



OUR PHILOSOPHY

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.





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BOARD OF TRUSTEES



Mr. Pakie Mphahlele
CHAIRPERSON



Mr. Kutoane Kutoane
CHIEF EXECUTIVE OFFICER



Mr. Lefadi Makibinyane NON-EXECUTIVE TRUSTEE



Ms. Dineo Maphatiane NON-EXECUTIVE TRUSTEE



Mr. Zola Fihlani
NON-EXECUTIVE TRUSTEE





REPORT OF THE CHAIRPERSON



Mr. Pakie Mphahlele, Chairperson

ousing provision remains one of the greatest social delivery challenges in South Africa, with millions of our people still awaiting suitably located, affordable accommodation which will improve the quality of their livelihood. This is evidenced by frequent delivery protests, continuing national debates and various policy pronouncements by government regarding the need for rapid delivery of sustainable human settlements. In Gauteng the housing challenge is particularly severe, with people continuously flooding to this economic hub in search of work and better quality of life.

We have observed over the years the severe shortage of rental accommodation. More and more people look for mobility and locational benefits. At the same time banks increasingly reduce their mortgage approvals due to high levels of household debt, especially among the most vulnerable members of the population. There is overwhelming evidence that the demand for suitable accommodation in Gauteng far exceeds supply. Some suggest that demand outstrips supply by the factor of 3. For instance, it is estimated that the housing backlog in Gauteng is around 700,000 units. There are many challenges in reducing this gap, one being the prohibitive cost of accommodation in well-located areas that are next to places of work.

Without rapid implementation of the Finance Linked Individual Subsidy Programme (FLISP), affordability will remain an unending challenge. Given the importance of rental options in meeting growing accommodation needs, and the contribution of the rental sector in the wider economy, it makes strategic sense to structure a subsidy scheme that will extend FLISP to entrepreneur-driven rental segment within the R7500 - R15000 monthly income range.

Finding affordable, accessible funding for housing developments remains a serious challenge. Since the global financial meltdown of 2008, the banking sector put higher restraints and lower resources to low-income housing developments due to the perceived high risk associated with this market segment. Major banks had to impair substantial portions of their respective mortgage books. Almost all financial institutions have been progressively reducing their exposures in the residential property market. To worsen the situation, it is anticipated that the imminent implementation of the Basel III rules will make efforts to increase funding by banks even more constrained as they begin to reassess the risk profile of their assets against their deposit liabilities. While it is expected that the proposed mortgage insurance scheme will go a long way in unlocking the mortgage finance market, the advent of Basel III rules and the impending new short-term insurance legislation introducing the Solvency Assessment Management (SAM) systems put brakes to this positive momentum. Another negative swing could be the envisaged increase in management expenses relating to the implementation of the mortgage insurance scheme.

Gauteng Partnership Fund (GPF) was founded by the Gauteng Department of Housing in 2002 to address this funding challenge through mitigating risk faced by private sector funding institutions targeting the low-end housing developments in the province. This was achieved by taking up to 40% (forty percent) first loss position in the funding arrangements of projects, provided that these meet our target beneficiary group of households with monthly gross incomes of between R1500 to R7500 for our social housing interventions and R7500 to R15000 for rental beneficiaries (2012/13 prices).

At the beginning our mandate was to design and implement innovative funding solutions to normalise the social housing market in Gauteng. At the time banks were reluctant to fund social housing projects due to the perceived high risk associated with such investments. Conventional banking risk evaluation models were at that time not fully conversant with this market segment. As a result, banks were not well disposed to optimally price the risk associated with their funding facilities. We, therefore, had to come up with innovative funding products designed to provide a very favourable first layer of capital to enable banks to mitigate their financing risks. Our interventions have made a great deal of difference in unlocking funding to this market. So far approximately R2.4 billion of private sector funds has been attracted into this market segment.



REPORT OF THE CHAIRPERSON

To address the shortage of further bank funding and continue to facilitate housing developments, the GPF Board made mobilisation of non-bank funding sources a priority for this coming financial year. We have adopted the new strategy of roping in the local Development Finance Institutions (DFIs) into the menu of our potential funding partners. We are in partnership talks with the likes of National Empowerment Fund (NEF), Public Investment Corporation (PIC), Development Bank of South Africa (DBSA) and National Housing Finance Corporation (NHFC). We are working on a plan to approach the long-term insurance institutions, pension funds as well as the mining houses to partner our affordable housing delivery efforts.

GPF has proven to be a key player in the facilitation of affordable housing developments for Gauteng Province. Since our inception under the auspices of the Gauteng Department of Housing, we have placed a focus on the mobilisation of private sector funding to address the funding constraints that are experienced by social housing providers and low-income housing developers in putting up affordable, well-located housing developments. To date we have committed approximately R400 million of public risk capital towards the financing of affordable housing projects, enticing the banking sector to enter the market with over R2.4 billion. This resulted in over 22,000 housing units for our target household population in the province. We have seen our funding increase from R166 million in 2011/12 to R178 million in 2012/13 with the major portion being distributed to 17 investor participants from our emerging entrepreneurial property funding scheme.

While we have managed to successfully position GPF as a premier provincial government agency in the housing delivery chain of Gauteng Province, there is also a stark awareness of challenges still facing the provincial government, namely the massive backlogs of suitable housing. We align our strategic objectives closely with those of the Gauteng Department of Housing, especially the strategic outcome 8 of accelerating delivery of housing opportunities through the provision of adequate shelter by implementing rapid developments of mixed housing and the provision of adequate rental housing solutions in partnership with the private sector. We have put forth proposals to fund student accommodation as part of housing provision. We also assist our founder with the implementation of an integrated (mixed use) human settlement programme in the next five years. GPF's delivery strategy has always relied on building an ecosystem of partners made up of private financiers, local government

structures, large public entities, provincial government departments, entrepreneurs (landlords), affordable housing developers and social housing institutions.

GPF is now well poised to drive our strategy much more aggressively over the next three years. This entails proactively sourcing housing projects in the province, packaging them appropriately for our clients and going to market to raise suitably structured senior funding instruments. Our focus will involve active participation in setting the agenda for sustainable human settlements and advocating appropriate policy interventions to assist the province in meeting its housing objectives.

We continually canvass all partners to join GPF and the Gauteng Department of Housing as we implement our strategic interventions. We are more than ever keen to see new players (developers and investors) who are interested in acquiring old buildings in the inner cities to convert them into suitable quality dwelling units. We particularly target emerging black entrepreneurs to take risks alongside public funds under our administration for a mutually rewarding partnership. To this end we launched our highly successful Emerging Entrepreneur Property Fund (EEPF) programme aimed specifically at black entrepreneurs. This year we have committed to the value of R93.5 million to this programme versus a budget of R70 million and benefited about 17 black participants.

GPF has entered into a co-funding agreement with NHFC. The latter has committed a further R100 million in senior debt to the EEPF initiative. We hope to secure similar arrangements with other DFIs. As the Board of Trustees, we aim to realise the national policy objective of achieving social cohesion through new developments within human settlement context.

It is commendable that GPF has achieved so much on the delivery front, and at the same time adhering to good corporate governance principles as is evident from our obtaining clean audits since inception. I take this opportunity to extend my sincere gratitude to our founder, trustees, management and staff for work well done.

Pakie/Mphahlele

Chairperson of the Board

4hallo

REPORT OF THE CEO



Mr. Kutoane Kutoane, Chief Executive Officer

s an agency of the Gauteng Department of Local Government and Housing (DLGH), GPF is mandated with finding innovative funding solutions for affordable housing projects in the province. We have to date been able to attract approximately R2.4 billion from the private sector to fund housing projects since inception. This funding has been able to deliver over 22 000 affordable housing units in the province. We have had a remarkable eleven years of marked success in leveraging state capital to secure private sector investment and have been able to overcome challenges and optimised on opportunities for housing delivery in Gauteng. This financial year we attracted R424 million in non-GPF funding. This exceeds the R368 million we raised from the private sector in the previous reporting period.

Geographically, the province of Gauteng is the smallest in South Africa at approximately 1.4% of South Africa's land area or 16 548 square kilometres. It has however, the largest population of 12.7 million, which is 24% of South Africa's entire population, with the largest age group being between the ages of 30-34 (Mid-year Population Estimates 2013). Gauteng is the largest contributor of Gross Domestic Product (GDP) nationally, at over 34%. It is also home to the Johannesburg, Tshwane and Ekurhuleni Metropolitan Municipalities.

Gauteng is the most urbanised province with almost 97% of its population living in urban areas. The population has been growing rapidly as a result of migration and natural growth. According to Statistics South Africa, in 2001 the average Gauteng population constituted 20.5% of the total South African population and in 2007 was at 21.5%. This has grown further to an estimated 24% in 2013. Millions of migrants from neighbouring countries settle in Gauteng in

pursuit of economic and employment opportunities, which ultimately impacts negatively on infrastructure and service delivery. This means that in Gauteng, the housing challenge is particularly severe, with people continuously flooding to this economic hub in search of work and better quality of life. As indicated in the DLGH 2013/14 APP and Table A below, the total housing backlog amounts to 678,354. Furthermore, the housing backlog is impacted by the fact that the province still has a large number of informal settlements which must be either upgraded or eradicated. Table A below reflects the number of settlements per municipality as registered since 2005.

A number of factors contribute to this housing backlog. Among these, in-migration seems to have a significant impact on the number of informal settlements. The Community Survey of 2007 indicated that the population of Gauteng increased from 9.2 million to 10.5 million between the years 2001 and 2007 and 12.7 million in terms of the Mid-year Population Estimates 2013. Moreover, it is estimated that 25,500 households migrate to Gauteng per annum, while population growth of the province is estimated at 27,000 per annum. The province is faced with a challenge to address the housing backlog while simultaneously managing mushrooming informal settlements.

A key challenge is that the cost of accommodation in well-located suburbs is prohibitive. Affordability is a major challenge in the way of rental housing delivery. Table A below reflects the shortfall to target in the provision of affordable rental accommodation by province:

TABLE A - RENTAL HOUSING PROVINCIAL TARGETS

PROVINCE	TARGET BY 2014	TARGET DELIVERY (At 30 Sept 2012)	% OF TARGET
Eastern Cape	11 888	1 397	11.8
Free State	5 280	1 017	19.3
Gauteng	19 352	6 989	36.3
Kwazulu-Natal	15 240	4 487	29.4
Limpopo	6 240	136	2.2
Mpumalanga	5 296	675	12.7
Northern Cape	1 864	5	0.3
North West	5 768	468	8.1
Western Cape	9 072	5 883	64.8
TOTAL	80 000	21 057	26.4



REPORT OF THE **CEO**

In this light, the GPF investment strategy is based on the principle that government can undertake more housing projects with funding partnerships from private sector investors, banks, institutional investors and Development Funding Institutions (DFIs). The GPF funding model is based on sharing financial risk with funding partners on housing projects, thereby gearing funding. Leveraging private sector investment is a key measure of success for GPF, which aims to maintain the target gearing ratio of 70:30 (external funding: GPF funding) where possible.

The Gauteng Executive Council's priorities to 2014 require an acceleration of sustainable human settlement projects in partnership with the private sector and to this end, the Department has expanded the mandate of GPF as its funding agency to include gearing of funding for sustainable mixed housing developments. The new approach seeks to ensure more integrated mixed housing developments that will bring about a major change in reversing the old spatial patterns and ensuring poor people live in vibrant, integrated and sustainable communities that include all the necessary socio-economic facilities that contribute to creating a more productive workforce – a total departure from the tradition of relocating poor people to the fringes of South Africa's metropolitan areas, far removed from job opportunities and city amenities.

The Department is currently implementing at least ten Mixed Housing Development Projects throughout province, such as: Chief Albert Luthuli, Cosmo City, Lufhereng, Chief Mogale, Mohlakeng, Thorntree View, Fleurhof, Jabulani CBD, Danville/Elandspoort, etc. The Department is also partnering with Ekurhuleni Metro to implement the Germiston Urban Renewal programme and is further rolling out the Inner City Regeneration of Vereeniging and Krugersdorp.

The focus is to ensure the change in the spatial design of Gauteng leading to 2014, so as to transform the spatial designs towards sustainable settlements, both current and new. It is equally critical to ensure densification and enhanced Land Use Management and provide affordable rental units across the province. This is with the aim of ensuring social and economic integration and implementation of the inclusionary policy.

It is imperative that the GPF locates itself centrally to create opportunities in the social and rental housing sectors of these mixed housing projects as well as to create opportunities for

the private sector to participate meaningfully in the "Breaking New Ground" strategy and thereby invest in South Africa's future. The only way to achieve this ambitious vision, is to embark on partnership agreements with the provincial government, local authorities and the private sector with the resources to assist and put into practice the government's "Breaking New Ground" Strategy in line with the National Development Plan (NDP). In this regard, the Department has formed partnerships with major banks (e.g. Nedbank – Jabulani CBD, Standard Bank - Nellmapius) in order to ensure cross subsidisation and delivery of affordable housing.

As GPF, we have won commendations from various observers and stakeholders for making visible strides and progress given the fact that we were initially launched with a grant funding of only R442 million in 2002. Gauteng government has for a long time identified funding as an issue needing to be addressed as part of the whole bouquet of interventions. The government, through GPF, sought to find innovative ways of unlocking the private commercial funding into the affordable housing sector. We have succeeded in building and promoting a truly vibrant and honest partnership model so urgently needed to address the housing funding challenge. GPF is well poised to exceed the three-year target of funding 6,000 social and rental units by 2014.

In the year 2011/12 we launched our innovative black empowerment funding scheme aimed at funding entry level entrepreneurs into the rental housing market dubbed the Emerging Entrepreneurial Property Fund (EEPF). The qualifying criteria has been simplified under this scheme, with the equity requirement from investors of 2.5% and a commitment to undergo a rigorous mentoring programme which is also run by GPF. We have entered into a co-funding partnership agreement with the National Housing Finance Corporation (NHFC) who have committed an initial R100 million towards the scheme. We have had tremendous and laudable successes, and we are already planning for the second round of co-funding commitments from NHFC and GPF of the additional R200 million for this scheme. Over the current reporting year, this facility has benefitted 17 participants with R93.5 million in funding commitments, which exceed our R70 million budget by 70%. This should yield around 700 units when fully disbursed.

We have recently reviewed our strategy together with our founder and announced that GPF's mandate has been expanded to go beyond affordable rental housing to include



REPORT OF THE **CEO**

mixed and integrated housing developments. To this end, the DLGH has committed a further R250 million in capitalisation funds for GPF over the next three years. Successful projects have already been delivered in Kliptown, Roodepoort, Fleurhof and Jabulani this year despite the housing credit crisis over the recent years. Planning of mixed housing projects in the province is informed by the Spatial Development Framework, which is already making real progress in the affordable housing market. GPF has undertaken to source and structure appropriate funding for the provincial mixed housing flagship projects, especially Cosmo City, Nelmapius, Lady Selbourne, Olievenhoutbosch, Lufhereng and Chief Albert Luthuli. The challenge in some cases is however, overpriced land, resistance from affluent residential associations and the reduced investment appetite from the banking sector. We have thus designed new approaches which will see active Private Public Partnership (PPP) arrangements with funds mobilised increasingly from our retirement funds, mining houses and DFIs. The recently gazetted Financial Sector Charter (FSC) will enable us to get all these partners working together with a sense of urgency towards housing delivery.

GPF projects are designed as part of the urban renewal drive, and the 2030 Gauteng City Region vision, aimed at creating globally competitive and sustainable human settlements. In the progression to these goals, we adopt the Gauteng Provincial government mantra, "GETTING GAUTENG WORKING".

I take this opportunity to extend my sincere gratitude to the management team and staff. It is always a pleasure working with such a dedicated team, highly committed and energetic employees. The excellent results achieved over the past years in general and this reporting year in particular are a tribute to this high performance culture.

Kutoane Kutoane

Kutoane KutoaneChief Executive Officer



OPERATIONS REPORT

GPF PERFORMANCE REPORT 2012/13 **PROJECTS**

1. INTRODUCTION

The affordable housing residential property sector has continued to experience growth and has performed relatively well in comparison to other property sectors over the 2012/13 period. Residential sector rentals in the affordable housing market offer good returns of between 8.5% and 9% after tax, assuming conservative gearing and taking moderate capital growth into account [Standard Bank article, 2012]. The commercial property sector – income return posted 9.4% on average and capital growth showed a 5.8% return [Spoa / IPD commentary].

Despite this positive industry performance; raising funding from private sector (banks, pension funds etc.) for affordable housing projects continues to be challenging. This was limited further by the decision not to further explore investigations in changing our current company form (Trust and Schedule 3C), which restricts GPF from borrowing money. In 2012 we had to regroup and rethink our capital raising approach, focusing our efforts on specific programmes and projects. We have sought mainly co-funding opportunities from government agencies or Development Finance Institutions (DFIs). Of these efforts, negotiations with the Department of Trade and Industry (DTI), and Construction Education and Training Authority (CETA) are advanced, while others are still exploratory.

2. PERFORMANCE OVERVIEW

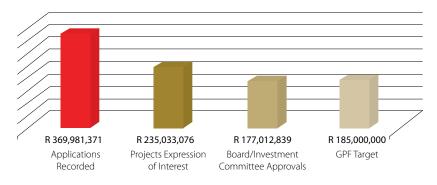
The major strategic objective for the 2012/13 financial year was the facilitation and funding of affordable housing developments for the low-income people (household earning less than R15000 per month) within sustainable human settlements framework in Gauteng. In meeting the strategic objective:

- ▶ We received and evaluated project funding applications to the value of approximately R370 million.
- ▶ Of the received funding applications, there was expression of interest in approximately R235 million worth of projects, and the Board's approval of R177 million worth was granted against a total GPF target of R185 million.
- ▶ Overall we achieved a 4% variance of our projected target, which exceeds 2011/12 performance of R166 million.
- ▶ Of this performance, 53% was driven by our HDI Entrepreneurs via our incubator programme initiated in 2010.
- ► Contributing to the positive performance, is our improved turnaround times in making investment decisions, attributed by frequent Investment Committee meetings.

The GPF investment strategy is based on the principle that government can undertake more housing projects through funding partnerships from private sector investors, banks and Development Finance Institutions. This makes leveraging private sector a key measure for GPF and aims to achieve a target gearing ratio of 70:30 (external funding: GPF loan). Since inception GPF has leveraged approximately R2, 2 billion of funding towards housing projects. In the 2012/13 financial year, GPF has leveraged R422 million of private commercial funding from a GPF commitment of R177 million, which exceeds 2011/12 leveraged funding of R368 million by 13%. This has resulted in an overall gearing ratio of 58:42.

This low gearing ratio was attributed to higher GPF funding requirements under the Entrepreneur Empowerment Property Fund (EEPF) programme. We have summarised the GPF 2012/13 funding performance below in Graph A and B.

GRAPH A – SUMMARY OF PERFORMANCE

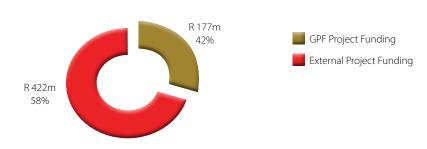


Reference: Project list 2012/13; Investment Committee and Board Minutes; 2012/13 Strategy Plan



GRAPH B – GPF COMMITTED FUNDS VS. LEVERAGED FUNDS

Leveraged Funds



3. PRODUCT PERFORMANCE REVIEW

Despite the overall 4% performance variance on set funding commitment target, the GPF market interventions have resulted in mixed levels of performance over the 2012/13 financial year. The Entrepreneur Empowerment Property Fund has the highest committed value (53%) of the total commitments, followed by Rental Housing Fund (25%) and Social Housing Fund (22%). The GPF strategy to create an EEPF programme focusing on HDI property entrepreneurs has been a success, with 17 out of 43 selected companies to date under the incubation programme having secured

projects. The GPF financial product performance is further illustrated in Graph C that is available on page 17.

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

TABLE B - COMMITMENT VALUE

PRODUCT	BUDGET	PERCENTAGE	ACTUAL	PERCENTAGE
Rental Housing Fund	R 50,000,000	27%	R 43,706,357	25%
Social Housing Fund	R 65,000,000	35%	R 39,786,584	22%
Entrepreneur Empowerment Property Fund	R 70,000,000	38%	R 93,519,898	53%
TOTAL	R 185,000,000	100%	R 177,012,839	100%



TABLE C – PRODUCT PERFORMANCE 2012 - 2013

KEY PERFORMANCE AREAS (PROGRAMMES)	GOAL	OUTPUT	TARGET FOR 2012/13	ACTUAL PERFORMANCE FOR 2012/13	REASON FOR VARIANCE
3.2 RENTAL HOUSING FUND (focused on for-profit entities)	Enhanced debt to equity ratio for companies in	Committed Value	R 50m	R 44m	See note 1. below
	projects so they can raise com-	Facilitated Units	850	828	See note 1. below
	mercial funding.	Completed Units	770	209	See note 2. below
		Debt to Equity (External funding to GPF Loan) ratio of 70:30	70:30	75:25	Exceeded target met
3.3 SOCIAL HOUSING FUND (focused on non-profit entities)	To reduce cost to capital on projects linked	Committed Value	R 65m	R 40m	See note 3. below
	to institutional subsidies (R55 million	Facilitated Units	1283	483	See note 3. below
	budget annually).	Completed Units	1016	296	See note 2. below
		Reduced cost of rentals from going market to subsi- dised – 15%	Reduced cost of rentals from going market to subsidised -15%	Actual subsidised percentage - 44%	Set target met
3.4 SPECIAL PARTNERSHIP PROJECTS	To share financial risks with financial institutions for affordable housing developments.				See note 4. below
		SUB PROGRAMA	ΛES:		
3.4.1 RISK PARTICIPATION FACILITY	To facilitate the sustainable entry	Committed Value	R 0	RO	
	of banks through sharing of financ- ing risk.	Facilitated Units Completed Units	0	0	
3.4.2 DEVELOPMENT	To promote	Committed Value	R O	RO	
FINANCE FACILITY	sustainable entry of banks through sharing risks for	Facilitated Units	0	0	
	short-term development finance.	Completed Units	0	0	



KEY PERFORMANCE AREAS (PROGRAMMES)	GOAL	ОИТРИТ	TARGET FOR 2012/13	ACTUAL PERFORMANCE FOR 2012/13	REASON FOR VARIANCE
3.4.3 INTUTHUKO FUND		Committed Value TUHF	R O	R O	See note 5. below
		Facilitated Units	0	0	
		Completed Units	588	0	
3.4.4 BRIDGING FINANCE FACILITY		Committed Value Revolving Fund	R O	RO	See note 6. below
		Potential Units	0	0	
3.5 EMERGING ENTREPRE- NEUR PROPERTY FUND	This is an incubator programme designed	Committed Value	R 70m	R 94m	Exceeded set targets
	to promote participation of HDI-owned	Facilitated Units	440	699	Exceeded set target
	companies in the affordable rental property market. (The programme is limited to prospective participants invited on public tender annually).	Completed Units	221	0	See note 7. below
3.6 FACILITATION OF INTEGRATED HOUSING	To play a catalytic role in mobilising provincial institutions and shaping the sector resulting in appropriate deal flow to meet affordable housing targets.	Investigation and development of role and opportunities in the sector.	Final blue print and "integrated housing development plan" approved.	GPF 2013/14 Strategic plan - (Integrated Housing Development Plan).	See note 8. below

NOTE 1

The Rental Housing Fund targets established companies in the property sector, as part of the funding criteria they are required to:

- ► Contribute at least 10% equity (most companies are struggling to raise).
- ▶ Demonstrate BEE participations in the value chain.
- ▶ Potential HDI clients are now catered for under the dedicated EEPF.

The abovementioned issues have contributed to the rental housing fund achieving a 10% variance from set target in 2012/13.

NOTE 2

In 2011/12 financial projects yielding a potential 700 units were approved for funding, however unforeseen project delays on delivery of completed housing units.



TABLE D - APPROVED PROJEC TS STATUS

COMPANY AND PROJECT	STATUS AS AT 31/03/13
Tenitor Project (Pty) Ltd – The Ridge Hotel	Two of the three blocks are complete and the third block is 70% complete.
BM Molefi Properties 241 (Pty) Ltd – Kgorong Estate	Construction is continuing and the project is expected to be completed in December 2013.
Rivavect Investments (Pty) Ltd – Central House	Client is awaiting senior funding approval.
Highlands Urban Living (Pty) Ltd – Highlands Lofts	The project is 25% complete and project is expected to be completed in December 2013.
Crimson Clover (Pty) Ltd – Ascot Fashion House	Construction is continuing and the project is expected to be complete in May 2013
Lashka 201 (Pty) Ltd – Buxton Developments	GPF loan is not yet disbursed awaiting fulfilment of disbursement conditions.
Erf 273 Parktown Estate CC – Parktown Place Estate Development	The project was restructured and approved by GPF IC on 25 June 2013.
Zevoli 269 (Pty) Ltd – Madison Lofts	The project was resubmitted and approved via Round Robin on 23 March 2013.
Before Sunset Properties 11 (Pty) Ltd – 11 Maclaren Street	2nd Mortgage bond registered awaiting draw-down requests.
Madulamoho Housing Association – Jabulani Views	The project is 95% complete and was completed in April 2013.
Yeast City Housing - Salvokop	The project is 75% complete and the project is expected to be completed in June 2013.
Johannesburg Housing Company – Crest Hotel	The project is 57% complete and the project is expected to be completed in April 2013.
Johannesburg Housing Company – 117 Pritchard Street	The project is 67% complete and the project is expected to be completed in June 2013.
Take Off Real Estate (Pty) Ltd – Jeppestown	Construction on hold due to the site being handed over to a new contractor. Completion is expected by December 2013.
Clidet No 1024 (Pty) Ltd – 2043, 2044 & 5070 Joubert Park	Construction has not started; the client is still awaiting decision on eviction of illegal tenants.
Aquarella Investments 360 (Pty) Ltd – 85-87 Quartz Street	Geotechnical studies have been done, still finalising building plans for approval by council.
CoMu Property Developers – 3103 Glen Marais	There have been delays in the bond registration and client has put a boundary wall around premises.
Kingdom Property Enterprises t/a Bixowize CC – Erf 278 Primrose Hill	The professionals have submitted building plans to obtain council approval.

TABLE E - PROJECTS WITHDRAWN / CANCELLED

COMPANY AND PROJECT	STATUS AS AT 31/03/13
Shamzang Property Investment Holding – Italic Mansions – 64 units	GPF has withdrawn funding from this project due to client being unable to secure senior funding.



COMPANY AND PROJECT	STATUS AS AT 31/03/13
Toproot Trade & Investments 11 (Pty Ltd – 28 Betty Street	The client decided not to take up our funding.
Netcentric CC – Silbo House	GPF has withdrawn funding from this project due to client being unable to secure senior funding.
Credenda Capital 3 (Pty) Ltd – 81 Rissik Street	The project was approved in May 2012; however the transaction was cancelled as the client was unable to secure the property.
Urban Quarter Investment (Pty) Ltd – Urban Quarter Affordable Rental Estate	GPF has withdrawn funding from this project due to client being unable to secure senior funding.
Shukumani Trading Enterprises (Pty) Ltd – 66 & 68 Derby Street	The transaction was cancelled as the client was unable to secure the property.
The Real Business Trust t/a RI Marukeng Construction CC – 685 Troyeville	The transaction was cancelled due to the client's adverse credit record.
Ludwe Consulting CC – 10 & 11 Hunter Street	The transaction was cancelled due to the client's adverse credit record.

The projects approved in the financial year 2012/13 are yet to start construction; the envisaged project cycle is 18 to 24 months.

NOTE 3

The Social Housing Fund performed 38% below set funding target due to limited number of Social Housing Institutions (SHIs) accredited by Social Housing Regulatory Authority (SHRA) and the number of projects considered for SHRA grant funding.

NOTE 4

The finance sector continues to be more cautious, given the financial crisis since 2009 and subsequent Greek and Euro crisis. We did not budget any new funding towards partnership facilities with the banks and financial institutions in 2012/13. The current facilities with the banks have been stagnant, no new projects were funded and we have had to withdraw funding. We continue to engage with banks and other financial institutions to encourage funding for affordable housing projects.

NOTE 5

The GPF board approved a facility, funding partnership with TUHF for Intuthuko fund. This facility has not been

fully committed; in 2012 R960 000 was committed to three projects that will yield 44 units.

NOTE 6

In 2012/13 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.

NOTE 7

The EEPF projects approved in 2012/13 with a potential of yielding 699 units; majority of these projects are yet to start construction, due to unforeseen delays in securing senior funding therefore no units were completed as anticipated.

NOTE 8

The Integrated Housing Development Plan was incorporated in the GPF 2013/14 strategic plan. It is now a new intervention with specific deliverables.

3.1 THE RENTAL HOUSING FUND

The Rental Housing Fund is used to enhance the debt / equity ratio of projects. The following projects were supported during the 2012/13 financial year:



TABLE F - RENTAL HOUSING FUND COMMITMENTS

COMPANY AND PROJECT	GPF's COMMITTED VALUE	OTHER FUNDING	TOTAL UNITS	COMPLETED UNITS
Credenda Capital 3 (Pty) Ltd – 81 Rissik Street	R 8,276,339	R 33,898,122	170	None - transaction cancelled
Rainbow Beach Trading 261 (Pty) Ltd – Sondela Village	R 12,672,939	R 50,691,757	246	None - construction yet to start
Echo Canyon Trading 9 (Pty) Ltd – 463 & 465 Hanny Str. Pretoria	R 5,605,527	R 22,422,107	84	None - construction yet to start
Picropro CC – 252 Jeppe Street, Cape York Building	R 3,886,287	R 34,045,147	147	None - construction yet to start
Molepu Properties (Pty) Ltd – Erf 101 & Erf 94 City & Suburban	R 4,120,326	R 9,419,807	62	None - construction yet to start
Comocap (Pty) Ltd – Erf 1232 Sunnyside, Pretoria	R 2,000,000	R 11,818,312	47	None - construction yet to start
Bruzar Consulting Engineers (Pty) Ltd – Erven 484, 485 & 487	R 7,144,939	R 16,671,525	72	None - construction yet to start
TOTAL	R 43,706,357	R 181,340,775	828	

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 2012/13 financial year:

TABLE G – SOCIAL HOUSING FUND COMMITMENTS

COMPANY AND PROJECT	GPF's COMMITTED VALUE	OTHER FUNDING	TOTAL UNITS	COMPLETED UNITS
Shelffrank Four (Pty) Ltd – Phola Heights Thembisa	R 18,410,684	R 42,733,021	188	None - construction yet to start
Norvena Property Consortium – O'Reilly Street, Erven 74, 76, 78, 80, 82, 84, 86 Berea	R 21,375,900	R 55,753,700	295	None - construction yet to start
TOTAL	R 39,786,584	R 98,486,721	483	

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 2012/13 due to uncertainty of the financial markets and a conservative approach by the banking institutions.

3.3.2 DEVELOPMENT FINANCE FACILITY

The aim of the facility is to share financial and developmental risk with developers for affordable housing projects. These are 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, installment sale or other tenure options in Gauteng.

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, of this amount approximately R12 milion was fully disbursed by 2012. In the 2012/13 period, the following projects were approved by TUHF.

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,

TABLE H - INTUTHUKO FUND

PROJECT NAME	GPF FUNDING	OTHER FUNDING	TOTAL UNITS	COMPLETED UNITS
425 Fox Street	R 50,000	R 397,800	2	2
Park Hotel	R 500,000	R 2,027,760	33	33
Harrow	R 410,000	R 979,926	9	9
TOTAL	R 960,000	R 3,405,486	44	44

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. The TUHF business was affected by the capital constraints, which in turn affected the bridging facility severely as no projects were committed in 2012.

3.4 ENTREPRENEUR EMPOWERMENT PROPERTY FUND

The EEPF is an incubator programme designed to promote participation of HDI-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, seventeen (17) out of fourty three (43) companies have secured projects and thirteen (13) of these participants were selected after a public proposal call in 2012.

EEPF challenges experienced in 2012/13

- Identifying appropriately priced property for development (mentor support crucial)
- ▶ Property offer to purchase agreements were expiring prior to securing senior funding (bridging finance granted for suitable projects)
- ► Alignment of process with our funding partner NHFC (continuous engagement with partner)

Overall the EEPF programme has a balance of gender. A gender profile of the programme participants are indicated in Graph C below.



GRAPH C – EEPF PARTICIPANTS GENDER ANALYSIS 2012/13

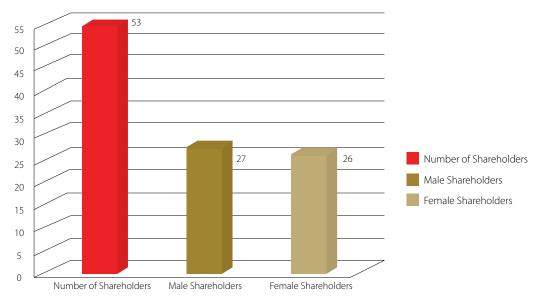


TABLE I - EEPF PARTICIPANTS GENDER ANALYSIS 2012/13

EEPF 2012/13				
Number of Shareholders	53			
Male	27			
Female	26			

The following EEPF projects have been approved by the Board Investment Committee as shown in Table J:

TABLE J – EEPF COMMITMENTS

COMPANY AND PROJECT	GPFs COMMITTED VALUE	OTHER FUNDING	TOTAL UNITS	COMPLETED UNITS
Zakhele Investments CC - Erf 257 Kempton Park	R 4,520,258	R 3,988,796	24	None - construction yet to start
Tsebo Consumable Supplies CC - R256 Kempton Park	R 4,435,319	R 3,680,103	22	Construction in progress
Clearwater (Pty) Ltd - Discovery Roodepoort	R 5,025,608	R 5,516,072	30	None - construction yet to start
Castle Crest Properties 80 (Pty) Ltd - Pretoria	R 4,221,227	R 7,417,486	46	Construction in progress
Due East Marketing CC - Erf 1532 Selcourt	R 5,455,665	R 9,529,389	56	None - construction yet to start
Indigo Kulani Architects & Urban Planners (Pty) Ltd - Erf 1676 Benoni	R 6,565,272	R 14,560,634	60	None - construction yet to start



COMPANY AND PROJECT	GPFs COMMITTED VALUE	OTHER FUNDING	TOTAL UNITS	COMPLETED UNITS
Lisinfo 282 Property (Pty) Ltd - Erf 1952 Malvern	R 4,538,161	R 7,636,862	34	None - construction yet to start
Ikamvelihle Trading Enterprises CC - Erf 953-956 Berea	R 5,741,351	R 7,680,794	38	None - construction yet to start
Reatha Acquisition & Management (Pty) Ltd - Erf 1815 Pretoria North, Pretoria	R 6,107,770	R 9,480,185	40	None - construction yet to start
Shukumani Trading Enterprises (Pty) Ltd - Erf 550 Bertrams JHB	R 4,340,301	R 6,882,121	32	None - construction yet to start
Nonkwelo (Pty) Ltd - Erf 10 & 11 Hunter Street, Highlands	R 5,783,632	R 8,929,815	45	None - construction yet to start
Tumaini Properties and Real Estate CC - Erf 52 & 53 New Doornfontein	R 4,351,554	R 6,347,118	32	None - construction yet to start
Valotorque 199 CC - Erf 757 Pretoria North	R 6,149,675	R 8,959,325	40	None - construction yet to start
Cape Gannet Properties 175 (Pty) Ltd - Erf 42 Kempton Park	R 3,733,805	R 5,419,511	24	None - construction yet to start
Fundzo Trading (Pty) Ltd - portion 15 of Erf 8489 Protea Glen Ext 11	R 8,008,500	R 13,065,700	62	None - construction yet to start
MUMA Property Investments (Pty) Ltd - Erf 978 Pretoria North	R 7,938,800	R 13,956,300	64	None - construction yet to start
DNM Estate CC - Erf 517 & 518 City & Suburban	R 6,603,000	R 11,035,100	50	None - construction yet to start
TOTAL	R 93,519,898	R 144,085,311	699	

3.5 FACILITATION OF INTEGRATED HOUSING

The Facilitation of Integrated Housing is a GPF intervention to unlock bottlenecks to ensure appropriate deal flow to meet affordable housing targets. The focus over 2012/13 has been to understand the dynamics facing mixed income developments and gather intelligence on developing appropriate interventions.

In the 2012/13 financial year we planned to investigate, establish the role as well as opportunities in the sector. Thereafter to have an integrated housing development plan approved. This plan has been incorporated as part of our 2013/14 Strategic Plan objective 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.
- b) Assist the DLGH in appropriate funding of mixed income housing (human settlements) on projects that have been completed, township establishment and all technical input but require bankability studies.



OPERATIONS REPORT

CORPORATE GOVERNANCE

he Gauteng Partnership Fund (GPF) is Schedule 3C public entity registered under Section 1 of the Public Finance Management Act (PFMA) No. 1 of 1999. Members are governed by the Trust Deed and terms of reference, which have been enhanced to ensure that the entity operates efficiently and effectively.

BOARD OF TRUSTEES

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

The Board of Trustees considers sound corporate governance practices to be pivotal to deliver sustainable growth for the benefit of all its stakeholders. The Board of Trustees endorse the objective of conducting the affairs of the company in accordance with the highest standards of corporate governance and accept responsibility for achieving these standards. The board endorses the principles of fairness, responsibility, transparency and accountability advocated. Corporate governance practices are reviewed periodically and improvements effected where necessary to account for changes in governance requirements.

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.

INDUCTION OF NEW BOARD MEMBERS

A comprehensive induction programme has been developed to ensure that new Board members are adequately briefed and have the required knowledge of the GPF's structure, operations, policies and industry related issues to enable them to fulfil their duties and responsibilities.

New members are provided with details of all applicable legislation, minutes of the Board and Audit Committee for the previous 12 months, most recent management accounts and relevant sub-committee mandates.

MATERIALITY FRAMEWORK

The board approved a framework of acceptable levels of materiality and significance in accordance with the Public Finance Management Act, 1999 as amended (PFMA).

BOARD MEETINGS

During the year, eight scheduled board meetings were held. The Chief Executive Officer (CEO), Chief Financial Officer (CFO) and Chief Investment Officer (CIO) attend Board meetings on an ex-officio basis. The Board exercises oversight over the GPF's operations through a governance structure comprising Audit, Investment and Remuneration Committees.

These committees are responsible for ensuring that the GPF complies with relevant legislation and codes of good governance and practice. Each committee has its own terms of reference, which are reviewed annually in line with best practice.

The Audit Committee assists the Board in its duties relating to the safeguarding of assets, the operation of adequate financial systems and control processes, and the preparation of financial statements and related financial reporting in compliance with all applicable legal requirements and accounting standards.

The Remuneration Committee oversees the formulation of a remuneration philosophy and human resources strategy to ensure that the Trust employs and retains the best human capital possible relevant to its business needs.

The Investment Committee assists the Board in its duties by making detailed reviews of the investment proposals and approving or making recommendations to the Board of Trustees in line with the overall organisational strategy and investment policies.

Audit Committee Members:

- ► R Garach
 - (Chairperson retired 28 October 2012)
- D Maphatiane
- Z Fihlani
 - (Chairperson from 28 October 2012)





CORPORATE GOVERNANCE REPORT

Remuneration Committee Members:

- ► P Mphahlele (Chairperson)
- ▶ D Maphatiane
- L Makibinyane

Investment Committee Members:

- Z Fihlani (Chairperson)
- ► L Makibinyane
- ► R Garach (retired 28 October 2012)

The Board is satisfied that the board committees have effectively discharged their responsibilities as contained in their respective terms of reference during the year under review.

BOARD AND BOARD COMMITTEE ASSESSMENTS

During the past year, the GPF Board conducted a self-evaluation by board members of their performance, and the operation of the Board and its subcommittees, in line with the requirements of King III. This evaluation was designed to assess what is working well at board level, identify areas for improvement, establish priorities for change and agree on necessary actions. The board questionnaire was developed in-house and was structured in two parts, namely a self-assessment and an evaluation of the Board and its appointed subcommittees.

The Board was asked to rate relevant issues on a 1 to 5 scale; from strongly disagree to strongly agree. The responses are indicative of a general perception by Board members that they contribute to corporate leadership and stewardship as well as the achievement of company objectives. The trustees believe they have a good understanding of GPF's strategic plan and key issues.

Board members generally believe they contribute constructively to the resolution of issues at meetings, and that communication of expectations is clear. In general, the view is that information obtained is in an adequate, relevant and timely manner and that meeting attendance and preparation for such meetings are good.

INTERNAL CONTROL

The Board acknowledges its overall responsibility for GPF's system of internal control and for reviewing its effectiveness, whilst 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 focuses on critical risk areas, which are identified by management and reviewed by the Audit Committee.

The controls are designed to provide cost-effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. Organisational policies, procedures, structures 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 have been set and the systems of internal control and accounting control that have been implemented are adequate and ensure the integrity and reliability of the financial statements and accountability of GPF's assets. Documented and tested processes are in place that will allow the GPF to continue its critical operational processes in the event of a disastrous incident impacting negatively on its activities. In this regard, management views the role of internal audit as the primary assurance provider 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.

RISK MANAGEMENT

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 of Trustees recognises the importance of an effective risk management system and has adopted an enterprise-wide approach to risk management. The Board's risk management strategy has been adopted through a rigorous debate with the GPF management. Whilst it is not possible to identify or



CORPORATE GOVERNANCE **REPORT**

anticipate every risk due to the changing business environment, the trust has an established risk management process to manage and mitigate those key risks which it believes could have an impact on its business. The trust's process for identifying and managing risk is set by the Board. The Board of Trustees has delegated the management of risk to the Audit Committee. 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 quarterly management meetings, and in the Audit Committee meetings. The Audit Committee has reviewed the risk management plan, the design, implementation and monitoring of which on a day-to-day basis is the responsibility of management.

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.



OPERATIONS REPORT

HUMAN RESOURCES REPORT

uring the 2012/13 financial year, the GPF Human Resources unit focused on the HR objectives of attracting and retaining skilled performing individuals to ensure the achievement of GPF strategic objectives. This objective was achieved through the following:

ENSURING THE ALIGNMENT OF GPF HUMAN RESOURCES TO THE GPF STRATEGY

- ► 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
- ► Compliance of HR policies to relevant legislation and employee compliance to approved HR policies
- Successful internal branding
- ► Team building for target groups
- Monitoring of human resource alignment to strategic objectives to facilitate effective and relevant training and development of GPF Staff
- Review and realignment of 3-year Individual Development Plans (IDPs) to ensure availability of required skills and knowledge
- ► Implementation of internship programme in support of national job creation drive
- ► Implementation of retention and succession plan with all identified training requirements provided
- Provide training services of GPF developed qualifications to external fee-paying stakeholders
- ► Availability of a healthy workforce
- ► Annual review of previous expenditure to identify opportunities for employee development and cost reduction to ensure the organisational culture encompasses the GPF values

- ► Regular communication within all internal communication channels
- 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
- ► Annual review of HR policies

Employee by Gender



Employees adopted key commitments and a set of core values to drive performance and behaviour in the business, bringing us one step closer to our goal of becoming the preferred employer in the listed property sector in South Africa.

CORE VALUES

- Proactiveness
- ► Innovation
- Accountability
- ▶ Integrity
- ► Excellence

Employees by Race

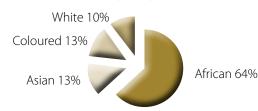


TABLE K - EMPLOYMENT EQUITY ANALYSIS

		MALE			FEMALE				FOREIGN N	TOTAL	
LEVEL	А	C	I	w	Α	C	1	w	MALE	FEMALE	
Top Management	2	1	1				1				5
Senior Management	2	1	2		2			1			9
Middle Management	5							1			7
Junior Management					3	2		1	1		6
Semi-skilled					2						2
Unskilled					2						2
TOTAL	9	2	3	0	9	2	1	3	1	0	30



HUMAN RESOURCES REPORT

HEALTH, SAFETY AND WELL-BEING OF EMPLOYEES

We are committed to keeping our employees healthy and safe in the work environment. We have inculcated a philosophy whereby GPF and its employees share responsibility for health and safety in the workplace.

We believe in a holistic approach to wellness and have designed our employee wellness programme on three pillars:

- Physical wellness
- ► Emotional wellness
- ► Financial wellness

Wellness days help us to understand where we are at risk and drive initiatives such as a gym membership and maintaining a healthy lifestyle.

During the year we made a psychologist available to our employees. Employees are given the tools through training programmes to manage their personal finances and have access to independent financial advisers. GPF believes in a responsible approach to HIV and Aids. GPF strives to achieve a balance between the compelling needs of employees infected with or affected by HIV and Aids and the legitimate needs of the organisation. The company has adopted a policy on HIV and Aids that ensures the creation of a non-discriminatory environment for all employees. We are committed to providing employees with information and education on HIV and Aids. Our wellness programme offers voluntary counselling and a testing service to all employees.

Return on investment achieved from the wellness programme is evident in the reduction of absenteeism, improved efficiency and productivity levels that reduce operation and human capital risk and increases staff moral and commitment.

EMPLOYEE PERFORMANCE

Employee performance is assessed and measured against set performance criteria, aligned to the strategic priorities of the business. The well-structured formal approach to performance is supported by training and development initiatives.

Employees are encouraged to have regular performance and career conversations to enable them to match their personal aspirations with opportunities available.

During the year we had one resignation and we welcomed two new staff members to the GPF.

REWARDING EMPLOYEES

Recognising the effort and commitment of our employees is not just a nice thing to do – it is part of who and what we are. We celebrate success through, and with, our people. Our reward programme is a communication tool that reinforces and rewards the most important outcomes people create for our business. By recognising our employees we effectively reinforce the actions and behaviour we most value. All employees participate and are eligible for recognition. We use various mechanisms such as fair and equitable remuneration, regular feedback and appreciation and the annual staff of the year awards.

EMPLOYEE RETENTION

Although our staff turnover is low, leveraging our employee value proposition to create a strong employer brand attraction and retaining talent is a priority for 2013/14.



HUMAN RESOURCES STATISTICS

TABLE L - LIST OF EMPLOYEES

NO	NAME	DESIGNATION	GENDER	RACE	COMMENCEMENT DATE	TERMINATION DATE
1	Lance Smith	Corporate Services Manager	Male	Coloured	01-OCT-04	
2	Boni Muvevi	Chief Investment Officer	Male	African	01-NOV-04	
3	Thando Masango	Financial Officer	Female	African	11-JAN-05	
4	Basil Balkison	Financial Accountant	Male	Coloured	16-FEB-05	
5	Godfrey Matabathe	Investment Portfolio Manager	Male	African	25-APR-05	
6	Mpho Mokoena	HR Officer	Male	African	01-SEP-05	
7	Anthea Jansen	Executive Assistance Marketing & Communication	Female	Coloured	01-SEP-05	
8	Shiraaz Lorgat	Development Strategy Consultant	Male	Asian	01-DEC-05	
9	Brian Mangcipu	Supply Chain Officer	Male	African	03-APR-06	
10	Lilian Diketane	Receptionist	Female	African	05-APR-06	
11	Komathie Govender	Chief Financial Officer	Female	Asian	03-JAN-07	
12	Kutoane Kutoane	Chief Executive Officer	Male	African	07-MAY-07	
13	Katleho Nchapha	Investment Officer	Male	African	03-JAN-08	
14	Mapule Kuzwayo	Executive Assistant CFO	Female	African	01-APR-08	
15	Majorie Harrington	Human Resources Manager	Female	White	02-APR-08	22-AUG-12
16	Immaculate Shembe	Project Administrator	Female	African	14-APR-08	
17	Renata Lement	Executive Assistance CIO	Female	Coloured	01-NOV-08	
18	Faizel Rayman	Supply Chain Manager	Male	Asian	15-DEC-08	
19	Ronald Tapera	IT Officer	Male	African	25-MAY-09	
20	Patricia Jafta	General Office Administration	Female	African	12-NOV-09	
21	Vinolia Mashiane	Investment Officer	Female	African	01-FEB-11	
22	Thabane Rampalane	HR Officer/SDF	Male	African	01-JUL-11	
23	Lydia Diketane	General Office Assistant	Female	African	01-JUL-11	
24	Ismail Carr	Marketing & Communication Executive	Male	Asian	18-JUL-11	
25	Phetsile Khoza	Project Administrator	Female	African	18-JUL-11	
26	Ntombenhle Nzimande	Marketing & Communication Manager	Female	African	15-AUG-11	
27	Tanja Berry	PA to the CEO	Female	White	15-AUG-11	
28	Sandra Ruiter	Investment Officer	Female	White	03-JAN-12	
29	Isaac Motladi	Investment Portfolio Officer	Male	African	23-APR-12	
30	Nadia Prinsloo	Financial Officer	Female	White	12-JUN-12	
31	Joel Moremi	Supply Chain Officer	Male	African	01-JUL-12	



OPERATIONS REPORT

MARKETING

1. INTRODUCTION

The GPF has always been recognised as reputable with its existing partners. However, it is not seen as a very strong brand with both local and international recognition. The previous GPF marketing initiatives had been focused on tactical activity, promoting on a product-by-product and seasonal basis. In fulfilling its strategic intent, it was critical for the GPF to effectively focus on enhancing its visibility and to manage stakeholder relations, as well as collaborative partnerships.

2. PERFORMANCE OVERVIEW

The major strategic objective for the 2012/13 financial year for the GPF marketing and communications department was to focus on enhancing the visibility and maintaining the credibility of the GPF brand, as well as to broaden the ecosystem of strategic business partnerships that support the work of the GPF. In meeting this strategic objective,

- ► The marketing and communications department were allocated with a budget of R1,820,000 to develop and enhance the brand equity of the GPF
- ▶ A marketing and communications plan was successfully developed and implemented with a specific focus on print media (specific industry publications and newspapers) that were focused on profiling GPF and its product offerings. NEWSCLIP media monitoring report indicated the following statistics for this financial year: Total AVE (Advertising Value Equivalent) of R2,638,295 with an estimated circulation and coverage

- figure of 5,089,575 (readership and listenership) for all broadcast, print and online media
- ▶ One of the key focus areas was the GPF 10th anniversary campaign that focused on the projects and successes over the past 10 years. This was in partnership with specific print and online media. The design and distribution of a special edition GPF 10th anniversary brochure and annual report also added to the visibility of the brand. These brochures and annual reports where distributed at key industry conferences, workshops and events
- ► Specific newspaper advertising campaigns were launched for both Rental Housing and EEPF product offerings and received coverage in major national newspapers
- ▶ In partnership with the Gauteng Department of Local Government and Housing (GDLGH), GPF launched its very first Affordable Housing Indaba, aimed at specific stakeholders in addressing the affordable housing market challenges. This initiative was well received and attended by stakeholders with positive post-event reviews
- ▶ GPF launched its very own website (www.gpf.org.za) with a website availability figure greater than 99.5% per month. Google analytics performance statistics indicated for 2012/13 financial year: 16,074 website visits for the financial year (average of 1,340 website visits per month), 68,768 page-views for the financial year (average of 5,731 page-views per month)

Members of GPF top management were also profiled and featured on many broadcast, print and online media platforms.





REPORT OF THE AUDIT COMMITTEE

AUDIT AND RISK COMMITTEE RESPONSIBILITY

The Audit Committee reports that it has complied with its responsibilities arising from Section 51 (1)(a) of the Public Finance Management Act and Treasury Regulation 3.1.13. The Audit 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.

AUDIT AND RISK COMMITTEE MEMBERS AND ATTENDANCE

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

TABLE M - AUDIT AND RISK COMMITTEE MEMBER AND ATTENDANCE

MEMBER	PROFESSION / POSITION	2012/05/29	2012/07/27	2012/09/20	2012/11/22	2012/03/14
Rakesh Garach (Chairperson - Retired 28/10/2012)	CA (SA)	$\sqrt{}$	$\sqrt{}$	$\sqrt{}$	-	-
Zola Fihlani (Chairperson from 28/10/2012)	CA (SA)	Apology	Apology	$\sqrt{}$	$\sqrt{}$	$\sqrt{}$
Dineo Maphatiane	BA Human Resource Management with Major in Industrial Psychology	$\sqrt{}$	$\sqrt{}$	Apology	$\sqrt{}$	$\sqrt{}$

Remuneration rate per hour:

Formal meetings = R1,400 (Chairperson), R1,100 (Audit Committee member) per hour.

REPORT ON THE OPERATIONS OF THE AUDIT AND RISK COMMITTEE

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

- Reviewed management accounts;
- Reviewed and approved the Internal Audit Charter;
- Updated the Audit and Risk Committee Charter;
- ► Reviewed the risk analysis, as well as the internal audit coverage plans and budget;
- Considered internal audit reports and made recommendations as appropriate;
- Monitored progress with the internal audit coverage plans as well as management's follow-up of matters requiring attention throughout;
- Monitored compliance with GPF policies and applicable legislation;
- ► Conducted separate informal meetings with both internal and external audit;
- ► Conducted a self-assessment during the year. Results concluded that the Audit and Risk Committee is effective. Minor areas of improvement were identified.

THE EFFECTIVENESS OF INTERNAL CONTROL

The Audit and Risk Committee is satisfied that:

- ► The risk management process is in place and the major risks under control of GPF are properly managed;
- ► The internal control systems are effective;
- ► The internal auditors are operating objectively and independently; and
- ► Matters requiring management attention have been adequately addressed.

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

- ► Investment and Marketing
- Investments
- Information Technology
- Marketing and Communications
- ▶ Governance Review
- Financial Management
- Supply Chain Management
- ► Human Resources Management
- Follow-up on Internal and External Audit findings; and
- Ad hoc assignments.

Quarterly report

The GPF has submitted reports on the Executive Authority.





AUDIT AND RISK COMMITTEE **REPORT**

EVALUATION OF ANNUAL FINANCIAL STATEMENTS

The Audit Committee has:

- Reviewed and discussed with the Auditor and Management the audited Annual Financial Statements to be included in the Annual Report;
- ► Reviewed the Auditors' management report and Management's response thereto;
- ► Reviewed the entity's compliance with legal and regulatory authority provisions;
- ▶ Reviewed significant adjustments resulting from the audit.

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

Risk management

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

Zola Fihlani

Chairperson of the Audit Committee







REPORT OF THE AUDITOR-GENERAL

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 38 to 94, which comprise the statement of financial position as at 31 March 2013, the statement of comprehensive income, statement of changes in equity and the cash flow statement for the year then ended, and 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 officer 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, 2004 (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 2013, 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 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 relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

- 8. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages 9 to 18 of the annual report.
- 9. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury's annual reporting principles and whether the reported performance is consistent with the planned objectives.

The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and



REPORT OF THE AUDITOR-GENERAL

time bound) and relevant as required by the National Treasury Framework for managing programme performance information.

The reliability of the information in respect of the selected objectives is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

10. There were no material findings on the annual performance report concerning the usefulness and reliability of the information.

Compliance with laws and regulations

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

Internal control

13. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with laws and regulations.

14. I did not identify any deficiencies in internal control which I considered sufficiently significant for inclusion in this report.

Auditor- General

Johannesburg
3\ July 2013



Auditing to build public confidence









(Registration number IT2422/02) • Trading as Gauteng Partnership Fund • Annual Financial Statements for the year ended 31 March 2013

GENERAL INFORMATION

Country of Incorporation and Domicile South Africa

Nature of Business and Principal Activities Social housing

Registered Office 82 Grayston Drive

Sandton

Johannesburg

2196

Bankers Absa Bank Limited

Auditors Auditor-General of South Africa

Registered Auditors

Company Registration Number IT2422/02

Attorneys Anthony Wilton Thinane Inc.

Cliffe Dekker Inc

Eversheds

Mojela Hlazo Practice

Wilsenach Van Wyk Goosen and Bekker

NPO Number 030 671 NPO



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REPORT OF THE TRUSTEES

1. REVIEW OF ACTIVITIES

Main business and operations

The Gauteng Partnership Fund (GPF) was founded by the Gauteng Department of Local Government and Housing 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 Local Government and Housing, GPF has focused it's 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 financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the trust as at the end of the financial year and the results of its operations and cash flows for the year then ended. The external auditors are engaged to express an independent opinion on the financial statements.

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

The Trustees acknowledge that they are ultimately responsible for the system of internal financial control es-

tablished by the Trust and place considerable importance on maintaining a strong control environment. To enable the Trustees to meet these responsibilities, the Trustees set standards for internal control aimed at reducing the risk error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptance level of risk.

The Trustees are of the opinion, based on information and explanations given by management, that the system of internal control provides reasonable, but not absolute, assurance that the financial records may be relied on for the preparation of the financial statements. Nothing has come to the attention of the Trustees to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review. The financial statements have been prepared on the going concern basis, since the Trustees have every reason to believe that the Trust has adequate resources in place to continue in operation for the foreseeable future.

3. SUBSEQUENT EVENTS

The call option holder, Johannesburg Housing Company (Pty) Ltd, has informed the GPF of their intention to exercise the call option (refer to note 5). At year end the Trust received confirmation from the Department of Local Government and Housing that it would be further capitalised by R250,000,000 over the next two years. The Trust subsequently received R125,000,000 of this capitalisation on 22 May 2013. The Chief Executive Officer, Kutoane Kutoane, tendered his resignation effective 1 September 2013. The Trustee's are not aware of any other matter or circumstance arising since the end of the financial year.

4. PROPERTY, PLANT, EQUIPMENT AND INTANGIBLES

During the year, the Trust purchased property, plant and equipment and intangibles to the value of R777,405 (2012: R7,441,504). The useful lives of the remaining assets assessed during the year and any changes have been disclosed as a change in estimate.

5. SECRETARY

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



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TRUSTEES **REPORT**

6. TRUSTEES

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

NAME	NATIONALITY	DATE OF APPOINTMENT/RESIGNATION
P Mphahlele (Chairperson)	Independent Non-Executive South African	Appointed 1 December 2008
K Kutoane (Chief Executive Officer)	Executive South African	Appointed 30 May 2007
Z Fihlani	Independent Non-Executive South African	Appointed 30 August 2011
R Garach	Independent Non-Executive South African	Retired on 28 October 2012
L Makibinyane	Independent Non-Executive South African	Appointed 30 August 2011
D Maphatiane	Independent Non-Executive South African	Appointed 30 August 2011

Audit Committee

- Z Fihlani (Acting Chairperson)
- ▶ R Garach (Retired as Chairperson on 28 October 2012)
- D Maphatiane

Investment Committee

- Z Fihlani (Chairperson)
- ▶ R Garach (Retired 28 October 2012)
- ► L Makibinyane

Remuneration Committee

- ► P Mphahlele (Chairperson)
- ▶ D Maphatiane
- ► 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 41 to 95, which have been prepared on the going concern basis, were approved by the Board of Trustees on 28 May 2013 and were signed on its behalf by:

P Mphahlele

Chairperson

K KutoaneChief Executive Officer



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STATEMENT OF FINANCIAL POSITION

FIGURES IN RAND	NOTE	2013	2012
ASSETS			
Current Assets			
Cash and cash equivalents	2	1,148,224,011	1,098,738,000
Current portion loans and receivables from exchange transactions Receivables from exchange transactions	3 4	34,481,939 9,031,218	9,760,302 32,219,891
		9,031,210	32,219,091
		1,191,737,168	1,140,718,193
Non-Current Assets			
Available-for-sale investments	5	13,481,673	11,647,556
Property, plant and equipment	6	4,363,812	5,598,808
Intangible assets	7	693,580	1,016,245
Loans and receivables from exchange transactions	3	130,884,634	111,607,751
		149,423,699	129,870,360
TOTAL ASSETS		1,341,160,867	1,270,588,553
LIABILITIES			
Current Liabilities			
Derivative	8	3,779,691	-
Deferred income	9	118,434,971	162,129,737
Finance lease obligation	10	237,690	239,661
Operating lease liability	11	-	78,856
Payables from exchange transactions	12	698,719,822	624,090,078
Provisions	13	3,622,535	3,025,382
		824,794,709	789,563,714
Non-Current Liabilities			
Finance lease obligation	10	140,223	377,913
TOTAL LIABILITIES		824,934,932	789,941,627
Net Assets			
Reserves			
Accumulated surplus		513,160,669	479,415,777
Other components of net assets	14	3,065,266	1,231,149
TOTAL NET ASSETS		516,225,935	480,646,926
TOTAL NET ASSETS AND LIABILITIES		1,341,160,867	1,270,588,553



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STATEMENT OF FINANCIAL PERFORMANCE

FIGURES IN RAND	NOTE	2013	2012
Revenue Other income Operating expenses	15 17	83,945,536 2,215,162 (44,788,787)	96,964,305 1,475,534 (33,015,851)
OPERATING SURPLUS	18	41,371,911	65,423,988
Fair value adjustments Impairment reversal Finance costs	20 21 22	(11,781,162) 4,199,998 (45,855)	(3,720,960) 755,370 (28,328)
SURPLUS FOR THE YEAR		33,744,892	62,430,070
Attributable to: Executive Authority - Gauteng Department of Local Government and Housing		33,744,892	62,430,070



GAUTENG PARTNERSHIP TRUST (Registration number IT2422/02) • Trading as Gauteng Partnership Fund • Annual Financial Statements for the year ended 31 March 2013

STATEMENT OF CHANGES IN NET ASSETS

FIGURES IN RAND	AVAILABLE FOR SALE ASSET RESERVE	ACCUMULATED SURPLUS	TOTAL NET ASSETS
BALANCE AT 1 APRIL 2011	(772,252)	416,985,707	416,213,455
Changes in net assets Surplus for the year Fair value adjustments	- 2,003,401	62,430,070 -	62,430,070 2,003,401
TOTAL CHANGES	2,003,401	62,430,070	64,433,471
BALANCE AT 1 APRIL 2012	1,231,149	479,415,777	480,646,926
Changes in net assets Surplus for the year Fair value adjustment (refer to note 14)	- 1,834,117	33,744,892 -	33,744,892 1,834,117
TOTAL CHANGES	1,834,117	33,744,892	35,579,009
BALANCE AT 31 MARCH 2013	3,065,266	513,160,669	516,225,935



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STATEMENT OF CASH FLOWS

FIGURES IN RAND	NOTE	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Cash receipts - from borrowers		27,966,398	13,498,714
Cash receipts - interest from banks		26,840,937	30,159,908
Tenant installation allowance		1,032,534	-
Gauteng Department of Local Government and Housing		74,933,268	244,498,413
		130,773,137	288,157,035
Payments			
Employee costs		(24,014,086)	(17,665,618)
Suppliers		(14,701,688)	(11,860,784)
Finance costs		(45,855)	(28,328)
Guarantees paid		(7,654,951)	(29,863,952)
Cash paid to borrowers		(33,834,984)	(25,720,735)
		(80,251,564)	(85,139,417)
NET CASH FLOWS FROM OPERATING ACTIVITIES	29	50,521,573	203,017,618
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	6	(265,979)	(5,817,482)
Proceeds from sale of property, plant and equipment	6	27,361	181,880
Purchase of other intangible assets	7	(511,426)	(1,185,736)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(750,044)	(6,821,338)
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance lease payments		(285,517)	(140,283)
NET INCREASE IN CASH AND CASH EQUIVALENTS		49,486,012	196,055,997
Cash and cash equivalents at the beginning of the year		1,098,738,000	902,682,003
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	2	1,148,224,012	1,098,738,000



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STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

ACTUAL DIFFERENCE FIGURES IN RAND APPROVED ADJUSTMENTS **FINAL** AMOUNTS ON **BETWEEN FINAL** REFERENCE **BUDGET** BUDGET **COMPARABLE BUDGET & ACTUAL BASIS** STATEMENT OF FINANCIAL **PERFORMANCE Expenditure** Personnel (23,727,695)(1,342,330) (25,070,025) (24,014,086) **1,055,939** Refer to Note 34 Repairs and maintenance (641,996)171,448 Refer to Note 34 (423,996)(218,000)(470,548)General expenses (13,548,504)(1,144,680) (14,693,184) (14,231,140) **462,044** Refer to Note 34 **TOTAL EXPENDITURE** (37,700,195) (2,705,010) (40,405,205) (38,715,774) 1,689,431 (37,700,195) (2,705,010) (40,405,205) (38,715,774) 1,689,431 Actual amount of comparable basis as presented in the budget and actual comparative statement STATEMENT OF FINANCIAL POSITION **ASSETS Non-Current Assets** Property, plant and equipment 309,000 309,000 265,979 (43,021) Refer to Note 34 897,500 897,500 511,426 (386,074) Refer to Note 34 Intangible assets 1,206,500 1,206,500 777,405 (429,095)**TOTAL ASSETS** 1,206,500 1,206,500 777,405 (429.095)**CASH FLOW STATEMENT CASH FLOWS FROM OPERATING ACTIVITIES Payments Employee costs** (23,727,695)(1,342,330) (25,070,025) (24,014,086) 1,055,940 Refer to Cash Flow Statement 633,491 Refer to Cash Suppliers (13,972,500) (1,362,680) (15,335,180) (14,701,688) Flow Statement **NET CASH FLOWS FROM OPERATING ACTIVITIES** (37,700,195) (2,705,010) (40,405,205) (38,715,774) 1.689.431 **CASH FLOWS FROM INVESTING ACTIVITIES** Refer to Cash Purchase of property, plant (309,000)(265,979)43,021 (309,000)and equipment Flow Statement Purchase of other intangible assets (897,500) (897,500) (511,426) 386,074 Refer to Cash Flow Statement **NET CASH FLOWS FROM INVESTING ACTIVITIES** (1,206,500)(1,206,500)(777,405)429,095 **NET DECREASE IN CASH AND CASH EQUIVALENTS** (38,906,695) (2,705,010) (41,611,705) (39,493,179) **2,118,526** Refer to Note 34



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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 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.

A. 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
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
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 26	Impairment of Cash generating Assets
GRAP 100	Non-current Assets Held for Sale and Discontinued Operations (as revised in 2010)
GRAP 101	Agriculture
GRAP 102	Intangible Assets
GRAP 103	Heritage Assets
GRAP 104	Financial Instruments

B. Directives issued and applied:

Reference Topic

Directive 1	Repeal of Existing Transitional Provisions in, and Consequential Amendments to, Standards of GRAF
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



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ACCOUNTING POLICIES

C. Interpretations of the standards of GRAP approved that are applied:

Reference Topic

IGRAP 1 IGRAP 2 IGRAP 3	Applying the Probability Test on Initial Recognition of Exchange Revenue Changes in Existing Decommissioning, Restoration and Similar Liabilities 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	Distribution 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

D. Approved guideline of standards of GRAP that are applied:

Reference Topic

Guide 1 Guideline on Accounting for Public Private Partnerships

E. Effective IFRSs and IFRICs that entities are 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

F. 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 25	Employee Benefits
GRAP 105	Transfers of Functions Between Entities Under Common Control
GRAP 106	Transfers of Functions Between Entities Not Under Common Control
GRAP 107	Mergers





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ACCOUNTING POLICIES

G. Standards of GRAP that an entity may use to disclose information in its Financial Statements

Reference Topic

GRAP 20 Related Party Disclosures

H. 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:

Trade receivables

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

The impairment for trade receivables, held to maturity investments and loans and receivables is calculated on a portfolio 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.

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.

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. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. 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 fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at



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ACCOUNTING POLICIES

the current market interest rate that is available to the entity for similar financial instruments.

The carrying amount of available-for-sale financial assets would be an estimated lower or higher were the discounted rate used in the discount cash flow analysis to differ by 5% from management's estimates.

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

1.2 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use of 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 are initially measured at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

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

When significant components of an item of property, plant and equipment have different useful lives, they are

accounted for as separate items (major components) of property, plant and equipment.

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

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

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

Major spare parts and standby equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and standby equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

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

Property, plant and equipment are 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
 ► Motor Vehicles
 ► Office Equipment
 ► Computer Equipment
 ► Leasehold Improvements
 1 to 10 years
 6 years
 1 to 6 years
 15 to 20 months



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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.

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. Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

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. Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets. After each quarterly asset count the Trust assesses intangible assets for impairment. Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

ITEAA	LICETIU LIEF
ITEM	USEFUL LIFE

► Computer software

1-5 years

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 reassessed 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 Trust 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-forsale 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



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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.

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 transactions

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

The Trust assesses its loans and receivables from exchange transactions at each statement of financial position date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A loan or receivable is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that 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 indicates 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 judgements as to whether there is objective evidence that the asset might be impaired.

The impaired allowance is measured as the difference between the carrying amount and the present value of the estimated future cash flows discounted at the original effective rate from a financial asset. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of financial performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. Criteria used to determine the objective evidence would include financial analysis and non-compliance with the loan agreement. Objective evidence would include a significant or prolonged decline in the fair value of the loan below its cost.

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

When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against income in the statement of financial performance. Gains or losses from the amortisation process are recognised in the surplus or deficit. Receivables from exchange transactions



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

Payables from exchange transaction

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

Cash and cash equivalents

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

Loans and receivables from exchange transactions

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

Available-for-sale 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.

These investments are measured initially and subsequently at fair value. Gains and losses arising from changes in fair value are recognised directly in net assets until the asset is disposed of or is determined to be impaired, at

which time the cumulative gain or loss previously recognised in net assets is included in the surplus or deficit for the period.

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

Offsetting of financial instruments

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.

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



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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.

Impairment of financial assets

Receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

Derecognition

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Reclassification

Cash and cash equivalents are 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 and subsequently recorded at fair value.

Loans and receivables from exchange transactions

Bank overdrafts and borrowings 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:

- 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;
- 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 instrument's 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 is going to be exercised on 30 June 2013.



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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 and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present-value of the minimum lease payments is the prime rate at the inception of the loan. 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 asset or liability.

1.6 CONTRIBUTED CAPITAL

The GPF has received a once-off capitalisation from its founder. The amounts received hava 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 and sick 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. The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

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

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. Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset.

The amount recognised for the reimbursement does not exceed the amount of the provision. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation. Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense. A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.



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A constructive obligation to restructure arises only when an entity:

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

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- ▶ not associated with the ongoing activities of the entity.

No obligation arises as a consequence of the sale or transfer of an operation until the entity is committed to the sale or transfer, that is, there is a binding arrangement. After their initial recognition, contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 33.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. 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.

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 year and which was condoned before



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year end and/or before finalisation of the financial statements, must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is required with the exception of updating the note to the 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 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 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 financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.13 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.

1.14 BUDGET INFORMATION

GPF is subject to budgetary limits in the form of 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 01/04/2012 to 31/03/2013. The annual financial statements and the budget are not on the same basis of accounting, therefore a reconciliation 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. Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.



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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FIGURES IN RAND	2013	2012
2. CASH AND CASH EQUIVALENTS Cash and cash equivalents consist of:		
Call account	450,000	-
Capital account	441,852,248	473,575,430
Current account	7,653,851	1,826,197
Deposits held on behalf of Gauteng Department of	698,266,710	623,333,442
Local Housing and Government		
Petty cash	1,202	2,931
	1,148,224,011	1,098,738,000

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

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 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.

The Trust holds deposits on behalf of the Gauteng Department of Local Government and Housing, R698,266,710 (2012: R623,333,442), that are not available for use by the GPF (refer to note 26).

R292,662,865 (2012: R164,356,395) of the cash and cash equivalents has been committed (refer to note 25).

3. LOANS AND RECEIVABLES FROM EXCHANGE TRANSACTIONS

	5,367,641	6,441,400
Current portion transferred to current assets	(756,655)	(770,243)
Interest amortised	228,408	258,836
Short-term payments received	(1,676,989)	(1,662,599)
Interest earned	361,234	448,027
Prior years current-term portion reversed	770,243	756,565
Loan amount	6,441,400	7,410,814
ABSA - Subsidised Loan Facility		

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 R6,924,981 (2012: R8,240,736) and bears interest at prime minus 4.25% and prime less 3.75%. The repayment terms are twelve-years from date of disbursement.





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FIGURES IN RAND	2013	2012
ABSA - Development Finance Facility		
Prior period current-term portion reversed	5,054,285	5,003,193
Interest earned	220,259	356,864
Impairment	-	(35,405)
Short-term payments received	(5,329,931)	(328,107)
Interest amortised	55,387	57,740
Current portion transferred to current assets	-	(5,054,285)
	-	

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 (2012: R5,109,671) and beared interest at prime minus 2%. The repayment terms are two to three years from date of disbursement.

	748,926	
Social benefit adjustment	(288,093)	-
nterest amortised	6,564	-
nterest earned	12,772	-
Aquarella Investments 360 (Pty) Ltd - 85-87 Quartz Street Advance	1,017,683	-

The loan 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 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 R1,030,455 (2012: RNiL). The loan is secured by a mortgage bond over Erf 5176 Hillbrow.

interest amortised	2,070,298	
Social benefit adjustment Interest amortised	(271,769) 9,274	-
Interest earned	38,443	-
Before Sunset Properties (Pty) Ltd - 11 Maclaren Street Advance	2,294,350	-

The fifteen-year loan of R2,294,350 to Before Sunset Properties (Pty) Ltd bears interest at a staggered JIBAR rate and is repayable in annual instalments commencing in December 2014. The nominal value of the loan is R2,332,793 (2012: RNil). The loan is secured by a mortgage bond over Erf 1106 Marshalltown.



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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FIGURES IN RAND	2013	2012
Bixowise CC t/a Kingdom Properties CC - Erf 278 Primrose Hill		
Loan amount	19,578	-
Advance	1,182,497	33,218
Social benefit adjustment	(274,331)	(13,786)
Interest earned	31,259	-
Interest amortised	15,628	146
	974,631	19,578

The fifteen-year loan 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 is repayable in annual instalments commencing September 2015. The nominal value of the loan is R1,246,973 (2012: R33,218). The loan is secured by a mortgage bond over Erf 278 Primrose Hill.

	9,133,850	8,146,064
Interest amortised	987,786	914,697
Brickfields Housing Company (Pty) Ltd - Erf 557 Newtown Loan amount	8,146,064	7,231,367

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.

Social benefit adjustment Interest amortised	(1,274,241) 29,937	-
		-
Short-term payments received	(2,400,000)	-
nterest earned	63,286	-
Advance	4,904,111	

The loan of R4,221,227 to Castle Crest Properties 80 (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 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 December 2015. The nominal value of the loan is R2,567,397 (2012: RNil). The loan is secured by a mortgage bond over Erf 504 Arcadia, Pretoria.



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FIGURES IN RAND	2013	2012
Clearwater (Pty) Ltd - Erf 1509 Discovery, Roodepoort		
Advance	1,804,066	-
Interest earned	25,528	-
Social benefit adjustment	(583,023)	-
Interest amortised	13,640	-
	1,260,211	-

The loan of R5,025 608 to Clearwater (Pty) Ltd comprises of an 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 September 2015. The nominal value of the loan is R1,829,594 (2012: RNil). The loan is secured by a mortgage bond over Erf 1509 Discovery, Roodepoort.

	4,491,311	
nterest amortised	87,847	_
Social benefit adjustment	(879,182)	-
nterest earned	219,109	-
Advance	5,063,537	-

The fifteen-year loan 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 R5,282,646 (2012: RNil). The loan is secured by a mortgage bond over Erf 2043, 2044 & 5070 Joubert Park.

Crimson Clover Trading 11 (Pty) Ltd - Ascot Fashion House		
Advance	4,322,394	-
Interest Received	214,985	-
Social Benefit Adjustment	(860,642)	-
Interest Amortised	84,848	-
	3,781,585	-

The twenty-year loan of R4,564,500 to Crimson Clover Trading 11 (Pty) Ltd bears interest at a staggered JIBAR rate and is repayable in annual instalments commencing May 2015. The nominal value of the loan is R4,537,379 (2012: RNil). The loan is secured by a mortgage bond over Erf 947 & 948 Johannesburg.



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GAUTENG PARTNERSHIP TRUST

FIGURES IN RAND	2013	2012
Greater Germiston Inner City Housing Company Phase II (Pty) Ltd		
Loan amount	1	1
Impairment reversal	2,099,999	700,00
Loan payment	(2,100,00)	(700,00)
	-	1

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 Impairment reversal	1 2,099,999	1 700,00
Loan payment	(2,100,00)	(700,00)
		1

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.

	6,727,683	
nterest amortised	45,839	
Social benefit adjustment	(412,293)	
nterest earned	78,543	
Highlands Urban Living (Pty) Ltd - Highlands Lofts Advance	7,015,594	

The fifteen-year loan of R7,015,594 to Highlands Urban Living (Pty) Ltd bears interest at a staggered JIBAR rate and is repayable in annual instalments commencing January 2015. The nominal value of the loan is R7,094,137 (2012: RNil). The loan is secured by a mortgage bond over Erf 3 & 4 Highlands, Johannesburg.

_	1
293,000	-
(293,000)	-
-	292,999
-	(293,000)
_	
	293,000



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FIGURES IN RAND 2013 2012

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

Current portion transferred to current assets	(3,166) 3,089,179	
Interest amortised	5,404	
Social benefit adjustment	(535,945)	
Short-term payments received	(4,543)	
Interest earned	17,703	
Advance	3,609,726	

The fifteen-year loan of R11,499,012 to Johannesburg Housing Company (Pty) Ltd bears interest at a staggered JIBAR rate and is repayable in monthly instalments commencing November 2013. The nominal value of the loan is R3,622,981 (2012: RNil). The loan is secured by a mortgage bond over Erf 4453 City of Johannesburg.

Johannesburg Housing Company (Pty) Ltd - Crest Hotel		
Advance	5,509,594	
Interest earned	26,300	
Short-term payments received	(5,499)	
Social benefit adjustment	(819,911)	
Interest amortised	7,383	
Current portion transferred to current assets	(4,351)	
	4,713,516	

The fifteen-year loan of R14,792,032 to Johannesburg Housing Company (Pty) Ltd bears interest at a staggered JIBAR rate and is repayable in monthly instalments commencing November 2013. The nominal value of the loan is R5,530,395 (2012: RNil). The loan is secured by a mortgage bond over Erf 212, 214 & 216 City of Johannesburg.

13,490,2025	13,391,557
684,562	708,147
316,519	409,494
(1,840,796)	(1,080,621)
749,185	746,010
(761,838)	(684,562)
12,637,657	13,490,025
	684,562 316,519 (1,840,796) 749,185 (761,838)



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FIGURES IN RAND 2013 2012

The fifteen-year loan of R20,000,000 to Johannesburg Housing Company (Pty) Ltd bears interest at prime less 7% and is repayable monthly. Payments commenced in November 2010. The nominal value of the loan is R18,423,796 (2012: R19,948,611). The loan is secured by a mortgage bond over Erf 15604, Cosmo City Extension 6.

	881,118	1,101,078
Current portion transferred to current assets	(160,339)	(153,817)
nterest amortised	37,883	43,834
Short-term payments received	(312,253)	(456,059)
nterest earned	60,932	79,908
Prior period current-term portion reversed	153,817	180,562
Loan amount	1,101,078	1,406,650
KTN Property Management (Pty) Ltd - Parklane Hotel		

The ten-year loan of R1,944,000 to KTN Property Management (Pty) Ltd bears interest at a rate of prime less 3.75% per annum and is repayable monthly. Payments commenced in October 2010. The nominal value of the loan is R1,152,038 (2012: R1,403,359). The loan is secured by a mortgage bond over Erf 4604 Johannesburg Township.

	2,279,576	2,432,339
Current-term portion transferred to current assets	(148,921)	(143,733)
nterest amortised	136,433	142,670
hort-term payments received	(340,621)	(319,788)
nterest earned	56,613	74,785
Prior period current-term portion reversed	163,733	135,253
oan amount	2,432,339	2,543,152
ionshare New Prop CC - Lubraco House		

The fifteen-year loan 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 R3,318,611(2012: R3,603,619). The loan is secured by a mortgage bond over Erf 532 and 533 Johannesburg Township.

nterest amortised	246	
Social benefit adjustment	(28,090)	
Advance	62,810	



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FIGURES IN RAND 2013 2012

The loan of R4,538,161 to Lisinfo 282 Property (Pty) Ltd comprises of an 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 has not been drawn down as yet but bears interest at a staggered JIBAR rate and is repayable in annual instalments. The nominal value of the loan is R62,810 (2012: RNil). The loan is secured by a mortgage bond over Erf 1952, Malvern, Johannesburg.

Madulamoho Housing Association - Allenby House		
Loan amount	2,494,546	2,670,965
Prior period current-term portion reversed	178,070	174,919
Interest earned	146,103	170,308
Short-term payments received	(418,584)	(419,669)
Interest amortised	72,359	76,093
Current portion transferred to current assets	(178,960)	(178,070)
	2,293,534	2,494,546

The fifteen-year loan 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 R2,969,079 (2012: R3,241,560). The loan is secured by a mortgage bond over Erf 4880 Hillbrow, Johannesburg Township.

	Interest earned	20,453,369 1,254,180	23,345,378 133,060
Interest amortised 583,652 167		(1,648,902)	- (3,192,972)
Current portion transferred to current assets (1,365,542)		,	167,903 -

The fifteen-year loan of R23,345,378 to Madulamoho Housing Association bears interest at a rate of prime less 6.5% per annum and is repayable in fifteen annual instalments which have commenced. The nominal value of the loan is R23,083,715 (2012: R23,478,437). The loan is secured by a mortgage bond over Erf 691to 698 Fleurhof Extension 2.

	20,253,500	-
Interest amortised	3,777	-
Social benefit adjustment	(4,338,842)	-
Interest earned	10,363	-
Madulamoho Housing Association - Jabulani Advance	24,578,202	-



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FIGURES IN RAND 2013 2012

The fifteen-year loan of R24,578,202 to Madulamoho Housing Association bears interest at a staggered JIBAR rate and is repayable in monthly instalments commencing in October 2013. The nominal value of the loan is R24,588,565 (2012: RNil). The loan is secured by a mortgage bond over Erf 2605 Jabulani, Soweto, Johannesburg.

	885,016	1,961,260
Current portion transferred to current assets	(539,942)	(536,666)
Interest amortised	2,507	27,253
Short-term payments received	(1,237,677)	(723,673)
Interest earned	162,202	197,089
Prior years current portion reversed	536,666	505,759
Loan amount	1,961,260	2,491,498
Maseleng Investments (Pty) Ltd - Montrose Mansions		

The seven-year loan of R3,100,000 to Maseleng Investments (Pty) Ltd Montrose Mansions bears interest at a rate of prime less 4.25% per annum and is repayable in seven annual instalments which have commenced. The nominal value of the loan is R1,414,390 (2012: R2,489,865). The loan is secured by a mortgage bond over Erf 4851 Johannesburg Township.

	32,557	
Interest amortised	229	
Social benefit adjustment	(26,171)	
Nonkwelo (Pty) Ltd - Hunter Street Advance	58,519	

The loan of R5,783,632 to Nonkwelo (Pty) Ltd Hunter Street comprises of an 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 has not been drawn down as yet but bears interest at a staggered JIBAR rate and is repayable in annual instalments. The nominal value of the loan is R58,519 (2012: RNil). The loan is secured by a mortgage bond over Erf 10 and 11 Hunter Street, Johannesburg.

current term portion transferred to earleric assets	677,392	1,953,350
Interest amortised Current-term portion transferred to current assets	232,558 (619,165)	334,376 (993,014)
Short-term payments received	(2,011,796)	(2,541,828)
Interest earned	129,431	198,406
Prior years current portion reversed	993,014	1,131553
Loan amount	1,953,350	3,823,857
Standard Bank		



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FIGURES IN RAND 2013 2012

The Standard Bank Subsidised loan facility supports developments of new sub markets within the social housing sector which allows for blending of interest rates between banks and the Gauteng Partnership Trust resulting in reduced rates to projects. The nominal value of the loan is R970,252 (2012: R3,226,638) and bears interest at prime less 3.75% per annum. The repayment of this amount is ten years from date of disbursement.

Shukumani Trading Enterprises (Pty) Ltd - 68 Derby Street Loan amount	41,192	-
Advance	-	69,891
Interest earned	28,700	-
Short-term payments received	(69,892)	-
Social benefit adjustment	-	(29,007)
Interest amortised	-	308
	_	41,192

The loan 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.

Interest amortised	(77,075) 45,438	6,731
Advance Social benefit adjustment	206,291	610,248 (246,871)
Take Off Real Estate (Pty) Ltd - Jeppestown Project Loan amount	370,108	-

The loan of R3,805,954 to Take Off Real Estate (Pty) Ltd comprises of an 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 (2012: R610,248). The loan is secured by a mortgage bond over Erf 1813, 1814 & 1817 Jeppestown, Johannesburg.



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FIGURES IN RAND	2013	2012
Tenitor Properties (Pty) Ltd -The Ridge Hotel		
Loan amount	10,624,095	9,684,417
Advance	20,430	150,000
Interest earned	608,440	666,415
Short-term payments received	(415,000)	-
Social benefit adjustment	(3,543)	(20,314)
Interest amortised	235,929	157,537
Impairment	-	(23,960)
Current portion transferred to current assets	(539,465)	
	10,530,886	10,624,095

The twenty-year loan 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 R12,280,456 (2012: R12,066,586) The loan is secured by a mortgage bond over Erf 185, 187, 189, 191 and 1411 Berea, Johannesburg.

	9,053,065	8,621,354
Impairment	-	(455,633)
Interest amortised	402,991	420,128
Social benefit adjustment	-	(181,038)
Short-term payments received	(322,490)	-
Interest earned	351,210	348,259
Advance	-	1,512,000
Loan amount	8,621,354	6,977,638
Trust for Urban Housing Finance (Pty) Ltd - Intuthuko		

The loan of R10,000,000 was made available from our Emerging Entrepreneur Fund to enable the Trust for Urban Housing Finance (Pty) Ltd - Intuthuko 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 nominal amount is R7,802,389 (2012: R7,773,670).

(1,486,158 941,95
(1,486,158
1,486,18
27,130,16



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FIGURES IN RAND 2013 2012

The seven-year loan of R25,000,000 was made available to Trust for Urban Housing Finance to address the requirements of the inner cities business environment and of the property market that require quick responses to property financing. The loan bears interest at prime less 4% and is repayable in one instalment in September 2013. The nominal value of the loan is R29,639,904 (2012: R29,652,570).

19,900	
19,966	_
(968,873)	-
30,008	-
2,967,085	-
	30,008 (968,873)

The loan of R4,435,319 to Tsebo Consumable Supplies (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 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 commencing in October 2015. The nominal value of the loan is R2,997,072 (2012: RNil). The loan is secured by a mortgage bond over Erf 256 Kempton Park, Ekurhuleni.

	5,063,941	5,385,847
Current-term portion transferred to current assets	(319,188	(952,912)
mpairment of loan	-	(129,632)
nterest amortised	366,737	357,293
Short-term payments received	(1,465,440)	(184,980)
nterest earned	143,073	184,754
Prior years current-term portion reversed	952,912	305,965
Loan amount	5,385,847	5,805,359
Yeast City Housing (Pty) Ltd - Tau Village		

The fifteen-year loan 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 R7,902,235 (2012: R9,224,602). The loan is secured by a mortgage bond over Erf 112 Pretoria.

	709,777	
nterest amortised	7,315	-
Social benefit adjustment	(262,871)	-
nterest earned	12,545	-
Zakhele Investments CC Erf - 257 Kempton Park Advance	952,788	-



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FIGURES IN RAND 2013 2012

The loan of R4,520,258 to Zakhele Investments CC comprises of an 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 R965,333 (2012: RNil). The loan is secured by a mortgage bond over Erf 257 Ekurhuleni.

TOTAL LOAN AND RECEIVABLES FROM EXCHANGE TRANSACTIONS	130,884,634	111,607,751
Total Loans and Receivables		
Non-current portion	130,884,634	111,607,751
Current portion	34,481,939	9,760,302
4. RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Receivables from exchange transactions - Capital accrued	31,012	105,567
Receivables from exchange transactions - Guarantees with attorneys	7,654,953	29,863,952
necervables from exchange transactions. Guarantees with attorneys	164022	739,399
Receivables from exchange transactions - Interest accrued	164,833	
,	1,180,420	1,510,973

Receivables from exchange transactions

Receivables from exchange transactions - Capital accrued comprises 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.

Receivables from exchange transactions - 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).

Receivables from exchange transactions - 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.

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.



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NAME OF ENTITY	LISTED / UNLISTED	% HOLDING 2013	% HOLDING 2012	2013	2012
5. AVAILABLE-FOR-SALE INVESTMENTS Greater Germiston Inner City Housing Company Phase II (Pty) Ltd - nominal amount Impairment Fair value	Unlisted	7.41%	7.41%	4,000,000 (<u>3,999,999</u>) 1	4,000,000 (<u>3,999,999</u>) 1
Greater Germiston Inner City Housing Company Pharoe Park (Pty) Ltd - nominal amount Impairment Fair value	Unlisted	6,54%	6,54%	4,000,000 (<u>3,999,999</u>) 1	4,000,000 (<u>3,999,999</u>) 1
Brickfields Housing Company (Pty) Ltd - nominal amount Impairment Fair value adjustments 2009 Fair value adjustments 2010 Fair value adjustments 2011 Fair value adjustments 2012 Fair value adjustments 2013	Unlisted	13,34%	13,34%	10,000,000 (9,999,999) 10,035,000 (7,618,593) 7,227,745 2,003,401 1,834,117	10,000,000 (9,999,999) 10,035,000 (7,618,593) 7,227,745 2,003,401
NON-CURRENT ASSETS AVAILABLE-FOR-SALE				13,481,673	11,647,556

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. Management has determined that the potential effect of using reasonably possible alternatives as inputs to the valuation model would reduce the fair value by R4,279,873 using less favourable assumptions by increasing the systematic risk by 5% and increase the fair value by R10,967,747 using more favourable assumptions by reducing the systematic risk by 5%. Systematic risk is also known as market risk. It is the risk that cannot be diversified away.

The investment in Greater Germiston Inner City Housing Company Phase II (Pty) Ltd and Greater Germiston Inner City Housing Company Pharoe Park (Pty) Ltd consists of R4,000,000 each. The repayments of the investments have been determined by a put and call option between 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 valued at R13,481,673 (2012: R11,647,554) using the discounted cash flow technique. The cost of this investment is R10,000,000. This investment consists of 300 ordinary shares of R1 each and a loan of R9,999,700. This loan investment is unsecured, and bears interest from time to time at a rate not exceeding 25%. The repayment thereof has been determined by a put and call option between Gauteng Partnership Fund and Johannesburg Housing Company (Pty) Ltd. The put option period commences on 1 July 2013 and terminates on 30 June 2015. The exercise of the put option is subject to the condition that all loan facility amounts and creditors are repaid in full. The Gauteng Partnership Trust has granted a call option to Johannesburg Housing Company (Pty) Ltd. The call option commenced 1 July 2003 and terminates on 30 June 2013 as is stipulated in the loan agreement entered into by the former two parties. The put option has a nil value and has not been recognised



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as Brickfields Housing Company (Pty) Ltd have informed us that they intend to exercise their call option. Interest of R2,499,992 (2012: R2,499,992) was received during the 2013 year. The call option is a derivative and has 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:

- a) Its value changes in response to the change in a specified interest rate, financial instruments price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, of other variable, provided in the case of a non-financial variable that the variable is not specified to a party in the contract:
- b) It requires no initial net investment or an initial net investment that is smaller than what would be required for other types of contracts that would be expected to have similar response to changes in market factors;
- 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 instrument's price being the change in the fair value of equity investment year on year;
- b) The put/call option required no initial net investment in terms of shareholders agreement; and
- 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 Brickfields Housing Company (Pty) Ltd as being minimal as the company's cash flows have improved and they are able to make repayments on the loan. Management considers the credit risk relating to the loan in Greater Germiston Inner City Housing Corporation Phase II (Pty) and Greater Germiston Inner City Housing Corporation Pharoe Park (Pty) Ltd as being high as the companies' models are not sustainable and therefore have impaired the loans.

FIGURES IN RAND		2013		2012		
6. PROPERTY, PLANT AND EQUIPMENT ACCUMULATED DEPOSITION CAPPYING			ACCUMUL			
	COST	& ACCUMULATED IMPAIRMENT	CARRYING VALUE	COST	DEPRECIATION & ACCUMULATED IMPAIRMENT	VALUE
Furniture and fixtures	1,171,216	(357,124)	814,092	1,170,872	(206,871)	964,001
Motor vehicles	161,076	(126,485)	34,591	161,076	(98,813)	62,263
Office equipment	1,607,121	(784,298)	822,823	1,875,731	(701,454)	1,174,277
Computer equipment	1,789,163	(692,399)	1,096,764	2,077,007	(803,805)	1,273,202
Leasehold improvements	2,837,843	(1,242,301)	1,595,542	2,835,677	(710,612)	2,125,065
TOTAL	7,566,419	(3,202,607)	4,363,812	8,120,363	(2,521,555)	5,598,808
TOTAL	7,566,419	(3,202,607)	4,363,812	8,120,363	(2,521,555)	







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FIGURES IN RAND 2013 2012

	OPENING BALANCE	ADDITIONS	DISPOSALS	DEPRECIATION	IMPAIRMENT LOSS	TOTAL
Reconciliation of Property,						
Plant and Equipment 2013					4	
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
	5,598,808	265,979	(17,029)	(1,459,606)	(24,340)	4,363,812
Reconciliation of Property,						
Plant and Equipment 2012						
Furniture and fixtures	202,928	973,851	(81,432)	(131,346)	-	964,001
Motor vehicles	89,935	-	-	(27,672)	-	62,263
Office equipment	339,625	1,292,522	(116,190)	(340,731)	(949)	1,174,277
Computer equipment	523,401	1,114,682	(9,402)	(325,853)	(29,626)	1,273,202
Leasehold improvements	-	2,835,677	-	(710,612)	-	2,125,065
	1,155,889	6,216,732	(207,024)	(1,536,214)	(30,575)	5,598,808

PLEDGED AS SECURITY No Assets were Pledged as Security: Leasehold improvements have been subject to a change in estimate due to a new lease term. Refer to note 31.		
Assets Subject to Finance Lease (Net Carrying Amount) Office equipment	263,495	457,176
OTHER INFORMATION Property, Plant and Equipment Fully Depreciated and still in use (Gross Carrying Amount)		
Furniture and fittings	19	19
Office equipment	31	65
Computer equipment	110	132
	160	216



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FIGURES IN RAND 2013 2012

7. INTANGIBLE ASSETS		2013			2012	
	COST	ACCUMULATED DEPRECIATION ACCUMULATE IMPAIRMENT	CARRYING	COST	ACCUMULATED DEPRECIATION & ACCUMULATE IMPAIRMENT	CARRYING
Computer software	1,586,058	(892,478)	693,580	1,565,653	(549,408)	1,016,245

	OPENING BALANCE	ADDITIONS	AMORTISATION	IMPAIRMENT LOSS	TOTAL
Reconciliation of Intangible Assets 2013 Computer software	1,016,245	511,426	(834,091)	-	693,580
Reconciliation of Intangible Assets 2012 Computer software	149,210	1,224,772	(357,693)	(44)	1,016,245

PLEDGED AS SECURITY No Assets were Pledged as Security		
OTHER INFORMATION Fully amortised intangible assets still in use	6	-
8. DERIVITAVE Call option	3,779,691	-

At year end Brickfields Housing Company (Pty) Ltd decided to call their option. The GPF has 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. Refer to note 5.

Balance at the beginning of the year 162,129,737 217,714		118,434,971	162,129,737
9. DEFERRED INCOME Movement During the Year	Movement During the Year Balance at the beginning of the year	• •	217,714,424 (55,584,687)

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





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261,337 145,233 406,570	285,517 406,570 692,087
145,233 406,570	406,570
145,233 406,570	406,570
406,570	
	692,087
(0.0.455)	
(28,657)	(74,513)
377,913	617,574
237,690	239,661
140,223	377,913
377,913	617,574
140.223	377,913
237,690	239,661
377,913	617,574
_	237,690 140,223 377,913 140,223 237,690

These leases are linked to prime lending rate with no escalation and for a period of three years. The entity's obligations under finance leases are secured by the lessor's title over the leased assets (refer to note 6). The photocopiers and telephone systems under the finance leases are currently depreciated over the lease term of three years.

11. OPERATING LEASE ACCRUAL Non-Current Liability		
Current liabilities	-	(78,856)

Operating lease rentals represent rentals payable by the Trust to the Gauteng Project Office for office premises. The lease was for two years with an escalation of 10% annually. The lease expired in March 2013.

12. PAYABLES FROM EXCHANGE TRANSACTIONS		
Gauteng Department of Local Government and Housing Payables from exchange transactions Sundry creditors	698,266,710 408,543 44,569	623,333,442 739,475 17,161
	698,719,822	624,090,078

The Gauteng Department of Local Government and Housing 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.



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FIGURES IN RAND 2013 2012

For terms and conditions relating to related parties (refer to Note 26). Payables from exchange transactions are non-interest bearing and are normally settled on 30 day terms. Payables from exchange transactions comprise of accruals. Sundry creditors comprise staff creditors and credit card balances. These are non-interest bearing and are normally settled on 30 day terms.

13. PROVISIONS

	OPENING BALANCE	ADDITIONS	UTILISED DURING THE YEAR	TOTAL
Reconciliation of Provisions - 2013				
Provision for leave pay	366,653	413,423	(366,653)	413,423
Provision for bonuses	2,658,729	3,209,112	(2,658,729)	3,209,112
	3,025,382	3,622,535	(3,025,382)	3,622,535
Reconciliation of Provisions - 2012				
Provision for leave pay	359,604	366,653	(359,604)	366,653
Provision for bonuses	1,605,891	2,658,729	(1,605,891)	2,658,729
	1,965,495	3,025,382	(1,965,495)	3,025,382

Provision for leave is based on current salary rates and included in the statement of financial position. A provision is made for the estimated liability as a result of services rendered by employees up to reporting date. Provision for bonus is based on management's best estimate of expenditure required to settle the present obligation at the end of the reporting period. The expected settlement of this provision is July 2013.

	3,065,266	1,231,149
Fair value investment	1,834,117	2,003,401
14. OTHER COMPONENTS OF NET ASSETS Available-for-sale-investments	1,231,149	(772,252)

The available-for-sale asset reserve is non-distributable and comprises 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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2013	2012
43,694,766	55,584,687
26,252,621	29,472,565
8,637,066	7,253,543
5,361,083	4,653,510
83,945,536	96,964,305
2,244,565	2,944,976
24,007,060	26,022,208
996	505,381
26,252,621	29,472,565
-	293,000
2,204,830	150,000
10,332	-
-	1,032,534
2,215,162	1,475,534
•	26,252,621 8,637,066 5,361,083 83,945,536 2,244,565 24,007,060 996 26,252,621

Bad debts recoverable relates to Housing Company Tshwane in 2012 (refer to note 3). Contract recovery costs are cost charged to lenders 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). Tenant installation allowance costs was an amount received by the GPF for renovations done to the first floor of 82 Grayston Drive in 2012.

18. OPERATING SURPLUS Operating Surplus for the Year is Stated after Accounting the Following:		
AUDITORS REMUNERATION		
Audit fee	812,266	633,861
Internal audit fee	538,764	455,664
	1,351,030	1,089,525



GAUTENG PARTNERSHIP TRUST (Registration number IT2422/02) • Trading as Gauteng Partnership Fund • Annual Financial Statements for the year ended 31 March 2013

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FIGURES IN RAND	2013	2012
OPERATING LEASE CHARGES		
Premises		. = 0 0
Contractual amounts	2,549,695	1,539,160
Utilities	356,770	218,208
Equipment Contractual amounts	10,746	11,517
	2,917,211	1,768,885
Gain (loss) on sale of property, plant and equipment	10,332	(25,143)
Impairment on property, plant and equipment	24,340	30,619
Amortisation on intangible assets	834,091	357,693
Depreciation on property, plant and equipment	1,459,606	1,536,214
Employee costs	24,354,740	19,266,474
19. GENERAL EXPENSES		
Auditors remuneration		
Bank charges	1,351,030	1,089,525
Computer expenses	32,856	32,737
Consulting and professional fees	8	529
Entertainment	5,727,397	4,252,374
Insurance	179,324	125,154
Lease rentals on operating lease	271,472	231,169
Marketing	2,917,211	1,768,885
Magazines, books and periodicals	1,597,364	2,223,444
Fuel and oil	158,269	118,244
Postage and courier	5,258	3,215
Offsite storage	6,657	4,180
Secretarial fees	225,455	180,509
Security	-	101,796
Security	7,323	1,867
Telephone and fax	13,431	10,189
Training	684,736	432,271
Travel local	454,980	840,418
Office cleaning	143,815	2,961
Offsite storage	143,013	5,569
Offsite storage	10,527	12,873
	13,787,113	11,437,909
20. FAIR VALUE ADJUSTMENTS		
Day one loss on financial lease	-	(158,881)
Provisions for bonuses	76,344	121,909
Provisions for leave pay	27,390	-
Social benefit on loans and receivables	(11,884,896)	(3,683,988)
	(11,781,162)	(3,720,960)



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FIGURES IN RAND 2013 2012

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

21. IMPAIRMENT OF ASSETS Impairment loss - Absa Subsidised Loan Facility Absa Bank extended the payment on the loan by one year resulting in the impairment of the loan.	-	(35,405)
Impairment loss reversal - Greater Germiston Inner City Housing Corporation Phase 11 (Pty) Ltd The loans have been written up to the extent of repayments of R2,100,000 (2012: R700,000).	2,099,999	700,000
Impairment loss reversal - Greater Germiston Inner City Housing Corporation Pharoe Park (Pty) Ltd The loans have been written up to the extent of repayments of R2,100,000 (2012: R700,000).	2,099,999	700,000
Impairment loss - Tenitor Properties (Pty) Ltd The impairment of the loan related to the postponement of interest repayments by three months as a result of the delay in completion of the project.	-	(23,960)
Trust for Urban Housing Finance - Intuthuko (Pty) Ltd The loan facility was reviewed and the facility has been extended to ten years resulting in the impairment.	-	(455,633)
Yeast City - Tau Village Yeast City - Tau Village defaulted on their annual capital payment when it was due, resulting in the loan being impaired.	-	129,632
	4,199,998	755,370
22. FINANCE COSTS Financial Lease	45,855	28,328
Finance cost comprises of interest amortised for the finance lease.		
23. EMPLOYEE RELATED COSTS Basic Medical aid - company contributions Life cover Retirement annuity	22,561,943 609,818 209,187 992,107	17,868,832 526,811 94,005 776,826
	24,373,055	19,226,474



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FIGURES IN RAND 2013 2012

24. TAXATION

No provision has been made for 2013 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 2013 year.

OF COMMUNICATION		
25. COMMITMENTS Project Funding Commitments		
Aquarella Investments 360 (Pty) Ltd - 85 87 Quartz Street	4,109,117	4,546,800
Before Sunset Properties 11 (Pty) Ltd - 31 Maclaren Street	4,109,117	2,294,350
Bixowize CC T/A Kingdom Property Enterprises - Erf 278 Primrose	3,995,130	4,277,627
BM Molefi Properties 241 (Pty) Ltd - Kgorong Estate	22,305,600	22,305,600
		22,303,000
Bruzar Consulting Engineers (Pty) Ltd - Erven 484, 485& 487 Ferndale	7,144,939	-
Cape Gannet Properties 175 (Pty) Ltd - Erf 42 Kempton Park	3,733,805	-
Castle Crest Properties 80 (Pty) Ltd - Erf 504 Pretoria	1,414,651	-
Clearwater (Pty) Ltd - Erf 1509 Discovery	3,221,542	-
Clidet No 1024 (Pty) Ltd - 44 Wanderers	936,463	5,503,000
Comocap (Pty) Ltd - 88 Relly Street 1232 Sunnyside Pretoria	2,000,000	-
Comu Property Developers CC - 3103 Glen Marais	4,417,024	6,207,024
Crimson Clover (Pty) Ltd - Ascot Fashion House	242,106	1,255,750
DNM Estate CC - Erf 517 & 518 City & Suburban	6,603,000	-
Due East Marketing CC - Erf 1532 Springs	5,455,665	-
Echo Canyon Trading (Pty) Ltd - 463 And 465 Hanny Street	5,605,527	-
Erf 273 Parktown Estate CC - Parktown Place Estate Development	5,314,025	5,314,025
Fundzo Trading (Pty) Ltd - Portion 15 Of Erf 8489 Protea North	8,008,500	-
Highlands Urban Living (Pty) Ltd - Highlands Lofts	-	7,015,594
Ikamvelihle Trading Enterprises CC - Erf 953 956 Berea	5,741,351	-
Indigo Kulani Architects & Urban Planners (Pty) Ltd - Erf 1676 Benoni	6,565,272	-
Intuthuko Fund	10,000,000	10,000,000
Johannesburg Housing Company (Pty) Ltd - 117 Pritchard Street	7,889,286	11,499,012
Johannesburg Housing Company (Pty) Ltd - Crest Hotel	9,282,438	15,534,573
Johannesburg Social Housing Company (Pty) Ltd - City Deep	20,802,200	-
Johannesburg Social Housing Company (Pty) Ltd - Orlando Ekhaya	13,146,678	-
Johannesburg Social Housing Company (Pty) Ltd - Roodepoort	11,951,116	-
KTN Property Management (Pty) Ltd - Parklane Hotel	655,101	655,101
Lashka 201 (Pty) Ltd - Buxton Development	3,720,295	3,720,295
Lisinfo 282 Property (Pty) Ltd - Erf 1952 Malvern	272,351	-
Ludwe Consulting CC	-	6,085,690
Molepu Properties (Pty) Ltd - Erf 101 & Erf 94 City And Suburban	4,120,326	-
Muma Property Investments (Pty) Ltd - Erf 978 Pretoria North	7,938,800	_
Netcentric CC - Silbo House	-	3,922,000
Nonkwelo (Pty) Ltd - Erf 10 & 11 Hunter Street	4,483,696	-
Norvena Property Consortium - O'reilly Street	21,375,900	_
Picroprop CC Cape York Building	3,886,287	_
Rainbow Beach Trading 261 (Pty) Ltd - Sondela Village Daggafontein	12,672,939	_
Reatha Acquisition & Management (Pty) Ltd - Erf 1815 Pretoria North	6,107,770	
neatha negalistion a management (i ty) Eta En 1013 i retona North	0,107,770	



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FIGURES IN RAND	2013	2012
Rivavect Investment (Pty) Ltd	5,000,000	5,000,000
Shamzang Investments Holdings (Pty) Ltd - Italic Mansions	-	5,847,570
Shelffrank Four (Pty) Ltd - Phola Heights	18,410,684	-
Shukumani Trading Enterprises (Pty) Ltd - Erf 550 Bertrams	3,565,765	-
Shukumani Trading Enterprises (Pty) Ltd - 68 Derby Street	-	4,155,158
Take Off Real Estate (Pty) Ltd - Jeppestown Project	2,955,327	3,195,706
The Real Business Trust - 685 Troyeville	-	4,672,800
Toproot Trade & Investments 11 (Pty) Ltd - 28 Betty Street	-	6,172,000
Tsebo Consumable Supplies CC - Erf 256 Kempton Park	1,468,234	-
Tumaini Properties And Real Estate CC - Erf 52 & 53 New Doornfontein	4,351,554	-
Urban Quarter Investments (Pty) Ltd - Urban Quarter Affordable Rental Estate	-	15,140,823
Valotorgue 199 CC - Erf 757 Pretoria North	6,149,675	-
Yeast City Salvokop	7,221,660	7,221,660
Zakhele Investments CC	3,567,470	-
Zevoli 269 (Pty) Ltd - Madison Lofts	2,814,237	2,814,237
	292,662,865	164,356,395

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 Before Sunset Properties 11 (Pty) Ltd - 11 Maclaren Street was approved by the Trustees. The borrower has fully drawn 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).

The obligation to BM Molefi Properties 241 (Pty) Ltd - Kgorong Estate was approved by the Trustees.

The obligation to Bruzar Consulting Engineers (Pty) Ltd - Erven 484, 485 & 487 was approved by the Trustees.

The obligation to Cape Gannet Properties 175 (Pty) Ltd - Erf 42 Kempton Park was approved by the Trustees.

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

The obligation to Clearwater (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 obligation to CoMu Property Developers CC - 3103 Glen Marais was approved by the Trustees. R1,790,000 has been paid out to the transferring attorneys (refer to note 3).

The obligation to Credenda Capital 3 (Pty) Ltd - 81 Rissik Street was cancelled during the year.

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 obligation to Due East Marketing CC - Erf 1532 Springs was approved by the Trustees.

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



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The obligation to Erf 273 Parktown Estate CC - Parktown Place Estate Development was approved by the Trustees.

The obligation to Fundzo Trading (Pty) Ltd - Portion 15 of Erf 8489 Protea North was approved by the Trustees.

The obligation to Highlands Urban Living (Pty) Ltd - Highlands Lofts was approved by the Trustees. The borrower has fully drawn down (refer to note 3).

The obligation to Ikamvelihle Trading Enterprises CC - Erf 953 956 Berea was approved by the Trustees.

The obligation to Indigo Kulani Architects & Urban Planners (Pty) Ltd - Erf 1676 Benoni was approved by the Trustees.

The obligation to Intuthuko Fund (Pty) Ltd was approved by the Trustees.

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

The obligation to Johannesburg Housing Company (Pty) Ltd - Crest Hotel was approved by the Trustees. The borrower has started drawing 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 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 Lashka 201 (Pty) Ltd - Buxton Development 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 Ludwe Consulting CC was cancelled during the year.

The obligation to Molepu Properties (Pty) Ltd - Erf 101 & Erf 94 City and Suburban was initially approved by the Trustees at R4,931,330. The deal was restructured and approved by the Trustees on 25 June 2013 at R4,120,326.

The obligation to MUMA Property Investments (Pty) Ltd - Erf 978 Pretoria North was approved by the Trustees.

The obligation to Netcentric CC - Silbo House was cancelled during the year.

The obligation to Nonkwelo (Pty) Ltd - Erf 10 & 11 Hunter Street was approved by the Trustees.

The obligation to Norvena Property Consortium - O'Reilly Street 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 obligation to Reatha Acquisition & Management (Pty) Ltd - Erf 1815 Pretoria North was approved by the Trustees.

The obligation to Rivavect Investment (Pty) Ltd - Central House was approved by the Trustees.

The obligation to Shamzang Investment Holdings (Pty) Ltd - Italic Mansions was cancelled during the year.

The obligation to Shelffrank 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 obligation to Shukumani Trading Enterprises (Pty) Ltd - 68 Derby Street was cancelled during the year.

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).



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The obligation to The Real Business Trust - 685 Troyville was cancelled during the year.

The obligation to Toproot Trade & Investments 11 (Pty) Ltd - 28 Betty Street was cancelled during the year.

The obligation to Tsebo Consumable Supplies CC - Erf 256 Kempton Park was approved by the Trustees.

The obligation to Tumaini Properties and Real Estate CC - Erf 52 & 53 New Doornfontein was approved by the Trustees.

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

The obligation to Valotorgue 199 CC - Erf 757 Pretoria North was approved by the Trustees.

The obligation to Yeast City Salvokop 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 was approved by the Trustees.

26. RELATED PARTIES

Related party balances

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

2013	2012
159,295	252,998
458,951,893	504,326,158
239,155,522	118,754,286
698,266,710	623,333,442
65,302	23,293
58,466	40,642
53,489	13,827
58,239	15,625
62,560	45,242
-	7,406
-	5,377
298,056	151,412
	458,951,893 239,155,522 698,266,710 65,302 58,466 53,489 58,239 62,560



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FIGURES IN RAND	2013	2012
Chief Executive Officer Remuneration		
Basic	2,009,315	1,710,843
Performance bonus	707,436	377,856
Retirement annuity contribution, medical aid and life insurance	131,169	110,948
	2,847,920	2,199,647
Executive Management - Chief Investment Officer		
Basic	1,505,171	1,319,284
Performance bonus	393,038	242,672
Retirement annuity contribution, medical aid and life insurance	101,637	85,968
	1,999,846	1,647,924
Executive Management - Chief Financial Officer		
Basic	1,446,837	1,260,842
Performance bonus	376,956	253,759
Retirement annuity contribution, medical aid and life insurance	102,058	79,061
	1,925,851	1,593,662

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

Office Rental Gauteng project office	2,744,366	1,757,368

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 on 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.





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

Liquidity Risk

The Trust manages liquidity risk by granting of loans to borrowers for affordable housing through proper management of working capital, capital expenditure and actual vs forecasted cash flows and its cash management policy. Liquidity risk is the risk arising from default of the counterparty. The

objective of managing liquidity risk is to safeguard the Trust assets whilst still enabling fulfillment of the Trust mandate. The Trust manages liquidity risk through regular monitoring of financial assets. The forecasted cash flows considers the maturity of its financial assets and projected cash flows from operations. Adequate reserves and liquid resources are also maintained. The following table sets forth details of the remaining contractual maturities of financial assets and liabilities as at 31 March 2013. Liquidity risk is currently 50% (2012: 48%). Liquidity risk is calculated by dividing the financial and non-financial liabilities by the financial assets as per the table shown below:

FIGURES IN RAND

	NOT LATER	1 MONTH BUT	DUE LATER THAN 3 MONTHS BUT NOT LATER THAN 1 YEAR	DUE LATER THAN 1 YEAR BUT NOT LATER THAN 5 YEARS	DUE LATER THAN 5 YEARS	TOTAL
Financial Assets 2013						
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
	1,157,765,933	501,306	45,783,139	92,577,664	95,397,151	1,392,025,193
Financial and Non-Financial Liabilities 2013 Payables from exchange	(453,112)	-	-	-	-	(453,112)
transactions						
Non-Financial Liabilities						
Finance lease	(23,793)	(47,586)	(189,958)	(145,233)	-	(406,570)
Deposits held on behalf of	(698,266,710)	-	-	-	-	(698,266,710)
Gauteng Department						
of Housing	(440.013)		(2.205.456)			(2.726.260)
Provisions	(440,813)		(3,285,456)			(3,726,269)
	(699,184,428)	(47,586)	(3,475,414)	(145,233)	-	(702,852,661)
	458,581,505	453,720	42,307,725	92,432,431	95,397,151	689,172,532



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FIGURES IN RAND

	NOT LATER	1 MONTH BUT	DUE LATER THAN 3 MONTHS BUT NOT LATER THAN 1 YEAR	DUE LATER THAN 1 YEAR BUT NOT LATER THAN 5 YEARS	DUE LATER THAN 5 YEARS	TOTAL
Financial Assets 2012						
Available-for-sale investments	-	-	-	18,000,000	-	18,000,000
Loans and receivables from exchange transactions	2,602,204	721,471	12,549,115	102,524,120	51,518,021	169,914,931
Cash and cash equivalents	1,098,738,000	_	_	_	_	1,098,738,000
Receivables from exchange	2,355,939	29,863,952	-	-	-	32,219,891
transactions						, ,
	1,103,696,143	30,585,423	12,549,115	120,524,120	51,518,021	1,318,872,822
Financial and Non-Financial Liabilities 2012						
Payables from exchange transactions	(756,636)	-	-	-	-	(756,636)
Non-Financial Liabilities						
Finance lease	(23,793)	(47,586)	(214,138)	(406,570)	-	(692,087)
Deposits held on behalf of	(623,333,442)	-	-	-	-	(623,333,442)
Gauteng Department						
of Housing						
Provisions	(366,653)	(2,780,637)	-	-	-	(3,147,290)
	(624,480,524)	(2,828,223)	(214,138)	(406,570)	-	(627,929,455)
	479,215,619	27,757,200	12,334,977	120,117,550	51,518,021	690,943,367

Interest rate risk

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

from increases in the rate that could give rise to default of the counterparty.

Interest rate risk table

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant of the Trust's surplus (through the impact of floating rate loans). The effect on surplus has been determined by calculating an increase or decrease of 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.







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YEAR	INCREASE / DECREASE IN BASIS POINTS	EFFECT ON SURPLUS (R'000)
2013		
Effect of an increase in basis points on surplus	50	467
Effect of a decrease in basis points on surplus	(50)	(467)
2012		_
Effect of an increase in basis points on surplus	100	725
Effect of a decrease in basis points on surplus	(100)	(725)

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 institution's 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 R1,322,621,802 (2012: R1,252,325,944) equal to the carrying amount of loans and receivables from exchange transactions, cash and cash equivalents and receivables from exchange transaction.

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

CLASS OF FINANCIAL INSTRUMENT	CREDIT RISK EXPOSURE	COLLATERAL	REPAYMENT TERMS	CREDIT QUALITY OF FINANCIAL ASSETS THAT ARE NEITHER PAST NOR DUE NOR IMPAIRED
ABSA Development Finance Facility	6,124,296	Suretyship held by ABSA for the total loan granted to the Borrower	2 years from date of disbursement of loan with final repayment date 28/02/2013	Performing
Aquarella Investments 360 (Pty) Ltd - 85-87 Quartz Street	748,926	Mortgage bond held by Gauteng Partnership Fund for the total loan granted to the Borrower	Two years from disbursement date with a final repayment on 30/11/2032	Performing
Before Sunset Properties (Pty) Ltd -11 Maclaren Street	2,070,298	Mortgage bond held by Gauteng Partnership Fund for the total loan granted to the Borrower	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	974,631	Mortgage bond held by Gauteng Partnership Fund for the total loan granted to the Borrower	One year from disbursement date with a final repayment on 30/09/2027	Performing



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CLASS OF FINANCIAL INSTRUMENT	CREDIT RISK EXPOSURE	COLLATERAL	REPAYMENT TERMS	CREDIT QUALITY OF FINANCIAL ASSETS THAT ARE NEITHER PAST NOR DUE NOR IMPAIRED
Brickfields Housing Company (Pty) Ltd	9,133,850	Redeemable preference shares	Redemption date 1/4/2016	Performing
Castle Crest Properties 80 (Pty) Ltd - Erf 504 Pretoria	1,323,093	Mortgage bond held by Gauteng Partnership Fund for the total loan granted to the Borrower	One year from disbursement date with a final repayment on 31/12/2032	Performing
Clearwater (Pty) Ltd - Erf 1509 Discovery. Roodepoort	1,260,211	Mortgage bond held by Gauteng Partnership Fund for the total loan granted to the Borrower	One year from disbursement date with a final repayment on 30/09/2032	Performing
Clidet No 1024 (Pty) Ltd - 44 Wanderers	4,491,311	Mortgage bond held by Gauteng Partnership Fund for the total loan granted to the Borrower	One year from disbursement date with a final repayment on 30/06/2027	Performing
Crimson Clover Trading 11 (Pty) Ltd - Ascot Fashion House	3,781,585	Mortgage bond held by Gauteng Partnership Fund for the total loan granted to the Borrower	One year from disbursement date with a final repayment on 31/05/2032	Performing
Highlands Urban Living (Pty) Ltd - Highlands Lofts	6,727,683	Mortgage bond held by Gauteng Partnership Fund for the total loan granted to the Borrower	One year from disbursement date with a final repayment on 30/09/2024	Performing
Johannesburg Housing Company (Pty) Ltd - 117 Pritchard	3,092,345	Mortgage bond held by Gauteng Partnership Fund for the total loan granted to the Borrower	Immediate with final repayment date in 28/03/2028	t Performing
Johannesburg Housing Company (Pty) Ltd - The Crest	4,717,867	Mortgage bond held by Gauteng Partnership Fund for the total loan granted to the Borrower	Immediate with final repayment date 31/03/2028	t Performing



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CLASS OF FINANCIAL INSTRUMENT	CREDIT RISK EXPOSURE	COLLATERAL	REPAYMENT TERMS	CREDIT QUALITY OF FINANCIAL ASSETS THAT ARE NEITHER PAST NOR DUE NOR IMPAIRED
Johannesburg Housing Company (Pty) Ltd - Hlanganani	13,399,495	Mortgage bond held by Gauteng Partnership Fund for the total loan granted to the Borrower	Immediate with final repayment date 30/09/2024	Performing
KTN Properties (Pty) Ltd - Parklane	1,041,457	Mortgage bond and sure- tyship held by Gauteng Partnership Fund for the total loan granted to the Borrower	Seven-years with final repaymendate 31/7/2018	nt Performing
Lionshare New Properties CC - Lubraco House	2,428,497	Mortgage bond and sure- tyship held by Gauteng Partnership Fund for the total loan granted to the Borrower	One year from disbursement date with a final repayment on 30/07/2024	Performing
Lisinfo 282 Property (Pty) Ltd - Erf 1952 Malvern	34,966	Mortgage bond and sure- tyship held by Gauteng Partnership Fund for the total loan granted to the Borrower	Five years from disbursement date with a final repayment on 31/03/2022	Performing
Madulamoho Housing Association - Allenby House	2,472,494	Mortgage bond and sure- tyship held by Gauteng Partnership Fund for the total loan granted to the Borrower	One year from disbursement date with a final repayment on 31/10/2024	Performing
Madulamoho Housing Association - Fleurhof	20,642,299	Mortgage bond and sure- tyship held by Gauteng Partnership Fund for the total loan granted to the Borrower	One year from disbursement date with a final repayment on 31/01/2027	Performing
Madulamoho Housing Association - Jabulani	20,253,500	Mortgage bond and sure- tyship held by Gauteng Partnership Fund for the total loan granted to the Borrower	Six months from disbursement date with a final repayment on 31/03/2028	Performing



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CLASS OF FINANCIAL INSTRUMENT	CREDIT RISK EXPOSURE	COLLATERAL	REPAYMENT TERMS	CREDIT QUALITY OF FINANCIAL ASSETS THAT ARE NEITHER PAST NOR DUE NOR IMPAIRED
Maseleng Investments (Pty) Ltd - Montrose Man- sions	1,424,958	Mortgage bond and sure- tyship held by Gauteng Partnership Fund for the total loan granted to the Borrower	Fifteen years with a final repayment date 30/09/2024	Performing
Nonkwelo (Pty) Ltd - Hunter Street	32,577	Mortgage bond and sure- tyship held by Gauteng Partnership Fund for the total loan granted to the Borrower	Five years from disbursement date with a final repayment on 31/03/2022	Performing
Standard Bank	1,296,557	Suretyship held by Standard Bank for total loan granted to the Borrower	Immediate from date of disburse ment of loan with final repay- ment date 30/11/2015	- Performing
Take off Real Estate (Pty) Ltd - Jeppestown Project	544,762	Mortgage bond and sure- tyship held by Gauteng Partnership Fund for the total loan granted to the Borrower	Four years from disbursement date with a final repayment on 30/11/2019	Performing
Tenitor Properties (Pty) Ltd - The Ridge Hotel	11,070,351	Mortgage bond and sure- tyship held by Gauteng Partnership Fund for the total loan granted to the Borrower	One year from disbursement date with a final repayment date 30/04/2031	Performing
Trust for Urban Housing Finance Intuthuko (Pty) Ltd	9,053,065	Mortgage bond and sure- tyship held by Gauteng Partnership Fund for the total loan granted to the Borrower	One repayment in 30/07/2014	Performing
Trust for Urban Housing Finance Bridging Facility (Pty) Ltd	29,084,407	No collateral held due to short duration of the facility to the Borrower i.e 3 months	Seven-years with final repayment date 30/9/2013	t Performing



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CREDIT EXPOSURE

CLASS OF FINANCIAL INSTRUMENT	CREDIT RISK EXPOSURE	COLLATERAL	REPAYMENT TERMS	CREDIT QUALITY OF FINANCIAL ASSETS THAT ARE NEITHER PAST NOR DUE NOR IMPAIRED
Tsebo Consumables Supplies (Pty) Ltd - Erf 257 Kempton	2,048,186	Mortgage bond and sure- tyship held by Gauteng Partnership Fund for the total loan granted to the Borrower	One year from disbursement date with a final repayment date 30/10/2032	Performing
Yeast City Housing (Pty) Ltd - Tau Village	5,383,129	Mortgage bond and sure- tyship held by Gauteng Partnership Fund for the total loan granted to the Borrower	One year from disbursement date with a final repayment date 28/02/2025	Performing
Zakhele Investments CC - Erf 257 Kempton Park	709,777	Mortgage bond and sure- tyship held by Gauteng Partnership Fund for the total loan granted to the Borrower	One year from disbursement date with a final repayment date 28/02/2025	Performing
Receivables from exchange transaction	9,031,218			
Cash and cash equivalents	1,148,224,011			
	1,322,621,802			

Concentration risk

The Gauteng Partnership Fund's risks are concentrated in the Gauteng social housing sector (for households earning less than R15 000 CPI linked) through structured funding instruments to Social Housing Institutions and Financial Institutions

with the goal to attract fair priced private sector funding. Concentration risk is quantified at an amount of R215,350,839 (2012: R168,965,282) which is a nominal balance of all investment and loans at year end.



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FIGURES IN RAND

	LOANS AND RECEIVABLES	AVAILABLE- FOR-SALE	OTHER ASSETS	OTHER LIABILITIES IN	NON-FINANCIAL LIABILITIES NSTRUMENTS AT MORTISED COST	TOTAL
2013						
Financial Assets Available-for-sale investments Loans and receivables from	- 165,366,573	13,481,673 -	-	- -	-	13,481,673 165,366,573
exchange transactions Receivables from exchange transactions	9,031,218	-	-	-	-	9,031,218
Cash and cash equivalents	1,148,224,011	-	-	-	-	1,148,224,011
Non-Financial Assets Intangible assets Property, plant and equipment	-	-	693,580 4,363,812	-	-	693,580 4,363,812
Financial Liabilities Payables from exchange transactions	-	-	-	(698,701,508)	-	(698,701,508)
Non-Financial Liabilities Finance lease Deferred income Derivative Provisions	- - -	- - -	- - -	- - - -	(377,913) (118,434,971) (3,779,691) (3,622,535)	(377,913) (118,434,971) (3,779,691) (3,622,535)
	1,322,621,802	13,481,673	5,057,392	(698,701,508)	(126,215,110)	516,225,935
2012 Financial Assets Available-for-sale investments Loans and receivables from exchange transactions Receivables from exchange	- 121,368,053 32,219,891	11,647,556 -	-	-	-	11,647,556 121,368,053 32,219,891
transactions Cash and cash equivalents	1,098,738,000	-	-	-	-	1,098,738,000
Non-Financial Assets Intangible assets Property, plant and equipment	-	- -	1,016,245 5,598,808	- -	-	1,016,245 5,598,808
Financial Liabilities Payables from exchange transactions	-	-	-	(624,090,078)	-	(624,090,078)



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FIGURES IN RAND

	LOANS AND RECEIVABLES	AVAILABLE- FOR-SALE	OTHER ASSETS	OTHER LIABILITIES	NON-FINANCIAL LIABILITIES INSTRUMENTS AT AMORTISED COST	TOTAL
Non-Financial Liabilities						
Finance lease	-	-	-		- (78,856)	(78,856)
Deferred income	-	-	-		- (617,574)	(617,574)
Derivative	-	-	-		- (162,129,737)	(162,129,737)
Provisions	-	-	-		- (3,025,382)	(3,025,382)
	1,252,325,944	11,647,556	6,615,053	(624,090,078	3) (165,851,549)	480,646,926

The above table illustrates the categorisation of financial instruments.

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

FIGURES IN RAND				
	CARRYING AMOUNT 2013	CARRYING AMOUNT 2012	FAIR VALUE 2013	FAIR VALUE 2012
Financial Assets				
Available-for-sale investments	13,481,673	11,647,556	13,481,673	11,647,556
Loans and receivables from exchange transactions	165,366,573	121,368,053	165,366,573	121,368,053
Receivables from exchange transactions	9,031,218	32,219,891	9,031,218	32,219,891
Cash and cash equivalents	1,148,224,011	1,098,738,000	1,148,244,011	1,098,738,000
	1,336,103,475	1,263,973,500	1,336,123,475	1,263,973,500
Financial Liabilities				
Non-financial liabilities	377,913	617,574	377,913	617,574
Derivative	3,779,691	-	3,779,691	-
Financial liabilities - payables from	698,719,822	624,090,078	698,719,822	624,090,078
exchange transactions				
	702,877,426	624,707,652	702,877,426	624,707,652



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FIGURES IN RAND					
	VALUATION TECHNIQUE - MARKET OBSERVABLE INPUTS	VALUATION TECHNIQUE - MAR- KET OBSERVABLE AND NON-MARKET OBSERVABLE INPUTS	TOTAL 2013	VALUATION TECHNIQUE - MARKET OBSERVABLE INPUTS	VALUATION TECHNIQUE - MAR- KET OBSERVABLE TOTAL AND NON-MARKET 2012 OBSERVABLE INPUTS
FAIR VALUE OF FINANCIAL INSTRUMENTS Financial Assets Available-for-Sale Investments Loans and Receivables from Exchange Transactions	- 165,366,573	13,481,673 -	13,481,673 165,366,573	- 121,368,053	- 11,647,556 11,647,556 - 121,368,053
	165,366,573	13,481,673	178,848,246	121,368,053	11,647,556 133,015,609
Non-Fninancial Liabilities Derivative Finance Lease	- 377,913	3,779,691 -	3,779,691 377,913	- 617,574	 - 617,574
	377,913	3,779,691	4,157,604	617,574	- 617,574

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 2013. The discounted rates are 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 transactions 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 has been determined by using the Black Scholes model and discounting future cash flow 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).

Fair Value Hierarchy

The fair value hierarchy shall have the following levels:

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

As at 31 March 2013, 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.



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FIGURES IN RAND	2013	2012
29. NET CASH OUTFLOW FROM OPERATING ACTIVITIES		
SURPLUS	33,744,892	62,430,070
Adjustments for:		
Depreciation and Amortisation	2,293,697	1,893,907
(Gain)/Loss on Sale of Assets and Liabilities	(10,332)	25,143
Loss on Call Option	3,779,691	-
Impairment Reversal Loss	(4,199,998)	(755,370)
Fair Value Adjustments	11,781,162	3,720,960
Impairment of Property, Plant and Equipment	24,340	30,619
Increase in Operating Movements in Operating Lease Assets and Accruals	(78,856)	78,856
Movements in Provisions	597,153	1,059,887
Other Income	(2,204,830)	(1,475,534)
Changes in Working Capital:		
Receivables from Exchange Transactions	23,188,673	(30,039,572)
Derivative	(3,779,691)	-
Payables from Exchange Transactions	74,629,745	244,863,932
Deferred Income	(43,694,766)	(55,584,687)
Loans and Receivables from Exchange Transactions	(43,998,520)	(21,888,698)
Difference in Interest Calculated and Interest Capitalised	(1,550,787)	(1,341,895)
	50,521,573	203,017,618
30. LOSS ON CALL OPTION		
Loss on Call Option	3,779,691	-

Refer to Note 5 & 8

31. CHANGE IN ESTIMATE

Property, plant and equipment

The useful life of certain leasehold improvements was estimated to the end of the lease period being March 2013. During the year the GPF entered into a new lease and the estimated useful life was adjusted to the end of the new lease period being March 2016. The result is that the assets would have been fully depreciated in the current period. The effect of this revision has decreased the depreciation charges for the current year from R2,761,760 to R666,848 and future periods by R2,071,320.

32. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

There are no instances to report.

33. CONTINGENCIES

There is no reimbursement from any third parties for potential obligations 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. Actual expenditure was under by 5%. This was mainly due to:

- a) delay in filling of staff vacancies and;
- b) delay in the implementation of the loan management system.

Refer to Statement of Comparison of Budget and Actual amounts.





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DETAILED STATEMENT OF FINANCIAL PERFORMANCE

DETAILED INCOME STATEMENT

FIGURES IN RAND	NOTE	2013	2012
Revenue			
Deferred Income		43,694,766	55,584,687
Interest Received from Banks		26,252,621	29,472,565
Other Income	17	2,204,830	1,475,534
Interest Received from Investments		13,998,149	11,907,053
TOTAL REVENUE		86,150,366	98,439,839
Expenditure			
Personnel	23	(24,373,055)	(19,266,474)
Depreciation and Amortisation		(2,293,697)	(1,893,907)
Impairment Loss on Fixed Assets	6	(24,340)	(30,619)
Finance Costs	22	(45,855)	(28,328)
Repairs and Maintenance		(530,891)	(361,799)
General Expenses	19	(13,787,113)	(11,437,909)
TOTAL EXPENDITURE		(41,054,951)	(33,019,036)
Operating Surplus	18	45,095,415	65,420,803
Gain (Loss) on Disposal of Assets and Liabilities	30	10,332	(25,143)
Loss on Call Option	20	(3,779,691)	-
Fair Value Adjustments	21	(11,781,162)	(3,720,960)
Impairment Reversals of Loan and Receivables from		4,199,998	755,370
Exchange Transactions			
		(11,350,523)	(2,990,733)
SURPLUS FOR THE YEAR		33,744,892	62,430,070
ATTRIBUTABLE TO: Executive Authority - Gauteng Department of Local Government and Housing		33,744,892	62,430,070



^{*} The supplementary information presented does not form part of the financial statements and is unaudited.







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