,574,657.38	40%	10	1,057,465.74
Middle Management	2,911,007.50	11%	7	415,858.21
Junior Management	2,764,217.50	7%	7	279,530.35
Semi-skilled	1,745,340.18	2%	3	172,657.49
Interns	472,291.68	0%	3	35,870.03
<b>TOTAL</b>	<b>25,491,683.72</b>		<b>36</b>	<b>708,102.33</b>

**Table 22: Performance Rewards**

PROGRAMME//ACTIVITY/ OBJECTIVE	PERFORMANCE REWARDS	PERSONNEL EXPENDITURE (R'000)	% OF PERFORMANCE REWARDS TO TOTAL PERSONNEL COST (R'000)
Top Management	1,910,849.21	9,423,723.85	20%
Senior Management	966,228.27	10,574,657.38	9%
Middle Management	193,126.57	2,911,007.50	7%
Junior Management	164,317.39	1,956,712.45	8%
Semi-skilled	35,599.35	517,972.46	7%
Interns	0	107,610.08	0%
<b>TOTAL</b>	<b>3,352,464.52</b>	<b>25,491,683.72</b>	

## HUMAN RESOURCE (Continued)

**Table 23: Training Costs**

PROGRAMME/ACTIVITY/OBJECTIVE	PERSONNEL EXPENDITURE (R'000)	TRAINING EXPENDITURE (R'000)	TRAINING EXPENDITURE AS A % OF PERSONNEL COST.	NO. OF EMPLOYEES TRAINED	AVG TRAINING COST PER EMPLOYEE
Bursaries		68,610.00	0.26%	5	13,722. 00
NQF Aligned Skills Programmes		65,693.94	0.25%	14	4,692. 42
Non-NQF Aligned Short Courses		181,507. 78	0.69%	14	12,694. 84
Internships		107,422. 71	0.41%	6	3,500.00
ABET		86. 00	0%	1	86. 00

**Table 24: Employment and Vacancies per Department**

PROGRAMME/ACTIVITY/OBJECTIVE	2012/2013 NO. OF EMPLOYEES	2013/2014 APPROVED POSTS	2013/2014 NO. OF EMPLOYEES	2013/2014 VACANCIES	% OF VACANCIES
CEO's Office	7	2	6	0	0%
Finance Department	13	0	13	0	0%
Human Resources Department	2	0	2	0	0%
Legal & Compliance	0	2	1	1	50%
Marketing and Communications	2	2	2	0	0%
Projects Department	7	7	8	1	

**Table 25: Employment and Vacancies per Level**

PROGRAMME/ACTIVITY/OBJECTIVE	2012/2013 NO. OF EMPLOYEES	2013/2014 APPROVED POSTS	2013/2014 NO. OF EMPLOYEES	2013/2014 VACANCIES	% OF VACANCIES
Top Management	5	5	4	1	25%
Senior Management	9	11	10	0	0
Middle Management	7	7	7	0	0
Junior Management	7	8	7	1	14%
Semi-skilled	3	3	3	0	0
Interns	3	3	3	0	0
<b>TOTAL</b>	<b>34</b>	<b>37</b>	<b>34</b>	<b>2</b>	<b>5.88%</b>

## HUMAN RESOURCE (Continued)

**Table 26: Employment Changes**

SALARY BAND	EMPLOYMENT AT BEGINNING OF PERIOD	APPOINTMENTS	TERMINATIONS	EMPLOYMENT AT END OF THE PERIOD
Top Management	5	1	1	5
Senior Management	7	1	0	9
Middle Management	6	1	0	7
Junior Management	7	0	0	7
Semi-skilled	3	0	0	3
Interns	3	3	3	3
<b>TOTAL</b>	<b>33</b>	<b>6</b>	<b>4</b>	<b>36</b>

**Table 27: Reasons for Staff Leaving**

REASON	NUMBER	% OF TOTAL NO. OF STAFF LEAVING
Death	0	0%
Resignation	4	100%
Dismissal	0	0%
Retirement	0	0%
Ill health	0	0%
Expiry of contract	0	0%
Other	0	0%
<b>TOTAL</b>	<b>4</b>	<b>100%</b>

**Table 28: Labour Relations: Misconduct and Disciplinary Action**

NATURE OF DISCIPLINARY ACTION	NUMBER
Verbal Warning	1
Written Warning	0
Final Written warning	0
Dismissal	0

## HUMAN RESOURCE (Continued)

**Table 29: Equity Target and Employment Equity Status : Male**

LEVELS	MALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET
Top Management	1	1	1	1	1	1	0	0
Senior Management	2	2	1	1	2	2	0	0
Middle Management	5	5	0	0	0	0	0	0
Junior Management	0	0	0	0	0	0	0	0
Semi-skilled	0	1	0	0	0	0	0	0
Interns	1	1	0	0	0	0	0	0
<b>TOTAL</b>	<b>9</b>	<b>10</b>	<b>2</b>	<b>2</b>	<b>3</b>	<b>3</b>	<b>0</b>	<b>0</b>

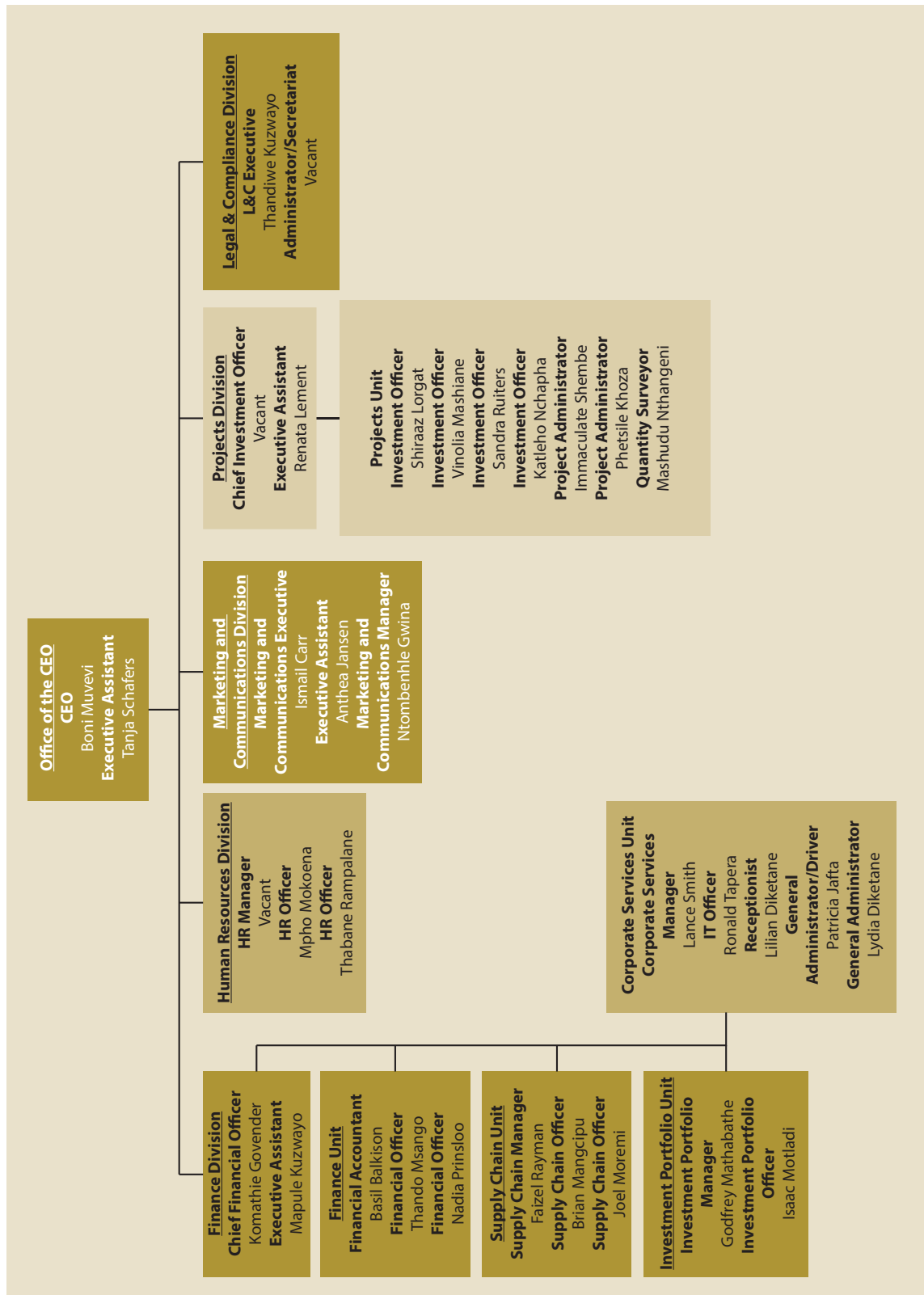
**Table 30: Equity Target and Employment Equity Status : Female**

LEVELS	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET
Top Management	1	2	0	0	1	1	0	0
Senior Management	3	4	0	0	0	0	1	1
Middle Management	0	0	0	0	0	0	0	0
Junior Management	4	5	2	2	0	0	1	1
Semi-skilled	3	3	0	0	0	0	0	0
Interns	2	2	0	0	0	0	0	0
<b>TOTAL</b>	<b>13</b>	<b>16</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>2</b>

**Table 31: Equity Target and Employment Equity Status : Disabled Staff**

LEVELS	DISABLED STAFF			
	MALE		FEMALE	
	CURRENT	TARGET	CURRENT	TARGET
Top Management	0	0	0	0
Senior Management	0	0	0	0
Middle Management	0	0	0	0
Junior Management	0	0	0	0
Semi-skilled	0	0	0	0
Interns	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## GPF Organisational Structure



## HUMAN RESOURCE (Continued)

HUMAN RESOURCE (Continued)

GPF Team





## OPERATIONS REPORT

### MARKETING

#### 1. Introduction

The Gauteng Partnership Fund (GPF) brand remains reputable and has become increasingly more visible in the affordable housing market. According to the GPF brand survey that was conducted during the 2013/2014 financial year and in terms of media and publicity, the findings show that 83 percent of respondents had seen/heard about GPF in the last year. Of these stakeholders, 94 percent said the news had been positive. Magazines and newspapers were reported as the most common sources where respondents saw or heard news about GPF, closely followed by more personal, one-on-one sources such as conferences, colleagues and GPF employees.

#### 2. Performance Overview

The major strategic objective for 2013/14 financial year for the GPF Marketing and Communications department was to continue enhancing the visibility and maintaining the credibility of the GPF brand, through more focused initiatives. GPF also maintained and further developed the strategic business partnerships that support the work of the GPF.

The marketing and communications department was allocated a budget of R1,800,000 to develop and enhance the brand equity of the GPF.

In meeting this strategic objective:

- The marketing and communications plan was successfully developed and implemented with a specific focus on print media (specific industry publications and newspapers) that focused on profiling the GPF Rental Housing and Entrepreneur Empowerment Property Fund (EPPF) product offerings. Through favorable media partnerships and careful negotiations, we were able to exceed our print media footprint with limited funding allocated to this marketing channel. The result was increased visibility of the GPF brand and product offerings. GPF also launched the Student Accommodation Fund.
- Members of GPF top management, as well as Investment Officers were also profiled and featured on various broadcast, print and online media platforms.
- The GPF successfully launched its very first electronic quarterly stakeholder newsletter called the “GPF News”. This newsletter is aimed at stakeholders, relevant industry players and property entrepreneurs.
- GPF also hosted several strategic stakeholder platforms. This included the Entrepreneur Empowerment Property Fund (EPPF) workshops, GPF Financial Institutions and Development Financial Institutions networking event, GPF Mixed Housing Investor workshop, a workshop with the Beijing Partnership Fund and several meetings and workshops with the Gauteng Department of Human Settlements (GDHS).
- The GPF was also represented at the following industry events, showcasing GPF product offerings and marketing collateral, with some speaker slots reserved for the GPF CEO and/or Investment Officers. These industry events included GDHS Govan Mbeki Awards, Johannesburg (JHB) Municipal Property Summit, Annual South African Property Owners Association (SAPOA) Convention, Totally Concrete Conference, African Investment Funds and Asset Management Forum at the Johannesburg Stock Exchange (JSE), National Black Contractors and Allied Traders Construction Summit and the GDHS - Gauteng Funding Fair.
- The GPF website ([www.gpf.org.za](http://www.gpf.org.za)) had shown phenomenal growth with a website availability figure greater than 95 percent per month. Google analytics performance statistics indicated for 2013/2014 financial year, 32,886 website visits against the 16,074 website visits of the previous 2012/2013 financial year. (Average of 2,740 website visits per month).
- GPF conducted a brand survey, with the primary objective of the study being to establish current corporate reputation which includes brand equity and brand value. The study also assessed the awareness of the brand and the institutions mandate as well as offerings to ascertain customer experience and linkage to the brand, the measurement of current perceptions towards the brand to reflect on visibility in the market place, as well as to determine the most effective medium for communication. GPF scored a very high Corporate Reputational Index (CRI) score of 86 and falls in the higher end of the CR Index.
- The brand survey also highlighted the following: that 90 percent of respondents correctly identified the GPF logo. This indicates that the GPF logo was well managed and positively received in the affordable housing market. The most used and known product offering was the GPF's flagship Entrepreneur Empowerment Property Fund. GPF scored very favorably compared to the other Social Housing Institutions (SHIs) with over 90 percent of respondents having favourable or very favourable impressions of the GPF. Eighty-four percent of respondents were more likely to trust the GPF than any of the other housing institutions.



## OPERATIONS REPORT

### LEGAL AND COMPLIANCE

#### 1. Introduction

With the appointment of the Legal and Compliance Executive in July 2013, the Legal and Compliance function was established.

The main objective of the function is the proactive management of legal and compliance risk by ensuring that the organisation operates within an appropriate and robust legal and governance framework.

#### 2. Key Focus Areas

In the past the Legal and Compliance function was outsourced. The newly formed Legal and Compliance department's key focus areas are.

##### 2.1. The Legal Function

- Formulating a legal management system which focuses mainly on loan agreements relating to GPF funded projects
- Reviewing existing precedent loan agreements used by GPF to ensure that enforceability and alignment with applicable laws with a key focus of proactive management of legal risk
- Confirming the existence of and assessing the effectiveness of securities provided to GPF as security for the funds advanced in terms of the loan agreements
- Identifying any possible legal risks faced by the organisation and proactively managing the same
- Providing general legal support to the business in-house
- Drafting legal documents used to create a database of frequently used business documents

##### 2.2. The Compliance Function

Compliance with applicable legislation, internal policies, procedures, codes of conduct and contractual obligations has become a key focus area for the business, through -

- Formulation of a compliance framework plan to optimise compliance within the organisation
- Ongoing training of staff on compliance requirements to minimise the risk of possible breaches due to lack of knowledge and understanding
- Review of internal policies and procedures to ensure alignment with compliance requirements
- Appointment of an Information Officer to attend to all requests for information in terms of the Promotion of Access to Information Act
- Introduction of internal self-assessment tools in the form of compliance checklists to track compliance within each department



## LEGAL AND COMPLIANCE REPORT (Continued)

The following legislation has been fully embedded :

- a) Public Finance Management Act 1 of 1999
- b) Financial Intelligence Centre Act 38 of 2001
- c) Trust Property Control Act 57 of 1988
- d) Promotion of Access to Information Act 2 of 2000
- e) Promotion of Administrative Justice Act 3 of 2000
- f) Basic Conditions of Employment Act 75 of 1997
- g) Labour Relations Act 66 of 1995
- h) Public Service Act 103 of 1994

The organisation has prepared itself and is amending its documents, policies and procedures in preparation for the commencement of the Protection of Personal Information Act 4 of 2013

## REPORT OF THE AUDIT AND RISK COMMITTEE

We are pleased to present our report for the financial year ended 31 March 2014.

### Audit and Risk Committee Responsibility

The Audit and Risk Committee reports that it has complied with its responsibilities arising from Section of the Public Finance Management Act No.1 of 1999 and Treasury Regulation 3.1.13. The Audit and Risk Committee also reports that it has adopted appropriate formal terms of reference as its Audit and Risk Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein, except that we have not reviewed changes in accounting policies and practices.

### The Effectiveness of Internal Control

Our review of the findings of the Internal Audit work, which was based on the risk assessments conducted in the public entity revealed certain weaknesses, which were then raised with the public entity.

The following internal audit work was completed during the year under review:

- Investments (Bi-annual)
- Financial Management (Bi-annual)
- Supply Chain Management (Bi-annual)
- Project Monitoring (Bi-annual)
- Human Resources (Bi-annual)
- Compliance Review (AC Request)
- Governance Review
- Marketing
- IT General Controls Review
- Quarterly Performance Review (Quarterly)
- Review of Annual Financial Statements (Quarterly)
- Follow up of prior audit reports (Internal and AG)

There were no areas of concern

### In-Year Management Quarterly Report

The public entity has submitted quarterly reports to the Executive Authority.

### Evaluation of Financial Statements

We have reviewed the annual financial statements prepared by the public entity.

### Auditor's Report

The Audit and Risk Committee concurs and accepts the conclusions of the Auditors and 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.



**Mr. Zola Fihlani**  
**Chief Executive Officer**



# **REPORT OF THE AUDITOR-GENERAL TO THE GAUTENG PROVINCIAL LEGISLATURE ON THE GAUTENG PARTNERSHIP TRUST TRADING AS THE GAUTENG PARTNERSHIP FUND**

## **REPORT ON THE FINANCIAL STATEMENTS**

### **Introduction**

1. I have audited the financial statements of the Gauteng Partnership Trust trading as the Gauteng Partnership Fund set out on pages 49 to 130, which comprise the statement of financial position as at 31 March 2014, the statement of comprehensive income, statement of changes in equity, statement of cash flows statement and the statement of comparison of budget information with actual information for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

### **Accounting Authority's Responsibility for the Financial Statements**

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

### **Auditor-General's Responsibility**

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Gauteng Partnership Trust trading as the Gauteng Partnership Fund as at 31 March 2014, 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.

## REPORT OF THE AUDITOR-GENERAL (Continued)

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

7. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report, non-compliance with legislation as well as internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

#### Predetermined Objectives

8. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for objective 2: Effectively implement programmes and expand GPF role within sustainable human settlements programme of Government on pages 7 to 25 presented in the annual performance report of the entity for the year ended 31 March 2014.
9. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
10. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information (FMPPPI)*.
11. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
12. I did not raise any material findings on the usefulness and reliability of the information for the selected objectives.

#### Additional matter

13. Although we raised no material findings on usefulness and reliability of the reported performance information for the selected objectives, we draw attention to the following matter:

#### Achievement of planned targets

14. Refer to the annual performance report on pages 7 to 25 for information on the achievement of planned targets for the year.

#### Compliance with legislation

15. I performed procedures to obtain evidence that the entity has complied with applicable legislations regarding financial matters, financial management and other related matters. I did not identify any instances of material non-compliance with specific matters in key applicable legislations as set out in the general notice issued in terms of the PAA.

#### Internal control

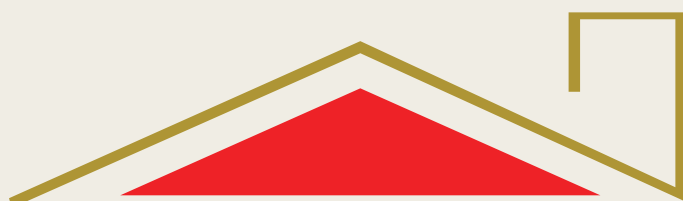
16. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. I did not identify any significant deficiencies in internal control.

*Auditor-General*

Johannesburg  
31 July 2014

## PART B : Annual Financial Statements

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**Joes Place  
Pretoria**

## GAUTENG PARTNERSHIP TRUST

(Registration number IT2422/02)

Trading as Gauteng Partnership Fund

**Annual Financial Statements for the year ended 31 March 2014**

## 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
Postal address	P O Box 652247 Benmore 2010
Contact telephone numbers	011 685 6600
Email address	info@gpf.org.za
Website address	www.gpf.org.za
Bankers	Absa Bank Limited 15 Troye Street Johannesburg 2001
Auditors	Auditor General of South Africa Registered Auditors 61 Central Street Houghton Johannesburg 2193
Company registration number	IT2422/02
Attorneys	Cliffe Dekker Inc Edward Nathan Sonnenbergs Africa Maseko Tilane Inc. Norton Rose Fulbright Wilsenach Van Wyk Goosen and Bekker



## GAUTENG PARTNERSHIP TRUST

(Registration number IT2422/02)

Trading as Gauteng Partnership Fund

**Annual Financial Statements for the year ended 31 March 2014**

# REPORT OF THE TRUSTEES

The members submit their report for the year ended 31 March 2014.

## 1. Review of Activities

### Main business and operations

The Gauteng Partnership Fund (GPF) was founded by the Gauteng Department of Human Settlements in 2002 as a mechanism for mitigating risk faced by the private sector funding institutions in financing affordable housing developments in the province.

Since inception as a public entity under the auspices of the Gauteng Department of Human Settlements, GPF has focused its programmes on mobilisation of private sector funding to address the funding constraints that are experienced by social housing providers and affordable rental housing developers for good quality and well located housing developments.

The GPF funding model introduces a public risk capital strategy that assumes a first loss position. The GPF funding instrument therefore has a character of equity but in a form of a subordination debt. The funding model is also attractive in that it provides a cushion for the senior lender and the weighted average cost of capital is lower due to GPF's discounted lending interest rate.

The GPF's focus over the next three years is to continue to proactively source viable housing projects, as well as package its affordable housing funding products more attractively for third party funding partners.

## 2. Statements of Responsibility

The Trustees are required to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is 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 judgments and estimates.

The Trustees acknowledge that they are ultimately responsible for the system of internal financial control established by the GPF 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 acceptable 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.

## GAUTENG PARTNERSHIP TRUST

(Registration number IT2422/02)

Trading as Gauteng Partnership Fund

**Annual Financial Statements for the year ended 31 March 2014**

## REPORT OF THE TRUSTEES

### 3. Subsequent Events

The Trustees are not aware of any other matter or circumstance arising since 31 March 2014.

### 4. Property, Plant, Equipment and Intangibles

During the 2014 year, the Trust purchased property, plant and equipment and intangibles assets to the value of R1,053,799 (2013:R777,405). The useful lives of certain assets were re-assessed during the year and effect of the change has been disclosed as a change in accounting estimate as disclosed in note 31.

### 5. Secretary

The entity is not required to have a secretary in terms of the Trust Property Control Act, 1998 (Act No.57 of 1988).

### 6. Trustees

**Table G: List of Trustees**

NAME	NATIONALITY	DATE OF APPOINTMENT
P Mphahlele (Chairperson)	Independent Non Executive South African	1 June 2012
B Muvevi (Chief Executive Officer)	Executive South African	Appointed 1 March 2014
K Kutoane (Chief Executive Officer)	Executive South African	Resigned 31 August 2013
Z Fihlani	Independent Non Executive South African	30 August 2011
L Khangala	Independent Non Executive South African	1 April 2013
L Makibinyane	Independent Non Executive South African	30 August 2011
M Leshabane	Independent Non Executive South African	1 April 2013
D Maphatiane	Independent Non Executive South African	30 August 2011
S Mbanjwa	Independent Non Executive South African	1 April 2013
J Mnguni	Independent Non Executive South African	1 April 2013

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

#### Audit Committee

- Z Fihlani (Chairperson)
- L Khangala
- D Maphatiane

#### Investment Committee

- L Makibinyane (Chairperson)
- Z Fihlani
- S Mbanjwa
- M Leshabane

## GAUTENG PARTNERSHIP TRUST

(Registration number IT2422/02)

Trading as Gauteng Partnership Fund

**Annual Financial Statements for the year ended 31 March 2014**

## REPORT OF THE TRUSTEES

### Remuneration Committee

- D Maphatiane (Chairperson)
- L Khangala
- L Makibinyane

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

### 7. Auditors

Auditor General of South Africa will continue in office for the next financial period.

The annual financial statements set out on pages 53 to 131, which have been prepared on the going concern basis, were approved by the Trustees on 27 May 2014 and were signed on its behalf by:



**Mr. Boni Muvevi**  
**Chief Executive Officer**



**Mr. Pakie Mphahlele**  
**Chairman**

## GAUTENG PARTNERSHIP TRUST

(Registration number IT2422/02)

Trading as Gauteng Partnership Fund

**Annual Financial Statements for the year ended 31 March 2014**

### STATEMENT OF FINANCIAL POSITION

Figures in Rand	Note(s)	2014	2013
<b>Assets</b>			
Current Assets			
Cash and cash equivalents	2	898 397 660	1 148 224 011
Current portion - loans and receivables from exchange transactions	3	16 199 764	34 481 939
Receivables from exchange transactions	4	74 643 042	9 031 218
		<b>989 240 466</b>	<b>1 191 737 168</b>
Non-Current Assets			
Available-for-sale-investments	5	2	13 481 673
Property, plant and equipment	6	3 585 212	4 363 812
Intangible assets	7	913 766	693 580
Loans and receivables from exchange transactions	3	213 454 484	130 884 634
		<b>217 953 464</b>	<b>149 423 699</b>
<b>Total Assets</b>		<b>1 207 193 930</b>	<b>1 341 160 867</b>
<b>Liabilities</b>			
Current Liabilities			
Derivative	8	-	3 779 691
Deferred income	9	332 581 024	118 434 971
Finance lease obligation	10	294 539	237 690
Payables from exchange transactions	12	262 870 009	698 719 822
Provisions	13	3 416 155	3 622 535
		<b>599 161 727</b>	<b>824 794 709</b>
Non-Current Liabilities			
Finance lease obligation	10	177 962	140 223
Operating lease liability	11	235 800	-
		<b>413 762</b>	<b>140 223</b>
<b>Total Liabilities</b>		<b>599 575 489</b>	<b>824 934 932</b>
Reserves			
Accumulated surplus		607 618 441	513 160 669
Other components of net assets	14	-	3 065 266
<b>Total Net Assets</b>		<b>607 618 441</b>	<b>516 225 935</b>
<b>Total Net Assets and Liabilities</b>		<b>1 207 193 930</b>	<b>1 341 160 867</b>

## GAUTENG PARTNERSHIP TRUST

(Registration number IT2422/02)

Trading as Gauteng Partnership Fund

**Annual Financial Statements for the year ended 31 March 2014**

### STATEMENT OF FINANCIAL PERFORMANCE

Figures in Rand	Note(s)	2014	2013
Revenue	15	156 637 360	83 945 536
Other income	17	4 203 070	2 215 162
Operating expenses		(46 873 145)	(44 788 787)
<b>Operating surplus</b>	18	<b>113 967 285</b>	<b>41 371 911</b>
Fair value adjustments	20	(22 261 698)	(11 781 162)
Impairment (loss)/reversal	21	(280 078)	4 199 998
Finance costs	22	(33 003)	(45 855)
<b>Surplus for the year</b>		<b>91 392 506</b>	<b>33 744 892</b>
<b>Attributable to:</b>			
Executive Authority - Gauteng Department of Human Settlements		91 392 506	33 744 892

## GAUTENG PARTNERSHIP TRUST

(Registration number IT2422/02)

Trading as Gauteng Partnership Fund

**Annual Financial Statements for the year ended 31 March 2014**

### STATEMENT OF CHANGES IN NET ASSETS

	Fair value adjustment assets-available-for-sale reserve	Accumulated surplus	Total net assets
Figures in Rand			
<b>Balance at 01 April 2012</b>	<b>1 231 149</b>	<b>479 415 777</b>	<b>480 646 926</b>
Changes in net assets			
Surplus for the year	-	33 744 892	33 744 892
Fair value adjustments	1 834 117	-	1 834 117
Total changes	1 834 117	33 744 892	35 579 009
<b>Balance at 01 April 2013</b>	<b>3 065 266</b>	<b>513 160 669</b>	<b>516 225 935</b>
Changes in net assets			
Surplus for the year	-	91 392 506	91 392 506
Fair value adjustment (Refer to note 14)	(3 065 266)	3 065 266	-
Total changes	(3 065 266)	94 457 772	91 392 506
<b>Balance at 31 March 2014</b>	<b>-</b>	<b>607 618 441</b>	<b>607 618 441</b>
Note(s)	14		

## GAUTENG PARTNERSHIP TRUST

(Registration number IT2422/02)

Trading as Gauteng Partnership Fund

**Annual Financial Statements for the year ended 31 March 2014**

## STATEMENT OF CASH FLOWS

Figures in Rand	Note(s)	2014	2013
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Cash receipts - from borrowers		58 685 460	27 966 398
Cash receipts - interest from banks		28 250 617	26 840 937
Tenant installation allowance		-	1 032 534
Donation received		250 000 000	-
Gauteng Department of Human Settlements		-	74 933 268
		336 936 077	130 773 137
<b>Payments</b>			
Employee costs		(26 201 837)	(24 014 086)
Suppliers		(17 951 364)	(14 701 688)
Finance costs		(33 003)	(45 855)
Gauteng Department of Human Settlements		(436 453 974)	-
Guarantees paid		-	(7 654 951)
Cash paid to borrowers		(104 771 420)	(33 834 984)
		(585 411 598)	(80 251 564)
<b>Net cash flows from operating activities</b>	29	<b>(248 475 521)</b>	<b>50 521 573</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	6	(269 076)	(265 979)
Proceeds from sale of property, plant and equipment	6	24 135	27 361
Purchase of other intangible assets	7	(784 723)	(511 426)
<b>Net cash flows from investing activities</b>		<b>(1 029 664)</b>	<b>(750 044)</b>
<b>Cash flows from financing activities</b>			
Finance lease payments		(321 166)	(285 518)
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(249 826 351)</b>	<b>49 486 011</b>
Cash and cash equivalents at the beginning of the year		1 148 224 011	1 098 738 000
<b>Cash and cash equivalents at the end of the year</b>	2	<b>898 397 660</b>	<b>1 148 224 011</b>

## GAUTENG PARTNERSHIP TRUST

(Registration number IT2422/02)

Trading as Gauteng Partnership Fund

**Annual Financial Statements for the year ended 31 March 2014**

### STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

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

#### Statement of Financial Performance

##### Expenditure

Personnel	(31 381 290)	3 608 221	<b>(27 773 069)</b>	(26 201 837)	<b>1 571 232</b>	Refer to note 34
Repairs and maintenance	(420 396)	-	<b>(420 396)</b>	(304 060)	<b>116 336</b>	Refer to note 34
General Expenses	(14 899 978)	(2 938 221)	<b>(17 838 199)</b>	(17 647 304)	<b>190 895</b>	Refer to note 34
<b>Total expenditure</b>	<b>(46 701 664)</b>	<b>670 000</b>	<b>(46 031 664)</b>	<b>(44 153 201)</b>	<b>1 878 463</b>	

#### Statement of Financial Position

##### Assets

##### Non-Current Assets

Property, plant and equipment	339 000	-	<b>339 000</b>	269 076	<b>(69 924)</b>	Refer to note 34
Intangible assets	139 860	670 000	<b>809 860</b>	784 723	<b>(25 137)</b>	Refer to note 34
	<b>478 860</b>	<b>670 000</b>	<b>1 148 860</b>	<b>1 053 799</b>	<b>(95 061)</b>	
<b>Total Assets</b>	<b>478 860</b>	<b>670 000</b>	<b>1 148 860</b>	<b>1 053 799</b>	<b>(95 061)</b>	

## GAUTENG PARTNERSHIP TRUST

(Registration number IT2422/02)

Trading as Gauteng Partnership Fund

**Annual Financial Statements for the year ended 31 March 2014**

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Budget on Cash Basis						
	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Cash Flow Statement</b>						
<b>Cash flows from operating activities</b>						
<b>Payments</b>						
Employee costs	(31 381 290)	3 608 221	<b>(27 773 069)</b>	(26 201 837)	<b>1 571 232</b>	Refer to statement of cashflows
Suppliers	(15 320 374)	(2 938 221)	<b>(18 258 595)</b>	(17 951 364)	<b>307 231</b>	Refer to statement of cashflows
<b>Net cash flows from operating activities</b>	<b>(46 701 664)</b>	<b>670 000</b>	<b>(46 031 664)</b>	<b>(44 153 201)</b>	<b>1 878 463</b>	
<b>Cash flows from investing activities</b>						
Purchase of property, plant and equipment	(339 000)	-	<b>(339 000)</b>	(269 076)	<b>69 924</b>	Refer to statement of cashflows
Purchase of other intangible assets	(139 860)	(670 000)	<b>(809 860)</b>	(784 723)	<b>25 137</b>	Refer to statement of cashflows
<b>Net cash flows from investing activities</b>	<b>(478 860)</b>	<b>(670 000)</b>	<b>(1 148 860)</b>	<b>(1 053 799)</b>	<b>95 061</b>	
<b>Net decrease in cash and cash equivalents</b>	<b>(47 180 524)</b>	<b>-</b>	<b>(47 180 524)</b>	<b>(45 207 000)</b>	<b>1 973 524</b>	Refer to note 34



## GAUTENG PARTNERSHIP TRUST

(Registration number IT2422/02)

Trading as Gauteng Partnership Fund

**Annual Financial Statements for the year ended 31 March 2014**

## ACCOUNTING POLICIES

### 1. Presentation of Annual Financial Statements

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

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost convention unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

The following GRAP Standards have been applied in the annual financial statements:

#### Reference Topic

- GRAP 1 Presentation of Financial Statements (as revised in 2010)
- GRAP 2 Cash Flow Statements (as revised in 2010)
- GRAP 3 Accounting Policies, Changes in Accounting Estimates and Errors (as revised in 2010)
- GRAP 4 The Effects of Changes in Foreign Exchange Rates (as revised in 2010)
- GRAP 5 Borrowing Costs (as revised in September 2013)
- GRAP 6 Consolidated and Separate Financial Statements
- GRAP 7 Investments in Associates (as revised in March 2012)
- GRAP 8 Interests in Joint Ventures
- GRAP 9 Revenue from Exchange Transactions (as revised in 2010)
- GRAP 10 Financial Reporting in Hyperinflationary Economies (as revised in 2010)
- GRAP 11 Construction Contracts (as revised in 2010)
- GRAP 12 Inventories (as revised in 2010)
- GRAP 13 Leases (as revised in 2010)
- GRAP 14 Events After the Reporting Date (as revised in 2010)
- GRAP 16 Investment Property (as revised in 2010)
- GRAP 17 Property, Plant and Equipment (as revised in 2010)
- GRAP 19 Provisions, Contingent Liabilities and Contingent Assets (as revised in 2010)
- GRAP 21 Impairment of Non-cash-generating Assets
- GRAP 23 Revenue from Non-exchange Transactions (Taxes and Transfers)
- GRAP 24 Presentation of Budget Information in Financial Statements
- GRAP 25 Employee Benefits
- GRAP 26 Impairment of Cash-generating Assets
- GRAP 27 Agriculture
- GRAP 31 Intangible Assets
- GRAP 100 Non-current Assets Held for Sale and Discontinued Operations (as revised in 2010)
- GRAP 103 Heritage Assets
- GRAP 104 Financial Instruments

## GAUTENG PARTNERSHIP TRUST

(Registration number IT2422/02)

Trading as Gauteng Partnership Fund

**Annual Financial Statements for the year ended 31 March 2014**

## ACCOUNTING POLICIES

### 1. Presentation of Annual Financial Statements (continued)

2) Directives issued and applied:

Reference Topic

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

3) Interpretations of the Standards of GRAP approved that are applied:

Reference Topic

IGRAP 1 Applying the Probability Test on Initial Recognition of Exchange Revenue

IGRAP 2 Changes in Existing Decommissioning, Restoration and Similar Liabilities

IGRAP 3 Determining whether an Arrangement Contains a Lease

IGRAP 4 Rights to Interests Arising from Decommissioning, Restoration and Environmental

Rehabilitation Funds

IGRAP 5 Applying the Restatement Approach under the Standard of GRAP on Financial Reporting in Hyperinflationary Economies

IGRAP 6 Loyalty Programmes

IGRAP 7 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

IGRAP 8 Agreements for the Construction of Assets from Exchange Transactions

IGRAP 9 Distributions of Non-cash Assets to Owners

IGRAP 10 Assets Received from Customers

IGRAP 13 Operating Leases – Incentives

IGRAP 14 Evaluating the Substance of Transactions Involving the Legal Form of a Lease

IGRAP 15 Revenue – Barter Transactions Involving Advertising Services

IGRAP 16 Intangible Assets - Website Costs

4) Approved guideline of Standards of GRAP that are applied:

Reference Topic

Guide 1 Guideline on Accounting for Public Private Partnerships



## GAUTENG PARTNERSHIP TRUST

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Trading as Gauteng Partnership Fund

**Annual Financial Statements for the year ended 31 March 2014**

## ACCOUNTING POLICIES

### 1. Presentation of Annual Financial Statements (continued)

5) Effective IFRS and IFRICs that entities applied:

Reference Topic

IFRS 4 (AC 141) Insurance Contracts

IFRS 6 (AC 143) Exploration for and Evaluation of Mineral Resources

IFRIC 12 (AC 445) Service Concession Arrangements

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

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

These accounting standards have been considered (where applicable) in the formulation of the accounting policies:

Reference Topic

GRAP 105 Transfers of Functions Between Entities Under Common Control

GRAP 106 Transfers of Functions Between Entities Not Under Common Control

GRAP 107 Mergers

7) Standards of GRAP that an entity may use to disclose information in its annual financial statements

Reference Topic

GRAP 20 Related Party Disclosures

8) Approved Standards of GRAP that entities are not required to apply:

Reference Topic

GRAP 18 Segment Reporting

### 1.1 Significant judgements and sources of estimation uncertainty

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

#### Receivables from exchange transactions

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



## GAUTENG PARTNERSHIP TRUST

(Registration number IT2422/02)

Trading as Gauteng Partnership Fund

**Annual Financial Statements for the year ended 31 March 2014**

## ACCOUNTING POLICIES

### 1. Presentation of Annual Financial Statements (continued)

The impairment for receivables from exchange transaction and loans and receivables from exchange transactions is calculated on an individual basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

#### Available-for-Sale Financial Assets

The entity follows the guidance of GRAP 104 to determine when an available-for-sale financial asset is impaired. This determination requires significant judgment. In making this judgment, the entity evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

If all of the declines in fair value below cost were considered significant or prolonged, the entity would suffer an additional deficit being a reclassification adjustment of the fair value adjustments previously recognised in other comprehensive income and accumulated in equity on the impaired available-for-sale financial assets to surplus or deficit.

#### Fair Value Estimation

The fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined by using valuation techniques. The entity uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The carrying value less impairment provision of receivables and payables are assumed to approximate their fair values. The carrying amount of available-for-sale financial assets would be estimated lower or higher where the discounted rate used in the discount cash flow analysis differs by 10% from management's estimates.

#### Options Granted

Management used the Black Scholes model to determine the value of the options at issue date. Additional details regarding the estimates are included in the Available-for-sale assets and the option note.

#### Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 13 - Provisions.

#### Effective Interest Rate

The entity used the prime interest rate to discount future cash flows.

## GAUTENG PARTNERSHIP TRUST

(Registration number IT2422/02)

Trading as Gauteng Partnership Fund

**Annual Financial Statements for the year ended 31 March 2014**

## ACCOUNTING POLICIES

### 1.2 Property, Plant and Equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

After each quarterly asset count the Trust assesses property, plant and equipment for impairment.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Furniture and fixtures	1 to 10 years
Motor vehicles	10 years
Office equipment	1 to 7 years
Computer equipment	1 to 6 years
Leasehold improvements	3 years

### 1.3 Intangible Assets

An asset is identified as an intangible asset when it:

- is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability; or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the entity or from other rights and obligations.

## GAUTENG PARTNERSHIP TRUST

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**Annual Financial Statements for the year ended 31 March 2014**

## ACCOUNTING POLICIES

### 1.3 Intangible Assets (continued)

An intangible asset is recognised when:

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

Intangible assets are initially recognised at cost.

An intangible asset acquired through a non-exchange transaction, the cost shall be its fair value as at the date of acquisition.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

After each quarterly asset count the Trust assesses intangibles assets for impairment.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software	1 to 5 years



## **GAUTENG PARTNERSHIP TRUST**

*(Registration number IT2422/02)*

Trading as Gauteng Partnership Fund

**Annual Financial Statements for the year ended 31 March 2014**

# **ACCOUNTING POLICIES**

## **1.4 Financial Instruments**

### **Classification**

The entity classifies financial assets and financial liabilities into the following categories:

- Loans and receivables
- Available-for-sale financial assets

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through surplus or deficit, which shall not be classified out of the fair value through surplus or deficit category.

### **Initial Recognition**

Financial instruments are recognised initially when the entity becomes a party to the contractual provisions of the instruments.

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

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.

### **Subsequent Measurement**

Financial instruments at fair value through surplus or deficit are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in surplus or deficit for the period.

Net gains or losses on the financial instruments at fair value through surplus or deficit dividends or similar distributions and interest.

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

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

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.



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## ACCOUNTING POLICIES

### 1.4 Financial Instruments (continued)

#### Fair Value Determination

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

Receivables from exchange transaction

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 has occurred after the initial recognition of the asset and that loss events 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 had the impairment not been recognised. In determining whether an impairment allowance should be recorded in the statement of financial position, the Trust makes judgments 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.

When a receivables from exchange transactions 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 losses from the amortisation process are recognised in the surplus or deficit. Receivables from exchange transaction 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 transaction are derecognised or impaired, as well as through the amortisation process.



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## ACCOUNTING POLICIES

### 1.4 Financial Instruments (continued)

#### Payables from exchange transaction

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.

#### 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 investments

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.

The GPF classifies all equity investments 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 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.

### Impairment of Financial Instruments

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

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



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## ACCOUNTING POLICIES

### 1.4 Financial Instruments (continued)

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator of impairment. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in surplus or deficit - is removed from equity as a reclassification adjustment and recognised in surplus or deficit.

Impairment losses are recognised in surplus or deficit.

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

Reversals of impairment losses are recognised in surplus or deficit except for equity investments classified as available-for-sale.

Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

### 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.

### Loans and Receivables from Exchange Transactions

Loans and receivables from exchange transactions are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the entity's accounting policy for borrowing costs.

### Available-for-Sale Financial Assets

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealised gains or losses reported in surplus or deficit.

Changes in the fair value of derivative financial instruments are recognised in surplus or deficit as they arise.

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



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### 1.4 Financial Instruments (continued)

- a) Its value 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 specific to a party to the contract;
- b) It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts 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/call option is considered a derivative financial instrument due to the following:

- a) the put/call option's value changes in response to the financial instruments price being the change in the fair value of the equity investments year on year;
- b) the put/call option required no initial net investment in terms of the shareholders agreement; and
- c) the call option was exercised.

### 1.5 Leases

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

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

#### Finance Leases - Lessee

Finance leases are recognised as assets 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 lending rate at the inception of the lease .

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

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

#### Operating Leases - Lessee

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



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## ACCOUNTING POLICIES

### 1.6 Contributed Capital

The GPF has received a once off capitalisation from its founder. The amounts received has been disclosed as deferred income.

### 1.7 Employee Benefits

#### Short-Term Employee Benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

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 and bonuses. (based on current salary rates) No provision has been made for retirement benefits as the Trust does not provide for retirement benefits for its employees.

### 1.8 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. 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.

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.

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.



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## ACCOUNTING POLICIES

### 1.8 Provisions and Contingencies (continued)

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.

Contingent liabilities are not recognised. Contingencies are disclosed in note 33.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The entity recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

### 1.9 Revenue from Exchange Transactions

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

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

Loan recovery costs are costs charged by the GPF to borrowers for costs incurred in the project feasibility study.

### 1.10 Revenue from Non-Exchange Transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

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

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



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## **ACCOUNTING POLICIES**

### **1.11 Deferred Income**

Refer to the government grant and revenue accounting policy.

### **1.12 Irregular and Fruitless and Wasteful Expenditure**

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

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

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

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

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

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

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

### **1.13 Government Grants/Deferred Income**

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the entity has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.



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## **ACCOUNTING POLICIES**

### **1.14 Budget Information**

GPF is subject to budgetary limits in the form budget authorisations, which is given effect through authorising body being the Board.

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

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2013/04/01 to 2014/03/31.

The annual financial statements and the budget are not on the same basis of accounting therefore a reconciliation has been included with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

### **1.15 Related Parties**

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

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

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

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## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2014	2013
<b>2. Cash and Cash Equivalents</b>		
Cash and cash equivalents consist of:		
Call account	471 087	450 000
Capital account	627 414 478	441 852 248
Current account	8 696 866	7 653 851
Deposits held on behalf of Gauteng Department of Human Settlements	261 812 736	698 266 710
Petty cash	2 493	1 202
	<b>898 397 660</b>	<b>1 148 224 011</b>

### Credit quality of cash at bank and short term deposits, excluding cash on hand

The money held in the Call Account is ceded to Acucap Investment (Pty) Ltd as the GPF's rental deposit. This amount will only become available to the GPF in April 2016.

The Trust holds its Capital Account with the Corporation of Public Deposits at the South African Reserve Bank.

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 deposits on behalf of the Gauteng Department of Human Settlements, R261,812,736 (2013:R698,266,710), that are not available for use by the GPF. (Refer to note 26).

R418,173,560 (2013:R292,662,865) of the cash and cash equivalents has been committed. (Refer to note 25).

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## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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### 3. Loans and Receivables from Exchange Transactions

#### ABSA - Subsidised Loan Facility

Loan amount	5 367 641	6 441 400
Prior years current term portion reversed	756 655	770 243
Interest earned	293 938	361 234
Short term payments received	(1 627 020)	(1 676 989)
Interest amortised	206 517	228 408
Current portion transferred to current assets	(740 504)	(756 655)
	<b>4 257 227</b>	<b>5 367 641</b>

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 R5,591,839 (2013: R6,924,981) and bears interest at prime minus 4.25% and prime less 3.75%. The repayment terms are twelve years from date of disbursement.

#### ABSA - Development Finance Facility

Prior period current term portion reversed	-	5 054 285
Interest earned	-	220 259
Short term payments received	-	(5 329 931)
Interest amortised	-	55 387
	-	-

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 loan was fully repaid in 2013 and bore interest at prime minus 2%. The repayment terms are two to three years from date of disbursement.

#### Aquarella Investments 360 (Pty) Ltd - 85-87 Quartz Street

Loan amount	748 926	-
Advance	1 583 730	1 017 683
Interest earned	43 131	12 772
Social benefit adjustment	(507 935)	(288 093)
Interest amortised	45 281	6 564
Impairment	(6 275)	-
Current portion transferred to current assets	(622 088)	-
	<b>1 284 770</b>	<b>748 926</b>

The loan facility of R5,126,800 to Aquarella Investments 360 (Pty) Ltd comprises of an interest free and interest bearing facility. The interest free facility is for ten years and is repayable in five equal annual instalments commencing in July 2018. The interest bearing facility is for twenty years bears interest at a staggered JIBAR rate and the capital is repayable in annual instalments commencing in November 2014. The nominal value of the loan is R2,657,317 (2013: R1,030,455). The loan is secured by a mortgage bond over Erf 5176 Hillbrow. The loan has been renegotiated and the moratorium on payments was extended as there were delays in construction. This has resulted in an impairment of the loan. (Refer to note 21).

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### 3. Loans and Receivables from Exchange Transactions (continued)

#### Before Sunset Properties (Pty) Ltd - 11 Maclaren Street

Loan amount	2 070 298	-
Advance	-	2 294 350
Interest earned	149 051	38 443
Short term payments received	(35 957)	-
Social benefit adjustment	-	(271 769)
Interest amortised	34 048	9 274
Current portion transferred to current assets	(136 661)	-
	<b>2 080 779</b>	<b>2 070 298</b>

The fifteen year loan facility of R2,294,350 to Before Sunset Properties (Pty) Ltd bears interest at a staggered JIBAR rate and capital is repayable in annual instalments commencing in December 2014. The nominal value of the loan is R2,445,887 (2013: R2,332,793). The loan is secured by a mortgage bond over Erf 1106 Marshalltown.

#### Bixowise CC t/a Kingdom Properties CC - Erf 278 Primrose Hill

Loan amount	974 631	19 578
Advance	46 379	1 182 497
Interest earned	58 119	31 259
Social benefit adjustment	(19 585)	(274 331)
Interest amortised	30 403	15 628
Impairment	(10 283)	-
	<b>1 079 664</b>	<b>974 631</b>

The fifteen year loan facility of R5,210,845 to Bixowise CC t/a Kingdom Properties CC comprises of an interest free and interest bearing facility. The interest free facility is repayable in five equal instalments commencing in February 2018. The interest bearing facility bears interest at a staggered JIBAR rate and the capital is repayable in annual instalments commencing September 2015. The nominal value of the loan is R1,351,471 (2013: R1,246,973). The loan is secured by a mortgage bond over Erf 278 Primrose Hill. The loan has been renegotiated and the moratorium on payments was extended as there was delays in construction. This has resulted in an impairment of the loan. (Refer to note 21).

#### BM Molefi Properties 241 (Pty) Ltd - Kgorong Estate

Advance	9 706 822	-
Interest earned	158 354	-
Social Benefit adjustment	(1 758 246)	-
Interest amortised	39 625	-
	<b>8 146 555</b>	<b>-</b>

The twenty year loan facility of R22,305,600 to BM Molefi Properties 241 (Pty) Ltd - Kgorong Estate bears interest at JIBAR plus 1%(rounded to the nearest whole number) and the capital is repayable in annual instalments commencing in December 2014. The nominal value of the loan is R9,865,176 (2013: RNil). The loan is secured by a mortgage bond over Erf 6623 Soweto, Johannesburg.

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### 3. Loans and Receivables from Exchange Transactions (continued)

#### Brickfields Housing Company (Pty) Ltd - Erf 557 Newtown

Loan amount	9 133 850	8 146 064
Interest amortised	1 107 562	987 786
	<b>10 241 412</b>	<b>9 133 850</b>

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

#### Cape Gannet Properties 175 (Pty) Ltd - Erf 42 Kempton Park

Advance	1 095 180	-
Interest earned	28 213	-
Social benefit adjustment	(260 230)	-
Interest amortised	8 581	-
	<b>871 744</b>	<b>-</b>

The twenty year loan facility of R3,633,805 to Cape Gannet Properties 175 (Pty) Ltd - Erf 42 Kempton Park comprises of a interest free and interest bearing facility. The interest free facility is repayable in five equal instalments which have not commenced as yet. The interest bearing facility bears interest at a staggered JIBAR and the capital is repayable in annual instalments commencing in October 2014. The nominal value of the loan is R1,123,393 ( 2013: RNil). The loan is secured by a mortgage bond over Erf 42 Kempton Park.

#### Castle Crest Properties 80 (Pty) Ltd - Erf 504 Pretoria

Loan amount	1 323 093	-
Advance	1 717 115	4 904 111
Interest earned	167 332	63 286
Short-term payments received	(60 155)	(2 400 000)
Social benefit adjustment	(395 692)	(1 274 241)
Interest amortised	112 616	29 937
	<b>2 864 309</b>	<b>1 323 093</b>

The loan facility of R4,221,227 to Castle Crest Properties 80 (Pty) Ltd comprises of a interest free and interest bearing facility. The interest free facility is for ten years and is repayable in five equal instalments commencing in November 2018. The interest bearing facility is for twenty years and bears interest at a staggered JIBAR rate and the capital is repayable in annual instalments commencing December 2015. The nominal value of the loan is R4,391,690 ( 2013: R2,567,397). The loan is secured by a mortgage bond over Erf 504 Arcadia, Pretoria.

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### 3. Loans and Receivables from Exchange Transactions (continued)

#### Clare Water (Pty) Ltd - Erf 1509 Discovery, Roodepoort

Loan amount	1 260 211	-
Advance	1 900 694	1 804 066
Interest earned	78 117	25 528
Social benefit adjustment	(484 865)	(583 023)
Interest amortised	79 121	13 640
Impairment	(12 161)	-
	<b>2 821 117</b>	<b>1 260 211</b>

The loan facility of R5,025 608 to Clare Water (Pty) Ltd comprises of a interest free and interest bearing facility. The interest free facility is for nine years and is repayable in five equal instalments commencing in December 2017. The interest bearing facility is for twenty years and bears interest at a staggered JIBAR rate and the capital is repayable in annual instalments commencing in September 2015. The nominal value of the loan is R3,808,297 ( 2013: R1,829,594). The loan is secured by a mortgage bond over Erf 1509 Discovery, Roodepoort. The loan has been renegotiated and the moratorium on payments was extended as there was delays in construction. This has resulted in an impairment of the loan. (Refer to note 21).

#### Clidet No. 1024 (Pty) Ltd - 44 Wanderers

Loan amount	4 491 311	-
Advance	63 726	5 063 537
Interest earned	358 427	219 109
Social benefit adjustment	(8 472)	(879 182)
Interest amortised	57 856	87 847
Impairment	(16 662)	-
Current term portion transferred to current assets	(264 227)	-
	<b>4 681 959</b>	<b>4 491 311</b>

The fifteen year loan facility of R6,000,000 to Clidet No. 1024 (Pty) Ltd bears interest at JIBAR plus 0.5%(rounded to the nearest whole number) and is repayable in annual instalments commencing in June 2014. The nominal value of the loan is R5,704,799 ( 2013: R5,282,646). The loan is secured by a mortgage bond over Erf 2043, 2044 & 5070 Joubert Park. The loan has been renegotiated and the moratorium on payments was extended as there was delays in construction. This has resulted in an impairment of the loan. (Refer to note 21).

#### Comu Property Developers CC - 3103 Glen Marias

Advance	5 149 035	-
Interest earned	136 119	-
Social benefit adjustment	(1 135 662)	-
Interest amortised	92 920	-
	<b>4 242 412</b>	<b>-</b>

The twenty year loan facility of R6,207,024 to Comu Property Developers CC bears interest at a staggered JIBAR rate and is repayable in annual instalments commencing June 2015. The nominal value of the loan is R5,310,890 ( 2013: RNil). The loan is secured by a mortgage bond over Erf 3101 Glen Marias Kempton Park.

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### 3. Loans and Receivables from Exchange Transactions (continued)

#### Comucap (Pty) Ltd - 88 Relly Street

Advance	2 000 000	-
Interest earned	51 723	-
Social benefit adjustment	(254 326)	-
Interest amortised	11 190	-
	<b>1 808 587</b>	<b>-</b>

The fifteen year loan facility of R2,000,000 to Comucap (Pty) Ltd - 88 Relly Street bears interest at staggered JBIR rate plus 1% and is repayable in monthly instalments commencing in December 2015. The nominal value of the loan is R2,051,723 ( 2013: RNIL). The loan is secured by a mortgage bond over Erf 1232 Sunnyside Pretoria.

#### Crimson Clover Trading 11 (Pty) Ltd - Ascot Fashion House

Loan amount	3 781 585	-
Advance	-	4 322 394
Interest earned	244 169	214 985
Short term payments received	(206 650)	-
Social benefit adjustment	-	(840 642)
Interest amortised	77 850	84 848
	<b>3 896 954</b>	<b>3 781 585</b>

The twenty year loan facility of R4,564,500 to Crimson Clover Trading 11(Pty) Ltd bears interest at a staggered JIBAR rate and the capital is repayable in annual instalments commencing May 2015. The nominal value of the loan is R4,574,898 ( 2013: R4,537,379). The loan is secured by a mortgage bond over Erf 947 & 948 Johannesburg.

#### DNM Estate CC - Erf 517 & 518 City and Suburban

Advance	5 105 523	-
Interest earned	78 546	-
Social benefit adjustment	(1 140 199)	-
Interest amortised	23 079	-
	<b>4 066 949</b>	<b>-</b>

The loan facility of R6,351,000 to DNM Estate - Erf 517 & 518 City and Suburban comprises of a interest free and interest bearing facility. The interest free facility is for nine years and is repayable in five equal instalments commencing in January 2019. The interest bearing facility is for twenty years and bears interest at a staggered JIBAR rate and is repayable monthly commencing in January 2015. The nominal value of the loan is R5,184,069 ( 2013: R1,829,594). The loan is secured by a mortgage bond over Erf 517 & 518 City and Suburban.

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### 3. Loans and Receivables from Exchange Transactions (continued)

#### Erf 273 Parktown Estate CC - Parktown Place Development

Advance	7 353 383	-
Interest earned	116 147	-
Social benefit adjustment	(1 414 826)	-
Interest amortised	25 188	-
	<b>6 079 892</b>	<b>-</b>

The twenty year loan facility of R7,015,594 to Erf 273 Parktown Estate CC - Parktown Place Development bears interest at a staggered JIBAR rate plus 0.5% and is repayable in annual instalments commencing June 2015. The nominal value of the loan is R7,469,530 (2013: RNil). The loan is secured by a mortgage bond over Erf 56 and 57 Parktown Estate, Tshwane.

#### Fundzo Trading (Pty) Ltd - Portion 15 of Erf 8489 Protea North

Advance	923 497	-
Interest earned	8 845	-
Social benefit adjustment	(221 563)	-
Interest amortised	3 841	-
	<b>714 620</b>	<b>-</b>

The loan facility of R5,907,200 to Fundzo Trading (Pty) Ltd - Portion 15 of Erf 8489 Protea North comprises of a interest free and interest bearing facility. The interest free facility is for nine years and is repayable in five equal instalments commencing in December 2018. The interest bearing facility is for twenty years and bears interest at a staggered JIBAR rate and is repayable in annual instalments which have not commenced. The nominal value of the loan is R932,342 (2013: RNil). The loan is secured by a mortgage bond over portion 14 of Erf 8489, Protea Glen, Ext 11.

#### Greater Germiston Inner City Housing Company Phase II (Pty) Ltd

Loan amount	-	1
Impairment reversal	-	2 099 999
Loan payment	-	(2 100 000)
	<b>-</b>	<b>-</b>

The seven year loan of R3,500,000 to Greater Germiston Inner City Housing Company Phase 11 (Pty) Ltd has been repaid. The loan was interest free and repayable in seven equal annual instalments.

#### Greater Germiston Inner City Housing Company Pharoe Park (Pty) Ltd

Loan amount	-	1
Impairment reversal	-	2 099 999
Loan repayment	-	(2 100 000)
	<b>-</b>	<b>-</b>

The seven year loan of R3,500,000 to Greater Germiston Inner City Housing Company Pharoe Park (Pty) Ltd has been repaid. The loan was interest free and repayable in seven equal annual instalments.

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### 3. Loans and Receivables from Exchange Transactions (continued)

#### Highlands Urban Living (Pty) Ltd - Highlands Lofts

Loan amount	6 727 683	-
Advance	-	7 015 594
Interest earned	553 249	78 543
Short term payments received	(132 913)	-
Social benefit adjustment	-	(412 293)
Interest amortised	38 895	45 839
Current term portion transferred to current assets	(459 924)	-
	<b>6 726 990</b>	<b>6 727 683</b>

The fifteen year loan facility of R7,015,594 to Highlands Urban Living (Pty) Ltd bears interest at a staggered JIBAR rate plus 2% and the capital is repayable in annual instalments commencing January 2015. The nominal value of the loan is R7,518,065 (2013: R7,094,137). The loan is secured by a mortgage bond over Erf 3 & 4 Highlands, Johannesburg.

#### Ikamvelihle Trading Enterprises CC - Erf 953-956 Berea

Advance	1 992 048	-
Interest earned	41 346	-
Social benefit adjustment	(627 286)	-
Interest amortised	25 257	-
	<b>1 431 365</b>	<b>-</b>

The loan facility of R5,344,757 to Ikamvelihle Trading Enterprises CC comprises of a interest free and interest bearing facility. The interest free facility is for nine years and is repayable in five equal instalments commencing in August 2018. The interest bearing facility is for twenty years and bears interest at a staggered JIBAR rate and is repayable in annual instalments commencing in September 2014. The nominal value of the loan is R2,033,395 (2013: RNil). The loan is secured by a mortgage bond over Erf 953-956 Berea.

#### Indigo Kulani Properties (Pty) Ltd - Erf 1676 Benoni

Advance	1 018 815	-
Interest earned	6 667	-
Social benefit adjustment	(234 822)	-
Interest amortised	1 355	-
	<b>792 015</b>	<b>-</b>

The loan facility of R6,240,272 to Indigo Kulani Properties (Pty) Ltd - Erf 1676 Benoni is interest bearing facility at a staggered JBIR rate is repayable in monthly instalments commencing in February 2017. The nominal value of the loan is R1,025,482 (2013: RNil). The loan is secured by a mortgage bond over Erf 1676 Benoni.

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<b>3. Loans and Receivables from Exchange Transactions (continued)</b>		
<b>Housing Company Tshwane</b>		
Prior years current portion reversed	-	293 000
Short term payments received	-	(293 000)
	-	-

The loan of R293,000 to Housing Company Tshwane has been repaid. The loan was interest free and for capacity building.

<b>Johannesburg Housing Company (Pty) Ltd - 117 Pritchard Street</b>		
Loan amount	3 089 179	3 609 726
Prior years current term portion reversed	3 166	-
Advance	7 565 384	-
Interest earned	592 310	17 703
Short term payments received	(882 578)	(4 543)
Social benefit adjustment	(1 101 758)	(535 945)
Interest amortised	187 107	5 404
Current term portion transferred to current assets	(315 458)	(3 166)
	<b>9 137 352</b>	<b>3 089 179</b>

The fifteen year loan facility of R11,499,012 to Johannesburg Housing Company (Pty) Ltd bears interest at a staggered JIBAR rate plus 0.5% and is repayable in monthly instalments which have commenced. The nominal value of the loan is R10,898,002 (2013: R3,622,981). The loan is secured by a mortgage bond over Erf 4453 City of Johannesburg.

<b>Johannesburg Housing Company (Pty) Ltd - Crest Hotel</b>		
Loan amount	4 713 516	-
Prior period current term portion reversed	4 351	-
Advance	9 282 438	5 509 594
Interest earned	780 213	26 300
Short term payments received	(1 164 873)	(5 499)
Social benefit adjustment	(1 353 514)	(819 911)
Interest amortised	247 690	7 383
Current portion transferred to current assets	(412 269)	(4 351)
	<b>12 097 552</b>	<b>4 713 516</b>

The fifteen year loan facility of R14,792,032 to Johannesburg Housing Company (Pty) Ltd bears interest at a staggered JIBAR rate plus 0.5% and is repayable in monthly instalments which have commenced. The nominal value of the loan is R14,428,172 (2013: R5,530,395). The loan is secured by a mortgage bond over Erf 212, 214 & 216 City of Johannesburg.

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### 3. Loans and Receivables from Exchange Transactions (continued)

#### Johannesburg Housing Company (Pty) Ltd - Hlanganani

Loan Amount	12 637 657	13 490 025
Prior years short term portion reversed	761 838	684 562
Interest earned	277 172	316 519
Short term payments received	(1 874 062)	(1 840 796)
Interest amortised	711 884	749 185
Current term portion transferred to current assets	(786 209)	(761 838)
	<b>11 728 280</b>	<b>12 637 657</b>

The fifteen year loan facility of R20,000,000 to Johannesburg Housing Company (Pty) Ltd bears interest at prime less 7% and is repayable monthly. Payments have commenced. The nominal value of the loan is R16,826,905 (2013: R18,423,796). The loan is secured by a mortgage bond over Erg 15604, Cosmo City Extension 6.

#### KTN Properties (Pty) Ltd - Parklane Hotel

Loan amount	881 118	1 101 078
Prior period current term portion reversed	160 339	153 817
Interest earned	48 073	60 932
Short term payments received	(367 167)	(312 253)
Interest amortised	34 546	37 883
Current portion transferred to current assets	(147 255)	(160 339)
	<b>609 654</b>	<b>881 118</b>

The ten year loan facility of R1,944,000 to KTN Property Management (Pty) Ltd bears interest at a rate of prime less 3.75% and is repayable monthly. Payments have commenced. The nominal value of the loan is R832,944 (2013: R1,152,038). The loan is secured by a mortgage bond over Erf 4604 Johannesburg Township.

#### Lionshare New Prop CC - Lubraco House

Loan amount	2 279 576	2 432 339
Prior period current term portion reversed	148 921	143 733
Interest earned	50 816	56 613
Short term payments received	(347 305)	(340 621)
Interest amortised	133 707	136 433
Impairment	(25 507)	-
Current term portion transferred to current assets	(152 866)	(148 921)
	<b>2 087 342</b>	<b>2 279 576</b>

The fifteen year loan facility of R3,700,000 to Lionshare New Prop CC bears interest at a rate of prime less 7% per annum and is repayable in fourteen equal instalments which have commenced. The nominal value of the loan is R3,022,122 (2013: R3,318,611). The loan is secured by a mortgage bond over Erf 532 and 533 Johannesburg Township. The loan was impaired as the client was experiencing cashflow problems and was unable to settle the capital instalment due. This has resulted in an impairment of the loan. (Refer to note 21).

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### 3. Loans and Receivables from Exchange Transactions (continued)

#### Lisinfo 282 Property (Pty) Ltd - Erf 1952 Malvern

Loan amount	34 966	-
Advance	4 353 000	62 810
Interest earned	214 542	-
Short term payment received	(47 649)	-
Social benefit adjustment	(1 015 447)	(28 090)
Interest amortised	61 621	246
	<b>3 601 033</b>	<b>34 966</b>

The loan facility of R4,538,161 to Lisinfo 282 Property (Pty) Ltd comprises of a interest free and interest bearing facility. The interest free facility is for nine years and is repayable in five equal instalments commencing in March 2018. The interest bearing facility is for twenty years and but bears interest at a staggered JIBAR rate and the capital is repayable in monthly instalments commencing in April 2016. The nominal value of the loan is R4,582,703 ( 2013: R62,810). The loan is secured by a mortgage bond over Erf 1952, Malvern, Johannesburg.

#### Madulamoho Housing Association - Allenby House

Loan amount	2 293 534	2 494 546
Prior period current term portion reversed	178 960	178 070
Interest earned	130 446	146 103
Short term payments received	(444 209)	(418 584)
Interest amortised	69 563	72 359
Current portion transferred to current assets	(177 334)	(178 960)
	<b>2 050 960</b>	<b>2 293 534</b>

The fifteen year loan facility of R3,270,000 to Madulamoho Housing Association bears interest at a rate of prime less 4% per annum and is repayable in fourteen equal instalments which have commenced. The nominal value of the loan is R 2,655,317 (2013: R2,969,079). The loan is secured by a mortgage bond over Erf 4880 Hillbrow, Johannesburg Township.

#### Madulamoho Housing Association - Fleurhof Views

Loan amount	19 276 757	-
Prior period current term portion reversed	1 365 542	-
Advance	-	20 453 369
Interest earned	1 158 238	1 254 180
Short term payments received	(2 685 335)	(1 648 902)
Interest amortised	289 621	583 652
Current term portion transferred to current assets	(1 390 867)	(1 365 542)
	<b>18 013 956</b>	<b>19 276 757</b>

The fifteen year loan facility of R23,345,378 to Madulamoho Housing Association bears interest at a staggered JIBAR rate and is repayable in fifteen annual instalments which have commenced. The nominal value of the loan is R21,556,618 (2013: R23,083,715). The loan is secured by a mortgage bond over Erf 691 to 698 Fleurhof Extension two.

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### 3. Loans and Receivables from Exchange Transactions (continued)

#### Madulamoho Housing Association - Jabulani

Loan amount	20 253 500	-
Advance	-	24 578 202
Interest earned	1 267 400	10 363
Social benefit adjustment	-	(4 338 842)
Short term payments received	(1 465 060)	-
Interest amortised	499 073	3 777
Current portion transferred to current assets	(670 478)	-
	<b>19 884 435</b>	<b>20 253 500</b>

The fifteen year loan facility of R24,578,202 to Madulamoho Housing Association bears interest at a staggered JIBAR rate and is repayable in monthly instalments which have commenced. The nominal value of the loan is R24,390,905 (2013: R24,588,565). The loan is secured by a mortgage bond over Erf 2605 Jabulani, Soweto, Johannesburg.

#### Maseleng Investments (Pty) Ltd - Montrose Mansions

Loan amount	885 016	1 961 260
Prior years current portion reversed	539 942	536 666
Interest earned	116 229	162 202
Short term payments received	(653 036)	(1 237 677)
Interest amortised	(5 271)	2 507
Current portion transferred to current assets	(882 880)	(539 942)
	<b>-</b>	<b>885 016</b>

The seven year loan facility of R3,100,000 to Maseleng Investments (Pty) Ltd - Montrose Mansions bears interest at a rate of prime and is repayable in seven annual instalments which commenced. The nominal value of the loan is R877,583 (2013: R1,414,390). The loan is secured by a mortgage bond over Erf 4851 Johannesburg Township.

#### Meilijian Construction and Development CC - Erf 232 Kempton Park

Advance	2 450 000	-
Interest earned	77 862	-
Social benefit adjustment	(556 706)	-
Interest amortised	22 794	-
	<b>1 993 950</b>	<b>-</b>

The fifteen year loan facility of R2,504,383 to Meilijian Construction and Development CC - Erf 232 Kempton Park bears interest at JIBAR and is repayable in monthly instalments commencing in September 2014. The nominal value of the loan is R2,527,862 (2013: RNil). The loan is secured by a mortgage bond over Erf 232 Kempton.

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### 3. Loans and Receivables from Exchange Transactions (continued)

#### Meilijian Construction and Development CC - Erf 24 Kempton Park

Advance	2 260 251	-
Interest earned	12 245	-
Social benefit adjustment	(422 311)	-
Interest amortised	4 884	-
	<b>1 855 069</b>	<b>-</b>

The twenty year loan facility of R8,997,348 to Meilijian Construction and Development CC - Erf 24 Kempton Park bears interest at a staggered JIBAR rate plus 0.5% and is repayable in monthly instalments commencing in March 2015. The nominal value of the loan is R2,272,497 (2013: RNil). The loan is secured by a mortgage bond over Erf 24 Kempton.

#### Michaelson Investments (Pty) Ltd - Erf 658 Troyeville

Advance	405 963	-
Interest earned	5 568	-
Social benefit adjustment	(121 532)	-
Interest amortised	4 255	-
	<b>294 254</b>	<b>-</b>

The loan facility of R5,520,100 to Michaelson Investments (Pty) Ltd - Erf 658 Troyeville comprises of a interest free and interest bearing facility. The interest free facility is for nine years and is repayable in five equal instalments commencing in October 2018. The interest bearing facility is for twenty years and bears interest at a staggered JIBAR rate and is repayable in annual instalments commencing in December 2014. The nominal value of the loan is R411,482 (2013: RNil). The loan is secured by a mortgage bond over Erf 658 Troyeville, Johannesburg.

#### Multidirect Investment 8 (Pty) Ltd - Erf 1815 Pretoria North

Advance	72 730	-
Social benefit adjustment	(31 894)	-
Interest amortised	1 404	-
	<b>42 240</b>	<b>-</b>

The loan facility of R6,034,770 to Multidirect Investment 8 (Pty) Ltd - Erf 1815 Pretoria North comprises of a interest free and interest bearing facility. The interest free facility is for nine years and is repayable in five equal instalments commencing in September 2018. The interest bearing facility has not commenced but is for twenty years and bears interest at a staggered JIBAR rate and is repayable in annual instalments. The nominal value of the loan is R72,730 (2013: RNil). The loan is secured by a mortgage bond over Erf 1815, Pretoria North.

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### 3. Loans and Receivables from Exchange Transactions (continued)

#### Muma Properties Investments (Pty) Ltd - Erf 978 Pretoria North

Advance	2 727 441	-
Interest earned	75 002	-
Social benefit adjustment	(629 461)	-
Interest amortised	22 902	-
	<b>2 195 884</b>	<b>-</b>

The loan facility of R7,625,400 to Muma Properties Investments (Pty) Ltd - Erf 978 Pretoria North comprises of a interest free and interest bearing facility. The interest free facility is for nine years and is repayable in five equal instalments commencing in September 2018. The interest bearing facility is for twenty years and bears interest at a staggered JIBAR rate and is repayable in annual instalments commencing in October 2014. The nominal value of the loan is R2,802,443 (2013: RNil). The loan is secured by a mortgage bond over Erf 978 Pretoria North.

#### Nelisa Properties (Pty) Ltd - Erf 388 Windsor

Advance	512 332	-
Interest earned	1 443	-
Social benefit adjustment	(112 752)	-
Interest amortised	528	-
	<b>401 551</b>	<b>-</b>

The loan facility of R9,417,500 to Nelisa Properties (Pty) Ltd - Erf 388 Windsor comprises of a interest free and interest bearing facility. The interest free facility is for nine years and is repayable in five equal instalments commencing in March 2019. The interest bearing facility is for twenty years and bears interest at a JIBAR plus 0.5% and is repayable in annual instalments commencing in April 2015. The nominal value of the loan is R513,775 (2013: RNil). The loan is secured by a mortgage bond over Erf 388 Windsor.

#### Ninarich Trading 3 (Pty) Ltd - Betty Street Precinct

Advance	3 551 474	-
Interest earned	606	-
Social Benefit adjustment	(693 040)	-
Interest amortised	99	-
	<b>2 859 139</b>	<b>-</b>

The twenty year loan facility of R17,766,740 to Ninarich Trading 3 (Pty) Ltd - Betty Street Precinct is interest bearing at JBIR plus 0.5% and is repayable in monthly instalments commencing in April 2016. The nominal value of the loan is R3,552,081 (2013: RNil). The loan is secured by a mortgage bond over Erf 2,3,4,12,105-106,413 Betty Street, Erf 22 Auret Street & Erf 173 Park Street, New Doornfontein.

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### 3. Loans and Receivables from Exchange Transactions (continued)

#### Nonkwelo (Pty) Ltd - Erf 10 & 11 Hunter Street

Loan amount	32 577	-
Advance	1 916 502	58 519
Interest earned	57 488	-
Social benefit adjustment	(576 571)	(26 171)
Interest amortised	37 943	229
	<b>1 467 939</b>	<b>32 577</b>

The loan facility of R5,783,632 to Nonkwelo (Pty) Ltd - Erf 10 & 11 Hunter Street comprises of a interest free and interest bearing facility. The interest free facility is for nine years and is repayable in five equal instalments commencing in March 2018. The interest bearing facility is for twenty years and bears interest at a staggered JIBAR rate and is repayable in annual instalments. The nominal value of the loan is R2,032,509 (2013: R58,519). The loan is secured by a mortgage bond over Erf 10 & 11 Hunter Street, Johannesburg.

#### Rainbow Beach Trading 261 (Pty) Ltd -Sondela Village Daggafontein

Advance	10 010 568	-
Interest earned	213 851	-
Social benefit adjustment	(1 206 264)	-
Interest amortised	48 995	-
	<b>9 067 150</b>	<b>-</b>

The fifteen year loan facility of R12,672,939 to Rainbow Beach Trading 261 (Pty) Ltd - Sondela Village Daggafontein and Suburban bears interest at a staggered JIBAR rate and is repayable in monthly instalments commencing in September 2014. The nominal value of the loan is R10,224,418 (2013: RNil). The loan is secured by a mortgage bond over Erf 101 and Erf 94 City and Suburban.

#### Rivavect Investments (Pty) Ltd - Central House

Advance	5 150 000	-
Interest earned	34 246	-
Social benefit adjustment	(505 424)	-
Interest amortised	5 204	-
	<b>4 684 026</b>	<b>-</b>

The fifteen year loan facility of R5,150,000 to Rivavect Investments (Pty) Ltd - Central House bears interest at a staggered JIBAR rate plus 1.25% and is repayable in monthly instalments commencing in March 2015. The nominal value of the loan is R5,184,245.83 (2013: RNil). The loan is secured by a mortgage bond over Erf 2071 Roodepoort.

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#### 3. Loans and Receivables from Exchange Transactions (continued)

##### Standard Bank

Loan amount	677 392	1 953 350
Prior years short term portion reversed	619 165	993 014
Interest earned	52 227	129 431
Short term payments received	(719 561)	(2 011 796)
Interest amortised	31 311	232 558
Current term portion transferred to current assets	(474 096)	(619 165)
	<b>186 438</b>	<b>677 392</b>

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 reduced rates to projects. The nominal value of the loan is R676,939 (2013:R970,252) and bears interest at prime less 3.75% per annum. The repayment of this amount is ten years from date of disbursement.

##### Simelani Business Solutions (Pty) Ltd - Erf 2682 Kempton Park

Advance	2 677 741	-
Interest earned	75 172	-
Social benefit adjustment	(618 618)	-
Interest amortised	22 916	-
	<b>2 157 211</b>	<b>-</b>

The loan facility of R6,919,598 to Simelani Business Solutions (Pty) Ltd - Erf 2682 Kempton Park comprises of a interest free and interest bearing facility. The interest free facility is for nine years and is repayable in five equal instalments commencing in September 2018. The interest bearing facility is for twenty years and bears interest at a staggered JIBAR rate and is repayable in annual instalments commencing in October 2014. The nominal value of the loan is R2,752,913 (2013: RNil). The loan is secured by a mortgage bond over Erf 2682 Kempton Park.

##### Shukumani Trading Enterprises (Pty) Ltd - Erf 550 Bertrams

Advance	1 406 165	-
Interest earned	31 150	-
Social benefit adjustment	(433 920)	-
Interest amortised	27 531	-
	<b>1 030 926</b>	<b>-</b>

The loan facility of R4,357,301 to Shukumani Trading Enterprises (Pty) Ltd comprises of a interest free and interest bearing facility. The interest free facility is for nine years and is repayable in five equal instalments commencing in April 2015. The interest bearing facility is for twenty years and bears interest at a staggered JIBAR rate and is repayable in annual instalments. The nominal value of the loan is R1,437,314 (2013: RNil). The loan is secured by a mortgage bond over Erf 550 Bertrams, Johannesburg.

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### 3. Loans and Receivables from Exchange Transactions (continued)

#### Shukumani Trading Enterprises (Pty) Ltd - 68 Derby Street

Loan amount	-	41 192
Interest earned	-	28 700
Short term payments received	-	(69 892)
	-	-

The loan facility of R1,149,750 to Shukumani Trading Enterprises (Pty) Ltd - 68 Derby Street was cancelled and repaid during the year. The loan was interest free and payable in eight annual instalments.

#### SOA Residential Village (Pty) Ltd - Erf 1532 Selcourt Springs

Advance	3 309 448	-
Interest earned	42 229	-
Social benefit adjustment	(961 268)	-
Interest amortised	19 626	-
	<b>2 410 035</b>	<b>-</b>

The loan facility of R5,455,665 to SOA Residential Village (Pty) Ltd - Erf 1532 Selcourt Springs comprises of a interest free and interest bearing facility. The interest free facility is for nine years and is repayable in five equal instalments commencing in September 2018. The interest bearing facility is for twenty years and bears interest at a staggered JIBAR rate and is repayable in annual instalments which have not commenced. The nominal value of the loan is R3,351,678 ( 2013: R1,829,594). The loan is secured by a mortgage bond over Erf 1532 Selcourt, Springs.

#### Take Off Real Estate (Pty) Ltd - Jeppestown Project

Loan amount	544 762	370 108
Advance	-	206 291
Social benefit adjustment	-	(77 075)
Interest amortised	50 344	45 438
Provision for bad debts	(595 105)	-
	<b>1</b>	<b>544 762</b>

The loan facility of R3,805,954 to Take Off Real Estate (Pty) Ltd comprises of a interest free and interest bearing facility. The interest free facility is for nine years and is repayable in five equal instalments commencing in November 2015. The interest bearing facility is for twenty years and has not been drawn down as yet but bears interest at JIBAR and is repayable in annual instalments. The nominal value of the loan is R850,627( 2013:R850,627). The loan is secured by a mortgage bond over Erf 1813, 1814 & 1817 Jeppestown, Johannesburg. The loan has been provided as a doubtful debt due to a liquidation claim initiated by another creditor. (Refer to note 35).

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### 3. Loans and Receivables from Exchange Transactions (continued)

#### Tenitor Properties (Pty) Ltd - The Ridge Hotel

Loan amount	10 530 886	10 624 095
Prior years short term portion reversed	539 465	-
Advance	-	20 430
Interest earned	601 321	608 440
Short term payments received	(1 364 802)	(415 000)
Social benefit adjustment	-	(3 543)
Interest amortised	110 716	235 929
Current term portion transferred to current assets	(537 612)	(539 465)
	<b>9 879 974</b>	<b>10 530 886</b>

The twenty year loan facility of R11,217,900 to Tenitor Properties (Pty) Ltd bears interest at JIBAR and is repayable in twelve annual instalments commencing in June 2013. The nominal value of the loan is R11,516,974 (2013:R12,280,456). The loan is secured by a mortgage bond over Erf 185,187,189,191 and 1411 Berea, Johannesburg.

#### Trust for Urban Housing Finance - Intuthuko (Pty) Ltd

Loan amount	9 053 065	8 621 354
Advance	3 550 000	-
Interest earned	545 537	351 210
Short term payments received	(341 747)	(322 490)
Social benefit adjustment	(459 348)	-
Interest amortised	413 520	402 991
Current term portion transferred to current assets	(7 690 471)	-
	<b>5 070 556</b>	<b>9 053 065</b>

The loan facility of R20,000,000 was made available from our Emerging Entrepreneur Fund to enable the Trust for Urban Housing Finance - Intuthuko (Pty) Ltd to finance low collateral projects. The first tranche of R2,000,000 is for ten years, interest free and is repayable in one instalment in March 2015. The designated funds will not be utilised 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 R8,000,000 is available for ten years and bears interest at prime less 4.16% and is repayable within 5 years from disbursement to lenders. The third tranche of R10,000,000 is available for seven years and bears interest at prime less 2% and is repayable in one instalment. The nominal amount is R13,488,464 (2013:R7,802,389).

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### 3. Loans and Receivables from Exchange Transactions (continued)

#### Trust for Urban Housing Finance - Bridging Facility (Pty) Ltd

Loan amount	-	28 072 144
Prior years current term portion reversed	29 084 407	-
Interest earned	953 555	1 378 337
Short term payments received	(30 593 458)	(1 391 003)
Interest amortised	741 880	1 024 929
Impairment	(186 384)	-
Current term portion transferred to current assets	-	(29 084 407)
	-	-

The seven year loan facility of R25,000,000 was made available to Trust for Urban Housing Finance to addressing the requirements of the inner-cities business environment and of the property market that require quick responses to property financing. The loan bore interest at prime less 4% and was repayable in one instalment in September 2013. the repayment was finally made in December 2013 resulting in the impairment. The nominal value of the loan is RNil (2013:R29,639,904).

#### Tsebo Consumables Supplies (Pty) Ltd - Erf 256 Kempton

Loan amount	2 048 186	-
Advance	1 468 234	2 967 085
Interest earned	144 441	30 008
Social benefit adjustment	(420 625)	(968 873)
Short term payments received	(38 739)	-
Interest amortised	118 613	19 966
Impairment	(8 467)	-
	<b>3 311 643</b>	<b>2 048 186</b>

The loan facility of R4,435,319 to Tsebo Consumable Supplies (Pty) Ltd comprises of a interest free and interest bearing facility. The interest free facility is for ten years and is repayable in five equal instalments commencing in December 2018. The interest bearing facility is for twenty years and bears interest at a staggered JIBAR rate and the capital is repayable in annual instalments commencing in October 2015. The nominal value of the loan is R4,571,030 (2013: R2,997,072). The loan is secured by a mortgage bond over Erf 256 Kempton Park, Ekurhuleni. The loan has been renegotiated and the moratorium on payments was extended as there were delays in construction. This has resulted in an impairment of the loan. (Refer to note 21).

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#### 3. Loans and Receivables from Exchange Transactions (continued)

##### **Tumaini Properties and Real Estate CC - Erf 52 & 53 New Doornfontein**

Advance	1 087 612	-
Interest earned	19 566	-
Social benefit adjustment	(256 020)	-
Interest amortised	5 922	-
	<b>857 080</b>	-

The loan facility of R4,218,554 to Tumaini Properties and Real Estate CC - Erf 52 & 53 New Doornfontein comprises of a interest free and interest bearing facility. The interest free facility is for nine years and is repayable in five equal instalments commencing in February 2019. The interest bearing facility is for twenty years and bears interest at staggered JIBAR rate and is repayable in monthly instalment commencing in December 2014. The nominal value of the loan is R1,107,178 ( 2013: RNil). The loan is secured by a mortgage bond over Erf 52 & 53 New Doornfontein.

##### **Valotorgue 199CC - Erf 757 Pretoria North**

Advance	1 242 275	-
Interest earned	30 827	-
Social benefit adjustment	(291 803)	-
Interest amortised	9 925	-
	<b>991 224</b>	-

The loan facility of R5,940,675 to Valotorgue 199CC - Erf 757 Pretoria North comprises of a interest free and interest bearing facility. The interest free facility is for nine years and is repayable in five equal instalments commencing in November 2018. The interest bearing facility is for twenty years and bears interest at a staggered JIBAR rate and is repayable in annual instalments commencing in November 2014. The nominal value of the loan is R1,273,101 ( 2013: RNil). The loan is secured by a mortgage bond over Erf 757, Pretoria North.

##### **Yeast City Housing (Pty) Ltd - Salvokop**

Advance	7 009 612	-
Interest earned	257 557	-
Short term payments received	(233 908)	-
Social benefit adjustment	(1 138 537)	-
Interest amortised	80 046	-
	<b>5 974 770</b>	-

The twenty year loan facility of R7,221,660 to Yeast City Housing (Pty) Ltd bears interest at a staggered JBIR rate annum and the capital is repayable in 19 annual instalments which commence in July 2014. The nominal value of the loan is R7,033,261 (2013: RNil). The loan is secured by a mortgage bond over Erf 4 Salvokop Pretoria.

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### 3. Loans and Receivables from Exchange Transactions (continued)

#### Yeast City Housing (Pty) Ltd - Tau Village

Loan amount	5 063 941	5 385 847
Prior years current term portion reversed	319 188	952 912
Interest earned	123 696	143 073
Short term payments received	(791 766)	(1 465 440)
Interest amortised	339 063	366 737
Current term portion transferred to current assets	(338 566)	(319 188)
	<b>4 715 556</b>	<b>5 063 941</b>

The fifteen year loan facility of R9,000,000 to Yeast City Housing (Pty) Ltd bears interest at a rate of prime less 7% per annum and is repayable in 14 annual instalments which have commenced. The nominal value of the loan is R7,234,166 (2013: R7,902,235). The loan is secured by a mortgage bond over Erf 112 Pretoria.

#### Zakhele Investments CC - Erf 257 Kempton Park

Loan amount	709 777	-
Advance	2 861 664	952 788
Interest earned	111 194	12 545
Social benefit adjustment	(708 342)	(262 871)
Interest amortised	64 878	7 315
Impairment	(14 339)	-
	<b>3 024 832</b>	<b>709 777</b>

The loan facility of R4,520,258 to Zakhele Investments CC comprises of a interest free and interest bearing facility. The interest free facility is for nine years and is repayable in five equal instalments commencing in December 2017. The interest bearing facility is for twenty years and bears interest at a staggered JIBAR rate and is repayable in annual instalments commencing in November 2015. The nominal value of the loan is R3,938,191 (2013: R965,333). The loan is secured by a mortgage bond over Erf 257 Ekurhuleni. The loan has been renegotiated and the moratorium on payments was extended as there were delays in construction. This has resulted in an impairment of the loan. (Refer to note 21).

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### 3. Loans and Receivables from Exchange Transactions (continued)

#### Zwide & Dewa Investments (Pty) Ltd - Erf 424 & 425 Rhodesfield

Advance	2 049 591	-
Interest earned	20 762	-
Social benefit adjustment	(392 599)	-
Interest amortised	5 398	-
	<b>1 683 152</b>	<b>-</b>

The loan facility of R9,106,300 to Zwide & Dewa Investments (Pty) Ltd - Erf 424 & 425 Rhodesfield comprises of a interest free and interest bearing facility. The interest free facility is for nine years and is repayable in five equal instalments commencing in February 2019. The interest bearing facility is for twenty years and bears interest at a staggered JIBAR rate plus 0.5% and is repayable in monthly instalments commencing in February 2015. The nominal value of the loan is R2,070,354 (2013: R:NIL). The loan is secured by a mortgage bond over Erf 424 & 425 Rhodesfield.

Total loan and receivables from exchange transactions	213 454 484	130 884 634
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#### Total loans and receivables

Non - Current portion	213 454 484	130 884 634
Current portion	16 199 764	34 481 939

### 4. Receivables from Exchange Transactions

Capital accrued	51 660	31 012
Entrepreneur Empowerment Property Fund	72 917 473	-
Guarantees with attorneys	-	7 654 953
Interest accrued	143 684	164 833
Sundry Debtors	1 530 225	1 180 420
	<b>74 643 042</b>	<b>9 031 218</b>

#### Receivables from exchange transactions

Capital accrued - comprise of capital owed to the GPF by Standard Bank on our Risk Participation Facility. These capital amounts are non interest bearing and are generally on 30 day terms.

Entrepreneur Empowerment Property Fund - comprise of a donation from the Gauteng Department of Human Settlements to the GPF. This amount is non interest bearing and are generally on 30 days terms. (Refer to note 3).

Guarantees with Attorneys - comprise of money held in Trust by attorneys until such time that bonds are registered and transfer has taken place. These guarantees are interest bearing and are generally between 30 and 180 day terms. (Refer to note 3).

Interest accrued - comprise of interest owed on the GPF's bank accounts by Absa Bank, Standard Bank on our Risk Participation Facility and guarantee interest accrued. These interest amounts are non- interest bearing and are generally on 30 day terms.

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### 4. Receivables from Exchange Transactions (continued)

Receivables from exchange transactions - Sundry debtors consist of prepayments and contract recovery fees owed by clients. These amounts are non-interest bearing.

#### Credit quality of trade and other receivables

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.

#### Fair value of trade and other receivables

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.

### 5. Available-for-Sale Investments

Name of entity	Listed / Unlisted	% holding 2014	Carrying amount 2014	Carrying amount 2013
Greater Germiston Inner City Housing Company Phase 11(Pty) Ltd - Nominal amount	Unlisted	7,41%	4 000 000	4 000 000
Impairment			(3 999 999)	(3 999 999)
Fair value			1	1
Greater Germiston Inner City Housing Company Pharo Park (Pty) Ltd - Nominal amount	Unlisted	6,54%	4 000 000	4 000 000
Impairment			(3 999 999)	(3 999 999)
Fair value			1	1
Brickfields Housing Company (Pty) Ltd - Nominal amount	Unlisted	13,34%	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 adjustment 2010			(7 618 593)	(7 618 593)
Fair value adjustment 2011			7 227 745	7 227 745
Fair value adjustment 2012			2 003 401	2 003 401
Fair value adjustment 2013			1 834 117	1 834 117
Settlement 2014			(13 481 671)	-
Non Current Assets Available-for-sale			2	13 481 673

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## 5. Available-for-Sale Investments (continued)

### Available-for-sale

Available-for-sale financial investments 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.

The equity investments 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 valuations were done using the discounted cashflow technique and has been valued at nil. The repayments of the investments have been determined by a put and call option between Gauteng Partnership Fund and the Ekurhuleni 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 put and call options endure until June 2015.

The equity investment in Brickfields Housing Company (Pty) Ltd has been repaid (2013:R13,481,673) and was valued using the discounted cash flow technique. The cost of this investment was R10,000,000. This investment consisted of 300 ordinary shares of R1 each and a loan of R9,999,700. This loan investment was unsecured, bear interest from time to time at a rate not exceeding 25%. The repayment thereof has been determined by a put and call option between Gauteng Partnership Fund and Johannesburg Housing Company (Pty) Ltd. The put option period commenced on 1 July 2013 and terminated on 31 July 2015. The exercise of the put option was subject to the condition that all loan facility amounts and creditors are repaid in full. The Gauteng Partnership Trust had granted a call option to Johannesburg Housing Company (Pty) Ltd. The call option commenced 1 July 2003 and terminated 30 June 2013 as is stipulated in the loan agreement entered into by the former two parties. Brickfields Housing Company (Pty) Ltd exercised their call option in July 2013. Interest of R2,499,992 (2013: R2,499,992) was received during the 2014 year. The call option was a derivative and had been recognised as a liability since the fair value of R9,701,980 is below the fair value of R13,481,671 as calculated.(Refer to note 8).

### Derivatives

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

- 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, of other variable, provided in the case of a non-financial variable that the variable is not specified to a party in the contract;
- It requires no initial net investment or an initial net investment that is smaller than what would be required for other types of contracts that would be expected to have similar response to changes in market factors;
- It is settled at a future date.

The put/call option is considered a derivative financial instrument due to the following:

- The put/call 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;
- The put/call option required no initial net investment in terms of shareholders agreement; and

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### 5. Available-for-Sale Investments (continued)

c) The put/call option is going to be settled at a future date once the company has repaid the interest free loan to GPF and has paid the dividend to compensate 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 investments

The credit quality of financial investments 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 Greater Germiston Inner City Housing Corporation Phase II and Greater Germiston Inner City Housing Corporation Pharoe Park as being high as the companies models are not sustainable and therefore have impaired the loans.

### 6. Property, Plant and Equipment

	2014			2013		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	1 229 648	(462 905)	766 743	1 171 216	(357 124)	814 092
Motor vehicles	161 076	(133 074)	28 002	161 076	(126 485)	34 591
Office equipment	1 615 976	(929 429)	686 547	1 607 121	(784 298)	822 823
Computer equipment	2 073 972	(1 033 747)	1 040 225	1 789 163	(692 399)	1 096 764
Leasehold improvements	2 837 843	(1 774 148)	1 063 695	2 837 843	(1 242 301)	1 595 542
<b>Total</b>	<b>7 918 515</b>	<b>(4 333 303)</b>	<b>3 585 212</b>	<b>7 566 419</b>	<b>(3 202 607)</b>	<b>4 363 812</b>

#### Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Total
Furniture and fixtures	814 092	58 683	-	(106 032)	-	766 743
Motor vehicles	34 591	-	-	(6 589)	-	28 002
Office equipment	822 823	212 646	-	(348 426)	(496)	686 547
Computer equipment	1 096 764	367 816	(26 415)	(397 462)	(478)	1 040 225
Leasehold improvements	1 595 542	-	-	(531 847)	-	1 063 695
	<b>4 363 812</b>	<b>639 145</b>	<b>(26 415)</b>	<b>(1 390 356)</b>	<b>(974)</b>	<b>3 585 212</b>

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### 6. Property, Plant and Equipment (continued)

#### Reconciliation of property, plant and equipment - 2013

	2014			2013		
	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Total
Furniture and fixtures	964 001	5 962	-	(152 060)	(3 811)	814 092
Motor vehicles	62 263	-	-	(27 672)	-	34 591
Office equipment	1 174 277	23 340	-	(371 959)	(2 835)	822 823
Computer equipment	1 273 202	234 511	(17 029)	(376 226)	(17 694)	1 096 764
Leasehold improvements	2 125 065	2 166	-	(531 689)	-	1 595 542
	<b>5 598 808</b>	<b>265 979</b>	<b>(17 029)</b>	<b>(1 459 606)</b>	<b>(24 340)</b>	<b>4 363 812</b>

#### Pledged as security

No assets were pledged as security.

#### Change in estimate

Motor vehicles, Computer Equipment and Furniture and Fittings have been subject to a change in estimate due to review of useful lives. Refer to note 31.

#### Assets subject to finance lease (Net carrying amount)

IT equipment	137 129	-
Office equipment	248 762	263 495
	<b>385 891</b>	<b>263 495</b>

#### Other information

#### Property, plant and equipment fully depreciated and still in use (Gross carrying amount)

Furniture and fittings	19	19
Office equipment	24	31
Computer equipment	43	110
	<b>86</b>	<b>160</b>

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### 7. Intangible Assets

	Cost	2014 Accumulated amortisation	Carrying value	Cost	2013 Accumulated amortisation	Carrying value
Computer software	1 669 323	(755 557)	913 766	1 586 058	(892 478)	693 580

#### Reconciliation of intangible assets - 2014

	Opening balance	Additions	Amortisation	Total
Computer software	693 580	784 723	(564 537)	913 766

#### Reconciliation of intangible assets - 2013

	Opening balance	Additions	Amortisation	Total
Computer software	1 016 245	511 426	(834 091)	693 580

#### Pledged as security

No assets were pledged as security:

#### Other information

Fully amortised intangible assets still in use	-	6
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### 8. Derivative

Call option	-	3 779 691
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Brickfields Housing Company (Pty) Ltd decided to exercise their right to call the option. The GPF had raised a liability being the difference between the fair value of R13,481,671 and the fair value of the amount being called at R9,701,980 in the prior period. (Refer to note 5.)

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<b>9. Deferred Income</b>		
<b>Movement during the year</b>		
Balance at the beginning of the year	118 434 971	162 129 737
Additions during the year	322 917 473	-
Income recognition during the year	(108 771 420)	(43 694 766)
	<b>332 581 024</b>	<b>118 434 971</b>

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

The additions during the year represents government grants received from the Gauteng Departments of Human Settlements. (Refer to note 26).

## 10. Finance Lease Obligation

### Minimum lease payments due

- within one year	322 895	261 337
- in second to fifth year inclusive	190 712	145 233
	513 607	406 570
less: future finance charges	(41 106)	(28 657)
<b>Present value of minimum lease payments</b>	<b>472 501</b>	<b>377 913</b>

### Present value of minimum lease payments due

- within one year	294 539	237 690
- in second to fifth year inclusive	177 962	140 223
	<b>472 501</b>	<b>377 913</b>

Non-current liabilities	177 962	140 223
Current liabilities	294 539	237 690
	<b>472 501</b>	<b>377 913</b>

These leases are linked to prime lending rate with no escalation and for a period of two to three years.

The entity's obligations under finance leases are secured by the lessor's title over the leased assets. (Refer to Note 6).

The photocopiers, telephone systems and ipads under the finance leases are currently depreciated over the lease term of three years.

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### 11. Operating Lease Accrual

Non-current liabilities	235 800	-
Current liabilities	-	-
	<b>235 800</b>	<b>-</b>

Operating lease rentals represents rentals payable by the Trust to Acucap Management Services (Pty) Ltd for office premises. The lease was for three years with an escalation of 8% annually. The lease expires in March 2016.

#### Minimum lease payments

- within one year	3 100 622	-
- in second to fifth year	3 348 672	-
	<b>6 449 294</b>	<b>-</b>

### 12. Payables from Exchange Transactions

Accruals	1 035 373	408 543
Gauteng Department of Human Settlements	261 812 736	698 266 710
Sundry creditors	21 900	44 569
	<b>262 870 009</b>	<b>698 719 822</b>

Accruals - comprise of accruals at the reporting date. These are non-interest bearing and normally settled on 30 day terms.

Gauteng Department of Human Settlements - represents deposits held and interest accrued. 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 26).

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

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### 13. Provisions

#### Reconciliation of provisions - 2014

	Opening Balance	Additions	Utilised during the year	Total
Provision for leave pay	413 423	688 539	(413 423)	688 539
Provision for bonuses	3 209 112	2 727 616	(3 209 112)	2 727 616
	<b>3 622 535</b>	<b>3 416 155</b>	<b>(3 622 535)</b>	<b>3 416 155</b>

#### Reconciliation of provisions - 2013

	Opening Balance	Additions	Utilised during the year	Total
Provision for leave pay	366 653	413 423	(366 653)	413 423
Provisions for bonuses	2 658 729	3 209 112	(2 658 729)	3 209 112
	<b>3 025 382</b>	<b>3 622 535</b>	<b>(3 025 382)</b>	<b>3 622 535</b>

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 obligation was settled in July 2013.

### 14. Other Components of Net Assets

Available-for-sale financial instruments	-	1 231 149
	-	1 834 117
	-	<b>3 065 266</b>

The available-for-sale asset reserve is non-distributable and comprised all fair value adjustments on available-for-sale financial investments. When an asset or liability is derecognised, the fair value adjustments relating to that asset or liability is transferred to surplus or deficit. (Refer to note 5).

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<b>15. Revenue</b>		
Deferred income transferred to revenue - Government grants	108 771 420	43 694 766
Revenue from exchange transactions - Interest received from banks	28 230 044	26 252 621
Revenue from exchange transactions - Actual interest received from loans and receivables	13 194 316	8 637 066
Revenue from exchange transactions - Interest calculated using the effective interest rate method from loans and receivables	6 441 580	5 361 083
	<b>156 637 360</b>	<b>83 945 536</b>

### 16. Interest Received from Banks

Current accounts	2 124 792	2 244 565
Capital account	26 083 160	24 007 060
Call accounts	22 092	996
	<b>28 230 044</b>	<b>26 252 621</b>

### 17. Other Income

Contract recovery costs	4 203 070	2 204 830
Profit on sale of assets	-	10 332
	<b>4 203 070</b>	<b>2 215 162</b>

Contract recovery costs are costs charged to borrowers for the recovery of the GPF's operational expenditure.

Profit on sale of assets relates to net profit on assets disposed (Refer to note 6).

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### 18. Operating Surplus

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

Audit fee	801 258	812 266
Internal audit fee	773 397	538 764
	<b>1 574 655</b>	<b>1 351 030</b>

#### Operating lease charges

Premises		
➤ Contractual amounts	3 054 610	2 549 695
➤ Utilities	162 958	356 770
Equipment		
➤ Contractual amounts	4 616	10 746
	<b>3 222 184</b>	<b>2 917 211</b>

(Loss) gain on sale of property, plant and equipment	(2 280)	10 332
Impairment on property, plant and equipment	974	24 340
Amortisation on intangible assets	564 537	834 091
Depreciation on property, plant and equipment	1 390 355	1 459 606
Employee costs	26 727 550	24 373 055

### 19. General Expenses

Auditors remuneration	1 574 655	1 351 030
Bank charges	51 926	32 854
Computer expenses	-	8
Consulting and professional fees	8 712 147	5 727 397
Entertainment	161 016	179 324
Insurance	273 785	271 472
Lease rentals on operating lease	3 222 184	2 917 211
Marketing	1 134 757	1 597 364
Magazines, books and subscriptions	164 747	171 700
Fuel and oil	5 225	5 258
Postage and courier	13 753	6 657
Printing and stationery	390 339	225 455
Security	9 009	7 323
Telephone and fax	740 600	684 736
Training	457 637	454 980
Travel	366 120	143 815
Offsite storage	10 384	10 527
	<b>17 288 284</b>	<b>13 787 111</b>

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<b>20. Fair Value Adjustments</b>		
Day one loss on finance lease	(12 683)	-
Provisions for bonuses	(91)	27 390
Social benefit on loans and receivables	(22 248 924)	(11 808 552)
	<b>(22 261 698)</b>	<b>(11 781 162)</b>

Day one loss on finance lease relates to the difference in the market value of the finance lease and the future minimum lease payments in 2012.

The fair value adjustment on the provision for bonuses relates to the timing the payment. (Refer to note 13).

The fair value adjustment on the provision for leave pay relates to the timing the payment. (Refer to note 13).

The social benefit adjustment on loans and receivables relates to the discounted rates the GPF provides to borrowers. (Refer to note 3).

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<b>21. Impairment of Loans and Receivables from Exchange Transactions</b>		
Impairment loss - Aquarella Investment 360 (Pty) Ltd - 85 - 87 Quartz Street	(6 275)	-
Due to delays in construction the moratorium on payments was extended resulting in impairment the loan. (Refer note 3)		
Impairment loss reversal - Greater Germiston Inner City Housing Corporation Phase 11 (Pty) Ltd	-	2 099 999
The loans have been written up to the extent of repayments of RNil (2013:R2,100,000). (Refer note 3)		
Impairment loss reversal - Greater Germiston Inner City Housing Corporation Pharoe Park (Pty) Ltd	-	2 099 999
The loans have been written up to the extent of repayments of RNil (2013:R2,100,000). (Refer note 3)		
Impairment loss - Bixowise CC t/a Kingdom Properties CC - Erf 278 Primrose Hill	(10 283)	-
Due to delays in construction the moratorium on payments was extended resulting in impairment the loan. (Refer note 3)		
Impairment loss - Clare Water (Pty) Ltd - Erf 1509 Discovery, Roodepoort	(12 161)	-
Due to delays in construction the moratorium on payments was extended resulting in impairment the loan. (Refer note 3)		
Impairment loss - Clidet No. 1024 (Pty) Ltd - 44 Wanderers	(16 662)	-
Due to delays in construction the moratorium on payments was extended resulting in impairment the loan. (Refer note 3)		
Impairment loss - Lionshare New Prop CC - Lubraco House	(25 507)	-
The loan was impaired as the client was experiencing cashflow problems and was unable to settle the capital instalment due. (Refer note 3)		
Impairment loss - Tsebo Consumables Supplies (Pty) Ltd - Erf 256 Kempton	(8 467)	-
Due to delays in construction the moratorium on payments was extended resulting in impairment the loan. (Refer note 3)		
Impairment loss - Zakhele Investments CC - Erf 257 Kempton Park	(14 339)	-
Due to delays in construction the moratorium on payments was extended resulting in impairment the loan. (Refer note 3)		
Impairment Loss - Trust for Urban Housing Finance - Bridging Facility (Pty) Ltd	(186 384)	-
The company failed to settle its obligation by September 2013. The delay in settlement resulted in an impairment. The loan was finally settled in December 2013.		
	<b>(280 078)</b>	<b>4 199 998</b>

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### 22. Finance Costs

Finance lease	33 003	45 855
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Finance cost comprises of interest amortised for the finance lease.

### 23. Employee Related Costs

Basic	24 669 442	22 561 943
Medical aid - company contributions	779 416	609 818
Life cover	379 927	209 187
Retirement annuity	898 765	992 107
	<b>26 727 550</b>	<b>24 373 055</b>

### 24. Taxation

No provision has been made for 2014 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 2014 year.

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<b>25. Commitments</b>		
<b>Project Funding Commitments</b>		
Amaveni Capital (Pty) Ltd - Erven 337 & 338 City of Johannesburg	5 250 000	-
Aquarella Investments 360 (Pty) Ltd - 85-87 Quartz Street	2 525 386	4 109 117
Bixowise CC t/a Kingdom Properties Enterprises - Erf 278 Primrose	3 948 752	3 995 130
BM Molefi Properties 241 (Pty) Ltd - Kgorong Estate	12 598 778	22 305 600
Bruzar Consulting Engineers (Pty) Ltd - Erven 484, 485 & 487 Ferndale	-	7 144 939
Cape Gannet Properties 175 (Pty) Ltd - Erf 42 Kempton Park	2 538 624	3 733 805
Castle Crest Properties 80 (Pty) Ltd - Erf 504 Pretoria	-	1 414 651
Clarewater (Pty) Ltd - Erf 1509 Discovery	1 320 848	3 221 542
Clidet No. 1024 (Pty) Ltd - 44 Wanderers	872 737	936 463
Comocap (Pty) Ltd -88 Relly Street 1232 Pretoria	-	2 000 000
CoMu Property Developers CC - 3103 Glen Marais	1 057 989	4 417 024
Crimson Clover 11(Pty) Ltd - Ascot Fashion House	242 106	242 106
DNM Estate CC - Erf 517 & 518 City & Suburban	1 245 478	6 603 000
Due East Marketing CC - Erf 1532 Springs	-	5 455 665
Eagle Valley Property 41 (Pty) Ltd - Ptn.1 of Erf 1908 Erasmus	5 577 000	-
Echo Canyon Trading (Pty) Ltd - 463 and 465 Hanny Street	5 605 527	5 605 527
Erf 273 Parktown Estate CC - Parktown Place Estate Development	-	7 353 384
Fundzo Trading (Pty) Ltd - Portion 15 of Erf 8489 Protea North	6 783 703	8 008 500
Golden City Properties (Pty) Ltd - Erf 142 & 143 Germiston CBD	9 134 720	-
Highlands Urban Living (Pty) Ltd - Erven 5,6 and 7 Highlands	12 844 693	-
Ikamvelihle Trading Enterprises CC - Erf 953 -956 Berea	3 352 709	5 741 351
Indigo Kulani Properties (Pty) Ltd - Erf 1676 Benoni	5 696 457	6 565 272
Intuthuko Fund (Pty) Ltd	6 450 000	10 000 000
Johannesburg Housing Company (Pty) Ltd - 117 Pritchard Street	-	7 889 286
Johannesburg Housing Company (Pty) Ltd - Crest Hotel	-	9 282 438
Johannesburg Social Housing Company (Pty) Ltd - City Deep	20 802 200	20 802 200
Johannesburg Social Housing Company (Pty) Ltd - Orlando Ekhasa	13 146 678	13 146 678
Johannesburg Social Housing Company (Pty) Ltd - Roodepoort	11 951 116	11 951 116
KDM Properties (Pty) Ltd - Erf 403	4 564 540	-
KTN Property Management Company (Pty) Ltd - Parklane Hotel	655 101	655 101
Kertrade 24 CC - Erf 4873 Johannesburg	6 606 600	-
Landopiont (Pty) Ltd - Erf 905,906 and 907 Kenilworth	4 377 954	-
Lashka 201 (Pty) Ltd - Buxton Development	-	3 720 295
Lukataedi (Pty) Ltd - Erf 739 Pretoria North	9 734 800	-
Lisinfo 282 Property (Pty) Ltd - Erf 1952 Malvern	122 351	272 351
Meilijian Construction and Development CC - Erf 232 Kempton Park	54 383	-
Meilijian Construction and Development CC - Erf 24 Kempton Park	6 937 097	-

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<b>25. Commitments (continued)</b>		
Meilijian Construction and Development CC - Erf 27 Kempton Park	9 047 338	-
Michaelson Investments (Pty) Ltd - Erf 658 Troyville	5 114 137	-
Molepu Properties (Pty) Ltd - Erf 101 & Erf 94 City and Suburban	-	4 120 326
MUMA Properties Investments (Pty) Ltd - Erf 978 Pretoria North	4 897 958	7 938 800
Nelisa Properties (Pty) Ltd - Erf 388 Windsor	8 905 168	-
Ninarich Trading 3 (Pty) Ltd - Betty Street Precinct	14 515 266	-
Ninawell - Erf 303 Laudium	7 500 000	-
Nonkwelo (Pty) Ltd - Erf 10 & 11 Hunter Street	3 604 611	4 483 696
Norvena Property Consortium - O'Reilly Street	21 375 900	21 375 900
Obten Investments (Pty) Ltd - Erf 564, Bertrams	9 097 665	-
Picroprop CC - Cape York Building	3 886 287	3 886 287
Rainbow Beach Trading 261 (Pty) Ltd - Sondela Village Daggafontein	2 662 371	12 672 939
Reatha Acquisition & Management (Pty) Ltd - Erf 185 Pretoria North	5 885 040	6 107 770
Rivavect Investment (Pty) Ltd - Central House	-	5 000 000
Sabiglo (Pty) Ltd - Erf 301 Windsor West, Randburg	9 115 000	-
Sakhazonke Investments (Pty) Ltd - Erf 252, Kempton Park	7 415 792	-
Shelfrank Four (Pty) Ltd - Phola Heights	18 410 684	18 410 684
Shukumani Trading Enterprises (Pty) Ltd - Erf 550 Bertrams	2 951 137	3 565 765
Simelani Business Solutions (Pty) Ltd - Erf 2682 Kempton Park	4 391 857	-
SOA Residential Village (Pty) Ltd - Erf 1532 Springs	2 148 717	-
Take Off Real Estate (Pty) Ltd - Jeppestown Project	2 955 327	2 955 327
Take Shape Properties 75 CC - Erf 4510, JHB	9 997 900	-
Tsebo Consumable Supplies CC - Erf 256 Kempton Park	-	1 468 234
Tumaini Properties and Real Estate CC - Erf 52 & 53 New Doornfontein	3 130 942	4 351 554
Trust for Urban Housing and Finance (Pty) Ltd	20 000 000	-
Valotorgue 199 CC - Erf 757 Pretoria North	4 698 400	6 149 675
Xando Trade or Invest 614 (Pty) Ltd - Erf 324 Princess Ext 49, Roodepoort	11 593 786	-
Yeast City Housing (Pty) Ltd - Salvokop	212 048	7 221 660
Yeast City Housing (Pty) Ltd - Thembelihle Village	48 085 150	-
Zakhele Investments CC - Erf 257 Kempton Park	705 806	3 567 470
Zevoli 269 (Pty) Ltd - Madison Lofts	2 814 237	2 814 237
Zwide & Dewa Investments (Pty) Ltd - Erf 424 & 425 Rhodesfield	7 056 709	-
	<b>418 173 560</b>	<b>292 662 865</b>

The obligation to Amaveni Capital (Pty) Ltd - Erven 337 & 338 City of Johannesburg was approved by the Trustees.

The obligation to Aquarella Investment 360 (Pty) Ltd - 85 -87 Quartz Street was approved by the Trustees. The borrower has started drawing down. (Refer to note 3).

The obligation to Bixowize CC t/a Kingdom Property Enterprises - Erf 278 Primrose Hill was approved by the Trustees. The borrower has started drawing down. (Refer to note 3).

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## 25. Commitments (continued)

The obligation to BM Molefi Properties 241 (Pty) Ltd- Kgorong Estate was approved by the Trustees. The borrower has started drawing down. (Refer to note 3).

The obligation to Bruzar Consulting Engineers (Pty) Ltd - Erven 484, 485 & 487 was cancelled during the year.

The obligation to Cape Gannet Properties 175 (Pty) Ltd - Erf 42 Kempton Park was approved by the Trustees. The borrower has started drawing down. (Refer to note 3).

The obligation to Castle Crest Properties 80 (Pty) Ltd - Erf 504 Pretoria was approved by the Trustees. The borrower has fully drawn down. (Refer to note 3).

The obligation to Clarewater (Pty) Ltd - Erf 1509 Discovery was approved by the Trustees. The borrower has started drawing down. (Refer to note 3).

The obligation to Clidet no 1024 (Pty) - 44 Wanderers was approved by the Trustees. The borrower has started drawing down. (Refer to note 3).

The obligation to Comocap (Pty) Ltd - 88 Relly Street 1232 Sunnyside Pretoria was approved by the Trustees. the borrower has fully drawn down. (Refer to note 3).

The obligation to CoMu Property Developers CC -3103 Glen Marais was approved by the Trustees. The borrower has started drawing down. (Refer to note 3).

The obligation to Crimson Clover (Pty) Ltd - Ascot Fashion House was approved by the Trustees. The borrower has started drawing down. (Refer to note 3).

The obligation to DNM Estate CC - Erf 517 & 518 City & Suburban was approved by the Trustees. The borrower has started drawing down. (Refer to note 3).

The obligation to Due East Marketing CC - Erf 1532 Springs was approved by the Trustees. The loan was transferred to SOA Residential Village (Pty) Ltd - Erf 1532 Springs.

The obligation to Eagle Valley Property 41 (Pty) Ltd - Ptn.1 of Erf 1908 Erasmus was approved by the Trustees.

The obligation to Echo Canyon Trading (Pty) Ltd - 463 and 465 Hanny Street was approved by the Trustees.

The obligation to Erf 273 Parktown Estate CC - Parktown Place Estate Development was approved by the Trustees. The amounts was reviewed and changed to R7,353,384. The borrower has fully drawn down. (Refer to note 3).

The obligation to Fundzo Trading (Pty) Ltd - Portion 15 of Erf 8489 Protea North was approved by the Trustees. The borrower has started drawing down. (Refer to note 3).

The obligation to Golden City Properties (Pty) Ltd - Erf 142 & 143 Germiston CBD was approved by the Trustees.

The obligation to Highlands Urban Living (Pty) Ltd - Erven 5,6 and & Highlands was approved by the Trustees.

The obligation to Ikamvelihle Trading Enterprises CC - Erf 953-956 Berea was approved by the Trustees. The borrower has started drawing down. (Refer to note 3).

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### 25. Commitments (continued)

The obligation to Indigo Kulani Properties(Pty) Ltd - Erf 1676 Benoni was approved by the Trustees. The borrower has started drawing down. (Refer to note 3).

The obligation to Intuthuko Fund (Pty) Ltd was approved by the Trustees. The borrower has started drawing down. (Refer to note 3).

The obligation to Johannesburg Housing Company (Pty) Ltd - 117 Pritchard Street was approved by the Trustees. The borrower has fully drawn down. (Refer to note 3).

The obligation to Johannesburg Housing Company (Pty) Ltd - Crest Hotel was approved by the Trustees. The borrower has fully drawn down. (Refer to note 3).

The obligation to Johannesburg Social Housing Company (Pty) Ltd - City Deep was approved by the Trustees.

The obligation to Johannesburg Social Housing Company (Pty) Ltd - Orlando Ekhaya was approved by the Trustees.

The obligation to Johannesburg Housing Company (Pty) Ltd - Crest Hotel was approved by the Trustees.

The obligation to Johannesburg Social Housing Company (Pty) Ltd - Roodepoort was approved by the Trustees.

The obligation to KDM Properties (Pty) Ltd - Erf 403 was approved by the Trustees.

The obligation to KTN Property Management (Pty) Ltd - Parklane Hotel was approved by the Trustees. The borrower has started drawing down. (Refer to note 3).

The obligation to Kertrade 24 CC - Erf 4873 Johannesburg was approved by the Trustees.

The obligation to Landopiont (Pty) Ltd - Erf 905,906 and 907 Kenilworth was approved by the Trustees.

The obligation to Lashka 201 (Pty) Ltd - Buxton Development was cancelled during the year.

The obligation to Lukataedi (Pty) Ltd - Erf 739 Pretoria North was approved by the Trustees.

The obligation to Lisinfo 282 Property (Pty) Ltd - Erf 1952 Malvern was approved by the Trustees. The borrower has started drawing down. (Refer to note 3).

The obligation to Meilijian Construction and Development CC - Erf 232 Kempton Park was approved by the Trustees. The borrower has started drawing down. (Refer to note 3).

The obligation to Meilijian Construction and Development CC - Erf 24 Kempton Park was approved by the Trustees. The borrower has started drawing down. (Refer to note 3).

The obligation to Meilijian Construction and Development CC - Erf 27 Kempton Park was approved by the Trustees.

The obligation to Michaelson Investments (Pty) Ltd - Erf 658 Troyville was approved by the Trustees. The borrower has started drawing down. (Refer to note 3).

The obligation to Molepu Properties (Pty) Ltd - Erf 101 & Erf 94 City and Suburban was cancelled during the year.

The obligation to MUMA Property Investments (Pty) Ltd - Erf 978 Pretoria North was approved by the Trustees. The borrower has started drawing down. (Refer to note 3).

The obligation to Ninarich trading 3 (Pty) Ltd - Betty Street Precinct was approved by the Trustees. The borrower has started drawing down. (Refer to note 3).

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### 25. Commitments (continued)

The obligation to Nelisa Properties (Pty) Ltd - Erf 388 Windsor was approved by the Trustees. The borrower has started drawing down. (Refer to note 3).

The obligation to Ninawell - Erf 303 Laudium was approved by the Trustees.

The obligation to Norvena Property Consortium - O'Reilly Street was approved by the Trustees.

The obligation to Nonkwelo (Pty) Ltd - Erf 10 & 11 Hunter Street was approved by the Trustees. The borrower has started drawing down. (Refer to note 3).

The obligation to Obten Investments (Pty) Ltd - Erf 564, Bertrams was approved by the Trustees.

The obligation to Picroprop CC - Cape York Building was approved by the Trustees.

The obligation to Rainbow Beach Trading 261 (Pty) Ltd - Sondela Village Daggafontein was approved by the Trustees. The borrower has started drawing down. (Refer to note 3).

The obligation to Reatha Acquisition & Management (Pty) Ltd - Erf 1815 Pretoria North was approved by the Trustees. The amount was reviewed and changed to R5,885,040.

The obligation to Rivavect Investment (Pty) Ltd - Central House was approved by the Trustees. The borrower has started drawing down. (Refer to note 3).

The obligation to Sabiglo (Pty) Ltd - Erf 301 Windsor West, Randburg was approved by the Trustees.

The obligation to Sakhazonke Investments (Pty) Ltd - Erf 252, Kempton Park was approved by the Trustees.

The obligation to Simelani Business Solutions (Pty) Ltd - Erf 2682 Kempton Park was approved by the Trustees.

The obligation to Shelfrank Four (Pty) Ltd - Phola Heights was approved by the Trustees.

The obligation to Shukumani Trading Enterprises (Pty) Ltd - Erf 550 Bertrams was approved by the Trustees. The borrower has started drawing down. (Refer to note 3).

The obligation to Simelani Business Solutions (Pty) Ltd - Erf 2682 Kempton Park approved by the Trustees. The borrower has started drawing down. (Refer to note 3).

The obligation to SOA Residential Village (Pty) Ltd - Erf 1532 Springs was approved by the Trustees. The borrower has started drawing down. (Refer to note 3).

The obligation to Take Off Real Estate (Pty) Ltd - Jeppestown Project was approved by the Trustees. The borrower has started drawing down. (Refer to note 3). This loan has been provided for as a doubtful debt and the project is on hold.

The obligation to Take Shape Properties 75 CC - Erf 4510, JHB was approved by the Trustees.

The obligation to Tsebo Consumable Supplies CC - Erf 256 Kempton Park was approved by the Trustees. The borrower has started drawing down. (Refer to note 3).

The obligation to Tumaini Properties and Real Estate CC - Erf 52 & 53 New Doornfontein was approved by the Trustees. The borrower has started drawing down. (Refer to note 3).

The obligation to Trust for Urban Housing Finance (Pty) Ltd was approved by the Trustees.

The obligation to Urban Quarter Investments (Pty) Ltd - Urban Quarter Affordable Rental Estate was cancelled during the year.

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### 25. Commitments (continued)

The obligation to Valotorgue 199 CC - Erf 757 Pretoria North was approved by the Trustees. R1,050,657 has been paid out to the transferring attorneys. The borrower has started drawing down. (Refer to note 3).

The obligation to Xando Trading or Invest 614 (Pty) Ltd - Erf 324 Princess Ext 49, Roodepoort was approved by the Trustees.

The obligation to Yeast City Housing (Pty) Ltd - Salvokop was approved by the Trustees. The borrower has started drawing down. (Refer to note 3).

The obligation to Yeast City Housing (Pty) Ltd - Thembelihle Village was approved by the Trustees.

The obligation to Zakhele Investments CC was approved by the Trustees. The borrower has started drawing down. (Refer to note 3).

The obligation to Zevoli 269 (Pty) Ltd - Madison Lofts was approved by the Trustees.

The obligation to Zwide & Dewa Investments (Pty) Ltd - Erf 424 & 425 Rhodesfield was approved by the Trustees. The borrower has started drawing down. (Refer to note 3).

### 26. Related Parties

#### Related Party Balances

The Trust was founded by the Gauteng Department of Human Settlements 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.

#### Gauteng Department of Human Settlements - Government Grants

Grants received	322 917 473	-
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During the year the Trust received government grants amounting to R322,917,473. (Refer to note 9)

#### Gauteng Department of Human Settlements - Deposits Held

Kliptown Project	8 735 985	159 295
Hostels Project and other programmes	88 462 641	458 951 893
Subsidies Program	164 614 110	239 155 522
	<b>261 812 736</b>	<b>698 266 710</b>

A service level agreement has been entered into between the Trust and the Founder where the Trust expedites payments to contractors and consultants for various projects.

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<b>26. Related Parties (continued)</b>		
<b>Related Party Transactions</b>		
<b>Non Executive Trustees fees</b>		
Z Fihlani	92 785	65 302
R Garach (Retired 28 October 2012)	-	58 466
L Khangala	136 950	-
L Makibinyane	97 405	53 489
D Maphatiane	67 320	58 239
P Mphahlele - (Chairperson Fees)	166 485	62 560
M Leshabane	89 100	-
S Mbanjwa	81 400	-
	<b>731 445</b>	<b>298 056</b>
<b>Chief Executive Officer's remuneration (Appointed 1 March 2014)</b>		
Basic	145 745	-
Retirement annuity contribution, medical aid and life cover	9 538	-
	<b>155 283</b>	<b>-</b>
<b>Chief Executive Officer's remuneration (Resigned 31 August 2013)</b>		
Basic	892 483	2 009 315
Performance bonus	826 796	707 436
Retirement annuity contribution, medical aid and life cover	58 070	131 169
	<b>1 777 349</b>	<b>2 847 920</b>
<b>Executive Management - Chief Investment Officer</b>		
Basic	1 534 204	1 505 171
Acting allowance (Acting as Chief Executive Officer)	156 766	-
Performance Bonus	413 970	393 038
Retirement annuity contribution, medical aid and life cover	99 499	101 637
	<b>2 204 439</b>	<b>1 999 846</b>
<b>Executive Management - Chief Financial Officer</b>		
Basic	1 577 053	1 446 837
Performance Bonus	434 943	376 956
Retirement annuity contribution, medical aid and life cover	105 248	102 058
	<b>2 117 244</b>	<b>1 925 851</b>
<b>Executive Management - Acting Chief Investment Officer</b>		
Acting allowance	248 478	-

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### 26. Related Parties (continued)

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

#### Office rental

Gauteng Funding Agency	-	2 744 366
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The Trust entered into a lease agreement with the Gauteng Project Office, a trading entity. The lease was for the first floor of 82 Grayston Drive. The lease expired in March 2013. The Trust has entered into a new lease with Acucap (Pty) Ltd which commenced from April 2013.

### 27. Financial Risk Management and Objectives

#### Objective

The Trust's principal financial instruments comprise of 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 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 project 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 2014. Liquidity risk is currently 19% (2013: 50%). Liquidity risk is calculated by dividing the financial and non financial liabilities by the financial assets as per the table shown below:

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### 27. Financial Risk Management and Objectives (continued)

Financial Assets 2014	Due or due not later than one month	Due later than one month but not later than three months	Due later than three months but not later than one year	Due later than one year but not later than five years	Due later than five years	Total
Available-for-sale investments	-	-	-	8 000 000	-	8 000 000
Loans and receivables from exchange transactions	1 073 935	3 260 850	24 611 668	132 722 098	252 951 861	414 620 412
Cash and cash equivalents	897 947 660	-	-	450 000	-	898 397 660
Receivables from exchange transactions	74 643 042	-	-	-	-	74 643 042
	<b>973 664 637</b>	<b>3 260 850</b>	<b>24 611 668</b>	<b>141 172 098</b>	<b>252 951 861</b>	<b>1 395 661 114</b>
Financial and Non-financial Liabilities 2014	Due or due not later than one month	Due later than one month but not later than three months	Due later than three months but not later than one year	Due later than one year but not later than five years	Due later than five years	Total
Payables from exchange transactions	(1 057 273)	-	-	-	-	(1 057 273)
Non-financial liabilities						
Finance lease	(32 553)	(65 106)	(225 236)	(190 712)	-	(513 607)
Deposits held on behalf of Gauteng Department of Human Settlements	(261 812 736)	-	-	-	-	(261 812 736)
Provisions	-	-	(3 416 155)	-	-	(3 416 155)
	<b>(262 902 562)</b>	<b>(65 106)</b>	<b>(3 641 391)</b>	<b>(190 712)</b>	<b>-</b>	<b>(266 799 771)</b>
	<b>710 762 075</b>	<b>3 195 744</b>	<b>20 970 277</b>	<b>140 981 386</b>	<b>252 951 861</b>	<b>1 128 861 343</b>

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### 27. Financial Risk Management and Objectives (continued)

Financial Assets 2013	Due or due not later than one month	Due later than one month but not later than three months	Due later than three months but not later than one year	Due later than one year but not later than five years	Due later than five years	Total
Available-for-sale investments	-	-	9 924 518	8 000 000	-	17 924 518
Loans and receivables from exchange transactions	960 704	501 306	35 858 621	84 127 664	95 397 151	216 845 446
Cash and cash equivalents	1 147 774 011	-	-	450 000	-	1 148 224 011
Receivables from exchange transactions	9 031 218	-	-	-	-	9 031 218
	<b>1 157 765 933</b>	<b>501 306</b>	<b>45 783 139</b>	<b>92 577 664</b>	<b>95 397 151</b>	<b>1 392 025 193</b>
Financial and Non-financial Liabilities 2013	Due or due not later than one month	Due later than one month but not later than three months	Due later than three months but not later than one year	Due later than one year but not later than five years	Due later than five years	Total
Payables from exchange transactions	(453 112)	-	-	-	-	(453 112)
Finance lease	(23 793)	(47 586)	(189 958)	(145 233)	-	(406 570)
Deposits held on behalf of Gauteng Department of Human Settlements	(698 266 710)	-	-	-	-	(698 266 710)
Provisions	(440 813)	-	(3 285 456)	-	-	(3 726 269)
	<b>(699 184 428)</b>	<b>(47 586)</b>	<b>(3 475 414)</b>	<b>(145 233)</b>	<b>-</b>	<b>(702 852 661)</b>
	<b>458 581 505</b>	<b>453 720</b>	<b>42 307 725</b>	<b>92 432 431</b>	<b>95 397 151</b>	<b>689 172 532</b>

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## 27. Financial Risk Management and Objectives (continued)

### 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 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 unexpected changes in cashflows.

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 50 basis points on the current interest rates of the receivables from exchange transaction. Management considers a range of 50 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(R'000)
2014	-	-
Effect of an increase in basis points on surplus	50	660
Effect of a decrease in basis points on surplus	(50)	(660)
2013	-	-
Effect of an increase in basis points on surplus	50	432
Effect of a decrease in basis points on surplus	(50)	(432)
	-	-

### Credit Risk

Credit risk is the risk that a counterparty 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 transaction, 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 R1,202,694,950 (2013: R1,322,621,802) equal to the carrying amount of loans and receivables from exchange transactions, cash and cash equivalents and receivables from exchange transaction.

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### 27. Financial Risk Management and Objectives (continued)

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 or impaired
ABSA - Subsidised Loan Facility	4 997 731	Suretyship held by ABSA for the total loan granted to the borrower	Seven years from date of disbursement of loan with final repayment on 31/01/2015	Performing
Aquarella Investment 360 (Pty) Ltd - 85-87 Quartz Street	1 906 858	Mortgage bond held by Gauteng Partnership Fund for the total loan	Two years from disbursement date with a final repayment on 30/11/2032	Impaired
Before Sunset Properties (Pty) Ltd - 11 Maclaren Street	2 217 440	Mortgage bond held by Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 31/01/2028	Performing
Bixowise CC t/a kingdom Properties CC - Erf 278 Primrose Hill	1 079 664	Mortgage bond held by Gauteng Partnership Fund for the total loan	Two years from disbursement date with a final repayment on 30/09/2027	Impaired
BM Molefi Properties 241 (Pty) Ltd - Kgorong Estate	8 146 555	Mortgage bond held by Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 31/12/2033	Performing
Brickfields Housing Company (Pty) Ltd	10 241 412	Redeemable Preference Shares	Redemption date is on 1/4/2016	Performing
Cape Gannet Properties 175 (Pty) Ltd - Erf 42 Kempton Park	871 744	Mortgage bond held by Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 31/05/2033	Performing
Castle Crest Properties 80 (Pty) Ltd - Erf 504 Pretoria	2 864 309	Mortgage bond held by Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 31/12/2032	Performing
Clare Water (Pty) Ltd - Erf 1509 Discovery, Roodepoort	2 821 117	Mortgage bond held by Gauteng Partnership Fund for the total loan	Two years from disbursement date with a final repayment on 31/12/2032	Impaired
Clidet No. 1024 (Pty) Ltd - 44 Wanderers	4 946 186	Mortgage bond held by Gauteng Partnership Fund for the total loan	Two years from disbursement date with a final repayment on 30/06/2027	Impaired
Comu Property Developers CC - 3103 Glen Marias	4 242 412	Mortgage bond held by Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 31/07/2028	Performing

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### 27. Financial Risk Management and Objectives (continued)

Comucap (Pty) Ltd - 88 Relly Street	1 808 587	Mortgage bond held by Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 31/12/2028	Performing
Crimson Clover Trading 11 (Pty) Ltd - Ascot Fashion House	3 896 954	Mortgage bond held by Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 31/05/2032	Performing
DNM Estate CC - Erf 517 & 518 City and Suburban	4 066 949	Mortgage bond held by Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 31/12/2033	Performing
Erf 273 Parktown Estate CC - Parktown Place Development	6 079 892	Mortgage bond held by Gauteng Partnership Fund for the total loan	Nineteen months from disbursement date with a final repayment in 31/12/2033	Performing
Fundzo Trading (Pty) Ltd - Portion 15 of Erf 8489 Protea North	714 620	Mortgage bond held by Gauteng Partnership Fund for the total loan	Five years from disbursement date with a final repayment on 31/12/2018	Performing
Highlands Urban Living (Pty) Ltd - Highlands Lofts	7 186 914	Mortgage bond held by Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 30/09/2024	Performing
Ikamvelihle Trading Enterprises CC - Erf 953-956 Berea	1 431 365	Mortgage bond held by Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 31/08/2033	Performing
Indigo Kulani Properties (Pty) Ltd - Erf 1676 Benoni	792 015	Mortgage bond held by Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 31/08/2033	Performing
Johannesburg Housing Company (Pty) Ltd - 117 Pritchard Street	9 452 810	Mortgage bond held by Gauteng Partnership Fund for the total loan	Immediate from disbursement date with a final repayment on 31/03/2028	Performing
Johannesburg Housing Company (Pty) Ltd - Crest Hotel	12 509 821	Mortgage bond held by Gauteng Partnership Fund for the total loan	Immediate from disbursement date with a final repayment on 31/03/2028	Performing
Johannesburg Housing Company (PTY)Ltd - Hlanganani	12 514 489	Mortgage bond held by Gauteng Partnership Fund for the total loan	Immediate from disbursement date with a final repayment in 30/09/2024	Performing
KTN Properties (PTY) Ltd - Parklane	756 909	Mortgage bond held by Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 31/07/2018	Performing
Lionshare New Properties CC - Lubraco House	2 240 208	Mortgage bond held by Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 31/07/2024	Impaired
Lisinfo 282 Property (Pty) Ltd - Erf 1952 Malvern	3 601 033	Mortgage bond held by Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 31/07/2024	Performing

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### 27. Financial Risk Management and Objectives (continued)

Madulamoho Housing Association - Allenby House	2 228 294	Mortgage bond held by Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 31/10/2024	Performing
Madulamoho Housing Association- Fleurhof Views	19 404 823	Mortgage bond held by Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 31/01/2027	Performing
Madulamoho Housing Association- Jabulani	20 554 913	Mortgage bond held by Gauteng Partnership Fund for the total loan	Six months from disbursement date with a final repayment on 31/03/2028	Performing
Maseleng Investments (Pty) Ltd - Montrose Mansions	882 880	Mortgage bond held by Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 30/09/2024	Performing
Meilijian Construction and Development CC - Erf 232 Kempton Park	1 993 950	Mortgage bond held by Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 30/09/2027	Performing
Meilijian Construction and Development CC - Erf 24 Kempton Park	1 855 069	Mortgage bond held by Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 31/03/2034	Performing
Michaelson Investments (Pty) Ltd - Erf 658 Troyeville	294 254	Mortgage bond held by Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 30/11/2033	Performing
Multidirect Investment 8 (Pty) Ltd - Erf 1815 Pretoria North	42 240	Mortgage bond held by Gauteng Partnership Fund for the total loan	5 years from disbursement date with a final repayment on 31/12/2022	Performing
Muma Properties Investments (Pty) Ltd - Erf 978 Pretoria North	2 195 884	Mortgage bond held by Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 31/05/2033	Performing
Nelisa Properties (Pty) Ltd - Erf 388 Windsor	401 551	Mortgage bond held by Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 31/05/2033	Performing
Ninarich Trading 3 (Pty) Ltd - Betty Street Precinct	2 859 139	Mortgage bond held by Gauteng Partnership Fund for the total loan	Two years from disbursement date with a final repayment on 31/03/2034	Performing
Nonkwelo (Pty) Ltd - Erf 10 & 11 Hunter Street	1 467 939	Mortgage bond held by Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 31/05/2033	Performing
Rainbow Beach Trading 261 (Pty) Ltd - Sondela Village Daggafontein	9 067 150	Mortgage bond held by Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 30/09/2027	Performing
Rivavect Investments (Pty) Ltd - Central House	4 684 026	Mortgage bond held by Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 31/03/2029	Performing
Standard Bank - Subsidised Loan Facility	660 534	Mortgage bond held by Gauteng Partnership Fund for the total loan	Immediate from date of disbursement date with a final repayment on 30/11/2015	Performing

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### 27. Financial Risk Management and Objectives (continued)

Simelani Business Solutions (Pty) Ltd - Erf 2682 Kempton Park	2 157 211	Mortgage bond held by Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 31/05/2033	Performing
Shukumani Trading Enterprises (Pty) Ltd Erf 550 Bertrams	1 030 926	Mortgage bond held by Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 30/06/2033	Performing
SOA Residential Village (Pty) Ltd - Erf 1532 Selcourt Springs	2 410 035	Mortgage bond held by Gauteng Partnership Fund for the total loan	Five years from disbursement date with a final repayment on 30/09/2022	Performing
Take Off Real Estate (Pty) Ltd - Jeppetown Project	1	Mortgage bond held by Gauteng Partnership Fund for the total loan	Four years from disbursement date with a final repayment in 30/11/2019	Provision for bad debt raised
Tenitor Properties (Pty) Ltd - The Ridge Hotel	10 417 586	Mortgage bond held by Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 30/04/2031	Performing
Trust for Urban Housing Finance Intuthuko (Pty) Ltd	12 761 027	Mortgage bond held by Gauteng Partnership Fund for the total loan	Seven years with a final repayment date on 31/08/2020	Performing
Tsebo Consumable Supplies (Pty) Ltd - Erf 256 Kempton	3 311 643	Mortgage bond held by Gauteng Partnership Fund for the total loan	Fifteen months from disbursement with a final repayment date on 31/10/2032	Impaired
Tumaini Properties and Real Estate CC - Erf 52 & 53 New Doornfontein	857 080	Mortgage bond held by Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 30/11/2033	Performing
Valotorgue 199CC - Erf 757 Pretoria North	991 224	Mortgage bond held by Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 30/10/2033	Performing
Yeast City Housing (Pty) Ltd - Tau Village	5 054 122	Mortgage bond held by Gauteng Partnership Fund for the total loan	One year from disbursement with a final repayment date 31/10/2032	Performing
Yeast City Housing (Pty) Ltd - Salvokop	5 974 770	Mortgage bond held by Gauteng Partnership Fund for the total loan	Two years from disbursement with a final repayment date on 31/10/2032	Performing
Zakhele Investments CC - Erf 257 Kempton Park	3 024 832	Mortgage bond held by Gauteng Partnership Fund for the total loan	Eighteen months years from disbursement with a final repayment date on 31/10/2032	Impaired
Zwide & Dewa Investments (Pty) Ltd - Erf 424 & 425 Rhodesfield	1 683 151	Mortgage bond held by Gauteng Partnership Fund for the total loan	One year from disbursement with a final repayment date 31/01/2034	Performing
Receivables from exchange transaction	74 643 042			
Cash and cash equivalents	898 397 660			
	<b>1 202 694 950</b>			

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### 27. Financial Risk Management and Objectives (continued)

#### Concentration Risk

The Gauteng Partnership Fund's risk are concentrated in the Gauteng social housing sector (for households earning less than R15 000) 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 R277,205,124 (2013: R215,930,643) which is nominal balance of all investment and loans at year end.

### 28. Financial and Non-Financial Instruments

2014	Loans and Receivables	Available- for-sale	Other assets	Other Liabilities	Non financial instruments at amortised cost	Total
<b>Financial Assets</b>						
Available-for-sale investments	-	2	-	-	-	2
Loans and Receivables from exchange transactions	229 654 248	-	-	-	-	229 654 248
Receivables from exchange transactions	-	-	74 643 042	-	-	74 643 042
Cash and cash equivalents	-	-	898 397 660	-	-	898 397 660
<b>Non-Financial Assets</b>						
Intangible assets	-	-	-	-	913 766	913 766
Property, plant and equipment	-	-	-	-	3 585 212	3 585 212
<b>Financial Liabilities</b>						
Payables from exchange transactions	-	-	-	(262 870 009)	-	(262 870 009)
<b>Non-Financial Liabilities</b>						
Finance lease	-	-	-	-	(472 501)	(472 501)
Deferred Income	-	-	-	-	(332 581 024)	(332 581 024)
Operating lease	-	-	-	-	(235 800)	(235 800)
Provisions	-	-	-	-	(3 416 155)	(3 416 155)
	<b>229 654 248</b>	<b>2</b>	<b>973 040 702</b>	<b>(262 870 009)</b>	<b>(332 206 502)</b>	<b>607 618 441</b>

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### 28. Financial and Non-Financial Instruments (continued)

2013	Loans and Receivables	Available- for-sale	Other assets	Other Liabilities	Non financial instruments at amortised cost	Total
<b>Financial Assets</b>						
Available-for-sale investments	-	13 481 673	-	-	-	13 481 673
Loans and Receivables from exchange transactions	165 366 573	-	-	-	-	165 366 573
Receivables from exchange transactions	-	-	9 031 218	-	-	9 031 218
Cash and cash equivalents	-	-	1 148 224 011	-	-	1 148 224 011
<b>Non-Financial Assets</b>						
Intangible assets	-	-	693 580	-	-	693 580
Property, plant and Equipment	-	-	4 363 812	-	-	4 363 812
<b>Financial Liabilities</b>						
Payables from exchange transactions	-	-	-	(698 719 822)	-	(698 719 822)
Non-Financial Liabilities	-	-	-	-	-	-
Derivative	-	-	-	-	(3 779 691)	(3 779 691)
Finance lease	-	-	-	-	(377 913)	(377 913)
Deferred Income	-	-	-	-	(118 434 961)	(118 434 971)
Provisions	-	-	-	-	(3 622 535)	(3 622 535)
	<b>165 366 573</b>	<b>13 481 673</b>	<b>1 162 312 621</b>	<b>(698 719 822)</b>	<b>(126 215 100)</b>	<b>516 225 935</b>

The above table illustrates the categorisation of financial instruments.

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### 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:

Financial assets	Carrying amount 2014	Carrying amount 2013	Fair value 2014	Fair value 2013
Available-for-sale investments	2	13 481 673	2	13 481 673
Loans and receivables from exchange transactions	229 654 248	165 366 573	229 654 248	165 366 573
Receivables from exchange transactions	74 643 042	9 031 218	74 643 042	9 031 218
Cash and cash equivalents	898 397 660	1 148 224 011	898 397 660	1 148 224 011
	<b>1 202 694 952</b>	<b>1 336 103 475</b>	<b>1 202 694 952</b>	<b>1 336 103 475</b>

Financial Liabilities	Carrying amount 2014	Carrying amount 2013	Fair value 2014	Fair value 2013
Non financial liabilities	472 501	377 913	472 501	377 913
Derivative	-	3 779 691	-	3 779 691
Financial liabilities - Payables from exchange transactions	262 875 009	698 719 822	262 875 009	698 719 822
	<b>263 347 510</b>	<b>702 877 426</b>	<b>263 347 510</b>	<b>702 877 426</b>

Fair Value of Financial Instruments	Valuation technique - market observable inputs	Valuation technique combination for market and non-market observable inputs	Total 2014	Valuation technique - market observable inputs	Valuation technique combination for market and non-market observable inputs	Total 2013
<b>Financial Assets</b>						
Available-for-sale investments	-	2	2	-	13 481 673	13 481 673
Loans and receivables from exchange transactions	-	229 654 248	229 654 248	-	165 366 573	165 366 573
	-	<b>229 654 250</b>	<b>229 654 250</b>	-	<b>178 848 246</b>	<b>178 848 246</b>

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### 28. Financial and Non-Financial Instruments (continued)

Non Financial Liabilities	Valuation technique-market observable inputs	Valuation technique combination for market and non-market observable inputs	Total 2014	Valuation technique-market observable inputs	Valuation technique combination for market and non-market observable inputs	Total 2013
Derivative	-	-	-	-	3 779 691	3 779 691
Finance lease	472 501	-	472 501	377 913	-	377 913
	<b>472 501</b>	<b>-</b>	<b>472 501</b>	<b>377 913</b>	<b>3 779 691</b>	<b>4 157 604</b>

The fair value of shares which are not listed are 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. 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.

The fair value of the derivative was has been determined by using the Black Scholes model and discounting future cashflow of the difference between the fair value of the option price and the equity fair value.

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).

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### 28. Financial and Non-Financial Instruments (continued)

Fair Value Hierarchy

The fair value hierarchy shall have the following levels:

- Quoted (unadjusted) prices in active markets for identical assets or liabilities (Level 1);
- 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
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

As at 31 March 2014, 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.

### 29. Net Cash Outflow from Operating Activities

Surplus	91 392 506	33 744 892
<b>Adjustments for:</b>		
Depreciation and amortisation	1 954 892	2 293 697
Loss/(Gain) on sale of assets and liabilities	2 280	(10 332)
Loss on call option	-	3 779 691
Impairment loss/(reversal)	280 078	(4 199 998)
Fair value adjustments	22 261 698	11 781 162
Impairment of property, plant and equipment	974	24 340
Increase in operating movements in operating lease assets and accruals	235 800	(78 856)
Movements in provisions	(206 380)	597 153
Other income	(4 203 070)	(2 204 830)
<b>Changes in working capital:</b>		
Receivables from exchange transactions	(65 611 824)	23 188 673
Provision for bad debts	(595 105)	-
Derivative	(3 779 691)	-
Payables from exchange transactions	(435 849 815)	74 629 745
Deferred income	(108 771 420)	(43 694 766)
Donations	322 917 473	-
Loans and receivables	(64 287 676)	(43 998 520)
Difference in interest calculated and interest capitalised	(4 216 241)	(5 330 478)
	<b>(248 475 521)</b>	<b>50 521 573</b>

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### 30. Loss on Call Option

Loss on Call option	-	3 779 691
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Refer to note 5 & 8.

### 31. Change in Estimate

#### Property, Plant and Equipment

The useful lives of certain computer equipment, furniture and fittings and the motor vehicle were re-estimated as their current condition is good. The result is that the assets would have been depreciated more in the current period. The effect of this change in estimate is:

	Net Book Value derived using original estimate	Net Book Value derived using amended estimate	Increase in surplus from change in estimate
Computer equipment	49 725	(31 850)	17 875
Furniture and Fittings	53 520	(46 166)	7 354
Motor vehicle	28 002	(6 919)	21 083
	<b>131 247</b>	<b>(84 935)</b>	<b>46 312</b>

### 32. Irregular, Fruitless and Wasteful Expenditure

There are no instances to report.

### 33. Contingencies

There is no obligation to any third parties of the entity.

### 34. Budget Comparison

#### Comparison between budget and actual amounts

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

The GPF operated within its approved budget. The year to date actual expenditure was under by 4%.

This was mainly due to:

- a) delay in filling of staff vacancies and;
- b) timing of payments.

Refer to Statement of Comparison of Budget and Actual amounts.

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### 35. Provision for Bad Debt

Loans and receivables from exchange transactions

Take Off Real Estate (Pty) Ltd - Jeppestown Project	595 105	-
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The loan has been provided as a doubtful debt due to a liquidation claim initiated by another creditor. (Refer to note 3)

### 36. (Loss) Gain on Disposal of Assets

#### Disposals

Property, plant and equipment	(2 280)	10 332
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(Loss) gain on disposal of assets relates to assets disposed of during the year.

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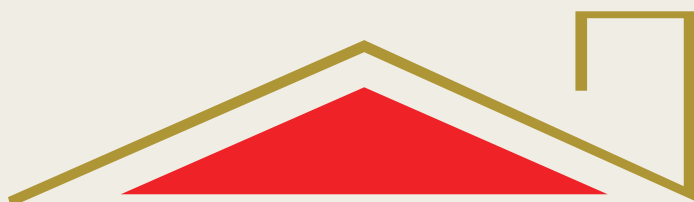
### DETAILED STATEMENT OF FINANCIAL PERFORMANCE

Figures in Rand		2014	2013
<b>Revenue</b>			
Deferred income	9	108 771 420	43 694 766
Interest received from banks	15	28 230 044	26 252 621
Other income	17	4 203 070	2 204 830
Interest received from investments	15	19 635 896	13 998 149
<b>Total revenue</b>		<b>160 840 430</b>	<b>86 150 366</b>
<b>Expenditure</b>			
Personnel	23	(26 727 550)	(24 373 055)
Depreciation and amortisation	6&7	(1 954 892)	(2 293 697)
Impairment loss on fixed assets	6	(974)	(24 340)
Finance costs	22	(33 003)	(45 855)
Provision for bad debts	35	(595 105)	-
Repairs and maintenance		(304 060)	(530 891)
General Expenses	19	(17 883 389)	(13 787 111)
<b>Total expenditure</b>		<b>(46 903 868)</b>	<b>(41 054 949)</b>
<b>Operating surplus</b>	18	<b>113 936 562</b>	<b>45 095 417</b>
(Loss) gain on disposal of assets	17&36	(2 280)	10 332
Loss on call option	30	-	(3 779 691)
Fair value adjustments	20	(22 261 698)	(11 781 162)
Impairment (loss)/reversals of loan and receivables from exchange transactions	21	(280 078)	4 199 998
		<b>(22 544 056)</b>	<b>(11 350 523)</b>
<b>Surplus for the year</b>		<b>91 392 506</b>	<b>33 744 894</b>
<b>Attributable to:</b>			
Executive Authority - Gauteng Department of Human Settlements		91 392 506	33 744 894

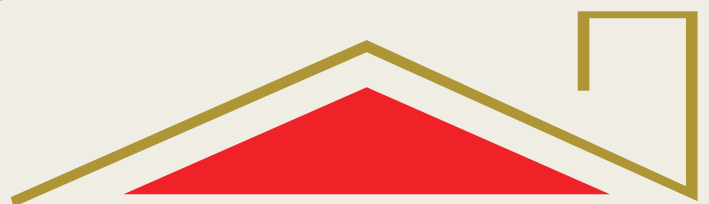


# Highlands Lofts

u r b a n l i v i n g



**Highlands Lofts  
Johannesburg**



**Inkululeko Centre  
Salvokop, Pretoria**



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PR 152/2014 ISBN: 978-0-621-42774-5