ANNUAL REPORT 2022 | 2023

PPRA

PROPERTY PRACTITIONERS REGULATORY AUTHORITY

PROPERTY PRACTITIONERS REGULATORY AUTHORITY

ANNUAL REPORT 2022/23

Annual Report concerning the activities of the Property Practitioners Regulatory Authority.

Financial statements for the year ended 31 March 2023, in accordance with the requirements of the Public Finance Management Act, No. 1 of 1999, as amended.

PROPERTY PRACTITIONERS REGULATORY AUTHORITY

Annual Financial Statements for the year ended 31 March 2023

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PROPERTY PRACTITIONERS REGULATORY AUTHORITY

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GENERAL INFORMATION

Annual Financial Statements for the year ended 31 March 2023

NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES	The Property Practitioners Regulatory Authority (PPRA) has the responsibility to regulate, maintain and promote the conduct of property practitioners.
LEGAL FORM OF ENTITY	The Property Practitioners Regulatory Authority (PPRA) is a public entity of the National Department of Human Settlements established in February 2022 under the Property Practitioners Act 22 of 2019. (PPA).
REGISTERED OFFICE	63 Wierda Road East, Wierda Valley, Sandton 2196
POSTAL ADDRESS	Private Bag X10 Benmore 2010
CONTACT NUMBER	Tel: +27 87 285 3222
EMAIL	eab@theppra.org.za
WEBSITE	www.theppra.org.za
AUDITORS	Auditor-General South Africa
COMPANY SECRETARY	Mr Thapelo Kgari, BA (Law) LLB
BANKERS	ABSA Bank Limited Nedbank Limited

GLOSSARY OF TERMS

Annual Financial Statements for the year ended 31 March 2023

GLOSSARY OF TERMS

Annual Financial Statements for the year ended 31 March 2023

GLOSSARY OF COMMONLY USED TERMS AND ABBREVIATIONS	
ACT	Property Practitioners Act (No. 22 of 2019)
ACEO	Acting Chief Executive Officer
ACFO	Acting Chief Financial Officer
AGRC	Audit, Governance and Risk Committee
AGSA	Auditor-General of South Africa
APP	Annual Performance Plan
BOARD	Board of the PPRA
BBBEE	Broad-Based Black Economic Empowerment
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CHAIRMAN OF THE BOARD	Appointed in accordance with the Property Practitioners Act (No. 22 of 2019)
COID	Compensation for Occupational Injuries and Diseases
CPA	Consumer Protection Act (No. 68 of 2008), as amended or replaced from time to time
CPD	Continuing Professional Development
CPP	Candidate Property Practitioner
CRR	Capital Replacement Reserve
CSOS	Community Schemes Ombud Service
DBSA	Development Bank of South Africa
DHS	Department of Human Settlements
DPW	Department of Public Works
EAA ACT	Estate Agency Affairs Act (No. 112 of 1976), as amended
EAAB	Estate Agency Affairs Board
EAFF	Estate Agents Fidelity Fund
EDUCATION REGULATIONS	The Standard of Training of Estate Agents Regulations, 2008, published under Government Notice R633 in Government Gazette 31125 of 4 June 2008. These regulations became effective on 15 July 2008
EE	Employment Equity (2020)
EXCO	Executive Management of the Property Practitioners Regulatory Authority
ERP	Enterprise Resource Planning System
FETC	Further Education and Training Certificate
FIC	Financial Intelligence Centre Act (No. 38 of 2001), as amended or replaced from time to time
FIDELITY FUND	Estate Agents Fidelity Fund, established in terms of Section 12(1) of the Property Practitioners Act (No. 22 of 2019)
FFC	Fidelity Fund Certificate. The certificate is issued to qualifying property practitioners in terms of Section 47(3) of the Property Practitioners Act (No. 22 of 2019)
FLISP	Finance-Linked Individual Subsidy Programme

GLOSSARY OF COMMONLY USED TERMS AND ABBREVIATIONS	
GAMAP	Generally Accepted Municipal Accounting Practice
GDP	Gross Domestic Product
GRAP	Generally Recognised Accounting Practice
GROUP	The consolidated annual financial statements incorporate the annual financial statements of the Board and the Fund
HDF	Housing Development Fund
HDI	Human Development Index
HOA	Homeowners Associations
HR	Human Resources
IAS	International Accounting Standards
ISAs	International Standards on Auditing
ICT	Information and Communications Technology
IESA	Institute of Estate Agents of South Africa
IEANSA	The Independent Estate Agency Network of South Africa
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
IRBA	Independent Regulatory Body for Auditors
KING IV	The King Report on Governance for South Africa and the King Code of Governance Principles, 2009
KPI	Key Performance Indicator
LPC	Legal Practice Council
LP 01	One Learner — One Property Practitioner – Youth Programme
LP 14	Principalisation Candidacy Programme
MEC	Member of the Executive Council
MINISTER	The Honorable Minister of Human Settlements
MTSF	Medium Term Strategic Framework
NAMA	National Association of Managing Agents
NAR	National Association of Realtors
NC	National Certificate
NHFC	National Housing Finance Corporation SOC Ltd
NPPC	National Property Practitioners Council
NQF	National Qualifications Framework
NRF	National Research Foundation
ONE LEARNER	One Learner — One Property Practitioner – Youth Programme
OECD	Organisation for Economic Co-operation and Development
PAA	Public Audit Act (No. 25 of 2004)

GLOSSARY OF COMMONLY USED TERMS AND ABBREVIATIONS	
PAYE	Pay As You Earn
PFA	Pension Fund Adjudication
PFMA	Public Finance Management Act (No. 1 of 1999), as amended or replaced from time to time
PDE	Professional Designation Examination
PDI	Previously Disadvantaged Individuals
PPA	Property Practitioners Act (No. 22 of 2019)
PMS	Performance Management System
PPFF	Property Practitioner Fidelity Fund
PPI	Property Practice Institute
PPPFA	Preferential Procurement Policy Framework Act
PPP	Preferential Procurement Policy
PPR	Preferential Procurement Regulations
PPRA	Property Practitioners Regulatory Authority
PSC	Public Service Commission
PSCC	Property Sector Charter Council
PSTF	Property Sector Transformation Fund
PSRC	Property Sector Research Centre
QCTO	Quality Council for Trades and Occupations
RPL	Recognition of Prior Learning
RC	Registration Certificate
REBOSA	Real Estate Business Owners of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
SAP	SAP Business One Enterprise Resource Planning System
SAQA	South African Qualifications Authority, established in terms of Section 3 of the South African Qualifications Authority Act (No. 58 of 1995), as amended or replaced from time to time
SARS	South African Revenue Services
SLA	Service Level Agreement
SSETA	Services Sector and Education and Training Authority
SMME	Small Medium and Micro Enterprise
STRATEGIC PLAN	The 5-year PPRA Strategic Plan as required in terms of the PFMA and Treasury Regulations
TERS	Temporary Employee Relief Scheme Directive by Honourable Minister of Employment and Labour due to COVID-19
TR	Treasury Regulations issued in terms of Section 76 of the PFMA
UNISA	University of South Africa
VOASA	Vacation Ownership Association of South Africa

PPRA

PROPERTY PRACTITIONERS REGULATORY AUTHORITY

Annual Financial Statements for the year ended 31 March 2023

FOREWORD BY THE MINISTER

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FOREWORD BY THE MINISTER

Annual Financial Statements for the year ended 31 March 2023

Mmamoloko Kubayi, (MP)
MINISTER OF HUMAN SETTLEMENTS

FOREWORD

Although the South African economy has been growing at a slow rate, the real estate industry has consistently made a positive contribution to the Gross Domestic Product (GDP) of the annual report). Together with Finance and Business services, real estate is the largest industry in the economy (contributing almost a quarter of value added), thus a change in its fortunes typically has a noticeable impact on the GDP. The real estate's economic contribution will continue to grow as the increasing rate of urbanization continues to drive up the demand for properties, especially residential properties. Hence, the strengthening of the regulatory body for the sector is a critical element.

The promulgation of the Property Practitioners Act (PPA) in 2022, heralded a new phase in the history of property affairs regulation in our country. Amongst the numerous developments anticipated through the Act, the increase in the number of property categories and transformation of the sector were uppermost.

The Property Practitioners Regulatory Authority (PPRA), under the stewardship of the Board, has made significant strides in the quest towards the renewal of the entity. This includes overcoming the debilitating leadership challenges, some of which saw the erstwhile Chief Executive Officer being relieved of duties. This leadership crisis was manifested through, inter alia, organisational dysfunction as expressed through a qualified audit, organisational policies that required renewal and Information Technology (IT) systems that were out of touch with customer needs - thus posing a challenge on the organisation's ability to deliver cutting edge customer service.

Staff morale and motivation were also affected by leadership instability, consequently impacting on, and engendering a challenging organisational culture. Notwithstanding the challenges encountered, the organisation has been able to achieve some successes as evidenced through the "one learner, one property practitioner" programme.

The aim of the programme is to entrench a transformation agenda on all established and developing property entities. Moreover, transformation of the sector remains an important area of concern to which the PPRA must spare no effort to safeguard and ensure the sector becomes more inclusive and sustainable. The organisation had, through empowering legislation, also enhanced its enforcement role, thus increasing the number of compliant property practitioners. The organisation has also received clean audits of its Fidelity Fund and the Property Sector Transformation Fund. These achievements were however marred by slow progress being experienced on the issuance of Fidelity Fund Certificates, mainly attributable to an out of touch IT capability.

The appointment of the Chief Information Officer, a process completed towards the end of the year under review, was anticipated to be key in the transformation of the entity's IT challenges. Also, key were the appointment of other executive positions, inclusive of the C-Suite.

As I reflect on the 2022/23 financial year, I am confident that going forward, the PPRA will discharge its role with distinction. I am also excited that the appointment of the new executive team will drive the entity forward to ensure that we achieve our national mandate. I therefore express my gratitude to the capable and competent Board, led by Dr Steven Ngubeni who had steered the ship with discernible ability, the acting CEO, Ms. Thato Ramaili who had assumed and discharged her role with remarkable aplomb, the executive management, and all staff for staying the course and believing in the organisation's ability to deliver on our promise to our country.

MMAMOLOKO KUBAYI, MP
MINISTER OF HUMAN SETTLEMENTS

FOREWORD BY THE CHAIRPERSON

Annual Financial Statements for the year ended 31 March 2023

FOREWORD BY THE CHAIRPERSON

Annual Financial Statements for the year ended 31 March 2023

Dr Steven Ngubeni
CHAIRMAN OF THE BOARD

INTRODUCTION

The 2022/23 Annual Report marks the second Annual Report (AR) since our appointment to the Property Practitioners Regulatory Authority (PPRA) board, by the Minister of Human Settlements in November 2021. We understand our mandate to be to regulate the property practitioners with the interest of protecting the public who act as customers to the property practitioners. The year under review is not only our first year in office as the board, but it is also the first year, for the implementation of the Property Practitioners Act (PPA). Our journey during the year under review, has been a turbulent yet a very exciting and fulfilling one.

Cognisant of our mandate as the PPRA, our primary focus has been placed on the operationalisation of the reforms envisaged in the PPA, especially the establishment of the Property Sector Transformation Fund, the Property Sector Research Centre, the On-boarding of the new entrants (the additional twelve categories of the property practitioners now under the authority of the PPRA).

The PPRA made the right steps in establishing and setting in motion the transformation agenda, by establishing the transformation fund, entering into a partnership agreement with the National Research Foundation (NRF), in establishing the Property Sector Research Centre in order to fulfill the research agenda as set out in section 22 (4) of the Act. Notwithstanding the challenges of our Information Technology system, the PPRA has made a start towards on-board the new entrants.

EXECUTIVE LEADERSHIP

The termination of the former Chief Executive Officer's (CEO) contract which was brought about by the outcome of the forensic investigation, inevitably left a state of low staff morale, especially at the senior management and executive level. The PPRA had numerous vacancies at the executive level including the position of the Chief Financial Officer. This situation was best characterised as organisational instability and required an urgent resolution. Amongst others, this meant that the vacant executive and senior management positions had to be filled.

The new organisational structure, responsive to the requirements of the PPA, was adopted during the year under review. The recruitment process for all the executive positions, apart from the CEO's position, is almost finalised. This includes the position of the Chief Operations Officer. These positions are filled with incumbents of appropriate skill, experience, and qualifications. Even though the position of the CEO is not yet filled, it will soon be advertised, and the sector has been reacting positively to the leadership style of the acting CEO.

GOVERNANCE

The PPRA governance structures are based on the principles of independence and democratic centralism. Whilst the board is the Accounting Authority (AA) designate, has delegated all permissible powers and functions to the executive through the Acting Chief Executive Officer and the Chief Financial Officer. The issues requiring the board's decision and consideration are first subjected to the board's sub-committees to allow for broader consultation and thorough consideration, after which they are recommended to the board for finalisation. The board also took a decision to review the PPRA's operational practice regarding the remuneration of the board and its committees, to be in line with the national treasury guidelines.

The board has adopted the governance standards and practices as espoused in the King IV guidelines and recommendations. All board members, the company secretary, and the senior managers of the PPRA have undergone the Institute of Directors South Africa (IoDSA) training on governance, with emphasis on the application of King IV in the public sector. In the same spirit, each board member is currently pursuing accreditation with the IoDSA. This will ensure sustainable capacitation of the board on governance issues.

FINANCIAL PERFORMANCE

As the first financial year of the PPRA, this year was marked with challenges with the decline in the property market and fewer activities. This had a negative financial impact on the sector, and in return there was a slight decline in the number of registered property practitioners. The issuance of 3-year Fidelity Fund certificates assisted to cushion the financial hardship facing the property practitioners. At the same time, this led to an increase in the revenue collected by the PPRA. Revenue declined from the previous financial year due to the performance of the property sector.

The PPRA's on-boarding of the the additional 12 categories of property practitioners who now fall under the regulator in terms of the Property Practitioners Act. A milestone was achieved, and the internal audit function was appointed heralding an improvement in the internal operating environment of the entity that this function is now adequately performed, and the Audit, Governance and Risk Committee has reported their satisfaction with the progress made on the internal audit plan.

STAKEHOLDER RELATIONS

We have resolved to work closely with all our stakeholders, as an approachable and effective regulator committed to involve its stakeholders. We conducted several stakeholder engagements during the year. A critical area of focus for the Board of Directors of the PPRA is being a reputable regulator dedicated to good relations and cooperation with its stakeholders.

The PPRA conducted various stakeholder engagements to improve consumer awareness on the business of the PPRA especially the transformation programmes and initiatives, as well as to keep property practitioners as well as new entrants appraised on developments regarding the Property Practitioners Act (PPA).

AUDIT OUTCOME

As the board, we note and accept the qualified audit finding for the 2022/23 financial year. We are satisfied that we are making progress towards the attainment of a clean audit. This is the first year that the Transformation Fund is audited, and we are happy to report that the subsidiary received an unqualified audit. Similarly, the Fidelity Fund maintained its unqualified audit opinion.

Together with the executive management, we have resolved to give priority to, and set in motion interventions to address the root causes of all the key findings leading to this undesirable audit outcome. We are confident that in the succeeding year, we will completely resolve all the irregular expenditure and fruitless, and wasteful expenditure.

CONCLUSION

On behalf of the Board, I thank the Acting CEO Ms Thato Ramaili, and the PPRA executive management for their commitment to the mandate and the PPRA vision, the Audit Governance and Risk Committee for ensuring quality assurance, Minister Mmamoloko Kubayi and the Department of Human Settlements for their continued support and guidance, and the Auditor-General of South Africa for their hard work and contributions making this annual report possible. We also convey our gratitude to our stakeholders, the property practitioners who continue to embrace us on this journey.

We will continue ensuring that the PPRA thrives to be a responsive and capable regulator, and capacitating the PPRA as we drive the turnaround required of the PPRA. We remain committed to the delivery of satisfactory services to our clientele and the public.

DR STEVEN NGUBENI
Pr Plan (SA); PAV (SA); MA; MSc; MPA; LLM; PhD

CHAIRPERSON OF THE PPRA BOARD

CHIEF EXECUTIVE OFFICER'S OVERVIEW

Annual Financial Statements for the year ended 31 March 2023

CHIEF EXECUTIVE OFFICER'S OVERVIEW

Annual Financial Statements for the year ended 31 March 2023

Thato Ramili
ACTING CEO OF THE PPRA

FOREWORD

The effects of the COVID-19 pandemic are still lingering in our economy. This is exacerbated by electricity and water supply challenges, crumbling road infrastructure, high inflation peaking just above 7% during the 2022/23 financial year and an increase in the prime overdraft interest rates from 7% on 24 July 2020 to 11.25% on 31 March 2023.

These factors continue to negatively impact the financial sustainability of businesses and households' net disposable income. Consequently, the affordability to acquire property and to service monthly bond commitments is less favourable than in previous years.

Government is currently putting measures in place to address the energy challenges and the respective impact on the South African economy. Based on the revised economic outlook, it is forecast that the South African economy will grow by 0.3% in 2023.

It is expected that inflation will be 6% in the 2023 calendar year, 5% in 2024 and stabilising at 4.5% during 2025. This is within the target range of 3% - 6% set by the South African Reserve Bank.

CORPORATE STRATEGY

The PPRA aligns itself with the statement of its external stakeholder, the Property Sector Charter Council (PSCC), in recognising that it is only by transforming the sector, promoting equal opportunity, and creating access for previously disadvantaged individuals and companies, that South Africa will be able to create a world class and competitive property industry.

Additionally, the PPRA will also be focusing on the Property Sector Research initiatives aimed at increasing the national research, innovation capability and streamlining the generation of new knowledge in the property sector.

In recognising that ICT makes an organisation more efficient, effective and assists in promptly responding to customers' needs, ICT as an enabling tool will be prioritised.

KEY ACHIEVEMENTS

To move PPRA up to global standards, the entity has established The Property Sector Research Centre in partnership with the National Research Foundation (NRF). Amongst other higher education institutions in South Africa, the Centre is currently pursuing further strategic partnerships with leading institutions such as the University of the Witwatersrand (Wits) and the University of Cape Town (UCT), for fundamental research.

The University of Johannesburg (UJ), Vaal University of Technology (VUT) and the Tshwane University of Technology (TUT) will be utilised for applied research. The entity plans to utilise research results to improve its offering to property practitioners and its support to consumers, and to also influence national, regional and global policy-making.

The new organisational structure was approved by the Board, in concurrence with the Minister, during November 2022. The recruitment process for C-Suite and critical management positions has been concluded. Other critical positions are earmarked to be filled in the ensuing financial year.

A notable improvement in the PPRA's performance was achieved in Q4 of the 2022/23 financial year by a resounding 68% improvement from Q1. This performance was achieved through dedicated engagements with executives and process owners, by the Acting Chief Executive Officer (ACEO). In conducting these engagements, the ACEO extensively leveraged the expertise and support of the Internal Audit team.

Further improvement of results in strategic planning and performance information processed will be achieved in the new financial year.

THE YEAR AHEAD

We are committed to embedding a "fit-for-purpose" organisation that will meet and exceed the growing expectations of all our stakeholders. Critical vacancies will be filled in a phased approach based on budget availability. Categories other than estate agents will be on-boarded to improve the financial sustainability of the PPRA.

We will undertake specific interventions to stabilise our IT environment. We will also embrace new technologies to facilitate and simplify the way we transact and interact with property practitioners. A case in point entails examinations being conducted online and online payments being made to the PPRA.

The Property Sector Transformation Fund remains our strategic intervention and in this regard, several strategic engagements have been held with key stakeholders.

We will continue to engage stakeholders including established business on how best these goals and envisaged outcomes can be achieved. One transformation programme that will be rolled out in the new financial year is the SMME Incubation Programme. Our stakeholders will be kept abreast of developments in this regard.

ACKNOWLEDGMENTS AND APPRECIATION

Even though I joined the organisation recently, we have made significant strides amidst many challenges. This has generated the resilience and ongoing commitment that enabled us to weather the storms of the past year.

On behalf of the Executive Team, we wish to express our profound appreciation to the Minister of Human Settlements, Ms. Mmamoloko Kubayi and the PPRA Board for their unwavering support, guidance and insights during the year under review.

We would also like to extend our gratitude to the industry stakeholders for their support and trust that they have shown in us.

We also extend our appreciation to the management team and staff of the PPRA for their continued commitment, loyalty and hard work in ensuring that the PPRA delivers on its mandate.

Join us on this exciting journey as we create prosperity for all in the property sector.

THATO RAMAILI

ACTING CEO OF THE PPRA

STATEMENT OF RESPONSIBILITY

Annual Financial Statements for the year ended 31 March 2023

STATEMENT OF RESPONSIBILITY

Annual Financial Statements for the year ended 31 March 2023

The Board of the Property Practitioners Regulatory Authority ("PPRA") as the accounting authority are required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and are responsible for the content and integrity of the consolidated and separate financial statements and related financial information included in this report. It is the responsibility of the Board to ensure that the consolidated and separate financial statements fairly present the state of affairs of the PPRA as at the end of the financial year and the results of its operations and cash flows for the period then ended.

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

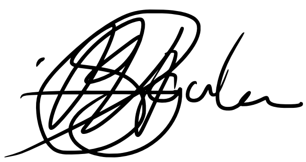
The consolidated and separate financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The Board acknowledges that it is ultimately responsible for the system of internal financial control established by the PPRA and place considerable importance on maintaining a strong control environment. To enable the Board to meet these responsibilities, the standards were set for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the PPRA and all employees are required to maintain the highest ethical standards in ensuring the PPRA's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the PPRA is on identifying, assessing, managing and monitoring all known forms of risk across the PPRA. While operating risk cannot be fully eliminated, the PPRA endeavours to minimise it by ensuring that appropriate infrastructure, controls systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The Board has reviewed the PPRA's cash flow forecast for the year to 31 March 2024 and, in the light of this review and the current financial position, it is satisfied that the PPRA has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements set out on pages 106 to 178, which have been prepared on the going concern basis, were approved by the accounting authority on 31 May 2023 and were signed on its behalf by:



DR STEVEN NGUBENI
Pr Plan (SA); PAV (SA); MA; MSc; MPA; LLM; PhD

CHAIRPERSON OF THE PPRA BOARD

PROPERTY PRACTITIONERS
REGULATORY AUTHORITY

Annual Financial Statements for the year ended 31 March 2023

ORGANISATIONAL STRUCTURE

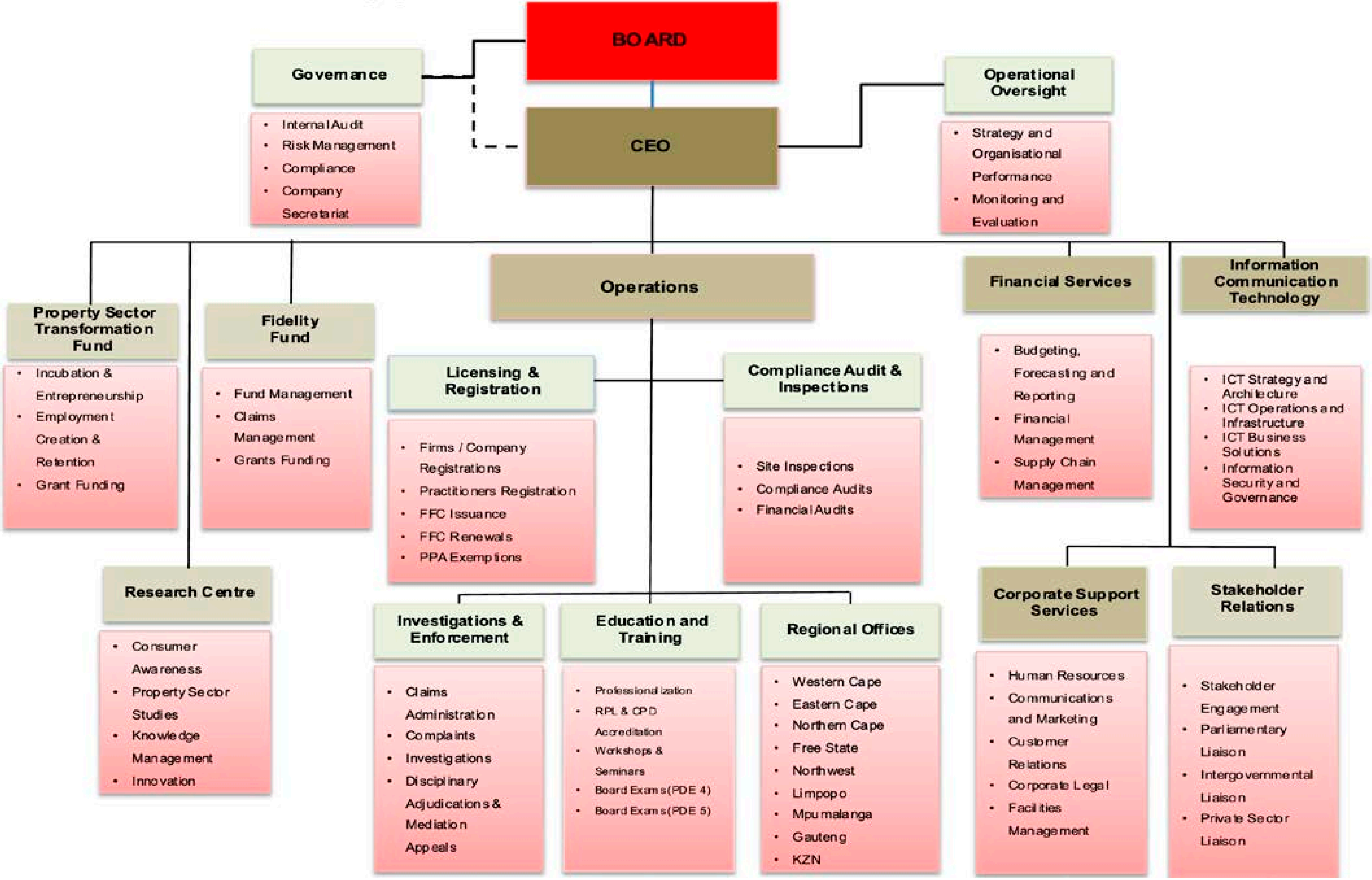
Annual Financial Statements for the year ended 31 March 2023

PPRA

PROPERTY PRACTITIONERS REGULATORY AUTHORITY

Annual Financial Statements for the year ended 31 March 2023

Approved Functional Structure



BOARD MEMBERS

Annual Financial Statements for the year ended 31 March 2023

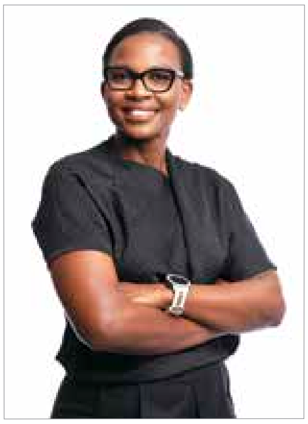
Steven Piet Ngubeni
Chairperson

Pamela Nonkululeko Makhubela
Board Member

Mxolisi Sphamandla Nene
Board Member

Terry Kevin Johnson
Board Member

Thokozani Radebe
Board Member



Thuthuka Siphumezile Songelwa
Board Member

Shaheed Peters
Board Member

Nokulunga Makopo
Board Member

Pamela Beatrice Snyman
Board Member

Verushka Gilbert
Board Member

Johan van der Walt
Board Member

EXECUTIVE MEMBERS

Annual Financial Statements for the year ended 31 March 2023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EXECUTIVE MEMBERS

Annual Financial Statements for the year ended 31 March 2023

Thato Ramaili
Chief Executive Officer *(Acting)*

Napo Mafihlo
Chief Financial Officer *(Acting)*

Londolani Tshavhungwa
Chief Risk Officer *(Acting)*

Deli Nkambule
Chief Operations Officer *(Acting)*

Thapelo Kgari
Company Secretary

Dineo Mphahlele
Executive Manager:
Inspections

Mandisa Shirries
Executive Manager:
Property Sector Transformation *(Acting)*

Debra Vial
Executive Manager:
Investigations, Mediation, Adjudication *(Acting)*

Mfundo Daki
Executive Manager:
Education & Professional Designation Examination

MANAGEMENT MEMBERS

Annual Financial Statements for the year ended 31 March 2023

MANAGEMENT MEMBERS

Annual Financial Statements for the year ended 31 March 2023

Deli Nkambule
Manager:
Investigations, Mediation, Adjudication

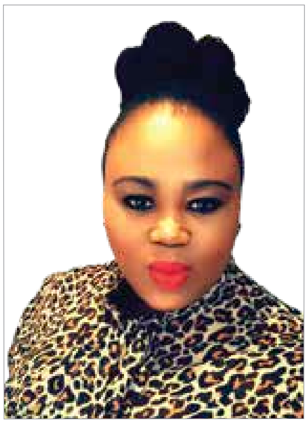
Debra Vial
Manager:
Claims & Complaints

Carol Sebeela
Manager:
Marketing & Publications *(Acting)*

Thomas Makupo
Manager:
Audit Compliance

Thokozani Khumalo
Manager:
Customer Relations, and
Property Sector Research *(Acting)*

Vukani Mbatha
Manager:
Fedility Fund Certificate Renewals



Nomlindi Gxasheka
Manager:
Continual Professional Development *(Acting)*

Nomsa Ntsoane-Mokoena
Manager:
Education & Professional Designation Examination

Loyiso Befile
Manager:
Information Communication Technology

Mandisa Shirries
Manager:
Property Sector Transformation

Thalitha Shongwe
Manager:
Finance

Lati Phalakatshela
Manager:
Human Resources *(Acting)*

Happy Moroamohwebedu
Manager:
Fidelity Fund

Lebogang Mogotsi
Manager:
Licensing & Registration

Vusani Tshivule
Manager:
Supply Chain Management *(Acting)*

Thabang Mpande
Manager:
Strategy, Performance, Monitoring & Evaluation

STRATEGIC OVERVIEW

Annual Financial Statements for the year ended 31 March 2023

LEGISLATIVE AND OTHER MANDATES

The Property Practitioners Regulatory Authority (PPRA) is a schedule 3A public entity of the National Department of Human Settlements which was established in February 2022, in terms of the Property Practitioners Act, 22 of 2019 (Act). The Regulatory Authority replaces the Estate Agency Affairs Board, which was formed in 1976 under the Estates Agency Affairs Act, which has been repealed by the Property Practitioners Act. The PPRA has the mandate to Regulate, Educate and Transform the activities of property practitioners in the public interest.

THE PRIMARY MANDATE OF THE PPRA:

(a) Regulate the conduct of property practitioners in dealing with the consumers;

(b) Regulate the conduct of property practitioners in so far as marketing, managing, financing, letting, renting, hiring, selling, and purchasing of property is concerned;

(c) Regulate and ensure that there is compliance with the provisions of the Act;

(d) Ensure that consumers are protected from undesirable and sanctionable practices as set out in sections 62 and 63 of the Act;

(e) Regulate any other conduct which falls within the ambit of the Act in as far as property practitioners and consumers in this market are concerned;

(f) Provide for the education, training, and development of property practitioners and candidate property practitioners;

(g) Educate and inform consumers about their rights as set out in section 69 and;

(h) Implement measures to ensure that the property sector is transformed as set out in Chapter 4 of the Act.

ADDITIONAL TO THE PRIMARY MANDATE OF THE PPRA

The PPRA is aligned with National Government's National Development Plan 2030. The PPRA's 2022-25 strategic plan aligns with the Medium-Term Strategic Framework priorities 1 and 5.

Through priority 5, the PPRA will thrive for a transformed property sector and to give effect to the transformation initiatives as prescribed by the PPA.

To support transformation initiatives, PPRA established a Property Sector Transformation Fund. Additionally, it has established a Research Centre, which actively researches, among other things, the sector's hurdles to transformation.

FINANCIAL INTELLIGENCE CENTRE

The PPRA is the Supervisory Body of the property practitioners' profession pursuant to the Financial Intelligence Centre Act (No. 38 of 2001) and is obliged to take all steps required to prevent or alternatively, identify and report on, anti-money laundering and terrorist financing activities in the property practitioner sector. Compliance and enforcement processes, therefore, need to support this critical function.

VISION

A transformed, professional, and well-regulated property practitioners' sector in a spatially integrated society.

MISSION

To effectively regulate the practices and conduct of property practitioners, protect the rights of the property-consuming public, and transform the property sector, in the public interest.

VALUES	
IN WORKING TOWARDS THE ACHIEVEMENT OF ITS VISION AND MISSION THE PPRA SUBSCRIBES TO THE FOLLOWING INTERNAL VALUES	
Agility	We pledge agility and responsiveness to emerging issues within the property sector, as well as adherence to serving our stakeholders within agreed time lines.
Professionalism and simplicity	We commit to always acting professionally, delivering on our mandate, and exceeding the expectations of our shareholders and all the stakeholders we serve.
Innovation	We embrace the spirit of innovation and pledge to continually align ourselves to be at the forefront of innovation, for the benefit of our stakeholders and the society we serve.
Transparency	We declare for all to know that, as a matter of principle, our interactions with our shareholders and all stakeholders, will be conducted in an open fashion and that we will be accountable for our actions.
Trust	We aim to establish trust with our stakeholders by pledging adherence to the highest moral principles and professional standards.

OPERATIONAL OVERVIEW

Annual Financial Statements for the year ended 31 March 2023

INTRODUCTION TO THE PERFORMANCE OVERVIEW

The Property Practitioners Act no. 22 of 2019 (Act) came into effect on the 1st of February 2022 repealing the Estate Agency Act no.112 of 1976 (EAA Act). It must be noted that in 2022 financial year ending was two months, namely February to March 2022 hence the comparison of the short months as opposed to the 2022/ 2023 financial year which was a full year.

LICENSING AND REGISTRATIONS

The Licensing and Registration department seeks to give effect to the provisions of Sections 47 and 48 of the Act, which compels property practitioners (including its Directors, Members, Trustees, and its employees who act as property practitioners) to obtain and hold a valid Fidelity Fund Certificate (FFC). Issuing an FFC or Registration Certificate (RC) is a core function of the department to ensure that FFCs and RCs are issued timeously and in the prescribed manner as per the legislative timeframes.

The department is responsible for the following legislative core functions, namely:

1. Registration of all Property Practitioners (PP) in terms of Section 47 of the Act by way of issuing an FFC and or a RC;
2. Administer the renewal process for FFCs or RCs; and
3. Administer exemptions in terms of Section 4 of the Act.

Licensing and Registration Department is therefore mandated to issue FFCs to the following categories of compliant property practitioners as noted in Section 1 of the Act:

1. Estate agents;
2. Auctioneers;
3. Bond and bridging finance originators;
4. Homeowners Associations who perform property practitioner activities;
5. Managing agents;
6. Property facilitators and intermediaries;
7. Business brokers, including sales of franchises and business undertakings;
8. Developers who perform property practitioners' activities, including project managers, development managers, investment sales agents;
9. Time share and fractional ownership practitioners;
10. Property advertising platforms;
11. Property practitioners who specialise in collecting and distributing trust monies in terms of Regulation 2.4.1. (Payment processing agents); and
12. Attorney employees.

During the course of the financial year, the department registered two of twelve categories namely Estate Agents and Attorney Employees. Work is underway to configure the current system SAP Business One (SAP) to register the other ten categories. Several exemptions in terms of Section 4 of the Act were granted within the financial year by the PPRA for the other ten categories of property practitioners who could not be registered and issued with FFCs based on application.

LICENSING AND REGISTRATION DEPARTMENT PERFORMANCE

During the financial year under review, the department processed new applications, re-registrations, and amendment of business and practitioners' details.

The total number of processed applications was as follows:

CATEGORIES	31 MARCH 2023	31 MARCH 2022
Amendment of details applications	2 766	702
New registration applications	6 548	1 242
Re-registration applications	1 143	245
TOTAL	**10 457**	**2 189**

FIDELITY FUND CERTIFICATE RENEWALS

BACKGROUND

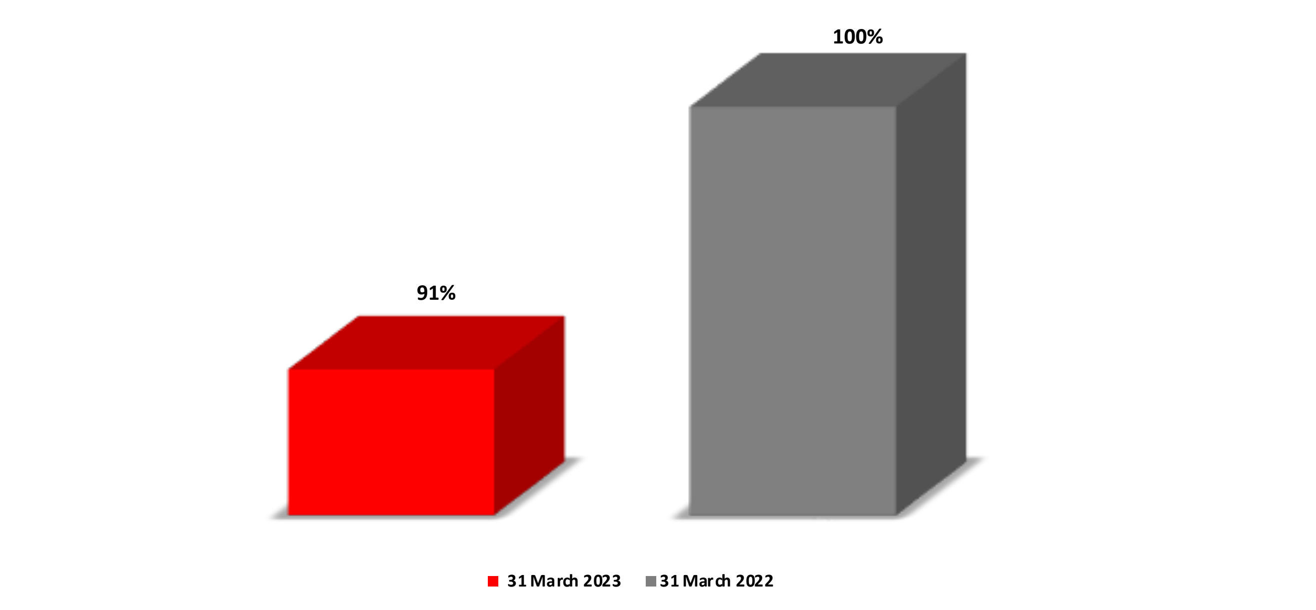
All property practitioners are required to hold a valid FFC in terms of S48 of the Act. FFCs are a crucial aspect of regulating property practitioners and ensuring consumer protection in the real estate industry. FFC renewal is the process by which registered property practitioners renew their FFCs to continue practising legally and ethically.

FFCs are not indefinite; according to S47, they need to be renewed every three years to ensure continued compliance with the Act and regulations. The renewal process involves submitting required documents, fees, and any necessary updates to personal information by 31 October of the calendar year in which the current FFC will expire.

THE KEY PERFORMANCE MEASUREMENT

The PPRA achieved a commendable outcome of **91%** during the year under review, complaint renewals that were processed within the five working days of payment reconciliation. This was a favourable outcome for the period under which the PPRA came into existence.

PERCENTAGE OF COMPLIANT FFC RENEWALS PROCESSED



CHALLENGES

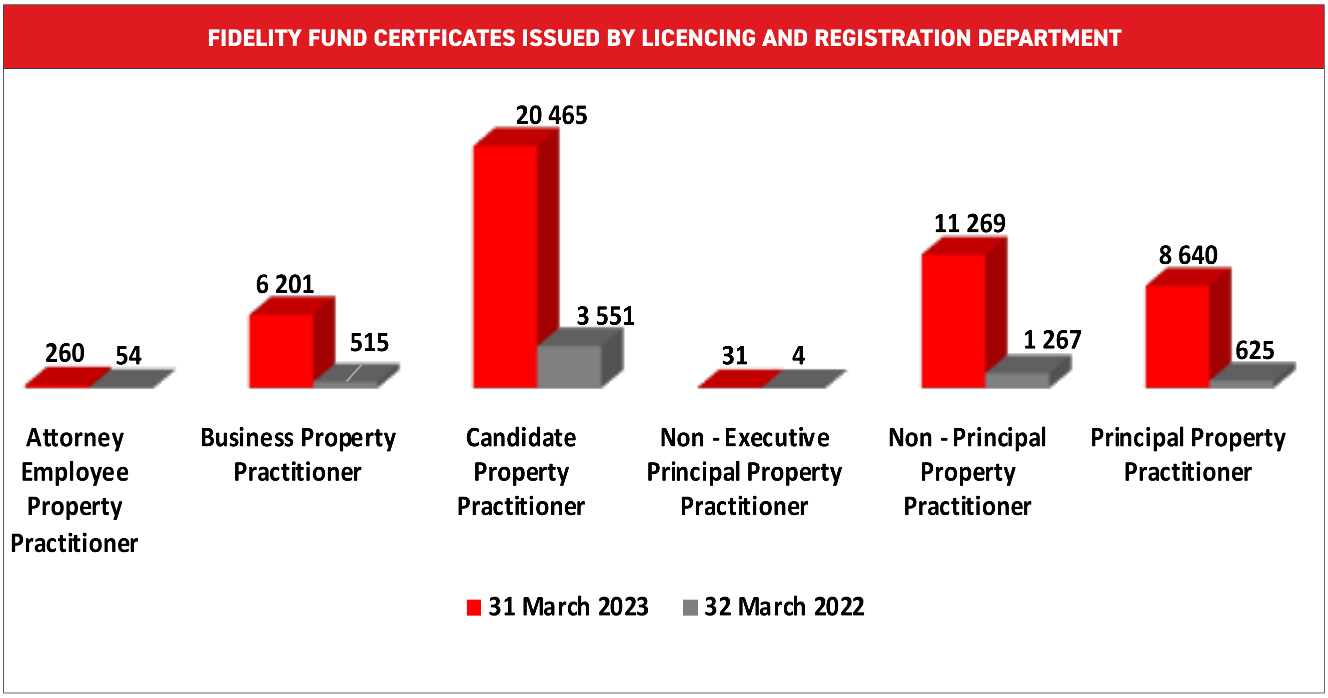
The PPRA continues to utilise the SAP system that was configured for estate agents and attorney employees under the EAA Act. However, limitations within the system have posed challenges. The SAP system does not effectively recognise the validity period of three-year FFCs and RCs, rendering FFCs and RCs issued in 2022 invalid in 2023. The revision of the FFC template has further impacted the issuance process, requiring property practitioners to request reprints, thereby affecting the Key Performance Indicator (KPI) calculation. Additionally, manual intervention by the IT department is required to send consolidated FFCs to the print queue, leading to delays in issuing FFCs.

During the year under review, the department encountered various operational challenges, the SAP system encountered continuous downtime. This had a negative impact on the delivery service from the department. Additionally, the department had a backlog in the processing of applications.

ACHIEVEMENTS

The system underwent an upgrade in May 2022, facilitating the issuance of the legislated three-year FFCs. A significant milestone was reached as the PPRA successfully implemented the issuance of RCs to attorney employees, marking an accomplishment that had eluded us previously. Despite facing system-related challenges, the PPRA achieved a commendable rate of issuing 91% of FFC renewals within a span of five (5) days.

TOTAL NUMBER OF FIDELITY FUND CERTIFICATES ISSUED FOR LICENSING AND RENEWALS DEPARTMENT FOR PROPERTY PRACTITIONERS AND BUSINESS PROPERTY PRACTITIONERS PER CATEGORY



TOTAL NUMBER OF FIDELITY FUND CERTIFICATES ISSUED FOR LICENSING AND RENEWALS: PROPERTY PRACTITIONERS AND BUSINESS PROPERTY PRACTITIONERS PER PROVINCE AND CATEGORY

The below table provides an overview of the FFCs issued to property practitioners per province.

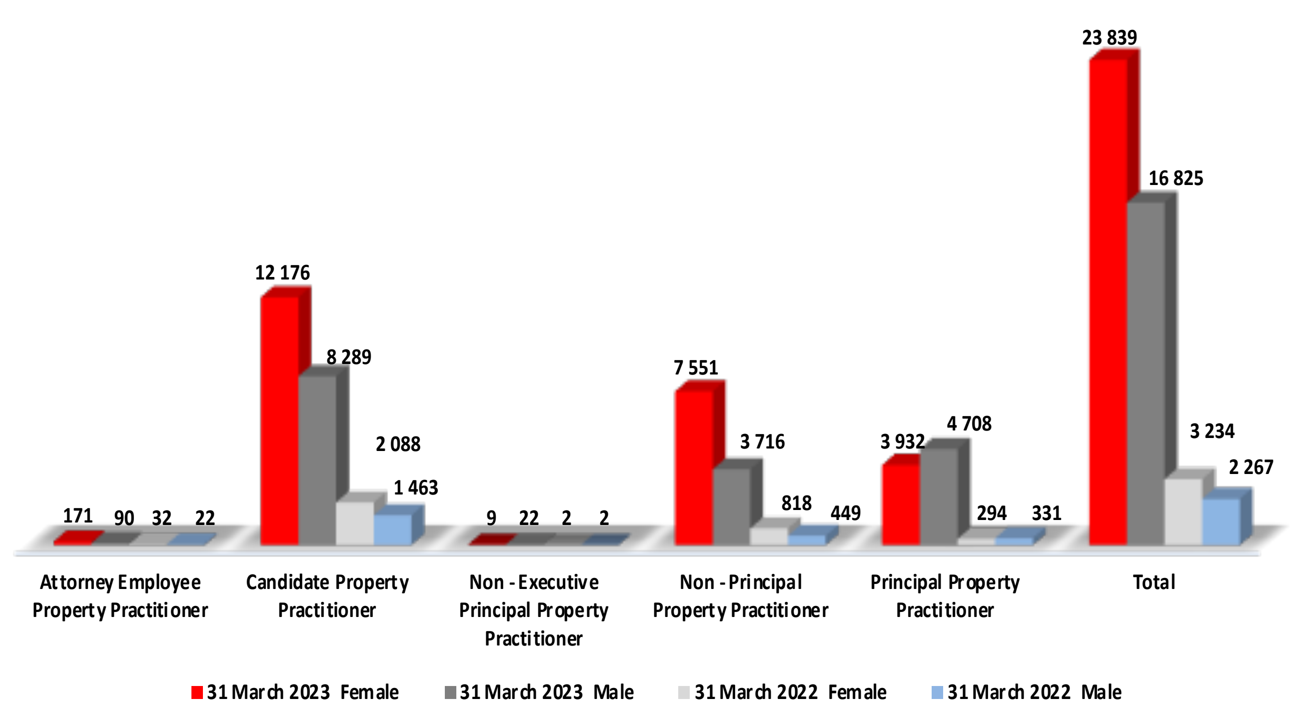
2023							
PROVINCE	**ATTORNEY EMPLOYEES**	**BUSINESS**	**CANDIDATES**	**NON - EXECUTIVE PRINCIPALS**	**NON - PRINCIPALS**	**PRINCIPALS**	**TOTAL**
Eastern Cape	16	296	848	1	570	438	**2 169**
Free State	23	179	521	—	214	266	**1 203**
Gauteng	106	2 799	10 301	19	4 644	3 891	**21 760**
KwaZulu-Natal	13	694	2 200	1	1 416	896	**5 220**
Limpopo	14	156	351	—	132	184	**837**
Mpumalanga	9	184	563	—	218	229	**1 203**
North West	20	181	656	—	203	246	**1 306**
Northern Cape	13	42	107	—	57	72	**291**
Western Cape	46	1 672	4 918	10	3 813	2418	**12 877**
TOTAL	**260**	**6 203**	**20 465**	**31**	**11 267**	**8 640**	**46 866**

2022							
PROVINCE	ATTORNEY EMPLOYEES	BUSINESS	CANDIDATES	NON - EXECUTIVE PRINCIPALS	NON - PRINCIPALS	PRINCIPALS	TOTAL
Eastern Cape	3	26	116	—	57	35	**237**
Free State	5	26	122	—	25	30	**208**
Gauteng	33	250	1 764	3	585	311	**2 946**
KwaZulu-Natal	1	48	367	—	136	57	**609**
Limpopo	1	13	88	—	17	12	**131**
Mpumalanga	—	14	133	—	34	12	**193**
North West	6	9	126	—	19	11	**171**
Northern Cape	1	6	34	—	6	3	**50**
Western Cape	4	123	801	1	388	154	**1 471**
TOTAL	**54**	**515**	**3 551**	**4**	**1 267**	**625**	**6 016**

FIDELITY FUND CERTIFICATES ISSUED TO PROPERTY PRACTITIONERS PER GENDER

An overview of the FFCs issued to property practitioners categorised by gender for the year under review.

DEMOGRAPHICS PER GENDER



DEMOGRAPHICS PER RACE

The below table provides an overview of the FFCs issued to property practitioners per province.

2023					
CATEGORIES OF PROPERTY PRACTITIONERS	**AFRICAN**	**COLOURED**	**INDIAN**	**WHITE**	**TOTAL**
Attorney Employee	39	10	10	202	**261**
Candidate	5 078	1 471	1 204	12 712	**20 465**
Non - Executive Principal	1	—	4	26	**31**
Non - Principal	597	407	414	9 849	**11 267**
Principal	825	263	315	7 237	**8 640**
TOTAL	**6 540**	**2 151**	**1 947**	**30 026**	**40 664**

2022					
CATEGORIES OF PROPERTY PRACTITIONERS	**AFRICAN**	**COLOURED**	**INDIAN**	**WHITE**	**TOTAL**
Attorney Employee	19	1	2	32	**54**
Candidate	1 066	287	195	2 003	**3 551**
Non - Executive	—	—	1	3	**4**
Non - Principal	77	52	48	1 090	**1 267**
Principal	103	24	30	468	**625**
TOTAL	**1 265**	**364**	**276**	**3 596**	**5 501**

DEMOGRAPHICS PER RACE AND GENDER

The following table provides an overview of the FFCs issued to property practitioners per race and gender

2023			
RACE	**FEMALE**	**MALE**	**TOTAL**
African	3 669	2 871	6 540
Coloured	1 286	865	2 151
Indian	1 118	829	1 947
White	17 766	12 260	30 026
TOTAL	**23 839**	**16 825**	**40 664**

2022			
RACE	**FEMALE**	**MALE**	**TOTAL**
African	713	552	1 265
Coloured	198	166	364
Indian	147	129	276
White	2 175	1 421	3 596
TOTAL	**3 233**	**2 268**	**5 501**

In conclusion, while there is room for improvement, the PPRA has demonstrated a commendable effort in promptly issuing FFCs and RCs renewals despite system challenges.

EDUCATION, PROFESSIONALISATION AND CONTINUING PROFESSIONAL DEVELOPMENT

The Education, Professionalisation and Continuing Professional Development (CPD) programme is aimed at building capacity of property practitioners through the championing of and implementation of set education standards, training and continuous professional development thus contributing towards building improved professionalised ethical practices of property practitioners and fostering an inclusive, integrated and transformed property sector.

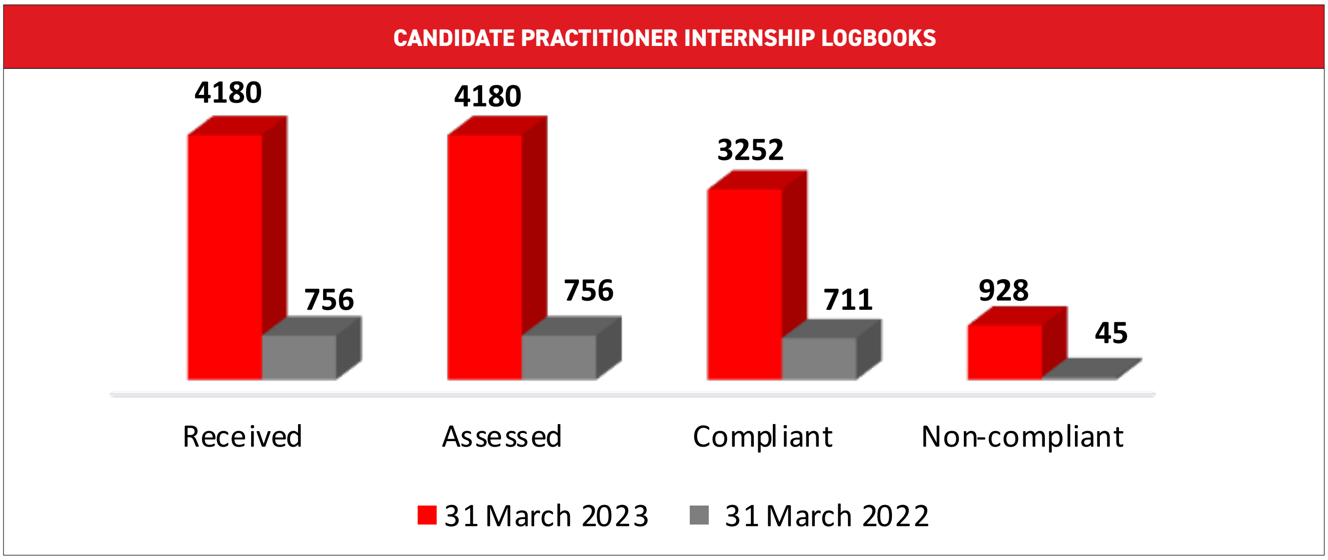
This programme is delivered by partnering and collaborating with the various industry representative bodies in defining and developing the standards of education and training including developing fit-for-purpose training programmes and interventions that are delivered through skills development providers accredited with the Services Sector Education Training Authority (SSETA). The delivery of the PPRA CPD programme follows a blended learning approach allowing for both contact classes as well as through e-learning. During the year under review, the following programmes were implemented:

The implementation of a compulsory 12-month internship or candidateship programme for new entrants regarded as candidate property practitioners in the sector.

The implementation of a compulsory 12-month internship or candidateship programme for new entrants regarded as candidate property practitioners in the sector.

The implementation of a 12-month internship or candidateship is monitored through the usage of workplace mentorship and the prescribed candidate property practitioner internship logbook. The latter must be submitted by candidate property practitioners at the end of the 12-month internship or candidateship period. The logbook must be signed off by both the candidate property practitioner, mentor and or principal property practitioner employing them. Non-compliant logbooks are returned to or collected by the respective candidate property practitioner to re-submit once remediated. Those not assessed in the financial year include those submitted on the last day of the financial year - and had to be carried over for assessment in the new financial year.

The following graph represents the number of candidate property practitioner internship logbooks handled by the Education, Professionalisation and CPD department during the financial year:



Implementation of 2008 Standard of Education and Training for estate agents prescribing qualifications for property practitioners who are estate agents.

The 2008 Standard of Education and Training for estate agents in sub-regulation 4(1)(a) provides that no person may perform the functions and activities of a non-principal property practitioner (estate agent subsector) unless that person has completed the Further Education and Training Certificate: Real Estate (SAQA QUAL ID 59097). Sub-regulation 4(1)(b) further provides that no person may perform the functions and activities of a principal property practitioner (estate agent) unless that person has completed the National Certificate: Real Estate (SAQA QUAL ID 20188).

The PPRA has, in addition to this requirement, implemented two exemption policies, namely, the exemption from acquiring the prescribed qualification by granting an equivalency exemption by virtue of holding existing academic qualifications as well as granting an exemption by considering the property practitioner's age and years of practice in the real estate sub-sector (i.e., age-based exemption). These policies were aimed at accelerating compliance, and recognising the relevant academic qualifications already acquired by property practitioners whilst also recognising their prior learning.

The uptake and compliance of these prescribed qualifications and exemptions granted based on the two policies has been handled and compliance closely monitored by the PPRA during the financial year under review. The following table provides an indication of how many property practitioners - practicing as property practitioner (estate agent) have complied with and were exempted from acquiring the prescribed qualifications.

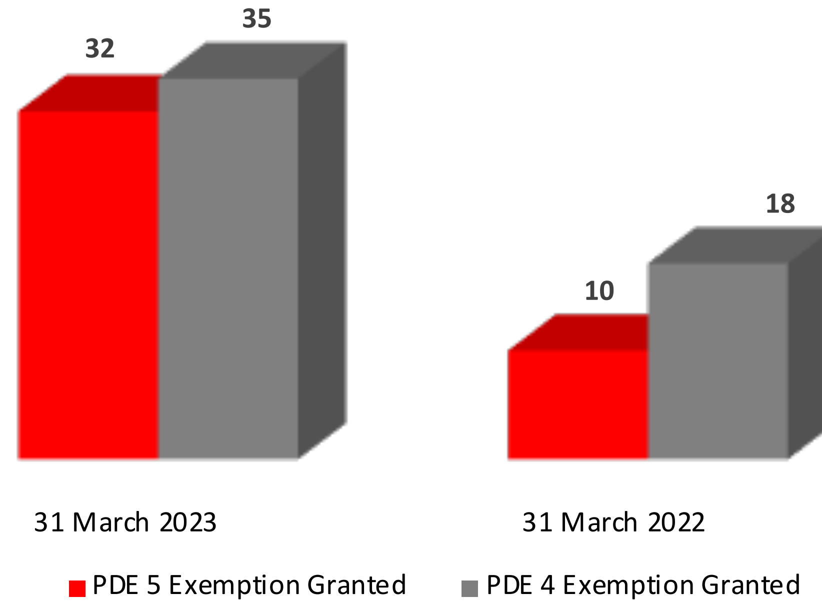
COMPLIANCE WITH THE PRESCRIBED REAL ESTATE NQF QUALIFICATIONS	31 MARCH 2023	31 MARCH 2022
Property practitioners (estate agents) who qualified at NQF 4 (FETC: Real Estate)	2 307	106
Property practitioners (estate agents) who qualified at NQF 5 (National Certificate: Real Estate)	117	2
Equivalency Exemption granted NQF 4 (FETC: Real Estate 57097)	843	124
Equivalency Exemption granted NQF 5 (National Certificate: Real Estate) – 20188	817	123
Age-Based Exemption granted from completing the prescribed NQF 4 (FETC: Real Estate)	10	0
Age-Based Exemption granted from completing the prescribed NQF 5 (National Certificate: Real Estate) – 20188	0	0
Non-Executive Director Exemption granted from completing the prescribed NQF 5 (National Certificate: Real Estate) – 20188	13	7
TOTAL	**4 107**	**362**

The implementation of Professional Designation Examination (PDE) exemptions policy (i.e., the exemption granted to property practitioners (estate agents) who have applied and have been approved.

The Statutory PDE Exemption policy is aimed at exempting property practitioners from undertaking the prescribed PDE based on the years of service in the sector. This policy aims to give effect to the 2008 Standard of Education and Training for Estate Agents in sub-regulation 4(3) which provides that property practitioners who are estate agents and have been practising and issued with valid fidelity fund certificates for a continuous period of five years at any time prior to 15 July 2008 may apply for and be granted with an exemption from undertaking the prescribed PDE.

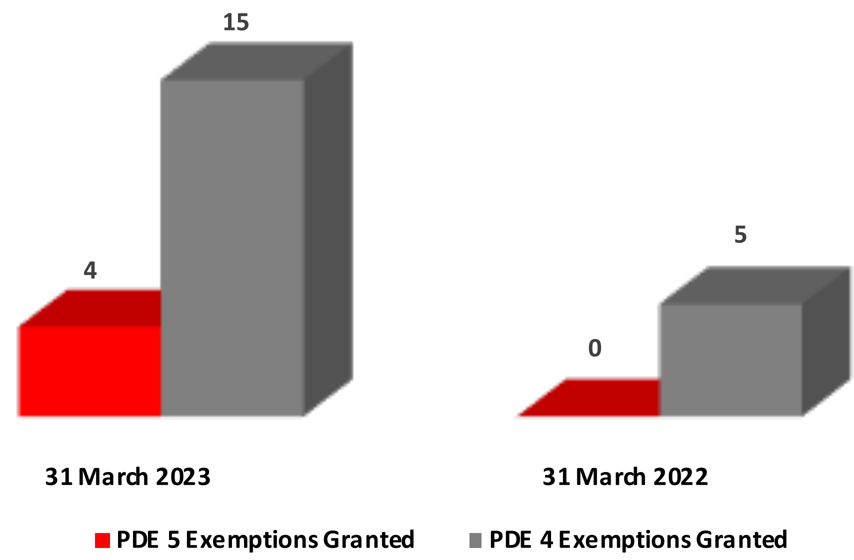
During the financial year, the PPRA also implemented an exemption policy for registered property practitioners who are aged 60 years and above also aimed at exempting property practitioners from undertaking the prescribed PDE. During the year under review, a total of **67** property practitioners were granted a PDE exemption, with a breakdown per PDE level indicated in the following table:

STATUTORY PDE EXEMPTIONS CONSIDERED AND GRANTED



PDE Exemption based on age 60 years and above:

AGE-BASED PDE EXEMPTIONS CONSIDERED AND GRANTED



The implementation of the prescribed Professional Designation Examination (PDE) for registered property practitioners who are estate agents and the awarding of professional designations registered with SAQA

The PDE for property practitioners who are estate agents is conducted in terms of the 2008 Standard of Education and Training for Estate Agents sub-regulation 4(3) which provides that no person shall be registered with the Board unless the person has successfully completed the PDE. The latter is conducted by the PPRA on a quarterly basis through an online examination platform or hosted at various examination venues in the various provinces.

Those who successfully pass the professional designation examination are awarded with professional designations registered at SAQA, namely the Professional Practitioner in Real Estate for those who successfully completed PDE for non-principal property practitioners (estate agents) and Master Property Practitioner in Real Estate - for those who successfully completed PDE for principal property practitioners (estate agents).

The table below provides a report on the number of property practitioners (estate agents) who have successfully undertaken and passed PDE and awarded the relevant professional designations:

PROFESSIONAL DESIGNATION EXAMINATIONS CONDUCTED	31 MARCH 2023		31 MARCH 2022	
	PDE 4	PDE 5	PDE 4	PDE 5
Candidates who wrote the PDE	4 199	466	483	92
Number of unmarked scripts	502	49	0	0
Candidates who passed the PDE-	3 291	331	413	82
Candidates who failed the PDE -	406	86	70	10
ACHIEVED PASS RATE	**78%**	**71%**	**86%**	**89%**
Narrative on the pass rate: The drop in the pass rate is attributed to the **551** scripts that could not be marked during the year under review.				

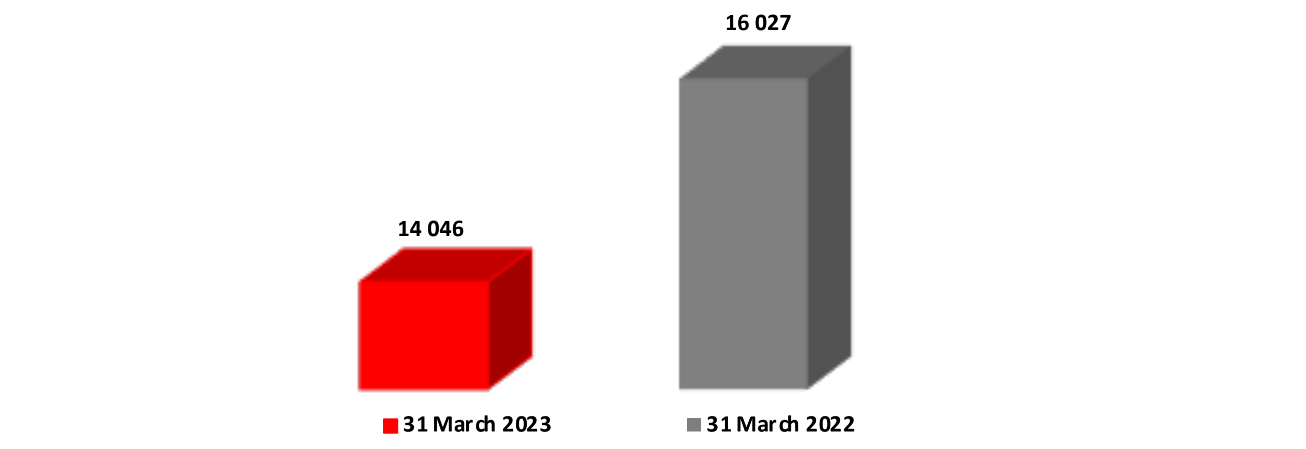
PROFESSIONAL DESIGNATIONS AWARDED	31 MARCH 2023	31 MARCH 2022
Professional Practitioner in Real Estate (PPRE)	3 291	413
Master Practitioner in Real Estate (MPRE)	331	82
TOTAL	**3 704**	**413**

Implementation of the Continuing Professional Development (CPD) Programme

Sub-regulation of the 2008 Standard of Education and Training for estate agents empowers PPRA to prescribe CPD which must be completed over a rolling cycle of three years. In implementing CPD, the PPRA required all non-principal and principal property practitioners (estate agents) to acquire the prescribed 45 verifiable points by either attending contact training sessions or completing the e-learning training. During the year under review, a total of **14 046** candidates have met the prescribed CPD points as compared to a total of **16 027** who have met CPD points in the previous financial year. The drop of 12% for the year under review is attributed to the late start of the CPD programme.

The graph below represents the number of non-principal and principal property practitioners who achieved the prescribed verifiable CPD points:

CPD REQUIREMENTS MET



Those who successfully pass the professional designation examination are awarded with professional designations registered at SAQA, namely the Professional Practitioner in Real Estate for those who successfully completed PDE for non-principal property practitioners (estate agents) and Master Property Practitioner in Real Estate which is for those who successfully completed PDE for principal property practitioners (estate agents).

INVESTIGATIONS, MEDIATIONS AND ADJUDICATIONS

The PPA plays a key role in the protection of consumers through Sections 28, 29, 30 and 31 of the Act, which seeks to ensure that a complainant can lodge a complaint with the PPRA and the resolution thereof may be affected through mediation or adjudication. The Act also provides an appeal process for all complainants who are aggrieved by the decision of an adjudicator.

A complaint can either be received directly from a complainant or referred to from other departments of the PPRA such as Inspections, Licensing and Registrations, Audit and Compliance departments or any other external regulatory body. The Act sets a code and standard of professional conduct for property practitioners that fall under the jurisdiction of the PPRA and therefore where a complaint does not fall within the jurisdiction of the PPRA, the complainant is accordingly advised to refer it to the relevant organisation or regulatory body.

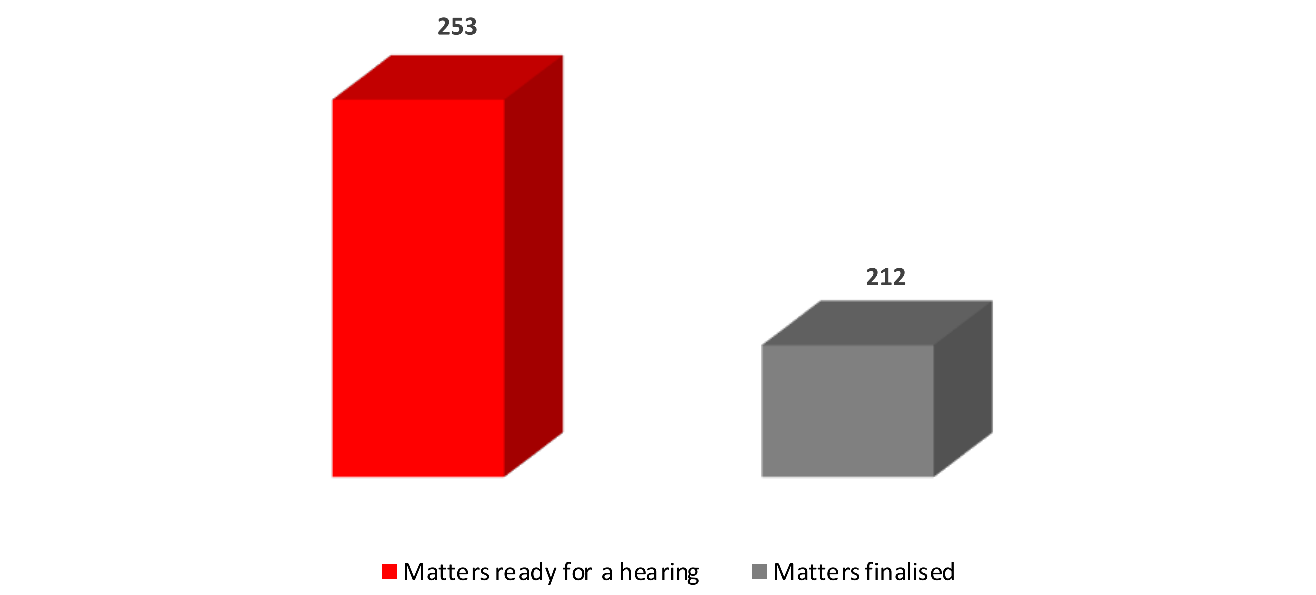
The department's core functions are:

FUNCTION	FUNCTION DESCRIPTION
Investigations	The department is legally obliged to receive and investigate every complaint of alleged unprofessional or improper conduct and to take such actions as deemed necessary should a property practitioner registered or not registered with the PPRA be found guilty of professional misconduct. This part of the PPRA's mandate to ensure that set standards of conduct are maintained and upheld is the responsibility of the department. The investigation establishes if it is necessary to take disciplinary action in the form of an adjudication process or if the matter can be resolved through mediation.
Mediations	The department continues with its effort to provide an alternative to the regulatory investigative and adjudicative processes. It is recognised that mediation is not a suitable procedure for settling disputes in all cases where there has been a deliberate contravention of certain provisions of the Act such as Section 48. However, mediation remains an attractive alternative to improve and restore the underlying business relationships between the consumers and the property practitioners that we have assisted. The department has in-house mediators who are suitably qualified in the estate agency sector, however the Act empowers the PPRA to appoint suitably qualified mediators where necessary.
Adjudication	The changes ushered by the PPA required that the department implement an adjudication process in parallel with the disciplinary hearing process to enable the department to be able to finalise complaints received under the erstwhile EAAB. The department remains committed to ensuring that the adjudication process is always only introduced to resolve disputes that had not been successful at mediation or where mediation was not possible. If a complaint is upheld following adjudication, the adjudicator has a range of sanctions that will apply proportionately, depending on the seriousness of the issue or complaint. These include: • a fine; • a fine as compensation award to the complainant and or; • any appropriate order under the circumstances. Adjudication orders have the status of a magistrate's court order and can therefore be enforced through the magistrate's court. However, neither the adjudicator who made the order nor the PPRA are involved in proceedings to enforce an order. Provision is made for the publishing or release in any media of adjudicated matters and the department is currently finalising the process to ensure that we can going forward publish adjudicated matters.
Appeals	An appeal is an important process provided for under the Act and it entitles a person aggrieved by a decision of an adjudicator to appeal against that ruling. There is no right of appeal against the committee's determination of an appeal. The appeals committee is an ad hoc committee and under the year in review, no appeals were considered.

The main area of focus for the year under review was to deal with all the complaints lodged under the erstwhile EAAB through an ad hoc disciplinary committee.

The department did not achieve its Key Performance Indicator of conducting disciplinary hearings within the 1st quarter, due to the unavailability of an appointed ad hoc disciplinary committee. The committee was only appointed during the 2nd quarter of the financial year. Despite these challenges the department executed its mandate and **114** mediations were conducted from **191** matters that we received.

DISCIPLINARY HEARINGS CONDUCTED



INSPECTIONS

INTRODUCTION

The Inspections department conducts inspections in terms of Section 24(1) of the Act and Section 45A(1) of the Financial Intelligence Centre Act, No. 38 of 2001 (FIC Act).

The PPRA, as the supervisory body of the property practitioners sector and in terms of FIC Act is obliged to take all steps required to prevent, alternatively, identify and report on, money laundering and terrorist financial activities by the property practitioners.

The PPRA recognises that the inspectorate function is one of the key critical functions to ensure compliance with the Act and FIC Act. The core function is to determine the level of compliance by all property practitioners.

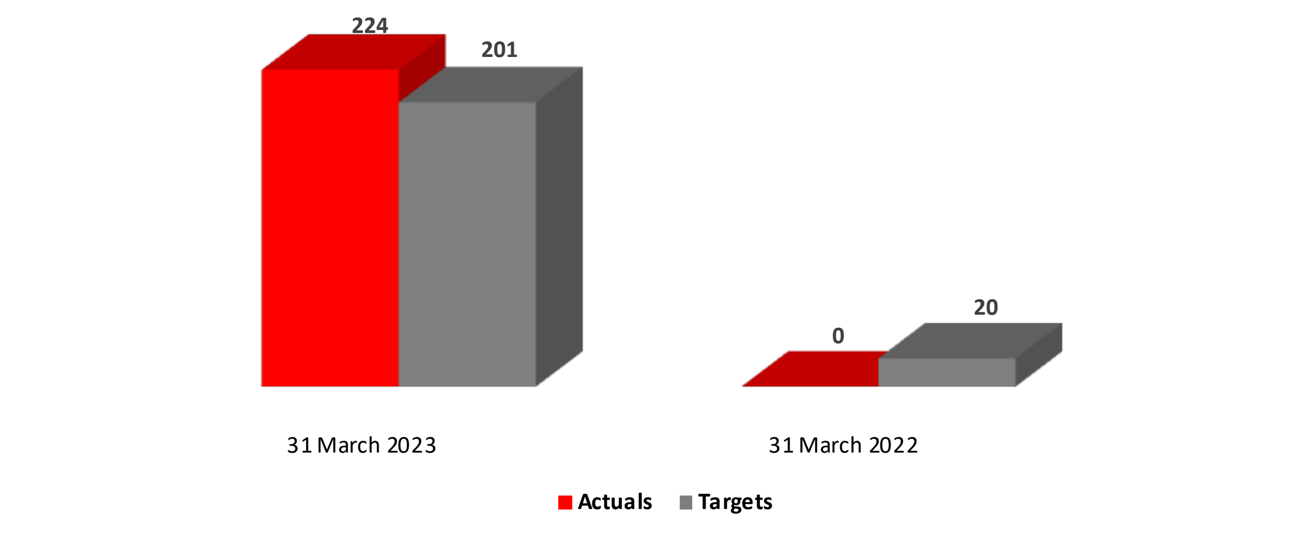
As part of annual performance reporting, the inspections department conducted site and off-site inspections and issued inspections guidelines to property practitioners for the financial year under review.

INSPECTIONS CONDUCTED IN TERMS OF THE ACT

The Inspections department conducted 201 inspections during the 2023 financial year, whereas in 2022, no PPA inspections were carried out. Due to the fact that the PPA came into effect on 01 February 2022. This meant the department e had two months to plan the inspections.

The graph provided below displays a comparative analysis of inspections carried out in alignment with the Act for the financial year being evaluated.

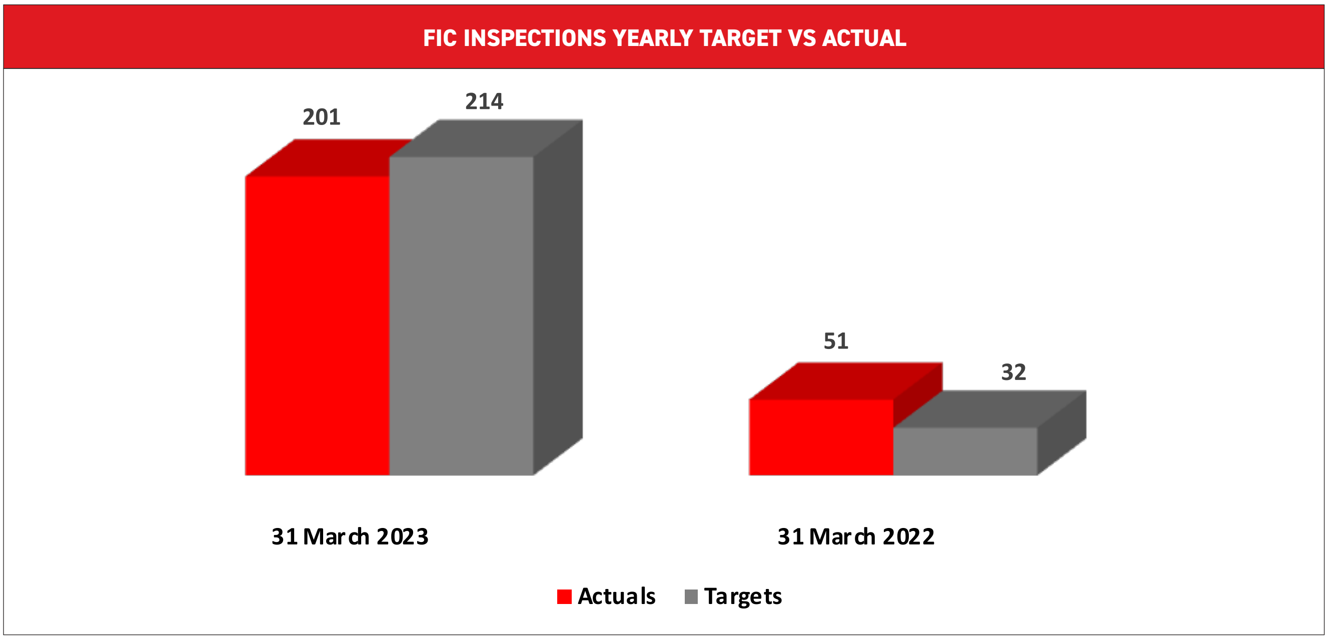
INSPECTIONS IN TERMS OF THE PPA ACT ACTUAL VS TARGETS



INSPECTIONS UNDERTAKEN IN TERMS OF THE FIC ACT

The PPRA was designated as the supervisory body of the property practitioners' sector in accordance with the FIC Act until 31 December 2022 due to legislative changes. In the execution of this FIC mandate, the PPRA was required to undertake all necessary measures to prevent, detect, or report instances of money laundering and terrorist financial activities involving property practitioners. The inspections department conducted a total of **201** inspections in the 2023 financial year, while in the 2022 financial year **51** inspections conducted.

The graph provided below displays a comparative analysis of inspections conducted in terms of FIC Act for the 2022/23 financial year.



INSPECTIONS GUIDELINES ISSUED

This target was newly introduced by the Department of Human Settlements (DHS) specifically for the 2022/23 financial period, as the Act came into effect on 01 February 2023. Consequently, the PPRA is required to communicate with and guide the industry in implementing the Act.

The inspections department developed inspections guidelines that were aimed at providing guidance and clarity on the application of both the Act as well as FIC Act. This proactive effort aims to bolster adherence to the prescripts of the law. The inspections department developed and issued a total of **4** inspections guidelines in respect of compliance for both the Act and FIC Act for 2022/23 financial year.

AUDIT COMPLIANCE

AUDIT REPORT TEMPLATE CHANGES

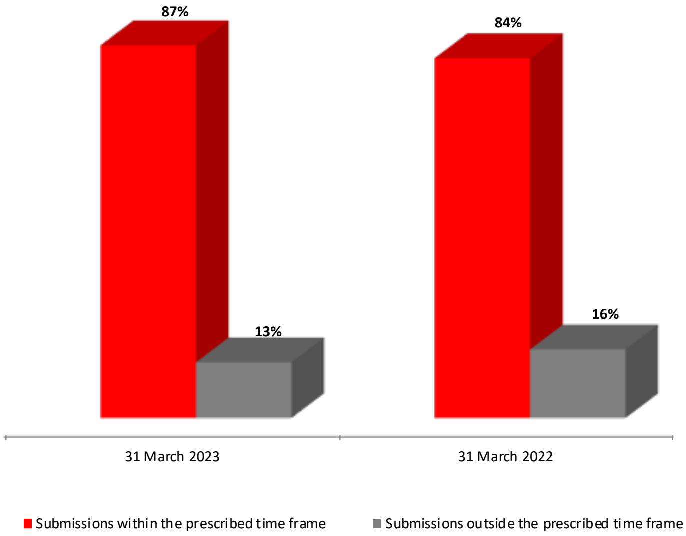
Following the coming into effect of the Act, the Independent Regulatory Board for Auditors (IRBA) approved a project, in October 2022, for the development of new report templates for use by auditors of property practitioners when reporting on trust accounts. The new audit report templates replace the template that was developed in 2012 by the EAAB. The new templates were approved and published for use by IRBA in March 2023, and were effective for the financial years ending on or after 28 February 2023.

AUDIT REPORT SUBMISSIONS

For the financial year ended 31 March 2023, the percentage of audit reports that were received within the prescribed submission deadline improved from **84%** to **87%**. This improvement can be largely attributed to the legislative changes brought about by the Act. This change required audit reports for trust accounts to be submitted within six months of the property practitioners' financial year-end, replacing the previous four-month submission period under the repealed EAA Act.

SUBMISSION OF AUDIT REPORTS

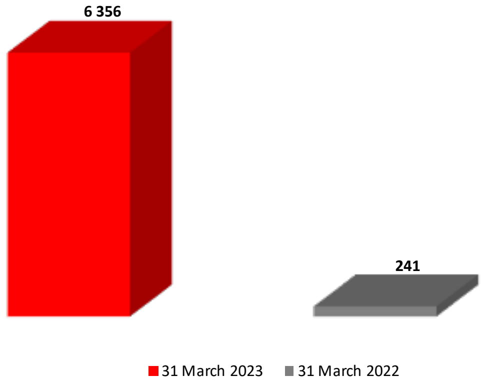
AUDIT REPORTS RECEIVED WITHIN PRESCRIBED TIMEFRAME VS OUTSIDE PRESCRIBED TIMEFRAME



AUDIT REPORTS RECEIVED

A total of **6 356** audit reports were received during the financial year ended 31 March 2023, as indicated in the graph below:

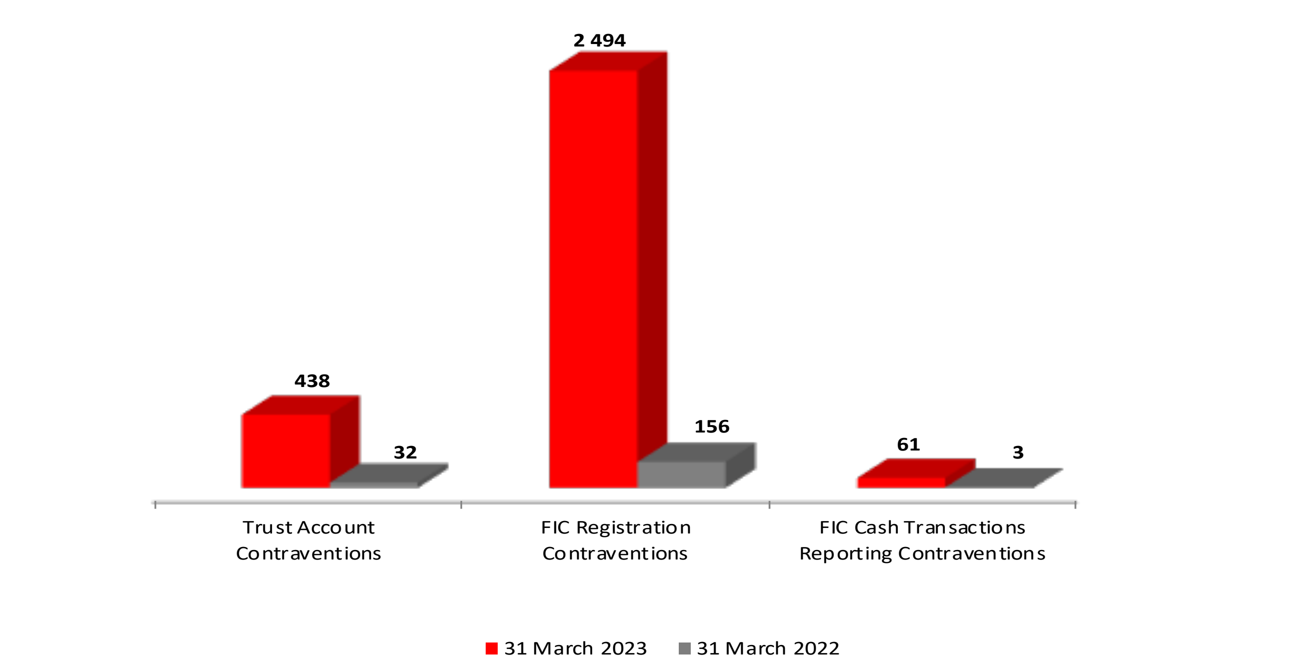
NUMBER OF AUDIT REPORTS RECEIVED



CONTRAVENTIONS REPORTED IN SUBMITTED AUDIT REPORTS

The total number of contraventions of the Act and the FIC Act reported by auditors of business property practitioners in the submitted audit reports for the financial year ended 31 March 2023 were **2 993** in total, as indicated in the graph below:

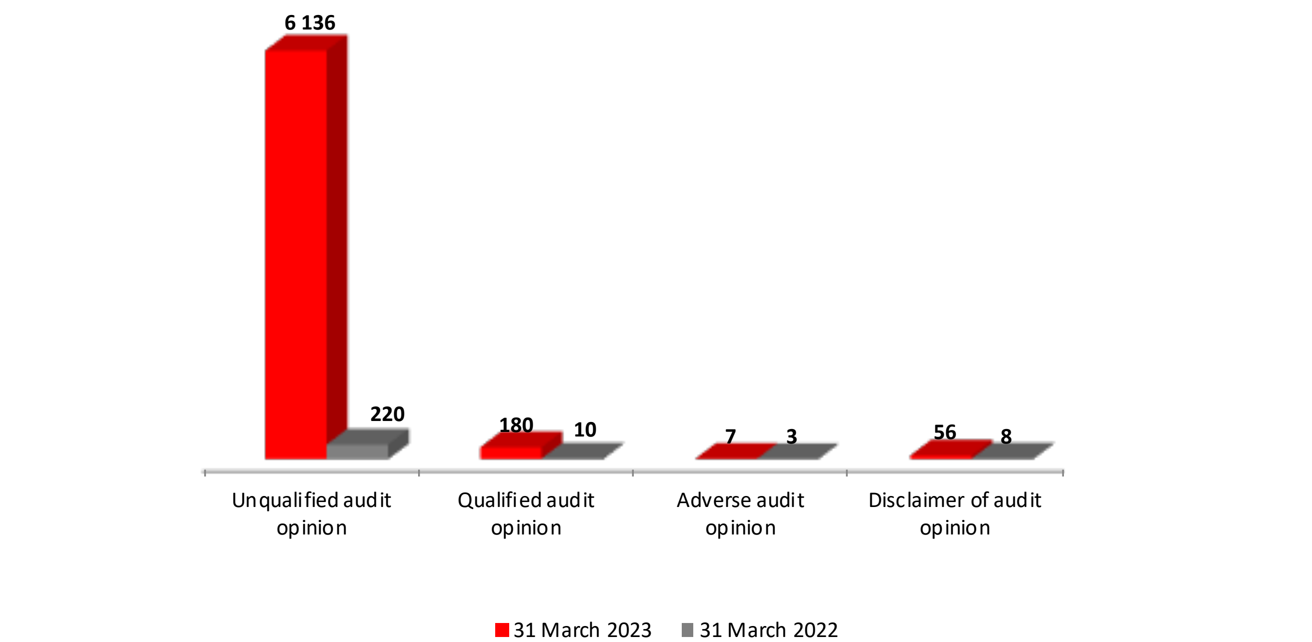
CONTRAVENTIONS REPORTED IN SUBMITTED AUDIT REPORTS



AUDIT OPINIONS ON THE BUSINESS PROPERTY PRACTITIONERS AUDITED FINANCIAL STATEMENTS

Most business property practitioners continue to consistently receive unqualified audit opinions on their financial statements, indicating a satisfactory level of compliance in maintaining business accounting records.

AUDIT OPINIONS ON THE BUSINESS PROPERTY PRACTITIONERS AUDITED FINANCIAL STATEMENTS



FIDELITY FUND CLAIMS

The Property Practitioners Fidelity Fund is created under Chapter 7 of the Act, and perpetuates the Fund established under Section 12 of the EAA Act. This fund became known as the Property Practitioners Fidelity Fund (PPFF), and its purposes are to reimburse persons who suffer pecuniary loss by reason of theft of trust monies or the failure of a property practitioner to comply with the trust account provisions of the Act.

The Act differs from the repealed EAA Act in the following important respects:

- Claims may only be considered where the property practitioner and the employer firm involved were in possession of valid FFCs at the time of the perpetration of the misconduct;
- The maximum amount payable for one claim is R2 million;
- Claims are now accepted, investigated, approved, and settled by the PPRA and not by the EAAB;
- Claims must be considered, and compliant claims finalised within 90 days (about 3 months) of receipt;
- A criminal charge against the property practitioner concerned must be laid before the consideration of any claim; and
- Grants authorised by Section 39 of the Act may be paid from the Fund.

The annual performance reports indicate the current position regarding claims approved and paid, claims considered and approved or rejected by the Board claims committee. Claims received thus far have arisen under the EAA Act and must accordingly be considered by the claims committee.

The table below reflects the annual report for the claims department:

CLAIMS	31 MARCH 2023
Balance brought forward	420
Received amount	44
Approved claims	(8)
Rejected claims	(5)
Closed-other	—
BALANCE CARRIED FORWARD	**451**

PROPERTY SECTOR TRANSFORMATION FUND (PSTF)

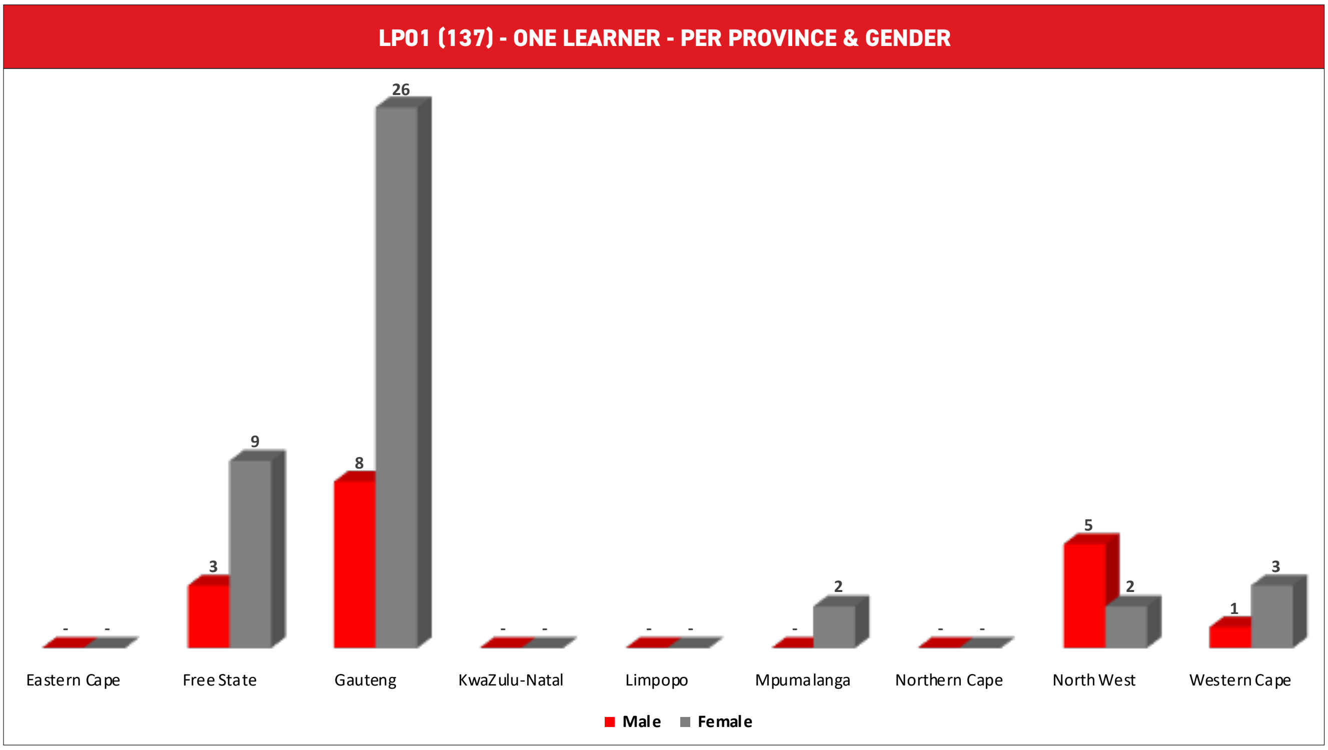
INTRODUCTION

One of the strategic objectives of the PPRA is to increase the number of youths, previously disadvantaged individuals (PDIs), black women, and people living with disabilities in the property sector.

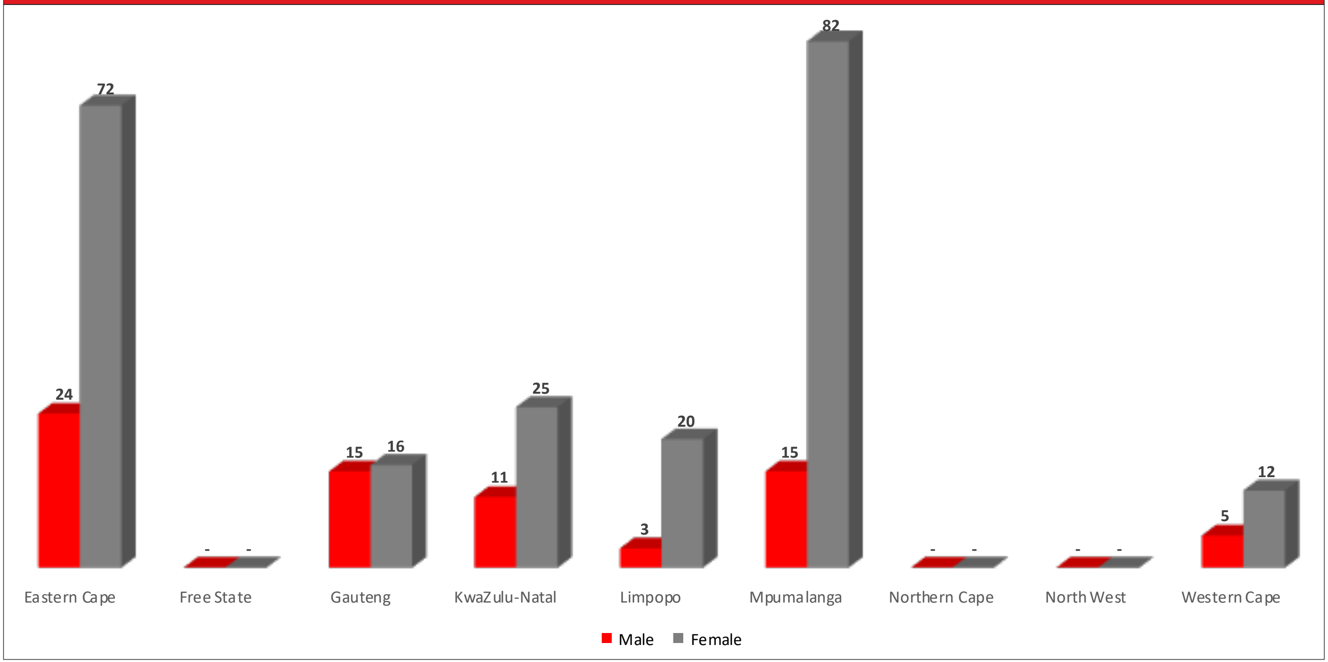
EMPOWERMENT AND TRANSFORMATION PROGRAMMES

During the period under review, two empowerment and transformation programmes were undertaken as per the table below:

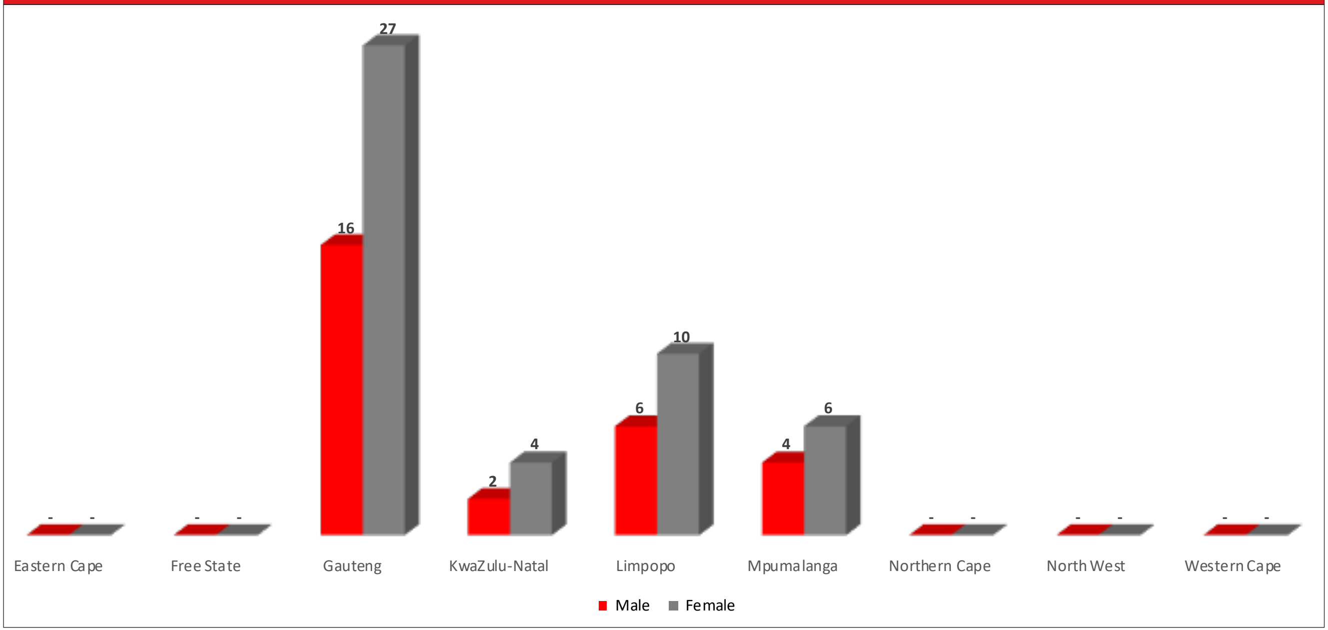
PROVINCE	LP 01 (137)			LP 01			LP 14		
	MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL
Eastern Cape	—	—	**—**	24	72	**96**	—	—	**—**
Free State	3	9	**12**	—	—	**—**	—	—	**—**
Gauteng	8	26	**34**	15	16	**31**	16	27	**43**
Kwa-Zulu Natal	—	—	**—**	11	25	**36**	2	4	**6**
Limpopo	—	—	**—**	3	20	**23**	6	10	**16**
Mpumalanga	—	2	**2**	15	82	**97**	4	6	**10**
Northern Cape	—	—	**—**	—	—	**—**	—	—	**—**
North West	5	2	**7**	—	—	**—**	—	—	**—**
Western Cape	1	3	**4**	5	12	**17**	—	—	**—**
TOTAL	**17**	**42**	**59**	**73**	**227**	**300**	**28**	**47**	**75**



LP01 (300) - ONE LEARNER - PER PROVINCE & GENDER



LP14 - CANDIDACY PRINCIPALISATION PROGRAMME



ONE LEARNER — ONE PROPERTY PRACTITIONER – YOUTH PROGRAMME

During the period under review, a total number of **137** Candidate Property Practitioners (CPPs) were recruited in September 2022 and placed with host employers to gain practical experience whilst at the same time obtaining property sector-related qualifications. However, by the end of the 2022/23 financial year, only **59** out of the initial **137** CPPs were still part of the One Learner - One Property Practitioner Youth Programme (LP01) programme, representing a retention rate of **43%**.

From January 2023 to the end of March 2023, an additional number of **300** CPPs were recruited. It is envisaged that the newly recruited CPPs will be placed within the first quarter of the 2023/24 financial year. The placement aims to facilitate the acquisition of practical experience learning, alongside the pursuit of property sector-related qualifications.

PRINCIPALISATION PROGRAMME

A commencement letter was issued in October 2022 by the Services Sector and Education and Training Authority (Services SETA), as the funding provider of the principalisation programme. The principalisation programme implementation was however delayed beyond the current 2022/23 financial year. The delays were attributed to the enactment of the Act which became effective on the 1st of February 2022 and necessitated several structural organisational changes. The programme was envisaged to commence in the first quarter of the 2023/24 financial year.

A total number of **75** principalisation candidates were recruited to be part of the principalisation programme with the intention of transforming the property sector by increasing the number of black owned business property practitioners.

There are **47** black women out of the **75** principalisation candidates, this constitutes **63%** women representation in this cohort. The increase in women principal property practitioners is testament to PPRA's commitment to increase black women representation in the property sector. The target for this performance indicator was not achieved during the 2022/23 financial year and the programme was envisaged to commence in the first quarter of the 2023/24 financial year.

PROPERTY SECTOR TRANSFORMATION FUND

As prescribed by the Act, the PSTF was established in July 2022. Recruitment processes were undertaken to recruit the PST Manager to implement the empowerment and transformation programmes under Section 21 of the Act.

The work readiness and principalisation empowerment and transformation programmes were implemented during the period under review and the actual results are reported against transformation programme targets.

It must be noted that the PSTF as a newly established entity of the PPRA is meant to facilitate the transformation of the property sector such that the sector is reflective of the demographics of the South African population. PSTF is a vehicle to be used to achieve this transformation strategic objective.

STAKEHOLDER AND CONSUMER AWARENESS

The report provides an overview of the consumer and stakeholder initiatives that have taken place during the financial year under review. The report reflects on the engagements held with property practitioners and consumers to fulfill the mandate of the PPRA with the expanded mandate of the PPRA.

The department actively engaged with new stakeholders in the property sector, as mandated by the Act, this included amongst others, Bond Originators/ Bond Brokers, Auctioneers, Managing Agents in so far as it related to the management of trust monies, Business Brokers, Estate Agents, and other role players involved in selling, purchasing, hiring, letting, financing, managing, marketing of immovable property, property development, time shares, Homeowners Associations (HOA).. The meetings provided an opportunity to establish relationships, understand the concerns of the various sectors, and discuss the role of the PPRA in maintaining industry standards.

The PPRA recognises that communication serves as strategic element to engage with stakeholders, to this end, the PPRA implemented the stakeholder plan to communicate with stakeholders on a quarterly basis to raise awareness.

The department initiated collaborative efforts with key stakeholders to develop industry guidelines, codes of conduct, and best practices. By involving strategic stakeholders in the regulatory process, this was aimed at fostering a sense of ownership promoting compliance. These initiatives not only strengthened relationships but also ensured that the interests of both consumers and practitioners were adequately represented.

The table below refers to the stakeholders engaged during this period as planned in accordance with the targets set in the stakeholder plan:

DATES	STAKEHOLDER MEETINGS
20 April 2022	Cliffe Dekker
29 April 2022	Vacation Ownership Association of South Africa (VOASA) and the National Property Practitioners Council (NPPC)
03 May 2022	Property Sector Charter Council (PSCC)
13 May 2022	Auctioneers
18 May 2022	National Association of Managing Agents (NAMA)
25 May 2022	Transnet
30 May 2022	Institute of Estate Agents of South Africa (IEASA)
02 June 2022	Department of Tourism
10 June 2022	Developers
21 June 2022	Housing Development Agency (HDA)
20 July 2022	The Independent Estate Agency Network of South Africa (IEANSA)
29 July 2022	Department of Public Works (DPW)
21 July 2022	Business Brokers
01 August 2022	Property Sector Charter Council (PSCC)
11 August 2022	Legal Practice Council (LPC)
18 August 2022	Community Schemes Ombud Service (CSOS)
10 October 2022	University of South Africa (UNISA)
11 November 2022	Trafalgar
15 November 2022	Property Practice Institute (PPI)
22 November 2022	GraceNineteen
01 November 2022	National Research Foundation (NRF)

CONSUMER AWARENESS

The PPRA is mandated in terms of Section 69 of the Act to hold stakeholder engagements for the protection and education of consumers. These events are aimed at creating brand awareness, engaging with the public and providing information pertaining to PPRA programmes. During the year under review, the department organised and participated in various consumer awareness events physically and virtually. Some notable consumer events included:

1. Department of Human Settlements (DHS),
2. Real Estate Business Owners of South Africa (REBOSA),
3. National Association of Realtors (NAR),
4. National Association of Managing Agents (NAMA), and
5. Property Sector Charter Council (PSRC).

The marketing department further partnered with Royal Careers Expo; the aim was to expose learners in predominantly previously disadvantaged township schools to the various careers available in the property sector and encourage the learners to pursue a career path in real estate.

DIGITAL PLATFORMS

As part of the multi-channel communication strategy, the marketing department utilises social media as a medium of communication and provides informative content to stakeholders regarding PPRA activities, interviews, programmes and updates. This medium also offers the PPRA an opportunity to interact with consumers, property practitioners and strategic partners on digital platforms.

In February 2023, the PPRA extended its scope by registering accounts on Instagram, LinkedIn and Twitter. The purpose was to reach a wider audience and increase communication with stakeholders. The PPRA has amassed a social media following of at least **18 200** across all its social media platforms.

MEDIA COVERAGE

The organisation has received excellent media coverage, which the industry has acknowledged and embraced, highlighting the function of PPRA as a regulator and addressing the importance of consumer rights and their obligations in property transactions.

CUSTOMER RELATIONS

The department focused on the Batho Pele principles of service guided by strategic plans and policy considerations to ensure that the organisation services and supports the core departments of the PPRA. The purpose was to achieve a customer-centric environment that seeks to provide clear and accurate information, efficient resolution of queries, avoid unnecessary red tape and providing a professional customer relations management system.

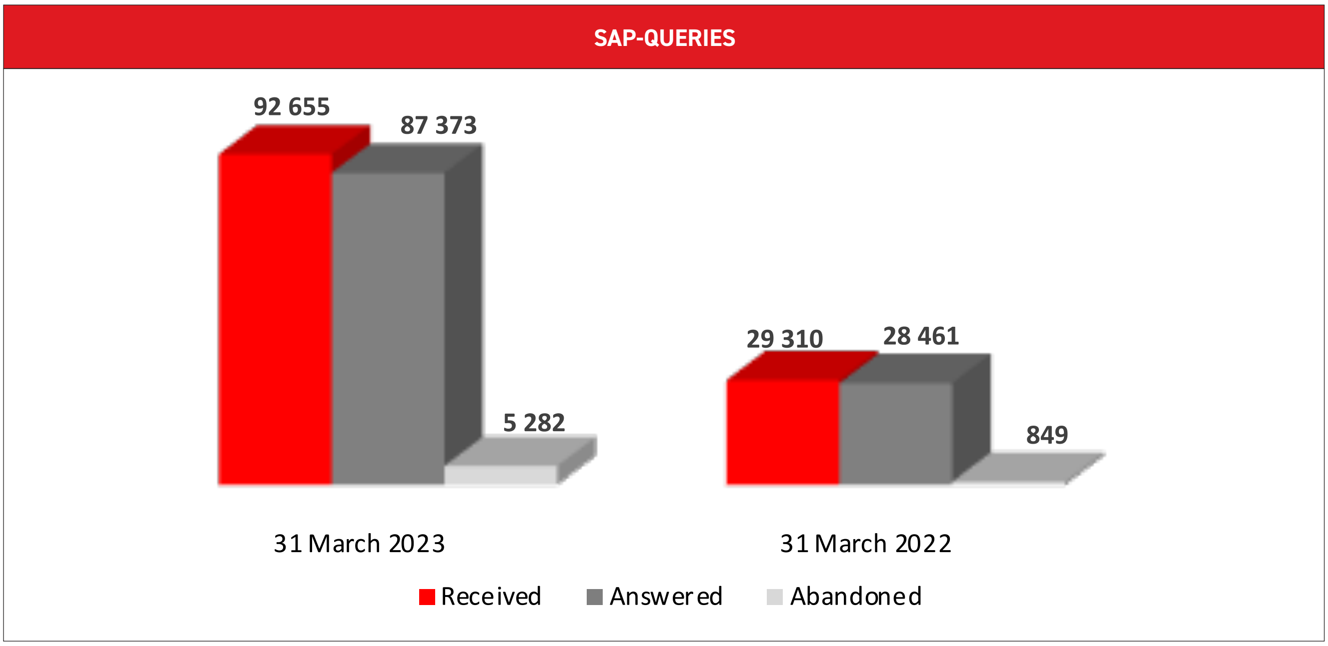
Although a number of challenges were encountered which were related to information management systems within the financial period, we have worked tirelessly to improve on turnaround times for existing and newly defined property practitioners and most importantly members of the public who require protection through the Act.

While the efficiency levels improved within the financial period in light of limited and constrained information management systems. The department operated proactively with the core departments weekly, monthly, and quarterly to ensure that service levels are constantly monitored to improve service, daily. At the end of the financial year and in planning for 2023/ 2024 financial year, customer services has engaged with ICT to review the current online query management system to ensure that it is fit for purpose and improve efficiency levels within the PPRA.

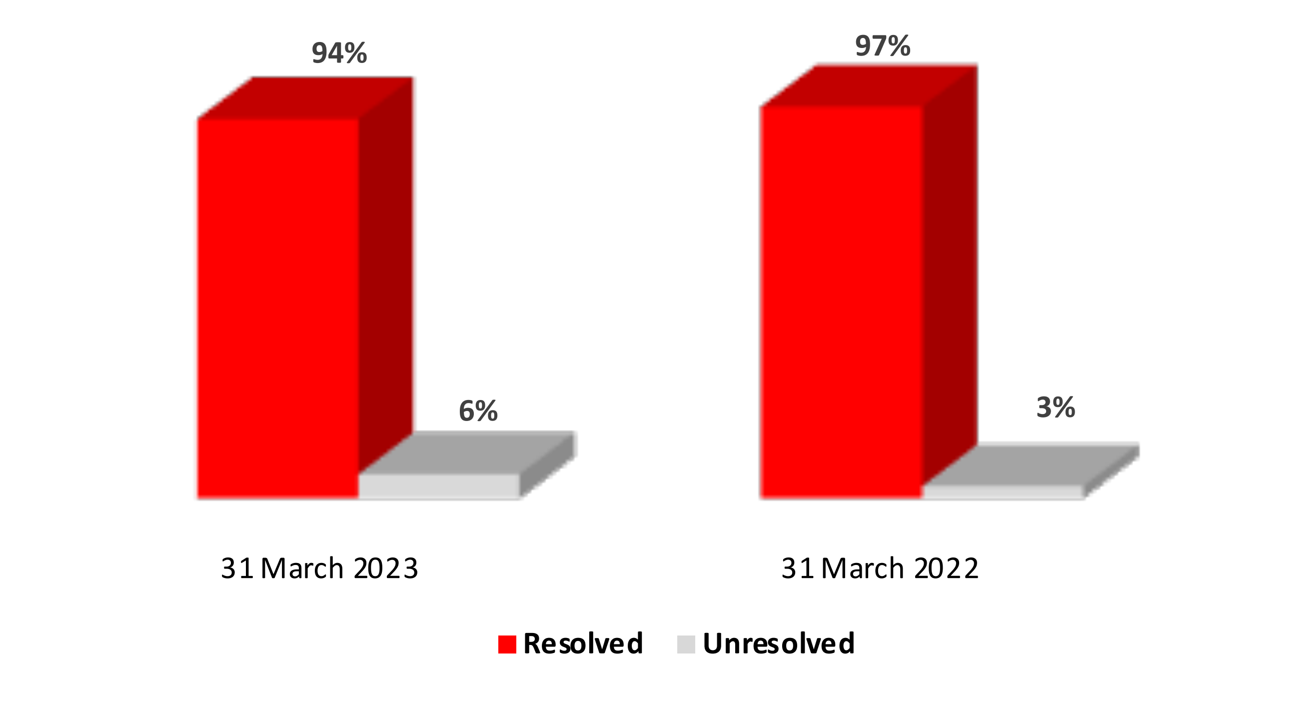
A notable improvement that can be noted within the call centre, is that the department managed to resolve several queries on a first-time call resolution basis as opposed to being fielded to the back office for further consideration. Within the financial year under review, the department has capacitated the call centre with additional rights to perform certain functions to improve the entire customer journey experience and further improve efficiency levels. This has had a positive impact on performance overall.

SAP LOGGED QUERIES-OPERATIONAL PERFORMANCE

SAP logged queries include online queries logged by property practitioners and inter-department queries logged by internal users to assess, escalate and resolve.

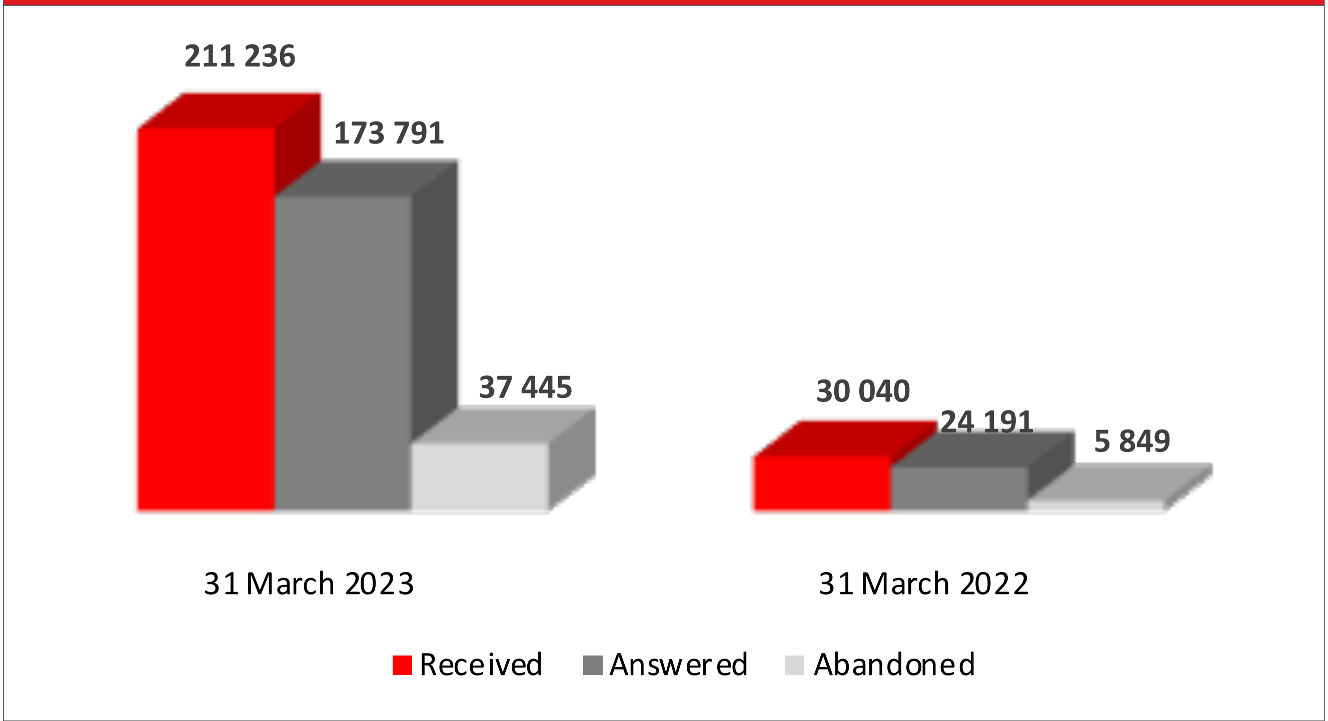


SAP-QUERIES

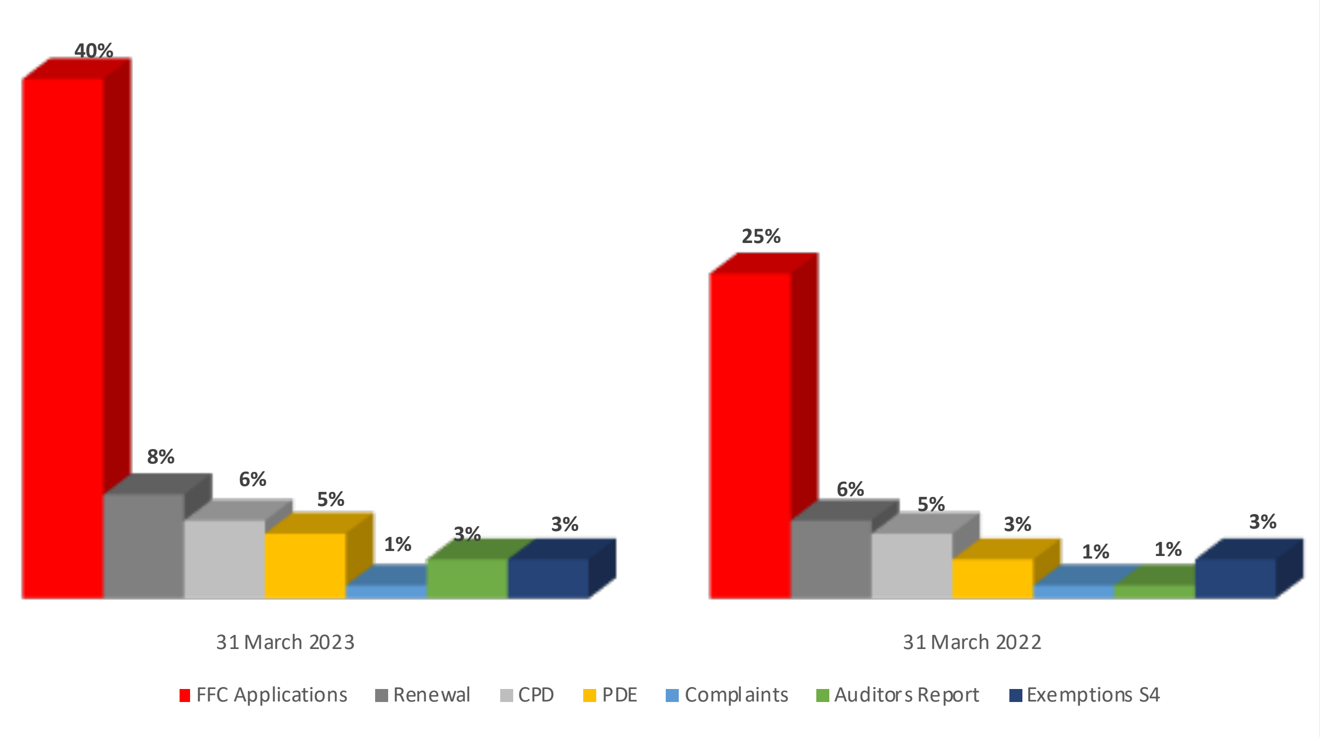


CALL CENTRE

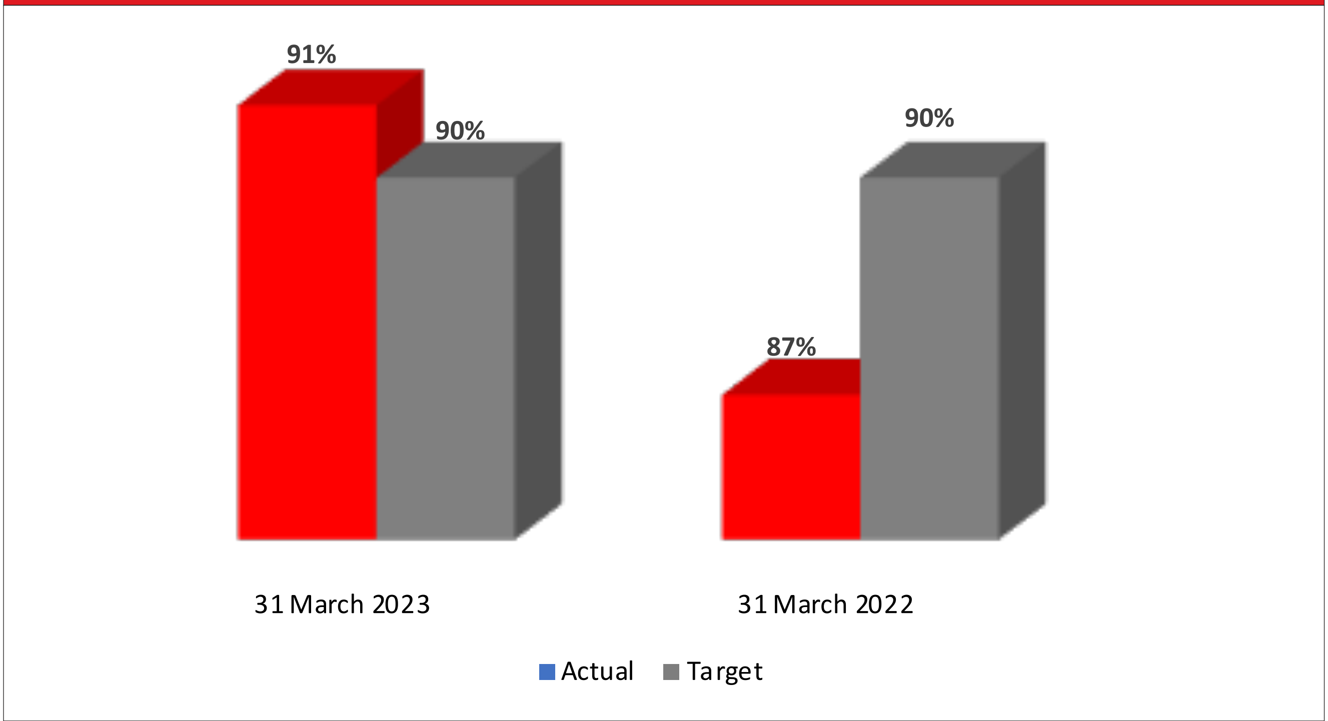
CALL VOLUMES



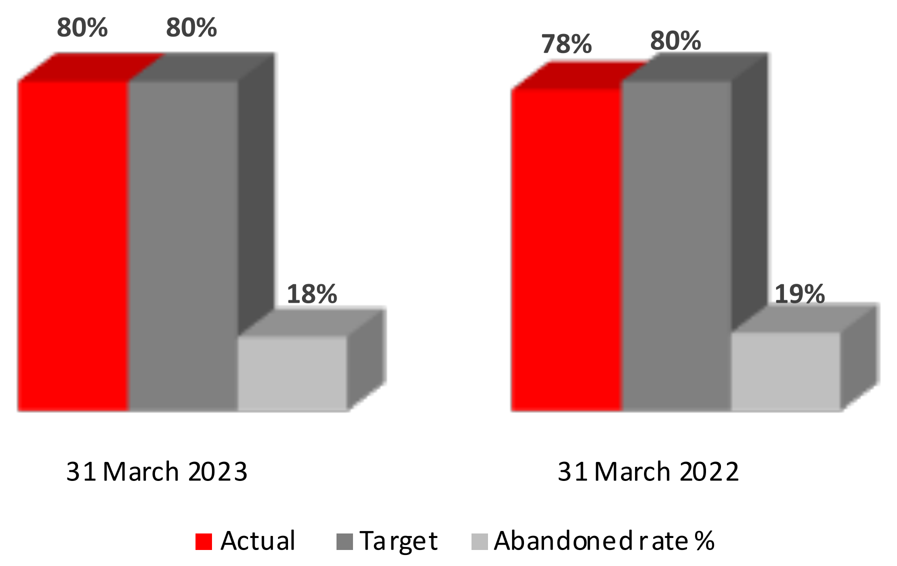
CALL DRIVERS



QUALITY ASSURANCE



SERVICE LEVEL



PROPERTY SECTOR RESEARCH CENTRE (PSRC)

The PSRC plays an important role in conducting market research within the property sector whilst also promoting consumer awareness and education in terms of rights and responsibilities of consumers, empowerment programmes and consumer protection.

During the period under review, the PSRC played a fundamental role in assessing current and emerging challenges in the property sector through collaboration with the National Research Foundation (NRF), to ensure that organisation has a fully-fledged research centre supported by a credible research institute that would support the core mandate of transforming the property sector.

The mandate of the PSRC entails:

1.1 increasing the national scientific research and innovation capability through the development of human capacity and stimulating the generation of new knowledge in the property sector.

1.2 being the central repository of expert knowledge in pre-determined areas of transformation of the property sector and

1.3 supporting the realisation of South Africa's transformation into a knowledge-based economy in which the generation of knowledge would translate into socio-economic benefits.

In fulling the mandate of the PSRC, several achievements were attained during the year under review, considering that this was the first Research Centre established within the property sector in South Africa.

The main achievements were as follows:

- Creation of a virtual central repository centre.
- Implementation of the consumer awareness programme.
- Research reports.
- Hosting of the first research conference with the National Research Foundation to assess and understand the state of the property sector to implement fit for purpose programmes.

Significance of the research conference

To achieve a well-regulated and represented property sector, it was imperative that the PPRA, through objective research mechanisms, conducts a situational analysis, the objective of which would be to consider threats and opportunities as a first point of analysis through the research conference to understand the current state of the sector.

The research conference analysed the inputs from experts, delegates and property practitioners which will form the research mandate and programmes for the entire transformation agenda as noted in Chapter 4 of the Act. The recommendations of the research conference will be implemented based on the prioritised agenda items for the PPRA.

INFORMATION AND COMMUNICATION TECHNOLOGY

The Information and Communication Technology (ICT) department highlights significant advancements made during the year under review. These include, inter alia, efforts to enhance system performance and capabilities, ensuring improved processes to meet client needs. Despite operating within a limited budget as a self-funding entity, the ICT department successfully executed several key initiatives during the financial year.

To address connectivity challenges faced by the PPRA, the ICT network infrastructure was upgraded, resulting in enhanced connectivity for seamless operations. Furthermore, an additional firewall was commissioned to strengthen security measures, ensuring the protection of sensitive organisational data. Power backup systems were also implemented to sustain uninterrupted operations during load-shedding episodes thereby safeguarding against power disruptions.

Furthermore, to improve the stability of the current Enterprise Resource Planning System (ERP) during this year under review, the ERP was upgraded to the latest version to ensure compliance with the SAP standards. Additionally, in line with the Act requirements, the ICT department collaborated with the marketing and communications department to redesign the FFC and RC. The redesigned certificates align with the provisions of the Act and accommodate the new categories introduced by the Act.

Looking ahead, the ICT department is confident that the initiatives undertaken will significantly enhance the performance of the systems utilised by the organisation. It was the intension of the PPRA to appoint a Chief Information Officer (CIO) to drive the ICT strategic objectives.

Despite resource constraints, the ICT department's efforts have resulted in notable advancements in system performance, process efficiency, and compliance with the PPA. The achievements of the year under review have set the stage for continued progress and ensuring that the PPRA remains at the forefront of technology-driven solutions to serve property practitioners effectively.

SUPPLY CHAIN MANAGEMENT

COMPLIANCE WITH LEGISLATIVE REQUIREMENTS

The following tables illustrate legislative requirements applicable to Supply Chain Management Policy (SCMP).

LEGISLATIVE REQUIREMENTS APPLICABLE TO SCMP

PFMA Supply Chain Management (SCM) Treasury Regulations (TR)

NO	SECTION	DESCRIPTION	ACTION
1	TR 3(1)	Accounting Authority/ Accounting Officer	The accounting officer or accounting authority of an institution to which these regulations apply must develop and implement in that institution an effective and efficient supply chain management system for: (a) the acquisition of goods and services; and (b) the disposal and letting of state assets, including the disposal of goods no longer required.
2	TR 3(1)	Accounting Authority/ Accounting Officer	A supply chain management system referred to in sub-regulation (1) must - a) be fair, equitable, transparent, competitive and cost effective; b) be consistent with the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000);and provide for at least the following: (a) demand management; (b) acquisition management; (c) logistics management; (d) disposal management; (e) risk management; and (f) regular assessment of supply chain performance.
3	TR 4(1)	Accounting Authority/ Accounting Officer	The accounting officer or accounting authority of an institution to which these regulations apply must establish a separate supply chain management unit within the office of that institution's chief financial officer, to implement the institution's supply chain management system.
4	TR 4(2)	Supply Chain Unit	An official in the supply chain management unit who becomes aware of a breach of or failure to comply with any aspect of the supply chain management system must immediately report the breach or failure to the accounting officer or accounting authority, in writing.
5	TR 5	Training	The accounting officer or accounting authority of an institution to which these regulations apply must ensure that officials implementing the institution's supply chain management system are trained and deployed in accordance with the requirements of the Framework for Minimum Training and Deployments issued by the National Treasury.
6	TR 6(1)	Procurement Threshold	Procurement of goods and services, either by way of quotations or through a bidding process, must be within the threshold values as determined by the National Treasury from time to time.
7	TR 6(2)	Bidding Process	A supply chain management system must, in the case of procurement through a bidding process provide for: (a) the adjudication of bids through a bid committee; (b) for the establishment, composition and functioning of bid committees; (c) the selection of bid committee members; (d) bidding procedures; and (e) the approval of bid committee recommendations.

PPPFA (REGULATIONS)

NO	SECTION	DESCRIPTION	ACTION
1	3	80/20 Preferential Point System	An 80/20 Preferential Point System should be applied in respect of tenders / procurement with a Rand value equal to or below R 50 000 000 (inclusive of all applicable taxes)
2	4	90/10 Preferential Point System	A 90/10 Preferential Point System should be applied in respect of tenders / procurement with a Rand value above R 50 000 000 (inclusive of all applicable taxes)

Application of the Preferential Procurement Regulations (PPR)

The PPRA has noted the Constitutional Court judgement regarding the application of the PPR as this ruling affects how PPRA will conduct its SCM activities in future.

This judgement necessitated a revision of the Preferential Procurement Regulations, 2022 and this resulted in an effective implementation date for the new regulations of 16 January 2023.

Points for preference are, in terms of the PPR, now allocated based on specific goals and not on the Broad-Based Black Economic Empowerment (B-BBEE) status level of contributors. This is in line with the framework set out in the PPPFA, as well as in accordance with the Constitutional Court judgement. The specific goals in terms of which preferential points will be awarded by the PPRA will be included in the SCMP and Preferential Procurement Policy (PPP) of the entity.

Fruitless and wasteful expenditure

The fruitless and wasteful expenditure item balances assessed and reported on in terms of the Fruitless and Wasteful Expenditure Framework issued by the National Treasury (NT), are as follows:

FRUITLESS AND WASTEFUL EXPENDITURE	PPFF	PPRA	GROUP
Opening balance 1 April 2021	**765 418**	**201 836**	**967 254**
Fruitless and Wasteful expenditure: 2022 financial year	500 000	1 692 980	2 192 980
Closing balance 31 March 2022	**1 265 418**	**1 894 816**	**3 160 234**
Fruitless and Wasteful expenditure: 2023 financial year	—	101 286	101 286
CLOSING BALANCE 31 MARCH 2023	**1 265 418**	**1 996 102**	**3 261 520**

Details pertaining to the nature of fruitless and wasteful expenditure are set out in the table below:

DETAILS OF FRUITLESS AND WASTEFUL EXPENDITURE	2023			2022		
	PPFF	PPRA	GROUP	PPFF	PPRA	GROUP
Interest on arrear pension fund contributions due to the PFA Ruling	—	—	—	—	157 929	157 929
Interest on late payment of SARS PAYE for March and April 2020 (TERS) Payment Holiday payments made late)	—	—	—	—	1 324	1 324
Legal costs on terminated attorney services	—	—	—	500 000	—	500 000
Non-compliance with Treasury Circular	—	101 286	101 286	—	—	—
Payments for APP development that was not concluded	—	—	—	—	1 000 000	1 000 000
Penalties on arrear pension fund contributions	—	—	—	—	132 977	132 977
Study guide material purchased with no confirmation of being received	—	—	—	—	400 750	400 750
TOTAL PER FINANCIAL YEAR	**—**	**101 286**	**101 286**	**500 000**	**1 692 980**	**2 192 980**

Irregular expenditure

The irregular expenditure balances assessed and reported on in terms of the Irregular Expenditure Framework issued by NT, are as follows:

IRREGULAR EXPENDITURE	PPFF	PPRA	GROUP
Opening balance 1 April 2021	**—**	**14 358 836**	**14 358 836**
Irregular expenditure: 2021/22 year	1 144 770	7 637 821	8 782 591
Closing balance 31 March 2022	**1 144 770**	**21 996 657**	**23 141 427**
Irregular expenditure: 2022/23 year	173 481	14 959 629	15 133 110
Closing balance 31 March 2023	**1 318 251**	**36 956 286**	**38 274 537**

The details of the nature of procurement transgressions resulting in irregular expenditure are summarised in the table below:

DETAILS OF PROCUREMENT TRANSGRESSIONS	2023			2022		
	PPFF	PPRA	GROUP	PPFF	PPRA	GROUP
Appointment of service providers with	—	—	—	198 500	179 400	377 900
non-complaint tax status	—	7 328 222	7 328 222	—	2 208 290	2 208 290
Competitive bid processes not followed for contracts exceeding the procurement threshold	—	5 984 837	5 984 837	—	2 003 843	2 003 843
Expenses incurred after contract expiry date	—	124 321	124 321	—	117 617	117 617
Limitation of scope	—	508 758	508 758	—	101 890	101 890
Open ended contracts with no expiry dates	173 481	1 013 492	1 186 973	803 870	2 099 541	2 903 411
SCM processes not followed in the appointment or re-appointment of service providers	—	—	—	142 400	927 240	1 069 640
TOTAL PER FINANCIAL YEAR	**173 481**	**14 959 629**	**15 133 110**	**1 144 770**	**7 637 821**	**8 782 591**

SUPPLY CHAIN INITIATIVES

PROCUREMENT PLAN PROGRESS REVIEW

No tenders were awarded during the 31 March 2023 financial year.

ANNUAL PERFORMANCE REPORT

Annual Financial Statements for the year ended 31 March 2023


SARAH BAARTMAN HALL

SECTION A

INTRODUCTION

The PPRA is a Schedule 3A public entity of the DHS. It was established in February 2022, succeeding the EAAB, in terms of the Act. The PPRA has the mandate to regulate, educate and transform the activities of property practitioners in the public interest. Performance reporting enables the PPRA to review progress toward the achievement of financial and non-financial performance on a regular basis in a particular financial year. Reporting on both financial and non-financial performance is important in measuring the performance of the PPRA.

This Annual Performance Report represents how the PPRA's performance planning, monitoring, measurement, review, reporting, and improvement has been conducted, organised and managed including determining the roles of different players, in particular the role of the PPRA Audit, Governance and Risk Committee (AGRC) in performance planning and monitoring. As the PPRA, we are pleased to present the annual performance information for the 2022/23 financial period. From the erstwhile EAAB, this is the first full fiscal year operating as the PPRA.

The PPRA adopted the performance management framework. This framework was reviewed and amended during the current financial year to align the best practice guidelines suggested by the Department of Planning, Monitoring and Evaluation (DPME) and the guidelines on Performance Planning provided by the Department of Human Settlements. The Framework was again reviewed to address the Auditor General and Internal Auditors finding to address the process of collection, processing, monitoring, and reporting of performance information and the need to ensure combined assurance in programme information reporting by the same. The document begins by setting out a summary of adopted indicators as outlined in the Annual Performance Plan. It was imperative for the PPRA to prepare for the readiness of implementation for performance indicators together with Technical Indicator Descriptions (TID) as outlined in the APP. The Report is divided into two sections. Section A is the introduction and the executive summary. Section B provides the strategic overview of the entity and highlights the organisational Strategic Focus giving effect to the provision of the PPA. The last two sections of the report, provide detailed programme performance information outlining all twenty-four targets listed on the APP.

OUR STRATEGIC FOCUS

To give effect to the provisions of the Act, the PPRA focuses on the following key strategic areas.

PROPERTY SECTOR TRANSFORMATION FUND

According to Section 21 of the Act, it is required to open a PSTF bank account within six months of establishment, to receive grants. This task has been successfully accomplished. Additionally, the appointment of the PSTF manager has been finalised, and they commenced their duties on 01 April 2023. It is envisaged that the appointment of the PSTF manager together with other appointments within the PPRA, will better position the implementation of transformation programmes. It is envisaged that the transformation implementation plan will be one of the key tasks to be undertaken and fulfilled by the PSTF.

PROPERTY SECTOR RESEARCH CENTRE

Section 22 of the Act provides for the establishment of a PSRC, which must conduct market research in partnership with the NRF and Institutions of Higher Learning.

The PSRC in partnership with NRF hosted the very first research conference in the property sector to realise research and transformation imperatives in the period under review. These are favourable for the property sector because information and decision-making will be based on available researched information updated regularly and published on the PPRA Research Repository which is available on the PPRA website.

LICENSING REGULATIONS

Licensing is the backbone of the PPRA and the standard and approach to licensing is critical requiring migration from registrations to a licensing regime. The PPRA is a self-funding entity and, as such, is reliant on license fees as a major source of funding. As required by the Act, a framework for the licensing of property practitioners must be developed. A market analysis will assist in obtaining a full list of all the potential and current licensees that fall within the jurisdiction of the PPRA, especially given the newly expanded mandate for the PPRA. The framework needs to progress to allow the PPRA towards achieving an optimal collections rate.

FINANCIAL INTELLIGENCE CENTRE

The PPRA is the Supervisory Body for property practitioners' in terms of the FIC Act, the PPRA is obliged to take all steps required to prevent or alternatively, identify and report on, anti-money laundering and terrorist financing activities in the property practitioner sector. Compliance and enforcement processes, need to support this critical function. Although the PPRA involvement has somehow been limited, regular monitoring and reporting has been achieved ensuring that compliance and enforcement processes are in place.

EDUCATION, PROFESSIONALISATION AND CONTINUING PROFESSIONAL DEVELOPMENT

Qualification standards for all sub-sectors must be established to regulate the property profession to ensure professionalisation of all sectors, especially the newly defined property practitioners that were previously not regulated. In terms of the EAA Act, practical training standards need to be developed for candidate property practitioners, as well as for CPD. The CPD plan must be fit for purpose for new sub-sectors to promote growth and development for property practitioners.

SECTION B

PERFORMANCE INFORMATION SUMMARY

Overview

Reporting on performance indicators on a quarterly and annual basis provides progress on the implementation of the PPRA's plans with reference to monitoring delivery against the specific annual performance targets set.

Annual performance reporting is an important management tool for the Executive Authority Accounting Authority and Accounting Officer to monitor performance. Public entities like the PPRA, are required to present their Annual Performance Reports to their Executive Authority. Treasury Regulations 5.3.1, 29.3.1 and 30.2.1 require the Accounting Authority of a public entities to establish procedures for annual and quarterly reporting to the Executive Authority to facilitate effective performance monitoring, evaluation, and corrective action.

Internal Audit

PPRA has engaged with Internal Auditors and the recommendation implemented was based on the inputs received on a Quarterly basis. Crucial to ensuring continuous performance improvement is the need to ensure improvement in the compilation of the submitted Portfolio of evidence (PoE).

Note 1: *Care has been taken to ensure that Performance indicators and targets are in line with strategic objectives and programmes/objectives/ activities contained in the Annual Performance Plan. The Framework for Managing Programme. Performance Information (FMPPI) and the Framework for Strategic Plans and Annual Performance Plans were consulted for guidance on the management of each indicator, the method of collecting data to report on the indicators, as well as for guidance in respect of calculating, analysing and for interpreting the performance data collected.*

SECTION C

PERFORMANCE SUMMARY

Performance indicators and targets are identified and included in the PPRA's APP to track ongoing performance. Annual and quarterly monitoring of performance indicators is an important element of planning and budgeting process within the PPRA.

PPRA managed to spent only 67% of its annual operational budget for the year. The delay in the implementation of the new approved organisational structure and onboarding of the new categories of property practitioners resulted in total operating costs being less than the budgeted amount.

SOURCES OF REVENUE	2022/2023			2021/2022		
	ESTIMATE	ACTUAL AMOUNT COLLECTED	(OVER)/ UNDER COLLECTION	ESTIMATE	ACTUAL AMOUNT COLLECTED	(OVER)/ UNDER COLLECTION
FFC Contributions	71 152 183	27 292 979	43 859 204	37 436 716	30 740 558	6 696 158
Income from examinations	99 427 682	41 408 478	58 019 204	42 825 862	44 010 125	(1 184 263)
Claims recoverable	6 000 000	1 294 310	4 705 690	4 297 444	5 659 473	(1 362 029)
Interest from investment	7 156 536	20 833 630	(13 677 094)	13 921 230	5 547 928	8 373 302
Fair value adjustments	34 719 128	13 347 859	21 371 269	20 986 086	36 353 631	(15 367 545)
Interest on trust accounts	49 171 648	22 860 369	26 311 279	58 229 581	26 827 857	31 401 724
Fines and penalties	16 986 648	70 990 245	(54 003 597)	20 884 164	45 830 455	(24 946 291)
Other income	69 346	14 507 156	(14 437 810)	2 292 796	3 255 319	(962 523)
TOTAL	**284 683 171**	**212 535 026**	**72 148 145**	**200 873 879**	**198 225 346**	**2 648 533**

PPRA underachieved on its revenue target as it only realised 74% of the budgeted amount. This was mainly due to new categories of property practitioners not yet registered with the PPRA. Processes are underway to onboard and register these new categories of property practitioners in the new financial year.

We are cognisant of the displeasing performance of the organisation; however, measures are in place to turn the tide in the new financial year. Amongst our Institutional Priorities, the keys ones are:

Stabilising the ICT Environment

Adopting a digital innovation strategy across the organisation which will finally enable the organisation to onboard the 11 sub-sectors of Property Practitioners.

Nurturing our talent and promoting a work-culture of equity and transparency:

We are prioritising various people processes, in alignment with our HR Strategy, to ensure we embed systems and processes that allow staff to learn and grow both within PPRA as well as the wider sector and doing so within a culture that supports our diversity, inclusion and accountability values:

- Reviewing HR Policies and ensuring alignment with best practice.
- Integrated Human Resources system.
- Re-evaluating current jobs and evaluating new jobs.
- Remuneration benchmarking with a view to ensuring internal consistency and external comparison.

The above strategic activities were in process towards the end of the year under review. These activities are critical in enhancing the organisation's Employee Value Proposition. Successful finalisation hereof will place the organisation at a distinct advantage in the quest to retaining and acquiring critical talent.

Annual Performance Report Summary

PPRA ANNUAL PERFORMANCE REPORT 2022/23			
PROGRAM	ANNUAL PERFORMANCE SUMMARY		
	NUMBER OF TARGETS	TARGETS MET	% ACHIEVED
1. Finance and Administration	11	4	36%
2. Licensing and Compliance	2	1	50%
3. Inspection and Enforcement	3	1	33%
4. Research, Professionalisation & Training	5	2	40%
5. Transformation	3	0	0%
TOTAL	**24**	**8**	**33%**

Note 2: *Some programs (the Fidelity Fund, and some programs under the Transformation Fund) continue to be executed by the PPRA. However, due to changes coming from the PPA, these programmes are managed operationally through the transition period until fully scoped in the next annual performance planning cycle. The progress made by the PPRA towards achieving its strategic objectives has been limited in the transition period. Improved performance is noted in turnaround times for new registrations. It is critical that the efforts to address system challenges be sustained, to enable seamless operations in this area – to bring about the capability to license the additional volumes of property practitioners. This is of strategic importance to the organisation since it is linked to the main source of revenue. The Compliance Programme has suffered from the lack of enforcement through disciplinary hearings, which have not taken place for several quarters due to expired contracts with disciplinary committee members. This programme is of strategic importance to the PPRA to drive compliance with legislation. The PPRA will continue to improve performance monitoring systems and implement management interventions to address performance gaps.*

PROGRAMME 1: ADMINISTRATION

The programme seeks to maximise PPRA's performance through effective and efficient management of its resources and systems, thereby creating a world-class regulator.

Strategic Objectives of the Programme:

- Provide strategic management and support across the organisation
- Ensure good governance and sound control environment
- Ensure PPRA operations are efficient and effective
- Maintain a Stakeholder-centered organisation

PROGRAMME 1: FINANCE AND ADMINISTRATION								
OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020/2021	AUDITED ACTUAL PERFORMANCE 2021/2022	PLANNED ANNUAL TARGET 2022/2023	ACTUAL ACHIEVEMENT 2022/2023	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2022/2023	REASONS FOR DEVIATIONS
1.1 Functional, Efficient, and Integrated Governance	Sound governance and control environment systems	**1.1.1** Unqualified audit opinion with no material findings	Unqualified audit opinion with significant material findings	Qualified audit opinion	Unqualified audit opinion with no material findings	Qualified with findings	Qualified with findings	Material misstatements in the financial statements submitted for auditing
	Internal Audit Plan	**1.1.2** Percentage implementation of the approved internal audit annual plan	New Indicator	New Indicator	100% implementation of the approved internal audit annual plan	100% implementation of the approved internal audit annual plan	Target achieved	N/A

PROGRAMME 1: FINANCE AND ADMINISTRATION								
OUTCOME	**OUTPUT**	**OUTPUT INDICATOR**	**AUDITED ACTUAL PERFORMANCE 2020/2021**	**AUDITED ACTUAL PERFORMANCE 2021/2022**	**PLANNED ANNUAL TARGET 2022/2023**	**ACTUAL ACHIEVEMENT 2022/2023**	**DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2022/2023**	**REASONS FOR DEVIATIONS**
1.1 Functional, Efficient, and Integrated Governance	Risk management Plan	**1.1.3** Percentage implementation of the approved risk management plan	100% implementation of the approved risk management plan	100% implementation of the approved risk management plan	100% implementation of the approved risk management plan	75% implementation of the approved risk management plan	25% deviation from planned target to actual achievement	Risk Management Policy approval delays affected performance in Q1 and Q3. Activities carried out were reported in Q4
	Fraud Management Plan	**1.1.4** Percentage Implementation of fraud prevention plan	100% Implementation of fraud prevention plan	100% Implementation of fraud prevention plan	100% Implementation of fraud prevention plan	75% implementation of the approved risk management plan	25% deviation from planned target to actual achievement	Fraud Prevention Policy approval delays affected performance in Q1 and Q3. Activities carried out were reported in Q4
	Procurement spent on designated groups	**1.1.5** Percentage of procurement budget spent on women-owned enterprises	New Indicator	New Indicator	40% of procurement budget spent on women-owned enterprises	40,2% of procurement budget spent on women-owned enterprises	0,2% above the target was achieved	The use of the Central Supplier Database assisted in sourcing women-owned enterprises
		1.1.6 Percentage of procurement budget spent on youth-owned enterprises	New Indicator	New Indicator	20% of procurement budget spent on youth owned enterprises	24,53% of procurement budget spent on youth owned enterprises	4,53% above the target was achieved	The use of the Central Supplier Database assisted in sourcing youth-owned enterprises
		1.1.7 Percentage of procurement budget spent on enterprises owned by people with disabilities	New Indicator	New Indicator	5% of procurement budget spent on enterprises owned by people with disabilities	0,5% of procurement budget spent on enterprises owned by people with disabilities	4,5% below the target	Existing contracts in Q1 were based on overall BEE targets. CSD will be used to target businesses owned by people with disabilities
	Organisation structure has the appropriate functions and skills to deliver the outcomes of the PP Act	**1.1.8** Percentage implementation of the approved human resource management plan	New Indicator	New Indicator	80% implementation of the approved human resource management plan	37,5% implementation of the approved human resource management plan	42,5% below target	HR Management Plan was only approved after Q1 and Q2, Implementation of activities was only affected later with key Executive Positions being filled during Q3 and Q4
	Effective Revenue collection systems in place	**1.1.9** Percentage collection of allowed fees	New Indicator	100% collection of allowed fees	100% collection of allowed fees	99,1% collection of allowed fees	Target achieved	Finance Department in Q1 had not resolved the outstanding debtors' arrangements thus making 100% collection impossible
	Stakeholders contributing to the implementation of the PPA	**1.1.10** Percentage Implementation of PPRA stakeholder management plan	New Indicator	New Indicator	70% Implementation of PPRA stakeholder management plan	50,3% Implementation of PPRA stakeholder management plan	19,7% deviation from the original target	Internal delays were experienced in supplying content for re-branding. The publishing of PPRA Agent Magazines was put on hold in Q2 which affected the performance
	Reduced and speedy resolution of consumer queries	**1.1.11** Percentage of consumer queries resolved within 90 days	New Indicator	New Indicator	80% of consumer queries resolved within 90 days	78,25% of consumer queries resolved within 90 days	1,75% deviation from the original target	System downtime, System unavailability, slowness of the internet and portal challenges especially during Q2 and Q3 affected the performance

CORRECTIVE ACTION – FOR UNDER-ACHIEVED KEY PERFORMANCE INDICATORS

KEY PERFORMANCE INDICATOR	REASON FOR UNDERPERFORMANCE	PLANNED CORRECTIVE ACTION	PERSONS RESPONSIBLE
1.1.1 **Unqualified audit opinion with no material findings**	AFS and Performance Report contained misstatements as reported in Q1, Inability for PPRA to separately keep a record of exchange and non-exchange transactions reported in Q2,	Implement the Steering Committee Recommendations dealing with misstatements	Chief Financial Officer / Finance Manager
1.1.3 **Percentage implementation of the approved risk management plan**	Delays in the approval of the Risk Management Policies, implementation plans and frameworks affected the reported performance	All Policies, implementation plans and frameworks are to be reviewed in Q3 and approved in Q4	Chief Executive Officer / Chief Risk Officer
1.1.4 **Percentage Implementation of fraud prevention plan**	Delays in the approval of the Fraud Prevention Policies and implementation plans affected the reported performance	All Policies, implementation plans and frameworks are to be reviewed in Q3 and approved in Q4	Chief Executive Officer / Chief Risk Officer
1.1.8 **Percentage implementation of the approved human resource management plan**	HR Management Plan was only approved after Q1 and Q2, Implementation of activities was only affected later with key Executive Positions being filled during Q3 and Q4	HR Management Plan will be linked to the Annual Planning cycle to ensure that all key positions are filled	Chief Office Support Officer / HR Manager
1.1.10 **Percentage Implementation of PPRA stakeholder management plan**	Internal delays were experienced in supplying content for re-branding. The publishing of PPRA Agent Magazines was put on hold in Q2 which affected the performance	A new Publication is on the cards and will be published and distributed in the new financial year 2023/24. The publication will also focus on Research Topics identified by the Research Department linked to Section 4 of the PPA	Chief Office Support Officer / Marketing Manager / Stakeholder Relations Officer

Note 3: *Target 1.1.1 Unqualified audit opinion – As part of the Internal review process by management, the internal audit is set to respond and provide an opinion on how management has addressed quarterly internal audit and AGSA findings. Management will ensure ease of access on retrieving audit files and finally management will ensure that all reported information is reviewed and reported performance is signed off with a supporting portfolio of evidence.*

Note 4: *1.1.11 Percentage of consumer queries resolved within ninety days – management will work on mechanisms around the collection and reporting of performance information on a monthly basis, with quarterly updates and also have a re-look on the use of backup data when the system downtime challenges are ensuing.*

PROGRAMME 2: COMPLIANCE AND ENFORCEMENT

Purpose of the programme

The programme seeks to ensure that all property practitioners comply with the relevant legislation governing property practitioners.

Strategic objectives related to the Programme

- Improve compliance with the Estate Agency Affairs Act (pre-PPA), and the Property Practitioners Act that repealed it
- Improve compliance with the Finance Intelligence Centre Act
- Reduce the number of illegally trading property practitioners

Compliance Programmes managed in Operational Plans for the transition period (1 February 2022 – 31 March 2022).

Due to the change of scope and inspection powers conferred by the PPA, the FIC inspection programme done under the EAA Act, continued in the transition phase, but will however be managed in the operational plan, until the capacity and scope of the PPA inspections is considered.

The PPA also brought about changes to the requirements that must be met before Fidelity Fund Certificates are issued, even on renewal. The issuing of renewal FFCs continues under the PPRA. It is however managed in the operational plan until the practicalities of the transition to the new requirements have been implemented.

PROGRAMME 2: LICENSING AND COMPLIANCE

OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020/2021	AUDITED ACTUAL PERFORMANCE 2021/2022	PLANNED ANNUAL TARGET 2022/2023	ACTUAL ACHIEVEMENT 2022/2023	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2022/2023	REASONS FOR DEVIATIONS
2.1 Inclusive, Integrated and transformed property sector	Property practitioners registered on the database of the PPRA	**2.1.1** Number of property practitioners registered on the database of the PPRA per annum	New Indicator	8 578 new property practitioners registered on the database of the PPRA per annum	9 000 new property practitioners registered on the database of the PPRA per annum	6 548 new property practitioners registered on the database of the PPRA per annum	2 452 deviation from the original target of 9000	There were delays in configuring the ICT system to register and issue FFCs to all new categories of Property Practitioners.
	New Registration processed within 30 days	**2.1.2** Percentage of all compliant new registrations processed within 30 days	89% of all compliant new registrations processed within 21 days	98.87% of all compliant new registrations processed within 21 days	100% of all compliant new registrations processed within 30 days	99,6% of all compliant new registrations processed within 30 days	0,39% deviation from the original target	The portal has been configured to enable the PPRA to issue FFCs under the PPA. A further upgrade to enable issuing of FFCs. The bulk of upgrades will be undertaken in the 2023/24 FY.

CORRECTIVE ACTION FOR UNDER-ACHIEVED KEY PERFORMANCE INDICATORS

KEY PERFORMANCE INDICATOR	REASON FOR UNDERPERFORMANCE	PLANNED CORRECTIVE ACTION	PERSONS RESPONSIBLE
2.1.1 Number of property practitioners registered on the database of the PPRA per annum	There were delays in configuring the ICT system to register and issue FFCs to all new categories of Property Practitioners.	A manual process was initiated which assisted in registering the Practitioners. Patch configuration is currently being undertaken	Executive Manager Licensing and Renewal
2.1.2 Percentage of all compliant new registrations processed within 30 days	The portal has been configured to enable the PPRA to issue FFCs under the PPA.	A manual process to issue FFCs has been initiated.	Executive Manager Compliance

Note 5: *2.1.1 Number of property practitioners registered on the database of the PPRA per annum – Management will ensure that the ICT reports include APP issues and interventions. The Board will consider making the ICT Committee Chairperson a standing Invitee of the AGRC.*

PROGRAMME 3: INSPECTION AND ENFORCEMENT

PROGRAMME 3: INSPECTION AND ENFORCEMENT								
OUTCOME	**OUTPUT**	**OUTPUT INDICATOR**	**AUDITED ACTUAL PERFORMANCE 2020/2021**	**AUDITED ACTUAL PERFORMANCE 2021/2022**	**PLANNED ANNUAL TARGET 2022/2023**	**ACTUAL ACHIEVEMENT 2022/2023**	**DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2022/2023**	**REASONS FOR DEVIATIONS**
3.1 Functional, efficient and integrated government	Approved guidelines for the inspections as contemplated in the PPA	**3.1.1** 4 x Quarterly Inspection Guidelines issued	New Indicator	New Indicator	4 x Quarterly Inspection Guidelines issued	4 x Quarterly Inspection Guidelines issued	Target Achieved	N/A
	Effective enforcement	**3.1.2** Percentage of completed investigations that result in disciplinary hearings	New Indicator	New Indicator	75% of completed investigations that result in disciplinary hearings	69% of completed investigations that result in disciplinary hearings	6% deviation from the original target	No disciplinary hearings took place in Q1 due to a lack of appointed disciplinary hearings panel
		3.1.3 Percentage of disciplinary outcomes enforced	67% of disciplinary outcomes enforced	0% of disciplinary outcomes enforced	100% of disciplinary outcomes enforced	51% of disciplinary outcomes enforced	49% deviation from the original target	Legislative requirement of orders being issued after 60 days caused delays in orders being signed and submitted for enforcement

CORRECTIVE ACTION FOR UNDER-ACHIEVED KEY PERFORMANCE INDICATORS

KEY PERFORMANCE INDICATOR	REASON FOR UNDERPERFORMANCE	PLANNED CORRECTIVE ACTION	PERSONS RESPONSIBLE
3.1.2 Percentage of completed investigations that resulted in disciplinary hearings	No disciplinary hearings took place in Q1 due to a lack of appointed disciplinary hearings panel	The Disciplinary Panel has since been appointed. The Disciplinary enrollment Plan will be submitted for approval and published in the new financial year to enable the hearings to commence	Executive Manager Enforcement
3.1.3 Percentage of disciplinary outcomes enforced	Legislative requirement of orders being issued after 60 days caused delays in orders being signed and submitted to the Department for enforcement	To amend the SLA with the disciplinary committee to provide for submission of signed orders to the department within a period of 30 days to enable the department to serve the orders within the legislative 60 days	Executive Manager Enforcement

Note 6: *3.1.2 Percentage of completed investigations that result in disciplinary hearings – Management will ensure that the disciplinary panel is appointed on a longer contract term of between 2-3 years.*

PROGRAMME 4: RESEARCH, PROFESSIONALISATION, AND TRAINING

Purpose of the programme

To capacitate property practitioners through training and continuous professional development.

Strategic objectives related to the Programme

- Build capacity of registered property practitioners
- Ensure continuing development of property practitioners
- Establish the Knowledge and Research Centre for disseminating knowledge in the property practitioners sector

PROGRAMME 4: RESEARCH, PROFESSIONALISATION & TRAINING								
OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020/2021	AUDITED ACTUAL PERFORMANCE 2021/2022	PLANNED ANNUAL TARGET 2022/2023	ACTUAL ACHIEVEMENT 2022/2023	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2022/2023	REASONS FOR DEVIATIONS
4.1 Inclusive, Integrated and transformed property sector	Increase in the number of Property Practitioners who are registered for CPD and have met CPD requirements in full	**4.1.1** Percentage Increase of Property Practitioners who are registered for CPD and have met CPD requirements in full	52% Increase of Property Practitioners who are registered for CPD and have met CPD requirements in full	60% Increase of Property Practitioners who are registered for CPD and have met CPD requirements in full	30% Increase of Property Practitioners who are registered for CPD and have met CPD requirements in full	30% Increase in Property Practitioners who are registered for CPD and have met CPD requirements in full	Target achieved	Of the 14046 registered for CPD, 30% of Property Practitioners who are registered for CPD have met CPD requirements in full
	Approved standard for qualification for property practitioners	**4.1.2** Percentage Implementation of the Skills Development Plan	New Target	New Target	100% Implementation of the Skills Development Plan	0% Implementation of the Skills Development Plan	100% under achieved	Implementation of the Skills Development Plan required identification of pivotal skills within the property sector which was coordinated by Services SETA and also required internal Skills Development Initiatives within the PPRA.
	Develop and establish research capacity and knowledge management in sector	**4.1.3** Creation of Central Repository for industry research and knowledge	New target	New target	Implement research agenda	Implement research agenda	Target achieved	
	Youth candidate practitioners placed with property industry host employers through the One Learner – One Property Practitioner Programme	**4.1.4** Number of candidate practitioners placed with property industry host employers through the One Learner – One Property Practitioner Programme	131 candidate practitioners placed with property industry host employers through the One Learner – One Property Practitioner Programme	0 candidate practitioners placed with property industry host employers through the One Learner – One Property Practitioner Programme	2 000 candidate practitioners placed with property industry host employers through the One Learner – One Property Practitioner Programme	137	1 863 under achieved	The under-achievement was as a result of a lack of funding and lack of support for the Host- Employers by the SETA
		4.1.5 Retention Rate of youth candidate practitioners in the One Learner – One Property Practitioner Programme	70% retention rate of youth candidate practitioners in the One Learner – One Property Practitioner Programme	0% retention rate of youth candidate practitioners in the One Learner – One Property Practitioner Programme	70% retention rate of youth candidate practitioners in the One Learner – One Property Practitioner Programme	0%	70% under achieved	There were no learners placed in fiscal year 2021/22. As a result, the retention could not be calculated

CORRECTIVE ACTION FOR UNDER-ACHIEVED KEY PERFORMANCE INDICATORS

KEY PERFORMANCE INDICATOR	REASON FOR UNDERPERFORMANCE	PLANNED CORRECTIVE ACTION	PERSONS RESPONSIBLE
4.1.4 **Number of candidate practitioners placed with property industry host employers through the One Learner – One Property Practitioner Youth Programme**	Transformation programmes only commenced in September 2022, five months into the 2022/23 financial due to delays in signing the Services SETA-PPRA SLA's. The SLA was only signed off on the 22nd of July 2022. In August 2022, the transformation team handled remediation of learner documents and the programme officially commenced on the 1st of September 2022. Three hundred (300) learners were recruited between January 2023 to 31 Mach 2023 and will only be placed in the first quarter of the 2023/24 financial year.	The Property Sector Transformation Fund (PSTF) Manager has been appointed to drive the implementation of empowerment and transformation programmes	Property Sector Transformation Fund Manager
4.1.5 **Retention Rate of youth candidate practitioners in the One Learner – One Property Practitioner Youth Programme**	There were no learners placed in fiscal year 2021/22. As a result, the retention could not be calculated	The transformation department currently recruits candidate property practitioners that are already in the property sector as they have demonstrated staying power and are aware that the property sector is commission-based. This is based on the fact that some of the new recruits apply for these opportunities because of the high unemployment rate especially amongst the youth. Once another opportunity with higher benefits arises, these candidates leave the programme to take up other opportunities. Transformation department currently: • Expedites contract signing to avoid delays in implementing transformation programmes. • Conducts comprehensive induction sessions before the commencement of the programmes to ensure candidates fully understand the career path of a property practitioner.	Property Sector Transformation Fund Manager

PROGRAMME 5: TRANSFORMATION

Purpose of the programme

To transform the property sector by removing racial and gender barriers to economic participation in the sector.

Strategic objectives related to the Programme

- To increase the number of youths, PDIs, black women, and people living with disabilities in the real estate sector
- To implement an impactful amnesty campaign for property practitioners
- To ensure the protection, education, and awareness of consumers with regards to property transactions
- To increase internal and external transformation in accordance with BBBEE, PPPFA, EE, Skills Development, and PSC
- To develop financial mechanisms and incentives for sustainable transformation initiatives
- The PPRA continues some of the transformation programmes started under the EAAB, for instance, the One-Learner One-Estate Agent Programme which is now referred to as the One Learner - One Property Practitioner Youth Programme. These are managed operationally in the transition period until properly scoped and defined to include the wider practitioner categories

PROGRAMME 5: TRANSFORMATION								
OUTCOME	**OUTPUT**	**OUTPUT INDICATOR**	**AUDITED ACTUAL PERFORMANCE 2020/2021**	**AUDITED ACTUAL PERFORMANCE 2021/2022**	**PLANNED ANNUAL TARGET 2022/2023**	**ACTUAL ACHIEVEMENT 2022/2023**	**DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2022/2023**	**REASONS FOR DEVIATIONS**
Inclusive, Integrated, and transformed property sector	Property sector transformation fund established within 6 months	**5.1.1** Property sector transformation fund established within 6 months	New Indicator	New Indicator	Property sector transformation fund established	Transformation Fund banking account was opened, without prior approval from National Treasury	Target not achieved	National Treasury approval was only received after year end for the opening of the bank account
	Increase in Full status Black Women that have been supported through the Principalisation Programme	**5.1.2** Number of Full status Black Women that have been supported through the Principalisation Programme	720 Full status Black Women that have been supported through the Principalisation Programme	515 Full status Black Women that have been supported through the Principalisation Programme	300 Full status Black Women that have been supported through the Principalisation Programme	0 Full-status Black Women that have been supported through the Principalisation Programme	300 under achieved	A new Principalisation Model will be implemented in the new financial year
	Effective incubation programme for historically disadvantaged groups	**5.1.3** Number of SMME's owned by historically disadvantaged groups placed through the incubation programme	0 SMME's owned by historically disadvantaged groups placed through the incubation programme	N/A	25 SMME's owned by historically disadvantaged groups placed through the incubation programme	0 SMME's owned by historically disadvantaged groups placed through t[he incubation programme	100% deviation from the original target	The PPRA is currently reworking the SMME model for internal Implementation. Recent graduates to be targeted

CORRECTIVE ACTION FOR UNDER-ACHIEVED KEY PERFORMANCE INDICATORS

KEY PERFORMANCE INDICATOR	REASON FOR UNDERPERFORMANCE	PLANNED CORRECTIVE ACTION	PERSONS RESPONSIBLE
5.1.1 **Property Sector Transformation Fund established within 6 months**	Oversight by management to first obtain approval for the establishment of the Transformation Fund from National Treasury before opening a bank account in July 2022.	The approval from National Treasury was obtained in April 2023 which was after the 2022/23 financial year.	Property Sector Transformation Fund Manager
5.1.2 **Number of Full status Black Women that have been supported through the Principalisation Programme**	Delays in the issuance of the programme commencement letter by Services SETA. The commencement letter was only issued in October 2022. Misunderstanding of the scope of the principalisation programme by PPRA whereby candidates were of the opinion that they were enrolled for NQF 5 when in fact they were enrolled onto the PDE 4.	Property Sector Transformation Fund Manager was appointed effective from April 2023 to oversee the implementation of the empowerment programmes. To date, 75 prospective principal practitioners who are Full status property practitioners have been placed in principalisation programme. Of the 75 prospective principal practitioners, 47 are Black women. The candidacy programme commence on the 3rd of April 2023 and all candidates are enrolled onto the NQF 5 in real estate.	Property Sector Transformation Fund Manager
5.1.3 **Number of SMME's owned by historically disadvantaged groups placed through the incubation programme**	SMME model for internal Implementation. Recent graduates to be targeted had not been finialised.	Property Sector Transformation Fund Manager has been appointed effective from April 2023 to oversee the implementation of the empowerment programmes. The SMME-Incubation programme has been advertised and tender documents will be available from the 13th of September 2023 and the closing date is the 14th of October 2023.	Property Sector Transformation Fund Manager

CORPORATE GOVERNANCE

Annual Financial Statements for the year ended 31 March 2023

CORPORATE GOVERNANCE

Annual Financial Statements for the year ended 31 March 2023

INTRODUCTION

The Accounting Authority should act as the focal point for, and custodian of, corporate governance by managing its relationships with management and other stakeholders of the organisation along sound corporate governance principles.

PORTFOLIO COMMITTEE

DATE	PURPOSE
21 April 2022	Briefing the Portfolio Committee by Human Settlement entities on budget strategic plans, and revised annual performance plan 2023/2024
19 October 2022	Briefing the Portfolio Committee by Human Settlement entities on audit outcomes.

ACCOUNTING AUTHORITY

All public entities should be headed by and controlled by an effective and efficient Board, comprising of the appropriate mix of executive and non-executive directors representing the necessary skills to strategically guide the public entity. Most of the members should be non-executive to ensure independent and objectivity in decision-making.

The board members, individually and collectively, acknowledge their responsibilities in terms of the Property Practioners Act and the Public Finance Management Act and Governance Principles and policies of good governance are continuously and best practices are applied. The Board ensures that the operations of the organisation are conducted in a manner that supports the establishment of an ethical culture in a sustainable way.

THE ROLE OF THE ACCOUNTING AUTHORITY

As contained in the Property Practioners Act and the Board Charter the role of the Board statutorily is to ensure that the Authority complies with this Act and any other applicable law; ensure that the Authority performs its duties efficiently and effectively; provide corporate governance for the Authority; ensure that the Authority exercises its powers in accordance with the principles of transparency and accountability.

The Board also advise the Minister on the state of transformation of the industry, prescribing of regulations, education and training of property practitioners.

THE ROLE OF THE ACCOUNTING AUTHORITY AS PER THE CHARTER

The Accounting Authority's primary responsibilities are to appreciate that strategic risk, performance and financial sustainability are inseparable. The Accounting Authority contributes to and approving the strategy, satisfying itself that the strategy and operational plans do not give rise to risks that have not been thoroughly assessed by management.

The Accounting Authority identify key performance and risk areas and monitor the organisation's performance against agreed objectives (including the assessment of the evaluation of the performance of executive management in terms of defined objectives and applicable public service) and provide effective leadership based on an ethical foundation and ensure that the organisation's ethics are managed effectively.

COMMITTEE	# OF METTINGS HELD	# OF MEMBERS	NAME OF MEMBERS
Legal Claims And Compliance Committee	7	4	Adv. Nokulunga Makopo, Thokozani Radebe, Pamela Makhubela and Adv. Mxolisi Nene
Education, Professionalisation And Cpd Committee	6	3	Pam Snyman, Pamela Makhubela, and Johan van der Walt
Finance And Investment Committee	14	3	Terry Johnson, Shaheed Peters, and Thuthuka Songelwa
Social And Ethics Committee	5	4	Thokozani Radebe, Adv. Nokulunga Makopo, Verushka Gilbert, and Johan van der Walt
Human Resources And Remuneration Committee	19	3	Thuthuka Songelwa, Pam Snyman, and Shaheed Peters
Industry Transformation Committee	8	4	Adv Mxolisi Nene, Pamela Makhubela, Thuthuka Songelwa, and Thato Ramaili *
It Governance Committee	5	3	Shaheed Peters, Terry Johnson, and Adv Mxolisi Nene

COMPOSITION OF THE BOARD

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Other Committees or Task Teams (e.g: Audit committee / Ministerial task team)	No. of Meetings attended
Dr Steven Ngubeni	Chairperson	24 November 2021	Current	PhD Real Estate, N.Dip Statistics, Surveying and Computer, Bachelor of Technology, Masters of Arts, LLM in International Business Studies	Board	33
Thokozani Radebe	Board member	24 November 2021	Current	Master of Laws, Bachelor of Laws, Bachelor of Social Sciences, Advanced Dip Financial Planning, Cert. Corporate Governance, Cert. Pension Laws, Advanced Dip in Alternative Dispute Resolution	Social & Ethics, Finance & Investment, Legal Claims & Compliance	35
Thuthuka Songelwa	Board member	24 November 2021	Current	MSc Built Environment, B-Tech Quantity Surveying, N.Dip in Building	Human Resources & Remunerations, Industry Transformation, Finance & Investment	32
Adv. Nokulunga Makopo	Board member	24 November 2021	Current	Bachelor of Laws Alternative Dispute Resolution	Legal Claims & Compliance, Social & Ethics	31
Pamela Makhubela	Board member	24 November 2021	Current	Bachelor of Laws, N Dip Real Estate	Legal Claims & Compliance, Industry Transformation, Education, Professionalisation & CPD	35
Verushka Gilbert	Board member	24 November 2021	Current	Bachelor of Commerce, Company Law, Post Grad in Governance, Post Grad in Corporate Administration, Post Grad in Company Secretarial Practice	Social & Ethics, Education, Professionalisation & CPD	35
Pam Snyman	Board member	24 November 2021	Current	Bachelor of Education, M Phil (Higher Education/Real Estate), Advanced Dip Property Practice, Dip Property Investment,	Human Resources & Remunerations, Education, Professionalisation & CPD	35
Adv. Mxolisi Nene	Board member	24 November 2021	Current	Bachelor of Laws, Master of Laws	Legal Claims & Compliance, Industry Transformation, IT Governance	35
Terry Johnson	Board member	24 November 2021	Current	Bachelor of Commerce	Finance & Investment, Audit, Governance and Risk Committee, IT Governance	34
Shaheed Peters	Board member	24 November 2021	Current	B Comm Honours (Financial Analysis), Post Grad Dip Business Analysis, Cert. Financial Markets & Instruments, Dip in Information & Technology, Senior Management Development Programme	Finance & Investment, Audit, Governance and Risk Committee, IT Governance, Human Resources & Remuneration	35
Johan van der Walt	Board member	24 November 2021	Current	Master of Business Administration, Bachelor of Architecture, Bachelor of Building Arts	Social & Ethics, Education, Professionalisation & CPD	31
Thato Ramaili *	Board member	24 November 2021	Current	Advanced Dip in Real Estate Bachelor of Science in Business Administration	Audit, Governance and Risk Committee, Industry Transformation	31

* Seconded to assume the role of the PPRA Acting Chief Executive Officer. Member not replaced due to her appointment as the Chief Executive Officer.

RISK MANAGEMENT

The PPRA demonstrated a commitment to effective risk management through its comprehensive risk assessment process. The organisation identified and addressed various risks, including those related to finance, operations, strategy, compliance, and reputation. Despite a challenging business environment marked by cyberattacks and economic fluctuations, the PPRA's resilience and alignment of risk management strategies with strategic goals contributed to its sustained growth.

The organisation maintained a strong risk governance structure, actively involving the board, executive management, and risk management steering committees. This proactive approach, along with cybersecurity investments and employee training, helped mitigate cybersecurity threats. Transparent communication and effective risk management practices further boosted stakeholder confidence, enhancing investor relations and customer trust. Quarterly advice from the Audit, Governance, and Risk Committee, along with independent monitoring, ensured the ongoing effectiveness of the risk management system.

The PPRA's proactive risk management approach allowed the Authority to address challenges and capitalise on opportunities in the year under review, ultimately contributing to its continued success and sustainability.

COMPLIANCE WITH LAWS AND REGULATIONS

In February 2022 the Property Practitioners Act came into effect repealing the Estate Agency Affairs Act, 1976. This regulatory change brought about an expanded mandate in view of the legislative challenges noted in the Estate Agency Affairs Act.

The PPRA is therefore tasked with the responsibility of regulating the property sector with the main purpose of creating a healthy property market that restores dignity to all South Africans through the basic constitutional right to ownership of immovable property through security of tenure.

In discharging this important task fairly and objectively, the Authority is therefore required to comply with applicable laws nationally and internationally to give proper effect to constitutional imperatives.

Compliance with laws and regulation has been evident through implementation of approved policy provisions like the Labour Relations Act, Basic Conditions of employment, Employment Equity Act, Public Finance Management Act, Financial Intelligence Act, and other applicable legislation.

The Board as well as the Audit and Risk committee continue to monitor the implementation of approved policies to ensure efficacy in application and effect in current and emerging risks that impact on regulation and governance of the institution.

FRAUD AND CORRUPTION

Fraud and corruption undermines the principles of good governance within an organisation, and the PPRA is fully dedicated to a strict zero-tolerance stance against these issues. The PPRA promote a code of conduct in alignment with our Fraud Prevention Plan. Additionally, the PPRA has implemented anti-fraud measures, a whistleblowing policy, and the whistle-blowing hotline.

In response to credible whistleblowing reports, the PPRA has initiated forensic investigations. These investigations have resulted in disciplinary hearings and, subsequently, the dismissal of all employees found guilty of engaging in fraudulent or corrupt activities.

MINIMISING CONFLICT OF INTEREST

The organisation has been steadfast in its quest to ensuring that all employees disclose instances where they may have interests in various business entities. Compliance is fostered through all employees disclosing their interests regularly whenever there are meetings to discuss various aspects of the business. The organisation's code of conduct also narrates the respective processes all employees should follow in disclosing any conflict of interest.

THE CODE OF CONDUCT

The organisation's code of conduct was reviewed and approved in during the year under review. The overall objective of the code is to ensure that the organisation upholds the highest ethical standards of ethical conduct as a responsible corporate citizen; to ensure that PPRA employees exercise good judgment and sensitivity in conducting the business of the PPRA.

The code is applicable to all permanent and temporary employees, fixed term contract employees, prospective employees and seconded employees. The code is applied in conjunction with the Human Resources Policy, Whistle Blower Policy and the Information and Communications Policy. The code is understood and applied in the context of the PPRA's values.

The code also entrenches a culture of confidentiality and the protection of information which employees may be exposed to in their interaction with the work process. Of importance is that the code addresses corruption and encourages employees to deal fairly in their interaction with their colleagues, members of the public and service providers.

The code is also cognisant of the technology era and technological advances. In this regard, employees are reminded that due care must be exercised in managing social media and related activities. Of importance is that employees' attention is drawn to the diversity of social media posts that may not be of the organisations' interest as well as that of fellow employees.

The code also provides a comprehensive narrative on the rights of the PPRA, employees and managements. Conflict of interest as it applies to all employees and management is highlighted, inclusive of the interests that parties may have in outside business. The acceptance of gifts by all employees and members of their families, and the extent of disclosure is also covered in the code. Instances of contraventions and reporting protocols related thereto are also addressed in the code.

The conduct of employees is regulated through the disciplinary code. Employees are regularly appraised through policy workshops in a quest to entrenching a culture of accountability, ethics and responsible behaviour. This is also with a view to ensuring that employees are mindful of their rights and obligations as they interact with management, Board members and the general public. In instances where employees are found to have infringed any of the policies, the organisation ensures that due process is followed with a view to ensuring procedural and substantive fairness. Whilst the disciplinary process is used for specific matters, the organisation also applies progressive discipline to address matters that may not be too serious and to correct unbecoming behaviour.

HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

The purpose of the Occupational Health and Safety Act, 1993 (Act 85, 1993) is to provide for employees' health and safety in the workplace, with four main functions: train employees and provide information on how to carry out work processes safely, ensure a safe working environment, develop a health and safety policy, and conduct risk assessments. To that end, the PPRA conducted a building risk assessment, which provided a report on an overview of potential health risks associated with the building, and developed a health and safety risk register, which was being monitored on a quarterly basis.

THE COMPANY SECRETARY

The Company Secretary is responsible to guide the board on their responsibilities and duties and ensuring that the organisation complies with the relevant laws and regulations relating to good governance cardinal to this the PPA, the PFMA and the King IV Report on Corporate Governance and best practices on governance and renders board administration to ensure that the board discharge its duties effectively. The Company Secretary has the responsibility to make the Board aware of any legislation and governance principles and prescripts affecting the organisation.

The Company Secretary was appointed on 4 January 2020. He holds a BA (Law), LLB; is an admitted attorney and has more than 15 years' experience in that role.

SOCIAL RESPONSIBILITY

The PPRA believes that being a responsible corporate citizen and contributing to corporate citizenship is a key component of the organisation's business strategy. The policy is aimed at ensuring that the PPRA contributes to the development of property sector and the communities in which it operates. The policy further aims to contribute to social development by engaging in or supporting industry wide initiatives.

The social responsibility initiatives are aligned with the strategic objective of the PPRA and also encompasses ethical business, good governance, sound labour relation and environmental standards. The CEO shall report to Social and Ethics committee on behalf of the Board on all corporate social investment activities through project progress reports. The policy was approved towards the end of the financial year and therefore the implementation of the programmes is due within the 2023/2024 financial year.

AUDIT, GOVERNANCE AND RISK COMMITTEE REPORT

The Audit, Governance and Risk Committee (AGRC) reports that it has complied with its responsibilities arising from Section 51 (1) (a)(ii) of the Public Finance Management Act (as amended) and Treasury Regulation 27.1. The AGRC also reports that it has adopted appropriate formal terms of reference as its Charter and has discharged all its responsibilities as contained therein.

AUDIT, GOVERNANCE AND RISK COMMITTEE COMPOSITION

The AGRC comprised of six (6) non-executive members of which four (4) are independent members and two (2) are members of the PPRA Board. The Committee comprised of persons with a blend of skills, knowledge, and experience necessary to assist it to fully discharge its responsibilities. Members of the Committee during 2022/23 were as per the table on the following page:

AUDIT, GOVERNANCE AND RISK COMMITTEE COMPOSITION

NAME OF MEMBER	QUALIFICATIONS	ORDINARY SCHEDULE MEETINGS	SPECIAL MEETINGS
Mr Roy Mnisi *(Chairperson)*	Bachelor of Laws (LLB) Post Graduate Certificate in Compliance Management	7	4
Dr Stanley Ngobeni	Bachelor of Commerce B. Compt. Honours (CTA) Master of Commerce. (International and Domestic Tax) Master in Business Administration Higher Diploma in Computer Auditing Registered Government Auditor (RGA) Professional Accountant-SA Certificate in Investment Analysis and Portfolio Management Certificate in Mining Taxation	7	4
Ms Fikile Mkhize	Bachelor of Commerce Master of Business Leadership Board Leadership Programme Applied Directorship Programme Certificate in Insurance and Risk Management Senior Management Development Programme	6	4
Ms Masaccha Mbonambi	Bachelor of Commerce - Honours (Accounting) Certificate in Board Governance Certificate in Enterprise-wide Risk Management	5	4
Mr Terry Johnson	Bachelor of Commerce	7	3
Ms Thato Ramaili *	Bachelor of Science in Business Administration Advance Diploma in Real Estate	7	4

* Seconded to assume the role of the PPRA Acting Chief Executive Officer. Member not replaced due to her appointment as the Chief Executive Officer.

Special meetings comprised mainly of repeat meetings to review reports which were deferred due to their incomplete nature, quality concerns and delayed submissions.

INTERNAL AUDIT

The AGRC was satisfied by the Internal Audit plan coverage and the execution by internal auditors. In the current year ten (10) audits were planned and approved in the audit plan, and all ten (10) audits were completed and reported to the AGRC. The completed audits in the year under review included the following audits:

- Quarterly Performance Information Reviews (4 Reviews).
- Financial Control Review.
- Supply Chain Management Reviews (2 Reviews).
- Information and Technology Review.
- Review of the 2022/23 Annual performance Report.
- Review of the Annual Financial Statements.

The AGRC was concerned regarding Management's status of implementation of audit action plan as not all audit findings were resolved at the end of the year. Furthermore, the AGRC encourages the Executive Management, the Auditor-General of South Africa (AGSA) and the Internal Audit Function, to cooperate and strengthened consultation to achieve effective combined assurance at the entity.

EFFECTIVENESS OF INTERNAL CONTROLS

Based on the results of the audits performed and the follow up reviews conducted, the overall opinion on the internal control design was inadequate and ineffective to ensure that the entity's objectives are achieved.

Our review of the findings in the AGSA revealed certain weaknesses, which were then raised with the entity. Some of the areas with week controls are:

- IT Governance and Systems controls;
- Supply Chain Management;
- Proper records keeping; and
- Compliance monitoring

IN-YEAR MANAGEMENT AND MONTHLY/QUARTERLY REPORT

The AGRC noted the content and quality of financial and non-financial quarterly reports prepared and submitted by the Accounting Officer of the entity during the year under review and confirms that the certain reports needed to improve to ensure compliance with the statutory reporting framework. In most meetings these reports were deferred due to late submission to the committee and state of completeness. This has resulted in the AGRC scheduling special meetings.

RISK MANAGEMENT

The AGRC reviewed risk management reports, including Risk Management policies, Strategy, and Fraud Prevention Plan. Though there has been progress made in organisational risk management, not all risk mitigating actions were implemented by management.

REVIEW OF THE ANNUAL FINANCIAL STATEMENTS AND ANNUAL PERFORMANCE REPORT

The AGRC has:

- reviewed and discussed the unaudited and audited annual financial statements;
- and annual performance report included in the annual report;
- reviewed changes relating to the annual financial statements and annual performance report;
- reviewed the entity's compliance with legal and regulatory provisions;
- reviewed significant adjustments resulting from the audit; and
- reviewed the Auditor-General of South Africa's management report and management's response thereto.

EXTERNAL AUDITORS

The 2022/23 audit was conducted by the Auditor-General of South Africa. The AGRC, in consultation with management agreed on the engagement letter, audit plan and audit fees for the financial year ended 31 March 2023. The AGRC was satisfied with the independence and objectivity of the Auditor-General of South Africa and has met with external auditors to ensure that there were no unresolved issues.

The AGRC has discussed and agreed on the conclusions of the Auditor-General of South Africa on the Annual Financial Statements. The AGRC therefore accepts the audit opinion and conclusion expressed by the Auditor-General of South Africa on the Annual Financial Statements and the Annual Performance Report.

On behalf of the Audit, Governance and Risk Committee:

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ROY MNISI
CHAIRPERSON

INTEGRATED HUMAN CAPITAL MANAGEMENT REPORT

Annual Financial Statements for the year ended 31 March 2023

HUMAN RESOURCES DEPARTMENT

The introduction of the PPA presented an opportunity for the PPRA to review its organisational processes. The following programmes took effect:

THE REVIEW OF ORGANISATIONAL STRUCTURE

The new structure was approved in October 2022, which introduced an expanded organisational capacity that would respond to the mandate of the new Act.

RECRUITMENT OF VACANT POSITIONS

Following the approval of the new organisational structure in October 2022, the PPRA embarked on a recruitment drive to fill critical vacancies. To ensure stability in the organisation, executive positions were prioritised and as at the end of the period under review, most of the recruitment processes were at an advanced stage. Recruitment of all other vacant positions are envisaged to continue in the new financial year.

SKILLS AUDIT

The PPRA conducted a skills audit for all employees which commenced in July 2022. It was anticipated that the audit process would enable the organisation to ensure it has the right skills sets. Identified skills gaps based on the audit will be addressed through due process. The final report was presented to the organisation in March 2023. The skills audit findings and recommendations will be implemented in the new financial year.

OUTCOMES OF FORENSIC INVESTIGATION

Forensic investigations were commissioned with effect from July 2022. The findings and recommendations were presented to the organisation in October 2022, resulting in disciplinary measures being pursued against the employees implicated.

CHALLENGES AND OPPORTUNITIES

The above challenges and opportunities, notably skills audit processes, the filling of critical vacant positions and the outcomes of the forensic investigations during the year under review are deemed to be key in taking the organisation forward.

SKILLS DEVELOPMENT

Staff training and development remained a priority for the PPRA for the period under review. Various training and development initiatives were implemented that included formal training and skills programmes. The cost of all these training and development interventions amounted to R 553 144, 47.

PERFORMANCE REWARDS

Over and above the annually contracted employee 13th cheque, no other monetary performance rewards were declared during the year under review.

EMPLOYEES LIVING WITH DISABILITIES

The PPRA is an employer of choice who seeks to address inclusivity and diversity in employment, as such the Authority has employed an employee living with disability. The review of the organisation's Employment Equity policy and related processes is underway to ensure a more pronounced inclusivity programme in future.

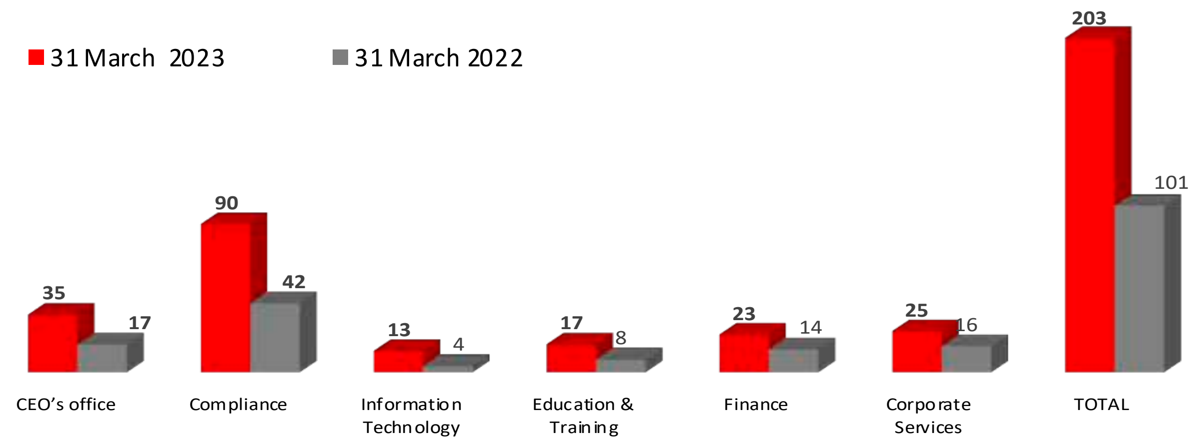
PLANNED ACTIONS FOR THE 2023/24 FINANCIAL YEAR

The following identified areas of the Human Capital Plan will be prioritised to ensure effective support and alignment with the overall PPRA Strategy:

- Grading of all approved position;
- Benchmarking and implementation of a new remuneration structure;
- Implementation of a reviewed Performance Management System (PMS);
- Acquisition of an integrated HR system; and
- Pursuing Change Management initiatives as necessary.

HUMAN RESOURCE OVERSIGHT STATISTICS

NUMBER OF EMPLOYEES

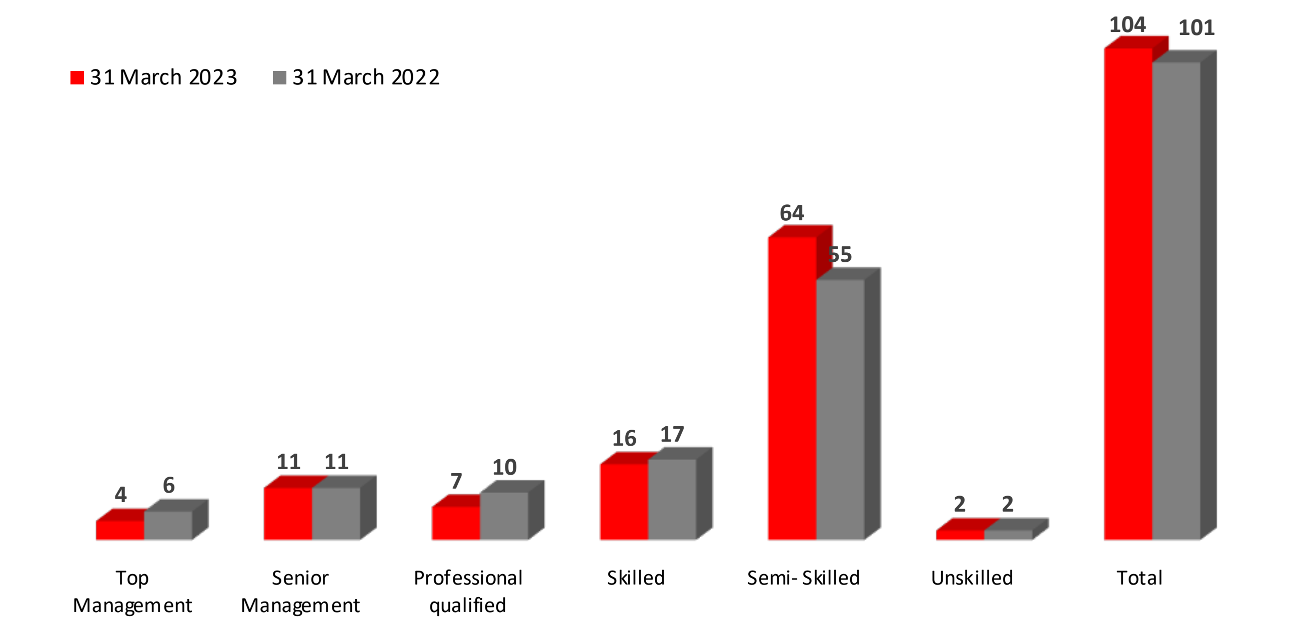


EMPLOYMENT AND VACANCIES

PROGRAMME	APPROVED POSTS	NUMBER OF EMPLOYEES	VACANCIES	% OF VACANCIES
CEO's office	35	25	10	29%
Compliance	90	39	51	57%
Information Technology	13	4	9	69%
Education & Training	17	7	10	59%
Finance	23	13	10	43%
Corporate Services	25	16	9	36%
TOTAL	**203**	**104**	**99**	**49%**

STAFF COMPLEMENT BASED ON OCCUPATIONAL CATEGORIES

NUMBER OF EMPLOYEES BASED ON OCCUPATIONAL CATEGORIES



SALARY BANDS

SALARY BANDS	APPROVED POSTS	NUMBER OF EMPLOYEES	VACANCIES	% OF VACANCIES
Top Management	11	4	7	64%
Senior Management	24	11	13	54%
Professionally Qualified	33	7	26	79%
Skilled	36	16	20	56%
Semi - Skilled	95	64	31	33%
Unskilled	4	2	2	50%
TOTAL	**203**	**104**	**99**	**49%**

REASONS FOR LEAVING PPRA EMPLOYMENT

REASON	NUMBER
Death	—
Resignation	4
Dismissal	1
Retirement	—
Poor health	—
Expiry of contract	1
Promoted to higher position	—
TOTAL	**6**

LABOUR RELATIONS: MISCONDUCT AND DISCIPLINARY MEASURES

REASON	NUMBER
Verbal warning	2
Written warning	1
Final written warning	—
Dismissal	1
TOTAL	**4**

EMPLOYMENT EQUITY STATUS – MALE

	AFRICAN MALE		COLOURED MALE		INDIAN MALE		WHITE MALE	
SKILLS LEVEL	PPRA STAFF	EE TARGET	PPRA STAFF	EE TARGET	PPRA STAFF	EE TARGET	PPRA STAFF	EE TARGET
Top Management	2	3	1	—	—	—	—	—
Senior Management	5	4	—	—	—	—	—	—
Professional Qualified	4	3	—	—	—	—	—	—
Skilled	3	2	—	—	1	1	1	—
Semi - Skilled	29	20	—	2	—	—	—	—
Unskilled	2	2	—	—	—	—	—	—
TOTAL	**45**	**34**	**1**	**2**	**1**	**1**	**1**	**—**

EMPLOYMENT EQUITY STATUS – FEMALE

	AFRICAN FEMALE		COLOURED FEMALE		INDIAN FEMALE		WHITE FEMALE	
SKILLS LEVEL	PPRA STAFF	EE TARGET	PPRA STAFF	EE TARGET	PPRA STAFF	EE TARGET	PPRA STAFF	EE TARGET
Top Management	2	6	—	—	—	—	—	—
Senior Management	5	7	—	—	—	—	1	2
Professional Qualified	2	6	—	—	1	1	—	1
Skilled	11	12	—	—	—	—	—	—
Semi - Skilled	34	37	—	3	—	2	—	2
Unskilled	—	2	—	—	—	—	—	—
TOTAL	**54**	**70**	**—**	**3**	**1**	**3**	**1**	**5**

PROPERTY PRACTITIONERS REGULATORY AUTHORITY & THE CONTROLLED ENTITY

Annual Financial Statements for the year ended 31 March 2023

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GLOSSARY OF COMMONLY USED ABBREVIATIONS	
COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IESBA CODE	International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards)
PFMA	Public Finance Management Act
PPFF	Property Practitioners Fidelity Fund
PPRA	Property Practitioners Regulatory Authority
FFC	Fidelity Fund Certificate
PPA	Property Practitioners Act, 22 of 2019
PSRC	Property Sector Research Centre
PSTF	Property Sector Transformation Fund

GENERAL INFORMATION

Annual Financial Statements for the year ended 31 March 2023

COUNTRY OF INCORPORATION AND DOMICILE	South Africa
NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES	The Property Practitioners Regulatory Authority regulates the property practitioners industry in terms of the Property Practitioners Act 2019 (Act No.22 of 2019)
REGISTERED OFFICE	63 Wierda Road East, Wierda Valley, Sandton, 2196
BUSINESS ADDRESS	63 Wierda Road East, Wierda Valley, Sandton, 2196
POSTAL ADDRESS	Private Bag X10 Benmore 2010
BANKERS	ABSA Bank Limited Nedbank Limited
AUDITORS	Auditor-General of South Africa Registered Auditors
COMPANY SECRETARY	Mr Thapelo Kgari
CONTROLLING ENTITY	Department of Human Settlements
BOARD MEMBERS	Mr S Ngubeni *(Chairperson)* Mr S Peters Mr MS Nene Ms T Ramaili *(Resigned on the 31st of January 2023)* Ms N Makopo Ms PN Makhubela Mr TK Johnson Ms PB Snyman Ms TS Songelwa Ms TN Radebe Mr J Van Der Walt Ms V Gilbert

STATEMENT OF RESPONSIBILITY

Annual Financial Statements for the year ended 31 March 2023

The Board of the Property Practitioners Regulatory Authority ("PPRA") as the accounting authority are required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and are responsible for the content and integrity of the consolidated and separate financial statements and related financial information included in this report. It is the responsibility of the Board to ensure that the consolidated and separate financial statements fairly present the state of affairs of the PPRA as at the end of the financial year and the results of its operations and cash flows for the period then ended.

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

The consolidated and separate financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The Board acknowledges that it is ultimately responsible for the system of internal financial control established by the PPRA and place considerable importance on maintaining a strong control environment. To enable the Board to meet these responsibilities, the standards were set for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the PPRA and all employees are required to maintain the highest ethical standards in ensuring the PPRA's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the PPRA is on identifying, assessing, managing and monitoring all known forms of risk across the PPRA. While operating risk cannot be fully eliminated, the PPRA endeavours to minimise it by ensuring that appropriate infrastructure, controls systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The Board has reviewed the PPRA's cash flow forecast for the year to 31 March 2024 and, in the light of this review and the current financial position, it is satisfied that the PPRA has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements set out on pages 106 to 178, which have been prepared on the going concern basis, were approved by the accounting authority on 31 May 2023 and were signed on its behalf by:

DR STEVEN NGUBENI
Pr Plan (SA); PAV (SA); MA; MSc; MPA; LLM; PhD

CHAIRPERSON OF THE PPRA BOARD

PROPERTY PRACTITIONERS REGULATORY AUTHORITY

Annual Financial Statements for the year ended 31 March 2023

INDEPENDENT AUDITOR'S REPORT

Annual Financial Statements for the year ended 31 March 2023

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON PROPERTY PRACTITIONERS REGULATORY AUTHORITY

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Qualified opinion

1. I have audited the consolidated and separate financial statements of the Property Practitioners Regulatory Authority and the group set out on pages 106 to 178, which comprise the consolidated and separate statement of financial position as at 31 March 2023, consolidated and separate statement of financial performance, statement of changes in net assets and cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

2. In my opinion, except for the effects and possible effects of the matters described in the basis for qualified opinion section of the auditors' report, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Property Practitioners Regulatory Authority as at 31 March 2023, and the group's financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

Basis for qualified opinion

Receivables from exchange transactions

I was unable to obtain sufficient appropriate audit evidence that management had properly accounted for Receivables from exchange transactions, due to a lack of proper record keeping and reconciliation of control accounts by the group. I was unable to confirm these receivables from exchange by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the Receivables from exchange transactions stated at R38 533 927 (2022: R34 527 209) and R38 532 687 (2022: R34 525 313) in note 8 to the consolidated and separate financial statements respectively.

Receivables from non-exchange transactions

I was unable to obtain sufficient appropriate audit evidence that management had properly accounted for Receivables from non-exchange transactions, due to a lack of proper record keeping and reconciliation of control accounts by the group. I was unable to confirm these receivables from non-exchange transactions by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the Receivables from non-exchange transactions stated at R77 378 553 (2022: R10 563 893) and R32 933 545 (2022: R9 228 025) in note 9 to the consolidated and separate financial statements respectively.

Payables from exchange transactions: Debtors with credit balances

I was unable to obtain sufficient appropriate audit evidence that management had properly accounted for debtors with credit balances, due to a lack of proper record keeping and reconciliation of control accounts by the group. I was unable to confirm these receivables from Debtors with credit balances by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the Property Practitioners funds received in advance stated at R34 459 741 (2022: R15 367 747) in note 11 to the consolidated and separate financial statements.

Movement in allowance for credit losses

I was unable to obtain sufficient appropriate audit evidence that management had properly accounted for movement in allowance for credit losses, due to a lack of proper record keeping and reconciliation of control accounts. I was unable to confirm these movements in allowances for credit losses by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the movement in allowance for credit losses stated at R12 204 779 in note 9 to the separate financial statements.

Revenue from non-exchange transactions: Fines and Penalties

The Property Practitioners Regulatory Authority did not recognise some items of revenue from non-exchange transactions in accordance with GRAP 23, Revenue from non-exchange transactions. The entity did not recognise all the revenue from penalties that should have been recognised in the current year. Consequently, I was unable to determine the value of the misstatement of fines and penalties, as it was impracticable to do so. There was a resultant impact on the surplus for the period.

Context for the opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the consolidated and separate financial statements section of my report.

4. I am independent of the group in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

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

Other matter

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

National Treasury Instruction No. 4 of 2022/2023: PFMA Compliance and Reporting Framework.

7. On 23 December 2022 National Treasury issued Instruction Note No. 4: PFMA Compliance and Reporting Framework of 2022-23 in terms of section 76(1)(b), (e) and (f), 2(e) and (4)(a) and (c) of the PFMA, which came into effect on 3 January 2023. The PFMA Compliance and Reporting Framework also addresses the disclosure of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure. Among the effects of this framework is that irregular and fruitless and wasteful expenditure incurred in previous financial years and not addressed is no longer disclosed in the disclosure notes of the annual financial statements, only the current year and prior year figures are disclosed in note 26 and 27 to the financial statements. The movements in respect of irregular expenditure and fruitless and wasteful expenditure are no longer disclosed in the notes to the annual financial statements of Property Practitioners Regulatory Authority. The disclosure of these movements (e.g., condoned, recoverable, removed, written off, under assessment, under determination and under investigation) are now required to be included as part of other information in the annual report of the auditees. I do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

Responsibilities of the accounting authority for the consolidated and separate financial statements

8. The accounting authority is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with the Standards of GRAP and the requirements of the PFMA; and for such internal control as the accounting authority determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

9. In preparing the consolidated and separate financial statements, the accounting authority is responsible for assessing the group's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the group or to cease operations or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the consolidated and separate financial statements

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

11. A further description of my responsibilities for the audit of the consolidated and separate financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

12. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programme presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.

13. I selected the following programmes presented in the annual performance report for the year ended 31 March 2023 for auditing. I selected programmes that measures the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.

PROGRAMME	PAGE NUMBERS	PURPOSE
Licensing and Compliance	86	The programme seeks to give effect to Sections 47 and 48 of the Act which compels property practitioners (including its Directors, Members or Trustees, and its employees who act as property practitioners) to obtain and hold a valid Fidelity Fund Certificate.
Research, Professionalisation and Training	88	The programme seeks to give effect to Chapter 7 of the Regulations dealing with education and requiring that a person who intends to become a Property Practitioner serving as a candidate Property Practitioner under the supervision of a principal Property Practitioner or a qualified property practitioner (of at least three years' experience.
Transformation	90	The programme seeks to give effect to Chapter 4 of the PPA, with the broad objective of putting in place mechanisms for promoting and enhancing participation of historically disadvantaged South Africans in the property sector.

14. I evaluated the reported performance information for the selected programmes against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.

15. I performed procedures to test whether:
    - the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives.
    - the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements.
    - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated.
    - the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents.
    - the reported performance information is presented in the annual performance report in the prescribed manner.
    - there are adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

16. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion.

17. The material findings on the performance information of the selected programmes:

Programme 2: Licensing and Compliance

Various indicators

18. Some supporting evidence was not provided for auditing; and, where it was, I identified material differences between the actual and reported achievements. Consequently, the achievements might be more or less than reported and were not reliable for determining if the targets had been achieved.

INDICATOR	TARGET	REPORTED ACHIEVEMENT
2.1.1 Number of property practitioners registered on the database of the PPRA per annum	9 000	6 548
2.1.2 Percentage of all compliant new registrations processed within 30 days	100%	99,6%

Programme 4: Research, Professionalisation and Training

Indicator 4.1.1 Percentage increase of property practitioners who are registered for CPD and have met CPD requirements in full.

19. An achievement of 30% was reported against a target of 30%. I could not determine if the reported achievement was correct, as adequate supporting evidence was not provided for auditing. Consequently, the achievement might be more or less than reported and was not reliable for determining if the target had been achieved.

Other matter

Achievement of planned targets

20. The annual performance report includes information on reported achievements against planned targets and provides explanations for the under achievements. This information should be considered in the context of the material findings on the reported performance information.

Material misstatements

21. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of selected. Management did not correct all of the misstatements and I reported material findings in this regard.

Report on compliance with legislation

22. n accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.

23. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

24. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

25. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual Financial Statements and Annual Report

26. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records, as required by section 55(1)(a) and (b) of the PFMA.

27. Material misstatements identified by the auditors in the submitted financial statements were not adequately corrected and the supporting records could not be provided subsequently, which resulted in the financial statements receiving a qualified opinion.

Revenue management

28. Effective and appropriate steps were not taken to collect all revenue due, as required by section 51(1)(b)(i) of the PFMA.

Expenditure management

29. Effective and appropriate steps were not taken to prevent irregular expenditure as disclosed in note 27 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA. The majority of the irregular expenditure was caused by competitive bid processes not followed for contracts exceeding the procurement threshold and expenses incurred after contract expiry date.

Procurement and contract management

30. Procurement by other means was not provided in the SCM policy of the institution or did not cover at least the minimum requirements as required by PFMA Instruction Note 3 of 2021/22 par. 4.3 and 4.4.

31. Some of the deviation process followed in respect of identifying prospective suppliers are not in line with the process prescribed in the institution's the SCM policy as required PFMA instruction note no.3 of 2021/22 par. 4.4(d).

32. Some of the contracts were extended or modified without the approval of a properly delegated official as required by section 44 of the PFMA and Treasury Regulations 8.2.1 and 8.2.2

Other information in the annual report

33. The accounting authority is responsible for the other information in the annual report. The other information referred to does not include the consolidated and separate financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported on in this auditor's report.

34. My opinion on the consolidated and separate financial statements, the report on the audit of the annual performance report and the report on compliance with legislation, do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

35. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the consolidated and separate financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

36. The other information I obtained prior to the date of this auditor's report is the disclosure on irregular, fruitless and wasteful expenditure, and the ministers note, chairperson's report, CEO's report, corporate governance, audit and risk committee report and integrated human capital management report are expected to be made available to us after 31 July 2023.

37. If, based on the work I have performed on the other information that I obtained prior to the date of this auditor's report, I conclude that there are no material misstatements of this other information, I am required to report that fact.

38. I have nothing to report in this regard.

39. When I do receive and read the ministers note, chairperson's report, CEO's report, corporate governance, audit and risk committee report and integrated human capital management report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if corrected this will not be necessary.

Internal control deficiencies

40. I considered internal control relevant to my audit of the consolidated and separate financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

41. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion and the material findings on compliance with legislation included in this report.

42. The group did not implement controls over daily and monthly processing and reconciling transactions.

43. The group did not adequately review and monitored compliance with applicable legislation.

44. The group did not prepare regular, accurate and complete financial reports that are supported and evidenced by reliable information.

45. The group did not prepare proper record keeping in a timely manner to ensure that complete, relevant, and accurate information is accessible and available to support financial reporting.

Other reports

46. I draw attention to the following engagements conducted by various parties. These reports did not form part of my opinion on the consolidated and separate financial statements or my findings on the reported performance information or compliance with legislation.

47. A consultant was appointed by the entity to execute a forensic investigation into allegations of Human Resources and Supply Chain Management appointments irregularities against officials from 1 April 2020 to 31 March 2022. The consultant was also mandated to provide a detailed report on findings as well as recommendations on the actions to be taken by the Board of the entity in dealing with such findings. At the time of the audit report the entity had actioned some recommendations of the forensic report and appropriate actions such as dismissal, suspensions and disciplinary actions were already taken against such officials. The investigation report was completed and issued on the 23rd of August 2022.

Auditor-General

Pretoria
31 July 2023

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURE TO THE AUDITOR'S REPORT

The annexure includes the following:

- the auditor-general's responsibility for the audit
- the selected legislative requirements for compliance testing.

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the consolidated and separate financial statements and the procedures performed on reported performance information for selected programmes and on the public entity's compliance with selected requirements in key legislation.

Financial statements

In addition to my responsibility for the audit of the consolidated and separate financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the consolidated and separate financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the group to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the group financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause the group to cease operating as a going concern.
- evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and determine whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the consolidated to express an opinion on the group financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

Communication with those charged with governance.

I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

ANNEXURE TO THE AUDITOR'S REPORT...*(CONTINUED)*

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

LEGISLATION	SECTIONS OR REGULATIONS
Public Finance Management Act 1 of 1999 (PFMA)	Sections 51(1)(a)(iv); 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii); 53(4); 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b); 55(1)(c)(i); 56(1); 56(2); 57(b)
Treasury Regulations for departments, trading entities, constitutional institutions and public entities (TR)	Treasury Regulations 8.2.1; 8.2.2; 16A3.1; 16A3.2; 16A3.2(a); 16A6.1; 16A6.2(a) & (b); 16A6.2(e);16A6.3(a); 16A3.3(a)(i); 16A6.3(b); 16A6.3(c); 16A6.3(d); 16A6.3(e); 16A6.4; 16A6.5; 16A6.6; 16A7.1; 16A7.3; 16A7.6; 16A7.7; 16A8.2(1); 16A8.2(2); 16A8.3; 16A8.3(d); 16A8.4; 16A9.1; 16A9; 16A9.1(b)(ii); 16A9.1(c); 16A9.1(d); 16A9.1(e); 16A9.1(f); 16A9.2; 16A9.2(a)(ii); 16A9.2(a)(iii); 30.1.1; 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1; 31.1.2(c); 31.2.1; 31.3.3; 33.1.1; 33.1.3
Prevention and Combating of Corrupt Activities Act No.12 of 2004 (PRECCA)	Section 29; 34(1)
Construction Industry Development Board Act No.38 of 2000 (CIDB)	Section 18(1)
Construction Industry Development Board Regulations	Regulations17; 25(1); 25(5) & 25(7A)
Preferential Procurement Policy Framework Act 5 of 2005 (PPPFA)	Sections 1(i); 2.1(a); 2.1(b); 2.1(f)
Preferential Procurement Regulations 2017 (PPR)	Regulations 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; 6.3; 6.5; 6.6; 7.1; 7.2; 7.3; 7.5; 7.6; 7.8; 8.2; 8.5; 9.1; 9.2; 10.1; 10.2; 11.1; 11.2; 12.1 and 12.2
Preferential Procurement Regulations (PPR) 2022	Regulations 3.1; 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
PFMA SCM Instruction no. 09 of 2022/2023	Paragraphs 3.1; 3.3 (b); 3.3 (c); 3.3 (e); 3.6
National Treasury Instruction (NTI) No.1 of 2015/16	Paragraphs 3.1; 4.1; 4.2
NT SCM Instruction Note 03 2021/22	Paragraphs 4.1; 4.2(b); 4.3; 4.4; 4.4(a); 4.4 (c)-(d); 4.6; 5.4; 7.2; 7.6
NT SCM Instruction 4A of 2016/17	Paragraph 6
NT SCM Instruction Note 03 2019/20	Paragraphs 5.5.1(vi); 5.5.1(x);
NT SCM Instruction Note 11 2020/21	Paragraphs 3.1; 3.4(a) and (b); 3.9; 6.1; 6.2; 6.7
NT SCM Instruction note 2 of 2021/22	Paragraphs 3.2.1; 3.2.2; 3.2.4(a)&(b); 3.3.1; 3.2.2; 4.1
PFMA SCM Instruction 04 of 2022/23	Paragraphs 4(1); 4(2); 4(4)
Practice Note 5 of 2009/10	Paragraph 3.3
PFMA SCM instruction 08 of 2022/23	Paragraphs 3.2; 4.3.2; 4.3.3
NT instruction note 4 of 2015/16	Paragraph 3.4
Second amendment of NTI 05 of 2020/21	Paragraphs 4.8; 4.9; 5.1; 5.3
Erratum NTI 5 of 202/21	Paragraphs 1; Paragraphs 2
Practice note 7 of 2009/10	Paragraph 4.1.2
Practice note 11 of 2008/09	Paragraphs 3.1; 3.1 (b)
NT instruction note 1 of 2021/22	Paragraph 4.1

PROPERTY PRACTITIONERS REGULATORY AUTHORITY

Annual Financial Statements for the year ended 31 March 2023

STATEMENT OF FINANCIAL POSITION

Annual Financial Statements for the year ended 31 March 2023

Figures in Rand	Notes	Group		Authority	
		2023	2022 Restated*	2023	2022 Restated*
Assets					
Current Assets					
Inventories	6	207 988	12 951	207 988	12 951
Inter-company loans and receivables	7	—	—	1 699 646	34 171 502
Other financial assets	5	575 998 002	499 465 334	—	—
Receivables from exchange transactions	8	38 533 927	34 527 209	38 532 687	34 525 313
Receivables from non-exchange transactions	9	77 378 553	10 563 893	32 933 545	9 228 025
Cash and cash equivalents	10	102 711 465	17 422 500	67 553 633	8 711 431
		794 829 935	**561 991 887**	**140 927 499**	**86 649 222**
Non-Current Assets					
Property plant and equipment	3	138 735 796	139 609 451	138 735 796	139 609 451
Intangible assets	4	1 498 352	1 885 927	1 498 352	1 885 927
Other financial assets	5	—	123 304 376	—	—
		140 234 148	**264 799 754**	**140 234 148**	**141 495 378**
Total Assets		**935 064 083**	**826 791 641**	**281 161 647**	**228 144 600**
Liabilities					
Current Liabilities					
Payables from exchange transactions	11	78 495 515	72 700 892	78 388 371	72 608 940
Payables from non-exchange transactions	12	4 583 556	1 573 788	—	—
Employee benefit obligation	13	1 173 000	658 000	1 173 000	658 000
Provisions	14	7 692 378	8 433 925	7 273 465	8 408 131
		91 944 449	**83 366 605**	**86 834 836**	**81 675 071**
Non-Current Liabilities					
Payables from exchange transactions	11	62 049 056	—	62 049 056	—
Employee benefit obligation	13	13 353 000	12 149 000	13 353 000	12 149 000
		75 402 056	**12 149 000**	**75 402 056**	**12 149 000**
Total Liabilities		**167 346 505**	**95 515 605**	**162 236 892**	**93 824 071**
Net Assets		**767 717 578**	**731 276 036**	**118 924 755**	**134 320 529**
Reserves					
Revaluation reserve		77 416 908	77 416 908	77 416 908	77 416 908
Accumulated surplus		690 300 670	653 859 128	41 507 847	56 903 621
Total Net Assets		**767 717 578**	**731 276 036**	**118 924 755**	**134 320 529**

**See Note 28*

STATEMENT OF FINANCIAL PERFORMANCE

Annual Financial Statements for the year ended 31 March 2023

		Group		Authority	
		12 months 31 March	2 months 31 March	12 months 31 March	2 months 31 March
Figures in Rand	**Notes**	**2023**	**2022 Restated***	**2023**	**2022 Restated***
Revenue					
Total Revenue from exchange transactions		**117 112 823**	**19 625 604**	**123 911 642**	**17 779 476**
Total revenue from non-exchange transactions		**95 422 202**	**4 947 770**	**30 552 245**	**4 475 546**
Total revenue	**15**	**212 535 025**	**24 573 374**	**154 463 887**	**22 255 022**
Expenditure					
Employee related costs	16	(88 568 096)	(14 714 500)	(88 568 096)	(14 714 500)
Auditors remuneration		(5 153 885)	(630 576)	(3 896 279)	(630 576)
Board members emoluments	22	(6 187 659)	(1 180 100)	(6 187 659)	(1 180 100)
Depreciation and amortisation	3 & 4	(5 068 277)	(796 599)	(5 068 277)	(796 599)
Loss on disposal of assets and liabilities	17	(107 973)	(1 624 878)	(107 973)	(1 624 878)
Operating expenses	18	(57 537 343)	(13 628 117)	(53 826 596)	(12 409 687)
Movement in allowance for credit losses	9	(13 470 253)	(7 032 908)	(12 204 779)	—
Total expenditure		**(176 093 486)**	**(39 607 678)**	**(169 859 659)**	**(31 356 340)**
Surplus (deficit) for the period		**36 441 539**	**(15 034 304)**	**(15 395 772)**	**(9 101 318)**

**See Note 28*

STATEMENT OF CHANGES IN NET ASSETS

Annual Financial Statements for the year ended 31 March 2023

Figures in Rand	Revaluation reserve	Accumulated surplus	Total net assets
Group			
Balance at 01 February 2022	**77 416 908**	**697 943 216**	**775 360 124**
Changes in net assets			
Deficit for the 2 months	—	(14 226 258)	(14 226 258)
Total changes	—	(14 226 258)	(14 226 258)
Opening balance as previously reported	77 416 908	683 716 958	761 133 866
Adjustments			
Correction of errors	—	(29 857 828)	(29 857 828)
Restated* Balance at 01 April 2022 as restated*	**77 416 908**	**653 859 130**	**731 276 038**
Changes in net assets			
Profit for the year	—	36 441 540	36 441 540
Total changes	—	36 441 540	36 441 540
Balance at 31 March 2023	**77 416 908**	**690 300 670**	**767 717 578**
Note(s)		28	
Authority			
Balance at 01 February 2022	**77 416 908**	**94 181 660**	**171 598 568**
Changes in net assets			
Deficit for the 2 months	—	(9 224 222)	(9 224 222)
Total changes	—	(9 224 222)	(9 224 222)
Opening balance as previously reported	77 416 908	84 957 438	162 374 346
Adjustments			
Correction of errors	—	(28 053 817)	(28 053 817)
Restated* Balance at 01 April 2022 as restated*	**77 416 908**	**56 903 621**	**134 320 529**
Changes in net assets			
Profit for the year	—	(15 395 772)	(15 395 772)
Total changes	—	(15 395 772)	(15 395 772)
Balance at 31 March 2023	**77 416 908**	**41 507 849**	**118 924 757**
Note(s)		28	

*See Note 28

CASH FLOW STATEMENT

Annual Financial Statements for the year ended 31 March 2023

Figures in Rand	Notes	Group 12 months 31 March 2023	Group 2 months 31 March 2022 Restated*	Authority 12 months 31 March 2023	Authority 2 months 31 March 2022 Restated*
Cash flows from operating activities					
Receipts					
Sale of goods and services		123 889 788	37 240 683	125 196 260	28 507 475
Interest income		20 833 630	946 771	1 554 731	33 840
		144 723 418	38 187 454	126 750 991	28 541 315
Payments					
Cash paid to suppliers and employee cost		(102 399 114)	(35 755 777)	(96 573 598)	(27 592 623)
Net cash flows from operating activities	19	**42 324 304**	**2 431 677**	**30 177 393**	**948 692**
Cash flows from investing activities					
Purchase of property, plant and equipment	3	(3 338 037)	(831 950)	(3 338 037)	(831 950)
Purchase of other intangible assets	4	(469 010)	—	(469 010)	—
Net movement in financial assets		46 771 708	(9 050 892)	—	—
Net cash flows from investing activities		**42 964 661**	**(9 882 842)**	**(3 807 047)**	**(831 950)**
Cash flows from financing activities					
Movement in loan account		—	—	32 471 856	(5 437 361)
Net increase/(decrease) in cash and cash equivalents		**85 288 965**	**(7 451 165)**	**58 842 202**	**(5 320 619)**
Cash and cash equivalents at the beginning of the period		17 422 500	24 873 665	8 711 431	14 032 050
Cash and cash equivalents at the end of the year	10	**102 711 465**	**17 422 500**	**67 553 633**	**8 711 431**

*See Note 28

STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS

Annual Financial Statements for the year ended 31 March 2023

Budget on Accrual Basis						
Figures in Rand	**Approved budget**	**Adjustments**	**Final budget**	**Actual amounts on comparable basis**	**Difference between final budget and actual**	**Note**
Group						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
FFC Contributions	71 152 183	—	**71 152 183**	27 292 979	**(43 859 204)**	1
Income from examinations	99 427 682	—	**99 427 682**	41 408 478	**(58 019 204)**	2
Claims recoverable	6 000 000	—	**6 000 000**	1 294 310	**(4 705 690)**	3
Interest from investment	7 156 536	—	**7 156 536**	20 833 630	**13 677 094**	4
Other income	69 346	—	**69 346**	12 935 568	**12 866 222**	5
Fair value adjustments	34 719 128	—	**34 719 128**	13 347 859	**(21 371 269)**	6
Total revenue from exchange transactions	**218 524 875**	**—**	**218 524 875**	**117 112 824**	**(101 412 051)**	
Revenue from non-exchange transactions						
Interest on trust accounts	49 171 648	—	**49 171 648**	22 860 369	**(26 311 279)**	7
Fines and penalties	16 986 648	—	**16 986 648**	70 990 245	**54 003 597**	8
Grants income	—	—	**—**	1 571 588	**1 571 588**	9
Total revenue from non-exchange transactions	**66 158 296**	**—**	**66 158 296**	**95 422 202**	**29 263 906**	
Total revenue	**284 683 171**	**—**	**284 683 171**	**212 535 026**	**(72 148 145)**	
Expenditure						
Employee costs	(133 183 415)	—	**(133 183 415)**	(88 568 096)	**44 615 319**	10
Auditors remuneration	(4 375 000)	—	**(4 375 000**	(5 153 885)	**(778 885)**	11
Board and Audit committee remuneration	(5 250 000)	—	**(5 250 000)**	(6 187 659)	**(937 659)**	12
Depreciation and amortisation	(4 024 869)	—	**(4 024 869)**	(5 068 277)	**(1 043 408)**	13
Allowance for credit losses	(21 038 150)	—	**(21 038 150)**	(13 470 253)	**7 567 897**	14
Operating expenses	(95 740 872)	—	**(95 740 872)**	(57 281 349)	**38 459 523**	15
Loss on disposal of assets and liabilities	—	—	**—**	(107 973)	**(107 973)**	16
Total expenditure	**(263 612 306)**	**—**	**(233 489 709)**	**(175 837 492)**	**87 774 814**	
Surplus for the year	**21 070 865**	**—**	**15 356 090**	**36 697 534**	**15 626 669**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**21 070 865**	**—**	**15 356 090**	**36 697 534**	**15 626 669**	

NOTES

Note 1

Actual revenue was significantly lower than budget. The 2022/2023 budget was prepared on assumption that there will be a 100% increase in the database of Property Practitioners from other sectors. This was a high-level assumption made in the absence of statistical data to support the assumption. There is an ongoing research survey exercise to identify and consult with new property practitioners to come and register with the PPRA .

Note 2

Examination revenue is below the budget as CPD revenue was budgeted to increase by 100% in anticipation to accommodate the new categories of property practitioners. There is an ongoing research survey exercise to identify and consult with new property practitioners to come and register with the PPRA .

Note 3

Claims recoveries are linked to claims expenses. Any claim that is approved and paid during the year must be recovered. The less claim approved and paid the less claim recoveries. The actual is less because there are less claims approved and paid during the year. There are also less claims lodged during the year by the consumers.

Note 4

Interest revenue is above budget due an investment of excess funds received for the 3-year FFC cycle into a call account.

Note 5

Other income comprises of outstanding pension contributions that were paid by PPRA on behalf of employees. These amounts are recoverable from the employees concerned.

Additionally, In 2011 the entity named Constantia Sectional Title Management (CSTM) was reported to EAAB for misappropriation of funds and went bankrupt. EAAB obtained a court order to appoint a curator to management the distribution of the funds from the trust accounts to the creditors. The R10million received is the remaining balance left from the Curator after paying the expenses, costs, and claims. The process is finalised, and the Curator paid the remaining balance of R10m into PPFF in December 2022.

Note 6

Interest earned on the investment that are in Equity Link Note portfolio are classified as fair value adjustment. These investments matured during the year and invested into money market. Interest earned in the money market account are classified as interest on the investment. Hence fair value adjustment account reflects under achieved and interest on investment is reflecting over achievement as compared to the budget. Second reason for the under achievement is due the fact of the decrease in the investment at the time of ELN due to the withdrawal of the investment to pay the management fee debts owed to PPRA.

Note 7

The variance is less than budgeted due to less audit interest earned on the trust account by the Property Practitioners.

Note 8

Fines and Penalties were higher than budget. This is due to high level of various contraventions by Property Practitioners resulting in more penalties being levied.

Additionally, the significant increase is due to fines levied by the Fidelity Fund resulting from Property Practitioners for non-submission of Audit Reports and other contraventions contravened section 54(5)(b) of the PP Act.

Note 9

Grants received from Services SETA. Note 10
Employee costs was lower than budget. This was due to the late approval of the new organisational structure which resulted in most key vacant positions being filled in the last quarter of the financial year. The remaining vacant positions will be filled in the new financial year.

Note 11

Audit fees were more than budgeted for. This is due to an increase in audit fees and scope to include audits for all the three entities.

Note 12

Expenditure is above the budget due to the frequency of meetings held.

Note 13

Depreciation is above budget due to an increase in depreciation of the building as a result of revaluation. At the time of the budget compilation and approval, management didn't factor the impact of the budget of buildings done 31 January 2022.

Note 14

Allowance for credit losses is mainly due to long outstanding debtors for penalties and fines as well allowance to cater for property practitioners that may apply for deregistration.

Note 15

Operating expenses was below budget. The cost savings were mainly due to measures to realign the organisation to the PPRA requirements not yet fully implemented.

Note 16

No budget was made for loss on disposal of assets.

STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS

Annual Financial Statements for the year ended 31 March 2023

Budget on Cash Basis Figures in Rand	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Note
Authority						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
FFC Contributions	68 413 383	—	**68 413 383**	24 976 379	**(43 437 004)**	1
Income from examinations	99 427 682	—	**99 427 682**	41 408 478	**(58 019 204)**	2
Interest received	186 399	—	**186 399**	1 554 731	**1 368 332**	3
Management fee	63 791 687	—	**63 791 687**	53 888 357	**(9 903 330)**	4
Other income	40 000	—	**40 000**	2 083 698	**2 043 698**	5
Total revenue from exchange transactions	**231 859 151**	**—**	**231 859 151**	**123 911 643**	**(107 947 508)**	
Revenue from non-exchange transactions						
Fines and penalties	16 986 648	—	**16 986 648**	30 552 245	**13 565 597**	6
Total revenue	**248 845 799**	**—**	**248 845 799**	**154 463 888**	**(94 381 911)**	
Expenditure						
Employee costs	(133 183 415)	—	**(133 183 415)**	(88 568 096)	**44 615 319**	7
Auditors remuneration	(4 375 000)	—	**(4 375 000)**	(3 896 279)	**478 721**	8
Board and Audit Committee	(5 250 000)	—	**(5 250 000)**	(6 187 659)	**(937 659)**	9
Depreciation and amortisation	(4 024 869)	—	**(4 024 869)**	(5 068 277)	**(1 043 408)**	10
Allowance for credit losses	(11 375 000)	—	**(11 375 000)**	(12 204 779)	**(829 779)**	11
Operating expenses	(54 281 425)	—	**(54 281 425)**	(53 570 602)	**710 823**	12
Loss on disposal of assets and liabilities	—	—	**—**	(107 973)	**(107 973)**	13
Grant expenses	(21 000 000)	—	**(21 000 000)**	—	**21 000 000**	14
Total expenditure	**(233 489 709)**	**—**	**(233 489 709)**	**(169 603 665)**	**63 886 044**	
Surplus for the year	**15 356 090**	**—**	**15 356 090**	**(15 139 777)**	**(30 495 867)**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**15 356 090**	**—**	**15 356 090**	**(15 139 777)**	**(30 495 867)**	

NOTES

Note 1

Actual revenue was significantly lower than budget. The 2022/2023 budget was prepared on assumption that there will be a 100% increase in the database of Property Practitioners from other sectors. This was a high-level assumption made in the absence of statistical data to support the assumption. There is an ongoing research survey exercise to identify and consult with new property practitioners to come and register with the PPRA .

Note 2

Examination revenue is below the budget as CPD revenue was budgeted to increase by 100% in anticipation to accommodate the new categories of property practitioners. There is an ongoing research survey exercise to identify and consult with new property practitioners to come and register with the PPRA .

Note 3

Interest revenue is above budget due an investment of excess funds received for the 3-year FFC cycle into a call account. Note 4 The decrease is as a result of a reduction in the net asset value of the Fidelity Fund due to the withdrawal of the investments to pay Management Fees owed to the PPRA. The calculation of the management fee revenue is based on the audited net asset value of the Fidelity Fund.

Note 5

Other income comprises of outstanding pension contributions that were paid by PPRA on behalf of employees. These amounts are recoverable from the employees concerned.

Note 6

Fines and Penalties were higher than budget. This is due to high level of various contraventions by Property Practitioners resulting in more penalties being levied.

Note 7

Employee costs was lower than budget. This was due to the late approval of the new organisational structure which resulted in most key vacant positions being filled in the last quarter of the financial year. The remaining vacant positions will be filled in the new financial year.

Note 8

Savings achieved on audit fees is mainly due to PPRA no longer absorbing audit fees for the Fidelity Fund. Audit Fees for both the Fidelity Fund and the Transformation Fund will be incurred directly by both entities.

Note 9

Expenditure is above the budget due to the frequency of meetings held.

Note 10

Depreciation is above budget due to an increase in depreciation of the building as a result of revaluation. At the time of the budget compilation and approval, management didn't factor the impact of the budget of buildings done 31 January 2022.

Note 11

Allowance for credit losses is mainly due to long outstanding debtors for penalties and fines as well allowance to cater for property practitioners that may apply for deregistration.

Note 12

Operating expenses are aligned to budget. Note 13
No budget was made for loss on disposal of assets.

Note 14

No expense incurred for grants to the PSFT and the PPFF due to continued financial losses of the PPRA. Expenditure incurred is recorded as a receivable instead.

ACCOUNTING POLICIES

1. Basis of preparation

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

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

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

1.1 Going concern assumption

These annual financial statements have been prepared based on the expectation that the group will continue to operate as a going concern in the foreseeable future.

1.2 Comparative information

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are also reclassified and restated, unless such comparative reclassification and / or restatement is not required by a Standard of GRAP. The nature and reason for such reclassifications and restatements are also disclosed.

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as it is practical and possible, hence the prior year comparatives are restated accordingly.

The presentation and classification of items in the current year is consistent with prior periods.

1.3 Consolidation

Basis of consolidation

Consolidated annual financial statements are the annual financial statements of the group presented as those of a single entity.

The consolidated annual financial statements incorporate the annual financial statements of the board and the fund.

Consolidated annual financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Control exists when the board has the power to govern the financial and operating policies of another entity so as to obtain benefits from its activities.

The revenue and expenses of a fund are included in the consolidated annual financial statements from the transfer date or acquisition date as defined in the Standards of GRAP on Transfer of functions between entities under common control or Transfer of functions between entities not under common control. The revenue and expenses of the fund are based on the values of the assets and liabilities recognised in the board’s annual financial statements at the acquisition date.

The annual financial statements of the board and the board used in the preparation of the consolidated annual financial statements are prepared as of the same date.

Adjustments are made when necessary to the annual financial statements of the board to bring their accounting policies in line with those of the board.

All intra-entity transactions, balances, revenues and expenses are eliminated in full on consolidation.

Non-controlling interest in the net assets of the group are identified and recognised separately from the board's interest therein, and are recognised within net assets.

1.3 Consolidation (continued)

Changes in a board's ownership interest in a fund that do not result in a loss of control are accounted for as transactions that affect net assets.

A Special purpose entity is consolidated when the substance of the relationship between the group and the Special purpose entity indicates that the Special purpose entity is controlled by the group.

1.4 Significant judgments, estimates and assumptions

The key assumptions concerning the future and other key sources of estimation at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Impairment of non-financial assets

The entity assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Indefinite life intangibles are tested for impairment annually and other times when such indicators exist. Other non-financial assets are tested for impairment whether indicators that the carrying amounts may not be recoverable.

When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows.

Useful lives and residual values

The useful lives and residual values of property, plant and equipment and intangibles are reviewed at each date. These useful lives and residual values are estimated by management based on historic analysis and other available information and any changes noted are accounted for as changes in accounting estimates. Changes in estimates that are not due to errors are processed in the period of the review and applied prospectively.

Fair Values

The Fair Values of quoted investments are based on current bid prices. 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. Where interest is not accrued, estimates and judgments is required for interest rate to be used.

Provisions

Provisions are measured as the present value of the estimated future outflow required to settle the obligations. In the process of determining the best estimate of the amounts that will be required in the future to settle the provision management considers the weighted average probability of the potential outcomes of the provision raised. This measurement entails determining what the different potential outcomes are for a provision as well as the financial impact of each of those potential outcomes.

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 14.

Allowance for doubtful debts

An impairment is recognised for estimated losses firstly on an individually significant trade receivable and, secondly, on a group of trade receivables with similar credit risk that are assessed to be impaired based on objective evidence as a result of one or more events that occurred during the reporting period. For estate agents who have defaulted, management makes judgments based on the assessment of their ability to make payments based on credit worthiness and historical write off experience. Should the financial condition of the estate agent change, actual write-offs could differ from impairment.

1.4 Significant judgments, estimates and assumptions (continued)

The measurement of receivables is derived after consideration of the allowance for doubtful debts. Management makes certain assumptions regarding the categorisation of debtors into groups with similar risk profiles so that the effect of any impairment on a group of receivables would not differ materially from the impairment that would have been determined had each debtor been assessed for impairment on an individual basis. The determination of this allowance is predisposed to the utilisation of estimates, assumptions and management judgments. In determining this allowance the estimates are made about the probability of recovery of the debtors based on their past payment history and risk profile.

Pension and other post-employment benefits

Post-employment benefits offered by the entity take the form of defined benefit plans. The cost of defined benefit pension plans, other post-employment medical benefits, and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

1.5 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

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

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

1.5 Property, plant and equipment (continued)

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

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

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

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

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

Item	Depreciation method	Average useful life
Land	Straight line	Indefinite
Buildings	Straight line	40 - 50 years
Furniture and fixtures	Straight line	10 - 15 years
Motor vehicles	Straight line	5 - 11 years
Office equipment	Straight line	3 - 10 years
IT equipment	Straight line	3 - 15 years

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

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

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

The group assesses at each reporting date whether there is any indication that the group expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the group revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

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

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

1.5 Property, plant and equipment (continued)

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

Assets which the group holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

The PPRA revalues its land and buildings every three years. The last revaluation was performed on 31 January 2022 before transition from the Estate Agency Affairs Board to the Property Practitioners Regulatory Authority.

1.6 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. 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, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the group or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

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 group; and
- the cost or Fair Value of the asset can be measured reliably.

The group assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

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

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred. Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

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.

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

Item	Depreciation method	Average useful life
Patents, trademarks and other rights	Straight line	5 - 15 years
Computer software, internally generated	Straight line	5 - 15 years

1.7 Financial instruments

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

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position

A derivative is a financial instrument or other contract with all three of the following characteristics:
- Its value changes in response to the change in a specified interest rate, financial instrument 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 (sometimes called the 'underlying').
- 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 effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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

A financial asset is:
- cash;
- a residual interest of another entity; or
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

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

A financial liability is any liability that is a contractual obligation to:
- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

1.7 Financial instruments (continued)

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions. Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at Fair Value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- • contingent consideration of an acquirer in a transfer of functions between entities not under common control to which the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control (GRAP 106) applies
- combined instruments that are designated at Fair Value;
- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at Fair Value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Classification

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

1.7 Financial instruments (continued)

Class	Category
Inter-company loans and receivables	Financial asset measured at amortised cost
Other financial assets	Financial asset measured at Fair Value
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost

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

- Financial instruments at Fair Value;
- Financial instruments at cost; and
- Financial instruments at amortised cost.

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

Class	Category
Payables from exchange transactions	Financial liability measured at amortised cost
Payables from non-exchange transactions	Financial liability measured at amortised cost

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 fair value through surplus or deficit category.

Financial assets and financial liabilities are presented on a net basis in the annual financial statement and quarterly management accounts when, in doing so, it reflects an entity's expected future cash flows from settling two or more separate financial instruments. When an entity has the right to receive or pay a single net amount and intends to do so, it has, in effect, only a single financial asset or financial liability.

Inter-company loans

There includes loans to and from holding companies, fellow subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct costs.

The inter-company loans represent direct loans between the Property Practitioners Regulatory Authority and the Property Practitioners Fidelity Fund, the cost paid by the PPRA on behalf of the PPFF and contribution received by the PPRA on behalf of the PPFF. There is no direct or indirect service rendered between the two entities for these loans.

The inter-company loans are presented on a net basis in the annual financial statement when, in doing so, it reflects an entity's expected future cash flows from settling two or more separate financial instruments. When an entity has the right to receive or pay a single net amount and intends to do so, it has, in effect, only a single financial asset or financial liability.

Initial recognition and measurement

The entity recognises a financial asset or a financial liability in its Statement of Financial Position when, and only when, it becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

1.7 Financial instruments (continued)

Initial recognition

The entity recognises a financial asset or a financial liability in its Statement of Financial Position when, and only when, it becomes a party to the contractual provisions of the instrument.

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 and to the extent that the instrument satisfies the definitions of a financial liability, a financial asset or a residual interest.

Financial instruments are evaluated, based on their terms, to determine if those instruments contain both liability and residual interest components (i.e. to assess if the instruments are compound financial instruments). To the extent that an instrument is in fact a compound instrument, the components are classified separately as financial liabilities and residual interests as the case may be.

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

Initial measurement

Financial instruments are measured initially at Fair Value plus, in the case of a financial asset or a liability not subsequently measured at Fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Expect for equity investments for which a Fair Value is not determinable, which are measured at cost and are classified as available for sale financial assets.

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

Transaction costs on financial instruments at Fair Value through surplus or deficit are recognised in surplus or deficit.

Subsequent measurement

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

- Financial instruments at Fair Value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

Subsequent to initial recognition, financial assets and financial liabilities are measured at Fair Value, amortised cost or cost. All financial assets and financial liabilities are measured after initial recognition using the following categories:

Financial Instrument at Fair Value

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an group calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The Fair Value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

1.7 Financial instruments (continued)

Financial instruments at Fair Value are subsequently measured at Fair Value, based on the quoted prices in an active market, unless the market for a financial instrument is not active, in which case the entity establishes a Fair Value using a valuation techniques.

- Derivatives.
- Compound instruments that are designated at Fair Value i.e. an instrument that includes a derivative and a non derivative host contract.
- Instruments held for trading.
- Non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at Fair Value at initial recognition.
- An investment in a residual interest for which Fair Value can be measured reliably.

Reclassification

The entity does not reclassify a financial instrument while it is issued or held unless it is:
- combined instrument that is required to be measured at Fair Value; or
- an investment in a residual interest that meets the requirements for reclassification.

Where the entity cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value. This requires a reclassification of the instrument from amortised cost or cost to fair value.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the entity reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to Fair Value.

Financial instruments at amortised cost

Non-derivative financial assets or non derivative financial liabilities that have fixed or determinable payments, excluding those instruments that the entity designates at Fair Value at initial recognition or are held for trading.

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

Financial instruments at cost

Investments in residual interests, which do not have quoted market prices and for which Fair Value cannot be determined reliably. The entity assesses which instruments should be subsequently measured at Fair Value, amortised cost or cost, based on the definitions of financial instruments at Fair Value, financial instruments at amortised cost or financial instruments at cost as set out above.

Financial instruments at cost are subsequently measured at cost.

Fair Value determination

The Fair Values of quoted investments are based on current bid prices. 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.

Impairment of financial assets

At each end of the reporting period the entity assesses all financial assets (amortised / cost) 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.

1.7 Financial instruments (continued)

The entity first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant and individually or collectively for financial assets that are not individually significant.

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition).The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

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

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

Impairment losses are recognised in surplus or deficit.

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

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

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

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

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Offsetting

The entity does not offset financial assets and financial liabilities in the Statement of Financial Position unless a legal right of offset exists and the parties intend to settle on a net basis.

Receivables from exchange and non-exchange transactions

Receivables are measured at initial recognition at Fair Value plus transaction costs that are directly attributable to the acquisition, subsequently stated at amortised cost using the effective interest rate method, less provision for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant impairment. Appropriate allowances form financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) 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.

1.7 Financial instruments (continued)

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 non-electable, 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.

Trade and other receivables are classified as loans and receivables.

Payables from exchange and non-exchange transactions

Payables are initially measured at Fair Value plus transaction costs that are directly attributable to the acquisition, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash with the banks and demand deposits. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

1.8 Inventories

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

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

Inventories are measured at the lower of cost and current replacement cost where they are held for;
- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

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

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

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

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

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

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.9 Budget information

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

General purpose financial reporting by economic 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 accrual basis and presented by programmes linked to performance outcome objectives.

The approved budget covers the fiscal period from 2022/04/01 to 2023/03/31.

The budget for the group includes all the entities approved budgets under its control.

The financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.10 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

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

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

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

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

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

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

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use. Useful life is either:
- the period of time over which an asset is expected to be used by the group; or
- the number of production or similar units expected to be obtained from the asset by the group.

1.11 Employee benefits

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

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:
- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

1.11 Employee benefits (continued)

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post- employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Short-term employee benefits

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

Short-term employee benefits include items such as:

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

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

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

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

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

Post-employment benefits

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

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

1.11 Employee benefits (continued)

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the entity recognise actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting entity) that are held by an entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or
- the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognise past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The entity account not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the entity's informal practices. Informal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the entity's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The amount determined as a defined benefit liability may be negative (an asset). The entity measures the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

1.11 Employee benefits (continued)

Any adjustments arising from the limit above is recognised in surplus or deficit.

The entity determines the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

The entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard of GRAP requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The entity uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, an entity shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, an entity shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the entity re-measure the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is [or is not] presented as the net of the amount recognised for a reimbursement.

The entity offsets an asset relating to one plan against a liability relating to another plan when the entity has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

1.11 Employee benefits (continued)

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

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

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

Other post-retirement obligations

The entity provides post-retirement health care benefits, housing subsidies and gratuities upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The entity also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:
- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The entity shall recognise the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:
- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

1.12 Provisions and contingencies

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

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

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

1.12 Provisions and contingencies (continued)

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

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

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

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

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

Provisions are not recognised for future operating deficit.

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

The Group raises provisions for claims which have been approved but not yet paid by year end

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

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

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the group

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

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 20.

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

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

The group 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.

1.12 Provisions and contingencies (continued)

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the group for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the group considers that an outflow of economic resources is probable, an group recognises the obligation at the higher of:

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

1.13 Related parties

The entity has processes and controls in place to aid in the identification of related parties. A related party is a person or an entity with the ability to control or jointly control the other party or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Related party relationships where control exists are disclosed regardless of whether any transactions took place between the parties during the reporting period.

Where transactions occurred between the entity and any one or more related parties, and those transactions were not within:

- Normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances; and
- terms and conditions within the normal operating parameters established by the reporting entity's legal mandate; Further details about those transactions are disclosed in the notes to the financial statements.

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

- Necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the Authority.

Information about such transactions is disclosed in the financial statements.

The economic entity operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government.

Controlled Entity

The Property Practitioners Fidelity Fund (FUND)

The Property Practitioners Fidelity Fund was established in terms of the Property Practitioners Act of 2019.

Associate because of the same Reporting Authority (Department of Human Settlements)

The Community Schemes Ombud Service (CSOS)

The Community Schemes Ombud Service Act, 2011 (Act 9 of 2011) and the Sectional Titles Schemes Management Act, 2011 (Act 8 of 2011) and Regulation thereto were proclaimed on 07 October 2016. Established by the department of human settlements.

1.14 Deferred Revenue

The Deferred Income is recognised in the Statement of Financial Performance over the financial period on a consistent basis reflecting the CPD and Annual Renewals Income.

Deferred Income from above is recognised when it can be measured reliably. Deferred income is recognised in Statement of Financial Performance evenly over the financial year.

1.15 Revenue from exchange transactions

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

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

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

Measurement

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

Sale of goods

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

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

Revenue recognition

Revenue from the sale of goods comprises of the sale of study guides,is recognised when it is probable that future economic benefits will flow to the entity and these benefits can be measured reliably. Revenue shall be measured at the fair value of the consideration received or receivable.

Revenue from new registrations is recognised upon the receipt of the application (validated). 100% of the registration fee received will accrue to the Property Practitioners Fidelity Fund.

Advertising fee shall be recognised when the advertisement is published. Income from unidentified deposit is recognised when there is certainty that the payment is untraceable.

Revenue is apportioned (prorated) based on the financial year and the period subsequent to year end is deferred. Revenue from Continuous Professions Developments is recognised when the subscription fee is due.
Advertising shall be recognised when the advertisement is published.

Income from unidentified deposits is recognised when there is certainty that the payment is untraceable. Examination fee shall be recognised when a candidate has applied and is allocated an examination seat number

1.15 Revenue from exchange transactions (continued)

Interest, royalties and other income

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised as follows: Interest is recognised, in surplus or deficit, using the effective interest rate method.

Rendering of services

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

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

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

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

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date.

Claims recoveries are recognised as revenue when the costs are incurred, that is when the claims are paid.

1.16 Revenue from non-exchange transactions

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

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the entity can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Recognition

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

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

Revenue is apportioned (prorated) based on the financial year and the period subsequent to year end is deferred.

Measurement

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

1.16 Revenue from non-exchange transactions (continued)

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

Fines and penalties

Fines and penalties are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines and penalties are measured at the best estimate of the inflow of resources to the entity.

Government Grants

Government grants are recognised as revenue when:
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity,
- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant.

The entity assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed program may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, which-ever is earlier.

When government remit grants on a reimbursement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

1.17 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.18 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:
- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.19 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

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

1.20 Fruitless and wasteful expenditure

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

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

1.21 Irregular expenditure

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

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

National Treasury Instruction No. 4 of 2022-23: PFMA Compliance and Reporting Framework requires the following:

Irregular expenditure disclosed in the annual financial statements will comprise irregular expenditure incurred in the current year, whilst irregular expenditure incurred in the previous financial year will be disclosed as a comparative amount in the annual financial statements.

Irregular expenditure incurred prior to the comparative year and previously disclosed in the annual financial statements and not addressed will remain in the register and will be recorded in the annual report.

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

Irregular expenditure that was incurred and identified during the current financial year and it is waiting to be condoned at yearend. That irregular expenditure must be recorded in the irregular expenditure register. No further action is required with the exception of updating the annual report.

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

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

Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the annual report. 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 annual report and updated accordingly in the irregular expenditure register.

1.22 Events after reporting date

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

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

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

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

1.23 Use of estimates

The preparation of the entity's financial statements in conformity with Generally Recognised Accounting Practice requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the entity's accounting policies.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the relevant sections of the financial statements. Although these estimates are based on the management's best knowledge of the current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

Management exercised their judgement on the assessment of the useful lives of the assets.

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the entity has not adopted any standards and interpretations that are effective for the current financial year and that are relevant to its operations.

2.2 Standards and Interpretations early adopted

The entity has not chosen to early adopt any standards and interpretations.

2.3 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2023 or later periods:

Standard / Interpretation	Effective date: Years beginning on or after	Expected impact
GRAP 104 (as revised): Financial Instruments	01 April 2025	Unlikely there will be a material impact
iGRAP 21: The Effect of Past Decisions on Materiality	01 April 2023	Unlikely there will be a material impact
GRAP 2020: Improvements to the standards of GRAP2020	01 April 2023	Unlikely there will be a material impact
GRAP 1 (amended): Presentation of Financial Statements	01 April 2023	Unlikely there will be a material impact

2.4 Standards and interpretations not yet effective or relevant

No new standards and interpretations have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2023 or later periods which are considered not relevant to the entity's operations.

Figures in Rand

3. Property plant and equipment

Group	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	47 580 000	—	47 580 000	47 580 000	—	47 580 000
Buildings	113 421 746	(28 788 856)	84 632 890	113 421 746	(25 874 336)	87 547 410
Furniture and fixtures	6 693 770	(4 307 507)	2 386 263	6 693 770	(3 961 089)	2 732 681
Motor vehicles	511 479	(501 514)	9 965	511 479	(491 549)	19 930
Office equipment	875 866	(845 727)	30 139	872 229	(781 234)	90 995
IT equipment	6 765 492	(3 312 210)	3 453 282	4 109 966	(2 471 531)	1 638 435
Other property, plant and equipment	678 874	(35 617)	643 257	—	—	—
Total	**176 527 227**	**(37 791 431)**	**138 735 796**	**173 189 190**	**(33 579 739)**	**139 609 451**

Authority	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	47 580 000	—	47 580 000	47 580 000	—	47 580 000
Buildings	113 421 746	(28 788 856)	84 632 890	113 421 746	(25 874 336)	87 547 410
Furniture and fixtures	6 693 770	(4 307 507)	2 386 263	6 693 770	(3 961 089)	2 732 681
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IT equipment	6 765 492	(3 312 210)	3 453 282	4 109 966	(2 471 531)	1 638 435
Other property, plant and equipment	678 874	(35 617)	643 257	—	—	—
Total	**176 527 227**	**(37 791 431)**	**138 735 796**	**173 189 190**	**(33 579 739)**	**139 609 451**

Figures in Rand

3. Property plant and equipment (continued)

Reconciliation of property, plant and equipment - Group - 2023

		Opening balance	Additions — purchases	Depreciation	Total
Land		47 580 000	—	—	47 580 000
Buildings		87 547 410	—	(2 914 520)	84 632 890
Furniture and fixtures		2 732 681	—	(346 418)	2 386 263
Motor vehicles		19 930	—	(9 965)	9 965
Office equipment		90 995	3 637	(64 493)	30 139
IT equipment		1 638 435	2 655 526	(840 679)	3 453 282
Other property, plant and equipment		—	678 874	(35 617)	643 257
	—	**139 609 451**	**3 338 037**	**(4 211 692)**	**138 735 796**

Reconciliation of property, plant and equipment - Group - 2022

	Opening balance	Additions Transfer from EAAB on transition	Additions — purchases	Depreciation	Total
Land		47 580 000	—	—	47 580 000
Buildings		88 020 001	—	(472 591)	87 547 410
Furniture and fixtures		2 782 240	—	(49 559)	2 732 681
Motor vehicles		21 542	—	(1 612)	19 930
Office equipment		101 239	—	(10 244)	90 995
IT equipment		917 476	831 950	(110 991)	1 638 435
	—	**139 422 498**	**831 950**	**(644 997)**	**139 609 451**

3. Property plant and equipment (continued)

Reconciliation of property, plant and equipment - Authority - 2023

		Opening balance	Additions — purchases	Depreciation	Total
Land		47 580 000	—	—	47 580 000
Buildings		87 547 410	—	(2 914 520)	84 632 890
Furniture and fixtures		2 732 681	—	(346 418)	2 386 263
Motor vehicles		19 930	—	(9 965)	9 965
Office equipment		90 995	3 637	(64 493)	30 139
IT equipment		1 638 435	2 655 526	(840 679)	3 453 282
Other property, plant and equipment		—	678 874	(35 617)	643 257
	—	**139 609 451**	**3 338 037**	**(4 211 692)**	**138 735 796**

Reconciliation of property, plant and equipment - Authority - 2022

	Opening balance	Additions Transfer from EAAB on transition	Additions — purchases	Depreciation	Total
Land		47 580 000	—	—	47 580 000
Buildings		88 020 001	—	(472 591)	87 547 410
Furniture and fixtures		2 782 240	—	(49 559)	2 732 681
Motor vehicles		21 542	—	(1 612)	19 930
Office equipment		101 239	—	(10 244)	90 995
IT equipment		917 476	831 950	(110 991)	1 638 435
	—	**139 422 498**	**831 950**	**(644 997)**	**139 609 451**

3. Property plant and equipment (continued)

Pledged as security

There are no items of property plant and equipment which have been pledged as security. There are no restrictions on the property plant and equipment.

Revaluations

The effective date of the revaluation of land and buildings was Monday, 31 January 2022. Revaluations were performed by an independent, professionally qualified and registered valuer EM Financial Consultants (Pty) Ltd. EM Financial Consultants (Pty) Ltd are not connected to the Authority.

Land and buildings are re-valued independently every 3 years.

The valuation was performed using the discounted cash flow approach (other, describe, e.g. recent arm's-length transaction), and the following assumptions were used:

We have used the Income Capitalised Approach to determine value. This comparative approach considers income and expense data relating to the property being valued and estimated value through a capitalisation process. Capitalisation relates income (usually a net income figure) and a defined value by converting an income amount into a value estimate. This process may consider direct relationships (known as capitalisation rates), yield or discount rates (reflecting measures of return on investment). In general, the principal of substitution holds that the income stream which produces the highest return commensurate with a given level of risk leads to the most probable value figure.

Assumptions used

These assumptions were based on current market conditions.

Figures in Rand

4. Intangible assets

Group	2023			2022		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Intellectual property	781 837	(690 552)	91 285	781 837	(660 124)	121 713
Computer software	7 324 287	(5 917 220)	1 407 067	6 855 327	(5 091 113)	1 764 214
	8 106 124	**(6 607 772)**	**1 498 352**	**7 637 164**	**(5 751 237)**	**1 885 927**

Authority	2023			2022		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Intellectual property	781 837	(690 552)	91 285	781 837	(660 124)	121 713
Computer software	7 324 287	(5 917 220)	1 407 067	6 855 327	(5 091 113)	1 764 214
	8 106 124	**(6 607 772)**	**1 498 352**	**7 637 164**	**(5 751 237)**	**1 885 927**

Reconciliation of intangible assets - Group - 2023	2023	2022	2023	2022
	Opening balance	Additions — purchases	Amortisation	Total
Intellectual property	121 713	—	(30 428)	91 285
Computer software	1 764 214	469 010	(826 157)	1 407 067
	1 885 927	**469 010**	**(856 585)**	**1 498 352**

Reconciliation of intangible assets - Group - 2022	Opening balance	Additions — Transfer from EAAB on transition	Additions — purchases	Amortisation	Total
Intellectual property	—	126 784	—	(5 071)	121 713
Computer software	—	1 357 256	553 500	(146 542)	1 764 214
	—	**1 484 040**	**553 500**	**(151 613)**	**1 885 927**

Reconciliation of intangible assets - Board - 2023	Opening balance	Additions — purchases	Amortisation	Total
Intellectual property	121 713	—	(30 428)	91 285
Computer software	1 764 214	469 010	(826 157)	1 407 067
	1 885 927	**469 010**	**(856 585)**	**1 498 352**

Reconciliation of intangible assets - Board - 2022	Opening balance	Additions — Transfer from EAAB on transition	Additions — purchases	Amortisation	Total
Intellectual property	—	126 784	—	(5 071)	121 713
Computer software	—	1 357 256	553 500	(146 542)	1 764 214
	—	**1 484 040**	**553 500**	**(151 613)**	**1 885 927**

Figures in Rand	Group 2023	Group 2022	Authority 2023	Authority 2022
5. Other financial assets				
Designated at Fair Value				
ABSA				
The Liberty investment was terminated during the financial year 2021/22 and re-invested into Absa with the full amount from Liberty. The investment constitutes of FTSE/JSE Top 40 Equity Link (ELN). The interest is realised at the maturity date at the minimum return up to 12.35% for the period and 100% capital protection. The investment is for 12 months and maturing on the 22 September 2022.	97 602 317	125 146 887	—	—
Standard Bank				
The investment matured during the year from FTSE/JSE Top 40 Equity Link Note (ELN) and was rolled over into a money market account which is on a month to month basis. The interest is realised monthly and the minimum return is 7.45% p.a. The total balance is made up of the nominal value of R147 660 985 and the accrued interest of R120 556 on this Standard Bank account.	147 781 541	157 799 861	—	—
Rand Merchant Bank		—		
The investment matured during the year from FTSE/JSE Top 40 Equity Link Note (ELN) and was rolled over into a money market account which is on a month to month basis. The interest is realised monthly and the minimum return is 7.25% p.a.	207 039 749	216 518 586	—	—
Investec				
The investment was reinvested on the 04 September 2020 at the Nominal Value of R122 872 701 into Investec Step up Note Account (Wholesale Structured deposit). The interest on this investment is accrued every month and paid every after 3 months into Investec call account. The Investec call deposit represent interest earned from this Step up Account. The investment is maturing on the 04 September 2023. The total balance is made up of the nominal value of R122 872 701 and the accrued interest of R701 694 on this Investec Step up Note account.	123 574 395	—	—	—
The investments are classified as current assets as the investments are maturing within 12 months after financial year end.				
In the previous financial year, the investments were classified under non-current assets as the maturity date was the 4th of September 2023.				
	575 998 002	**499 465 334**	**—**	**—**
Designated at Fair Value		—		
Investec				
The investment was reinvested on the 04 September 2020 at the Nominal Value of R122 872 701 into Investec Step up Note Account (Wholesale Structured deposit). The interest on this investment is accrued every month and paid every after 3 months into Investec call account. The Investec call deposit represent interest earned from this Step up Account. The investment is maturing on the 04 September 2023.	—	123 304 358	—	—
In the previous financial year, the investments were classified under non-current assets as the maturity date was the 4th of September 2023..				
Total other financial assets	**575 998 002**	**622 769 692**	**—**	**—**

Figures in Rand	Group		Authority	
	2023	2022	2023	2022

5. Other financial assets (continued)

Non-current assets				
Designated at Fair Value	—	123 304 376	—	—
Current assets				
Designated at Fair Value	575 998 002	499 465 334	—	—

Financial assets pledged as collateral

There are no financial assets that have been pledged as collateral for liabilities or contingent liabilities in the current financial period.

6. Inventories

Study material	207 988	12 951	207 988	12 951

Inventory pledged as security

Inventory has not been pledged as security for any liability, overdraft facility or any contingent liability.

Inventory amount of R107 973 (2022: R1,624,878) was written-off as part of loss on disposal of assets as it could not be verified. Refer to note 17..

7. Loans to (from) economic entities

Inter-company loans comprises of the following:

Contributions owed by PPRA to PPFF	—	—	(555 713)	(9 640 226)
Fidelity Fund Certificate paid into PPFF bank account	—	—	74 755	1 702 304
Consumer Awareness paid by the PPRA	—	—	—	2 922 896
Claims paid by the PPRA	—	—	—	5 991 950
Transformation cost paid by the PPRA	—	—	(433 150)	1 644 910
One Learner - One Agency Programme paid by PPRA	—	—	—	3 577 720
Property sector transformation fund	—	—	1 261 045	—
Expense (e.g. Insurance, legal costs etc.) paid by PPRA	—	—	1 352 709	16 340 150
Direct loan for Pension Fund payments for shortfall	—	—	—	(8 200 000)
Direct loan from the PPRA	—	—	—	(15 000 000)
	—	**—**	**1 699 646**	**(660 296)**

The inter-company loans represent direct loans between the Property Practitioners Regulatory Authority and the Property Practitioners Fidelity Fund, the cost paid by the PPRA on behalf of the PPFF and contributions received by the PPRA on behalf of the PPFF. There is no direct or indirect service rendered between the two entities for these loans.

The above loan represents the outstanding balances owing by (to) the Property Practitioners Regulatory Authority to the Property Practitioners Fidelity Fund. The loan is interest free and has no fixed payment terms.

Impairment

Impairment was assessed during the reporting period and no indications or evidences of impairment were identified.

Inter-company receivables comprises of the following:

Management fees	—	34 831 799		

	Group		Authority	
Figures in Rand	**2023**	**2022**	**2023**	**2022**

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

The above receivables represents services rendered by the Property Practitioners Regulatory Authority to the Property Practitioners Fidelity Fund. The receivables are interest free and have no fixed payment terms.

Impairment

Impairment was assessed during the reporting period and no indications or evidences of impairment were identified. Refer to Related Party note 22.

Total loans and receivables	**—**	**—**	**1 699 646**	**34 171 502**

8. Receivables from exchange transactions

Fidelity Fund Certificates (FFC)	11 372 806	2 459 738	11 372 806	2 459 738
Income from examinations	21 818 016	30 905 284	21 818 016	30 905 284
Other receivables from exchange transactions	5 343 105	1 162 187	5 341 865	1 160 291
	38 533 927	**34 527 209**	**38 532 687**	**34 525 313**
Gross balances				
Fidelity Fund Certificates (FFC)	36 493 833	22 609 694	36 493 833	22 609 694
Income from examinations	53 291 915	47 742 084	53 291 915	47 742 084
Other receivables from exchange transactions	14 015 341	12 055 067	14 014 101	12 053 171
	103 801 089	**82 406 845**	**103 799 849**	**82 404 949**
Less: Allowance for credit losses				
Fidelity Fund Certificates (FFC)	(25 121 027)	(20 149 956)	(25 121 027)	(20 149 956)
Income from examinations	(31 473 899)	(16 836 800)	(31 473 899)	(16 836 800)
Other receivables from exchange transactions	(8 672 236)	(10 892 880)	(8 672 236)	(10 892 880)
	(65 267 162)	**(47 879 636)**	**(65 267 162)**	**(47 879 636)**
Net balance				
Fidelity Fund Certificates (FFC)	11 372 806	2 459 738	11 372 806	2 459 738
Income from examinations	21 818 016	30 905 284	21 818 016	30 905 284
Other receivables from exchange transactions	5 343 105	1 162 187	5 341 865	1 160 291
	38 533 927	**34 527 209**	**38 532 687**	**34 525 313**

Figures in Rand	Group		Authority	
	2023	2022	2023	2022

8. *Receivables from exchange transactions (continued)*

Fidelity Fund Certificates (FFC)

Current (0 -30 days)	360 981	113 730	360 981	113 730
31 - 60 days	160 253	(13 757)	160 253	(13 757)
61 - 90 days	244 744	1 836 363	244 744	1 836 363
91 - 120 days	124 236	156 653	124 236	156 653
121 days +	35 603 619	20 516 705	35 603 619	20 516 705
Less: Allowance for credit losses	(25 121 027)	(20 149 956)	(25 121 027)	(20 149 956)
	11 372 806	**2 459 738**	**11 372 806**	**2 459 738**

Income from examinations

Current (0 -30 days)	4 716 254	71 648	4 716 254	71 648
31 - 60 days	9 102 567	(137 905)	9 102 567	(137 905)
61 - 90 days	1 824 720	24 671 415	1 824 720	24 671 415
91 - 120 days	(13 991)	(15 080)	(13 991)	(15 080)
121 days +	37 662 365	23 152 006	37 662 365	23 152 006
Less: Allowance for credit losses	(31 473 899)	(16 836 800)	(31 473 899)	(16 836 800)
	21 818 016	**30 905 284**	**21 818 016**	**30 905 284**

Other receivables from exchange transactions

Current (0 -30 days)	1 401 387	34 684	1 401 387	34 684
31 - 60 days	636 361	55 802	636 361	55 802
61 - 90 days	67 858	134 847	67 858	134 847
91 - 120 days	139 725	25 701	139 725	25 701
121 days +	11 770 010	11 804 033	11 768 770	11 802 137
Less: Allowance for credit losses	(8 672 236)	(10 892 880)	(8 672 236)	(10 892 880)
	5 343 105	**1 162 187**	**5 341 865**	**1 160 291**

Allowance for expected credit losses

PPRA has recognised an allowance for expected credit losses of R17 387 525 (2022: NIL for the 2 months) in profit or loss for the period ended 31 March 2023.

Trade and other receivables pledged as security

Trade and other receivables have not been pledged as security for any liability, overdraft facilities or any contingent liability.

Reconciliation of allowance for credit losses - receivables from exchange transactions

Opening balance	47 879 636	47 879 636	47 879 636	47 879 636
Allowance for credit losses	17 387 525	—	17 387 525	—
	65 267 161	**47 879 636**	**65 267 161**	**47 879 636**

Figures in Rand	Group		Authority	
	2023	2022	2023	2022
9. Receivables from non-exchange transactions				
Penalties	31 238 070	8 262 932	31 238 070	8 262 932
Fines	42 133 475	965 093	1 695 475	965 093
Claims recoveries and agent interest	2 877 088	205 948	—	—
SSETA Recoveries- Host employers & Stipend	1 129 920	1 129 920	—	—
	77 378 553	**10 563 893**	**32 933 545**	**9 228 025**
Gross balances				
Penalties	100 397 480	84 567 688	100 397 480	84 567 688
Fines	48 333 230	5 202 247	7 895 230	5 202 247
Claims recoveries	33 507 461	32 213 151	—	—
Agent Interest	15 328 245	12 685 941	—	—
SSETA recoveries - Host employers and Stipend	1 129 920	1 129 920	—	—
	198 696 336	**135 798 947**	**108 292 710**	**89 769 935**
Less: Allowance for credit losses				
Penalties	(69 159 410)	(76 304 756)	(69 159 410)	(76 304 756)
Fines	(6 199 755)	(4 237 154)	(6 199 755)	(4 237 154)
Claims recoveries	(33 507 461)	(32 213 151)	—	—
Agent Interest	(12 451 157)	(12 479 993)	—	—
	(121 317 783)	**(125 235 054)**	**(75 359 165)**	**(80 541 910)**
Net balances				
Penalties	31 238 070	8 262 932	31 238 070	8 262 932
Fines	42 133 475	965 093	1 695 475	965 093
Agent Interest	2 877 088	205 948	—	—
SSETA recoveries - Host employers and Stipend	1 129 920	1 129 920	—	—
	77 378 553	**10 563 893**	**32 933 545**	**9 228 025**
Penalties				
Current (0 -30 days)	2 280 245	3 370 701	2 280 245	3 370 701
31 - 60 days	2 256 022	1 588 965	2 256 022	1 588 965
61 - 90 days	2 311 314	4 014 796	2 311 314	4 014 796
91 - 120 days	2 460 469	3 885 113	2 460 469	3 885 113
121 days +	91 089 430	71 708 113	91 089 430	71 708 113
Less: Allowance for credit losses	(69 159 410)	(76 304 756)	(69 159 410)	(76 304 756)
	31 238 070	**8 262 932**	**31 238 070**	**8 262 932**

Figures in Rand	Group		Authority	
	2023	2022	2023	2022

9. *Receivables from non-exchange transactions (continued)*

Fines				
Current (0 -30 days)	40 538 850	110 390	100 850	110 390
31 - 60 days	28 210	7 837	28 210	7 837
61 - 90 days	27 670	15 314	27 670	15 314
91 - 120 days	106 630	1 930	106 630	1 930
121 days +	7 631 870	5 066 776	7 631 870	5 066 776
Less: Allowance for credit losses	(6 199 755)	(4 237 154)	(6 199 755)	(4 237 154)
	42 133 475	**965 093**	**1 695 475**	**965 093**
Claims recoveries				
Current (0 -30 days)	470 000	120 031	—	—
31 - 60 days	824 310	—	—	—
121 days +	32 213 151	32 093 120	—	—
Less: Allowance for credit losses	(33 507 461)	(32 213 151)	—	—
	—	**—**	**—**	**—**
Agent Interest				
Current (0 -30 days)	89 163	81 535	—	—
31 - 60 days	938 224	140 985	—	—
61 - 90 days	(1 367)	34 293	—	—
91 - 120 days	301 816	(6 442)	—	—
121 days +	14 000 410	12 435 570	—	—
Less: Allowance for credit losses	(12 451 158)	(12 479 993)	—	—
	2 877 088	**205 948**	**—**	**—**
SSETA recoveries - Host employers and Stipend				
121 days +	1 129 920	1 129 920	—	—

Allowance for expected credit losses

PPRA has recognised an net allowance for expected credit losses reversal of R3 917 271 (Loss of 2022: R7 032 908) in profit or loss for the period ended 31 March 2023.

Reconciliation of allowance for credit losses - receivables from non-exchange transactions

Opening balance	125 235 054	118 202 146	80 541 910	80 541 910
Allowance for credit losses	(3 917 271)	7 032 908	(5 182 745)	—
	121 317 783	**125 235 054**	**75 359 165**	**80 541 910**

Figures in Rand	Group		Authority	
	2023	**2022**	**2023**	**2022**
10. Cash and cash equivalents				
Cash and cash equivalents consist of				
Cash on hand	3 271	16 578	3 271	16 578
Bank balances	52 452 807	4 909 654	27 032 593	3 563 337
Call accounts	40 517 769	5 131 516	40 517 769	5 131 516
Other cash and cash equivalents	9 737 618	7 364 752	—	—
	102 711 465	**17 422 500**	**67 553 633**	**8 711 431**

The other cash and cash equivalent made of Investec call account, Nedbank call account and Accrued interest on Nedbank call deposit account. The Investec call account represent the interest earned from R122 872 701 Investec Step up note account (Wholesale Structured deposit) that is classified under other financial assets.

Cash and cash equivalents pledged as collateral

The entity did not pledge any cash and cash equivalent as collateral during the financial year.

11. Payables from exchange transactions

Deferred revenue - Property Practitioners funds received in advance - year 1	35 438 265	45 737 207	35 438 265	45 737 205
Trade payables	4 617 913	7 867 155	4 617 913	7 867 155
Debtors with credit balances	34 459 741	15 367 747	34 459 741	15 367 747
Accrued expense	2 559 996	3 624 189	2 477 852	3 532 239
Salaries control account	—	104 594	—	104 594
Unallocated receipts	1 394 600	—	1 394 600	—
Deferred Income	25 000	—	—	—
	78 495 515	**72 700 892**	**78 388 371**	**72 608 940**

Deferred revenue comprises of the renewal of 3-year Fidelity Fund Certificate (FFC) and 1-year Continuous Professional Development (CPD). The revenue was apportioned for 9 months from 1 April 2022 to 31 December 2022 and 3 months from 01 January 2023 to 31 March 2023. The revenue relating to future periods is recognised as a deferred revenue liability (Property Practitioners funds received in advance) with year 1 sitting under current liabilities.

Deferred income is commission earned by property practitioners from the sale of properties through conveyancers. The commission amounts are paid to the Fund and should be claimed by property practitioners. Any amounts which are not claimed within three years irrevocably becomes income of the PPFF. It is recognised as other income when three years prescribe or when commission claim is rejected.

The balance represents the debtors with credit balances and these are monitored closely. These are due to the fact that some property practitioners pay for their accounts in advance

Payables from exchange transactions - Non-current liabilities

Deferred revenue - Property Practitioners funds received in advance - years 2 and 3	62 049 056	—	62 049 056	—

Deferred revenue comprises of the renewal of 3-year Fidelity Fund Certificate (FFC). The revenue was apportioned for 9 months from 1 April 2022 to 31 December 2022 and 3 months from 01 January 2023 to 31 March 2023. The revenue relating to future periods is recognised as a deferred revenue liability (Property Practitioners funds received in advance) with years 2 and 3 sitting under non-current liabilities.

Figures in Rand	Group		Authority	
	2023	2022	2023	2022

12. Payables from non-exchange transactions

Agent interest received in advance (debtors with credit balances)	4 583 556	1 573 788	—	—

13. Employee benefit obligations

Defined benefit plan

It is the policy of the PPRA to provide retirement benefits to employees who were in the employ of the PPRA or members of its pension fund on or before 30 June 1996. Six of the PPRA current employees and nine pensioners are covered under this plan.

The most recent actuarial valuations of the post employment medical aid benefits were carried out on 31 March 2023 by QED South Africa (Pty) Ltd. The present value of the liability, and the related current service cost and past service cost, were measured using the projected unit credit method and with reference to APN301, the relevant professional guidance of the Actuarial Society of South Africa.

Current portion of post-retirement medical aid liability	1 173 000	658 000	1 173 000	658 000
Non-current portion of post-retirement medical aid liability	13 353 000	12 149 000	13 353 000	12 149 000
	14 526 000	**12 807 000**	**14 526 000**	**12 807 000**

13.1 Post retirement medical aid benefit obligation

Opening balance				
Interest cost	1 407 000	85 000	1 407 000	85 000
Current service cost	—	(156 000)	—	(156 000)
Benefits paid	(1 089 000)	(102 000)	(1 089 000)	(102 000)
Actuarial (gains)/losses	1 401 000	(78 000)	1 401 000	(78 000)
	14 526 000	**12 807 000**	**14 526 000**	**12 807 000**

Net expense recognised in the statement of financial performance

Current service cost	—	(156 000)	—	(156 000)
Interest cost	1 407 000	85 000	1 407 000	85 000
Actuarial (gains) losses	1 401 000	(78 000)	1 401 000	(78 000)
	2 808 000	**(149 000)**	**2 808 000**	**(149 000)**

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	10,99 %	10,45 %	10,99 %	10,45 %
Inflation rate	6,20 %	6,37 %	6,20 %	6,37 %
Medical Contribution inflation rate	7,70 %	7,87 %	7,70 %	7,87 %
Net post-retirement rate	3,05 %	2,39 %	3,05 %	2,39 %

13.2 Post retirement pension fund

The Authority provides a defined benefit plan to only its current pensioners. The employer fund these plan, taking into account the recommendations of the independent actuaries where relevant. The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out on 31 March 2023 by QED South Africa (Pty) Ltd. The present value of the defined benefit obligation, and the related current service costs, were measured using the projected unit credit method.

	Group		Authority	
Figures in Rand	**2023**	**2022**	**2023**	**2022**

13. Employee benefit obligations (continued)

Changes in the present value of the defined benefit obligation are as follows:

Defined benefit obligation				
Present value of the defined benefit obligation-partly or wholly funded	28 782 000	29 508 000	28 782 000	29 508 000
Fair Value of plan assets	(28 782 000)	(29 508 000)	(28 782 000)	29 508 000)
	—	—	—	—

Opening balance	22 877 000	23 512 000	22 877 000	23 512 000
Current service cost (excluding interest)	7 000	1 000	7 000	1 000
Admin expenses	(7 000)	(1 000)	(7 000)	(1 000)
Interest cost	2 277 000	(58 000)	2 277 000	(58 000)
Benefits paid - pensions	(2 538 000)	(422 000)	(2 538 000)	(422 000)
Actuarial (gains)/losses at the end of year	(1 151 000)	(155 000)	(1 151 000)	(155 000)
	21 465 000	**22 877 000**	**21 465 000**	**22 877 000**

Net expense recognised in the statement of financial performance

Net service cost	7 000	1 000	7 000	1 000
Interest cost	2 277 000	(58 000)	2 277 000	(58 000)
Expected return on plan assets	(2 811 000)	(323 000)	(2 811 000)	(323 000)
Actuarial (gains) losses	(133 000)	(367 000)	(133 000)	(367 000)
Additional minimum funding liability	660 000	747 000	660 000	747 000
	—	—	—	—

Changes in the fair value of plan assets are as follows:

Opening balance	(29 508 000)	(29 396 000)	(29 508 000)	(29 396 000)
Admin expenses	7 000	1 000	7 000	1 000
Actuarial gains (losses)	992 000	(212 000)	992 000	(212 000)
Benefits paid-pension	2 538 000	422 000	2 538 000	422 000
Interest income on plan assets	(2 811 000)	(323 000)	(2 811 000)	(323 000)
	(28 782 000)	**(29 508 000)**	**(28 782 000)**	**(29 508 000)**

Key assumptions used

Discount rates used	10,43 %	9,95 %	10,43 %	9,95 %
Inflation rate	5,88 %	6,28 %	5,88 %	6,28 %
Pension Increase Rate (pre-2012 pensioners)	5,88 %	6,28 %	5,88 %	6,28 %
Net post-retirement rate (pre-2012 pensioners)	4,30 %	3,46 %	4,30 %	3,46 %

14. Provisions

Reconciliation of provisions - Group - 2023

	Opening balance	**Additions**	**Utilised during the year**	**Total**
Provision for claims	25 794	393 119	—	418 913
Leave pay provision	8 408 131	—	(1 134 666)	7 273 465
	8 433 925	**393 119**	**(1 134 666)**	**7 692 378**

Figures in Rand	Group		Authority	
	2023	2022	2023	2022

14. Provisions (continued)

Reconciliation of provisions - Group - 2022

	Opening balance	Additions	Total
Provision for claims	25 794	—	25 794
Leave pay provision	8 064 763	343 368	8 408 131
	8 090 557	**343 368**	**8 433 925**

Reconciliation of provisions - Authority - 2023

	Opening balance	Utilised during the year	Total
Leave pay provision	8 408 131	(1 134 666)	7 273 465

Reconciliation of provisions - Authority - 2022

	Opening balance	Additions	Total
Leave pay provision	8 064 763	343 368	8 408 131

Provision for claims

Provision for claims relate to claims lodged against the fidelity fund and approved by the Authority but not yet paid as at year end. The claims will be paid within the next 6 months.

15. Revenue

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

	Group 2023	Group 2022	Authority 2023	Authority 2022
Contributions	27 292 979	4 135 862	24 976 379	3 849 379
Income from examinations	41 408 478	4 355 174	41 408 478	4 355 174
Claims recoveries	1 294 310	120 031	—	—
Management fees	—	—	53 888 357	8 903 875
Interest from investment	20 833 630	946 771	1 554 731	33 840
Other income	12 935 567	648 953	2 083 697	637 208
Fair value adjustments	13 347 859	9 418 813	—	—
	117 112 823	**19 625 604**	**123 911 642**	**17 779 476**

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

	Group 2023	Group 2022	Authority 2023	Authority 2022
Interest on trust accounts	22 860 369	472 224	—	—
Fines and penalties	70 990 245	4 475 546	30 552 245	4 475 546
Grants revenue	1 571 588	—	—	—
	95 422 202	**4 947 770**	**30 552 245**	**4 475 546**

Figures in Rand	Group		Authority	
	2023	2022	2023	2022
16. Employee related costs				
Basic	65 929 578	11 358 305	65 929 578	11 358 305
Skills development levies	706 543	118 267	706 543	118 267
Car allowance	1 197 964	183 894	1 197 964	183 894
Leave pay provision charge	(693 902)	411 955	(693 902)	411 955
Long-service awards	360 000	20 000	360 000	20 000
Net interest on post retirement benefits	2 808 000	(177 000)	2 808 000	(177 000)
Other short term costs	—	28 000	—	28 000
Pension fund - company contributions	9 148 800	1 516 955	9 148 800	1 516 955
Medical aid contributions	4 635 986	820 694	4 635 986	820 694
Travel, motor car, accommodation, subsistence and other allowances	13 802	1 177	13 802	1 177
UIF	265 733	48 002	265 733	48 002
13th Cheques	3 772 192	312 251	3 772 192	312 251
Cellphone allowances	423 400	72 000	423 400	72 000
	88 568 096	**14 714 500**	**88 568 096**	**14 714 500**

17. Loss on disposal of assets and liabilities

Impairments				
Inventory	107 973	1 624 878	107 973	1 624 878

Assets written-off at the end of the year as they could not be verified for existence.

18. Operating expenses

Bank charges	472 190	72 727	460 452	71 098
Registration National Association of Agents	48 300	—	—	—
COS NQF 4 and 5	416 652	76 829	416 652	76 829
CPD expenses	836 781	115 013	836 781	115 013
Call centre costs	4 856 434	2 961 473	4 577 677	2 961 473
Catering refreshments and entertainment	439 045	512 840	439 045	512 840
Claims paid	1 687 429	120 031	—	—
Consulting and professional fees	9 292 175	3 000 119	9 220 015	3 000 119
Consumables	682 796	52 743	682 796	52 743
Corporate Gifts	474 917	—	79 965	—
Forensic audit fees	1 101 217	—	1 101 217	—
Expenses	125 184	14 743	125 184	14 743
Research Centre Expenses	28 000	—	—	—
Arbitration awards	576 287	—	576 287	—
Insurance	647 952	113 124	647 952	113 124
Internal audit fees	730 480	246 092	730 480	246 092
Invigilators and markers fees	660 300	37 200	660 300	37 200
Legal costs	11 463 056	1 202 230	11 289 575	721 808

Figures in Rand	Group		Authority	
	2023	2022	2023	2022

18. *Operating expenses (continued)*

Office cleaning	1 840 681	324 577	1 840 681	324 577
Other expenses	5 829	4 401	5 829	4 401
Repairs and maintenance	1 638 118	347 721	1 638 118	347 721
Postage and courier	16 347	18 069	16 347	18 069
Printing and stationery	567 736	524 140	567 736	524 140
Promotions and awareness campaigns	997 538	544 848	997 538	544 848
Rates & taxes	3 100 875	723 514	3 100 875	723 514
Recruitment and selection	1 415 172	113 171	1 415 172	113 171
Security services	710 831	120 172	710 831	120 172
Software license and maintenance	1 391 102	191 620	1 391 102	191 620
Staff welfare	350 142	34 450	350 142	34 450
Subscriptions and membership fees	81 681	42 001	81 681	42 001
Telephone and telex	5 272 674	945 812	5 272 674	945 812
Stakeholder relations and consumer awareness	—	616 348	—	—
Training and development	667 559	60 036	667 559	60 036
One Learner One Agency Stipend	850 348	—	—	—
Traveling expenses	2 763 514	315 952	2 598 588	315 952
Investigations	656	—	—	—
Venue hire	1 327 345	176 121	1 327 345	176 121
	57 537 343	**13 628 117**	**53 826 596**	**12 409 687**

19. Cash generated from operations

Surplus (deficit)	36 441 540	(15 034 304)	(15 395 772)	(9 101 318)
Adjustments for:				
Depreciation and amortisation	5 068 277	796 599	5 068 277	796 599
Loss on sale of assets and liabilities	107 973	1 624 878	107 973	1 624 878
Movements in retirement benefit assets and liabilities	1 719 000	(251 000)	1 719 000	(251 000)
Movements in provisions	(741 547)	343 368	(1 134 666)	343 368
Changes in working capital:				
Inventories	(303 010)	(323 921)	(303 010)	(323 921)
Receivables from exchange transactions	(4 006 717)	9 958 615	(4 007 374)	10 761 837
Other receivables from non-exchange transactions	(66 814 659)	2 020 376	(23 705 520)	(4 475 544)
Payables from exchange transactions	67 843 679	1 661 977	67 828 485	1 573 793
Other liabilities	3 009 768	1 635 089	—	—
	42 324 304	**2 431 677**	**30 177 393**	**948 692**

20. Contingencies

Claims against the Fidelity Fund Pending Claims

As at year-end, the claims lodged against Fidelity Fund which have not yet been approved amounted to R24 799 331 (2022: R21 859 108). These claims have been assessed by the Board that there is a possible obligation should sufficient evidence be provided that may require an outflow of resources.

Figures in Rand	Group		Authority	
	2023	2022	2023	2022

20. Contingencies (continued)

Civil claims

A number of civil claims have been instituted against the Fund for claims rejected. The total estimated value of claims are R1 697 185 (2022: R 1 507 000). These claims have been assessed by the Authority that there is a possible obligation that may require an outflow of resources.

Surplus	126 679 496	(20 853 003)	52 185 029	(29 210 304)

The surplus for the year is subject to National Treasury approval in response to the PPRA appropriate application for such fund retention. The surplus is determined in terms of Paragraph 3.2 of the National Treasury Instruction No 12 of 2020/2021. The PPRA will apply to retain the unspent funds. S12 A of the PPRA's founding legislation (PPRA Act 22 of 2019) precludes the PPRA from surrendering such funds. The PPRA will inform the National Treasury in writing of such founding legislation.

Other indeterminate/unproved claims

The contingency claims contained in the annual report relate to unproved claims which await the submission of supporting documentation to allow the board to consider approval thereof. These claims may or may not be valid claims depending on the jurisdictional, quantum, evidentiary and factual evidence which remains outstanding. In terms of S18(3) of Act 112/1976, claimant have up to 6 months to submit requested documentation in support of their claim. Such claims are accordingly simply contingent claims, until they qualify for consideration. Large numbers of such claims are submitted which often include monies lost to fraudsters who are not registered agents. Under the new Property Practitioners Act, 22/2019, only trust fund losses incurred against registered agents may found a claim against the Fidelity Fund. This will safeguard the fund as well as reduce claims against the fund.

In terms of Section 18(3), all contingent claims against the fund must be lodged within 3 months of the claimant becoming aware of a possible claim. Accordingly, notice of claims is given at an early stage by the claimant, often before the claim is quantified and before the claimant has taken any steps to recover the loss or obtain the necessary evidence. As a result, such claims are generally low-risk contingencies, and many will be rejected or closed due to one of the following:

i. Lack of jurisdiction;
ii. The loss not falling within the defined claim benefit in Section18 of the Act;
iii. The unavailability of evidence to prove the claim
iv. The existence of a defense to the claim in favour of the Fund.

The quantum claimed changes considerably during the process in most claims, as loss not covered by the Fund in terms of the Act, is often included ab initio, and must be deducted. Where the offending agent or firm has been sequestrated or liquidated, or where a curator has been appointed to take control of the trust accounts in terms of Section 32(6) of the Estate Agents Affairs Act, 112/1976, the quantum of the claim is not known until after trust monies and free residue has been paid out to claimants by curators /trustees.

21. Related parties

Relationships

Member	Refer to member's report note 22
Controlling entity	Controlling entity The Parliament - Department of Human Settlements
Controlled entities	Property Practitioners Fidelity Fund controlled in terms of the Property Practitioners Act
	Property Sector Transformation Fund
Other entities	All other entities within the sphere of Government

Figures in Rand	Group		Authority	
	2023	2022	2023	2022

21. Related parties (continued)

Related party balances

Loan accounts - Owing (to) by related parties				
The Property Practitioners Fidelity Fund	—	—	1 699 646	(660 296)
The loan accounts owing (to) by related parties, comprises of the following:				
Contributions owed by PPRA to PPFF	—	—	(555 713)	(9 640 226)
Fidelity Fund Certificate paid into PPFF bank account	—	—	74 755	1 702 304
Consumer Awareness paid by the PPRA	—	—	—	2 922 896
Claims paid by the PPRA	—	—	—	5 991 950
Transformation cost paid by the PPRA	—	—	(433 150)	1 644 910
One Learner - One Agency Programme paid by PPRA	—	—	—	3 577 720
Property Sector Transformation Fund	—	—	1 261 045	—
Expense (e.g. Insurance, legal costs etc.) Paid by PPRA	—	—	—	16 340 150
Direct loan for Pension Fund payments for shortfall	—	—	1 352 709	(8 200 000)
Direct loan from the PPFF	—	—	—	(15 000 000)
	—	**—**	**1 699 646**	**(660 296)**
The Property Practitioners Fidelity Fund - Management fees	—	—	—	34 831 799

Related party transactions

Administration fees paid to (received from) related parties				
The Property Practitioners Fidelity Fund	—	—	(53 888 357)	(8 903 875)

Figures in Rand	Group		Authority	
	2023	2022	2023	2022

22. Board members' and executive managers emoluments

Executive Remuneration - 2023

	Emoluments	Employer Contributions to Pension/ Medical Fund etc	Other benefits (13th Cheque,travel expenses, subsistence)	Total
Ms M Mohlala - Chief Executive Officer (From April to Dec 2022)	2 108 531	59	16 200	2 124 790
Ms D Nkambule - Acting Chief Executive Officer (From April 2022 to Jan 2023) & ACOO (From Feb to March 2023)	1 693 791	321 180	104 816	2 119 787
Ms T Ramaili - Acting Chief Executive Officer (Feb to March 2023)	465 846	—	—	465 846
Mr F Mantsho - Chief Risk Officer	1 877 645	79	21 600	1 899 324
Ms L Tshavhungwa - Acting Chief Risk Officer (Nov 2022 to date)	880 595	129 473	110 287	1 120 355
Mr J Tladi - Legal Technical Analyst	1 699 865	384 012	7 200	2 091 077
Mr M Daki - Executive Manager - Education & Training	1 605 062	20 764	157 079	1 782 905
Mr T Kgari - Company Secretary	1 329 335	296 491	157 079	1 782 905
Ms D Mphahlele - Executive Manager Inspections	1 683 743	448 464	161 912	2 294 119
Ms M Shirries - Acting Executive Manager Transformation (April to May 2022)	531 901	39	93 381	625 321
Mr N J Mafihlo - Acting CFO (April 2022 to Feb 2023)	1 172 634	—	42 308	1 214 942
	15 048 948	**1 600 561**	**871 862**	**17 521 371**

The Acting CEO - Ms T Ramaili started acting on the 1st of February 2023.

Executive Remuneration - 2022

	Emoluments	Employer Contributions to Pension/ Medical Fund etc	Other benefits (13th Cheque,travel expenses, subsistence)	Total
Mrs M Mohlala-Mulaudzi - Chief Executive Officer	468 563	13	3 600	472 176
Mr F Mantsho - Chief Risk Officer	285 238	13	3 600	288 851
Mr J Tladi - Legal Technical Analyst	283 732	63 581	—	347 313
Mr M Daki - Executive Manager: Education and Training	264 237	3 329	3 600	271 166
Mrs D Mphahlele - Executive Manager - Inspections	280 624	68 175	3 600	352 399
Ms D Nkambule - Acting Executive Manager - Legal Compliance	223 149	52 716	2 400	278 265
Mr T Kgari - Company Secretary	218 978	48 588	3 600	271 166
Ms M Shirries - Acting Executive Manager	213 163	—	1 600	214 763
Mr N J Mafihlo - Acting CFO (Feb 2022 to date)	193 160	—	—	193 160
	2 430 844	**236 415**	**22 000**	**2 689 259**

Figures in Rand	Group		Authority	
	2023	2022	2023	2022

22. Board members' and executive managers emoluments (continued)

Board members remuneration - 2023

	Member's fees	Committees fees	Travelling	Total
Mr S Ngubeni - Chairperson	302 252	827 506	6 859	1 136 617
Mr S Peters	174 515	407 177	4 858	586 550
Mr M S Nene	183 996	306 698	—	490 694
Ms T Ramaili	175 047	213 009	9 030	397 086
Ms N Makopo	156 066	217 636	2 858	376 560
Ms P N Makhubela	179 265	223 544	208	403 017
Mr T K Johnson	168 720	323 589	5 455	497 764
Ms P B Snyman	179 265	282 502	5 092	466 859
Ms T S Songelwa	164 502	396 986	1 073	562 561
Ms T N Radebe	190 304	362 138	—	552 442
	1 873 932	**3 560 785**	**35 433**	**5 470 150**

Board members remuneration - 2022

	Member's fees	Committees fees	Travelling	Total
Mr S Ngubeni - Chairperson	55 290	151 126	3 256	209 672
Mr S Peters	61 161	78 033	2 636	141 830
Mr M S Nene	31 635	56 935	—	88 570
Ms T Ramaili	31 635	50 616	4 001	86 252
Ms N Makopo	31 635	67 963	572	100 170
Ms P N Makhubela	31 635	42 180	139	73 954
Mr T K Johnson	31 635	51 129	1 077	83 841
Ms P B Snyman	31 635	33 744	—	65 379
Ms T S Songelwa	31 635	38 475	—	70 110
Ms T N Radebe	31 635	80 655	1 729	114 019
	369 531	**650 856**	**13 410**	**1 033 797**

Independent non-executive audit and risk committee members remuneration - 2023

	Emoluments	Other Committee fees	Travelling	Total
Mr P R Mnisi - Chairperson	176 997	121 552	208	298 757
Mr S A Ngobeni	125 712	52 237	—	177 949
Ms K G Mbonambi	104 616	13 095	—	117 711
Ms S F Mkhize	115 236	7 857	—	123 093
	522 561	**194 741**	**208**	**717 510**

Figures in Rand	Group		Authority	
	2023	2022	2023	2022

22. Board members' and executive managers emoluments (continued)

Independent non-executive audit and risk committee members remuneration - 2022

	Emoluments	Other Committee fees	Travelling	Total
Mr P R Mnisi - Chairperson	38 853	12 951	217	52 021
Mr S A Ngobeni	23 571	7 857	—	31 428
Ms K G Mbonambi	23 571	7 857	—	31 428
Ms S F Mkhize	23 571	7 857	—	31 428
	109 566	**36 522**	**217**	**146 305**

Mr T K Johnson who is Board member is also part of the Audit and risk committee and the corresponding fees are part of other committee fees.

23. Risk management

Capital risk management

The entity's objectives when managing capital are to safeguard the entity's ability to continue as a going concern in order to provide returns for its ultimate controlling entity being the parliament, the department of human settlements and to enhance the retention on surpluses by constitutional institutions and public entities declared annually to the national treasury.

Financial risk management

The group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

PPRA is exposed to financial risks due to the defined benefit plan and the post retirement medical aid plan offered to its pensioners and employees. Currently the defined benefit plan and the post retirement medical plan are not fully funded further increasing the risk exposure of PPRA.

The PPRA did not pledge any of its financial assets as collateral for its financial liabilities. There were no encumbrances against any assets and none of the assets were ceded.

Liquidity risk

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

Liquidity Risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

Ultimate responsibility for liquidity risk management rests with the management of PPRA, which has built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The liquidity risk table below shows the contractual maturity gap at period end

Figures in Rand	Group		Authority	
	2023	2022	2023	2022

23. Risk management(continued)

Group

At 31 March 2023	Overnight	Less than 3 months	Between 3 and 12 months	Over 1 year
Cash and cash equivalents	102 711 465	—	—	—
Short term investments	—	—	575 998 002	—
Receivables from exchange transactions - gross receivables *Note 8	—	103 801 089	—	—
Receivables from non-exchange transactions - gross receivables *Note 9	—	198 696 336	—	—
Payables from exchange transactions	—	140 544 571)	—	—
Payables from non-exchange transactions	—	(4 583 556)	—	—
Employee benefit obligations	—	—	(1 173 000)	(13 353 000)

Group

At 31 March 2022	Overnight	Less than 3 months	Between 3 and 12 months	Over 1 year
Cash and cash equivalents	17 422 500	—	—	—
Investments	—	—	—	123 304 376
Short term investments	—	—	499 465 334	—
Receivables from exchange transactions - gross receivables *Note 8	—	82 406 845	—	—
Receivables from non-exchange transactions - gross receivables *Note 9	—	135 798 947	—	—
Payables from exchange transactions	—	(72 700 892)	—	—
Payables from non-exchange transactions	—	(1 573 788)	—	—
Employee benefit obligations	—	—	(658 000)	(12 149 000)

Authority

At 31 March 2023	Overnight	Less than 3 months	Between 3 and 12 months	Over 1 year
Cash and cash equivalents	67 553 633	—	—	—
Receivables from exchange transactions - gross receivables *Note 8	—	103 799 849	—	—
Receivables from non-exchange transactions - gross receivables *Note 9	—	108 292 710	—	—
Payables from exchange transactions	—	(140 437 427)	—	—
Employee benefit obligations	—	—	(1 173 000)	(13 353 000)

Authority

At 31 March 2022	Overnight	Less than 3 months	Between 3 and 12 months	Over 1 year
Cash and cash equivalents	8 711 431	—	—	—
Receivables from exchange transactions - gross receivables *Note 8	—	82 404 949	—	—
Receivables from non-exchange transactions - gross receivables *Note 9	—	108 292 710	—	—
Payables from exchange transactions	—	89 769 935	—	—
Employee benefit obligations	—	(72 608 942)	(658 000)	(12 149 000)

Figures in Rand	Group		Authority	
	2023	2022	2023	2022

23. Risk management(continued)

Credit risk

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

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

Financial instrument	Group - 2023	Group - 2022	Authority - 2023	Authority - 2022
Inter-company loans and receivables	—	—	1 699 646	34 171 502
Receivables from exchange transactions	38 533 927	34 527 209	38 532 687	34 525 313
Receivables from non-exchange transactions	77 378 553	10 563 893	32 933 545	9 228 025
Cash and cash equivalents	102 711 465	17 422 500	67 553 633	8 711 431

Interest rate risk

The Group is exposed to interest rate risk as both the Property Practitioners Regulatory Authority and the Property Practitioners Fidelity Fund have investments in various banking institutions.

The Group's exposures to interest rates on financial assets is limited to the effect of changes in the repo rate to the interest income generated from these investments. Capital is not affected as the all portfolio offers guaranteed safety of capital amount.

Sensitivity analysis

A sensitivity analysis is performed from time to time to determine the impact of possible increases/(decreases) in repo rate on interest revenue. This information is used to determine the length term of the investments, also taking into account the short and long term cashflow requirements. The risk is managed by maintaining an appropriate mix of short-term to medium-term investments.

The ELN structures provides a minimum return and essentially assures that the capital invested will be protected during falling markets. Should the top 40 underperform in future, the entity is guaranteed not to lose its capital.

24. Going concern

The consolidated and separate financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

25. Events after the reporting date

A court ruling was received in May 2023 for claims previously rejected by the Authority of amount R 393 119,11. These have been included as provision for claims at year-end.

There are no material events that occurred after reporting date.

26. Fruitless and wasteful expenditure

Fruitless and Wasteful Expenditure	101 286	2 192 980	101 286	1 692 980

Figures in Rand	Group		Authority	
	2023	2022	2023	2022

27. Irregular expenditure

Irregular Expenditure	15 133 110	8 782 591	14 959 629	7 637 821

28. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

Group - 2022

Statement of financial position

	As previously reported	Correction of error	Re-classification	Restated
Receivables from exchange transactions	52 319 100	39 566 789	(57 358 679)	34 527 210
Receivables from non-exchange transactions	38 316 174	(80 553 062)	52 800 781	10 563 893
Inter-company loans and receivables**	33 855 251	316 251	—	34 171 502
Intangible assets	832 379	1 053 548	—	1 885 927
Payables from exchange transactions	(77 426 089)	167 299	4 557 898	(72 700 892)
Payables from non-exchange transactions*	(1 635 089)	61 301	—	(1 573 788)
Provisions	(18 280 221)	9 846 296	—	(8 433 925)
Accumulated surplus	(761 133 866)	29 857 829	—	(725 760 806)
	(733 152 361)	**316 251**	**—**	**(727 320 879)**

Statement of financial performance

As previously reported	Correction of error	Restated
(4 421 310)	285 448	(4 135 862)
(5 289 056)	813 510	(4 475 546)
1 087 512	(290 913)	796 599
(8 622 854)	**808 045**	**(7 814 809)**

Accumulated surplus

1. Receivables from exchange transactions - Due to the PPRA maintaining one debtors control account without splitting between receivables from exchange and non-exchange transactions, receivables from exchange transactions were understated by a correction of error amount of R 39 566 789 whilst understated by a reclassification of R 57 358 679.

2. Receivables from non-exchange transactions - Due to the PPRA maintaining one debtors control account without splitting between receivables from exchange and non-exchange transactions, receivables from non-exchange transactions was overstated by a correction of error amount of R 79 723 714 whilst understated by a reclassification of R 52 800 781.

3. Receivables from non-exchange transactions - SSETA recoveries - Recoveries recorded in the previous years were overstated as SSETA confirmed that host employer reports were not submitted for approval of these recoveries. Consequently receivables from non-exchange transactions - SSETA recoveries and accumulated surplus were overstated by R 829 348 in the previous financial year.

	Group		Authority	
Figures in Rand	**2023**	**2022**	**2023**	**2022**

28. Prior-year adjustments (continued)

4. Intangibles assets and amortisation - the prior year intangibles asset register was incorrect hence Intangible assets were understated by R 1 053 548 whilst amortisation was overstated by R 290 913.

5. Provisions - The provisions balance was overstated by R 9 846 296 in the previous year as the provision included a provision for performance bonus which based on a Board's resolution in 2021 - it was noted that the payment of Bonuses was a challenge as the entity faced financial difficulties, the performance measurement tool & the organizational performance was not satisfactory. The provision should therefore had been reversed as at this point as the probability of an outflow of economic resources was close to remote.

6. Payables from exchange transactions - Due to the PPRA maintaining one debtors control account without splitting between receivables from exchange and non-exchange transactions, payables from exchange transactions was overstated by a correction of error amount of R 167 299 whilst overstated by a reclassification of R 4 557 898.

7. FFC contributions were overstated due to prior year credit notes which were not raised amount of R 285 448.

8. Penalties from prior year were overstated as they included penalties for re-registered agents from priors years amount of R 813 510.

9. Revenue from non-exchange transactions - Fines - Fines relating to the old act EAA S27 were previously allocated to the PPFF instead of PPRA. These relate to the two months of February and March 2022 when the new act PPA came into effect. It became clear during the current year that the S27 fines accrues to the PPRA and not PPFF and therefore have to be corrected. Revenue from non-exchange transactions was understated by R 930 950, Payables from non-exchange transactions was overstated by R 61 301 due to debtors with credit balances, Receivables from non-exchange transactions - Fines was understated by R 676 000 while Inter-company loans and payables were overstated by R 316 251. (This relates to the PPRA alone as these were sitting in the PPFF in prior year hence doesn't affect consolidated figures.)

10. Contingencies - Pending claims - The amount disclosed in the prior year for pending claims contingencies of R 60 863 508 was adjusted due to reassessment of individual claims to R 21 859 108.

** This relates to the PPRA alone and not the group as the rest of the adjustments.

(Note: the difference on accumulated surplus of R 316 251 relates to adjustments made on Inter-company loans and receivables which is eliminated at consolidation. The prior period error note above was done consolidated for all entities.)

29. Comparative figures

The prior year comparative figures are for 2 months only as the new Property Practitioner's Act became effective from the 1st of February 2022.

PROPERTY PRACTITIONERS REGULATORY AUTHORITY

Annual Financial Statements for the year ended 31 March 2023

PROPERTY PRACTITIONERS FIDELITY FUND

Annual Financial Statements for the year ended 31 March 2023

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GLOSSARY OF COMMONLY USED ABBREVIATIONS	
COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IESBA CODE	International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards)
PFMA	Public Finance Management Act
PPFF	Property Practitioners Fidelity Fund
PPRA	Property Practitioners Regulatory Authority
FFC	Fidelity Fund Certificate
PPA	Property Practitioners Act, 22 of 2019
PSRC	Property Sector Research Centre
PSTF	Property Sector Transformation Fund

GENERAL INFORMATION

Annual Financial Statements for the year ended 31 March 2023

COUNTRY OF INCORPORATION AND DOMICILE	South Africa
NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES	Property Practitioners Fidelity Fund is the fund established in terms of the Property Practitioners Act 2019 (Act No.22 of 2019) - formerly the Estate Agency Affairs Act 1976 (Act No.112 of 1976)
REGISTERED OFFICE	63 Wierda Road East, Wierda Valley, Sandton, 2196
BUSINESS ADDRESS	63 Wierda Road East, Wierda Valley, Sandton, 2196
POSTAL ADDRESS	Private Bag X10 Benmore 2010
BANKERS	Nedbank
AUDITORS	Auditor-General of South Africa Registered Auditors
SECRETARY	Mr Thapelo Kgari
CONTROLLING ENTITY	The Property Practitioners Regulatory Authority (PPRA)
BOARD MEMBERS	Mr S Ngubeni *(Chairperson)* Mr S Peters Mr MS Nene Ms T Ramaili *(Resigned on the 31st of January 2023)* Ms N Makopo Ms PN Makhubela Mr TK Johnson Ms PB Snyman Ms TS Songelwa Ms TN Radebe Mr J Van Der Walt Ms V Gilbert

BOARD'S RESPONSIBILITIES AND APPROVAL

Annual Financial Statements for the year ended 31 March 2023

The Board of the Property Practitioners Regulatory Authority (the Authority) is required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the members to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

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

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

The Board acknowledge that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the Board to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The Board have reviewed the entity's cash flow forecast for the year to 31 March 2024 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

The annual financial statements set out on pages 180 to 219, which have been prepared on the going concern basis, were approved by the board on 31 May 2023 and were signed on its behalf by:

DR STEVEN NGUBENI
Pr Plan (SA); PAV (SA); MA; MSc; MPA; LLM; PhD

CHAIRPERSON OF THE PPRA BOARD

PPRA

PROPERTY PRACTITIONERS REGULATORY AUTHORITY

Annual Financial Statements for the year ended 31 March 2023

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON PROPERTY PRACTITIONERS FIDELITY FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

1. I have audited the financial statements of the Property Practitioners Fidelity Fund set out on pages 180 to 219, which comprise the statement of financial position as at 31 March 2023, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Property Practitioners Fidelity Fund as at 31 March 2023, and its financial performance and cash flows for the year then ended in accordance with the Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999.

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.

4. I am independent of the entity in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

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

Other matter: National Treasury Instruction No. 4 of 2022/2023: PFMA Compliance and Reporting Framework.

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

7. On 23 December 2022 National Treasury issued Instruction Note No. 4: PFMA Compliance and Reporting Framework of 2022-23 in terms of section 76(1)(b), (e) and (f), 2(e) and (4)(a) and (c) of the PFMA, which came into effect on 3 January 2023. The PFMA Compliance and Reporting Framework also addresses the disclosure of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure. Among the effects of this framework is that irregular and fruitless and wasteful expenditure incurred in previous financial years and not addressed is no longer disclosed in the disclosure notes of the annual financial statements, only the current year and prior year figures are disclosed in note 21 and 22 to the financial statements. The movements in respect of irregular expenditure and fruitless and wasteful expenditure are no longer disclosed in the notes to the annual financial statements of Property Practitioners Regulatory Authority. The disclosure of these movements (e.g. condoned, recoverable, removed, written off, under assessment, under determination and under investigation) are now required to be included as part of other information in the annual report of the auditees. I do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

Responsibilities of the accounting authority for the financial statements

8. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the Generally Recognised Accounting Practice and the requirements of the Public Finance Management Act 1 of 1999; and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

9. In preparing the financial statements, the accounting authority is responsible for assessing the entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the entity or to cease operations or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the financial statements

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

11. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

12. Section 55(2)(a) of PFMA, requires the fund to prepare an annual performance report. The fund's performance information is reported in the annual performance report of the Property Practitioners Regulatory Authority. The usefulness and reliability of the reported performance information was tested as part of the audit of the Property Practitioners Regulatory Authority and any findings are included in management report and auditors report of the Property Practitioners Regulatory Authority.

Report on compliance with legislation

13. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the entity's compliance with legislation.

14. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

15. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

16. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements and annual report

17. The financial statements submitted for auditing were not fully prepared in accordance with the prescribed financial reporting framework and supported by full and proper records, as required by section 40(1)(a) of the PFMA.

18. Material misstatements of current assets and disclosure items identified by the auditors in the submitted financial statement were corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified opinion.

Revenue management

19. Effective and appropriate steps were not taken to collect all revenue due, as required by section 51(1)(b)(i) of the PFMA.

Expenditure management

20. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R173 481 as disclosed in note 22 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA.

Other information in the annual report

21. The accounting authority is responsible for the other information included in the annual report. The other information referred to does not include the financial statements and the auditor's report.

22. My opinion on the financial statements and the report on compliance with legislation, do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

23. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

24. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

25. I considered internal control relevant to my audit of the financial statements and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

26. The matters reported below are limited to the significant internal control deficiencies that resulted in the material findings on compliance with legislation included in this report.

27. The fund did not exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls.

28. The fund did not prepare regular, accurate and complete financial reports that are supported and evidenced by reliable information.

Auditor-General

Pretoria

28 July 2023

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURE TO THE AUDITOR'S REPORT

The annexure includes the following:

- the auditor-general's responsibility for the audit
- the selected legislative requirements for compliance testing.

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and on the entity's compliance with selected requirements in key legislation.

Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

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

Communication with those charged with governance.

I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation – selected legislative requirements.

The selected legislative requirements are as follows:

LEGISLATION	SECTIONS OR REGULATIONS
Public Finance Management Act No.1 of 1999 (PFMA)	PFMA 55(1)(a) PFMA 55(1)(b) PFMA 55(1)(c)(i) PFMA 51(1)(b)(ii) PFMA 53(4) PFMA 57(b) PFMA 54(2) ('c) PFMA 54(2)(d)
Treasury Regulations for departments, trading entities, constitutional institutions, and public entities (TR)	TR 31.1.2(c') TR 16A.7.1 TR 16A.7.3 TR 16A.7.6 TR 16A.7.7 TR 31.2.1 TR 31.3.3

STATEMENT OF FINANCIAL POSITION

Annual Financial Statements for the year ended 31 March 2023

Figures in Rand	Notes	2023	2022 Restated*
Assets			
Current Assets			
Other financial assets	3	575 998 002	499 465 334
Receivables from exchange transactions	4	1 240	1 896
Receivables from non-exchange transactions	5	44 445 009	1 335 868
Cash and cash equivalents	6	33 964 519	8 711 090
		654 408 770	**509 514 188**
Non-Current Assets			
Other financial assets	3	-	123 304 358
Total Assets		**654 408 770**	**632 818 546**
Liabilities			
Current Liabilities			
Inter-company loans and payables	7	438 601	34 171 502
Payables from exchange transactions	8	107 144	91 950
Payables from non-exchange transactions	9	4 583 556	1 573 788
Provisions	10	418 913	25 794
		5 548 214	**35 863 034**
Total Liabilities		**5 548 214**	**35 863 034**
Net Assets		**648 860 556**	**596 955 512**
Accumulated surplus		648 860 556	596 955 512

*See Note 20

STATEMENT OF FINANCIAL PERFORMANCE

Annual Financial Statements for the year ended 31 March 2023

Figures in Rand	Notes	2023	2022 Restated*
Revenue			
Revenue from exchange transactions		45 795228	44 061 606
Revenue from non-exchange transactions		64 592 679	31 938 537
Total revenue	**11**	**110 387 907**	**76 000 143**
Expenditure			
Other operating expenditure	12	(58 482 863)	(70 820 698)
Surplus (deficit) for the year		**51 905 044**	**5 179 445**

**See Note 20*

STATEMENT OF CHANGES IN NET ASSETS

Annual Financial Statements for the year ended 31 March 2023

Figures in Rand	Notes	2023	2022 Restated*
Balance at 01 April 2021		**592 649 130**	**592 649 130**
Changes in net assets			
Surplus for the year		6 110 394	6 110 394
Total changes		6 110 394	6 110 394
Opening balance as previously reported		598 759 524	598 759 524
Adjustments			
Correction of errors		(1 804 012)	(1 804 012)
Restated* Balance at 01 April 2022 as restated*		**596 955 512**	**596 955 512**
Changes in net assets			
Surplus for the year		51 905 044	51 905 044
Total changes		51 905 044	51 905 044
Balance at 31 March 2023		**648 860 556**	**648 860 556**

**See Note 20*

CASH FLOW STATEMENT

Annual Financial Statements for the year ended 31 March 2023

Figures in Rand	Notes	2023	2022 Restated*
Cash flows from operating activities			
Receipts			
Cash receipts from Property Practitioners		70 682 309	77 471 151
Payments			
Cash payments to suppliers and PPRA		(58 467 669)	(70 967 732)
Net cash flows from operating activities	**13**	**12 214 640**	**6 503 419**
Cash flows from investing activities			
Net movements in financial assets		46 771 690	(36 418 435)
Cash flow from finance activities			
Loans to economic entities		**(33 732 901)**	**15 438 181**
Net increase / (decrease) in cash and cash equivalents		**25 253 429**	**(14 476 835)**
Cash and cash equivalents at the beginning of the year		8 711 090	23 187 925
Cash and cash equivalents at the end of the year	**6**	**33 964 519**	**8 711 090**

*See Note 20

STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS

Annual Financial Statements for the year ended 31 March 2023

Budget on Cash Basis						
Figures in Rand	**Approved budget**	**Adjustments**	**Final budget**	**Actual amounts on comparable basis**	**Difference between final budget and actual**	**Note**
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Contributions from Property Practitioners	2 738 800	—	**2 738 800**	2 090 125	**2 316 600**	1
Interest on investments	6 970 137	—	**6 970 137**	19 278 899	**12 308 762**	2
Other income	29 346	—	**29 346**	10 851 870	**10 822 524**	3
Fair value adjustments	34 719 128	—	**34 719 128**	13 347 859	**(21 371 269)**	4
Total revenue from exchange transactions	**44 457 411**	**—**	**44 457 411**	**45 795 228**	**1 337 817**	
Revenue from non-exchange transactions						
Interest on trust accounts	49 171 648	—	**49 171 648**	22 860 369	**(26 311 279)**	5
Grant Income - Grants from the PPRA	10 000 000	—	**10 000 000**	—	**(10 000 000)**	6
Claims recoveries	6 000 000	—	**6 000 000**	1 294 310	**(4 705 690)**	7
Fines	—	—	**—**	40 438 000	**40 438 000**	8
Total revenue from non-exchange transactions	**65 171 648**	**—**	**65 171 648**	**64 592 679**	**(578 969)**	
Total revenue	**109 629 059**	**—**	**109 629 059**	**110 387 907**	**758 848**	
Expenditure						
Administration fees	(63 791 763)	—	**(63 791 763)**	(53 888 357)	**9 903 406**	9
Auditors remuneration	—	(1 300 000)	**(1 300 000)**	(1 257 606)	**42 394**	9
Bank charges	(18 917)	—	**(18 917)**	(10 584)	**8 333**	
Claims expenses	(6 000 000)	—	**(6 000 000)**	(1 687 429)	**4 312 571**	11
Grant expense to PSTF	(17 590 538)	—	**(17 590 538)**	(199 277)	**17 391 261**	12
Investigations	—	—	**—**	(656)	**(656)**	
Legal expenses	(5 500 000)	—	**(5 500 000)**	(173 481)	**5 326 519**	13
Allowance for credit losses	(9 663 150)	—	**(9 663 150)**	(1 265 473)	**8 397 677**	14
Stakeholder awareness	(3 000 000)	1 300 000	**(1 700 000)**	—	**1 700 000**	14
Insurance	(278 979)	—	**(278 979)**	—	**278 979**	14
Publications - Agent Magazine	(3 515 024)	—	**(3 515 024)**	—	**3 515 024**	14
Total expenditure	**(109 358 371)**	**—**	**(109 358 371)**	**(58 482 863)**	**50 875 508**	
Surplus before taxation	**270 688**	**—**	**270 688**	**51 905 044**	**51 634 356**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**270 688**	**—**	**270 688**	**51 905 044**	**51 634 356**	

NOTES

Note 1

Actual is less than budgeted due to the anticipated new property practitioners that have not yet been registered. There is an ongoing research survey exercise to identify and consult with new property practitioners to come and register with the PPRA.

Note 2

Reason for the increase is due to guaranteed interest /fair value adjustments on investments earned on maturity of the investments. In addition, the investment matured during the year from Equity Link Note portfolio and rolled over into money market account and all the interest earned are classified as interest on the investment not fair value adjustment. Hence decrease in fair value adjustment and increase in Interest on investment as compared to the budget.

Note 3

In 2011 the entity named Constantia Sectional Title Management (CSTM) was reported to EAAB for misappropriation of funds and went bankrupt. EAAB obtained a court order to appoint a curator to manage the distribution of the funds from the trust accounts to the creditors. The R10 million received is the remaining balance left from the Curator after paying the expenses, costs and claims. The process is finalised, and the Curator paid the remaining balance of R10m into PPFF in December 2022.

Note 4

Interest earned on the investment that are in Equity Link Note (ELN) portfolio are classified as fair value adjustment. These investments matured during the year and invested into money market. Interest earned in the money market account are classified as interest on the investment. Hence fair value adjustment account reflects under achieved and interest on investment is reflecting over achievement as compared to the budget. Second reason for the under achievement is due to the fact of the decrease in the investment at the time of ELN due to the withdrawal of the investment to pay the management fee debts owed to PPRA.

Note 5

The variance is less than budgeted due to less audit interest earned on the trust account by the Property Practitioners. Note 6

No grant received from PPRA as anticipated in the budget. It is as a result of other operational requirements that PPRA was not able to pay the grant to the Fidelity Fund.

Note 7

Claims recoveries are linked to claims expenses. Any claim that is approved and paid during the year must be recovered. The less claim approved and paid the less claim recoveries. The actual is less because there are less claims approved and paid during the year. There are also less claims lodged during the year by the consumers.

Note 8

The significant increase is due to fines levied by the Fidelity Fund resulting from Property Practitioners for non-submission of Audit Reports and other contraventions contravened section 54(5)(b) of the PP Act.

Note 9

The decrease is as a result of a reduction in the net asset value of the Fidelity Fund due to the withdrawal of the investments to pay Management Fees owed to the PPRA. The calculation of the management fee expense is based on the net asset value of the Fidelity Fund.

Note 10

To align with the Audit Strategy, audit remuneration for the Fidelity Fund is no longer absorbed by the PPRA but is now incurred directly by the Fidelity Fund.

Note 11

Less claims were lodged, approved and paid during the year than budgeted. Note 12

The Property Sector Transformation Fund (PSTF) was recently established and most of the projects are still to be implemented. Only expenses incurred for the One Learner - One Property Practitioner - Youth Programme were incurred and paid for by the Fidelity Fund on behalf of the PSTF as a grant. Grant from PPFF to PSTF is on a project base approach.

Note 13

There were less legal costs incurred during the year than budgeted.

Note 14 – Other Expenses

Allowance for credit losses is less than anticipated. The main reason is that all invoices raised in the current year for Interest from the trust account were paid/ collected in the current year. This balance only emanated from debtors relating to claims recoveries that were raised in the current year in line with the policy.

No cost incurred for the other expenses such as stakeholder awareness, publications and others because awareness campaigns and publications were conducted using social media platforms. No manual agent magazines issued due during the year.

ACCOUNTING POLICIES

1 Presentation of Annual Financial Statements

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

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

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

1.1 Presentation currency

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

1.2 Going concern assumption

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

1.3 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:

Available-for-sale financial assets

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

If all of the declines in fair value below cost were considered significant or prolonged, the entity would suffer an additional deficit in its 2023 annual financial statements, being a reclassification adjustment of the fair value adjustments previously recognised in other comprehensive income and accumulated in equity on the impaired available-for-sale financial assets to surplus or deficit.

Provisions

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

Allowance for doubtful debts

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

1.4 Financial instruments

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

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

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

- Its value changes in response to the change in a specified interest rate, financial instrument 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 (sometimes called the 'underlying').
- 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 effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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

A financial asset is:

- Cash;
- A residual interest of another entity; or
- A contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

1.4 Financial instruments (continued)

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

A financial liability is any liability that is a contractual obligation to:
- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

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

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:
- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:
- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:
- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Classification
According to PPA Act the fund shall be controlled and managed by the board, which shall utilize the moneys in the fund in accordance with the provisions of this Chapter.
- The 3 entities (PPRA, PPFF & PSTF) are controlled by the same accounting officer and the same board.
- Therefore there is no separate loan agreement between the two entities as the agreement will be signed by the same accounting officer and the dame board.

1.4 Financial instruments (continued)

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

Class	Category
Other financial assets	Financial asset measured at Fair Value
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost

The entity classifies financial assets and financial liabilities into the following categories:
- Financial instruments at Fair Value;
- Financial instruments at cost; and
- Financial instruments at amortised cost.

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

Class	Category
Inter-company loans and payables	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost
Payables from non-exchange transactions	Financial liability measured at amortised cost

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 fair value through surplus or deficit category.

Financial assets and financial liabilities are presented on a net basis in the annual financial statement and quarterly management accounts when, in doing so, it reflects an entity's expected future cash flows from settling two or more separate financial instruments. When an entity has the right to receive or pay a single net amount and intends to do so, it has, in effect, only a single financial asset or financial liability.

Inter-company loans

There includes loans to and from holding companies, fellow subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct costs.

The inter-company loans are presented on a net basis in the annual financial statement when, in doing so, it reflects an entity's expected future cash flows from settling two or more separate financial instruments. When an entity has the right to receive or pay a single net amount and intends to do so, it has, in effect, only a single financial asset or financial liability.

The PPRA pays some of the expenses on behalf of the PPFF and claims it from the PPFF. There are also instances where the PPRA encounters cash flow challenges and the PPFF assists the PPRA in line with the delegation of authority.

All these transactions are recorded in separate specific loan accounts in the accounting records for monitoring and controlling purposes. These accounts are consolidated together and reported in one loan account in the financial statements. The inter-company loans are presented on a net basis in the annual financial statement when, in doing so, it reflects an entity's expected future cash flows from settling two or more separate financial instruments. When an entity has the right to receive or pay a single net amount and intends to do so, it has, in effect, only a single financial asset or financial liability.

Inter-company payable:

The management fee payable represents inter-company payables as PPRA rendered a service directly to the PPFF.

Payment terms and interest:

There are no specific repayments terms on the loans and payable and is all interest free

Initial recognition

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

The entity recognises financial assets using trade date accounting.

1.4 Financial instruments (continued)

Initial measurement of financial assets and financial liabilities

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

The entity measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value].

The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The entity accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

Subsequent measurement of financial assets and financial liabilities

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

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

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

Fair Value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an entity calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

Reclassification

The entity does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

Where the entity cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value. This requires a reclassification of the instrument from amortised cost or cost to fair value.

1.4 Financial instruments (continued)

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the entity reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

Financial instruments at cost

Investments in residual interests, which do not have quoted market prices and for which Fair Value cannot be determined reliably. The entity assesses which instruments should be subsequently measured at Fair Value, amortised cost or cost, based on the definitions of financial instruments at Fair Value, financial instruments at amortised cost or financial instruments at cost as set out above.

Financial instruments at cost are subsequently measured at cost.

Fair Value determination

The Fair Values of quoted investments are based on current bid prices. 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.

Impairment of financial assets

At each end of the reporting period the entity assesses all financial assets (amortised / cost) 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.

The entity first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant and individually or collectively for financial assets that are not individually significant.

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition).The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

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

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

Impairment losses are recognised in surplus or deficit.

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

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

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

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

1.4 Financial instruments (continued)

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Offsetting

The entity does not offset financial assets and financial liabilities in the Statement of Financial Position unless a legal right to offset exists and the parties intend to settle on a net basis.

Receivables from exchange and non-exchange transactions

Receivables are measured at initial recognition at Fair Value plus transaction costs that are directly attributable to the acquisition, subsequently stated at amortised cost using the effective interest rate method, less provision for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant impairment. Appropriate allowances form financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) 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 non-electable, 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.

Trade and other receivables are classified as loans and receivables.

Payables from exchange and non-exchange transactions

Payables are initially measured at Fair Value plus transaction costs that are directly attributable to the acquisition, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash with the banks and demand deposits. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

1.5 Tax

Tax expenses

The Property Practitioners Regulatory Authority is a schedule 3, Part A Public Entity and is therefore, exempt from VAT and Income tax.

1.6 Provisions and contingencies

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

1.6 Provisions and contingencies (continued)

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

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

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

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

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

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

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

The PPFF raises provisions for claims which have been approved but not yet paid by year end.

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

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 15.

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

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

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

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

1.6 Provisions and contingencies (continued)

Where a fee is received by the entity for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the entity considers that an outflow of economic resources is probable, an entity recognises the obligation at the higher of:

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

1.7 Revenue from exchange transactions

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

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

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

Rendering of services

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

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

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

Revenue from new registrations is recognised upon the receipt of the application (validated). 65% of the registration fee received accrued to the Property Practitioners Regulatory Authority (PPRA) and 35% to the Property Practitioners Fidelity Fund (PPFF) - effective until 31 January 2022.

Post transition, 1 February 2022, the entire registration fee accrues to the PPFF.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date.

Claims recoveries are recognised as revenue when the costs are incurred, that is when the claims are paid.

1.8 Revenue from non-exchange transactions

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

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the entity can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes

1.8 Revenue from non-exchange transactions (continued)

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting entity.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Interest earned on the trust account is recognised upon the receipt of the audit report.

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

Recognition

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

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

Measurement

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

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

When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

1.9 Fruitless and wasteful expenditure

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

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

The current fruitless and wasteful expenditure disclosures have been updated in line with the National Treasury Instruction No 4 of 2022 2023: PFMA Compliance and Reporting Framework.

1.10 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -
(a) this Act; or
(b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
(c) any provincial legislation providing for procurement procedures in that provincial government.

1.10 Irregular expenditure (continued)

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 financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

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

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

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

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

The current irregular expenditure disclosures have been updated in line with the National Treasury Instruction No 4 of 2022 2023: PFMA Compliance and Reporting Framework.

1.11 Budget information

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

General purpose financial reporting by 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 accrual basis and presented by programmes linked to performance outcome objectives.

The approved budget covers the fiscal period from 2022/04/01 to 2023/03/31.

The budget for the economic entity includes all the entities approved budgets under its control.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.12 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transactions is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

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

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

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

The entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the entity is exempt from the disclosures in accordance with the above, the entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

1.13 Events after reporting date

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

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

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

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

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the entity has not adopted any standards and interpretations that are effective for the current financial year and that are relevant to its operations.

2.2 Standards and Interpretations early adopted

The entity has not chosen to early adopt any standards and interpretations.

2.3 Standards and interpretations issued, but not yet effective

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

Standard/ Interpretation	Effective date: Years beginning on or after	Expected impact
GRAP 104 (as revised): Financial Instruments	01 April 2025	Unlikely there will be a material impact
iGRAP 21: The Effect of Past Decisions on Materiality	01 April 2023	Unlikely there will be a material impact
GRAP 2020: Improvements to the standards of GRAP 20	01 April 2023	Unlikely there will be a material impact
GRAP 1 (amended): Presentation of Financial Statements	01 April 2023	Unlikely there will be a material impact

2.4 Standards and interpretations not yet effective or relevant

No new standards and interpretations have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2022 or later periods which are considered not relevant the entity's operations.

Figures in Rand	2023	2022
3. Other financial assets		
Current assets		
Designated at Fair Value		
ABSA The investment matured during the year from FTSE/JSE Top 40 Equity Link Note (ELN) and was rolled over into a money market account which is on a month to month basis. The interest is realised monthly and the minimum return is 7.25% p.a.	97 602 317	125 146 887
Standard Bank The investment matured during the year from FTSE/JSE Top 40 Equity Link Note (ELN) and was rolled over into a money market account which is on a month to month basis. The interest is realised monthly and the minimum return is 7.45% p.a. The total balance is made up of the nominal value of R147 660 985 and the accrued interest of R120 556 on this Standard Bank account.	147 781 541	157 799 861
Rand Merchant Bank The investment matured during the year from FTSE/JSE Top 40 Equity Link Note (ELN) and was rolled over into a money market account which is on a month to month basis. The interest is realised monthly and the minimum return is 7.25% p.a	207 039 749	216 518 586
Investec The investment was reinvested on the 04 September 2020 at the Nominal Value of R122 872 701 into Investec Step up Note Account (Wholesale Structured deposit). The interest on this investment is accrued every month and paid every after 3 months into INVESTEC call account. The Investec call deposit represent interest earned from this Step up Account. The investment is maturing on the 04 September 2023. The total balance is made up of the nominal value of R122 872 701 and the accrued interest of R701 694 on this Investec Step up Note account. The investments are classified as current assets as the investments are maturing within 12 months after financial year end. In the previous financial year, the investments were classified under non-current assets as the maturity date was the 4th of September 2023.	123 574 395	—
	575 998 002	**499 465 334**

Figures in Rand	2023	2022
3. Other financial assets (continued)		
Non-current assets		
Designated at Fair Value		
Investec	—	123 304 358
The investment was reinvested on the 04 September 2020 at the Nominal Value of R122 872 701 into Investec Step up Note Account (Wholesale Structured deposit). The interest on this investment is accrued every month and paid every after 3 months into INVESTEC call account. The Investec call deposit represent interest earned from this Step up Account. The investment is maturing on the 04 September 2023.		
In the previous financial year, the investments were classified under non-current assets as the maturity date was the 4th of September 2023.		
Total other financial assets	**575 998 002**	**622 769 692**
Non-current assets		
Designated at Fair Value	—	123 304 358
Current assets		
Designated at Fair Value	575 998 002	499 465 334

Financial assets pledged as collateral

Collateral

There are no financial assets that have been pledged as collateral for liabilities or contingent liabilities in the current financial year.

Figures in Rand	2023	2022
4. Receivables from exchange transactions		
Prepaid expenses	1 240	1 896

Figures in Rand	2023	2022
5. Receivables from non-exchange transactions		
Fines	40 438 000	—
Agent interest receivables from trust accounts	2 877 089	205 948
SSETA Recoveries - Host employers and Stipend	1 129 920	1 129 920
	44 445 009	**1 335 868**

Based on the new Property Practitioners Act section 26, fines levied against property practitioners accrues to the Fidelity Fund. All fine receivables were raised in March 2023 and allowances for credit losses will be monitored and assessed continuously in line with GRAP and the policy hence no allowance for credit losses as at 31 March 2023.

	2023	2022
Gross balances		
Fines	40 438 000	—
Agent Interest	15 328 246	12 685 942
Claims recoveries	33 507 461	32 213 151
SSETA Recoveries - Host employers and Stipend	1 129 920	1 129 920
	90 403 627	**46 029 013**
Less: Allowance for credit losses		
Agent Interest	(12 451 157)	(12 479 994)
Claims recoveries	(33 507 461)	(32 213 151)
	(45 958 618)	**(44 693 145)**
Net balances		
Fines	40 438 000	—
Agent Interest	2 877 089	205 948
SSETA Recoveries - Host employers and Stipend	1 129 920	1 129 920
	44 445 009	**1 335 868**
Fines		
Current (0 -30 days)	40 438 000	—
Agent Interest		
Current (0 -30 days)	89 163	81 535
31 - 60 days	938 224	140 985
61 - 90 days	(1 367)	34 293
91 - 120 days	301 816	(6 442)
121 days +	14 000 410	12 435 571
Less: Allowance for credit losses	(12 451 157)	(12 479 994)
	2 877 089	**205 948**

Figures in Rand	2023	2022

5. *Receivables from non-exchange transactions (continued)*

Claims recoveries

Current (0 -30 days)	470 000	120 031
31 - 60 days	824 310	—
121 days +	32 213 151	32 093 120
Less: Allowance for credit losses	(33 507 461)	(32 213 151)
	—	—

SSETA Recoveries - Host employers and stipend

121 days +	1 129 920	1 129 920

Allowance for expected credit losses

Allowance for credit losses cover all accounts that are outstanding for a period of 120 days and more. It also includes debtors under 120 days where uncertainties of recoverability exist regardless of age which takes into account payment pattern, trend and history of the debtor.

PPFF has recognised an impairment of expected credit losses of R 1 265 473 (2022: R 12 023 557) in profit or loss for the period ended 31 March 2023.

Receivables from non-exchange transactions pledged as security

Receivables from non-exchange transactions have not been pledged as security for any liability, overdraft facilities or any contingent liability.

Reconciliation of allowance for credit losses - receivables from non-exchange transactions

Opening balance	44 693 145	32 669 588
Allowance for credit losses	1 265 473	12 023 557
	45 958 618	44 693 145

6. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	24 226 901	1 346 317
Other cash and cash equivalents	9 737 618	7 364 773
	33 964 519	**8 711 090**

The other cash and cash equivalent made of Investec call account, Nedbank call account and Accrued interest on Nedbank call deposit account. The Investec call account represent interest earned from R122 872 701 Investec Step up note account (Wholesale Structured deposit) that is classified under other financial assets.

The interest on the step up note account accrues every month and is paid every 3 months into the Investec call account.

Cash and cash equivalents pledged as collateral

The entity did not pledge any cash and cash equivalents as collateral during the year.

7. Inter-company loans and payables

Contributions owed by PPRA to PPFF for new registrations	555 713	9 640 226
Fidelity Fund Certificate paid into PPFF bank account	(74 755)	(1 702 304)
Consumer Awareness paid by the PPRA	—	(2 922 896)
Claims paid by the PPRA	—	(5 991 950)
Transformation cost paid by the PPRA	433 150	(1 644 910)
One Learner - One Property Practitioner - Youth Programme paid by PPRA	—	(3 577 720)
Expense (e.g. Insurance, legal costs etc.) paid by PPRA	(1 352 709)	(16 340 150)
Direct loan for Pension Fund payments for shortfall	—	8 200 000
Direct loan to the PPRA	—	15 000 000
	(438 601)	**660 296**

The inter-company loans represent direct loans between the Property Practitioners Regulatory Authority and the Property Practitioners Fidelity Fund, the cost paid by the PPRA on behalf of the PPFF and contributions received by the PPRA on behalf of the PPFF. There is no direct or indirect service rendered between the two entities for these loans.

The above loan represents the outstanding balances owing by (to) the Property Practitioners Regulatory Authority to the Property Practitioners Fidelity Fund. The loan is interest free and has no fixed payment terms. The prior year direct loan balance was fully settled during the year by the PPRA.

Figures in Rand	2023	2022

7. Inter-company loans and payables (continued)

Impairment

Impairment was assessed during the reporting period and no indications or evidences of impairment were identified.

Inter-company payables comprises of the following:

Management fees	—	(34 831 798)

The above payables represents services rendered by the Property Practitioners Regulatory Authority to the Property Practitioners Fidelity Fund. The payables are interest free and have no fixed payment terms. The prior year management fees payables balance was fully settled during the by the PPFF to the PPRA.

Refer to Related Party note 16.

Total inter-company loans and payables	**(438 601)**	**(34 171 502**

8. Payables from exchange transactions

Deferred Income	25 000	—
Accruals	82 144	91 950
	107 144	**91 950**

Deferred income is commission earned by property practitioners from the sale of properties through conveyancers. The commission amounts are paid to the Fund and should be claimed by property practitioners. Any amounts which are not claimed within three years irrevocably becomes income of the PPFF. It is recognised as other income when three years prescribe or when commission claim is rejected.

9. Payables from non-exchange transactions

Agent Interest received in advance	4 583 556	1 573 788

The balance represents the debtors with credit balance and these are monitored closely. These are due to the fact that some property practitioners pay for the interest from the trust account without submitting the audit report or in advance.

10. Provisions

Reconciliation of provisions – 2023

	Opening Balance	Additions	Total
Provision for claims	25 794	393 119	418 913

Reconciliation of provisions – 2022

	Opening Balance	Utilised during the year	Total
Provision for claims	3 141 365	(3 115 571)	25 794

Provision for claims relate to claims lodged against the fidelity fund and approved by the Authority but not yet paid as at year-end. The claims will be paid within the next 6 months.

Figures in Rand	2023	2022

11. Revenue

Revenue from exchange transactions

Contributions from property practitioners	2 316 600	2 090 125
Other income	10 851 870	27 541
Interest on investments	19 278 899	5 368 188
Bad debts recovered	—	222 120
Fair value adjustments	13 347 859	36 353 632
	45 795 228	**44 061 606**

Revenue from non-exchange transactions

Interest on trust accounts	22 860 369	26 279 063
Claims recoveries	1 294 310	5 659 474
Fines	40 438 000	—
	64 592 679	**31 938 537**

All the interest earned under Equity Linked Note investment portfolios are classified as fair value adjustments. The Equity Linked Notes investment matured during the year and rolled over into money market account. All the interest earned in the money market account are classified as interest on the investment hence decrease in the fair value adjustment and increase in the interest on investment.

Fine is in terms of section 26 of the PPA for non-submission of the audit report and for minor contraventions.

12. Operating expenses

Administration fee	53 888 357	53 423 252
Auditors remuneration	1 257 606	—
Bank charges	10 584	9 728
Claims expenses	1 687 429	2 543 903
Grant expense to PSTF	199 277	—
Investigations	656	1 067
Legal expenses	173 481	865 357
Provision for doubtful debts	1 265 473	12 023 556
Stakeholder awareness	—	378 300
Stakeholder relations and consumer awareness	—	1 290 820
Transformation initiatives	—	284 715
	58 482 863	**70 820 698**

13. Cash generated from operations

Surplus	51 905 044	5 179 445
Adjustments for:		
Movements in provisions	393 119	(3 115 571)
Changes in working capital:		
Receivables from exchange transactions	656	1 068
Other receivables from non-exchange transactions	(43 109 141)	4 634 160
Payables from exchange transactions	15 194	(147 032)
Other payables from non-exchange transactions	3 009 768	(48 651)
	12 214 640	**6 503 419**

Figures in Rand	2023	2022

14. Commitments

There were no commitments for the year ended 31 March 2023.

15. Contingencies

Pending Claims:

As at year-end, the claims lodged against Fidelity Fund which have not yet been approved amounted to R24 799 331 (2022: R21 859 108). These claims have been assessed by the Authority that there is a possible obligation should sufficient evidence be provided that may require an outflow of resources.

The contingency claims contained in the annual report relate to unapproved claims which await the submission of supporting documentation to allow the Authority to consider approval thereof. These claims may or may not be valid claims depending on the jurisdictional, quantum, evidentiary and factual evidence which remains outstanding. In terms of s18(3) of Act 112/1976, claimant have up to 6 months to submit requested documentation in support of their claim. Such claims are accordingly simply contingent claims, until they qualify for consideration. Large numbers of such claims are submitted which often include monies lost to fraudsters who are not registered Property Practitioners. Under the new Property Practitioners Act, 22/2019, only trust fund losses incurred against registered agents may lodge a claim against the fidelity fund. This will safeguard the fund as well as reduce claims against the fund.

In terms of section 18(3), all contingent claims against the fund must be lodged within 3 months of the claimant becoming aware of a possible claim. Accordingly, notice of claims is given at an early stage by the claimant, often before the claim is quantified and before the claimant has taken any steps to recover the loss or obtain the necessary evidence. As a result, such claims are generally low- risk contingencies, and many will be rejected or closed due to one of the following:

- Lack of jurisdiction;
- The loss not falling within the defined claim benefit in section18 of the Act;
- The unavailability of evidence to prove the claim
- The existence of a defence to the claim in favour of the Fund.

The quantum claimed changes considerably during the process in most claims, as loss not covered by the Fund in terms of the Act, is often included *ab initio*, and must be deducted. Where the offending Property Practitioner or firm has been sequestrated or liquidated, or where a curator has been appointed to take control of the trust accounts in terms of the Property Practitioners Act 22/2019, the quantum of the claim is not known until after trust monies and free residue has been paid out to claimants by curators /trustees.

Civil claims

A number of civil claims have been instituted against the Fund for claims rejected. The total estimated value of claims are R1 697 185 (2022: R1 507 000). These claims have been assessed by the Authority that there is a possible obligation that may require an outflow of resources.

16. Related parties

Relationships

Controlling entity	Property Practitioners Regulatory Authority (PPRA)
Fellow subsidiaries	Property Sector Transformation Fund (PSTF)

Related party balances

	2023	2022
Loan accounts - Owing (to) by related parties		
Property Practitioners Regulatory Authority	(438 601)	660 296

Figures in Rand	2023	2022
16. Related parties (continued)		
The loan accounts owing (to) by related parties, comprises of the following:		
Contributions owed by PPRA to PPFF for new registrations	555 713	9 640 226
Fidelity Fund Certificate paid into PPFF bank account	(74 755)	(1 702 304)
Consumer Awareness paid by the PPRA	—	(2 922 896)
Claims paid by the PPRA	—	(5 991 950)
Transformation cost paid by the PPRA	433 150	(1 644 910)
One Learner - One Property Practitioner - Youth Programme paid by PPRA	—	(3 577 720)
Expense (e.g. Insurance, legal costs etc.) Paid by PPRA	(1 352 709)	(16 340 150)
Direct loan for Pension Fund payments for shortfall	—	8 200 000
Direct Loan to the PPRA	—	15 000 000
Payables - Owing (to) by related parties		
Property Practitioners Regulatory Authority - Management fees	—	(34 831 799)
Related party transactions		
Administration fees paid to (received from) related parties		
Property Practitioners Regulatory Authority	53 888 357	53 423 252

The Property Practitioners Fidelity Fund gets invoiced management fee by the Property Practitioners Regulatory Authority on a monthly basis.

The Property Practitioners Act, 2019 Section 34(1) provides for the establishment of the Fidelity Fund by section 12 of the former Estate Agents Affairs Act, 1967, which shall be managed and controlled by the Property Practitioners Regulatory Authority (hereafter referred to as the Authority).

The Authority in the management and control of the Fidelity Fund provides certain services. These services include, but are not limited to, the following:

- Direct Services (all activities conducted for the PPFF only);
- Disciplinary; and
- Legal

Indirect Services that are rendered by the PPRA on behalf of the PPFF;

- Managing investments;
- Hearing and adjudication of claims;
- Preparation of annual budgets;
- Preparation of monthly and quarterly management accounts;
- Preparation of Annual Financial Statements;
- Internal audit fees;
- Recovery of claims, etc; and
- Other service which attract overheads

During the current year, most of the loan accounts owed (to) by the Property Practitioners Regulatory Authority were repaid and settled.

Figures in Rand	2023	2022

17. **Risk management**

Capital risk management

The entity's objectives when managing capital are to safeguard the entity's ability to continue as a going concern in order to provide returns for its ultimate controlling entity being the Property Practitioners Regulatory Authority and to enhance the retention on surpluses by constitutional institutions and public entities declared annually to the national treasury.

Financial risk management

The entity's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

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

The PPFF did not pledge any of its financial assets as collateral for its financial liabilities. There were no encumbrances against any assets and none of the assets were ceded.

Liquidity risk

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

Liquidity Risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

Ultimate responsibility for liquidity risk management rests with the management of PPFF, which has built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Cash flow forecasts are prepared and adequate utilisation of borrowing facilities are monitored.

The liquidity risk table below shows the contractual maturity gap at period end.

At 31 March 2022	Overnight	Less than 3 months	Between 3 and 12 months	Over 1 year
Cash and cash equivalents *Note 6	33 964 519	—	—	—
Short term Investments *Note 3	—	—	575 998 002	—
Receivables from exchange transactions - gross receivables *Note 4	—	1 240	—	—
Receivables from non-exchange transactions - gross receivables *Note 5	—	90 403 627	—	—
Payables from exchange transactions *Note 8	—	(107 144)	—	—
Payables from non-exchange transactions *Note 9	—	(4 583 556)	—	—

Figures in Rand	2023	2022

17. Risk management (continued)

At 31 March 2022	Overnight	Less than 3 months	Between 3 and 12 months	Over 1 year
Cash and cash equivalents *Note 6	8 711 090	—	—	—
Investments *Note 3	—	—	—	123 304 358
Short term Investments *Note 3	—	—	499 465 334	—
Receivables from exchange transactions - gross receivables *Note 4	—	1 896	—	—
Receivables from non-exchange transactions - gross receivables *Note 5	—	46 029 013	—	—
Payables from exchange transactions *Note 8	—	(91 950)	—	—
Payables from non-exchange transactions *Note 9	—	(1 573 788)	—	—

Credit risk

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

The financials assets are at the risk of a financial loss if the counterparty to Equity Link Note (ELN) structures financial instrument fails to meet its contractual obligations. The Investment Policy Statement mitigates the risk by ensuring diversification across all counterparties. It also limits the counterparties to:

- The Republic of South Africa, or its agencies;
- Other securities approved by the National Treasury; and
- Domestic banks and other financial institutions.

The entity had no significant concentration of credit risk, with exposure spread over a domestic bank. The staff and management adhere to the investment policy with regards to the financial assets and will continue to provide service to the industry, even during the Lockdown period to ensure the sustainability.

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

Financial instrument	2023	2022
Receivables from exchange transactions	1 240	1 896
Receivables from non-exchange transactions	44 445 009	1 335 868
Cash and cash equivalents	33 964 519	8 711 090

Interest rate risk

The Property Practitioners Fidelity Fund (PPFF) is exposed to interest rate risk as it has investments in various banking institutions.

The PPFF exposure to interest rates on financial assets is limited to the effect of changes in the repo rate to the interest income generated from these investments. Capital is not affected as all portfolio's offers guaranteed safety of capital amount.

The ELN structures provides a minimum return and essentially assures that the capital invested will be protected during falling markets. Should the top 40 under perform in future, the entity is guaranteed not to lose its capital.

Sensitivity analysis

The sensitivity analysis is performed from time to time to determine the impact of possible increases/(decreases) in repo rate on interest revenue. This information is used to determine the length of the term of the investments, also taking into account the short and long term cashflow requirements. The risk is managed by maintaining an appropriate mix of short term to medium-term investments.

The ELN structures provides a minimum return and essentially assures that the capital invested will be protected during falling markets. Should the top 40 under perform in future, the entity is guaranteed not to lose its capital.

Figures in Rand	2023	2022

18. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

19. Events after the reporting date

A court ruling was received in May 2023 for claims previously rejected by the Authority of amount R393 119,11. These have been included as provision for claims at year-end.

There are no further material events that occurred after reporting date.

20. Prior-year adjustments

The prior year figures have been restated and presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

Statement of financial position - 2022	**As previously reported**	**Correction of error**	**Restated**
Receivables from non-exchange transactions - Agent Interest gross balances	29 251 259	(16 565 317)	12 685 942
Receivables from non-exchange transactions - Agent Interest Allowance for credit losses	(29 001 597)	16 521 604	(12 479 994)
Receivables from non-exchange transactions - Claims recoveries gross balances	21 706 957	10 506 194	32 213 151
Receivables from non-exchange transactions - Claims recoveries Allowance for credit losses	(21 706 957)	(10 506 194)	(32 213 151)
Receivables from non-exchange transactions - SSETA recoveries	1 959 267	(829 348)	1 129 919
Receivables from non-exchange transactions - Fines	676 000	(676 000)	—
Payables from non-exchange transactions	(1 635 089)	61 301	(1 573 788)
Inter-company loans and payables	(33 855 251)	(316 251)	(34 171 502)
Accumulated surplus	(598 759 523)	1 804 011	(596 955 512)
	(631 364 934)	**—**	**(631 364 935)**

Statement of financial performance - 2022	**As previously reported**	**Correction of error**	**Restated Amount**
Interest on trust accounts	(26 827 857)	548 794	(26 279 063)
Fines	(930 950)	930 950	—
Operating expenses - Allowance for credit losses	12 572 351	(548 794)	12 023 557
	(15 186 456)	**930 950**	**(14 255 506)**

Figures in Rand	2023	2022

20. Prior-year adjustments (continued)

Errors explanation

The following prior period errors adjustments occurred:

1. **Receivables from non-exchange transactions - Agent Interest -** In the previous financial years the receivables gross balance was overstated by R 548 794 as credit notes were not raised to reverse incorrect invoices. Consequently the allowance for credit losses was also overstated by the same amount as these invoices were fully provided for.

The receivables gross balance were also overstated by R 16 016 523 as it included historical (between 2007 to 2018) claims recoveries receivables of amount R 10 458 578 and other debtors relating to the PPRA of amount R 5 57 945.

Consequently the allowance for credit losses was also overstated by R 15 972 810 as these debtors balances were fully provided for. This however had a net overstatement of R 43 713 on the net agent interest receivables balance.

2. **Receivables from non-exchange transactions -** Claims recoveries - In the previous financial years the receivables gross balance were understated by R 10 506 194 as it didn't include historical (between 2007 to 2018) claim recoveries receivables sitting in agent interest receivables of amount R 10 458 578 and other debtors sitting in the PPRA of amount R 47 616.

Consequently the allowance for credit losses was also understated by R 10 506 194 as these debtors balances are above 120 days and should be provided for. This however had NIL effect on the net claims recoveries receivables balance.

3. **Receivables from non-exchange transactions -** SSETA recoveries - Recoveries recorded in the previous years were overstated as SSETA confirmed that host employer reports were not submitted for approval of these recoveries. Consequently receivables from non-exchange transactions - SSETA recoveries and accumulated surplus were overstated by R 829 348 in the previous financial year.

4. **Revenue from non-exchange transactions - Fines -** Fines relating to the old act EAA S27 were previously allocated to the PPFF instead of PPRA. These relate to the two months of February and March 2022 when the new act PPA came into effect. It became clear during the current year that the S27 fines accrues to the PPRA and not PPFF and therefore have to be corrected. Revenue from non-exchange transactions was overstated by R 930 950, Payables from non-exchange transactions was overstated by R 61 301 due to debtors with credit balances, Receivables from non-exchange transactions - Fines was overstated by R 676 000 while Inter-company loans and payables were understated by R 316 251.

5. **Contingencies - Pending claims -** The amount disclosed in the prior year for pending claims contingencies of R 60 863 508 was adjusted due to reassessment of individual claims to R 21 859 108.

21. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure	—	500 000

22. Irregular Expenditure

Irregular Expenditure		
	173 481	1 144 770

Consequence management process is in progress. Respective employees are currently going through disciplinary process and is not yet finalised.

PROPERTY SECTOR TRANSFORMATION FUND

Annual Financial Statements for the year ended 31 March 2023


-INVEST-

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GLOSSARY OF COMMONLY USED ABBREVIATIONS	
COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IESBA CODE	International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards)
PFMA	Public Finance Management Act
PPFF	Property Practitioners Fidelity Fund
PPRA	Property Practitioners Regulatory Authority
FFC	Fidelity Fund Certificate
PPA	Property Practitioners Act, 22 of 2019
PSRC	Property Sector Research Centre
PSTF	Property Sector Transformation Fund

GENERAL INFORMATION

Annual Financial Statements for the year ended 31 March 2023

COUNTRY OF INCORPORATION AND DOMICILE	South Africa
NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES	Property Sector Transformation Fund is established in terms of the Property Practitioners Act 2019 (Act No.22 of 2019)
REGISTERED OFFICE	63 Wierda Road East, Wierda Valley, Sandton, 2196
BUSINESS ADDRESS	63 Wierda Road East, Wierda Valley, Sandton, 2196
POSTAL ADDRESS	Private Bag X10 Benmore 2010
BANKERS	ABSA
AUDITORS	Auditor-General of South Africa Registered Auditors
COMPANY SECRETARY	Mr Thapelo Kgari, BA (Law) LLB
CONTROLLING ENTITY	The Property Practitioners Regulatory Authority (PPRA)
BOARD MEMBERS	Mr S Ngubeni *(Chairperson)* Mr S Peters Mr MS Nene Ms T Ramaili *(Resigned on the 31st of January 2023)* Ms N Makopo Ms PN Makhubela Mr TK Johnson Ms PB Snyman Ms TS Songelwa Ms TN Radebe Mr J Van Der Walt Ms V Gilbert

BOARD'S RESPONSIBILITIES AND APPROVAL

Annual Financial Statements for the year ended 31 March 2023

The Board of the Property Practitioners Regulatory Authority (the Authority) is required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the members to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

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

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

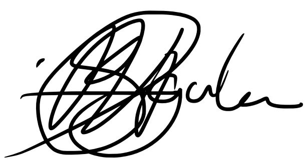
The Board acknowledge that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the Board to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The Board have reviewed the entity's cash flow forecast for the year to 31 March 2023 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

The annual financial statements set out on pages 220 to 248, which have been prepared on the going concern basis, were approved by the board on 31 May 2022 and were signed on its behalf by:



DR STEVEN NGUBENI
Pr Plan (SA); PAV (SA); MA; MSc; MPA; LLM; PhD

CHAIRPERSON OF THE PPRA BOARD

PPRA

PROPERTY PRACTITIONERS REGULATORY AUTHORITY

Annual Financial Statements for the year ended 31 March 2023

INDEPENDENT AUDITOR'S REPORT

Annual Financial Statements for the year ended 31 March 2023

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON PROPERTY SECTOR TRANSFORMATION FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

1. I have audited the financial statements of the Property Sector Transformation Fund set out on pages 220 to 248, which comprise the statement of financial position as at 31 March 2023, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, the statements present fairly, in all material respects, the financial position of the Property Sector Transformation Fund as at 31 March 2023, and its financial performance and cash flows for the year then ended in accordance with the Generally Recognised Accounting Practice (standard of GRAP) and the requirements of the Public Finance Management Act of South Africa 1 of 1999.

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISA's). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.

4. I am independent of the entity in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the accounting authority for the financial statements

6. The accounting draw attention to the matters below. My opinion is not modified in respect of these matters.

7. In preparing the financial statements, the accounting authority is responsible for assessing the entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the entity or to cease operations or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the financial statements

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

9. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

10. Section 55(2)(a) of PFMA, requires the fund to prepare an annual performance report. The fund's performance information is reported in the annual performance report of the Property Practitioners Regulatory Authority. The usefulness and reliability of the reported performance information was tested as part of the audit of the Property Practitioners Regulatory Authority and any findings are included in management report and auditors report of the Property Practitioners Regulatory Authority.

Report on compliance with legislation

11. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with

    with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the entity's compliance with legislation.

12. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

13. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an

understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

14. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

ANNUAL FINANCIAL STATEMENTS, PERFORMANCE, AND ANNUAL REPORT

15. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework or supported by full and proper records, as required by section 55(1)(a) of the PFMA.

16. Material misstatements of expenditure and disclosure items identified by the auditors in the submitted financial statement were corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion.

Asset management

17. The material findings on compliance with specific matters in key legislation are as follows:

Other information in the annual report

18. The accounting authority is responsible for the other information included in the annual report, which includes the audit committee's report. The other information referred to does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported on in this auditor's report.

19. My opinion on the financial statements and the report on compliance with legislation, do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

20. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

21. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

22. I considered internal control relevant to my audit of the financial statements and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

23. The matters reported below are limited to the significant internal control deficiencies that resulted in the material findings on compliance with legislation included in this report.

24. The fund did not prepare regular, accurate and complete financial reports that are supported and evidenced by reliable information.

25. The fund did not review and monitor compliance with applicable laws and regulations.

26. The fund did not exercise oversight responsibility regarding financial reporting and compliance and related internal controls.

Auditor-General

Pretoria

28 July 2023

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURE -AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

1. The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing.

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and on the entity's compliance with selected requirements in key legislation.

Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the entity to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause an entity to cease operating as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial statements. I am responsible for the direction, supervision, and performance of the group audit. I remain solely responsible for my audit opinion.

Communication with those charged with governance

I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

COMPLIANCE WITH LEGISLATION – SELECTED LEGISLATIVE REQUIREMENTS.

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act No.1 of 1999 (PFMA)	PFMA 55(1)(a) PFMA 55(1)(b) PFMA 55(1)(c)(i) PFMA 51(1)(b)(ii) PFMA 53(4) PFMA 57(b) PFMA 54(2) ('c) PFMA 54(2)(d)
Treasury Regulations for departments, trading entities, constitutional institutions, and public entities (TR)	TR 31.1.2(c') TR 16A.7.1 TR 16A.7.3 TR 16A.7.6 TR 16A.7.7 TR 31.2.1 TR 31.3.3

STATEMENT OF FINANCIAL POSITION

Annual Financial Statements for the year ended 31 March 2023

Figures in Rand	Notes	2023
Assets		
Current Assets		
Cash and cash equivalents	3	1 193 313
Total Assets		**1 193 313**
Liabilities		
Current Liabilities		
Inter-company loans and payables	4	1 261 045
Total Liabilities		**1 261 045**
Net Assets		**(67 732)**
Accumulated surplus		(67 732)

STATEMENT OF FINANCIAL PERFORMANCE

Annual Financial Statements for the year ended 31 March 2023

Figures in Rand	Notes	2023
Revenue		
Revenue from non-exchange transactions		
Grants revenue	5	1 770 865
Expenditure		
Other operating expenses	6	(1 838 597)
Deficit for the period		**(67 732)**

STATEMENT OF CHANGES IN NET ASSETS

Annual Financial Statements for the year ended 31 March 2023

Figures in Rand	Accumulated surplus	Total net assets
Balance at 01 April 2022	**—**	**—**
Changes in net assets	—	—
Deficit for the year	(67 732)	(67 732)
Total changes	(67 732)	(67 732)
Balance at 31 March 2022	**(67 732)**	**(67 732)**
Note(s)		

CASH FLOW STATEMENT

Annual Financial Statements for the year ended 31 March 2023

Figures in Rand	Notes	2022
Cash flows from operating activities		
Receipts		
Grants	5	1 571 588
Payments		
Cash payments to suppliers		(378 275)
Net cash flows from operating activities	**7**	**1 193 313**
Cash flows from investing activities		
Cash flows from financing activities		
Net increase/(decrease) in cash and cash equivalents		**1 193 313**
Cash and cash equivalents at the end of the year	3	**1 193 313**

STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS

Annual Financial Statements for the year ended 31 March 2023

Budget on Cash Basis						
Figures in Rand	**Approved budget**	**Adjustments**	**Final budget**	**Actual amounts on comparable basis**	**Difference between final budget and actual**	**Note**
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Grant Income - Grants from the SSETA	11 000 000	—	**11 000 000**	1 571 588	**(9 428 412)**	1
Grant Income - Grants from the PPFF	17 590 538	—	**17 590 538**	199 277	**(17 391 261)**	2
Total revenue from exchange transactions	**28 590 538**	**—**	**28 590 538**	**1 770 865**	**(26 819 673)**	
Expenditure						
Bank charges	(1 000)	—	**(1 000)**	(1 154)	**(154)**	3
Venue Hire	(100 000)	—	**(100 000)**	—	**100 000**	4
Petty Cash	(30 000)	—	**(30 000)**	—	**30 000**	5
Staff Training and Development	(87 000)	—	**(87 000)**	—	**87 000**	6
Consulting Fees	—	—	**—**	(72 160)	**(72 160)**	7
Travel Costs	(1 000 000)	—	**(1 000 000)**	(164 926)	**835 074**	8
Transformation related costs	(8 499 000)	—	**(8 499 000)**	(722 009)	**7 776 991**	9
Incubation for principals	(1 000 000)	—	**(1 000 000)**	—	**1 000 000**	10
SMMEs	(1 000 000)	—	**(1 000 000)**	—	**1 000 000**	11
Workplace Readiness - One	(600 000)	—	**(600 000)**	(850 348)	**(250 348)**	12
One Learner – One Property Practitioner						
Establishment of the Property	(600 000)	—	**(600 000)**	(28 000)	**572 000**	13
Research Centre						
Intervention such as	(1 000 000)	—	**(1 000 000)**	—	**1 000 000**	14
Transformation Fund						
Amnesty programme	(600 000)	—	**(600 000)**	—	**600 000**	14
Entrepreneurship	(600 000)	—	**(600 000)**	—	**600 000**	14
New venture creation	(1 000 000)	—	**(1 000 000)**	—	**1 000 000**	14
Retirees programme	(1 500 000)	—	**(1 500 000)**	—	**1 500 00**	14
Education training	(3 500 000)	—	**(3 500 000)**	—	**3 500 000**	14
Consumer Awareness	(1 429 527)	—	**(1 429 527)**	—	**1 429 527**	14
One Learner Stipends	(600 000)	—	**(600 000)**	—	**600 000**	14
Total expenditure	**(23 146 527)**	**—**	**(23 146 527)**	**(1 838 597)**	**21 307 930**	
Surplus (Deficit) for the period	**5 444 011**	**—**	**5 444 011**	**(67 732)**	**(5 511 743)**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**5 444 011**	**—**	**5 444 011**	**(67 732)**	**(5 511 743)**	

NOTES

Note 1: Contributions from estate agents

Grants were meant to be released on a project implementation basis. Only the One Learner – One Property Practitioner - Youth Programme was implemented during the year hence the significant variance.

Note 2: Claims recoveries

Grants were meant to be released on a project implementation basis. Only the One Learner – One Property Practitioner - Youth Programme was implemented during the year hence the significant variance.

Note 3: Interest on investments

Actual bank charges are more than the budgeted amount due to an increase in the number of bank transactions.

Note 4: Interest other

No expenditure was incurred in respect of venue hire during the period under review. Venues belong to PPRA's Strategic alliances were used free of charge.

Note 5: Bad debts recovered

No expenditure was incurred during the year.

Note 6: Other Income

No staff training was undertaken during the year under review.

Note 7: Fair value adjustments

Consulting fees were not budgeted for. The expenditure was incurred for payroll services conducted by an external company.

Note 8: Interest on trust accounts

Travels costs were only incurred from September 2023 onwards when 137 learners were recruited with the commencement of the One Learner – One Property Practitioner - Youth Programme.

Note 9: Fines

Transformation related initiatives only started in September 2022 resulting in the underspending for the year under review

Note 10: Administration fees

Terms of reference for the implementation of the SMME Incubation Programme was only finalised in the 2023/24 financial year.

Note 11: Claims expenses

Terms of reference for the implementation of the SMME Incubation Programme was only finalised in the 2023/24 financial year.

Note 12: Other expenses

This is the only transformation programme that was implemented during the year under review and all efforts and energy was channeled to this programme.

Note 13: Provision for doubtful debts

The Property Sector Transformation Fund (PSTF) was set up much later in the year under review and consequently most line items reflect no spending or limited spending during the year under review.

Note 14:

No expenditure was incurred in respect of these line items as the PSTF was setup later in the year under review.

ACCOUNTING POLICIES

1 Presentation of Annual Financial Statements

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

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

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

These accounting policies are consistent with the previous period.

1.1 Presentation currency

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

1.2 Going concern assumption

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

1.3 Financial instruments

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

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

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

- Its value changes in response to the change in a specified interest rate, financial instrument 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 (sometimes called the 'underlying');
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and
- It is settled at a future date.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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

A financial asset is:

- Cash;
- A residual interest of another entity; or
- A contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

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

A financial liability is any liability that is a contractual obligation to:

- Deliver cash or another financial asset to another entity; or
- Exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions. Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- Equity instruments or similar forms of unutilised capital;
- A formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- The entity designates at Fair Value at initial recognition; or
- Are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose Fair Value cannot be reliably measured.

Financial instruments at Fair Value comprise financial assets or financial liabilities that are:

- Derivatives;
- Combined instruments that are designated at Fair Value;
- Instruments held for trading. A financial instrument is held for trading if:
  - It is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - On initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
  - Non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at Fair Value at initial recognition; and
  - Financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Classification

According to PPA Act the fund shall be controlled and managed by the board, which shall utilize the moneys in the fund in accordance with the provisions of this Chapter.

- The 3 entities (PPRA, PPFF & PSTF) are controlled by the same accounting officer and the same board.
- Therefore there is no separate loan agreement between the two entities as the agreement will be signed by the same accounting officer and the same board.

1.3 Financial instruments (continued)

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

Class	Category
Cash and cash equivalents	Financial asset measured at amortised cost

The entity classifies financial assets and financial liabilities into the following categories:
- Financial instruments at Fair Value;
- Financial instruments at cost; and
- Financial instruments at amortised cost.

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

Class	Category
Financial asset measured at amortised cost	Financial liability measured at amortised cost

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 fair value through surplus or deficit category.

Financial assets and financial liabilities are presented on a net basis in the annual financial statement and quarterly management accounts when, in doing so, it reflects an entity's expected future cash flows from settling two or more separate financial instruments. When an entity has the right to receive or pay a single net amount and intends to do so, it has, in effect, only a single financial asset or financial liability.

Inter-company loans

There includes loans to and from holding companies, fellow subsidiaries, joint ventures and associates and are recognised initially at Fair Value plus direct costs.

The inter-company loans represent direct loans between the Property Practitioners Regulatory Authority and the Property Practitioners Fidelity Fund, the cost paid by the PPRA on behalf of the PPFF and contribution received by the PPRA on behalf of the PPFF. There is no direct or indirect service rendered between the two entities for these loans.

The inter-company loans are presented on a net basis in the annual financial statement when, in doing so, it reflects an entity's expected future cash flows from settling two or more separate financial instruments. When an entity has the right to receive or pay a single net amount and intends to do so, it has, in effect, only a single financial asset or financial liability.

The PPRA pays some of the expenses on behalf of the PPFF and claims it from the PPFF.

All these transactions are recorded in separate specific loan accounts in the accounting records for monitoring and controlling purposes. These accounts are consolidated together and reported in one loan account in the financial statements. The inter-company loans are presented on a net basis in the annual financial statement when, in doing so, it reflects an entity's expected future cash flows from settling two or more separate financial instruments. When an entity has the right to receive or pay a single net amount and intends to do so, it has, in effect, only a single financial asset or financial liability

Payment terms and interest:

There are no specific repayments terms on the loans and payable and is all interest free

Initial recognition

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

The entity recognises financial assets using trade date accounting.

1.3 Financial instruments (continued)

Initial measurement of financial assets and financial liabilities

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

The entity measures a financial asset and financial liability initially at its Fair Value [if subsequently measured at Fair Value].

The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The entity accounts for that part of a concessionary loan that is:
- A social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- Non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:
- Financial instruments at Fair Value;
- Financial instruments at amortised cost; and
- Financial instruments at cost.

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

Fair Value measurement considerations

The best evidence of Fair Value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes Fair Value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current Fair Value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an entity calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The Fair Value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

Reclassification

The entity does not reclassify a financial instrument while it is issued or held unless it is:
- Combined instrument that is required to be measured at Fair Value; or
- An investment in a residual interest that meets the requirements for reclassification.

Where the entity cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at Fair Value. This requires a reclassification of the instrument from amortised cost or cost to Fair Value.

1.3 Financial instruments (continued)

If Fair Value can no longer be measured reliably for an investment in a residual interest measured at fair value, the entity reclassifies the investment from Fair Value to cost. The carrying amount at the date that Fair Value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at Fair Value, the entity reclassifies the instrument from cost to Fair Value.

Financial instruments at cost

Investments in residual interests, which do not have quoted market prices and for which Fair Value cannot be determined reliably. The entity assesses which instruments should be subsequently measured at Fair Value, amortised cost or cost, based on the definitions of financial instruments at Fair Value, financial instruments at amortised cost or financial instruments at cost as set out above.

Financial instruments at cost are subsequently measured at cost.

Fair Value determination

The Fair Values of quoted investments are based on current bid prices. 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.

Impairment of financial assets

At each end of the reporting period the entity assesses all financial assets (amortised / cost) 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.

The entity first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant and individually or collectively for financial assets that are not individually significant.

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition).The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

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

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

Impairment losses are recognised in surplus or deficit.

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

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

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

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

1.3 Financial instruments (continued)

Gains and losses

A gain or loss arising from a change in the Fair Value of a financial asset or financial liability measured at Fair Value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Offsetting

The entity does not offset financial assets and financial liabilities in the Statement of Financial Position unless a legal right of offset exists and the parties intend to settle on a net basis.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash with the banks and demand deposits. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

1.4 Tax

Tax expenses

The Property Practitioners Regulatory Authority is a schedule 3, Part A Public Entity and is therefore, exempt from VAT and Income tax.

1.5 Revenue from non-exchange transactions

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

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the entity can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting entity.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

1.3 Financial instruments (continued)

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law Interest earned on the trust account is recognised upon the receipt of the audit report.

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

Interest earned on the trust account is recognised upon the receipt of the audit report.

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

Recognition

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

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

Measurement

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

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

When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

1.6 Comparative figures

No comparative information was provided as the 2022/23 financial year was the first year of operations of the entity.

1.7 Budget information

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

General purpose financial reporting by 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 accrual basis and presented by programmes linked to performance outcome objectives.

The approved budget covers the fiscal period from 2022/04/01 to 2023/03/31.

The budget for the economic entity includes all the entities approved budgets under its control.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.8 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transactions is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

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

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

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

The entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the entity is exempt from the disclosures in accordance with the above, the entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

1.9 Events after reporting date

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

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

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

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

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the entity has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

2.2 Standards and Interpretations early adopted

The entity has not chosen to early adopt any standards and interpretations.

2.3 Standards and interpretations issued, but not yet effective

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

Standard/ Interpretation	Effective date: Years beginning on or after	Expected impact
GRAP 104 (as revised): Financial Instruments	01 April 2025	Unlikely there will be a material impact
iGRAP 21: The Effect of Past Decisions on Materiality	01 April 2023	Unlikely there will be a material impact
GRAP 2020: Improvements to the standards of GRAP 2020	01 April 2023	Unlikely there will be a material impact
GRAP 1 (amended): Presentation of Financial Statements	01 April 2023	Unlikely there will be a material impact

2.4 Standards and interpretations not yet effective or relevant

No new standards and interpretations have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2022 or later periods which are considered not relevant the entity's operations.

Figures in Rand	2023
3 Cash and cash equivalents	
Cash and cash equivalents consist of:	
Bank balances	1 193 313

Cash and cash equivalents pledged as collateral

The entity did not pledge any cash and cash equivalents as collateral during the year.

4. Inter-company loans and payables	
Total loans and payables	**(1 261 045)**
Inter-company loans comprises of the following:	
Expense (e.g. Travel, One Learner, Consulting fees) paid by PPRA	(1 261 045)

The inter-company loans represent costs paid by the PPRA on behalf of the PSTF. There is no direct or indirect service rendered between the two entities for these loans. The loan is interest free and has no fixed payment terms.

Impairment

Impairment was assessed during the reporting period and no indications or evidences of impairment were identified.

Total inter-company loans and payables	**(1 261 045)**

Figures in Rand	2023
5. Revenue	
Revenue from non-exchange transactions	
Grants revenue	1 770 865

Grants revenue represent grants received from the Property Practitioners Fidelity Fund, and Services SETA of amounts R199 277, and R1 571 588 respectively during the year.

6. Operating expenses	
Advertising	278 757
Bank charges	1 154
Consulting and professional fees	72 160
Corporate gifts	394 952
Research centre costs	28 000
Traveling expenses	164 926
One Learner One Agency Stipend	850 348
Registration National Association of Agents	48 300
	1 838 597

7. Cash generated from operations	
Deficit	(67 732)
Changes in working capital:	
Movement in Inter-company loans and payables	1 261 045
	1 193 313

8. Commitments

There were no commitments for the year ended 31 March 2023.

	—

9. Related parties

Relationships	
Controlling entity	Property Practitioners Regulatory Authority (PPRA)
Fellow subsidiaries	Property Practitioners Fidelity Fund (PPFF)

Related party balances	
Loan accounts - Owing (to) by related parties	
Property Practitioners Regulatory Authority	(1 261 045)

The loan accounts owing (to) by related parties, comprises of the following:

Expense (e.g. Travel, One Learner, Consulting fees) paid by PPRA	(1 261 045)

The inter-company loans represent costs paid by the PPRA on behalf of the PSTF. There is no direct or indirect service rendered between the two entities for these loans. The loan is interest free and has no fixed payment terms.

The Authority must utilise the Property Sector Transformation Fund in such a manner as may be prescribed, which may include the following transformation and empowerment programmes:

a) Principalisation Programme, to promote Black owned firms and principals.

b) Regularisation Programme, to promote and encourage participation of the historically disadvantaged due to non compliance.

c) Consumer Awareness Programme, to promote awareness of property transactions and business undertaking..

d) Work Readiness Programme, to promote and enhance participation of the historically disadvantaged in the property sector.

10. Risk management

Capital risk management

The entity's objectives when managing capital are to safeguard the entity's ability to continue as a going concern in order to provide returns for its ultimate controlling entity being the Property Practitioners Regulatory Authority and to enhance the retention on surpluses by constitutional institutions and public entities declared annually to the national treasury.

Financial risk management

The entity's activities expose it to a variety of financial risks: market risk (including currency risk, Fair Value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

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

The PSTF did not pledge any of its financial assets as collateral for its financial liabilities. There were no encumbrances against any assets and none of the assets were ceded.

Liquidity risk

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

Liquidity Risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

Ultimate responsibility for liquidity risk management rests with the management of PSTF, which has built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Cash flow forecasts are prepared and adequate utilisation of borrowing facilities are monitored.

The liquidity risk table below shows the contractual maturity gap at period end.

At 31 March 2023	Overnight	Less than 3 months	Between 3 and 12 months	Over 1 year
Cash and cash equivalents	1 193 313	—	—	—

Credit risk

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

The financials assets are at the risk of a financial loss if the counterparty to ELN structures financial instrument fails to meet its contractual obligations. The Investment Policy Statement mitigates the risk by ensuring diversification across all counterparties. It also limits the counterparties to:

- The Republic of South Africa, or its agencies.
- Other securities approved by the National Treasury.
- Domestic banks and other financial institutions.

The entity had no significant concentration of credit risk, with exposure spread over a domestic bank. The staff and management adhere to the investment policy with regards to the financial assets and will continue to provide service to the industry, even during the Lockdown period to ensure the sustainability.

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

Financial instrument	2023
Cash and cash equivalents	1 193 313
Inter-company loans and payables	(1 261 045)

11. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

12 Events after the reporting date

There are no further material events that occurred after reporting date.

PROPERTY PRACTITIONERS REGULATORY AUTHORITY

Annual Financial Statements for the year ended 31 March 2023

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Wierda Valley, Sandton

PPRA

PROPERTY PRACTITIONERS REGULATORY AUTHORITY