ANNUAL REPORT
2021 | 2022

PPRA

PROPERTY PRACTITIONERS
REGULATORY AUTHORITY

PPRA

PROPERTY PRACTITIONERS REGULATORY AUTHORITY

ANNUAL REPORT 2021/2022

Annual Report concerning the activities of the Property Practitioners Regulatory Authority. Financial statements for the 02 months ended 31 March 2022, in accordance with the requirements of the Public Finance Management Act, No. 1 of 1999, as amended.

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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. (the PPA).
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AUDITORS	Auditor General South Africa
COMPANY SECRETARY	Mr Thapelo Kgari, BA (Law) LLB
BANKERS	ABSA Bank Limited Nedbank Limited

GENERAL INFORMATION

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GLOSSARY OF TERMS

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GLOSSARY OF TERMS

GLOSSARY OF COMMONLY USED TERMS AND ABBREVIATIONS	
ACT	Estate Agency Affairs Act (112 of 1976), as amended or replaced from time to time and / or Property Practitioners Act (22 of 2019)
ACEO	Acting Executive Officer
ACFO	Acting Chief Financial Officer
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 (22 of 2019)
COID	Compensation for Occupational Injuries and Diseases
CPD	Continuing Professional Development
CPA	Consumer Protection Act (68 of 2008), as amended or replaced from time to time
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
DHS	Department of Human Settlements
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
EXCO	Executive Management Committee of the PPRA
FIC	Financial Intelligence Centre Act (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 Act
FIDELITY FUND CERTIFICATE / FFC	The certificate issued to qualifying estate agents in terms of section 16(3) of the Act (FFC)
FLISP	Finance-Linked Individual Subsidy Programme
GAMAP	Generally Accepted Municipal Accounting Practice
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
HR	Human Resources

GLOSSARY OF COMMONLY USED TERMS AND ABBREVIATIONS	
IAS	International Accounting Standards
ICT	Information and Communications Technology
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
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
MINISTER	The Honourable Minister of Human Settlements
MTSF	Medium Term Strategic Framework
NHFC	National Housing Finance Corporation SOC Ltd
NRF	National Research Foundation
OECD	Organisation for Economic Co-operation and Development
PAA	Public Audit Act
PFMA	Public Finance Management Act (1 of 1999), as amended or replaced from time to time
PDE	Professional Designation Examination
PDI	Previously Disadvantaged Individuals
PPA	Property Practitioners Act
PPFF	Property Practitioner Fidelity Fund
PPPFA	Preferential Procurement Policy Framework Act
PPRA	Property practitioners Regulatory Authority
QCTO	Quality Council for Trades and Occupations
RPL	Recognition of Prior Learning
SA GAAP	South African Statements of Generally Accepted Accounting Practice
SAQA	South African Qualifications Authority, established in terms of section 3 of the South African Qualifications Authority Act (58 of 1995), as amended or replaced from time to time
SLA	Service Level Agreement
SSETA	Services Sector Education and Training Authority
STRATEGIC PLAN	The 5 year PPRA Strategic Plan as required in terms of the PFMA and Treasury Regulations
TREASURY REGULATIONS	The regulations issued in terms of section 76 of the PFMA by National Treasury

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MINISTER'S NOTE

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MINISTERS NOTE

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Mmamoloko Kubayi, (MP)
MINISTER OF HUMAN SETTLEMENTS

FOREWORD

The mandate of the Estate Agency Affairs Board (EAAB), which was set out in section 7 of the Estate Agency Affairs Act, 112 of 1976 ("the Act'), was to maintain and promote the standard of conduct of estate agents as well as regulating their activities in the public interest.

The EAAB has seized to exist making way for the Property Practitioners Regulatory Authority which has been established under the Property Practitioners Act No. 22 of 2019. The new Act creates a Property Sector Transformation Fund under section 21 as well as a Property Sector Research Centre which is incorporated under section 22. It further links licensing or issuance of a Fidelity Fund Certificate (FFC) to transformation by making it obligatory for all Principal estate agent recipients of a FFC to be in possession of a valid BEE Certificate in terms of section 50 (a)(x).

The major concern is that the transition from the EAAB to PPRA is happening at a time when there is executive leadership instability within the organisation. This is also worsened by the lack of governance processes and systems to safe guard against the collapse of corporate governance. The findings of irregular expenditure in the Auditor-General's report which are as a result of procurement irregularities and non-compliance are clear demonstration of these weaknesses.

The appointment of the internal audit function which has heralded an improvement in the internal operating environment of the entity is a milestone that should be welcomed. The board should work expeditiously to conclude the current processes to resolve the allegations against the entity's leadership as reported to the Public Service Commission so that the organisation is better able to focus on its expanded mandate.

In the year under review, Core programmes of Fidelity Fund, Education and Training as well as Transformation under the EAAB achieved 100%, 67% and 43% of its targets, respectively. EAAB issued a total of 27 382 Fidelity Fund Certificates to intern estate agents, with a 1.16 % increase compared to 23 473 FFC's issued in the previous financial year. Despite the economic downturn estate agents continued to register and renew their license and the total

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FFC's issued for the 10 months of this financial year was 53 739 compared to a total of 51 063 issued the previous year.

The shortfall from the target of the participation of historically disadvantaged entities in the property sector remains a serious concern. This means that the PPRA needs to improve on training, internships, consumer awareness and the overall support for the previously disadvantaged individuals. In the context of the PPA which gives a wider set of tools for transformation such the Transformation Fund, the PPRA should be able to drive a more compressive programme.

It cannot be acceptable that in the year under review the overall performance, the entity only achieved just over 50% of the KPI's for the 10 months ended 31 January 2022. This performance is nowhere near satisfactory. When I joined the portfolio my priority was to stabilize all Human Settlements entities, and it is evident that PPRA has experienced upheavals which have made the stabilisation process a challenge. I have confidence that the new board led by Mr Steven Ngubeni will move with speed to resolve all matters and stabilize the organisation.

Let me thank the recently appointed board chaired by Mr Steven Ngobeni which has so far done sterling work in steering the organisation under a challenging internal and external environment. Let me also thank the executives and the staff who have been working hard to ensure that the sector thrives.

MMAMOLOKO KUBAYI, MP
MINISTER OF HUMAN SETTLEMENTS

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CHAIRPERSON'S REPORT

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CHAIRPERSON'S REPORT

Financial Statements for the 02 months ended 31 March 2022

Steven Ngubeni (Mr)
CHAIRMAN OF THE BOARD

On behalf of the Board of the Property Practitioners Regulatory Authority (PPRA) I hereby present this inaugural Annual Report of the PPRA for the financial year 2021/22 which, per s33 (1) of the Property Practitioners Act no. 22 of 2019 (PPA), covers the period 1 February 2022 to 31 March 2022.

PPRA PERFORMANCE AGAINST STRATEGIC OBJECTIVES

In addition to the key strategic objectives of regulating the conduct of estate agents, issuing Fidelity Fund Certificates (FFC's) to qualifying and compliant agents, and providing for the standard of training of estate agents as well as managing the Fidelity Fund, the PPRA inheriting an expanded mandate. Among others, the transformation mandate for the regulator was articulated in Chapter 4 of the Act. The stakeholders were also expanded to include more practitioners along the property transaction value chain.

Performance targets for the PPRA in the two months of February and March 2022 were aimed at managing the transition and gearing the entity to start the next full financial year with the systems and policies in place to function under the new mandate.

Overall performance against objectives in the two months was hindered by delays in implementation. The PPRA will continue to improve performance monitoring systems and implement management interventions to address performance gaps

EXTERNAL OPERATING ENVIRONMENT

The landmark development in the external environment was the coming into effect of the PPA, thereby establishing the Property Practitioners Regulatory Authority.

Consultations are ongoing with different property practitioner sectors around industry-specific aspects regarding qualification standards, the licensing requirements and exemptions.

INTERNAL OPERATING ENVIRONMENT

Allegations against leadership of the EAAB that were reported to the Public Service Commission have had to be addressed by this board, and this has had implications for the internal management environment of the PPRA.

After affording the CEO the opportunity to respond to the allegations, and considering her response, the PPRA board resolved that an independent investigation be conducted. In the last week of the financial year under review, the board resolved to put the CEO on precautionary suspension, while embarking on the independent investigation of the allegations against her.

This action will therefore have not had an impact on the operating environment in the period under review but has been important in events unfolding after the reporting period. With the assistance of management, stability has been maintained and the organisation continues to on its journey.

EVENTS AFTER THE REPORTING PERIOD

The reliability and capacity of the Information Technology infrastructure has been an ongoing challenge for the organisation, affecting delivery across the whole organisation. Albeit an event after the financial year end close, the Board can report that a project is underway to address these IT challenges. The Board has also approved a new structure aimed at delivering on the PPA mandate.

While improvements are noted in turnaround times on Fidelity Fund Certificate (FFC) applications, the PPRA suffered delays in the ability to issue FFC's according to the new Act. This has been addressed and the PPRA is now issuing 3-year FFC's to estate agents while capability to issue FFC's to the new practitioners is being developed.

The Property Sector Transformation Fund has been established, in quarter two of 2022/23, before the end of the mandated six months period. This will enable the PPRA to review its transformation programmes and achieve more better scale and impact in the sector. Further progress has been made in establishing the Research Centre, with the National Research Foundation (NRF), emerging as a key partner towards delivering on this mandate.

CONCLUSIONS

We are honoured to be the first board of the Property Practitioners Regulatory Authority.

The period under review, as well the months thereafter has been a busy period for the PPRA and the board, ensuring the systems, policies and capacity is in place for the entity to speedily transition to a full-fledged regulatory authority as per its mandate.

Consultations with various stakeholders are ongoing to develop fit-for-purpose qualification standards, among others.

I look forward to reporting on the current financial year, where the outlook is that we shall have completed infrastructure upgrades, developed sub-sector specific materials, resourced most of the areas to deliver on our mandate and strengthened our relationships with industry representative bodies.

Our focus until then will be to strengthen governance and capacitating the organisation for delivery on its strategic objectives – particularly on transformation and regulation of the industry.

STEVEN NGUBENI (MR)
CHAIRMAN OF THE BOARD

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CHIEF EXECUTIVE OFFICER'S REPORT

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CHIEF EXECUTIVE OFFICER'S REPORT

Financial Statements for the 02 months ended 31 March 2022

Deli Nkambule
ACEO PPRA

FOREWORD

The period before the coming into effect of the Property Practitioners Act saw a strong focus in preparing for the transition from the Estate Agency Affairs Board (EAAB) to the Property Practitioners Regulatory Authority (PPRA).

Despite many challenges which we faced in implementing processes and systems aligned to the new mandate, as well as moving from an entity that regulated only estate agents to now regulating a new categories of property practitioners, we have always appreciated the fact that it was always never going to be an easy road but we preserved.

The foresight by the Honourable Minister of the Department of Human Settlements, Mmamoloko Kubayi , to appoint the current board ahead of the commencement of the PPA, helped in providing continuity in governance of the organisation and retain stability through the transition.

PROPERTY PRACTITIONERS ACT NO 22 OF 2019 AND THE PROPERTY PRACTITIONERS REGULATORY AUTHORITY

The 1st of February 2022 marked an important milestone for the organisation as it ushered in the Property Practitioners Act which established the Property Practitioners Regulatory Authority.

The Act provides a relevant and up to date legal framework for the promotion of greater consumer protection in property transactions through a number of requirements such as the requirement of a signed mandatory disclosure form with a comprehensive list of property defects.

The Act entrusts The Property Practitioners Regulatory Authority (PPRA) with an extended mandate by broadening the definition of a property practitioner, wide powers of inspection including inspections without notice and furthermore combating the misappropriation of funds related to such transactions has been given to the PPRA. The Act also provides for more serious consequences for non-compliance and has elevated the orders issued by the adjudicator to the status of an order of the Magistrate's court.

The Act makes it clear that property practitioners operating without a valid fidelity fund certificate are not entitled to commission and to assist Property Practitioner Regulatory Authority in enforcing this, the act has roped in other stakeholders including Conveyancers, they are now required to pay out a commission to a property practitioner only on submission of a valid fidelity fund certificate. The PPRA has been in consultation with the Law Society with an intention to formalise a memorandum of understanding around such issues.

The requirement for compliance under the new Act will not only result in substantially improved consumer protection but will also ensure proper and good governance within the property practitioner agencies. Accountability for trust funds will continue to be supervised by the PPRA through annual audit submissions as the Act requires a property practitioner's trust account to be audited on an annual basis and the

details of the auditors made available to the PPRA, however property practitioners whose business annual turnover is less than R2.5 million, do not need to be audited and can instead have their financial statements reviewed by a qualified accountant for reliance purposes.

The Trust account is now designated as a section 54(2)(a) trust account and to ensure that the bank implements this requirement of the Act, the PPRA has had several consultations with Banking Association (BASA). BASA has confirmed that several banks have already made system changes to cater for the change in legislation by implementing naming convention for trust accounts.

The PPRA's executive team backed up by its strong management team together looks forward in executing its legislative mandate of:
(a) Regulating the conduct of property practitioners in dealing with the consumers;
(b) Regulating the conduct of property practitioners in so far as marketing, managing, financing, letting, renting, hiring, sale and purchase of property are concerned;
(c) Regulating and ensure that there is compliance with the provisions of the Act;
(d) Ensuring that the consumers are protected from undesirable and sanctionable practices as set out in section 62 and section 63 of the Act;
(e) Regulating 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) Providing for the education, training and development of property practitioners and candidate property practitioners;
(g) Educating and inform consumers about their rights as set out in section 69; and
(h) Implementing measures to ensure that the property sector is transformed as set out in Chapter 4.

Further under the new Act we intend to continue:
(a) With stakeholder engagements as a critical forum for dialogue, learning, and exchange of information with our stakeholders;
(b) Looking into better ways of improving on delivery of FFC's;
(c) Implement the newly established approaches to regulation, supervision and enforcement;
(d) Increase awareness of regulations and the code of conduct to all stakeholders;
(e) Act decisively and visibly against any form of contravention by any practitioner; and
(f) Pursue additional innovations in order to improve efficiency in respect of all the departments.

FINANCIAL PERFORMANCE OF THE EAAB

The 2021/2022 financial performance of the EAAB has been reported for ten months of the financial year due to the introduction of the Property Practitioners Act during the course of the financial year (01st February 2022) and resulting in EAAB's operations being transferred to the PPRA on a going concern basis.

The 2021/22 financial performance under EAAB has resulted in improvement in some areas compared to prior financial period which due to COVID-19 some revenue streams, in particular for the Education and Training sector were impacted by the COVID-19 lockdown, with 2021/22 revenue of R 39,6 m comparing favourably to R 14,0 m in prior the year.

Though, from a liquidity perspective, the collection of revenue has been slow due to the impending economic climate, resulting in growth of 45% in accounts receivables and hence adding pressure on cashflow management. Cash management strategy has been adopted in 2022/23 under PPRA and resulting in improved collection of cash in addressing the 2021/22 liquidity challenges.

The financial position of the EAAB in terms of the overall working capital and gearing level as per the closing balance sheet remained positive and this has translated into a healthy balance sheet position take on into the new PPRA entity.

With the implementation of the Property Practitioners Act under the PPRA entity, revenue growth expectation of between 50% to 70% has been factored in the current year's financial planning model to take into account the flow of revenue from registration of new Property Practitioners from other property sectors as per the new Act.

The going concern prospects look positive from both the projected cashflow picture of the entity, and from a low gearing ratio level of 14% (2020/21 : 12%).

The other principal focus of 2022/21 will be to address the irregularities in procurement which gave rise to the non-compliance issues and irregular expenditure findings in the Audit report. An Audit Findings Action Plan will be implemented to address the prior year's short comings and ensure no repeat findings for 2022/23.

The Fidelity Fund's net asset position remains increasing due to the positive margin of returns from investment of funds under this PPRA's subsidiary entity. However, a portion of 2022/23 earnings on investments from the Fidelity Fund will be planned for the funding of the Transformation programme under the PPRA through it's vehicle for funding of transformation projects, the Property Sector Transformation Fund.

ENFORCEMENT AND COMPLIANCE UNIT

The strategic intent of the Property Practitioner Regulatory Authority is to issue fidelity fund certificate to compliant property practitioners. The unit is made up of the licensing, disciplinary and the claims department. Licensing is a crucial part of the PPRA's supervisory powers and serves to keep potentially rouge and unregistered property practitioners out of the property sector. The registrations forms which require certain declarations to be made in terms of section 50 of the Property Practitioners Act is part of the assessment done at licensing stage to effectively act as gate keeping function to deny rouge property practitioners from being licensed. The registration team has ensured that this process is strictly adhered to and as the PPRA continues to improve its' processes and system. The PPRA is also intending to be integrated to systems such AFISwitch which will allow the PPRA to effectively carry our verifications process.

Having an effective registration process is of paramount importance to the PPRA and aligns with our mandate of protecting the consumers. Registration provides a greater protection as members of the public can have confidence knowing the professional standing and qualification of the property practitioner they are transacting with.

Our legislative framework sets out the manner in which the PPRA will license property practitioners. We have also moved from annually issuing licenses, fidelity fund certificates (FFC) a to issuing an FFC on a 3-year cycle.

In the financial year under review despite all the challenges faced by the licensing department a total number of 53 739 fidelity fund certificates were issued and processed surpassing the previous years issued FFC's.

The strategic intent of the PPRA is to regulate the conduct of property practitioners in dealing with consumers. The Disciplinary department is responsible for carrying out the function of investigating complaints lodged by consumers. Although under the year in review the department was not able to institute disciplinary proceedings against offending property practitioners due to the non-availability of an ad hoc committee. We are pleased to confirm that an ad hoc committee has since been appointed and they will be dealing efficiently with any outstanding matter. Despite these challenges much work undertaken in terms of this strategy saw a strong focus on carrying out mediations in resolving the matters that had been investigated, this enabled the PPRA to deliver on its mandate of resolving consumer disputes. A total number of 2863 complaints were investigated and resolved through mediations. The number of complaints received previous year totals to 2685 complaints and therefore remains relatively the same to the year under review and this can be attributed to the consumer awareness undertaken by the PPRA.

One of the key achievements for the department was the ability to respond in agile ways to dynamic circumstances, the Department was able to migrate to a digital platform for conducting disciplinary hearings and mediations. The use of digital platforms for dispute resolution has continued post covid and it has enabled the department to efficiently resolve disputes.

EDUCATION AND TRAINING UNIT

The strategic mandate of the PPRA is to provide for the education, training and development of property practitioners and candidate property practitioners. The education unit is mandated to carrying out this responsibility and under the year in review a total number of 2137 property practitioners were certificated by and or exempted from completing the prescribed qualifications.

The regulations under the PPA recognize that as a result of the extension of the mandate different rules relating to qualification and training standards will apply for the different industries. The Act empowers the PPRA to consult with these industries in order to establish these new training standards and the PPRA is fully committed to the continued engagements with all relevant stakeholders in order to fully comply with regulation 33 which sets out the road map and guidelines for establishing new standards of training for the industry.

INSPECTIONS UNIT

The strategic intent of the PPRA is to regulate and ensure compliance with the provisions of the act. This is carried out through regulatory inspections conducted by the inspections department. Even though the Act has reinstated the inspection powers of the PPRA the inspection unit intends to continue to follow a hybrid process of self-evaluation and site inspections with a number of site inspections lined up to be conducted. In the financial year under review the PPRA continued to play a supervisory role of conducting FIC inspections and will continue to so in respect of the estate agency sector only, this is because under the Financial Intelligence Centre Act, the broader category of persons who are property practitioners do not automatically become accountable institutions unless they perform an activity that is equivalent to that of an "estate agent" in the Estate Agency Affairs Act.

The inspection of the practitioners to ensure that there is proper governance lies at the heart of the PPRA'S mandate. The organisation views inspection as an important process in protecting the Fidelity fund against claims. Lastly in aligning to the extended mandate the PPRA plans to ensure that the inspectorate division is adequately capacitated to enable it to effectively perform its inspections mandate.

TRANSFORMATION UNIT

The strategic intent of the PPRA is to implement measures to ensure that the property sector is transformed as set out in Chapter 4 of the Act. The transformation initiatives aimed assisting Previously Disadvantaged Individuals (PDI) was driven by the Section 27 unit under the PDI program and it was able to grant amnesty from statutory fees such as registration fees, audit fees and other fees to black estate agents. Under the year in review the program assisted just over 308 applicants, a 23% increase from the previous year which saw 250 PDI applicants being exempted.

Transformation of the property sector remains an imperative that the PPRA will continue to support in order to build a sector that is reflective of the society it serves. We acknowledge that industry equity has not yet been achieved despite the efforts put in place to address transformation. It was therefore clear that this could only be achieved through the introduction of more robust initiatives and legislative policies that will make a material difference to transforming the sector. One such legislative policy introduced by the Act provides that the Property Sector Transformation Charter code will apply to all property practitioners, when procuring property related goods and services, all organs of state will be obliged to utilise the services of property practitioners who comply with the broad - based black economic empowerment and employment equity legislation and policies. This refers to all properties owned by the state entities which are either up for sale or rental to the public. We believe that the state is presented with an opportunity not only to uplift the black real estate agencies, but to also create black owned commercial property owners. In line with this mandate and agenda the PPRA seeks to galvanize government departments and state-owned entities to be at the forefront of enabling transformation in the property sector.

The PPRA's transformation strategy has also been developed to ensure that employment equity is achieved, empowerment of black woman and disabled individuals are supported financially through the transformation initiatives. The establishment of the research centre will assist with providing expert knowledge on predetermined areas of transformation of the property sector.

The establishment of the transformation fund brings the much-awaited funding required to drive the transformation initiatives.

The key transformation initiatives as a way forward for the PPRA include:

(1) Capacitation and enterprise support for historically disadvantaged property practitioners;

(2) Support of SMME's owned by historically disadvantaged property practitioners;

(3) Promotion of the standard of training and development of historically disadvantaged property practitioners;

(4) Supporting existing historically disadvantaged property practitioners to become principal property practitioners and owners of business property practitioners;

(5) Facilitation of ownership of and participation in property investment enterprises;

(6) Enabling the transformation of property ownership in South Africa by providing grant support (through the Transformation Fund) to historically disadvantaged property practitioners who are in the business of developing residential properties in the affordable and secondary housing markets; and

(7) Uphold gender diversity by encouraging and supporting woman participation in the property practitioners sector and instill women in property sector initiatives.

The year under review has not been an easy ride as the entity had to grapple with acquainting itself with implementing the new legislation provisions in all its interactions with the consumer and property practitioners, it was characterised by a period of uncertainty and learning as we got acquainted to now dealing with the entire spectrum of property practitioners involved in the purchase, sale and leasing of properties, the administration of properties and general dealing in property from funding through to the transfer of properties.

Implementing the new provisions of the Act came with huge financial obligations that required the entity to heavily invest in infrastructure, aligning processes and procedure, policies, enhance, IT systems and system development to accommodate the changes. The Entity is also said to increase its human capacity.

The change of legislation immediately after the end of January meant that the PPRA has had to report for two entities, the EAAB from April 2021 to January 2022 and the PPRA from February 2022 to March 2022.

In conclusion, I want to express my appreciation for the unconditional support from Board members collectively, all employees of PPRA, including the executives, the Department of Human Settlements, more particularly Honourable Minister Mmamoloko Kubayi whose support in also being present during the launched the PPRA on the 1st of February 2022 showed her commitment to the entity.
I am more optimistic that the PPRA will be deliver on its mandate of regulatory oversight.

DELI NKAMBULE

ACTING CEO OF THE PPRA

STATEMENT OF RESPONSIBILITY

Financial Statements for the 02 months ended 31 March 2022

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 2023 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 2 months financial statements set out on pages 106 to 113, which have been prepared on the going concern basis, were approved by the accounting authority on 31 May 2022 and were signed on its behalf by:

STEVEN NGUBENI (MR)
CHAIRMAN OF THE BOARD

STRATEGIC OVERVIEW

Financial Statements for the 02 months ended 31 March 2022

STRATEGIC OVERVIEW

Financial Statements for the 02 months ended 31 March 2022

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 (the PPA).

The Property Practitioners Regulatory Authority (PPRA) has the responsibility to regulate, maintain and promote the conduct of property practitioners.

The authority seeks to enable ease of conducting business in the property sector, while ensuring compliance with the PPA and applicable legislation and giving full effect to the transformation objectives of the PPA.

THE MANDATE OF THE PPRA

The mandate of the PPRA is:

(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, sale and purchase of property are concerned;

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

(d) Ensure that the consumers are protected from undesirable and sanctionable practices as set out in Section 62 and Section 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.

Additional to primary mandate of the PPRA

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

The primary mandate of the PPRA is to provide for the transformation of the property market and the establishment of the Property Sector Transformation Fund. The PPRA wile thrive for a transformed property sector and to give effect to the transformation objectives of the PPA.

In particular, the PPRA has been mandated to establish a Property Sector Transformation Fund to drive transformation initiatives, as well as to establish a Research Centre, that will among others, conduct research on barriers to transformation in the sector.

FINANCIAL INTELLIGENCE CENTRE

The PPRA is the Supervisory Body of the property practitioners' profession pursuant to the Financial Intelligence Centre Act and is obliged to take all steps required to prevent; alternatively, identify and report on, anti-money laundering and terrorist financing activities in the property practitioner sector.

1. VISION

Our vision is that of a transformed, professional, and well-regulated property sector in a spatially integrated society.

2. MISSION

Protect - Through education, awareness building and information sharing, we strive to protect the interests and dignity of the property consuming public and their security of tenure.

Regulate - We regulate the property practitioner profession by establishing norms and standards, educating, licensing, enforcing regulations and standards for industry role-players and administrating of the Property Practitioners Fidelity Fund.

Transform - As the leaders of the sector, we drive the transformation of the property market to facilitate equitable economic growth through broad participation.

3. VALUES

The PPRA has adopted the following values as it strives to deliver on its mandate.

- **Agility**
  We pledge agility and responsiveness to emerging issues within the property sector, as well as adherence to serving our stakeholders within agreed timelines.

- **Professionalism and Simplicity**
  We commit to, at all times, acting professionally, delivering on our mandate and exceeding the expectations of our shareholder 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 shareholder 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.

LEGISLATIVE 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 (the PPA).

The Regulatory Authority replaces the Estate Agency Affairs Board, which had been formed in 1976 under the Estates Agency Affairs Act, which was repealed by the PPA. The PPRA has the mandate to Regulate, Educate and Transform the activities of property practitioners in the public interest.

PROPERTY PRACTITIONERS REGULATORY AUTHORITY

Financial Statements for the 02 months ended 31 March 2022

BOARD MEMBERS

Financial Statements for the 02 months ended 31 March 2022

BOARD MEMBERS

Steven Piet Ngubeni
Chairperson

Pamela Nonkululeko Makhubela
Board Member

Mxolisi Sphamandla Nene
Board Member

Terry Kevin Johnson
Board Member

Thato Ramaili
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

PROPERTY PRACTITIONERS REGULATORY AUTHORITY

Financial Statements for the 02 months ended 31 March 2022

EXECUTIVE MEMBERS

Financial Statements for the 02 months ended 31 March 2022

EXECUTIVE MEMBERS

Mamodupi Mohlala-Mulaudzi
Chief Executive Officer

Napo Mafihlo
Chief Financial Officer *(Acting)*

France Mantsho
Chief Risk Officer

Dineo Mphahlele
Executive Manager: Inspections

Deli Nkambule
Executive Manager:
Legal & Compliance *(Acting)*

Thapelo Kgari
Company Secretary

Mandisa Shirries
Executive Manager:
Transformation *(Acting)*

Debra Vial
Executive Manager:
Enforcement & Compliance *(Acting)*

Mfundo Daki
Executive Manager:
Education and Training

PROPERTY PRACTITIONERS REGULATORY AUTHORITY

Financial Statements for the 02 months ended 31 March 2022

MANAGEMENT MEMBERS

Financial Statements for the 02 months ended 31 March 2022

MANAGEMENT MEMBERS

Deli Nkambule
Legal & Compliance Manager

Adv Debra Vial
Claims & S27 Applications Manager

Lindani Tshabalala
Marketing & Publications Manager *(Acting)*

Thomas Makupo
Audit Compliance Manager

Thokozani Khumalo
Customer Relations Manager

Vukani Mbatha
FFC Renewals Manager

Nomlindi Gxasheka
CPD Manager *(Acting)*

Nomsa Ntsoane-Mokoena
Education and Training Manager

Loyiso Befile
ICT Manager

Mandisa Shirries
Transformation Project Manager

Thalitha Shongwe
Finance Manager

Lati Phalakatshela
Human Resources Manager *(Acting)*

Happy Moroamohwebedu
Fidelity Fund Manager

Lebogang Mogotsi
Licensing & Registration Manager

Pamela Ngobeni
SCM Manager *(Acting)*

Margaret Nguruve
Knowledge & Research Manager *(Acting)*

PROPERTY PRACTITIONERS REGULATORY AUTHORITY

Financial Statements for the 02 months ended 31 March 2022

OPERATIONAL OVERVIEW

Financial Statements for the 02 months ended 31 March 2022

OPERATIONAL OVERVIEW

Financial Statements for the 02 months ended 31 March 2022

LICENSING

LICENSING AND RENEWALS February 2022 - March 2022

The Property practitioners Act (PPA) prohibits a property practitioner from transacting as a property practitioner if they are not in possession of a valid fidelity fund certificate. This therefore requires every property practitioner to register with the PPRA and be issued with an FFC. The Licensing unit is responsible for discharging the mandate of registering property practitioners and issuing them with FFC. All FFC's issued by the unit are valid for a period of 3 years from date of issue as per section 47(1) of the PPA.

The department has been able to issue a total number of 6016 FFC and all these FFC we made available to applicants on the property practitioners' portal.

The PPRA's oversight in the sector has greatly been enhanced by the strengthening of the regulatory provisions which now permits PPRA to exercise oversight over a wide pool of property practitioner. Although the Licensing department has not been able to accommodate all the new property practitioners in terms of the Act onto the PPRA data base due to the ongoing system configuration meant to accommodate the registration requirement for each of the new categories, however the department put in place a mitigation plan by implementing manual registrations process that includes granting exemptions, this process still allows the PPRA to have a data base of all these new categories.

KEY CHANGES BROUGHT ABOUT BY THE PPRA IN THE REGISTRATIONS DEPARTMENT

1) The legislation has since prescribed the registration turn around period of 30 days subject to a further request by the Authority to the applicant for an extended period for 20 days.
2) An FFC is now valid for a three-year period move from the previous Act where FFC which was valid for a calendar year.
3) The Act has included a declaration form in terms of section 50 as part of the applications process, this will ensure that the PPRA is able to keep away rouge estate agents from being registered.
4) Application for an FFC by juristic persons now requires applicants to be in possession of a Tax Clearance Certificate and BEE Certificate.
5) Fees payable by property practitioners have been legislated and standardized across all categories of property practitioners except for an intern estate agent.
6) The Act has broadened the definition of a property practitioner to now include 12 new role players under the jurisdiction of the PPRA.

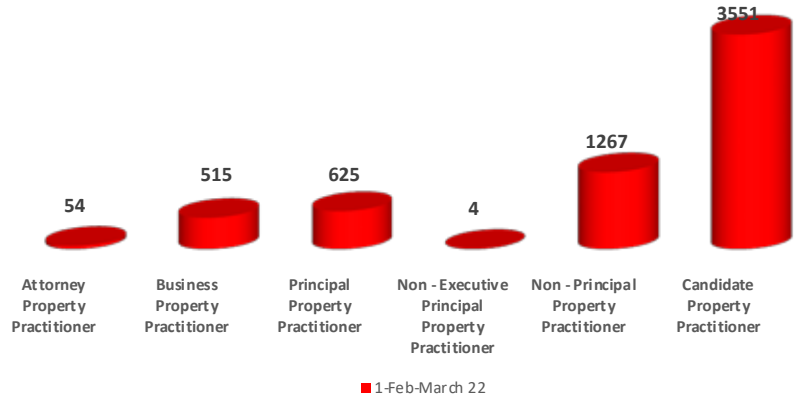
FIDELITY FUND CERTIFICATES ISSUED TO PROPERTY PRACTITIONERS FROM FEBRUARY 2022 TO MARCH 2022.

The transition to the new act meant that the PPRA would have to report for the months from February 2022 to March 2022. The below figures reflects this status.

TOTAL FIDELITY FUND CERTIFICATES ISSUED FOR LICENSING AND RENEWALS OF ALL PROPERTY PRACTITIONERS AND BUSINESS PROPERTY PRACTITIONER PER CATEGORY

CATEGORIES	FEBRUARY 2022-MARCH 2022
Attorney Property Practitioner	54
Business Property Practitioner	515
Principal Property Practitioner	625
Non - Executive Principal Property Practitioner	4
Non - Principal Property Practitioner	1 267
Candidate Property Practitioner	3 551
TOTAL	**6 016**

TOTAL FIDELITY FUND CERTIFICATES ISSUED FOR LICENSING AND RENEWALS OF ALL PROPERTY PRACTITIONERS AND BUSINESS PROPERTY PRACTITIONER PER CATEGORY



PRINCIPAL PROPERTY PRACTITIONER REGISTRATIONS AND RENEWALS

TABLE OF FIDELITY FUND CERTIFICATES ISSUED TO PRINCIPAL PROPERTY PRACTITIONER PER GENDER

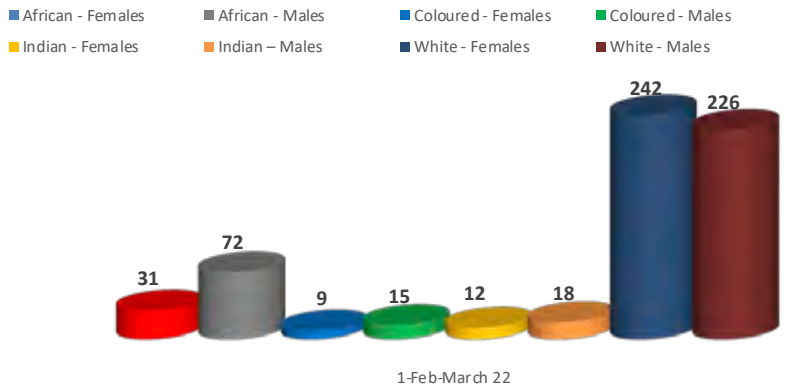
The numbers relating to the FFC's issued to principal property practitioner for the financial year of the last two months of 2021/2022.

PPRA issued a total of **625** Fidelity Fund Certificates to principal property practitioner for the 2 months period ending the financial year.

FIDELITY FUND CERTIFICATES ISSUED TO PRINCIPAL PROPERTY PRACTITIONER BY GENDER

GENDER	FEBRUARY 2022-MARCH 2022
African - Females	31
African - Males	72
Coloured - Females	9
Coloured - Males	15
Indian - Females	12
Indian - Males	18
White - Females	242
White - Males	226
TOTAL	**625**

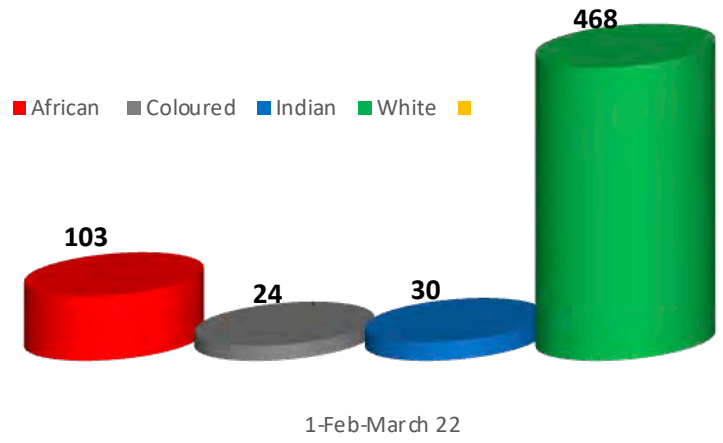
FIDELITY FUND CERTIFICATES ISSUED TO PRINCIPAL PROPERTY PRACTITIONER BY GENDER



FIDELITY FUND CERTIFICATES ISSUED TO PRINCIPAL PROPERTY PRACTITIONER PER RACE

RACE	FEBRUARY 2022-MARCH 2022
African	103
Coloured	24
Indian	30
White	468
TOTAL	**625**

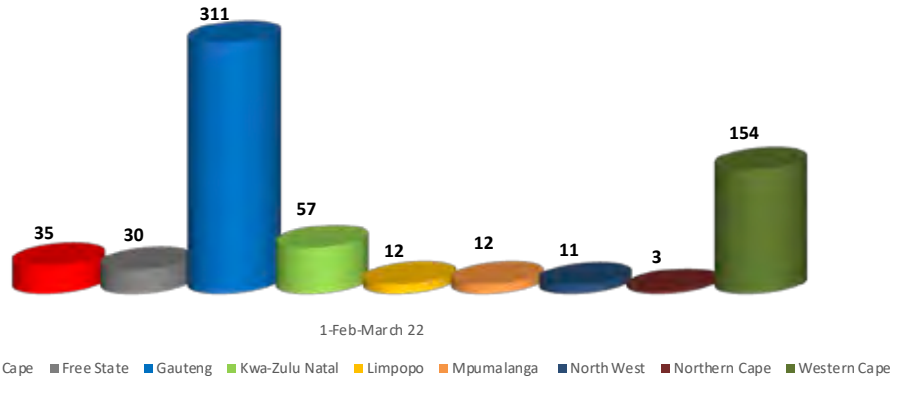
FIDELITY FUND CERTIFICATES ISSUED TO PRINCIPAL PROPERTY PRACTITIONER PER RACE



FIDELITY FUND CERTIFICATES ISSUED TO PRINCIPAL PROPERTY PRACTITIONER PER PROVINCE

PROVINCE	FEBRUARY 2022-MARCH 2022
Eastern Cape	35
Free State	30
Gauteng	311
Kwa-Zulu Natal	57
Limpopo	12
Mpumalanga	12
North West	11
Northern Cape	3
Western Cape	154
TOTAL	**625**

FIDELITY FUND CERTIFICATES ISSUED TO PRINCIPAL PROPERTY PRACTITIONER PER PROVINCE



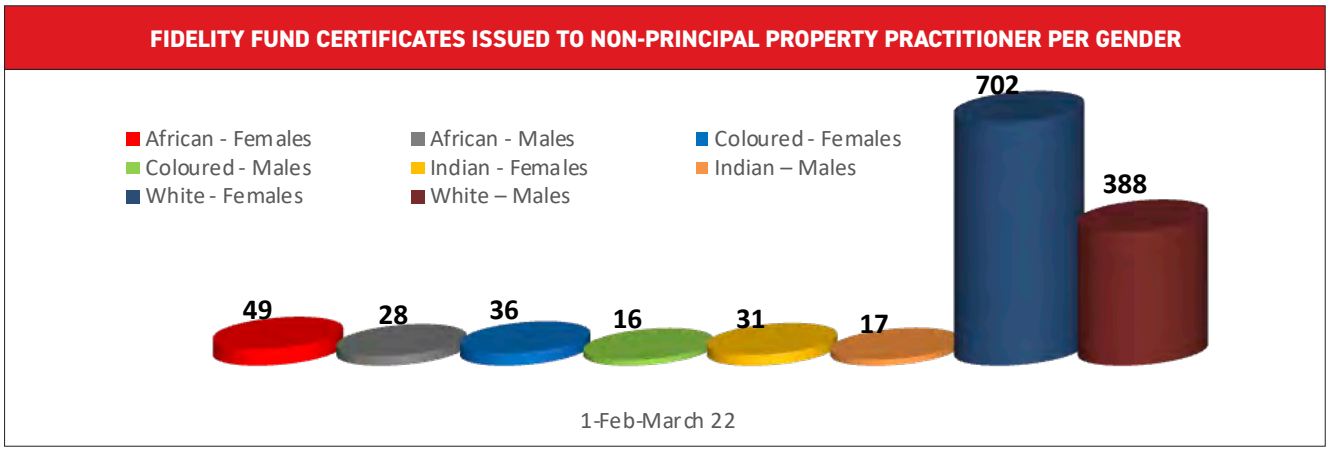
NON-PRINCIPAL PROPERTY PRACTITIONER REGISTRATIONS AND RENEWALS

TABLE FOR FIDELITY FUND CERTIFICATES ISSUED TO NON-PRINCIPAL PROPERTY PRACTITIONER PER GENDER

The numbers relating to the FFC's issued to non-principal property practitioner for the financial year of the last two months of 2021/2022. PPRA was able to process and issue a total of **1 267** Fidelity Fund Certificates to non-principal property practitioner.

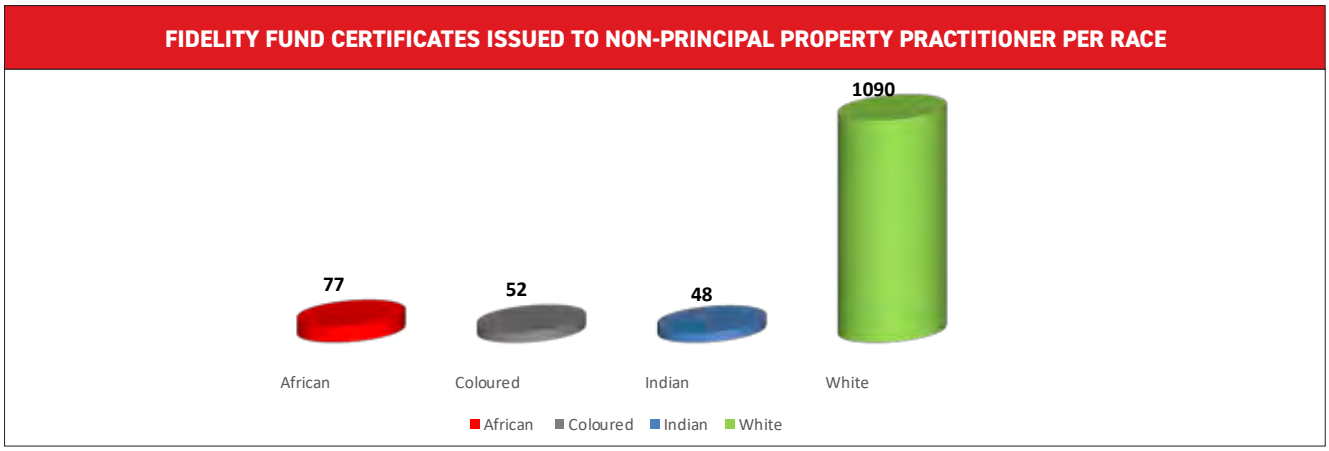
FIDELITY FUND CERTIFICATES ISSUED TO NON-PRINCIPAL PROPERTY PRACTITIONER PER GENDER

GENDER	FEBRUARY 2022-MARCH 2022
African - Females	49
African - Males	28
Coloured - Females	36
Coloured - Males	16
Indian - Females	31
Indian - Males	17
White - Females	702
White - Males	388
TOTAL	**1 267**



FIDELITY FUND CERTIFICATES ISSUED TO NON-PRINCIPAL PROPERTY PRACTITIONER PER RACE

RACE	FEBRUARY 2022-MARCH 2022
African	77
Coloured	52
Indian	48
White	1 090
TOTAL	**1 267**

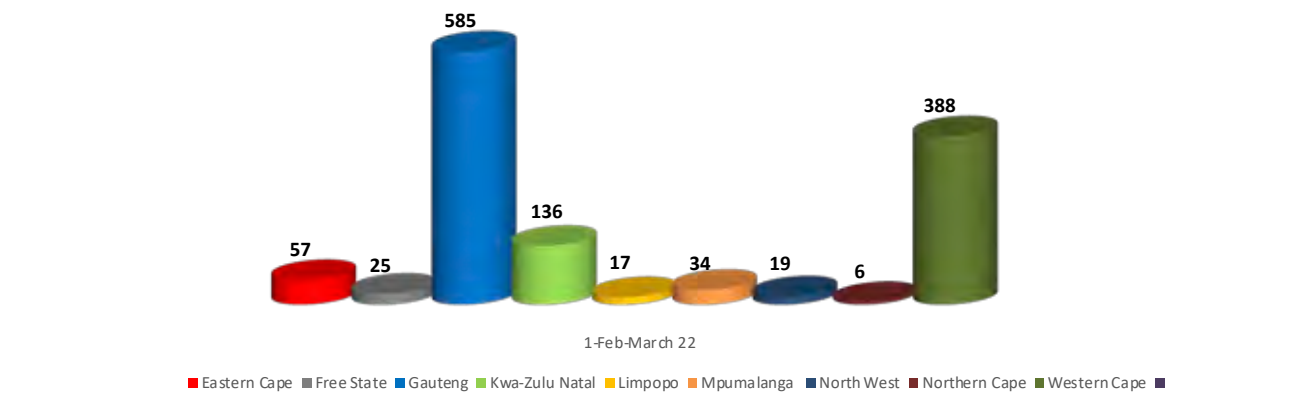


FIDELITY FUND CERTIFICATES ISSUED TO NON-PRINCIPAL PROPERTY PRACTITIONER PER PROVINCE

PROVINCE	FEBRUARY 2022-MARCH 2022
Eastern Cape	57
Free State	25
Gauteng	585
Kwa-Zulu Natal	136
Limpopo	17
Mpumalanga	34
North West	19
Northern Cape	6
Western Cape	388
TOTAL	**1 267**

CANDIDATE PROPERTY PRACTITIONER REGISTRATIONS AND RENEWALS

FIDELITY FUND CERTIFICATES ISSUED TO NON-PRINCIPAL PROPERTY PRACTITIONER PER PROVINCE



FIDELITY FUND CERTIFICATES ISSUED TO CANDIDATE PROPERTY PRACTITIONER PER GENDER

The numbers relating to the FFC's issued to candidate property practitioner for the financial year of the last two months of 2021/2022.

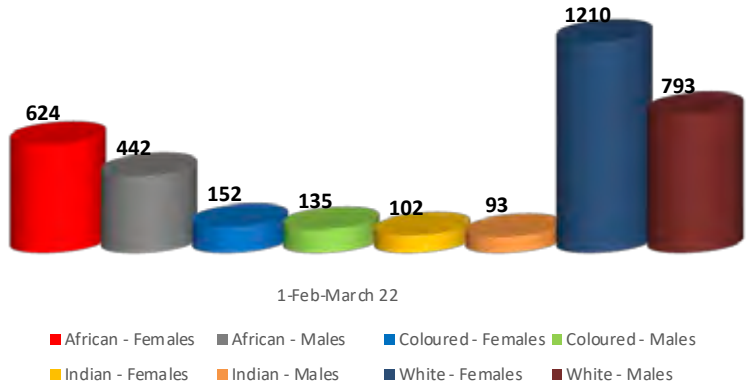
Candidate Property Practitioner are new entrants who have never been registered with the PPRA and never been issued with a Fidelity Fund Certificate (FFC), they are required to first serve as candidate property practitioner for a continuous compulsory period of six (6) months from the date of the first issue of an FFC, whilst acting under the supervision and control of a principal property practitioner or a non-principal property practitioner who has held a valid FFC for a past period of not less than three (3) years.

PPRA issued a total of **3 551** Fidelity Fund Certificates to candidate property practitioner.

FIDELITY FUND CERTIFICATES TO CANDIDATE PROPERTY PRACTITIONER PER GENDER

GENDER	FEBRUARY 2022-MARCH 2022
African - Females	624
African - Males	442
Coloured - Females	152
Coloured - Males	135
Indian - Females	102
Indian - Males	93
White - Females	1 210
White - Males	793
TOTAL	**3 551**

FIDELITY FUND CERTIFICATES ISSUED TO CANDIDATE PROPERTY PRACTITIONER BY GENDER

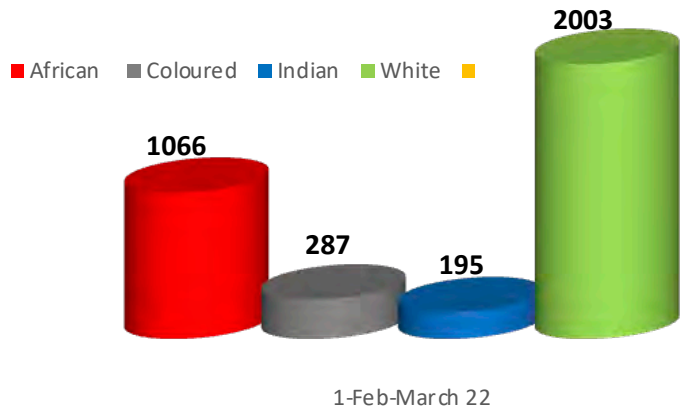


FIDELITY FUND CERTIFICATES ISSUED TO CANDIDATE PROPERTY PRACTITIONER PER RACE

RACE	FEBRUARY 2022-MARCH 2022
African	1 066
Coloured	287
Indian	195
White	2 003
TOTAL	**3 551**

FIDELITY FUND CERTIFICATES ISSUED TO CANDIDATE PROPERTY PRACTITIONER PER RACE

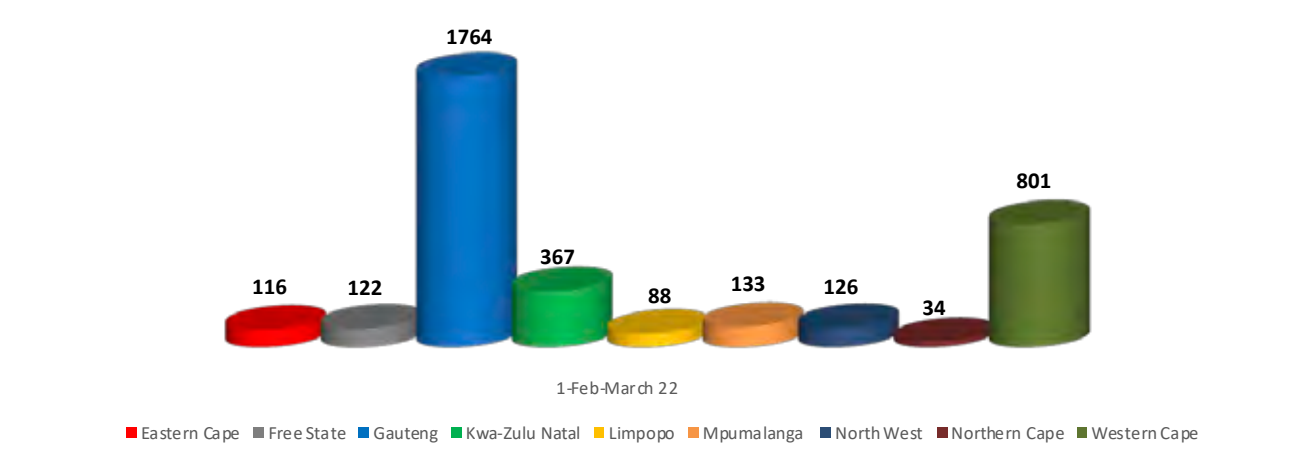
FIDELITY FUND CERTIFICATES ISSUED TO CANDIDATE PROPERTY PRACTITIONER PER RACE



FIDELITY FUND CERTIFICATES ISSUED TO CANDIDATE PROPERTY PRACTITIONER PER PROVINCE

PROVINCE	FEBRUARY 2022-MARCH 2022
Eastern Cape	116
Free State	122
Gauteng	1 764
Kwa-Zulu Natal	367
Limpopo	88
Mpumalanga	133
North West	126
Northern Cape	34
Western Cape	801
TOTAL	**3 551**

FIDELITY FUND CERTIFICATES ISSUED TO CANDIDATE PROPERTY PRACTITIONER PER PROVINCE



FFC RENEWALS

The Property Practitioners Act no. 22 of 2019 (the Act) was promulgated on 01 February 2022 and this brought about the Property Practitioners Regulatory Authority (PPRA) into existence.

One of the primary mandates of the PPRA regulate and ensure that there is compliance with the provisions of the Property Practitioners Act no. 22 of 2019. Through the strategic objective of the PPRA, licensing is the backbone of the PPRA. Because the PPRA is self-funding and predominantly relies upon the license fee as a major source of funding.

During the 2021/2022 financial period, the PPRA only operated for two months, from 01 February 2022 and 31 March 2022. At this point, the PPRA was fully operational, and it took over the assets, liabilities, and operations where the incumbent left off under the provisions of S75 for "Transitional provisions" of the Act.

The PPRA inherited the IT system that was still reflective of the Estate Agency Affairs Board (EAAB) and the Fidelity Fund Certificates were issued by the PPRA under EAAB in line with S75 Transition Provisions.

The key performance indicator for the PPRA is "80% of compliant renewals processed within 5 working days of payment reconciliation." The outcome that was achieved by the PPRA is 100% of the complaint renewals were processed within 5 working days of payment reconciliation.

This is a favourable outcome for the period under which the PPRA came into existence. There is no base that can be used as a measure because this is the first report that has been produced by the PPRA for this Key Performance Indicator (KPI).

In conclusion, this appears to be a good start for the PPRA as the organisation is new however, this is not a true reflection of the organisations' operations. The PPRA inherited the IT system that needs to be updated.

EDUCATION AND TRAINING

EDUCATION AND TRAINING DEPARTMENT - THE ANNUAL REPORT FOR 2021-2022 PPRA

The Education and Training department ('the department") of the Property Practitioners Regulatory Authority ('PPRA') is charged with the responsibility of interpreting, communicating, implementing and monitoring compliance with the requirements contained in the old Education Regulations R633 of the now repealed of the repealed Estate Agency Affairs Act and replaced with the New Education Regulations 33 of the Property Practitioners Act which were implemented effective 1 February 2022. According to the new Regulations (Regulation 33.2), the PPRA is required to consult with the various representative bodies on the following:

- Qualification standards for property practitioners (sub-regulation 33.2.1.1);
- Course materials that will enable persons who wish to qualify as property practitioners to be properly equipped as such and to qualify as property practitioners in accordance with the standards established by the Authority (sub-regulation 33.2.1.2);
- Professional designation examinations to be written by persons who wish to qualify as property practitioners (sub-regulation 33.2.1.3); and
- Standards for the practical training of non-principal property provided always that such standards, course materials, professional designation examinations and standards for the practical training of non-principal property practitioners may vary according to the industry in which such property practitioner operates (sub-regulation 33.2.1.4).

The PPRA has since 1 February 2022 been consulting with the various representative bodies in accordance with the provisions of Regulation 33.2 whilst also continuing to implement the provisions of the old Regulations R633 of the repealed Estate Agency Affairs Act. The continuation of the implementation of the old regulations, according to the Authority, is allowed in terms of section 75 (6) of the Property Practitioners Act. This has been confirmed by an independent legal opinion. Therefore, during the period 1 February to 31 March 2022, the following are programmes that continued to be implemented.

EDUCATION AND TRAINING REGULATIONS ON THE COMPULSORY 12 MONTHS INTERNSHIP PERIOD FOR NEW ENTRANTS IN THE SECTOR

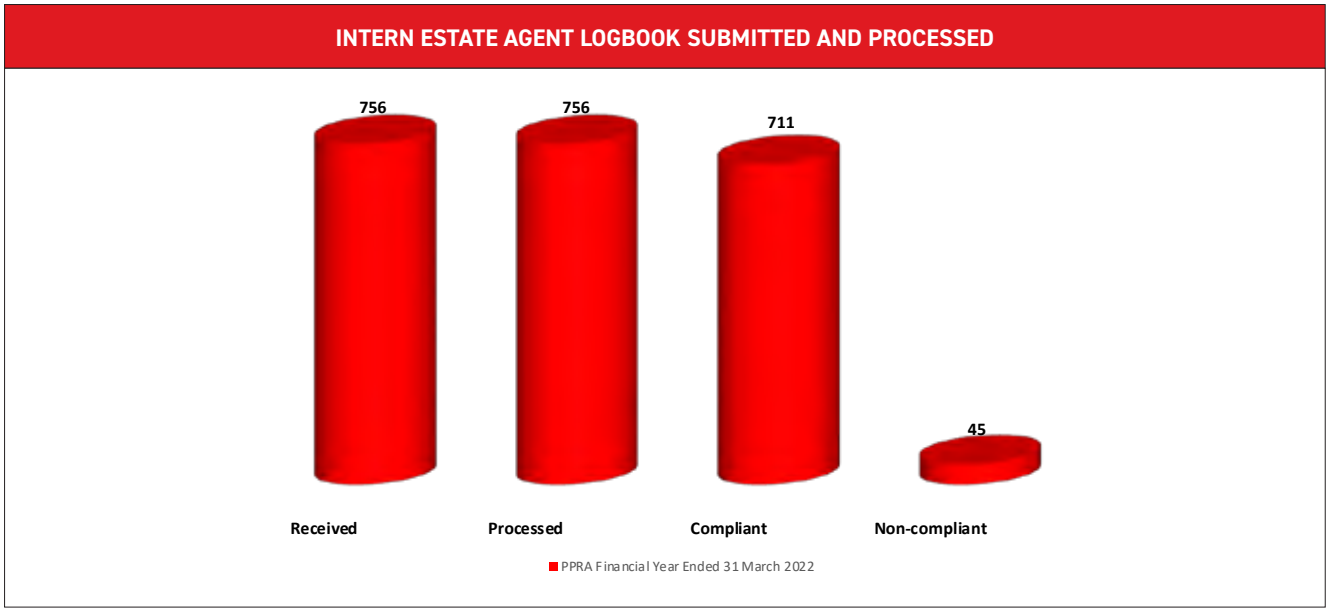
In terms of Regulation 2 of the Education Regulations, all persons intending to become property practitioners, i.e. new entrants who have never been registered with the Property Practitioners Regulatory Authority ("PPRA") previously known as the Estate Agency Affairs Board ('EAAB') and have never been issued with a Fidelity Fund Certificate (FFC), for estate agents by the PPRA, are required to first serve as intern estate agents for a continuous compulsory period of twelve (12) months from the date of the first issue of an FFC, acting under the supervision and control of a principal estate agent or a full status non-principal estate agent who has held a valid fidelity Fund Certificate ('FFC') for a past period of not less than three (3) years.

In addition to this and to aid the process of workplace learning by intern estate agents, the PPRA has implemented a compulsory intern estate agent logbook ('the logbook') which they are required to comply with and submit an approved portfolio of evidence (PoE) for approval by the PPRA.

During the year under review for the PPRA, a total of **756** candidate estate agent logbooks were received. Of the **756** intern logbooks received, a total of **711** were found compliant and only **45** were found non-compliant. These non-compliant logbooks are returned to the candidates concerned for corrective action and resubmission. It is envisaged that these will be resubmitted in the next financial year for processing. It is the standard process that all non-compliant intern logbooks are returned to candidate estate agents for remediation and re-submission. The numbers achieved during the financial year under review, are significant even though the performance is based on 2 months, i.e., 1 February 2022 to 31 March 2022 as reflected on the Table below:

INTERN ESTATE AGENT LOGBOOK SUBMITTED AND PROCESSED

EAAB INTERN LOGBOOKS RECEIVED AND PROCESSED	EAAB FINANCIAL YEAR ENDED 31 MARCH 2021	PPRA FINANCIAL YEAR ENDED 31 MARCH 2022
Received	790	756
Processed	790	756
Compliant	781	711
Non-compliant	9	45



EDUCATION AND TRAINING REGULATIONS ON THE PRESCRIBED QUALIFICATIONS FOR FULL STATUS NON-PRINCIPAL AND PRINCIPAL ESTATE AGENTS

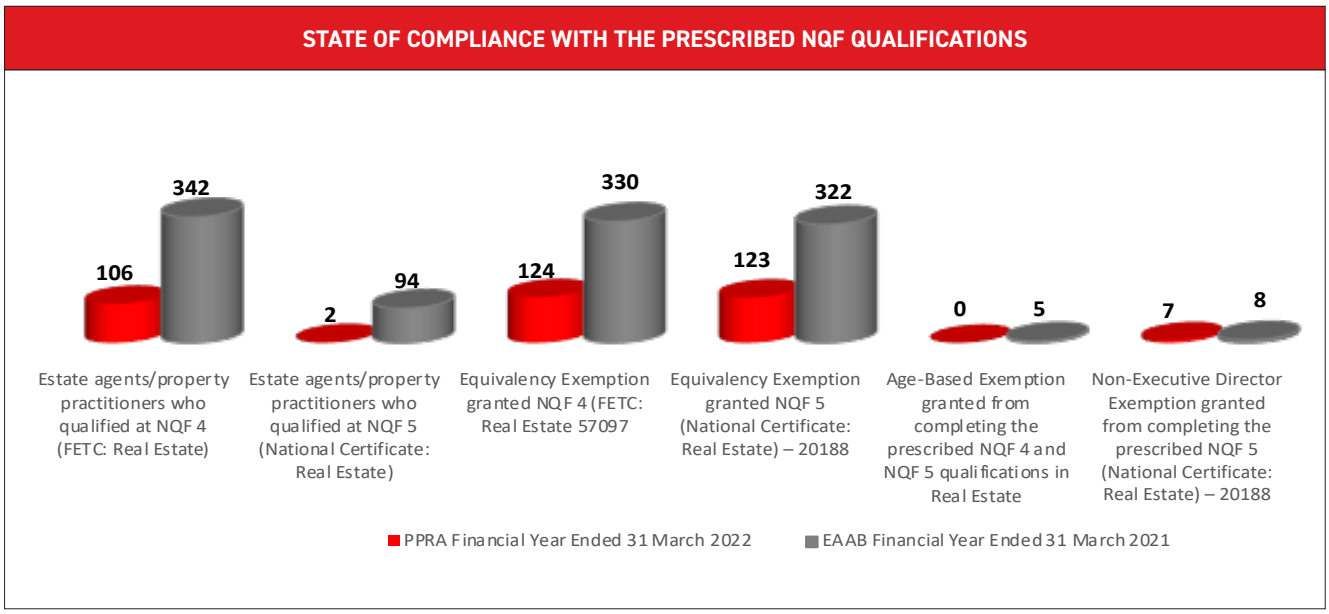
In terms of Regulation 4(1)(a) of the Education Regulations, no person may perform the functions and activities of a non-principal estate agent/property practitioner unless that person has completed the Further Education and Training Certificate: Real Estate (SAQA QUAL ID 59097). Regulation 4(1)(b) also prescribes that no person may perform the functions and activities of a principal estate agent/property practitioner unless that person has completed the National Certificate: Real Estate (SAQA QUAL ID 20188). These qualifications, which are quality assured by the Services Sector Education and Training Authority (SSETA), are designed to enhance the provision of entry level services within the property and real estate professions and also seek to provide the broad knowledge, skills and values that are needed by estate agency practitioners in the property and real estate environment.

The PPRA has also implemented the exemption process which entitles estate agents and persons with relevant academic qualifications, those who are serving as Non-Executive Directors at their respective real estate agencies and those estate agents who are aged 60 years and above to be granted the exemption from fulfilling the requirements of Regulation 4(1) and deemed qualified upon meeting the relevant criteria for exemptions.

During the year under review, a total of **362** practicing and aspirant estate agents/property practitioners were recorded as having been certificated by and or exempted from completing the prescribed Services SETA qualifications.
Even though the performance is based on 2 months, the achievement is significant.

STATE OF COMPLIANCE WITH THE PRESCRIBED NQF QUALIFICATIONS

COMPLIANCE WITH THE PRESCRIBED NQF QUALIFICATIONS	EAAB FINANCIAL YEAR ENDED 31 MARCH 2021	PPRA FINANCIAL YEAR ENDED 31 MARCH 2022
Estate agents/property practitioners who qualified at NQF 4 (FETC: Real Estate)	342	106
Estate agents/property practitioners who qualified at NQF 5 (National Certificate: Real Estate)	94	2
Equivalency Exemption granted NQF 4 (FETC: Real Estate 57097	330	124
Equivalency Exemption granted NQF 5 (National Certificate: Real Estate) – 20188	322	123
Age-Based Exemption granted from completing the prescribed NQF 4 (FETC: Real Estate)	5	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	8	7
GRAND TOTAL	**1 101**	**362**



THE IMPLEMENTATION OF THE EQUIVALENCY EXEMPTIONS POLICY - EXEMPTIONS GRANTED BASED ON PRIOR ACADEMIC ACHIEVEMENTS

In terms of sub-regulation 33.1.2, the Authority may upon application and good cause shown exempt any person or class of persons from any of the requirements of Regulation 33 which governs the standard of training, whether in whole or in part, by virtue of any existing qualification of such person or class of persons.

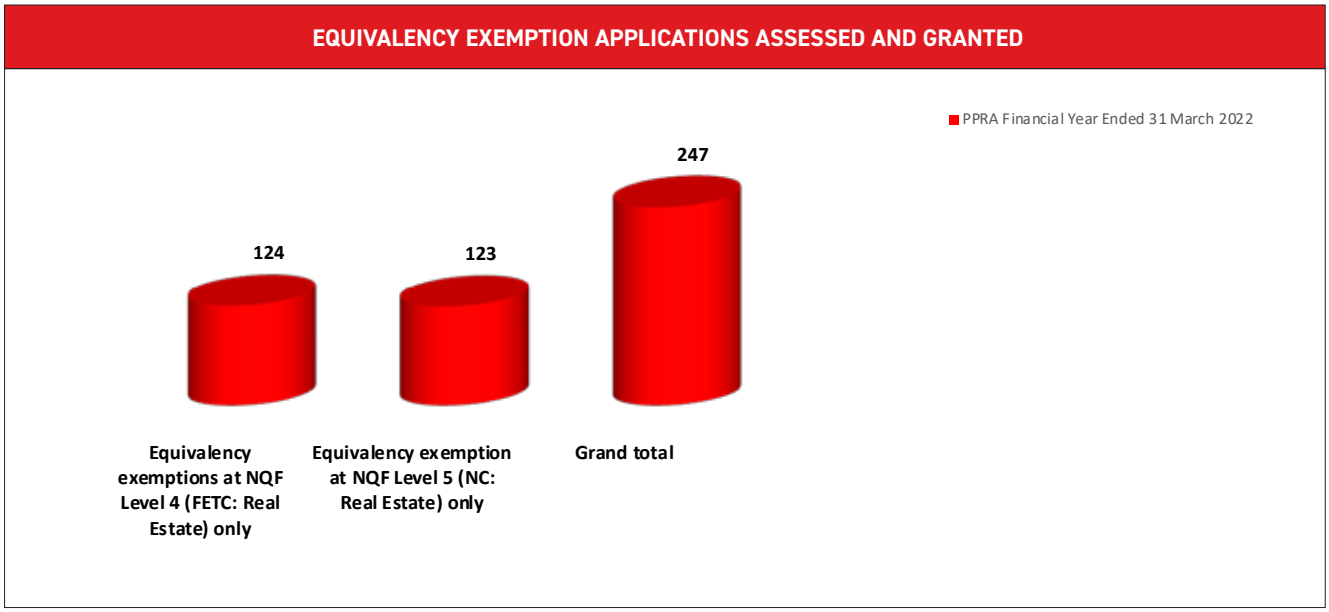
Qualifying and aspirant property practitioners may apply for the grant of such an equivalency exemption by furnishing the PPRA with the required naturally occurring evidence in justification of the application as well as by including sufficient proof of having obtained tertiary qualifications.

During the year under review, a total of **247** equivalency exemptions that were requested were also assessed and granted to qualifying applicants.

The figure achieved in the financial year under review is significant considering that the achievement is only based on two months of the coming into being of the PPRA, as depicted on the table below.

EQUIVALENCY EXEMPTION APPLICATIONS ASSESSED AND GRANTED

EQUIVALENCY EXEMPTION APPLICATIONS ASSESSED AND GRANTED	EAAB FINANCIAL YEAR ENDED 31 MARCH 2021	PPRA FINANCIAL YEAR ENDED 31 MARCH 2022
Equivalency exemptions at NQF Level 4 (FETC: Real Estate) only	330	124
Equivalency exemption at NQF Level 5 (NC: Real Estate) only	322	123
GRAND TOTAL	**652**	**247**



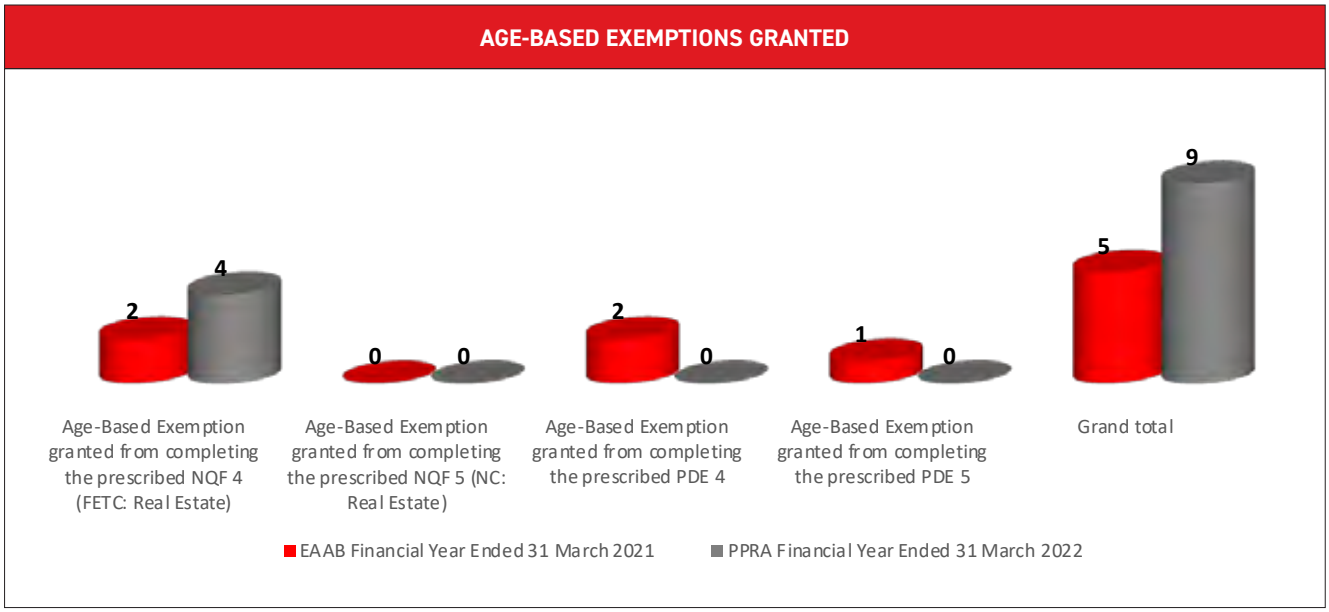
THE IMPLEMENTATION OF AGE-BASED EDUCATIONAL EXEMPTIONS POLICY – EXEMPTIONS GRANTED BASED ON ESTATE AGENTS AGED 60 YEARS AND ABOVE

By resolution of the Board of the EAAB (the erstwhile authority) an exemption based on a property practitioner having achieved the age of 60 years and above may be granted to registered estate agents/property practitioners who, in addition, have held a valid fidelity fund certificate for a period of at least five years, currently hold a valid fidelity fund certificate and have no infractions registered against their names at the PPRA. This educational exemption allows property practitioners meeting the criteria to continue practicing as such without being required to be certificated against the relevant NQF real estate qualifications or pass the required Professional Designation Examination.

During the year under review, no exemption applications were received and processed. This was due to the fact that the PPRA was only in existence for 2 months.

AGE-BASED EXEMPTIONS GRANTED

AGE-BASED QUALIFICATIONS EXEMPTIONS CONSIDERED AND GRANTED	EAAB FINANCIAL YEAR ENDED 31 MARCH 2021	PPRA FINANCIAL YEAR ENDED 31 MARCH 2022
Age-Based Exemption granted from completing the prescribed **NQF 4 (FETC: Real Estate)**	**2**	**0**
Age-Based Exemption granted from completing the prescribed **NQF 5 (NC: Real Estate)**	**0**	**0**
Age-Based Exemption granted from completing the prescribed **PDE 4**	**2**	**0**
Age-Based Exemption granted from completing the prescribed **PDE 5**	**1**	**0**



THE IMPLEMENTATION OF STATUTORY PDE EXEMPTIONS POLICY – EXEMPTIONS FROM UNDERTAKING PDE IS GRANTED BASED ON THE YEARS OF SERVICE IN THE SECTOR

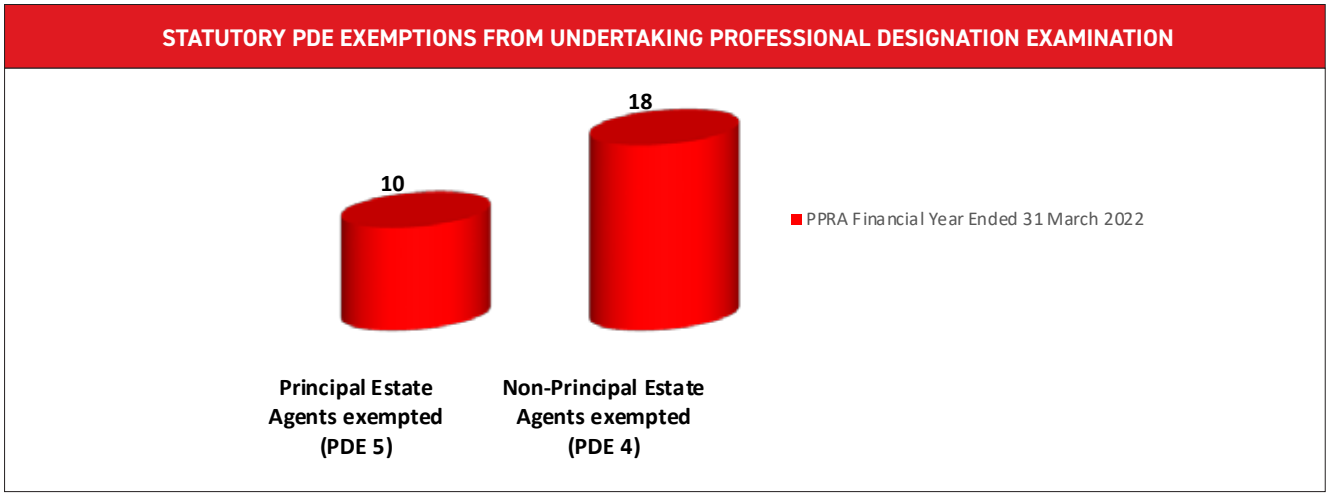
In terms of Regulation 4(3) of the Education Regulations estate agents who had been issued with valid fidelity fund certificates for a continuous period of five years at any time prior to 15 July 2008 may apply for the grant of an exemption against the PDE, exempting them from undertaking the prescribed professional designation examination for estate agents/property practitioners.

A total number of **28** statutory PDE exemption applications received was successfully processed and granted exemption from undertaking the PDE during the current financial year.

As per the table below, despite the performance being for a period of 2 months, the PPRA achieved a higher figure of PDE exemptions processed in the financial year under review than the previous one.

STATUTORY PDE EXEMPTIONS FROM UNDERTAKING PROFESSIONAL DESIGNATION EXAMINATION

STATUTORY PDE EXEMPTIONS CONSIDERED AND GRANTED	EAAB FINANCIAL YEAR ENDED 31 MARCH 2021	PPRA FINANCIAL YEAR ENDED 31 MARCH 2022
Principal Property Practitioners exempted (PDE 5)	10	10
Non-Principal Property Practitioners exempted (PDE 4)	15	18
GRAND TOTAL	**25**	**28**



THE IMPLEMENTATION OF THE PRESCRIBED PROFESSIONAL DESIGNATION EXAMINATION (PDE) FOR REGISTERED PROPERTY PRACTITIONERS AND THE AWARDING OF PROFESSIONAL DESIGNATIONS REGISTERED WITH SAQA

The Professional Designation Examination is conducted on a quarterly basis via an online examination platform. Those who successfully pass the professional designation examination are awarded with professional designations registered at SAQA.

During the year under review, a total of **575** property practitioners undertook or wrote the relevant prescribed PDE exam and of these, and a total of **495** property practitioners were awarded professional designations which were also recorded on the SAQA's National Learner Record Database (NLRD).

The number of professional designations awarded during the year under review, is significantly higher than the previous financial despite being based on the performance period of 2 months.

CANDIDATES WHO HAVE WRITTEN THE PROFESSIONAL DESIGNATION EXAMINATION

PROFESSIONAL DESIGNATION EXAMINATION CONDUCTED	EAAB FINANCIAL YEAR ENDED 31 MARCH 2021		PPRA FINANCIAL YEAR ENDED 31 MARCH 2022	
	PDE 4	PDE 5	PDE 4	PDE 5
Examination Candidates who wrote the examination	777	139	483	92
Number of marked scripts	440	87	483	92
Number of unmarked scripts	337	52	0	0
Examination Candidates who passed the examination (based on marked scripts)	258	69	413	82
Examination Candidates who failed the examination (based on marked scripts)	182	18	70	10
Achieved Pass rate (based on marked scripts)	59%	79%	86%	89%
Professional designations awarded at the end of the financial year	258	69	413	82
Total Professional designations awarded	327		495	
Interns enrolled for PDE 4	808		434	
Interns enrolled for PDE 4 & still practicing at the time of reporting	806		433	

CONTINUING PROFESSIONAL DEVELOPMENT (CPD)

In accordance with the Standard of Training of Estate Agents Regulations, 2008, qualifying estate agents/property practitioners, namely, all full status non-principal and principal estate agents/property practitioners, excluding intern/candidate estate agents, must complete their CPD requirements over a rolling three-year cycle.

Participants may obtain the required fifteen verifiable CPD points for a particular year by attending one-on-one contact sessions or accessing the PPRA's e-learning platform or using a mixture of both of these methods by electing to attend contact sessions and also utilising available e-learning opportunities.

However, during 2020, 2021 and 2022 CPD was and still done only via e-learning due to the Covid-19 pandemic.

During the year under review, the number of candidates who completed the CPD programme is almost double the number achieved in the previous financial year as depicted on the table below.

E-LEARNING COMPLETED	
2020 and 2021	8667
2021 and 2022	16027

LEGAL COMPLIANCE

THE STRATEGIC INTENT OF THE PROPERTY PRACTITIONERS' REGULATORY AUTHORITY IS TO REGULATE THE CONDUCT OF PROPERTY PRACTITIONERS IN DEALING WITH CONSUMERS

The mandate of the Property Practitioners Regulatory Authority in protecting the consumer is driven by the disciplinary department which is entrusted with carrying out investigations and enforcement as contemplated in the Property Practitioners Act (PPA).

Carrying out this mandate requires that the department assesses complaints received against regulated or unregistered property practitioners in the sector which may point to regulatory contraventions, including the investigation of potential transgressions identified through supervisory activities. The Property Practitioners Act and the code of conduct prescribes certain conduct for all property practitioners when conducting their work. Although most regulated practitioners, who have undergone the professional designation exams are trained and examined on the Act and code of conduct, however given the complexity of the property transaction disputes are inevitable.

The investigation into the conduct of a property practitioners may also be triggered by the regulator itself from its internal departments such as Audit, Registration and Section 27. The investigation is carried out by admitted attorneys employed by the PPRA and designated as legal officers. The investigation process can be broken into 4 stages and is detailed below.

PROCESS FOLLOWED IN INVESTIGATING A COMPLAINT BY THE PPRA

1. Receipt of a complaint form

(a) Complaint form submitted.

(b) Consideration of jurisdiction.

(c) Close complaint where PPRA has no jurisdiction.

(d) Opening a file and initiating an investigation if the PPRA has jurisdiction.

2. Investigation

(a) Send a complaint form to Respondent and Acknowledgement letter to complainant.

(b) Consider the responses to determine possibility of contravention.

(c) Determination of whether to charge or refer matter for mediation.

3. Mediation

(a) Notice of mediation.

(b) Mediation session with parties.

(c) Settlement proposal if matter is settled.

(d) If matter is not settled refer for disciplinary.

4. Disciplinary hearing

(a) Draft charge letter.

(b) Consider response to charge letters.

(c) Draft summons with set date for hearing.

(d) Committee issues order in terms of section 30(7).

The figures below reflects the number of complaints received under the Property Practitioners Regulatory Authority for the 2 months of the year under review.

COMPLAINTS RECEIVED BY THE PPRA	
PPRA	262
TOTAL RECEIVED IN THE FINANCIAL YEAR	**262**

(It should be noted that the figures for the PPRA starts from 1st February 2022 to March 2022)

MEDIATION OF COMPLAINTS

Chapter 2 of the Constitution of the Republic of South Africa makes provision for alternative dispute resolution (ADR) under Section 34. It grants parties the right to have a dispute resolved by means of a public hearing or, where appropriate, another independent impartial tribunal or forum thereby endorsing ADR as alternative to legal proceedings. Arbitration, mediation, negotiation and adjudication are some of the alternative dispute resolution methods that are used by the Property Practitioners Regulatory Authority in resolving disputes between consumers and property practitioners.

The department is also responsible for mediating disputes and the responsibility of the Property Practitioners Regulatory Authority's mediator in this is to assist the disputants to resolve their dispute. The Property Practitioners Regulatory Authority's aim in resolving the dispute is to allow the disputants to:

- Air the disputes;
- Identify the strengths and weaknesses of their case;
- Understand that accepting less than expected is the hallmark of a fair settlement; and
- Agree on a satisfactory solution or settlement.

ADJUDICATION HEARINGS AND ADJUDICATION COMMITTEE

The Property Practitioners Regulatory Authority is also responsible for adjudication complaints where an investigation by the investigating officer has resulted in charges being brought against the respondent property practitioner. Although adjudication forms an integral part of the department's performance, mediation also forms an important part of the process of resolving disputes amicably in order to improve performance, Mediations also ensures a speedy resolution of disputes and assist to more rapidly hold wrong-doers accountable, as longer case times may amplify any harm already suffered by the consumer. Therefore, only serious cases and those that cannot be mediated or settled during mediation are referred to an adjudication committee.

The disciplinary committee is an ad hoc sitting committee, responsible for presiding over cases of alleged contraventions by property practitioners and imposing disciplinary sanctions where they are found guilty of contravening the Act. The Committee is constituted by a panel of legally qualified chairpersons and members from the property industry (committee members) who are all independent members appointed by for a specific term. During the financial year under review no ad hoc committee was established and most of the complaints investigated were resolved through mediations, those that were not settled are ready for adjudication and the adjudication committee has since been appointed to finalise these matters.

KEY DEPARTMENTAL ACHIEVEMENTS

1. The Property Practitioners Regulatory Authority has continued the use of virtual platforms for resolving disputes.
2. Strategic intent of protecting the consumer through the resolution of complaints was also another achievement. The department was able to resolve complaints even under the new Act.
3. The appointment of a disciplinary committee to finalize all outstanding matters investigated under the previous legislation.
4. Amending and uploading onto the website all new forms that the stakeholders will be required to use in communication with the PPRA.

KEY INITIATIVES IN THE YEAR AHEAD

These include;

1. Our policy document remains a living document which we intend to continue to align in terms of the new Act and also in terms of processes agreed upon with stakeholders.
2. Appointment of an adjudication committee through a tender process to adjudicate on complaints where charges have been preferred.
3. To achieve our strategic objective of protecting the consumer and holding property practitioners accountable for any transgressions.
4. To intensify consumer awareness. The need for empowerment of the consumers is fundamental if the PPRA wishes to deal with the main drivers of complaints and claims against the fidelity fund.
5. To continue with system enhancements to add capability to our systems and applications.

INSPECTIONS AND INVESTIGATIONS

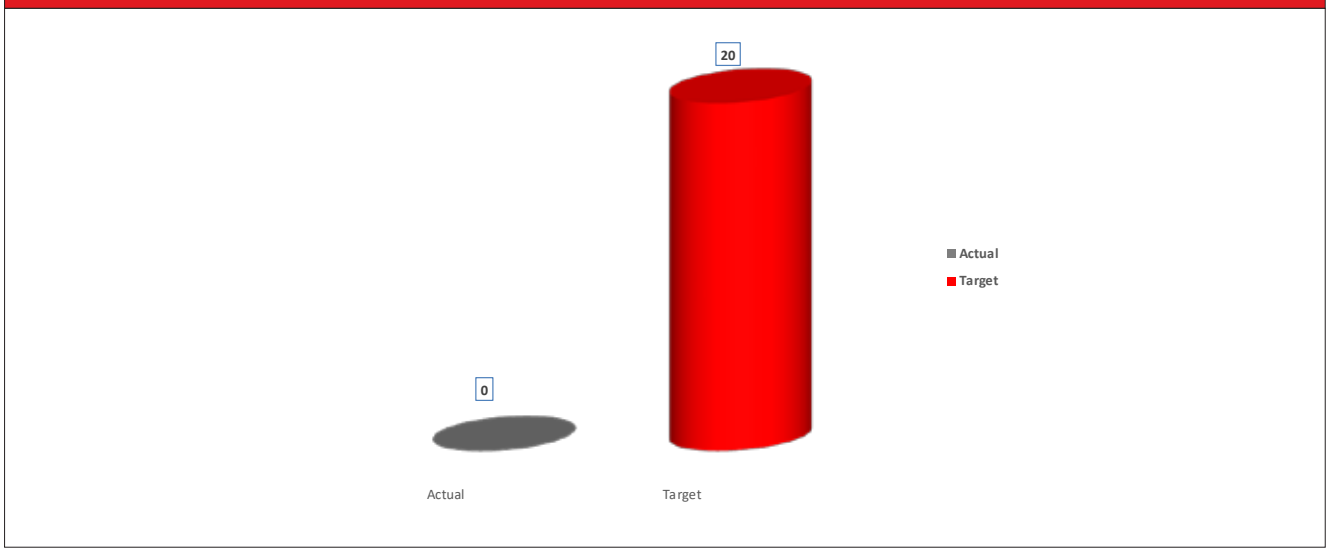
INSPECTIONS FIC, PPA AND SELF-ASSESSMENT OVERVIEW

The mandate of the Inspections Department in terms of Property Practitioners Act, 22 of 2019 is to regulate the conduct of property practitioners. Section 24(1) of the Property Practitioners Act requires the Chief Executive Officer to appoint suitably qualified persons as inspectors and must be issued with a certificate in the prescribed form stating that the person has been appointed as an inspector in terms of the Act. The inspector has the powers of a peace officer as defined in Section 1 of the criminal procedure Act 51 of 1977 ("CPA") and may exercise the powers conferred on a peace officer by law. The PPRA is therefore empowered to conduct inspections to ensure compliance with Property Practitioners Act; Section 25 of the Act set out the powers of inspectors to enter, inspect and seize, to this end, the PPRA is committed to ensuring lawful exercise of these powers as contained in the Act.

PPA INSPECTIONS

The target for PPA inspections was set at 20 inspections, however, no PPA inspections were conducted during the financial year under review in that the PPA just come into effect and the new PPA inspections guidelines were being developed and subsequently finalised for public consultation processes undertaken in March 2022 as well as staff training on application of the new PPA in March 2022.

PPA INSPECTIONS TARGET V/S ACTUAL

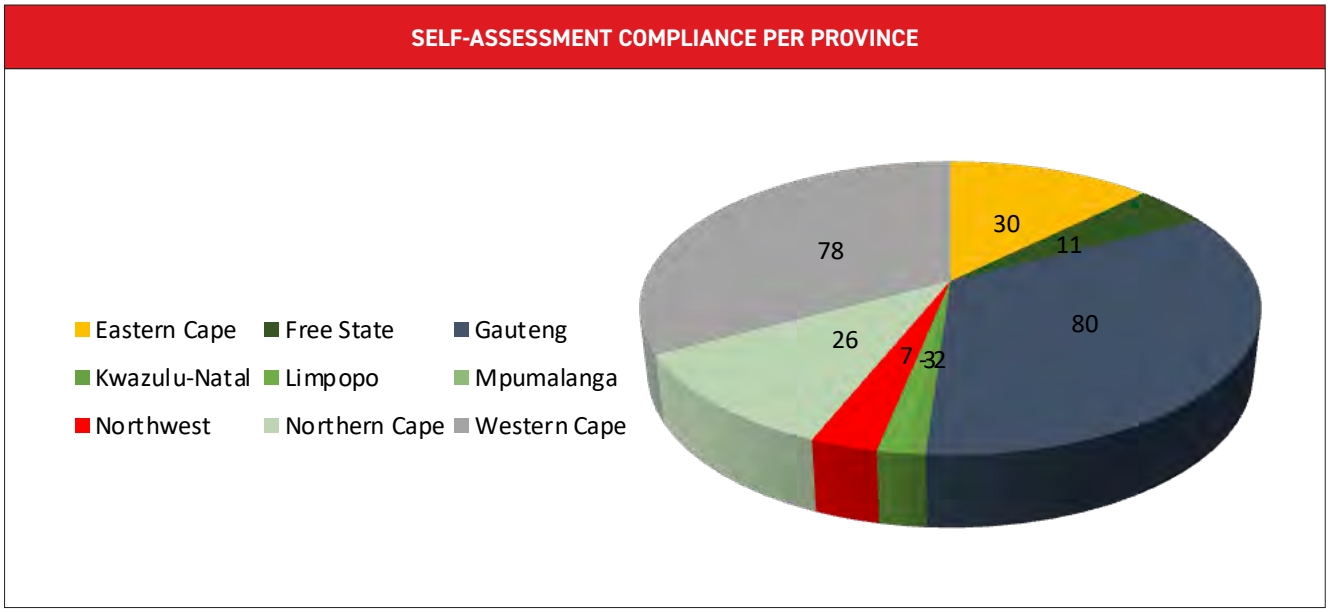


SELF-ASSESSMENT COMPLIANCE REVIEW

The PPRA's mandate is to regulate the standard of conduct of property practitioners amongst others. Following the declaration of the unconstitutionality of Section 32A of the Estate Agency Affairs Act, 1976, by the Constitutional Court, the PPRA implemented measures to monitor compliance such as on-line self-assessment system (Compliance Monitoring and Assessment Framework) to monitor whether property practitioners businesses complies with their obligation in terms of the Act. This system was an interim measure until the Property Practitioners Act, 2019 come into operation on the 1st of February 2022. During the financial year under review the annual target was set at 1 100 self-assessment compliance review, the PPRA received and assessed approximately 237 self-assessment compliance reports leaving an under achievement of 863 self-assessments due to several factors such as inadequate IT systems and capacity related issues which are been addressed.

SELF-ASSESSMENT COMPLIANCE PER PROVINCE

It will be noted that a high number of self-assessments were received from the three major provinces being Western Cape, Gauteng and Eastern Cape. The geographical figures are based on the number of reports received per province by the PPRA.



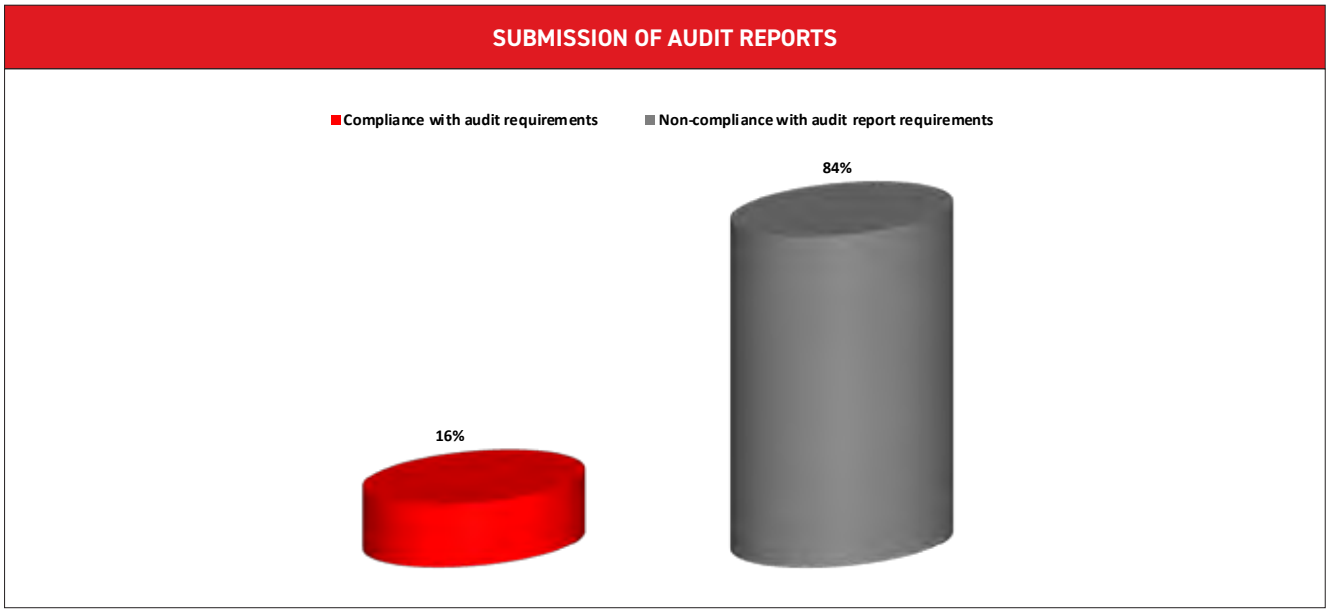
AUDIT COMPLIANCE

AUDIT REPORT SUBMISSIONS

For the two months ended 31 March 2022, only 16% of business property practitioners submitted their audit reports on trust accounts to the PPRA on time as indicated in the table and graph below:

SUBMISSION OF AUDIT REPORTS

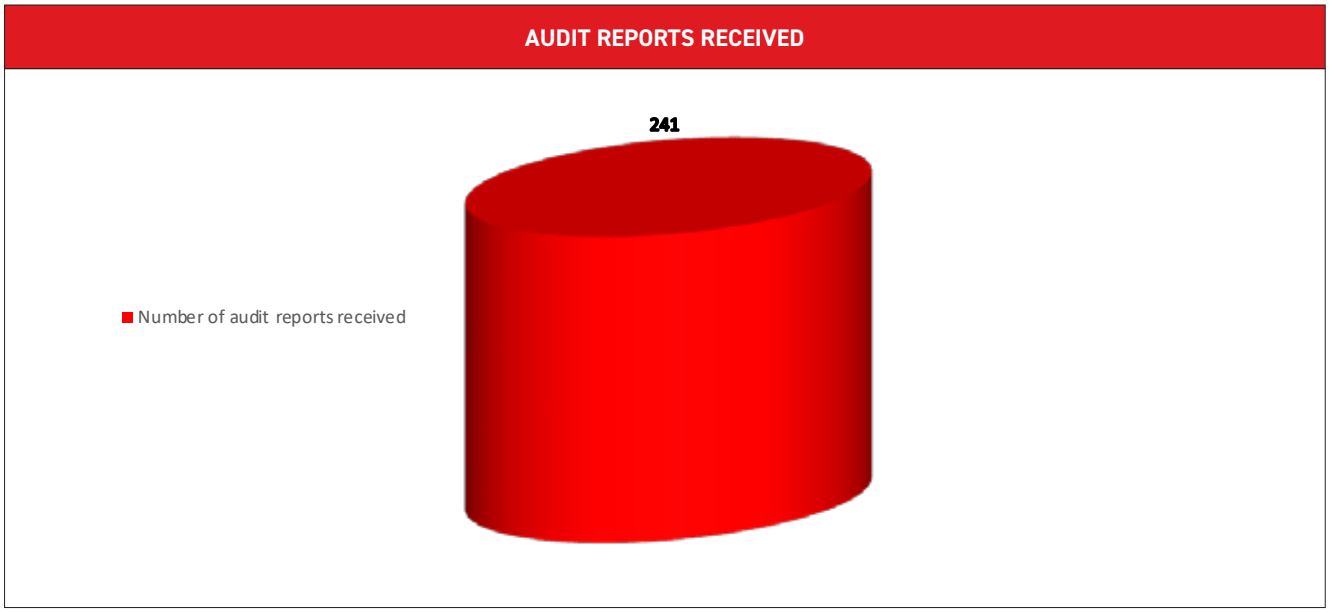
	FEBRUARY 2022-MARCH 2022
Compliance with audit requirements	16%
Non-compliance with audit requirements	84%



During the two months ended 31 March 2022, a total of **241** audit reports were received, as indicated in the table and graph below:

AUDIT REPORTS RECEIVED

	FEBRUARY 2022-MARCH 2022
Number of audit reports received	241



MYPPRA AUDITORS PORTAL

The MyPPRA Auditors Portal has a web-based audit report submission portal that can be accessed on the PPRA website, and has, over the last few years, tremendously improved the efficiency and effectiveness of the audit report submission and verification process. The MyPPRA Auditors Portal enables the auditors of business property practitioners to register, complete and submit the online audit report on behalf of the business property practitioner. The MyPPRA Auditors Portal is integrated with the PPRA's system and audit reports submitted via the portal are uploaded on PPRA's main system.

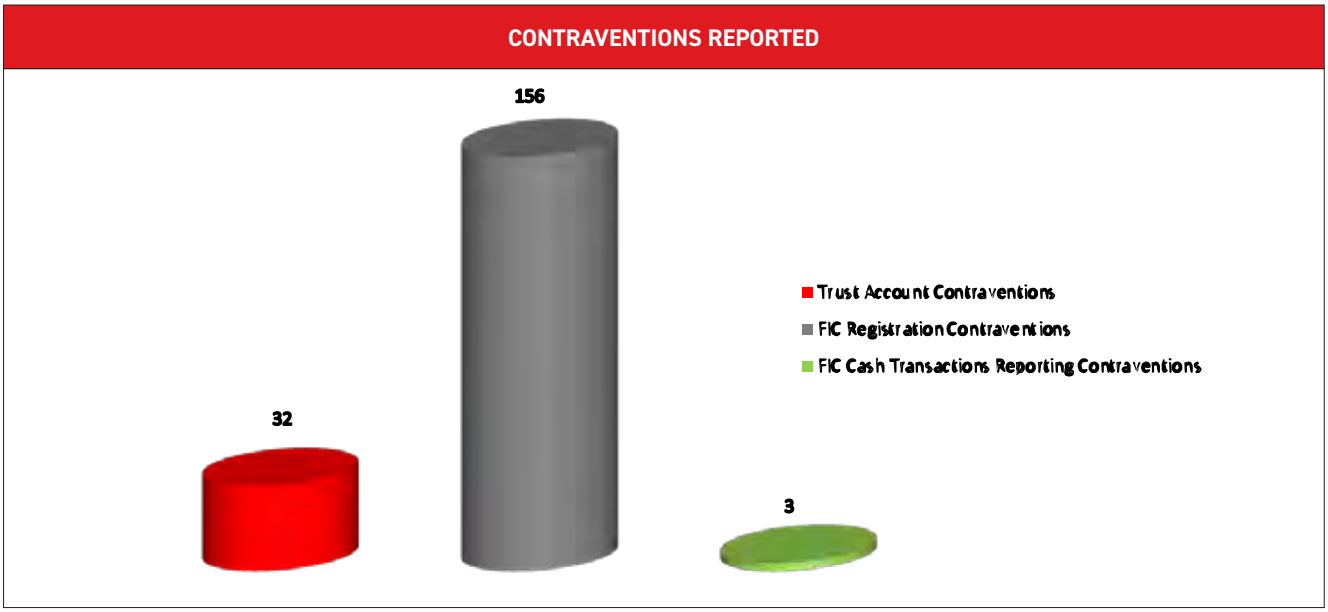
CONTRAVENTIONS REPORTED IN SUBMITTED AUDIT REPORTS

As indicated in the table and graph below, the total number of contraventions of the Property Practitioners Act and the Financial Intelligence Centre Act reported by auditors of business property practitioners in the submitted audit reports totaled **191** for the two months ended 31 March 2022:

CONTRAVENTIONS REPORTED

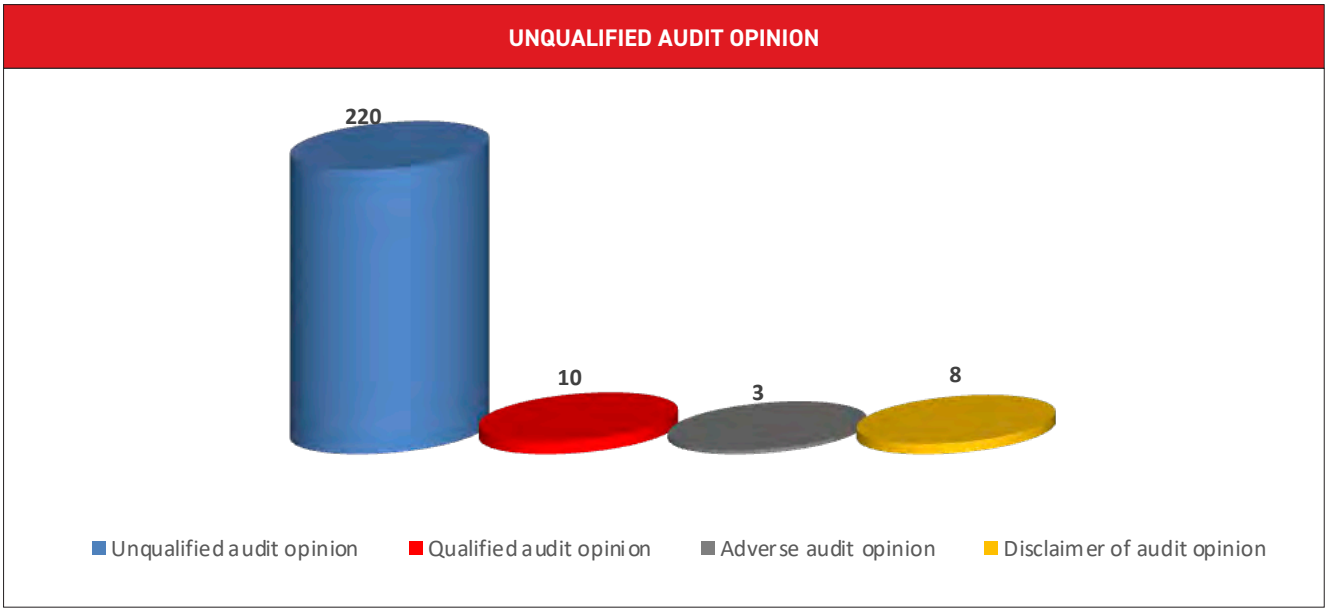
	FEBRUARY 2022-MARCH 2022
Trust account contraventions	32
FIC Registration Contraventions	156
FIC Cash Transactions Reporting Contraventions	3

As the table and graph below indicates, most of the business property practitioners received unqualified audit opinion on their annual financial reports, an indication of compliance with section 55 of the Property Practitioners Act, which requires every business property practitioner to keep such accounting records as are necessary to provide a fair reflection of the state of financial affairs.



UNQUALIFIED AUDIT OPINION

	FEBRUARY 2022-MARCH 2022
Unqualified audit opinion	220
Qualified audit opinion	10
Adverse audit opinion	3
Disclaimer of audit opinion	8



CLAIMS

It should be noted that the claims procedure under the Property Practitioners ACT 22/2019 which came into effect on 1st February 2022, changes the Fidelity Fund claims regime profoundly. Standard operating procedures and policies have been formulated for claims arising and received on or after 1/2/2022.

The PPFF is created and claims for theft or misappropriation of trust monies belonging to consumers are still considered, but with the following changes:

i. Only claims arising from the conduct of registered and licensed property practitioners who were issued with valid FFC's at the time of the transaction, may be entertained.
ii. Claims are capped at R 2 million per claim.
iii. Claims are approved by the claims department of the Authority and the Board has no involvement with the consideration or outcome of claims.
iv. Claims are required to be paid within 30 days of approval and receipt of the required payment documents from the claimant.
v. Claims are to be considered and finalized within 90 days of submission of a valid claim.

REPORT:

RECEIVED CLAIMS ARISING ON OR AFTER 1/2/2022: 0

CLAIMS APPROVED OR REJECTED DURING THE PERIOD 1/2/2022 – 31/3/2022: 0

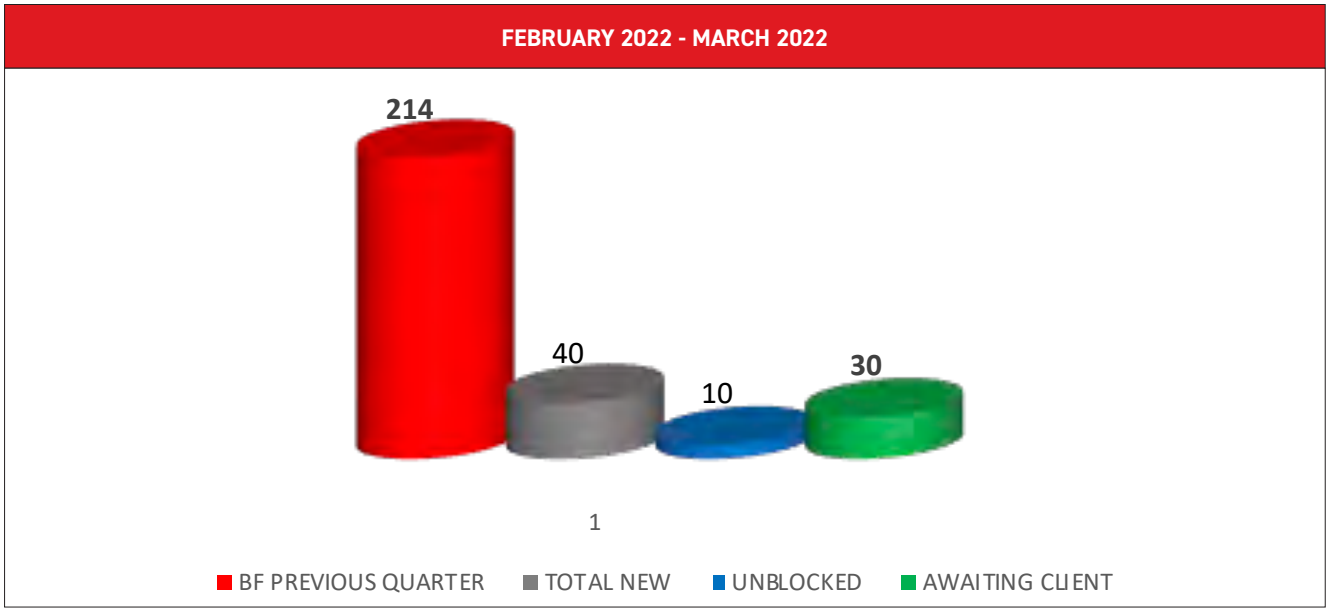
The claims department is ready to receive, investigate and approve qualifying claims arising from 1 February 2022 under the PPA, and the PPRA looks forward to a vastly improved turnaround time due to the expedited process of finalizing claims in house.

SECTION 27 APPLICATIONS

ANNUAL REPORT FOR THE PPRA FOR S27 DEPARTMENT FROM 1/2/2022 TO 31/3/2022

The PPA has no provision equivalent to S27 of the Estate Agents Affairs Act 112/1976. Accordingly, no new S27 applications were entertained under the PPA 22/2019 for agents disqualified under the PPA. There will remain agents who were disqualified under the EAA Act 112/1976, who have not approached the Authority to rectify their standing, and these will be dealt with under the provisions applicable to the disqualification under that Act.

1. Received during 1/2/2022-31/3/2022: 40 applications under the EAA Act applicable at the time.
2. Disqualification lifted: 10
3. Pending compliance by applicants: 30.



The Section 27 process will phase out as all remaining agents who still wish to operate in the industry but are disqualified under the EAA Act, are restored to compliance.

ANNUAL REPORT FOR 1/2/2022 TO 31/2/2022: EXEMPTIONS UNDER SECTION 4 OF THE PPA.

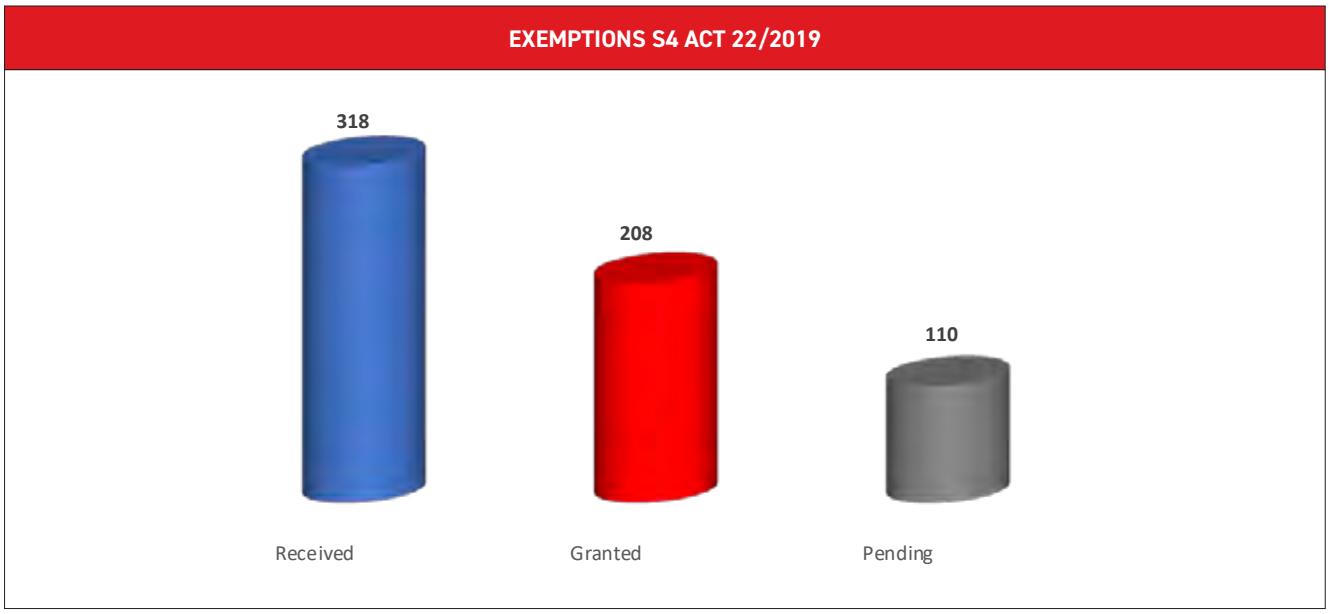
Section 4 of the PPA has created the right of any person to apply for an exemption from any provision of the PPA, by submitting form E1 of the regulations with supporting evidence to allow the Authority to consider such application. The regulations also create a procedure for trust account exemptions to be granted on simple affidavit. The latter will be dealt with by the audit department who registers trust accounts and form E1 applications will be dealt with by an exemptions department still to be created.

In the interim the erstwhile S27 staff are processing exemption applications manually, while the IT systems are upgraded to accommodate the exemption process.

A report on the exemption process for the period 1/2/2022 to 31/3/2022 is as follows:

Notes:

i. Most of these are granted while the IT system is developed to issue 3-year FFC's to agents and register non estate agent property practitioners.
ii. Some are still being assessed and have been received but not finalised during the period.
iii. The remainder are mainly S50(a)(i) exemptions for foreign nationals already operating in the industry and registered with the Authority to be permitted to continue operating. This has enabled minimum disruption for PDI agents who are non SA citizens but have work permits and have thriving businesses employing a number of PDI agents.



TRANSFORMATION

INTRODUCTION

One of the strategic objectives of the Property Practitioners Regulatory Authority is to increase the number of youths, Previously Disadvantaged Individuals (PDI's), black women, and people living with disabilities in the Property sector.

DISCUSSION

A number of black women were supported to achieve principal status during this reporting term .

The indicator for the Transformation Department was to enable black women agents to achieve principal status through the Principalisation Programme. This indicator was overachieved by an additional 29 black women supported to principal status between 1 February 2022 - 31 March 2022.

One Learner One Property Practitioner Youth Programme

The Service SETA had planned to phase 2021/22 commencements over a six-month period to ensure alignment with their internal resources. The PPRA was enabled to place 137 learners with host employers between 01 February 2022 and 31 March 2022.

Consumer Awareness

Providing equal access to knowledge is one avenue through which the PPRA continues to reduce historical barriers to transformation in the sector.

The PPRA embarked on public awareness initiatives as part of its public awareness initiatives. This provided an opportunity to speak to various consumers about the importance of using a registered property practitioner, the purpose and role of the PPRA and various transformation programmes. The PPRA conducted 49 public awareness initiatives.

PUBLIC AWARENESS CAMPAIGN

PROVINCE	CITY
Gauteng	Tembisa- Community Hall
Gauteng	Soweto - Emdeni High school
Gauteng	Daveyton-Mbikwa Cindi Community Hall
Gauteng	Sandton – Bownman Gilfillan Attorneys

Transformation Fund

With the promulgation of the Property Practitioners Act no. 22 of 2019 (the Act), the PPRA is mandated to establish a property sector Transformation Fund. In the period 1 February 2022 to March 2022, the PPRA lay the groundwork for the establishment of this fund.

The Transformation Fund is envisaged to have an important stimulus in rate of transformation in the sector, allowing better tracking in existing transformation programmes, as well as an opportunity to design and implement programmes with a better impact.

Conclusion

Being a new organisation, these indicators show that the PPRA is starting on a positive direction considering the success of the educational empowerment for black women initiative that was initiated by the PPRA, One Learner- One Property Practitioner Youth Programme, Consumer awareness programme and workplace readiness programme. The Transformation Fund, will ensure that we transform the property sector once it is fully established.

STAKEHOLDER AND CONSUMER AWARENESS

The PPRA is mandated under Section 69 of the Property Practitioners Act ("PPA"') to hold stakeholder engagements for the protection and education of consumers. We recognize and embrace the existing and new stakeholders under the ambit of the PPA scope of regulation. This therefore called upon for a stakeholder engagement plan to create a path and communication strategies to engage all our stakeholders under the new legislation.

To build a positive and mutually harmonious interaction, relationship management with identified stakeholders we obtain stakeholder and consumer commitment by implementing a two-fold information sharing and educational process through the undertaking of effective communication interventions. Establishing and maintaining sufficient appropriate communication platforms to enable stakeholder needs to be communicated to the PPRA and vice-versa.

Our strategic objective as the Marketing Department is to conduct communication drives through stakeholder, community engagements, Radio, TV, Print and Social Media platforms as well as branding of the PPRA brand.

REBRANDING

The enacting of the new Property Practitioners Act from the Estate Agency Affairs Act of 1976 required the regulator to embark on a rebranding exercise to mark the change towards new legislation. The adoption of the PPRA will have far reaching implications in terms of stakeholder engagement, brand identity and overall marketing of the organisation. A total overhaul of the current EAAB branding is required to align with the strategy. A PPRA logo was created to replace the old EAAB logo as a representation of the new regulatory dispensation. The process has begun and in progress to revamp the physical and digital assets of the PPRA.

LAUNCH OF THE PPRA

On the 1st February 2022 the PPRA launch was held at the Sandton offices to mark the coming into operation of the Property Practitioners Regulatory Authority formerly known as the Estate Agency Affairs Board. This was a hybrid launch which catered for guest attending physically and virtually via YouTube and Facebook through our official page and the Department of Human Settlements YouTube channel. The Honourable Minister of Human Settlements, Mmamoloko Kubayi graced the launch by cutting the ribbon introducing the new logo. Our stakeholders, members of the media, staff members, PPRA board and industry bodies took part in the launch and rendered speeches in honour of the historical moment.

Media coverage received:

a. SA news
b. Engineering news
c. iol news
d. Businesstech
e. Property Professional

Third party coverage was also received from Khaya fm and Radio 702.
The number of attendees for the launch was limited to **200** due to covid-19 restrictions, Over **4 000** people streamed the launch live and continue to view it on our digital platforms.

Stakeholder Awareness -Anti-Racism Hearings

The PPRA successfully concluded hearings into racism within the property. Nine hearing were scheduled across the country, 3 were concluded in this reporting year and they were held in Cape Town, Durban and Johannesburg respectively during March 2022. The objective of the hearings was to elicit information from the public to unearth the prevalence of alleged racism within the industry and further aim to investigate the efficacy of the application of the code of conduct for the industry.

The hearings were held physically and virtually as follows :

DATES	PROVINCE	CITY	TOPIC	PLATFORM
23 March 2022	Western Cape	Cape Town	Racism within the property industry	Physical and virtual
24 March 2022	KwaZulu-Natal	Umhlanga	Racism within the property industry	Physical and virtual
25 March 2022	Gauteng	Sandton	Racism within the property industry	Physical

TRADITIONAL MEDIA

During the year under review, the regulator featured on various media platforms to discuss the mandate of the PPRA and assist with consumer queries. The regulator appeared on eNews, Radio786, Primedia, MSG and SABC 2 Checkpoint programme.

Radio advertorials

The PPRA embarked on an information drive on the two of the biggest talk shows in South Africa from February 2022 to inform stakeholders about the transition from the Estate Agency Affairs Board to the Property Practitioners Regulatory Authority. The campaigns will run for one week every week for a period of 3 months on the following radio stations:

RADIO STATION	STRUCTURE
Radio 702	Generic 30secs advertorials on selected slots throughout the day for a period of 3 months (1 week per month)
Power fm	Live reads on selected slots throughout the day for a period of 3 months (1 week per month)

The radio stations have a combined estimated listenership of 1 087 000 based on data from the frequency.

DIGITAL PLATFORMS

The PPRA has unequivocally embraced the widespread use of modern technology in both promoting and rendering property practitioners' services to the consuming public. Property practitioners and other stakeholders, moreover, are increasingly resorting to the use of technological devises when seeking to interact with the PPRA. The marketing department focused on Facebook as one of the platforms to reach all stakeholders, It has proven to be a great platform to engage with stakeholders and we continue to grow and extend our digital footprint in this regard.

PPRA TV (YouTube)

The EAAB YouTube channels was renamed PPRA TV as one of the efforts to form uniformity, standardisation and streamline of marketing and communication activities. PPRA TV has been established as a platform to share and publish PPRA content to be viewed by property practitioners and members of the public, in particular those interested in participating or to gain more knowledge about sector. A series of videos giving information to the sector regarding our interpretation of the property practitioners act have been published on the platform. The podcasts are presented by executives from the relevant business units within the PPRA.

Videos recorded and published on PPRA TV:

1. Introduction to the PPRA
2. Licensing Guidelines
3. Exemption guidelines
4. Education and Training guidelines
5. Investigations and Enforcement guidelines
6. Transformation guidelines
7. Compliance and Legal

Interviews, news coverage and any content considered beneficial to our stakeholders and PPRA will be shared on PPRA TV from 41 subscribers to 294 subscribers in the term under review. This was achieved through to the marketing of the YouTube channel on social media and PPRA website.

In addition the PPRA has participated in these podcast platforms:

DATE	PLATFORM	FORMAT AND TOPIC	PPRA REPRESENTATIVES
10 February 2022	Private Property REIS event. Broadcast live on their website	Panel discussions in studio about the PPRA Transitional changes, Education, Licensing, Transformation and Legal	Ms Mamodupi Mohlala Deli Nkambule Mfundo Daki
17 February 2022	MSG Stakeholder meeting on teams	Discussions regarding guidelines under the PPRA and input from stakeholders	Ms Mamodupi, PPRA Executives

INTERNAL PUBLICATIONS

Issue 145 was the last publication of the official EAAB magazine knowns as AGENT concluding an era and making way for the new PPRA publication. The PPRA publication will be distributed on an ebook format and printed physical version for walk-ins.

Conclusion

The PPRA intends to maximise its stakeholder engagements efforts with existing and new stakeholders by leveraging on technological innovations and digital media to further extend its reach. We will continue to foster our relationships with the Department of Human Settlements, South African Property Investors Network (SAPIN) and various other interest parties to convey our messages regarding consumer protection and the PPA legislation. Stakeholder engagement is a critical component to understanding shareholders requirements. We plan to enhance stakeholder and consumer awareness and ensure a coordinated approach to stakeholder engagement across the entity.

CUSTOMER RELATIONS

PROPERTY PRACTITIONERS' REGULATORY AUTHORITY (PPRA)

The end of 2020/2021 financial year saw significant changes that totally overhauled the entire property sector as a result of the introduction of the Property Practitioners Act (PPA) 22 of 2019 coming into effect on the 1 February 2022 therefore repealing the old Estate Agency Affairs Act 112 of 1976.

The changes therefore meant that a new Act and Regulations requirements would apply and broaden the scope of Property Practitioners.

With all these new changes, it therefore meant that the Customer Services Department had to broaden their scope of service and ensure that strategic goals of the new entity are met.

To support the effect of the new Act (PPA), Customer Services proceeded with developing customer service policies that will support PPA key objectives and ensure that customer centric policies are enhanced and realized considering the greater task of transforming the industry and ensuring compliance within the sector.

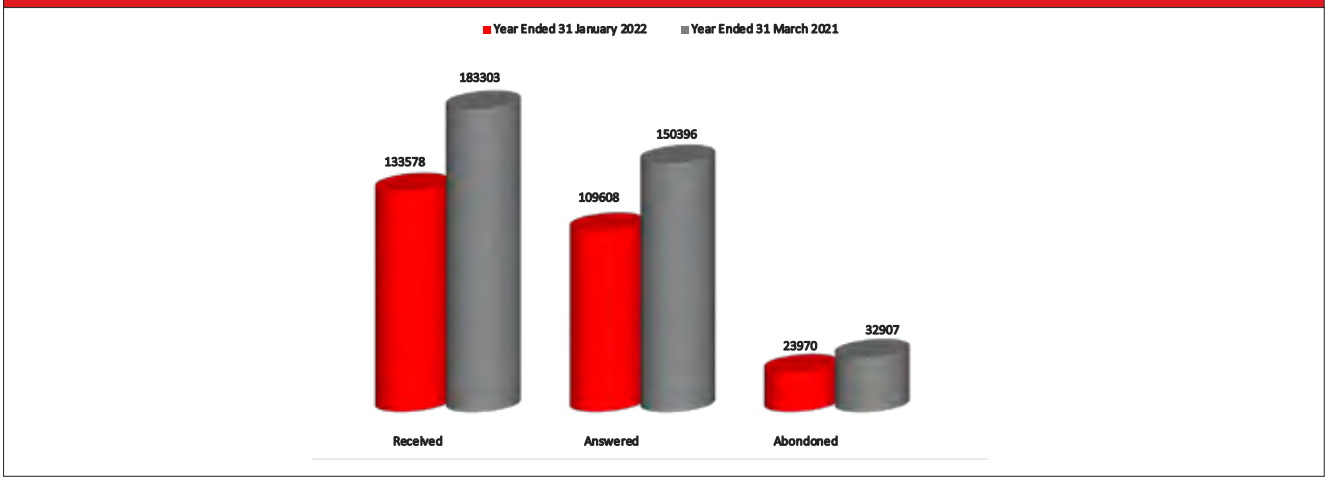
In the two months of the financial year, we achieved the following key objectives namely.
1. Reviewing customer service policies and;
2. Developing a new FAQ handbook that would cater for changes and developments.

The beginning of the PPRA within the last quarter of the financial year, allowed us to set the tone for the new financial and set new quarterly targets that will ensure proper implementation of the PPA. As Customer Services we continued with the foundational instruments within the old Act and enhanced better requirements.

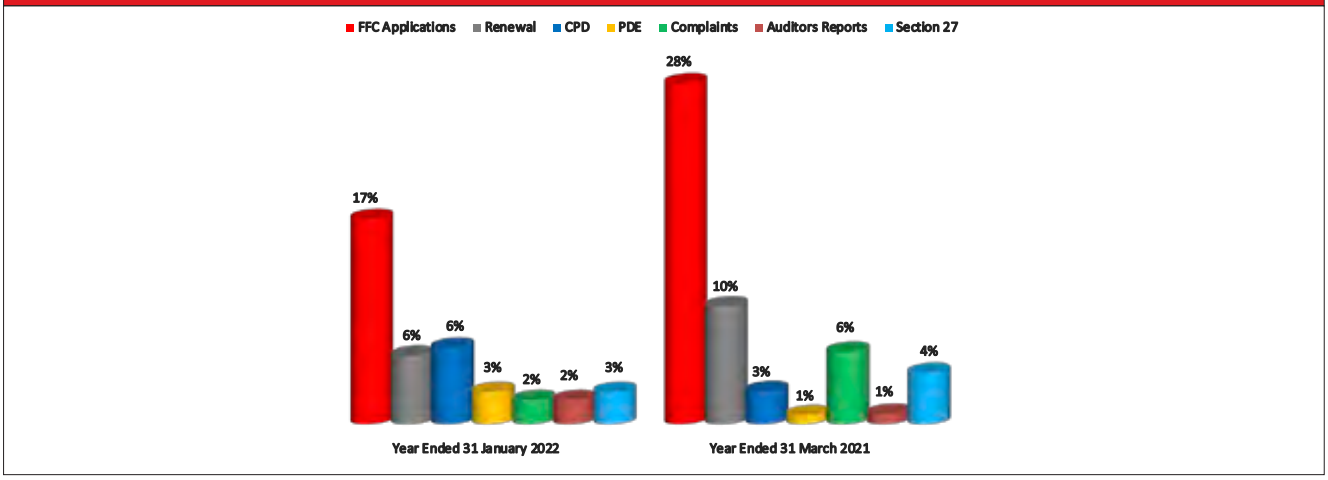
The operational performance information from 1 February to 31 March 2022 is as follows:

CALL CENTRE REPORTS

CALL VOLUMES



CALL DRIVERS



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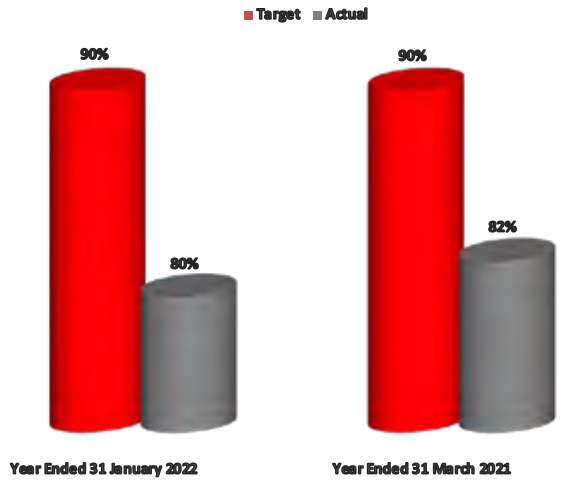
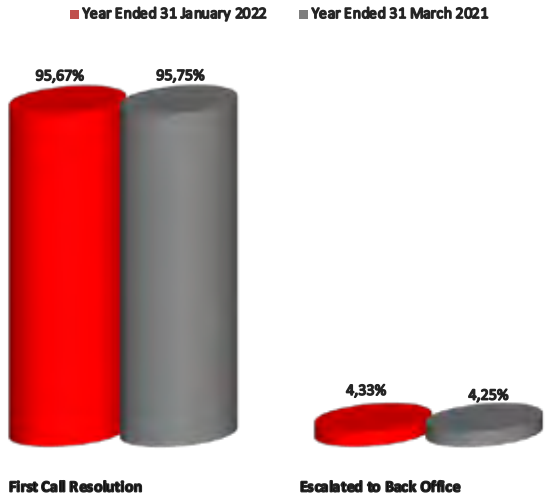
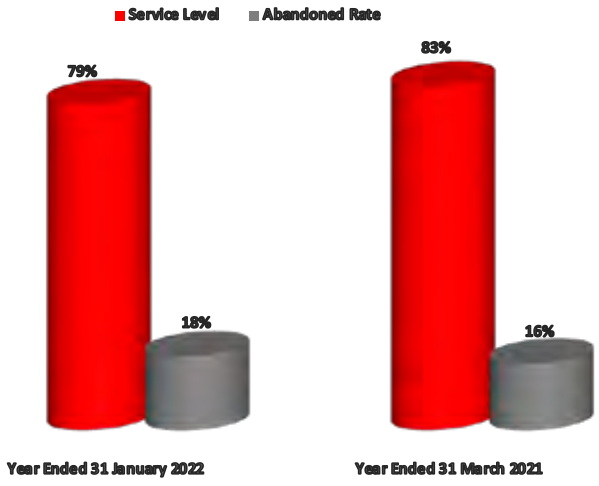


FCR VS ESCALATED TO BACK OFFICE



SERVICE LEVEL



INFORMATION TECHNOLOGY

PPRA

The Information and Communication Technology department under the Property Practitioners Regulatory Authority seeks to enhance the delivery points of the EAAB's IT department by ensuring that the IT infrastructure is in good shape and always updated. This initiative will ensure that the staff of the PPRA is afforded the technological support it needs to carry through the mandate of the agency and uphold its values. As the IT department, we are getting with the program and moving with the times in terms of technological advances, we are moving towards making use of the latest technology available in the market to ensure that our systems are responsive and reliable. Therefore, we have embarked on an ICT infrastructure overhaul that will address issues relating to network, servers, and ERP system challenges.

OPERATING HIGHLIGHTS

PROJECT DESCRIPTION	2021	2022
Long Term Commitments		8

The projects that are under the Property Practitioners Regulatory Authority were initiated during the 2021 financial year but only began implementation after March 2022. These projects are still ongoing and some are still in the pipeline.

LOOKING AHEAD

Due to the hidden difficulties with the ongoing Enterprise Resource Planning (ERP) system, the PPRA went on a tender process to procure the services to develop another ERP system. The ERP system will make a broadly open, digital ecosystem that changes both the inner and outer end-client experience of our systems. The new system will likewise take care of the development of the property sector as in the Property Practitioners Act. It is conjectured that the first phase of the project will be carried out in 2022/2023. As part of the ERP project, we would likewise like to have all the manual processes to be automated to improve the capability to enhance the automation of core processes such as the PPRA's business administration, licensing, renewals, and claims management.

Ongoing Projects (PPRA)

Information & Communication Technology Overhaul: The ICT department is undergoing an Information & Communication Technology infrastructure overhaul to ensure that agency is equipped with all needed resources to fulfill its mandate of issuing FFC's. The overhaul project will address issues like network problems, outdated servers, wireless presence, firewalls & switches, and SAP new developments. Request for quotations has been sent out to procure the hardware deemed necessary for the overhaul to be a success. Furthermore, Dajo Technologies was also appointed to ensure that once the hardware has been received is implemented correctly to best fit the setup of the PPRA and properly align the ICT infrastructure to the goals of the agency.

Servers: The recommended and most capable servers for the goal that the agency wants to seek are four (4) R940 PowerEdge servers because they are scalable and capable of carrying the kind of software the agency seeks to run to ensure that FFC's are issued. These servers will ensure that the Active Directory, DHCP and File Sharing servers will run smoothly. These servers will also increase the security measures for the agency because will be able to run the latest Microsoft Servers with frequent update patches.

Access Points: At this current state the agency has a networking diagram with CAT5 cables running throughout Block A and Block B. The access points for Wi-Fi are not working and users cannot access Wi-Fi. This makes it impossible for all users using laptops to connect wirelessly to the local network, all users that need to connect to the local network must plug in the LAN cable to the physical machines. The overhaul project will also address this issue as the new Fortinet Access Points will be installed to ensure that wireless connection is enabled for users to connect anywhere throughout the premises of the PPRA. This will make it easy for users to attend virtual meetings, be in teams' calls, receive emails, and access the systems of the PPRA.

Firewalls & Switches: One of the most crucial issues that the IT department is looking into addressing is to put in place better security measures for the PPRA. The current setup in place is with a firewall that the office has no access to it. Now, this challenge puts us in any situation of still running without a firewall in place because, without access to it, it is difficult to tell if it's running or not. They intend to procure new firewalls and switches that will address the issue and give the IT office access to these hardware devices. This would further allow the ICT offers to administer the daily operations and ensure that this equipment works to its fullest to strengthen the security measures and ensure that the network infrastructure runs properly.

SAP New Developments: since the PPA act came into effect on the 1st of February 2022 that PPRA has been granted the responsibility to regulate more property practitioners in the property sector, developers, auctioneers, managing agents, and finance brokers, and many more. The current system that is being used to register real estate agents has not yet been set up to accommodate the newly added industries hence the IT office has embarked on a project for SAP new developments. These new developments will address issues regarding the newly introduced industries to enable them to register on the system and also be issued with Fidelity Fund Certificates. The project will also address the new FFC that will but renewable after three years. a new logic would have to be written so that the system can write, read, and accept all these new changes. The agency's SAP business partner together with this SAP developer is currently working at the back end of the system to ensure that the logic speaking to these new changes is implemented.

Customer Service Centre: The IT offers have been assigned to work closely with CRM to ensure that we create a platform that will best cater to our clients. this platform will also be creating a channel for our clients to constantly communicate with us, served on time, and offer training that will allow them to be able to make use of self-service stations the agency would like to have in place. we want to move with the times and get with the programs and times of technological progressions, we want to be aware of the issue that brings the client to our officers the minute the client enters the premises of the PPRA. the security personnel at the gate will be in a position of a device that will register the client's details, what they are coming to the office for, and methods they've used to try and resolve the issue before visiting the office. and this way we'll be able to collect data on the most occurring issues so that we can address them and reduce the time clients come to our officers for those issues.

SUPPLY CHAIN MANAGEMENT

A. Compliance with Legislative requirements

The following tables illustrates legislative requirements applicable to SCMP

LEGISLATIVE REQUIREMENTS APPLICABLE TO SCMP

i. PFMA (SCM) TREASURY REGULATIONS

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 mustestablish a separate supply chain management unit within the office of that institution's chief financialofficer, 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 breachor 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 trainedand deployed in accordance with the requirements of the Framework for Minimum Training and Deployments issued by the National Treasury

6.	TR 6(1)	Procurement Thresholds	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.

ii. 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 above R 30 000 and up to a Rand value of R 50 000 000
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
3.	16	Tax Clearance	No contract may be awarded to a person who has failed to submit an original Tax Clearance Certificate from the South African Revenue Service ("SARS") certifying the taxes of that person to be in order or that, suitable arrangements have been made with SARS

B. SUPPLY CHAIN INITIATIVES - EAAB to PPRA

The Supply Chain Management embarked on the selection of service providers to render services in critical functions of the operations to enable service continuity as well as to enhance service delivery and compliance to good governance under the PPRA.

Major appointments were made for service providers in the following areas, amongst others:

- IT Service Support – For the ERP system and IT infrastructure support to ensure continuity of information technology support to core and non-core functions.
- Accounting and Internal Audit services – for ensuring professional support to the financial reporting function and its compliance to the new Act requirements under the PPRA. With the internal audit function providing assurance on the sufficiency of financial controls, processes and compliance with corporate governance and the PFMA.
- Compliance with SCM policy regarding Preferential Procurement Policy Framework Act (PPPFA) 5 of 2000, which promotes the participation of preferred groups in the selection of service providers in line with PPPFA as a primary driver for PPRA to stimulate the B-BBEE development.
- The appointment of Forensic consultants appointed to investigate allegations of irregularity, forensic report recommendations to be implemented by management in 2022/23.

PROCUREMENT PLAN PROGRESS REVIEW

Below is the summary and progress report of the items that constituted the procurement plan of the EAAB and delivered under the PPRA:

NO.	DEPARTMENT	DESCRIPTION	METHOD OF PROCUREMENT	PROGRESS
1	Finance	Finance work of expert-Pension Fund valuation	RFQ	RFQ was issued and quotations were received. Service Provider was appointed and services were rendered.
2	Finance	Finance work of expert-Fixed Assets valuation	RFQ	An RFQ was issued and quotations were received and evaluated.The service was successfully carried out
3	Corporate Services	Skills Audit	RFQ	Service provider was appointed, the process was embarked upon and the service was rendered.

PROPERTY PRACTITIONERS REGULATORY AUTHORITY

Financial Statements for the 02 months ended 31 March 2022

ANNUAL PERFORMANCE REPORT

Financial Statements for the 02 months ended 31 March 2022

ANNUAL PERFORMANCE REPORT

Financial Statements for the 02 months ended 31 March 2022

INTRODUCTION

The PPRA hereby presents the annual performance report the 2021/22 fiscal year.

The Property Practitioners Regulatory Authority (PPRA) is a schedule 3A public entity of the National Department of Human Settlements. It was established in February 2022, succeeding the Estate Agency Affairs Board (EAAB), in terms of the Property Practitioners Act, 22 of 2019 ("the Act"). The PPRA has the mandate to Regulate, Educate and Transform the activities of property practitioners in the public interest.

PPRA Mandate

The primary mandate of the PPRA in respect of the Property Practitioners Act is to:

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

(b) Regulate the conduct of property practitioners as far as marketing, managing, financing, letting, renting, hiring, sale and purchase of property are concerned;

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

(d) Ensure that the consumers are protected from undesirable and sanctionable practices as set out in section 62 and section 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.

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 timelines
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

OUR STRATEGIC FOCUS

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

(a) Transformation of the Property Sector

Section 20 of the PPA emphasizes the applicability of the Property Sector Transformation Charter Code to all property practitioners.

There are a number of transformation and empowerment programmes that the PPRA will review, develop, and implement to support the transformation agenda, including but not limited to: The Principalisation (Incubation) Programme; Regularisation Programme, Consumer Awareness Programme, Work Readiness Programme, Internship Programme – "One Learner-One Property Practitioner" Youth Empowerment Programme, Amnesty of Black Property Practitioners Programme, and other transformational education programmes, such as The Retiree Programme and The Bridging Property Practitioners Programme.

(b) Property Sector Transformation Fund

Section 21 of the PPA stipulates that within six months of its establishment, a Property Sector Transformation Fund needs to be opened, into which grants are to be paid. The establishment of the Property Sector Transformation Fund is, therefore, a foremost priority.

(c) Property Sector Research Centre

Section 22 of the Act provides for the establishment of a Property Sector Research Centre, which must conduct market research in partnership with the National Research Foundation and institutions of higher learning.

(d) Licensing Regime

Licensing is the backbone of the PPRA, the standard and approach to licensing is critical, requiring a migration from registrations to a licensing regime. The regulatory authority 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. The framework needs to progress the Authority towards achieving an optimal collections rate

(d) 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.

(d) Professionalisation and Continuous Professional Development

Qualification standards need to be established to regulate the property profession. The educational material will ensure the professionalisation of all sectors, especially those sectors that are being brought into the fold which were previously not regulated. In terms of the Act, practical training standards need to be developed for candidate property practitioners, as well as for continuous professional development. The continuous professional development plan will have to be innovative and have the immediate impact of financial empowerment of property practitioners.

PERFORMANCE INFORMATION

The PPRA transitioned from the EAAB on 1 February 2022, coinciding with the coming into effect of the Property Practitioners Act No. 22 of 2019 (PPA). A supplementary APP, covering 1 February 2022 to 31 March 2022, was developed. The APP 2021/22 Feb-Mar includes new targets on, among others, an MoU with the NRF towards setting up the Research Centre, approving the PPRA HR plan, approving the PPRA extended stakeholder management plan.

PROGRAM PERFORMANCE SUMMARY

Out of a total thirteen (13) targets for the transition phase of the PPRA (1 February 2022 – 31 March 2022), two (2) were achieved. This translates to a 15% achievement level. Significant improvements have however been made in some programmes towards implementing the capabilities of a fully functional regulator under the PPA.

PPRA Annual Performance 2021/22 (1 February 2022 - 31 March 2022)			
PROGRAM	ANNUAL PERFORMANCE SUMMARY (PPRA)		
	NUMBER OF TARGETS	TARGETS MET	% ACHIEVED
1. Finance and Administration	4	0	0%
2. Compliance	4	1	25%
3. Education and Training	4	0	0
4. Transformation	1	1	100%
TOTAL	**13**	**2**	**15%**

Some EAAB programs (the Fidelity Fund, and some programs under the Property Sector Transformation Fund) continue to be executed by the PPRA as was done by the EAAB. 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.

PROGRESS TOWARDS STRATEGIC TARGETS

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 as well as renewals, however system challenges earlier in the year meant the performance fell just short of achieving target. Management continue to address IT systems challenges – 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 enforcements 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 tender process is resuming. The PPRA will continue to improve performance monitoring systems and implement management interventions to address performance gaps.

PROGRAMME 1: FINANCE AND ADMINISTRATION

Purpose of the programme

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; and
- Maintain a Stakeholder-centred organisation.

PROGRAMME 1: FINANCE AND ADMINISTRATION								
OUTCOME	**OUTPUT**	**OUTPUT INDICATOR**	**AUDITED ACTUAL PERFORMANCE 2019/2020**	**AUDITED ACTUAL PERFORMANCE 2020/2021**	**PLANNED ANNUAL TARGET 2021/2022**	**ACTUAL ACHIEVEMENT 2021/2022**	**DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2021/2022**	**REASONS FOR DEVIATIONS**
1.1 Functional, Efficient and Integrated Governance	Sound governance and control environment systems	**1.1.1** Approval of a new PPRA Human Resource Management Plan (Feb 22 - Mar 22). Implementation of the approved HR Plan	New target	New target	Approval of the PPRA HR Plan	PPRA HR Plan not yet approved	Target not achieved	Some progress has been made on the new targets transitioning from the EAAB to the PPRA. However, late finalisation of the Feb - Mar APP contributed to delayed implementation
		1.1.2 Approval of the Stakeholder Management Plan (Feb 22 - Mar 22). Percentage implementation of the Organised Stakeholder Groups' Management Plan	New target	New target	Approval of the PPRA Stakeholder Management Plan	PPRA Stakeholder Management Plan not yet approved	Target not achieved	
		1.1.3 Percentage collection of allowed fees	New indicator	New indicator	100% Of allowed fees collected	Less 100% allowed fees collected	Target not achieved	This is a new indicator. A dedicated collections manager role exists but is yet to be filled
		1.1.4 Percentage of PPRA procurement spend on businesses majority-owned by the designated groups	New indicator	New indicator	40% Of PPRA procurement spend on businesses majority-owned by the designated groups	24% of PPRA procurement spend on businesses majority-owned by the designated groups	16 Percentage points below target	This is a new target. Previous focus has been on entities owned by the larger HDI

CORRECTIVE ACTION – FOR UNDER ACHIEVED KEY PERFORMANCE INDICATORS

KEY PERFORMANCE INDICATOR	REASON FOR UNDER PERFORMANCE	PLANNED CORRECTIVE ACTION	PERSONS RESPONSIBLE
1.1.1 Approval of a new PPRA Human Resource Management Plan	Late approval of the 2021-22 APP has contributed to delayed implementation of the new targets linked to the transition APP	HR Plan incorporating the new PPRA structure tabled at board in May 2022. Targeting finalization of structure and HR management plan in Q2 2022/23	**HR Manager/ACEO** By 31 August 2022
1.1.2 Approval of the PPRA Stakeholder Management Plan	Late approval of the 2021-22 APP has contributed to delayed implementation of the new targets linked to the transition APP	Stakeholder engagement plan has been presented to board in May 2022. Implementing in Q2 2022/23	**Marketing Manager/ACEO** By 31 July 2022
1.1.3 Percentage collection of allowed fees	This is a new target. A dedicated collections manager role exists but has been vacant	This function will be resourced, and the stakeholder database maintained to enable continuous monitoring of collections performance	**ACFO** By 31 July 2022
1.1.4 Percentage of PPRA procurement spend on businesses majority-owned by the designated groups	This is a new target. Previously focus has been to drive expenditure towards black owned entities, without emphasis on the designated groups. 42% Was achieved in this regard in 2021/22	The target will be entrenched through regular monitoring and reporting and standardising the reporting systems for speed and accuracy of the reports	

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 of 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; and
- Reduce the number of illegally trading property practitioners.

Compliance Programmes managed in Operational Plans for the transition period (01 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, 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; and
- 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 FFC's 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: COMPLIANCE								
OUTCOME	**OUTPUT**	**OUTPUT INDICATOR**	**AUDITED ACTUAL PERFORMANCE 2019/2020**	**AUDITED ACTUAL PERFORMANCE 2020/2021**	**PLANNED ANNUAL TARGET 2021/2022**	**ACTUAL ACHIEVEMENT 2021/2022**	**DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2021/2022**	**REASONS FOR DEVIATIONS**
2.1 Improve Compliance with the PPA	Property practitioners registered on the database of the PPRA	**2.1.1** Percentage of all compliant new registrations processed within 30 days	New target	New target	100% Of all compliant new registrations processed within 30 days	100% (1201/1201) Of all compliant new registrations processed within 30 days	No deviation	No deviation
	Disciplinary hearings and enforcement	**2.1.2** Percentage of completed investigations that result in disciplinary hearings	Revised indicator	Revised indicator	75% Of completed investigations result in disciplinary hearings	0% Of completed investigations result in disciplinary hearings	100% Below Target	Disciplinary hearings were not held, due to expired contracts of disciplinary members
		2.1.3 Percentage Disciplinary Hearings held against completed investigations and outcomes enforced	Revised indicator	Revised indicator	100% Of disciplinary outcomes enforced	0% Of disciplinary outcomes were enforced	100% Below target	No disciplinary outcomes could be enforced since there were no disciplinary hearings.
		2.1.4 No of FIC Inspections performed	New Indicator	New Indicator	9 000 Property practitioners registered on the database of the PPRA per annum #	1220 New property practitioners registered on the database of the PPRA (Feb 22 - Mar 22)	280 Below target (prorated 2/12 months)	IT system readiness hindered processing of new registrations.

 # Target only applicable for two months. 9000 per year implies 1500 could be achieved in February – March. Achieved 1220, 280 below achievable in 2 months.

CORRECTIVE ACTION – FOR UNDER ACHIEVED KEY PERFORMANCE INDICATORS

KEY PERFORMANCE INDICATOR	REASON FOR UNDER PERFORMANCE	PLANNED CORRECTIVE ACTION	PERSONS RESPONSIBLE
2.1.2 Percentage of completed investigations that result in disciplinary hearings	Disciplinary hearings were not held, due to expired contracts of disciplinary members	The tender for the appointment of disciplinary hearing Adjudicators and Mediators was initiated by the EEAB in January 2022. The PPRA has extended the contract of the previous panel by 6 months, to complete the hearings lodged under the EAA. The appointment of Adjudicators and Mediators to perform under the PPA is underway	**Compliance Executive** Hearings resumption target is 31 August 2022
2.1.3 Percentage of disciplinary outcomes enforced	No disciplinary outcomes could be enforced since there were no disciplinary hearings	The PPRA is committed to full effect to the PPA, which includes more stringent enforcement outcomes. The PPRA will drive to enforce all disciplinary outcomes once the disciplinary hearings resume	**Compliance Executive** By 31 August 2022
2.1.4 Number of property practitioners registered on the PPRA database per annum	The EAAB existed for only 10 months out of the planned 12 months	The improvements being undertaken on the PPRA's ERP add-on to SAP will also address new registration challenges. The volume, speed, and sub-sector reach of new registrations are expected to improve by Q2 of 2022/23	**Compliance Executive** By 31 August 2022

PROGRAMME 3: EDUCATION AND TRAINING

Purpose of the programme

To build capacity for the property practitioners sector through training and continuous professional development.

Strategic objectives of the Programme:

- Build capacity of registered property practitioners;
- Ensure continuing development of property practitioners; and
- Establish the Knowledge and Research Centre for making available knowledge resources and to disseminate knowledge in the property practitioners sector.

PROGRAMME 3: EDUCATION AND TRAINING								
OUTCOME	**OUTPUT**	**OUTPUT INDICATOR**	**AUDITED ACTUAL PERFORMANCE 2019/2020**	**AUDITED ACTUAL PERFORMANCE 2020/2021**	**PLANNED ANNUAL TARGET 2021/2022**	**ACTUAL ACHIEVEMENT 2021/2022**	**DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2021/2022**	**REASONS FOR DEVIATIONS**
3.1 Professionalisation of the Property Sector	Continuous Professional Development	**3.1.1** Percentage increase in CPD registered property practitioners that have fully met CPD requirements	New target	New target	5% Increase in CPD registered property practitioners that have fully met CPD requirements	15.5% Decrease (11191 vs 13245) in CPD registered property practitioners that have fully met CPD requirements	20.5 Percentage points below target	CPD success was negatively affected due to intrinsic and technical challenges with e-learning.
	Sector skills development	**3.1.2** Approval of Sector Skills Development Plan (Feb 22 - Mar 22)	New target	New target	Sector Skills Development Plan approved	Sector Skills Development Plan not yet approved	Target not achieved	Significant progress has been made on the new targets transitioning from the EAAB to the PPRA. However, progress was impacted by late finalisation of the APP
	Develop and establish research capacity and knowledge management in the property sector	**3.1.3** Creation of Central Repository for industry research and knowledge	New target	New target	Establish MoU with the NRF and Institutions of Higher Learning	The PPRA has taken steps towards meeting the target. Engagements with the NRF has taken place. NRF required further clarity on the envisaged MoU	MoU not yet signed	
	Continuous professional development	**3.1.4** Percentage increase in CPD registered property practitioners that have fully met CPD requirements	New target	New target	5% Increase in CPD registered property practitioners that have fully met CPD requirements	15.5% Decrease (11191 vs 13245) in CPD registered property practitioners that have fully met CPD requirements	20.5 Percentage points below target	CPD success was negatively affected due to intrinsic and technical challenges with e-learning.

CORRECTIVE ACTION – FOR UNDER ACHIEVED KEY PERFORMANCE INDICATORS

KEY PERFORMANCE INDICATOR	REASON FOR UNDER PERFORMANCE	PLANNED CORRECTIVE ACTION	PERSONS RESPONSIBLE
3.1.3 Percentage increase in CPD registered property practitioners that have fully met CPD requirements	The move to e-learning (necessitated by COVID-19) has resulted in challenges for the less technically inclined practitioners	Management will continue to conduct workshops to train practitioners on the e-learning system and address any emerging technical challenges	**Education & Training Executive** 31 August 2022
3.1.4 Approval of Sector Skills Development Plan (Feb 22 – March 22)/	Personnel and budget not yet approved	Allocate budget and resources. Continue engagements that have started with new category practitioners towards developing sub-sector relevant skills development plan. Table Skills Development plan for approval in Q2 2022/23	**Education & Training Executive** **Exco** 31 September 2022
3.1.5 Creation of Central Repository for industry research and knowledge	Personnel and budget not yet approved	Allocate budget and resources. Close outstanding actions arising from NRF discussions. Targeting signed MoU in Q1/Q2 22/23	**Education & Training Executive** **Exco** 31 August 2022

PROGRAMME 4: TRANSFORMATION

Purpose of the programme

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

Strategic objectives of the Programme:

- To increase the number of youths, Previously Disadvantaged Individuals (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 Property Sector Charter
- 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. These are managed operationally in the transition period, until properly scoped and defined to include the wider practitioner categories.

PROGRAMME 4: TRANSFORMATION								
OUTCOME	**OUTPUT**	**OUTPUT INDICATOR**	**AUDITED ACTUAL PERFORMANCE 2019/2020**	**AUDITED ACTUAL PERFORMANCE 2020/2021**	**PLANNED ANNUAL TARGET 2021/2022**	**ACTUAL ACHIEVEMENT 2021/2022**	**DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2021/2022**	**REASONS FOR DEVIATIONS**
4.1 Transformed and inclusive Real Estate Sector	Participation by historically disadvantaged groups in the property sector	**4.1.1** Number of black women supported to achieve principal status through the Principalisation Programme	New Indicator	New Indicator	[2]300 Black women supported to achieve principal status through the Principalisation Programme per annum	79 Black women supported to principal status in 1 February 2022 - 31 March 2022	29 Above target (1 February 2022 - 31 March 2022) pro-rated	Good effort by the PPRA in the transformation programme

[2] *New Indicator to PPRA. Achievable in Feb - March against the annual target of 300 is 50. Actual achievement in 2 months was 79 (29 above 50).*

PPRA

PROPERTY PRACTITIONERS
REGULATORY AUTHORITY

PROPERTY PRACTITIONERS REGULATORY AUTHORITY

Financial Statements for the 02 months ended 31 March 2022

CORPORATE GOVERNANCE

Financial Statements for the 02 months ended 31 March 2022

CORPORATE GOVERNANCE

Financial Statements for the 02 months ended 31 March 2022

BOARD COMPOSITION AND MEETINGS

The Property Practitioners Act, Act no. 22 of 2019 came into effect on 1 February 2022 and this heralded a new legislative framework as well as the appointment of the Board of directors of the Property Practitioners regulatory Authority (PPRA) to spearhead the envisioned changes and transformation of the property sector.

The current PPRA Board composition is 12 non-executive directors from various professions ranging from legal Practitioners, architecture, Town Planners, property Practitioners , accountants and financial advisors. The vast skills , expertise and competencies of the Board maintain board diversity and collective expertise as well as shared wisdom essential to provide strategic guidance to the PPRA and ascertain that its mandate and goals are maintained.

Our Board encompasses sufficient financial expertise, legal expertise, sufficient experience of property practitioners, expertise in land reform and development and is committed to consumer interest.

The PPRA Board is broadly representation regarding race and maintain gender diversity with more than 60% of Board members being females.

2021/2022 COMPOSITION OF THE PROPERTY PRACTITIONERS REGULATORY AUTHORITY (PPRA)

MEMBERS	TOTAL MEETINGS	MEETINGS ATTENDED	10 FEB 2022	28 FEB 2022	18 MAR 2022
Steven Ngubeni *(Chairperson)*	3	3	✓	✓	✓
Thato Ramaili	3	3	✓	✓	✓
Pam Snyman	3	3	✓	✓	✓
Pamela Makhubela	3	3	✓	✓	✓
Nokulunga Makopo	3	3	✓	✓	✓
Thuthuka Songelwa	3	3	✓	✓	✓
Thokozani Radebe	3	3	✓	✓	✓
Verushka Gilbert	3	3	✓	✓	✓
Terry Johnson	3	3	✓	✓	✓
Mxolisi Nene	3	3	✓	✓	✓
Shaheed Peters	3	3	✓	✓	✓
Johannes van der Walt	7	5	✓	✓	✓

BOARD COMMITTEES

The Board has appointed Eight (8) Board Committees to assist with the discharge of its fiduciary duties. The Board Committees are defined by the terms of reference set out in respect of each Board Committee's responsibilities. The terms of reference are reviewed annually.

- Audit Governance and Risk Committee;
- Finance and Investment Committee;
- Human Resources and Remuneration Committee;
- Industry Transformation Committee;
- Social and Ethics Committee;
- Education, Training and Research Committee;
- Legal Claims and Compliance Committee; and
- IT Governance Committee

FINANCE AND INVESTMENT COMMITTEE

MEMBERS	TOTAL MEETINGS	MEETINGS ATTENDED	23 FEB 2022
Terry Johnson* *(Chairperson)*	1	1	✓
Thuthuka Songelwa	1	1	✓
Thokozani Radebe	1	1	✓
Shaheed Peters	1	1	✓

BOARD COMMITTEES MEMBERSHIP

The Board has established Eight (8) Board Committees to assist with the discharge of its fiduciary duties. The Board Committees are defined by the terms of reference set out in respect of each Board Committee's responsibilities. The terms of reference are reviewed annually.

AUDIT GOVERNANCE AND RISK COMMITTEE
Mr Roy Mnisi (Chairperson)
Mr Stanley Ngobeni
Ms Fikile Mkhize
Ms Masaccha Mbonambi
Ms Thato Ramaili
Mr Terry Johnson

HUMAN RESOURCES AND REMUNERATION COMMITTEE
Ms Thuthuka Songelwa (Chairperson)
Mr Shaheed Peters
Ms Pam Snyman

INDUSTRY TRANSFORMATION COMMITTEE
Adv Mxolisi Nene
Ms Thato Ramaili
Ms Pamela Makhubela
Ms Thuthuka Songelwa

SOCIAL AND ETHICS COMMITTEE
Ms Thokozani Radebe (Chairperson)
Adv Nokulunga Makopo
Ms Verushka Gilbert
Mr Johan van der Walt

EDUCATION, PROFESSIONALISATION AND CONTINUING PROFESSIONAL DEVELOPMENT COMMITTEE
Ms Pam Snyman (Chairperson)
Ms Pamela Makhubela
Mr Johan van der Walt

LEGAL CLAIMS AND COMPLIANCE COMMITTEE
Adv Nokulunga Makopo (Chairperson
Ms Pamela Makhubela
Ms Thokozani Radebe
Adv Mxolisi Nene

IT GOVERNANCE COMMITTEE
Mr Shaheed Peters (Chairperson)
Mr Terry Johnson
Adv Mxolisi Nene

PROPERTY PRACTITIONERS REGULATORY AUTHORITY

Financial Statements for the 02 months ended 31 March 2022

AUDIT AND RISK COMMITTEE REPORT

Financial Statements for the 02 months ended 31 March 2022

AUDIT AND RISK COMMITTEE REPORT

Financial Statements for the 10 months ended 31 January 2022

We are pleased to present our report for the financial year ended 31 March 2022.

AUDIT AND RISK COMMITTEE RESPONSIBILITY

The Audit and Risk Committee (the Committee) 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 Committee also reports that it has adopted appropriate formal terms of reference as its charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

AUDIT AND RISK COMMITTEE COMPOSITION

The Committee served both the Estate Agency Affairs Board (EAAB) from 01 April 2021 to 31 January 2022, and the Property Practitioners Regulatory Authority (PPRA) from 01 February 2022 to 31 March 2022. 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 2021/22 were as per the table below:

NAMES OF MEMBERS	ORDINARY SCHEDULE MEETINGS	SPECIAL MEETINGS
Mr. Roy Mnisi (Chairperson)	0	1
Mr. Stanley Ngobeni	0	1
Ms. Fikile Mkhize	0	1
Ms. Masaccha Mbonambi	0	1
Mr. Terry Johnson**	0	1
Ms. Thato Ramaili**	0	1

*** Board and ARC Member, appointed on 31 January 2022.*

Special meeting comprised mainly of repeat meetings to review reports which were deferred due to their incomplete nature, quality concerns and delayed submissions. Extended meetings were recorded as part of the ordinary or special meetings from which they were extended.

INTERNAL AUDIT

The Committee was satisfied that the Internal Audit plan coverage and the execution by internal auditors. The Committee is concerned with regards to Management's inadequate responses to action plans. Furthermore, the Committee encourages the Executive Management, the AGSA and the Internal Audit Function, to cooperate and strengthened consultation in order to achieve effective combined assurance at the entity.

EFFECTIVENESS OF INTERNAL CONTROL

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.

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

- Quarterly Performance Information Reviews (4 Reviews);
- Financial Control Review;
- Supply Chain Management Review (2 Reviews);
- Review of the 2021/22 Annual Performance Report; and
- Review of the Annual Financial Statements

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

- IT Governance and Systems controls;
- Proper records keeping;
- Compliance monitoring;
- HR Management;
- Policies and Procedures; and
- Audit action plan

IN-YEAR MANAGEMENT AND MONTHLY/QUARTERLY REPORT

The Committee 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 were not in compliance with the statutory reporting framework. In most meetings these reports were deferred due to their quality and state of completeness. This has resulted in the Committee scheduling special meetings.

RISK MANAGEMENT

Management has not taken reasonable steps in terms of the agreed upon action plan to reduce or mitigate the identified risks to a reasonable level as 15.4% of the management action plans were closed, 84.6% remain inconclusive and were open.

EVALUATION OF THE FINANCIAL STATEMENTS AND ANNUAL PERFORMANCE REPORT

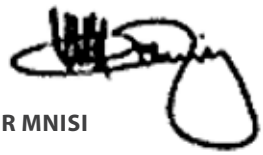
The Committee has:

- 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 2021/22 audit was conducted by the Auditor General of South Africa. The Committee, in consultation with Management agreed to the engagement letter, audit plan and audit fees for the financial year ended 31 March 2022.The Committee 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 Committee has discussed and agreed on the conclusions of the Auditor-General of South Africa on the annual financial statements. The Committee therefore accepts the audit opinion and conclusion expressed by the Audit General South Africa on the Annual Financial Statements and the Annual Performance Report.



R MNISI

CHAIRPERSON OF THE AUDIT AND RISK COMMITTEE

PROPERTY PRACTITIONERS REGULATORY AUTHORITY

Financial Statements for the 02 months ended 31 March 2022

INTEGRATED HUMAN CAPITAL MANAGEMENT REPORT

Financial Statements for the 02 months ended 31 March 2022

INTEGRATED HUMAN CAPITAL MANAGEMENT REPORT

Financial Statements for the 02 months ended 31 March 2022

INTRODUCTION

Human Capital Management is central to the achievement of strategic goals; the human element is the main factor driving productivity through implementation of the strategic objective. Thus, the PPRA strives to ensure effective acquisition, development of capabilities, and retention of employees through strategic human resource practices and processes, in order to maximise employees' economic value and the attainment of the overall PPRA strategic goals. The Human Resource function focuses on the organizational need to provide specific competencies in order to continuously foster an organizational culture which embraces healthy and beneficial working relationship between the employer, staff and all other relevant stakeholders.

PERFORMANCE MANAGEMENT

Improving performance is an ongoing process as the PPRA strives to achieve optimum levels of deliverables, as well client satisfaction of all relevant stakeholders thus the PPRA is constantly to improving its performance. Thus, the performance management system remains an integral part of the PPRA culture and a prerequisite for sustainable performance aligned with the organization's strategic objectives and priorities.

The PPRA performance management system was reviewed to ensure alignment to the APP with training provided to staff in the 2020 period. In 2021 the organization rolled out the reviewed performance management system to staff and is used as a performance measuring tool.

PLANNED ACTION FOR THE 2022/23 PERIOD

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

- Migration to the new structure;
- Implementation of a reviewed Performance Management System;
- Implement Change Management initiatives;
- Organization-wide Skills Audit;
- Employee Wellness initiatives; and
- Enhancing employment equity to promote social justice and fairness within the PPRA.

HUMAN RESOURCE OVERSIGHT STATISTICS

EMPLOYMENT AND VACANCIES

PROGRAMME	2021/22 NO. OF EMPLOYEES	2021/22 APPROVED POSTS	2121/22 VACANCIES	% OF VACANCIES
CEO's office	15	31	3	13%
Compliance	41	43	3	6%
Education & training	17	16	1	6%
Corporate services	30	36	2	5%
TOTAL	**103**	**126**	**9**	**7%**

SALARY BANDS

SALARY BANDS	2021/22 NO. OF EMPLOYEES	2021/22 APPROVED POSTS	2021/22 NO. OF EMPLOYEES	2021/22 VACANCIES	% OF VACANCIES
Top management	6	11	6	1	9%
Senior management	12	13	12	1	23%
Professional qualified	9	11	9	1	9%
Skilled	15	16	15	0	0%
Semi- skilled	59	71	59	4	6%
Unskilled	2	4	2	2	25%
TOTAL	**103**	**126**	**103**	**9**	**7%**

EMPLOYMENT CHANGES

SALARY BANDS	EMPLOYMENT AT THE BEGINNING OF THE PERIOD	APPOINTMENTS	TERMINATIONS	EMPLOYMENT AT THE END OF THE PERIOD
Top management	6	0	0	6
Senior management	12	0	0	12
Professional qualified	9	0	0	9
Skilled	15	0	0	15
Semi-skilled	59	0	0	59
Unskilled	2	0	0	2
TOTAL	**103**	**0**	**0**	**103**

REASONS FOR LEAVING EAAB EMPLOYMENT

REASON	NUMBER
Death	0
Resignation	0
Dismissal	0
Retirement	0
Ill health	0
Expiry of contract	0
Promoted to higher position	0
TOTAL	**0**

LABOUR RELATIONS: MISCONDUCT AND DISCIPLINARY

REASON	NUMBER
Verbal warning	0
Written warning	0
Final written warning	0
Dismissal	0
TOTAL	**0**

EMPLOYMENT EQUITY STATUS – MALE

SKILLS LEVEL	AFRICAN MALE		COLOURED MALE		INDIAN MALE		WHITE MALE	
	EAAB STAFF	EE TARGET	EAAB STAFF	EE TARGET	EAAB STAFF	EE TARGET	EAAB STAFF	EE TARGET
Top management	4	3	0	0	0	0	0	0
Senior management	4	4	0	0	0	0	0	0
Professional qualified	4	3	0	0	0	0	0	0
Skilled	3	2	0	0	1	1	1	0
Semi-skilled	26	20	0	2	0	0	0	0
Unskilled	2	2	0	0	0	0	0	0
TOTAL	**43**	**34**	**0**	**2**	**1**	**1**	**1**	**0**

EMPLOYMENT EQUITY STATUS – FEMALE

SKILLS LEVEL	AFRICAN FEMALE		COLOURED FEMALE		INDIAN FEMALE		WHITE FEMALE	
	EAAB STAFF	EE TARGET	EAAB STAFF	EE TARGET	EAAB STAFF	EE TARGET	EAAB STAFF	EE TARGET
Top management	2	6	0	0	0	0	0	0
Senior management	6	7	0	0	0	0	2	2
Professional qualified	2	6	1	0	1	1	0	1
Skilled	12	12	0	0	0	0	0	0
Semi-skilled	30	37	1	3	1	2	0	2
Unskilled	0	2	0	0	0	0	0	0
TOTAL	**52**	**70**	**2**	**3**	**2**	**3**	**2**	**5**

PROPERTY PRACTITIONERS REGULATORY AUTHORITY

Financial Statements for the 02 months ended 31 March 2022

PROPERTY PRACTITIONERS REGULATORY AUTHORITY

Financial Statements for the 02 months ended 31 March 2022

THE PROPERTY PRACTITIONERS REGULATORY AUTHORITY AND THE CONTROLLED ENTITY

Formerly Estate Agents Affairs Board

Financial Statements for the 02 months ended 31 March 2022

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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
GAMAP	Generally Accepted Municipal Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
PFMA	Public Finance Management Act

GENERAL INFORMATION

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, 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 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

Financial Statements for the 02 months ended 31 March 2022

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 2023 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 2 months financial statements set out on pages 106 to 113, which have been prepared on the going concern basis, were approved by the accounting authority on 31 May 2022 and were signed on its behalf by:

STEVEN NGUBENI (MR)
CHAIRMAN OF THE BOARD

PROPERTY PRACTITIONERS REGULATORY AUTHORITY

Annual Financial Statements for the year ended 31 March 2022

INDEPENDENT AUDITOR'S REPORT

Financial Statements for the 02 months ended 31 March 2022

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 its controlled entity set out on pages 106 to 113 , which comprise the consolidated and separate statement of financial position as at 31 January 2022, the consolidated and separate 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 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 this auditor's 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 2022, and the group's financial performance and cash flows for the year then ended in accordance with 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

3. I was unable to obtain sufficient appropriate audit evidence 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 transactions by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to receivables from exchange transactions at R 52 319 100 and R 52 317 204 in the consolidated and separate financial statements, respectively.

Receivables from non-exchange transactions

4. I was unable to obtain sufficient appropriate audit evidence for penalties and fines included in 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 penalties and fines by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to penalties and fines stated at R 35 431 245 in the consolidated and separate financial statements, respectively.

Payables from exchange transactions - Estate agency funds received in advance

5. I was unable to obtain sufficient appropriate audit evidence for estate agency funds received in advance included in payables 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 estate agency funds received in advance by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to estate agency funds received in advance stated at R 19 442 668 in the consolidated and separate financial statements, respectively.

Revenue from non-exchange transactions - Penalties

6. 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 incorrectly recognised revenue from penalties which they did not earn. Consequently, revenue from non-exchange transactions was overstated by R 3 855 093 in the consolidated and separate financial statements. Additionally, there was an impact on the surplus for the period in the consolidated and separate financial statements.

Context for the opinion

7. 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 consolidated and separate financial statements section of my report.

8. 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.

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

Emphasis of matters

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

Contingent Liability

11 As disclosed in note 20 to the financial statements, an amount of R 60 863 508 was disclosed as contingent liability. This amount relates to claims lodged against Property Practitioners Fidelity Fund as a result of the claims brought against the registered Property Practitioners as at 31 March 2022.

Responsibilities of the Accounting Authority for the financial statements

12. 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.

13. 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.

Auditor-general's responsibilities for the audit of the consolidated and separate financial statements

14. 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 ISA's 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.

15. 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
Introduction and scope

16. 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.

17. My procedures address the usefulness and reliability of the reported performance information, which must be based on the public entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the group enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

18. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the group's annual performance report for the year ended 31 March 2022:

Programmes	Pages in the annual performance report
Programme 2 - Compliance and Enforcement	**90 - 91**

19. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

20. I did not identify any material findings on the usefulness and reliability of the reported performance information for this programme:

- Programme 2 - Compliance and Enforcement

Other matters

21. I draw attention to the matters below.

Achievement of planned targets

22. Refer to the annual performance report on page 87 for information on the achievement of planned targets for the year and management explanations provided for the under/over-achievement of targets.

Adjustment of material misstatements

23. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of programme 2 compliance and enforcement. As management subsequently corrected the misstatements, we did not raise any material findings on the usefulness and reliability of the reported performance information.

Report on the audit of compliance with legislation

Introduction and scope

24. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the group's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

25. I did not identify any instances of material non-compliance with selected specific requirements of applicable legislation, as set out in the general notice issued in terms of the PM.

Other information

26. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information 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 in this auditor's report.

27, My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.

28. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information 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.

29. I did not receive the other information prior to the date of the audit 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 auditors report and re-issue an amended report as appropriate. However if it is corrected this will not be necessary.

Internal control deficiencies

30. I considered internal control relevant to my audit of the consolidated and separate financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion and the findings on compliance with legislation included in this report.

31. The leadership did not exercise oversight responsibility regarding financial and performance reporting and compliance as well as related internal controls

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

33. The group did not adequately review and monitor compliance with applicable legislation.

Auditor-General

Pretoria
05 August 2022

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURE -AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

1. As part of an audit in accordance with the ISA's, 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 group's compliance with respect to the selected subject matters.

Financial statements

2. 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 by the accounting authority.
   - conclude on the appropriateness of the accounting authority's 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 Property Practitioners Regulatory Authority and its controlled 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 a group 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 consolidated 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

3. 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.

4. 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.

STATEMENT OF FINANCIAL POSITION

Financial Statements for the 02 months ended 31 March 2022

Figures in Rand	Notes	Group 2022	Authority 2022
Assets			
Current Assets			
Inventories	6	12 951	12 951
Inter-company loans and receivables	7	-	33 855 251
Other financial assets	5	499 465 334	-
Receivables from exchange transactions	8	52 319 100	52 317 204
Receivables from non-exchange transactions	9	38 316 174	35 431 245
Cash and cash equivalents	10	17 422 500	8 711 431
		607 536 059	**130 328 082**
Non-Current Assets			
Property plant and equipment	3	139 609 451	139 609 451
Intangible assets	4	832 379	832 379
Other financial assets	5	123 304 376	-
		263 746 206	**140 441 830**
Total Assets		**871 282 265**	**270 769 912**
Liabilities			
Current Liabilities			
Payables from exchange transactions	11	77 426 089	77 334 139
Payables from non-exchange transactions	12	1 635 089	-
Employee benefit obligation	13	658 000	658 000
Provisions	14	18 280 221	18 254 427
		97 999 399	**96 246 566**
Non-Current Liabilities			
Employee benefit obligation	13	12 149 000	12 149 000
Total Liabilities		**110 148 399**	**108 395 566**
Net Assets		**761 133 866**	**162 374 346**
Reserves			
Revaluation reserve		77 416 908	77 416 908
Accumulated surplus		683 716 958	84 957 438
Total Net Assets		**761 133 866**	**162 374 346**

*See Note 30

STATEMENT OF FINANCIAL PERFORMANCE

Financial Statements for the 02 months ended 31 March 2022

Figures in Rand	Notes	Group 2022	Authority 2022
		2 months 31 March	2 months 31 March
Revenue			
Total Revenue from exchange transactions		**19 911 053**	**18 064 925**
Total Revenue from non-exchange transactions		**5 761 280**	**4 358 106**
Total revenue	**15**	**25 672 333**	**22 423 031**
Expenditure			
Employee related costs	16	14 714 500)	(14 714 500)
Auditors remuneration		(630 576)	(630 576)
Board members emoluments	22	(1 180 100)	(1 180 100)
Depreciation and amortisation	3 & 4	(1 087 512)	(1 087 512)
Loss on disposal of assets and liabilities	17	(1 624 878)	(1 624 878)
Operating expenses	18	(13 628 117)	(12 409 687)
Allowance for credit loss from non-exchange transactions	9	(7 032 908)	-
Total expenditure		**(39 898 591)**	**(31 647 253)**
Deficit for the 2 months		**(14 226 258)**	**(9 224 222)**

*See Note 30

STATEMENT OF CHANGES IN NET ASSETS

Financial Statements for the 02 months ended 31 March 2022

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)
Balance at 31 March 2022	**77 416 908**	**683 716 958**	**761 133 866**
Note(s)			
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)
Balance at 31 March 2022	**77 416 908**	**84 957 438**	**162 374 346**
Note(s)			

*See Note 30

CASH FLOW STATEMENT

Financial Statements for the 02 months ended 31 March 2022

Figures in Rand	Notes	Group 2022	Board 2022
		2 months 31 March	2 months 31 March
Cash flows from operating activities			
Receipts			
Sale of goods and services		37 240 683	28 507 475
Interest income		946 771	33 840
		38 187 454	28 541 315
Payments			
Cash paid to suppliers and employee costs		(35 755 777)	(27 592 623)
Finance costs		-	-
Net cash flows from operating activities	19	**2 431 677**	**948 692**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(831 950)	(831 950)
Net movement in financial assets		(9 050 892)	-
Net cash flows from investing activities		**(9 882 842)**	**(831 950)**
Cash flows from financing activities			
Movement in loan account		-	(5 437 361)
Net cash flows from financing activities			
Net increase/(decrease) in cash and cash equivalents		**(7 451 165)**	**(5 320 619)**
Cash and cash equivalents at the beginning of the year		24 873 665	14 032 050
Cash and cash equivalents at the end of the year	**10**	**17 422 500**	**8 711 431**

*See Note 30

STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS

Financial Statements for the 02 months ended 31 March 2022

Budget on Cash 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	6 239 453	-	**6 239 453**	4 421 310	**(1 818 143)**	1
Income from examinations	7 137 644	-	**7 137 644**	4 355 174	**(2 782 470)**	2
Claims recoverable	716 241	-	**716 241**	120 031	**(596 210)**	3
Interest from investment	2 320 205	-	**2 320 205**	946 771	**(1 373 434)**	4
Rental income	-	-	**-**	92 792	**92 792**	5
Other income	382 133	-	**382 133**	556 162	**174 029**	6
Fair Value adjustments	3 497 681	-	**3 497 681**	9 418 813	**5 921 132**	7
Total revenue from exchange transactions	**20 293 357**	**-**	**20 293 357**	**19 911 053**	**(382 304)**	
Revenue from non-exchange transactions						
Interest on trust accounts	9 704 930	-	**9 704 930**	472 224	**(9 232 706)**	8
Fines and penalties	3 480 694	-	**3 480 694**	5 289 056	**1 808 362**	9
Total revenue from non-exchange transactions	**13 185 624**	**-**	**13 185 624**	**5 761 280**	**(7 424 344)**	
Total revenue	**33 478 981**	**-**	**33 478 981**	**25 672 333**	**(7 806 648)**	
Expenditure						
Employee costs	(18 200 389)	-	**(18 200 389)**	(14 714 500)	**3 485 889**	10
Auditors remuneration	(827 682)	-	**(827 682)**	(630 576)	**197 106**	11
Board and Audit Committee remuneration	(685 713)	-	**(685 713)**	(1 180 100)	**(494 387)**	12
Depreciation and amortisation	(602 958)	-	**(602 958)**	(1 087 512)	**(484 554)**	13
Finance costs	(53 429)	-	**(53 429)**	-	**53 429**	14
Operating expenses	(10 140 739)	-	**(10 140 739)**	(20 661 025)	**(10 520 286)**	15
Loss on disposal of assets and liabilities	-	-	**-**	(1 624 878)	**(1 624 878)**	16
Total expenditure	**(30 510 910)**	**-**	**(30 510 910)**	**(39 898 591)**	**(9 387 681)**	
Surplus for the year	**2 968 071**	**-**	**2 968 071**	**(14 226 258)**	**(17 194 329)**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**2 968 071**	**-**	**2 968 071**	**(14 226 258)**	**(17 194 329)**	

NOTES

Note 1 - Fidelity Fund Contributions

Actual contributions were below budget because of the slow recovery of activity in the sector and overall economy. Revenue from Renewals was expected to increase by 5% from the budget of 2020/2021 financial year, the number of firms with the audited turnover which exceeds annual turnover of R2,5 million and principal agents were also below target set for February and March 2022.

Note 2 - Examinations

Revenue is below budget by R2.7m as they are very few examinations written in and around February and March time of the year.

Note 3 - Claims

The decrease is due to less claims paid in the 2 months period and to be recovered than anticipated.

Note 4 - Interest income

Interest earned was below budget because of less funds being held on investment and then anticipated levels of returns due to adverse performance in the money markets.

Note 5 - Rental income

No budget for rental income for the year.

Note 6 - Other income

Higher than budget as unallocated receipts which couldn't be allocated during the year were classified to other income at year-end.

Note 7 - Fair Value adjustments

Over-achievement is due to positive performance in all investments, all investments are invested in Equity linked portfolios which have guaranteed returns. Liberty investment was terminated in September 2021 and funds were re-invested into ABSA which is currently doing well and yielding better returns.

Note 8 - Interest on trust accounts

Decrease in interest agent is as a result of a general decrease in the monetary value of the agent's trust accounts. Remedial action for this would be to encourage property practitioners to make it mandatory for interest earned on the deposits to be paid to the Fidelity Fund.

Note 9 - Fines and penalties

Fines and Penalties were higher than budget, due to high level of non-compliance by agents resulting in more penalties being levied.

Note 10 - Employee costs

Employee costs are less than budget because a number of key vacant positions within the organisation structure being put on hold during the year.

Note 11 - Auditors' remuneration

Saving achieved on audit fees due to less outcome of billing from the Auditors compared to the budget.

Note 12 - Board and Audit Committee Remuneration

Remuneration was higher than budgeted for due to more number of meetings held.

Note 13 - Depreciation and amortisation

The actual is higher than budget due to revaluation of Buildings on the 31st of January 2022.

Note 14 - Finance costs

No finance costs incurred during the period.

Note 15 - Operating expenses

Operating expenses exceed budget due to costs incurred on legal fees, consulting fees, and debtors write off provisions, resulting in more costs incurred than budget.

Note 16 - Loss on disposal of assets

No budget was made for loss on disposal of assets.

STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS...*continued*

Financial Statements for the 02 months ended 31 March 2022

Budget on Cash Basis						
Figures in Rand	**Approved budget**	**Adjustments**	**Final budget**	**Actual amounts on comparable basis**	**Difference between final budget and actual**	**Note**
Board						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
FFC Contributions	6 021 796	-	**6 021 796**	4 134 827	**(1 886 969)**	1
Income from examinations	7 137 644	-	**7 137 644**	4 355 174	**(2 782 470)**	2
Interest received	78 559	-	**78 559**	33 840	**(44 719)**	3
Management fee	11 370 491	-	**11 370 491**	8 903 875	**(2 466 616)**	4
Rental income	-	-	**-**	92 792	**92 792**	5
Other income	365 466	-	**365 466**	544 417	**178 951**	6
Total revenue from exchange transactions	**24 973 956**	**-**	**24 973 956**	**18 064 925**	**(6 909 031)**	
Revenue from non-exchange transactions						
Fines and penalties	3 480 694	-	**3 480 694**	4 358 106	**877 412**	7
Total revenue	**28 454 650**	**-**	**28 454 650**	**22 423 031**	**(6 031 619)**	
Expenditure						
Employee costs	(18 200 389)	-	**18 200 389)**	(14 714 500)	**3 485 889**	8
Auditors remuneration	(827 682)	-	**(827 682)**	(630 576)	**197 106**	9
Board members and Audit committee	(685 713)	-	**(685 713)**	(1 180 100)	**(494 387)**	10
Depreciation and amortisation	(602 958)	-	**(602 958)**	(1 087 512)	**(484 554)**	11
Operating expenses	(5 803 626)	-	**(5 803 626)**	(12 409 687)	**(6 606 061)**	12
Loss on disposal of assets and liabilities	-	-	**-**	(1 624 878)	**(1 624 878)**	13
Total expenditure	**(26 120 368)**	**-**	**(26 120 368)**	**(31 647 253)**	**(5 526 885)**	
Surplus for the year	**2 334 282**	**-**	**2 334 282**	**(9 224 222)**	**(11 558 504)**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**2 334 282**	**-**	**2 334 282**	**(9 224 222)**	**(11 558 504)**	

NOTES

Note 1 - Fidelity Fund Contributions

Actual contributions were below budget because of the slow recovery of activity in the sector and overall economy. Revenue from Renewals was expected to increase by 5% from the budget of 2020/2021 financial year, the number of firms with the audited turnover which exceeds annual turnover of R2,5 million and principal agents were also below target set for February and March 2022.

Note 2 - Examinations

Revenue is below budget by R2.7m as they are very few examinations written in and around February and March time of the year.

Npte 3 - Interest income

Interest earned was below budget because of less funds being held on investment and then anticipated levels of returns due to adverse performance in the money markets.

Note 4 - Management fees

The management fee is calculated at 9% of the net asset value of the Fund. The NAV used in the budget was higher than the actual outcome from prior year's audited figures on which the current year's management fee is based on.

Note 5 - Rental income

No budget for rental income for the year.

Note 6 - Other income

Higher than budget as unallocated receipts which couldn't be allocated during the year were classified to other income at year-end.

Note 7 - Fines and penalties

Fines and Penalties were higher than budget, due to high level of non-compliance by agents resulting in more penalties being levied.

Note 8 - Employee costs

Employee costs are less than budget because a number of key vacant positions within the organisation structure being put on hold during the year.

Note 9 - Auditors' remuneration

Saving achieved on audit fees due to less outcome of billing from the Auditors compared to the budget.

Note 10 - Board and Audit Committee Remuneration

Remuneration was higher than budgeted for due to more number of meetings held

Note 11 - Depreciation and amortisation

The actual is higher than budget due to revaluation of Buildings on the 31st of January 2022.

Note 12 - Operating expenses

Operating expenses exceed budget due to costs incurred on legal fees, consulting fees, and debtors write off provisions, resulting in more costs incurred than budget.

Note 13 - Loss on disposal of assets

No budget was made for loss on assets.

ACCOUNTING POLICIES

1. Basis of preparation

The 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 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 financial statements, are disclosed below.

1.1 Going concern assumption

These 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 financial statements are the financial statements of the group presented as those of a single entity. The consolidated financial statements incorporate the financial statements of the authority and the fund.

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

Control exists when the authority 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 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 authority's financial statements at the acquisition date.

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

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

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 authority's interest therein, and are recognised within net assets.

1.3 Consolidation (continued)

Changes in a authority'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 building every three years. The last revaluation was performed on 31 March 2019 and the next valuation will be performed on 31 March 2022.

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)

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;
- 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:

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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. 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.

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.

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 Leases

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

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

Operating leases - lessee

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

1.9 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.

1.9 Inventories (continued)

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.

1.10 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 2021/04/01 to 2022/03/31.

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.

1.11 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.

1.12 Employee benefits

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

1.12 Employee benefits (continued)

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.

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.

1.12 Employee benefits (continued)

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.

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.

1.12 Employee benefits (continued)

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.

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 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.

1.12 Employee benefits (continued)

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.

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.

1.13 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.

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.

1.13 Provisions and contingencies (continued)

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.

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.

1.14 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.

1.14 Related parties (continued)

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.

1.15 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.

1.16 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.

Revenue from renewal of the estate agents and firms above R2.5 million is recognized when membership fee for FFC is due (accrues) for renewal. Revenue is apportioned (prorated) based on the financial year and the period subsequent to year end is deferred.

Measurement

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

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.

1.16 Revenue from exchange transactions (continued)

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 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.

1.17 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.

1.17 Revenue from non-exchange transactions (continued)

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.

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.

1.18 Investment income

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

1.19 Commitments

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

1.19 Commitments (continued)

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.

1.20 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 2 months 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 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 2 months 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.

1.22 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 practice note no. 4 of 2008/2009 and practice note 2 2019/20 which were 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 it is waiting to be condoned at year-end. That irregular expenditure 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.

1.22 Irregular expenditure (continued)

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

1.23 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.

1.24 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 2022 or later periods:

Standard / Interpretation	Effective date: Years beginning on or after	Expected impact
Guideline: Guideline on Accounting for Landfill Sites	01 April 2099	Unlikely there will be a material impact
GRAP 25 (as revised): Employee Benefits	01 April 2099	Unlikely there will be a material impact
iGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction	01 April 2099	Unlikely there will be a material impact
Guideline: Guideline on the Application of Materiality to Financial Statements	01 April 2099	Unlikely there will be a material 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	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 to the entity's operations.

3. Property plant and equipment

Group	2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	47 580 000	-	47 580 000
Buildings	113 421 746	(25 874 336)	87 547 410
Furniture and fixtures	6 693 770	(3 961 089)	2 732 681
Motor vehicles	511 479	(491 549)	19 930
Office equipment	872 229	(781 234)	90 995
IT equipment	4 109 966	(2 471 531)	1 638 435
Total	**173 189 190**	**(33 579 739)**	**139 609 451**

Authority	2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	47 580 000	-	47 580 000
Buildings	113 421 746	(25 874 336)	87 547 410
Furniture and fixtures	6 693 770	(3 961 089)	2 732 681
Motor vehicles	511 479	(491 549)	19 930
Office equipment	872 229	(781 234)	90 995
IT equipment	4 109 966	(2 471 531)	1 638 435
Total	**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 - 2022

	Opening balance	Additions Transfer from EAAB on transition	Additions - purchases	Depreciation	Total
Land		47 580 000	-	-	47 580 000
Buildings		88 020 00	-	(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 23	-	(10 244)	90 995
IT equipment		917 47	831 950	(110 991)	1 638 435
	-	**139 422 498**	**831 950**	**(644 997)**	**139 609 451**

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 00	-	(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 23	-	(10 244)	90 995
IT equipment		917 47	831 950	(110 991)	1 638 435
	-	**139 422 498**	**831 950**	**(644 997)**	**139 609 451**

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 independent valuer EM Financial Consultants (Pty) Ltd. EM Financial Consultants (Pty) Ltd are not connected to the Board.

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.

Expenditure incurred to repair and maintain property, plant and equipment

4. Intangible assets

Group - 2022

	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Intellectual property	781 837	(741 266)	40 571
Computer software	6 855 327	(6 063 519)	791 808
Total	**7 637 164**	**(6 804 785)**	**832 379**

Authority - 2022

	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Intellectual property	781 837	(741 266)	40 571
Computer software	6 855 327	(6 063 519)	791 808
Total	**7 637 164**	**(6 804 785)**	**832 379**

Reconciliation of intangible assets - Group - 2022

	Opening balance	Additions - Transfer from EAAB on transition	Amortisation	Total
Intellectual property	-	59 166	(18 595)	40 571
Computer software	-	1 215 738	(423 930)	791 808
Total	**-**	**1 274 904**	**(442 525)**	**832 379**

Reconciliation of intangible assets - Board - 2022

	Opening balance	Additions - Transfer from EAAB on transition	Amortisation	Total
Intellectual property	-	59 166	(18 595)	40 571
Computer software	-	1 215 738	(423 930)	791 808
Total	**-**	**1 274 904**	**(442 525)**	**832 379**

Figures in Rand	Group 2022	Authority 2022
5. Other financial assets		
Current 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.	125 146 887	-
Standard Bank		-
The investment constitutes of two FTSE/JSE Top 40 Africa Index investments. The first investment is for 14 months and maturing on the 13 April 2022. The second investment is for 16 months and maturing on the 05 May 2022. The interests from both investments are realised at the maturity at the attractive return of up to 12.01% and 12.35% respectively for the term period and 100% capital protection. In the current year, the investments are classified under current assets as the investments are maturing within 12 months after financial year end. In the prior year, the investments were classified under non-current assets.	157 799 861	-
Rand Merchant Bank		-
The investment constitutes of two FTSE/JSE Top 40 Equity Link (ELN) in RMB. The interest from both investments are realised at the maturity at the attractive return of up to 7.7% for the term period and 100% capital protection. The first Investment is for 14 months and maturing on the 5 April 2022. The second investment is for 15 months and maturing on the 19 April 2022. The investments are classified from current assets as the investments are maturing within 12 months after financial year end. In the prior year, the investments were classified under non-current assets.	216 518 586	-
	499 465 334	**-**
Non-current assets **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. The total balance is made up of the nominal value of R122 872 701 and the accrued interest of R431 675 on this Investec Step up Note account. In the previous financial year, this Investment was incorrectly classified under current assets, its maturity date is the 4th of September 2023 hence should have been claissified as non-current assets.	123 304 376	-
Total other financial assets	**622 769 710**	**-**
Non-current assets Designated at Fair Value	123 304 376	-
Current assets Designated at Fair Value	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.

Figures in Rand	Group 2022	Authority 2022

6. Inventories

Study material	12 951	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 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	-	(9 640 226)
Fidelity Fund Certificate paid into PPFF bank account	-	1 702 304
Consumer Awareness paid by the PPRA	-	2 922 896
Claims paid by the PPRA	-	5 991 950
Loan - fines	-	(316 251)
Transformation cost paid by the PPRA	-	1 644 910
One Learner - One Agency Programme paid by PPRA	-	3 577 720
Expense (e.g Insurance, legal costs etc.) paid by PPRA	-	16 340 150
Direct loan for Pension Fund payments for shortfall	-	(8 200 000)
Direct loan from the PPRA	-	(15 000 000)
	-	**(976 547)**

The intercompany 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

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	**-**	**33 855 251**

Figures in Rand	Group 2022	Authority 2022
8. Receivables from exchange transactions		
Trade and other receivables	51 765 352	51 763 456
Prepayments	346 422	346 422
Deposits	150 000	150 000
Other receivables	57 326	57 326
	52 319 100	**52 317 204**
Reconciliation for trade debtors		
Receivables from exchange transactions	138 754 134	138 752 238
Less allowance for credit losses	(86 988 782)	(86 988 782)
	51 765 352	**51 763 456**

Allowance for expected credit losses

PPRA has recognised an impairment of expected credit losses of R0 in profit or loss for the 2 months period ended 31 March 2022.

Trade and other receivables pledged as security

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

Reconciliation of provision for impairment of trade and other receivables

Opening balance	86 988 782	86 988 782

9. Receivables from non-exchange transactions		
Fines	2 879 480	2 879 480
Penalties	32 551 765	32 551 765
Levies	676 000	-
Claims recoverable and agent interest	249 662	-
SSETA Recoveries- Host employers & Stipend	1 959 267	-
	38 316 174	**35 431 245**

Receivables from non-exchange transactions past due but not impaired

Receivables from non-exchange transactions

Receivables from non-exchange transactions - agent interest	29 251 259	-
Less: Allowance for credit losses	(29 001 597)	-
	249 662	**-**

Figures in Rand	Group 2022	Authority 2022

9. Receivables from non-exchange transactions (continued)

Reconciliation of claims recoverable receivables

Receivables from non-exchange transactions - claims recoverable	21 706 957	-
Less: Allowance for credit losses	(21 706 957)	-
	-	**-**

Allowance for expected credit losses

PPRA has recognised an impairment of expected credit losses of R7 032 908 in profit or loss for the period ended 31 March 2022.

Receivables from non-exchange transactions impaired

Opening balance	43 675 646	-
Provision for impairment	7 032 908	-
	50 708 554	**-**

10. Cash and cash equivalents

Cash and cash equivalents consist of		
Cash on hand	16 578	16 578
Bank balances	4 909 654	3 563 337
Call accounts	5 131 516	5 131 516
Other cash and cash equivalents	7 364 752	-
	17 422 500	**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	45 737 206	45 737 206
Trade payables	8 132 486	8 132 486
Estate agency funds received in advance	19 442 668	19 442 668
Accrued expense	4 009 135	3 917 185
Salaries control account	104 594	104 594
	77 426 089	**77 334 139**

Deferred revenue comprises of the renewal of Fidelity Fund Certificate (FFC) and Continuous Professional Development (CPD). The revenue was apportioned for 2 months from 01 February 2022 to 31 March 2022.

There are no trade and other payables from non-exchange transactions for the current year under review.

Figures in Rand	Group 2022	Authority 2022

12. Payables from non-exchange transactions

Agent interest received in advance	1 635 089	-

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 2022 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.

Post retirement medical aid plan

It is the policy of the PPRA to provide medical aid benefit to employees who were at the employees of the PPRA or members of its medical aid 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 were carried out on 31 March 2022 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	658 000	658 000
Non-current portion of post-retirement medical aid liability	12 149 000	12 149 000
	12 807 000	**12 807 000**

13.1 Post retirement medical aid benefit obligation

Opening balance	13 058 000	13 058 000
Interest cost	85 000	85 000
Current service cost	(156 000)	(156 000)
Benefits paid	(102 000)	(102 000)
Actual (Gains) / Losses	(78 000)	(78 000)
	12 807 000	**12 807 000**

Net expense recognised in the Statement of Financial Performance

Current service cost	(156 000)	(156 000)
Interest cost	85 000	85 000
Actuarial (gains) losses	(78 000)	(78 000)
	(149 000)	**(149 000)**

Key assumptions used

Assumptions used at the reporting date:		
Discount rates used	9,07 %	9,07 %
Inflation rate	5,24 %	5,24 %
Medical Contribution inflation rate	6,74 %	6,74 %
Net post-retirement rate	2,18 %	2,18 %

Figures in Rand	Group 2022	Authority 2022

13.1 Post retirement medical aid benefit obligation (continued)

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 2022 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.

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	29 508 000	29 508 000
Less: Allowance for credit losses	(29 508 000)	(29 508 000)
	-	-

Opening balance	23 512 000	23 512 000
Current service cost (excluding interest)	1 000	1 000
Admin expenses	(1 000)	(1 000)
Interest cost	(58 000)	(58 000)
Benefits paid - pensions	(422 000)	(422 000)
Actuarial (gains)/losses at the end of year	(155 000)	(155 000)
	22 877 000	**22 877 000**

Net expense recognised in the statement of financial performance

Net service cost	1 000	1 000
Interest cost	(58 000)	(58 000)
Expected return on plan assets	(323 000)	(323 000)
Actuarial (gains) losses	(367 000)	(367 000)
Additional minimum funding liability	747 000	747 000
	-	-

Changes in the Fair Value of plan assets are as follows:

Opening balance	(29 396 000)	(29 396 000)
Admin expenses	1 000	1 000
Actuarial gains (losses)	(212 000)	(212 000)
Benefits paid-pension	422 000	422 000
Interest income on plan assets	(323 000)	(323 000)
	(29 508 000)	**(29 508 000)**

Key assumptions used

Discount rates used	8,71 %	8,71 %
Inflation rate	5,49 %	5,49 %
Pension Increase Rate (pre-2012 pensioners)	5,49 %	5,49 %
Net post-retirement rate (pre-2012 pensioners)	3,06 %	3,06 %

Figures in Rand

14. Provisions

Reconciliation of provisions - Group - 2022

	Opening balance	Additionsn	Total
Provision for claims	25 794	-	25 794
Leave pay provision	8 064 763	343 368	8 408 131
Performance bonus provision	9 846 296	-	9 846 296
	17 936 853	**343 368**	**18 280 221**

Reconciliation of provisions - Board - 2022

Opening balance	8 064 763	343 368	8 408 131
Performance bonus provision	9 846 296	-	9 846 296
	17 911 059	**343 368**	**18 254 427**

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.

Performance bonus

Performance bonus represents management's best estimate of the company liability for staff performances bonuses. The provision raised estimates the amount of the provision based on the anticipated performance of employees and the organization and is anticipated to be paid within the next twelve months.

15. Revenue

The amount included in revenue arising from exchanges of goods or services are as follows:

Contributions	4 421 310	4 134 827
Income from examinations	4 355 174	4 355 174
Claims recoveries	120 031	-
Management fees	-	8 903 875
Interest from investment	946 771	33 840
Rental income	92 792	92 792
Other income	556 162	544 417
Fair Value adjustments	9 418 813	-
	19 911 053	**18 064 925**

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue

Interest on trust accounts	472 224	-
Fines and penalties	5 289 056	4 358 106
	5 761 280	**4 358 106**

Figures in Rand	Group 2022	Authority 2022

16. Employee related costs

Basic	11 358 305	11 358 305
Skills development levies	118 267	118 267
Car allowance	183 894	183 894
Leave pay provision charge	411 955	411 955
Long-service awards	20 000	20 000
Net interest on post retirement benefits	(177 000)	(177 000)
Other short term costs	28 000	28 000
Pension fund - company contributions	1 516 955	1 516 955
Medical aid contributions	820 694	820 694
Travel, motor car, accommodation, subsistence and other allowances	1 177	1 177
UIF	48 002	48 002
13th Cheques	312 251	312 251
Cellphone allowances	72 000	72 000
	14 714 500	**14 714 500**

17. Loss on disposal of assets and liabilities

Inventory	1 624 878	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	72 727	71 098
COS NQF 4 and 5	76 829	76 829
CPD expenses	115 013	115 013
Call centre costs	2 961 473	2 961 473
Catering refreshments and entertainment	512 840	512 840
Claims paid	120 031	-
Consulting and professional fees	3 000 119	3 000 119
Consumables	52 743	52 743
Expenses	14 743	14 743
Insurance	113 124	113 124
Internal audit fees	246 092	246 092
Invigilators and markers fees	37 200	37 200
Legal costs	1 202 230	721 808
Office cleaning	324 577	324 577
Other expenses	4 401	4 401
Repairs and maintenance	347 721	347 721
Postage and courier	18 069	18 069
Printing and stationery	524 140	524 140
Promotions and awareness campaigns	544 848	544 848
Rates & taxes	723 514	723 514
Recruitment and selection	113 171	113 171
Security services	120 172	120 172
Software license and maintenance	191 620	191 620
Staff welfare	34 450	34 450
Subscriptions and membership fees	42 001	42 001
Telephone and telex	945 812	945 812
Stakeholder relations and consumer awareness	616 348	-
Training and development	60 036	60 036
Traveling expenses	315 952	315 952
Venue hire	176 121	176 121
	13 628 117	**12 409 687**

Figures in Rand	Group 2022	Authority 2022
19. Cash generated from (used in) operations		
Deficit	(14 226 258)	(9 224 222)
Adjustments for:		
Depreciation and amortisation	1 087 512	1 087 512
Loss on sale of assets and liabilities	1 624 878	1 624 878
Movements in retirement benefit assets and liabilities	(251 000)	(251 000)
Movements in provisions	343 368	343 368
Changes in working capital:		
Inventories	(323 921)	(323 921)
Receivables from exchange transactions	9 790 607	10 593 829
Other receivables from non-exchange transactions	1 089 425	(4 475 545)
Payables from exchange transactions	1 661 977	1 573 793
Other liabilities	1 635 089	-
	2 431 677	**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 R60 863 508 (2021: R51 307 789). 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.

Civil claims

A number of civil claims have been instituted against the Fund for claims rejected. The total estimated value of claims are R1 507 000. These claims have been assessed by the Authority that there is a possible obligation that may require an outflow of resources.

Surplus	10 058 375	213 314

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.

Figures in Rand	Group 2022	Authority 2022

21. Related parties

Relationships

Member	Refer to member's report note 22
Controlling entity	The Parliament The Property Practitioners Regulatory Authority
Controlled entities	Property Practitioners Fidelity Fund controlled in terms of the Property Practitioners Act
	The Community Schemes Ombud Service (CSOS)
Associates	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.
Other entities	All other entities within the sphere of Government

Related party balances

Loan accounts - Owing (to) by related parties		
The Property Practitioners Fidelity Fund	-	(976 547)

The loan accounts owing (to) by related parties, comprises of the following:

The loan accounts owing (to) by related parties comprises of the following:		
Contributions owed by PPRA to PPFF	-	(9 640 226)
Fidelity Fund Certificate paid into PPFF bank account	-	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	-	1 644 910
One Learner - One Agency Programme paid by PPRA	-	3 577 720
Loan Fines	-	(316 251)
Expense (e.g Insurance, legal costs etc.) paid by PPRA	-	16 340 150
Direct loan for Pension Fund payments for shortfall	-	(8 200 000)
Direct loan from the PPFF	-	(15 000 000)
	-	**(976 547)**
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	-	(8 903 875)

Figures in Rand	Group 2022	Authority 2022

22. Board members' and executive managers emoluments

Executive Remuneration - 2022

	Emoluments	Employer contributions to Pension/ Medi cal 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 Jan 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 Dineo Mphahlele - Executive Manager: Inspections	280 624	68 175	3 600	352 399
Ms Deli Nkabumbule- Acting Executive Manager: Legal Compliance	223 149	52 716	2 400	278 265
Mr Thapelo Kgari - Company Secretary	218 978	48 588	3 600	271 166
Ms M Shirries : Acting Executive Manager	213 163	-	1 600	214 763
Mr NJ Mafihlo : Acting CFO (Feb 2022 to date)	193 160	-	-	193 160
	2 430 844	**236 415**	**22 000**	**2 689 259**

During March 2022, the Chief Executive Officer - Mamodupi Mohlala-Mulaudzi was placed on precautionary suspension.

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 MS 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 PN Makhubela	31 635	42 180	139	73 954
Mr TK Johnson	31 635	51 129	1 077	83 841
Ms PB Snyman	31 635	33 744	-	65 379
Ms TS Songelwa	31 635	38 475	-	70 110
Ms TN 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 - 2022

	Audit committe fees	Other committee fees	Travelling	Total
Mr PR Mnisi: Chairperson	38 853	12 951	217	52 021
Mr SA Ngobeni	23 571	7 857	-	31 428
Ms KG Mbonambi	23 571	7 857	-	31 428
Ms SF Mkhize	23 571	7 857	-	31 428
	109 566	**36 522**	**217**	**146 305**

Figures in Rand	Group 2022	Authority 2022

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 ash 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.

Group

At 31 January 2022	Overnight	Less than 3 months	Between 3 and 12 months	Over 1 year
Cash and cash equivalents	17 422 444	-	-	-
Investments	-	-	-	123 304 376
Short term investments	-	-	499 465 334	-
Receivables from exchange transactions - gross receivables *Note 8	-	139 307 882	-	-
Receivables from non-exchange transactions - gross receivables *Note 9	-	89 024 728	-	-
Payables from exchange transactions	-	(77 426 089)	-	-
Employee benefit obligations	-	-	(658 000)	(12 149 000)

Authority

At 31 January 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	-	139 305 986	-	-
Receivables from non-exchange transactions - gross receivables *Note 9	-	35 431 245	-	-
Payables from exchange transactions	-	(77 334 139)	-	-
Employee benefit obligations	-	-	(658 000)	12 149 000

Figures in Rand	Group 2022	Board 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 31 March 2022 were as follows:

Financial instrument		
Inter-company loans and receivables	-	33 855 251
Receivables from exchange transactions	52 319 100	52 317 204
Receivables from non-exchange transactions	38 316 174	35 431 245
Cash and cash equivalents	17 422 444	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

There are no material events that occurred after reporting date.

26. Fruitless and wasteful expenditure

Opening balance as reported on 31 January 2022	1 978 092	999 066
Opening balance as restated	**1 978 092**	**999 066**
Legal costs on terminated attorney services	286 392	-
Study Guide material purchased from DVF Enterprise with no confirmation of being received	400 750	400 750
Digital application payments for services not delivered	495 000	495 000
Closing balance	**3 160 234**	**1 894 816**

Figures in Rand	Group 2022	Authority 2022

26. Fruitless and wasteful expenditure (continued)

Details of fruitless and wasteful expenditure

1) Legal costs for Liberty litigations

Legal costs paid for attorneys appointed to handle the Liberty litigation matter and the services were later terminated without the matter being finalised as intended. Amounts of R213 608 and R286 392 paid during the periods ending 31 January 2022 and 31 March 2022 respectively.

2) Study Guide material purchased from DVF Enterprise with no confirmation of being received of amount R400 750.

3) Payments made for the development of a digital application but services were not received from Rural Brands Technology amount of R495 000.

27. Irregular expenditure

Opening balance as reported on 31 January 2022	16 358 370	16 358 370

Details of irregular expenditure

As a result of the audit the following expenditure was identified and was placed under review for potential non-compliance to procurements laws, regulations and supply chain management policy. The full extent of the irregular expenditure is still in the process of being determined as its still being assessed.

The expenditure relates to the following:

Tender process was not followed for a combined award above R500 000	66 689	66 689
No contract extension or renewal of original contract Open ended contract with no end date	1 905 750	1 905 750
No evidence of approved contract	127 684	127 684
Awards made with no declaration of interest (SDB 4)	117 617	117 617
Awards made to suppliers with negative tax compliance status on CSD report	886 120	886 120
CSD report dated after award of contract	179 400	179 400
Awards made with no quotation from supplier	126 586	126 586
Quotations received before the date on RFQ	927 240	927 240
Quotations received after closing date on RFQ	329 985	329 985
Awards made with no independence declarations, no RFQ documents, no SCM documents, no 3 quotations obtained or approved deviation	89 600	89 600
Awards made with no independence declarations, no RFQ documents, no goods/services specification form	45 150	-
Awards made with no RFQ documents and supplier not tax compliant	803 870	-
Awards made with no independence declarations, no RFQ documents, no SCM documents, no 3 quotations obtained, and supplier not tax compliant	198 500	-
Expenditure incurred after the contract had expired and an extension not yet approved by National Treasury.	97 250	-
The expenditure exceeds 15% of original contract value	578 032	578 032
Contract extension not following due SCM process	303 584	303 584
	6 783 057	**5 638 287**

PPRA

PROPERTY PRACTITIONERS REGULATORY AUTHORITY

Annual Financial Statements for the year ended 31 March 2022

PROPERTY PRACTITIONERS FIDELITY FUND

Formerly Estate Agents Fidelity Fund

Annual Financial Statements for the year ended 31 March 2022

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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
GAMAP	Generally Accepted Municipal Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
PFMA	Public Finance Management Act

GENERAL INFORMATION

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 Limited
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 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 2022

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 166 to 171, 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:

STEVEN NGUBENI (MR)
CHAIRMAN OF THE BOARD

PROPERTY PRACTITIONERS REGULATORY AUTHORITY

Annual Financial Statements for the year ended 31 March 2022

INDEPENDENT AUDITOR'S REPORT

Annual Financial Statements for the year ended 31 March 2022

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 166 to 171, which comprise the statement of financial position as at 31 March 2022, the 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 2022, and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa 1 of 1999 (PFMA).

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 fund 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.

Emphasis of matters

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

Restatement of corresponding figures

7. As disclosed in Note 20 to the financial statements, the corresponding figures for 31 March 2021 were restated as a result of errors in the financial statements of the fund at, and for the year ended, 31 March 2022.

Material provision for impairments trade debtors

8. As disclosed in Note 5 to the financial statements, material losses of R12 572 351 was incurred as result of an allowance for credit losses.

Contingent Liability

9. As disclosed in Note 15 to the financial statements, an amount of R60 863 508 was disclosed as contingent liability. This amount relates to claims lodged against Property Practitioners Fidelity Fund as a result of the claims brought against the registered Property Practitioners as at 31 March 2022.

Change of organisation name

10. I draw attention to note 23 in the financial statements, which deals with the change of the organisations' name, as a result of change in legislation Property Practitioners Act (Act no.22 of 2019) which came into effect on 01 February 2022. The new legislation repealed and replaced the Estate Agency Affairs Act (Act No.112 of 1976) and section 34(1) states that "The fund established by section 12 Estate Agents Affairs Act, 1976, known immediately before the commencement of this Act as the Estate Agents Fidelity fund shall continue to operate as it were established in terms of this Act, under the name Property Practitioners Fidelity Fund" and there is no implications on fund's future prospects, performance and cash flows.

Responsibilities of the accounting authority for the financial statements

11. The accounting authority is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

12. In preparing the financial statements, the accounting authority is responsible for assessing the fund'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 fund or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

13. 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 ISA's 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.

14. 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

15. Section 55(2) (a) of the PFMA, requires the fund to prepare an annual performance report. The fund's performance information was reported in the annual performance report of Estate Agency Affairs Board. The usefulness and reliability of the reported performance information was tested as part of the audit of Estate Agency Affairs Board and any audit findings are included in the management and auditor's reports of Estate Agency Affairs Board.

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

Introduction and scope

16. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the fund's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

17. The material findings on compliance with specific matters in key legislation are as follows:

Annual financial statements, performance and annual report

18. 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) of the PFMA.

19. Material misstatements of contingent assets 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

20. Funds were deposited with institutions that were not approved by National Treasury, as required by Treasury Regulation 31.2.1.

19. 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 material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, it is corrected this will not be necessary.

Revenue management

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

Procurement and contract management

22. I was unable to obtain sufficient appropriate audit evidence that at least three written price quotations were obtained as required by Treasury Regulation 16A6.1, paragraph 3.3.1 of Practice Note 8 of 2007/08 and paragraph 3.2.1 of SCM instruction Note 2 of 2021/22 in a material number of instances.

23. I was unable to obtain sufficient appropriate audit evidence that contracts were awarded only to bidders who submitted a declaration on whether they are employed by the state or connected to any person employed by the state, which is prescribed in order to comply with Treasury Regulation 16A8.3.

24. I was unable to obtain sufficient appropriate audit evidence that quotations were awarded to suppliers whose tax matters have been declared by the South African Revenue Services to be in order as required by Treasury Regulation 16A9.1(d).

25. I was unable to obtain sufficient appropriate audit evidence that the preference point system was applied in all procurement of goods and services above R 30 000 as required by section 2(a) of the PPPFA and Treasury Regulation 16A6.3(b).

26. I was unable to obtain sufficient appropriate audit evidence that quotations were awarded to suppliers based on preference points that were allocated and calculated in accordance with the requirements of the PPPFA and Preferential Procurement Regulation.

27. I was unable to obtain sufficient appropriate audit evidence that quotations were awarded to bidders that scored the highest points in the evaluation process as required by section 2(1)(f) of PPPFA and Preferential Procurement Regulation 2017.

28. I was unable to obtain sufficient appropriate audit evidence that contracts and quotations were awarded to bidders based on points given for criteria that were stipulated in the original invitation for bidding and quotations, as required by the 2017 Preferential Procurement Regulation 5{1) and (3).

Other Information

29. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report specifically reported in this auditor's report.

30. My opinion on the financial statements and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.

31. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and my knowledge obtained in the audit, or otherwise appears to be materially misstated.

32. 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 material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, it is corrected this will not be necessary.

Internal control deficiencies

33. 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. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.

34. The fund did not adequately monitor the action plan to address prior year findings resulting in similar findings in the current financial year.

35. The fund did not adequately review and monitor compliance with applicable legislation.

Auditor-General

Pretoria

05 August 2022

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURE -AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

1. As part of an audit in accordance with the ISA's, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and on the fund's compliance with respect to the selected subject matters.

Financial statements

2. 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 fund's internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting authority;

- Conclude on the appropriateness of the accounting authority's 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 Estate Agents Fidelity Fund 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 a fund to cease operating as a going concern; and

- 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

3. 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.

4. 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.

STATEMENT OF FINANCIAL POSITION

Annual Financial Statements for the year ended 31 March 2022

Figures in Rand	Notes	2022	2021 Restated*
Assets			
Current Assets			
Other financial assets	3	499 465 334	-
Receivables from exchange transactions	4	1 896	2 964
Receivables from non-exchange transactions	5	2 884 929	6 843 091
Cash and cash equivalents	6	8 711 090	23 187 925
		511 063 249	**30 033 980**
Non-Current Assets			
Other financial assets	3	123 304 358	586 351 257
Total Assets		**634 367 607**	**616 385 237**
Liabilities			
Current Liabilities			
Inter-company loans and payables	7	33 855 251	18 733 321
Payables from exchange transactions	8	91 950	238 982
Payables from non-exchange transactions	9	1 635 089	1 622 439
Provisions	10	25 794	3 141 365
		35 608 084	**23 736 107**
Total Liabilities		**35 608 084**	**23 736 107**
Net Assets		**598 759 523**	**592 649 130**
Accumulated surplus		598 759 523	592 649 130

*See Note 20

STATEMENT OF FINANCIAL PERFORMANCE

Annual Financial Statements for the year ended 31 March 2022

Figures in Rand	Notes	2022	2021 Restated*
Revenue			
Revenue from exchange transactions		49 721 080	46 344 599
Revenue from non-exchange transactions		27 758 807	48 089 562
Total revenue	**11**	**77 479 887**	**94 434 161**
Expenditure			
Other operating expenditure	12	(71 369 493)	(70 467 195)
Surplus (deficit) for the year		**6 110 394**	**23 966 966**

*See Note 20

STATEMENT OF CHANGES IN NET ASSETS

Annual Financial Statements for the year ended 31 March 2022

Figures in Rand	Notes	Accumulated surplus	Total net assets
Balance at 01 April 2020		**568 682 164**	**568 682 164**
Changes in net assets			
Surplus for the year		24 909 524	24 909 524
Total changes		24 909 524	24 909 524
Opening balance as previously reported		593 591 688	593 591 688
Adjustments			
Correction of errors	20	(942 558)	(942 558)
Restated* Balance at 01 April 2021 as restated*		**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
Balance at 31 March 2022		**598 759 524**	**598 759 524**

*See Note 20

CASH FLOW STATEMENT

Annual Financial Statements for the year ended 31 March 2022

Figures in Rand	Notes	2022	2021 Restated*
Cash flows from operating activities			
Receipts			
Cash receipts from Property Practitioners		78 336 195	91 461 050
Payments			
Cash payments to suppliers and PPRA		(71 516 525)	(72 136 475)
Net cash flows from operating activities	**13**	**6 819 670**	**19 324 575**
Cash flows from investing activities			
Net movements in financial assets	13	(36 418 435)	(103 515 505)
Cash flow from finance activities			
Loans to economic entities		15 121 930	(21 064 874)
Net increase / (decrease) in cash and cash equivalents		**(14 476 835)**	**(105 255 804)**
Cash and cash equivalents at the beginning of the year		23 187 925	128 443 729
Cash and cash equivalents at the end of the year	**6**	**8 711 090**	**23 187 925**

*See Note 20

STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS

Annual Financial Statements for the year ended 31 March 2022

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 Practitioner	1 305 940	-	**1 305 940**	2 090 125	**784 185**	1
Claims recoveries	4 297 444	-	**4 297 444**	5 659 474	**1 362 030**	2
Interest on investments	13 212 971	-	**13 212 971**	5 368 188	**(7 844 783)**	3
Interest other	236 906	-	**236 906**	-	**(236 906)**	4
Bad debts recovered	-	-	**-**	222 120	**222 120**	5
Other income	100 000	-	**100 000**	27 541	**(72 459)**	6
Fair value adjustments	20 986 086	-	**20 986 086**	36 353 632	**15 367 546**	7
Total revenue from exchange transactions	**40 139 347**	**-**	**40 139 347**	**49 721 080**	**9 581 733**	
Revenue from non-exchange transactions						
Interest on trust accounts	58 229 581	-	**58 229 581**	26 827 857	**(31 401 724)**	8
Fines	-	-	**-**	930 950	**930 950**	9
Total revenue from non-exchange transactions	**58 229 581**	**-**	**58 229 581**	**27 758 807**	**(30 470 774)**	
Total revenue	**98 368 928**	**-**	**98 368 928**	**77 479 887**	**(20 889 041)**	
Expenditure						
Finance costs	(320 572)	-	**(320 572)**	-	**320 572**	
Administration fees	(68 222 948)	-	**(68 222 948)**	(53 423 252)	**14 799 696**	10
Bank charges	(6 416)	-	**(6 416)**	(9 728)	**(3 312)**	
Claims expenses	(4 297 444)	-	**(4 297 444)**	(2 543 903)	**1 753 541**	11
Consulting and professional fees	(824 328)	-	**(824 328)**	-	**824 328**	12
Insurance	(454 239)	-	**(454 239)**	-	**454 239**	12
Legal expenses	(3 932 976)	-	**(3 932 976)**	(866 424)	**3 066 552**	12
Provision for doubtful debts	(3 770 968)	-	**(3 770 968)**	(12 572 351)	**(8 801 383)**	13
Publications	(1 813 522)	-	**(1 813 522)**	-	**1 813 522**	12
Stakeholder awareness	(1 518 101)	-	**(1 518 101)**	(378 300)	**1 139 801**	12
Stakeholder relations and consumer awareness	(4 536 186)	-	**(4 536 186)**	(1 290 820)	**3 245 366**	12
Transformation initiatives	(4 868 500)	-	**(4 868 500)**	(284 715)	**4 583 785**	12
Total expenditure	**(94 566 200)**	**-**	**(94 566 200)**	**(71 369 493)**	**23 196 707**	
Surplus before taxation	**3 802 728**	**-**	**3 802 728**	**6 110 394**	**2 307 666**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**3 802 728**	**-**	**3 802 728**	**6 110 394**	**2 307 666**	

NOTES

Note 1: Contributions from estate agents

The increase was mainly due to increase in registrations relating to new applications, which resulted in more Property Practitioners joining the industry.

Note 2: Claims recoveries

The increase is due to more claims paid in the current year and to be recovered than anticipated.

Note 3: Interest on investments

Interest on investment decreased due to investments that matured in the prior year and re-invested in ELN Portfolios which are held at fair value through profit and loss hence the fair value adjustment is also higher than budget.

Note 4: Interest other

The account relates to interest earned from the current operation account. No investment matured and paid in the current year which could have triggered the interest earned in the current account.

Note 5: Bad debts recovered

Bad debts recovery - New republic Bank- The Fidelity fund in 1999 had a current bank account at New republic bank, the bank later closed down and went into curatorship, this is the last dividend received and paid into the Fidelity Fund bank accounts by Ernest and Young in December 2021. No income was received in the past and the accounts were written off.

Note 6: Other Income

Decrease is due to less unidentified deposit in the current year. More deposits or receipts were correctly identified and allocated to the corresponding debtors' accounts.

Note 7: Fair value adjustments

Over-achievement is due to positive performance in all investments, all investments are invested in Equity linked portfolios which have guaranteed returns. Liberty investment was terminated in September 2021 and funds were re-invested into ABSA which is currently doing well and yielding better returns.

Note 8: Interest on trust accounts

Decrease in interest on the trust accounts is as a result of a general decrease in the monetary value of the Property Practitioners' trust accounts. Remedial action for this would be to encourage property practitioners to make it mandatory for interest earned on the deposits to be paid to the Fidelity Fund.

Note 9: Fines

In terms of section 26(7) and 30(11) of the new Property Practitioners Act 22 of 2019 (effected on 1 February 2022), fines from disciplinary actions toward property practitioners now accrue to the Fidelity Fund, whilst previously fines used to accrue to the Authority. The 2021/22 budget therefore didn't include fines as they accrued to the Authority.

Note 10: Administration fees

Management Fees is less than budget due to the fact that at the time of the budget preparation for 2021/22, the Liberty devaluation was not anticipated, and the actual is taking devaluation into consideration as the management fee is calculated according to the approved policy which is 9% of the Audited Net Asset Value.

Note 11: Claims expenses

Claims paid are below the budget due to less claims approved in the current year.

Note 12: Other expenses

Other operating expenses are below budget due to lockdown restrictions that impacted expenses and resulted in less or zero cost incurred.

Note 13: Provision for doubtful debts

The provision was raised for Claims recoveries recognised as revenue for the current year in line with policy and provision for debtors agent interest on trust. Debtors relating to Interest on Fund are linked to submission of the audit report by the firm. The provision is done in line with the policy.

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 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 IAS 39 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 2021 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; 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.

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 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.

1.4 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 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. 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; 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.

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 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.

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 Statutory receivables

Identification

Trade 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 impairment. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (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-collectible, 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.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means. The transaction amount (for purposes of this Standard) for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

1.5 Statutory receivables (continued)

Recognition

The entity recognises statutory receivables as follows:

- If the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- If the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions; or
- If the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

Initial measurement

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.

Subsequent measurement

The entity measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- Interest or other charges that may have accrued on the receivable (where applicable);
- Impairment losses; and
- Amounts derecognised.

Derecognition

The entity derecognises a statutory receivable, or a part thereof, when:

- The rights to the cash flows from the receivable are settled, expire or are waived;
- The entity transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- The entity, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
  – derecognise the receivable; and
  – Recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative Fair Values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

1.6 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.

1.7 Provisions and contingencies

Provisions are recognised when:

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

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

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

1.7 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 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.

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.

1.8 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 municipality 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.

1.9 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.

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.

1.9 Revenue from non-exchange transactions (continued)

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.

1.10 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.

1.11 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 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.

1.12 Budget information

The PPFF 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 2021/04/01 to 2022/03/31.

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.

1.13 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.

1.14 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
Guideline: Guideline on Accounting for Landfill Sites	01 April 2099	Unlikely there will be a material impact
GRAP 25 (as revised): Employee Benefits	01 April 2099	Unlikely there will be a material impact
iGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction	01 April 2099	Unlikely there will be a material impact
Guideline: Guideline on the Application of Materiality to Financial Statements	01 April 2099	Unlikely there will be a material 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
Guideline on the application of materiality to financial statements	01 April 2020	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	2022	2021
3. Other financial assets		
Current assets		
Designated at Fair Value		
ABSA	125 146 887	-
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.		
Standard Bank	157 799 861	-
The investment constitutes of two FTSE/JSE Top 40 Africa Index investments. The first investment is for 14 months and maturing on the 13 April 2022. The second investment is for 16 months and maturing on the 05 May 2022. The interests from both investments are realised at the maturity at the attractive return of up to 12.01% and 12.35% respectively for the term period and 100% capital protection. In the current year, the investments are classified under current assets as the investments are maturing within 12 months after financial year end. In the prior year, the investments were classified under non-current assets.		

Figures in Rand	2022	2021

3. Other financial assets (continued)

Rand Merchant Bank The investment constitutes of two FTSE/JSE Top 40 Equity Link (ELN) in RMB. The interest from both investments are realised at the maturity at the attractive return of up to 7.7% for the term period and 100% capital protection. The first Investment is for 14 months and maturing on the 5 April 2022. The second investment is for 15 months and maturing on the 19 April 2022. The investments are classified from current assets as the investments are maturing within 12 months after financial year end. In the prior year, the investments were classified under non-current assets.	216 518 586	-
	499 465 334	**-**
Non-current assets		
Designated at Fair Value		
Standard Bank The investments constitute of two FTSE/JSE Top 40 Africa Index investments. The first investment is the investment from Absa that matured on the 27 December 2020 and reinvestment into Standard bank at the nominal value. The investment is for 14 months and maturing on the 13 April 2022. The second investment is the Standard bank investment that matured on the 15 January 2021 and reinvested rolled over in the Standard Bank at the nominal value. The investment is for 16 months and maturing on the 05 May 2022. The interest from both investments are realised at the maturity at the attractive return up to 11,87% for the term period and 100% capital protection. In the current year, the investments are classified under current assets as they mature within 12 months after year-end.	-	144 439 933
Rand Merchant Bank The investment constitutes of two FTSE/JSE Top 40 Equity Link (ELN) in RMB. The interest from both investments are realised at the maturity at the attractive return of up to 7.6% for the term period and 100% capital protection. The first Investment is for 14 months and maturing on the 5 April 2022. The second investment is for 15 months and maturing on the 19 April 2022. The investments are classified from current assets as the investments are maturing within 12 months after financial year end. In the prior year, the investments were classified under non-current assets. In the current year, the investments are classified under current assets as they mature within 12 months after year-end.	-	201 109 015
Liberty This investment is in Liberty Life's unlisted property fund with returns derived from a rental and capital appreciation generated from underlying assets. The investment had initial term of 5 years from the 24 November 2006 with an option to be extended every 5 years thereafter. The current 5 years cycle is lapsing on the 24 November 2021. The investment can be terminated at any time and has an average return of 9,6%. In 2019/2020 the investment was negatively affected in March 2020 due to COVID-19 pandemic and resulted in a significant devaluation. Refer to contingent assets note for the legal challenging of the previous devaluation. During the 2021/22 financial year, the investment was terminated and invested into Absa with the full amount from Liberty. Refer to Absa investment account.	-	117 562 754
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 R431 657 on this Investec Step up Note account. In the previous financial year, this Investment was incorrectly classified under current assets, its maturity date is the 4th of September 2023 hence should have been classified as non-current assets.	123 304 358	123 239 555
	123 304 358	**586 351 257**
Total other financial assets	**622 769 692**	**586 351 257**

Non-current assets		
Designated at Fair Value	123 304 358	586 351 257
Current assets		
Designated at Fair Value	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	2022	2021
4. Receivables from exchange transactions		
Prepaid expenses	1 896	2 964

5. Receivables from non-exchange transactions		
Fines	676 000	-
Agent interest receivables from trust accounts	249 662	4 883 824
SSETA Recoveries - Host employers and Stipend	1 959 267	1 959 267
	2 884 929	**6 843 091**

Receivables from non-exchange transactions pledged as security

Receivables from non-exchange transactions have not been pledged as security for any liabilities, overdraft facilities and contingent liabilities in the current financial year.

Based on the new Property Practitioners Act, fines levied against agents now accrues to the Fidelity Fund.

Reconciliation of agent interest receivables

Receivables from non-exchange transactions - agent interest	29 251 259	26 972 544
Less: Allowance for credit losses	(29 001 597)	(22 088 720)
	249 662	**4 883 824**

Reconciliation of claims recoverable receivables

Receivables from non-exchange transactions - claims recoverable	21 706 957	16 047 484
Less: Allowance for credit losses	(21 706 957)	(16 047 484)
	-	**-**

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.

Receivables from non-exchange transactions past due but not impaired

Other receivables from non-exchange transactions which are less than 3 months past due are not considered to be impaired. At 31 March 2022, R 707 278 (2021: R 2 187 098) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

1 month past due	672 985	203 325
2 months past due	34 293	688 102
3 months past due	-	1 295 671

Receivables from non-exchange transactions past due but not impaired

Allowance for credit losses	12 572 351	9 507 533

Reconciliation of provision for impairment of receivables from non-exchange transactions

Opening balance	38 136 204	28 628 671
Provision for impairment	12 572 351	9 507 533
	50 708 555	**38 136 204**

Figures in Rand	2022	2021

6. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	1 346 317	20 881 469
Other cash and cash equivalents	7 364 773	2 306 456
	8 711 090	**23 187 925**

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 acrrues 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

Inter-company loans comprises of the following:

Contributions owed by EAAB to EAFF	9 640 226	7 550 102
Fidelity Fund Certificate paid into PPFF bank account	(1 702 304)	(1 135 976)
Consumer Awareness paid by the PPRA	(2 922 896)	(1 512 476)
Claims paid by the PPRA	(5 991 950)	(5 991 950)
Transformation cost paid by the PPRA	(1 644 910)	(1 640 195)
One Learner - One Property Practitioners Programme paid by PPRA	(3 577 720)	(3 297 720)
Fines owed by the PPRA to the PPFF	316 251	-
Expense (e.g Insurance, legal costs etc.) paid by PPRA	(16 340 150)	(15 069 062)
Direct loan for Pension Fund payments for shortfall	8 200 000	8 200 000
Direct loan to the PPRA	15 000 000	15 000 000
	976 547	**2 102 723**

The intercompany 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 payables comprises of the following:

Management fees	(34 831 799)	(20 836 044)

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.

Refer to Related Party. Note 16.

Total inter-company loans and payables	**(33 855 251)**	**(18 733 321)**

Figures in Rand	2022	2021
8. Payables from exchange transactions		
Accruals	91 950	238 982

9. Payables from non-exchange transactions		
Agent Interest received in advance	1 635 089	1 622 439

Income received in advance is made up of debtors with credit balances relating to fines levied debtors and interest earned on trust accounts debtors.

10. Provisions

Reconciliation of provisions – 2022

	Opening Balance	Utilised during the year	Total
Provision for claims	3 141 365	(3 115 571)	25 794

Reconciliation of provisions – 2021

	Opening Balance	Additions	Utilised during the year	Total
Provision for claims	2 603 992	4 238 535	(3 701 162)	3 141 365

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.

11. Revenue

Revenue from exchange transactions		
Contributions from estate agents	2 090 125	1 469 554
Other income	27 541	41 855
Interest on investments	5 368 188	6 322 120
Claims recoveries	5 659 474	8 186 039
Bad debts recovered	222 120	-
Fair Value adjustments	36 353 632	30 325 031
	49 721 080	**46 344 599**
Revenue from non-exchange transactions		
Interest on trust accounts	26 827 857	48 202 772
Stipend fee recoveries from SSETA	-	829 348
Fines	930 950	-
	27 758 807	**48 089 562**

Figures in Rand	2022	2021
12. Operating expenses		
Administration Fees	53 423 252	51 167 211
Bank charges	9 728	17 197
Claims expenses	2 543 903	8 723 412
Discretionary funded special project (One learner one agent & stipend)	-	8 000
Investigations	1 067	2 299
Legal expenses	865 357	737 250
Provision for doubtful debts	12 572 351	9 507 533
Stakeholder awareness	378 300	-
Stakeholder relations and consumer awareness	1 290 820	298 850
Transformation initiatives	284 715	5 443
	71 369 493	**70 467 195**

13. Cash generated from (used in) operations		
Surplus	6 110 394	23 966 966
Adjustments for:		
Movements in provisions	(3 115 571)	537 373
Changes in working capital:		
Receivables from exchange transactions	1 068	2 298
Other receivables from non-exchange transactions	3 958 161	(4 649 529)
Payables from exchange transactions	(147 032)	(1 669 277)
Other liabilities from exchange transactions	12 650	1 136 744
	6 819 670	**19 324 575**

14. Commitments

There were no commitments for the year ended 31 March 2022.

15. Contingencies

Pending Claims:

As at year-end, the claims lodged against Fidelity Fund which have not yet been approved amounted to R60 863 508 (2021: R51 307 789). 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.

Figures in Rand	2022	2021

15. Contingencies (continued)

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; and/or
- 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 R 1 507 000 (2021: R 1 530 754). 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)

Related party balances

Loan accounts - Owing to related parties

Property Practitioners Regulatory Authority	976 547	2 102 723

Figures in Rand	2022	2021

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	9 640 226	7 550 102
Fidelity Fund Certificate paid into PPFF bank account	(1 702 304)	(1 135 976)
Consumer Awareness paid by the PPRA	(2 922 896)	(1 512 476)
Claims paid by the PPRA	(5 991 950)	(5 991 950)
Transformation cost paid by the PPRA	(1 644 910)	(1 640 195)
One Learner - One Property Practitioners Programme paid by PPRA	(3 577 720)	(3 297 720)
Fines owed by PPRA to PPFF	316 251	-
Expense (e.g Insurance, legal costs etc.) paid by PPRA	(16 340 150)	(15 069 062)
Direct loan for Pension Fund payments for shortfall	8 200 000	8 200 000
Direct Loan to the PPRA	15 000 000	15 000 000

Payables - Owing (to) by related parties

Property Practitioners Regulatory Authority - Management fees	(34 831 799)	(20 836 044)

Related party transactions

Administration fees payable to related parties

Property Practitioners Regulatory Authority	53 423 252	51 167 211

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 2019/20 financial year, the entity made a withdrawal of R 15 000 000 from the Liberty investment and loaned the amount to the PPRA. The Property Practitioners Regulatory Authority was struggling to pay its expenses due to the waiver of CPD and less activities as a results of the COVID-19 lockdown restrictions.

Figures in Rand

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 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 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	8 711 090	-	-	-
Investments	-	-	-	123 304 358
Short term Investments	-	-	499 465 334	-
Receivables from exchange transactions - gross receivables	-	1 896	-	-
Receivables from non-exchange transactions - gross receivables Note 5	-	53 593 483	-	-
Payables from exchange transactions	-	(91 950)	-	-
Payables from non-exchange transactions	-	(1 635 089)	-	-

17. Risk management (continued)

At 31 March 2021	Overnight	Less than 3 months	Between 3 and 12 months	Over 1 year
Cash and cash equivalents	23 187 925	-	-	-
Investments	-	-	-	586 351 257
Short term Investments	-	-	-	-
Receivables from exchange transactions - gross receivables	-	2 964	-	-
Receivables from non-exchange transactions - gross receivables Note 5	-	44 979 295	-	-
Payables from exchange transactions	-	(238 982)	-	-
Payables from non-exchange transactions	-	(1 622 439)	-	-

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 counter-party to ELN structures financial instrument fails to meet its contractual obligations. The Investment Policy Statement mitigates the risk by ensuring diversification across all counter-parties. It also limits the counter-parties 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	2022	2021
Receivables from exchange transactions	1 896	2 964
Receivables from non-exchange transactions	2 884 929	7 785 649
Cash and cash equivalents	8 711 090	23 187 925

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 underperform in future, the entity is guaranteed not to lose its capital.

Figures in Rand

17. Risk management (continued)

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 underperform in future, the entity is guaranteed not to lose its capital.

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

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 - 2021	As previously reported	Correction of error	Restated Amount
Receivables from non-exchange transactions	7 785 649	(942 558)	6 843 091

Accumulated Surplus	As previously reported	Correction of error	Restated Amount
Accumulated Surplus	(593 591 688)	942 558	(592 649 130)

Statement of financial performance - 2021	As previously reported	Correction of error	Restated Amount
Interest on trust accounts	(48 202 772)	942 558	(47 260 214)

Figures in Rand	2022	2021

20. Prior-year adjustments (continued)

Errors

The following prior period errors adjustments occurred:

1. **Revenue from non-exchange transactions -** As a result of the re-submission of audit reports by certain firms' auditors due to various reasons, the resubmission resulted in a increase in interest from the trust account due to the PPFF. Revenue from non-exchange transactions for 2020/21 was therefore overstated by R 942 558, and receivables from non-exchange transactions were also overstated by the same amount.

2. **Other financial assets classification -** The Investec investment was incorrectly classified under current assets in the previous financial year. The maturity date of the investment is the 4th of September 2023, hence should have been classified under non-current assets.

3. **Fruitless and Wasteful expenditure -** Fruitless and wasteful expenditure amount of R 535 545 as disclosed in the prior year financial statements relating to the Kies matter was incorrect as the full amount should have been R 765 418.

21. Fruitless and wasteful expenditure

Opening balance as previously reported	535 545	-
Correction of prior period error	229 873	-
Opening balance as restated	**765 418**	**-**
Interest on rejected claims by the board committee - Catherine Kies	-	535 545
Legal costs on terminated attorney services	500 000	-
Closing balance	**1 265 418**	**535 545**

Details of fruitless and wasteful expenditure

1) Catherine Kies matter

On the 20th July 2016, Catherine Kies paid R1 700 000 into the interest bearing Beyers's trust account. The deposit payment of R1 700 000 and the interest were for Kies's benefit until the transfer of the Property took place. Beyers misappropriated the funds, subsequently liquidated and directors sequestrated. Kies lodged the claim and PPRA Board committee rejected the claim in 2020. Kies took the matter to court and on the 1st March 2021 the Court ruled out against PPFF. The interest accrued between the time the board rejected the initial claim and the time the court ruled out amounts to R765 418 which could have been avoided is regarded as fruitless and wasteful expenditure.

This had been erroneously recorded in the 2020/21 financial year as amount of R535 545 instead of R765 418.

Management is investigating and will recover the claim including the interest from the Beyers. Revenue has been raised as recovery for the interest not yet recovered.

2) Legal costs for Liberty litigations

Legal costs paid for attorneys appointed to handle the Liberty litigation matter and the services were later terminated without the matter being finalised as intended. Amount of R500 000 paid during the year.

Figures in Rand	2022	2021

22. Irregular expenditure

Details of irregular expenditure

Opening balance

As a result of the audit the following expenditure was identified and was placed under review for potential non-compliance to procurements laws, regulations and supply chain management policy. The full extent of the irregular expenditure is still in the process of being determined as its still being assessed.

The expenditure relates to the following:

Awards made with no independence declarations, no RFQ documents, no SCM documents, no 3 quotations obtained or approved deviation	45 150	-
Awards made with no independence declarations, no RFQ documents, no goods/services specification form	803 870	-
Awards made with no RFQ documents and supplier not tax compliant	198 500	-
Awards made with no independence declarations, no RFQ documents, no SCM documents, no 3 quotations obtained, and supplier not tax compliant	97 250	-
Closing balance	**1 144 770**	**-**

23. Change of organisation's name

Due to the transition from the Estate Agency Affairs Act (Act No.112 of 1976) to the new Property Practitioners Act (Act No.22 of 2019) effective from 01 February 2022 which establishes the formation of the Fidelity Fund, the Property Practitioners Fidelity Fund name was changed from the former Estate Agency Fidelity Fund.

PROPERTY PRACTITIONERS REGULATORY AUTHORITY

Annual Financial Statements for the year ended 31 March 2022

PROPERTY PRACTITIONERS REGULATORY AUTHORITY

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PPRA

PROPERTY PRACTITIONERS REGULATORY AUTHORITY