



Gauteng Partnership Fund
Leveraging Affordable Housing Finance

ANNUAL REPORT 2015/16



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PART A: GENERAL INFORMATION




GENERAL INFORMATION

Registered name:	Gauteng Partnership Trust, trading as Gauteng Partnership Fund
Registration number:	IT2422/02
Physical address:	82 Grayston Drive Sandton Johannesburg 2196
Postal address:	PO Box 652247 Benmore 2010
Telephone number/s:	011 686 6600
Fax number:	
E-mail address:	info@gpf.org.za
Website address:	www.gpf.org.za
External auditors:	Auditor-General of South Africa 61 Central Street Houghton Johannesburg 2193
Bankers:	Absa Bank Limited 15 Troye Street Johannesburg 2001
Company/Board secretary	Thandi Kuzwayo

LIST OF ABBREVIATIONS/ ACRONYMS

AGSA	Auditor-General South Africa
APP	Annual Performance Plan
B-BBEE	Broad-Based Black Economic Empowerment
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIO	Chief Investment Officer
CSI	Corporate Social Investment
EEEPF	Entrepreneur Empowerment Property Fund
FICA	Financial Intelligence Centre Act
GDHS	Gauteng Department of Human Settlements
GDP	Gross Domestic Product
GPF	Gauteng Partnership Trust T/A Gauteng Partnership Fund with registration number IT2422/02 registered as a Schedule 3C public entity under the PFMA
GPF	Gauteng Provincial Government
ICT	Information and Communication Technology
M&E	Monitoring and Evaluation
MEC	Member of Executive Council for Human Settlements
MTEF	Medium-term Expenditure Framework
NDP	National Development Plan
PFMA	Public Finance Management Act, Act No. 1 of 1999 as amended
PPP	Public-private Partnerships
RHF	Rental Housing Fund
SCM	Supply Chain Management
SHF	Social Housing Fund
SHI	Social Housing Institutions
SMME	Small, Medium and Micro Enterprises
TR	Treasury Regulations
PIC	Public Investment Corporation
Futuregrowth	Futuregrowth Asset Management
NHBRC	National Housing and Building Regulatory Council



“We have every reason to be proud of the performance of the Gauteng Government since the democratic transition in 1994.”

PAUL MASHATILE | MEC

FOREWORD BY THE MEC

Housing delivery in Gauteng has entered a bold new phase of action. We are ready to meet the expectations of the millions of our citizens who depend on us to deliver on the commitment contained in the Freedom Charter that “there shall be houses, security and comfort for all.”

We have every reason to be proud of the performance of the Gauteng Government since the democratic transition in 1994. Our budgets are growing; our strategies are in place and our frameworks were created to support the broader vision of a Gauteng City Region that is able to meet the housing and socio-economic needs of a growing population.

Now is the time for accelerated implementation!

In this regard, the Gauteng Partnership Fund (GPF) will be a critical player in our approach of fast-tracking delivery and implementing our vision of ‘Big Cities’ that are characterised by their ability to be self-sufficient in the provision of housing, social amenities and quality infrastructure.

These megacities will enable us to transform the spatial landscape of Gauteng, build cohesive and sustainable communities, and provide our residents with security of tenure and a choice of housing options.

History has taught us that government acting on its own cannot achieve this. We need the active participation and support of communities who will benefit from housing delivery, and we need partnerships with the private sector that can leverage funds and contribute their accumulated knowledge and experience to enable us to meet our targets.

It is for this reason that we have taken the decision to reposition the GPF and to place it at the coalface of our efforts to attract private sector investment into the social and GAP housing markets.

We have high expectations of the GPF to build strategic and sustainable partnerships with the private sector, donor community and development finance institutions in order to mobilise the requisite housing development funds.

The GPF will work even closer with the Department of Human Settlements and we will ensure that the existing blockages and red tape that might delay housing delivery are removed and that adequate resources are allocated.

We have great confidence in the ability of the Board and Executive Management of GPF and, together with the people of Gauteng, we are looking forward to you playing a pivotal role in the accelerated implementation of our strategies.

Paul Mashatile (MPL)

MEC for Co-operative Governance, Traditional Affairs and Human Settlements in Gauteng





**“We are proud of our
flagship programme,
the Entrepreneur
Empowerment Property
Fund, supporting 94
up-and-coming black
developers.”**

PAKIE MPHAHLELE | CHAIRMAN

FOREWORD BY THE CHAIRPERSON

Dear valued stakeholders,

Gauteng is the most urbanised province in South Africa (97% urbanised), yet the province's housing challenge remains critical. Our response to the housing challenge is central to the Gauteng Partnership Fund's (GPF) mandate of mobilising funding for affordable housing projects. Our mandate seeks to provide housing for households with an income between R1 500 to R18 000 per month (adjusted 2015). This income band remains one of the greatest social challenges for provision of housing in South Africa. In Gauteng it is particularly severe, because of the high number of migrants to the region seeking work and economic opportunities.

GPF continues to mature as an organisation and the CEO, Boni Muvevi, appointed on 1 March 2014, has settled in very well. Overall, GPF has maintained its performance against the mandated objectives over the years and we are confident that we will maintain our good governance record. As Board Chairman I give recognition to the management team and my fellow Board members for sound governance in maintaining a healthy book that continues to grow steadily.

We are proud of our flagship programme, the Entrepreneur Empowerment Property Fund, supporting 94 up-and-coming black developers (43% women and youth), which has capacitated black-owned companies to sustainably enter the residential rental property market. GPF and co-funding partners have committed R1 billion (R552 million GPF, R154 million NHFC and R337 million PIC) for projects to date. In 2015 we also saw completion of at least 14 projects resulting in 1 001 affordable rental units across three metros: Tshwane, Ekurhuleni and City of Johannesburg, and eight of these projects were funded under this flagship programme.

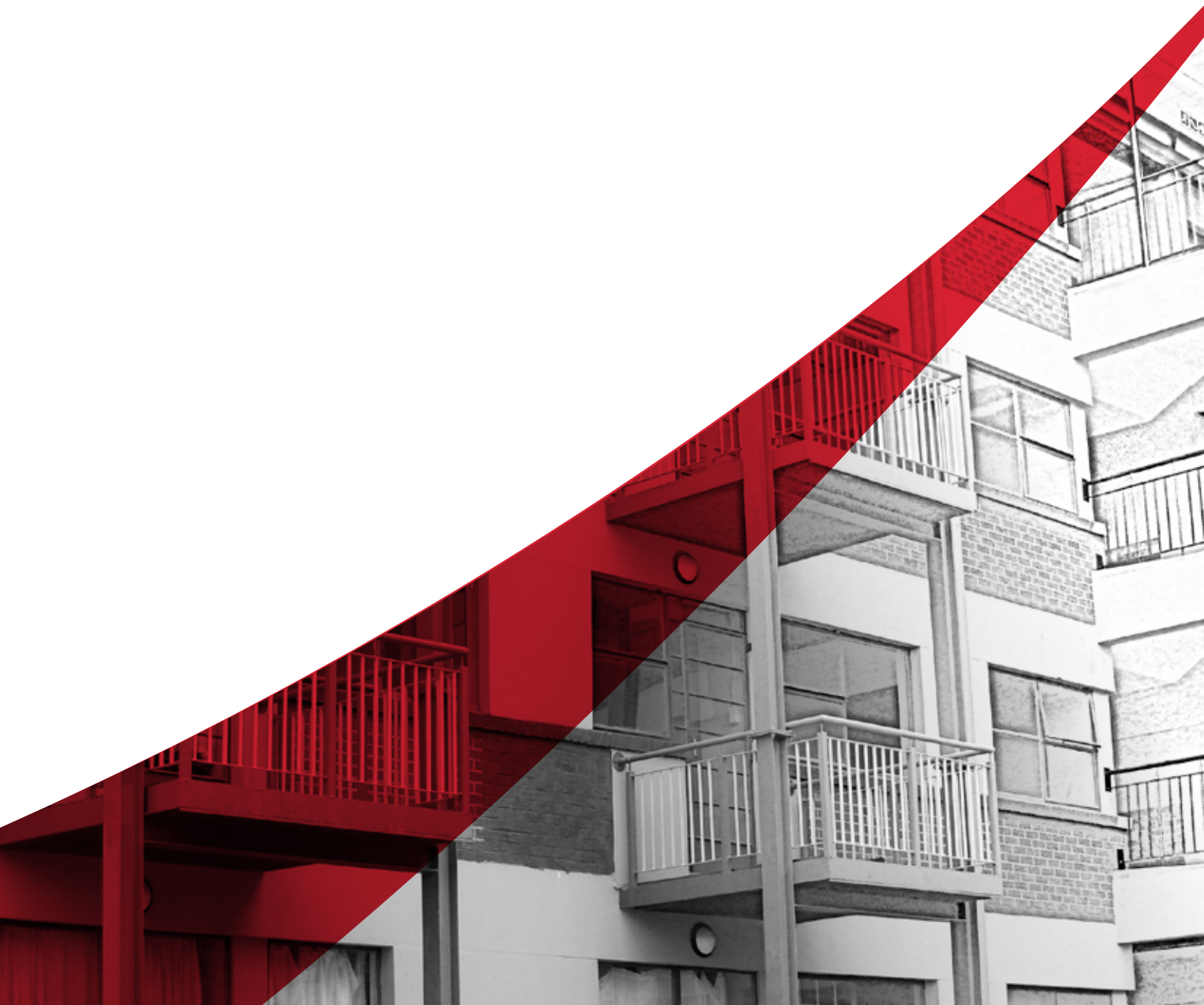
In 2015, Unathi Ndobeni was appointed as a GPF trustee representing the founder and replacing Job Mnguni who resigned. The GPF Board also re-appointed me as the Chairperson for a further period of three years. At the first Board meeting of 2016, held on 1 March, the Board resolved that the following trustees be reappointed for a period of three years, effective 1 April 2016: Siyabonga Mbanjwa, Molebogeng Leshabane and Lavinia Khangala.

We look forward to working more closely with the current Gauteng Human Settlements Leadership, the Honourable MEC Paul Mashatile. We fully support the vision of human settlement delivery through megaprojects and an expanded mandate for the GPF to mobilise funding for megaprojects.

To our stakeholders – thank you for the support, I am pleased to present our Annual Report for the year ending 31 March 2016. To the Board, executive management and staff – thank you for your hard work and commitment to the GPF.



Pakie Mphahlele
Chairman





“We continue to build our business on a strong vision, a set of shared values and a clear long-term strategy.”

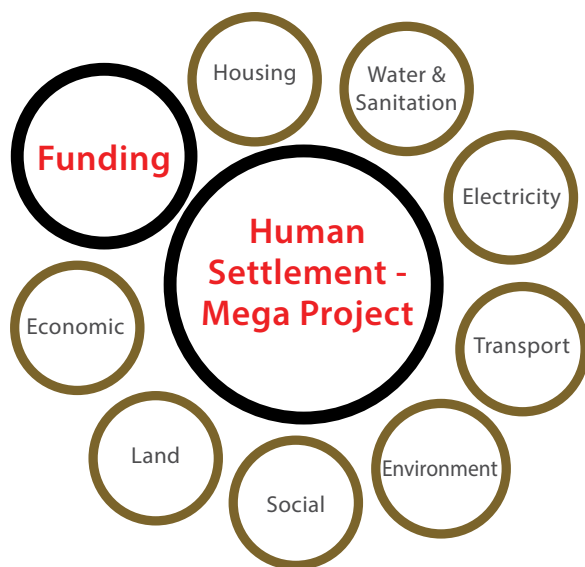
BONI MUVEVI | CEO

CHIEF EXECUTIVE OFFICER'S OVERVIEW

In 2015/16 we made good progress in implementing our business strategy and meeting our housing delivery targets. We continue to build our business on a strong vision, a set of shared values and a clear long-term strategy to meet our social housing targets (2019). The GPF continues to grow and mature as an organisation, with many years of excellent operational performance underpinned by strong corporate governance systems and procedures, as evidenced by audit opinions obtained from the Auditor-General South Africa. During the year under review, our loan book remained healthy and continued to perform well across all funding products. We apply robust upfront risk mitigation approaches to every investment. Operational efficiency continues to be a key focus of the GPF, to ensure that we meet our clients' turnaround expectations and future business sustainability requirements. We are also conscious of the new funding partnerships with the Public Investment Corporation (PIC), Futuregrowth Asset Management (Futuregrowth) and the management capacity required to meet the obligations in fund management.

In 2015/16 we prioritised capital raising initiatives to strengthen our delivery capability, to ensure that we meet our strategic objectives and performance targets. We are pleased to report that our efforts have resulted in securing funding commitment of R600 million from our co-funding partners to affordable housing rental projects, as follows: PIC R350 million and Futuregrowth R250 million. Both investors created Special Purpose Vehicles (SPV) as structures to channel funding to rental housing projects. The GPF concluded management agreements for both facilities at an agreed fee, with the PIC allocation being over 90% committed, while the Futuregrowth facility is over 30% committed. The PIC funding goes toward social housing and entrepreneur empowerment projects, while the Futuregrowth funding goes toward the GAP housing category of the affordable housing market.

The GPF funding model is based on sharing financial risk with funding partners on housing projects. The leveraging of state capital is the underlining principle of the GPF mandate, our target is 70:30 (external funding:GPF funding). In 2015, we attracted a total of R253 million of non-GPF funding, in comparison to R265 million in the previous reporting period. The leveraged amount has reduced slightly due to our downward revision of



KEY COMPONENTS OF MEGA PROJECT FOR THE CITY REGION

- Public Housing
- Open Public Spaces & Landscaping
- Social Services, Facilities & Security
- Trader Stalls
- Transport
- Taxi Ranks, Bus and Train Stations
- Bulk Infrastructure
- Energy and Electrification
- Roads
- Business
- Filling Stations
- Commercial Enterprises
- Light Industries
- Funding – Infrastructure, housing and business

Figure 1: Human Settlement (Megaprojects)

targets in September 2015 in line with available funding. A critical incubation programme worth highlighting is the Entrepreneur Empowerment Property Fund (EPPF), where 2015 targets were exceeded by 54%, from a funding budget of R59 million (the GPF committed R91 million). The GPF has met and exceeded its 2015 completed housing targets for social and rental units (target of 900 housing units vs 1 001 housing units completed).

2015/16 saw significant changes and was a crucial period for Gauteng and the GPF. New political leadership was appointed, namely Honourable Paul Mashatile as Human Settlements MEC. In the last quarter, the new leadership sought to align all stakeholder (provincial and local government, government agencies, DFI's, etc.) efforts to a new vision and delivery model for human settlements in Gauteng, thus ensuring that the new vision is aligned with the National Development Plan (NDP), Gauteng City Region 2055, Ten Pillars Programme of Radical Transformation, Gauteng Spatial Development Framework, Transport and Infrastructure plans, Breaking New Ground Strategy, Johannesburg Corridors of Freedom.

This vision and delivery model is a response to the housing delivery challenges and the proposed solution intends to deliver cities where all race groups are integrated into human settlements that will create social, cultural and racial cohesion. This new housing delivery model – megaproject approach is illustrated further in Figure 1.

In light of this vision, the funding of projects and businesses is a critical element for the execution and success in realising the vision. The process of re-positioning the GPF to play a catalytic role in mobilising private sector funding for the human settlements sector has started. Going forward, the GPF will play a critical role in the Gauteng City Region Human Settlements Delivery Model of megaprojects through creating opportunities for social rental housing and facilitating project funding and private sector participation.

Lastly, I would like take this opportunity to extend my sincere gratitude to the Honourable MEC, Paul Mashatile, Board Chairman, Pakie Mphahlele, Board members, executive management team and staff for their continued support.

Boni Muvevi
Chief Executive Officer

STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

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

- All information and amounts disclosed in the Annual Report is consistent with the Annual Financial Statements audited by the Auditor-General
- The Annual Report is complete, accurate and is free from any omissions
- The Annual Report has been prepared in accordance with the *Annual Report Guide for Schedule 3A and 3C Public Entities* as issued by the National Treasury
- The Annual Financial Statements (Part E) have been prepared in accordance with the South African Generally Recognised Accounting Practice (GRAP) standards applicable to the GPF
- The accounting authority is responsible for the preparation of the Annual Financial Statements and for the judgments made in this information
- The accounting authority is responsible for establishing and implementing a system of internal control, designed to provide reasonable assurance as to the integrity and reliability of the performance information, human resources information and Annual Financial Statements
- The external auditors are engaged to express an independent opinion on the Annual Financial Statements.

In our opinion, the Annual Report fairly reflects the operations, performance information, human resources information and financial affairs of the GPF for the financial year ended 31 March 2016.

Yours faithfully



Boni Muvevi
Chief Executive Officer



Pakie Mphahlele
Chairperson of the Board

STRATEGIC OVERVIEW

Vision

The partner of choice in affordable housing delivery in Gauteng.

Mission

As a public sector affordable housing delivery vehicle, we:

- Mobilise new and innovative funding streams for projects
- Leverage private and public sector finance to ensure better bankability of projects
- Facilitate collaboration between public and private sector partners
- Promote accountability, monitoring and efficiency in the implementation of projects, thereby enabling co-ordinated effort by both the public and private sectors in sustainable, integrated human settlements delivery.

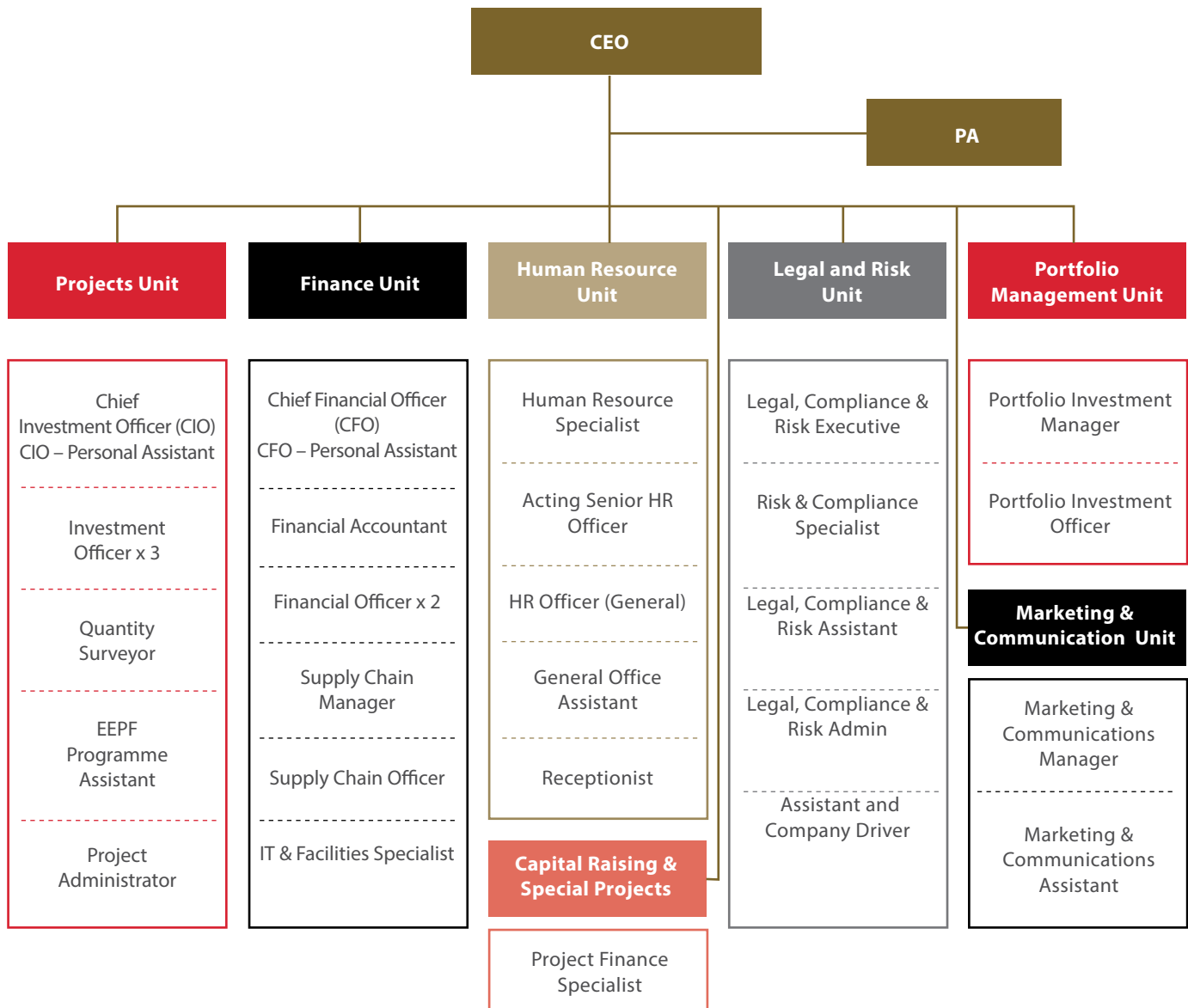
LEGISLATIVE AND OTHER MANDATES

The Department of Local Government and Housing (DLGH) is mandated is to “ensure the provision of housing and the effective functioning of local government across the province in order to build sustainable communities and facilitate shared and equitable social and economic growth and development”.

In support of the DLGH mandate, and as a DLGH public entity, the mandate of the GPF is derived from the Trust Deed, 2002. In terms of the deed, the GPF has a specific mandate to:

- Form partnerships to address funding blockages and bottlenecks within the sustainable human settlements sector
- Facilitate investment capital flows into integrated developments as per the Sustainable Human Settlements Policy Framework
- Facilitate equitable risk sharing project financing
- Participate in Social Housing Projects through innovative funding interventions with Social Housing Institutions (as a mechanism to entice capital market investment into this market).

ORGANISATIONAL STRUCTURE 2015/16





Staff 2015/16



Interns 2015/16



PART B: PERFORMANCE INFORMATION

AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

The Auditor-General of South Africa (AGSA) currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the Report to Management, with material findings being reported under the Predetermined Objectives heading in the Report on other Legal and Regulatory Requirements section of the Auditor's Report. Refer to page 56 of the Auditor's Report.

SITUATIONAL ANALYSIS

Service Delivery Environment

The continued inward migration into Gauteng means increased demand for housing, which coupled with the persistent shortage, suggest that the housing market will continue to be resilient despite the slowed economic growth. There is a general trend towards densification in close proximity to established urban infrastructure, transport, schools and universities, with sectional title units increasing in popularity. The increased trend was also evident in the building plans passed for sectional title units during the period under review.

Low- to middle-income households are faced with increased financial strain given increasing inflation and rising interest rates; as well as generally slower economic growth. As such, the residential rental market is likely to benefit from the said household's preference for rental over outright purchases of residential property.

The residential rental market stands to further benefit from the various ongoing public-private collaborative efforts, exemplified by the Memorandum of Understanding assented to by the Gauteng Department of Human Settlements and a number of private and public stakeholders. These efforts followed the adoption of a social contract in October 2014 wherein signatories committed to working together to deliver, among others, 1.5 million housing opportunities, of which 110 000 are earmarked for affordable housing opportunities to fill the gap in the market, and a further 70 000 for affordable rental opportunities.

Against the background of the buoyant rental property market, applications for funding residential rental projects received by the GPF remained relatively high, with funding from one of our co-funding partners being fully committed. The GPF's funding constraints dictated that we express interest on a limited number of projects compared to the previous years.

Organisational Environment

In 2015, Job Mnguni, the founders' representative on the GPF Board resigned. He was replaced by Unathi Ndobeni, who was appointed as a trustee on 26 May 2015. The GPF Board also reappointed Pakie Mphahlele as Chairperson. In March 2016 the Board resolved that the following trustees be reappointed for a period of three years, effective 1 April 2016: Siyabonga Mbanjwa, Molebogeng Leshabane and Lavinia Khangala.

The GPF experienced the following challenges during the reporting period:

- **Re-capitalisation of the GPF:** The GPF budgeted R396 million and only received R200 million from GDHS. This amount was received late in the second quarter, which necessitated a review of the set targets
- **Lack of senior funding commitment:** The GPF secured senior funding from Futuregrowth and PIC to a total amount of R600 million. The PIC facility assigned to the social housing and entrepreneur empowerment projects was fully committed, which resulted in the inability to secure funding

- **Construction delays:** This includes delays in both in obtaining municipal approval to commence with construction, and in NHBRC processes due to backlogs resulting in delays of project registration
- **No budget allocation for subsidies:** Budget requirements for the Institutional Subsidies Programme were not met by the Social Housing Fund, hence targets could not be met.

Key Policy Developments and Legislative Changes

The GPF is not aware of any significant policy or legislation changes that affected its operations.

Strategic Outcome-oriented Goals

The GPF formulated and aligned its strategic outcome-oriented goals to the GDHS as follows:

- **Goal 1: A visible, reputable and preferred partner in the affordable housing market** – supports the GPF's vision to be a visible in the affordable market, as well as ensuring corporate reputation and strengthened stakeholder relationships in support of the mandate and mission.
- **Goal 2: Affordable housing delivered in support of government's programme of spatial transformation, sustainability and inclusivity** – addresses how the GPF is planning to execute and deliver on its mandate. This speaks directly to the approach to facilitate and co-ordinate the maximum number of affordable housing units delivered on time and to the right quality.
- **Goal 3: An optimally capitalised and managed financial asset base** – addresses housing needs through effective management of the financial asset base to ensure it is optimally capitalised. Further to this, it is aligned to the GDHS strategic goal of restoring public service ethos by promoting sound and good governance, preventing fraud, corruption and effective risk management by establishing policies and systems.
- **Goal 4: A high performing and values-driven organisation** – addresses the need to build a productive and capable workforce with the relevant and appropriate skills base to duly respond to human settlements needs.
- **Goal 5: A well governed, compliant and integrated organisation** – is aligned to the restoring public service ethos promoting sound and good governance. It also supports the GDHS in performing its roles and responsibilities through planning, implementing and using effective systems and ICT as a strategic enabler of business.

PERFORMANCE INFORMATION BY OBJECTIVE

Strategic goal 1: A visible, reputable and preferred partner in the affordable housing market

GPF strategic objective	2017 outcome/measurable objective	Performance measure/indicator	Means of verification	Reporting unit	2015/16 target	Revised mid-term target	Actual annual performance	Reasons for variance
To implement branding, public relations, stakeholder management and customer satisfaction improvement initiatives	Optimal marketing campaigns and initiatives implemented.	Maintain a corporate reputation index better than industry standard (as measured by IPSOS every 3 years)	IPSOS Survey Report	Marketing and Communications	100% of planned initiatives implemented	50% of planned initiatives implemented	100% of planned initiatives implemented	N/A
		Approval and implementation of consolidated annual plan and aligned budget, with sections addressing marketing and communications (M&C), public relations (PR) and stakeholder management (SM)	Report on Marketing Plan and achievements against said plan		Approval of 2016/17 M&C, PR and SM Plan with budget	Approval of 2016/17 M&C, PR and SM Plan and budget	2016/17 M&C, PR and SM Plan with budget was approved	
	Improvement in annual Customer Satisfaction Survey (CSS) results	Annual customer satisfaction index rating	CSS Report	Marketing and Communications	Establish baseline	Establish baseline	1 CSS complete (2015/16 results: 75% satisfied customers)	<p>The 2014/15 CSS results were inconclusive due to poor response. In total, 53 out of 148 clients responded, a 23% improvement on 2014/15</p> <p>In 2015/16, 40 out of 53 (75%) respondents indicated that they are very satisfied with GPF's services, compared with 10 out of 18 (56%) respondents in 2014/15. This is a 19% increase in satisfied clients</p>

Strategic goal 2: Affordable housing delivered in support of governments programme of spatial transformation, sustainability and inclusivity

GPF strategic objective	2017 outcome/measurable objective	Performance measure/indicator	Means of verification	Reporting unit	2015/16 target	Revised mid-term target	Actual annual performance	Reasons for variance
To implement projects arising from MoU's with provincial and local government	Number of projects initiated in partnership with municipalities	Number of projects initiated in partnership with municipalities	Signed MoUs	Projects	2 projects initiated	2 projects initiated	Three projects initiated: <ul style="list-style-type: none"> Townlands: 900 units in Marabastad, Pretoria Timberlands: 320 units in Pretoria CBD Sunnyside: 286 units, Pretoria (has been finalised) 	The original target was revised
To facilitate integrated human settlements delivery	The development and signing of an MoU with GDHS for mixed-use projects	The development and signing of an MoU with GDHS for mixed-use projects	Signed MoU	Projects	Finalisation of MoU with GDHS	Finalisation of MoU with GDHS	Target met Entered into MoU with GDHS regarding a mixed-use project for Achriwaam	The original target was revised
To leverage affordable housing finance	Rental Housing Fund enhances the viability of investment into affordable housing	Rand value of leveraged funding	Management accounts/ Annual Report/Board minutes	Projects	R199.5 million: High R100 million: Low	R100 million	Target not met <ul style="list-style-type: none"> R83 902 033: Robin Villa R40 562 466: Hertz Rd, Vanderbijlpark R15 045 495: Spartan R8 976 252: Erf 8186, Olievenhoutbosch R3 762 000 (awaiting approval from NHFC on senior loan): Erven 533 & 534, Germiston R350 000: Erf 72, Kempton Park R8 730 062: Erf 73, Klippoortje Agricultural Lots, Germiston R6 475 758 (awaiting approval from FG on senior loan) 	Awaiting senior funding approval on two projects amounting to R32 million, which will bring the total leveraged funds to R116 million
		Rand value of GPF commitments	Management accounts/ Annual Report/Board minutes	Projects	R85.5 million: High R43 million: Low	R43 million	Total: R57 568 075 <ul style="list-style-type: none"> R15 401 859: Robin Villa R8 535 656: Hertz Rd, Vanderbijlpark R5 092 435: Spartan R12 290 684: Erf 8186, Olievenhoutbosch R4 278 558: Erven 533 & 534, Germiston R3 924 786: Erf 72, Kempton Park R8 044 097: Erf 73, Klippoortje Agricultural Lots, Germiston 	Target revised downward due to unavailability of funding. GPF funding allocation was received at the end of the second quarter; resulting in a loss of potential rental projects that could have been funded. Priority was given to the EEPF Programme

Strategic goal 2: Affordable housing delivered in support of governments programme of spatial transformation, sustainability and inclusivity (continued)

GPF strategic objective	2017 outcome/measurable objective	Performance measure/indicator	Means of verification	Reporting unit	2015/16 target	Revised mid-term target	Actual annual performance	Reasons for variance
To leverage affordable housing finance	Rental Housing Fund enhances the viability of investment into affordable housing	Number of units facilitated	Management accounts/ Annual Report/Board minutes	Projects	750	375	Target exceeded 465	The target was exceeded
	Social Housing Fund enhances the viability of investment into affordable housing	Rand value of grant funding	Management accounts/ Annual Report/Board minutes	Projects	R160 million: High R80 million: Low	0	0	The target revised to 0 due to unavailability of budget allocation for institutional subsidies
		Rand value of GPF commitments (includes estimated capitalised interest)	Management accounts/ Annual Report/Board minutes	Projects	R68 million: High R34 million: Low	0	0	The target revised to 0 due to unavailability of budget allocation for institutional subsidies
		Number of units facilitated	Management accounts/ Annual Report/Board minutes	Projects	600	0	0	The target revised to 0 due to unavailability of budget allocation for institutional subsidies
	Special funding partnership	Number of special projects funding facilitated	Management accounts/ Annual Report/Board minutes	Projects	2	0	0	Target revised to 0 due to limited funding available. The GPF only received 50% of its capitalisation funding from the GDHS. Priority was given to rental housing programmes
	Student accommodation projects: leverage funding for affordable student accommodation	Rand value of leveraged funding	Board approval minutes		R89 million: High R44.5 million: Low	R89 million: High R44.5 million: Low	Target not met Total: R43 684 084 • R21 850 061: Proxisol (Pty) Ltd • R13 834 370 (awaiting FG approval on senior loan): Unires Project 1 (Pty) Ltd • R7 999 653: ERF 85 Newtown cc	Awaiting senior funder approval on one project amounting to R49 million. This will bring the total leveraged funds to R93 million
		Rand value of GPF commitments	Board approval minutes		R38 million: High R19 million: Low	R38 million: High R19 million: Low	Target exceeded Total: R 46 471 533 • R9 364 312: Proxisol (Pty) Ltd • R33 678 798: Unires Project 1 (Pty) Ltd • R3 428 423: Erf 85 Newtown CC	The target was exceeded
		Number of beds facilitated	Board report on approved number of beds	Projects	600	600	Target exceeded 851	The target was exceeded

Strategic goal 2: Affordable housing delivered in support of governments programme of spatial transformation, sustainability and inclusivity (continued)

GPF strategic objective	2017 outcome/measurable objective	Performance measure/indicator	Means of verification	Reporting unit	2015/16 target	Revised mid-term target	Actual annual performance	Reasons for variance
To leverage affordable housing finance (continued)	EEPF to enable sustainable entrance of historically disadvantaged individuals in the affordable rental housing market	Rand value of leveraged funding (excluding estimated capitalised interest)	Management accounts/ Annual Report/Board minutes	Projects	R89 million: High R44 million: Low	R89 million: High R44 million: Low	Target exceeded Total: R125 539 009 <ul style="list-style-type: none">R19 498 209: Bua Afrika Properties (Pty) LtdR18 167 000: Cicima Property Management (Pty) LtdR8 264 100: GNI Real-Estate (Pty)LtdR5 096 000: K20140446411 South Africa (Pty) LtdR9 955 600: Mahlahla Advancement Dynamics CCR19 585 200: Phahamo Resources (Pty) LtdR5 898 800: Stormstrong (Pty) LtdR6 391 900: Sethitho Projects CCR7 264 900: Mdomula Family Trust T/A Masisizane GroupR9 344 300: Bravo Enterprise and Projects (Pty) LtdR16 073 000: Vuttomi Group (Pty) Ltd	The target was exceeded
		Rand value of GPF commitments (includes estimated capitalised interest)	Management accounts/ Annual Report/Board minutes	Projects	R59 million: High R30 million: Low	R59 million: High R30 million: Low	Target exceeded Total: R 90 998 700 <ul style="list-style-type: none">R16 555 200: Bua Afrika Properties (Pty) LtdR12 832 900: Cicima Property Management (Pty) LtdR5 748 000: GNI Real-Estate (Pty)LtdR3 536 600: K20140446411 South Africa (Pty) LtdR7 000 000: Mahlahla Advancement Dynamics CCR13 808 700: Phahamo Resources (Pty) LtdR4 138 700: Stormstrong (Pty) LtdR4 449 100: Sethitho Projects CCR5 036 600: Mdomula Family Trust T/A Masisizane GroupR6 539 500: Bravo Enterprise and Projects (Pty) LtdR11 353 400: Vuttomi Group (Pty) Ltd	The target was exceeded

Strategic goal 2: Affordable housing delivered in support of governments programme of spatial transformation, sustainability and inclusivity (continued)

GPF strategic objective	2017 outcome/ measurable objective	Performance measure/ indicator	Means of verification	Reporting unit	2015/16 target	Revised mid-term target	Actual annual performance	Reasons for variance
To leverage affordable housing finance (continued)		Number of units facilitated	Board report on approved number of units	Projects	404	390	Target exceeded 489	The target was exceeded
		Pension-backed Loan Fund: Rand value of commitments	Management accounts/ Annual Report/Board minutes	Projects	R10 million: High R5 million: Low	0	0	Target revised to 0 due to limited funding available. The GPF only received 50% of its capitalisation funding from GDHS. Priority was given to the rental housing programmes
		Pension-backed Loan Fund: Number of improved houses	Management accounts/ Annual Report/Board minutes	Projects	200: High 100 Low	0	0	Target revised to 0 due to limited funding available. The GPF only received 50% of its capitalisation funding from GDHS. Priority was given to the rental housing programmes
		New product development (strategic partnerships)	Management accounts/ Annual Report/Board minutes	Projects	N/A	N/A	N/A	N/A
		Equity product	Equity product	Projects	N/A	N/A	N/A	N/A
Ensure delivery of affordable housing units	Compliance of affordable housing units with the regulatory building standards	Percentage of completed projects with occupational certificate issued	Occupation certificate for each completed project in current year	Projects	100% (all projects)	100% (all projects)	70%	1 001 units completed, but awaiting occupational certificate on 296 units
		Percentage of projects under construction in the current financial year enrolled with NHBRC	Enrolment certificate of projects under construction in current year	Projects	100% (all projects)	100%	100%, there are 19 projects under construction, with a total of 2 350 units. Four projects (712 units) are brown fields and do not require NHBRC registration, the rest have been registered	Target met
		Number of completed affordable housing units per annum (total all products)	Completion certificates	Projects	900	900	Target exceeded 1 001	The target was exceeded

Strategic goal 3: An optimally capitalised and managed financial asset base

GPF strategic objective	2017 outcome/measurable objective	Performance measure/indicator	Means of verification	Reporting unit	2015/16 target	Revised mid-term target	Actual annual performance	Reasons for variance
To secure additional capitalisation for the GPF	Additional capitalisation	Capital funding received from the Executive Authority	Management accounts/ Quarterly Reports	Finance	R396 million	R395 million	Target not achieved R200 million	Due to pressure on the fiscus, the GPF did not receive its required allocation
		Capital funding received from external sources (other than GDHS)	Management accounts/ Quarterly Reports	CEO	R0	R0	R600 million	An amount of R600 million co-funding was secured. The current restrictions on the GPF's borrowing powers (Section 66 of PFMA) and corporate structure continue to be a hindrance to the ability of the organisation to raise additional funding on the balance sheet. Management has considered off balance sheet structures as an alternative, but the lead time on these transactions can be quite lengthy
To ensure a well-managed and effective internal control environment	Positive outcome of Audit Reports.	Number of significant matters of emphasis on external audit report relating to the financials of the GPF	AGSA Report	Finance	1	1	Target achieved	Year-end audit completed by July 2016
To ensure an effectively managed portfolio (loan book)	To ensure an effectively managed portfolio (loan book)	% of loans written off	Annual Financial Statements/ Investment Portfolio Reports	Finance	5%	5%	Target exceeded 0.1%	Ensured that all loans are adequately secured and will exhaust all legal processes prior to the write off of a loan
To ensure the management of the costs of the GPF	To ensure the management of the costs of the GPF	Percentage variance on operational expenditure budget	Actual vs Budget Report/ Annual Financial Statements	Finance	±5% of budget	±5% of budget	Target exceeded 20%	20% under operational budget due to expenses that did not materialise as budgeted for

Strategic goal 4: A high performing and optimally capacitated organisation

GPF strategic objective	2017 outcome/measurable objective	Performance measure/indicator	Means of verification	Reporting unit	2015/16 target	Revised mid-term target	Actual annual performance	Reasons for variance
To build and develop productive and capable human capital with the relevant and appropriate skills base to respond to the needs of the GPF's business	Staff retention and talent management	Percentage women in senior management positions	REMCO Report	Human Resources	35%	35%	58.5%	N/A
		Staff turnover rate	HRRC Report	Human Resources	<3.5%	<3.5%	3.22%	N/A
		Percentage people with disabilities in GPF employment	REMCO Report	Human Resources	1	1	1	N/A
		Vacancy rate	REMCO Report	Human Resources	2%	<2%	6%	Due to organisational structure review, the position of Supply Chain Officer will no longer be filled. The Project Administrator role will be filled in 2016/17
To ensure effective and relevant training and upskilling of GPF staff		Percentage of training initiatives implemented as per approved annual Training Plan and aligned budget	Training Plan	Human Resources	100% of planned initiatives implemented Approval of 2016/17 Training Plan	100% of planned initiatives implemented Approval of 2016/17 Training Plan	N/A	Training was put on hold to conduct a training needs assessment that will ensure more focused training
To enhance employee wellness and workplace improvement initiatives		Maintain a Staff Satisfaction Index better than industry standard (>or=3)	Staff Satisfaction Survey Report	Human Resources	>3	>3	N/A	No survey was conducted
Effective performance management and development of GPF staff	A high performing organisation	Improvement in GPF performance rating	Individual performance ratings Report on aggregation exercise Report on performance scores and benchmark	Human Resources	% improvement on baseline	% improvement on baseline	N/A Reviews will be conducted between April and May 2016	There is no variance

Strategic goal 5: A well governed, compliant and integrated organisation

GPF strategic objective	2017 outcome/measurable objective	Performance measure/indicator	Means of verification	Reporting unit	2015/16 target	Revised mid-term target	Actual annual performance	Reasons for variance
To ensure effective contract management		Percentage of active loan agreements concluded in current financial year that have executable terms	Central Matter Index and Securities Report	Legal and Compliance	100%	100%	100%	N/A
		Monthly updated Contracts Register	Central Matter Index and Securities Report	Legal	12	12	12	N/A
To ensure a well-managed and effective governance and compliance environment		Number of significant matters of emphasis on external audit report relating to non-financial performance of the GPF	AGSA Report	All	2	2	0	No significant findings
To enhance the management of enterprise-risk		Quarterly reports on the effectiveness of the implementation of controls as per approved annual Risk Register and Mitigation Plan	Quarterly Fraud and Risk Report to Audit & Risk Committee and Board	All	4 Quarterly Reports Approval of 2016/17 Risk Register and Mitigation Plan	4 Quarterly Reports Approval of 2016/17 Risk Register and Mitigation Plan	4	Quarterly Reports submitted to the Audit and Risk Committee
To enhance ICT management and systems integration and availability	Effective and efficient implementation of ICT systems	Percentage availability of ICT systems (uptime)	Quarterly service provider report with percentage availability of systems Annual internal and external audit report	IT	90%	95%	Target exceeded 97.4%	The target was exceeded
		Percentage of ICT Masterplan (including ERP integration, MIS and KM) implemented as per approved annual ICT Masterplan and aligned budget	Milestones achieved against approved ICT Masterplan	IT	100% of planned initiatives implemented Approval of 2016/17 ICT Masterplan	100% of planned initiatives implemented Approval of 2016/17 ICT Masterplan	100%	N/A

PERFORMANCE INFORMATION BY PROGRAMME

Operational performance

Table 1: Summary of performance 2015/16

Measure	Actual	Original target	Revised target	Comments
Applications recorded	R643 million	-		The majority of the applications were from the Rental Housing and Entrepreneur Empowerment Property Funds
Projects Expression of Interest (EOI)	R286 million	-		The projects EOI were relatively low compared to previous years due to funding constraints
Rental Housing Fund (RHF)	R57.6 million	R85.5 million	R43 million	Target revised downward due to unavailability of funding. The GPF funding allocation was received at the end of the second quarter, and resulted in a loss of potential rental projects that could have been funded. Priority was given to the EEPF
Entrepreneur Empowerment Property Fund (EPPF)	R91 million	R59 million	R59 million	Target exceeded by 54%.
Student Accommodation Fund (SAF)	R46.5 million	R38 million	R38 million	Target exceeded by 22%
Social Housing Fund (SHF)	0	R68 million	0	There was no budget allocation for the institutional subsidies required to implement the SHF

Table 2: List of projects cancelled in 2015/16

Name of company	Property description	Loan amount	Number of units	Reason for cancellation
Madulamoho Housing Association	Riverside	R22.8 million	252	Unavailability of institutional subsidies for the project
Ramokwevho Holdings	Kempton Park	R10.3 million	75	The seller cancelled the offer to purchase the property from the GPF's prospective client
Kevender Consulting (Pty) Ltd	Mandelaville Diepkloof zone 3	R11.5 million	93	The seller cancelled the offer to purchase the property from the GPF's prospective client
Sunnilaws Properties (Pty) Ltd	Glen Marais – remaining Ext of Portion 3 of Holding 274	R19.5 million	137	Inability to secure senior funding
Alkara 7 (Pty)Ltd	Erf 816 and 817, Bronkhorstspuit	R8.9 million	52	The borrower was in breach of the loan agreement
Aquarella 360 (Pty) Ltd	85–87 Quartz Street, Hillbrow	R5.1 million	50	Project was under distress and not financially viable
Total		R78.1 million	659	

The mobilisation of the investment capital flow to the development of affordable rental housing projects remained a key focus for the GPF, with the goal being to facilitate, secure and optimise investment into an affordable rental market, in support of the stated provincial priorities and outcomes. In this regard, the GPF exceeded the targets set for 2015/16.

We received and evaluated project funding applications to the value of approximately R643 million. Of these, the GPF issued EIOs in projects to the tune of R286 million, and obtained Board approval for approximately R195 million worth of projects against an annual target of R140 million for all targeted programmes. The annual targets were exceeded by 39%. The EEPF Programme, a GPF flagship programme, accounted for 47% of the funding committed by the GPF. The continued support of our mentors in the form of capacity resources, as well as the commitment from our entrepreneurs to identifying and securing appropriately located land, were some of the contributing factors to our success. The increased deal flow within the EEPF Programme is reflected in the overall gearing ratio of 57:43 as the maximum exposure under the EEPF is 40% and it accounted for the majority of the overall funding committed to projects for the period under review.

The GPF exceeded its annual targets have been exceeded in the rental housing, student accommodation and the EEPF portfolios. Our co-funding partners played a significant role in supporting our mandate and delivering affordable rental accommodation in Gauteng. The GPF leveraged R253 million of private sector funding, thereby facilitating 954 affordable rental units and 851 student accommodation beds, and completed the construction of 1 001 affordable rental units.

The 2015/16 GPF funding performance is summarised in Figures 2 and 3.

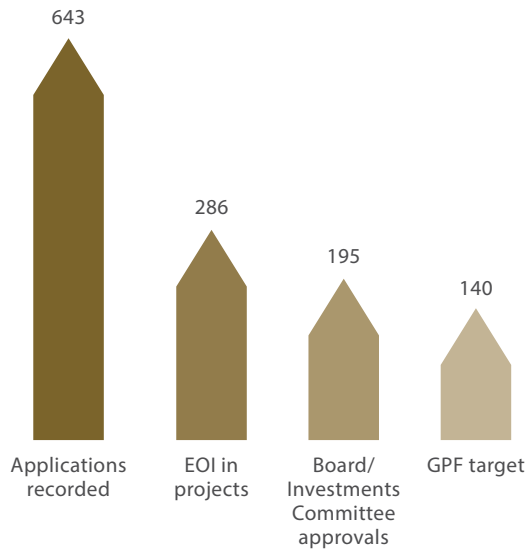


Figure 2: Summary of performance (Rand million)

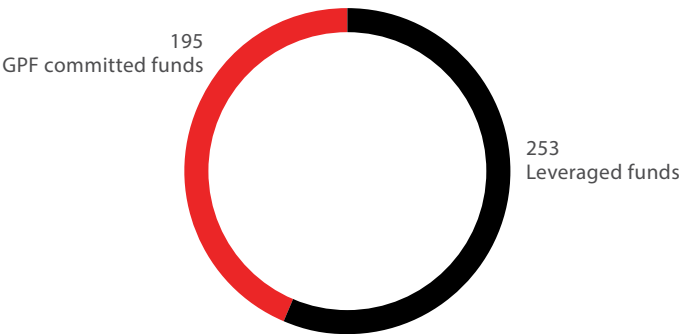


Figure 3: GPF committed funds vs leveraged funds (Rand million)

Product performance review

The appetite from potential property investors remained high, as indicated by the number of applications received. The demand for funding was, however, negatively impacted by GPF funding constraints, as well as the unavailability of institutional subsidies for social housing projects. The latter resulted in there being no target set for social housing units for the year.

Table 3: Commitment value

Product	Original Target	Revised Target	Actual	Percentage
Rental Housing Fund (RHF)	R 85 500 000	R43 000 000	R57 568 075	29%
Social Housing Fund (SHF)	R68 000 000	0	0	0
Entrepreneur Empowerment Fund (EPPF)	R59 000 000	R59 000 000	R90 998 700	47%
Student Accommodation Fund (SHF)	R38 00 000	R38 000 000	R46 471 533	24%
Pension-backed Home Loan Fund	R10 000 000	0	0	0
Total	R261 000 000	R140 000 000	R195 038 308	100%



Table 4: Product performance 2015/16

Key performance areas (programmes)	Goal	Output	Original target	Revised target	Actual performance	Reasons for variance
RHF (focused on for-profit entities)	Enhanced debt-to-equity ratio for project companies to leverage commercial funding	Committed value	R85.5 million	R43 million	R57.6 million	Target revised downward due to unavailability of funding. GPF's funding allocation was received at the end of the second quarter, this resulted in a loss of potential rental projects that could have been funded. Priority was given to the EEPF Programme.
Number of facilitated units			750	375	465	The revised target was exceeded. Refer to note 1 for list of projects approved.
SHF (focused on non-profit entities)	To reduce cost-to-capital on projects linked to institutional subsidies	Committed value	R68 million	0	0	Target revised to 0 due to unavailability of budget allocation for institutional subsidies.
Number of units facilitated			600	0	0	
EEPF	Incubator programme designed to promote participation of HDI-owned companies in the affordable rental property market. <i>(The programme is limited to prospective participants invited on public tender annually)</i>	Committed value	R59 million	R59 million	R91 million	Target exceeded. Refer to note 2 for list of projects approved.
Number of facilitated units			390	390	489	
SAF	Leverage funding for affordable student accommodation	Committed value	R38 million	R38 million	R46.5 million	Target exceeded. Refer to note 3 for list of projects approved.
Number of beds facilitated			600	600	851	
Pension-backed loan Fund	Improvement to homes of low- and middle-income households		R10 million	0	0	Target was revised to 0 due to limited funding available (we only received 50% of the capitalisation funding from the GDHS). Priority was given to the rental housing programmes.
Number of improved houses			200	0	0	

Key performance areas (programmes)	Goal	Output	Original target	Revised target	Actual performance	Reasons for variance
Affordable housing units delivered on time and to the right quality level	Percentage of completed projects within the current financial year with occupational certificates issued		100%	100%	70%	1 001 units were completed, of which 296 units are awaiting municipal inspections to obtain occupational certificates. Refer to note 4.
	Percentage of projects that are under construction enrolled with National Home Builders Registration Council (NHBC)		100%	100%	100%	Target met. Refer to note 5.
	Number of affordable housing units completed per annum (total of all products)		900	900	1 001	Target exceeded. Refer to note 4.
Implement projects arising from MoU's with province and local government	Affordable housing delivered in support of government's programmes of spatial transformation, sustainability and inclusivity	Number of new MoUs signed and projects initiated in partnership with municipalities	2 projects initiated and one MoU signed	2 projects initiated	3 projects initiated	The original target was revised. Refer to note 6.
Facilitate integrated human settlements delivery		The development and signing of an MoU with the GDHS for mixed-use project	Finalisation of MoU with GDHS	Finalisation of MoU with GDHS	MoU concluded with the GDHS to implement Achriwaam Project	The original target was revised. Refer to note 7.

Note 1: The Rental Housing Fund

The fund enhances the debt-to-equity ratio for companies in projects to leverage commercial funding.

Table 5: List of approved projects under the RHF

Name of company	Project name	No. of units	GPF funding commitment (R)
Property Best (Pty) Ltd	Robin Villa	136	15 401 859
Ace Pallets (Pty) Ltd	Hertz Road, Vanderbijlpark	84	8 535 656
Mookehla Trading 001 (Pty) Ltd	Spartan	34	5 092 435
Eable Properties (Pty) Ltd	Erf 8186, Olievenhoutbosch	100	12 290 684
Golden City (Pty) Ltd	Erven 533 and 534, Germiston	19	4 278 558
Goldburg Property Development (Pty) Ltd	Erf 72, Kempton Park	32	3 924 786
Sheran Investments (Pty)Ltd	Erf 73, Klippoortje Agricultural Lots, Germiston	60	8 044 097
Total		465	57 568 075

Challenges experienced

- Limited GPF funding for projects.

Solutions

- Seek alternative funders – GPF is in the process of raising concessionary funding.

Note 2: The Entrepreneur Empowerment Property Fund

The EEPF is an incubator programme designed to promote participation of HDI-owned companies in the affordable rental property market. The programme is limited to prospective participants invited on public tender annually. There was no new intake in the period under review.

Table 6: List of approved projects under the EEPF

Name of company	Project name	No. of units	GPF funding commitment (R)
Bua Africa Properties (Pty) Ltd	Erf 2918, Margaret Avenue, Kempton Park	72	16 555 200
Cicima Property Management (Pty) Ltd	Erf 1686, Benoni	72	12 832 900
GNI Real-Estate (Pty) Ltd	Erf 113, Pretoria North	27	5 748 000
K20140446411 South Africa (Pty) Ltd	Erven 436 and 437, Bellevue East Township	18	3 536 600
Mahlahla Advancement Dynamics CC	Erf 442, Wolmer Extension 1	38	7 000 000
Phahamo Resources (Pty) Ltd	Erf 8292, Olievenhoutbosch Ext 36	88	13 808 700
Stormstrong (Pty) Ltd	Erf 299, Windsor West, Randburg	22	4 138 700
Sethitho Projects CC	Erf 1191, Rayton Extension 7	24	4 448 300
Masisizane Group (Pty) Ltd	Erf 2909, Jeppeshtown	32	5 036 600
Bravo Enterprise and Projects (Pty) Ltd	Erf 231, Kempton Park	36	6 539 500
Vuttomi Group (Pty) Ltd	Erf 347, 348, 349 and 350, Eldorette Ext 34, Pretoria North	60	11 353 400
Total		489	90 997 900

Challenges experienced

- Lack of senior funding approval.
- Delays in obtaining municipal approval to commence with construction resulted in delayed construction and an increase in moratoriums on debt repayments.

Proposed solutions

- The GPF is continuously looking for co-funding partners.
- The GPF has enhanced our minimum pre-investment criteria across all programmes to ensure that funds are committed to projects that are ready to be implemented.

Note 3: The Student Accommodation Fund

The fund enhances the debt-to-equity ratio for companies in projects to provide affordable and good quality of living to students.

Table 7: List of approved projects under SAF

Name of company	Project name	No. of beds	GPF funding commitment (R)
Proxisol (Pty) Ltd	Bertrams Student Accommodation	228	9 364 312
Unires Project 1 (Pty) Ltd	Ka Isaka Seme Village	547	33 678 798
ERF 85 Newtown CC	Hermitage	76	3 428 423
Total		851	46 471 533

Note 4: Affordable housing units delivered

As at 31 March 2016, 14 projects were completed with a total of 1 001 units, of which 296 units are awaiting municipal inspections to obtain occupational certificates.

Table 8: List of completed projects

Name of institution	Project name	Location	No. of units	Occupational certificates
Norvena Property Consortium	O'Reilly Street	Jhb CBD	122	No
Meilijian Construction and Development CC	Erf 1617, Edleen	Kempton Park	25	Yes
Ninarich Trading 3 (Pty) Ltd	Betty Street Precinct	Jhb CBD	255	Yes for 158 units
Xanado Trade or Invest 614 (Pty) Ltd	Erf 324, Princess Ext 49	Roodepoort	161	Yes
Kertrade 24 CC	Madison Lofts	Springs	101	Yes
DNM Estates CC	Erf 517 and 518	Jhb CBD	50	Yes
Lukataedi (Pty) Ltd	Erf 739	Pretoria North	38	Yes
Valotorque 199 CC	Erf 757	Pretoria North	40	Yes
MUMA Property Investments (Pty) Ltd	Erf 978	Pretoria North	53	No
Cape Gannet Properties (Pty) Ltd	Erf 42	Kempton Park	24	No
Eagle Valley	Portion 1 of Erf 1908, Erasmus Extension 8	Bronkhorstspuit	40	Yes
Certrum Est 130 (Pty) Ltd	Erf 564, Bertrams	Jhb CBD	30	Yes
CUMO Property Developers (Pty) Ltd	Erf 3103, Glen Marais Ext 82	Kempton Park	36	Yes
Castle Crest Properties 80 (Pty) Ltd	Erf 233	Kempton Park	26	Yes
Total			1 001	



Note 5: Percentage of projects under construction

As at 31 March 2016, 19 projects were under construction, with a total of 2 350 units four of these (712 units) are green field projects and do not require NHBRC enrolment, the remaining 15 projects are enrolled with NHBRC (100%).

Table 9: List of projects under construction

No.	Name of company	Project name	No. of units	NHBRC registered Yes/No
1	Yeast City Housing	Thembelihle Village	733	Yes
2	Norvena Property Consortium	Norvena	173	*n/a
3	Echo Canyon Trading (Pty) Ltd	Erf 463 and 465, Hanny Street	84	Yes
4	Ace Pallets (Pty) Ltd	Portion 26 of Erf 381, Vanderbijlpark Ext 1	84	Yes
5	Makabongwe Property Holding (Pty) Ltd	Beverly Towers	64	*n/a
6	Kesef Properties	Erf 343, 344, 345, 346, 347, 348, 387, 388 and 389	374	*n/a
7	BUA Africa Properties (Pty) Ltd	Kempton Park	240	Yes
8	SOA Residential Village (Pty) Ltd	Erf 1532, Selcourt, Springs, Ekurhuleni	56	Yes
9	Indigo Kulani Properties (Pty) Ltd	Erf 1673, Benoni, Ekurhuleni Municipality	60	Yes
10	Ikamvelihle Trading Enterprises CC	Erf 953–956, Berea	38	Yes
11	Michaelson Investments (Pty) Ltd	Erf 658, Troyeville	16	Yes
12	Tumaini Properties and Real Estates CC	Erf 53 and 52, Doornfontein	32	Yes
13	Take Shape Properties 75 CC	Erf 4510, JHB	101	*n/a
14	Shukumani Trading Enterprise (Pty) Ltd	Erf 550, Bertrams, Johannesburg	32	Yes
15	Nonkwelo	Erf 10 and 11, Hunter Street	45	Yes
16	Fundzo Trading (Pty) Ltd	Portion 15 of Erf 8489, Pretoria North	62	Yes
17	NBLR Properties (Pty) Ltd	Erf 2880 and 2881, Fleurhof Ext 21	76	Yes
18	Bixowize CC	Erf 278, Primrose Hill, Ekurhuleni Metro Municipality	30	Yes
19	Simelane Business Solutions (Pty) Ltd	Erf 2682 and Portion 3 of Erf 2682, Kempton Park	50	Yes
Total			2 350	

*N/A NHBRC project registration not required as it is a Brownfield project

Challenges experienced

- Delays in NHBRC processes due to backlogs resulting in delays in project registration.
- Contractor not registered with NHBRC also resulted in a delay in project registration.

Proposed solutions

- Liaise with NHBRC directly to further ascertain cause of delays of project registration.
- Incorporate project registration requirement prior to disbursements towards construction.

Note 6: Projects arising from MoUs

The objective is to conclude MoUs with municipalities and initiate projects in partnership with them. The GPF has already entered into MoUs with Ekurhuleni, City of Tshwane, Mogale City and City of Johannesburg (through JPC). The remaining municipalities are small, and restructured zones have not been declared for such metros, therefore we could not enter into MoUs with them. The main focus will be on initiating projects from the MoUs that are already in place.

Through the MoU with the City of Tshwane, we assisted the Housing Company Tshwane with the funding structure for the delivery of social housing units. The social housing projects have the potential to promote sustainable land development in a co-ordinated, effective, efficient and integrated basis. In order to achieve the city's vision of diversified land use, these social housing projects propose a development catalyst that will stimulate the necessary activity to sustain viable communities. The Townlands Social Housing Project, located in Marabastad, has the potential to deliver 900 units and is part of the broader West Capital Programme. The Timberlands Social Housing Project, located on the

corner of Proes Street and Nelson Mandela Drive, has the potential to deliver 320 units. The Sunnyside Project has the potential to deliver 286 units. The land parcels are strategic in-fill sites located close to the city's CBD and amenities.

Note 7: Integrated human settlements delivery

The GPF has concluded an agreement with the GDHS to provide an oversight role over a mixed-use project for Achriwaam, consisting of:

- 258 social housing units
- Transitional/home-based care, with 484 beds for children (28 for younger children and 456 beds for older children)
- A hospice with 88 beds, a dining hall, kitchen, laundry and staff area
- A community Aids centre
- A crèche
- A chapel.

Partnership Programmes

Intuthuko Fund

This programme is offered through the Trust for Urban Housing Finance (TUHF). The purpose of the TUHF is to provide soft funding to up-and-coming black entrepreneurs to provide small-scale housing in the inner cities. Approximately R3.3 million was committed for 11 projects in 2015/16, resulting in 141 units being facilitated.

Table 10: List of projects approved

Project name	GPF's commitment amount (R)	Number of units facilitated
Raysun	300 000	12
26 Twist Street	770 838	27
Montgomery Mansions	362 764	40
39 Hout Street	101 634	4
66 Minors Street	254 559	7
126 Church Street	190 350	7
Kingsfold Mansions	614 632	10
33 3 rd Street	145 876	8
Raysun	160 995	4
26 Twist Street	198 679	10
Montgomery Mansions	157 924	12
Total	3 258 251	141

MARKETING AND COMMUNICATIONS REPORT

Introduction

The strategic objective for the GPF Marketing and Communications Unit for 2015/16 was to enhance the visibility and credibility of GPF through effective marketing, communications and stakeholder initiatives.

Performance overview

The focus was on stakeholder management, as effective communication with stakeholders is essential to maintaining their commitment to the GPF. Communication keeps stakeholders informed and hence involved in the GPF, and ensures that expectations are correctly managed.

During 2015/16, the GPF focused on strengthening its relationship with its founder, the GDHS, clients and senior funders. A number of engagements were held with the GDHS to ensure that it fully understood and supported the GPF. Workshops were held with bankers, investors, professionals and developers to brainstorm solutions to overcoming human settlements challenges in the province.

Print media was carefully targeted, with more focus on advertising the Rental and Student Accommodation Funds in order to raise awareness about these products.

The GPF raised awareness and showcased its products at the Gauteng Infrastructure Investment Conference. It was also presented at the AUHF Conference, Govan Mbeki Awards, and both the National and Gauteng Human Settlements Forums.

The website (www.gpf.org.za) has shown phenomenal growth, with website availability of greater than 95% per month. Google analytics performance statistics indicated year-on-year growth from 58 668 website visits in 2014/15 to 94 400 in 2015/16.

The GPF continued in its efforts to improve customer satisfaction, and conducted its annual Customer Satisfaction Survey. The survey indicated a 23% improvement in response rate. In total, 53 out of 148 clients responded, compared only 18 out of 135 in 2014/15. Furthermore, 40 (75%) of the clients who responded indicated that they are very satisfied with the GPF's services, compared to ten (56%) in 2014/15. This culminates in an increase of 19% in very satisfied clients.

STRATEGY TO OVERCOME AREAS OF UNDER-PERFORMANCE

The strategies to overcome areas of under-performance is set out in the Annual Performance Plan.

With regard to social housing, the GPF reviewed its target due to lack of institutional subsidies, yet ensure alignment with the GDHS strategy and budget requirements for institutional subsidies programmes.

The GPF also recapitalised and reviewed its targets due to receiving a smaller amount than budgeted from the GDHS.

Supply chain management experienced challenges in the procurement of goods and services with a breakdown of 30% on black women-owned enterprises, 10% youth, 5% people with disabilities and 12% township-based economies, due to the nature of GPF projects and the specialised skills required for it. However, the GPF is working with Treasury to mitigate this and obtain a database of these skills within the abovementioned categories.

Changes to Planned Targets

The GPF budgeted R396 million and only received R200 million from GDHS. This amount was received late in the second quarter, which necessitated a review of the set targets. The changed targets were recorded in the Annual Performance Plan.

Linking Performance with Budget

This is covered in the Annual Performance Plan.

REVENUE COLLECTION

	2014/15			2015/16		
	Estimate	Actual amount collected	(Over)/under collection	Estimate	Actual amount collected	(Over)/under collection
Sources of revenue	R'000	R'000	R'000	R'000	R'000	R'000
Total (refer to note 14 in the AFS)		R42 607 547			R38 079 895	

The GPF recognises revenue in respect of interest repayments received on its loans. These repayments are governed by a legal agreement signed by the borrower and secured by a mortgage bond over the property. The mortgage bond is one of the security instruments that the GPF has in place to secure its loans. Due to the concessionary nature of the GPF's loans, it has not to date budgeted for revenue in the form of loan repayments. The Monitoring and Evaluation Section monitors borrowers post-construction to ensure, among others, that they service their loans.

Capital Investment

	2015/16			2014/15		
	Budget	Actual expenditure	(Over)/under expenditure	Budget	Actual expenditure	(Over)/under expenditure
Infrastructure projects	R'000	R'000	R'000	R'000	R'000	R'000
Property, plant and equipment (Statement of Comparison of Budget and Actual Amounts)	R753 600	R309 965	R443 635	R485 000	R428 192	R56 808
Total	R753 600	R309 965		R485 000	R428 192	

The GPF has implemented controls of quarterly asset counts, and reviews useful lives and residual values on a quarterly basis. These controls provide assurance to the GPF that its asset register is accurate and complete. The current state of property, plant and equipment is good (refer to note 7 in the AFS).



PART C: GOVERNANCE

INTRODUCTION

Corporate governance embodies mechanisms, processes and systems by which entities are directed, controlled and held to account. It informs the framework of rules and practices by which a board ensures accountability, fairness, and transparency in the entity's relationship with its all stakeholders.

In addition to legislative requirements emanating from a public entity's enabling legislation, and any other applicable legislation depending on the corporate form the Companies Act, corporate governance with regard to public entities is applied through the precepts of the Public Finance Management Act, Act No. 1 of 1999 (PFMA), and run in tandem with the principles contained in the King Report on Corporate Governance (King III).

Parliament, the Executive Authority and the Board of the GPF are responsible for corporate governance.

EXECUTIVE AUTHORITY

Oversight by the Executive Authority rests by and large on the prescripts of the PFMA, as the Act governs/gives authority to the Executive Authority for oversight powers. In addition thereto, the Executive Authority has the power to appoint and dismiss the Board. When selecting its Board, the Executive Authority must ensure that the appropriate mix of executive and non-executive directors is appointed and that directors have the necessary skills to guide the public entity. The GDHS serves as the Executive Authority of the GPF

Quarterly performance reports were submitted to the GDHS at the end of each quarter. This ensures that the department is kept abreast of the performance of the GPF.

During the period under review, the GDHS raised no issues relating to the GPF.

THE BOARD

Introduction

The Board constitutes a fundamental base for the application of corporate governance principles. All public entities should be headed and controlled by an effective and efficient Board, comprising the appropriate mix of executive and non-executive directors with the necessary skills to strategically guide the entity.

The majority of the Board members of GPF are non-executive to ensure independence and objectivity in decision-making. The Board has absolute responsibility for the performance of the GPF and is fully accountable to the entity for such performance. The Board also give strategic direction to the GPF.

The role and responsibilities of the Board

The GPF Board is responsible for the following:

- Holds absolute responsibility for the GPF's performance
- Retains full and effective control over the GPF
- Ensures that the GPF complies with applicable laws, regulations and government policy
- Has unrestricted access to information relating to the GPF
- Formulates, monitors, reviews the corporate strategy, major plans of action, risk policy, annual budgets and business plans
- Ensures that the shareholder's/founder's performance objectives are achieved
- Manages potential conflicts of interest
- Develops a clear definition of levels of materiality
- Members attend meetings at least every six weeks
- Ensures that the Financial Statements are prepared
- Must appraise the performance of the Chairperson
- Must ensure effective Board induction
- Must maintain integrity, responsibility and accountability.

The Board of Trustees



PAKIE MPHAHELE
CHAIRMAN



B MUVEVI
CHIEF EXECUTIVE OFFICER



Z FIHLANI



L KHANGALA



M LESHABANE



L MAKIBINYANE



D MAPHATIANE



S MBANJWA

Board Charter

As recommended by King III, the Board has a Charter in place which sets out its responsibilities, as disclosed above. The Board strives to comply with the Charter.

The Board Charter is reviewed at least annually to ensure that it is aligned with the roles and responsibilities of the Board, and in line with the GPF's mandate. Where clarity is required, relevant policies are developed and/or reviewed to align with the Charter and *vice versa*.

Composition of the Board

The Board comprises nine trustees as follows:

- Seven independent, non-executive trustees
- One non-independent, non-executive trustee
- One executive trustee.

Table 11: Board composition

Name	Designation	Date appointed	Date re-appointed	Date resigned	Qualifications	Area of expertise	Other committees or task teams	No. of meetings attended
Pakie Mphahlele	Chairperson	01/12/2008 (as Trustee) 01/06/2012 (as Chairperson)	01/06/2015	N/A	Masters in Financial Economics	Microfinance	Board Funding Committee	7/7
Lefadi Makibinyane	Trustee	01/09/2011	01/09/2014	N/A	BSc Eng Chemical (Hons) MBL	Engineering	Investment HRRC Committee	3/7
Zola Fihlani	Trustee	01/09/2011	01/09/2014	N/A	CA (SA)	Accounting and business development	Audit Committee Investment Committee Funding Committee	7/7
Dineo Maphatiane	Trustee	01/09/2011	01/09/2014	N/A	BA Human Resource Management	Human resources	Audit Committee HRRC Committee	4/7
Lavinia Khangala	Trustee	01/04/2013	01/04/2016	N/A	LLM LLB B.Proc HDip Financial Planning – CFP	Legal	Audit Committee HRRC Committee	7/7
Molebogeng Leshabane	Trustee	01/04/2013	01/04/2016	N/A	BSc Eng Civil (Hons) Business Management, GDE Civil (Project Management) Property Law Geotechnical Engineering Maintenance Engineering	Engineering and management	Investment Committee	6/7
Siyabonga Mbanjwa	Trustee	01/04/2013	01/04/2016	N/A	MBA MSc	Business and construction	Investment Committee	6/7
Boni Muvevi	Trustee/CEO	01/03/2014	N/A	N/A	MBA (Gibbs) Diploma in Project Management BSc (Quantity Surveyor)	Business and construction	Investment Committee Funding Committee	7/7
Job Mnguni	GDHS/Trustee	01/04/2013	N/A	26/05/2015	B Tech (Internal Auditing)	Housing and construction	Board	Resigned
Unathi Ndobeni	GDHS/Trustee	26/05/2015	N/A	N/A	BComm Accounting Honours/CIMA	Housing and finance	Board	2/7

Committees

Since a Board cannot attend to all matters effectively, it has the following committees to support it in effectively exercising its fiduciary duties. The GPF Board it has the following focused sub-committees:

- Audit and Risk Committee
- Investment Committee
- Human Resources and Remuneration Committee
- Fundraising Committee.

Table 12: Board committee composition

Committee	No. of meetings held	No. of members	Name of members
Audit and Risk Committee	6	3	Zola Fihlani (Chairperson), Dineo Maphatiane, Lavinia Khangala
Investment Committee	9	5	Siyabonga Mbanjwa (Chairperson), Lefadi Makibinyane, Molebogeng Leshabane, Zola Fihlani, Boni Muvevi
Human Resources and Remuneration Committee	6	3	Dineo Maphatiane (Chairperson), Lavinia Khangala, Lefadi Makibinyane
Fundraising Committee	2	3	Zola Fihlani (Chairperson), Pakie Mphahlele, Boni Muvevi

Remuneration of Board members

Table 13: Board remuneration 2015/16

Name	Remuneration	Other allowance	Other re-imbursements
Dineo Maphatiane	242 792	2 130	242 792
Lefadi Makibinyane	153 137	16 997	168 004
Zola Fihlani	331 965	2 130	331 965
Pakie Mphahlele	275 212	4 331	277 413
Siyabonga Mbanjwa	323 815	2 130	323 815
Molebogeng Leshabane	255 188	2 130	255 188
Lavinia Khangala	368 436	11 665	377 971
Total	1 950 544	41 513	1 977 147

RISK MANAGEMENT

Risk management is fundamental to organisational control and forms a critical part of providing sound corporate governance. It touches all of the GPF's activities. The establishment of an effective enterprise-wide risk management system is the responsibility of management and the Board. Together they are responsible for adopting a holistic approach to the identification of organisational risks, creating controls to mitigate those risks, and monitoring and reviewing the identified risks and controls. They should ensure that risk management is integrated into the organisation, both at the strategic and operational levels.

For the GPF, risk management involves achieving an appropriate balance between realising opportunities while minimising adverse impacts. For this reason, it has a Risk Management Policy and methodology in place, which explains its approach to risk handling.

The Board delegated the responsibility for designing, implementing and monitoring the Risk Management Plan to management. The Board, through the Audit and Risk Committee, ensures that risk assessments are performed and reported on a continuous basis, as well as continual risk monitoring.

Risks are continually being identified and mitigated through the allocation of responsibility, development of action plans, and monitoring of compliance with these action plans. All risks are reported on at EXCO meetings and in the Audit and Risk Committee.

INTERNAL AUDIT AND AUDIT COMMITTEE

The GPF outsources its internal audit function. The internal auditors have unrestricted access to the Chairman and members of the Audit and Risk Committee, however, reports administratively to the Chief Financial Officer.

To ensure the independence of internal audit, the internal auditors report functionally to the Audit and Risk Committee.

The team comprises qualified and experienced personnel to ensure the delivery of relevant and high-quality risk-based control services.

Key activities and objectives of internal audit

Internal audit follows a risk-based audit methodology, which is updated annually. The annual Internal Audit Plan is determined after consideration and assessment of all risks facing the GPF, including coverage of significant operating segments. Internal audit also reviews the general and application controls in information and communication technologies (ICTs) of the GPF to ensure satisfactory ICT governance and assurance.

The duties of the internal audit function include:

- Preparing a flexible three-year rolling risk-based Strategic Internal Audit Coverage Plan
- Preparing a flexible annual risk-based Internal Audit Coverage Plan for the first year of the rolling three-year Strategic Plan
- Preparing plans indicating the proposed scope of each audit project in the annual Internal Audit Coverage Plan
- Evaluating the GPF's governance processes
- Performing an objective assessment of the effectiveness of controls
- Systematically analysing and evaluating processes and associated controls.

Summary of audit work done

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

- Investments
- Financial Management
- Supply Chain Management (bi-annual)
- Fiscal Environment
- Marketing and Stakeholder Relations
- Governance and Ethics
- Legal Compliance
- ICT General Controls Review
- Quarterly Performance Reviews
- Quarterly Review of Annual Financial Statements.

Key activities and objectives of the Audit and Risk Committee

The objectives of the Audit and Risk Committee are to monitor and evaluate the audit risk and the maintenance of internal controls within GPF and to provide support to the Board of Trustees and management in discharging their responsibilities in this regard.

This objective acknowledges that the Board of Trustees is ultimately responsible for the management of audit risk and the maintenance of internal controls, which are designed to provide reasonable assurance of the integrity and reliability of financial reporting, the effectiveness and efficiency of operations and compliance with applicable laws and mandates.

The Audit and Risk Committee will ensure that internal audit provides a written assessment of the effectiveness of the GPF's system of internal controls and risk management.

Attendance of Audit and Risk Committee meetings

Table 14: Audit and Risk Committee members and meeting attendance

Name	Qualifications	Internal or external	If internal, position	Date appointed	Date resigned	No. of meetings attended
Zola Fihlani	CA (SA)	External	N/A	01 September 2011	N/A	6/6
Dineo Maphatiane	BA Human Resource Management	External	N/A	01 September 2011	N/A	6/6
Lavinia Khangala	LLM LLB BProc Higher Diploma in Financial Planning – CFP	External	N/A	01 April 2013	N/A	6/6

COMPLIANCE WITH LAWS AND REGULATIONS

The GPF complied with the following laws and regulations:

- Treasury Regulations (as amended from time to time)
- Financial Intelligence Centre Act, Act No. 38 of 2001
- Trust Property Control Act, Act No. 53 of 1988
- Basic Conditions of Employment Act, Act No. 75 of 1997
- Labour Relations Act, Act No. 66 of 1995
- Public Service Act, Act No. 103 of 1994
- Public Service Regulations of 2001
- Public Finance Management Act, Act No. 1 of 1999, as amended
- Employment Equity Act, Act No. 55 of 1998
- Promotion of Access to Information Act, Act No. 2 of 2000
- Promotion of Administrative Justice Act, Act No. 3 of 2000
- Rental Housing Act, Act No. 50 of 1999, as amended
- Social Housing Act, Act No. 16 of 1997 as amended
- King III.

FRAUD AND CORRUPTION

The policy of GPF is zero tolerance for fraud and corruption. All suspected instances of fraud and corruption are investigated and followed up by the application of all remedies available, to the full extent of the law, as well as the implementation of appropriate prevention and detection controls. These prevention controls include the existing financial and other controls and checking mechanisms as prescribed in the systems, policies, and procedures of the GPF.

Various sessions were conducted with staff to educate them on fraud and corruption. This was done in collaboration with the Gauteng Department of Human Settlements.

During the reporting period, the GPF successfully identified fraud incidents and these matters were reported to the South African Police Service. The alleged fraudster is being prosecuted accordingly.

MINIMISING CONFLICT OF INTEREST

The GPF views conflict of interest as a serious matter and therefore maintains a Conflict of Interest Policy. All staff members are required to comply with the policy, and declarations are done on an annual basis or if and when such possible conflict could arise due to change in a staff member's dealings.

The Conflict of Interest Policy is currently under review to ensure that it is in line with the Code of Conduct, Disciplinary Code, current business practices and all applicable legislation.

All declarations are kept on file and are reviewed annually.

When staff members become aware that they might enter into a possible conflict, they have the opportunity to declare such interest to the GPF.

To avoid situations of conflicts of interests, gifts received by staff are declared and recorded in a monthly gift register. Under no circumstances may cash be accepted as a gift. Further, there is a limit on the value of the gift that can be accepted.

The GPF also maintains a register of all declarations made by members at Board and sub-committee meetings. Where there is a possible conflict of interest on matters for consideration, members are encouraged to err on the side of caution and recuse themselves from the deliberations.

CODE OF CONDUCT

The GPF and its management encourage and provide the means for employees to maintain a high level of conduct. The Code of Conduct is currently under review to ensure that it is in line with the Conflict of Interest Policy, Disciplinary Code, current business practices and all applicable legislation.

HEALTH SAFETY AND ENVIRONMENTAL ISSUES

Health and safety remains an important factor for the GPF. It maintains the understanding that staff members are assets, and identified the need to empower and capacitate employees in order to minimise occupational injuries and reduce health and safety risks in the workplace. During the year, five employees attended First Aid Level One training. The GPF also has various wellness days in which all employees are encouraged to participate on a continuous basis.

BOARD SECRETARY

Although not required by law to do so, the GPF has appointed its Legal, Compliance and Risk Executive to act as its Board Secretary.

The Board Secretary acts in a supportive capacity to the trustees and Chairman and has direct access to, and ongoing communication with the Chairman of Board.

The Board Secretary is responsible for *inter alia*:

- Acting as the secretary to the Board and committees
- Maintenance of the Board and committee charters, and compilation of Board papers
- Maintenance of all Board and committee attendance registers, minutes and resolutions
- Taking minutes at Board and committee meetings
- Acting as a primary point of contact between trustees and the GPF
- Providing legal support and advice to the Board
- Proactively managing good governance
- Providing necessary training to the Board
- Guiding trustees regarding their duties, matters of ethics and good governance.



AUDIT AND RISK COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2016.

Responsibility

The Audit and Risk Committee reports that it has complied with its responsibilities arising from Section 51 (1)(a)(ii) of the Public Finance Management Act, Act No. 1 of 1999 (PFMA), and Treasury Regulation 27.1. It 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 it has not reviewed changes in accounting policies and practices.

The effectiveness of internal control

Our review of the findings of the internal audit work, which was based on the risk assessments conducted in the GPF revealed certain weaknesses, which were then raised with the GPF.

The following internal audit work was completed during the year:

- Investments
- Financial Management
- Supply Chain Management (bi-annual)
- Fiscal Environment
- Marketing and Stakeholder Relations
- Governance and Ethics
- Legal Compliance
- ICT General Controls Review
- Quarterly Performance Reviews
- Review of Annual Financial Statements.

In-year Management and Monthly/Quarterly Report

The GPF reported monthly and quarterly to the Treasury, as required by the PFMA.

Evaluation of Financial Statements

We have reviewed the Annual Financial Statements prepared by the GPF.

Auditor's Report

The Audit and Risk Committee concurs and accepts the conclusions of the AGSA on the Annual Financial Statements and is of the opinion that the audited Annual Financial Statements be accepted and read together with the AGSA's Report.



Zola Fihlani

Chairperson of the Audit and Risk Committee
Gauteng Partnership Fund
25 May 2016



PART D: HUMAN RESOURCE MANAGEMENT

INTRODUCTION

Overview of HR matters

The GPF's Human Resources (HR) Department ensures a strategic approach in building people, management processes, systems and policies. The department embarked on a HR transformation drive to enhance and optimise HR delivery within the organisation. The key HR strategic drivers for the GPF are:

- Remuneration strategies: reward system
- Performance management system (PMS)
- HR Policies development, review and revision
- Employee wellness: Employee Engagement and Satisfaction Survey
- Review and re-establish corporate culture and values.

HR priorities and impact

Table 14: 2015/16 HR priorities and its impact

HR priority	Activity	Impact
Remuneration strategies	Review, revise and implement a reward system (short-term incentive) for the GPF	Redefine the culture of high performance through incentives and rewards
Performance management system	Review, revise and implement the revised PMS. Areas under review: <ul style="list-style-type: none">• Rating scale• Linking it to the reward system• Develop and roll out new template	Drive the culture of high performance
HR policies	Review, revise and implement revised GPF policies	Align the GPF's HR policies with the broad organisational strategic objectives and direction, as well as legislative changes and amendments
Employee wellness	Conduct an employee survey to check employee engagement in general	Align and engage employees with the GPF's key imperatives
Organisational culture	Review and define the GPF's values and related behaviours	Inculcate values-driven leadership and a values-driven organisation

Note: All these priorities are long-term based for example "culture."

Workforce Planning Framework

Workforce planning is based on the organisational structure, which is currently under review. The GPF has developed and implemented a new reward system to attract and retain talent. It also defined the desired organisational culture and revised the values to drive the new culture.

Employee Performance Management Framework

The GPF uses the Balance Score Card performance management system. It has reviewed this tool, linking it with the short-term incentive scheme bonus rules. Individual performance contracts and appraisals are then linked to this system.

Employee Wellness Programmes

The GPF conducted health-related wellness checks for the entire staff complement. The HR Department arranged for the following services for the staff:

- HIV counselling and testing
- Cholesterol checks
- BMI /dietary checks
- Sugar diabetes
- Blood pressure
- Optometrist
- Workstation massages.

To drive employee wellness further, the GPF conducted an Employee Engagement and Alignment Survey. The GPF is addressing matters identified through the survey by implementing proposed interventions. This is a long-term activity.

Policy development

HR Policies were reviewed and revised accordingly to align with changes in the labour market and legislations.

Highlights and challenges

- Implemented a new Performance Management System.
- Defined a GPF culture of high performance and values-driven organisation.
- The organisation is focusing on transforming the HR Department in terms of capacity and systems.

Future HR plans

- GPF Human Resources Business Plan 2016/17.
- The GPF is focusing on developing a comprehensive employee value proposition, including a comprehensive remuneration strategy.
- Introduction of a pension fund for GPF employees.

HUMAN RESOURCE OVERSIGHT STATISTICS

The GPF key information on HR is tabled below. All the financial amounts agree to the amounts disclosed in the Annual Financial Statements.

Personnel cost by programme

Programme	Total expenditure for the entity (R'000)	Personnel expenditure (R'000)	Personnel expenditure as a % of total expenditure (R'000)	No. of employees	Average personnel cost per employee (R'000)
Board of Trustees	2 108 505	2 108 505	6.21	7	301 215
Office of the CEO	5 165 107	5 165 107	15.20	3	1 721 702
Projects Unit	9 236 302	9 236 302	27.19	8	1 154 538
Finance Unit	9 606 322	9 606 322	28.27	11	873 302
Human Resources Development	1 926 369	1 926 369	5.67	4	481 592
Marketing and Communications Unit	1 755 453	1 755 453	5.17	2	877 727
Legal, Risk and Compliance	3 702 167	3 702 167	10.90	4	925 542
Internships	474 567	474 567	1.40	9	52 730
Total	33 974 791	33 974 791	100.00	48	798 543

Personnel cost by salary band

Level	Personnel expenditure (R'000)	% of personnel expenditure to total personnel cost (R'000)	No. of employees	Average personnel cost per employee (R'000)
Board of Trustees	2 108 505	6.21	7	301 215
Top Management	8 125 413	23.92	3	2 708 471
Senior Management	3 449 810	10.15	2	1 724 905
Professional qualified	12 391 532	36.47	9	1 376 837
Skilled	3 062 758	9.01	6	510 460
Semi-skilled	4 362 206	12.84	12	363 517
Unskilled/interns	474 567	1.40	9	52 730
Total	33 974 791	100.00	48	1 005 448

Performance rewards

Programme	Performance rewards	Personnel expenditure (R'000)	% of performance rewards to total personnel cost (R'000)
Board of Trustees	0	2 108 505	0.00
Top Management	1 579 542	8 125 413	4.65
Senior Management	505 718	3 449 810	1.49
Professional qualified	1 288 295	12 391 532	3.79
Skilled	178 947	3 062 758	0.53
Semi-skilled	269 366	4 362 206	0.79
Unskilled	0	0	0.00
Interns	0	474 567	0.00
Total	3 821 867	33 974 791	11.25

Training costs

Programme	Training expenditure (R'000)	No. of employees trained	Average training cost per employee
Bursaries	22 479.00	5	7 493.00
NQF-aligned skills Programmes	5 426.00	2	3 125.00
Non-NQF Courses	255 266.25	31	8 234.39
Internships	328 204.92	9	35 833.80
Adult education and training	0.00	0	0.00

Employment and vacancies

Programme	2013/14 no. of employees	2015/16 approved posts	2015/16 no. of employees	2015/16 vacancies	% of vacancies
Office of the CEO	2	3	3	0	0.00
Projects Unit	8	8	7	1	14.28
Finance Unit	11	11	10	1	10.00
Human Resources Department	5	5	4	1	25.00
Marketing and Communications Unit	3	2	2	0	0.00
Legal, Risk and Compliance	4	4	4	0	0.00
Internships	4	9	8	1	12.50

Programme	2013/14 no. of employees	2015/16 approved posts	2015/16 no. of employees	2015/16 vacancies	% of vacancies
Top Management	3	3	3	0	0.00%
Senior Management	4	3	2	1	33.33%
Professional qualified	17	11	11	0	0.00%
Skilled	9	7	7	0	0.00%
Semi-skilled	0	9	9	0	0.00%
Unskilled/interns	0	10	9	1	10.00%
Temp employees	4	1	1	0	0.00%
Total	37	44	42	2	4.76%

Employment changes

Salary band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	3	0	0	3
Senior Management	3	0	1	2
Professional qualified	11	0	1	10
Skilled	7	1	0	7
Semi-skilled	9	0	2	9
Unskilled/interns	4	6	2	8
Temporary employees	0	1	1	0
Total	37	8	7	39

Reasons for staff leaving

Reason	Number	% of total no. of staff leaving
Death	0	0.00
Resignation	3	42.85
Dismissal	1	14.30
Retirement	0	0.00
Ill health	0	0.00
Expiry of contract	3	42.85
Other	0	0.00

Reason	Number	% of total no. of staff leaving
Total	7	100.00

Labour relations: misconduct and disciplinary action

Nature of disciplinary action	Number
Verbal warning	0
Written warning	0
Final written warning	0
Dismissal	1

Equity target and employment equity status

Levels	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	1	0	0	0	0	0	0
Senior Management	1	1	0	0	0	0	0	0
Professional qualified	4	4	2	2	2	2	0	0
Skilled	5	5	0	0	0	0	0	0
Semi-skilled	0	0	0	0	0	0	0	0
Unskilled/interns	2	2	0	0	0	0	0	0
Temp employees	0	0	0	0	1	1	0	0
Total	13	3	2	2	3	3	0	0

Levels	FEMALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	1	0	0	1	1	0	0
Senior Management	1	1	0	0	0	0	0	0
Professional qualified	2	2	0	0	0	0	1	1
Skilled	1	1	0	0	0	0	0	0
Semi-skilled	8	8	2	2	0	0	0	0
Unskilled/interns	7	7	0	0	0	0	0	0
Total	20	20	2	2	1	1	1	1

Levels	Disabled staff			
	Male		Female	
	Current	Target	Current	Target
Top management	0	0	0	0
Senior management	0	0	0	0
Professional qualified	0	0	0	0
Skilled	0	0	0	0
Semi-skilled	0	0	0	0
Unskilled/interns	0	0	1	1
Total	0	0	1	1

FINANCIAL STATEMENTS



GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Financing affordable housing developments in Gauteng
Registered office	82 Grayston Drive Sandton Johannesburg 2196
Postal address	PO Box 652247 Benmore 2010
Executive authority	Gauteng Department of Human Settlements
Website address	www.gpf.org.za
Bankers	Absa Bank Limited 15 Troye Street Johannesburg 2001
Auditors	Auditor-General South Africa Registered Auditors 61 Central Street Houghton Johannesburg 2193
Company registration number	IT2422/02
Attorneys	Cliffe Dekker Hofmeyr Inc.
Contact details	011 685 6600/ info@gpf.org.za

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 Fund set out on pages 60 to 143, which comprise the statements of financial position as at 31 March 2016, the statement of financial Performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting authority's responsibility for the financial statements

2. The board of trustees, which constitutes the accounting authority, is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA), and for such internal control as the accounting authority determines is necessary to enable the preparation of 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 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 judgment, 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 2016 and its financial performance and cash flows for the year then ended, in accordance with the SA Standards of GRAP and the requirements of the PFMA.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

7. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings, as described under each subheading, but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

8. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for Objective 2: Affordable housing delivered in support of government's programme of spatial transformation, sustainability and inclusivity presented in the Annual Performance Report of the entity for the year ended 31 March 2016.
9. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programmes. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information*.
10. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
11. I did not identify any material findings on the usefulness and reliability of the reported performance information for Objective 2: Affordable housing delivered in support of government's programme of spatial transformation, sustainability and inclusivity.

Additional matter

12. Although I identified no material findings on the usefulness and reliability of the reported performance information for the selected objective, I draw attention to the following matter:

Achievement of planned targets

13. Refer to the Annual Performance Report on page 19 to 35 for information on the achievement of the planned targets for the year.

Compliance with legislation

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

Internal control

15. I considered internal control relevant to my audit of the Financial Statements, the Performance Report and compliance with legislation. I did not identify any significant deficiencies in internal control.

Auditor-General

Johannesburg
31 July 2016



REPORT OF THE TRUSTEES

1. Review of activities

Main business and operations

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

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

The GPF funding model introduces a public risk capital strategy that assumes a first loss position. The GPF funding instrument therefore has a character of equity but in a form of a sub-ordination 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 the GPF's discounted lending interest rate.

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

2. Statements of responsibility

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

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

The Trustees acknowledge that they are ultimately responsible for the system of internal financial control established by the GPF and place considerable importance on maintaining a strong control environment. To enable the Trustees to meet these responsibilities, the Trustees set standards for internal control aimed at reducing the risk error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk.

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

On 24 March 2016, the MEC: Gauteng Human Settlements instructed that the GPF review its corporate form to enable it to efficiently execute its mandate.

3. Subsequent events

Subsequent to year end the GPF received an offer from the auction of Tenitor Properties (Pty) Ltd – The Ridge Hotel. The GPF has accepted the offer. The final cancellation figures are still not known.

4. Going concern

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.

5. Property, plant, equipment and intangibles

During the year, the Trust purchased property, plant and equipment and intangibles assets to the value of R1 041 235 (2015: R457 994).

6. Secretary

The entity is not required to have a secretary in terms of the Trust Property Control Act, 1998 (Act No.57 of 1988) and/or the Companies Act, Act No. 71 of 2008.

7. Trustees

Name	Nationality	Date of appointment/resignation
P Mphahlele (Chairperson)	Independent Non-executive South African	As Trustee 1 December 2008 as Chairperson 1 June 2012
B Muvevi (Chief Executive Officer)	Executive South African	1 March 2014
L Khangala	Independent Non-executive South African	1 April 2013
M Leshabane	Independent Non-executive South African	1 April 2013
L Makibinyane	Independent Non-executive South African	1 September 2011
D Maphatiane	Independent Non-executive South African	1 September 2011
S Mbanjwa	Independent Non-executive South African	1 April 2013
J Mnguni	Independent Non-executive South African	Resigned 26 May 2015
U Ndobeni	Independent Non-executive South African	Appointed 26 May 2015
Z Fihlani	Independent Non-executive South African	1 September 2011

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

Audit and Risk Committee

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

Investment Committee

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

Funding Committee

- Z Fihlani (Chairperson)
- P Mphahlele
- B Muvevi

Human Resources and Remuneration Committee

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

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

8. Auditors

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

The Annual Financial Statements set out on pages 60 to 143, which have been prepared on the going concern basis, were approved by the Board of Trustees on 28 July 2016 and were signed on its behalf by:



Mr Boni Muvevi
Chief Executive Officer



Mr Pakie Mphahlele
Chairman

STATEMENT OF FINANCIAL POSITION

Figures in Rand	Note(s)	2016	2015
Assets			
Current Assets			
Cash and cash equivalents	2	815 048 544	802 571 736
Current portion – loans and receivables from exchange transactions	3	7 468 018	11 573 790
Receivables from exchange transactions	5	8 105 875	11 285 367
Loans and receivables held-for-trade	4	65 461 797	-
Current portion – financial instruments at fair value	6	7 793 622	-
		903 877 856	825 430 893
Non-current Assets			
Financial instruments at fair value	6	-	2
Property, plant and equipment	7	2 396 567	2 486 402
Intangible assets	8	196 729	376 501
Loans and receivables from exchange transactions	3	419 557 066	327 899 088
		422 150 362	330 761 993
Total Assets		1 326 028 218	1 156 192 886
Liabilities			
Current Liabilities			
Deferred income	9	288 239 546	264 853 602
Finance lease obligation	10	337 113	134 731
Operating lease liability	11	-	241 925
Payables from exchange transactions	12	120 674 322	156 081 301
Provisions	13	4 834 288	6 850 230
		414 085 269	428 161 789
Non-current Liabilities			
Finance lease obligation	10	251 817	64 182
Total Liabilities		414 337 086	428 225 971
Reserves			
Accumulated surplus		911 691 132	727 966 915
Total Net Assets		911 691 132	727 966 915
Total Net Assets and Liabilities		1 326 028 218	1 156 192 886

Gauteng Partnership Trust(Registration number IT2422/02) **Trading as Gauteng Partnership Fund**

Annual Financial Statements for the year ended 31 March 2016

STATEMENT OF FINANCIAL PERFORMANCE

Figures in Rand	Note(s)	2016	2015
Revenue	14	261 222 767	234 459 384
Other income	16	20 030 715	5 685 464
Operating expenses		(75 357 348)	(82 974 209)
Operating surplus	17	205 896 134	157 170 639
Fair value adjustments	19	(29 266 495)	(32 989 118)
Impairment reversal/(loss)	20	7 145 871	(2 246 816)
Finance costs	21	(51 293)	(29 853)
Surplus for the year		183 724 217	121 904 852
Attributable to:			
Executive Authority – Gauteng Department of Human Settlements		183 724 217	121 904 852

STATEMENT OF CHANGES IN NET ASSETS

Figures in Rand	Accumulated surplus	Total net assets
Balance as restated 01 April 2014	606 062 063	606 062 063
Changes in net assets		
Surplus for the year	121 904 852	121 904 852
Total changes	121 904 852	121 904 852
Balance at 01 April 2015	727 966 915	727 966 915
Changes in net assets		
Surplus for the year	183 724 217	183 724 217
Total changes	183 724 217	183 724 217
Balance at 31 March 2016	911 691 132	911 691 132

STATEMENT OF CASH FLOWS

Figures in Rand	Note(s)	2016	2015
Cash flows from operating activities			
Receipts			
Cash receipts – from borrowers		25 654 144	33 268 632
Cash receipts – interest from banks		41 908 417	37 779 593
DTI grant received		2 969 361	1 426 519
Donation received		200 000 000	173 087 892
		270 531 922	245 562 636
Payments			
Employee costs		(33 405 437)	(30 884 363)
Suppliers		(22 646 072)	(26 610 491)
Finance costs	21	(51 293)	(29 853)
Gauteng Department of Human Settlements		(35 850 689)	(107 029 985)
Guarantees paid		(561 633)	(9 147 922)
Cash paid to borrowers		(164 876 481)	(167 001 314)
		(257 391 605)	(340 703 928)
Net cash flows from operating activities	28	13 140 317	(95 141 292)
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(309 965)	(428 192)
Proceeds from sale of property, plant and equipment	7	53 500	14 278
Purchase of other intangible assets	8	-	(30 167)
Net cash flows from investing activities		(256 465)	(444 081)
Cash flows from financing activities			
Finance lease payments		(407 044)	(240 552)
Net increase/(decrease) in cash and cash equivalents		12 476 808	(95 825 925)
Cash and cash equivalents at the beginning of the year		802 571 736	898 397 661
Cash and cash equivalents at the end of the year	2	815 048 544	802 571 736

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Expenditure						
Personnel	(35 768 614)	(549 179)	(36 317 793)	(33 405 437)	2 912 356	Refer to note 30
Repairs and maintenance	(1 183 800)	(440 506)	(1 624 306)	(1 201 493)	422 813	Refer to note 30
General expenses	(16 864 275)	(14 346 618)	(31 210 893)	(21 444 579)	9 766 314	Refer to note 30
Total expenditure	(53 816 689)	(15 336 303)	(69 152 992)	(56 051 509)	13 101 483	

Statement of Financial Position

Assets						
Non-current Assets						
Property, plant and equipment	753 600	-	753 600	309 965	(443 635)	Refer to note 30
	753 600	-	753 600	309 965	(443 635)	
Total Assets	753 600	-	753 600	309 965	(443 635)	

Cash Flow Statement

Cash flows from operating activities						
Payments						
Employee costs	(35 768 614)	(549 179)	(36 317 793)	(33 405 437)	2 912 356	Refer to statement of cashflows
Suppliers	(18 048 075)	(14 787 124)	(32 835 199)	(22 646 072)	10 189 127	Refer to statement of cashflows
Net cash flows from operating activities	(53 816 689)	(15 336 303)	(69 152 992)	(56 051 509)	13 101 483	

Cash flows from investing activities

Purchase of property, plant and equipment	(753 600)	-	(753 600)	(309 965)	443 635	Refer to statement of cashflows
Net cash flows from investing activities	(753 600)	-	(753 600)	(309 965)	884 141	
Net decrease in cash and cash equivalents	(54 570 289)	(15 336 303)	(69 906 592)	(56 361 474)	13 545 118	Refer to note 30

ACCOUNTING POLICIES

1. Presentation of Annual Financial Statements

The Annual Financial Statements have been prepared in accordance with the South African Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

These Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost convention unless specified otherwise. They are presented rounded off to the nearest South African Rand.

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

The following GRAP Standards have been applied where applicable in the Annual Financial Statements:

1)	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) (Not applicable to the GPF)
	GRAP 5	Borrowing Costs (as revised in September 2013) (Not applicable to the GPF)
	GRAP 6	Consolidated and Separate Financial Statements
	GRAP 7	Investments in Associates (as revised in March 2012) (Not applicable to the GPF)
	GRAP 8	Interests in Joint Ventures (Not applicable to the GPF)
	GRAP 9	Revenue from Exchange Transactions (as revised in 2010)
	GRAP 10	Financial Reporting in Hyperinflationary Economies (as revised in 2010) (Not applicable to the GPF)
	GRAP 11	Construction Contracts (as revised in 2010) (Not applicable to the GPF)
	GRAP 12	Inventories (as revised in 2010) (Not applicable to the GPF)
	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) (Not applicable to the GPF)
	GRAP 17	Property, Plant and Equipment (as revised in 2010)
	GRAP 18	Segment reporting (Not applicable to the GPF)
	GRAP 19	Provisions, Contingent Liabilities and Contingent Assets (as revised in 2010)
	GRAP 20	Related Party Disclosures
	GRAP 21	Impairment of Non-cash-generating Assets (Not applicable to the GPF)
	GRAP 23	Revenue from Non-exchange Transactions (Taxes and Transfers)
	GRAP 24	Presentation of Budget Information in Financial Statements
	GRAP 25	Employee Benefits (Not applicable to the GPF)
	GRAP 26	Impairment of Cash-generating Assets
	GRAP 27	Agriculture (Not applicable to the GPF)
	GRAP 31	Intangible Assets
	GRAP 100	Non-current Assets Held for Sale and Discontinued Operations (as revised in 2010) (Not applicable to the GPF)
	GRAP 103	Heritage Assets (Not applicable to the GPF)
	GRAP 104	Financial Instruments
2)	Directives issued and applied:	
	Reference	Topic
	Directive 1	Repeal of Existing Transitional Provisions in, and Consequential Amendments to, Standards of GRAP
	Directive 2	Transitional Provisions for the Adoption of Standards of GRAP by Public Entities, Municipal Entities and Constitutional Institutions
	Directive 5	Determining the GRAP Reporting Framework
	Directive 6	Transitional Provisions for Revenue Collected by the South African Revenue Service (SARS) (Not applicable to the GPF)
	Directive 7	The Application of Deemed Cost on the Adoption of Standards of GRAP (Not applicable to the GPF)
	Directive 8	Transitional Provisions for parliament and the Provincial Legislatures (Not applicable to the GPF)

Gauteng Partnership Trust(Registration number IT2422/02) **Trading as Gauteng Partnership Fund**

Annual Financial Statements for the year ended 31 March 2016

Directive 9	Transitional Provisions for parliament and the Provincial Legislatures (Not applicable to the GPF)
Directive 10	Application of the Standards of GRAP by the Public Further and Education Training Colleges (Not applicable to the GPF)
Directive 11	Changes in the Measurement Bases Following the Initial Adoption of the Standards of GRAP (Not applicable to the GPF)

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

Reference	Topic
IGRAP 1	Applying the Probability Test on Initial Recognition of Exchange Revenue (Not applicable to the GPF)
IGRAP 2	Changes in Existing Decommissioning, Restoration and Similar Liabilities (Not applicable to the GPF)
IGRAP 3	Determining whether an Arrangement Contains a Lease
IGRAP 4	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (Not applicable to the GPF)
IGRAP 5	Applying the Restatement Approach under the Standard of GRAP on Financial Reporting in Hyperinflationary Economies (Not applicable to the GPF)
IGRAP 6	Loyalty Programmes (Not applicable to the GPF)
IGRAP 7	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (Not applicable to the GPF)
IGRAP 8	Agreements for the Construction of Assets from Exchange Transactions (Not applicable to the GPF)
IGRAP 9	Distributions of Non-cash Assets to Owners (Not applicable to the GPF)
IGRAP 10	Assets Received from Customers (Not applicable to the GPF)
IGRAP 13	Operating Leases – Incentives (Not applicable to the GPF)
IGRAP 14	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
IGRAP 15	Revenue – Barter Transactions Involving Advertising Services (Not applicable to the GPF)
IGRAP 16	Intangible Assets – Website Costs (Not applicable to the GPF)

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

Reference	Topic
Guide 1	Guideline on Accounting for Public Private Partnerships (Not applicable to the GPF)

5) Effective IFRS and IFRICs that entities applied:

Reference	Topic
IFRS 4 (AC 141)	Insurance Contracts (Not applicable to the GPF)
IFRS 6 (AC 143)	Exploration for and Evaluation of Mineral Resources (Not applicable to the GPF)
IAS 12	Income taxes
SIC – 25 (AC 425)	Income Taxes – Changes in the Tax Status of an Entity or its Shareholders (Not applicable to the GPF)
SIC – 29 (AC 429)	Service Concession Arrangements – Disclosures (Not applicable to the GPF)
IFRIC 12	Service Concession Arrangements – Disclosures (Not applicable to the GPF)
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine (Not applicable to the GPF)
IFRIC 21	Levies (Not applicable to the GPF)

6) Standards of GRAP approved, but for which the Minister of Finance has not yet determined an effective date. These accounting standards have been considered (where applicable) in the formulation of the accounting policies:

Reference	Topic
GRAP 32	Service Concession Arrangement: Grantor (Not applicable to the GPF)
GRAP 108	Statutory Receivables (Not applicable to the GPF)
IGRAP 17	Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset (Not applicable to the GPF)
GRAP 20	Related Party Disclosures

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

Reference	Topic
GRAP 18	Segment Reporting (Not applicable to the GPF)

1.1 Significant judgements and sources of estimation uncertainty

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

Receivables from exchange transactions

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

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

Financial instruments at fair value

The entity follows the guidance of GRAP 104 to determine when a financial instrument at fair value 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 financial instruments at fair value financial assets to surplus or deficit.

Fair value estimation

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

The carrying value less impairment provision of receivables and payables are assumed to approximate their fair values.

The carrying amount of financial instruments at fair value would be estimated lower or higher where the discounted rate used in the discount cash flow analysis differs by 10% from management's estimates.

Options granted

Management used the Black Scholes model to determine the value of the options at issue date. Additional details regarding the estimates are included in the financial instruments at fair value and the option note. The option has been raised a receivable at year end.

Impairment testing

The recoverable amounts of individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions.

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in notes 3, 13, – Provisions.

Taxation

The Trust was 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 2015 year. The Trust is not registered for VAT

Effective interest rate

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

Useful life of property plant and equipment

The entity's management determines the estimated useful lives and related depreciation charges for the property plant and equipment. This estimate is based on management's experience using the assets. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

Useful life of intangible assets

The entity's management determines the estimated useful lives and related amortisation charges for the intangible assets. This estimate is based on management's experience using the assets. Management will increase the amortisation charge where useful lives are less than previously estimated useful lives.

1.2 Property, plant and equipment

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

The cost and depreciation 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
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

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

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

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

After each quarterly asset count the Trust assesses property, plant and equipment for impairment. If there are any indications of impairment the Trust estimates the recoverable service amount of the asset. If the asset's carrying value exceeds its recoverable amount, the asset is impaired. In the assessing whether there is any indication that an asset may be impaired, the Trust considers all sources of information. The impairment loss is charged as an expense in the Statement of Financial Performance.

Depreciation is recognised in the Statement of Financial Performance and is calculated on a straight-line basis over the estimated useful life of the asset. The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Furniture and fixtures	2 to 10 years
Motor vehicles	10 years
Office equipment	2 to 7 years
Computer equipment	2 to 6 years
Leasehold improvements	6 years

Depreciation methods, useful lives and residual values are re-assessed annually and adjusted if necessary at the end of each reporting date.

The carrying amount of an item of property, plant and equipment shall be derecognised on the disposal of the asset or when no future economic benefit or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognised in the Statement of Financial Performance when the item is derecognised.

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
- 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;
- the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

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

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

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

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

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

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

After each quarterly asset count the Trust assesses intangibles assets for impairment. Intangible assets are impaired by comparing the carrying amount with the recoverable service amount of the intangible asset. If the assets carrying amount exceeds its recoverable service amount, the asset is impaired. The carrying amounts of the asset is reduced to its recoverable service amount, and this reduction is the impairment loss which is charged as an expense to the Statement of Financial Performance.

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

Item	Useful life
Computer software	2 to 5 years

The carrying amount of an intangible asset is derecognised on the disposal or when no future economic benefits are expected from the asset from its use or disposal. The gain or loss arising from the derecognition is determined by comparing the proceeds from the disposal with the carrying amounts of the intangible asset and is recognised in the Statement of Financial Performance when the item is derecognised.

Subsequent expenditure on capitalised intangible assets is recognised and capitalised only when the costs incurred increase the future economic benefits embodied in the specific assets to which it relates.

1.4 Financial instruments

Classification

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

- Loans and receivables at amortised cost
- Financial instruments at fair value

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

Initial Recognition

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

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

Loans and receivables are concessionary loans and are measured initially at fair value by comparing the loan discounted rates given to market related rates. The discount given is account for are a social benefit adjustment loss through surplus or deficit.

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

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

Financial Instruments at fair value 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.

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

Receivables from exchange transaction

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

Payables from exchange transaction

Payables are subsequently measured at amortised cost using the effective interest rate method.

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 cost and subsequently measured at fair value.

Loans and receivables from exchange transactions

Loans and receivables are concessionary loans and are initially recognised at fair value by comparing the loan discounted rates given to market related rates. The discount given is accounted for as a social benefit adjustment loss through surplus or deficit.

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.

Loans and receivables held-for-trade

Loans and receivables held-for-trade are instruments incurred principally for the purpose of selling it in the short term.

Loans and receivables held-for-trade are initially and subsequently recognised at cost which approximates fair value.

Loans and receivables held-for-trade are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market.

Financial instruments at fair value

Financial instruments at fair value are non-derivative financial assets that are designated as financial instruments at fair value, which are neither classified in loans and receivables from exchange transactions at amortised cost or financial instruments at cost. After initial measurement, financial instruments at fair value are measured at fair value with unrealised gains or losses recognised directly in net assets until the investment is derecognised or impaired, at which time the cumulative gain or loss recorded in net assets is recognised in the Statement of Financial Performance and removed from the net assets.

The GPF classifies all equity investments as financial instruments at fair value. For financial instruments at fair value, 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 financial instrument at fair value, the objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. Where there is evidence of impairment, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the Statement of Financial Performance. Impairment losses on equity investment are not reversed through the statement of financial performance; increases in their fair value after impairment are recognised directly in net assets.

Impairment of Financial Instruments

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

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

In the case of equity securities classified as financial assets at fair value, 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 financial instruments at fair value, 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.

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 event has an impact on the estimated future cash flows of the loan. Evidence of impairment may include indications that the debtor or group of debtors is experiencing significant financial difficulty, default or delinquency interest or principle payments, the probability that they will enter bankruptcy and where observable data 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 judgments as to whether there is objective evidence that the asset might be impaired. The impaired allowance is measured as the difference between the carrying amount and the present value of the estimated future cash flows discounted at the original effective rate from a financial asset. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. Criteria used to determine the objective evidence would include financial analysis and non-compliance with the loan agreement. Objective evidence would include a significant or prolonged decline in the fair value of the loan below its cost.

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

exchange transaction are classified as loans and receivables from exchange transactions. Gains and losses are recognised in the Statement of Financial Performance when the receivables from exchange transaction are derecognised or impaired, as well as through the amortisation process.

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

Reversals of impairment losses are recognised in surplus or deficit except for equity investments classified as financial instruments at fair value.

Impairment losses are also not subsequently reversed for financial instruments at fair value 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.

Payables from exchange transactions

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 change in value. These are initially and subsequently recorded at fair value.

Financial instruments at fair value

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:

- 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
- 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
- it is settled at a future date.

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

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

1.5 Leases

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

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

Finance leases – lessee

Finance leases are recognised as assets in the Statement of Changes in Net Assets 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 Changes in Net Assets as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the prime lending rate at the inception of the lease.

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

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

Operating leases – lessee

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

1.6 Subsequent events

Events after the reporting date, are those events both favourable and unfavourable that occur between the reporting date and the date when the Financial Statements are authorised for issue, and are treated as follows:

- The entity shall adjust the amounts recognised in its Annual Financial Statements to reflect adjusting events after the reporting date for those events that provide evidence of conditions that existed at the reporting date
- The entity shall not adjust the amounts recognised in its Annual Financial Statements to reflect non-adjusting events after the reporting date for those events that are incident of conditions that arose after the reporting date.

Prior period error

Errors in the preparation of the Financial Statements of one or more prior periods may be discovered in the current period. These errors may occur as a result of:

- mathematical mistakes
- mistakes in applying accounting policies or in the interpretation of facts
- or oversight.

The correction of these errors that relate to prior periods requires the restatement of the comparative information. The Financial Statements, including the comparative information for prior periods, is presented as if the error had been corrected in the period in which it was made.

1.7 Loans and receivables held-for-trade

Loans and receivables are classified as held-for-trade if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management is committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Loans and receivables held-for-trade are measured at cost which approximates the fair value.

1.8 Contributed capital/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. (Refer to note 1.11).

1.9 Employee benefits

Short-term employee benefits

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

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

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

1.10 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
- 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.

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.

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
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

Contingent liabilities are not recognised. Contingencies are disclosed in note 29.

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
- 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.

1.11 Revenue from exchange transactions

Interest received is an exchange transaction for loan given out. Interest received approximates equal value to the other party in exchange.

Interest received from exchange transactions is recognised, in surplus or deficit, and is subsequently measured using the effective interest rate method.

1.12 Revenue from non-exchange transactions

Government grants

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

Interest earned from government grants is accumulated and used for the Trusts mandate.

Revenue from non exchange transactions 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.

Revenue is measured at the fair value of the consideration received or receivable.

1.13 Deferred Income

Deferred income represents the amounts of government grants not yet disbursed (Refer to note 1.13).

1.14 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:

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

National Treasury Practice Note No. 4 of 2008/2009 which was issued in terms of Sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

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

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

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

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law.

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Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write-off the amount as debt impairment and disclose such in the relevant note to the Annual Financial Statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the Annual Financial Statements and updated accordingly in the irregular expenditure register.

1.15 Budget information

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

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

The 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 2015/04/01 to 2016/03/31.

The Annual Financial Statements and the budget are not prepared on the same basis of accounting therefore a reconciliation has been included with the budgeted amounts for the reporting period included in the Statement of Comparison of budget and Actual Amounts.

1.16 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.

1.17 Going concern assumptions

The Trustees have every reason to believe that the Trust has adequate resources in place to continue in operation for the foreseeable future.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2016	2015
2. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Call account	494 341	489 530
Capital account	678 468 267	639 663 838
Current account	17 148 509	7 633 819
Deposits held on behalf of Gauteng Department of Human Settlements	118 927 318	154 782 751
Petty cash	10 109	1 798
	815 048 544	802 571 736

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. This cash will be used to settle current and future commitments as per the Trust's mandate.

Cash at banks earn interest at floating rates based on daily bank deposit rates.

The Current Account comprises the salaries and operational budget.

The Trust holds deposits on behalf of the Gauteng Department of Human Settlement, R118 927 318 (2015: R154 782 751), that are not available for use by the GPF. (Refer to note 25).

The Capital Account is the cash available for future investments and fulfilment of the GPF mandate.

The fair value of cash equivalents approximates their carrying value as equivalents are readily convertible to cash.

3. Loans to/from economic entities

Figures in Rand	2016	2015
Ace Pallets (Pty) Ltd – Portion 26 of Erf 381 VanderbijlPark Central West 5 Extension 1		
Advance	5 354 112	-
Interest earned	39 176	-
Social benefit adjustment	(840 548)	-
Interest amortised using the effective interest rate method	5 828	-
	4 558 568	-

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3. Loans to/from economic entities (continued)

The loan facility to Ace Pallets (Pty) Ltd – Portion 26 of Erf 381 Vanderbijl Park comprises an interest bearing loan of R8 101 420. The loan is for 20 years and is repayable in monthly instalments commencing in March 2017. The loan bears interest at a staggered JIBAR plus 0.5%. The nominal value of the loan is R5 393 288 (2015: RNil). The loan is secured by a mortgage bond over Portion 26 of Erf 381 Vanderbijl Park Central West 5 Extension 1.

Figures in Rand	2016	2015
Absa – Subsidised Loan Facility		
Loan amount	-	4 257 227
Prior years current-term portion reversed	-	740 504
Interest earned	-	176 535
Short-term payments received	-	(5 768 436)
Interest amortised using effective interest rate method	-	594 170
	-	-

The Absa subsidised loan facility supported developments of new sub-markets within the social housing sector which allowed for blending of interest rates between banks and the GPF resulting in reduced rates to projects. The nominal value of the loan was RNil (2015: RNil) as it was fully repaid in the prior year. The loans bore interest at prime minus 4.25% and prime less 3.75%. The repayment terms were 12 years from date of disbursement.

Figures in Rand	2016	2015
Aquarella Investments 360 (Pty) Ltd – 85–87 Quartz Street		
Loan amount	3 598 349	1 284 770
Prior years current-term portion reversed	272 136	622 088
Advance	-	2 047 076
Interest earned	243 349	144 888
Social benefit adjustment	-	(322 239)
Interest amortised using effective interest rate method	131 645	99 062
Impairment	(108 083)	(5 160)
Current portion transferred to current assets	-	(272 136)
Provision for doubtful debts	(2 068 698)	-
	2 068 698	3 598 349

The loan facility to Aquarella Investments 360 (Pty) Ltd comprises an interest free loan of R794 000 and interest bearing loan of R4 332 800. 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 20 years and bears interest at a staggered JIBAR. The interest bearing facilities repayment was meant to commence in March 2015. The GPF has provided for the loan as a doubtful debt due to breach of contract. Management assesses the probability of recovery as 50% therefore half the loan has been provided for. (Refer to note 31). The GPF is to sell the property on auction with the borrowers consent as to mitigate the loss. (Refer to note 31). The non-payment has also resulted in the loan being impaired. (Refer to note 20). The nominal value of the loan is R5 092 638 (2015: R4 849 291). The loan is secured by a mortgage bond over Erf 5176 Hillbrow.

3. Loans to/from economic entities (continued)

Figures in Rand	2016	2015
Before Sunset Properties (Pty) Ltd – 11 Maclaren Street		
Loan amount	-	2 080 779
Prior years current-term portion reversed	-	136 661
Interest earned	-	166 590
Short-term payments received	-	(2 612 477)
Interest amortised using effective interest rate method	-	228 447
	-	-

The 15-year loan facility of R2 295 350 to Before Sunset Properties (Pty) Ltd bore interest at a staggered JIBAR and capital is repayable in annual instalments which have commenced. The nominal value of the loan is RNil as the loan was fully repaid during the previous year (2015: RNil). The loan was secured by a mortgage bond over Erf 1106 Marshalltown.

Figures in Rand	2016	2015
Bixowise CC t/a Kingdom Properties CC – Erf 278 Primrose Hill		
Loan amount	1 257 274	1 079 664
Advance	534 804	156 746
Interest earned	80 040	70 048
Social benefit adjustment	(177 284)	(58 897)
Interest using the effective interest rate method	58 345	36 686
Impairment	-	(26 973)
Current-term portion transferred to current assets	(17 598)	-
	1 735 581	1 257 274

The 15-year loan to Bixowise CC t/a Kingdom Properties CC comprises an interest free loan of R1 403 545 and interest bearing of R4 574 300. The interest free facility is repayable in five equal instalments commencing in February 2018. The interest bearing facility bears interest at a staggered JIBAR and is repayable in monthly instalments commencing in April 2016. The nominal value of the loan is R2 193 072 (2015: R1 578 229). The loan is secured by a mortgage bond over Erf 278 Primrose Hill. The loan was renegotiated in the prior year and the moratorium on payments was extended as there were delays in construction. This resulted in an impairment of the loan. (Refer to note 20).

Figures in Rand	2016	2015
BM Molefi Properties 241 (Pty) Ltd – Kgorong Estate		
Loan amount	1	8 146 555
Amount provided for as a provision for doubtful debt in prior year	19 850 646	-
Advance	-	12 598 778
Interest earned	1 730 216	1 403 748
Social benefit adjustment	-	(1 681 602)
Interest amortised using the effective interest rate method	215 967	142 656
Impairment	-	(759 488)
Provision for doubtful debts	(10 898 415)	(19 850 646)
	10 898 415	1

3. Loans to/from economic entities (continued)

The 20-year loan facility of R22 305 600 to BM Molefi Properties 241 (Pty) Ltd – Kgorong Estate bears interest at JIBAR plus 1% (rounded to the nearest whole number) and the capital was repayable in monthly instalments which commenced in December 2014. The nominal value of the loan is R25 597 091 (2015: R23 866 875). The loan is secured by a mortgage bond over Erf 6623 Soweto, Johannesburg. The GPF has provided for the loan as a doubtful debt due to breach of contract. Management assesses the probability of recovery as 50% therefore half the loan has been provided for. (Refer to note 31). The loan is in arrears as the required repayments were not made that resulted in the impairment of the loan in the prior year. (Refer to notes 20).

Figures in Rand	2016	2015
Brickfields Housing Company (Pty) Ltd		
Loan amount	11 483 281	10 241 412
Interest amortised	1 392 457	1 241 869
	12 875 738	11 483 281

The nominal value of the 12-year loan to Brickfield's Housing Company (Pty) Ltd of R14 300 000 consists of redeemable preference shares with a fixed redemption date in February 2017 and is interest free.

Figures in Rand	2016	2015
Bruzar Consulting Engineers (Pty) Ltd – Erven 484, 485 & 487 Ferndale		
Advance	435 439	-
Interest earned	39 528	-
	474 967	-

The 20-year loan facility to Bruzar Consulting Engineers (Pty) Ltd – Erven 484, 485, & 487 Ferndale comprises an interest bearing loan of R6 032 502. This loan facility bears interest at prime plus 1% and the capital is repayable monthly commencing in July 2016. The nominal value of the loan is R474 967 (2015: RNil). The loan is secured by a mortgage bond over Erven 484, 485, & 487 Ferndale.

Figures in Rand	2016	2015
BUA Africa (Pty) Ltd – Erf 2918 Kempton Park		
Prior years current-term portion reversed	2 964 416	2 950 000
Advance	16 997 551	-
Interest earned	300 551	34 534
Social benefit adjustment	(4 849 957)	(46 948)
Interest amortised using the effective interest rate method	92 516	26 830
Current-term portion transferred to current assets	-	(2 964 416)
Impairment	(24 804)	-
	15 480 273	-

The 20-year loan facility to BUA Africa (Pty) Ltd – Erf 2918 Kempton Park comprises an interest free loan of R2 000 000 and interest bearing loan of R38 676 400. The interest free facility is repayable in monthly instalments which commence in January 2021. The interest bearing facility bears interest at a staggered JIBAR plus 0.5% and is repayable in monthly instalments commencing in January 2018. The nominal value of the loan is R22 282 637 (2015: 2 984 539). The loan is secured by a mortgage bond over Erf 2918 Kempton Park. The loan has been impaired as the loan was renegotiated. (Refer note 20)

3. Loans to/from economic entities (continued)

Figures in Rand	2016	2015
Cape Gannet Properties 175 (Pty) Ltd – Erf 42 Kempton Park		
Loan amount	1 076 671	871 744
Advance	2 075 229	262 960
Interest earned	92 662	65 211
Short-term payments received	-	(5 139)
Social benefit adjustment	(714 761)	(116 059)
Interest amortised using effective interest rate method	68 570	28 722
Impairment	-	(30 768)
	2 598 371	1 076 671

The 20-year loan facility to Cape Gannet Properties 175 (Pty) Ltd – Erf 42 Kempton Park comprises an interest free loan of R1 642 075 and interest bearing loan of R1 991 730. The interest free facility is repayable in five equal instalments which commence in February 2019. The interest bearing facility bears interest at a staggered JIBAR and is repayable in annual instalments commencing in June 2016. The nominal value of the loan is R3 614 317 (2015:R1 446 425). The loan is secured by a mortgage bond over Erf 42 Kempton Park. The loan was renegotiated in the prior year and the moratorium on payments was extended as there were delays in construction. This has resulted in an impairment of the loan. (Refer to note 20).

Figures in Rand	2016	2015
Castle Crest Properties 80 (Pty) Ltd – Erf 504 Pretoria		
Loan amount	2 946 544	2 864 309
Prior years current-term portion reversed	52 838	-
Interest earned	218 155	210 543
Short-term payments received	(428 282)	(207 809)
Interest amortised using the effective interest rate method	143 615	132 339
Current portion transferred to current assets	(48 759)	(52 838)
	2 884 111	2 946 544

The loan facility to Castle Crest Properties 80 (Pty) Ltd – Erf 504 Pretoria comprises an interest free loan of R846 000 and interest bearing loan of R3 375 227. 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 20 years and bears interest at a staggered JIBAR plus 0.5%. The interest bearing facilities repayments have commenced. The nominal value of the loan is R4 184 295 (2015: R4 394 424). The loan is secured by a mortgage bond over Erf 504 Arcadia, Pretoria.

Figures in Rand	2016	2015
Castle Crest Properties 80 (Pty) Ltd – Erf 233 Kempton Park		
Loan amount	3 638 865	4 537 910
Advance	5 459 190	-
Interest earned	534 990	71 934
Social benefit adjustment	(773 561)	(1 006 661)
Interest amortised using effective interest rate method	168 008	35 682
Impairment	(145 144)	-
Current portion transferred to current assets	(58 885)	-
	8 823 463	3 638 865

3. Loans to/from economic entities (continued)

The loan facility to Castle Crest Properties 80 (Pty) Ltd – Erf 233 Kempton Park comprises an interest free loan of R1 022 700 and interest bearing loan of R9 602 800. The interest free facility is for nine years and is repayable in five equal instalments commencing in October 2019. The interest bearing facility is for 20 years and bears interest at a staggered JIBAR plus 0.5%. The interest bearing facilities repayments have commenced. The nominal value of the loan is R10 604 025 (2015: R4 609 845). The loan is secured by a mortgage bond over Erf 233 Kempton Park. The loan was renegotiated and the moratorium on payments was extended as there were delays in construction. This has resulted in an impairment of the loan. (Refer to note 20).

Figures in Rand	2016	2015
Cicima Property Management Solutions (Pty) Ltd – Erf 1686 Benoni		
Advance	30 734	-
Social benefit adjustment	(15 891)	-
Interest amortised using effective interest rate method	266	-
	15 109	-

The loan facility to Cicima Property Management Solutions (Pty) Ltd – Erf 1686 comprises an interest free loan of R1 500 000 and interest bearing loan of R10 611 300. The interest free facility is for ten years and is repayable in monthly instalments commencing in February 2021. The interest bearing facility bears interest at a staggered JIBAR plus 0.5% which has not yet commenced. The nominal value of the loan is R30 734 (2015: RNil). The loan is secured by a mortgage bond over Erf 1686 Benoni.

Figures in Rand	2016	2015
Certum Estate 130 (Pty) Ltd – Erf 564, Bertrams, JHB		
Loan amount	5 812 219	-
Advance	2 319 936	6 646 118
Interest earned	575 403	117 644
Social benefit adjustment	(324 414)	(975 318)
Interest amortised using effective interest rate method	117 155	23 775
Impairment	(55 896)	-
Current portion transferred to current assets	(278 045)	-
	8 166 358	5 812 219

The loan facility to Certum Estate 130 (Pty) Ltd – Erf 564, Bertrams, JHB comprises an interest bearing loan of R9 097 665. The interest bearing facility is for 15 years and bears interest at a staggered JIBAR plus 0.5%. The capital is repayable monthly commencing April 2016. The nominal value of the loan is R9 659 102 (2015: R6 763 762). The loan is secured by a mortgage bond over Erf 233 Kempton Park. The loan was renegotiated and the moratorium on payments was extended as there were delays in construction. This has resulted in an impairment of the loan. (Refer to note 20).

Figures in Rand	2016	2015
Clare Water (Pty) Ltd – Erf 1509 Discovery, Roodepoort		
Loan amount	4 103 985	2 821 117
Prior years current-term portion reversed	46 822	-
Advance	-	1 319 398
Interest earned	244 081	209 851
Short-term payment received	-	(56 534)
Social benefit adjustment	-	(281 039)
Interest amortised	161 999	145 461
Impairment	(78 531)	(7 447)
Current-term portion transferred to current assets	(11 999)	(46 822)
	4 466 357	4 103 985

Gauteng Partnership Trust(Registration number IT2422/02) **Trading as Gauteng Partnership Fund**

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3. Loans to/from economic entities (continued)

The loan facility to Clare Water (Pty) Ltd – Erf 1509 Discovery, Roodepoort comprises an interest free loan of R1 529 071 and interest bearing loan of R3 496 537. The interest free facility is for nine years and is repayable in five equal instalments commencing in December 2017. The interest bearing facility bears interest at a staggered JIBAR and is repayable in annual instalments which commence in June 2016. The nominal value of the loan is R5 525 055 (2015: R5 280 974). The loan is secured by a mortgage bond over Erf 1509 Discovery, Roodepoort. The loan was restructured and the moratorium on payments was extended. This has resulted in an impairment of the loan. (Refer to note 20).

Figures in Rand	2016	2015
Clidet No. 1024 (Pty) Ltd – 44 Wanderers		
Loan amount	5 053 224	4 681 959
Prior years current-term portion reversed	-	264 227
Advance	-	441 131
Interest earned	426 479	411 898
Social benefit adjustment	-	(56 357)
Interest amortised using the effective interest rate method	93 817	93 849
Impairment	-	(783 483)
Current portion transferred to current assets	(74 603)	-
	5 498 917	5 053 224

The 23-year loan facilities to Clidet No. 1024 (Pty) Ltd comprises a junior loan of R6 657 500 and a senior loan of R11 624 400. The junior loan bears interest at a staggered JIBAR rate and is repayable in annual instalments commencing in April 2016. The senior loan has not commenced. The nominal value of the loan is R6 984 304 (2015: R6 557 826). The loan is secured by a mortgage bond over Erf 2043, 2044 & 5070 Joubert Park. The loan was restructured in the prior year and the moratorium on payments was extended. This resulted in an impairment of the loan. (Refer to note 20).

Figures in Rand	2016	2015
Comu Property Developers CC – 3103 Glen Marais		
Loan amount	5 081 737	4 242 412
Advance	-	1 034 139
Interest earned	322 605	298 192
Social benefit adjustment	-	(465 157)
Short-term payments received	(246 000)	(150 000)
Impairment	(11 560)	(19 944)
Interest amortised using effective interest rate method	183 699	142 095
Current portion transferred to current assets	(200 406)	-
	5 130 075	5 081 737

The loan facility to Comu Property Developers CC comprises an interest free loan of R1 711 897 and interest bearing loan of R4 495 127. The interest free facility is for nine years and is repayable in five equal instalments commencing in May 2019. The interest bearing facility bears interest at a staggered JIBAR and is repayable in annual instalments which have commenced. The nominal value of the loan is R6 569 825 (2015: R6 493 220). The loan is secured by a mortgage bond over Erf 3103 Glen Marais Kempton Park. The client is in breach of his contract for non-payment resulting in a provision for doubtful debts. The loan is in arrears resulting in an impairment of the loan. (Refer to note 20).

3. Loans to/from economic entities (continued)

Figures in Rand	2016	2015
Comucap (Pty) Ltd – 88 Relly Street		
Loan amount	1 973 720	1 808 587
Interest earned	261 569	168 719
Short-term payments received	(28 416)	-
Interest amortised using effective interest rate method	(55 626)	7 461
Impairment	(6 680)	(11 047)
Provision for doubtful debts	(1 072 283)	-
	1 072 284	1 973 720

The 15-year loan facility of R2 000 000 to Comucap (Pty) Ltd – 88 Relly Street bears interest at a staggered JIBAR plus 1% and is repayable in monthly instalments which should have commenced. The nominal value of the loan is R2 454 548 (2015: R2 220 443). The loan is secured by a mortgage bond over Erf 1232 Pretoria. The GPF has provided for the loan as a doubtful debt due to breach of contract. Management assesses the probability of recovery as 50% therefore half the loan has been provided for. (Refer to note 31). The loan was in arrears in the prior year which has resulted in an impairment in the prior year. (Refer to note 20).

Figures in Rand	2016	2015
Crimson Clover Trading 11 (Pty) Ltd – Ascot Fashion House		
Loan amount	3 825 416	3 896 954
Prior year current-term portion reversed	159 935	-
Interest earned	268 638	271 232
Short-term payments received	(654 296)	(275 743)
Interest amortised using effective interest rate method	96 227	92 908
Current-term portion transferred to current assets	(152 570)	(159 935)
	3 543 350	3 825 416

The 20-year loan facility of R4 564 500 to Crimson Clover Trading 11(Pty) Ltd bears interest at a staggered JIBAR and is repayable in monthly instalments which have commenced. The nominal value of the loan is R4 184 730 (2015: R4 570 386). The loan is secured by a mortgage bond over Erf 947 & 948 Johannesburg.

Figures in Rand	2016	2015
DNM Estate CC – Erf 517 & 518 City and Suburban		
Loan amount	9 025 441	4 066 949
Advance	7 051 930	5 022 674
Interest earned	1 200 846	373 894
Impairment	-	(68 279)
Social benefit adjustment	(104 796)	(488 286)
Interest amortised using effective interest rate method	159 971	118 489
Impairment	(53 982)	-
Loan and receivables transferred to current assets held for trading	(11 605 213)	-
	5 674 197	9 025 441

The loan facility to DNM Estate – Erf 517 & 518 City and Suburban comprises an interest free loan of R1 409 500, junior interest bearing loan of R4 941 500 and senior interest bearing loan of R9 626 500. The interest free facility is for nine years and is repayable in five equal instalments commencing in January 2019. The interest bearing facilities are for 20 years. The junior interest bearing loan bears interest at a staggered JIBAR and is repayable in monthly instalments commencing in May 2016. The senior interest bearing loan bears interest at prime and is repayable in monthly instalments commencing in May 2016. The nominal value of the loan is R18 833 289 (2015: R10 580 569). The loan is secured by a mortgage bond over Erf 517 & 518 City and Suburban. The loan was renegotiated and the moratorium on payments was extended as there were delays in construction. This has resulted in an impairment of the loan. (Refer to note 20).

3. Loans to/from economic entities (continued)

Figures in Rand	2016	2015
Eagle Valley Property 41 (Pty) Ltd Phase 1 – Portion 1 of Erf 1908 Erasmus		
Loan amount	12 755 322	-
Advance	-	13 556 600
Interest earned	1 113 952	508 279
Short-term payments received	(977 611)	-
Social benefit adjustment	-	(1 396 609)
Interest amortised using effective interest rate method	132 508	87 052
Loan and receivables transferred to current assets held for trading	(8 425 315)	-
	4 598 856	12 755 322

The loan facility to Eagle Valley Property 41 (Pty) Ltd Phase 1 – Portion 1 of Erf 1908 Erasmus comprises an interest free loan of R1 375 000, junior interest bearing loan of R4 202 000 and senior interest bearing loan of R7 829 600. The interest free facility is for nine years and is repayable in five equal instalments commencing in May 2019. The interest bearing facilities are for 20 years. The junior loan bears interest at a staggered JIBAR and repayments have commenced. The senior loan bears interest at prime and repayments have commenced. The nominal value of the loan is R14 201 220 (2015: R14 064 879). The loan is secured by a mortgage bond over Erf 517 & 518 City and Suburban.

Figures in Rand	2016	2015
Eagle Valley Property 41 (Pty) Ltd Phase 2 – Portion 1 of Erf 1908 Erasmus		
Loan amount	5 109 837	-
Advance	7 509 987	6 195 505
Interest earned	987 987	15 545
Short-term payments received	(129 567)	-
Social benefit adjustment	(212 455)	(1 103 961)
Interest amortised using effective interest rate method	80 320	2 748
Loan and receivables transferred to current assets held for trading	(8 592 026)	-
Current-term portion transferred to current assets	(54 092)	-
	4 699 991	5 109 837

The loan facility to Eagle Valley Property 41 (Pty) Ltd Phase 2 – Portion 1 of Erf 1908 Erasmus comprises of a interest free loan of R625 000, junior interest bearing loan of R5 345 800 and senior interest bearing loan of R8 306 300. The interest free facility is for nine years and is repayable in monthly instalments which commence in April 2020. The interest bearing facilities are for 20 years. The junior loan bears interest at a staggered JIBAR and repayments have commenced. The senior loan bears interest at prime and and repayments have commenced. The nominal value of the loan is R14 579 456 (2015: R6 010 645). The loan is secured by a mortgage bond over Erf 517 & 518 City and Suburban.

Figures in Rand	2016	2015
EGC Properties CC – Browning Street		
Loan amount	312 467	-
Advance	-	349 019
Interest earned	9 351	316
Short-term payments received	(358 686)	-
Social benefit adjustment	-	(37 263)
Interest amortised using effective interest rate method	36 868	395
	-	312 467

3. Loans to/from economic entities (continued)

The 15-year loan facility to EGC Properties CC – Browning Street comprised an interest bearing loan of R9 104 207. The loan was repaid. The loan bore interest at JIBAR plus 0.5%. The loan was secured by a mortgage bond over Erf 103, 104 and 106 Browning Street. The nominal value of the loan is RNil (2015: R349 335).

Figures in Rand	2016	2015
Echo Canyon Trading (Pty) Ltd – 463 and 465 Hanny Street		
Advance	5 203 194	-
Interest earned	213 143	-
Social benefit adjustment	(584 208)	-
Interest amortised using effective interest rate method	33 221	-
	4 865 350	-

The 15-year loan facility to Echo Canyon Trading (Pty) Ltd – 463 and 465 Hanny Street comprises an interest bearing loan of R5 500 000. The loan bears interest at JIBAR plus 1% and is repayable in monthly instalments commencing in September 2016. The loan is secured by a mortgage bond over Erf 274 and Portion 1 of Erf 815 Pretoria Gardens. The nominal value of the loan is R5 416 337 (2015: RNil).

Figures in Rand	2016	2015
Erf 273 Parktown Estate CC – Parktown Place Development		
Advance	6 671 482	6 079 892
Interest earned	574 691	516 425
Short-term payments received	(645 686)	-
Interest amortised using effective interest rate method	82 436	75 165
Current-term portion transferred to current assets	(107 043)	-
	6 575 880	6 671 482

The 20-year loan facility of R7 353 384 to Erf 273 Parktown Estate CC – Parktown Place Development bears interest at a staggered JIBAR plus 0.5% and is repayable in monthly instalments which have commenced. The nominal value of the loan is R7 914 958 (2015: R7 985 955). The loan is secured by a mortgage bond over Erf 56 and 57 Parktown Estate, Tshwane.

Figures in Rand	2016	2015
Fundzo Trading (Pty) Ltd – Portion 15 of Erf 8489 Protea North		
Loan amount	1 806 756	714 620
Advance	3 642 224	1 725 877
Interest earned	169 680	52 148
Social benefit adjustment	(620 439)	(740 256)
Impairment	(11 999)	(14 560)
Interest amortised using effective interest rate method	143 089	68 927
	5 129 311	1 806 756

The loan facility to Fundzo Trading (Pty) Ltd – Portion 15 of Erf 8489 Protea North comprises an interest free loan of R1 800 000 and interest bearing loan of R5 907 200. The interest free facility is for nine years and is repayable in five equal instalments commencing in December 2018. The interest bearing facility is for 20 years and bears interest at a staggered JIBAR. The interest bearing facilities capital is repayable in annual instalments which commence in April 2016. The nominal value of the loan is R6 522 272 (2015: R2 710 367). The loan is secured by a mortgage bond over portion 14 of Erf 8489, Protea Glen, Ext 11. The loan has been impaired as it requires an additional moratorium due to delays in construction. (Refer to note 20).

3. Loans to/from economic entities (continued)

Figures in Rand	2016	2015
FV Trading Enterprises (Pty) Ltd – Erf 193 Ducanville		
Advance	1 732 689	-
Interest earned	906	-
Social benefit adjustment	(744 471)	-
Interest amortised using the effective interest rate method	53 171	-
	1 042 295	-

The loan facility to FV Trading Enterprises (Pty) Ltd – Erf 193 Ducanville comprises an interest free loan of R1 427 200 and interest bearing loan of R8 572 200. The interest free facility is for ten years and commences in June 2020. The interest bearing facility is for 20 years and bears interest at a staggered JIBAR plus 0.5% and is repayable in monthly instalments commencing in October 2017. The interest bearing facility has not yet commenced. The nominal value of the loan is R1 733 536 (2015: RNil). The loan is secured by a mortgage bond over Erf 193 Ducanville.

Figures in Rand	2016	2015
Golden City Property (Pty) Ltd – Erf 533 & 534 Germiston		
Advance	1 265 000	-
Interest earned	8 318	-
	1 273 318	-

The 20-year loan facility of R3 941 555 to Golden City Properties (Pty) Ltd bears interest at prime plus 0.5% and the capital is repayable in monthly instalments commencing April 2017. The nominal value of the loan is R1 270 734 (2015: RNil). The loan is secured by a mortgage bond over Erf 533 & 534 Germiston.

Figures in Rand	2016	2015
GNI Real Estate - Erf 113 Pretoria North		
Advance	1 211 316	-
Social benefit adjustment	(628 066)	-
Interest amortised using effective interest rate method	12 242	-
	595 492	-

The loan facility to GNI Real Estate – Erf 113 Pretoria North comprises an interest free loan of R2 000 000 and interest bearing loan of R3 748 000. The interest free facility is for ten years and commences in February 2021. The interest bearing facility is for 20 years and bears interest at a staggered JIBAR plus 0.5% and is repayable in monthly instalments which has not yet commenced. The interest bearing facility has not yet commenced. The nominal value of the loan is R1 211 316 (2015: RNil). The loan is secured by a mortgage bond over Erf 113 Pretoria North.

Figures in Rand	2016	2015
Highlands Urban Living (Pty) Ltd – Highlands Lofts		
Loan amount	7 127 718	6,726,990
Prior years current-term portion reversed	205 744	459 924
Interest earned	985 273	658 284
Short-term payments received	(400 000)	(492 137)
Impairment	(8 553)	(36 120)
Interest amortised using effective interest rate method	(214 911)	16 521
Current-term portion transferred to current assets	-	(205 744)
Provision for doubtful debts	(3 847 635)	-
	3 847 636	7 127 718

3. Loans to/from economic entities (continued)

The 15-year loan facility of R7 015 594 to Highlands Urban Living (Pty) Ltd bears interest at a staggered JIBAR rate plus 2% and the is repayable in monthly instalments that have commenced. The nominal value of the loan is R8 269 486 (2015: R7 684 213). The loan is secured by a mortgage bond over Erf 3 & 4 Highlands, Johannesburg. The GPF has provided for the loan as a doubtful debt due to breach of contract. Management assess the probability of recovery as 50% therefore half the loan has been provided for. (Refer to note 31). The loan is also currently in arrears which has resulted in an impairment of the loan. (Refer to note 20).

Figures in Rand	2016	2015
Ikamvelihle Trading Enterprises CC – Erf 953–956 Berea		
Loan amount	2 030 736	1 431 365
Advance	2 591 909	760 799
Interest earned	187 722	75 592
Social benefit adjustment	(526 056)	(303 009)
Interest amortised using effective interest rate method	152 517	75 608
Impairment	(64 927)	(9 619)
	4 371 901	2 030 736

The loan facility to Ikamvelihle Trading Enterprises CC comprises an interest free loan of R1 855 000 and interest bearing loan of R3 489 757. The interest free facility is for nine years and is repayable in five equal instalments commencing in July 2018. The interest bearing facility is for 20 years and bears interest at a staggered JIBAR and is repayable in monthly instalments which commence in November 2016. The nominal value of the loan is R5 649 417 (2015: R2 869 786). The loan is secured by a mortgage bond over Erf 953–956 Berea. The loan has been impaired as it requires an additional moratorium due to delays in construction. (Refer to note 20).

Figures in Rand	2016	2015
Indigo Kulani Properties (Pty) Ltd – Erf 1676 Benoni		
Loan amount	4 360 187	792 015
Advance	892 651	4 178 806
Interest earned	401 058	186 027
Short-term payments received	(309 733)	-
Social benefit adjustment	(165 001)	(826 516)
Impairment	-	(14 027)
Interest amortised using effective interest rate method	100 114	43 882
Current portion transferred to current assets	(87 098)	-
	5 192 178	4 360 187

The loan facility of R6 090 272 to Indigo Kulani Properties (Pty) Ltd – Erf 1676 Benoni bears interest at a staggered JIBAR is repayable in monthly instalments which have commenced. The nominal value of the loan is R6 374 294 (2015: R5 390 314). The loan is secured by a mortgage bond over Erf 1676 Benoni. The loan was renegotiated and the moratorium on payments was extended in the prior year as there were delays in construction. This has resulted in an impairment of the loan. (Refer to note 20).

Figures in Rand	2016	2015
Ifizo (Pty) Ltd – Erf 733 Pretoria North		
Advance	23 827	-
Social benefit adjustment	(12 375)	-
Interest amortised using the effective interest rate method	357	-
	11 809	-

3. Loans to/from economic entities (continued)

The loan of R4 634 100 to Ifizo (Pty) Ltd – Erf 733 Pretoria North comprises an interest free loan of R1 000 000 and junior interest bearing loan of R3 634 100. The interest free facility is for ten years and is repayable in monthly instalments commencing in January 2021. The junior interest bearing facility is for 20 years and bears interest at a staggered JIBAR. The junior interest bearing facility has not yet commenced. The loan is secured by a mortgage bond over Erf 733 Pretoria North. The nominal value of the loan is R23 827 (2015: RNil).

Figures in Rand	2016	2015
KDM Properties (Pty) Ltd – Erf 403 Johannesburg		
Loan amount	4 015 180	-
Advance	-	4 502 424
Interest earned	324 814	178 470
Short-term payment received	(362 000)	-
Social benefit adjustment	-	(707 177)
Interest amortised using the effective interest rate method	68 210	41 463
Current-term portion transferred to current assets	(136 528)	-
	3 909 676	4 015 180

The 15-year loan facility of R4 564 540 to KDM Properties (Pty) Ltd – Erf 403 bears interest at a staggered JIBAR plus 0.5% and is repayable in monthly instalments which have commenced. The nominal value of the loan is R4 643 707 (2015: R4 680 893). The loan is secured by a mortgage bond over Erf 403 Johannesburg.

Figures in Rand	2016	2015
Kertrade CC – Erf 564 & 566 Springs		
Advance	7 079 460	-
Interest earned	426 485	-
Social benefit adjustment	(1 283 627)	-
Interest amortised using the effective interest rate method	62 510	-
	6 284 828	-

The 20-year loan facility of R7 099 130 to Kertrade CC bears interest at a staggered JIBAR plus 1% and is repayable in monthly instalments which commence in December 2016. The nominal value of the loan is R7 505 945 (2015: RNil). The loan is secured by a mortgage bond over Erf 564 & 566 Springs.

Figures in Rand	2016	2015
Kimovax (Pty) Ltd – Erf 419 and Erf 420 Cresslawn, Kempton Park		
Advance	1 399 166	-
Social benefit	(720 165)	-
Interest amortised using effective interest rate method	10 799	-
	689 800	-

The loan of R4 634 100 to Kimovax (Pty) Ltd – Erf 419 and Erf 420 Cresslawn, Kempton Park comprises an interest free loan of R1 544 800 and junior interest bearing loan of R5 541 200. The interest free facility is for ten years and is repayable in monthly instalments commencing in March 2021. The junior interest bearing facility is for 20 years and bears interest at a staggered JIBAR plus 0.5%. The junior interest bearing facility has not yet commenced. The loan is secured by a mortgage bond over – Erf 419 and Erf 420 Cresslawn, Kempton Park. The nominal value of the loan is R1 399 166 (2015: RNil).

3. Loans to/from economic entities (continued)

Figures in Rand	2016	2015
Johannesburg Housing Company (Pty) Ltd – 117 Pritchard Street		
Loan amount	8 546 465	9 137 352
Prior years current-term portion reversed	324 996	315 458
Interest earned	656 172	672 608
Short-term payments received	(1 568 534)	(1 451 298)
Interest amortised using effective interest rate method	189 419	197 341
Current-term portion transferred to current assets	(306 823)	(324 996)
	7 841 695	8 546 465

The 15-year loan facility of R11 175 110 to Johannesburg Housing Company (Pty) Ltd bears interest at a staggered JIBAR plus 0.5% and is repayable in monthly instalments which have commenced. The nominal value of the loan is R9 206 949 (2015: R10 119 311). The loan is secured by a mortgage bond over Erf 4453 City of Johannesburg.

Figures in Rand	2016	2015
Johannesburg Housing Company (Pty) Ltd – Crest Hotel		
Loan amount	11 332 313	12 097 552
Prior period current-term portion reversed	423 070	412 269
Interest earned	867 148	890 709
Short-term payments received	(2 172 234)	(1 915 295)
Interest earned using the effective interest rate method	248 614	270 148
Current-term transferred to current assets	(404 054)	(423 070)
	10 294 857	11 332 313

The 15-year loan facility of R14 792 032 to Johannesburg Housing Company (Pty) Ltd bears interest at a staggered JIBAR plus 0.5% and is repayable in monthly instalments which have commenced. The nominal value of the loan is R12 098 499 (2015: R13 403 586). The loan is secured by a mortgage bond over Erf 212, 214 & 216 City of Johannesburg.

Figures in Rand	2016	2015
Johannesburg Housing Company (Pty) Ltd – Hlanganani		
Loan amount	10 746 948	11 728 280
Prior years short-term portion reversed	827 083	786 209
Interest earned	373 015	346 250
Short-term payments received	(2 136 619)	(1 952 283)
Interest amortised using effective interest rate method	616 461	665 576
Current-term portion transferred to current assets	(816 463)	(827 084)
	9 610 425	10 746 948

The 15-year loan facility of R20 000 000 to Johannesburg Housing Company (Pty) Ltd bears interest at prime less 7% and is repayable monthly. Payments have commenced. The nominal value of the loan is R12 098 499 (2015: R15 220 873). The loan is secured by a mortgage bond over Erf 15604, Cosmo City Extension 6.

3. Loans to/from economic entities (continued)

Figures in Rand	2016	2015
Kesef Properties (Pty) Ltd – Erf 343, 344, 345, 346, 347, 348, 387, 388 and 389 New Doornfontein Johannesburg		
Advance	15 296 713	-
Interest earned	542 232	-
Social benefit adjustment	(2 360 355)	-
Interest amortised	97 844	-
	13 576 434	-

The 15-year loan of R16 635 173 to Kesef Properties (Pty) Ltd – Erf 343, 344, 345, 346, 347, 348, 387, 388 and 389 New Doornfontein Johannesburg bears interest at a staggered JIBAR plus 0.5% per annum and is repayable in monthly instalments commencing in November 2016. The nominal value of the loan is R15 838 945 (2015: RNil). The loan is secured over Erf 343, 344, 345, 346, 347, 348, 387, 388 and 389 New Doornfontein Johannesburg.

Figures in Rand	2016	2015
KTN Properties (Pty) Ltd – Parklane Hotel		
Loan amount	318 956	609 654
Prior period current-term portion reversed	111 839	147 255
Interest earned	17 446	34 643
Short-term payments received	(351 500)	(389 502)
Interest amortised using effective interest rate method	22 872	28 745
Current portion transferred to current assets	(43 545)	(111 839)
	76 068	318 956

The ten-year loan facility of R1 944 000 to KTN Property Management (Pty) Ltd bears interest at a rate of prime less 3.75% and is repayable monthly. Payments commenced in October 2009. The nominal value of the loan is R144 031 (2015: R478 086). The loan is secured by a mortgage bond over Erf 4604 Johannesburg Township.

Figures in Rand	2016	2015
Lakeside Developments (Pty) Ltd – Erf 1373 Leachville		
Advance	1 560 506	-
Interest earned	3 268	-
Social benefit adjustment	(700 607)	-
Interest amortised using effective interest rate method	33 214	-
	896 381	-

The ten-year loan facility of R11 101 100 to Lakeside Developments (Pty) Ltd – Erf 1373 Leachville comprises an interest free loan of R1 283 300, junior interest bearing loan of R3 311 100 and a senior loan of R6 441 700. The interest free facility is for ten years and repayments commence in September 2020. The junior interest bearing facility bears interest at a staggered JIBAR and repayments commence in August 2017. The senior interest bearing loan bears interest at prime plus 1% and has not yet commenced. The nominal value of the loan is R1 563 544 (2015: RNil). The loan is secured by a mortgage bond over Erf 1373 Leachville.

3. Loans to/from economic entities (continued)

Figures in Rand	2016	2015
Lando point (Pty) Ltd – Erf 905, 906 and 907 Kenilworth		
Loan amount	1 534 038	2 044 889
Advance	297 100	-
Interest earned	87 995	45 598
Social benefit adjustment	(129 241)	(594 523)
Interest amortised using effective interest rate method	66 728	38 074
Impairment	(8 990)	-
	1 847 630	1 534 038

The loan of R11 157 024 to Landopoint (Pty) Ltd – Erf 905, 906 and 907 Kenilworth comprises an interest free loan of R1 516 128, junior interest bearing loan of R2 861 826 and senior interest bearing loan of R6 629 070. The interest free loan is for ten years and is repayable in annual instalments commencing in June 2019. The interest bearing facilities are for 20 years. The junior interest bearing facility bears interest at a staggered JIBAR plus 0.5% and is repayable in monthly instalments which should have commenced. The senior interest bearing facility bears interest at prime and has not yet commenced. The loan is secured by a mortgage bond over Erf 905, 906 and 907 Kenilworth. The nominal value of the loan is R2 464 343 (2015: R2 090 488). The loan has been impaired as it requires an additional moratorium due to delays in construction. (Refer to note 20).

Figures in Rand	2016	2015
Lionshare New Prop CC – Lubraco House		
Loan amount	-	2 087 342
Prior period curren-term portion reversed	-	152 866
Interest earned	-	59 354
Short-term payments received	-	(3 088 472)
Interest amortised using effective interest rate method	-	781 913
Balance transferred to current liabilities	-	6 997
	-	-

The 15-year loan facility of R3 700 000 to Lionshare New Prop CC bore interest at a rate of prime less 7% per annum and was fully repaid during the prior year. The nominal value of the loan is RNil (2015: RNil) as the loan is fully repaid. The loan was secured by a mortgage bond over Erf 532 and 533 Johannesburg Township.

Figures in Rand	2016	2015
Lisinfo 282 Property (Pty) Ltd – Erf 1952 Malvern		
Loan amount	3 381 580	3 601 033
Interest earned	233 363	218 759
Short-term payments received	(212 667)	(148 507)
Social benefit adjustment	-	(411 471)
Interest amortised using the effective interest rate method	130 117	143 691
Impairment	-	(21 925)
	3 532 393	3 381 580

The loan facility to Lisinfo 282 Property (Pty) Ltd comprises an interest free loan of R969 000 and interest bearing loan of R3 399 161. 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 20 years and bears interest at a staggered JIBAR. The interest bearing facilities capital is repayable in monthly instalments which have commenced. The nominal value of the loan is R4 673 646 (2015: R4 653 510). The loan is secured by a mortgage bond over Erf 1952, Malvern, Johannesburg. The loan was renegotiated in the prior year and the moratorium on payments was extended as there were delays in construction. This has resulted in an impairment of the loan. (Refer to note 20).

3. Loans to/from economic entities (continued)

Figures in Rand	2016	2015
Lukataedi (Pty) Ltd – Erf 739 Pretoria North		
Loan amount	3 862 780	-
Advance	10 029 018	5 074 969
Interest earned	642 235	59 478
Social benefit adjustment	(788 435)	(1 306 437)
Interest amortised using effective interest rate method	175 464	34 770
Impairment	(41 884)	-
Loan and receivables transferred to current assets held for trading	(5 514 780)	-
	8 364 398	3 862 780

The loan facility to Lukataedi (Pty) Ltd – Erf 739 Pretoria North comprises an interest free loan of R1 518 800, junior interest bearing loan of R8 216 000 and a senior loan of R6 224 400. The interest free facility is for nine years and is repayable in five equal instalments commencing in September 2019. The junior interest bearing facility is for 20 years and bears interest at a staggered JIBAR plus .05%. The senior interest bearing facility is for 20 years and bears interest at prime. The junior and senior interest bearing facilities repayments commence in May 2016. The nominal value of the loan is R15 805 702 (2015: R5 134 447). The loan is secured by a mortgage bond over Erf Erf 739 Pretoria North. The loan was renegotiated and the moratorium on payments was extended as there were delays in construction. The loan is currently in arrears resulting in the impairment of the loan.

Figures in Rand	2016	2015
Madulamoho Housing Association – Allenby House		
Loan amount	1 914 516	2 050 960
Prior period current-term portion reversed	186 301	177 334
Interest earned	131 896	131 513
Short-term payments received	(328 000)	(324 000)
Interest amortised using effective interest rate method	59 814	65 010
Current portion transferred to current assets	(196 710)	(186 301)
	1 767 817	1 914 516

The 15-year loan facility of R3 270 000 to Madulamoho Housing Association bears interest at a rate of prime less 4% per annum and is repayable in 14 equal instalments which have commenced. The nominal value of the loan is R 2 266 725 (2015: R2 462 829). The loan is secured by a mortgage bond over Erf 4880 Hillbrow, Johannesburg Township.

Figures in Rand	2016	2015
Madulamoho Housing Association – Fleurhof Views		
Loan amount	17 082 093	18 013 956
Prior period current-term portion reversed	1 448 164	1 390 867
Interest earned	1 238 442	1 235 416
Short-term payments received	(2 424 000)	(2 382 000)
Interest amortised using effective interest rate method	417 168	272 018
Current-term portion transferred to current assets	(1 307 240)	(1 448 164)
	16 454 627	17 082 093

The 15-year loan facility of R23 345 378 to Madulamoho Housing Association bears interest at a staggered JIBAR and is repayable in 15 annual instalments which have commenced. The nominal value of the loan is R19 224 477 (2015: R20 410 034). The loan is secured by a mortgage bond over Erf 691 to 698 Fleurhof Extension two.

3. Loans to/from economic entities (continued)

Figures in Rand	2016	2015
Madulamoho Housing Association – Jabulani		
Loan amount	19 201 905	19 884 435
Prior period current-term portion reversed	711 982	670 478
Interest earned	1 403 152	1 408 247
Short-term payments received	(2 616 000)	(2 554 000)
Interest amortised using effective interest rate method	502 834	504 727
Current-term portion transferred to current assets	(714 055)	(711 982)
	18 489 818	19 201 905

The 15-year loan facility of R24 578 202 to Madulamoho Housing Association bears interest at a staggered JIBAR and is repayable in monthly instalments which have commenced. The nominal value of the loan is R22 032 303 (2015:R23 245 153). The loan is secured by a mortgage bond over Erf 2605 Jabulani, Soweto, Johannesburg.

Figures in Rand	2016	2015
Makabongwe Property Holding (Pty) Ltd – Erf 983 Johannesburg		
Advance	10 702 408	-
Interest earned	218 535	-
Social benefit adjustment	(1 037 805)	-
Interest amortised using effective interest rate method	24 341	-
Loan and receivables transferred to current assets held for trading	(4 965 710)	-
	4 941 769	-

The 20-year loan facility to Makabongwe Property Holding (Pty) Ltd – Erf 983 Johannesburg comprises a junior interest bearing facility of R5 488 088 and senior interest bearing facility of R8 892 150. The junior loan bears interest at a staggered JIBAR plus 0.5% and is repayable in monthly instalments commencing in November 2016. The senior loan bears interest at prime plus 1.5% and is repayable in monthly instalments commencing in January 2017. The nominal value of the loan is R10 920 943 (2015: RNil). The loan is secured by a mortgage bond over Erf 983 Johannesburg.

Figures in Rand	2016	2015
Mahlahla Advanced Dynamics CC – Erf 442 Wolmer Pretoria		
Advance	2 268 210	-
Interest earned	6 547	-
Social benefit adjustment	(873 474)	-
Interest amortised using effective interest rate method	7 937	-
	1 409 220	-

The loan facility to Mahlahla Advanced Dynamics CC – Erf 442 Wolmer Pretoria comprises an interest free loan of R1 300 000 and an interest bearing loan of R5 337 100. The interest free facility is for ten years and is repayable in monthly instalments commencing in March 2021. The interest bearing facility is for 20 years and bears interest at a staggered JIBAR 0.5% and repayments commence in September 2017. The nominal value of the loan is R2 274 757 (2015: RNil). The loan is secured by a mortgage bond over Erf 442 Wolmer Pretoria.

Figures in Rand	2016	2015
Maseleng Investments (Pty) Ltd – Montrose Mansions		
Prior years current portion reversed	-	882 880
Interest earned	-	73 568
Short-term payments received	-	(951 150)
Interest amortised using effective interest rate method	-	(5 298)
	-	-

3. Loans to/from economic entities (continued)

The seven-year loan facility of R3 100 000 to Maseleng Investments (Pty) Ltd – Montrose Mansions was fully repaid during the prior year. The loan bore interest at a rate of prime and was repayable in seven annual instalments which have commenced. The nominal value of the loan is RNil (2015: RNil). The loan was secured by a mortgage bond over Erf 4851 Johannesburg Township.

Figures in Rand	2016	2015
Meilijian Construction and Development CC – Erf 232 Kempton Park		
Loan amount	2 026 266	1 993 950
Prior years current-term portion reversed	35 656	-
Interest earned	159 534	152 736
Short-term payments received	(217 000)	(125 571)
Interest amortised using the effective interest rate method	41 960	40 806
Current portion transferred to current assets	(33 748)	(35 655)
	2 012 668	2 026 266

The 15-year loan facility of R8 997 348 to Meilijian Construction and Development CC – Erf 232 Kempton Park bears interest at JIBAR and is repayable in monthly instalments which have commenced. The nominal value of the loan is R2 497 561 (2015: R2 555 027). The loan is secured by a mortgage bond over Erf 232 Kempton.

Figures in Rand	2016	2015
Meilijian Construction and Development CC – Erf 24 Kempton Park		
Loan amount	7 788 743	1 855 069
Prior period current-term portion reversed	127 806	-
Advance	-	6 737 097
Interest earned	631 600	501 784
Social benefit adjustment	-	(1 200 812)
Short-term payments received	(896 000)	(73 500)
Interest amortised using the effective interest rate method	127 659	96 911
Current-term portion transferred to current assets	(122 818)	(127 806)
	7 656 990	7 788 743

The 20-year loan facility of R8 997 348 to Meilijian Construction and Development CC – Erf 24 Kempton Park bears interest at a staggered JIBAR plus 0.5% and is repayable in monthly instalments which have commenced. The nominal value of the loan is R9 173 480 (2015: R9 437 878). The loan is secured by a mortgage bond over Erf 24 Kempton Park.

Figures in Rand	2016	2015
Meilijian Construction and Development CC – Erf 1614 Kempton Park		
Loan amount	2 390 123	-
Advance	5 661 786	2 881 488
Interest earned	565 138	19 295
Social benefit adjustment	(207 123)	(513 374)
Interest amortised using the effective interest rate method	44 294	2 714
Loan and receivables transferred to current assets held for trading	(4 751 881)	-
	3 702 337	2 390 123

Gauteng Partnership Trust(Registration number IT2422/02) **Trading as Gauteng Partnership Fund**

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3. Loans to (from) economic entities (continued)

The 20-year loan facility to Meilijian Construction and Development CC – Erf 1614 Kempton Park comprises a junior interest bearing facility of R4 075 146 and senior interest bearing facility of R4 468 128. The junior loan bears interest at a staggered JIBAR plus 0.5% and is repayable in monthly instalments commencing in August 2016. The senior loan bears interest at prime and is repayable in monthly instalments commencing in August 2016. The nominal value of the loan is R9 127 708 (2015: R2 698 716). The loan is secured by a mortgage bond over Erf 1614 Kempton Park.

Figures in Rand	2016	2015
Meilijian Construction and Development CC – Erf 27 Kempton Park		
Loan amount	7 709 861	-
Advance	-	9 047 338
Interest earned	661 493	355 035
Social benefit adjustment	-	(1 752 119)
Interest amortised using effective interest rate method	114 999	59 607
	8 486 353	7 709 861

The 20-year loan facility of R9 047 338 to Meilijian Construction and Development CC – Erf 27 Kempton Park bears interest at a staggered JIBAR plus 0.5% and is repayable in monthly instalments commencing in July 2016. The nominal value of the loan is R10 063 866 (2015: R9 402 374). The loan is secured by a mortgage bond over Erf 27 Kempton Park.

Figures in Rand	2016	2015
Meilijian Construction and Development CC – 3597 Pomona Ext 75		
Advance	344 681	-
Interest earned	1 633	-
Social benefit adjustment	(63 320)	-
Interest amortised using effective interest rate method	184	-
	283 178	-

The 20-year loan facility of R13 065 197 to Meilijian Construction and Development CC – Erf 3597 Pomona Ext 75 bears interest at a staggered JIBAR plus 0.5% and is repayable in monthly instalments commencing in October 2017. The nominal value of the loan is R346 315 (2015: R9 402 374). The loan is secured by a mortgage bond over Erf 27 Kempton Park.

Figures in Rand	2016	2015
Michaelson Investments (Pty) Ltd – Erf 658 Troyeville		
Loan amount	1 312 490	294 254
Advance	2 352	1 363 222
Interest earned	73 678	18 907
Social benefit adjustment	(905)	(380 793)
Interest amortised using effective interest rate method	54 322	24 184
Impairment	-	(7 284)
	1 441 937	1 312 490

The loan facility to Michaelson Investments (Pty) Ltd – Erf 658 Troyeville comprises an interest free loan of R895 100 and interest bearing loan of R4 625 000. The interest free facility is for nine years and is repayable in five equal instalments commencing in October 2018. The interest bearing facility is for 20 years and bears interest at a staggered JIBAR and is repayable in annual instalments commencing in June 2016. The nominal value of the loan is R1 869 643 (2015: R1 793 611). The loan is secured by a mortgage bond over Erf 658 Troyeville, Johannesburg. The loan had been renegotiated in the prior year and the moratorium on payments was extended as there were delays in construction. This has resulted in an impairment of the loan. (Refer to note 20).

3. Loans to/from economic entities (continued)

Figures in Rand	2016	2015
Multidirect Investment 8 (Pty) Ltd – Erf 1815 Pretoria North		
Loan amount	4 669 232	42 240
Advance	-	5 812 040
Short-term payments received	(240 000)	-
Social benefit adjustment	-	(1 428 190)
Interest amortised using the effective interest rate method	142 767	92 872
Interest earned	290 876	150 270
Current-term portion transferred to current assets	(716)	-
	4 862 159	4 669 232

The loan facility to Multidirect Investment 8 (Pty) Ltd – Erf 1815 Pretoria North comprises an interest free loan of R1 428 933 and interest bearing loan of R4 455 837. The interest free facility is for nine years and is repayable in five equal instalments commencing in September 2018. The interest bearing facility is for 20 years and bears interest at a staggered JIBAR. The interest bearing facility is repayable in monthly instalments which commence April 2016. The nominal value of the loan is R6 085 916 (2015: R6 035 040). The loan is secured by a mortgage bond over Erf 1815, Pretoria North.

Figures in Rand	2016	2015
Muma Properties Investments (Pty) Ltd – Erf 978 Pretoria North		
Loan amount	5 012 311	2 195 884
Advance	12 859 444	3 630 740
Interest earned	1 097 672	190 717
Short-term payments received	(140 439)	-
Social benefit adjustment	(458 098)	(995 034)
Impairment	(22 698)	(61 750)
Interest amortised using the effective interest rate method	191 224	51 754
Loan and receivables transferred to current assets held for trading	(10 952 116)	-
Current-term portion transferred to current assets	(14 490)	-
	7 572 810	5 012 311

The loan facility to Muma Properties Investments (Pty) Ltd – Erf 978 Pretoria North comprises an interest free loan of R1 480 000, junior interest bearing loan of R6 145 400 and senior interest bearing loan of R11 546 800. The interest free facility is for nine years and is repayable in five equal instalments commencing in September 2018. The interest bearing facilities are for 20 years. The junior interest bearing facility bears interest at a staggered JIBAR and is repayable in annual instalments which have commenced. The senior interest bearing facility bears interest at prime and is expected to be bought out by an external funder. The nominal value of the loan is R20 440 691 (2015: R6 624 014). The loan is secured by a mortgage bond over Erf 978 Pretoria North. The loan had been renegotiated in the prior year and the moratorium on payments was extended as there were delays in construction. This has resulted in an impairment of the loan. (Refer to note 20).

Figures in Rand	2016	2015
Nelisa Properties (Pty) Ltd – Erf 388 Windsor		
Loan amount	883 347	401 551
Advance	21 802	702 958
Interest earned	39 638	36 060
Social benefit adjustment	(8 682)	(290 308)
Interest amortised using the effective interest rate method	44 638	33 086
Impairment	(27 689)	-
	953 054	883 347

Gauteng Partnership Trust(Registration number IT2422/02) **Trading as Gauteng Partnership Fund**

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3. Loans to/from economic entities (continued)

The loan facility to Nelisa Properties (Pty) Ltd – Erf 388 Windsor comprises an interest free loan of R1 227 800 and interest bearing loan of R8 189 700. The interest free facility is for nine years and is repayable in five equal instalments commencing in March 2019. The interest bearing facility is for 20 years and bears interest at JIBAR plus 0.5% and is repayable in annual instalments commencing in April 2016. The nominal value of the loan is R1 314 232 (2015: R1 252 794). The loan is secured by a mortgage bond over Erf 388 Windsor, Randburg. The loan was renegotiated and the moratorium on payments was extended as there were delays in construction. This has resulted in an impairment of the loan. (Refer to note 20).

Figures in Rand	2016	2015
Ninarich Trading 3 (Pty) Ltd – Betty Street Precinct		
Loan amount	15 400 247	2 859 139
Advance	-	14 069 458
Interest earned	1 310 382	1 004 046
Social benefit adjustment	-	(2 726 767)
Interest amortised using the effective interest rate method	237 889	194 371
Current-term portion transferred to current assets	(266 769)	-
	16 681 749	15 400 247

The 20 year loan facility of R17 766 740 to Ninarich Trading 3 (Pty) Ltd – Betty Street Precinct is interest bearing at JIBAR plus 0.5% and is repayable in monthly instalments commencing in April 2016. The nominal value of the loan is R19 735 965 (2015: R18 625 585). The loan is secured by a mortgage bond over Erf 2198 Jeppestown Township and Erf 106 North Doornfontein.

Figures in Rand	2016	2015
NBLR Properties (Pty) Ltd – Erf 2551, 2552 & 2553 Fluerhof Ext 20		
Advance	8 126 692	-
Interest received	90 121	-
Social benefit adjustment	(2 348 246)	-
Interest amortised using the effective interest rate method	45 377	-
	5 913 944	-

The loan facility to NBLR Properties (Pty) Ltd – Erf 2551, 2552 & 2553 Fluerhof Ext 20 comprises an interest free loan of R2 000 000 and interest bearing loan of R6 931 447. The interest free facility is for ten years and is repayable in monthly instalments commencing in January 2021. The interest bearing facility is for 20 years and bears interest at JIBAR and is repayable in monthly instalments commencing in January 2017. The nominal value of the loan is R8 216 473 (2015: R1 252 794). The loan is secured by a mortgage bond over Erf 2551, 2552 & 2553 Fluerhof Ext 20

Nonkwelo (Pty) Ltd – Erf 10 & 11 Hunter Street

Loan amount	3 151 764	1 467 939
Advance	985 147	2 125 980
Interest earned	198 897	116 129
Social benefit adjustment	(181 496)	(641 389)
Interest amortised using the effective interest rate method	162 539	104 123
Impairment	(37 985)	(21 018)
	4 278 866	3 151 764

The loan facility to Nonkwelo (Pty) Ltd – Erf 10 & 11 Hunter Street comprises an interest free loan of R1 516 987 and interest bearing facility of R4 062 645. 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 20 years and bears interest at a staggered JIBAR and is repayable in annual instalments which should have commenced. The nominal value of the loan is R5 458 662 (2015: R4 274 618). The loan is secured by a mortgage bond over Erf 10 & 11 Hunter Street. The loan has been impaired as it is currently being renegotiated and the instalment due was not paid. (Refer note 20).

3. Loans to/from economic entities (continued)

Figures in Rand	2016	2015
Norvena Property Consortium – O'Reilly Street		
Loan amount	5 540 255	6 682 990
Advance	2 530 832	-
Interest earned	559 166	55 822
Social benefit adjustment	(432 488)	(1 211 298)
Interest amortised	139 393	12 741
Impairment	(13 543)	-
Current-term portion transferred to current assets	(258 817)	-
	8 064 798	5 540 255

The 20-year loan facility of R9 213 700 to Norvena Property Consortium – O'Reilly Street bears interest at a staggered JIBAR and is repayable in monthly instalments which should have commenced. The nominal value of the loan is R9 828 811 (2015: R6 738 812). The loan is secured by a mortgage bond over Erf 74, 76, 78, 80, 82, 84 and 86 Berea. The loan has been impaired as it is currently being renegotiated and the instalment due was not paid. (Refer note 20).

Figures in Rand	2016	2015
Norvena Property Consortium – Norvena Court		
Advance	2 558 635	-
Interest earned	44 572	-
Social benefit adjustment	(479 783)	-
Interest amortised	14 277	-
	2 137 701	-

The 20-year loan facility of R9 213 700 to Norvena Property Consortium – Norvena Court bears interest at a staggered JIBAR and is repayable in monthly instalments commencing in January 2017. The nominal value of the loan is R2 603 207 (2015: RNil). The loan is secured by a mortgage bond over Erf 74, 76, 78, 80, 82, 84 and 86 Berea.

Figures in Rand	2016	2015
Ordicode (Pty) Ltd – Erf 2242, 2243, 2248 and 2249 Johannesburg		
Advance	3 596 201	-
Interest earned	20 649	-
Social benefit adjustment	(1 203 015)	-
Interest amortised using the effective interest rate method	17 306	-
	2 431 141	-

The loan facility to Ordicode (Pty) Ltd – Erf 2242, 2243 and 2249 Johannesburg comprises an interest free loan of R1 500 000 and interest bearing facility of R5 562 900. The interest free facility is for ten years and is repayable in monthly instalments commencing in February 2021. The interest bearing facility is for 20 years and bears interest at a staggered JIBAR and is repayable in monthly instalments commencing in August 2017. The nominal value of the loan is R3 616 850 (2015: RNil). The loan is secured by a mortgage bond over Erf 2242, 2243 and 2249 Johannesburg.

3. Loans to/from economic entities (continued)

Figures in Rand	2016	2015
Property Kalcha (Pty) Ltd – Portion 1 & 2 of Erf 1871 Albertville, Randburg		
Advance	887 668	-
Social benefit adjustment	(450 523)	-
Interest amortised using effective interest rate method	17 749	-
	454 894	-

The loan facility to Property Kalcha (Pty) Ltd – Portion 1&2 of Erf 1871 Albertville, Randburg comprises an interest free facility of R900 000, a junior interest bearing facility of R2 100 800 and a senior interest bearing facility of R3 867 340. The interest free facility is repayable in monthly instalments commencing in November 2020. The junior interest bearing facility bears interest at a staggered JIBAR and has not yet commenced. The senior interest bearing facility bears interest at prime and has not yet commenced. The nominal value of the loan is R1 087 668 (2015: RNil). The loan is secured by a mortgage bond over Portion 1&2 of Erf 1871 Albertville, Randburg.

Figures in Rand	2016	2015
Rainbow Beach Trading 261 (Pty) Ltd – Sondela Village Daggafontein		
Loan amount	10 703 021	9 067 150
Prior years current-term portion reversed	696 502	-
Advance	-	2 012 371
Interest earned	914 722	833 120
Social benefit adjustment	-	(194 092)
Short-term payments received	(909 420)	(509 719)
Interest amortised using the effective interest rate method	205 372	190 693
Current-term portion transferred to current assets	(761 259)	(696 502)
	10 848 938	10 703 021

The 15-year loan facility of R12 672 939 to Rainbow Beach Trading 261 (Pty) Ltd – Sondela Village Daggafontein and Suburban bears interest at a staggered JIBAR and is repayable in monthly instalments which have commenced. The nominal value of the loan is R12 565 474 (2015: R12 560 191). The loan is secured by a mortgage bond over Erf 101 and Erf 94 City and Suburban.

Figures in Rand	2016	2015
Redformationz Holdings (Pty) Ltd – Erf 4862 Birch Acres Ext 32		
Advance	4 927 855	-
Interest earned	114 607	-
Social benefit adjustment	(1 654 245)	-
Interest amortised using effective interest rate method	88 424	-
	3 476 641	-

The loan facility to Redformationz Holding (Pty) Ltd – Erf 4862 Birch Acres Ext 32 comprises an interest free facility of R2 000 000 and a interest bearing facility of R12 673 600. The interest free facility is for ten years and is repayable in monthly instalments commencing in August 2020. The interest bearing facility bears interest at a staggered JIBAR and is repayable in monthly instalments commencing in August 2017. The nominal value of the loan is R5 042 460 (2015: RNil). The loan is secured by a mortgage bond over Erf 4862 Birch Acres Ext 32.

3. Loans to/from economic entities (continued)

Figures in Rand	2016	2015
Rivavect Investments (Pty) Ltd – Central House		
Loan amount	4 561 598	4 684 026
Prior years current-term portion reversed	144 186	-
Interest earned	381 080	405,098
Interest amortised using the effective interest rate method	75 928	36 159
Short-term payments received	(607 000)	(419 499)
Current-term portion transferred to current assets	(143 206)	(144 186)
	4 412 586	4 561 598

The 15-year loan facility of R5 150 000 to Rivavect Investments (Pty) Ltd – Central House bears interest at a staggered JIBAR plus 1.25% and is repayable in monthly instalments which have commenced. The nominal value of the loan is R4 943 924 (2015: R5 169 844). The loan is secured by a mortgage bond over Erf 2071 Roodepoort.

Figures in Rand	2016	2015
Sabiglo (Pty) Ltd – Erf 301 Windsor West, Randburg		
Loan amount	931 676	-
Advance	165 786	1 242 045
Interest earned	53 197	25 564
Social benefit adjustment	(70 720)	(345 333)
Interest amortised	41 888	9 400
Impairment	(9 134)	-
	1 112 693	931 676

The loan facility to Sabiglo (Pty) Ltd – Erf 301 Windsor West comprises an interest free loan of R860 000 and interest bearing loan of R8 552 200. The interest free facility is for nine years and is repayable in five equal instalments commencing in August 2019. The interest bearing facility is for 20 years and bears interest at a staggered JIBAR plus 0.5%. The interest bearing facility will commence in October 2016. The nominal value of the loan is R1 486 592 (2015: R1 268 223). The loan is secured by a mortgage bond over Erf 301 Windsor West, Randburg. The loan was renegotiated and the moratorium on payments was extended resulting in an impairment of the loan. (Refer to note 20).

Figures in Rand	2016	2015
Sakhazonke Investment (Pty) Ltd – Erf 252, Kempton Park		
Advance	484 517	-
Social benefit adjustment	(226 680)	-
Interest amortised using the effective interest rate method	15 592	-
	273 429	-

The loan facility to Sakhazonke Investments (Pty) Ltd – Erf 252, Kempton Park comprises an interest free loan of R707 477 and an interest bearing loan of R6 708 315. The interest free facility is for nine years and is repayable in annual repayments commencing in May 2023. The interest bearing facility has not yet commenced. The nominal value of the loan is R684 517 (2015: RNil). The loan is secured by a mortgage bond over Erf 252, Kempton Park.

3. Loans to/from economic entities (continued)

Figures in Rand	2016	2015
Sethitho Projects CC – Erf 1191 Rayton Extension 7		
Advance	705 019	-
Social benefit adjustment	(367 275)	-
Interest amortised using effective interest rate method	6 021	-
	343 765	-

The loan facility to Sethitho Projects CC – Erf 1191 Rayton Extension 7 comprises an interest free loan of R1 500 000 and an interest bearing loan of R2 761 300. The interest free facility is for nine years and is repayable in monthly instalments commencing in February 2021. The interest bearing facility has not yet commenced. The nominal value of the loan is R705 019 (2015: RNil). The loan is secured by a mortgage bond over Erf 1191 Rayton Extension 7.

Figures in Rand	2016	2015
Standard Bank		
Loan amount	-	186 438
Prior years short-term portion reversed	207 378	474 096
Interest earned	3 754	23 198
Short-term payments received	(212 842)	(491 047)
Interest amortised using effective interest rate method	1 710	14 693
Current-term portion transferred to current assets	-	(207 378)
	-	-

The Standard Bank subsidised loan facility supported 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 RNil (2015: R209 089) as it was repaid in the current year. The loans bore interest at prime less 3.75% per annum. The repayment of this amount was ten years from date of disbursement.

Figures in Rand	2016	2015
Simelani Business Solutions (Pty) Ltd – Erf 2682 Kempton Park		
Loan amount	2 811 662	2 157 211
Advance	5 330 516	846 424
Interest earned	315 550	180 302
Social benefit adjustment	(764 094)	(362 945)
Interest amortised using effective interest rate method	152 432	62 970
Impairment	-	(72 300)
Loan and receivables transferred to current assets held for trading	(1 807 143)	-
Current-term portion transferred to current assets	(14 141)	-
	6 024 782	2 811 662

The loan facility to Simelani Business Solutions (Pty) Ltd – Erf 2682 Kempton Park comprises an interest free loan of R1 586 925, junior interest bearing loan of R5 482 763 and senior interest bearing loan of R10 555 978. The interest free facility is for nine years and is repayable in five equal instalments commencing in September 2018. The interest bearing facilities are for 20 years. The junior interest bearing facility bears interest at a staggered JIBAR and is repayable in monthly instalments commencing in April 2016. The senior interest bearing facility bears interest at prime and is repayable in monthly instalments which commence in January 2017. The nominal value of the loan is R9 426 208 (2015: R3 779 639). The loan is secured by a mortgage bond over Erf 2682 Kempton Park. The loan was renegotiated in the prior year and the moratorium on payments was extended as there were delays in construction. This has resulted in an impairment of the loan. (Refer to note 20).

3. Loans to/from economic entities (continued)

Figures in Rand	2016	2015
Shukumani Trading Enterprises (Pty) Ltd – Erf 550 Bertrams		
Loan amount	1 677 762	1 030 926
Advance	301 532	879 735
Interest earned	70 056	49 307
Social benefit adjustment	(57 814)	(338 424)
Interest amortised using the effective interest rate method	111 513	62 371
Impairment	(9 365)	(6 153)
	2 093 684	1 677 762

The loan facility to Shukumani Trading Enterprises (Pty) Ltd comprises an interest free loan of R1 695 840 and interest bearing loan of R2 811 461. The interest free facility is for nine years and is repayable in five equal instalments commencing in April 2018. The interest bearing facility is for 20 years and bears interest at a staggered JIBAR and is repayable in monthly instalments commencing in June 2016. The nominal value of the loan is R2 731 271 (2015: R2 366 356). The loan is secured by a mortgage bond over Erf 550 Bertrams, Johannesburg. The loan has been renegotiated and the moratorium extended as there were delays in construction. This has resulted in an impairment of the loan. (Refer to note 20).

Figures in Rand	2016	2015
Stormstrong (Pty) Ltd – Erf 299 Windsor, Randburg		
Advance	604 032	-
Social benefit adjustment	(328 066)	-
Interest amortised using the effective interest rate method	636	-
	276 602	-

The loan facility to Stormstrong (Pty) Ltd – Erf 299 Windsor, Randburg comprises an interest free loan of R900 000 and interest bearing loan of R3 282 500. The interest free facility is for ten years and is repayable in monthly instalments commencing in April 2021. The interest bearing facility is for 20 years and bears interest at a staggered JIBAR rate and has not yet commenced. The nominal value of the loan is R854 032 (2015: RNil). The loan is secured by a mortgage bond over Erf 299 Windsor, Randburg.

Figures in Rand	2016	2015
SOA Residential Village (Pty) Ltd – Erf 1532 Selcourt Springs		
Loan amount	4 405 576	2 410 035
Advance	-	2 146 217
Interest earned	301 558	249 322
Social benefit adjustment	-	(491 899)
Interest amortised using the effective interest rate method	133 450	115 285
Impairment	(50 922)	(23 384)
	4 789 662	4 405 576

The loan facility of R5 455 665 to SOA Residential Village (Pty) Ltd – Erf 1532 Selcourt Springs comprises an interest free loan of R1 110 000 and interest bearing loan of R4 345 665. The interest free facility is for nine years and is repayable in five equal instalments commencing in September 2018. The interest bearing facility is for 20 years and bears interest at a staggered JIBAR and is repayable in monthly instalments that commence in April 2016. The nominal value of the loan is R6 048 775 (2015: R5 747 217). The loan is secured by a mortgage bond over Erf 1532 Selcourt, Springs. The loan was renegotiated and the moratorium on payments was extended as there were delays in construction. This has resulted in an impairment of the loan. (Refer to note 20).

3. Loans to/from economic entities (continued)

Figures in Rand	2016	2015
Take Off Real Estate (Pty) Ltd – Jeppestown Project		
Loan amount	1	1
Amount provided for as a provision for doubtful debt in prior year	650 106	595 106
Interest amortised using effective interest rate method	29 379	55 000
Bad debts written off	(679 486)	(650 106)
	-	1

The loan facility of R3 805 954 to Take Off Real Estate (Pty) Ltd comprised an interest free and interest bearing facility. The interest free facility was for nine years and was repayable in five equal instalments which were meant to commence. The interest bearing facility was for 20 years and was not drawn down. The nominal value of the loan is RNil (2015: R850 627). The loan is secured by a mortgage bond over Erf 1813, 1814 & 1817 Jeppestown, Johannesburg. The loan has been written off as a bad debt due to a liquidation claim initiated by another creditor. The loan was written off this year after lodging the claim with the liquidators. Nothing could be recovered. (Refer to note 31, 32 & 33).

Figures in Rand	2016	2015
Take Shape Properties 75 CC – Erf 4510, Johannesburg		
Loan amount	6 126 931	-
Advance	1 899 302	7 728 304
Interest earned	510 292	129 265
Social benefit adjustment	(316 588)	(1 772 879)
Interest amortised using the effective interest rate method	165 346	42 241
Impairment	(26 623)	-
Current-term portion transferred to current assets	(20 148)	-
	8 338 512	6 126 931

The loan facility to Take Shape Properties 75 CC – Erf 4510, Johannesburg comprises an interest free loan of R1 500 000 and interest bearing loan of R8 497 900. The interest free facility is for nine years and is repayable in five equal instalments commencing in September 2019. The interest bearing facility is for 20 years and bears interest at a staggered JIBAR plus 0.5% and commences in April 2016. The nominal value of the loan is R10 267 169 (2015: R7 851 300). The loan is secured by a mortgage bond over Erf 4519, Johannesburg. The moratorium on payments was extended as there were delays in construction. This also resulted in an impairment of the loan. (Refer to note 20).

Figures in Rand	2016	2015
Tenitor Properties (Pty) Ltd – The Ridge Hotel		
Loan amount	9 890 133	9 879 974
Prior years short-term portion reversed	-	537 612
Interest earned	721 484	760 198
Short-term payments received	-	(1 088 802)
Interest amortised using effective interest rate method	113 984	(46 006)
Impairment	-	(152 843)
Provision for doubtful debts	(10 725 600)	-
	1	9 890 133

The 20 year loan facility of R11 217 900 to Tenitor Properties (Pty) Ltd bears interest at JIBAR and is repayable in 12 annual instalments which have commenced. The nominal value of the loan is R11 909 854 (2015: R11 188 369). The loan is secured by a mortgage bond over Erf 185, 187, 189, 191 and 1411 Berea, Johannesburg. Management assesses the probability of recovery as remote therefore the loan has been provided. The GPF has instituted legal proceedings against the borrower. (Refer to note 31). The loan was renegotiated in the prior year and the moratorium on payments was extended. This has resulted in an impairment of the loan. (Refer to note 20).

Gauteng Partnership Trust
(Registration number IT2422/02) **Trading as Gauteng Partnership Fund**
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3. Loans to/from economic entities (continued)

Figures in Rand	2016	2015
Trust for Urban Housing Finance – Intuthuko (Pty) Ltd		
Loan amount	12 047 338	11 421 924
Prior years current-term portion reversed	2 000 000	-
Advance	1 975 000	3 287 153
Interest earned	917 677	724 983
Short-term payments received	(3 433 708)	(1 449 152)
Social benefit adjustment	(166 017)	(354 728)
Interest amortised using effective interest rate method	345 222	417 158
Current-term portion transferred to current assets	-	(2 000 000)
	13 685 512	12 047 338

The loan facility of R20 000 000 was made available from our **Entrepreneur Empowerment Property Fund** to enable the Trust for Urban Housing Finance – Intuthuko (Pty) Ltd to finance low collateral projects. The first tranche of R2 000 000 was for ten years, interest free and was repayable in one instalment in April 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 bears interest at prime less 4.16%. The second tranche's final repayment date is October 2018. The third tranche of R10 000 000 is available for seven years and bears interest at prime less 2% and is repayable in one instalment in August 2020. The nominal amount is R15 510 418 (2015: R16 210 446).

Figures in Rand	2016	2015
Tsebo Consumables Supplies (Pty) Ltd – Erf 256 Kempton		
Loan amount	3 428 175	3 311 643
Prior years current-term portion reversed	18 243	-
Interest earned	193 897	298 607
Short-term payments received	(275 914)	(180 465)
Interest amortised using effective interest rate method	154 914	16 633
Impairment	(3 618)	-
Current-term portion transferred to current assets	(11 493)	(18 243)
	3 504 204	3 428 175

The loan facility to Tsebo Consumable Supplies (Pty) Ltd comprises an interest free loan of R1 594 922 and interest bearing loan of R2 840 397. 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 20 years and bears interest at a staggered JIBAR and the capital is repayable in monthly instalments which have commenced. The nominal value of the loan is R4 607 153 (2015: R4 690 968). The loan is secured by a mortgage bond over Erf 256 Kempton Park, Ekurhuleni. The loan was impaired due to non-payment. In the prior year and the moratorium on payments was extended as there were delays in construction. This also resulted in an impairment of the loan. (Refer to note 20).

Figures in Rand	2016	2015
Tumaini Properties and Real Estate CC – Erf 52 & 53 New Doornfontein		
Loan amount	2 366 523	857 080
Advance	203 061	2 012 534
Interest earned	152 992	65 038
Social benefit adjustment	(69 531)	(588 042)
Interest amortised using the effective interest rate method	91 361	44 203
Impairment	-	(24 290)
	2 744 406	2 366 523

3. Loans to/from economic entities (continued)

The loan facility to Tumaini Properties and Real Estate CC – Erf 52 & 53 New Doornfontein comprises an interest free loan of R1 577 136 and interest bearing loan of R2 641 418. The interest free facility is for nine years and is repayable in five equal instalments commencing in February 2019. The interest bearing facility is for 20 years and bears interest at staggered JIBAR and is repayable in monthly instalment commencing in April 2016. The nominal value of the loan is R3 540 801 (2015: R3 184 749). The loan is secured by a mortgage bond over Erf 52 & 53 New Doornfontein.

Figures in Rand	2016	2015
Valotorgue 199CC – Erf 757 Pretoria North		
Loan amount	5 425 994	991 224
Advance	7 396 134	5 602 956
Interest earned	826 899	120 140
Social benefit adjustment	-	(1 330 804)
Interest amortised using the effective interest rate method	166 606	67 940
Impairment	(19 264)	(25 462)
Loan and receivables transferred to current assets held for trading	(8 847 612)	-
	4 948 757	5 425 994

The loan facility to Valotorgue 199CC – Erf 757 Pretoria North comprises an interest free loan of R1 768 675, junior interest bearing loan of R4 172 000 and senior interest loan of R8 584 325. The interest free facility is for nine years and is repayable in five equal instalments commencing in November 2018. The junior interest bearing facility is for 20 years and bears interest at a staggered JIBAR and is repayable in monthly instalments which should have commenced. The senior interest bearing facility bears interest at prime and is repayable in monthly instalments which should have commenced. The nominal value of the loan is R15 220 376 (2015: R6 091 642). The loan is secured by a mortgage bond over Erf 757, Pretoria North. The loan is currently in arrears resulting in an impairment (Refer to note 20). In the prior year the loan was renegotiated and the moratorium on payments was extended as there were delays in construction. This has resulted in an impairment of the loan. (Refer to note 20).

Figures in Rand	2016	2015
Yeast City Housing (Pty) Ltd – Salvokop		
Loan amount	5 421 533	5 974 770
Prior years current-term portion reversed	227 437	-
Interest earned	430 303	432 062
Short-term payments received	(779 159)	(874 700)
Interest amortised using the effective interest rate method	121 041	116 838
Current-term portion transferred to current assets	(229 801)	(227 437)
	5 191 354	5 421 533

The 20-year loan facility of R7 221 660 to Yeast City Housing (Pty) Ltd – Salvokop bears interest at a staggered JIBAR and the capital is repayable in 19 annual instalments which have commenced. The nominal value of the loan is R6 241 767 (2015: R6 590 623). The loan is secured by a mortgage bond over Erf 4 Salvokop Pretoria.

Figures in Rand	2016	2015
Yeast City Housing (Pty) Ltd – Tau Village		
Loan amount	4 331 907	4 715 556
Prior years current-term portion reversed	355 036	338 566
Interest earned	169 235	155 088
Short-term payments received	(825 082)	(840 757)
Interest amortised using the effective interest rate method	297 028	318 490
Current-term portion transferred to current assets	(378 574)	(355 036)
	3 949 550	4 331 907

3. Loans to/from economic entities (continued)

The 15-year loan facility of R9 000 000 to Yeast City Housing (Pty) Ltd – Tau Village bears interest at a rate of prime less 7% and is repayable in 14 annual instalments which have commenced. The nominal value of the loan is R5 892 648 (2015: R6 548 496). The loan is secured by a mortgage bond over Erf 112 Pretoria.

Figures in Rand	2016	2015
Xando Trade or Invest 614 (Pty) Ltd – Erf 324 Princess Ext 49, Roodepoort		
Loan amount	10 045 123	-
Advance	-	11 593 786
Interest earned	826 113	403 844
Short-term payments received	(765 196)	-
Social benefit adjustment	-	(2 027 290)
Interest amortised using the effective interest rate method	153 904	74 783
Current-term portion transferred to current assets	(154 716)	-
	10 105 228	10 045 123

The 20-year loan facility of R11 593 786 to Xando Trade or Invest 614 (Pty) Ltd – Erf 324 Princess Ext 49 bears interest at JIBAR plus 0.5% and is repayable in monthly instalments which have commenced. The nominal value of the loan is R12 058 547 (2015: R11 997 630). The loan is secured by a mortgage bond over Erf 324 Princess Ext 49, Roodepoort

Figures in Rand	2016	2015
Xylo Trading 253 CC – Portion 3 of Erf 2834 Ga-Rankuwa unit 2		
Advance	901 837	-
Interest earned	64 029	-
	965 866	-

The loan facility to Xylo Trading 253 CC – Portion 3 of Erf 2834 Ga-Rankuwa unit 2 comprises an interest bearing loan of R10 221 314. The loan bears interest at prime plus 1% and is repayable in monthly instalments commencing in September 2016. The loan is secured by a mortgage bond over Portion 3 of Erf 2834 Ga-Rankuwa unit 2. The nominal value of the loan is R965 866 (2015: RNil).

Figures in Rand	2016	2015
Zakhele Investments CC – Erf 257 Kempton Park		
Loan amount	3 619 819	3 024 832
Prior years current-term portion reversed	26 213	-
Advance	-	664 727
Interest earned	395 624	189 159
Social benefit adjustment	-	(260 580)
Short-term payments received	(162 300)	(97 282)
Interest amortised using effective interest rate method	(27 796)	135 907
Impairment	(12 255)	(10 731)
Current-term portion transferred to current assets	(40 806)	(26 213)
	3 798 499	3 619 819

The loan facility to Zakhele Investments CC comprises an interest free loan of R1 542 089 and interest bearing loan of R2 978 169. 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 20 years and bears interest at a staggered JIBAR and is repayable in annual instalments which have commenced. The nominal value of the loan is R4 934 745 (2015: R4 694 795). The loan is secured by a mortgage bond over Erf 257 Ekurhuleni. The loan has been impaired as the account is in arrears. (Refer tonote 20).

3. Loans to/from economic entities (continued)

Figures in Rand	2016	2015
Zwide & Dewa Investments (Pty) Ltd – Erf 424 & 425 Rhodesfield		
Loan amount	3 231 671	1 683 152
Advance	33 845	2 225 917
Interest earned	183 175	138 078
Social benefit adjustment	(5 278)	(878 176)
Interest amortised	137 718	95 461
Impairment	-	(32 761)
	3 581 131	3 231 671

The loan facility to Zwide & Dewa Investments (Pty) Ltd – Erf 424 & 425 Rhodesfield comprises an interest free loan of R1 858 700, junior interest bearing loan of R7 247 600 and senior interest bearing loan of R16 071 780. The interest free facility is for nine years and is repayable in five equal instalments commencing in February 2019. The interest bearing facilities are for 20 years. The junior interest bearing facility bears interest at a staggered JIBAR plus 0.5% and is repayable in monthly instalments commencing in April 2016. The senior interest bearing facility bears interest at prime and has not yet commenced. The nominal value of the loan is R4 651 374, (2015: R4 003 088). The loan is secured by a mortgage bond over Erf 424 & 425 Rhodesfield. The loan had been renegotiated in the prior year and the moratorium on payments was extended as there were delays in construction. This has resulted in an impairment of the loan. (Refer to note 20)

Figures in Rand	2016	2015
Total loan and receivables from exchange transactions	419 557 066	327 899 088
Total loans and receivables		
Non-current portion	419 558 066	327 899 088
Current portion	7 468 018	11 573 790
Reconciliation of provision for doubtful debts		
Opening balance	20 500 752	595 105
Increase in provision – Aquarella Investments 360 (Pty) Ltd – 85–87	2 068 698	-
(Decrease)/Increase in provision – BM Molefi Properties 241 (Pty) Ltd – Kgorong Estate	(8 952 230)	19 850 646
Increase in provision – Comucap (Pty) Ltd – 88 Relly Street	1 072 283	-
Increase in provision – Highlands (Pty) Ltd – Highlands Lofts	3 847 635	-
(Decrease)/Increase in provision – Take Off Real Estate (Pty) Ltd – Jeppestown Project	(650 108)	55 001
Increase in provision – Tenitor Properties (Pty) Ltd – The Ridge	10 725 600	-
Closing balance	28 612 630	20 500 752

The movement in the provision is R8 111 878 (Refer to note 3).

4. Loans and receivables held-for-trade

Figures in Rand	2016	2015
Loans and receivables held-for-trade		
DNM Estate CC – Erf 517 & 518 City & Suburban	11 605 213	-
Eagle Valley Property 41 (Pty) Ltd Phase 1 – Ptn 1 of Erf 1908 Erasmus	8 425 315	-
Eagle Valley Property 41 (Pty) Ltd Phase 2 – Ptn 1 of Erf 1908 Erasmus	8 592 026	-
Lukataedi (Pty) Ltd – Erf 739 Pretoria North	5 514 780	-
Makabongwe Property Holding (Pty) Ltd Erf 983	4 965 710	-
Muma Property Investments (Pty) Ltd – Erf 978 Pretoria North	10 952 116	-
Meilijian Construction and Development CC – Erf 1614 Kempton Park	4 751 881	-
Simelani Business Solutions (Pty) Ltd – Erf 2682 Kempton Park	1 807 144	-
Valotorgue 199CC – Erf 757 Pretoria North	8 847 612	-
	65 461 797	-

Loans and receivables held-for-trade – comprise of senior loans that will be purchased by a senior funder within the next financial year. The GPF has concluded an agreement with a senior funder for the purchase of these loans. These amounts bear interest at prime related rates and are expected to be bought out in the next three months. Held-for-trade are initially recognised at cost which approximates fair value. These loans will be sold at their cost.

5. Receivables from exchange transactions

Figures in Rand	2016	2015
Capital accrued	-	64 466
Guarantees with attorneys	3 568 325	9 147 922
Interest accrued	1 121 531	432 275
Sundry debtors	3 416 019	1 640 704
	8 105 875	11 285 367

Receivables from exchange transactions

Capital accrued – comprised 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.

Guarantees with Attorneys – comprise 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 24).

Interest accrued – comprised interest owed on the GPF's bank accounts at Absa Bank and loan over payments. These interest amounts are non-interest bearing and are generally on 30 day terms.

Sundry debtors – consists of pre-payments 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 transactions fair value approximate its carrying value.

6. Financial instruments at fair value

Name of entity	Listed / Unlisted	% holding 2016	% holding 2015	Carrying amount 2016	Carrying amount 2015
Greater Germiston Inner City Housing Company Phase 11 (Pty) Ltd	Unlisted	7.41%	7.41%	1	4 000 000
Impairment reversal/(loss)				3 896 810	(3 999 999)
Current portion financial instruments at fair value				3 896 811	1
Current portion financial instruments at fair value				(3 896 811)	1
Greater Germiston Inner City Housing Company Pharoe Park (Pty) Ltd	Unlisted			1	4 000 000
Impairment reversal/(loss)				3 896 810	(3 999 999)
				3 896 811	1
Current portion financial instruments at fair value				(3 896 811)	
Non-current assets financial instruments at fair value				-	2
Non-current assets financial instruments at fair value				-	2
Current portion – financial instruments at fair value				7 793 622	-
				7 793 622	2

Financial instruments at fair value

Financial instruments at fair value consist of investments in unquoted ordinary shares and loans. The valuation requires management to make estimates about the expected future cash flows of the shares which are discounted at current rates. Management believes that the resulting estimated fair values are reasonable and the most appropriate at the reporting date.

The equity investments in Greater Germiston Inner City Housing Company Phase II (Pty) Ltd and Greater Germiston Inner City Housing Company Pharoe Park (Pty) Ltd are R4 000 000 each. The valuations were done using discounted cashflow techniques. The repayments of the investments have been determined by a put and call option between the Gauteng Partnership Fund and the Ekurhuleni Metropolitan Municipality as is stipulated in the loan agreement entered into by the former two parties. The impairments of the loans have been reversed as Ekurhuleni Metropolitan Municipality has decided to call these options and will be paying the GPF for their equity investment.

Derivatives

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

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

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

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

6. Financial instruments at fair value (continued)

Credit quality of debt in financial instruments at fair value

The credit quality of financial investments is managed internally by ensuring that investments are made only after assessing and evaluating the social housing institutions management capacity and project feasibility. Management considers the credit risk relating to the loan in Greater Germiston Inner City Housing Corporation Phase II and Greater Germiston Inner City Housing Corporation Pharoee Park as being high as the companies models are not sustainable and therefore have impaired the loans.

7. Property, plant and equipment

Figures in Rand	2016			2015		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	1 257 508	(684 427)	573 081	1 257 508	(575 106)	682 402
Motor vehicles	161 076	(146 251)	14 825	161 076	(139 662)	21 414
Office equipment	1 928 450	(1 251 615)	676 835	1 426 992	(1 009 421)	417 571
Computer equipment	2 528 079	(1 831 564)	696 515	2 248 656	(1 461 053)	787 603
Leasehold improvements	2 904 861	(2 469 550)	435 311	2 904 861	(2 327 449)	577 412
Total	8 779 974	(6 383 407)	2 396 567	7 999 093	(5 512 691)	2 486 402

Reconciliation of property, plant and equipment – 2016

Figures in Rand	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Total
Furniture and fixtures	682 402	-	-	(109 321)	-	573 081
Motor vehicles	21 414	-	-	(6 589)	-	14 825
Office equipment	417 571	617 554	-	(358 285)	(5)	676 835
Computer equipment	787 603	423 681	(5 989)	(508 648)	(132)	696 515
Lease hold improvements	577 412	-	-	(142 101)	-	435 311
	2 486 402	1 041 235	(5 989)	(1 124 944)	(137)	2 396 567

Reconciliation of property, plant and equipment – 2015

Figures in Rand	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Total
Furniture and fixtures	766 743	27 860	-	(112 201)	-	682 402
Motor vehicles	28 002	-	-	(6 588)	-	21 414
Office equipment	686 547	107 864	-	(329 929)	(46 911)	417 571
Computer equipment	1 040 225	255 252	(5 333)	(473 397)	(29 144)	787 603
Leasehold improvements	1 063 695	67 018	-	(553 301)	-	577 412
	3 585 212	457 994	(5 333)	(1 475 416)	(76 055)	2 486 402

Pledged as security

No assets were pledged as security.

Office equipment, computer equipment and leasehold improvements have been subjected to a change in estimate due to a new lease term. (Refer to note 35).

7. Property, plant and equipment (continued)

Assets subject to finance lease (Net carrying amount)

Figures in Rand	2016	2015
IT equipment	98 624	71 555
Office equipment	450 677	109 230
	549 301	180 785

Change in estimate

Leasehold improvements have been subjected to a change in estimate due to the operating lease being extended subsequent to year end. (Refer to note 35).

Other information

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

Figures in Rand	2016	2015
Furniture and fittings	19	19
Office equipment	28	26
Computer equipment	52	52
	99	97

8. Intangible assets

Figures in Rand	2016			2015		
	Cost	Accumulated amortisation and accumulated impairment	Carrying value	Cost	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	1 037 531	(840 802)	196 729	1 037 531	(661 030)	376 501

Reconciliation of intangible assets – 2016

Figures in Rand	Opening balance	Amortisation	Total
Computer software	376 501	(179 772)	196 729

Reconciliation of intangible assets – 2015

Figures in Rand	Opening balance	Additions	Amortisation	Impairment loss	Total
Computer software	592 165	30 168	(236 485)	(9 347)	376 501

Pledged as security

No assets were pledged as security.

9. Deferred income

Movement during the year

Figures in Rand	2016	2015
Balance at the beginning of the year	264 853 602	332 581 024
Additions during the year	200 000 000	100 170 419
Income recognition during the year	(176 614 056)	(167 897 841)
	288 239 546	264 853 602

Deferred income represents the amounts of government grants not yet disbursed. (Refer to note 1.13& 25).

10. Finance lease obligation

Minimum lease payments due

Figures in Rand	2016	2015
- within one year	368 246	146 359
- in second to fifth year inclusive	261 166	66 761
	629 412	213 120
less: future finance charges	(40 482)	(14 207)
Present value of minimum lease payments	588 930	198 913

Present value of minimum lease payments due

Figures in Rand	2016	2015
- within one year	337 113	134 732
- in second to fifth year inclusive	251 817	64 181
	588 930	198 913
Non-current liabilities	251 817	64 182
Current liabilities	337 113	134 731
	588 930	198 913

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

The entity's obligations under finance leases are secured by the lessor's title over the leased assets. (Refer to Note 7).

The photocopiers, PABX system and ipads under the finance leases are currently depreciated over the lease term of two to three years.

11. Operating lease accrual

Figures in Rand	2016	2015
Current liabilities	-	241 925
	-	-
	-	241 925

Operating lease rentals represents rentals payable by the Trust to Acucap Management Services (Pty) Ltd for office premises. The three year lease expired in March 2016 and had an escalation of 8% annually.

Minimum lease payments

Figures in Rand	2016	2015
- within one year	-	3 348 672

12. Payables from exchange transactions

Figures in Rand	2016	2015
Accruals	1 702 516	1 269 120
Gauteng Department of Human Settlements	118 927 318	154 782 751
Sundry creditors	44 487	29 430
	120 674 321	156 081 301

Accruals – mainly comprise of salary third party payments, fund setup fees and other sundry accruals. Accruals are non-interest bearing and normally settled on 30 day terms.

Gauteng Department of Human Settlements – represents deposits held and interest accrued. Deposits are held in terms of a Memorandum of Agreement to assist the department in expediting payments to subsidised projects. For terms and conditions relating to related parties. (Refer to Note 25).

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

13. Provisions

Reconciliation of provisions – 2016

Figures in Rand	Opening Balance	Additions	Utilised during the year	Total
Provision for capital raising fee	2 565 000	-	(2 565 000)	
Provision for leave pay	622 491	768 582	(622 491)	768 582
Provision for bonuses	3 365 337	3 718 244	(3 365 337)	3 718 244
Provision for salary expenses	297 402	50 060	-	347 462
	6 850 230	4 536 886	(6 552 828)	4 834 288

Reconciliation of provisions – 2015

Figures in Rand	Opening Balance	Additions	Utilised during the year	Total
Provision for capital raising fee	-	2 565 000	-	2 565 000
Provision for leave pay	688 539	622 491	(688 539)	622 491
Provision for bonuses	2 727 616	3 365 337	(2 727 616)	3 365 337
Provision for salary expenses	217 272	80 130	-	297 402
	3 633 427	6 632 958	(3 416 155)	6 850 230

Provision for capital raising was based on the outstanding balance owed to capital raisers. The timing of the payment is uncertain.

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 the reporting date.

Provision for bonus is based on management's best estimate of expenditure required to settle the present obligation at the end of the reporting period. The obligation will be settled in July 2016.

Provision for salary related expenses is based on management's best estimate of PAYE expense owed to SARS. The amount includes possible penalties and interest amounting to R79 447.

14. Revenue

Figures in Rand	2016	2015
Deferred income transferred to revenue – Government grants	176 614 056	167 897 841
Revenue from exchange transactions – Interest received from banks	42 607 547	38 079 895
Revenue from exchange transactions – Interest received from loans and receivables	31 642 177	19 433 086
Revenue from exchange transactions – Interest calculated using the effective interest rate method from loans and receivables. (Refer to note 3).	10 358 987	9 048 562
	261 222 767	234 459 384

15. Interest received from banks

Figures in Rand	2016	2015
Current accounts	7 162 280	3 819 757
Capital account	35 417 944	34 235 178
Call accounts	27 323	24 960
	42 607 547	38 079 895

16. Other income

Figures in Rand	2016	2015
Contract recovery costs	5 912 244	4 250 000
Decrease in provision for doubtful debts	10 898 415	-
Profit on sale of assets	48 153	8 945
Department of Trade and Industry	2 969 361	1 426 519
Moratorium extension fee	202 542	-
	20 030 715	5 685 464

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

Decrease in provision for doubtful debts relates to BM Molefi Properties (Pty) Ltd

Profit on sale of assets disposed of during the year (Refer to note 7).

Income received from the Department of Trade and Industry is for shared expenses for the Entrepreneur Empowerment Property Fund. (Refer to note 25).

Moratorium extension fee relates to an additional fee charged to clients for extending the moratoriums. (Refer to note 3).

17. Operating surplus

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

Figures in Rand	2016	2015
External audit fee	1 009 816	887 902
Internal audit fee	582 246	562 061
	1 592 062	1 449 963
Operating lease charges		
Premises		
- Contractual amounts	3 010 434	3 055 701
- Utilities	534 703	371 049
Equipment		
- Contractual amounts	22 944	172
	3 568 081	3 426 922
Gain on sale of property, plant and equipment	48 153	8 945
Impairment on property, plant and equipment	137	76 055
Amortisation on intangible assets	179 772	236 484
Depreciation on property, plant and equipment	1 124 944	1 475 417
Employee costs	33 974 791	31 798 977

18. General expenses

Figures in Rand	2016	2015
Auditors remuneration	1 592 062	1 449 963
Bank charges	48 009	43 402
Consulting and professional fees	11 445 397	19 248 905
Entertainment	106 622	95 650
Insurance	317 940	296 807
Lease rentals on operating lease	3 568 081	3 426 922
Marketing	593 499	1 455 155
Magazines, books and subscriptions	136 744	191 062
Fuel and oil	5 920	6 187
Postage and courier	814	1 454
Printing and stationery	295 627	246 222
Security	11 767	9,255
Telephone and fax	699 406	708 582
Training	117 785	249 758
Travel	228 321	543 617
Offsite storage	18 438	16 255
Renovations	-	12 852
	19 186 432	28 002 048

19. Fair value adjustments

Figures in Rand	2016	2015
Day one loss on finance lease	(14 838)	-
Provisions for bonuses	25 673	(208 668)
Provisions for leave pay	7 839	(1 473)
Financial instruments at fair value	(206 378)	-
Social benefit on loans and receivables	(29 078 791)	(32 778 977)
	(29 266 495)	(32 989 118)

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

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

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

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

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20. Impairment reversal/(loss) of loans and receivables from exchange transactions

Figures in Rand	2016	2015
Impairment loss – Aquarella Investment 360 (Pty) Ltd – 85 – 87 Quartz Street The client is in breach of the contract for non-payment resulting in a provision for doubtful debts. (Refer note 3).	(108 083)	(5 160)
Impairment loss – BM Molefi Properties 241 (Pty) Ltd – Kgorong Estate The client is in breach of the contract for non-payment resulting in a provision for doubtful debts. (Refer note 3).	-	(759 488)
Impairment loss – BUA Africa (Pty) Ltd – Erf 2918 Kempton Park The loan has been impaired as the loan was renegotiated and the instalment due date was changed. (Refer note 3)	(24 804)	-
Norvena Property Consortium – O'Reilly Street The loan requires an additional moratorium due to delays in construction resulting in impairment of the loan. (Refer note 3).	(13 543)	-
Impairment loss reversal – Greater Germiston Inner City Housing Company Phase 11 (Pty) Ltd The client has advised of their intention to settle for the cost of the investment	4 000 000	-
Impairment loss reversal – Greater Germiston Inner City Housing Company Pharos Park (Pty) Ltd The client has advised of their intention to settle for the cost of the investment	4 000 000	-
Impairment loss – Bixowise CC t/a Kingdom Properties CC – Erf 278 Primrose Hill Due to delays in construction the moratorium on payments was extended resulting in impairment of the loan. (Refer note 3).	-	(26 973)
Cape Gannet Properties (Pty) Ltd – Erf 42 Kempton Park Due to delays in construction the moratorium on payments was extended resulting in impairment the loan. (Refer note 3).	-	(30 768)
Impairment loss – Castle Crest Properties 80 (Pty) Ltd – Erf 233 Kempton Park Due to delays in construction the moratorium on payments was extended resulting in impairment of the loan. (Refer note 3).	(145 144)	-
Impairment loss – Certum Estate 130 (Pty) Ltd – Erf 564, Bertrams, JHB Due to delays in construction the moratorium on payments was extended resulting in impairment of the loan. (Refer note 3).	(55 896)	-
Impairment loss – Clare Water (Pty) Ltd – Erf 1509 Discovery, Roodepoort Due to delays in construction the moratorium on payments was extended resulting in impairment of the loan. (Refer note 3).	(78 531)	(7 447)
Impairment loss – Clidet No. 1024 (Pty) Ltd – 44 Wanderers The loan was restructured and the moratorium on payments was extended. (Refer note 3).	-	(783 483)
Impairment loss reversal – Comu Property Developers CC – 3103 Glen Marais The loan is in arrears which has resulted in an impairment. (Refer note 3).	(11 560)	(19 944)
Impairment loss – Comucap (Pty) Ltd – 88 Relly Street The client is in breach of the contract for non-payment resulting in a provision for doubtful debts. (Refer note 3).	(6 680)	(11 047)
Impairment loss – DNM Estate CC Erf 517 & 518 City and Suburban Due to delays in construction the moratorium on payments was extended resulting in impairment of the loan. (Refer note 3).	(53 982)	(68 279)
Impairment loss – Fundzo Trading (Pty) Ltd – Portion 15 of Erf 8489 Protea North The loan requires an additional moratorium due to delays in construction resulting in impairment of the loan. (Refer note 3).	(11 999)	(14 560)
Impairment loss – Indigo Kulani Properties (Pty) Ltd – Erf 1676 Benoni The loan requires an additional moratorium due to delays in construction resulting in impairment of the loan. (Refer note 3).	-	(14 027)
Impairment loss – Ikamvelihle Enterprises CC – Erf 953-956 Berea The loan requires an additional moratorium due to delays in construction resulting in impairment of the loan. (Refer note 3).	(64 927)	(9 619)

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Figures in Rand	2016	2015
Highlands Urban Living (Pty) Ltd – Highlands Lofts The client is in breach of the contract for non-payment resulting in a provision for doubtful debts. (Refer note 3).	(8 553)	(36 120)
Impairment Loss – Landopoint (Pty) Ltd Erf 905, 906 and 907 Kenilworth Due to delays in construction the moratorium on payments was extended resulting in impairment of the loan. (Refer note 3).	(8 990)	
Impairment loss – Lisinfo 282 Property (Pty) Ltd – Erf 1952 Malvern Due to delays in construction the moratorium on payments was extended resulting in impairment of the loan. (Refer note 3).		(21 925)
Impairment loss – Lukataedi (Pty) Ltd – Erf 739 Pretoria North The loan was in arrears which has resulted in an impairment. (Refer to note 3).	(41 884)	-
Impairment loss – Nelisa Property (Pty) Ltd – Erf 388 Windsor Due to delays in construction the moratorium on payments was extended resulting in impairment of the loan. (Refer note 3)	(27 689)	-
Michaelson Investments (Pty) Ltd – Erf 658 Troyeville Due to delays in construction the moratorium on payments was extended resulting in impairment of the loan. (Refer note 3).	-	(7 284)
Impairment loss – Muma Properties Investments (Pty) Ltd – Erf 978 Pretoria North Due to delays in construction the moratorium on payments was extended resulting in impairment of the loan. (Refer note 3).	(22 698)	(61 750)
Impairment loss – Nonkwelo (Pty) Ltd – Erf 10 & 11 Hunter Street In the current year the loan was impaired as it is currently being renegotiated and the instalment due was not paid. (Refer note 3)	(37 985)	-
Impairment loss – Sabiglo (Pty) Ltd – Erf 301 Windsor West, Randburg Due to delays in construction the moratorium on payments was extended resulting in impairment of the loan. (Refer note 3).	(9 134)	(21 018)
Impairment loss – Shukumani Trading Enterprises (Pty) Ltd – Erf 550 Bertrams Due to delays in construction the moratorium on payments was extended resulting in impairment of the loan. (Refer note 3).	(9 365)	(6 153)
Impairment loss – Simelani Business Solutions (Pty) Ltd – Erf 2682 Due to delays in construction the moratorium on payments was extended resulting in impairment of the loan. (Refer note 3).	-	(72 300)
Impairment loss – SOA Residential Village (Pty) Ltd – Erf 1532 Selcourt Springs Due to delays in construction the moratorium on payments was extended resulting in impairment of the loan. (Refer note 3).	(50 922)	(23 384)
Impairment loss – Take Shape Properties 75 CC – Erf 4510, Johannesburg Due to delays in construction the moratorium on payments was extended resulting in impairment of the loan. (Refer note 3).	(26 623)	-
Impairment loss – Tenitor Properties (Pty) Ltd – The Ridge Hotel The loan has been renegotiated and the moratoriums on payments extended as the building was hijacked.(Refer note 3).	-	(152 843)
Impairment loss – Tsebo Consumables Supplies (Pty) Ltd – Erf 256 Kempton The loan was in arrears which has resulted in an impairment.(Refer note 3).	(3 618)	-
Impairment loss – Tumaini Properties and Real Estate CC – Erf 52&53 New Doornfontein Due to delays in construction the moratorium on payments was extended resulting in impairment of the loan. (Refer note 3).	-	(24 290)
Impairment loss – Valotorgue 199CC – Erf 757 Pretoria North The loan is in arrears which has resulted in an impairment. (Refer note 3).	(19 264)	(25 462)
Impairment loss – Zakhele Investments CC – Erf 257 Kempton Park The loan is in arrears which has resulted in an impairment. (Refer note 3).	(12 255)	(10 731)
Zwide & Dewa Investments (Pty) Ltd – Erf 424 & 425 Rhodesfield Due to delays in construction the moratorium on payments was extended resulting in impairment of the loan. (Refer note 3).	-	(32 761)
	7 145 871	(2 246 816)

21. Finance costs

Figures in Rand	2016	2015
Finance lease	51 293	29 853

Finance cost comprises interest amortised for the finance lease.

22. Employee related costs

Figures in Rand	2016	2015
Basic	31 453 965	30 390 409
Medical aid – company contributions	919 667	625 052
Life cover	240 533	213 914
Retirement annuity	1 360 626	569 602
	33 974 791	31 798 977

23. Taxation

No provision has been made for 2016 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 2016 year.

24. Commitments

Project Funding Commitments

Figures in Rand	2016	2015
Ace Pallets (Pty) Ltd – Portion 26 of Erf 381 Vanderbijl Park Central West 5 Extension 1	2 747 308	-
Alkara 7 (Pty) Ltd – Erf 816 & 817 Bronkhostspruit	-	8 526 700
Aquarella Investment 360 (Pty) Ltd – 85–87 Quartz Street	-	478 310
Begin All Investments (Pty) Ltd – Erf 89, 90 and 91 Bertrams	3 777 609	10 583 700
Bixowize CC t/a Kingdom Property Enterprises – Erf 278 Primrose Hill	4 024 202	4 559 005
Bravo Enterprise and Projects (Pty) Ltd – Erf 231 Kempton Park located on 26 Kempton	6 229 500	-
Bruzar Properties (Pty) Ltd – Erf 630 Kempton Park	5 597 063	5 832 502
BUA Africa (Pty) Ltd – Erf 2918 Kempton Park	20 728 848	25 050 000
Cape Gannet Properties 175 (Pty) Ltd – Erf 42 Kempton Park	200 436	2 275 665
Castle Crest Properties 80 Pty Ltd – Erf 233 Kempton Park	-	5 459 190
Certum Estate 130 (Pty) Ltd Previously Obtein – Erf 564 Bertrams JHB	131 612	2 451 547
Cicima Property Management Solutions (Pty) Ltd – Erf 1686 Benoni	11 830 566	-
Clidet no 1024 (Pty) Ltd – 44 Wanderers	14 213 506	14 213 506
DNM Estate CC – Erf 517 & 518 City & Suburban	-	5 849 304
Eable Properties (Pty) Ltd – Erf 8186 Olivenhoutbosch	11 677 609	-
Eagle Valley Property 41 (Pty) Ltd Phase 1 – Ptn. 1 of Erf 1908 Erasmus	-	5 970 800
Eagle Valley Property 41 (Pty) Ltd Phase 2 – Ptn. 1 of Erf 1908 Erasmus	-	8 481 595
Echo Canyon Trading (Pty) Ltd – 463 and 465 Hanny Street	402 333	5 605 527
EGC Properties CC – Browning Street	5 748 496	5 748 496
Erf 85 Newtown CC – Erf 269 Richmond	3 159 423	-
Fundzo Trading (Pty) Ltd – Portion 15 of Erf 8489 Protea North	1 415 602	5 057 826

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Figures in Rand	2016	2015
FV Trading Enterprises (Pty) Ltd – Erf 193 Duncanville	8 023 111	8 832 415
GNI Real Estate – Erf 113 Pretoria North	4 048 084	-
Goldburg Property Development (Pty) Ltd – Erf 72 Kempton Park	3 741 455	-
Golden City Property (Pty) Ltd – Erf 533 & 534 Germiston	2 676 555	-
Hoewe 15 Doreg Landbouhoewes (Pty) Ltd – Ervens 1499 & 1450 Karen Park Ext 52 Pretoria	16 608 288	16 608 288
Ifizo (Pty) Ltd – Erf 733 Pretoria North	4 360 273	4 634 100
Ikamvelihle Trading Enterprises CC – Erf 953–956 Berea	-	2 591 909
Indigo Kulani Architects & Urban Planners (Pty) Ltd – Erf 1676 Benoni	-	892 652
Intuthuko Fund	1 187 847	3 162 847
K2014046411 South Africa (Pty) Ltd – Erf436 & 437 Bellevue East Johannesburg	3 397 400	-
KDM Properties (Pty) Ltd Erf 403	62 116	-
Kertrade 24CC – Erf 564 & 566 Springs	19 671	1 881 285
Kesef Properties (Pty) Ltd – Erf 343, 344, 345, 346, 347, 348, 387, 388 and 389	-	15 259 489
Kimovax (Pty) Ltd – Erf 419 and Erf 420 Cresslawn Kempton Park	5 486 834	7 086 000
KTN Property Management (Pty) Ltd – Parklane Hotel	655 101	655 101
Lakeside Development Company (Pty) Ltd – Erf 1373 Leachville	3 033 894	11 036 100
Landopoint (Pty) Ltd – Erf 905, 906 and 907 Kenilworth	2 047 071	9 112 135
Lavender Tree (Pty) Ltd – Erf 93, 94 and 95 Bertrams	4 258 425	10 583 700
Limapong Housing (Pty) Ltd – Erf 96, 121 and 122 Bertrams	3 777 601	-
Lukataedi (Pty) Ltd – Erf 739 Pretoria North	-	4 659 830
Madulamoho Housing Association – Riverside Ridge Project	-	22,834 300
Mahlahla Advancement Dynamics CC – Erf 442 Wolmer Pretoria	4 368 890	-
Makabongwe Property Holding (Pty) Ltd – Erf 983 Johannesburg	3 677 823	14 380 231
Masiszane Group (Pty) Ltd – Portion 0 of Erf 2909 Jeppestown	4 843 300	-
Meilijian Construction and Development CC – Erf 1614 Kempton Park	-	5 861 786
Meilijian Construction and Development CC – Erf 3597 Pomona Ext 75	12 720 516	13 065 197
Michaelson Investments (Pty) Ltd – Erf 658 Troyeville	3 748 563	3 750 915
Mokogoko Consulting CC– Erf 1760 Ga-Rankuwa	2 102 555	2 102 555
Mookehla Trading 001 (Pty) Ltd – Erf 883 Spartan Ext 26 Kempton Park	4 833 366	-
MUMA Property Investments (Pty) Ltd – Erf 978 Pretoria North	-	12 814 017
NBLR Properties (Pty) Ltd – Fleurhof Manor	2 804 755	10 931 447
Nelisa Properties (Pty) Ltd – Erf 388 Windsor	2 916 607	8 202 210
Ninarich Trading 3 (Pty) Ltd – Betty Street Precinct	145 807	145 807
Nonkwelo (Pty) Ltd – Erf 10 & 11 Hunter Street	493 483	1 478 630
Norvena Property Consortium	8 566 021	13 655 488
Ordicode (Pty) Ltd – Erf 2242, 2243, 2248 and 2249 Johannesburg	3 266 699	6 862 900
Phahamo Resources (Pty) Ltd – Erf 8993 Olivenhoutbosch Ext 36 Centurion	13 056 800	-
Property Best Investment (Pty) Ltd – Erf 3834 Eersterus Ext6	22 918 251	8 192 414
Property Kalcha (Pty) Ltd – Portion 1&2 of Erf 1871 Albertville Randburg	1 790 532	6 745 540
Proxisol (Pty) Ltd – Erven 31, 32, 33, 59 & 60 Betrams	8 591 312	-
Rainbow Beach Trading 261 (Pty) Ltd – Sondela Village Daggafontein	650 000	650 000
Redformationz Holdings (Pty) Ltd – Erf 4862 Birch Acres Ext 32	9 745 745	14 673 600
Sabiglo (Pty) Ltd – Erf 301 Windsor West Randburg	8 004 369	8 170 155
Sakhazonke Investments (Pty) Ltd – Erf 252 Kempton Park	6 931 275	7 415 792
Figures in Rand	2016	2015

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24. Commitments (continued)

Sam Lubbe Investments CC – Erf 1654 Germiston	8 227 219	9 750 000
Seco Developments (Pty) Ltd – Erf 96, 121 and 122 Bertrams	-	10 583 666
Sethitho Projects CC – Erf 1191 Rayton Extension 7	3 306 281	-
Sheran Investments (Pty) Ltd – Klippoortjie Agricultural Lots	7 615 713	-
Shukumani Trading Enterprises (Pty) Ltd – Erf 550 Bertrams	2 071 401	2 071 401
Simelani Business Solutions (Pty) Ltd – Erf 2682 Kempton Park	-	14 101 410
Somnitron (Pty) Ltd	15 000 000	15 000 000
Stormstrong (Pty) Ltd – Erf 299 Windsor Randburg	3 078 468	-
Sunnilaw Properties (Pty) Ltd – Glen Marias Ext 166 Township	18 311 758	18 311 758
Take Shape Properties 75 CC – Erf 4510 Johannesburg	370 295	2 269 596
Toproot Management (RF) (Pty) Ltd – Erf 1335 Pennyville	8 603 607	8 603 607
Toproot Management (RF) (Pty) Ltd – PTN 47 of Erf 2665 Riverlea	10 858 719	10 858 719
Tumaini Properties and Real Estate CC – Erf 52 & 53 New Doornfontein	915 346	1 118 408
Unires Project 1 (Pty) Ltd – Ka Isaka Seme Student Village	28 678 798	-
Valotorgue 199 CC – Erf 757 Pretoria North	-	7 829 770
Vuttomi Group (Pty) Ltd – Erf 347, 348, 349, and 350 Eldorette Ext 34 Pretoria North	10 715 300	-
Xylo Trading 253 CC – Portion 3 of Erf 2834 Ga-Rankuwa unit 2	9 319 477	10 221 314
Yeast City Housing – Thembelihle Village	48 085 150	48 085 150
Zwide & Dewa Investments (Pty) Ltd – Erf 424 & 425 Rhodesfield	20 868 715	20 902 559
	477 470 755	554 779 866

The obligation to Ace Pallets (Pty) Ltd – Portion 26 of Erf 381 Vanderbijl Park Central West 5 Extension 1 was approved by the Trustees.

The obligation to Alkara 7 (Pty) Ltd – Erf 816 & 817 Bronkhostspuit was cancelled during the year.

The obligation to Aquarella Investment 360 (Pty) Ltd – 85–87 Quartz Street was approved by the Trustees. The facility has been cancelled and provided for as a provision for doubtful debts. (Refer to note 3).

The obligation to Begin All Investments (Pty) Ltd – Erf 89, 90 and 91 Bertrams was approved by the Trustees. The loan has reduced as the GPF is only funding the junior loan. R280 817 was paid out to the transferring attorneys as a guarantee. (Refer to note 5.)

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 Bravo Enterprise and Projects (Pty) Ltd – Erf 231 Kempton Park located on 26 Kempton was approved by the Trustees.

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

The obligation to Bua Africa (Pty) Ltd – Erf 2918 Kempton Park was approved by the Trustees. The borrower has started drawing down. (Refer to note 3). The loan was renegotiated resulting in an increase in the loan.

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

The obligation to Castle Crest Properties 80 (Pty) Ltd – Erf 233 Kempton Park was approved by the Trustees. The borrower has fully drawn down. (Refer to note 3).

The obligation to Certum Estate 130 (Pty) Ltd Previously Obtein Investments (Pty) Ltd was approved by the Trustees. The

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24. Commitments (continued)

borrower has started drawing down. (Refer to note 3).

The obligation to Cicima Property Management Solutions (Pty) Ltd – Erf 1686 Benoni was approved by the Trustees.

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 has increased as the loan has been restructured.

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

The obligation to Eable Properties (Pty) Ltd – 8186 Olivenhoutbosch was approved by the Trustees.

The obligation to Eagle Valley Property 41 (Pty) Ltd – Ptn.1 of Erf 1908 Erasmus Phase 1 was approved by the Trustees. The borrower has fully drawn down. (Refer to note 3).

The obligation to Eagle Valley Property 41 (Pty) Ltd – Ptn.1 of Erf 1908 Erasmus Phase 2 was approved by the Trustees. The borrower has started drawing down. (Refer to note 3).

The obligation to Echo Canyon Trading (Pty) Ltd – 463 and 465 Hanny Street was approved by the Trustees. The borrower has started drawing down. (Refer to note 3).

The obligation to EGC Properties CC – Browning Street was approved by the Trustees. The borrower has started drawing down. (Refer to note 3). R3 006 692 was paid out to the transferring attorneys as a guarantee. (Refer to note 5).

The obligation to Erf 85 Newtown CC – Erf 269 Richmond 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 borrower has started drawing down. (Refer to note 3).

The obligation to FV Trading Enterprises (Pty) Ltd – Erf 193 Duncanville was approved by the Trustees. The borrower has started drawing down. (Refer to note 3).

The obligation to GNI Real Estate – Erf 113 Pretoria North was approved by the Trustees.

The obligation to Goldberg Property Development (Pty) Ltd – Erf 72 Kempton Park was approved by the Trustees.

The obligation to Golden City Property (Pty) Ltd – Erf 533 & 534 Germiston was approved by the Trustees.

The obligation to Hoewe 15 Doreg Landbouhoewes (Pty) Ltd – Ervens 1499 & 1450 Karen Park Ext 52 was approved by the Trustees.

The obligation to Ifizo (Pty) Ltd – Erf 733 Pretoria North was approved by the Trustees.

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

The obligation to Indigo Kulani Properties (Pty) Ltd – Erf 1676 Benoni was approved by the Trustees. The borrower fully drawn down. (Refer to note 3).

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

The obligation to K2014046411 South Africa (Pty) Ltd – Erf 436 & 437 Bellevue East Johannesburg was approved by the Trustees.

The obligation to KDM Properties (Pty) Ltd – Erf 403 was approved by the Trustees. The borrower has fully drawn down. (Refer to note 3).

The obligation to Kertrade 24 CC – Erf 564 and 566 Springs was approved by the Trustees. The obligation has increased as loan

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24. Commitments (continued)

has been restructured. The borrower has started drawing down. (Refer to note 3).

The obligation to Kesef Properties (Pty) Ltd – Erf 343, 344, 345, 346, 347, 348, 387, 388 and 389 was approved by the Trustees. The borrower has fully drawn down. (Refer to note 3).

The obligation to Kimovax (Pty) Ltd – Erf 419 and Erf 420 Cresslawn Kempton Park 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 Lakeside Developments (Pty) Ltd – Erf 1373 Leachville was approved by the Trustees. The borrower has started drawing down. (Refer to note 3).

The obligation to Landopoint (Pty) Ltd – Erf 905, 906 and 907 Kenilworth was approved by the Trustees. The borrower has started drawing down.

The obligation to Limapong Housing (Pty) Ltd – Erf 96,121 and 122 Bertrams was approved by the Trustees. R280 817 was paid out to the transferring attorneys as a guarantee. (Refer to note 5).

The obligation to Lavender Tree (Pty) Ltd – Erf 93, 94 and 95 Bertrams was approved by the Trustees.

The obligation to Lerakara Family Investments Trust – Erf 1760 Ga-Rankuwa was approved by the board. The entity converted into a close corporation and became Mokogoko Consulting CC.

The obligation to Lukataedi (Pty) Ltd – Erf 739 Pretoria North was approved by the Trustees. The borrower has fully drawn down. (Refer to note 3).

The obligation to Madulamoho Housing Association – Riverside Ridge Project was cancelled during the year.

The obligation to Mahlahla Advancement Dynamics CC – Erf 442 Wolmer Pretoria was approved by the Trustees.

The obligation to Makabongwe Property Holding (Pty) Ltd – Erf 983 Johannesburg was approved by the Trustees. The borrower has started drawing down. (Refer to note 3).

The obligation to Masiszane Group (Pty) Ltd – Portion 0 of Erf 2909 Jeppestown was approved by the Trustees.

The obligation to Meilijian Construction and Development CC – Erf 1614 Kempton Park was approved by the Trustees. The borrower has fully drawn down. (Refer to note 3).

The obligation to Meilijian Construction and Development CC – Erf 3597, Pomona Ext 75 was approved by the Trustees.

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

The obligation to Mokogoko Consulting CC – Erf 1760 Ga-Rankuwa was approved by the board.

The obligation to Mookehla Trading 001 (Pty) Ltd – Erf 883 Spartan Ext 26 Kempton Park was approved by the Trustees.

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

The obligation to NBLR Properties (Pty) Ltd – Fleurhof Manor was approved by the Trustees.

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

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

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

24. Commitments (continued)

drawing down. (Refer to note 3).

The obligation to Norvena Property Consortium – O’ Reilly Street was approved by the Trustees.

The obligation to Ordicode (Pty) Ltd Erf 2242, 2243, 2248 and 2249 Johannesburg was approved by the Trustees.

The obligation to Phahamo Resources (Pty) Ltd – Erf 8993 Olivenhoutbosch Ext 36 Centurion was approved by the Trustees.

The obligation to Property Best Investments (Pty) Ltd – Erf 3834 Eersterus Ext 6 was approved by the Trustees.

The obligation to Property Kalcha (Pty) Ltd – Portion 1&2 of Erf 1871 Albertville, Randburg was approved by the Trustees. The borrower has started drawing down. (Refer to note 3).

The obligation to Proxisol (Pty) Ltd – Erven 31, 32, 33, 59 & 60 Bertrams was approved by the Trustees.

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

The obligation to Redformationz Holdings (Pty) Ltd – Erf 4862 Birch Acres Ext 32 was approved by the Trustees. The borrower has started drawing down. (Refer to note 3).

The obligation to Sabiglo (Pty) Ltd – Erf 301 Windsor West Randburg was approved by the Trustees. The borrower has started drawing down. (Refer to note 3).

The obligation to Sakhazonke Investments (Pty) Ltd – Erf 252 Kempton Park was approved by the Trustees. The borrower has started drawing down. (Refer to note 3).

The obligation to Sam Lubbe Investments CC – Erf 1654 Germiston was approved by the Trustees.

The obligation to Seco Developments (Pty) Ltd – Erf 96, 121 and 122 Bertrams was approved by the Trustees. The entity changed to Limapong Housing (Pty) Ltd. R280 817 was paid out to the transferring attorneys as a guarantee.

The obligation to Sethitho Projects CC – Erf 1191 Rayton Extension 7 was approved by the Trustees.

The obligation to Sheran Investment (Pty) Ltd – Klippoortjie Agricultural Lots was approved by the Trustees.

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

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

The obligation to Somnitron (Pty) Ltd for pension backed loans was approved by the Trustees.

The obligation to Stormstrong (Pty) Ltd – Erf 299 Windsor Randburg was approved by the Trustees.

The obligation to Sunnilaw Property (Pty) Ltd – Glen Marias Ext 166 Township was approved by the Trustees.

The obligation to Take Shape Properties 75 CC – Erf 4510 Johannesburg was approved by the Trustees. The borrower has started drawing down. (Refer to note 3).

The obligation to Toproot Management (Pty) Ltd – Erf 1335 Pennyville was approved by the Trustees.

The obligation to Toproot Management (Pty) Ltd – Erf PTN 47 of Erf 2665 Riverlea 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 borrower has started drawing down. (Refer to note 3).

The obligation to Unires Project 1 (Pty) Ltd – Ka Isaka Seme Student Village was approved by the Trustees.

24. Commitments (continued)

The obligation to Valotorgue 199CC – Erf 757 Pretoria North was approved by the Trustees. The borrower has fully drawn down. (Refer to note 3).

The obligation to Vuttomi Group (Pty) Ltd – Erf 347, 348, 349 and 350 Eldorette Ext 34 Pretoria North was approved by the Trustees.

The obligation to Xylo Trading 253 CC – Portion 3 of Erf 2834 Ga-Rankuwa Unit 2 was approved by the Trustees.

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

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

25. Related parties

Relationships

Executive authority
 Partner for Entrepreneur Property Fund

Gauteng Department of Human Settlements
 Department of Trade and Industry

Related party balances

The Trust was founded by the Gauteng Department of Human Settlements as an independent entity in the form of a non-profit Trust. The Trust was established and registered in terms of the Trust Property Control Act.

Gauteng Department of Human Settlements

Figures in Rand	2016	2015
Grants received	200 000 000	100 170 419

The Trust received a government grant during the year of R200 000 000 (2015:R100 170 419). (Refer to note 9)

Figures in Rand	2016	2015
Gauteng Department of Human Settlements		
Kliptown Project	-	3 750 573
Hostels Project and other programmes	-	1 113 538
Subsidies and ACHRIWAAN programmes	118 927 318	149 918 640
	118 927 318	154 782 751

A service level agreement has been entered into between the Trust and the Founder where the Trust expedites payments to contractors and consultants for various projects (Refer to note 12).

Related party transactions

Figures in Rand	2016	2015
Non-executive Trustees fees		
Z Fihlani	331 965	290 718
L Khangala	368 436	264 088
L Makibinyane	153 137	317 887
D Maphatiane	242 792	172 534
P Mphahlele (Chairperson Fees)	293 649	213 331
M Leshabane	255 188	134 228
S Mbanjwa	323 815	226 567
	1 968 982	1 619 353

25. Related parties (continued)

Figures in Rand	2016	2015
Executive Management – Chief Executive Officer		
Basic	2 253 702	2 288 550
Performance bonus	730 460	602 317
Retirement annuity contribution, medical aid and life cover	225 310	139 847
	3 209 472	3 030 714
Executive Management – Chief Financial Officer		
Basic	1 839 217	1 738 326
Acting allowance	-	39 657
Performance bonus	427 057	436 262
Retirement annuity contribution, medical aid and lifecover	124 102	115 159
	2 390 376	2 329 404
Executive Management – Chief Investment Officer		
Basic	1 815 268	1 508 512
Acting allowance	-	177 020
Performance bonus	422 024	333 478
Retirement annuity contribution, medical aid and life cover	123 229	101 927
	2 360 521	2 120 937

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

Department of Trade and industry

Figures in Rand	2016	2015
Entrepreneur Empowerment Property Fund	2 969 361	1 426 519

The GPF has entered into an agreement with the Department of Trade and Industry (DTI) whereby 50% of the consulting for the Entrepreneur Empowerment Property Fund's expenses paid by the Trust are reimbursed by the DTI. (Refer to note 16).

26. Financial risk management and objectives

Objective

The Trust's principal financial instruments comprise financial instruments at fair value, 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 financial instruments at fair value, loans and receivables from exchange transactions and cash and cash equivalents is to assist Social Housing Institutions to leverage funding from private financial institutions, in line with one of the objectives of the Trust. The receivables from exchange transactions, payables from exchange transactions, finance lease and obligations arise directly from the Trust's operations.

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

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

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26. Financial risk management and objectives (continued)**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's assets whilst still enabling fulfilment of the Trust mandate. The Trust manages liquidity risk through regular monitoring of financial assets. The forecasted cash flows considers the maturity of its financial assets and project cash flows from operations. Adequate reserves and liquid resources are also maintained. The following table sets forth details of the remaining contractual maturities of financial assets and liabilities as at 31 March 2016. Liquidity risk is currently 32% (2015: 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 Rands	Due or due not later than one month	Due later than one month but not later than three months	Due later than three months but not later than one year	Due later than one year but not later than five years	Due later than five years	Total
Financial Assets 2016						
Financial instruments at fair value	-	8 000 000	-	-	-	8 000 000
Financial instruments at fair value	-	8	-	-	-	8
Loans and receivables from exchange transactions	3 276 566	8 817 586	55 025 725	368 373 816	368 373 816	1 074 330 239
Cash and cash equivalents	815 048 544	-	-	-	-	815 048 544
Receivables from exchange transactions	8 105 875	-	-	-	-	8 105 875
	826 430 985	16 817 594	55 025 725	368 373 816	638 836 546	1 905 484 666
Financial and Non-financial Liabilities 2016						
Payables from exchange transactions	(1 747 004)	-	-	-	-	(1 747 004)
Non-financial liabilities						
Finance lease	(32 562)	(64 749)	(270 936)	(261 165)	-	(629 412)
Gauteng Department of Human Settlements	(118 927 318)	-	-	-	-	(118 927 318)
Provisions	-	-	-	-	-	(4 834 288)
Commitments	-	-	-	-	-	(477 470 755)
	(120 706 884)	(64 749)	(5 105 224)	(261 165)		(603 608 777)
	705 724 101	16 752 845	49 920 501	368 112 651	638 836 546	1 301 875 889

26. Financial risk management and objectives (continued)

Figures in Rands	Due or due not later than one month	Due later than one month but not later than three months	Due later than three months but not later than one year	Due later than one year but not later than five years	Due later than five years	Total
Financial Assets 2015						
Financial instruments at fair value	-	-	8 000 000	-	-	8 000 000
Loans and receivables from exchange transactions	3 336 914	3 180 748	24 493 876	204 947 012	453 969 875	689 928 425
Cash and cash equivalents	802 121 736	-	450 000	-	-	802 571 736
Receivables from exchange transactions	11 150 641	-	-	-	-	11 150 641
	816 609 291	3 180 748	32 943 876	204 947 012	453 969 875	1 511 650 802
Financial and Non-financial Liabilities 2015						
Payables from exchange transactions	(1 298 550)	-	-	-	-	(1 298 550)
Non Financial liabilities	-	-	-	-	-	-
Provisions	-	-	(6 850 230)	-	-	(6 850 230)
Finance lease	(23 169)	(32 340)	(118 060)	(95 059)	-	(268 628)
Operating lease	(279 056)	(558 112)	(2 511 504)	-	-	(3 348 672)
Deposits held on behalf of Gauteng Department of Human Settlements	(154 782 751)	-	-	-	-	(154 782 751)
Commitments	-	-	-	-	-	(554 779 866)
	(156 383 526)	(590 452)	(9 479 794)	(95 059)	-	(721 328 697)
	660 225 765	2 590 296	23 464 082	204 851 953	453,969,875	790 322 105

Interest rate risk

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

Interest rate risk table

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant of the Trust's surplus (through the impact of floating rate loans). The effect on surplus has been determined by calculating an increase or decrease of 125 basis points on the current interest rates of the receivables from exchange transaction and interest received from banks. Management considers a range of 125 basis points increase or decrease to be reasonable for the analysis. There is no impact on the Trust's net assets.

26. Financial risk management and objectives (continued)

	Increase/ decrease in basis points	Effect on surplus (R'000)
2016		
Effect of an increase in basis points on surplus	125	928
Effect of a decrease in basis points on surplus	(125)	(928)
2015		
Effect of an increase in basis points on surplus	25	144
Effect of a decrease in basis points on surplus	(25)	(144)

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 financial instruments at fair value debt instruments, receivables from exchange transaction, cash and cash equivalents and loans and receivables from exchange transactions. Credit risk is managed internally by ensuring that investments are made only after assessing and evaluating the Social Housing Institutions management capacity and project feasibility. The method for measuring credit risk is the ongoing monitoring of financial assets. The Gauteng Partnership Fund's credit risk exposure arises from default of the counterparty, with a maximum exposure of R1 323 434 922 (2015: R1 153 195 255) 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:

Credit Exposure

Class of financial instrument	Credit risk exposure	Collateral	Repayment terms	Credit quality of financial assets that are neither past due or impairment
Ace Pallets (Pty) Ltd – Portion 26 of Erf 381 Vanderbijl Park Central West 5 Extension 1	4 558 568	Mortgage bond held by the Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 31/03/2036	Performing
Aquarella Investment 360 (Pty) Ltd – 85–87 Quartz	2 068 698	Mortgage bond held by the Gauteng Partnership Fund for the total loan	One years from disbursement date with a final repayment on 30/11/2032	Provision for doubtful debts
Bixowise CC t/a Kingdom Properties CC	1 753 179	Mortgage bond held by the Gauteng Partnership Fund for the total loan	One years from disbursement date with a final repayment on 30/09/2027	Performing
BM Molefi Properties 241 (Pty) Ltd – Kgorong Estate	10 898 415	Mortgage bond held by the Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 31/01/2033	Provision for doubtful debts
Brickfields Housing Company (Pty) Ltd	12 875 738	Mortgage bond held by the Gauteng Partnership Fund for the total loan	Redemption date in on 01/04/2016	Performing
Bruzar Consulting Engineers (Pty) Ltd – Erven 484, 485 & 487 Ferndale	474 967	Mortgage bond held by the Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 31/06/2035	Performing
BUA Africa (Pty) Ltd – Erf 2918 Kempton Park	15 480 273	Mortgage bond held by the Gauteng Partnership Fund for the total loan	2 years from disbursement date with a final repayment on 31/12/2035	Impaired

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Class of financial instrument	Credit risk exposure	Collateral	Repayment terms	Credit quality of financial assets that are neither past due or impairment
Cape Gannet Properties 175 (Pty) Ltd – Erf 42 Kempton Park	2 598 371	Mortgage bond held by the Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 31/05/2033	Performing
Cape Gannet Properties 175 (Pty) Ltd – Erf 42 Kempton Park	2 598 371	Mortgage bond held by the Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 31/05/2033	Performing
Castle Crest Properties 80 (Pty) Ltd – Erf 504 Pretoria	2 932 870	Mortgage bond held by the Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 31/12/2032	Performing
Castle Crest Properties 80 (Pty) Ltd – Erf 233 Kempton Park	8 882 348	Mortgage bond held by the Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 31/09/2034	Impaired
Certum Estate 130 (Pty) Ltd – Erf 233 Kempton Park	8 444 403	Mortgage bond held by the Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 31/10/2029	Impaired
Cicima Property Management Solutions (Pty) Ltd – Erf 1686 Benoni	15 109	Mortgage bond held by the Gauteng Partnership Fund for the total loan	Five years from disbursement date with a final repayment on 30/02/2026	Performing
Clare Water (Pty) Ltd – Erf 1509 Discovery, Roodepoort	4 478 356	Mortgage bond held by the Gauteng Partnership Fund for the total loan	Two years from disbursement date with a final repayment on 31/12/2032	Impaired
Clidet No.1024 (Pty) Ltd – 44 Wanderers	5 573 20	Mortgage bond held by the Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 31/03/2035	Performing
Comu Property Developers CC – 3103 Glen Marias	5 330 481	Mortgage bond held by the Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 31/07/2028	Impaired
Comucap (Pty) – 88 Relly Street	1 072 284	Mortgage bond held by the Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 31/12/2028	Provision for doubtful debts
Crimson Clover Trading 11 (Pty) Ltd – Ascot Fashion House	3 695 920	Mortgage bond held by the Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 31/05/2032	Performing
DNM Estate CC – Erf 517 & 518 City and Suburban	5 674 197	Mortgage bond held by the Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 31/11/2034	Impaired
Eagle Valley Property 41 (Pty) Ltd Phase1 – Portion1 of Erf 1908, Erasmus	4 598 856	Mortgage bond held by the Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 31/09/2034	Performing
Eagle Valley Property 41 (Pty) Ltd Phase2 – Portion1 of Erf 1908, Erasmus	4 754 083	Mortgage bond held by the Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 28/02/2035	Performing

26. Financial risk management and objectives (continued)

Class of financial instrument	Credit risk exposure	Collateral	Repayment terms	Credit quality of financial assets that are neither past due or impairment
Echo Canyon Trading (Pty) Ltd – 463 and 465 Hanny Street	4 865 350	Mortgage bond held by the Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 30/09/2030	Performing
Erf 273 Parktown Estate CC – Parktown Place Development	6 682 923	Mortgage bond held by the Gauteng Partnership Fund for the total loan	18 months from disbursement date with a final repayment in 31/12/2033	Performing
Fundzo Trading (Pty) Ltd – Portion 15 of Erf 8489 Protea North	5 129 311	Mortgage bond held by the Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 31/12/2033	Performing
FV Trading Enterprises (Pty) Ltd – Erf 193 Ducanville	1 042 295	Mortgage bond held by the Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 31/03/2036	Performing
Golden City Property (Pty) Ltd – Erf 533 & 534 Germiston	1 273 318	Mortgage bond held by the Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 30/04/2036	Performing
GNI Real Estate – Erf 113 Pretoria North	595 492	Mortgage bond held by the Gauteng Partnership Fund for the total loan	Five years from disbursement date with a final repayment on 30/02/2026	Performing
Highlands Urban Living (Pty) Ltd – Highlands Lofts	3 847 636	Mortgage bond held by the Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 31/01/2024	Provision for doubtful debts
Indigo Kulani Properties (Pty) Ltd – Erf 1676 Benoni	5 279 276	Mortgage bond held by the Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 31/08/2033	Performing
Ifizo (Pty) Ltd – Erf 733 Pretoria North	11 809	Mortgage bond held by the Gauteng Partnership Fund for the total loan	Five years from disbursement date with a final repayment on 31/05/2024	Performing
Ikamvelihle Trading Enterprises CC – Erf 953–956 Berea	4 371 901	Mortgage bond held by the Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 31/08/2033	Impaired
KDM Properties (Pty) Ltd – Erf 403	4 046 204	Mortgage bond held by the Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 28/02/2034	Performing
Kertrade CC – Erf 564 & 566 Springs	6 284 828	Mortgage bond held by the Gauteng Partnership Fund for the total loan	18 months from disbursement date with a final repayment on 30/06/2035	Performing
Kesef Properties (Pty) Ltd – Erf 343, 344, 345, 346, 347, 348, 387,388 and 389 New Doornfontein Johannesburg	13 576 434	Mortgage bond held by the Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 30/11/2030	Performing
Kimovax (Pty) Ltd – Erf 419 and Erf 420 Cresslawn, Kempton Park	689 800	Mortgage bond held by the Gauteng Partnership Fund for the total loan	Five years from disbursement date with a final repayment on 31/08/2023	Performing

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26. Financial risk management and objectives (continued)

Class of financial instrument	Credit risk exposure	Collateral	Repayment terms	Credit quality of financial assets that are neither past due or impairment
KTN Properties (PTY) Ltd – Parklane	119 613	Mortgage bond held by the Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 31/07/2018	Performing
Johannesburg Housing Company (Pty) Ltd – 117 Pritchard Street	8 148 518	Mortgage bond held by the Gauteng Partnership Fund for the total loan	One month from disbursement date with a final repayment on 31/02/2028	Performing
Johannesburg Housing Company (Pty) Ltd – Crest Hotel	10 698 911	Mortgage bond held by the Gauteng Partnership Fund for the total loan	One month from disbursement date with a final repayment on 31/03/2028	Performing
Johannesburg Housing Company (Pty) Ltd – Hlanganani	10 426 888	Mortgage bond held by the Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 30/09/2024	Performing
Lakeside Developments (Pty) Ltd – Erf 1373 Leachville	896,381	Mortgage bond held by the Gauteng Partnership Fund for the total loan	18 months from disbursement date with a final repayment on 29/02/2036	Performing
Landopoint (Pty) Ltd – Erf 905, 906 and 907 Kenilworth	1 847 630	Mortgage bond held by the Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 30/06/2034	Impaired
Lisinfo 282 Property (Pty) Ltd – Erf 1952 Malvern	3 532 393	Mortgage bond held by the Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 31/03/2033	Performing
Lukataedi (Pty) Ltd – Erf 1952 Malvern	8 364 398	Mortgage bond held by the Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 31/12/2034	Impaired
Madulamoho Housing Association – Allenby	1 964 527	Mortgage bond held by the Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 31/10/2024	Performing
Madulamoho Housing Association – Fleurhof Views	17 761 867	Mortgage bond held by the Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 31/01/2027	Performing
Madulamoho Housing Association – Jabulani	19 203 873	Mortgage bond held by the Gauteng Partnership Fund for the total loan	Six months from disbursement date with a final repayment on 31/03/2028	Performing
Makabongwe Property Holding (Pty) Ltd – Erf 983 Johannesburg	4 941 769	Mortgage bond held by the Gauteng Partnership Fund for the total loan	One and a half years from disbursement date with a final repayment on 31/03/2036	Performing
Mahlahla Advancement Dynamics CC – Erf 442 Wolmer Pretoria	1 409 220	Mortgage bond held by the Gauteng Partnership Fund for the total loan	18 months from disbursement date with a final repayment on 31/10/2036	Performing
Meilijian Construction and Development CC – Erf 232, Kempton Park	2,046,416	Mortgage bond held by the Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 30/09/2027	Performing
Meilijian Construction and Development CC – Erf 24, Kempton Park	7 779 808	Mortgage bond held by the Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 31/03/2034	Performing

26. Financial risk management and objectives (continued)

Class of financial instrument	Credit risk exposure	Collateral	Repayment terms	Credit quality of financial assets that are neither past due or impairment
Meilijian Construction and Development CC – Erf 1614, Kempton Park	3 702 337	Mortgage bond held by the Gauteng Partnership Fund for the total loan	18 months from disbursement date with a final repayment on 28/02/2035	Performing
Meilijian Construction and Development CC – Erf 27, Kempton Park	8 486 353	Mortgage bond held by the Gauteng Partnership Fund for the total loan	Two years from disbursement date with a final repayment on 31/06/2034	Performing
Meilijian Construction and Development CC – Erf 3597, Pomona Ext 75	283 178	Mortgage bond held by the Gauteng Partnership Fund for the total loan	18 months from disbursement date with a final repayment on 31/04/2036	Performing
Michaelson Investments (Pty) Ltd – Erf 658 Troyeville	1 441 937	Mortgage bond held by the Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 30/11/2033	Performing
Multidirect Investments 8 (Pty) Ltd – Erf 978 Pretoria North	4 862 875	Mortgage bond held by the Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 31/07/2034	Performing
Muma Properties Investments (Pty) Ltd – Erf 978 Pretoria North	7 587 300	Mortgage bond held by the Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 31/05/2035	Performing
NBLR Properties (Pty) Ltd – Ext 2551,2552 & 2553, Fleurhof Ext 20	5 913 944	Mortgage bond held by the Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 31/12/2035	Performing
Nelisa Properties (Pty) Ltd – Erf 388 Windsor	953 054	Mortgage bond held by the Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 31/05/2034	Impaired
Ninarich Trading 3 (Pty) Ltd – Betty Street Precinct	16 948 518	Mortgage bond held by the Gauteng Partnership Fund for the total loan	Two years from disbursement date with a final repayment on 31/03/2035	Performing
Nonkwelo (Pty) Ltd – Erf 10 & 11 Hunter Street	4 278 866	Mortgage bond held by the Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 31/05/2034	Impaired
Norvena Property Consortium – O'Reilly Street	8 323 615	Mortgage bond held by the Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 31/03/2030	Performing
Norvena Property Consortium – Norvena Court	2 137 701	Mortgage bond held by the Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 31/01/2031	Performing
Ordicode (Pty) Ltd – Erf 2242, 2243, 2248 and 2249 Johannesburg	2 431 141	Mortgage bond held by the Gauteng Partnership Fund for the total loan	18 months from disbursement date with a final repayment on 29/02/2036	Performing
Property Kalcha (Pty) Ltd – Portion 1&2 of Erf 1871 Albertville, Randburg	454 894	Mortgage bond held by the Gauteng Partnership Fund for the total loan	Five years from disbursement date with a final repayment on 31/05/2024	Performing

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26. Financial risk management and objectives (continued)

Class of financial instrument	Credit risk exposure	Collateral	Repayment terms	Credit quality of financial assets that are neither past due or impairment
Rainbow Beach Trading 261 (Pty) Ltd – Sondela Village Daggafontein	11 610 197	Mortgage bond held by the Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 31/08/2028	Performing
Redformationz Holding (Pty) Ltd – Erf 4862 Birch Acres Ext 32	3 476 641	Mortgage bond held by the Gauteng Partnership Fund for the total loan	Two years from disbursement date with a final repayment on 30/09/2025	Performing
Rivavect Investments (Pty) Ltd – Central House	4 555 792	Mortgage bond held by the Gauteng Partnership Fund for the total loan	One month from disbursement date with a final repayment on 31/03/2029	Performing
Sabiglo (Pty) Ltd – Erf 301, Windsor West, Randburg	1 112 693	Mortgage bond held by the Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 30/09/2034	Impaired
Sakhazonke Investment (Pty) Ltd – Erf 252, Kempton Park	273 429	Mortgage bond held by the Gauteng Partnership Fund for the total loan	Five years from disbursement date with a final repayment on 30/05/2023	Performing
Sethitho Projects CC – Erf 1191, Rayton Extension 7	343 765	Mortgage bond held by the Gauteng Partnership Fund for the total loan	Five years from disbursement date with a final repayment on 31/05/2016	Performing
Simelani Business Solutions (Pty) Ltd – Erf 2682 Kempton Park	6 038 923	Mortgage bond held by the Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 31/05/2035	Performing
Shukumani Trading Enterprises (Pty) Ltd Erf 550 Bertrams	2 093 684	Mortgage bond held by the Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 30/06/2033	Impaired
SOA Residential Village (Pty) Ltd – Erf 1532 Selcourt Springs	4 789 662	Mortgage bond held by the Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 30/11/2033	Impaired
Stormstrong (Pty) Ltd – Erf 299, Windsor, Randburg	276 602	Mortgage bond held by the Gauteng Partnership Fund for the total loan	Five years from disbursement date with a final repayment in 30/04/2026	Performing
Take shape Properties 75 CC – Erf 4510	8 358 660	Mortgage bond held by the Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 30/12/2034	Impaired
Tenitor Properties (Pty) Ltd – The Ridge Hotel	1	Mortgage bond held by the Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 30/04/2031	Provision for doubtful debts
Trust for Urban Housing Finance Intuthuko (Pty) Ltd	13 685 512	Mortgage bond held by the Gauteng Partnership Fund for the total loan	Ten years with a final repayment date on 31/10/2018	Performing
Tsebo Consumable Supplies (Pty) Ltd – Erf 256, Kempton Park	3 515 697	Mortgage bond held by the Gauteng Partnership Fund for the total loan	One year from disbursement with a final repayment date on 31/10/2032	Impaired
Tumaini Properties and Real Estate CC – Erf 52 & 53 New Doornfontein	2 744 406	Mortgage bond held by the Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 30/11/2033	Performing

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Class of financial instrument	Credit risk exposure	Collateral	Repayment terms	Credit quality of financial assets that are neither past due or impairment
Valortorgue 199CC – Erf 757	4 948 757	Mortgage bond held by the Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 28/02/2035	Performing
Yeast City Housing (Pty) Ltd – Tau Village	4 328 124	Mortgage bond held by the Gauteng Partnership Fund for the total loan	One year from disbursement with a final repayment date on 28/02/2035	Performing
Yeast City Housing (Pty) Ltd – Salvokop	5 421 155	Mortgage bond held by the Gauteng Partnership Fund for the total loan	One year from disbursement with a final repayment date on 30/06/2033	Performing
Xando Trade or Invest 614 (Pty) Ltd – Erf 324 Princess Ext 49, Roodepoort	10 259 944	Mortgage bond held by the Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 31/08/2034	Performing
Xylo Trading 253 CC – Portion 3 of Erf 2834 Ga-Rankuwa unit 2	965 866	Mortgage bond held by the Gauteng Partnership Fund for the total loan	One year from disbursement date with a final repayment on 31/08/2035	Performing
Zakhele Investment CC – Erf 257 Kempton Park	3 839 305	Mortgage bond held by the Gauteng Partnership Fund for the total loan	One year months years from disbursement with a final repayment date on 31/11/2032	Impaired
Zwide & Dewa Investments (Pty) Ltd – Erf 424 & 425 Rhodesfield	3 581 131	Mortgage bond held by the Gauteng Partnership Fund for the total loan	One year from disbursement with a final repayment date 31/01/2034	Performing
Receivables from exchange transactions	8 105 875			
Cash and cash equivalents	815 048 544			
Loans and receivables held-for-trade	65 461 797			
Current portion – financial instruments at fair value	7 793 622			
	1 323 434 922			

Concentration risk

The Gauteng Partnership Fund's risk is concentrated in the Gauteng social housing sector (for households earning less than R15 000) through structured funding instruments to Social Housing Institutions and Financial Institutions with the goal to attract fair priced private sector funding. Concentration risk is quantified at an amount of R623 971 618 (2015: R439 047 539) which is nominal balance of all loans at year end.

27. Financial and non-financial instruments

2016						
Figures in Rands	Loans and Receivables	Financial instruments at fair value	Other assets	Other Liabilities	Non financial instruments at amortised cost	Total
Financial Assets						
Current portion financial Instruments at fair value	-	7 793 622	-	-	-	7 793 622
Loans and Receivables from exchange transactions	427 025 084	-	-	-	-	427 025 089
Loans and receivables held-for- trade	65 461 797	-	-	-	-	65 461 797
Receivables from exchange transactions	-	-	8 105 875	-	-	8 105 875
Cash and cash equivalents	-	-	815 048 544	-	-	815 048 544
Non-financial Assets						
Intangible assets	-	-	-	-	196 729	196 729
Property, plant and equipment	-	-	-	-	2 396 567	2 396 567
Financial Liabilities						
Payables from exchange transactions	-	-	-	(120 674 322)	-	(120 674 322)
Non-Financial Liabilities						
Finance lease	-	-	-	-	(588 930)	(588 930)
Deferred Income	-	-	-	-	(288 239 546)	(288 239 546)
Operating lease	-	-	-	-	-	-
Provisions	-	-	-	-	(4 834 288)	(4 834 288)
	492 486 881	7 793 622	823 154 419	(120 674 322)	(291 069 468)	911 691 132

27. Financial and non-financial instruments (continued)

2015						
Figures in Rand	Loans and Receivables	Financial instruments at fair value	Other assets	Other Liabilities	Non financial instruments at amortised cost	Total
Financial Assets						
Financial instruments at fair value	-	2	-	-	-	2
Loans and Receivables from exchange transactions	339 472 878	-	-	-	-	339 472 878
Receivables from exchange transactions	-	-	11 285 367	-	-	11 285 367
Cash and cash equivalents	-	-	802 571 736	-	-	802 571 736
Non-financial Assets						
Intangible assets	-	-	-	-	376 501	376 501
Property, plant and Equipment	-	-	-	-	2 486 402	2 486 402
Financial Liabilities						
Payables from exchange transactions	-	-	-	(156 081 301)	-	(156 081 301)
Non-financial Liabilities						
Operating lease	-	-	-	-	(241 925)	(241 925)
Finance lease	-	-	-	-	(198 913)	(198 913)
Deferred Income	-	-	-	-	(264 853 602)	(264 853 602)
Provisions	-	-	-	-	(6 850 230)	(6 850 230)
	339 472 878	2	813 857 103	(156 081 301)	(269 281 767)	727 966 915

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:

Figures in Rand	Carrying amount 2016	Carrying amount 2015	Fair value 2016	Fair value 2015
Financial assets				
Financial instruments at fair value	7 793 622	2	7 793 622	2
Loans and receivables from exchange transactions	427 025 084	339 472 878	427 025 084	339 472 878
Receivables from exchange transactions	8 105 875	11 285 367	8 105 875	11 285 367
Cash and cash equivalents	815 048 544	802 571 736	815 048 544	802 571 736
Loans and receivables held-for-trade	65 461 797	-	65 461 797	-
	1 323 434 922	1 153 329 983	1 323 434 922	1 153 329 983
Financial Liabilities				
Non-financial liabilities – Finance lease obligation	588 930	198 913	588 930	198 913
Non-financial liabilities – Operating lease	-	241 925	-	241 925
Financial liabilities – Payables from exchange transactions	120 674 322	156 081 301	120 674 322	156 081 301
	121 263 252	156 522 139	121 263 252	156 522 139

27. Financial and non-financial instruments (continued)

Fair Value of Financial Instruments	Valuation technique – market observable inputs	Valuation technique combination for market and nonmarket observable inputs	Total 2016	Valuation technique – market observable inputs	Valuation technique combination for market and nonmarket observable inputs	Total 2015
Figures in Rand						
Financial Assets						
Current portion financial instruments at fair value	-	7 793 622	7 793 622	-	2	2
Loans and receivable held-fortrade	-	65 461 797	65 461 797	-	-	-
Loans and receivables from exchange transactions	-	427 025 084	427 025 084	-	339 472 878	339 472 880
	-	500 280 503	500 280 503	-	339 472 880	339 472 882
Non-financial Liabilities						
Finance lease	588 930	-	588 930	198 913	-	198 913
	588 930	-	588 930	198 913	-	198 913

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 2016. The discounted rates used to present value these cash flows taking both systematic and unsystematic risks into account. Systematic risk is market risk or the risk that cannot be diversified away. Unsystematic risk is asset specific risk.

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

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

Finance leases are capitalised at the lower of present value of minimum lease payments or fair value. The discounted rate used in calculating the present value of minimum lease payments is 9.75% for printers (which is the prime rate at date of inception) and 6% for the telephone system (which is the escalation of the lease).

Fair Value Hierarchy

The fair value hierarchy shall have the following levels:

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

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As at 31 March 2016, 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.

28. Net cash outflow from operating activities

Figures in Rand	2016	2015
Surplus	183 724 217	121 904 852
Adjustments for:		
Depreciation and amortisation	1 304 716	1 711 901
Loss/(Gain) on sale of assets and liabilities	(48 153)	(8 945)
Impairment reversal/(loss)	(7 145 871)	2 246 816
Fair value adjustments	29 266 495	32 989 118
Impairment of property, plant and equipment	137	76 055
Increase/(decrease) in operating movements in operating lease assets and accruals	(241 925)	6 125
Increase/(decrease) in provisions	(2 015 942)	3 216 803
Contract recovery fee transferred	(5 912 244)	(2 300 000)
Changes in working capital:		
Receivables from exchange transactions	3 179 492	63 679 276
Provision for doubtful debts	(19 689 779)	(19 905 647)
Payables from exchange transactions	(35 406 980)	(106 788 719)
Deferred income	(176 614 056)	(167 987 841)
Donations	200 000 000	72 917 473
Loans and receivable from exchange transactions	(87 401 821)	(91 252 089)
Loans and receivables held-for-trade	(65 461 797)	-
Difference in interest calculated and interest capitalised	(4 396 172)	(5 646 470)
	13 140 317	(95 141 292)

29. Contingencies

There are no potential third party claims against the entity.

30. Budget Comparison**Comparison between budget and actual amounts**

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

The GPF operated within its approved budget. The year to date actual expenditure was under budget by 19%.

This was mainly due to:

- timing of the payments.

Refer to Statement of Comparison of Budget and Actual Amounts.

31. Provision for doubtful debts

Figures in Rand	2016	2015
Loans and receivables from exchange transactions		
Aquarella Investments 360 (Pty) Ltd – 85–87 Quartz Street	2 068 698	-
BM Molefi Properties 241 (Pty) Ltd – Kgorong Estate	1 975 563	19 850 646
Comucap (Pty) Ltd – 88 Relly Street	1 072 283	-
Highlands Urban Living (Pty) Ltd – Highlands Lofts	3 847 635	-
Take Off Real Estate (Pty) Ltd – Jeppestown Project	-	55 001
Tenitor Properties (Pty) Ltd – The Ridge Hotel	10 725 600	-
	19 689 779	19 905 647

The loan to Aquarella Investments 360 (Pty) Ltd – 85–87 Quartz Street has been provided as a doubtful debt due to breach of contract. Management assesses the probability of recovery as 50% therefore half the loan has been provided for. The GPF is to sell the property on auction with the borrowers consent to mitigate the loss. (Refer to note 3).

The loan to BM Molefi Properties 241 (Pty) Ltd – Kgorong Estate has been provided as a doubtful debt due to breach of contract. Management assesses the probability of recovery as 50% therefore half the loan has been provided for. The GPF has instituted legal proceedings against the borrower. (Refer to note 3).

The loan to Comucap (Pty) Ltd – 88 Relly Street has been provided as a doubtful debt due to breach of contract. Management assesses the probability of recovery as 50% therefore half the loan has been provided for. The GPF has instituted legal proceedings against the borrower. (Refer to note 3).

The loan to Highlands Urban Living (Pty) Ltd – Highlands Loft has been provided as a doubtful debt due to breach of contract. Management assesses the probability of recovery as 50% therefore half the loan has been provided for. The GPF has instituted legal proceedings against the borrower. (Refer to note 3).

In the prior year the loan to Take Off Real Estate (Pty) Ltd – Jeppestown Project was provided for as a doubtful debt as a liquidation order was obtained by another creditor. The loan has been written off this year after lodging the claim with the liquidators. Nothing could be recovered. (Refer to note 3 & 33).

The loan to Tenitor Properties (Pty) Ltd – The Ridge Hotel has been provided as a doubtful debt due to breach of contract. Management assesses the probability of recovery as remote therefore the loan has been provided for. The GPF has instituted legal proceedings against the borrower. (Refer to note 3).

32. Gain on disposal of assets

Figures in Rand	2016	2015
Disposals		
Property, plant and equipment	48 153	8 945

Gain/(Loss) on disposal of assets relates to assets disposed.

33. Bad debts written off

Figures in Rand	2016	2015
Bad debts written off		
Take Off Real Estate (Pty) Ltd – Jeppestown Project	679 486	-

The loan to Take Off Real Estate (Pty) Ltd – Jeppestown Project has been written off as a liquidation order was obtained by another creditor. (Refer to note 3 & 31).

34. Prior period error

In the prior year the Trust capitalised one year software licenses. These licenses are now treated as pre-payments.

The effect of the change is as follows:

Figures in Rand	2016	2015
Statement of Financial Position		
Receivables from exchange transactions as previously stated	-	11 150 641
Add: Software licenses prepaid	-	134 726
Balance as restated (Refer note 5)	-	11 285 367
Statement of Financial Position		
Intangibles as previously stated	-	511 227
Less: Software licenses expensed	-	(134 726)
Balance as restated (Refer note 8)	-	376 501
Statement of financial performance		
Depreciation and amortisation	-	2 263 460
Amortisation reversed	-	(551 559)
Balance restated (Refer detailed income statement)	-	1 711 901

35. Change in estimate

Property, plant and equipment

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

Figures in Rand	Net Book Value derived using original estimate	Net Book Value derived using amended estimate	Increase in surplus from change in estimate
Leasehold improvements	9 009	435 311	426 302
Computer equipment	680 450	696 515	16 065
Office equipment	601 545	676 835	75 290
	1 291 004	1 808 661	517 657

(Refer to note 7).

DETAILED INCOME STATEMENT

Figures in Rand	Note(s)	2016	2015
Revenue			
Deferred income	9	176 614 056	167 897 841
Interest received from banks	15	42 607 547	38 079 895
Other income	16	19 982 562	5 676 519
Interest received from investments	14	42 001 164	28 481 648
Total revenue		281 205 329	240 135 903
Expenditure			
Employee related expenses	22	(33 974 791)	(31 798 977)
Depreciation and amortisation	7 & 8	(1 304 716)	(1 711 901)
Impairment loss on fixed assets	7	(137)	(76 055)
Finance costs	21	(51 293)	(29 853)
Provision for doubtful debts	31	(19 689 779)	(19 905 647)
Repairs and maintenance		(1 201 493)	(1 479 581)
General Expenses	18	(19 186 432)	(28 002 048)
Total expenditure		(75 408 641)	(83 004 062)
Operating surplus	17	205 796 688	157 131 841
Gain/(loss) on disposal of assets	16 & 32	48 153	8 945
Fair value adjustments	19	(29 384 453)	(32 989 118)
Impairment reversal/(loss) of loan and receivables from exchange transactions	20	7 145 871	(2 246 816)
		(22 072 471)	(35 226 989)
Surplus for the year		183 724 217	121 904 852
Attributable to:		183 724 217	121 904 852
Executive Authority – Gauteng Department of Human Settlements			

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PR174/2016
ISBN: 978-0-621-44625-8