ANNUAL REPORT - 2024 | 2025

G20
SOUTH AFRICA 2025

PPRA

PROPERTY PRACTITIONERS
REGULATORY AUTHORITY

PROPERTY PRACTITIONERS REGULATORY AUTHORITY

ANNUAL REPORT 2024/25

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

Financial statements for the year ended 31 March 2025, in accordance with the requirements of the Public Finance Management Act, No. 1 of 1999, as amended.

G20

SOUTH AFRICA 2025

G20 THEME

In recognition of South Africa's hosting of the G20 Summit, the 2024/25 Annual Report is presented under a G20 inspired theme. This reflects the interconnectedness of the property sector with global economic and social developments. The report incorporates imagery of landmark properties from G20 countries, symbolising the diversity, innovation and resilience of property markets worldwide. These visuals celebrate global architectural and cultural heritage and affirm the central role of property in driving inclusive growth, sustainable development and economic transformation.

PROJECT TEAM

Publisher –> Property Practitioners Regulatory Authority –> PPRA

Design, Content & Layout –> Patrick Allen & Louise Brooks

Project Coordinators –> Editing & Consolidation

Jonathan Thekiso; Thokozani Khumalo; Lindani Tshabalala;

Carol Sebeela; Londolani Tshavhungwa; Deli Nkambule; Vukani Mbatha

CONTENTS

GENERAL INFORMATION

NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES	The Property Practitioners Regulatory Authority (PPRA) has the responsibility to regulate, maintain and promote the conduct of property practitioners.
LEGAL FORM OF ENTITY	The Property Practitioners Regulatory Authority (PPRA) is a public entity of the National Department of Human Settlements established in February 2022 under the Property Practitioners Act 22 of 2019. (PPA).
REGISTERED OFFICE	63 Wierda Road East, Wierda Valley, Sandton, 2196
POSTAL ADDRESS	Private Bag X10, Benmore, 2010
CONTACT NUMBER	Tel: +27 87 285 3222
EMAIL	eab@theppra.org.za
WEBSITE	www.theppra.org.za
AUDITORS	Auditor-General of South Africa Registered Auditors
COMPANY SECRETARY	Ms Margaret Nguruve *(Acting)* from February 2025 Mr Thapelo Kgari (up to January 2025)
BANKERS	ABSA Bank Limited; *and* Nedbank Limited

GLOSSARY OF TERMS

GLOSSARY OF TERMS

GLOSSARY OF COMMONLY USED TERMS AND ABBREVIATIONS	
ACT	Property Practitioners Act (No. 22 of 2019)
AGRC	Audit, Governance and Risk Committee
AGSA	Auditor-General of South Africa
APP	Annual Performance Plan
BOARD	Board of the PPRA
BBB-EE	Broad-Based Black Economic Empowerment
BU	Business Unit
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CHAIRPERSON OF THE BOARD	Appointed in accordance with the Property Practitioners Act (No. 22 of 2019)
COID	Compensation for Occupational Injuries and Diseases
CPA	Consumer Protection Act (No. 68 of 2008), as amended or replaced from time to time
CPD	Continuing Professional Development
CPP	Candidate Property Practitioner
CRR	Capital Replacement Reserve
CSOS	Community Schemes Ombud Service
DBSA	Development Bank of South Africa
DHS	Department of Human Settlements
DPME	Department of Planning, Monitoring and Evaluation
DPW	Department of Public Works
EAA ACT	Estate Agency Affairs Act (No. 112 of 1976), as amended
EAAB	Estate Agency Affairs Board
EAFF	Estate Agents Fidelity Fund

GLOSSARY OF COMMONLY USED TERMS AND ABBREVIATIONS	
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
EEA	Employment Equity Act (No. 55 of 1998)
EXCO	Executive Management of the Property Practitioners Regulatory Authority
ERP	Enterprise Resource Planning System
FETC	Further Education and Training Certificate
FIC ACT	Financial Intelligence Centre Act (No. 38 of 2001), as amended or replaced from time to time
FIDELITY FUND / PROPERTY PRACTITIONERS FIDELITY FUND	Estate Agents Fidelity Fund, established in terms of Section 12(1) Estate Agents Act (No. 112 of 1976), the current fund is now managed under Section 34(1) of the Property Practitioners Act (No. 22 of 2019)
FFC	Fidelity Fund Certificate. The certificate is issued to qualifying property practitioners in terms of Section 47(3) of the Property Practitioners Act (No. 22 of 2019)
GRAP	Generally Recognised Accounting Practice
GROUP	The consolidated annual financial statements incorporate the annual financial statements of the Board and the Fund
HDF	Housing Development Fund
HDI	Human Development Index
HOA	Homeowners Association
HR	Human Resources
IAS	International Accounting Standards
ISAs	International Standards on Auditing
ICT	Information and Communications Technology
IESA	Institute of Estate Agents of South Africa
IEANSA	The Independent Estate Agency Network of South Africa
IPSAS	International Public Sector Accounting Standards
IRBA	Independent Regulatory Body for Auditors

GLOSSARY OF TERMS*...continued*

GLOSSARY OF COMMONLY USED TERMS AND ABBREVIATIONS	
KING IV	The King Report on Governance for South Africa and the King Code of Governance Principles, 2009
KPI	Key Performance Indicator
LCC	Loss Control Committee
LPC	Legal Practice Council
MEC	Member of the Executive Council
MINISTER	The Honourable Minister of Human Settlements
MTDP	Medium Term Development Plan
NAMA	National Association of Managing Agents
NAR	National Association of Realtors
NC	National Certificate
NEHAWU	National Education Health And Allied Workers Union
NHFC	National Housing Finance Corporation SOC Ltd
NQF	National Qualifications Framework
NRF	National Research Foundation
ONE LEARNER	One Learner – One Property Practitioner Youth Programme
OECD	Organisation for Economic Co-operation and Development
PAA	Public Audit Act (No. 25 of 2004)
PAYE	Pay As You Earn
PFA	Pension Fund Adjudicator
PFMA	Public Finance Management Act (No. 1 of 1999), as amended or replaced from time to time
PDE	Professional Designation Examination
PDI	Previously Disadvantaged Individuals

GLOSSARY OF COMMONLY USED TERMS AND ABBREVIATIONS	
PPA	Property Practitioners Act (No. 22 of 2019)
PMS	Performance Management System
PPFF	Property Practitioner Fidelity Fund
PPPFA	Preferential Procurement Policy Framework Act
PPP	Preferential Procurement Policy
PPR	Preferential Procurement Regulations
PPRA	Property Practitioners Regulatory Authority
PSC	Public Service Commission
PSCC	Property Sector Charter Council
PSTF	Property Sector Transformation Fund
PSRC	Property Sector Research Centre
QCTO	Quality Council for Trades and Occupations
RPL	Recognition of Prior Learning
RC	Registration Certificate
SAP	SAP Business One Enterprise Resource Planning System
SAQA	South African Qualifications Authority, established in terms of Section 3 of the South African Qualifications Authority Act (No. 58 of 1995), as amended or replaced from time to time
SARS	South African Revenue Services
SSETA	Services Sector Education and Training Authority
SMME	Small Medium and Micro Enterprise
TR	Treasury Regulations issued in terms of Section 76 of the PFMA
UNISA	University of South Africa
VOASA	Vacation Ownership Association of South Africa

FOREWORDS

FOREWORD BY THE MINISTER

Thembi Simelane, (MP)
MINISTER OF HUMAN SETTLEMENTS

FOREWORD BY THE MINISTER

The 2024/2025 financial year has been year of alignment, reflection, review of internal and external policy considerations and implementation of business processes to ensure that the core mandate of the Property Practitioners Regulatory Authority guided by strategic objectives and the Property Practitioners Act, is fully attained.

In line with corporate governance, several changes were further noted during the year under review. The tenure of the previous Board of Directors of the PPRA ended in November 2024 due to the expiry of its three-year term. To ensure continuity and stability of the organisation, the new board was appointed in January 2025 to carry the mandate of the Property Practitioners Act.

The new Board intends to continue to implement the PPA and sustain the legacy of the previous board. It is anticipated that the Board will play their essential oversight role as non-executive directors and steer the Authority to greater heights, thereby correctly positioning it to its rightful position of authority within the regulatory space. The Board is intent on ensuring that the Authority continues its steadfastness in driving compliance, protection of consumer rights, education and transformation while aligning to Government's National Development Plan 2030 and the strategic plans with the Medium-Term Strategic Framework priorities.

Notably, the year-on-year performance of the Authority has been steady and encouraging. During the year under review, the Authority realised a performance achievement of 80%. This reflected a strong indication of commitment towards the performance approach and properly defined annual performance targets which directly impact the property sector in a positive manner. Whilst the performance approach was clearly defined and its outcomes based on the annual performance plan, technological and financial challenges remained a matter of concern which the Authority is mindful of and is on course to resolve. The Authority is acutely aware of some of the challenges experienced by our stakeholders in transacting with the organisation and is working towards addressing these within the 2025/2026 financial year.

Transformation remains a key pillar of the PPRA's strategic agenda. The Authority is actively working to redress historical imbalances and promote inclusive participation in the property sector by previously disadvantaged groups. During the year under review, the PPRA implemented several transformation-focused initiatives aimed at increasing access, representation, and opportunities for women, youth, persons with disabilities and historically disadvantaged individuals in the property profession.

Among these initiatives was the continued rollout of targeted education and training programmes, outreach in rural and township areas, and the introduction of transformation compliance indicators across licensing and registration processes. Furthermore, the Authority has prioritised enforcement of Section 21 of the Property Practitioners Act, which will ensure that transformation is not only aspirational but measurable and enforceable.

This transformation drive is central to ensuring that the property sector truly reflects the demographic and socio-economic diversity of South Africa, creating a more inclusive, competitive, and equitable environment.

The PPRA board and Executive team must take note of the detailed audit outcomes raised by the Auditor General to correct, implement appropriate internal control measures, and improve on gaps that were noted within the year under review. The criticality of the oversight role of the board in this regard can never be over-emphasised.

I wish to express my gratitude to the previous Board of Directors led by Dr Steven Ngubeni for an exceptional three-year term during turbulent times experienced by the PPRA. The Board ensured stability and notable performance improvements. This type of leadership is not only a commitment to brand South Africa and the Department of Human Settlements, but to the entire citizenry whose lives are impacted positively by the property sector regulation across the different landscapes of South Africa, in a quest towards transforming the sector.

I further wish to welcome Ms Queendy Gungubele, the chairperson of the new PPRA board and the Board members to the role with great enthusiasm and profound honour of this great task. The Department of Human Settlements wishes the Board members success in their roles within the different board committees, in fulfilling the greater responsibility and mandate of the Property Practitioners Act.

My gratitude also goes to the Chief Executive Officer of the PPRA Ms Thato Ramaili for her continued commitment to great leadership, which is reflected in the steady performance outcomes of the financial year which has been fully adopted and supported by executive management and the employees with notable commitment, aligned to the South African property regulation and economic transformation.

THEMBI SIMELANE, MP
MINISTER FOR HUMAN SETTLEMENTS

FOREWORD BY THE CHAIRPERSON

Queendy Gungubele
CHAIRPERSON OF THE BOARD

FOREWORD BY THE CHAIRPERSON

I am honoured to present this statement for the financial year ending 31 March 2025. My appointment, which occurred near the close of the reporting period, coincided with a period of transition marked by the unforeseen passing of a fellow board member, a moment that reminded us of the human dimension behind institutional stewardship. This unfortunate event temporarily disrupted the continuity of Board proceedings, as we were unable to function as a full complement while awaiting the requisite processes in accordance with the provisions of the Property Practitioners Act 22 of 2019 (the PP Act). Despite these challenges, our priority remained steadfast: to reinforce the establishment of robust governance structures and to provide strategic oversight as the PPRA charts its course into the new financial year. This report reflects our collective commitment to ethical leadership, resilience, and accountability in the face of complexity.

In line with the Property Practitioners Regulatory Authority's (the PPRA) strategic goals and the legislative mandate of the PP Act, the newly appointed Board carefully reviewed the key priorities to ensure alignment and continuity in regulating property practitioners in the public interest. At the same time, the Board emphasised that education, training, and development must remain central to driving transformation and growth within the property sector, supported by a balanced and evolving property law framework that shapes and impacts the industry.

This transitional period provided valuable insight into the strengths and challenges of the Property Practitioners Regulatory Authority (the PPRA). Despite facing operational constraints in respect of the ICT systems, the organisation demonstrated resilience and delivered measurable progress in advancing transformation, professionalisation, and stakeholder collaboration.

The Board is pleased to report that the PSTF and the PFF have both received unqualified audit opinions for the 2024-2025 financial year. This achievement reflects our commitment to proper governance and commitment to excellence in financial management. The PPRA received a qualified opinion with no material findings, this reflects a key opportunity for the PPRA to review and continue to actively improve internal controls for an unqualified audit opinion in the upcoming financial year.

During the reporting period, the PPRA achieved 80% of its key performance indicators, demonstrating strong overall

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organisational performance. Notably, the Authority achieved 100% of its targets related to the issuance of Fidelity Fund Certificates (FFCs) within the specified turnaround time, as well as the enforcement and compliance functions, thereby reinforcing its regulatory mandate. In alignment with the national drive for inclusive economic growth, the PPRA advanced economic empowerment by directing 40.27% of its annual procurement spend to women-owned businesses and allocating 50.49% to enterprises owned by youth and persons with disabilities.

As the newly appointed Board, we are committed to building on these achievements. The strategic focus over the medium to long term period will be to strengthen governance, accountability to enhance oversight of strategic priorities, and ensure the Authority's financial and operational sustainability. We are particularly committed to supporting the digitisation agenda to address legacy ICT challenges, enhancing the financial sustainability, accelerating transformation within the sector, and driving initiatives that promote professionalism, consumer protection, and industry integrity.

On behalf of the Board, I extend our appreciation to the previous Board, management team, and staff for their dedication and contribution during the year under review. I wish also to thank the Audit, Governance, and Risk Committee for their diligent oversight and invaluable guidance and Honourable Minister Thembi Simelane for entrusting us with this responsibility.

The board remains fully committed to steering the PPRA towards stability and strengthen performance, we look forward to working collaboratively with the Ministry of Human Settlements and stakeholders to ensure that the PPRA fulfils its mandate and contributes meaningfully to the inclusive transformation and professionalisation of South Africa's property sector.

QUEENDY GUNGUBELE

CHAIRPERSON OF THE PPRA BOARD

CHIEF EXECUTIVE OFFICER'S OVERVIEW

Thato Ramaili
CEO OF THE PPRA

It is my privilege to present the Annual Report for the financial year ending March 2025. Despite a dynamic and at times challenging operating environment, the PPRA recorded measurable progress across all pillars of its mandate, achieving an overall performance of 80% the highest in the Authority's history. This performance affirms the PPRA's growing institutional maturity, resilience, and unwavering commitment to driving transformation, regulatory excellence, and professionalisation within the property sector.

In alignment with the national imperative for inclusive economic growth, the PPRA made significant strides in empowering designated groups through its procurement spend. Of the annual procurement budget, 40.27% was directed to women-owned businesses, while 50.49% supported businesses owned by youth and persons with disabilities. These figures not only demonstrate compliance but reflect a deliberate strategy to leverage procurement as a tool for broad-based economic transformation.

Still in the pursuit for a more inclusive property sector, the PPRA continued to advance transformation. Women now represent 54% of registered property practitioners, and Previously Disadvantages Individuals (PDI's) comprise 30% of the national demographic profile, a modest but important step in redressing historical imbalances. Nonetheless, the continued predominance of white property practitioners in senior positions such as Principals and Directors signals the need for deeper structural reform a challenge the Authority is actively addressing through targeted programmes.

In terms of professionalisation, 2 880 designations were awarded during the year, with 7 030 practitioners completing the mandatory Continuing Professional Development (CPD) programme, a marked increase from 6 366 in the previous financial year. This indicates growing sectoral compliance and commitment to upholding professional standards.

The Authority placed a strong emphasis on skills development and transformation at entry level, with 839 candidate practitioners placed with industry host employers through the flagship "One Learner – One Property Practitioner" Programme. The Principalisation Candidacy Programme, focused on building a new generation of Black Principals, recruited 37 Black women this year, bringing the cumulative number of participants to 74. This initiative, supported by the Services SETA and other stakeholders, is a cornerstone of the Authority's drive to correct leadership imbalances in the sector.

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Additionally, 25 SMMEs were awarded financial support through grant funding a number we intend to increase in the upcoming year to widen participation. A hallmark achievement of the year was the successful collaboration with the KwaZulu-Natal Department of Economic Development, Tourism and Environmental Affairs (KZN-EDTEA), now the largest regulatory project in the country, having recruited 646 learners. This partnership aims to ensure comprehensive oversight of property practitioners in the province and accelerate transformation at scale. Notably, the project recorded the highest learner retention rate nationally, which is directly attributed to the intentional recruitment of learners, resulting in a highly motivated cohort. This model is now being considered as a benchmark for future national rollouts.

Strategic partnerships remained pivotal to the Authority's success. In compliance with Section 22(4) of the Property Practitioners Act, the Authority also partnered with the National Research Foundation (NRF) on research into systemic barriers to entry, discriminatory practices, compliance, enforcement, and the broader role of the sector in spatial and economic transformation. The two completed research reports have laid the foundation for evidence-based policy development and regulatory refinement.

Operational performance remained robust. In particular, the PPRA maintained 100% payout of fully compliant claims within the 90-day statutory period, reaffirming our commitment to effective fiduciary and consumer protection.

As we reflect on a year of record achievement, it is clear that the PPRA is entering a new phase of institutional confidence, performance consistency, and strategic clarity. Our focus for the year ahead is to deepen transformation, fast-track digital and operational reforms, and reinforce professional and ethical standards across the sector. We remain steadfast in our vision to build a property sector that is inclusive, accountable, and future fit.

THATO RAMAILI

CEO OF THE PPRA

STATEMENT OF RESPONSIBILITY

STATEMENT OF RESPONSIBILITY

The Board of the Property Practitioners Regulatory Authority (PPRA), as the designated accounting authority in terms of the Public Finance Management Act (PFMA), Act 1 of 1999, is responsible for maintaining adequate accounting records and ensuring the integrity and accuracy of both the consolidated and separate financial statements presented in this report.

In fulfilling its fiduciary obligations, the Board ensures that these financial statements fairly reflect the financial position of the PPRA as at the end of the financial year, as well as the results of its operations and cash flows for the reporting period.

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), including all applicable interpretations, guidelines, and directives issued by the Accounting Standards Board. They are based on appropriate accounting policies that have been applied consistently and are underpinned by judicious estimates and sound judgement.

The Board recognises its overarching responsibility for the PPRA's system of internal financial controls and places significant emphasis on maintaining a robust control environment. To this end, internal control frameworks have been established to mitigate risk effectively and efficiently. These frameworks include clearly defined roles and responsibilities, sound accounting procedures, and adequate segregation of duties. The PPRA upholds a culture of ethical conduct, requiring all employees to adhere to the highest standards of integrity in the execution of their duties.

The PPRA's risk management approach is proactive, focusing on the identification, evaluation, management, and monitoring of a broad spectrum of risks. While operational risk cannot be eliminated, the organisation seeks to mitigate exposure through the continuous refinement of infrastructure, internal controls, and governance practices within defined parameters.

Based on the information and assurances provided by management, the Board is of the opinion that the internal control systems in place provide reasonable assurance regarding the reliability of the financial information used in the preparation of the financial statements. It is, however, acknowledged that no system of internal control can offer absolute assurance against material misstatement or financial loss.

Having reviewed the PPRA's cash flow forecasts for the year ending 31 March 2026, and considering the entity's current financial position, the Board is satisfied that the PPRA has, or has access to, sufficient resources to continue its operations for the foreseeable future.

The annual financial statements, which appear on pages 90 to 196 and have been prepared on a going concern basis, were approved by the accounting authority on 31 May 2025 and signed on its behalf by:

QUEENDY GUNGUBELE

CHAIRPERSON OF THE PPRA BOARD

PPRA

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STRATEGIC OVERVIEW

STRATEGIC OVERVIEW

LEGISLATIVE MANDATE

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

The primary mandate of the PPRA:

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

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

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

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

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

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

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

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

Additional to the primary mandate of the PPRA

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

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

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

Vision

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

Mission

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

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

Impact statement

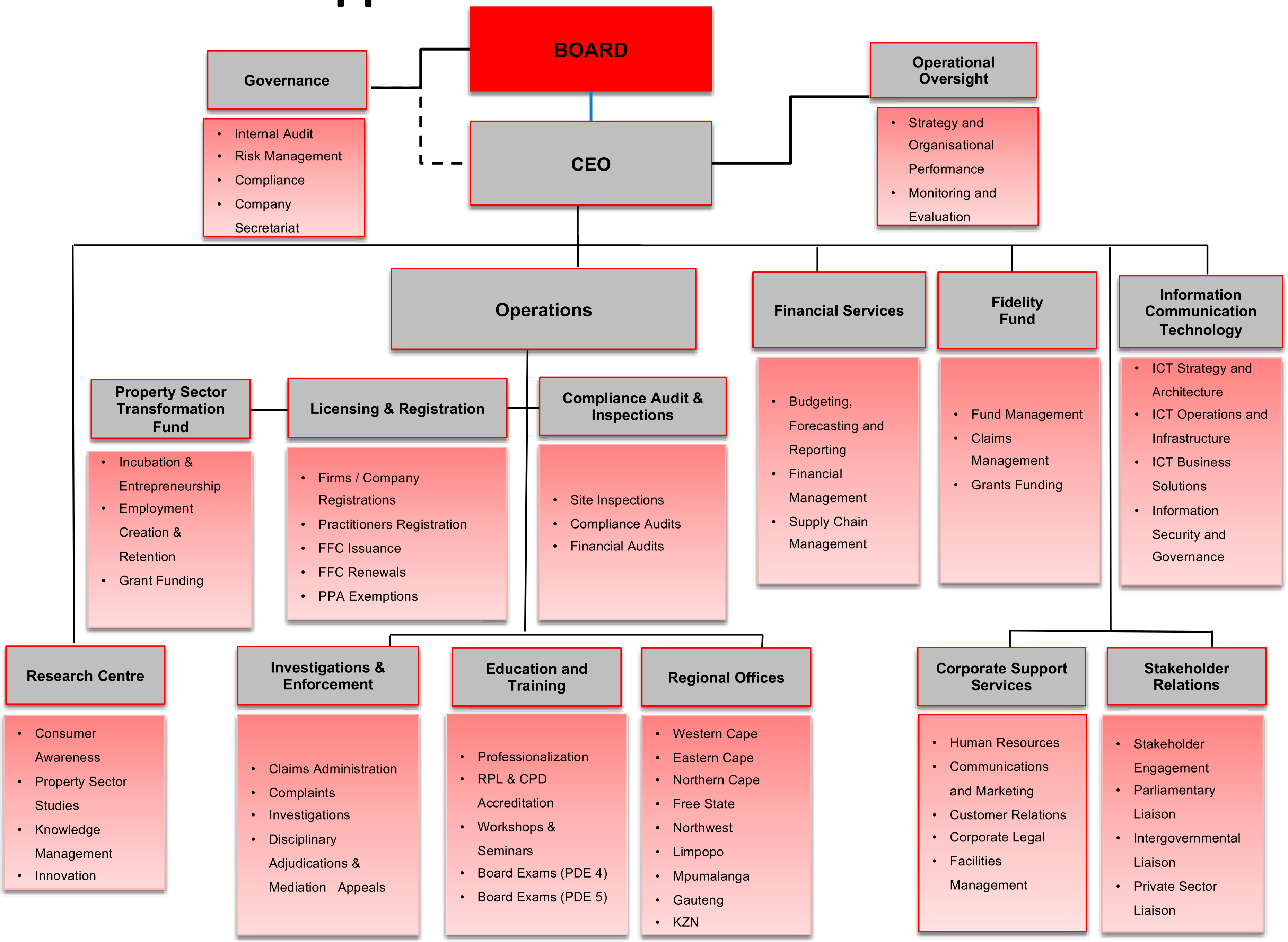
A fully transformed integrated Property Sector that reflects the demographics of society and ensures access to social services and economic opportunities in cities, regions, and rural areas.

ORGANISATIONAL STRUCTURE

PPRA

PROPERTY PRACTITIONERS REGULATORY AUTHORITY

Approved Functional Structure



BOARD MEMBERS

Queendy Gungubele
Chairperson

Pamela Nonkululeko Makhubela
Board Member

Daphline Ewerste
Board Member

Mxolisi Sphamandla Nene
Board Member

Kedibone Tsiloane
Board Member

Johan van der Walt
Board Member

Verushka Gilbert
Board Member

Brian Mpono
Board Member

EXECUTIVE MEMBERS

Thato Ramaili
Chief Executive Officer

Lehlogonolo Masete
Chief Financial Officer
(Acting)

Mojalefa Lekoto
Chief Information Officer

Jonathan Thekiso
Chief Corporate
Services Officer

Xolile Nomadolo
Chief Risk Officer

Margaret Nguruve
Company Secretary
(Acting)

Dineo Mphahlele
Executive Manager:
Compliance, Audit & Inspections

Zandile Mahlangu
Executive Manager:
Education & Professional
Designation Examination

Debra Vial
Executive Manager:
Licensing & Registration

Clarence Catin
Executive Manager:
Investigations & Enforcement

PERFORMANCE INFORMATION

AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

The AGSA/auditor currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management. Refer to pages 96 to 102 of the Report of the Auditors Report, published as Part F: Financial Information.

OVERVIEW OF PERFORMANCE

SERVICE DELIVERY AND ENVIRONMENT

Overview of public entity's performance

This report provides a concise overview of the PPRA service delivery performance for the 2024/2025 financial year. As part of the DHS, the PPRA remains committed to improving the lives of South Africans by promoting fair practices and protecting consumers in an increasingly complex property market. Guided by the PPA and aligned with the MTDP 2024–2029, the PPRA focuses on transformation, professionalisation, and regulatory efficiency in the property sector. These efforts support broader national goals, including building a capable and ethical state, reducing poverty, and fostering sustainable economic growth. Core to its mandate is effective service delivery, particularly through regulating industry conduct and promoting consumer protection. The report also presents the AGSA findings on the Authority's performance, offering reasonable assurance on the reliability of reported information.

While regulation of property practitioners remains a core mandate to ensure fair regulation and standards, consumer protection remained a key focus in balancing the two most important competing rights between property practitioners and consumers in property transactions.

The PPRA has therefore committed to align strategic obligations aimed at improving the lives of South Africans as enshrined in the constitution.

Despite many challenging factors experienced within the financial year due to economic and financial constraints impacting on the property sector, the PPRA has improved its performance by over **80%** against the set annual performance targets.

The improved performance is a clear indication of commitment towards service delivery, the audit outcomes are a clear indication of performance, evidenced by the comparative results outcomes of 2023/2024 which reflected a **66,74%** performance to **80%** in 2024/2025.

Progress towards achievement of institutional impacts and outcomes

During the MTDP, the PPRA strategic outcomes are connected to four operational programs:

ADMINISTRATION	Functional, efficient, and integrated governance. Financially sustainable organisation to promote economic inclusion
REGULATION	Improve Compliance with the PPA
CONSUMER PROTECTION	Consumer protection programmes implemented. People in the target market exposed to education programmes on owning and renting a home
PROPERTY SECTOR TRANSFORMATION	Inclusive, integrated and transformed property sector. Implementing appropriate measures and assessing the state of transformation within the property sector

Over the course of the journey, transformation has been the catalyst for growth, resilience, and renewed vision driven by innovation.

Functional, efficient, and integrated government

- To ensure that issues identified by the AGSA are addressed, the PPRA put in place an audit recovery plan to deal with all the raised findings, as well as an Internal Audit Plan to minimise the repeat findings;
- Fraud and corruption undermine the principles of good governance within an organisation and the PPRA has adopted a strict zero – tolerance against these issues. The PPRA has a fraud prevention policy, strategy and implementation plan, which was approved in March 2023. Its objective is to promote ethics while fighting fraud, theft, corruption, maladministration, and other acts of misconduct;
- In its pursuit of clean governance, the PPRA is committed to and investigates all suspected cases of fraud, reports on these cases through the governance structures and corrective action is taken guided by legislation and company policies;
- An Annual Risk Management Plan was developed to identify, evaluate, and plan for potential risks inside the organisation so that proactive steps can be taken to reduce their impact; *and*
- For the organisation's sustainability, cost-cutting initiatives were implemented to ensure that we achieve at least **10%** savings on the budgeted expenditure.

Improved accessibility and visibility of PPRA products and services

Stakeholder Relations plays a key role in promoting consumer awareness and education as outlined in the PPA. This not only helps attract new entrants to the property sector but also ensures they receive the necessary training on educational requirements. Consumer awareness is also vital for the long-term sustainability of the Fidelity Fund, as it empowers property practitioners and informs consumers of their rights and responsibilities. In support of the MTDP, the organisation implemented several consumer awareness initiatives focused on educating tenants and homeowners, working in partnership with DHS and other relevant stakeholders.

Financially sustainable organisation promoting economic inclusion

The objective is to drive economic growth while empowering women, youth, and persons with disabilities. During the financial year under review, the PPRA procured goods and services from businesses within the following groups:

- Women-owned businesses (40.27%)*; and*
- Businesses owned by youth and persons with disabilities (50.49%).

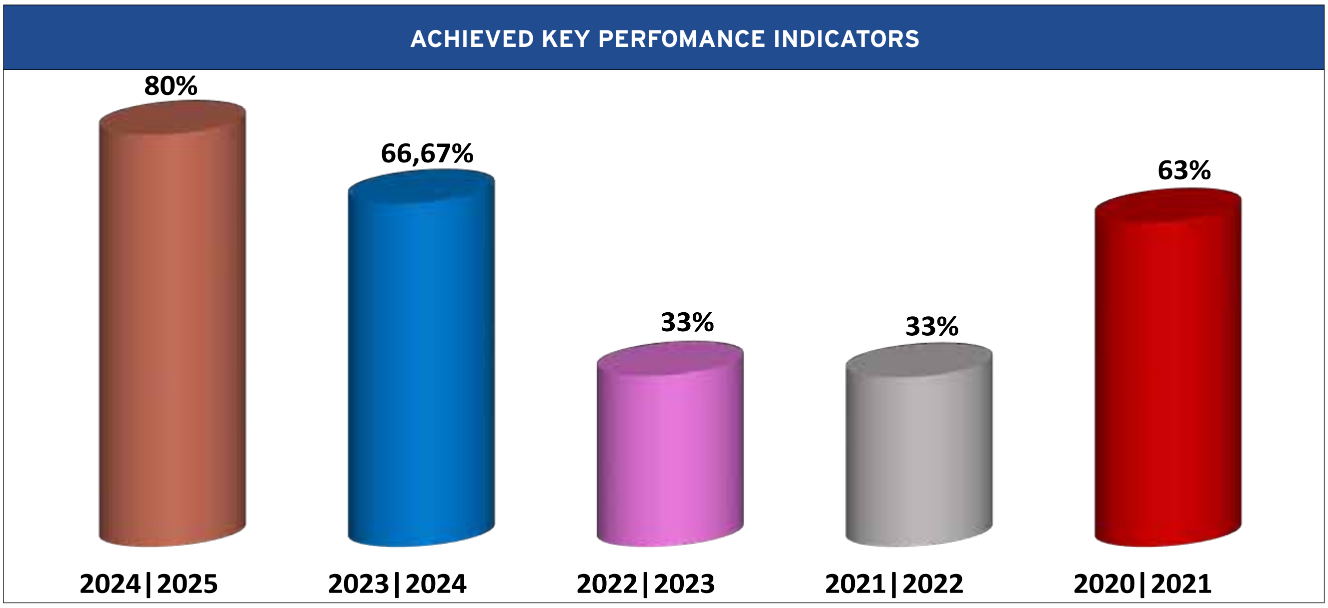
Improve compliance with the PPA

In this outcome, the PPRA aims to regulate the conduct of property practitioners in their interactions with consumers, specifically in relation to the marketing, management, financing, letting, renting, hiring, selling, and purchasing of property. Additionally, the PPRA is tasked with ensuring compliance with the provisions of the PPA. For the financial year, performance was assessed based on the number of complaints successfully resolved through the implementation of the established complaints resolution process. Out of a total of **1 756** complaints received, 1,411 were resolved, reflecting an overall resolution rate of **80.34%.**

Transformation of the residential property market

Candidate Property Practitioners amounting to **3 723** have been placed with real estate industry host companies under the One Learner – One Property Practitioner Youth Programme, from the 2019 - 2024 MTSF target of **4 000**.

INSTITUTIONAL PERFORMANCE INFORMATION



LICENSING AND REGISTRATIONS

Introduction

The Licensing and Registration Business Unit is tasked with implementing Sections 4, 47, 48, and 49 of the PPA, which require Property Practitioners to obtain and hold a valid FFC or RC.

The BU is responsible for the issuance of FFCs or RCs across twelve industries within property sectors, in terms of Section 47 of the PPA and administer exemptions in terms of Section 4 of the PPA.

Performance Overview

Section 4 Exemptions

Section 4 empowers the PPRA to grant exemptions on application from specific provisions of the PPA and Regulations.

The tables below details Section 4 exemption applications received during the financial year.

APPLICATION RECEIVED IN TERMS OF SECTION 4 AND SECTION 27 APPLICATIONS – 2025	RECEIVED	PENDING	FINALISED	
			REJECTED	APPROVED
Section 4 Exemption Applications	247	150	–	97
Section 27 Applications*	784	395	–	389
TOTAL	**1 031**	**545**	**–**	**486**

**Section 27 entails disqualifications relating to FFCs under the Estate Agency Affairs Act 112 of 1976.*

APPLICATION RECEIVED IN TERMS OF SECTION 4 AND SECTION 27 APPLICATIONS – 2024	RECEIVED	PENDING	FINALISED	
			REJECTED	APPROVED
Section 4 Exemption Applications	1 494	–	2	1 492
Section 27 Applications*	368	175	–	305
TOTAL	**1 862**	**175**	**2**	**1 797**

**Section 27 entails disqualifications relating to FFCs under the Estate Agency Affairs Act 112 of 1976.*

During the financial year, a total of **1 031** applications were received under Section 4 (Exemptions) and Section 27 (disqualifications relating to non-compliance), with **486** finalised (all approved) and **545** pending. This contrasts with 2024, where **1 862** applications were received, with **1 797** finalised (**1 492** approved under Section 4 and 305 under Section 27) and only **175** pending. Section 4 applications decreased significantly in 2025: **247**, compared to **1 494** in 2024. Section 27 applications more than doubled **784** in 2025 compared to **368** in 2024. This trend suggests that fewer practitioners sought exemptions due to the formal onboarding of new industries, while the increase in Section 27 applications indicates improved compliance efforts by practitioners seeking compliance to ensure that they operate legally.

Licensing and Registration department performance

During the financial period, the PPRA issued a total of **8 822** FFCs and RCs, marking a significant decrease from **17 473** issued in the previous year. This decline is attributed primarily to ICT system challenges, which impacted the efficiency of processing applications across all categories.

NATURE OF FFCs AND RCs ISSUED	31 MARCH 2025	31 MARCH 2024
New registrations	5 858	7 275
Re-registrations	561	1 229
Amendment of details	695	5 516
FFC renewals	1 708	3 453
TOTAL	**8 822**	**17 473**

Despite the overall decline in certificates issued, the PPRA successfully expanded its regulatory reach to new industry sectors including Auctioneers, Developers, and Business Brokers, while Managing Agents and Attorney Employees also recorded increased uptake.

FFCs issued during the financial period

FFCs AND RCs ISSUED PER INDUSTRY	31 MARCH 2025	31 MARCH 2024
Attorney Employee	91	9
Auctioneers	67	–
Bond and Bridging Finance Originators	20	–
Business Brokers	47	–
Developers	21	–
Estate Agents	8 022	17 434
Managing Agents	501	30
Property Advertising Platforms	5	–
Property Facilitators and Intermediaries	7	–
Timeshare and Fractional Ownership	41	–
TOTAL	**8 822**	**17 473**

The majority of certificates were issued to Candidate Property Practitioners **(6 088)** although these figures reflect a downward trend compared to 2024. Provinces such as Gauteng, Western Cape, and KwaZulu-Natal continued to dominate the sector in practitioner volumes, accounting for over **80%** of total registrations.

NUMBER OF ACTIVE PROPERTY PRACTITIONERS' PROVINCE PER CATEGORY AS AT 31 MARCH 2025												
PROVINCE	ATTORNEY EMPLOYEE	BUSINESS PROPERTY PRACTITIONER	CANDIDATE PROPERTY PRACTITIONER	DIRECTORS	EMPLOYEES	NON-EXECUTIVE PRINCIPAL PROPERTY PRACTITIONER	NON-PRINCIPAL PROPERTY PRACTITIONER	PRINCIPAL PROPERTY PRACTITIONER	MEMBER	TRUSTEE	SOLE PROPRIETOR AT FIRM	TOTAL
Eastern Cape	2	31	208	7	22	2	52	37	3	–	–	**364**
Free State	7	10	143	8	15	–	29	14	–	–	–	**226**
Gauteng	51	298	3 035	131	85	4	364	332	2	–	3	**4 305**
KwaZulu-Natal	3	66	953	30	36	1	86	56	9	–	–	**1 240**
Limpopo	–	8	99	1	4	–	12	13	–	–	–	**137**
Mpumalanga	2	22	159	7	3	–	20	21	1	–	–	**235**
North West	7	19	176	12	15	–	21	15	–	–	1	**266**
Northern Cape	1	4	48	–	–	–	11	8	–	–	–	**72**
Western Cape	18	151	1 267	61	64	1	258	142	13	2	–	**1 977**
TOTAL	**91**	**609**	**6 088**	**257**	**244**	**8**	**853**	**638**	**28**	**2**	**4**	**8 822**

NUMBER OF ACTIVE PROPERTY PRACTITIONERS' PROVINCE PER CATEGORY AS AT 31 MARCH 2024												
PROVINCE	ATTORNEY EMPLOYEE	BUSINESS PROPERTY PRACTITIONER	CANDIDATE PROPERTY PRACTITIONER	DIRECTORS	EMPLOYEES	NON-EXECUTIVE PRINCIPAL PROPERTY PRACTITIONER	NON-PRINCIPAL PROPERTY PRACTITIONER	PRINCIPAL PROPERTY PRACTITIONER	MEMBER	TRUSTEE	SOLE PROPRIETOR AT FIRM	TOTAL
Eastern Cape	5	45	461	–	–	–	184	49	744	–	–	**744**
Free State	17	29	284	–	–	–	89	64	483	–	–	**483**
Gauteng	61	499	5 298	2	–	5	1 970	755	8 590	–	3	**8 590**
KwaZulu-Natal	9	96	1 112	–	–	–	412	143	1 772	–	–	**1 772**
Limpopo	2	25	230	1	5	1	69	32	365	–	–	**365**
Mpumalanga	10	26	256	–	–	–	89	31	412	–	–	**412**
North West	16	32	298	–	–	1	97	47	491	–	1	**491**
Northern Cape	3	11	61	–	–	–	20	12	107	–	–	**107**
Western Cape	39	273	2 556	–	1	7	1 261	372	4 509	2	–	**4 509**
TOTAL	**162**	**1 036**	**10 556**	**3**	**6**	**14**	**4 191**	**1 505**	**17 473**	**2**	**4**	**17 473**

Demographic analysis revealed that women constituted the majority **(54%)** of registered practitioners, while African practitioners accounted for **30%** of the racial profile showing modest progress in transformation. However, White practitioners still represent over half of the registered base, especially in senior roles such as Principals and Directors.

NUMBER OF ACTIVE PROPERTY PRACTITIONERS PER CATEGORISED BY GENDER	31 MARCH 2025			31 MARCH 2024		
	FEMALE	MALE	TOTAL	FEMALE	MALE	TOTAL
Attorney Employees	52	39	**91**	96	66	**162**
Candidates	3 558	2 530	**6 088**	6 225	4 331	**10 556**
Directors	84	173	**257**	1	2	**3**
Employees	132	112	**244**	6	–	**6**
Non - Executive Principals	1	7	**8**	1	13	**14**
Non - Principals	559	294	**853**	2 685	1 506	**4 191**
Principals	326	312	**638**	740	765	**1 505**
Sole Proprietor at Firm	–	4	**4**	–	–	**–**
Member	11	17	**28**	–	–	**–**
Trustee	–	2	**2**	–	–	**–**
TOTAL	**4 723**	**3 490**	**8 213**	**9 754**	**6 683**	**16 437**

DEMOGRAPHICS BY CATEGORY PER RACE	31 MARCH 2024					31 MARCH 2023				
	AFRICAN	COLOURED	INDIAN	WHITE	TOTAL	AFRICAN	COLOURED	INDIAN	WHITE	TOTAL
Attorney Employees	31	2	7	51	**91**	28	16	10	108	**162**
Business Property Practitioners	2 352	482	379	2 875	**6 088**	3 398	888	684	5 586	**10 556**
Candidates	31	5	14	207	**257**	–	–	1	2	**3**
Directors	30	5	9	200	**244**	–	–	–	6	**6**
Employees	1	–	3	4	**8**	2	1	–	11	**14**
Non – Executive Principals	72	41	38	702	**853**	614	239	174	3 164	**4 191**
Non – Principals	153	36	24	425	**638**	351	50	68	1 036	**1 505**
Principals	1	–	–	3	**4**	–	–	–	–	**–**
Member	–	–	–	28	**28**	–	–	–	–	**–**
Trustee	–	1	–	1	**2**	–	–	–	–	**–**
TOTAL	**2 671**	**572**	**474**	**4 496**	**8 213**	**4 393**	**1 194**	**937**	**9 913**	**16 437**

RACE	31 MARCH 2025			31 MARCH 2024		
	FEMALE	MALE	TOTAL	FEMALE	MALE	TOTAL
African	1 602	1 069	**2 671**	2 589	1 804	**4 393**
Coloured	304	268	**572**	701	493	**1 194**
Indian	262	212	**474**	549	388	**937**
White	2 555	1 941	**4 496**	5 915	3 998	**9 913**
TOTAL	**4 723**	**3 490**	**8 213**	**9 754**	**6 683**	**16 437**

In conclusion, while the financial period presented operational challenges that affected certificate volumes, the PPRA remained committed to strengthening compliance and broadening industry participation. Efforts to improve system functionality and support transformation will remain central to our work in the year ahead, ensuring the property sector is accessible, inclusive, and well-regulated.

EDUCATION, PROFESSIONALISATION AND CONTINUING PROFESSIONAL DEVELOPMENT

The mandate of the Education, Professionalisation and CPD department is to build capacity of and instill professional standards of property practitioners through implementing and monitoring compliance with the standards of qualifications, practical training and professional designation examination for property practitioner categories across all sectors regulated by the PPRA in terms of Regulation 33 of the PPA. During the financial year the following programs and interventions were implemented:

Implementation of the compulsory 12-month internship, logbooks, and practical training for Candidate Property Practitioners in terms of sub-regulations 33.2.1.4, 33.2.3 and 33.4.5:

COMPULSORY 12-MONTH INTERNSHIP, LOGBOOKS AND PRACTICAL TRAINING FOR CANDIDATE PROPERTY PRACTITIONERS	31 MARCH 2025	31 MARCH 2024
Professional Practitioner in Real Estate (PPRE)	–	557
Professional Practitioner in Real Estate (PPRE)	2 275	2 894
TOTAL PROCESSED	**2 275**	**3 451**
Professional Practitioner in Real Estate (PPRE)	(262)	(270)
TOTAL COMPLIANT	**2 013**	**3 181**

Implementation of qualification standards for Candidate Property Practitioners and Property Practitioners in terms of sub-regulations 33.1.2. and 33.2.1.1:

COMPLIANCE WITH THE REQUIRED QUALIFICATION STANDARDS FOR CANDIDATE PROPERTY PRACTITIONERS AND PROPERTY PRACTITIONERS	31 MARCH 2025	31 MARCH 2024
Estate agents/property practitioners who qualified at NQF 4 (FETC: Real Estate) – 57097	1 374	726
Estate agents/property practitioners who qualified at NQF 5 (National Certificate: Real Estate) – 20188	233	103
Equivalency exemption granted NQF 4 (FETC: Real Estate) – 57097	756	533
Equivalency Exemption granted NQF 5 (National Certificate: Real Estate) – 20188	428	318
Equivalency exemption from both prescribed qualifications (i.e., FETC: Real Estate – 57097 & National Certificate: Real Estate – 20188)	–	751
Age-Based Exemption granted from completing the prescribed NQF 4 (FETC: Real Estate) – 57097	–	–
Age-Based Exemption granted from completing the prescribed NQF 5 (National Certificate: Real Estate) – 20188	–	–
Non-Executive Director Exemptions granted from completing the prescribed NQF 5 (National Certificate: Real Estate) – 20188	6	10
TOTAL	**2 797**	**2 441**

Implementation of the professional designation examination in terms of sub-regulations 33.2.1.3, 33.2.4 and 33.2.5:

PROFESSIONAL DESIGNATION EXAMINATION CONDUCTED	31 MARCH 2025		31 MARCH 2024	
	PDE 4	PDE 5	PDE 4	PDE 5
Examination Candidates who wrote the examination	2 437	626	3 990	792
Number of marked scripts	2 437	626	3 399	614
Number of unmarked scripts	–	–	591	178
Examination Candidates who passed the examination (based on marked scripts)	2 308	572	2 897	520
Examination Candidates who failed the examination (based on marked scripts)	129	54	502	94
ACHIEVED PASS RATE (BASED ON MARKED SCRIPTS)	**95%**	**91%**	**85%**	**85%**

**Notes: unmarked scripts pertain to 29 February 2024 exam scripts that were not completed by the time of reporting.*

This table indicates number of Property Practitioners who were awarded with professional designations during the financial year

PROFESSIONAL DESIGNATION AWARDED	31 MARCH 2025	31 MARCH 2024
Professional Practitioner in Real Estate	2 308	2 897
Master Practitioner in Real Estate	572	520
TOTAL	**2 880**	**3 417**

Continuing Professional Development Programme

The PPRA is a professional body recognised by SAQA, that may prescribe reasonable CPD requirements for property practitioners. The CPD programme plays a vital role in ensuring that professional property practitioners maintain the knowledge, skills, and practical competencies necessary to perform effectively in a dynamic and ever-evolving industry.

The PPRA is responsible for establishing and rolling out the CPD, which is designed to ensure that property practitioners remain informed of significant developments and trends that affect their operations and the property sector at large. For the financial year under review, the CPD programme was delivered through an e-Learning approach.

In accordance with Regulation 33.5, the Authority may prescribe reasonable CPD requirements for property practitioners at any time. As outlined in subregulation 33.5.1, all property practitioners excluding candidate property practitioners are required to comply with the prescribed CPD activities.

The CPD topics for the financial year were organised across several categories:

- ***Marketing*** **–** Sales and Marketing in the Modern Era;
- ***Finance*** **–** Strategic and Financial Planning;
- ***Legislation*** **–** The Requirements of a Compliant Risk Management and Compliance Programme (RMCP); *and*
- ***General*** **–** How to Evaluate Performance within the Enterprise, Mental Health, and Making Business Writing Easy.

The topics are designed to assist property practitioners stay abreast of industry best practices, legislative changes, and professional standards, while also supporting their personal development and contributing to service excellence within the sector.

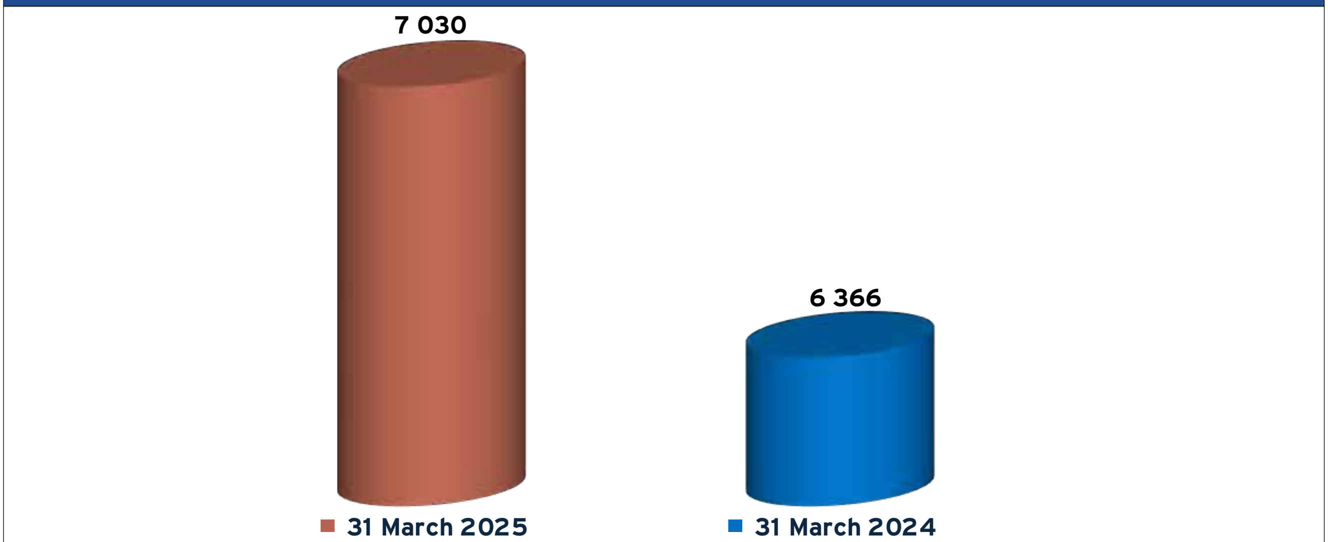
CPD Compliance and performance

In line with the CPD policy, a property practitioner must complete twelve CPD modules over a rolling three-year cycle, with four modules completed per year. This requirement applies to all property practitioners, excluding candidate property practitioners.

During the financial year, a total of **7 030** of the 12 000 property practitioners (estate agents) targeted for CPD participation have met CPD requirements by completing the mandatory four modules reflecting an improvement from the **6 366** property practitioners (estate agents) recorded in the previous financial year. Property practitioners (new sub-sectors) who were newly onboarded were not required to comply with CPD requirements during the financial year. The underperformance for the financial year is attributed to the late start of the CPD programme and system challenges experienced by the PPRA.

The graph below indicates the number of Principal and Non-Principal Property Practitioners, excluding Candidate Practitioners, who completed all four required CPD credits during the financial year.

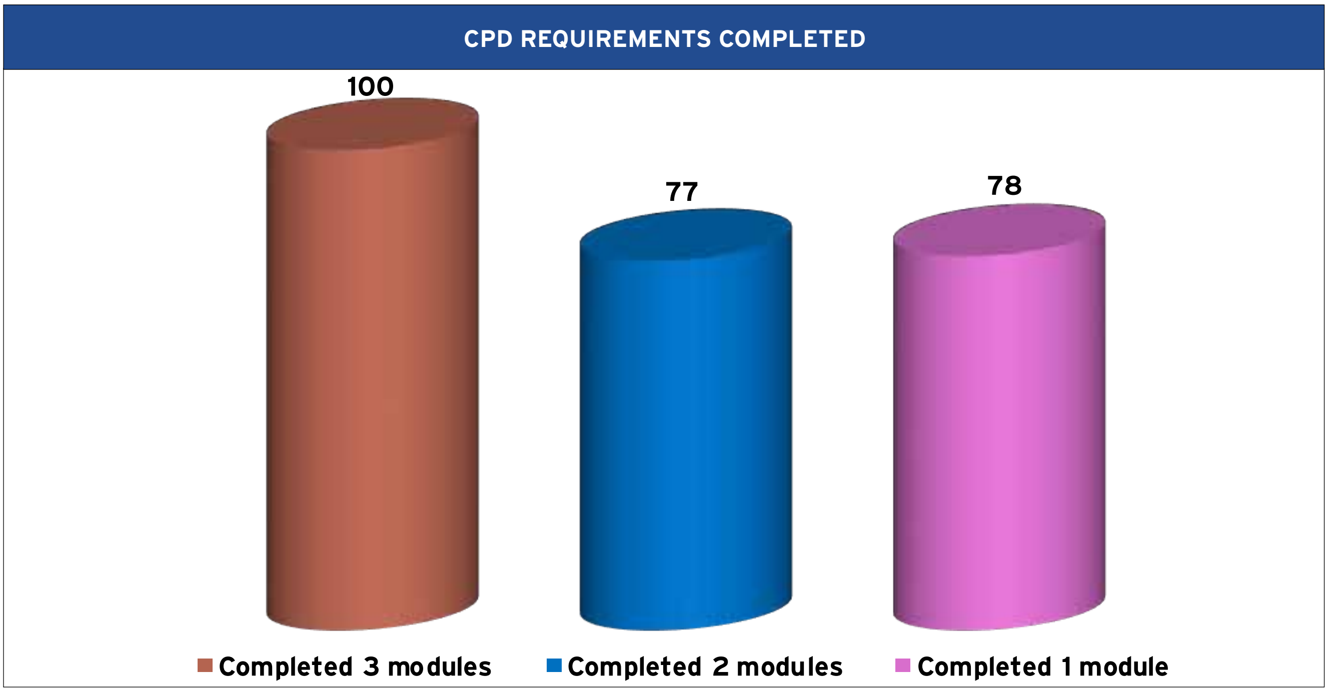
CPD REQUIREMENTS COMPLETED



The graph below illustrates the number of Principal and Non-Principal Property Practitioners, excluding Candidate Practitioners, who participated in the CPD Programme during the financial year.

The data shows that:

- **78** practitioners completed **1** out of the required **4** CPD modules;
- **77** practitioners completed **2** of the prescribed modules; *and*
- **100** practitioners completed **3** of the **4** required modules.



The PPRA remains committed to promoting professional growth and regulatory compliance by enhancing the skills and knowledge of all property practitioners. Looking ahead, the CPD Department will continue to identify and address challenges in order to improve the CPD programme, ensuring it remains responsive to the evolving needs of the property sector.

INSPECTIONS DEPARTMENT

Inspections conducted

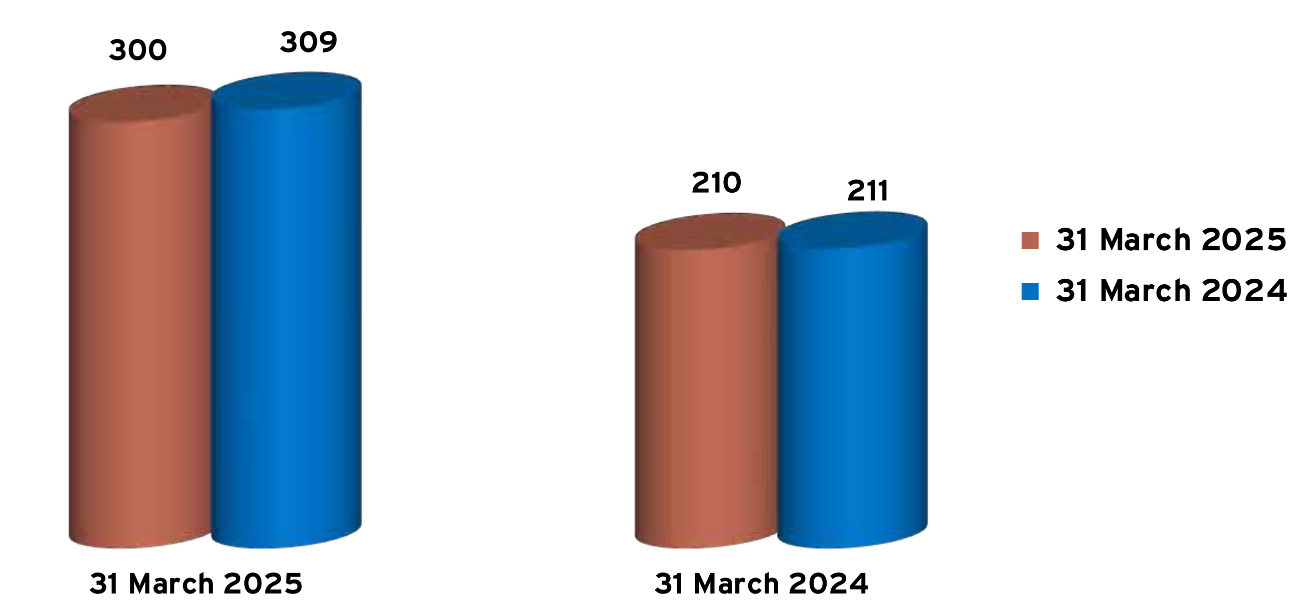
In executing its oversight function, the mandate of the Inspections function is to monitor and enforce compliance with PPA, the code of conduct and the regulation by all property practitioners.

In addition to the powers conferred to inspectors to conduct an inspection, an inspector has the power of a peace officer as set out in Criminal Procedure Act: Section 24(2) (c) provides *" when the inspector performs his or her functions in terms of this section, the inspector must have the power of a peace officer as defined in Section 1 of the Criminal Procedure Act 51 of 1977 and may exercise the powers conferred on a peace officer by law "* therefore, the Inspector, will by extension be appointed as a Peace Officer in terms of Section 334(1) of the Criminal Procedure Act.

Whilst the process of conducting inspection is intrusive in nature, the inspectors strive to observe the right to privacy as encapsulated in Section 14 of the constitution of the Republic of South Africa, 1996 and POPI Act which regulates how personal information is processed by public and private entities aiming to protect individual's privacy. These rights are balanced against Property Practitioner's compliance obligations.

During the financial year under review, the APP targets for Inspections was set at **300** inspections from previous year's target of **210** and a total of **309** compliance inspections were performed resulting in over achievement of a **3%** increase from the previous financial year.

INSPECTIONS CONDUCTED



The issuance of compliance notices

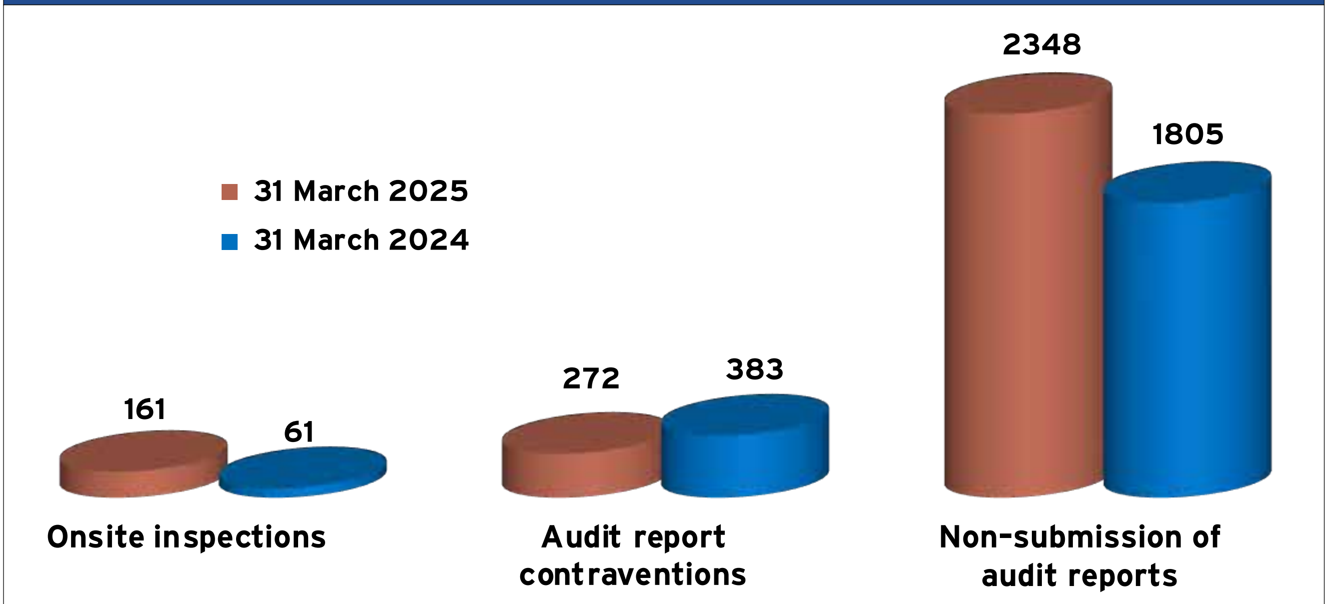
Section 26(4) of the PPA empowers Inspectors to issue compliance notices following an inspection or investigation where an inspection or investigation indicates that a contravention is of a minor nature, an Inspector shall issue a compliance notice to a Property Practitioner to remediate non-compliance with the PPA within the period specified in the notice and to pay the prescribed fine as per Regulation 38 of the PPRA.

The compliance notices were issued by Inspectors as a result of the following circumstances:

- Compliance notice issued following on-site inspections conducted and contraventions identified thereof;
- Compliance notices issued following investigation of audit report received from registered Auditors with identified contraventions; *and*
- Compliance notices issued following non-submission of the audit report by Property Practitioners for the financial year under review.

To this end, A total of **61** compliance notices was issued following on-site inspections for the financial year 2023/2024 in comparison to a total of **161** compliance notices issued following on-site inspections for the financial year 2024/2025 which demonstrate an increase of **163%**. Regarding compliance notices issued following investigation of audit report received from registered Auditors with identified contraventions, a total of **383** compliance notices were issued for the financial year 2023/2024 in comparison to **272** compliance notices issued in the financial year 2024/2025 demonstrating a decline by **29%**. Turning to the third category of compliance notice issued following non-submission of the audit report, a total of **1 805** compliance notices were issued for the financial year 2023/2024 in comparison to **2 348** compliance notices issued for the financial year 2024/2025 which signifying an increase of **30%**.

COMPLIANCE NOTICES ISSUED



Furthermore, the PPRA issued compliance notice, in terms of Section 63 read together with Regulation 35 of the PPA and a total of **369** compliance notices were therefore issued during the financial year in this regard.

Inspection guidelines for Property Practitioners

The PPRA is expected to educate and provide guidance to Property Practitioners on the provisions of the PPA and other related legislations.

During the financial year (2024/2025) the PPRA inspections unit issued four guidelines and for previous financial year (2023/2024) five guidelines were issued.

THE PROPERTY SECTOR TRANSFORMATION FUND

The Property Sector Transformation Fund is aimed at promoting inclusivity and redressing historical imbalances with its key responsibility being to promote black owned firms and principals, encourage the participation of historically disadvantaged groups / Individuals within the property sector at all levels. The legislation introduced programmes that are specifically supported by the fund and these include, The One Learner – One Property Practitioner Youth Programme, the Principalisation and the SMME Incubation programmes as the transformation initiatives intended to drive skills development, training and the empowerment of Historically Disadvantaged Property Practitioner Individuals in particular women, youth and persons living with disabilities. Partnerships with both the private and public sector has been a key driver to the success of these transformation initiatives.

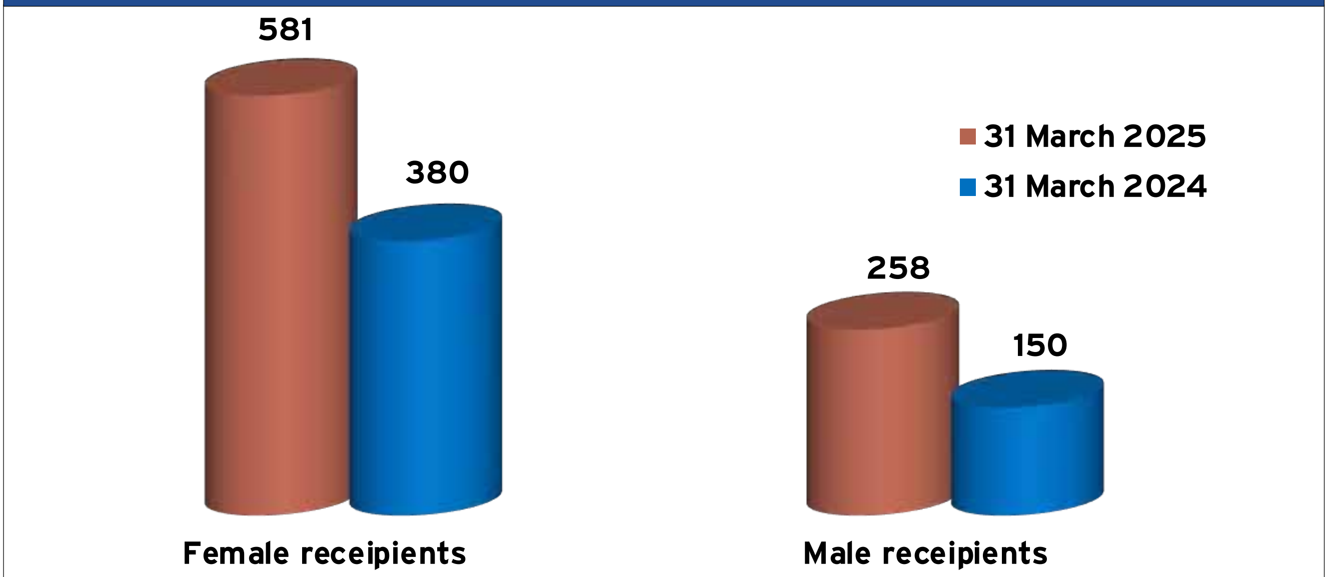
One Learner – One Property Practitioner – Youth Programme

The programme provides young individuals already employed in the sector with the necessary essential exposure to cultivate practical training and skills development in the property sector. From a social perspective, the programme can be viewed as an intervention in the labour market designed to increase the employability of young people in the property sector backed up by the payment of a monthly stipend for all participants over the 12 months period of the programme.

The Intern property practitioners are mentored by suitably qualified principal property practitioner during their journey of internship from a non - principal property practitioner's qualification status to a principal practitioner qualification status. For the financial year a total number of **581** females were enrolled, this being an increase from the **380** females that undertook this programme in the previous financial year. Whilst a total number of **258** males were enrolled under this financial year when compared with **150** males recruited during the previous financial year. As a result, a total of **839** learners were recruited onto the programme during the year under review.

The graph below depicts the number of recruited learners on the One Learner – One Property Practitioner Programme.

ONE LEARNER – ONE PROPERTY PRACTITIONER – YOUTH PROGRAMME



Principalisation Candidacy Programme

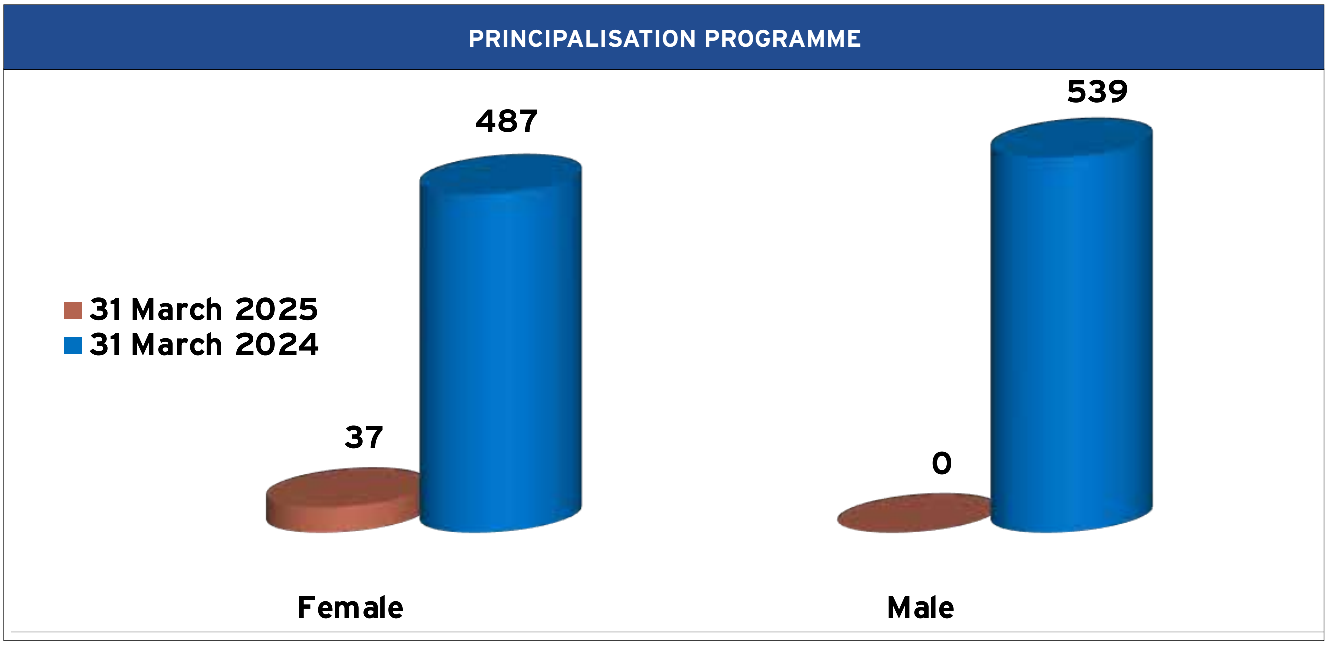
The Principalisation Programme aims to facilitate and enable the growth of black principal property practitioners through the recruitment of qualifying previously disadvantaged property practitioners who are provided with financial and non-financial support to migrate from being a non - principal property practitioner to a qualified principal property practitioner and to assist them establish their own agencies within a period of **12** months.

During the financial year **37** black women property practitioners were recruited under the programme and a total to **74** practitioners were enrolled under the Principalisation Programme reflecting a significant decrease in the number of candidates recruited.

The reasons for the decline in the number of participants in the Principalisation Programme during the year under review compared to the prior year may be attributed to:

- Changes in eligibility criteria/entry requirements;
- Lack of outreach/awareness campaigns compared to the previous financial year; *and*
- Limited funding.

The graph below depicts the number of recruited property practitioners on the Principalisation Programme.



SMME Incubation Programme

The SMME Incubation Programme initiative is designed to increase the number of black entrepreneurs within the property sector. This programme is specifically structured to provide grant funding from PPFF aimed at assisting SMMEs in scaling up their operations and achieving sustainable business growth.

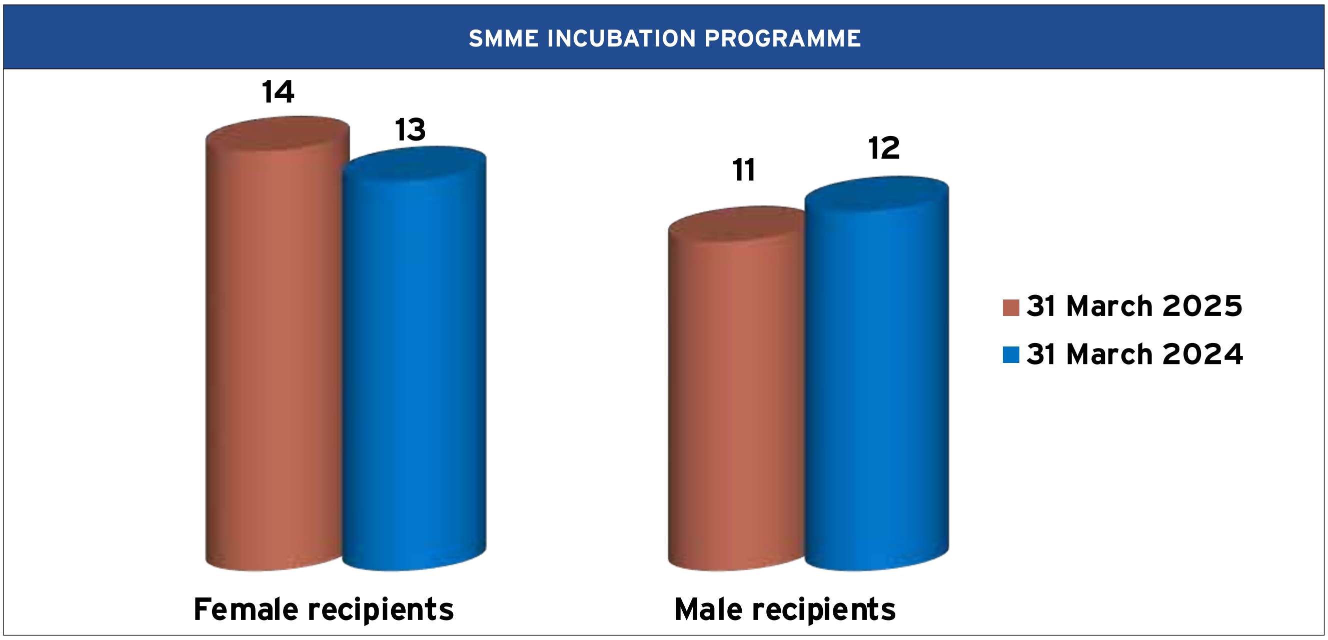
One of the most significant challenges faced by black property practitioners and entrepreneurs is access to sufficient funding. This barrier not only hinders the growth of individual businesses but also perpetuates a cycle of inequality and underrepresentation within the property industry. Recognising these systemic obstacles, the SMME grant funding initiative seeks to address these disparities directly.

By offering financial support through this programme, we aim to empower black-owned property enterprises, enabling them to overcome funding limitations and compete more effectively in the market. The PPRA believes investing in entrepreneurs is crucial to fostering a more inclusive and equitable property sector that reflects the diversity and talent within society.

The implementation of the SMME programme during the financial year marked a significant milestone in the efforts of the PPRA in ensuring the attainment of true equitable representation of Black Property Practitioner businesses in the sector. During the financial year a total of **25** SMMEs were awarded grant funding and the PPRA plans to increase the allocation in the following financial year.

The programme was conceptualised and implemented within the financial year therefore the statistics below only reflect the 2024-2025 reporting period.

The graph below depicts the number of recipients under the SMME Incubation Programme:



Collaborative initiatives under Transformation Programme

The transformation agenda within the PPRA is not just a legislative mandate but a central commitment of the organisation, reflecting a desire to fundamentally reshape the racial representation in the property sector and to drive economic growth and wealth distribution amongst previously disadvantaged individuals.

Transformation hinges on the PPRA'S ability to mobilise and work with partners in driving, inclusive economic participation. Under the financial year the property practitioner host employers continued to play a crucial role in the mentoring of learners enrolled in the youth programme. Further the long-standing partnership between the PPRA and Services SETA (SETA) continued, wherein SETA continued to financially back the programme through monthly stipends as well as paying for the cost of training the learners.

The continued collaboration on youth empowerment programme specifically in KwaZulu Natal province between The KwaZulu-Natal Department of Economic Development, Tourism and Environmental Affairs (KZN-EDTEA) marked its 2 – years of partnership.

In continuing to pursue mutually beneficial alliances within the sector the PPRA signed a memorandum of agreement with The Banking Association South Africa (BASA) which is aimed at collaborating on matters of transformation in the property sector in order to meaningfully contribute to the national transformation agenda of building an inclusive society, the partnership also seeks to create a conducive ecosystem to enable SMMEs to thrive and participate in the mainstream economy.

PROPERTY SECTOR RESEARCH CENTRE

PPRA–NRF Research Collaboration and Remaining Projects

In line with Section 22(4) of the PPA, the PPRA is mandated to collaborate with the NRF on targeted research to support transformation, inclusivity, and professionalisation in the property sector. Key focus areas include barriers to entry, demographic representation, discriminatory patterns, compliance and enforcement mechanisms, and the property sector's role in economic and spatial transformation.

To support the research mandate the NRF seconded a post-doctoral researcher from Nelson Mandela University in order to drive the transformation research agenda.

To date, the following research projects have been completed or are in the process of being completed:

- The impact of post-matric curriculum on the transformation of the south african property sector,
- Assessing professionalism in the property sector of South Africa; *and*
- The third research project entitled "Sector skills development and resilience in the south african property market" is being proceeded with and is expected to be completed shortly.

The following three research projects remain outstanding and will be undertaken in the next phase:

- The attraction and retention of emerging property practitioners in rural provinces of South Africa;
- The transformation of the property sector through alignment of compliance strategy and enforcement mechanisms; *and*
- An analysis of the level of maturity of the south african property market.

Work is currently underway to finalise the Terms of Reference for the next study entitled "The attraction and retention of emerging property practitioners in rural provinces of South Africa," with a research colloquium planned for presentation and discussion of completed reports.

INSTITUTIONAL PERFORMANCE INFORMATION (PROGRAMME 1 TO 8)


9

INSTITUTIONAL PERFORMANCE INFORMATION (PROGRAMME 1 TO 8)

Introduction

The PPRA is a Schedule 3A public entity of the DHS. It was established in February 2022, succeeding the Estate Agency Affairs Board (EAAB), in terms of the PPPA. The PPRA has the mandate to Regulate, Educate and Transform the activities of property practitioners in public interest. Performance reporting enables the PPRA to review progress towards the achievement of financial and non-financial performance on a regular basis in a particular financial year. Reporting on both financial and non-financial performance is important in measuring the performance of the Authority.

This Annual Performance Report represents how the PPRA's performance planning, monitoring, measurement, review, reporting, and improvement has been conducted, organised and managed including determining the roles of different players, in particular the role of the PPRA AGRC in performance planning and monitoring. As the PPRA, we are pleased to present the Annual Performance Information for the financial year.

The PPRA adopted the performance management framework, the framework was reviewed and amended during the current financial year to align with best practice guidelines suggested by the DPME and the guidelines on Performance Planning provided by the DHS. The Framework was reviewed to address the AG and internal auditor findings to address the process of collection, processing, monitoring, and reporting of performance information and the need to ensure combined assurance.

The Annual Performance Report is divided into two sections. Section A is the Introduction and the Executive Summary. Section B provides the Strategic Overview of the entity and highlights the organisational strategic focus giving effect to the provision of the PPA. The last two sections of the report, provide detailed Performance information outlining all **20** key performance indicators listed on the APP.

The Annual Performance Report is an important management tool for the Accounting Officer, Accounting Authority and Executive Authority to monitor and evaluate entity performance. The PPRA is required to present Annual Performance Report to the Executive Authority as prescribed by Treasury Regulations 5.3.1, 29.3.1 and 30.2.1.

Performance information executive summary

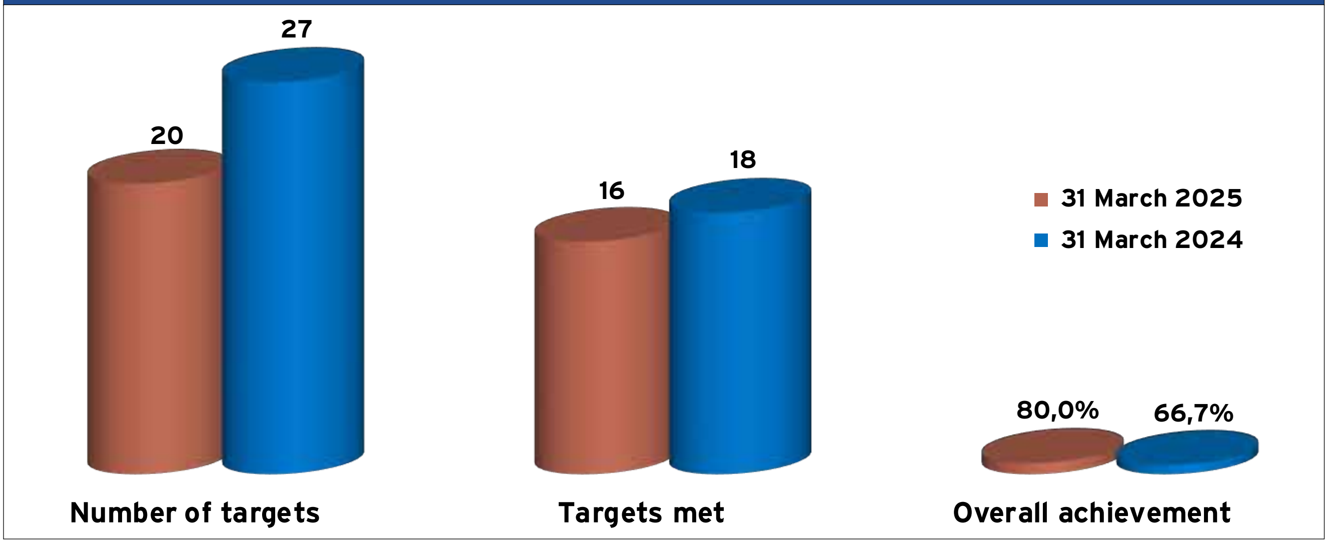
The overall performance for the financial year under review reflects an achievement of **16** out of **20** planned targets, representing an **80%** success rate. Strong performance was observed in key regulatory and operational areas such as Licensing, Inspection and Enforcement, Research Centre, Transformation Fund, and Fidelity Fund, all achieving 100% of their targets. The Finance and Administration Programme followed closely with an **85.71%** achievement rate. However, performance in Education, Professionalisation and CPD was lower at **66.67%**, while the Transformation programme showed the most significant underperformance with only **33.33%** of its targets achieved.

As part of an unwavering commitment to transparency and accountability, the PPRA engaged an independent audit firm, to conduct comprehensive internal audit services. This strategic initiative involved the meticulous implementation of recommendations from quarterly internal audit reports. Through these efforts, we strive to reinforce our dedication to accountability and continuous improvement in all aspects of our organisational activities.

Annual Performance Report Summary

ANNUAL PERFORMANCE REPORT 2024-25			
PROGRAMMES	**NUMBER OF TARGETS**	**TARGETS MET**	**% ACHIEVED**
1. Finance and Administration	7	6	85.71%
2. Licensing	2	2	100%
3. Inspection and Enforcement	2	2	100%
4. Education, Professionalisation, CPD	3	2	66.67%
5. Research Centre	1	1	100%
6. Transformation	3	1	33.33%
7. Transformation Fund	1	1	100%
8. Fidelity Fund	1	1	100%
TOTAL	**20**	**16**	**80%**

COMPARISON OF ANNUAL PERFORMANCE REPORT –> 2024-2025 vs 2023-2024



PROGRAMMES

Programme 1: Administration

Purpose

The programme seeks to give effect to Chapter 6 of the PPA which provides for effective governance, collection, utilisation, of the Funds of Authority.

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 2022/2023	AUDITED ACTUAL PERFORMANCE 2023/2024	PLANNED ANNUAL TARGET 2024/2025	ACTUAL ACHIEVEMENT 2024/2025	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2024/2025	REASONS FOR DEVIATIONS
Outcome 1 **Functional, efficient, and integrated government**	1.1 Unqualified audit opinion with no material findings	1.1.1 Unqualified audit opinion with no material findings	Unqualified audit opinion with material findings	Qualified audit opinion	Unqualified audit opinion with no material findings	Qualified audit opinion	**Target not achieved**	AFS contained material misstatements, which were attributable to PPRA's inability to keep a separate record of exchange and non-exchange transactions reported
	1.2 Internal Audit Report	1.2.1 Percentage implementation of the approved internal audit plan	100% Implementation of the approved internal audit	100% Implementation of the approved internal audit	100% Implementation of the approved internal audit annual plan	100% Implementation of the approved internal audit annual plan	**Target achieved**	N/A
	1.3 Risk Management Report	1.3.1 Percentage implementation of the approved risk management plan	75% Implementation of the approved risk management plan	100% Implementation of the approved risk management plan	100% Implementation of the approved risk management plan	100% Implementation of the approved risk management plan	**Target achieved**	N/A
	1.4 Anti-Fraud and Corruption Report	1.4.1 Percentage implementation of Fraud Prevention Plan	100% Implementation of Fraud Prevention Plan	100% Implementation of Fraud Prevention Plan	100% Implementation of Fraud Prevention Plan	100% Implementation of Fraud Prevention Plan	**Target achieved**	N/A
	1.5 Annual procurement spend, targeted at businesses owned by designated groups	1.5.1 Percentage of annual procurement spend, targeted at businesses owned by women	0.5% Procurement spent on businesses owned by persons with disabilities	1.9% Procurement spent on businesses owned by persons with disabilities	40% Of annual PPRA procurement spend, targeted at businesses owned by women	40.27% Of annual PPRA procurement spend, targeted at businesses owned by women	**0.27% Over achieved**	Most of the procurement was directed towards businesses owned by Women, youth and persons with disabilities, which has resulted in a higher percentage of spending in this category
		1.5.2 Percentage of annual procurement spend, targeted at businesses owned by youth and persons with disabilities	Newi indicator	5% Procurement spent on businesses owned by military veterans	26% Of annual procurement spend, targeted at businesses owned by youth and persons with disabilities	50.49% Of annual procurement spend, targeted at businesses owned by youth and persons with disabilities	**24.49% Over achieved**	

PROGRAMME 1: FINANCE AND ADMINISTRATION								
OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2022/2023	AUDITED ACTUAL PERFORMANCE 2023/2024	PLANNED ANNUAL TARGET 2024/2025	ACTUAL ACHIEVEMENT 2024/2025	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2024/2025	REASONS FOR DEVIATIONS
Outcome 1 **Functional, efficient, and integrated government**	1.6 Reduced and speedy resolution of consumer queries	1.6.1 Percentage of consumer queries resolved within 90 days	78.25% Of consumer queries resolved within 90 days	87% Of consumer queries resolved within 90 days	90% Of consumer queries resolved within 90 days	92.75% Of consumer queries resolved within 90 days	**2.75% Over achieved**	Consistent monitoring of queries received per department enabled us to exceed the quarterly target
	1.7 Percentage of valid invoices paid within 30 days	1.7.1 Percentage of valid invoices paid within 30 days	New indicator	New indicator	100% Of valid invoices paid within 30 days	100% Of valid invoices paid within 30 days	**Target achieved**	N/A

CORRECTIVE ACTION –> FOR UNDER-ACHIEVED KEY PERFORMANCE INDICATORS			
KEY PERFORMANCE INDICATOR	REASON FOR UNDERPERFORMANCE	STRATEGY TO OVERCOME AREAS OF UNDERPERFORMANCE	PERSONS RESPONSIBLE
1.1.1 Unqualified audit opinion with no material findings	AFS contained material misstatements, which were attributable to PPRA's inability to keep a separate record of exchange and non-exchange transactions reported	•Continuous implementation of both internal and external auditor recommendations through the monitoring of the audit matrix; •Strengthen Internal Controls; •Enhanced Financial Reporting; *and* •Ensure meticulous documentation and retention of financial records	Chief Executive Officer / Chief Financial Officer

Programme 2: Licensing

Purpose

The programme seeks to give effect to Sections 47 and 48 of the Act which compels property practitioners (including its Directors, Members or Trustees, and its employees who act as Property Practitioners) to obtain and hold a valid Fidelity Fund Certificate.

Strategic objectives related to the Programme:

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

PROGRAMME 2: LICENSING								
OUTCOME	**OUTPUT**	**OUTPUT INDICATOR**	**AUDITED ACTUAL PERFORMANCE 2022/2023**	**AUDITED ACTUAL PERFORMANCE 2023/2024**	**PLANNED ANNUAL TARGET 2024/2025**	**ACTUAL ACHIEVEMENT 2024/2025**	**DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2024/2025**	**REASONS FOR DEVIATIONS**
Outcome 2 **Inclusive, integrated and transformed property sector**	2.1 Agile and Responsive	2.1.1 Percentage of all compliant new registrations processed within 30 working days	99.6% Of all compliant new registrations processed within 30 days	100% Of all compliant new registrations processed within 30 working days	98% Of all compliant new registrations are processed within 30 working days	100% Of all compliant new registrations are processed within 30 working days	**2%** Over achieved	This was a result of streamlined procedures and improved efficiency within the business unit
		2.1.2 Percentage of compliant renewals processed within 30 working days of payment reconciliation	New indicator	97.6% Of compliant renewals processed within 30 working days of payment reconciliation	90% Of compliant renewals are processed within 30 working days of payment reconciliation	100% Of compliant renewals are processed within 30 working days of payment reconciliation	**10%** Over achieved	

Programme 3: Inspection and Enforcement

Purpose

The programme seeks to give effect to Sections 24 and 25 of the PPA which make provision for inspections / searches at the business premises of property practitioners.

PROGRAMME 3: INSPECTION AND ENFORCEMENT								
OUTCOME	**OUTPUT**	**OUTPUT INDICATOR**	**AUDITED ACTUAL PERFORMANCE 2022/2023**	**AUDITED ACTUAL PERFORMANCE 2023/2024**	**PLANNED ANNUAL TARGET 2024/2025**	**ACTUAL ACHIEVEMENT 2024/2025**	**DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2024/2025**	**REASONS FOR DEVIATIONS**
Outcome 3 **Improve compliance with the PPA**	3.1 Compliant practitioners	3.1.1 Number of PPA inspections conducted per annum	New target	211 PPA inspections conducted per annum	300 PPA inspections conducted per annum	309 PPA inspections Conducted	**9** Over achieved	The increase was due to the onboarding of additional inspectors
	3.2 Effective enforcement	3.2.1 Percentage of complaints received and resolved within 6 months	New target	New target	75% Of complaints received and resolved within 6 months	80.4% Of complaints received and resolved within 6 months	**5.4%** Over achieved	This was a result of streamlined procedures and improved efficiency within the enforcement unit

Programme 4: Education, Professionalisation and CPD

Purpose

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

Strategic objectives related to the Programme:

- Build capacity of registered property practitioners; *and*
- Ensure continuing development of property practitioners.

PROGRAMME 4: EDUCATION, PROFESSIONALISATION AND CPD								
OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2022/2023	AUDITED ACTUAL PERFORMANCE 2023/2024	PLANNED ANNUAL TARGET 2024/2025	ACTUAL ACHIEVEMENT 2024/2025	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2024/2025	REASONS FOR DEVIATIONS
Outcome 4 **Improved professionalism and ethical practices of Property Practitioners**	4.1 Facilitate sustained increase in number of qualified practitioners	4.1.1 Number of Property Practitioners (estate agents) awarded professional designations	New target	3 417 Property Practitioners (estate agents) awarded professional designations	1 750 Property Practitioners (estate agents) awarded professional designations	2 880 Property Practitioners (estate agents) awarded professional designations	1 130 Over achieved	Increased in the number of Property Practitioners who took the PDE exams
Outcome 5 **Continuous Professional Development of Property Practitioners**	5.1 Facilitate continuous professional development	5.1.1 Number of Property Practitioners fully meeting CPD requirements	New target	6 366 Property Practitioners fully meeting CPD	15 000 Property Practitioners fully meeting CPD requirements	7 054 Property Practitioners fully meeting CPD requirements	7 946 Under achieved	Lack of enforcement measures, such as blocking or withdrawing Fidelity Fund Certificates, has resulted in low urgency and accountability, leading to reduced CPD e-learning participation
Outcome 6 **Inclusive, integrated, and transformed property sector**	6.1 Well-informed homeowners and tenants about property transactions	6.1.1 Percentage Implementation of the Consumer Awareness Programme	100% Implementation of the Consumer Awareness Programme	100% Implementation of the Consumer Awareness Programme	100% Implementation of the Consumer Awareness Programme	100% Implementation of the Consumer Awareness Programme	Target achieved	N/A

CORRECTIVE ACTION –> FOR UNDER-ACHIEVED KEY PERFORMANCE INDICATORS			
KEY PERFORMANCE INDICATOR	REASON FOR UNDERPERFORMANCE	STRATEGY TO OVERCOME AREAS OF UNDERPERFORMANCE	PERSONS RESPONSIBLE
5.1.1 **Number of Property Practitioners fully meeting CPD requirements**	Lack of enforcement measures, such as blocking or withdrawing Fidelity Fund Certificates, has resulted in low urgency and accountability, leading to reduced CPD e-learning participation	Extensive communication with CPD participants to encourage them to participate in CPD. Partner with industry bodies, and companies to promote CPD programs	Executive Manager: Education and Training

Programme 5: Research Centre

Purpose
The research centre seeks to prioritise the meaningful participation by historically disadvantaged individuals in the property sector, the demographic distribution of skills, a transformative curriculum development, systematic patterns of discriminatory behavior and the efficacy of the compliance, monitoring, and enforcement mechanisms.

Strategic objectives related to the Programme:
The research centre is aimed at contributing to the transformation agenda through scientific research and innovation in the property sector.

PROGRAMME 5: RESEARCH CENTRE								
OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2022/2023	AUDITED ACTUAL PERFORMANCE 2023/2024	PLANNED ANNUAL TARGET 2024/2025	ACTUAL ACHIEVEMENT 2024/2025	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2024/2025	REASONS FOR DEVIATIONS
Outcome 6 **Inclusive, integrated and transformed property sector**	**6.2** Develop and establish research knowledge managment in sector	**6.2.1** Number of approved transformation agenda items researched	New indicator	New indicator	2 Approved transformation agenda items researched	2 Approved transformation agenda items researched	Target achieved	N/A

Programme 6: Transformation

Purpose
- To promote meaningful participation of historical disadvantage individuals and small, micro, and medium enterprises in the property market;
- To provide for the transformation of the property market and the establishment of the Property Sector Transformation Fund; *and*
- To provide for the transformation of the property market that facilitates property ownership to more South Africans through structural interventions and the creation of property consumer ownership programmes in the affordable and secondary market.

Strategic objectives related to the Programme:
- Implementing and assessing measures to progressively promote an inclusive and integrated property sector;
- Implementing appropriate measures and assessing the state of transformation within the property sector.
- Creating such mechanisms for the continuous monitoring and evaluation of the sector performance on the transformation imperatives and technical assistance as may be prescribed;
- Introducing measures to be implemented, which may include growth and capacity-building programmes to redress the imbalances of the past; *and*
- Cross-functional interface with other sections to ensure that transformational agenda is pursued, i.e., reviewing models and initiatives.

PROGRAMME 6: TRANSFORMATION								
OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2022/2023	AUDITED ACTUAL PERFORMANCE 2023/2024	PLANNED ANNUAL TARGET 2024/2025	ACTUAL ACHIEVEMENT 2024/2025	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2024/2025	REASONS FOR DEVIATIONS
Outcome 6 **Inclusive, integrated and transformed property sector.**	**6.3** Increase in the number of black principals	**6.3.1** Number of Full status Black Women supported through the implementation of the Principalisation Programme	0 of Full status Black Women supported through the implementation of the Principalisation Programme	487 Full-status Black Women supported through the implementation of the Principalisation Programme	440 Full-status Black Women supported through the implementation of the Principalisation Programme	37 Full-status Black Women supported through the implementation of the Principalisation Programme	**403** Under achieved	The programme relies majorly on funding and collaborative relationships with industry stakeholders – i.e. Services SETA (primary funder), BASA
		6.3.2 Number of Black Principals established through the Implementation of the Principalisation Programme	New indicator	1 026 Principals established through the Principalisation Programme	1 100 Black Principals established through the Implementation of the Principalisation Programme	74 Principals established through the implementation of the Principalisation Programme	**1 026** Under achieved	
	6.4 Participation by historically disadvantaged groups in the property sector	**6.4.1** Number of candidate practitioners placed with property industry host employers through the "One Learner – One Property Practitioner" Programme	137 candidate practitioners placed with property industry host employers through the "One Learner – One Property Practitioner" Programme	530 candidate practitioners placed with property industry host employers through the "One Learner – One Property Practitioner" Programme	500 candidate practitioners placed with property industry host employers through the "One Learner – One Property Practitioner" Programme	839 candidate practitioners placed with property industry host employers through the "One Learner – One Property Practitioner" Programme	**339** Over achieved	The overachievement was driven by improved coordination and strong industry participation

CORRECTIVE ACTION –> FOR UNDER-ACHIEVED KEY PERFORMANCE INDICATORS			
KEY PERFORMANCE INDICATOR	REASON FOR UNDERPERFORMANCE	STRATEGY TO OVERCOME AREAS OF UNDERPERFORMANCE	PERSONS RESPONSIBLE
6.3.1 Number of Full status Black Women supported through the implementation of the Principalisation Programme	The programme relies majorly on funding and collaborative relationships with industry stakeholders – i.e. Services SETA (primary funder), BASA	Engage with entities such as BASA to collaborate on transformation initiatives – a draft MOU was shared by BASA. Currently working with Services SETA to resuscitate legacy projects that may result in funding for the programme The Transformation Unit, through stakeholder engagement/Roadshows, will create awareness around the opportunities created by the PPRA that may support them to Principal status	Manager Property Sector Transformation
6.3.2 Number of Black Principals established through the Implementation of the Principalisation Programme			

Programme 7: Transformation Fund

Purpose

The programme seeks to give effect to Chapter 21 of the PPA, by establishing a Transformation Fund.

PROGRAMME 7: TRANSFORMATION FUND								
OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2022/2023	AUDITED ACTUAL PERFORMANCE 2023/2024	PLANNED ANNUAL TARGET 2024/2025	ACTUAL ACHIEVEMENT 2024/2025	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2024/2025	REASONS FOR DEVIATIONS
Outcome 7 **Develop and establish a Property Sector Transformation Fund**	7.1 Participation by historically disadvantaged groups in the property sector	7.1.1 Number of SMMEs owned by historically disadvantaged groups placed through the incubation programme	0 SMMEs owned by historically disadvantaged groups placed through the incubation programme	17 SMMEs owned by historically disadvantaged groups placed through the incubation	25 SMMEs owned by historically disadvantaged groups placed through the incubation programme	25 SMMEs owned by historically disadvantaged groups placed through the incubation programme	Target achieved	N/A

Programme 8: Fidelity Fund

Purpose

The Fidelity Fund's purpose is to provide an accumulation of financial resources to be used as a protection mechanism for property consumers that have suffered pecuniary financial loss and been defrauded by property practitioners.

Strategic objectives related to the Programme:

- To ensure that the Fidelity Fund is effectively and efficiently managed; *and*
- To ensure that the Fidelity Fund is financially sustainable.

PROGRAMME 8: FIDELITY FUND								
OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2022/2023	AUDITED ACTUAL PERFORMANCE 2023/2024	PLANNED ANNUAL TARGET 2024/2025	ACTUAL ACHIEVEMENT 2024/2025	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2024/2025	REASONS FOR DEVIATIONS
Outcome 8 Maintain a sustainable Property Practitioners Fidelity Fund	8.1 Effective and efficient income collection & payment systems	8.1.1 Percentage of fully compliant claims paid within 90 days of lodgement	New indicator	100% Of fully compliant claims paid within 90 days of lodgement	100% Of fully compliant claims paid within 90 days of lodgement	100% Of fully compliant claims paid within 90 days of lodgement	Target achieved	N/A

REVENUE COLLECTION

Figures in Rands	2024/2025			2023/2024		
SOURCES OF REVENUE	*ESTIMATE	ACTUAL AMOUNT COLLECTED	(OVER) / UNDER COLLECTION	*ESTIMATE	ACTUAL AMOUNT COLLECTED	(OVER) / UNDER COLLECTION
Total revenue - PPRA	124 910 285	78 239 209	46 671 076	139 677 442	75 656 603	64 020 839
Total revenue - PPFF	121 952 358	78 978 003	42 974 355	51 974 505	36 512 898	15 461 607
TOTAL	**246 862 643**	**157 217 212**	**89 654 431**	**191 651 974**	**112 169 501**	**79 482 446**

**Estimate based on 100% gross receivables, excluding debtors within the 0-30 days ageing bucket.*

During the financial year (FY) 2024/25, the entity had planned to collect a total of **R 246.9 million (FY2023/24 R 191.7 m)** in revenue from the following primary sources:

- FFC contributions;
- Income from examinations;
- Penalties;
- Other income from exchange transactions;
- Fines;
- Agent interest; *and*
- Other receivables from non-exchange transactions.

As of 31 March 2025, the entity had collected **R 157.2 million (FY 2023/24 { R 112.2 million })**, achieving **63.7% (FY 2023/24 {58.5%})** of the targeted revenue collection. This indicates a **shortfall of R 89.7 million** against the original target, however this is an improvement against the prior year. The under-collection is primarily attributed to the following:

- **High levels of non-payment by consumers** due to the tough economic climate;
- **Slow financial recovery since the COVID-19 pandemic**, which severely affected the industry;
- **Property Practitioners exiting the industry without settling outstanding debt and without following the formal deregistration process,** which increases the outstanding debt as they are still eligible for additional billing for other services – e.g. CPD, contravention fines;
- **Continuous focus on addressing historical accounts receivable issues that resulted in repeat qualified audit opinion** creates capacity constraints to intensify collection efforts; *and*
- **Manual sending of customer statements and invoices** significantly impacted the entity's ability to collect due to volume of transactions and accounts.

To address the revenue collection challenges, the following corrective actions were implemented:

- Property Practitioners were offered payment arrangements in line with their affordability to facilitate the settlement of their debts;
- Retained additional staff in the Debtors & Recoveries unit to increase capacity for collections; *and*
- Implemented an aggressive account receivable clean-up process to ensure an accurate and valid debtor's book.

The revenue collection shortfall necessitated the deferral of procuring critical IT infrastructure necessary to enhance operations and maximise productivity. Despite these challenges, essential services continued with minimal disruptions throughout the financial year.

While the revenue collection was significantly below target, the entity has taken proactive and corrective measures to mitigate the shortfall. Going forward, efforts will focus on improving billing systems, enhancing stakeholder engagement, and enforcing the entity's collection policy to ensure improved collections performance.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

Portfolio Committee

The Human Settlements Portfolio Committee played a critical role in overseeing the PPRA's service delivery, ensuring accountability in both financial and non-financial performance. Through robust engagements with the Board Chairperson, Management, and the Executive Authority, the Committee reviewed budgets, strategic plans, and financial sustainability, offering valuable external perspective. These constructive interactions strengthened governance, enhanced accountability, and reinforced alignment with national human settlements priorities, enabling the PPRA to deliver greater impact in communities.

Executive Authority

The governance role of the Executive Authority is defined by the Constitution, PFMA, the PPRA Act, and related legislation. As Executive Authority, the Minister of Human Settlements provides strategic oversight, guided by the annually reviewed Shareholder's Compact, which outlines mutual roles, responsibilities, and deliverables between the Minister and the PPRA Board. This Compact ensures alignment with PFMA requirements, national policy, and governance standards. In 2024/25, the PPRA fully complied with its obligations, submitting all required documentation within prescribed timelines, including key deliverables to the Executive Authority.

The Board's Annual Declaration of Interest:

- The Code of Ethics and Conduct;
- The Delegation of Authority Framework;
- The Board Evaluation Report;
- Quarterly Performance Reports; *and*
- Organisational Plans, including strategic and operational planning documents

Board composition and meetings

The Board of the PPRA comprises eleven (**11**) independent non-executive members, including the Chairperson, all of whom are appointed by the Minister of Human Settlements. In addition, the CEO serves as an ex officio member of the Board. The composition of the Board reflects a strong and diverse mix of skills, experience and expertise aligned with the strategic needs of the organisation. This includes proficiency in financial management, legal affairs, property practice, land and rural reform, and the promotion and protection of consumer rights. The Board is also broadly representative in terms of race, gender and diversity, reinforcing the PPRA's commitment to transformation and inclusivity. The Shareholder's Compact signed between the PPRA and the DHS together with the Board Charter, provides a clear framework for the roles, responsibilities, powers and functions of the Board and the CEO. Both governance instruments are reviewed annually to ensure alignment with the Corporate Governance Framework and evolving organisational requirements.

In compliance with the PPA, the PFMA and prevailing corporate governance standards, the Board is mandated to report quarterly to the Executive Authority. This reporting enables effective oversight, performance monitoring, and the implementation of corrective measures, while supporting the Board's fiduciary responsibilities in respect of governance and financial stewardship. During the year under review, the Board held twelve (**12**) meetings in total. The tenure of the existing Board concluded on 25 November 2024, with a **new Board** formally appointed on **13 January 2025**. The newly appointed Board retained four members from the previous composition to ensure continuity and preserve institutional knowledge.

Extract of board meetings attendance 2024/2025

<table>
<tr><th>MEMBERS</th><th>TOTAL MEETINGS QUARTER 1 APR - JUN</th><th>MEETINGS ATTENDED</th><th>TOTAL MEETINGS QUARTER 2 JUL – SEP</th><th>MEETINGS ATTENDED</th><th>TOTAL MEETINGS QUARTER 3 OCT – DEC</th><th>MEETINGS ATTENDED</th><th>TOTAL MEETINGS QUARTER 4 JAN – MAR</th><th>MEETINGS ATTENDED</th></tr>
<tr><td>Steven Ngubeni *
(Chairperson: Apr-Nov'24)</td><td rowspan="17">4</td><td>4</td><td rowspan="17">5</td><td>5</td><td rowspan="17">3</td><td>3</td><td rowspan="17">–</td><td>–</td></tr>
<tr><td>Thokozani Radebe *</td><td>4</td><td>5</td><td>3</td><td>–</td></tr>
<tr><td>Pam Snyman *</td><td>4</td><td>5</td><td>3</td><td>–</td></tr>
<tr><td>Pamela Makhubela * #</td><td>4</td><td>5</td><td>3</td><td>–</td></tr>
<tr><td>Nokulunga Makopo *</td><td>4</td><td>5</td><td>3</td><td>–</td></tr>
<tr><td>Thuthuka Songelwa *</td><td>3</td><td>5</td><td>3</td><td>–</td></tr>
<tr><td>Verushka Gilbert * #</td><td>4</td><td>5</td><td>3</td><td>–</td></tr>
<tr><td>Shaheed Peters *</td><td>3</td><td>5</td><td>3</td><td>–</td></tr>
<tr><td>Terry Johnson *</td><td>4</td><td>5</td><td>3</td><td>–</td></tr>
<tr><td>Mxolisi Nene *</td><td>4</td><td>5</td><td>3</td><td>–</td></tr>
<tr><td>Johannes van der Walt * #</td><td>4</td><td>5</td><td>2</td><td>–</td></tr>
<tr><td>Jeremiah Besani *</td><td>–</td><td>5</td><td>3</td><td>–</td></tr>
<tr><td>Queendy Gungubele
(Chairperson: Jan-Mar'25)</td><td>–</td><td>–</td><td>–</td><td>–</td></tr>
<tr><td>Daphline Ewertse</td><td>–</td><td>–</td><td>–</td><td>–</td></tr>
<tr><td>Kedibone Tsiloane</td><td>–</td><td>–</td><td>–</td><td>–</td></tr>
<tr><td>Brian Mpono</td><td>–</td><td>–</td><td>–</td><td>–</td></tr>
<tr><td>Katishi Masemola</td><td>–</td><td>–</td><td>–</td><td>–</td></tr>
</table>

** Term ended on the 25th November 2024* *# Reappointed on the 13th January 2025*

Remuneration of board members 2024/2025

NAME	COMMITTEES FEES	OTHER COMMITTEE FEES	TOTAL
Dr S Ngubeni *(Chairperson)*	102 519	711 938	814 457
Mr T K Johnson	58 644	112 623	171 267
Ms P N Makhubela	62 744	84 865	147 609
Adv N Makopo	45 612	91 997	137 609
Adv M S Nene	54 056	92 989	147 045
Mr S Peters	58 644	127 561	186 205
Ms T N Radebe	58 644	132 460	191 104
Ms P B Snyman	58 644	104 208	162 852
Ms T S Songelwa	54 300	142 242	196 542
Miss R K Tsiloane	4 100	6 150	10 250
Mr D K Masemola	6 150	–	6 150
Mr J Van der Walt	4 100	6 150	10 250
Mrs Q M Gungubele *(Chairperson)*	5 422	17 283	22 705
Ms DHC Ewertse **[1]**	–	–	–
Ms V Gilbert **[1]**	–	–	–
Mr J Besani **[1]**	–	–	–
TOTAL	**573 579**	**1 630 466**	**2 204 045**

[1] These board members are employed by the state and therefore do not receive remuneration for the services rendered as PPRA board members.

Board committees

In line with government-approved guidelines and best practices in corporate governance, the Board and its Committees are required to undergo regular assessments of their performance and effectiveness. During the reporting period, an internal self-assessment of the Board was conducted together with an external evaluation conducted by professional governance service provider. The evaluation process identified key areas for improvement and the findings were submitted to the Executive Authority of the PPRA for consideration. A formal Board Evaluation Report, along with the external service provider's feedback were submitted to the Department of Human Settlements.

To enhance its effectiveness and ensure efficient execution of its oversight responsibilities, the Board had established several Committees. Each Committee operates under a formal Terms of Reference, which outlines its mandate, scope and authority. These terms are reviewed annually to ensure continued relevance and alignment with the evolving strategic objectives of the PPRA.

As at the end of the reporting period, the Board had the following eight committees:

- Audit, Governance and Risk Committee;
- Education, Professionalisation and CPD Committee;
- Finance and Investment Committee;
- Human Resources and Remuneration Committee;
- ICT Governance Committee;
- Industry Transformation Committee;
- Legal Claims Compliance Committee; *and*
- Social and Ethics Committee.

These Committees were chaired by independent non-executive directors who possess the necessary expertise and experience to guide their respective areas. The Company Secretary supports all Committees to ensure compliance with governance requirements and effective meeting administration. Executive Management attends Committee meetings by invitation to provide operational insights and progress reports. In addition, guidance is sought from external legal and audit firms, where required, to ensure adherence to relevant legislative and regulatory frameworks.

A detailed schedule of Committee meeting attendance for the year under review is provided in the seven tables that follow:

Education, Professionalisation and CPD Committee

<table>
<tr><th>MEMBERS</th><th>TOTAL MEETINGS QUARTER 1 APR - JUN</th><th>MEETINGS ATTENDED</th><th>TOTAL MEETINGS QUARTER 2 JUL – SEP</th><th>MEETINGS ATTENDED</th><th>TOTAL MEETINGS QUARTER 3 OCT – DEC</th><th>MEETINGS ATTENDED</th><th>TOTAL MEETINGS QUARTER 4 JAN – MAR</th><th>MEETINGS ATTENDED</th></tr>
<tr><td>Johan van der Walt (Chairperson)</td><td rowspan="5">1</td><td>1</td><td rowspan="5">1</td><td>1</td><td rowspan="5">1</td><td>1</td><td rowspan="5">–</td><td>–</td></tr>
<tr><td>Pamela Makhubela</td><td>1</td><td>1</td><td>1</td><td>–</td></tr>
<tr><td>Pam Snyman **</td><td>1</td><td>–</td><td>–</td><td>–</td></tr>
<tr><td>Adv Mxolisi Nene</td><td>–</td><td>1</td><td>–</td><td>–</td></tr>
<tr><td>Thuthuka Songelwa</td><td>–</td><td>1</td><td>1</td><td>–</td></tr>
</table>

Finance and Investment Committee

MEMBERS	TOTAL MEETINGS QUARTER 1 APR - JUN	MEETINGS ATTENDED	TOTAL MEETINGS QUARTER 2 JUL – SEP	MEETINGS ATTENDED	TOTAL MEETINGS QUARTER 3 OCT – DEC	MEETINGS ATTENDED	TOTAL MEETINGS QUARTER 4 JAN – MAR	MEETINGS ATTENDED
Terry Johnson *(Chairperson)*	3	3	1	1	2	2	–	–
Thokozani Radebe		3		1		2		–
Shaheed Peters*		3		–		–		–
Jeremiah Besani		3		1		1		–
Thuthuka Songelwa		–		1		2		–

Human Resources and Remuneration Committee

MEMBERS	TOTAL MEETINGS QUARTER 1 APR - JUN	MEETINGS ATTENDED	TOTAL MEETINGS QUARTER 2 JUL – SEP	MEETINGS ATTENDED	TOTAL MEETINGS QUARTER 3 OCT – DEC	MEETINGS ATTENDED	TOTAL MEETINGS QUARTER 4 JAN – MAR	MEETINGS ATTENDED
Verushka Gilbert *(Chairperson)*	2	–	1	1	1	1	–	–
Adv. Nokulunga Makopo		–		1		1		–
Pamela Makhubela		–		1		1		–
Johan Van der Walt		–		1		1		–
Shaheed Peters *		2		–		–		–
Pam Snyman *		2		–		–		–
Thuthuka Songelwa **		2		–		–		–

ICT Governance Committee

MEMBERS	TOTAL MEETINGS QUARTER 1 APR - JUN	MEETINGS ATTENDED	TOTAL MEETINGS QUARTER 2 JUL – SEP	MEETINGS ATTENDED	TOTAL MEETINGS QUARTER 3 OCT – DEC	MEETINGS ATTENDED	TOTAL MEETINGS QUARTER 4 JAN – MAR	MEETINGS ATTENDED
Shaheed Peters *(Chairperson)*	1	1	1	1	1	1	–	–
Johan Van der Walt		–		1		1		–
Adv. Mxolisi Nene		1		–		1		–
Pam Snyman		–		1		1		–
Terry Johnson *		1		–		–		–

Industry Transformation Committee

MEMBERS	TOTAL MEETINGS QUARTER 1 APR - JUN	MEETINGS ATTENDED	TOTAL MEETINGS QUARTER 2 JUL – SEP	MEETINGS ATTENDED	TOTAL MEETINGS QUARTER 3 OCT – DEC	MEETINGS ATTENDED	TOTAL MEETINGS QUARTER 4 JAN – MAR	MEETINGS ATTENDED
Pamela Makhubela *(Chairperson)*	1	1	2	2	1	1	–	–
Adv. Nokulunga Makopo		–		2		1		–
Jeremiah Besani		–		1		–		–
Thuthuka Songelwa *		1		–		–		–
Adv. Mxolisi Nene **		1		–		–		–
Thokozani Radebe		–		2		1		–

*** Former Committee Chairperson Q1 * Former Committee member Q1*

Legal Claims and Compliance Committee

MEMBERS	TOTAL MEETINGS QUARTER 1 APR - JUN	MEETINGS ATTENDED	TOTAL MEETINGS QUARTER 2 JUL – SEP	MEETINGS ATTENDED	TOTAL MEETINGS QUARTER 3 OCT – DEC	MEETINGS ATTENDED	TOTAL MEETINGS QUARTER 4 JAN – MAR	MEETINGS ATTENDED
Adv. Mxolisi Nene *(Chairperson)*	5	5	1	1	3	3	–	–
Pam Snyman		–		1		3		–
Verushka Gilbert		–		1		3		–
Adv. Nokulunga Makopo **		5		–		–		–
Thokozani Radebe *		5		–		–		–
Pamela Makhubela *		5		–		–		–
Terry Johnson		–		1		3		–

Social and Ethics Committee

MEMBERS	TOTAL MEETINGS QUARTER 1 APR - JUN	MEETINGS ATTENDED	TOTAL MEETINGS QUARTER 2 JUL – SEP	MEETINGS ATTENDED	TOTAL MEETINGS QUARTER 3 OCT – DEC	MEETINGS ATTENDED	TOTAL MEETINGS QUARTER 4 JAN – MAR	MEETINGS ATTENDED
Pam Snyman *(Chairperson)*	2	–	2	2	1	1	–	–
Adv. Nokulunga Makopo		2		2		1		–
Thokozani Radebe **		2		–		–		–
Verushka Gilbert *		2		–		–		–
Johan Van der Walt *		2		–		–		–
Shaheed Peters		–		2		1		–
Jeremiah Besani		–		–		–		–

*** Former Committee Chairperson Q1   * Former Committee member Q1*

Compliance with laws and regulations

Following the implementation of the Property Practitioners Act (PPA) in February 2022, the Authority regulates the property sector in a manner that fosters a fair, accessible and well-functioning property market. Central to this mandate is the constitutional imperative of promoting secure tenure and restoring dignity through equitable access to immovable property. In fulfilling its regulatory obligations, the PPRA is committed to full compliance with all applicable national and international legislation.

This includes, but is not limited to, the Public Finance Management Act (PFMA), Labour Relations Act, Basic Conditions of Employment Act, Employment Equity Act, and the Financial Intelligence Centre Act. The Board and the Audit, Governance and Risk Committee actively oversee the implementation and adherence to approved internal policies to ensure the PPRA remains aligned with evolving legal and regulatory requirements.

The code of conduct

The Code of Conduct applies to all categories of employees, permanent, temporary, fixed-term, seconded—and extends to service providers engaged by the PPRA. It must be read in conjunction with related governance policies, including the Whistleblower Policy, Grievance and Disciplinary Policy, Ethics Policy, and Information and Communications Policy.

The Code seeks to entrench a culture of integrity, confidentiality, and accountability within the organisation. It addresses key issues such as ethical conduct, anti-corruption, and the responsible handling of sensitive information. Employees are routinely updated and trained on these policies to foster a culture of professionalism and compliance.

The Code continues to be an effective governance tool in managing disciplinary processes and enforcing ethical standards across the organisation.

Health, safety and environmental issues

The PPRA remains committed to maintaining a safe and healthy working environment in compliance with the Occupational Health and Safety Act, 1993. During the reporting period, the entity experienced several nationwide domestic challenges including water shortages, electricity load shedding. Progress was made in addressing related challenges with minimal business disruptions. Employee wellbeing and environmental sustainability remain a priority. The organisation continued its efforts to manage building-related challenges and reduce environmental impact, including managing vegetation and encouraging lower vehicle emissions.

Social responsibility

The PPRA recognises corporate social responsibility as an integral part of its strategic vision. In support of its transformation mandate, the PPRA is committed to contributing meaningfully to the development of the property sector and the broader communities it serves.

The Corporate Social Responsibility Policy, aligns with the PPRA's strategic objectives and promotes ethical business practices, good governance, sound labour relations and environmental responsibility. The CEO reports on these programmes to the Social and Ethics Committee through periodic progress updates.

Fraud and corruption

The PPRA has adopted a zero-tolerance approach to fraud and corruption as part of its commitment to clean governance. In March 2023, the organisation approved a comprehensive Fraud Prevention Policy and Implementation Plan aimed at proactively addressing fraud, theft, corruption, maladministration, and related misconduct.

All reported allegations of fraud are investigated rigorously, with findings escalated through the relevant governance structures. Corrective actions are implemented in accordance with legal and internal policy frameworks.

Minimising conflict of interest

The PPRA actively enforces compliance with its Conflict-of-Interest Policy to ensure transparency and ethical conduct in all business dealings. Employees are required to declare any interests in external business entities through periodic and ad-hoc disclosures, particularly in meetings where business matters are discussed.

Employees shall be obligated to declare and record all gifts received from stakeholders, whether of a monetary or non-monetary nature, in the official Gift Registry, which is maintained by the Ethics Officer.

The Code of Conduct outlines the procedures to be followed in the event of a potential conflict of interest, and the organisation remains diligent in upholding these standards.

The Company Secretary

The Company Secretary plays a critical role in guiding the Board on matters of governance, statutory compliance and corporate best practices. This includes providing expert advice on legislative requirements such as the Property Practitioners Act, the Public Finance Management Act and the King IV Report on Corporate Governance.

The Company Secretary also supports the Board in fulfilling its strategic mandate by managing Board administration and ensuring that governance structures operate effectively.

During the reporting period, the Board was supported by a qualified Company Secretary, an admitted attorney with over 15 years of experience in corporate governance and board advisory services. His tenure concluded on 08 February 2025, following five years of dedicated service. An Acting Company Secretary was appointed in February 2025 to provide administrative and governance support to the Board. The organisation is currently in the final stages of appointing a new Company Secretary.

AUDIT, GOVERNANCE AND RISK COMMITTEE REPORT

The report of the Audit, Governance and Risk Committee (AGRC) has been prepared in accordance with the Treasury Regulations for Public Entities 3.1; 27.1 issued in terms of the Public Finance Management, (Act No. 1 of 1999) (PFMA) as amended by Act 29 of 1999.

The AGRC is pleased to present its report for the financial year ended 31 March 2025.

Audit, Governance and Risk Committee (AGRC) members and attendance

This report outlines the activities of the AGRC for the period 1 April 2024 to 16 April 2025. In alignment with the organisation's governance policies, the Board resolved to reconstitute the Committee following the completion of more than two consecutive three-year terms by its members. A newly appointed AGRC was established subsequent to financial year-end, on 27 May 2025, and immediately pursued its mandate.

Throughout the reporting period, the Committee that existed convened in accordance with the treasury regulations, which included both ordinary and special meetings. The Committee maintained open channels of communication with both internal and external auditors, who were granted unrestricted access to the Committee in the execution of their duties.

Summary of meetings attended per Committee member *(the committee whose tenure ended as the year under review approached its end):*

MEMBERS	TOTAL MEETINGS QUARTER 1 APR - JUN	MEETINGS ATTENDED	TOTAL MEETINGS QUARTER 2 JUL – SEP	MEETINGS ATTENDED	TOTAL MEETINGS QUARTER 3 OCT – DEC	MEETINGS ATTENDED	TOTAL MEETINGS QUARTER 4 JAN – MAR	MEETINGS ATTENDED
Roy Mnisi *(Chairperson)*	2	2	4	3	1	1	4	4
Dr. Stanley Ngobeni		2		4		1		4
Masaccha Mbonambi		2		3		–		4
Fikile Mkhize		2		3		1		4
Terry Johnson		2		4		1		–
Thuthuka Songelwa		2		3		1		–

Audit and Risk Committee responsibilities

The AGRC adopted appropriate formal terms of reference as per treasury regulations and has regulated its affairs in compliance with these treasury regulations as well as the recommendations of the King IV code of corporate governance and discharged all its responsibilities as contained therein.

Internal audit

The entity's internal audit function was outsourced and was operational for the entire period under review. The activities of internal audit are governed by the approved internal audit charter. The independence of the internal audit was monitored throughout the period. Internal audit followed a risked based approach, which incorporates management's risk assessment. The internal audit plans and reports issued for the period under review were all reviewed and approved by the AGRC. The AGRC is satisfied with the level of assurance provided by internal audit.

Risk management

The AGRC considered quarterly Risk Management Committee Reports highlighting the risks identified throughout the institution and management's mitigation processes thereof. The Strategic Risk Register for the 2024/25 period was considered and recommended to the Governing Board for adoption where after the AGRC monitored the implementation of mitigating action plans on a quarterly basis.

In-Year management and quarterly reports

The AGRC is satisfied with the quality of quarterly reports prepared and issued by the Accounting Officer of PPRA during the year under review.

Effectiveness of internal control

Following the audits conducted and subsequent follow-up reviews, it was concluded that the internal control framework was inadequately designed and ineffective in supporting the achievement of the entity's objectives.

Some of the areas with weak controls are:

- Annual Financial Statements;
- Revenue and Receivables;
- Procurement and Contract Management;
- Proper records keeping; *and*
- IT Governance and Systems controls.

The Committee carefully considered the findings outlined in the Auditor-General of South Africa (AGSA) report and engaged the entity on the identified weaknesses. While these issues were noted and addressed, the Committee also acknowledges and welcomes the progress the entity has made, as highlighted in the AGSA's Management Report. The Committee further reports that the Property Practitioners Regulatory Authority (PPRA) has received a qualified audit opinion on Receivables from exchange transactions, Payables from exchange transactions and Revenue from exchange transactions for the 2024/25 financial year.

Evaluation of financial statements and organisational performance

The Audit Committee has:

- Reviewed the Audited Annual Financial Statements and Audited Organizational Performance Report to be included in the Annual Report with the reports of AGSA and the Accounting Authority;
- Reviewed the Auditor General's Management Report and management's response thereto;
- Reviewed the Auditor General 's audit report;
- Reviewed adjustments resulting from the audit; *and*
- Reviewed monthly and quarterly reports submitted by management.

Auditor-General South Africa

The AGRC has met with the Auditor General of South Africa to ensure that there are no unresolved matters. The Committee also noted the AGSA's recommended areas of improvement to the audited Annual Financial Statements and internal control systems and was satisfied that management is committed to strengthening these controls and attain improved audit outcome.

The AGRC concurs with and accepts the Auditor General's conclusion on the audit of the Annual Financial Statements for the financial year 2024/2025 and recommends that the audited Annual Financial Statements can be accepted and read together with the report of the AGSA.

Appreciation

The Audit, Governance and Risk Committee extends its sincere appreciation to the Accounting Authority, Accounting Officer, Management team and staff, internal auditors, and AGSA for their collaboration and support in enabling the Committee to fulfil its responsibilities in accordance with its mandate.

Nandipha Siwahla-Madiba CD(SA), M.Ist.D, Ph.D, DBA

Independent Chairperson of the Audit, Governance and Risk Committee

Date: 31 July 2025

BBB-EE compliance performance information

The following table has been completed in accordance with the compliance to the BBB-EE requirements of the BBB-EE Act of 2013 and as determined by the Department of Trade, Industry and Competition.

CRITERIA	RELEVANT ANSWER	DISCUSSION
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law	Yes	The issuing of Fidelity Fund Certificate (licence to trade) for purposes of operating legally as a property practitioner in terms of Section 47 of the Property Practitioners Act 22 of 2019
Developing and implementing a preferential procurement policy	Yes	This forms part of the PPRA SCM Policy
Determining qualification criteria for the sale of state-owned enterprises	No	The PPRA does not engage in the sale of state-owned enterprises
Developing criteria for entering into partnerships with the private sector	No	The PPRA currently does not have any criteria for entering into Public Private Partnerships however, we have a policy that enables collaboration with private sector
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment	Yes	There are approved SMME Incubation Guidelines which relates to grants as well as the PPRA SCM Policy to support BBBEE

HUMAN RESOURCE MANAGEMENT

HUMAN RESOURCE MANAGEMENT

Introduction

The organisation prioritised the filling of critical vacant positions requiring scarce skills, particularly at senior levels and those in core departments with a significant impact on overall performance. These positions spanned both senior and administrative levels. The filling of other vacant positions was delayed due to budget constraints, and this necessitated the revision of the budget and recruitment plans for the period under review. Despite these challenges, the critical positions were eventually filled. In the interim, internal employees were appointed to act in some of the roles, and in certain cases, they were subsequently appointed permanently to the positions within which they had been acting.

Following the review of policies in the latter part of 2023/24 the review of these policies is planned for the 2027 financial period. There were new policies developed in the financial year and have since been presented to staff. HR initiatives aligned to the existing HR strategy continued to be implemented and included attracting skilled employees by presenting the PPRA's Employee Value Proposition which assisted in attracting the required calibre of employees.

The performance management system continued to be implemented with final performance reviews for the 2024/25 conducted but overall organisational performance requires improvement and this is planned for the 2025/26 period.

Human Resources Oversight Statistics

The organisation presents the following key information on Human Resources.

Personnel related expenditure

Personnel cost by programme / activity / objective

PROGRAMME / ACTIVITY / OBJECTIVE	TOTAL EXPENDITURE FOR THE ENTITY (R'000)	PERSONNEL EXPENDITURE (R'000)	PERSONNEL EXP. AS A % OF TOTAL EXP. (R'000)	NO. OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE (R'000)
Programme 01: Administration	176 889	53 422	30%	58	921
Programme 02: Licensing		14 978	9%	23	651
Programme 03: Inspections & Enforcement		20 349	12%	22	924
Programme 04: Education, Professionalisation & CPD		9 037	5%	11	821
Programme 05: Research Centre		–	–	–	–
Programme 06 & 07: Property Sector Transformation		2 725	2%	7	389
Programme 08: Fidelity Fund		4 474	3%	1	4 474
TOTAL	**176 889**	**104 987**	**59%**	**122**	**8 188**

Personnel cost by salary band

LEVEL	PERSONNEL EXPENDITURE (R'000)	% OF PERSONNEL EXP. TO TOTAL PERSONNEL COST (R'000)	NO. OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE (R'000)
Top Management	20 043	19%	18	1 113
Senior Management	21 740	21%	14	1 552
Professional Qualified	13 951	13%	10	1 395
Skilled	17 854	17%	20	892
Semi-skilled	30 984	30%	66	469
Unskilled	451	0,42%	3	150
TOTAL	**104 987**	**100**	**131**	**5 571**

Performance rewards

There were no performance bonuses paid to staff members during the period under review.

Training costs

PROGRAMME / ACTIVITY / OBJECTIVE	PERSONNEL EXPENDITURE (R'000)	TRAINING EXPENDITURE (R'000)	TRAINING EXPENDITURE AS A % OF PERSONNEL COST.	NO. OF EMPLOYEES TRAINED	AVERAGE TRAINING COST PER EMPLOYEE (R'000)
Programme 01: Administration	53 422	217	0.4%	46	5

Employment and vacancies

PROGRAMME / ACTIVITY / OBJECTIVE	2024/25 NO. OF EMPLOYEES	2025/2024 APPROVED POSTS	2024/2023 NO. OF EMPLOYEES	2025/2024 VACANCIES	% OF VACANCIES
Programme 01: Administration	58	92	44	38	41%
Programme 02: Licensing	23	33	21	–	–
Programme 03: Inspections & Enforcement	22	47	28	32	68%
Programme 04: Education, Professionalisation & CPD	11	17	11	4	23%
Programme 05: Research Centre	–	4	–	4	100%
Programme 06 & 07: Property Sector Transformation	7	8	6	2	25%
Programme 08: Fidelity Fund	1	2	1	1	50%
TOTAL	**122**	**203**	**111**	**81**	**40%**

As mentioned, the organisation prioritised the filling of critical vacant positions requiring scarce skills, particularly at senior levels and those in core departments with a significant impact on overall performance. internal employees were appointed to act in some of the roles, and in certain cases, they were subsequently appointed permanently to the positions within which they had been acting.

Employment changes

SALARY BAND	EMPLOYMENT AT BEGINNING OF PERIOD	APPOINTMENTS	TERMINATIONS	EMPLOYMENT AT THE END OF PERIOD
Top Management	9	3	3	9
Senior Management	16	1	3	14
Professional Qualified	8	4	2	10
Skilled	19	3	2	20
Semi-skilled	62	6	2	66
Unskilled	1	3	1	3
TOTAL	**111**	**20**	**13**	**122**

Reasons for staff leaving

REASON	NUMBER	% OF TOTAL NO. OF STAFF LEAVING
Death	–	–
Resignation	9	7%
Dismissal	2	2%
Retirement	–	–
Ill Health	–	–
Expiry of contract	1	1%
Other	–	–
TOTAL	**12**	**10%**

Labour relations: Misconduct and disciplinary action

NATURE OF DISCIPLINARY ACTION	NUMBER
Verbal Warning	4
Written Warning	7
Final Written Warning	–
Dismissal	2
TOTAL	**13**

Staff exits were primarily due to resignations, where employees advanced to better career opportunities outside the organisation. Instances of dismissals were the result of gross misconduct involving transgressions of company policies and procedures. In addition, one five-year fixed-term contract reached its conclusion and was not renewed.

Equity target and Employment equity status

The organisation achieved and, in some instances, surpassed its equity targets at lower-level positions. Targets at senior level remained unattained due to the inability to attract the required skills for the respective positions. The organisation is reviewing its sectoral targets to align with the recently published amendments to the Employment Equity plans.

Employment equity status – Male

LEVELS	AFRICAN		COLOURED		INDIAN		WHITE	
	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET
Top Management	3	3	1	1	1	–	–	–
Senior Management	5	4	–	–	–	–	–	–
Professional Qualified	2	3	–	–	1	–	1	–
Skilled	8	2	–	–	–	1	–	–
Semi-skilled	31	20	–	2	–	–	–	–
Unskilled	1	2	–	–	–	–	–	–
TOTAL	**50**	**34**	**1**	**3**	**2**	**1**	**1**	**–**

Employment equity status – Female

LEVELS	AFRICAN		COLOURED		INDIAN		WHITE	
	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET
Top Management	3	6	–	–	–	–	1	1
Senior Management	9	7	–	–	–	–	–	1
Professional Qualified	5	6	–	–	1	1	–	1
Skilled	12	12	–	–	–	–	–	–
Semi-skilled	35	37	–	3	–	2	–	2
Unskilled	2	2	–	–	–	–	–	–
TOTAL	**66**	**70**	**–**	**3**	**1**	**2**	**1**	**5**

Employment equity status – Disabled staff

LEVELS	MALE		FEMALE	
	CURRENT	TARGET	CURRENT	TARGET
Top Management	–	–	–	–
Senior Management	–	1	–	–
Professional Qualified	–	–	–	–
Skilled	–	–	–	–
Semi-skilled	–	–	–	1
Unskilled	–	–	–	–
TOTAL	**–**	**1**	**–**	**1**

Planned activities for the 2025/26 period

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

- Review of Human Resources strategy;
- Prioritising the recruitment of critical positions;
- Implementation of a new Remuneration Structure; *and*
- Implementation of Skills Development interventions accompanied by Change Management initiatives.

PFMA COMPLIANCE REPORT

PFMA COMPLIANCE REPORT

IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

RECONCILIATION OF IRREGULAR EXPENDITURE	GROUP	PPRA	PPFF
Opening balance 01 April 2023	**38 274 537**	**36 956 286**	**1 318 251**
Irregular expenditure - current year	12 432 188	12 432 188	–
Closing balance 31 March 2024	**50 706 725**	**49 388 474**	**1 318 251**
Irregular expenditure that relates to 2021/22 identified in the current year	1 020 387	1 020 387	–
Irregular expenditure that relates to 2022/23 identified in the current year	5 434 717	5 434 717	–
Irregular expenditure - current year	14 531 590	14 531 590	–
Closing balance 31 March 2025	**71 693 419**	**70 375 168**	**1 318 251**

DETAILS OF CURRENT AND PREVIOUS YEAR IRREGULAR EXPENDITURE (UNDER ASSESSMENT, DETERMINATION, AND INVESTIGATION)	31 MARCH 2025			31 MARCH 2024		
	GROUP	AUTHORITY	PPFF	GROUP	AUTHORITY	PPFF
Competitive bid processes not followed for contracts exceeding the procurement threshold	3 284 197	3 284 197	–	2 596 377	2 596 377	–
Expenses incurred after contract expiry date	3 992 498	3 992 498	–	4 058 678	4 058 678	–
Limitation of scope	–	–	–	132 899	132 899	–
Open ended contracts with no expiry dates	625 9391	625 9391	–	621 961	621 961	–
Deviation process not justified	1 197 960	1 197 960	–	255 453	255 453	–
SCM processes not followed in the appointment or re-appointment of service providers	2 839 460	2 839 460	–	851 000	851 000	–
Board remuneration policy not approved by the Minister	2 591 536	2 591 536	–	3 915 821	3 915 821	–
TOTAL	**14 531 590**	**14 531 590**	**–**	**12 432 188**	**12 432 188**	**–**

Figures in Rand

DETAILS OF IRREGULAR EXPENDITURE CONDONED	31 MARCH 2025	31 MARCH 2024
Irregular expenditure condoned	–	–
TOTAL	**–**	**–**

DETAILS OF IRREGULAR EXPENDITURE NOT CONDONED	31 MARCH 2025	31 MARCH 2024
Irregular expenditure not condoned	–	–
TOTAL	**–**	**–**

DETAILS OF IRREGULAR EXPENDITURE RECOVERABLE	31 MARCH 2025	31 MARCH 2024
Irregular expenditure recoverable	–	–
TOTAL	**–**	**–**

DETAILS OF IRREGULAR EXPENDITURE IRRECOVERABLE	31 MARCH 2025	31 MARCH 2024
Irregular expenditure irrecoverable	–	–
TOTAL	**–**	**–**

DETAILS OF NON-COMPLIANCE CASES WHERE AN INSTITUTION IS INVOLVED IN AN INTER-INSTITUTIONAL ARRANGEMENT (WHERE SUCH INSTITUTION IS NOT RESPONSIBLE FOR THE NON-COMPLIANCE)	31 MARCH 2025	31 MARCH 2024
Not applicable	–	–
TOTAL	**–**	**–**

DETAILS OF NON-COMPLIANCE CASES WHERE AN INSTITUTION IS INVOLVED IN AN INTER-INSTITUTIONAL ARRANGEMENT (WHERE SUCH INSTITUTION IS RESPONSIBLE FOR THE NON-COMPLIANCE)	31 MARCH 2025	31 MARCH 2024
Not applicable	–	–
TOTAL	**–**	**–**

Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is not responsible for the non-compliance)

DISCIPLINARY STEPS TAKEN
Not applicable

Figures in Rand

RECONCILIATION OF FRUITLESS AND WASTEFUL EXPENDITURE	GROUP	AUTHORITY	PPFF
Opening balance 01 April 2023	**3 261 520**	**1 996 102**	**1 265 418**
Fruitless and wasteful expenditure - current year	69 537	69 537	–
Recovery of fruitless and wasteful expenditure	(101 286)	(101 286)	1 265 418
Closing balance 31 March 2024	**3 229 770**	**1 964 352**	**–**
Fruitless and wasteful expenditure - current year	299 726	299 726	–
Closing balance 31 March 2025	**3 529 496**	**2 264 078**	**1 265 418**

DETAILS OF FRUITLESS AND WASTEFUL EXPENDITURE RECOVERABLE	31 MARCH 2025	31 MARCH 2024
Fruitless and wasteful expenditure recoverable	–	–
TOTAL	**–**	**–**

DETAILS OF FRUITLESS AND WASTEFUL EXPENDITURE IRRECOVERABLE AND WRITTEN-OFF	31 MARCH 2025	31 MARCH 2024
Fruitless and wasteful expenditure irrecoverable and written-off	–	–
TOTAL	**–**	**–**

Details of disciplinary or criminal steps taken as a result of fruitless and wasteful expenditure

DISCIPLINARY STEPS TAKEN
Not applicable in the financial year under review

Addressing Historical Irregular and Fruitless & Wasteful Expenditure

As part of our commitment to sound financial governance, accountability, and compliance with applicable legislation, the organisation has made significant progress in addressing historical irregular as well as fruitless and wasteful expenditure identified in previous financial years.

A dedicated LCC was appointed to investigate the root causes of such expenditure, ensure appropriate remedial action is taken. The LCC operates in line with the PFMA and relevant National Treasury guidelines.

Following detailed investigations, a number of cases were identified where recovery of funds was deemed feasible. This included instances where former employees were held liable for losses incurred. As a result, recovery processes have been initiated, and a portion of the funds has already been successfully recouped (in the previous financial years) from individuals who are no longer with the organisation. In cases requiring legal intervention, external attorneys were appointed to pursue recovery through legal channels. These steps demonstrate the organisation's commitment to consequence management and the enforcement of financial accountability.

Furthermore, in line with Treasury regulations, a condonation application addressing the historical irregular expenditure has been submitted to the Executive Authority. Upon endorsement, this application will be escalated to the National Treasury for final consideration.

We remain committed to strengthening our internal controls, enhancing compliance awareness, and ensuring that all expenditure is incurred in line with applicable prescripts to prevent recurrence.

Figures in Rand

LATE AND/OR NON-PAYMENT OF SUPPLIERS

DESCRIPTION	NUMBER OF INVOICES	CONSOLIDATED VALUE
Valid invoices received	–	–
Invoices paid within 30 days or agreed period	–	–
Invoices paid after 30 days or agreed period	–	–
Invoices older than 30 days or agreed period (unpaid and without dispute)	–	–
Invoices older than 30 days or agreed period (unpaid and in dispute)	–	–
PPRA Investigation	–	–

SUPPLY CHAIN MANAGMENT

Procurement by other means

PROJECT DESCRIPTION	NAME OF SUPPLIER	REASON FOR THE PROCUREMENT BY OTHER MEANS	VALUE OF CONTRACT
Exhibition stand for the Private Property real estate investment summit	National association of Managing Agents	Single source	17 957.25
SAP Business One Annual Maintenance 2023	AdvanceOneNet	Single source	20 240.00
External board evaluation	IOD SA	Single source	8 633.63
Emergency Plumbing Services to unblock sewerage	PLB Plumbing and Electrical	Single source	9 500.00
Exhibition stand	Sandton Convention Centre	Emergency procurement	40 250.00
PPRA Investigation	XDS	Single source	30 000.00
Exhibition stand for the Private Property real estate investment summit	Private Property	Single source	57 500.00
Nama Conference Stakeholder workshop	National association of Managing Agents	Single source	8 625.00
Publication of Corporate Profile	Government Directory of SA	Single source	28 924.49
Executive & Personal Assistant Summit hosted in conjunction with the IPM institute of people management to be held in Cape Town	Kapital Biz Consulting	Single source	8 048.85
Catering Services	Joburg City Theatre	Single source	35 946.60
Subscriptions for Research	Lightstone	Single source	9 900.00
Membership Subscription	IHSP-SA	Single source	50 000.00
Board Workshop	Rode and Associates	Single source	17 250.00
Appointment of a service prodder for CPD IT System	E2 Solution	Single source	613 000.00
External board evaluation	IOD SA	Single source	37 700.00
Backup Generator	Alpha Consulting	Single source	28 500.00
Software Development	Baruch Adonal	Sole supplier	978 402.00
TOTAL			**2 000 377.82**

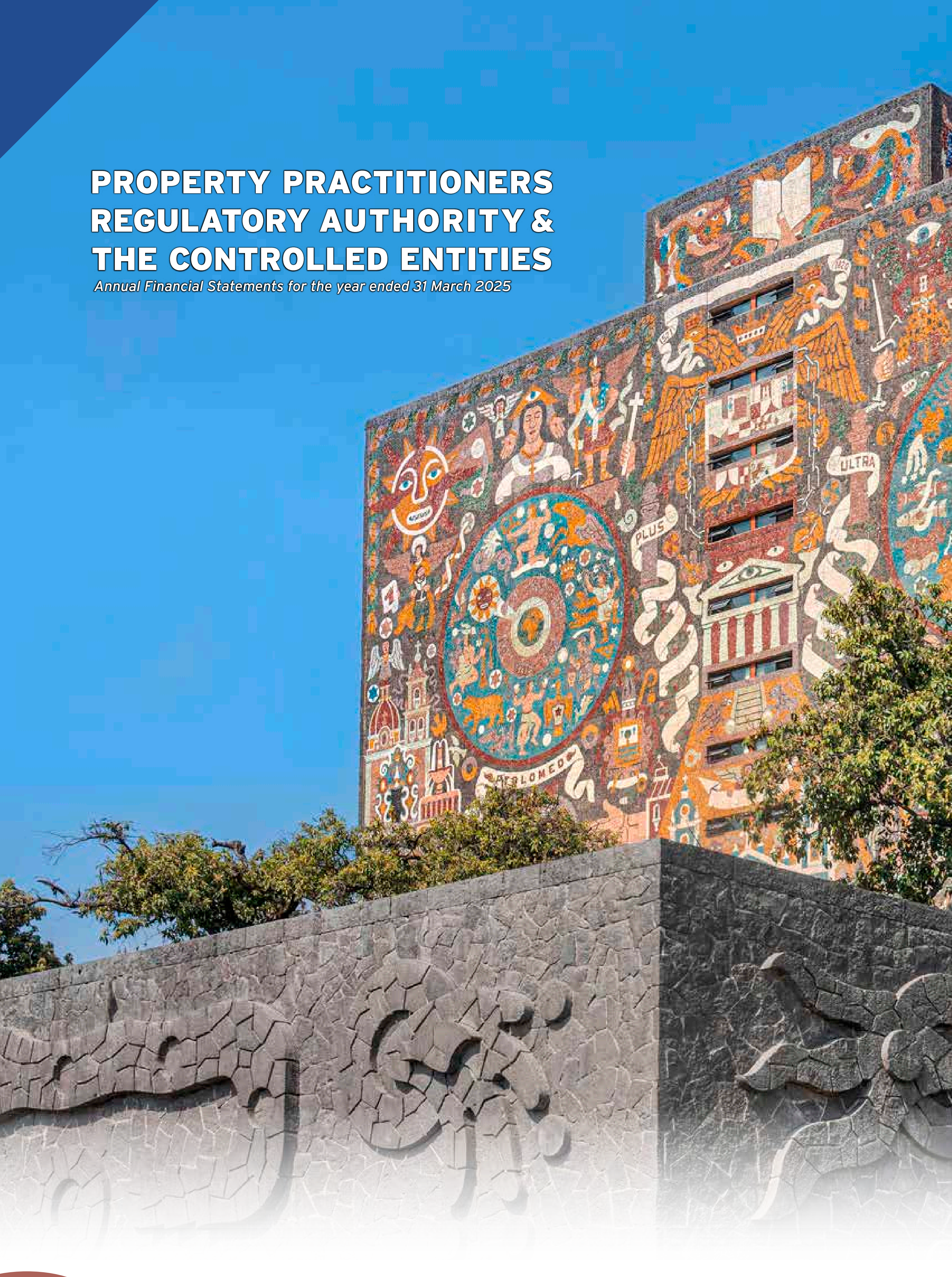
Figures in Rand

Contract variations and expansions

PROJECT DESCRIPTION	NAME OF SUPPLIER	CONTRACT NUMBER	REASON FOR EXPANSION OR VARIATION OF CONTRACT	ORIGINAL CONTRACT VALUE	VALUE OF CONTRACT EXPANSION OR VARIATION OF CONTRACT	VALUE OF PREVIOUS CONTRACT EXPANSION OR VARIATION OF CONTRACT
Appointment of a service provider for provision of forensic investigation services	Kettle Consulting	835055210	The service provider was requested to include IT investigation into their scope due to the fact that the added assignment represented continuation of previous work carried out by the firm for forensic investigation services	928 990.00	**201 342.00**	*1 442 406.60*
Appointment of a service provider for for recruitment response handling	Jamela Consulting	21231	Extension was requested due to high volume of application	230 000.00	**80 500.00**	–
Appointment of a service provider for legal services	Werksman Aattorneys	–	Supply chain management process was not followed, it is recorded as irregular expenditure	–	**522 138.73**	–
Appointment of a service provider for support of the PPRA SAP Business One system	Simcura	–	There was a change in scope of work for licences from "Limited CRM User" licenses to "Professional User" licenses. The change was to align the need of the entity with the licences provided as a result, it necessitated the variation. The variation requested had financial implication	875 935.05	**286 966.80**	–
Appointment of a service provider for servicing PPRA vehicles	Thato Truck Clinic	–	Expansion of scope pertaining to servicing due to several faults/defects that was not noticed	35 803.33	**16 986.83**	–
Travel expenses	Blue Cloud	–	The travel agent was duly appointed on a 3-quotation system with an additional amount incurred in excess the original quote (lodging for an extra night)	23 561.00	**3 500.00**	–
Venue hire for AGRC interviews	Courtyard Waterfall City	–	The supplier was duly appointed on a 3-quotation system. The venue hired was too small for its intended purpose, a change request was completed to secure a bigger venue	45 537.00	**6 965.00**	–
Internal audit services	Lunika Inc	–	Contract expired and internal audit service were required while in the process of appointing a new service provider	2 685 572.87	**465 000.00**	–
TOTAL				**4 825 399.25**	**1 583 399.36**	

PPRA

PROPERTY PRACTITIONERS REGULATORY AUTHORITY



PROPERTY PRACTITIONERS REGULATORY AUTHORITY & THE CONTROLLED ENTITIES

Annual Financial Statements for the year ended 31 March 2025


VIVA LA REVOLUCION

INDEX

Annual Financial Statements for the year ended 31 March 2025

The reports and statements set out below comprise the annual financial statements presented to the parliament.

GLOSSARY OF COMMONLY USED ABBREVIATIONS	
SSETA	Services SETA
GRAP	Generally Recognised Accounting Practice
IPSAS	International Public Sector Accounting Standards
PFMA	Public Finance Management Act (No. 1 of 1999), as ammended or replaced from time to time
PPFF	Property Practitioners Fidelity Fund
AUTHORITY	Property Practitioners Regulatory Authority
FFC	Fidelity Fund Certificate
PPA	Property Practitioners Act, 22 of 2019
PSRC	Property Sector Research Centre
PSTF	Property Sector Transformation Fund
DHS	Department of Human Settlements
CPD	Continuing Professional Development

GENERAL INFORMATION

Annual Financial Statements for the year ended 31 March 2025

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 (No. 22 of 2019) - formerly the Estate Agency Affairs Act (No. 112 of 1976)
BOARD MEMBERS	Ms Q Gungubele *(Chairperson)* (appointed 13 January 2025) Ms P N Makhubela (appointed 13 January 2025) Adv M S Nene (appointed 13 January 2025) Mr K Masemola (appointed 13 January 2025) Mr J Van der Walt (appointed 13 January 2025) Ms K Tsiloane (appointed 13 January 2025) Ms D Ewertse (appointed 13 January 2025) Ms V Gilbert (appointed 13 January 2025) Mr B Mpono (appointed 13 January 2025) Dr S Ngubeni *(Chairperson)* (term ended 25 November 2024) Ms V Gilbert (term ended 25 November 2024) Mr T K Johnson (term ended 25 November 2024) Ms P N Makhubela (term ended 25 November 2024) Adv N Makopo (term ended 25 November 2024) Adv M S Nene (term ended 25 November 2024) Mr S Peters (term ended 25 November 2024) Ms T N Radebe (term ended 25 November 2024) Ms P B Snyman (term ended 25 November 2024) Ms T S Songelwa (term ended 25 November 2024) Mr J Van Der Walt (term ended 25 November 2024)
BUSINESS ADDRESS	63 Wierda Road East, Wierda Valley, Sandton, 2196
POSTAL ADDRESS	Private Bag X10 Benmore 2010
CONTROLLING ENTITY	The Property Practitioners Regulatory Authority (PPRA)
BANKERS	Nedbank
AUDITORS	Auditor-General of South Africa Registered Auditors
SECRETARY	Ms Margaret Nguruve *(Acting)* from February 2025 Mr Thapelo Kgari (up to January 2025)

STATEMENT OF RESPONSIBILITY

Annual Financial Statements for the year ended 31 March 2025

The members 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 annual financial statements and related financial information included in this report. It is the responsibility of the members to ensure that the consolidated and separate 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 consolidated and separate annual financial statements and was given unrestricted access to all financial records and related data.

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

The members acknowledge that they are ultimately responsible for the system of internal financial control established by the economic entity and place considerable importance on maintaining a strong control environment. To enable the members 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 economic entity and all employees are required to maintain the highest ethical standards in ensuring the economic entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the economic entity is on identifying, assessing, managing and monitoring all known forms of risk across the economic entity. While operating risk cannot be fully eliminated, the economic 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 members 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 consolidated and separate annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The members have reviewed the economic entity's cashflow forecast for the year to 31 March 2026 and, in the light of this review and the current financial position, they are satisfied that the economic entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The consolidated and separate annual financial statements set out on pages 90 to 196, which have been prepared on the going concern basis, were approved by the board on 31 July 2025 and were signed on its behalf by:

QUEENDY GUNGUBELE

CHAIRPERSON OF THE PPRA BOARD

PPRA

PROPERTY PRACTITIONERS REGULATORY AUTHORITY

Annual Financial Statements for the year ended 31 March 2025

INDEPENDENT AUDITOR'S REPORT

Annual Financial Statements for the year ended 31 March 2025

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 subsidiaries (the group) set out on pages 104 to 196, which comprise the consolidated and separate statement of financial position as at 31 March 2025, consolidated and separate statement of financial performance, consolidated and separate statement of changes in net assets, consolidated and separate cash flow statement and statement of comparison of budget information with actual information 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 of the matters described in the basis for qualified opinion section of this 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 and its subsidiaries (the group) as at 31 March 2025 and their consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with the 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. The public entity did not recognise receivables from exchange transactions in accordance with GRAP 104, Financial Instruments. In the prior years, the public entity invoiced practitioners who were not eligible (i.e., practitioners who did not renew their fidelity fund certificate). I was unable to determine the full extent of the overstatement of receivables from exchange transactions and allowance for credit losses for the current year in the separate financial statements, as well as the corresponding figures, in the consolidated and separate financial statements, as it was impractical to do so. Additionally, there was an impact on the accumulated surplus in the consolidated and separate financial statements.

Payables from exchange transactions – debtors with credit balance

4. The public entity did not recognise debtors with credit balances in accordance with GRAP 104, Financial Instruments. In the prior year, the public entity invoiced practitioners who were not eligible (i.e., practitioners who did not renew their fidelity fund certificate) against the practitioner's credit balance account. For some practitioners, credit notes were incorrectly processed in debtor accounts with credit balances and other income. I was unable to determine the full extent of the understatement of debtors with credit balances and the overstatement of other income for the current year, as well as the overstatement of debtors with credit balances in the corresponding figures, in the separate financial statements, as it was impractical to do so. Additionally, there was an impact on the surplus for the period and on the accumulated surplus in the separate financial statements.

Context for opinion

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

6. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

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

Material uncertainty relating to going concern

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

9. I draw attention to Note 29 to the financial statements, which indicate that a net loss of R 2 711 280 was incurred during the year ended 31 March 2025. The public entity remains largely reliant on the Property Practitioners Fidelity Fund for revenue generation, with the management fee accounting for 45% of its total revenue for the current financial year. Revenue generated from services rendered directly with property practitioners amounted to R 79 819 813 up 13% from R 70 593 248 in the previous year. However, cash collections from the same remain constricted with expected losses deteriorating by 223% to R 5 541 727 from a reduction of R 4 522 018 in the previous year. The public entity has no other significant funding alternative now. The public entity reported cash outflow from operations of R 5 343 814 (2024: R 33 355 728). The cash position as at 31 March 2025 declined to R 22 650 525 (2024: R 32 776 000). As disclosed in Note 29, these events or conditions, along with other matters as set forth in the note, indicate that a material uncertainty exists that may cast significant doubt on the public entity's ability to continue as a going concern.

Emphasis of matter

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

Restatement of corresponding figures

11. As disclosed in Note 32 to the financial statements, the corresponding figures for 31 March 2024 were restated as a result of an error in the financial statements of the public entity at, and for the year ended, 31 March 2025.

Material impairments – receivables from exchange transactions

12. As disclosed in Note 5 to the financial statements, an amount of R 45 449 832 was incurred as an allowance for credit losses on receivables from exchange transactions.

Responsibilities of the accounting authority for the Consolidated and Separate Financial Statements

13. The accounting authority is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with the Standard 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.

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

Responsibilities of the Auditor-General for the audit of the Consolidated and Separate Financial Statements

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

16. 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. This description, which is located at page 102, forms part of my auditor's report.

Report on the annual performance report

17. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.

18. I selected the following material performance indicators related to Licensing and Property Sector Transformation presented in the annual performance report for the year ended 31 March 2025.

    I selected those indicators that measure the public entity's performance on its primary mandated functions and that are of significant national, community or public interest:
    - Percentage of all compliant new registrations processed within 30 working days
    - Percentage of compliant renewals processed within 30 working days of payment reconciliation
    - Number of full status black women supported through the implementation of Principalisation Programme
    - Number of black principals established through the implementation of the Principalisation Programme
    - Number of candidate practitioners placed with property industry host employers through the "One Learner – One Property Practitioner" programme.

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

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

21. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.

22. I did not identify any material findings on the reported performance information for the selected indicators.

Other matter

23. I draw attention to the matter below.

Achievement of planned targets

24. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or under- achievements.

25. The table that follows provide information on the achievement of planned targets and list the key indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets are included in the annual performance report on pages 56 to 64.

Property sector transformation

Targets achieved: 60% *Budget spent: 32%*		
KEY INDICATOR NOT ACHIEVED	**PLANNED TARGET**	**REPORTED ACHIEVEMENT**
Number of Full status Black Women supported through the implementation of the Principalisation Programme	440	37
Number of Black Principals established through the Implementation of the Principalisation Programme	1100	74

Report on compliance with legislation

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

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

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

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

Annual financial statements, performance, and annual report

30. 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)(b) of the PFMA. Material misstatement of current assets, current liabilities, revenue and disclosure items identified by auditors in the submitted financial statements were corrected, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified opinion.

Revenue management

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

Expenditure management

32. Effective and appropriate steps were not taken to prevent irregular expenditure as disclosed in Note 31 to the annual financial statements, as required by Section 51(1)(b)(ii) of the PFMA. The majority of the irregular expenditure was caused by supply chain management prescripts not followed.

Consequence management

33. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure as required by Section 51(1)(e)(iii) of the PFMA. This was due to proper and complete records that were not maintained as evidence to support the investigations into irregular expenditure.

34. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred fruitless and wasteful expenditure as required by Section 51(1)(e)(iii) of the PFMA. This was due to proper and complete records that were not maintained as evidence to support the investigations into fruitless and wasteful expenditure.

Other information in the annual report

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

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

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

38. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue .

Internal control deficiencies

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

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

41. Action plans were not effectively implemented to address the previous year's qualification and the root causes related to the opening balance of receivables.

42. Management did not prepare regular, accurate and complete financial reports that are supported and evidenced by reliable information.

43. Management did not review and monitor compliance with applicable laws and regulations.

44. Accounting authority did not exercise oversight responsibility regarding financial and compliance and related internal controls. This is evident by repeat findings on the audit of annual financial statements and compliance with legislation.

Auditor - General

Pretoria
31 July 2025

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURE TO THE AUDITOR'S REPORT

The annexure includes the following:

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

Auditor-general's responsibility for the audit

Professional judgement and professional skepticism

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

Consolidated and separate financial statements

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

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

Communication with those charged with governance

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

I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence and 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.

The selected legislative requirements are as follows:

LEGISLATION	SECTION, REGULATION OR PARAGRAPH
Public Finance Management Act 1 of 1999	Section 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii); 53(4); 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b); 55(1)(c)(i); 56; 57(b); 66(3)(c); 66(5)
Treasury Regulations, 2005	Regulation 16A3.2; 16A3.2(a); 16A6.1; 16A6.2(a); 16A6.2(b); 16A6.3(a); 16A6.3(a); 16A6.3(b); 16A6.3(c); 16A6.3(e); 16A6.4; 16A6.5; 16A6.6; 16A.7.1; 16A.7.3; 16A.7.6; 16A8.3; 16A8.4; 16A9.1(b)(ii); 16A 9.1(d); 16A9.1(e); 16A9.1(f); 16A9.2; 16A9.2(a)(ii); 30.1.1; 31.1.2(c); 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1; 31.2.1; 31.2.5; 31.2.7(a); 31.3.3; 32.1.1(a); 32.1.1(b); 32.1.1(c); 33.1.1; 33.1.3
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Requlations, 2004	Regulation 17; 25(7A)
Second amendment National Treasury Instruction No. 5 of 202/21	Paragraph 1
Erratum National Treasury Instruction No. 5 of 202/21	Paragraph 2
National Treasury instruction No 5 of 2020/21	Paragraph 4.8; 4.9; 5.3
National Instruction No. 1 of 2021/22	Paragraph 4.1
National Instruction No. 4 of 2015/16	Paragraph 3.4
National Treasury SCM Instruction No. 4A of 2016/17	Paragraph 6
National Treasury SCM Instruction No. 03 of 2021/22	Paragraph 4.1; 4.2(b); 4.3; 4.4; 4.4(a); 4.17; 7.2; 7.6
National Treasury SCM Instruction No. 11 of 2020/21	Paragraph 3.4(a); 3.4(b); 3.9
National Treasury SCM Instruction No. 2 of 2021/22	Paragraph 3.2.1; 3.2.4; 3.2.4(a); 3.3.1
Practice Note 5 of 2009/10	Paraqraph 3.3
Practice Note 7 of 2009/10	Paraqraph 4.1.2
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2.1(a); 2.1(f)
Preferential Procurement Requlations, 2022	Requlation 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Preferential Procurement Regulations, 2017	Regulation 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; 6.3; 6.6; 6.8; 7.1; 7.2; 7.3; 7.6; 7.8; 8.2; 8.5; 9.1; 10.1; 10.2; 11.1; 11.2
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

PROPERTY PRACTITIONERS REGULATORY AUTHORITY

Annual Financial Statements for the year ended 31 March 2025

STATEMENT OF FINANCIAL POSITION

Annual Financial Statements for the year ended 31 March 2025

Figures in Rand	Notes	Group 2025	Group 2024 Restated*	Authority 2025	Authority 2024 Restated*
Assets					
Current Assets					
Inventory	3	359 893	235 981	359 893	235 981
Inter-company loans and receivables	4	–	–	5 920 465	4 114 416
Receivables from exchange transactions	5	7 790 433	29 249 352	7 784 290	29 240 701
Receivables from non-exchange transactions	6	7 334 629	21 667 047	3 522 892	23 750
Cash and cash equivalents	7	686 465 658	659 843 140	22 650 525	32 776 000
		701 950 613	**710 995 520**	**40 238 065**	**66 390 848**
Non-Current Assets					
Property, plant and equipment	8	153 965 931	136 509 751	153 965 931	136 509 751
Intangible assets	9	3 403 745	798 944	3 403 745	798 944
		157 369 676	**137 308 695**	**157 369 676**	**137 308 695**
Total Assets		**859 320 289**	**848 304 215**	**197 607 741**	**203 699 543**
Liabilities					
Current Liabilities					
Inter-company loans payable	4	–	–	12 947 501	3 974 217
Deferred revenue	10	30 422 493	56 509 797	30 422 493	56 509 797
Payables from exchange transactions	11	60 191 928	47 580 459	58 692 694	46 610 124
Payables from non-exchange transactions	12	28 082 267	18 786 789	–	2 546 188
Employee benefit obligations	13	1 321 000	1 384 000	1 321 000	1 384 000
Provisions	14	5 193 412	4 924 089	5 193 412	4 924 089
		125 211 100	**129 185 134**	**108 577 100**	**115 948 415**
Non-Current Liabilities					
Deferred revenue	10	10 501 007	27 638 366	10 501 007	27 638 366
Employee benefit obligations	13	12 299 000	12 587 000	12 299 000	12 587 000
		22 800 007	**40 225 366**	**22 800 007**	**40 225 366**
Total Liabilities		**148 011 107**	**169 410 500**	**131 377 107**	**156 173 781**
Net Assets		**711 309 182**	**678 893 715**	**66 230 634**	**47 525 762**
Reserves					
Revaluation reserve	15	98 833 060	77 416 908	98 833 060	77 416 908
Accumulated surplus/(deficit)		612 476 122	601 476 807	(32 602 426)	(29 891 146)
Total Net Assets		**711 309 182**	**678 893 715**	**66 230 634**	**47 525 762**

*See Note 32

STATEMENT OF FINANCIAL PERFORMANCE

Annual Financial Statements for the year ended 31 March 2025

Figures in Rand	Notes	Group		Authority	
		2025	2024 Restated*	2025	2024 Restated*
Revenue					
Total Revenue from exchange transactions	**16**	**144 015 958**	**130 249 045**	**169 180 307**	**134 282 205**
Total Revenue from non-exchange transactions	**16**	**66 090 416**	**47 265 150**	**4 997 590**	**3 795 420**
Total Revenue		**210 106 374**	**177 514 195**	**174 177 897**	**138 077 625**
Expenditure					
Employee related costs	17	(104 987 422)	(96 529 307)	(104 987 422)	(96 529 307)
Auditors remuneration		(7 238 493)	(5 011 765)	(5 419 529)	(3 624 946)
Board members emoluments		(2 591 536)	(3 915 821)	(2 591 536)	(3 915 821)
Depreciation and amortisation	18	(5 763 977)	(5 026 883)	5 763 977)	(5 026 883)
Expected credit losses (allowances)/reversal	19	(15 958 378)	2 019 368	(5 541 727)	4 522 018
Operating expenses	20	(62 106 289)	(63 754 433)	(52 124 022)	(50 314 363)
Total Expenditure		**(198 646 095)**	**(172 218 841)**	**(176 428 213)**	**(154 889 302)**
Operating surplus/(deficit)		**11 460 279**	**5 295 354**	**(2 250 316)**	**(16 811 677)**
Assets impairment and write offs	21	(460 964)	(85 623)	(460 964)	(85 623)
Fair-value adjustments	22	–	(854 796)	–	–
		(460 964)	**(940 419)**	**(460 964)**	**(85 623)**
Surplus/(deficit) for the year		**10 999 315**	**4 354 935**	**(2 711 280)**	**(16 897 300)**

**See Note 32*

STATEMENT OF CHANGES IN NET ASSETS

Annual Financial Statements for the year ended 31 March 2025

Figures in Rand	Revaluation reserve**	Accumulated surplus / (deficit)	Total net assets
Group			
Opening balance as previously reported	77 416 908	650 830 209	728 247 117
Adjustments Prior year adjustments – Note 32	–	(53 708 337)	(53 708 337)
Balance at 01 April 2023	**77 416 908**	**597 121 872**	**674 538 780**
Changes in net assets surplus for the year	–	4 354 935	4 354 935
Total changes	–	4 354 935	4 354 935
Restated* Balance at 01 April 2024	**77 416 908**	**601 476 807**	**678 893 715**
Changes in net assets			
Revaluation of land and buildings	21 416 152	–	21 416 152
Net income (losses) recognised directly in net assets	21 416 152	–	21 416 152
Surplus for the year	–	10 999 315	10 999 315
Total recognised income and expenses for the year	21 416 152	10 999 315	32 415 467
Total changes	21 416 152	10 999 315	32 415 467
Balance at 31 March 2025	**98 833 060**	**612 476 122**	**711 309 182**
	*Note 15***		

Figures in Rand	Revaluation reserve**	Accumulated surplus / (deficit)	Total net assets
Authority			
Opening balance as previously reported	77 416 908	6 144 526	83 561 434
Adjustments Prior year error - Note 32	–	(19 138 372)	(19 138 372)
Balance at 01 April 2023	**77 416 908**	**(12 993 846)**	**64 423 062**
Changes in net assets			
(Deficit) for the year	–	(16 897 300)	(16 897 300)
Total changes	–	(16 897 300)	(16 897 300)
***Restated** * **Balance at 01 April 2024**	**77 416 908**	**(29 891 146)**	**47 525 762**
Changes in net assets			
Revaluation of land and buildings	21 416 152	–	21 416 152
Net income (losses) recognised directly in net assets	21 416 152	–	21 416 152
(Deficit) for the year	–	(2 711 280)	(2 711 280)
Total recognised income and expenses for the year	21 416 152	(2 711 280)	18 704 872
Total changes	21 416 152	(2 711 280)	18 704 872
Balance at 31 March 2025	**98 833 060**	**(32 602 426)**	**66 230 634**
	*Note 15***		

**See Note 32*

CASH FLOW STATEMENT

Annual Financial Statements for the year ended 31 March 2025

Figures in Rand	Note(s)	Group		Authority	
		2025	2024 Restated*	2025	2024 Restated*
Cash flows from operating activities					
Receipts					
Cash receipts from Property Practitioners		158 670 310	116 806 685	156 327 828	134 054 053
Interest received		52 127 893	52 215 409	1 829 003	3 590 034
		210 798 203	**169 022 094**	**158 156 831**	**137 644 087**
Payments					
Cash paid to employees		(107 600 880)	(105 692 925)	(107 600 880)	(105 692 925)
Suppliers		(71 793 144)	(82 841 825)	(55 899 765)	(65 306 890)
		(179 394 024)	**(188 534 750)**	**(163 500 645)**	**(170 999 815)**
Net cash flows from operating activities	23	**31 404 179**	**(19 512 656)**	**(5 343 814)**	**(33 355 728)**
Cash flows from investing activities					
Purchase of property, plant and equipment	8	(955 259)	(1 255 501)	(955 259)	(1 255 501)
Purchase of intangible assets	9	(3 826 402)	(166 404)	(3 826 402)	(166 404)
Proceeds received on maturity of financial assets		–	125 642 629	–	–
Net cash flows from investing activities		**(4 781 661)**	**124 220 724**	**(4 781 661)**	**(1 421 905)**
Net increase/(decrease) in cash and cash equivalents		**26 622 518**	**104 708 068**	**(10 125 475)**	**(34 777 633)**
Cash and cash equivalents at the beginning of the period		659 843 140	555 135 072	32 776 000	67 553 633
Cash and cash equivalents at the end of the year	7	**686 465 658**	**659 843 140**	**22 650 525**	**32 776 000**

**See Note 32*

STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS

Annual Financial Statements for the year ended 31 March 2025

Budget on Accrual Basis						
Figures in Rand	**Approved budget**	**Adjustments**	**Final budget**	**Actual amounts on comparable basis**	**Difference between final budget and actual**	**Note**
Group						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Contributions	57 997 387	–	57 997 387	39 639 333	**(18 358 054)**	1
Income from examinations	63 206 398	–	63 206 398	35 438 349	**(27 768 049)**	2
Interest from investment	42 668 222	–	42 668 222	52 127 893	**9 459 671**	3
Penalties	12 228 970	–	12 228 970	2 355 981	**(9 872 989)**	4
Other Income	11 378 120	–	11 378 120	14 454 402	**3 076 282**	5
Total revenue from exchange transactions	**187 479 097**	**–**	**187 479 097**	**144 015 958**	**(43 463 139)**	
Revenue from non-exchange transactions						
Penalties	–	–	–	4 660 340	**4 660 340**	6
Interest on Trust accounts	29 000 000	–	29 000 000	53 460 972	**24 460 972**	7
Fines	32 372 200	–	32 372 200	4 022 070	**(28 350 130)**	6
Grants income	15 713 328	–	15 713 328	3 947 034	**(11 766 294)**	8
Total revenue from non-exchange transactions	**77 085 528**	**–**	**77 085 528**	**66 090 416**	**(10 995 112)**	
Total revenue	**264 564 625**	**–**	**264 564 625**	**210 106 374**	**(54 458 251)**	
Expenditure						
Employee costs	(130 003 333)	–	(130 003 333)	(104 987 422)	**25 015 911**	9
Auditors remuneration	(6 013 950)	(1 300 000)	(7 313 950)	7 238 493)	**75 457**	10
Board and Audit committee remuneration	(6 400 000)	2 500 000	(3 900 000)	(2 591 536)	**1 308 464**	11
Depreciation and amortisation	(5 230 000)	(900 000)	(6 130 000)	(5 763 977)	**366 023**	12
Allowance for credit losses	(10 102 390)	–	(10 102 390)	(15 958 378)	**(5 855 988)**	13
Operating expenses	(93 495 942)	6 200 000	87 295 942)	(62 106 289)	**25 189 653**	14
Total expenditure	**(251 245 615)**	**6 500 000**	**(244 745 615)**	**(198 646 095)**	**46 099 520**	
Operating surplus	13 319 010	6 500 000	19 819 010	11 460 279	(8 358 731)	
Assets impairment and write offs	–	–	–	(460 964)	(460 964)	15
Surplus for the year	**13 319 010**	**6 500 000**	**19 819 010**	**10 999 315**	**(8 819 695)**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**13 319 010**	**6 500 000**	**19 819 010**	**10 999 315**	**(8 819 695)**	
Assets						
Property, plant and equipment	550 000	6 500 000	7 050 000	955 259	**(6 094 741)**	16
Intangible assets	12 202 000	–	12 202 000	3 826 402	**8 375 598)**	17
Total Assets	**12 752 000**	**6 500 000**	**19 252 000**	**4 781 661**	**(14 470 339)**	

NOTES

Note 1: Contributions

Revenue from contributions is lower than budgeted, mainly due to the manual onboarding process of new property practitioners. The number of practitioners onboarded was also less than anticipated.

Note 2: Income from examinations

The budget was prepared on the assumption that examination revenue would increase due to the onboarding of new categories of property practitioners. However, the onboarding has been slower than anticipated, resulting in a significant variance between the actual and budgeted figures.

Note 3: Interest from investments

The overachievement is attributable to the investments yielding more interest under the money market accounts, than what was anticipated. Additionally, the increase was driven by growth in investment amount due to capitalised interest over the period.

Note 4: Penalties

The variance was due to a change in accounting policy and the correction of prior period errors. Penalties were incorrectly charged on invoices that were raised for practitioners who did not renew their FFCs. Penalties are only supposed to be charged for property practitioners who renew and pay after the prescribed date.

Note 5: Other income

Other income is mostly made up of sundry income, undesirable practices fines, and admin fees charged to property practitioners for licensing and compliance. The variance is due to higher sundry income recognised in the current year. This sundry income relates to debtors with credit balances older than 3 years.

Note 6: Fines and penalties

These are fines charged to property practitioners who are disqualified for CPD and fines imposed for the late submission of audit reports. There were no penalties budgeted based on the assumption that all practitioners would submit their reports when they become due. The variance is due to the reversal of fines under PPFF, which were incorrectly raised upon the issuance of compliance notices. However, in terms of the PPA and the compliance notice, the PPRA only has an enforceable claim against a property practitioner once they have acknowledged in writing that they admit to the non-compliance.

Note 7: Interest on Trust accounts

The overachievement is due to an increase in interest earned on the value of the agents' trust accounts. The budgeted amount was determined after considering the prior year's audited amount and the interest on trust funds that accrued in Q2 of the current year. Most firms' year-end is in February, and the Q2 actual interest amounts to R 26 million.

Note 8: Grants income

The PPRA is acting as an agent for Services SETA in the execution of various programmes. Funds received from Services SETA are initially recognised as conditional grants, then subsequently recognised as grant revenue when qualifying expenditure is incurred.

Note 9: Employee Costs

The variance is due to savings from budgeted vacancies that were not filled, and some appointments having a lower total cost to company than budgeted for.

Note 10: Auditors' remuneration

These costs relate to the audit fees charged by the Auditor General. The variance is due to higher billing than anticipated.

Note 11: Board and Audit committee

The board remuneration budget was based on the actual expenditure as at March 2024, which led to an over-budget, as fewer meetings were held during the year and the timing of the transition from old to new board.

Note 12: Depreciation and amortisation

Depreciation and amortisation exceeded the budgeted amount due to additional assets acquired during the financial year.

Note 13: Allowance for credit losses

The allowance recognised is more than initially budgeted due to continued record of non payment by property practitioners.

Note 14: Operating expenses

The saving is due to costs incurred for software licences, consultants' fees, and disciplinary and legal expenses being below budget.

Note 15: Assets impairment and write offs

No amount was budgeted for the loss on write-off of inventory.

Note 16: Property, plant and equipment

Fewer capital assets were procured during the year than budgeted.

Note 17: Intangible assets

Fewer capital assets were procured during the year than budgeted.

STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS

Annual Financial Statements for the year ended 31 March 2025

Budget on Accrual Basis						
Figures in Rand	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Note
Authority						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Contributions	50 997 387	–	50 997 387	37 027 893	**(13 969 494)**	1
Income from examinations	63 206 398	–	63 206 398	35 438 349	**(27 768 049)**	2
Management fees	77 863 267	–	77 863 267	78 088 619	**225 352**	3
Interest from investment	8 684 340	–	8 684 340	1 829 003	**(6 855 337)**	4
Penalties	12 228 970	–	12 228 970	2 355 981	**(9 872 989)**	5
Other income	11 348 120	–	11 348 120	14 440 462	**3 092 342**	6
Total revenue from exchange transactions	**224 328 482**	**–**	**224 328 482**	**169 180 307**	**(55 148 175)**	
Revenue from non-exchange transactions						
Penalties	–	–	–	4 660 340	**4 660 340**	7
Fines	1 672 200	–	1 672 200	337 250	**(1 334 950)**	7
Total revenue from non-exchange transactions	**1 672 200**	**–**	**1 672 200**	**4 997 590**	**3 325 390**	
Total revenue	**226 000 682**	**–**	**226 000 682**	**174 177 897**	**(51 822 785)**	
Expenditure						
Employee costs	(130 003 333)	–	(130 003 333)	(104 987 422)	**25 015 911**	8
Auditors remuneration	(4 200 000)	(1 300 000	(5 500 000)	(5 419 529)	**80 471**	9
Board members and Audit committee	(6 400 000)	2 500 000	(3 900 000)	(2 591 536)	**1 308 464**	10
Depreciation and amortisation	(5 230 000)	(900 000)	(6 130 000)	(5 763 977)	**366 023**	11
Allowance for credit losses	(6 102 390)	–	(6 102 390)	(5 541 727)	**560 663**	12
Operating expenses	(60 885 390)	6 200 000)	(54 685 390)	(52 124 022)	**2 561 368**	13
Total expenditure	**(212 821 113)**	**6 500 000**	**(206 321 113)**	**(176 428 213)**	**29 892 900**	
Operating surplus/(deficit)	13 179 569	6 500 000	19 679 569	(2 250 316)	(21 929 885)	
Assets impairment and write off	–	–	–	(460 964)	(460 964)	14
Surplus/(deficit) for the year	**13 179 569**	**6 500 000**	**19 679 569**	**(2 711 280)**	**(22 390 849)**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**13 179 569**	**6 500 000**	**19 679 569**	**(2 711 280)**	**(22 390 849)**	
Assets						
Property, plant and equipment	550 000	6 500 000	**7 050 000**	955 259	**(6 094 741)**	15
Intangible assets	12 202 000	–	**12 202 000**	3 826 402	**(8 375 598)**	16
Total Assets	**12 752 000**	**6 500 000**	**19 252 000**	**4 781 661**	**(14 470 339)**	

NOTES

Note 1: Contributions

Revenue from contributions is lower than budgeted, mainly due to the manual onboarding process of new property practitioners. The number of practitioners onboarded was also less than anticipated.

Note 2: Income from examinations

The budget was prepared on the assumption that examination revenue would increase due to the onboarding of new categories of property practitioners. However, the onboarding has been slower than anticipated, resulting in a significant variance between the actual and budgeted figures.

Note 3: Management fees

The amount budgeted is in line with the actual revenue.

Note 4: Interest from investments

Interest revenue is below the budgeted amount due to less funds invested than projected at the time of budget preparation. This can be attributed to the reduced level of cash available for investment due to operational cash requirements. The interest received was earned mainly from investment in the Absa Investment Tracker account which is currently earning interest at 8.9% per annum.

Note 5: Penalties

The variance was due to a change in accounting policy and the correction of prior period errors. Penalties were incorrectly charged on invoices that were raised for practitioners who did not renew their FFCs. Penalties are only supposed to be charged for property practitioners who renew and pay after the prescribed date.

Note 6: Other income

Other income is mostly made up of sundry income, undesirable practices fines, and admin fees charged to property practitioners for licensing and compliance. The variance is due to higher sundry income recognised in the current year. This sundry income relates to debtors with credit balances older than 3 years.

Note 7: Fines and penalties

These are fines charged for property practitioners who are disqualified for CPD and penalties imposed for late submission of audit reports. The variance is due to an overestimation of the fines and penalties to be collected for the 2024/2025 financial year. There were no penalties budgeted based on the assumption that all practitioners would submit their reports when they become due.

Note 8: Employee Costs

The variance is due to savings from budgeted vacancies that were not filled, and some appointments having a lower total cost to company than budgeted for.

Note 9: Auditors' remuneration

These costs relate to the audit fees charged by the Auditor-General. The variance is due to higher billing than anticipated

Note 10: Board and Audit committee

The board remuneration budget was based on the actual expenditure as at March 2024, which led to an over-budget, as fewer meetings were held during the year and the timing of the transition from old to new board.

Note 11: Depreciation and amortisation

Depreciation and amortisation exceeded the budgeted amount due to additional assets acquired during the financial year.

Note 12: Allowance for credit losses

The allowance recognised is more than initially budgeted due to continued record of non payment by property practitioners.

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The saving is due to costs incurred for software licences, consultants' fees, and disciplinary and legal expenses being below budget.

Note 14: Assets impairment and write offs

No amount was budgeted for the loss on write-off of inventory.

Note 15: Property, plant and equipment

Fewer capital assets were procured during the year than budgeted.

Note 16: Intangible assets

Fewer capital assets were procured during the year than budgeted.

ACCOUNTING POLICIES

1. Significant account policies

The principal accounting policies applied in the preparation of these consolidated annual financial statements are set out below.

1.1 Basis of preparations

The consolidated 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 consolidated 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.

These accounting policies are consistent with the previous period.

1.2 Presentation currency

These consolidated annual financial statements are presented in South African Rand, which is the functional currency of the PPRA.

1.3 Going concern assumption

These consolidated annual financial statements have been prepared based on the expectation that the economic entity will continue to operate as a going concern for at least the next 12 months.

1.4 Materiality

Omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of financial statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

1.5 Comparative information

When the presentation or classification of items in the consolidated 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.

1.6 Consolidation

Consolidated financial statements

Consolidated annual financial statements are the annual financial statements of an economic entity in which the assets, liabilities, net assets, revenue, expenses and cash flows of the controlling entity and its controlled entities are presented as those of a single economic entity.

These consolidated annual financial statements incorporate the annual financial statements of the Authority, the PPFF and the PSTF.

Presentation of consolidated financial statements

The Authority as controlling entity presents consolidated annual financial statements.

Control

The Authority determines whether it is a controlling entity by assessing whether it controls the PPFF and PSTF. The Authority controls another entity when it is exposed, or has rights, to variable benefits from its involvement with the other entity and has the ability to affect the nature and amount of those benefits through its power over the other entity.

The Authority controls another entity if the entity has all three of the following elements of control:
- power over the other entity;
- exposure, or rights, to variable benefits from its involvement with the other entity; and
- the ability to use its power over the other entity to affect the nature or amount of the benefits from its involvement with the other entity.

The Authority considers all facts and circumstances when assessing whether it controls another entity. The entity reassess whether it controls another entity if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Accounting requirements

The entity as controlling entity prepares consolidated annual financial statements using uniform accounting policies for like transactions and other events in similar circumstances.

Consolidation of a controlled entity begins from the date the entity obtains control of the other entity and cease when the entity loses control of the other entity.

Consolidation procedures

Consolidated financial statements:
- Combine like items of assets, liabilities, net assets, revenue, expenses and cash flows of the Authority with those of its controlled entities.
- Offset (eliminate) the carrying amount of the Authority entity's investment in each controlled entity and the controlling entity's portion of net assets of each controlled entity.
- Eliminate in full intra-economic entity assets, liabilities, net assets, revenue, expenses and cash flows relating to transactions between entities of the economic entity. Intra-economic entity losses may indicate an impairment that requires recognition in the consolidated financial statements.

Uniform accounting policies

Consolidated annual financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances for the Authority and all its controlled entities.

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

1.6 Consolidation (continued)

Measurement

The Authority includes the revenue and expenses of a controlled entity in the consolidated annual financial statements from the date it gains control until the date when the Authority ceases to control the controlled entity. Revenue and expenses of the controlled entity are based on the amounts of the assets and liabilities recognised in the consolidated annual financial statements at the acquisition date.

Reporting dates

The financial statements of the Authority as controlling entity and its controlled entities used in the preparation of the consolidated annual financial statements are prepared as at the same reporting date.

Changes in control

If the Authority as controlling entity loses control of a controlled entity, the Authority:

- Derecognises the assets and liabilities of the former controlled entity from the consolidated statement of financial position;
- Recognises any investment retained in the former controlled entity and subsequently accounts for it and for any amounts owed by or to the former controlled entity in accordance with the relevant Standards of GRAP. That Fair-value is regarded as the Fair-value on initial recognition of a financial asset in accordance with Standard of GRAP on Financial instruments or the cost on initial recognition of an investment in an associate or joint venture;
- Recognises the gain or loss associated with the loss of control attributable to the former controlling interest; *and*
- Changes in the Authority's ownership interest in a controlled entity that do not result in a loss of control are accounted for as transactions that affect net assets.

1.7 Significant judgements and sources of estimation uncertainty

In preparing the consolidated annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the consolidated 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 consolidated annual financial statements. Significant judgements include:

Impairment of non-financial assets

The Authority 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 annually. 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-value's 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.

1.7 Significant judgements and sources of estimation uncertainty (continued)

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 - Provisions.

Allowance for credit losses

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

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 Property Practitioners 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 Property Practitioner change, actual write-offs could differ from impairment.

The measurement of receivables is derived after consideration of the allowance for credit losses. 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.

Other key assumptions for pension and medical obligations are based on current market conditions. Additional information is disclosed in Note 13.

1.8 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 economic entity; *and*
- the cost of the item can be measured reliably.

1.8 Property, plant and equipment (continued)

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.

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.

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.

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.

1.8 Property, plant and equipment (continued)

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 - 10 years
Other equipment	Straight-line	5 - 25 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.

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 Group separately discloses expenditure to repair and maintain Property, plant and equipment in the notes to the financial statements (see Note 8).

The Group revalues its land and buildings every three years. The last revaluation was performed on 31 March 2025.

1.9 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
Intellectual property	Straight-line	5 - 15 years
Computer software	Straight-line	5 - 15 years

1.10 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.

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.

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

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 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.

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.

1.10 Financial instruments (continued)

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.

Classification

The Group 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
Inter-company loans and receivables	Financial asset measured at amortised cost
Other financial assets	Financial asset measured at amortised cost
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 Group 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
Inter-company loans payable	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.

1.10 Financial instruments (continued)

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'.

Initial recognition and measurement

The Group 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 Group recognises financial assets using trade date accounting.

Initial recognition

The Group 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 Group 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. Except for equity investments for which a Fair-value is not determinable, which are measured at cost and are classified as available for sale financial assets.

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

Transaction costs on Financial instruments at Fair-value through surplus or deficit are recognised in surplus or deficit.

Subsequent measurement

The Group measures all financial assets and financial liabilities after initial recognition using the following categories:
- Financial instruments at Fair-value.
- Financial instruments at amortised cost.

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

1.10 Financial instruments (continued)

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 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.

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.

Reclassification

The Authority 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.

Financial instruments at amortised cost

These are financial assets or financial liabilities that have fixed or determinable payments.

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

Impairment of financial assets

At each end of the reporting period the Group assesses all financial assets at amortised cost, to determine whether there is objective evidence that a financial asset has been impaired.

The Group assesses whether objective evidence of impairment exists individually for all financial assets.

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 Group, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

1.10 Financial instruments (continued)

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

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

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 Group 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 at the amount of the revenue recognised, which is the Fair-value of the transaction, 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.

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 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.

Payables from exchange and non-exchange transactions

Payables are initially measured at Fair-value, and are subsequently measured at amortised cost, using the effective interest rate method.w

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.

Other financial assets

Other financial assets are initially and subsequently carried at Fair-value.

1.10 Financial instruments (continued)

Inter-company loans

These include loans to and from controlling entity and controlled entities and are recognised initially at Fair-value plus direct costs. The inter-company loans represent direct loans between the Authority, the PPFF, the PSTF, the cost paid by the Authority on behalf of the PPFF and contribution received by the Authority on behalf of the PPFF and/or PSTF. There are no direct or indirect services rendered between these entities for these loans.

The inter-company loans are presented on a net basis in the annual financial statements 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 Authority pays some of the expenses on behalf of the PPFF and claims it from the PPFF. There are also instances where the Authority encounters cash flow challenges and the PPFF assists the Authority in line with the delegation of authority. The PPFF sometimes gives loans to the PSTF. 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 annual financial statements.

The intercompany 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.

1.11 Statutory receivables

Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

Recognition

The Group 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 (Taxes and transfers); 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

The Group initially measures statutory receivables at their transaction amount.

1.11 Statutory receivables (continued)

Subsequent measurement

The Group 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.

Accrued interest

The Group does not charge any interest on outstanding statutory receivables.

Other charges

There are no other charges that the Group levies on Statutory receivables.

Impairment losses

The Group assesses at each reporting date whether there is any indication that a statutory receivable, or a Group of statutory receivables, may be impaired.

In assessing whether there is any indication that a statutory receivable, or Group of statutory receivables, may be impaired, the Group considers, as a minimum, the following indicators:
- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied). Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

If there is an indication that a statutory receivable, or a Group of statutory receivables, may be impaired, the economic entity measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or Group of statutory receivables, is reduced, either directly or through the use of an allowance account. The amount of the losses is recognised in surplus or deficit.

In estimating the future cash flows, an Group considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the entity discounts the estimated future cash flows using a rate that reflects the current risk-free rate and, if applicable, any risks specific to the statutory receivable, or Group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or Group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

1.11 Statutory receivables (continued)

Derecognition

The Group 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 Group, 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.

1.12 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. *Inventories (continued)*

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 capital expenditure having a similar nature and use to the Group.

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

1.13 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.

Designation

At initial recognition, the Group designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of an Group's objective of using the asset.

The Group designates an asset or a cash-generating unit as cash-generating when:
- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.*13 Impairment of cash-generating assets (continued)*

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash-generating asset or non-cash-generating asset based on whether the Group expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate commercial return, the Group designates the asset as a non-cash-generating asset and applies the accounting policy on Impairment of Non-cash-generating assets, rather than this accounting policy.

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The Group assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset.

1.13 Impairment of cash-generating assets (continued)

Irrespective of whether there is any indication of impairment, the Group also tests a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life. Revenue in respect of conditional grants is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

Basis for estimates of future cash flows

In measuring value in use the Group:
- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; *and*
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

Composition of estimates of future cash flows

Estimates of future cash flows include:
- projections of cash inflows from the continuing use of the asset;
- projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; *and*
- net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash flows exclude:
- cash inflows or outflows from financing activities; *and*
- income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the Group expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

1.13 Impairment of cash-generating assets (continued)

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the Group recognises a liability only to the extent that is a requirement in the Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the Group determines the recoverable amount of the cash- generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or Group of assets, that asset or Group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash- generating unit are affected by internal transfer pricing, the Group use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:
- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.*13 Impairment of cash-generating assets (continued)*

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:
- its Fair-value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.*13 Impairment of cash-generating assets (continued)*

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

Reversal of impairment loss

The Group assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

1.13 Impairment of cash-generating assets (continued)

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.
After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:
- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.14 Employee benefits

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

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

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.

1.14 Employee benefits (continued)

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 undiscounted 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 undiscounted amount of the benefits, the Group recognises 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 Group 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.*Employee benefits (continued)*

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

Post-employment benefits

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

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

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

1.14 Employee benefits (continued)

defined benefit liability the Group recognises 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 recognises 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 Group 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 Group's informal practices. Informal practices give rise to a constructive obligation where the Group has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the Group's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:
- the present value of the defined benefit obligation at the reporting date;
- minus the Fair-value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The amount determined as a defined benefit liability may be negative (an asset). The Group 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 Group 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 consolidated and separate annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

1.14 Employee benefits (continued)

The Group 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 Group 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, the Group attributes 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, the Group attributes 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 Group 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 Group re-measures 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 presented as the net of the amount recognised for a reimbursement.

The Group 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.

1.14 Employee benefits (continued)

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 Group 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 municipality 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 Group recognises the net total of the following amounts as expense or revenue, 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 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.

1.15 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.

1.15 Provisions and contingencies (continued)

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 surplus.

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.

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

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:
- the amount that would be recognised as a provision; *and*
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 26.

1.16 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.

1.17 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 Group 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 recognised 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.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:
- the Group has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue recognition

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

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

Advertising fee is recognised when the advertisement is published.

Income from unidentified deposit is recognised when there is certainty that the payment is untraceable. Generally , unidentified receipts that remain unidentified for longer than three (3) financial years, are recognised as revenue under unidentified receipts recognised at the end of the financial year.

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

Revenue from CPD is recognised when the subscription fee is due.

Revenue on claims recoveries is recognised upon payment of a claim to a consumer and if possibility to recover from property practitioner exist.

Examination fee shall be recognised when a candidate has applied and is allocated an examination seat number.

1.17 Revenue from exchange transactions (continued)

Revenue type	Description	Performance obligation	Transfer of control	Measurement of the transaction price	Duration of contract
Service	Fidelity Fund Certificate fee	Issuing of the Fidelity Fund Certificate (this includes evaluation and validation of application and documentation on the system)	Over time	Invoice amount, allocation using the straight-line method over 36 months	3 years
Service	Registration fee	Issuing of Registration certificate (Same as FFC)	Over time	Invoice amount	3 years
Service	(CPD)	Opening of training portal/Issuing FFC/ Valid FFC	Over time	Invoice amount	12 months
Service	Examination fee	The online exam is made available	At a point in time	Invoice amount	Once off
Service	Exemption fee	Consideration and a proval of rejection of application to exempt practitioners from compliance with specific provisions of the PPA	At a point in time	Invoice amount	Once off
Service	Administration fee	Updating and maintaining accurate records – Application fees or date of application/renewal	At a point in time	Invoice amount	Once off
Goods	Study guides	Delivery of study guides	At a point in time	Invoice amount	Once off
Service	Sponsorship	Advertising as per the contract	At a point in time	Invoice amount	Once off
Service	Penalties	Date of application/Renewal	At a point in time	Invoice Amount – charged from 1 Nov to date of renewal	Once off

Investment income

Interest is recognised on a time-proportion basis using the effective interest rate method for Financial instruments, and using the nominal interest rate method for statutory receivables.

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.

Revenue on claims recoveries is recognised upon payment of a claim to a consumer and if possibility to recover from property practitioner exist.

1.18 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by the Group, 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 Group 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.

1.18 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 Group 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 Group. When, as a result of a non-exchange transaction, the Group 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 Group.

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 Group,
- 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 Group 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.

Revenue in respect of conditional grants is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

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.

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 year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.21 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.

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

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

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

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

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

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

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

1.23 Budget information

The Group is 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 Group shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

1.23 Budget information (continued)

The approved budget is prepared on an accrual basis and presented by programmes linked to performance outcome objectives. The approved budget covers the financial period from 2024/04/01 to 2025/03/31.

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

1.24 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;

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

Further details about related parties, related party transactions and related party balances are fully disclosed in Note 26 of these consolidated annual financial statements.

1.25 Events after reporting date

Events after reporting date are those events, both favourable andd unfavourable, that occur between the reporting date and the date when the financail statements are authorised for issue. Two types of events can be identified:
- Those that provide evidence of conditions that existed att the reporting date (adjusting events after the reporting date); *and*
- Those that are indicitiave of conditions that arose after the reporting date (non-adjusting event after the reporting date).

The Group adjusts the recognised in the financial statements to reflect adjusting events after the reporting date once that event occured.

The Group discloses 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.

1.26 Use of estimates

The preparation of the Group'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.

1.27 Tax

The Property Practitioners Regulatory Authority is a schedule 3, Part A Public Entity and therefore, the Authority and its controlled entities are exempt from VAT and Income tax.

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The Group has not applied the following standards and interpretations, which have been published and are mandatory for the Group's accounting periods beginning on or after 01 April 2025 or later periods:

Guideline: Guideline on the Application of Materiality to Financial Statements

The objective of this guideline: The objective of this Guideline is to provide guidance that will assist entities to apply the concept of materiality when preparing financial statements in accordance with Standards of GRAP. The Guideline aims to assist entities in achieving the overall financial reporting objective. The Guideline outlines a process that may be considered by entities when applying materiality to the preparation of financial statements. The process was developed based on concepts outlined in Discussion Paper 9 on Materiality — Reducing Complexity and Improving Reporting, while also clarifying existing principles from the Conceptual Framework for General Purpose Financial Reporting and other relevant Standards of GRAP. The Guideline includes examples and case studies to illustrate how an entity may apply the principles in the Guideline, based on specific facts presented.

It covers: Definition and characteristics of materiality, Role of materiality in the financial statements, Identifying the users of financial statements and their information needs, Assessing whether information is material, Applying materiality in preparing the financial statements, and Appendixes with References to the Conceptual Framework for General Purpose Financial Reporting and the Standards of GRAP & References to pronouncements used in the Guideline.

The guideline is encouraged to be used by entities.

The Group expects to adopt the guideline for the first time when the Minister sets the effective date for the guideline.

It is unlikely that the standard will have a material impact on the Group's Consolidated Annual Financial Statements.

GRAP 104 (as revised): Financial Instruments

Following the global financial crisis, a number of concerns were raised about the accounting for Financial instruments. This included that (a) information on credit losses and defaults on financial assets was received too late to enable proper decision-making, (b) using Fair-value in certain instances was inappropriate, and (c) some of the existing accounting requirements were seen as too rules based. As a result, the International Accounting Standards Board® amended its existing Standards to deal with these issues. The IASB issued IFRS® Standard on Financial instruments (IFRS 9) in 2009 to address many of the concerns raised. Revisions were also made to IAS® on Financial instruments: Presentation and the IFRS Standard® on Financial instruments: Disclosures. The IPSASB issued revised International Public Sector Accounting Standards in June 2018 so as to align them with the equivalent IFRS Standards.

The revisions better align the Standards of GRAP with recent international developments. The amendments result in better information available to make decisions about financial assets and their recoverability, and more transparent information on financial liabilities.

The most significant changes to the Standard affect:
- Financial guarantee contracts issued;
- Loan commitments issued;
- Classification of financial assets;
- Amortised cost of financial assets;
- Impairment of financial assets; *and*
- Disclosures

The effective date of the revisions is for years beginning on or after 01 April 2025.

The Group expects to adopt the revisions for the first time on 01 April 2025.

The impact of this standard is currently being assessed.

2. New standards and interpretations (continued)

GRAP 2023 – Improvements to the Standards of GRAP 2023

The Board undertakes periodic revisions of the Standards of GRAP in line with best practice internationally among standard setters. The Improvements to the Standards of GRAP include changes resulting from amendments to the International Public Sector Accounting Standards and the International Financial Reporting Standards, as well as general improvements identified through consultation with stakeholders. The Improvements to the Standards of GRAP (2023) was approved by the Board and issued in November 2023.

GRAP 1 – Presentation of Financial Statements

- Narrow scope amendments to the IAS Standard on Presentation of Financial Statements (IAS 1) Feb 2021;
- Disclosure of Accounting Policies: Changes from "significant accounting policies" to "material accounting policies" because the Standards of GRAP do not define the term "significant";
- General Improvements:
  - Provide clarity to the terms "publicly available" and "publicly accountable"; *and*
  - Remove encouraged disclosures with limited information value.

GRAP 2 – Cash Flow Statements

- General Improvements:
  - Amend disclosures to read as "useful additional information that may be disclosed" as opposed to "encouraged disclosures".

GRAP 3 – Accounting Policies, Changes in Accounting Estimates and Errors Narrow scope amendments to IAS 8 Feb 2021

- Change in the definition of an accounting estimate because the previous definition was not sufficiently clear; *and*
- General Improvements:
  - Clarify that the requirements only apply to Standards of GRAP that are not yet effective for which the Minister of Finance has already determined an effective date.

GRAP 5 – Borrowing Costs

- Amendments to the IPSAS on Borrowing Costs (IPSAS 5) – Non-authoritative Guidance 2021; *and*
- Add the Illustrative Examples in IPSAS 5 to GRAP 5.

GRAP 13 – Leases General Improvements

- Remove encouraged disclosures with limited information value.

GRAP 17 – Property, Plant and Equipment Improvements to IPSAS 2021

- Amendments are made to prohibit proceeds from selling items produced before that asset is available, to be deducted from the cost of property, plant and equipment.

GRAP 19 – Provisions, Contingent Liabilities and Contingent Assets

- General Improvements:
  - Remove encouraged disclosures with limited information value.

2. New standards and interpretations (continued)

GRAP 20 – Related Party Disclosures

- General Improvements:
  - Update the definition of "significant influence" to align with the Standard of GRAP on Investments in Associates and Joint Ventures (GRAP 36).

GRAP 23 – Revenue from Non-exchange Transactions (Taxes and Transfers) General Improvements

- Remove encouraged disclosures with limited information value.

GRAP 24 – Presentation of Budget Information in Financial Statements

- Narrow scope amendments to the IAS Standard on Presentation of Financial Statements (IAS 1) Feb 2021;
- Disclosure of Accounting Policies: Changes from "significant accounting policies" to "material accounting policies" because the Standards of GRAP do not define the term "significant";
- General Improvements:
  - Provide clarity to the terms "publicly available" and "publicly accountable";
  - Simplify the disclosures on the presentation of a reconciliation to improve the quality of reporting, by not prescribing the line items to reconcile to; *and*
  - Re-instate the Illustrative Examples that were deleted when GRAP 24 became effective.

GRAP 27 – Agriculture

- General Improvements:
  - Remove encouraged disclosures and repackage it as "useful information" in another section of the Standard.

GRAP 31 – Intangible Assets

- General Improvements:
  - Clarify when the Standard of GRAP on Service Concession Arrangements: Grantor (GRAP 32) is applicable.
  - Remove reference to fully depreciated assets; *and*
  - Remove encouraged disclosures with limited information value.

GRAP 104 – Financial Instruments

- Improvements to IPSAS 2021;
- Interest Rate Benchmark Reform - Amendments to provide a practical expedient not to treat changes in contractual cash flows as a modification;
- Amendments to clarify the fees that an entity includes when it applies the "10 percent" test to derecognise a financial liability;
- Narrow scope amendments to the IAS Standard on Presentation of Financial Statements (IAS 1) Feb 2021;
- Disclosure of Accounting Policies:
  - Changes from "significant accounting policies" to "material accounting policies" because the Standards of GRAP do not define the term "significant"; *and*
- General Improvements:
  - Remove encouraged disclosures with limited information value.

2. *New standards and interpretations (continued)*

iGRAP20 – Accounting for Adjustments to Revenue Narrow scope amendments to IAS 8 Feb 2021

- Change in the definition of an accounting estimate because the previous definition was not sufficiently clear.

Directive 12 – The Selection of an Appropriate Reporting Framework by Public Entities

- Narrow scope amendments to the IAS Standard on Presentation of Financial Statements (IAS 1) Feb 2021; *and*
- Disclosure of Accounting Policies:
  - Changes from "significant accounting policies" to "material accounting policies" because the Standards of GRAP do not define the term "significant".

Guideline on The Application of Materiality to Financial Statements

- Narrow scope amendments to the IAS Standard on Presentation of Financial Statements (IAS 1) Feb 2021;
- Disclosure of Accounting Policies:
  - Changes from "significant accounting policies" to "material accounting policies" because the Standards of GRAP do not define the term "significant"; *and*
- General Improvements:
  - Amendments resulting from the review of the Standard of GRAP on Cash Flow Statements (GRAP 2) and the Standard of GRAP on Presentation of Budget Information in Financial Statements (GRAP 24).

The effective date of these improvements has not yet been set.

The Group expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the Group's annual financial statements.

GRAP 1 (amended): Presentation of Financial Statements (Going Concern)

The Board undertook a project in 2021 to consider the guidance and disclosure requirements on going concern in the relevant Standards of GRAP. As an outcome of this project, the Board agreed to include additional guidance and disclosures on going concern in this Standard. Consequential amendments are also made to the Standard of GRAP on Events After the Reporting Date.

2. New standards and interpretations (continued)

Applicability of going concern in the public sector

An entity prepares its financial statements on a going concern basis unless there is an intention to liquidate the entity, to cease operating, or if there is no realistic alternative but to do so. A liquidation or cessation of an entity's operations will result in the termination of all its functions.

In South Africa, specific legislative requirements need to be followed before a decision is taken to liquidate a public sector entity, to cease or scale back its operations, to transfer some or all of its functions to another entity, or to merge one or more entities. The "intention" to liquidate an entity, to cease or scale back its operations, to transfer some or all of its functions to another entity, or to merge one or more entities needs to be established. This intention can be reflected in a number of ways and may encompass legislation passed in Parliament or a provincial legislature, cabinet decision, ministerial order, a decision made by a municipal council, board, council or equivalent, a regulation or a notice, or other official means.

The liquidation or cessation of a public sector entity's operations is rare, and only in the case of dissolution without any continuation of the entity's operations will the going concern basis cease to apply. When all, or some of the functions of an entity are transferred to another entity, or when a decision is taken to merge one or more entities, the application of the going concern basis remains appropriate. This is because the entity's functions will continue to be provided in a modified form, even though they are executed by another entity.

The Board agreed to include explanatory guidance in this Standard on the application of the going concern assumption by public sector entities.

Where some of an entity's functions are transferred in a transfer of functions, and the remaining functions are discontinued, there are two separate transactions. The Board concluded that management should assess these transactions separately based on the functions transferred, those to be discontinued (if any), and those that may be retained and continued (if any), to determine if preparing the entity's financial statements on a going concern basis remains appropriate.

Disclosure on going concern

The Board's project highlighted a need for specific disclosures on going concern, material uncertainties relating to going concern, and actions taken by management to mitigate these uncertainties. Consideration was also given to the practices, guidance and requirements in other countries and/or from other standard-setting bodies on these matters.

To address the diversity in the information disclosed on going concern, the Board agreed to expand the disclosure requirements in this Standard to ensure that consistent disclosures are provided.

The effective date of these revisions have not yet been set.

The Group expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the Group's annual financial statements.

Figures in Rand	Group		Authority	
	2025	2024	2025	2024
3. Inventory				
Study material	359 893	235 981	359 893	235 981

Inventory pledged as security

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

Inventory amount of R 88 110 (2024: R 85 623) was written-off as part of loss on disposal of assets as it could not be verified.

Refer to Note 21.

4. Inter-company loans and receivables (payables)

	Group 2025	Group 2024	Authority 2025	Authority 2024
Contributions owed by the PPRA to PPFF	–	–	(6 025 631)	(3 414 191)
Fidelity Fund Certificate paid into PPFF bank account	–	–	1 324 353	479 532
Consumer Awareness paid by PPRA	–	–	2 137 327	850 981
Agent interest funds owed to PPFF	–	–	(11 455 258)	(3 710 674)
Property Sector Transformation Fund	–	–	5 920 465	4 114 416
Expenses paid by the PPRA	–	–	3 227 445	1 820 135
Loan Fund - PPFF Fines	–	–	(2 155 737)	–
	–	**–**	**(7 027 036)**	**140 199**
Breakdown per related party				
Property Practitioners Fidelity Fund	–	–	(12 947 501)	(3 974 217)
Property Sector Transformation Fund (PSTF)	–	–	5 920 465	4 114 416
	–	**–**	**(7 027 036)**	**140 199**
Current assets	–	–	5 920 465	4 114 416
Current liabilities	–	–	(12 947 501)	(3 974 217)
	–	**–**	**(7 027 036)**	**140 199**

The intercompany loans represent direct loans between the Authority, the PPFF and the PSTF, the cost paid by the Authority on behalf of the PPFF and contributions received by the Authority on behalf of the PPFF. There is no direct or indirect service rendered between these entities for these loans.

The above loans represent the outstanding balances owing by (to) the Authority to/(from) the PPFF and the PFF. The loans are interest free and have no fixed payment terms.

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

Figures in Rand	Group 2025	Group 2024	Authority 2025	Authority 2024
5. Receivables from exchange transactions				
Gross Balances				
Penalties	10 534 613	11 312 146	10 534 613	11 312 146
Fidelity Fund Certificates (FFC)	6 562 316	5 160 909	6 562 316	5 160 909
Income from examinations	34 545 932	49 540 974	34 545 932	49 540 974
Other receivables from exchange	309 703	916 011	309 703	916 011
Prepayments and deposits	233 685	845 000	233 685	844 848
Staff debtors	1 054 016	1 375 262	1 047 873	1 366 763
	53 240 265	**69 150 302**	**53 234 122**	**69 141 651**
Less: Allowance for credit losses				
Penalties	(8 252 934)	(10 099 829)	(8 252 934)	(10 099 829)
Fidelity Fund Certificates (FFC)	(5 965 751)	(4 401 096)	(5 965 751)	(4 401 096)
Income from examinations	(30 962 687)	(24 484 293)	(30 962 687)	(24 484 293)
Other receivables from exchange	(268 460)	(915 732)	(268 460)	(915 732)
	(45 449 832)	**(39 900 950)**	**(45 449 832)**	**(39 900 950)**
Net balance				
Penalties	2 281 679	1 212 317	2 281 679	1 212 317
Fidelity Fund Certificates (FFC)	596 565	759 813	596 565	759 813
Income from examinations	3 583 245	25 056 681	3 583 245	25 056 681
Other receivables from exchange	41 243	279	41 243	279
Prepayments and deposits	233 685	845 000	233 685	844 848
Staff debtors	1 054 016	1 375 262	1 047 873	1 366 763
	7 790 433	**29 249 352**	**7 784 290**	**29 240 701**
Penalties				
Current (0 - 30 days)	2 051 116	828 684	2 051 116	828 684
31 - 60 days	152 866	209 911	152 866	209 911
61 - 90 days	51 941	106 284	51 941	106 284
91 - 120 days	25 756	67 438	25 756	67 438
> 121 days	8 252 934	10 099 829	8 252 934	10 099 829
Less: Allowance for credit losses	(8 252 934)	(10 099 829)	(8 252 934)	(10 099 829)
	2 281 679	**1 212 317**	**2 281 679**	**1 212 317**
Fidelity Fund Certificates (FFC)				
Current (0 - 30 days)	24 548	265 551	24 548	265 551
31 - 60 days	334 568	344 585	334 568	344 585
61 - 90 days	320 919	100 564	320 919	100 564
91 - 120 days	(83 470)	49 113	(83 470)	49 113
> 121 days	5 965 751	4 401 096	5 965 751	4 401 096
Less: Allowance for credit losses	(5 965 751)	(4 401 096)	(5 965 751)	(4 401 096)
	596 565	**759 813**	**596 565**	**759 813**

Figures in Rand	Group 2025	Group 2024	Authority 2025	Authority 2024
5. Receivables from exchange transactions (continued)				
Income from examinations				
Current (0 - 30 days)	3 455 915	2 101 238	3 455 915	2 101 238
31 - 60 days	24 270	222 957	24 270	222 957
61 - 90 days	165 120	22 514 013	165 120	22 514 013
91 - 120 days	(62 060)	218 473	(62 060)	218 473
> 121 days	30 962 687	24 484 293	30 962 687	24 484 293
Less: Allowance for credit losses	(30 962 687)	(24 484 293)	(30 962 687)	(24 484 293)
	3 583 245	**25 056 681**	**3 583 245**	**25 056 681**
Other receivables from exchange transactions				
Current (0 - 30 days)	25 437	1 354	25 437	1 354
31 - 60 days	8 124	(1 075)	8 124	(1 075)
61 - 90 days	5 052	–	5 052	–
91 - 120 days	2 630	–	2 630	–
> 121 days	268 460	915 732	268 460	915 732
Less: Allowance for credit losses	(268 460)	(915 732)	(268 460)	(915 732)
	41 243	**279**	**41 243**	**279**
Statutory receivables included in receivables from exchange transactions above are as follows:				
Penalties [1]	2 281 679	1 212 317	2 281 679	1 212 317
Fidelity Fund Certificates (FFC) [2]	596 565	759 813	596 565	759 813
CPD [3]	3 583 245	25 056 681	3 583 245	25 056 681
	6 461 489	**27 028 811**	**6 461 489**	**27 028 811**
Other non-financial asset receivables included in receivables from exchange transactions above are as follows:				
Prepayments and deposits	233 685	845 000	233 685	844 848
Staff debtors	1 054 016	1 375 262	1 047 873	1 366 763
	1 287 701	**2 220 262**	**1 281 558**	**2 211 611**
Financial asset receivables included in receivables from exchange transactions above	**41 243**	**279**	**41 243**	**279**
Total receivables from exchange transactions	**7 790 433**	**29 249 352**	**7 784 290**	**29 240 701**

Figures in Rand

5. Receivables from exchange transaction (continued)

Statutory receivables general information

Transactions arising from statute

[5.1] Penalties: for late renewals of FFC are levied in terms of Section 32 (3) of the PPA and determined on Property Practitioner Regulation 23.1 at R 125 at inception on the 1st of February 2022 in respect of each month or part of a month which has expired as between the date upon which such person was obliged to apply for a fidelity fund certificate and the date upon which they applied for a fidelity fund certificate. This amount increases by CPI annually. The current penalty is levied at R 142 per month (2024: R 134).

[5.2] FFC: Section 41(1) of the PPA requires Property Practitioners to pay for obtaining and renewing of FFCs and Regulation 15 indicate the following:

- Regulation 15.1 requires every property practitioner who is a natural person as of the calendar year 2022, to pay the Authority a levy of R 2 340 set for a period of 3 years;
- Regulation 15.2 requires a candidate Property Practitioner as defined in the Act to pay R 3 80 in each year of his candidacy (2 years) plus the same annual levy applicable to every Property Practitioner for the third year (R 780)
- Regulation 15.3 requires every Property Practitioner who is a natural person, upon first becoming registered as a Property Practitioner pay to the Property Practitioners Fidelity Fund a contribution of R 400; *and*
- Regulation 16 indicates that all amounts determined under Section 41(1) of the PPA, are increased annually on the 1st of April of each year by a percentage equal to the percentage change in the Consumer Price Index.

[5.3] CPD: Regulation 33.5.5 determined the CPD rate to be R1 500, with a CPI based annual increase.

All these cases above, are as a result of the law, specifically the PPA, in various Sections and not contractual relationships between the PPRA and the Property Practitioners. Therefore, they qualify as "Statutory receivables" in terms of GRAP108.05 and are excluded from GRAP 104's financial assets (GRAP105.03(i)).

Interest or other charges levied/charged

No interest is charged on statutory receivables outstanding.

Basis used to assess and test whether a statutory receivable is impaired

The Group continuously monitors practitioners' receivable accounts and identified Groups by reference to annual payment rates and incorporates this information into its credit risk control. No external credit rating is performed. It also includes debtors under 120 or more days overdue where uncertainties of recoverability exist regardless of age which takes into account payment pattern, trend and history of the debtor. This is used to determine the allowance for expected credit losses.

Allowance for expected credit losses

Allowance for credit losses cover all accounts that are outstanding for a period of 120 days and more. It also includes debtors under 120 days where uncertainties of recoverability exist regardless of age which takes into account payment pattern, trend and history of the debtor.

The Authority, has recognised an allowance for expected credit losses of R (5 548 883) (2024: R (2 564 859) in the Statement of Financial Performance for the year ended 31 March 2025.

	Group		Authority	
Figures in Rand	**2025**	**2024**	**2025**	**2024**

5. *Receivables from exchange transactions (continued)*

Receivables from exchange transactions pledged as security

Receivables from exchange transactions have not been pledged as security for any liability, overdraft facilities or any contingent liability.

Reconciliation of allowance for credit losses of receivables from exchange transactions

Opening balance	39 900 949	62 055 283	39 900 949	62 055 283
Contributions to allowance	5 548 883	2 564 859	5 548 883	2 564 859
Amounts written off as uncollectible [4]	–	(24 719 193)	–	(24 719 193)
	45 449 832	**39 900 949**	**45 449 832**	**39 900 949**

[5.4] This relates to amounts written off in the previous year as uncollectible and was made up of penalties (at 60%), FFC and income from examinations receivables.

Figures in Rand	Group		Authority	
	2025	2024	2025	2024

6. Receivables from non-exchange transactions

Other receivables	3 514 551	–	3 514 551	–
Fines	1 477 377	508 429	8 341	23 750
Grants receivable: Services SETA	1 482 088	1 858 543	–	–
Claims recoveries and agent interest	860 613	19 300 075	–	–
	7 334 629	**21 667 047**	**3 522 892**	**23 750**

Statutory receivables included in receivables from non-exchange transactions above are as follows:

Other receivables [1]	3 514 551	–	3 514 551	–
Fines [2]	1 477 377	508 429	8 341	23 750
Claims recoveries and agent interest [3 & 4]	860 613	19 300 075	–	–
	5 852 541	**19 808 504**	**3 522 892**	**23 750**

Other non-financial asset receivables included in receivables from exchange transactions above are as follows:

Grants receivable: Services SETA	1 482 088	1 858 543	–	–
Total receivables from non-exchange transactions	**7 334 629**	**21 667 047**	**3 522 892**	**23 750**

Statutory receivables general information

Transaction(s) arising from statute

[6.1] Other receivables: include penalties for late submission of audit reports which are levied in terms of regulation 38 of the PPA and are currently levied at R20 for each day that the property practitioner is late to submit the annual audit report to the PPRA for a maximum of three months which approximate to R1 820.

[6.2] Fines: are as a result of infringements by Property Practitioners and are levied in terms of Section 26 (5) and (6) of the PPA and the Regulation 4. The amount payable for each are stipulated in the Regulation Section 38.

[6.3] Agent interest: accrues to the PPFF at 50% of the interest earned on the Trust funds held by the Property Practitioners after deduction payments made to clients as per mandates held in terms Section 54(b) of the PPA .

[6.4] Claim recoveries: The PPFF is required to pay valid claims in terms of Section 37 of the PPA and once paid, recover these costs from defaulting property practitioners. To the extent that the PPFF has not yet recovered the money paid, it remains a statutory receivable at year end.

	Group		Authority	
Figures in Rand	**2025**	**2024**	**2025**	**2024**

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

All these cases above, are as a result of the law, specifically the PPA, in various Sections and not contractual relationships between the PPFF and the Property practitioners. Therefore, they qualify as "Statutory receivables" in terms of GRAP108.05 and are excluded from GRAP 104's financial assets (GRAP105.03(i)).

Interest or other charges levied/charged

No interest is charged on statutory receivables outstanding.

Basis used to assess and test whether a statutory receivable is impaired

The PPFF continuously monitors practitioners' receivable accounts and identified Groups by reference to annual payment rates and incorporates this information into its credit risk control. No external credit rating is performed. It also includes debtors under 120 or more days overdue where uncertainties of recoverability exist regardless of age which takes into account payment pattern, trend and history of the debtor. This is used to determine the allowance for expected credit losses.

Gross balances				
Other Receivables	3 514 551	–	3 514 551	–
Fines	4 113 955	3 913 843	264 811	287 376
Agent interest	22 005 989	29 293 622	–	–
Claims recoveries	1 310 935	1 310 935	–	–
Services SETA recoveries - Host employers and stipend	1 129 920	1 129 920	–	–
Grants receivable: Services SETA	1 482 088	1 858 543	–	–
	33 557 438	**37 506 863**	**3 779 362**	**287 376**
Less: Allowance for credit losses				
Fines	(2 636 715)	(3 405 414)	(256 470)	(263 626)
Agent interest	(21 145 376)	(9 993 547)	–	–
Claims recoveries	(1 310 935)	(1 310 935)	–	–
Services SETA recoveries - Host employers and stipend	(1 129 920)	(1 129 920)	–	–
	(26 222 946)	**(15 839 816)**	**(256 470)**	**(263 626)**
Net balances				
Other Receivables	3 514 551	–	3 514 551	–
Fines	1 477 240	508 429	8 341	23 750
Agent interest	860 613	19 300 075	–	–
Grants receivable: Services SETA	1 482 088	1 858 543	–	–
	7 334 492	**21 667 047**	**3 522 892**	**23 750**

Figures in Rand	Group 2025	Group 2024	Authority 2025	Authority 2024

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

Fines				
Current (0 - 30 days)	30 784	121 515	(10 716)	(250)
31 - 60 days	79 507	433 914	4 507	9 000
61 - 90 days	1 258 769	(48 000)	9 734	14 000
91 - 120 days	108 180	1 000	4 816	1 000
> 121 days	2 636 716	3 405 414	256 470	263 626
Less: Allowance for credit losses	(2 636 716)	(3 405 414)	(256 470)	(263 626)
	1 477 240	**508 429**	**8 341**	**23 750**
Claim Recoveries				
> 121 days	1 310 935	1 310 935	–	–
Less: Allowance for credit losses	(1 310 935)	(1 310 935)	–	–
	–	**–**	**–**	**–**
Agent Interest				
Current (0 - 30 days)	506 018	19 304 825	–	–
31 - 60 days	(50 374)	–	–	-
61 - 90 days	525 074	–	–	–
91 - 120 days	(120 105)	(4 750)	–	–
> 121 days	21 145 376	9 993 547	–	–
Less: Allowance for credit losses	(21 145 376)	(9 993 547)	–	–
	860 613	**19 300 075**	**–**	**–**
SSETA recoveries - Host employers and Stipend				
> 121 days	1 129 920	1 129 920	–	–
Less: Allowance for credit losses	(1 129 920)	(1 129 920)	–	–
	–	**–**	**–**	**–**
Grants receivable: Services SETA				
Current (0 - 30 days)	82 138	1 858 543	–	–
> 121 days	1 399 950	–	–	–
	1 482 088	**1 858 543**	**–**	**–**

Receivables from non-exchange transactions pledged as security

Receivables from non-exchange transactions have not been pledged as security for any liability, overdraft facilities or any contingent liability.

Allowance for expected credit losses

Allowance for credit losses cover all accounts that are outstanding for a period of 120 days and more. It also includes deb tors under 120 days where uncertainties of recoverability exist regardless of age which takes into account payment pattern, trend and history of the debtors.

The Group, has recognised an allowance for expected credit losses of R (10 409 495) (2024:R4 584 227) in the Statement of Financial Performance for the year ended 31 March 2025.

Figures in Rand	Group		Authority	
	2025	2024	2025	2024

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

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

Opening balance	15 839 817	53 309 122	263 627	7 350 504
Contributions to allowance	10 409 495	(4 584 227)	(7 156)	(7 086 877)
Amounts written off as uncollectible	(26 501)	(32 885 078)	–	–
	26 222 811	**15 839 817**	**256 471**	**263 627**

7. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	17 499	8 882	17 499	8 882
Bank balances	32 821 027	13 187 844	9 813 206	6 816 593
Call accounts [1]	18 875 810	53 123 483	12 819 820	25 950 525
Short-term deposits [2]	634 751 322	593 522 931	–	–
	686 465 658	**659 843 140**	**22 650 525**	**32 776 000**

[7.1] The balance on call accounts is made up of the flowing:

Nedbank call account	9 717	9 064	–	–
Investec call account	6 046 273	27 163 894	–	–
ABSA Investment Tracker	12 819 820	25 950 525	12 819 820	25 950 525
	18 875 810	**53 123 483**	**12 819 820**	**25 950 525**

Figures in Rand	Group 2025	Group 2024	Authority 2025	Authority 2024

7. *Cash and cash equivalents (continued)*

[7.2] The balance of short-term deposits is made up of the flowing:

ABSA				
This is a money market investment account which is on a month-to-month basis and it commenced on 01 December 2022. The interest is realised monthly, and the average return for the year was 8.24% (2024: 8.38% p.a.).	114 496 779	105 780 714	-	-
Rand Merchant Bank	203 101 011	195 200 152	-	-
The investment commenced on 15 December 2022 and is a money market investment account which is on a month-to-month basis. The interest is realised monthly, and the average return for the year was 8.21% (2024: 8.38% p.a.).				
Investec	143 611 048	132 181 332	-	-
This investment commenced on 04 September 2023 following the transfer of funds that were in the Wholesale Step Up Note with Investec on the same day. This money market account which is on a month- to-month basis. Interest accrues every month and is credited to the same investment account. Average interest rate for the year was 8.65% (2024: 12.99%p.a).				
Standard Bank	173 542 484	160 360 733	-	-
This is a money market investment account which is on a month-to-month basis. The interest is realised monthly, and the average return for the year was 8.51% (2024: 8.51% p.a.).				
	634 751 322	**593 522 931**	**-**	**-**

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

Credit rating (Moody's National)				
Nedbank [Aa1,za]	10 527 482	10 369 914	-	-
ABSA [Aa1,za]	149 610 143	134 558 233	22 633 026	32 767 118
Investec [Aa1,za]	149 667 039	159 345 225	-	-
Rand Merchant Bank [Aa1,za]	203 101 010	195 200 153	-	-
Standard Bank [Aa1,za]	173 542 485	160 360 733	-	-
	686 448 159	**659 834 258**	**22 633 026**	**32 767 118**

Aa1,za

The assessment was perfomed by Moody's Investor Services Limited or Moody's Investor Services South Africa (Pty) Limited (Moody's), for the assets or debt and debt instruments in terms of Regulation 28 - Credit Ratings by NT.

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates.

Cash and cash equivalents pledged as collateral

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

Figures in Rand

8. Property, plant and equipment

Group	2025			2024		
	Cost / Valuation	Accumulated Carrying value depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated Carrying value depreciation and accumulated impairment	Carrying value
Land	51 640 000	–	51 640 000	47 580 000	–	47 580 000
Buildings	96 160 000	–	96 160 000	113 421 746	(31 703 377)	81 718 369
Furniture and fixtures	7 189 167	(5 164 467)	2 024 700	7 441 449	(4 918 550)	2 522 899
Motor vehicles	511 479	(506 497)	4 982	511 479	(504 005)	7 474
Office equipment	823 631	(704 602)	119 029	863 573	(668 424)	195 149
IT equipment	6 584 569	(3 058 559)	3 526 010	7 614 603	(3 695 977)	3 918 626
Other equipment	678 874	(187 664)	491 210	678 874	(111 640)	567 234
	163 587 720	**(9 621 789)**	**153 965 931**	**178 111 724**	**(41 601 973)**	**136 509 751**

Authority	2025			2024		
	Cost / Valuation	Accumulated Carrying value depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated Carrying value depreciation and accumulated impairment	Carrying value
Land	51 640 000	–	51 640 000	47 580 000	–	47 580 000
Buildings	96 160 000	–	96 160 000	113 421 746	(31 703 377)	81 718 369
Furniture and fixtures	7 189 167	(5 164 467)	2 024 700	7 441 449	(4 918 550)	2 522 899
Motor vehicles	511 479	(506 497)	4 982	511 479	(504 005)	7 474
Office equipment	823 631	(704 602)	119 029	863 573	(668 424)	195 149
IT equipment	6 584 569	(3 058 559)	3 526 010	7 614 603	(3 695 977)	3 918 626
Other equipment	678 874	(187 664)	491 210	678 874	(111 640)	567 234
	163 587 720	**(9 621 789)**	**153 965 931**	**178 111 724**	**(41 601 973)**	**136 509 751**

Figures in Rand

8. *Property, plant and equipment (continued)*

Group – 2025	Reconciliation of property, plant and equipment						
	Opening balance	Additions	Scrapped	Revaluations	Depreciation	Impairment loss	Total
Land	47 580 000	–	–	4 060 000	–	–	51 640 000
Buildings	81 718 369	–	–	17 356 152	(2 914 521)	–	96 160 000
Furniture and fixtures	2 522 899	9 780	(72 508)	–	(410 029)	(25 442)	2 024 700
Motor vehicles	7 474	–	–	–	(2 492)	–	4 982
Office equipment	195 149	–	(10 920)	–	(65 200)	–	119 029
IT equipment	3 918 626	945 479	(150 209)	–	(1 087 496)	(100 390)	3 526 010
Other equipment	567 234	–	–	–	(76 024)	–	491 210
	136 509 751	**955 259**	**(233 637)**	**21 416 152**	**(4 555 762)**	**(125 832)**	**153 965 931**

Group – 2024	Reconciliation of property, plant and equipment						
	Opening balance	Additions	Scrapped	Revaluations	Depreciation	Impairment loss	Total
Land	47 580 000	–	–	–	–	–	47 580 000
Buildings	84 632 890	–	–	–	(2 914 521)	–	81 718 369
Furniture and fixtures	2 507 563	406 390	–	–	(391 054)	–	2 522 899
Motor vehicles	9 965	–	–	–	(2 491)	–	7 474
Office equipment	260 519	–	–	–	(65 370)	–	195 149
IT equipment	3 978 146	849 111	–	–	(908 631)	–	3 918 626
Other equipment	643 257	–	–	–	(76 023)	–	567 234
	139 612 340	**1 255 501**	**–**	**–**	**(4 358 090)**	**–**	**136 509 751**

Figures in Rand

8. Property, plant and equipment (continued)

Authority – 2025	Reconciliation of property, plant and equipment						
	Opening balance	Additions	Scrapped	Revaluations	Depreciation	Impairment loss	Total
Land	47 580 000	–	–	4 060 000	–	–	51 640 000
Buildings	81 718 369	–	–	17 356 152	(2 914 521)	–	96 160 000
Furniture and fixtures	2 522 899	9 780	(72 508)	–	(410 029)	(25 442)	2 024 700
Motor vehicles	7 474	–	–	–	(2 492)	–	4 982
Office equipment	195 149	–	(10 920)	–	(65 200)	–	119 029
IT equipment	3 918 626	945 479	(150 209)	–	(1 087 496)	(100 390)	3 526 010
Other equipment	567 234	–	–	–	(76 024)	–	491 210
	136 509 751	**955 259**	**(233 637)**	**21 416 152**	**(4 555 762)**	**(125 832)**	**153 965 931**

Authority – 2024	Reconciliation of property, plant and equipment						
	Opening balance	Additions	Scrapped	Revaluations	Depreciation	Impairment loss	Total
Land	47 580 000	–	–	–	–	–	47 580 000
Buildings	84 632 890	–	–	–	(2 914 521)	–	81 718 369
Furniture and fixtures	2 507 563	406 390	–	–	(391 054)	–	2 522 899
Motor vehicles	9 965	–	–	–	(2 491)	–	7 474
Office equipment	260 519	–	–	–	(65 370)	–	195 149
IT equipment	3 978 146	849 111	–	–	(908 631)	–	3 918 626
Other equipment	643 257	–	–	–	(76 023)	–	567 234
	139 612 340	**1 255 501**	**–**	**–**	**(4 358 090)**	**–**	**136 509 751**

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.

Figures in Rand	Group 2025	Group 2024	Authority 2025	Authority 2024

8. Property, plant and equipment (continued)

Revaluations

The effective date of the revaluations was 31 March 2025. Revaluations were performed by independent valuer, Peter Mabelane of Black Dot Property Consultants (Pty) Ltd. Peter Mabelane and Black Dot Property Consultants (Pty) Ltd are not connected to the PPRA.

Land and buildings are revalued independently every 3 years. The previous revaluation was carried out on 31 March 2022.

The valuation was performed using the discounted cash flow approach.

The Authority also 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 and are tabulated below:

Parameter	Market value
Land rate	R 6 500 / m^2
Office rental rate	R 215 / m^2
Capitalisation rate	10%
Vacancy rate	3%
Expense rate	22,12%

Expenditure incurred to repair and maintain property, plant and equipment

Figures in Rand	Group 2025	Group 2024	Authority 2025	Authority 2024
Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance				
Buildings	857 083	1 082 800	857 083	1 082 800
Vehicles	65 681	107 129	65 681	107 129
Furniture and equipment	9 366	68 877	9 366	68 877
	932 130	**1 258 806**	**932 130**	**1 258 806**

Description			42	830 943
Furniture and fittings			15	152 388
Office equipment			26	261 436
Computer equipment			**83**	**1 244 767**

Figures in Rand

8. *Property, plant and equipment (continued)*

Re-assessment of useful lives of assets with zero net book value

An assessment was conducted to evaluate the potential remaining useful life of the assets with zero net book value, and the following observations were made: all assets have exceeded their initially estimated useful lives, which were already above the average acceptable useful lives (e.g., Useful lives as contained in the SARS Interpretation note). This creates significant uncertainty in determining their remaining useful lives. Additionally, the rapid pace of technological advancement, particularly concerning computer equipment, further complicates the reassessment process. Consequently, no further work was undertaken to re-evaluate the remaining useful lives of these assets, given the uncertainties involved and the immateriality of their carrying values.

A register containing the information required by Section 38(d) of the PFMA is available for inspection at the registered office of the Group.

9. Intangible assets

Group	2025			2024		
	Cost / aluation	Accumulated amortisation accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation accumulated impairment	Carrying value
Intellectual property	781 837	(751 409)	30 428	781 837	(720 981)	60 856
Computer software	9 345 868	(5 972 551)	3 373 317	5 519 466	(4 781 378)	738 088
	10 127 705	**(6 723 960)**	**3 403 745**	**6 301 303**	**(5 502 359)**	**798 944**

Authority	2025			2024		
	Cost / Valuation	Accumulated amortisation accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation accumulated impairment	Carrying value
Intellectual property	781 837	(751 409)	30 428	781 837	(720 981)	60 856
Computer software	9 345 868	(5 972 551)	3 373 317	5 519 466	(4 781 378)	738 088
	10 127 705	**(6 723 960)**	**3 403 745**	**6 301 303**	**(5 502 359)**	**798 944**

Group – 2025	Reconciliation of intangible assets				
	Opening balance	Additions	Amortisation	Impairment loss	Total
Intellectual property	60 856	–	(30 428)	–	30 428
Computer software	738 088	3 826 402	(1 177 788)	(13 385)	3 373 317
	798 944	**3 826 402**	**(1 208 216)**	**(13 385)**	**3 403 745**

Group – 2024	Reconciliation of intangible assets				
	Opening balance	Additions	Amortisation	Impairment loss	Total
Intellectual property	91 285	–	(30 429)	–	60 856
Computer software	1 210 048	166 404	(638 364)	–	738 088
	1 301 333	**166 404**	**(668 793)**	**–**	**798 944**

Figures in Rand

9. *Intangible assets (continued)*

Authority – 2025	Reconciliation of intangible assets				
	Opening balance	Additions	Amortisation	Impairment loss	Total
Intellectual property	60 856	–	(30 428)	–	30 428
Computer software	738 088	3 826 402	(1 177 788)	(13 385)	3 373 317
	798 944	**3 826 402**	**(1 208 216)**	**(13 385)**	**3 403 745**

Authority – 2024	Reconciliation of intangible assets				
	Opening balance	Additions	Amortisation	Impairment loss	Total
Intellectual property	91 285	–	(30 429)	–	60 856
Computer software	1 210 048	166 404	(638 364)	–	738 088
	1 301 333	**166 404**	**(668 793)**	**–**	**798 944**

Pledged as security

There are no items of intangible assets which have been pledged as security.

	Group		Authority	
	2025	2024	2025	2024
10. Deferred revenue				
Deferred revenue - Property Practitioners funds received in advance - year 1 [1]	30 422 493	56 509 797	30 422 493	56 509 797
Deferred revenue - Property Practitioners funds received in advance - year 2 [2]	7 811 183	25 500 343	7 811 183	25 500 343
Deferred revenue - Property Practitioners funds received in advance - year 3 [2]	2 689 824	2 138 023	2 689 824	2 138 023
	40 923 500	**84 148 163**	**40 923 500**	**84 148 163**
Current Liabilities	30 422 493	56 509 797	30 422 493	56 509 797
Non-Current Liabilities	10 501 007	27 638 366	10 501 007	27 638 366
	40 923 500	**84 148 163**	**40 923 500**	**84 148 163**

[10.1] Deferred revenue: comprises of the renewal of 3-year FFC and 1-year CPD. The CPD revenue was apportioned for nine (9) months from 1 April 2024 to 31 December 2024 and three (3) months from 01 January 2025 to 31 March 2025. The FFC revenue relating to future periods is recognised as a deferred revenue liability (Property practitioners funds received in advance) with year 1 reported under current liabilities while years' 2 and 3 are classified as non-current liabilities.

[10.2] Deferred revenue: comprises of the renewal of 3-year FFC. The FFC revenue relating to future periods is recognised as a deferred revenue liability (Property Practitioners funds received in advance). The portion of deferred revenue that is expected to be recognised two years after the end of the financial year is reported as Deferred revenue year 2 and the remainder is categorised as Deferred revenue year 3 representing amounts which will be recognised three (3) years from the end of the current financial year.

Figures in Rand	Group		Authority	
	2025	2024	2025	2024
11. Payables from exchange transactions				
Trade payables	5 243 557	6 039 932	5 243 556	6 039 933
Debtors with credit balances [1]	38 505 934	33 034 441	38 505 934	33 034 441
Unallocated receipts	10 923 791	1 894 022	10 923 791	1 894 022
Accrued expenses	3 675 386	4 824 155	2 957 947	4 640 017
Deferred Income [2]	436 000	105 500	–	–
13th Cheque accrual	1 061 466	1 001 711	1 061 466	1 001 711
Claims payable [3]	345 794	680 698	–	–
	60 191 928	**47 580 459**	**58 692 694**	**46 610 124**

Financial liabilities included in payables from exchange transactions

Trade payables	60 191 928	47 580 459	58 692 694	46 610 124
Less – Deferred income	(436 000)	(105 500)	–	–
Less – 13th Cheque accrual	(1 061 466)	(1 001 711)	(1 061 466)	(1 001 711)
Less – Claims payable	(345 794)	(680 698)	–	–
	58 348 668	**45 792 550**	**57 631 228**	**45 608 413**

[11.1] The balance represents the Practitioners' accounts with credit balances. Some Property Practitioners pay their accounts in advance in anticipation of FFC renewal, CPD and examination fees. The Authority monitors these accounts closely.

[11.2] Deferred income is commission earned by Property Practitioners without valid FFCs at the time of sale of properties. As a result, the conveyancers are required to pay the commission to the PPFF until the Property Practitioners proves otherwise and claim their commission from the PPFF. Any amounts which are not claimed within three years irrevocably becomes income of the PPFF. It is recognised as other income when three years prescribe or when commission claim is rejected.

[11.3] This relates to claims received and approved by the PPFF for payment before year end but not yet settled.

12. Payables from non-exchange transactions				
Amounts received in advance [1]	18 369 889	14 547 482	–	–
Unclaimed monies [2]	5 839 782	1 693 119	–	–
Curatorship Funds [2]	3 605 518	–	–	–
Other payables	–	2 546 188	–	2 546 188
Unallocated receipts [3]	267 078	–	–	–
	28 082 267	**18 786 789**	–	**2 546 188**

[12.1] The balance represents the debtors with credit balances and these are monitored closely. These are due to the fact that some Property Practitioners pay for the interest from the Trust account without submitting the audit report or in advance. Invoicing by the PPFF happens post submission of audit report and after obtaining the amount of interest due to the PPFF. Also included in this balance is the fines for contraventions received in advance.

Figures in Rand	Group		Authority	
	2025	2024	2025	2024

12. Payables from non-exchange transactions (continued)

[12.2] This represents monies deposited by the public into the Property Practitioners Trust accounts, but the latter could not allocate and therefore paid over to the PPFF as required by Section 54(10 and 11) of the PPA. Also included in this are funds received from Curators which were not claimed by claimants. There is a possibility that the claimants in the future can come to claim against the PPFF and such claims are payable on demand. In terms of Section 54(10 and 11) of the PPA, these funds are paid over to the PPFF who should keep them for thirty (30) years before recognising same as revenue.

In terms of Section 54(10) of the PPA, any property practitioner who winds up an account as contemplated in subsection (10) which contains unclaimed or unidentifiable money, or who has held monies in his, her or its trust account of which the owner or beneficiary could for longer than three years not be identified, must pay that money into the fund to be held in trust, but the fund must, upon application in the prescribed manner by the owner or beneficiary of such money and with the provision of sufficient proof, pay that money to that owner or beneficiary.

In terms of Section 54(11) of the PPA, any money paid into the Fund in accordance with subsection Section (11) which has remained unclaimed by the person entitled thereto for a period of 30 years as from the date upon which such person became entitled to claim that money is forfeited to the Fund.

As at 31 March 2025, R 11 113 363 of unclaimed monies from 31 property practitioners was due to the PPFF in line with Section 54(10) & (11) of the PPA, however we couldn't recognise the amount in our financial statements due to GRAP limitations.

[12.3] These are monies that have been deposited into the PPFF's bank account which are yet to be allocated to any property practitioner's account.

13. Employee benefit obligations

Defined benefit plan

Post retirement medical aid plan

It is the policy of the Authority to provide medical aid benefit to employees who were at the employees of the Authority or members of its medical aid on or before 30 June 1996. Six of the Authority current employees and eight pensioners are covered under this plan.

The most recent actuarial valuations of the post-employment medical aid were carried out on 31 March 2025 by African Origins Actuarial Solutions. 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.

The amounts recognised in the statement of financial position are as follows:

Carrying value

Present value of the defined benefit obligation-wholly unfunded	(13 620 000)	(13 971 000)	(13 620 000)	(13 971 000)
Non-current liabilities	(12 299 000)	(12 587 000)	(12 299 000)	(12 587 000)
Current liabilities	(1 321 000)	(1 384 000)	(1 321 000)	(1 384 000)
	(13 620 000)	**(13 971 000)**	**(13 620 000)**	**(13 971 000)**

Figures in Rand	Group		Authority	
	2025	2024	2025	2024

13. Employee benefit obligations (continued)

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	(13 971 000)	(14 526 000)	(13 971 000)	(14 526 000)
Benefits paid	1 233 000	1 271 000	1 233 000	1 271 000
Net expense recognised in the Statement of Financial Performance	(882 000)	(716 000)	(882 000)	(716 000)
	(13 620 000)	**(13 971 000)**	**(13 620 000)**	**(13 971 000)**

Net expense recognised in the statement of financial performance

Current service cost		(2 200 000)	–	(2 200 000)
Interest cost	(1 528 000)	(1 851 000)	(1 528 000)	(1 851 000)
Actuarial (gains) losses	646 000	3 335 000	646 000	3 335 000
	(882 000)	**(716 000)**	**(882 000)**	**(716 000)**

Key assumptions used

Assumptions used at the reporting date:				
Discount rates used	10.94 %	12.74 %	10.94 %	12.74 %
Inflation rate	5.62 %	7.37 %	5.62 %	7.37 %
Medical Contribution inflation rate	7.12 %	8.87 %	7.12 %	8.87 %
Net discount rate	3.57 %	3.55 %	3.57 %	3.55 %

Post retirement pension fund

The Authority provides a defined benefit plan to only its current pensioners. The employer funds this plan, considering 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 2025 by African Origins Actuarial Solutions. The present value of the defined benefit obligation, and the related current service costs, were measured using the projected unit credit method.

Figures in Rand	Group 2025	Group 2024	Authority 2025	Authority 2024

13. Employee benefit obligations (continued)

Changes in the present value of the defined benefit obligation are as follows:

Figures in Rand	Group 2025	Group 2024	Authority 2025	Authority 2024
Defined benefit obligation				
Present value of the defined benefit	(29 716 000)	(29 025 000)	(29 716 000)	(29 025 000)
Obligation-(partly or wholly) funded Fair-value of plan assets	29 716 000	29 025 000	29 716 000	29 025 000
	-	-	-	-
Opening balance	(21 410 000)	(21 465 000)	(21 410 000)	(21 465 000)
Current service cost (excluding interest)	(7 000)	(7 000)	(7 000)	(7 000)
Admin expenses	7 000	7 000	7 000	7 000
Interest cost	(2 120 000)	(2 239 000)	(2 120 000)	(2 239 000)
Benefits paid - pensions	2 783 000	2 630 000	2 783 000	2 630 000
Actuarial (gains)/losses at the end of year	(973 000)	(336 000)	(973 000)	(336 000)
	(21 720 000)	**(21 410 000)**	**(21 720 000)**	**(21 410 000)**
Net expense recognised in the statement of financial performance				
Net service cost	(7 000)	(7 000)	(7 000)	(7 000)
Interest cost	(2 120 000)	(2 239 000)	(2 120 000)	(2 239 000)
Expected return on plan assets	2 771 000	3 225 000	2 771 000	3 225 000
Actuarial (gains) losses	(262 000)	(681 000)	(262 000)	(681 000)
Additional minimum funding liability	(382 000)	(298 000)	(382 000)	(298 000)
	-	-	-	-
Changes in the Fair-value of plan assets are as follows:				
Opening balance	29 025 000	28 782 000	29 025 000	28 782 000
Admin expenses	(8 000)	(7 000)	(8 000)	(7 000)
Actuarial gains (losses)	711 000	(345 000)	711 000	(345 000)
Benefits paid	(2 783 000)	(2 630 000)	(2 783 000)	(2 630 000)
Interest income on plan assets	2 771 000	3 225 000	2 771 000	3 225 000
	29 716 000	**29 025 000**	**29 716 000**	**29 025 000**
Key assumptions used				
Discount rates used	9.90 %	11.74 %	9.90 %	11.74 %
Inflation rate	5.05 %	6.71 %	5.05 %	6.71 %
Pension Increase Rate (pre-2012 pensioners)	5.05 %	6.71 %	5.05 %	6.71 %
Net post-retirement rate (pre-2012 pensioners)	4.62 %	4.72 %	4.62 %	4.72 %
Net post-retirement rate (pre-2012 pensioners)	9.90 %	11.74 %	9.90 %	11.74 %

Figures in Rand

14. Provisions

Group – 2025	Reconciliation of provisions					
	Opening Balance	Additions	Utilised during the year	Reversed during the year	Payout	Total
Leave pay provision	4 924 089	7 389 699	(6 241 901)	–	(878 475)	5 193 412

Group – 2024	Reconciliation of provisions					
	Opening Balance	Additions	Utilised during the year	Reversed during the year	Payout	Total
Provision for claims [1]	418 913	–	–	(418 913)	–	–
Leave pay provision	7 466 919	5 369 120	(7 911 950)	–	–	4 924 089
	7 885 832	**5 369 120**	**(7 911 950)**	**(418 913)**	–	**4 924 089**

Authority – 2025	Reconciliation of provisions					
	Opening Balance	Additions	Utilised during the year	Reversed during the year	Payout	Total
Leave pay provision	4 924 089	7 389 699	(6 241 901)	–	(878 475)	5 193 412

Authority – 2024	Reconciliation of provisions					
	Opening Balance	Additions	Utilised during the year	Reversed during the year	Payout	Total
Leave pay provision	7 466 919	5 369 120	(7 911 950)	–	–	4 924 089

[14.1] Provision for claims relate to claims lodged against the PPFF and approved by the Authority but not yet paid as at year end. The claims will be paid within the next 6 months.

Figures in Rand	Group		Authority	
	2025	2024	2025	2024

15. Revaluation reserve

Opening balance	77 416 908	77 416 908	77 416 908	77 416 908
Change during the year	21 416 152	–	21 416 152	–
	98 833 060	**77 416 908**	**98 833 060**	**77 416 908**

16. Revenue

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

Contributions	39 639 333	32 281 695	37 027 893	29 423 217
Income from examinations	35 438 349	35 651 380	35 438 349	35 651 380
Management fees	–	–	78 088 619	58 397 450
Interest from investment	52 127 893	55 013 526	1 829 003	3 590 034
Penalties	2 355 981	1 723 231	2 355 981	1 723 231
Other income [1]	14 454 402	5 579 213	14 440 462	5 496 893
	144 015 958	**130 249 045**	**169 180 307**	**134 282 205**

[16.1] Sundry income shows a huge increase due to prescribed debtors with credit balance recognised as income in current year.

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

Interest on trust accounts	53 460 972	33 335 236	–	–
Penalties [2]	4 660 340	3 502 160	4 660 340	3 502 160
Fines [3]	4 022 070	5 028 760	337 250	293 260
Grants revenue	3 947 034	5 398 994	–	–
	66 090 416	**47 265 150**	**4 997 590**	**3 795 420**

[16.2] The penalties relate to amounts accruing to the PPRA for late submission of audit reports by property practitioners. These are charged at R 20 per day limited to three months.

[16.3] Fines are charged in terms of Section 26 of the PPA for non-submission of audit reports and for minor contraventions and are charged by the PPFF.

Figures in Rand	Group		Authority	
	2025	2024	2025	2024

17. Employee related costs

13th Cheque	4 418 509	3 901 041	4 418 509	3 901 041
Arbitration awards	103 750	–	103 750	–
Basic	78 198 649	74 120 249	78 198 649	74 120 249
Car allowance	1 508 362	1 705 503	1 508 362	1 705 503
Cellphone allowances	858 900	807 165	858 900	807 165
Leave pay provision charge	1 356 358	(1 852 005)	1 356 358	(1 852 005)
Long-service awards	390 000	340 000	390 000	340 000
Medical aid - company contributions	4 991 570	4 912 764	4 991 570	4 912 764
Net interest on post-retirement benefits	882 000	716 000	882 000	716 000
Overtime payments	105 223	78 298	105 223	78 298
Pension fund - company contributions	10 928 140	10 579 664	10 928 140	10 579 664
Skills development levy (SDL)	889 041	814 783	889 041	814 783
Travel, motor car, accommodation, subsistence and other allowances	47 945	125 797	47 945	125 797
Unemployment insurance fund (UIF)	308 975	280 048	308 975	280 048
	104 987 422	**96 529 307**	**104 987 422**	**96 529 307**

18. Depreciation and amortisation

Property, plant and equipment	4 555 761	4 358 092	4 555 761	4 358 092
Intangible assets	1 208 216	668 791	1 208 216	668 791
	5 763 977	**5 026 883**	**5 763 977**	**5 026 883**

19. Expected credit losses (allances)/reversal

Contributions to allowance for credit losses	15 958 378	(2 019 368)	5 541 727	(4 522 018)

The amount is relates to credit loss allowances for receivables from exchange and non-exchange transactions as detailed below:

Amount relating to receivables from exchange transactions	(5 548 883)	(2 564 859)	(5 548 883)	(2 564 859)
Amount relating to receivables from non-exchange transactions	(10 409 495)	4 584 227	7 156	7 086 877
	(15 958 378)	**2 019 368**	**(5 541 727)**	**4 522 018**

Figures in Rand	Group 2025	Group 2024	Authority 2025	Authority 2024
20. Operating expenses				
Bank charges	318 275	306 406	295 796	293 374
COS NQF 4 and 5	292 789	535 074	292 789	535 074
CPD expenses	257 500	942 059	257 500	942 059
Call Centre costs	3 360 370	3 378 340	3 360 370	3 378 340
Catering refreshments and entertainment	291 567	224 505	291 567	224 505
Claims paid	941 872	3 881 221	–	–
Consulting and professional fees	8 229 020	6 556 422	8 153 717	6 292 598
Corporate gifts	179 775	120 227	179 775	120 227
Forensic audit fees	610 517	1 228 775	610 517	1 228 775
Fuel and oil	56 146	–	56 146	–
Insurance	574 145	834 007	574 145	834 007
Interest and penalties	299 726	–	299 726	–
Internal audit fees	343 822	920 141	343 822	920 141
Invigilators and markers fees	315 265	678 404	315 265	678 404
Legal costs	6 973 478	12 845 199	6 028 736	11 497 002
Office cleaning	659 689	848 490	659 689	848 490
One Learner One Agency Stipend and mentorship fees	6 526 205	5 985 066	–	–
Other expenses [1]	8 028 172	126 325	8 028 172	126 325
Photocopier consumables	427 068	378 572	427 068	378 572
Postage and courier	20 841	78 607	20 841	78 607
Printing and stationery	477 183	664 113	477 183	664 113
Promotions and awareness campaigns	1 220 186	755 058	1 180 586	755 058
Rates and taxes	3 029 270	2 777 742	3 029 270	2 777 742
Recruitment and selection	778 386	1 518 947	778 386	1 518 947
Repairs and maintenance	947 880	1 273 935	947 880	1 273 935
Research centre expenses	80 000	–	80 000	–
Security services	822 789	603 384	822 789	603 384
Software license and maintenance	2 841 052	3 802 686	2 841 052	3 802 686
Staff welfare	188 777	88 869	188 777	88 869
Stakeholder relations and consumer awareness	1 285 867	1 001 676	–	–
Subscriptions and membership fees	147 388	161 754	147 388	161 754
Telephone and telex	7 462 388	6 802 290	7 462 388	6 802 290
Training and development	324 492	307 538	324 492	307 538
Traveling expenses	1 735 890	3 085 635	1 589 691	2 138 581
Venue hire	459 285	1 042 966	459 285	1 042 966
Workmens compensation	1 599 214	–	1 599 214	–
	62 106 289	**63 754 433**	**52 124 022**	**50 314 363**

[20.1] Other expenses in the current year include R 7 373 325 of amounts that were previously allocated from unallocated deposits without adequate support. These were written back in the current year following the approval by the Board of the PPRA.

Figures in Rand	Group		Authority	
	2025	2024	2025	2024
21. Assets impairment and write-offs				
Opening balance	88 110	85 623	88 110	85 623
Contributions to allowance	139 217	–	139 217	–
Amounts written off as uncollectible	233 638	–	233 638	–
	460 965	**85 623**	**460 965**	**85 623**
22. Fair-value adjustments				
Other financial assets [1]	–	**(854 796)**	–	–

[22.1] This related to annual Fair-value adjustments done on the PPFF's other financial assets when the investments were still in Equity Link Notes (ELNs) and Wholesale Structured Deposits.

Figures in Rand	Group 2025	Group 2024	Authority 2025	Authority 2024
23. Cash generated from (used in) operations				
Surplus/(deficit)	10 999 315	4 354 935	(2 711 280)	(16 897 300)
Adjustments for:				
Depreciation and amortisation	5 763 977	5 026 883	5 763 977	5 026 883
Impairment and write-off - inventory and assets	460 964	85 623	460 964	85 623
Fair-value adjustments	–	854 796	–	–
Contributions to allowance for credit losses	15 958 378	(2 019 368)	5 541 727	(4 522 018)
Movements in retirement benefit assets and liabilities	(351 000)	(555 000)	(351 000)	(555 000)
Movements in provisions	269 323	(2 961 743)	269 323	(2 542 830)
Other financial assets interest capitalised	–	(2 798 117)	–	–
Changes in working capital:				
Inventories	(212 022)	(113 616)	(212 022)	(113 616)
Receivables from exchange transactions	5 500 541	(9 318 942)	15 914 683	(6 808 880)
Receivables from non-exchange transactions	14 332 420	(18 783 586)	(3 499 141)	229 950
Payables from exchange transactions	(30 613 195)	(9 547 669)	(31 142 092)	(10 410 863)
Payables from non-exchange transactions	9 295 478	16 659 695	(2 546 188)	1 580 280
Unspent conditional grants and receipts	–	(396 547)	–	–
Intecompany loans	–	–	7 167 235	1 572 043
	31 404 179	**(19 512 656)**	**(5 343 814)**	**(33 355 728)**

Figures in Rand		

24. Financial instruments disclosure

Categories of financial instruments

Financial assets: Group – 2025	At amortised cost	Total
Receivables from exchange transactions	41 243	41 243
Cash and cash equivalents	686 465 658	686 465 658
	686 506 901	**686 506 901**

Financial liabilities: Group – 2025	At amortised cost	Total
Payables from exchange transactions	58 348 668	58 348 668

Financial assets: Group – 2024	At amortised cost	Total
Receivables from exchange transactions	279	279
Cash and cash equivalents	659 843 140	659 843 140
	659 843 419	**659 843 419**

Financial liabilities: Group – 2024	At amortised cost	Total
Payables from exchange transactions	45 792 550	45 792 550

Figures in Rand

24. Financial instruments disclosure (continued)

Financial assets: Authority - 2025

	At amortised cost	Total
Inter-company loans and receivables	5 920 465	5 920 465
Receivables from exchange transactions	41 243	41 243
Cash and cash equivalents	22 650 525	22 650 525
	28 612 233	**28 612 233**

Financial liabilities: Authority - 2025

	At amortised cost	Total
Inter-company loans	12 947 501	12 947 501
Payables from exchange transactions	57 631 228	57 631 228
	70 578 729	**70 578 729**

Financial assets: Authority - 2024

	At amortised cost	Total
Inter-company loans and receivables	4 114 416	4 114 416
Receivables from exchange transactions	279	279
Cash and cash equivalents	32 776 000	32 776 000
	36 890 695	**36 890 695**

Financial liabilities: Authority - 2024

	At amortised cost	Total
Inter-company loans	3 974 217	3 974 217
Payables from exchange transactions	45 608 413	45 608 413
	49 582 630	**49 582 630**

Figures in Rand

24. Financial instruments disclosure (continued)

Financial Instruments in Statement of Financial Performance

Group – 2025

	At amortised cost	Total
Interest income (calculated using effective interest method) for financial instruments at amortised cost	52 127 893	52 127 893
Contributions to allowance for credit losses	(15 958 378)	(15 958 378)
	36 169 515	**36 169 515**

Group – 2024

	At Fair-value	At amortised cost	Total
Interest income (calculated using effective interest method) for financial instruments at amortised cost	–	54 991 278	54 991 278
Contributions to allowance for credit losses	–	2 019 368	2 019 368
Fair-value Adjustments	(854 796)	–	(854 796)
	(854 796)	**57 010 646**	**56 155 850**

Authority – 2025

	At amortised cost	Total
Interest income (calculated using effective interest method) for financial instruments at amortised cost	1 829 003	1 829 003
Contributions to allowance for credit losses	(5 541 727)	(5 541 727)
	(3 712 724)	**(3 712 724)**

Authority – 2024

	At amortised cost	Total
Interest income (calculated using effective interest method) for financial instruments at amortised cost	3 590 034	3 590 034
Contributions to allowance for credit losses	4 522 018	4 522 018
	8 112 052	**8 112 052**

Figures in Rand

25. Contingencies

Claims against the Fidelity Fund Pending Claims

As at year-end, the claims lodged against PPFF which have not yet been approved amounted to R 140 042 620 (2024: R 31 076 849). These claims have been assessed by the PPRA Board that there is a possible obligation should sufficient evidence be provided that may require an outflow of resources.

Civil claims

There are three (3) civil claims have been instituted against the PPFF for claims rejected. The total estimated value of claims are R 2 746 914 (2024: R2 746 914). These claims have been assessed by the Authority that there is a possible obligation that may require an outflow of resources.These matters are still pending in the courts.

There is a pending case where the Authority is being sued for R 44 819 537 by a Property Practitioner for failing to renew the Practitioner's FFC in 2009 resulting in loss of business by the Practitioner. The matter is still pending in the courts. The Authority's attorneys are opposing the matter. The likely outcome of this matter is unknown at this point. This matter was incorrectly omitted from the consolidated annual financial statements of the previous year.

The Authority is being sued by a service provider for unpaid invoices amounting to R875 888 which the Authority is defending. The matter is still pending at the courts. The Authority's lawyers and management consider the likelihood of the action against the Authority being successful as unlikely, and the case should be resolved within the next year.

There is a pending case where a property practitioner launched an application to review a decision taken by the PPRA to reject her application to be exempted from section 50(a)(iii) of the PPA. The PPRA is opposing this and has submitted answering affidavit. The outcome cannot yet be determined.

A property practitioner launched an application for a declaratory order requesting the court to declare that the charging of accreditation fees by HOAs does not constitute undesirable business practices as contemplated in Section 63 read with Regulation 35 of the PPA. The PPRA has submitted is answering affidavit and await a court date. The outcome of the case cannot yet be determined.

Another property practitioner brought an application challenging the constitutionality and validity of certain sections of the PPA and its regulations. The PPRA is opposing this and has submitted answering affidavit. The outcome cannot yet be determined. A service provider is suing the PPRA for R 2 620 000 citing that it completed the "PPRA at Your Fingertips" project. The PPRA is opposing this and counter claiming R 1 000 000 citing that the service provider was irregularly appointed. This matter is pending before the courts and its outcome cannot be determined yet..

Surplus

In terms of Section 53(3) of the PFMA, and in terms of Treasury Instruction 12 of 2020/2021, a public entity may not accumulate surplus funds without approval from the NT. The surplus for the year is subject to NT approval in response to the Authority 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 Authority will apply to retain the unspent funds. Section 12(A) the PPA precludes the Authority from surrendering such funds. The Authority will inform the NT in writing of such founding legislation. Approval for the 2025 financial year will only be obtained after finalisation of the 2025 audit. NT has previously approved the accumulation of surpluses, and there is no indication that the retention will not be allowed for the 2025 surpluses as well.

Figures in Rand

25. Contingencies (continued)

Surplus Details	Group	Authority
Cash and cash equivalents at the end of the year	686 465 658	22 650 525
Add: Receivables	15 125 062	11 307 182
Less: Current liabilities	(125 211 100)	(108 577 100)
Surplus/(Deficit)	**576 379 620**	**(74 619 393)**

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 Section 18(3), claimant have up to six (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 PPA, only trust fund losses incurred against registered agents may file a claim against the PPFF. This will safeguard the fund as well as reduce claims against the PPFF.

In terms of Section 18(3), all contingent claims against the PPFF must be lodged within three (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 Section 18 of the Act;
iii. The unavailability of evidence to prove the claim; *and*
iv. The existence of a defence to the claim in favour of the PPFF.

The quantum claimed changes considerably during the process in most claims, as loss not covered by the PPFF in terms of the PPA, is often included ab initio, and must be deducted. Where the offending 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 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.

Contingent assets

The PPFF has issued 6 396 compliance notices related to minor and major contraventions as defined in Section 26 of the PPA. The compliance notices contain details of the contraventions committed by the practitioner for undesirable practices, non-submission of audit reports and other minor contraventions listed in Regulation 38. At the end of the financial year, there were 6 780 compliance notices that have been issued but not yet acknowledged or adjudicated amounting to R 140 945 500. Once an acknowledgement is received or a favourable outcome of the adjudication process is obtained, only then can the PPFF recognise the fines levied as revenue.

Figures in Rand

26. Related parties

Relationships

Board members	Refer to General Information on page 93
Ultimate controlling entity	Parliament
Controlling entity	Department of Human Settlements
Controlled entities	Property Practitioners Fidelity Fund (controlled in terms of the Property Practitioners Act) Property Sector Transformation Fund
Entities under common control of DHS	The Community Schemes Ombud Service The Housing Development Agency The National Housing Finance Corporation The National Home Builders Registration Council The Social Housing Regulatory Authority
Minister: DHS	Hon. T Simelane (from 03 December 2024) Hon. M N Kubayi (up to 03 December 2024)
Members of key management: DHS	All key members of management of DHS (No transactions occurred with these individuals)
Members of key management	Ms T Ramaili – Chief Executive Officer Mr M C Daki – Executive Manager, Education & Training (up to October 2024) Mr TN. Kgari – Company Secretary (up to 31 January 2025) Ms D L Mphahlele – Executive Manager, Inspections Mr E L Potgieter – Chief Financial Officer Mr K Pillay – Chief Information Officer Ms J. Wasserman – Executive Manager, Licencing Mr C M Catin – Executive Manager, Legal Mr J Thekiso –Chief Corporate Services Manager Mr X. Nomadolo – Chief Risk Officer (temp then made permanent from October 2024) Ms Z Mahlangu – Executive Manager, Education & Training (from 01 March 2025) Ms M N Nguruve – Acting Company Secretary (From 01 February 2025) M H Moroamohwebedu – Acting Chief Financial Officer (from July 2024 to November 2024) Mr M Lekoto – Chief Information Officer (from 01 January 2025) Ms DL Vial – Executive Manager of Licencing (from 01 January 2025) Miss N Ngema – Interim Chief Financial Officer (December 2024) Ms L Masete – Interim Chief Financial Officer (from 17 March 2025) Ms MC Baloyi – Chief Information Officer (temp July 2024 to December 2024)
National sphere of Government entities	The entity is related to all state organs under the national sphere of government.

Figures in Rand	Group 2025	Group 2024	Authority 2025	Authority 2024

26. Related parties (continued)

Related party balances

Loan accounts - Owing (to) by related parties

The Property Practitioners Fidelity Fund	–	–	(12 947 501)	(3 974 217)
Property Sector Transformation Fund	–	–	5 920 465	4 114 416
	–	**–**	**(7 027 036)**	**140 199**

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

Contributions owed by the Authority to PPFF	–	–	(6 025 631)	(3 414 191)
Fidelity Fund Certificate paid into PPFF bank account	–	–	1 324 353	479 532
Consumer Awareness paid by the Authority	–	–	2 137 327	850 981
Agent Interest funds owed to PPFF	–	–	(11 455 258)	(3 710 674)
Property Sector Transformation Fund	–	–	5 920 465	4 114 416
Expenses paid by the Authority	–	–	3 227 445	1 820 135
Loan Fund - PPFF Fines	–	–	(2 155 737)	–
	–	**–**	**(7 027 036)**	**140 199**

Related party transactions

Administration fees received from related parties

The Property Practitioners Fidelity Fund	–	–	78 088 619	58 397 450

Donations paid to related parties

National Youth Develepment Agency	100 000	–	100 000	–

The Group donated R 100 000 to National Youth Development Agency in December 2024. This transaction was not under normal course of business.

Other related party

Services SETA	1 482 088	1 858 543	–	–

The PSTF received a conditional grant of R 4 323 489 during the year. At year end, an amount of R 1 482 088 was receivable from Services SETA.

No impairment was recognised on the outstanding balance as recoverability of the balance is guaranteed.

Figures in Rand

26. Related parties (continued)

2025 – Remuneration of board members

Name	Committees fees	Other committee fees	Total
Dr S Ngubeni *(Chairperson)*	102 519	711 938	814 457
Mr T K Johnson	58 644	112 623	171 267
Ms P N Makhubela	62 744	84 865	147 609
Adv N Makopo	45 612	91 997	137 609
Adv M S Nene	54 056	92 989	147 045
Mr S Peters	58 644	127 561	186 205
Ms T N Radebe	58 644	132 460	191 104
Ms P B Snyman	58 644	104 208	162 852
Ms T S Songelwa	54 300	142 242	196 542
Miss R K Tsiloane	4 100	6 150	10 250
Mr D K Masemola	6 150	–	6 150
Mr J Van der Walt	4 100	6 150	10 250
Mrs Q M Gungubele *(Chairperson)*	5 422	17 283	22 705
Ms DHC Ewertse [1]	–	–	–
Ms V Gilbert [1]	–	–	–
Mr J Besani [1]	–	–	–
	573 579	**1 630 466**	**2 204 045**

2024 – Remuneration of board members

Name	Committees fees	Other committee fees	Total
Dr S Ngubeni *(Chairperson)*	180 358	930 265	1 110 623
Mr T K Johnson	96 654	197 596	294 250
Ms P N Makhubela	96 654	171 041	267 695
Adv N Makopo	92 310	182 883	275 193
Adv M S Nene	91 224	241 535	332 759
Mr S Peters	96 654	253 635	350 289
Ms T N Radebe	96 654	210 081	306 735
Ms P B Snyman	96 654	146 562	243 216
Ms T S Songelwa	94 482	218 198	312 680
Ms V Gilbert [1]	–	–	–
	941 644	**2 551 796**	**3 493 440**

[26.1] These board members are employed by the state and therefore do not receive remuneration for the services rendered as PPRA board members.

Figures in Rand

26. Related parties (continued)

2025 – Remuneration of executive management

Name	Emoluments	Employer contributions to Pension/ Medical Fund etc	Other benefits	Total
Ms T. Ramaili – Chief Executive Officer	2 940 203	31 870	26 400	2 998 473
Mr MC. Daki – Executive Manager; Education & Training *(up to October 2024)*	1 013 005	27 318	120 504	1 160 827
Mr TN. Kgari – Company Secretary *(up to 31 January 2025)*	1 067 416	256 072	120 944	1 444 432
Ms DL. Mphahlele – Executive Manager; Inspections	1 683 743	545 778	26 400	2 255 921
Mr EL. Potgieter – Chief Financial Officer	1 638 492	18 033	119 627	1 776 152
Mr K. Pillay – Chief Information Officer	515 757	6 766	105 786	628 309
Mrs J. Wasserman – Executive Manager of Licencing	–	108	5 403	5 511
Mr CM. Catin – Executive Manager of Legal	1 404 801	16 516	26 400	1 447 717
Mr J. Thekiso – Chief Corporate Services Manager	1 993 982	48 630	26 400	2 069 012
Mr X. Nomadolo – Chief Risk Officer *(temp, then permanent from October 2024)*	1 576 509	18 715	60 807	1 656 031
Ms Z Mahlangu – Executive Manager; Education & Training *(from 01 March 2025)*	99 147	18 969	2 200	120 316
Ms MN Nguruve – Acting Company Secretary *(from 01 February 2025)*	136 039	29 440	2 400	167 879
Ms MH Moroamohwebedu – Acting Chief Financial Officer *(from July 2024 to November 2024)*	467 629	77 095	6 000	550 724
Mr M Lekoto – Chief Information Officer *(from 01 January 2025)*	473 097	90 509	6 600	570 206
Ms DL Vial – Executive Manager of Licencing *(from 01 January 2025)*	1 562 108	185 084	20 100	1 767 292
Miss N Ngema – Interim Chief Financial Officer *(December 2024)*	277 387	2 951	–	280 338
Ms L Masete – Interim Chief Financial Officer *(from 17 March 2025)*	155 940	–	–	155 940
Ms MC Baloyi – Chief Information Officer *(temp from July 2024 to December 2024)*	933 268	10 835	43 977	988 080
	17 938 523	**1 384 689**	**719 948**	**20 043 160**

Figures in Rand

26. Related parties (continued)

Remuneration of executive management – 2024

Name	Emoluments	Employer contributions to Pension/ Medi cal Fund etc	Other benefits	Total
Ms T Ramaili – Chief Executive Officer	2 795 075	59	99 082	2 894 216
Mr M C Daki – Executive Manager, Education & Training	1 636 068	23 628	175 755	1 835 451
Ms D T Nkambule –Acting Chief Operating Officer	234 986	56 495	5 163	296 644
Dr M S M Soni – Chief Operating Officer	1 293 009	52	101 935	1 394 996
Mr T N Kgari – Company Secretary	1 332 357	293 469	180 077	1 805 903
Ms D L Mphahlele – Executive Manager, Inspections	1 683 743	501 638	214 936	2 400 317
Mr E L Potgieter – Chief Financial Officer	1 489 538	59	38 637	1 528 234
Mr K Pillay – Chief Information Officer	1 891 110	59	56 331	1 947 500
Ms J Wasserman – Executive Manager, Licencing	1 404 801	59	62 664	1 467 524
Mr C M Catin – Executive Manager, Legal	1 404 801	59	59 119	1 463 979
Mr J Thekiso – Chief Corporate Services Manager	1 570 684	282 782	43 847	1 897 313
Ms L P Tshavhungwa – Acting Chief Risk Officer	1 081 204	148 046	132 267	1 361 517
Mr X Nomadolo – Acting Chief Risk Officer	153 604	–	3 935	157 539
	17 970 980	**1 306 405**	**1 173 748**	**20 451 133**

The amounts disclosed above excludes the amounts paid to executives for reimbursive travel expenses in line with GRAP 20.20 requirements.

Independent non-executive audit and risk committee members remuneration – 2025

Name	Committees fees	Other committee fees	Total
Mr P R Mnisi *(Chairperson)*	89 909	38 602	128 511
Dr S A Ngobeni	68 336	47 133	115 469
Ms K G Mbonambi	41 365	–	41 365
Ms S F Mkhize	57 079	5 238	62 317
	256 689	**90 973**	**347 662**

Independent non-executive audit and risk committee members remuneration – 2024

Name	Committees fees	Other committee fees	Total
Mr P R Mnisi *(Chairperson)*	102 831	51 776	154 607
Dr S A Ngobeni	65 475	15 714	81 189
Ms K G Mbonambi	49 761	–	49 761
Ms S F Mkhize	79 448	18 333	97 781
	297 515	**85 823**	**383 338**

Mr T K Johnson and Ms T S Songelwa who are Board members are also part of the Audit and Risk Committee and the corresponding fees are part of other committee fees.

The amounts disclosed above excludes the amounts paid to committee members for reimbursive travel expenses in line with GRAP 20.20 requirements.

Figures in Rand

27. Risk management

Capital risk management

The Group's objectives when managing capital are to safeguard the Group'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 NT.

Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including, Fair-value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk.

The Group 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 Group.

The Group did not pledge any of its financial assets as collateral for its financial liabilities. There were no encumbrances against any assets and none of the assets were ceded.

Liquidity risk

The Group's risk to liquidity is a result of the funds available to cover future commitments. The Group manages liquidity risk through an ongoing review of future commitments and credit facilities.

Liquidity risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

Ultimate responsibility for liquidity risk management rests with the management of Group, 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 Group manages liquidity risk by maintaining adequate reserves and banking 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 March 2025	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Cash and cash equivalents	686 465 658	–	–	–
Payables from exchange transactions	41 243	–	–	–
Payables from non-exchange transactions	(58 348 668)	–	–	–

At 31 March 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Cash and cash equivalents	659 843 140	–	–	–
Payables from exchange transactions	279	–	–	–
Payables from non-exchange transactions	(45 792 550)	–	–	–

Figures in Rand

27. Risk management (continued)

Authority

At 31 March 2025	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Cash and cash equivalents	22 650 525	–	–	–
Gross receivables from exchange transactions	41 243	–	–	–
Payables from exchange transactions	(57 631 228)	–	–	–
Inter-company loans and receivables	5 920 465	–	–	–
Inter-company loans payable	(12 947 501)	–	–	–

At 31 March 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Cash and cash equivalents	32 776 000	–	–	–
Gross receivables from exchange transactions	279	–	–	–
Payables from exchange transactions	(45 608 413)	–	–	–
Inter-company loans and receivables	4 114 416	–	–	–
Inter-company loans payable	(3 974 217)	–	–	–

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative Financial instruments and trade debtors. The Group only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

The Group has 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 to ensure the sustainability.

The carrying amount of financial assets exposed to credit risk at year end were as follows:

Financial Instrument	Group		Authority	
	2025	2024	2025	2024
Cash and cash equivalents	686 448 159	659 834 258	22 633 026	32 767 118
Inter-company loans and receivables	–	–	5 920 465	4 114 416
Receivables from exchange transactions	41 243	279	41 243	279

Market risk

Interest rate risk

The Group is exposed to interest rate risk as both the Authority and the PPFF 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.

Figures in Rand

27. Risk management (continued)

Cash flow interest rate risk

Group	Current interest rate	Due in less than a year	Due in one to two years	Due in two to three years	Due in three to four years	Due after five years
Receivables from exchange transactions	–	41 243	–	–	–	–
Cash in current banking institutions	8.40 %	686 448 159	–	–	–	–

Authority	Current interest rate	Due in less than a year	Due in one to two years	Due in two to three years	Due in three to four years	Due after five years
Inter-company loan receivables	–	5 920 465	–	–	–	–
Receivables from exchange transactions	–	41 243	–	–	–	–
Cash in current banking institutions	9.57 %	22 633 026	–	–	–	–

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.

28. Commitments

	Group		Authority	
Operating leases - as lessee (expense)	**2025**	**2024**	**2025**	**2024**
Minimum lease payments due				
- within one year	374 156	374 156	374 156	374 156
- in second to fifth year inclusive	342 975	717 131	342 975	717 131
	717 131	**1 091 287**	**717 131**	**1 091 287**

Operating lease payments represent rentals payable by the Group for certain of its office printers. Leases are negotiated for an average term of three years and rentals are fixed for a period of thirty-seven (37) months. No contingent rent is payable.

Figures in Rand

29. Going concern

We draw attention to the fact that at 31 March 2025, even though the Group had an accumulated surplus of R 612 476 122, it earned a surplus of R 10 999 315 from a surplus of R 4 354 935 in 2024, and had a net cash inflow from operating activities of R 31 404 179 for the year ended 31 March 2025.

Events and conditions that impacts the going concern of the Authority

Throughout the year under review the Authority continued to deliver on its mandate to regulate the conduct of property practitioners, ensure consumer protection, promote transformation in the property sector, and maintain professional standards despite the shortcomings in the funding model and external and internal factors that negatively impacted the entity's financial performance.

Operating losses

The deficit reported reduced by 84% to R 2 711 280 from R 16 897 300. The Authority is largely reliant on the PPFF for revenue generation with the management fee constituting 45% of its revenue in the current financial year. Revenue generated from services rendered directly with Property Practitioners amounted to R 79 819 813 up 13% from R 70 593 248 in the previous year. However, cash collections from the same remain constricted with expected losses deteriorating by 223% to R 5 541 727 from a reduction of R 4 522 018 in the previous year. The Authority has no other significant funding alternatives now.

The Authority has been experiencing recurring negative operating cashflows for the past two years, this trend is projected to exist for the foreseeable future. In the year under review the cash outflow from operations was R 5 343 814 (2024: R 33 355 728). Albeit this being a cash outflow, the results represent a R 28 011 914 improvement. The cash position as at 31 March 2025 declined to R 22 650 525 (2024: R 32 776 000).

Ability to pay creditors on due dates

Payables reduced by (26)% from R 46 610 124 to R 58 692 694. However, the reduction of (42)% in payables is attributed to debtors with credit balances, unallocated receipts and deferred revenue which amount to R 49 429 725. The remaining operating payables reduced by 21% from R 11 681 661 to R 9 262 969. The entity has been able to settle all its operating payables within the agreed due dates.

Net current liability position

Net current liability position (total current liabilities exceeded total current assets) was R 68 339 035, a 38% increase from prior year (2024: R 49 557 567).

Net Assets

As of the reporting date, the Authority's assets exceed liabilities by R 66 230 634 for the year under review.

The above results in adverse key financial ratios. The Current ratio worsened to 0.37 (2024: 0.57) whilst the Quick ratio deteriorated to 0.37 (2024: 0.57). The benchmark is usually 1.2 for the former and 0.8 for the latter. The Cash ratio declined to 0.21 (2024: 0.28). The benchmark is usually greater than 1.

Legal and Strategic Risk

Legal matters currently under review pose no material threat to the Authority's ongoing operations and there were no changes identified to the Authority's statutory mandate.

Figures in Rand	Group		Authority	
	2025	2024	2025	2024

29. Going concern (continued)

Mitigating factors

The risk to the Revenue streams in the short term will be mitigated by the following main measures in the forecast period:

1. Asset optimisation strategy
   As part of our turnaround efforts, the organisation will prioritise asset optimisation with specific emphasis on the owned building. A full feasibility and commercialisation plan will be developed and implemented to ensure this key asset begins to generate consistent revenue. This includes exploring leasing opportunities, co-sharing models, and hosting sector-related training and incubation programmes that attract rental income while aligning to our core mandate.

2. Broadening of Revenue Base through additional sub-sector onboarding
   The organisation is actively in the process of onboarding 3/12 other sub-sectors within the broader property industry. This integration will expand our regulatory reach, enhance compliance, and ultimately broaden the revenue base through increased registration and contributions. This strategic shift is aligned with the legislative mandate and positions the organisation to be a central authority across the entire value chain of property services.

3. Additional operational efficiencies
   Complementary to the above, internal efficiency measures are being introduced to streamline expenditure without compromising delivery. Cost containment and performance management will be closely monitored to ensure that limited resources are used effectively.

Conclusion

The events, conditions, judgements, and assumptions described above inherently include uncertainty on the timing and success of the Authority's plans. The Board has also considered various scenarios, including possible impact of delays in any of the above plans, and has concluded that although these would likely result in an adverse event impacting the going concern, there are mitigations available to the Authority.

Based on these factors and assessments, whilst there are inherent uncertainties, the Board has assessed the Authority's unfavourable liquidity and solvency and is of the opinion that whilst there is material uncertainty, the going concern assumption is appropriate in the preparation of the Authority's annual financial statements.

30. Events after the reporting date

There are no material events that occurred after reporting date.

31. Unauthorised, Irregular and Fruitless and Wasteful Expenditure

Irregular expenditure [1]	14 531 590	12 432 188	14 531 590	12 432 188
Fruitless and wasteful expenditure [1]	299 726	69 537	299 726	69 537
	14 831 316	**12 501 725**	**14 831 316**	**12 501 725**

[31.1] Refer to reconciling notes in the annual report.

Figures in Rand

32. Prior-year errors

The Group's consolidated annual financial statements have been prepared in accordance with GRAP standards. The basis is consistent with the prior year except for restatements reflected below.

Correction of errors

The Group identified errors affecting the reported financial statements of the previous financial years. Corrections have been made in the current financial year, where these items have been corrected and prior period amounts adjusted retrospectively in accordance with GRAP 3 – Changes in Accounting Policies, Accounting Estimates and Errors.

Reclassifications

During the current financial year, the Group decided to change certain general ledger account classifications in the consolidated annual financial statements in order to achieve a more accurate presentation in the consolidated annual financial statements. As a result of these reclassifications, the prior years were restated retrospectively in terms of GRAP 3 – Changes in Accounting Policies, Accounting Estimates and Errors.

The annual financial statement line items affected by these reclassifications were revenue from exchange transactions (Note 16), revenue from non-exchange transactions (Note 16), receivables from exchange transactions (Note 5) and receivables from non-exchange transactions (Note 6). These reclassifications did not affect the surplus previously reported in the prior year. Reclassifications as reported in this set of financial statements relate to moving of account codes from one financial statement area to another as well as moving from a sub class of a financial statement area to another.

The reclassification of penalties from non-exchanges to exchange has no financial impact and does not constitute a change in accounting policy. This reclassification was necessary to achieve a more accurate presentation in the consolidated annual financial statements.

Contributions and penalties income

The PPRA identified and corrected errors relating to invoices raised before revenue recognition criteria was met. These resulted in overstatement of revenue and receivables. The Corrections have been made in the current financial year, where the receivables have been corrected and prior period amounts adjusted retrospectively in accordance with GRAP 3 – Changes in Accounting Policies, Accounting Estimates and Errors.

The impact of the corrections on the surplus and opening accumulated surplus for the previous year is tabulated below:

Error Details	Category 1	Category 2	Category 3	Category 4	Category 5	Category 6
Contributions misstated	(1 597 697)	2 032 165	–	268 290	–	334 521
Invoices raised in error	(103 871 585)	10 589 179	–	–	42 000	93 240 406
Penalties misstated	(7 688 418)	(3 560 470)	–	–	–	11 248 889
Penalties overstated in 2023/24 FY	(9 253 412)	9 253 412	–	–	–	–
Aging classification corrections	5 537 166	–	(47 099)	(5 490 067)	–	–
FFC revenue raised in error	(1 249 642)	–	–	–	–	1 249 642
	(118 123 588)	**18 314 286**	**(47 099)**	**(5 221 777)**	**42 000**	**106 073 458**

Note:
Category 1: Receivables from exchange transactions
Category 2: Revenue from exchange transactions
Category 3: Receivables from non-exchange transactions
Category 4: Payables from exchange transactions
Category 5: Revenue from non-exchange transactions
Category 6: Accumulated Surplus

Figures in Rand

32. Prior-year errors (continued)

CPD and examination income

During the finalisation of the current year annual financial statements, the PPRA identified some errors relating to CPD and examination invoices and credit notes of prior years. There were instances where some invoices were raised in error, some were omitted from the financial records while some credit notes were recorded in incorrect financial periods. These items have been corrected and prior period amounts adjusted retrospectively in accordance with GRAP 3 – Changes in Accounting Policies, Accounting Estimates and Errors.

The impact of the corrections on the surplus and opening accumulated surplus for the previous year is tabulated below:

Error Details	Category 1	Category 2	Category 3
CPD invoices and credit notes processed in incorrect periods	296 250	(1 501 384)	1 205 134
CPD invoice errors	56 005	(56 005)	–
CPD invoices	273 320	(273 320)	–
Study guide invoices raised in error	(14 344)	–	14 344
CPD revenue of 2023 FY	161 000	–	(161 000)
CPD revenue of 2024 FY	1 532 714	(1 532 714)	–
	2 304 945	**(3 363 423)**	**1 058 478**

Note:
Category 1: Receivables from exchange transactions
Category 2: Revenue from exchange transactions
Category 3: Accumulated Surplus

Unallocated deposits and other

The PPRA identified and corrected errors relating to customer receipts which were incorrectly recognised as sundry income in the previous years as well as some expenditure not rolled over to accumulated reserves on year-end closure. The corre tions were made retrospectively in accordance with GRAP 3 – Changes in Accounting Policies, Accounting Estimates and Errors. The impact of the correction on the surplus and opening accumulated surplus for the previous year is tabulated below:

Error Details	Category 1	Category 2	Category 3	Category 4
Unallocated deposits previously recognised as revenue	–	(63 544)	10 294	53 250
Payments made to PPFF	1 950	(1 950)	–	–
	1 950	**(65 494)**	**10 294**	**53 250**

Note:
Category 1: Inter-company loans and receivables
Category 2: Receivables from exchange transactions
Category 3: Revenue from exchange transactions
Category 4: Accumulated Surplus

Figures in Rand

32. Prior-year errors (continued)

Deferred revenue

The PPRA overstated its deferred revenue in the previous year by recognising unsettled invoices (raised in advance) as deferred revenue even though the property practitioners had not yet paid for these invoices. This was identified and corrected in the current financial year, where the receivables have been corrected and prior period amounts adjusted retrospectively in accordance with GRAP 3 – Changes in Accounting Policies, Accounting Estimates and Errors.

The impact of the corrections on the surplus and opening accumulated surplus for the previous year is tabulated below:

Error Details	Category 1	Category 2	Category 3	Category 4	Category 5
Deferred revenue overstated	654 162	6 626 210	41 213 169	(31 557 208)	(16 936 333)
CPD revenue overstated	–	12 745 020	–	(12 745 020)	–
	654 162	**19 371 230**	**41 213 169**	**(44 302 228)**	**(16 936 333)**

Note:
Category 1: Inter-company loans and receivables
Category 2: Revenue from exchange transactions
Category 3: Deferred revenue
Category 4: Payables from exchange transactions
Category 5: Accumulated Surplus

Non-current assets

The PPRA identified a multiple number of errors affecting property, plant and equipment, intangible asset and related depreciation and amortisation. In the previous years, some items of property, plant and equipment were recorded as expenses and some assets were classified into incorrect asset categories. These have been corrected in the current financial year, where these items have been corrected and prior period amounts adjusted retrospectively in accordance with GRAP 3 – Changes in Accounting Policies, Accounting Estimates and Errors.

Error Details	Category 1	Category 2	Category 3	Category 4	Category 5
Error 1	–	(8 616)	8 616	–	–
Error 2	214 417	–	(214 417)	–	–
Error 3	–	22 548	64 415	–	(86 963)
Error 4	–	6 565	–	(6 565)	–
Error 5	–	(67 256)	–	1 841 461	(1 774 205)
Error 6	1 280 844	–	–	(3 252 069)	1 971 225
	1 495 261	**(46 759)**	**(141 386)**	**(1 417 173)**	**110 057**

Note:
Category 1: Operating expenses
Category 2: Depreciation and amortisation
Category 3: Property, plant and equipment
Category 4: Intangible assets
Category 5: Accumulated Surplus

Error Details:
Error 1: IT equipment depreciation
Error 2: Telephone expenses incorrectly capitalised
Error 3: Assets not on the assets register
Error 4: Amortisation of intangible assets understated
Error 5: Amortisation of intangible assets overstated
Error 6: Computer expenses incorrectly capitalised

Figures in Rand

32. Prior-year errors (continued)

Fines for contraventions

The PPFF identified errors involving invoices which were raised before they met the revenue recognition criteria in the previous financial years. There were also instances where some invoices were duplicated. These resulted in overstatements to revenue and related receivables. The Corrections have been made in the current financial year, where the receivables have been corrected and prior period amounts adjusted retrospectively in accordance with GRAP 3 – Changes in Accounting Policies, Accounting Estimates and Errors.

The impact of the corrections on the surplus and opening accumulated surplus for the previous year is tabulated below:

Error details	**Category 1**	**Category 2**	**Category 3**
Reversal of incorrect fines invoices of 2023/24 financial year	(44 308 250)	44 308 250	–
Reversal of incorrect fines invoices of 2022/23 financial year	(33 686 000)	–	33 686 000
Reversal of incorrect fines invoices of 2018/19 financial year	(6 235)	–	6 235
Reversal of incorrect fines invoices	(615 000)	615 000	–
	(78 615 485)	**44 923 250**	**33 692 235**

Note:
Category 1: Receivables from exchange transactions
Category 2: Revenue from exchange transactions
Category 3: Accumulated Surplus

Figures in Rand

32. Prior-year errors (continued)

Agent interest invoices

During the finalisation of the current year annual financial statements, the PPFF identified some errors relating to agent interest revenue reported in the prior years. There were instances where some invoices were duplicated, other raised in error and some were even omitted from the financial records. These items have been corrected and prior period amounts adjusted retrospectively in accordance with GRAP 3 – Changes in Accounting Policies, Accounting Estimates and Errors.

The impact of the corrections on the surplus and opening accumulated surplus for the previous year is tabulated below:

Error Details	Category 1	Category 2	Category 3	Category 4
Reversal of duplicated and incorrect agent interest Invoices of previous years	–	909 256)	650 347	258 909
Agent interest debtors misstated	–	(1 330 671)	–	1 330 671
Debtors with credit balances opening balance misstated	3 422 370	–	–	(3 422 370)
Agent interest for prior year raised in year 2024/2025	–	313 369	(313 369)	–
Unclaimed monies incorrectly posted to Agent interest debtors	(1 693 119)	1 693 119	–	–
Debtors with credit balances opening balance misstated	2 955 137	467 233	–	(3 422 370)
	4 684 388	**233 794**	**336 978**	**(5 255 160)**

Note:
Category 1: Payables from non-exchange transactions
Category 2: Receivables from non-exchange transactions
Category 3: Revenue from non-exchange transactions
Category 4: Accumulated Surplus

Intercompany loans

The PPFF identified and corrected some errors relating to reallocations of the FFC loan account with the PPRA. The correction was made retrospectively in accordance with GRAP 3 – Changes in Accounting Policies, Accounting Estimates and Errors.

The impact of the correction on the surplus and opening accumulated surplus for the previous year is tabulated below:

Error Details	Category 1	Category 2	Category 3
Contributions owed to the fund	(906 000)	906 000	–
2024 contributions misstated	1 950	–	(1 950)
	(904 050)	**906 000**	**(1 950)**

Note:
Category 1: Inter-company loan and receivables
Category 2: Revenue from exchange transactions
Category 3: Accumulated Surplus

Figures in Rand

32. Prior-year errors (continued)

Allowances for credit losses

The allowance for credit losses reported in the previous years was overstated by the impact of incorrect/duplicated invoices reversed as indicated above. Following corrections to revenue and accounts receivable, the allowance for credit losses was recalculated and restated to reflect the restated receivables. The prior period amounts were adjusted retrospectively in accordance with GRAP 3 – Changes in Accounting Policies, Accounting Estimates and Errors.

The impact of the corrections on the surplus and opening accumulated surplus for the previous year is tabulated below:

Error Details	Category 1	Category 2	Category 3	Category 4
Reverse impairment allowance on fines for 2024 financial years	59 544 922	(59 544 922)	–	–
Reverse impairment allowance on agent interest for 2024 financial year	12 334 963	(12 334 963)	–	–
PPFF agent interest impairment	(9 967 046)	9 967 046	–	–
PPRA Impairment allowance of prior year	297 189	(26 900 245)	142 510 188	(115 907 132)
PPRA Impairment of 2023	(7 350 504)	–	(37 336 090)	44 686 594
PPRA Impairment of 2024	7 086 877	(4 522 018)	(2 564 859)	–
	61 946 401	**(93 335 102)**	**102 609 239**	**(71 220 538)**

Note:
Category 1: Receivables from non-exchange transactions
Category 2: Allowance for credit losses
Category 3: Receivables from exchange transactions
Category 4: Accumulated Surplus

Grant expenditure

The PPFF incorrectly recognised Grant expenditure and corresponding payable amounting to R 5 375 000 in the previous year. This was recorded before it was incurred. This error has been identified and corrected during the finalisation of current year financial statements and has been corrected retrospectively. The amounts reported in the previous year been adjusted and restated in line with GRAP 3 requirements. The impact of the correction on the surplus and opening accumulated surplus for the previous year is tabulated below:

Error Details	Operating expenses	Inter-company loan and receivables	Accumulated S urplus
Grant expenditure recognised in incorrect period	**(5 375 000)**	**5 375 000**	**–**

Services SETA Revenue and receivables

The PSTF identified errors relating to revenue recognised on the Services SETA grant. The first category related to revenue recognised that did not agree to the schedule of claims due from the Services SETA. The second one related to cases where the PSTF recognising expected receipts from Services SETA as revenue instead of only recognising the revenue when the PSTF has implemented the projects. The last error noted is where the SSETA revenue reductions were not considered to reduce revenue recognised. These resulted in overstating grant revenue and receivables. Corrections were done retrospectively in the current year and affected financial statement areas where restated in line with GRAP 3 requirements.

Error Details	Category 1	Category 2	Category 3
Debtors and revenue understated in 2023/24 financial year	743 134	(743 134)	–
Debtors and revenue overstated in 2023/2024 financial year	(62 031)	62 031	–
Revenue recognised in error	(2 922 067)	2 922 067	–
	(2 240 964)	**2 240 964**	**–**

Note:
Category 1: Receivables from non-exchange transactions
Category 2: Revenue from non-exchange transactions
Category 3: Accumulated Surplus

Figures in Rand

32. Prior-year errors (continued)

PPFF grant revenue and related expenses

The PSTF identified and corrected errors relating to Grant revenue received from the PPFF. This was recognised as revenue before fulfilment of conditions required for revenue to be recognised. Further, the related grant expenses were also recognised before they were incurred. Corrections were done retrospectively in the current year and affected financial statement areas where restated in line with GRAP 3 requirements.

Error Details	Category 1	Category 2	Category 3	Category 4	Category 5
Grant revenue incorrectly recognised in 2023/24 financial year	5 375 000	–	(5 375 000)	–	–
Accruals raised in error in 2023/24 financial year	–	(5 375 000)	–	5 375 000	–
	5 375 000	**(5 375 000)**	**(5 375 000)**	**5 375 000**	–

Note:
Category 1: Revenue from non-exchange transactions
Category 2: Operating expenses
Category 3: Inter-company loan receivables
Category 4: Payables from exchange transactions
Category 5: Accumulated Surplus

Operating expenses

There was a transaction related to travel expenditure in PSTF that was expensed from the staff debtors general ledger of 2023/24 financial year in error. This resulted in overstatement of staff debtors and understatement of travel expenditure by R 8 991. Another error related to consumer awareness invoices which were omitted from the general ledger of the PPFF. These have been corrected retrospectively in accordance with GRAP3 requirements.

Error Details	Category 1	Category 2	Category 3	Category 4
Staff debtors overstated in 2024	8 991	(8 991)	–	–
Consumer awareness expenses understated	31 818	–	(31 818)	–
	40 809	**(8 991)**	**(31 818)**	–

Note:
Category 1: Operating expenses
Category 2: Receivables from exchange transactions
Category 3: Payables from exchange transactions
Category 4: Accumulated Surplus

Accounting policies

The Group identified errors relating to accuracy and clarity of disclosed accounting policies. The accounting policy relating to revaluations of land and buildings (Refer accounting policy 1.8 – property, plant and equipment) was corrected to reflect that accumulated depreciation is eliminated on revaluation to align it to the Group's policy on assets management. The accounting policy on revenue recognition were also clarified as indicated on 1.17 - Revenue from exchange transactions. These errors do not constitute changes in accounting policies but rather clarifications to better reflect the existing policies of the Group in the consolidated annual financial statements

Figures in Rand

32. Prior-year errors (continued)

Effect of correction of errors

The nature and impact of corrections of these errors as well as reclassifications on the Financial Statements of the Group are as follows:

Presented below are the financial statements showing the effect of these errors:

Statement of financial position – Group – 2024

	Note	As previously reported	Correction of error	Re-classification	Restated
Inventories	3	235 981	–	–	235 981
Receivables from exchange transactions	5	13 857 694	(13 283 892)	28 675 549	29 249 351
Receivables from non-exchange transactions	6	72 370 119	(24 573 711)	(26 129 361)	21 667 047
Cash and cash equivalents	7	659 843 140	–	–	659 843 140
Property, plant and equipment	8	136 651 138	(141 386)	–	136 509 752
Intangible assets	9	2 216 117	(1 417 173)	–	798 944
Payables from exchange transactions	11	(59 909 432)	(44 180 823)	–	(104 090 255)
Payables from non-exchange transactions	12	(17 502 619)	1 262 018	(2 546 188)	(18 786 789)
Employee benefit obligations	13	(1 384 000)	–	–	(1 384 000)
Provisions	14	(4 924 089)	–	–	(4 924 089)
Deferred revenue	10	(67 562 419)	39 924 052	–	(27 638 367)
Employee benefit obligations (Non-current portion)	13	(12 587 000)	–	–	(12 587 000)
Revaluation reserve	15	(77 416 908)	–	–	(77 416 908)
Accumulated surplus		(643 887 722)	42 410 915	–	(601 476 807)
		–	–	–	–

Statement of financial performance – Group – 2024

	Note	As previously reported	Correction of error	Re-classification	Restated
Revenue from exchange transactions	16	149 970 726	(35 238 387)	15 516 706	130 249 045
Revenue from non-exchange transactions	16	109 470 254	(47 543 193)	(14 661 910)	47 265 151
Employee related costs	17	(96 529 307)	–	–	(96 529 307)
Auditors remuneration		(5 011 765)	–	–	(5 011 765)
Board members emoluments		(3 915 821)	–	–	(3 915 821)
Depreciation and amortisation	18	(5 073 641)	46 759	–	(5 026 882)
Allowance for credit losses	19	(88 173 947)	90 193 315	–	2 019 368
Inventory write off	21	(85 623)	–	–	(85 623)
Operating expenses	20	(67 593 364)	3 838 930	–	(63 754 434)
Fair-value adjustment		–	–	(854 796)	(854 796)
Surplus (deficit) for the year		**(6 942 488)**	**11 297 424**	–	**4 354 936**

Figures in Rand

32. Prior-year errors (continued)

Cash flow statement – Group – 2024

	As previously reported	Correction of error	Re-classification	Total
Cash receipts from Property Practitioners	97 861 562	18 945 123	–	116 806 685
Interest received	52 215 409	–	–	52 215 409
Cash paid to employees	(105 692 925)	–	–	(105 692 925)
Suppliers	(62 401 442)	(20 440 384)	–	(82 841 826)
Purchase of property, plant and equipment	(1 469 918)	214 417	–	(1 255 501)
Purchase of other intangible assets	(1 447 247)	1 280 844	–	(166 403)
Proceeds received on maturity of financial assets	125 642 629	–	–	125 642 629
	104 708 068	–	–	**104 708 068**

Cash used in operations

	As previously reported	Correction of error	Re-classification	Total
(Deficit)	(6 942 488)	11 297 423	–	4 354 935
Depreciation and amortisation	5 073 641	(46 758)	–	5 026 883
Impairment and write off - inventory	85 623	–	–	85 623
Contributions to allowance for credit losses	88 173 947	(90 193 315)	–	(2 019 368)
Movements in retirement benefit assets and liabilities	(555 000)	–	–	(555 000)
Movements in provisions	(2 961 743)	–	–	(2 961 743)
Inventories	(113 616)	–	–	(113 616)
Receivables from exchange transactions	(69 941 508)	60 622 566	–	(9 318 942)
Receivables from non-exchange t ransactions	(26 668 287)	7 884 701	–	(18 783 586)
Payables from exchange transactions	(14 747 158)	5 199 483	–	(9 547 675)
	(28 596 589)	**(5 235 900)**	**–**	**(33 832 489)**

The impact of these errors for the opening accumulated surplus at 01 April 2023 is reconciled as tabulated below:

Details	
Total cumulative effect of error corrections on surplus	53 708 337
Total effect of error corrections on surplus of 2022/2023 financial year	(11 297 423)
	42 410 914

32. Prior-year errors (continued)

Statement of financial position – Authority – 2024

	As previously reported	Correction of error	Re-classification	Restated
Inventories	235 981	–	–	235 981
Inter-company loans and receivables	7 263 114	1 950	–	7 265 064
Receivables from exchange transactions	13 840 051	(13 274 901)	28 675 549	29 240 699
Receivables from non-exchange transactions	26 166 647	(13 536)	(26 129 361)	23 750
Cash and cash equivalents	32 776 000	–	–	32 776 000
Property, plant and equipment	136 651 138	(141 386)	–	136 509 752
Intangible assets	2 216 117	(1 417 173)	–	798 944
Inter-company loans payable	(8 030 865)	906 000	–	(7 124 865)
Payables from exchange transactions	(53 595 915)	(49 524 005)	–	(103 119 920)
Payables from non-exchange transactions	–	–	(2 546 188)	(2 546 188)
Employee benefit obligations (current portion)	(1 384 000)	–	–	(1 384 000)
Provisions	(4 924 089)	–	–	(4 924 089)
Deferred revenue	(67 562 419)	39 924 052	–	(27 638 367)
Employee benefit obligations (non-current)	(12 587 000)	–	–	(12 587 000)
Revaluation reserve	(77 416 908)	–	–	(77 416 908)
Accumulated deficit	6 352 148	23 538 999	–	29 891 147
	–	**–**	**–**	**–**

Statement of financial performance – Authority – 2024

	As previously reported	Correction of error	Re-classification	Restated
Revenue from exchange transactions	153 952 682	(34 332 388)	14 661 910	134 282 204
Revenue from non-exchange transactions	18 499 330	(42 000)	(14 661 910)	3 795 420
Employee related costs	(96 529 307)	–	–	(96 529 307)
Auditors remuneration	(3 624 946)	–	–	(3 624 946)
Board members emoluments	(3 915 821)	–	–	(3 915 821)
Depreciation and amortisation	(5 073 641)	46 759	–	(5 026 882)
Contributions to allowance for credit losses	(26 900 245)	31 422 263	–	4 522 018
Inventory write-off	(85 623)	–	–	(85 623)
Operating expenses	(48 819 103)	(1 495 261)	–	(50 314 364)
	(12 496 674)	**(4 400 627)**	**–**	**(16 897 301)**

Figures in Rand

32. Prior-year errors (continued)

Cash flow statement - Authority – 2024

	As previously reported	Correction of error	Re-classification	Restated
Cash receipts from Property Practitioners		115 711 702	18 342 351	134 054 053
Interest received		3 590 034	–	3 590 034
Cash paid to employees		(105 692 925)	–	(105 692 925)
Suppliers		(45 469 279)	(19 837 612)	(65 306 891)
Purchase of property, plant and equipment		(1 469 918)	214 417	(1 255 501)
Purchase of other intangible assets		(1 447 247)	1 280 844	(166 403)
		(34 777 633)	**–**	**(34 777 633)**

Cash (used in) generated from operations - Authority – 2024

	As previously reported	Correction of error	Re-classification
Deficit	(12 496 674)	(4 400 625)	(16 897 299)
Depreciation and amortisation	5 073 641	(46 758)	5 026 883
Impairment and write off - inventory	85 623	–	85 623
Contributions to allowance for credit losses	26 900 245	(31 422 263)	(4 522 018)
Movements in retirement benefit assets and liabilities	(555 000)	–	(555 000)
Movements in provisions	(2 542 830)	–	(2 542 830)
Inventories	(113 616)	–	(113 616)
Receivables from exchange transactions	(8 651 403)	1 842 523	(6 808 880)
Receivables from non-exchange transactions	(21 084 965)	21 314 915	229 950
Intercompany loans	2 478 042	(905 999)	1 572 043
Payables from exchange transactions	(20 953 531)	10 542 666	(10 410 865)
Payables from non-exchange transactions	–	1 580 281	1 580 281
	(31 860 468)	**(1 495 260)**	**(33 355 728)**

The impact of these errors for the opening accumulated surplus at 01 April 2023 is reconciled as tabulated below:

Details	
Total cumulative effect of error corrections on surplus	19 138 372
Total effect of error corrections on surplus of 2022/2023 financial year	4 400 626
	23 538 998

33. Segment information

The PPRA does not have any reportable segments and therefore it is regarded as a one segment entity for GRAP 18 reporting purposes. The information ordinarily required for segment reporting purposes is already disclosed on the face of the Statement of Financial Position and the Statement of Financial Performance.

PROPERTY PRACTITIONERS REGULATORY AUTHORITY

Annual Financial Statements for the year ended 31 March 2025

PROPERTY PRACTITIONERS FIDELITY FUND

Annual Financial Statements for the year ended 31 March 2025

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Annual Financial Statements for the year ended 31 March 2025

The reports and statements set out below comprise the annual financial statements presented to the parliament.

GLOSSARY OF COMMONLY USED ABBREVIATIONS	
GRAP	Generally Recognised Accounting Practice
PFMA	Public Finance Management Act (No. 1 of 1999), as ammended or replaced from time to time
PPFF	Property Practitioners Fidelity Fund
AUTHORITY	Property Practitioners Regulatory Authority
PSTF	Property Sector Transformation Fund
FFC	Fidelity Fund Certificate
PPA	Property Practitioners Act (No. 22 of 2019)
PSRC	Property Sector Research Centre
VAT	Value Added Tax
NT	National Treasury

GENERAL INFORMATION

Annual Financial Statements for the year ended 31 March 2025

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 (No. 22 of 2019) - formerly the Estate Agency Affairs Act (No. 112 of 1976)
BOARD MEMBERS	Ms Q Gungubele *(Chairperson)* (appointed 13 January 2025) Ms P N Makhubela (appointed 13 January 2025) Adv M S Nene (appointed 13 January 2025) Mr K Masemola (appointed 13 January 2025) Mr J Van der Walt (appointed 13 January 2025) Ms K Tsiloane (appointed 13 January 2025) Ms D Ewertse (appointed 13 January 2025) Ms V Gilbert (appointed 13 January 2025) Mr B Mpono (appointed 13 January 2025) Dr S Ngubeni *(Chairperson)* (term ended 25 November 2024) Ms V Gilbert (term ended 25 November 2024) Mr T K Johnson (term ended 25 November 2024) Ms P N Makhubela (term ended 25 November 2024) Adv N Makopo (term ended 25 November 2024) Adv M S Nene (term ended 25 November 2024) Mr S Peters (term ended 25 November 2024) Ms T N Radebe (term ended 25 November 2024) Ms P B Snyman (term ended 25 November 2024) Ms T S Songelwa (term ended 25 November 2024) Mr J Van Der Walt (term ended 25 November 2024)
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
CONTROLLING ENTITY	The Property Practitioners Regulatory Authority (PPRA)
BANKERS	Nedbank
AUDITORS	Auditor-General of South Africa Registered Auditors
SECRETARY	Ms Margaret Nguruve *(Acting)* from February 2025 Mr Thapelo Kgari (up to January 2025)

BOARD'S RESPONSIBILITIES AND APPROVAL

Annual Financial Statements for the year ended 31 March 2025

The Board 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 annual financial statements and related financial information included in this report. It is the responsibility of the Board 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 acknowledges that it is ultimately responsible for the system of internal financial control established by the PPFF and place considerable importance on maintaining a strong control environment. To enable the Board to meet these responsibilities, the PPFF 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 PPFF and all employees are required to maintain the highest ethical standards in ensuring the PPFF's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the PPFF is on identifying, assessing, managing and monitoring all known forms of risk across the PPFF. While operating risk cannot be fully eliminated, the PPFF 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 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 has reviewed the PPFF's cash flow forecast for the year to 31 March 2026 and, in the light of this review and the current financial position, it is satisfied that the PPFF 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 PPFF's annual financial statements.

The annual financial statements set out on pages 198 to 246, which have been prepared on the going concern basis, were approved by the board on 31 July 2025 and were signed on its behalf by:

QUEENDY GUNGUBELE

CHAIRPERSON OF THE PPRA BOARD

PROPERTY PRACTITIONERS REGULATORY AUTHORITY

Annual Financial Statements for the year ended 31 March 2025

INDEPENDENT AUDITOR'S REPORT

Annual Financial Statements for the year ended 31 March 2025

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 208 to 246, which comprise the Statement of Financial Position as at 31 March 2025, Statement of Financial Performance, Statement of Changes in Net Assets, Cash Flow Statement and the 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 2025 and its financial performance and cash flows for the year then ended in accordance with the Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

Basis for opinion

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

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

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

Responsibilities of the accounting authority for the financial statements

6. The accounting 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Responsibilities of the Auditor-General for the audit of financial statements

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

9. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page 206, forms part of my auditor's report.

Report on the annual performance report

10. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.

11. The public entity's performance information was reported in the annual performance report of the Property Practitioners Regulatory Authority. I audited the reported performance information as part of the audit of the Property Practitioners Regulatory Authority and any audit findings are included in that auditor's report.

Report on compliance with legislation

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

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

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

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

Annual financial statements and annual report

16. The financial statements submitted for auditing were not fully prepared in accordance with the prescribed financial reporting framework, as required by Section 55(1)(b) and of the PFMA. Material misstatements of current assets and disclosure items identified by the auditors in the submitted financial statements were corrected, resulting in the financial statements receiving an unqualified audit opinion.

Revenue Management

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

Other information in the annual report

18. The accounting authority is responsible for the other information included in the annual report. The other information referred to does not include the financial statements and the auditor's report.

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

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

21. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

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

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

24. Management did not prepare regular, accurate, and complete financial and performance reports that are supported and evidenced by reliable information.

25. Management did not adequately review and reconcile the annual financial statements and related supporting schedules to ensure that the amounts agree and are fully compliant with the accounting framework.

26. Management did not review and monitor compliance with applicable laws and regulations, as material non-compliance was identified in revenue management.

Auditor - General

Pretoria

31 July 2025

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURE TO THE AUDITOR'S REPORT

The annexure includes the following:

- The Auditor-General's responsibility for the audit; *and*
- The selected legislative requirements for compliance testing

Auditor-General's responsibility for the audit

Professional judgement and professional scepticism

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

Financial statements

In addition to my responsibility for the audit of the 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 public entity's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made;
- Conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the public 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 public entity 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

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

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

COMPLIANCE WITH LEGISLATION - SELECTED LEGISLATIVE REQUIREMENTS

The selected legislative requirements are as follows:

LEGISLATION	SECTIONS OR REGULATIONS
Public Finance Management Act No. 1 of 1999 (PFMA)	Sections 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii); 53(4); 55(1)(a); 55(1)(b); 55(1)(c)(i); 54(2) (c); 54(2)(d); 56 (1); 57 b);
Treasury Regulations, 2005	TR 31.1.2(c); 16A.7.1; 16A.7.3; 16A.7.6; 16A.7.7; 31.2.1; 31.3.3; 16A9.1(b)(ii); 16A9.1(e); 16A9.1(f); 33.1.1; 33.1.3; 16A3.2; 16A3.2(a); 16A6.1; 16A6.2(a); 16A6.2(b); 16A 6.3(a); 16A 6.3(b); 16A .3(c); 16A 6.3(e); 16A 6.4; 16A 6.5; 16A 6.6; 16A 8.3; 16A 8.4; 16A 9.1(d); 16A 9.2; 16A 9.2(a)(ii); .2.1; 8.2.2;
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations, 2004	Regulation 17; 25(7A)
Second amendment National Treasury Instruction No. 5 of 202/21	Paragraph 1
Erratum National Treasury Instruction No. 5 of 202/21	Paragraph 2
National Treasury instruction No 5 of 2020/21	Paragraph 4.8; 4.9; 5.3
National Instruction No. 1 of 2021/22	Paragraph 4.1
National Instruction No. 4 of 2015/16	Paragraph 3.4
National Treasury SCM Instruction No. 4A of 2016/17	Paragraph 6
National Treasury SCM Instruction No. 03 of 2021/22	Paragraph 4.1; 4.2(b); 4.3; 4.4; 4.4(a); 4.17; 7.2; Paragraph 7.6
National Treasury SCM Instruction No. 11 of 2020/21	Paragraph 3.4(a); 3.4(b); 3.9
National Treasury SCM Instruction No. 2 of 2021/22	Paragraph 3.2.1; 3.2.4; 3.2.4(a); 3.3.1
Practice Note 11 of 2008/9	Paragraph 2.1; 3.1 (b)
Practice Note 5 of 2009/10	Paragraph 3.3
Practice Note 7 of 2009/10	Paragraph 4.1.2
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2.1(a); 2.1(f)
Preferential Procurement Regulations, 2017	Regulation 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; 6.3; 6.5; 6.6; 6.8; 7.1; 7.2; 7.3; 7.5; 7.6; 7.8; 8.2; 8.5; 9.1; 9.2; 10.1; 10.2; 11.1; 11.2
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

STATEMENT OF FINANCIAL POSITION

Annual Financial Statements for the year ended 31 March 2025

Figures in Rand	Notes	2025	2024 Restated*
Assets			
Current Assets			
Inter-company loan receivables	3	13 450 652	4 477 369
Receivables from exchange transactions	4	–	152
Receivables from non-exchange transactions	5	2 329 649	19 784 754
Cash and cash equivalents	6	659 662 842	626 981 123
		675 443 143	**651 243 398**
Total Assets		**675 443 143**	**651 243 398**
Liabilities			
Current Liabilities			
Payables from exchange transactions	7	1 296 622	886 270
Payables from non-exchange transactions	8	28 082 267	16 240 601
Total Liabilities		**29 378 889**	**17 126 871**
Net Assets		**646 064 254**	**634 116 527**
Accumulated surplus		646 064 254	634 116 527
Accumulated Net Assets		**646 064 254**	**634 116 527**

*See Note 21

STATEMENT OF FINANCIAL PERFORMANCE

Annual Financial Statements for the year ended 31 March 2025

Figures in Rand	Notes	2025	2024 Restated*
Revenue			
Total revenue from exchange transactions	**9**	**52 920 330**	**54 362 290**
Total revenue from non-exchange transactions	**9**	**57 145 792**	**38 070 736**
Total revenue		**110 066 122**	**92 433 026**
Expenditure			
Allowance for credit losses	10	(10 416 651)	(2 502 650)
Operating expenditure	11	(87 701 743)	(65 539 050)
Total expenditure		**(98 118 394)**	**(68 041 700)**
Operating surplus		**11 947 728**	**24 391 326**
Fair-value adjustments	22	–	(854 796)
Surplus for the year		**11 947 728**	**23 536 530**

**See Note 21*

STATEMENT OF CHANGES IN NET ASSETS

Annual Financial Statements for the year ended 31 March 2025

Figures in Rand	Notes	Accumulated surplus / (deficit)	Total net assets
Opening balance as previously reported		**645 149 963**	**645 149 963**
Adjustments			
Prior year adjustments – Note 21		(34 569 966)	(34 569 966)
Balance at 01 April 2023 as restated*		**610 579 997**	**610 579 997**
Changes in net assets			
Surplus for the year		23 536 530	23 536 530
Total changes		23 536 530	23 536 530
Restated* Balance at 01 April 2024		**634 116 526**	**634 116 526**
Changes in net assets			
Surplus for the year		11 947 728	11 947 728
Total changes		11 947 728	11 947 728
Balance at 31 March 2025		**646 064 254**	**646 064 254**

**See Note 21*

CASH FLOW STATEMENT

Annual Financial Statements for the year ended 31 March 2025

Figures in Rand	Notes	2025	2024 Restated*
Cash flows from operating activities			
Receipts			
Cash receipts from Property Practitioners		78 978 003	36 512 898
Interest received		50 298 890	48 625 375
		129 276 893	**85 138 273**
Payments			
Cash payments to suppliers and Authority		(96 595 174)	(70 187 905)
Net cash flows from operating activities	**12**	**32 681 719**	**14 950 368**
Cash flows from investing activities			
Proceeds received on maturity of financial assets		-	125 642 629
Net cash flows from investing activities		**-**	**125 642 629**
Net increase/(decrease) in cash and cash equivalents		**32 681 719**	**140 592 997**
Cash and cash equivalents at the beginning of the year		626 981 123	486 388 126
Cash and cash equivalents at the end of the year	**6**	**659 662 842**	**626 981 123**

**See Note 21*

STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS

Annual Financial Statements for the year ended 31 March 2025

Budget on Accrual Basis						
Figures in Rand	**Approved budget**	**Adjustments**	**Final budget**	**Actual amounts on comparable basis**	**Difference between final budget and actual**	**Note**
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Contributions from Property Practitioners	7 000 000	–	**7 000 000**	2 611 440	**(4 388 560)**	1
Interest on investments	33 983 882	–	**33 983 882**	50 298 890	**16 315 008**	2
Other income	30 000	–	**30 000**	10 000	**(20 000)**	3
Total revenue from exchange transactions	**41 013 882**	**–**	**41 013 882**	**52 920 330**	**11 906 448**	
Revenue from non-exchange transactions						
Interest on Trust accounts	29 000 000	–	**29 000 000**	53 460 972	**24 460 972**	4
Claims recoveries	30 700 000	–	**30 700 000**	3 684 820	**(27 015 180)**	5
Total revenue from non-exchange transactions	**59 700 000**	**–**	**59 700 000**	**57 145 792**	**(2 554 208)**	
Total revenue	**100 713 882**	**–**	**100 713 882**	**110 066 122**	**9 352 240**	
Expenditure						
Administration fees	(77 863 267)	(225 352)	**(78 088 619)**	(78 088 619)	**–**	
Allowance for credit losses	(4 000 000)	–	**(4 000 000)**	(10 416 651)	**(6 416 651)**	6
Auditors remuneration	(1 313 950)	–	**(1 313 950)**	(1 040 194)	**273 756**	7
Bank charges	(11 060)	(8 600)	**(19 660)**	(19 659)	**1**	
Claims expenses	(5 000 000)	233 952	**(4 766 048)**	(941 872)	**3 824 176**	8
Grant expense to PSTF	(7 500 000)	–	**(7 500 000)**	(5 375 000)	**2 125 000**	9
Insurance	(100 000)	–	**(100 000**	–	**100 000**	10
Legal expenses	(2 500 000)	–	**(2 500 000)**	(944 742)	**1 555 258**	11
Investment Portfolio Expert	(700 000)	–	**(700 000)**		**700 000**	12
Publications - Agent Magazine	(300 000)	–	**(300 000)**	–	**300 000**	13
Stakeholder awareness	(1 400 000)	–	**(1 400 000)**	(1 291 657)	**108 343**	14
Total expenditure	**(100 688 277)**	**–**	**(100 688 277)**	**(98 118 394)**	**2 569 883**	
Surplus before taxation	**25 605**	**–**	**25 605**	**11 947 728**	**11 922 123**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**25 605**	**–**	**25 605**	**11 947 728**	**11 922 123**	

NOTES

Note 1: Contributions from Property Practitioners

The underachievement is due to fewer Property Practitioners being registered and invoiced in the current year. The budgeted contributions revenue was based on an estimated 17 500 Property Practitioners whilst the actual contributions relate to actual registrations of 6 155 Property Practitioners.

Note 2: Interest on Investments

The budgeted interest was based on the carrying amount of the investments at 23/24 and the CPI of 5.9%. The overachievement is attributable to the investments yielding more interest under the money market accounts, than what was anticipated. Also, the increase was driven by growth in investment amount due to capitalised interest over the period.

Note 3: Other Income

This represent deposits received in prior years which could not be allocated to specific debtor accounts due to incorrect references used by clients. These deposits are then recognised as other income after the prescription period of three years.

Note 4: Interest on Trust Accounts

The budgeted amount was determined after considering the prior year's audited amount and the interest on trust funds that accrued in Q2 of the current year. Most firms' year-end is in February, and the Q2 actual interest amounts to R 26 million. The overachievement is due to an increase in interest earned on the value of the agents' trust accounts.

Note 5: Fines

The variance is due to the bulk reversal of invoices processed in Quarter 4, as the invoices were incorrectly raised because Practitioners did not acknowledge the Compliance Notices as required by Section 26(5) of the PPA. The budget was based on an incorrect practice of raising invoices when a compliance notice was issued.

Note 6: Allowance for credit losses

The allowance recognised is more than initially budgeted due to continued record of non payment by Property Practitioners.

Note 7: Auditors' remuneration

These costs relate to the audit fees charged by the Auditor-General. The saving is due to lower billing than anticipated.

Note 8: Claims expenses

The budgeted amount was based on the onboarding of new categories, which led to an anticipation of increased claims. The variance is due to less claims paid during the year.

Note 9: Grant expense to PSTF

The actual amount transferred to the PSTF was based on the entity's actual project costs, as calculated by the entity, resulting in a saving of R 2.1 million.

Note 10: Insurance

No expenses were incurred in relation to professional indemnity insurance of Property Practitioners as PPFF has no cover for professional indemnity for Property Practitioners.

Note 11: Legal expenses

The budgeted amount for legal costs was based on the estimated legal costs to be incurred for enforcing compliance and to cover other legal matter in the PPFF. Fewer expenses were incurred for legal costs in the current year than budgeted for.

Note 12: Investment Portfolio Expert

No costs were incurred as plans are underway to appoint an investment consultant to manage the Fidelity Fund investments. Current consultants are not remunerated due to the current investment structure. Historically the fee was based on a percentage of the return on the long-term investments. Due to the conversion to month to month investment, that fee structure fell away.

Note 13: Publications - Agent Magazine

No costs were incurred during the year as the entity opted to pursue digital marketing which is done inhouse.

Note 14: Stakeholder awareness

More stakeholder awareness initiatives were conducted during the year than what was budgeted for. Stakeholder awareness is budgeted to cover the costs of exhibitions aimed at creating awareness nationwide and participating in housing industry stakeholder events. These engagements focus on reaching rural areas and townships to curb illegal trading by hosting sessions in local venues and educating consumers on their rights. Each stakeholder event, held quarterly, is estimated to cost between R 250 000 and R 500 000, which comprises of travel expenses, venue hire, costs for material to be used at the sessions and other costs.

ACCOUNTING POLICIES

1. Significant account policies

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 Basis of preparations

The annual financial statements have been prepared in accordance with the GRAP standards, 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.

These accounting policies are consistent with the previous period.

1.2 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the PPFF.

1.3 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.

1.4 Materiality

Omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

1.5 Comparative figures

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.

1.6 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:

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 - Provisions.

Allowance for credit losses

On debtors a credit loss allowance 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.

1.7 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.

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.

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

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.

1.7 Financial instruments (continued)

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.

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.

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

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.

Classification

The PPFF 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
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
Inter-company loans receivable	Financial asset measured 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

Classification depends on the purpose for which the financial insturments were obtained/incurred and takes place at initial recognition.

Classification is re-assessed on an annual basis. Decisions not to invest the funds or investing differently on maturity of assets are typical examples of what could trigger the re-assessment.

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.

1.7 Financial instruments (continued)

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.

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.

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 amortised cost.

All financial assets measured at amortised 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, the 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.

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.

Reclassification

The PPFF 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.

Gains and losses

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.

1.7 Financial instruments (continued)

Impairment and uncollectibility of financial assets

At each end of the reporting period the PPFF assesses all financial assets at amortised cost, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

The PPFF assesses whether objective evidence of impairment exists individually for financial assets.

Financial assets measured at amortised cost

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 PPFF, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

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.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Offsetting

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

Inter-company loans

There includes loans to and from the Authority and the PSTF and are recognised initially at Fair-value plus direct costs.

The inter-company loans represent direct loans between the Authority and the PPFF, the cost paid by the Authority on behalf of the PPFF and contribution received by the Authority 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 Authority pays some of the expenses on behalf of the PPFF and claims it from the PPFF. There are also instances where the Authority encounters cash flow challenges and the PPFF assists the Authority in line with the delegation of authority. The PPFF sometimes gives loans to the PSTF.

1.7 Financial instruments (continued)

All these transactions are recorded in separate specific loan accounts in the accounting records for monitoring and controlling purposes. These accounts are consolidated together and reported in one loan account in the financial statements. The inter- company loans are presented on a net basis in the annual financial statement when, in doing so, it reflects an entity's expected future cash flows from settling two or more separate financial instruments. When an entity has the right to receive or pay a single net amount and intends to do so, it has, in effect, only a single financial asset or financial liability.

Payment terms and interest

There are no specific repayment terms on the loans and payable and is all interest free.

Receivables from exchange and non-exchange transactions

Receivables are measured at initial recognition at at the amount of the revenue recognised, which is the Fair-value of the transaction, 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 financial assets held at amortised cost.

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.

Other financial assets are initially and subsequently carried at Fair-value.

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 Statutory receivables

Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

1.8 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 (Taxes and transfers); 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

The entity initially measures statutory receivables at their transaction amount.

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.

Accrued interest

The PPFF does not charge any interest on outstanding statutory receivables.

Other charges

There are no other charges that the PPFF levies on Statutory receivables.

Impairment losses

The entity assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, theentity considers, as a minimum, the following indicators:

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent;
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation;
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied); *and*
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the entity measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced, either directly or through the use of an allowance account. The amount of the losses is recognised in surplus or deficit.

In estimating the future cash flows, an entity considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the entity discounts the estimated future cash flows using a rate that reflects the current risk-free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

1.8 Statutory receivables (continued)

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

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.

1.9 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

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

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

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

Provisions are not recognised for future operating surplus (deficit)..

1.9 Provisions and contingencies (continued)

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.

1.10 Revenue from exchange transactions

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

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

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

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date.

The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the PPFF;
- 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). 100% of the registration fee received will accrue to the PPFF.

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

Revenue on claims recoveries is recognised upon payment of a claim to a consumer and if possibility to recover from Property Practitioner exist.

Investment income

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables.

1.11 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.

1.11 Revenue from non-exchange transactions (continued)

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.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

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

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

Measurement

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

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

Fines

Fines 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 are measured at the best estimate of the inflow of resources to the PPFF.

1.11 Revenue from non-exchange transactions (continued)

Agent interest

Agent interest is recognised as revenue of the PPFF when the Property Practitioner has submitted their audit reports to the PPFF and the amount to be recognised has been established and invoiced.

1.12 Investment income

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

1.13 Fruitless and wasteful expenditure

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

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

The current fruitless and wasteful expenditure disclosures have been updated in line with the NT Instruction No 4 of 2022 2023: PFMA Compliance and Reporting Framework.

1.14 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 -

- this Act; or
- the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- 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 annual financial statements.

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

The current irregular expenditure disclosures have been updated in line with the National Treasury Instruction No. 4 of 2022/2023, PFMA Compliance and Reporting Framework.

1.15 Budget information

The PPFF is 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 PPFF provides information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on an accrual basis and presented by functional classification linked to performance outcome objectives.

The approved budget covers the financial period from 2024/04/01 to 2025/03/31.

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.

1.16 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 transaction 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 those family members who may be expected to influence, or be influenced by that person in their dealings with the entity.

The PPFF 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 PPFF 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 PPFF is exempt from the disclosures in accordance with the above, the PPFF 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.

1.17 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 adjusts the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

1.17 Events after reporting date (continued)

The entity discloses 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.

1.18 Tax

The Authority is a Schedule 3, Part A Public Entity and therefore, the Authority and its controlled entities are exempt from VAT and Income tax.

2. New standards and interpretations

2.1 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 2025 or later periods:

Guideline: Guideline on the Application of Materiality to Financial Statements

The objective of this guideline: The objective of this Guideline is to provide guidance that will assist entities to apply the concept of materiality when preparing financial statements in accordance with Standards of GRAP. The Guideline aims to assist entities in achieving the overall financial reporting objective. The Guideline outlines a process that may be considered by entities when applying materiality to the preparation of financial statements. The process was developed based on concepts outlined in Discussion Paper 9 on Materiality – Reducing Complexity and Improving Reporting, while also clarifying existing principles from the Conceptual Framework for General Purpose Financial Reporting and other relevant Standards of GRAP. The Guideline includes examples and case studies to illustrate how an entity may apply the principles in the Guideline, based on specific facts presented.

It covers: Definition and characteristics of materiality, Role of materiality in the financial statements, Identifying the users of financial statements and their information needs, Assessing whether information is material, Applying materiality in preparing the financial statements, and Appendixes with References to the Conceptual Framework for General Purpose Financial Reporting and the Standards of GRAP & References to pronouncements used in the Guideline.

The guideline is encouraged to be used by entities.

The PPFF expects to adopt the guideline for the first time when the Minister sets the effective date for the guideline. It is unlikely that the standard will have a material impact on the PPFF's annual financial statements.

GRAP 104 (as revised): Financial Instruments

Following the global financial crisis, a number of concerns were raised about the accounting for financial instruments. This included that (a) information on credit losses and defaults on financial assets was received too late to enable proper decision-making, (b) using Fair-value in certain instances was inappropriate, and (c) some of the existing accounting requirements were seen as too rules based. As a result, the International Accounting Standards Board® amended its existing Standards to deal with these issues. The IASB issued IFRS® Standard on Financial Instruments (IFRS 9) in 2009 to address many of the concerns raised. Revisions were also made to IAS® on Financial Instruments: Presentation and the IFRS Standard® on Financial Instruments: Disclosures. The IPSASB issued revised International Public Sector Accounting Standards in June 2018 so as to align them with the equivalent IFRS Standards.

The revisions better align the Standards of GRAP with recent international developments. The amendments result in better information available to make decisions about financial assets and their recoverability, and more transparent information on financial liabilities.

The most significant changes to the Standard affect:

- Financial guarantee contracts issued;
- Loan commitments issued;
- Classification of financial assets;
- Amortised cost of financial assets;
- Impairment of financial assets; *and*
- Disclosures.

The effective date of the revisions is for years beginning on or after 01 April 2025.

The PPFF expects to adopt the revisions for the first time on 01 April 2025.

The impact of this standard is currently being assessed.

GRAP 2023 – Improvements to the Standards of GRAP 2023

The Board undertakes periodic revisions of the Standards of GRAP in line with best practice internationally among standard setters. The Improvements to the Standards of GRAP include changes resulting from amendments to the International Public Sector Accounting Standards and the International Financial Reporting Standards, as well as general improvements dentified through consultation with stakeholders. The Improvements to the Standards of GRAP (2023) was approved by the Board and issued in November 2023.

2. New standards and interpretations (continued)

GRAP 1 – Presentation of Financial Statements

- Narrow scope amendments to the IAS Standard on Presentation of Financial Statements (IAS 1) Feb 2021;
- Disclosure of Accounting Policies:
  - Changes from "significant accounting policies" to "material accounting policies" because the Standards of GRAP do not define the term "significant";
- General Improvements:
  - Provide clarity to the terms "publicly available" and "publicly accountable"; *and*
  - Remove encouraged disclosures with limited information value.

GRAP 2 – Cash Flow Statements

- General Improvements:
  - Amend disclosures to read as "useful additional information that may be disclosed" as opposed to "encouraged disclosures".

GRAP 3 – Accounting Policies, Changes in Accounting Estimates and Errors Narrow scope amendments to IAS 8 Feb 2021

- Change in the definition of an accounting estimate because the previous definition was not sufficiently clear; *and*
- General Improvements:
  - Clarify that the requirements only apply to Standards of GRAP that are not yet effective for which the Minister of Finance has already determined an effective date.

GRAP 5 – Borrowing Costs

- Amendments to the IPSAS on Borrowing Costs (IPSAS 5) – Non-authoritative Guidance 2021; *and*
- Add the Illustrative Examples in IPSAS 5 to GRAP 5.

GRAP 13 – Leases General Improvements

- Remove encouraged disclosures with limited information value.

GRAP 17 – Property, Plant and Equipment Improvements to IPSAS 2021

- Amendments are made to prohibit proceeds from selling items produced before that asset is available, to be deducted from the cost of property, plant and equipment.

GRAP 19 – Provisions, Contingent Liabilities and Contingent Assets

- General Improvements:
  - Remove encouraged disclosures with limited information value.

GRAP 20 – Related Party Disclosures

- General Improvements:
  - Update the definition of "significant influence" to align with the Standard of GRAP on Investments in Associates and Joint Ventures (GRAP 36).

GRAP 23 – Revenue from Non-exchange Transactions (Taxes and Transfers)

- General Improvements:
  - Remove encouraged disclosures with limited information value.

GRAP 24 – Presentation of Budget Information in Financial Statements

- Narrow scope amendments to the IAS Standard on Presentation of Financial Statements (IAS 1) Feb 2021;
- Disclosure of Accounting Policies: Changes from "significant accounting policies" to "material accounting policies" because the Standards of GRAP do not define the term "significant"; *and*
- General Improvements:
  - Provide clarity to the terms "publicly available" and "publicly accountable";
  - Simplify the disclosures on the presentation of a reconciliation to improve the quality of reporting, by not prescribing the line items to reconcile to; *and*
  - Re-instate the Illustrative Examples that were deleted when GRAP 24 became effective.

2. *New standards and interpretations (continued)*

GRAP 27 – Agriculture

- General Improvements:
  - Remove encouraged disclosures and repackage it as "useful information" in another section of the Standard.

GRAP 31 – Intangible Assets

- General Improvements:
  - Clarify when the Standard of GRAP on Service Concession Arrangements: Grantor (GRAP 32) is applicable;
  - Remove reference to fully depreciated assets; *and*
  - Remove encouraged disclosures with limited information value.

GRAP 104 – Financial Instruments

- Improvements to IPSAS 2021;
- Interest Rate Benchmark Reform - Amendments to provide a practical expedient not to treat changes in contractual cash flows as a modification;
- Remove reference to fully depreciated assets;
- Amendments to clarify the fees that an entity includes when it applies the "10 percent" test to derecognise a financial liability;
- Narrow scope amendments to the IAS Standard on Presentation of Financial Statements (IAS 1) Feb 2021;
- Disclosure of Accounting Policies:
  - Changes from "significant accounting policies" to "material accounting policies" because the Standards of GRAP do not define the term "significant".
- General Improvements:
  - Remove encouraged disclosures with limited information value.

iGRAP20 – Accounting for Adjustments to Revenue Narrow scope amendments to IAS 8 Feb 2021

- Change in the definition of an accounting estimate because the previous definition was not sufficiently clear.

Directive 12 – The Selection of an Appropriate Reporting Framework by Public Entities

- Narrow scope amendments to the IAS Standard on Presentation of Financial Statements (IAS 1) Feb 2021;
- Disclosure of Accounting Policies:
  - Changes from "significant accounting policies" to "material accounting policies" because the Standards of GRAP do not define the term "significant".

Guideline on The Application of Materiality to Financial Statements

- Narrow scope amendments to the IAS Standard on Presentation of Financial Statements (IAS 1) Feb 2021;
- Disclosure of Accounting Policies:
  - Changes from "significant accounting policies" to "material accounting policies" because the Standards of GRAP do not define the term "significant".
- General Improvements:
  - Amendments resulting from the review of the Standard of GRAP on Cash Flow Statements (GRAP 2) and the Standard of GRAP on Presentation of Budget Information in Financial Statements (GRAP 24).

The effective date of these improvements have not yet been set.

The PPFF expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the PPFF's annual financial statements

GRAP 1 (amended): Presentation of Financial Statements (Going Concern)

The Board undertook a project in 2021 to consider the guidance and disclosure requirements on going concern in the relevant Standards of GRAP. As an outcome of this project, the Board agreed to include additional guidance and disclosures on going concern in this Standard. Consequential amendments are also made to the Standard of GRAP on Events After the Reporting Date.

Applicability of going concern in the public sector

An entity prepares its financial statements on a going concern basis unless there is an intention to liquidate the entity, to cease operating, or if there is no realistic alternative but to do so. A liquidation or cessation of an entity's operations will result in the termination of all its functions.

In South Africa, specific legislative requirements need to be followed before a decision is taken to liquidate a public sector entity, to cease or scale back its operations, to transfer some or all of its functions to another entity, or to merge one or more

Figures in Rand	2025	2024

2. New standards and interpretations (continued)

entities. The "intention" to liquidate an entity, to cease or scale back its operations, to transfer some or all of its functions to another entity, or to merge one or more entities needs to be established. This intention can be reflected in a number of ways and may encompass legislation passed in Parliament or a provincial legislature, cabinet decision, ministerial order, a decision made by a municipal council, board, council or equivalent, a regulation or a notice, or other official means.

The liquidation or cessation of a public sector entity's operations is rare, and only in the case of dissolution without any continuation of the entity's operations will the going concern basis cease to apply. When all, or some of the functions of an entity are transferred to another entity, or when a decision is taken to merge one or more entities, the application of the going concern basis remains appropriate. This is because the entity's functions will continue to be provided in a modified form, even though they are executed by another entity. The Board agreed to include explanatory guidance in this Standard on the application of the going concern assumption by public sector entities.

Where some of an entity's functions are transferred in a transfer of functions, and the remaining functions are discontinued, there are two separate transactions. The Board concluded that management should assess these transactions separately based on the functions transferred, those to be discontinued (if any), and those that may be retained and continued (if any), to determine if preparing the entity's financial statements on a going concern basis remains appropriate.

Disclosure on going concern

The Board's project highlighted a need for specific disclosures on going concern, material uncertainties relating to going concern, and actions taken by management to mitigate these uncertainties. Consideration was also given to the practices, guidance and requirements in other countries and/or from other standard-setting bodies on these matters. To address the diversity in the information disclosed on going concern, the Board agreed to expand the disclosure requirements in this Standard to ensure that consistent disclosures are provided.

The effective date of these revisions have not yet been set.

The PPFF expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the PPFF's annual financial statements.

3. Inter-company loan receivables

Contributions owed by Authority to PPFF for new registrations	6 025 631	3 414 191
Consumer Awareness paid by the Authority	(2 137 327)	(850 981)
PPFF payments received by the Authority	11 455 258	3 710 674
Loan Fund - Fines	2 155 737	-
Fidelity Fund Certificate paid into PPFF bank account	(1 324 353)	(479 532)
Expenses paid by the Authority	(3 227 446)	(1 820 135)
Property Sector Transformation Fund (PSTF)	503 152	503 152
	13 450 652	**4 477 369**

Breakdown per related party

Property Practitioners Regulatory Authority	12 947 500	3 974 217
Property Sector Transformation Fund (PSTF)	503 152	503 152
	13 450 652	**4 477 369**

The intercompany loans represent direct loans between the Authority, the PPFF and the PSTF, the cost paid by the Authority on behalf of the PPFF and contributions received by the Authority on behalf of the PPFF. There is no direct or indirect service rendered between these entities for these loans.

The above loans represent the outstanding balances owing by (to) the Authority to/(from) the PPFF and the PSTF. The loans are interest free and have no fixed payment terms.

Figures in Rand	2025	2024

3. Inter-company loan and receivables (continued)

Impairment

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

4. Receivables from exchange transactions

Prepaid expenses	–	152
Other non-financial asset receivables included in receivables from exchange transactions above are as follows:		
Prepaid expenses	–	152
Financial asset receivables included in receivables from exchange transactions above		
	–	**–**
Total receivables from exchange transactions	**–**	**152**

5. Receivables from non-exchange transactions

Gross balances		
Fines	3 849 145	3 626 467
Agent Interest	22 005 989	29 293 622
Claims recoveries	1 310 935	1 310 935
Services SETA Recoveries - Host employers and Stipend	1 129 920	1 129 920
	28 295 989	**35 360 944**
Less: Allowance for credit losses		
Fines	(2 380 109)	(3 141 788)
Agent Interest	(21 145 376)	(9 993 547)
Claims recoveries	(1 310 935)	(1 310 935)
Services SETA Recoveries - Host employers and Stipend	(1 129 920)	(1 129 920)
	(25 966 340)	**(15 576 190)**
Net balances		
Fines	1 469 036	484 679
Agent Interest	860 613	19 300 075
Claims recoveries	–	–
Services SETA Recoveries - Host employers and Stipend	–	–
	2 329 649	**19 784 754**
Statutory receivables included in receivables from non-exchange transactions above are as follows:		
Fines [1]	1 469 036	484 679
Agent Interest [2]	860 613	19 300 075
Claims recoveries [3]	–	–
	2 329 649	**19 784 754**
Financial asset receivables included in receivables from non-exchange transactions above		
	–	**–**
Total receivables from non-exchange transactions	**2 329 649**	**19 784 754**

Figures in Rand	2025	2024

5. Receivables from non-exchange transactions (continued)

Statutory receivables general information

Transactions arising from statute

[1] **Fines:** are as a result of infringements by property practitioners and are levied in terms of Section 26 (5) and (6) of the PPA and the Regulation 4. The amount payable for each are stipulated in the Regulation 38.

[2] **Agent interest:** accrues to the PPFF at 50% of the interest earned on the Trust PPFFs held by the Property Practitioners after deduction payments made to clients as per mandates held in terms of Section 54(b) of the PPA.

[3] **Claim recoveries:** The PPFF is pay valid claims in terms of Section 37 of the PPA and once paid, recover these costs from defaulting property practitioners. To the extent that the PPFF has not yet recovered the money paid, it remains a statutory receivable at year end.

All these cases above, are as a result of the law, specifically the PPA, in various Sections and not contractual relationships between the PPFF and the Property Practitioners. Therefore, they qualify as "Statutory receivables" in terms of GRAP108.05 and are excluded from GRAP 104's financial assets (GRAP105.03(i)).

Interest or other charges levied/charged

No interest is charged on statutory receivables outstanding.

Basis used to assess and test whether a statutory receivable is impaired

The PPFF continuously monitors Practitioners' receivable accounts and identified groups by reference to annual payment rates and incorporates this information into its credit risk control. No external credit rating is performed. This is used to determine the allowance for expected credit losses. 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.

Ageing of receivables from non-exchange transactions

Fines		
Current (0 - 30 days)	41 500	121 765
31 - 60 days	75 000	–
61 - 90 days	1 236 536	425 158
91 - 120 days	116 000	(62 000)
> 121 days	2 380 109	3 141 788
Less: Allowance for credit losses	(2 380 109)	(3 141 788)
	1 469 036	**484 923**

Agent Interest		
Current (0 - 30 days)	506 018	19 304 825
31 - 60 days	(50 374)	–
61 - 90 days	525 074	–
91 - 120 days	(120 105)	(4 750)
> 121 days	21 145 376	9 993 547
Less: Allowance for credit losses	(21 145 376)	(9 993 547)
	860 613	**19 300 075**

Figures in Rand	2025	2024

5. Receivables from non-exchange transactions (continued)

Claims recoveries

> 121 days	1 310 935	1 310 935
Less: Allowance for credit losses	(1 310 935)	(1 310 935)
	–	–

SSETA Recoveries - Host employers and Stipend

> 121 days	1 129 920	1 129 920
Less: Allowance for credit losses	(1 129 920)	(1 129 920)
	–	–

Allowance for expected credit losses

Allowance for credit losses cover all accounts that are outstanding for a period of 120 days and more. It also includes debtors under 120 days where uncertainties of recoverability exist regardless of age which takes into account payment pattern, trend and history of the debtor.

The PPFF has recognised an impairment of expected credit losses of R 10 416 651 (2024: R 2 502 650) in the statement of financial performance for the period ended 31 March 2025.

Receivables from non-exchange transactions pledged as security

Receivables from non-exchange transactions have not been pledged as security for any liability, overdraft facilities or any contingent liability.

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

Opening balance	15 576 190	45 958 618
Allowance for credit losses	10 416 651	2 502 650
Amounts written off as uncollectible	(26 501)	(32 885 078)
	25 966 340	**15 576 190**

6. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances [1]	18 855 530	6 285 234
Call accounts [2]	6 055 990	27 172 958
Short-term deposits [3]	634 751 322	593 522 931
	659 662 842	**626 981 123**

Figures in Rand	2025	2024

6. *Cash and cash equivalents (continued)*

[1] The bank balance is made up of the following:

ABSA	14 999 158	465 361
Nedbank	3 856 372	5 819 873
	18 855 530	**6 285 234**

[2] The balance on call accounts is made up of the following:

Nedbank call account	9 717	9 064
Investec call account	6 046 273	27 163 894
	6 055 990	**27 172 958**

[3] The balance of short-term deposits is made up of the following:

ABSA	114 496 779	105 780 714
This is a money market investment account which is on a month-to-month basis and it commenced on 01 December 2022. The interest is realised monthly, and the average return for the year was 8.24% (2024: 8.38% p.a.).		
Rand Merchant Bank	203 101 011	195 200 152
The investment commenced on 15 December 2022 and is a money market investment account which is on a month-to-month basis. The interest is realised monthly, and the average return for the year was 8.21% (2024: 8.38% p.a.).		
Investec	143 611 048	132 181 332
This investment commenced on 04 September 2023 following the transfer of PPFFs that were in the Wholesale Set Up Note with Investec on the same day. This money market account which is on a month-to-month basis. Interest accrues every month and is credited to the same investment account. Average interest rate for the year was 8.65 % (2024: 12.99 % p.a.).		
Standard Bank	173 542 484	160 360 733
This is a money market investment account which is on a month-to-month basis. The interest is realised monthly, and the average return for the year was 8.51% (2024: 8.51% p.a).		
	634 751 322	**593 522 931**

Cash and cash equivalents pledged as collateral

The credit quality of cash at bank and short term deposits, excluding cash on hand can be assessed by reference to external credit ratings or historical information about counterparty default rates:

Credit rating (Moody's National)

Nedbank [Aa1,za]	3 865 769	5 828 937
ABSA [Aa1,za]	129 495 937	106 246 075
Investec [Aa1,za]	149 657 321	159 345 226
Rand Merchant Bank [Aa1,za]	203 101 011	195 200 152
Standard Bank [Aa1,za]	173 542 484	160 360 733
	659 662 522	**626 981 123**

Figures in Rand	2025	2024
7. Payables from exchange transactions		
Claims payable [1]	345 794	680 698
Deferred Income [2]	436 000	105 500
Accruals [3]	514 828	100 072
	1 296 622	**886 270**

[1] This relates to claims received and approved by the PPFF for payment before year end but not yet settled.

[2] Deferred income is commission earned by Property Practitioners or Conveyancers without valid FFCs at the time of sale of properties. As a result, the conveyancers are required to pay the commission to the PPFF until the Property Practitioners or Conveyancers prove otherwise and claim their commission from the PPFF. Any amounts not claimed within three years irrevocably becomes income of the PPFF. It is recognised as other income upon prescription period of three (3) or when commission claim is rejected.

[3] This represent suppliers invoices outstanding at year end for services rendered before year end.

Reconciliation of payables to financial liabilities

Trade payables	1 296 622	886 270
Deferred Income	(436 000)	(105 500)
Total financial liabilities included in payables from exchange transactions	**860 622**	**780 770**

8. Payables from non-exchange transactions		
Amounts received in advance [1]	18 369 889	14 547 482
Unclaimed monies [2]	5 839 782	1 693 119
Curatorship Funds [2]	3 605 518	–
Unallocated receipts	267 078	–
	28 082 267	**16 240 601**

[1] The balance represents the debtors with credit balance and these are monitored closely. These are due to the fact that some Property Practitioners pay for the interest from the Trust account without submitting the audit report or in advance. Invoicing by the PPFF happens post submission of audit report and after obtaining the amount of interest due to the PPFF.

Also included in this balance is the fines for contraventions received in advance as detailed below:

Description		
Agent interest	15 818 707	14 457 482
Fines for contraventions	2 551 182	–
	18 369 889	**14 457 482**

[2] This represents monies deposited by the public into the Property Practitioners Trust accounts, but the latter could not allocate and therefore paid over to the PPFF as required by Section 54(10 and 11) of the PPA. Also included in this are funds received from Curators which were not claimed by claimants. There is a possibility that the claimants in the future can come to claim against the PPFF and such claims are payable on demand. In terms of Section 54(10 and 11) of the PPA, these funds are paid over to the PPFF who should keep them for thirty (30) years before recognising same as revenue.

Figures in Rand	2025	2024

8. Payables from non-exchange transactions (continued)

In terms of Section 54(10) of the PPA, any property practitioner who winds up an account as contemplated in subsection (10) which contains unclaimed or unidentifiable money, or who has held monies in his, her or its Trust account of which the owner or beneficiary could for longer than three years not be identified, must pay that money into the Fund to be held in Trust, but the Fund must, upon application in the prescribed manner by the owner or beneficiary of such money and with the provision of sufficient proof, pay that money to that owner or beneficiary.

In terms of Section 54(11) of the PPA, any money paid into the Fund in accordance with subsection (11) which has remained unclaimed by the person entitled thereto for a period of 30 years as from the date upon which such person became entitled to claim that money is forfeited to the Fund.

As at 31 March 2025, R 11 113 363 of unclaimed monies from 31 Property Practitioners was due to the PPFF in line with Section 54(10) & (11) of the PPA, however we couldn't recognise the amount in our financial statements due to GRAP limitations.

9. Revenue

The amount included in revenue arising from exchange of goods or services is as follows:		
Contributions from Property Practitioners	2 611 440	2 858 478
Interest on investments	50 298 890	51 423 492
Other income	10 000	80 320
	52 920 330	**54 362 290**

The amount included in revenue arising from non-exchange transactions is as follows:		
Interest on trust acccounts	53 460 972	33 335 236
Contraventions fines	3 684 820	4 735 500
	57 145 792	**38 070 736**

Fine is in terms of Section 26 of the PPA for non-submission of the audit report and for minor contraventions.

10. Allowance for credit losses

Allowance for credit losses	10 416 651	2 502 650

11. Operating expenses

Administration fees	78 088 619	58 397 450
Auditors remuneration	1 040 194	900 665
Bank charges	19 659	9 841

Figures in Rand	2025	2024
11. Operating expenses (continued)		
Claims expenses	941 872	3 881 221
Grant expense to PSTF	5 375 000	–
Legal expenses	944 742	1 348 197
Publications	39 600	–
Stakeholder awareness and investigation costs	1 252 057	1 001 676
	87 701 743	**65 539 050**

12. Cash generated from operations

	2025	2024
Surplus	11 947 728	23 536 530
Adjustments for:		
Fair-value adjustments	–	854 796
Movement in allowance for credit losses	10 416 651	2 502 650
Movements in provisions	–	(418 913)
Other financial assets interest capitalised	–	(2 798 117)
Changes in working capital:		
Receivables from exchange transactions	152	1 088
Receivables from non-exchange transactions	7 038 454	(19 657 643)
Payables from exchange transactions	410 352	779 125
Payables from non-exchange transactions	11 841 666	15 079 417
Inter-company loans	(8 973 284)	(4 928 565)
	32 681 719	**14 950 368**

13. Financial instruments disclosure

Categories of financial instruments

2025

Financial assets	At amortised cost	Total
Cash and cash equivalents	659 662 842	659 662 842
Inter-company loans receivable	13 450 652	13 450 652
	673 113 494	**673 113 494**

Financial liabilities	At amortised cost	Total
Payables from exchange transactions	**860 622**	**860 622**

Figures in Rand

13. Financial instruments disclosure (continued)

2024		
Financial assets	**At amortised cost**	**Total**
	626 981 123	626 981 123
Cash and cash equivalents	4 477 369	4 477 369
Inter-company loans receivable	**631 458 492**	**631 458 492**

Financial liabilities	**At Fair-value**	**At amortised cost**	**Total**
Payables from exchange transactions	–	**780 770**	**780 770**

2025			
Financial instruments in Statement of financial performance	**At Fair-value**	**At amortised cost**	**Total**
Interest income (calculated using effective interest method) for financial instruments at amortised cost	–	50 298 890	50 298 890

2024			
Financial instruments in Statement of financial performance	**At Fair-value**	**At amortised cost**	**Total**
Interest income (calculated using effective interest method) for financial instruments at amortised cost	–	51 423 492	51 423 492
Impairment loss	–	1 129 920	1 129 920
Fair-value adjustments	(854 796)	–	(854 796)
	(854 796)	**52 553 412**	**51 698 616**

14. Commitments

There were no commitments for the year ended 31 March 2025

Figures in Rand

15. Contingencies

Pending claims against the PPFF

As at year-end, the claims lodged against PPFF which have not yet been approved amounted to R 140 042 620 (2024: R 30 895 299). 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

There are three (3) civil claims that have been instituted against the PPFF for claims rejected. The total estimated value of the claims is R 2 746 914 (2024: R 2 746 914). These claims have been assessed by the Authority that there is a possible obligation that may require an outflow of resources, and these matters are still pending at the courts.

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 Regulation 18(3), claimant have up to six (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 PPA, only Trust PPFF losses incurred against registered agents may file a claim against the PPFF. This will safeguard the PPFF as well as reduce claims against the PPFF.

In terms of Regulation 18(3), all contingent claims against the PPFF must be lodged within three (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 Regulation 18;
iii. The unavailability of evidence to prove the claim; *and*
iv. The existence of a defence to the claim in favour of the PPFF.

The quantum claimed changes considerably during the process in most claims, as loss not covered by the PPFF 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 PPA, the quantum of the claim is not known until after Trust monies and free residue has been paid out to claimants by curators/ trustees.

Contingent assets

The PPFF has issued 6 396 compliance notices related to minor and major contraventions as defined in Section 26 of the PPA. The ompliance notices contain details of the contraventions committed by the practitioner for undesirable praclices, non-submission of audit reports and other minor contraventions listed in Regulation 38. At the end of the financial year, there were 6 396 compliance notices that have been issued but not yet acknowledged or adjudicated amounting to R 140 945 500. Once an acknowledgement is received or a favourable outcome of the adjudication process is obtained, only then can the PPFF recognise the fines levied as revenue.

Figures in Rand	2025	2024

16. Related parties

Relationships

Board members	Refer to General Information on page 201
Ultimate controlling entity	Department of Human Settlements
Controlling entity	The Property Practitioners Regulatory Authority (Authority)
Fellow subsidiaries	Property Sector Transformation Fund (PSTF)
Entities under common control of DHS	The Community Schemes Ombud Service The Housing Development Agency The National Housing Finance Corporation The National Home Builders Registration Council The Social Housing Regulatory Authority
Minister: DHS	T Simelane (from 03 December 2024) MN Kubayi (up to 03 December 2024)
Members of key management: DHS	All key members of management of DHS (No transactions occurred with these individuals)
Members of key management of the Authority	All key members of management of the Authority (No transactions occurred with these individuals)
National sphere of Government entities	The entity is related to all state organs under the national sphere of government.

Related party balances

Loan accounts - Owing (to) by related parties	2025	2024
Property Practitioners Regulatory Authority	12 947 500	3 974 217
Property Sector Transformation Fund (PSTF)	503 152	503 152
	13 450 652	**4 477 369**

The loan accounts owing (to) by related parties, comprises of the following:	2025	2024
Contributions owed by Authority to PPFF for new registrations	6 025 631	3 414 191
Consumer Awareness paid by the Authority	(2 137 327)	(850 981)
Transformation cost paid by the Authority	11 455 258	3 710 674
Loan Fund - Fines	2 155 737	–
Fidelity Fund Certificate paid into PPFF bank account	(1 324 353)	(479 532)
Expense (e.g Insurance, legal costs etc.) paid by the Authority	(3 227 446)	(1 820 135)
Property Sector Transformation Fund (PSTF)	503 152	503 152
	13 450 652	**4 477 369**

Related party transactions

Administration fees paid to (received from) related parties	2025	2024
Property Practitioners Regulatory Authority	78 088 619	58 397 450

Figures in Rand

16. Related parties (continued)

The PPFF is invoiced management fee by the Authority on a monthly basis.

The Property Practitioners Act, 2019 Section 34(1) provides for the establishment of the PPFF by Section 12 of the former Estate Agents Affairs Act, 1967, which shall be managed and controlled by the Authority.

The Authority in the management and control of the PPFF 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 Authority 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.

17. Risk management

Capital risk management

The PPFF'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 Authority and to enhance the retention on surpluses by consititutional intitutions and public entities declared annually to the NT.

Financial risk management

The PPFF's activities expose it to a variety of financial risks: market risk (including Fair-value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The PPFF's risk to liquidity is a result of the PPFFs available to cover future commitments. The PPFF 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 encumberances against any assets and none of the assets were ceded.

17. Risk management (continued)

Liquidity risk

The PPFF's risk to liquidity is a result of the PPFFs available to cover future commitments. The PPFF 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 2025	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Cash and cash equivalents	659 662 842	–	–	–
Inter-company loan receivables	13 450 652	–	–	–
Payables from exchange transactions	(860 622)	–	–	–

At 31 March 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Cash and cash equivalents	626 981 123	–	–	–
Payables from exchange transactions	(780 770)	–	–	–
Inter-company receivables	4 477 369	–	–	–

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The PPFF only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

The PPFF has 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 to ensure the sustainability.

The carrying amount of financial assets exposed to credit risk at year end were as follows:

Financial instrument	2025	2024
Cash and cash equivalents	659 662 842	626 981 123
Inter-company loan receivables	13 450 652	4 477 369

Figures in Rand

17. Risk management (continued)

Market risk

Interest rate risk

The 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.

Cash flow interest rate risk

Financial instrument	Current interest rate	Due in less than a year	Due in one to two years	Due in two to three years	Due in three to four years	Due after five years
Inter-company loan receivables	– %	13 450 652	–	–	–	–
Cash and cash equivalents	8.40 %	659 662 842	–	–	–	–

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.

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 PPFF 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 material events that occurred after reporting date.

20. Unauthorised, Irregular and Fruitless and Wasteful Expenditure

There was no unauthorised, irregular and fruitless and wasteful expenditure.

Figures in Rand

21. Prior-year errors

The PPFF's annual financial statements have been prepared in accordance with Standards GRAP. The basis is consistent with the prior year except for restatements reflected below.

Fines for contraventions

The PPFF identified errors involving invoices which were raised before they met the revenue recognition criteria in error in the previous financial years. There were also instances where some invoices were duplicated. These resulted in overstat ments to revenue and related receivables. The Corrections have been made in the current financial year, where the recei ables have been corrected and prior period amounts adjusted retrospectively in accordance with GRAP 3 – Changes in A counting Policies, Accounting Estimates and Errors. The impact of the corrections on the surplus and opening accumulated surplus for the previous year is tabulated below:

Error Details	Receivables from non-exchange transactions	Revenue from non-exchange transactions	Accumulated Surplus
Reversal of incorrect fines invoices of 2023/24 financial year	(44 308 250)	44 308 250	–
Reversal of incorrect fines invoices of 2022/23 financial year	(33 686 000)	–	33 686 000
Reversal of incorrect fines invoices of 2018/19 financial year	(6 235)	–	6 235
Reversal of incorrect fines invoices	(3 323 570)	615 000	2 708 570
	(81 324 055)	**44 923 250**	**36 400 805**

Agent interest invoices

During the finalisation of the current year annual financial statements, the PPFF identified some errors relating to agent interest revenue reported in the prior years. There were instances where some invoices were duplicated, other raised in error and some were even omitted from the financial records. These items have been corrected and prior period amounts adjusted retrospectively in accordance with GRAP 3 – Changes in Accounting Policies, Accounting Estimates and Errors. The impact ofthe corrections on the surplus and opening accumulated surplus for the previous year is tabulated below:

Error Details	Payables from non-exchange transactions	Receivables from non-exchange transactions	Revenue from non-exchange transactions	Accumulated Surplus
Reversal of duplicated and incorrect agent interest invoices of previous years	–	(909 256)	650 347	258 909
Agent interest debtors misstated	–	(1 330 671)	–	1 330 671
Agent interest for prior year raised in year 2024/2025 FY	–	313 369)	(313 369)	–
Unclaimed monies incorrectly posted to agent interest debtors	(1 693 119)	1 693 119	–	–
Debtors with credit balances opening balance misstated	2 955 137	467 233	–	(3 422 370)
	1 262 018	**233 794**	**336 978**	**(1 832 790)**

Figures in Rand

21. Prior-year errors (continued)

Intercompany loans

The PPFF identified and corrected some errors relating to reallocations of the FFC loan account with the PPRA. The correction was made retrospectively in accordance with GRAP 3 – Changes in Accounting Policies, Accounting Estimates and Errors. The impact of the correction on the surplus and opening accumulated surplus for the previous year is tabulated below:

Error detals	Inter-company loan and receivables	Revenue from exchange transactions	Accumulated Surplus
Reallocation of loan FFC	(1 950)	–	1 950
Contributions of 2024 misstated	(906 000)	906 000	–
	(907 950)	**906 000**	**1 950**

Allowances for credit losses

The allowance for credit losses reported in the previous years was overstated by the impact of incorrect/duplicated invoices reversed as indicated above. Following corrections to revenue and accounts receivable, the allowance for credit losses was recalculated and restated to reflect the restated receivables. The prior period amounts were adjusted retrospectively in accordance with GRAP 3 – Changes in Accounting Policies, Accounting Estimates and Errors. The impact of the corrections on the surplus and opening accumulated surplus for the previous year is tabulated below:

Error detals	Receivables from non-exchange transactions	Allowance for credit losses	Accumulated Surplus
Reverse impairment allowance on fines for 2024 financial year	59 544 922	(59 544 922)	–
Reverse impairment allowance on agent interest for 2024 financial year	12 334 963	(12 334 963)	–
2024 PPFF Agent interest impairment adjustment	(9 967 046)	9 967 046	–
2024 PPFF Fines impairment adjustment	(3 141 788)	3 141 788	–
	58 771 051	**(58 771 051)**	–

Grant expenditure

The PPFF incorrectly recognised Grant expenditure and corresponding payable amounting to R 5 375 000 in the previous year. This was recorded before it was incurred. This error has been identified and corrected during the finalisation of current year financial statements and has been corrected retrospectively. The amounts reported in the previous year been adjusted and restated in line with GRAP 3 requirements. The impact of the correction on the surplus and opening accumulated surplus for the previous year is tabulated below:

Error detals	Operating expenses	Inter-company loan and receivables	Accumulated Surplus
Grant expenditure recognised in incorrect period	(5 375 000)	5 375 000	–

Operating expenses

The PPFF identified some consumer awareness invoices relating to the 2023/2024 financial year which were omitted from the general ledger in the previous year. This was corrected and the prior period amounts were adjusted retrospectively in accordance with GRAP 3 – Changes in Accounting Policies, Accounting Estimates and Errors. The impact of the corrections on the surplus and opening accumulated surplus for the previous year is tabulated on the following page:

Figures in Rand

21. Prior-year errors (continued)

Error detals	Operating expenses	Payables from exchange transactions
Consumer awarness expenses understated	31 818	(31 818)

Presented below are the financial statements showing the effect of corrections of these errors:

Statement of Financial Position – 2024

	Notes	As previously reported	Correction of error	Re-classification	Restated
Inter-company loan receivables	3	4 882 167	4 467 050	(4 871 848)	4 477 369
Receivables from exchange transactions	4	152	–	–	152
Receivables from non-exchange transactions	5	42 103 965	(22 319 210)	–	19 784 755
Cash and cash equivalents	6	626 981 123	–	–	626 981 123
Inter-company loan receivables	3	(4 871 848)	–	4 871 848	–
Payables from exchange transactions	7	(854 452)	(31 818)	–	(886 270)
Payables from non-exchange transactions	8	(17 502 619)	1 262 018	–	(16 240 601)
Accumulated surplus		(650 738 488)	16 621 960	–	(634 116 528)
		–	–	–	–

Statement of Financial Performance – 2024

	As previously reported	Correction of error	Change in accounting policy	Restated
Revenue from exchange transactions	54 413 494	(906 000)	854 796	54 362 290
Revenue from non-exchange transactions	83 330 965	(45 260 228)	–	38 070 737
Allowance for credit losses	(61 273 702)	58 771 051	–	(2 502 651)
Operating expenses	(70 882 232)	5 343 182	–	(65 539 050)
Fair-value adjustments	–	–	(854 796)	(854 796)
Surplus for the year	**5 588 525**	**17 948 005**	–	**23 536 530**

Cash Flow Statement – 2024

	As previously reported	Correction of error	Restated
Cash receipts from Property Practitioners	37 418 896	(905 999)	36 512 897
Interest received	48 625 375	–	48 625 375
Cash payments to suppliers and The Authority	(71 093 903)	905 998	(70 187 905)
Proceeds received on maturity of financial assets	125 642 629	–	125 642 629
Net increase in cash and cash equivalents	**140 592 997**	**(1)**	**140 592 996**

Figures in Rand	2025	2024

21. Prior-year errors (continued)

Cash generated from operations [Note 12]	As previously reported	Correction of error	Restated
Surplus	5 588 525	17 948 004	23 536 529
Movement in allowance for credit losses	61 273 702	(58 771 052)	2 502 650
Movements in provisions	(418 913)	–	(418 913)
Fair-value adjustments	854 796	–	854 796
Other financial assets interest capitalised	(2 798 117)	–	(2 798 117)
Receivables from exchange transactions	1 088	–	1 088
Receivables from non-exchange transactions	(62 757 515)	43 099 872	(19 657 643)
Payables from exchange transactions	747 304	31 821	779 125
Payables from non-exchange transactions	12 919 063	2 160 352	15 079 415
Inter-company loans	(459 565)	(4 469 000)	(4 928 565)
	14 950 368	**(3)**	**14 950 365**

The impact of these errors for the opening accumulated surplus at 01 April 2023 is reconciled as tabulated below:

Details	
Total cumulative effect of error corrections on surplus	(34 569 966)
Total effect of error corrections on surplus of 2023/2024 financial year	17 948 006
	(16 621 960)

22. Fair-value adjustments

Other financial assets [1]	**(854 796)**

[1] This relates to annual valuation adjustments done on the PPFF's other financial assets which were held at Fair-value.

23. Segment information

The PPFF does not have any reportable segments and therefore it is regarded as a one segment entity for GRAP 18 reporting purposes. The information ordinarily required for segment reporting purposes is already disclosed on the face of the Statement of Financial Position and the Statement of Financial Performance.

PPRA

PROPERTY PRACTITIONERS REGULATORY AUTHORITY

Annual Financial Statements for the year ended 31 March 2025

PROPERTY SECTOR TRANSFORMATION FUND

Annual Financial Statements for the year ended 31 March 2025

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Annual Financial Statements for the year ended 31 March 2025

The reports and statements set out below comprise the annual financial statements presented to the parliament.

GLOSSARY OF COMMONLY USED ABBREVIATIONS	
GRAP	Generally Recognised Accounting Practice
PSRC	Property Sector Research Centre
PSTF	Property Sector Transformation Fund
PFMA	Public Finance Management Act
FFC	Fidelity Fund Certificate
PPRA	Property Practitioners Regulatory Authority
PPA	Property Practitioners Act (No. 22 of 2019)

GENERAL INFORMATION

Annual Financial Statements for the year ended 31 March 2025

COUNTRY OF INCORPORATION AND DOMICILE	South Africa
NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES	Property Sector Transformation Fund is established in terms of the Property Practitioners Act (No. 22 of 2019)
BOARD MEMBERS	Ms Q Gungubele *(Chairperson)* (appointed 13 January 2025) Ms P N Makhubela (appointed 13 January 2025) Adv M S Nene (appointed 13 January 2025) Mr K Masemola (appointed 13 January 2025) Mr J Van der Walt (appointed 13 January 2025) Ms K Tsiloane (appointed 13 January 2025) Ms D Ewertse (appointed 13 January 2025) Ms V Gilbert (appointed 13 January 2025) Mr B Mpono (appointed 13 January 2025) Dr S Ngubeni *(Chairperson)* (term ended 25 November 2024) Ms V Gilbert (term ended 25 November 2024) Mr T K Johnson (term ended 25 November 2024) Ms P N Makhubela (term ended 25 November 2024) Adv N Makopo (term ended 25 November 2024) Adv M S Nene (term ended 25 November 2024) Mr S Peters (term ended 25 November 2024) Ms T N Radebe (term ended 25 November 2024) Ms P B Snyman (term ended 25 November 2024) Ms T S Songelwa (term ended 25 November 2024) Mr J Van Der Walt (term ended 25 November 2024)
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
CONTROLLING ENTITY	The Property Practitioners Regulatory Authority (PPRA)
BANKERS	ABSA
AUDITORS	Auditor-General of South Africa Registered Auditors
SECRETARY	Ms Margaret Nguruve *(Acting)* from February 2025 Mr Thapelo Kgari (up to January 2025)

BOARD'S RESPONSIBILITIES AND APPROVAL

Annual Financial Statements for the year ended 31 March 2025

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 acknowledges that it is ultimately responsible for the system of internal financial control established by the PSTF and place considerable importance on maintaining a strong control environment. To enable the Board to meet these responsibilities, the PSTF 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 PSTF and all employees are required to maintain the highest ethical standards in ensuring the PSTF's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the PSTF is on identifying, assessing, managing and monitoring all known forms of risk across the PSTF. While operating risk cannot be fully eliminated, the PSTF 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 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 has reviewed the PSTF's cash flow forecast for the year to 31 March 2026 and, in the light of this review and the current financial position, it is satisfied that the PSTF has or has access to adequate resources to continue in operational existence for the foreseeable future.

Although the board are primarily responsible for the financial affairs of the entity, they are supported by the PSTF's external auditors.

The external auditors are responsible for independently reviewing and reporting on the PSTF's annual financial statements.

The annual financial statements set out on pages 248 to 285, which have been prepared on the going concern basis, were approved by the board on 31 May 2025 and were signed on its behalf by:

THATO RAMAILI

ACCOUNTING AUTHORITY *(ACTING)*

PROPERTY PRACTITIONERS REGULATORY AUTHORITY

Annual Financial Statements for the year ended 31 March 2025

INDEPENDENT AUDITOR'S REPORT

Annual Financial Statements for the year ended 31 March 2025

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON PROPERTY SECTOR TRANSFORMATION FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

1. I have audited the financial statements of the Property Sector Transformation Fund set out on pages 258 – 285, which comprise the Statement of Financial Position as at 31 March 2025, Statement of Financial Performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget information with actual information 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 Sector Transformation Fund as at 31 March 2025 and its financial performance and cash flows for the year then ended in accordance with the Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

Basis for opinion

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

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

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

Material uncertainty relating to Going Concern

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

7. I draw attention to Note 17 to the financial statements, which indicates that an accumulated deficit of R 958 058 was incurred during the year ended 31 March 2025 and, as of that date, the total liabilities exceeded its total assets by R 3 706 631. As explained in Note 17, these events and circumstances, together with other issues described in that note, suggest there is significant uncertainty that could raise significant doubt about the public entity's ability to continue operating as a going concern.

Responsibilities of the accounting authority for the financial statements

8. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the 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.

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

Responsibilities of the Auditor-General for the audit of financial statements

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

11 A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page 256, forms part of our auditor's report.

Report on the annual performance report

12. The public entity's performance information was reported in the annual performance report of the Property Practitioners Regulatory Authority.

I audited the reported performance information as part of the audit of the Property Practitioners Regulatory Authority and any audit findings are included in that auditor's report.

Report on compliance with legislation

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

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

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

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

Annual financial statements, performance, and annual report

17. The financial statements submitted for auditing were not prepared in line with the required financial reporting framework and were not backed by complete and accurate records, as required by Section 55(1) (b) of the PFMA.

    Material misstatements of accruals, revenue, operating expenses, accumulated reserves and unspent grants 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.

Other information in the annual report

18. The accounting authority is responsible for the other information included in the annual report. The other information referred to does not include the financial statements and the auditor's report.

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

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

21. I had not received the other information before issuing this auditor's report. Once I do receive and review it, if I find a material misstatement, I must inform those charged with governance and ask for the information to be corrected. If the correction is not made, I might need to withdraw this auditor's report and issue a revised version. However, if the information is corrected, no further action will be needed.

Internal control deficiencies

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

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

24. Controls over daily and monthly processing and reconciling of transactions must be implemented.

25. Management did not adequately review and reconcile the annual financial statements and related supporting schedules to ensure that the amounts agree and are fully compliant with relevant applicable accounting standards.

Auditor-General

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Pretoria

31 July 2025

ANNEXURE TO THE AUDITOR'S REPORT

The annexure includes the following:

- The auditor-general's responsibility for the audit; *and*
- The selected legislative requirements for compliance testing

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

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

Financial statements

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error;
- Design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made;
- Conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the public 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 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 entity 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

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

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

COMPLIANCE FINDINGS ENGAGEMENT:
FIRM LEVEL COMPLIANCE REQUIREMENTS FOR REPORTING - PFMA 2024-25

Type of auditee: Schedule 3A Public Entity

LEGISLATION	SECTIONS OR REGULATIONS
Public Finance Management Act No.1 of 1999	PFMA 55(1)(a) PFMA 55(1)(b) PFMA 55(1)(c)(i) PFMA 51(1)(b)(ii) PFMA 53(4) PFMA 51(1)(b)(ii) TR 31.1.2(c)

Statement of Financial Position

Annual Financial Statements for the year ended 31 March 2025

Figures in Rand	Notes	2025	2024 Restated*
Assets			
Current Assets			
Receivables from exchange transactions	3	6 143	8 499
Receivables from non-exchange transactions	4	1 482 088	1 858 543
Cash and cash equivalents	5	4 152 291	86 017
Total Assets		**5 640 522**	**1 953 059**
Liabilities			
Current Liabilities			
Inter-company loans and payables	6	6 423 617	4 617 568
Payables from exchange transactions	7	202 611	84 064
Unspent conditional grants	8	2 720 925	–
Total Liabilities		**9 347 153**	**4 701 632**
Net Assets		**(3 706 631)**	**(2 748 573)**
Accumulated deficit		(3 706 631)	(2 748 573)
Total Net Assets		**(3 706 631)**	**(2 748 573)**

*See Note 19

Statement of Ffinancial Performance

Annual Financial Statements for the year ended 31 March 2025

Figures in Rand	Notes	2025	2024 Restated*
Revenue			
Revenue from exchange transactions			
Other income	9	3 940	2 000
Revenue from non-exchange transactions			
Grants revenue	10	6 601 109	5 398 994
Total revenue		**6 605 049**	**5 400 994**
Expenditure			
Other operating expenses	11	(7 563 107)	(7 685 288)
Deficit for the year		**(958 058)**	**(2 284 294)**

**See Note 19*

STATEMENT OF CHANGES IN NET ASSETS

Annual Financial Statements for the year ended 31 March 2025

Figures in Rand	Accumulated surplus / deficit	Total net assets
Balance at 01 April 2023	**(464 279)**	**(464 279)**
Changes in net assets		
Deficit for the year	(2 284 294)	(2 284 294)
Total changes	(2 284 294)	(2 284 294)
Restated* Balance at 01 April 2024	**(2 748 573)**	**(2 748 573)**
Changes in net assets		
Deficit for the year	(958 058)	(958 058)
Total changes	(958 058)	(958 058)
Balance at 31 March 2025	**(3 706 631)**	**(3 706 631)**

**See Note 19*

CASH FLOW STATEMENT

Annual Financial Statements for the year ended 31 March 2025

Figures in Rand	Notes	2025	2024 Restated*
Cash flows from operating activities			
Receipts			
Grants received		9 698 489	3 143 904
Other receipts		3 940	2 000
		9 702 429	3 145 904
Payments			
Cash payments to suppliers, Authority and PPFF		(5 636 155)	(4 253 200)
Net cash flows from operating activities	12	**4 066 274**	**(1 107 296)**
Net increase/(decrease) in cash and cash equivalents		**4 066 274**	**(1 107 296)**
Cash and cash equivalents at the beginning of the year		86 017	1 193 313
Cash and cash equivalents at the end of the year	5	**4 152 291**	**86 017**

*See Note 19

STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS

Annual Financial Statements for the year ended 31 March 2025

Budget on Acrual Basis						
Figures in Rand	**Approved budget**	**Adjustments**	**Final Budget**	**Actual amounts on comparable basis**	**Difference between final budget and actual**	**Note**
Statement of Ffinancial Performance						
Revenue						
Revenue from exchange transactions						
Other income	–	–	**–**	3 940	**3 940**	
Revenue from exchange transactions						
Transfer revenue						
Grant Income - Grants from the SSETA	15 713 328	–	**15 713 328**	3 947 034	**(11 766 294)**	1
Grant income - Grants from the PPFF	7 500 000	–	**7 500 000**	2 654 075	**(4 845 925)**	2
Total revenue from non-exchange transactions	**23 213 328**	**–**	**23 213 328**	**6 601 109**	**(16 612 219)**	
Total revenue	**23 213 328**	**–**	**23 213 328**	**6 605 049**	**(16 608 279)**	
Expenditure						
Auditors' remuneration	(500 000)	–	**(500 000)**	(778 770)	**(278 770)**	3
Bank charges	(10 000)	–	**(10 000)**	(2 820)	**7 180**	
Consulting and professional fees	(80 000)	–	**(80 000)**	(75 303)	**4 697**	4
Traveling expenses	(1 000 000)	–	**(1 000 000)**	(180 009)	**819 991**	5
Venue Hire	(500 000)	–	**(500 000)**	–	**500 000**	6
Transformation programmes	–	–	**–**	–	**–**	
Consumer awareness	(500 000)	–	**(500 000)**	–	**500 000**	7
Fidelity Fund Certificates (FFCs) for candidate property practitioners (CPPs)	(1 779 492)	–	**(1 779 492)**	(138 474)	**1 641 018**	8
Principalisation - Candidacy Programme	(2 250 000)	–	**(2 250 000)**	–	**2 250 000**	9
Work Readiness - One Learner – One Property Practitioner Youth Programme	(7 780 000)	–	**(7 780 000)**	(3 603 927)	**4 176 073**	10
Mentorship fees - Host employers	(1 200 000)	–	**(1 200 000)**	(129 729)	**1 070 271**	11
SMME - Incubation Programme	(7 500 000)	–	**(7 500 000)**	(2 654 075)	**4 845 925**	12
Total expenditure	**(23 099492)**	**–**	**(23 099492)**	**(7 563 107)**	**15 536 385**	
Surplus (Deficit) for the period	**113 836**	**–**	**113 836**	**(958 058)**	**(1 071 894)**	
Actual amount on comparable basis as presented in the budget and actual comparative statement	**113 836**	**–**	**113 836**	**(958 058)**	**(1 071 894)**	

NOTES

Note 1: Grant Income - Grants from Services SETA

The PSTF submits invoices to SSETA on a quarterly basis for the One Learner Project. The overestimation of the budget was based on 345 learners, as per the previous programmes that were approved and implemented in the previous financial year. However, only eighty-nine (89) learners were approved for funding by Services SETA in this financial period. Additionally, the decline is also due to the number of learners who never commenced on the programme i.e. dropped out at the point of commencement year. Initially, eighty-nine (89) learners were approved. However, twenty-one (21) never commenced and a further twelve (12) learners dropped out during the course of the financial year.

Note 2: Grant Income - Grants from the PPFF

The total grant received from PPFF for the 2024/2025 financial year was R 5 375 000, which was recognised as unconditional grant. Revenue related to grants is recognised when the qualifying expenditure has been incurred and all other applicable conditions have been met. Total expenses to date amount to R 2 654 075, which was recognised as revenue, as the qualifying expenses met the conditions of the grant. The remaining balance of the grant, amounting to R 2 720 925, is recognised as unspent grant on the balance sheet.

Note 3: Auditors' remuneration

The budget for audit expenses was underestimated for 2024/2025, with actual expenses exceeding the budget by R 278 770.

Note 4: Consulting and professional fees

Consulting fees are paid monthly to cover the administration costs of stipends for the One Learner Programme. The variance is due to the consultants contracted charging less than what was budgeted due to the reduced number of programme participants.

Note 5: Travelling expenses

Due to restricted financial resources, the traveling expenses incurred during the year 2024/25 have been significantly reduced compared the prior years. Hence, the decline in the recruitment of learners for one learner, one property practitioner programs. The funding provided by Service Seta has only covered three provinces, as opposed to the usual coverage of nine provinces.

Note 6: Venue Hire

The venue hire budget was intended to cover the expenses of

relating to the hosting of the graduation for the One Learner Programme. The venue hire for the 2024/2025 graduations was sponsored by Virtual Agents and the gowns were sponsored by Services SETA, resulting in a cost saving for the entity.

Note 7: Consumer awareness

The cost saving is due to the sharing of expenses between the PPRA's Marketing Department and the PPFF's Stakeholder Department.

Note 8: Fidelity Fund Certificates (FFCs) for candidate property practitioners (CPPs)

Due to the decline number of onboarded candidacy property practitioners, has subsequently impacted the number of the issued FFC's to a significant extent. The overestimation of the budget was based on 841 learners, as per the previous programmes that were approved and implemented in the previous financial year. Additionally, the collaboration with KZN-EDTEA was initially for 700 learners, but 658 are registered for FFCs R 138 474 (NC and FS) and R 723 142,00 (KZN-EDTEA).

Note 9: Principalisation - Candidacy Programme

No costs were incurred for the 2024/2025. The terms of the contract are yet to be finalised between Services SETA and PPRA.

Note 10: Work Readiness - One Learner – One Property Practitioner Youth Programme

There was a decrease in onboarded one learner one property practitioner that is attributed to the fact that some learners opted to drop out during the course of the year, hence the setback on the work readiness

The PSTF submits invoices to SSETA on a monthly quarterly basis for the One Learner Project. The overestimation of the budget was based on 345 learners, expectation that more learners would be onboarded for the project as per the previous programmes that were approved and implemented in the previous financial year. However, only eighty-nine (89) learners were approved for funding by Services SETA in this financial period.

Additionally, the decline is also due to the number of learners who never commenced on the programme i.e. dropped out at the point of commencement year. Initially, eighty-nine (89) learners were approved. However, twenty-one (21) never commenced and a further twelve (12) learners dropped out during the course of the financial year.

Note 11: Mentorship fees - Host employers

Mentorships fees are paid to the principal property practitioners that volunteer to host learners under the One Learner - One Property Practioners Youth Programme. This is meant to incentivise the host employers to transfer skills to the learners whilst the learners acquire their real estate qualifications. There were fewer intiatives driven in the current versus what was intially budgeted for.

Note 12: SMME - Incubation Programme

The total grant received from PPFF for the 2024/2025 financial year was R 5 375 000, which was recognised as unconditional grant. Revenue related to grants is recognised when the qualifying expenditure has been incurred and all other applicable conditions have been met. Total expenses to date amount to R 2 654 075, which was recognised as revenue, as the qualifying expenses met the conditions of the grant. The remaining balance of the grant, amounting to R 2 720 925, is recognised as unspent grant on the balance sheet.

ACCOUNTING POLICIES

1. Significant account policies

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 Basis of preparations

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.

1.2 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the entity.

1.3 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.

1.4 Materiality

Omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

1.5 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.

1.5 Financial instruments (continued)

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's Statement of Financial Position.

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

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

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses.

The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments). Fair-value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

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

A financial 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.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

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

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.

1.5 Financial instruments (continued)

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.

Classification

The PSTF has the following types of financial assets (classes and category) as reflected on the face of the Statement of Financial Position or in the notes thereto:

Class	Category
Cash and cash equivalents	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost

The PSTF 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

Classification depends on the purpose for which the financial insturments were obtained/incurred and takes place at initial recognition.

Classification is re-assessed on an annual basis.

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.

Initial recognition

The PSTF recognises a financial asset or a financial liability in its Statement of Financial Position when the PSTF becomes a party to the contractual provisions of the instrument.

The PSTF recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The PSTF 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.

Subsequent measurement of financial assets and financial liabilities

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

- Financial instruments at amortised cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

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.

1.5 Financial instruments (continued)

Reclassification

The PSTF 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.

Gains and Loses

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.

Impairment and uncollectibility of financial assets

The PSTF assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

The PSTF first assesses whether objective evidence of impairment exists individually for financial assets.

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.

Financial assets measured at amortised cost

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. 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.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Derecognition

Financial assets

The PSTF derecognises financial assets using trade date accounting.

The PSTF derecognises a financial asset only when:
- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the PSTF transfers to another party substantially all of the risks and rewards of ownership of the financial asset; *or*
- the PSTF, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset 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 PSTF:
  - derecognise the asset; *and*
  - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative Fair-values at the transfer date. Newly created rights and obligations are measured at their Fair-values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

1.5 Financial instruments (continued)

If the PSTF transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognises either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its Fair-value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at Fair-value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative Fair-values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the PSTF has retained substantially all the risks and rewards of ownership of the transferred asset, the PSTF continues to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the PSTF recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial liabilities

The PSTF removes a financial liability (or a part of a financial liability) from its Statement of Financial Position when it is extinguished – i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Impairment losses a financial instrument are recognised in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

1.5 Financial instruments (continued)

A financial asset and a financial liability are only offset and the net amount presented in the Statement of Financial Position when the PSTF currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash with the banks and demand deposits. Cash equivalents are shortterm 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.

Inter-company loans

The inter-company loans represent costs paid by the Authority on behalf of the PSTF. 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 Authority and PPFF pays some of the expenses on behalf of the PSTF and claim them from the PSTF.

All these transactions are recorded in separate specific loan accounts in the accounting records for monitoring and controlling purposes. These accounts are consolidated and reported in one loan account in the financial statements. The inter-company loans are presented on a net basis in the annual financial statement when, in doing so, it reflects an entity's expected future cash flows from settling two or more separate financial instruments. When an entity has the right to receive or pay a single net amount and intends to do so, it has, in effect, only a single financial asset or financial liability.

Payment terms and interest

There are no specific repayments terms on the loans and payable and is all interest free.

1.6 Tax

The Property Practitioners Regulatory Authority is a Schedule 3, Part A Public Entity and therefore, the Authority and its controlled entities are exempt from VAT and Income tax.

1.7 Revenue from non-exchange transactions

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

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

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

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

1.7 Revenue from non-exchange transactions (continued)

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting entity.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation. Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

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

As the PSTF 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 PSTF.

When, as a result of a non-exchange transaction, the PSTF 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.

Grants

Grants are recognised as revenue when:
- it is probable that the economic benefits or service potential associated with the transaction will flow to the PSTF;
- 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 PSTF 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.

1.7 Revenue from non-exchange transactions (continued)

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 PSTF. 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 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.

Revenue in respect of conditional grants is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

1.8 Budget information

The PSTF is 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 PSTF 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 financial period from 2024/04/01 to 2025/03/31.

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.

1.9 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 transaction 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 those family members who may be expected to influence, or be influenced by that person in their dealings with the entity.

The PSTF 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 PSTF 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.

1.9 Related parties (continued)

Where the PSTF is exempt from the disclosures in accordance with the above, the PSTF 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.

1.10 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 PSTF adjusts the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The PSTF discloses 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.

1.11 Receivables from non-exchange transactions

Receivables from non-exchange transactions are measured at initial recognition at the amount of the revenue recognised, which is the Fair-value of the transaction, subsequently stated at transaction amount, less provision for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Allowance for credit losses cover all accounts that are outstanding for a period of 120 days and more. The allowance recognised is measured as the difference between the estimated future cash flows and the carrying amount.

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-recoverable, 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.

2. New standards and interpretations

2.1 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 2025 or later periods:

Guideline: Guideline on the Application of Materiality to Financial Statements

The objective of this guideline: The objective of this Guideline is to provide guidance that will assist entities to apply the concept of materiality when preparing financial statements in accordance with Standards of GRAP. The Guideline aims to assist entities in achieving the overall financial reporting objective. The Guideline outlines a process that may be considered by entities when applying materiality to the preparation of financial statements. The process was developed based on concepts outlined in Discussion Paper 9 on Materiality – Reducing Complexity and Improving Reporting, while also clarifying existing principles from the Conceptual Framework for General Purpose Financial Reporting and other relevant Standards of GRAP. The Guideline includes examples and case studies to illustrate how an entity may apply the principles in the Guideline, based on specific facts presented.

It covers:

Definition and characteristics of materiality, Role of materiality in the financial statements, Identifying the users of financial statements and their information needs, Assessing whether information is material, Applying materiality in preparing the financial statements, and Appendixes with References to the Conceptual Framework for General Purpose Financial Reporting and the Standards of GRAP & References to pronouncements used in the Guideline.

2. New standards and interpretations (continued)

The guideline is encouraged to be used by entities.

The PSTF expects to adopt the guideline for the first time when the Minister sets the effective date for the guideline.

It is unlikely that the standard will have a material impact on the PSTF's annual financial statements.

GRAP 104 – (as revised): Financial Instruments

Following the global financial crisis, a number of concerns were raised about the accounting for financial instruments. This included that (a) information on credit losses and defaults on financial assets was received too late to enable proper decision making, (b) using Fair-value in certain instances was inappropriate, and (c) some of the existing accounting requirements were seen as too rules based. As a result, the International Accounting Standards Board® amended its existing Standards to deal with these issues. The IASB issued IFRS® Standard on Financial Instruments (IFRS 9) in 2009 to address many of the concerns raised. Revisions were also made to IAS® on Financial Instruments: Presentation and the IFRS Standard® on Financial Instruments: Disclosures. The IPSASB issued revised International Public Sector Accounting Standards in June 2018 so as to align them with the equivalent IFRS Standards.

The revisions better align the Standards of GRAP with recent international developments. The amendments result in better information available to make decisions about financial assets and their recoverability, and more transparent information on financial liabilities.

The most significant changes to the Standard affect:

- Financial guarantee contracts issued
- Loan commitments issued
- Classification of financial assets
- Amortised cost of financial assets
- Impairment of financial assets
- Disclosures

The effective date of the revisions is for years beginning on or after 01 April 2025.

The PSTF expects to adopt the revisions for the first time on 01 April 2025.

The impact of this standard is currently being assessed.

GRAP 2023 – Improvements to the Standards of GRAP 2023

The Board undertakes periodic revisions of the Standards of GRAP in line with best practice internationally among standard setters. The Improvements to the Standards of GRAP include changes resulting from amendments to the International Public Sector Accounting Standards and the International Financial Reporting Standards, as well as general improvements identified through consultation with stakeholders. The Improvements to the Standards of GRAP (2023) was approved by the Board and issued in November 2023.

GRAP 1 – Presentation of Financial Statements

- Narrow scope amendments to the IAS Standard on Presentation of Financial Statements (IAS 1) Feb 2021;
- Disclosure of Accounting Policies: Changes from "significant accounting policies" to "material accounting policies" because the Standards of GRAP do not define the term "significant";
- General Improvements:
  - Provide clarity to the terms "publicly available" and "publicly accountable"; *and*
  - Remove encouraged disclosures with limited information value.

2. *New standards and interpretations (continued)*

GRAP 2 – Cash Flow Statements

- General Improvements:
  - Amend disclosures to read as "useful additional information that may be disclosed" as opposed to "encouraged disclosures".

GRAP 3 – Accounting Policies, Changes in Accounting Estimates and Errors Narrow scope amendments to IAS 8 Feb 2021

- Change in the definition of an accounting estimate because the previous definition was not sufficiently clear;
- General Improvements:
  - Clarify that the requirements only apply to Standards of GRAP that are not yet effective for which the Minister of Finance has already determined an effective date.

GRAP 5 – Borrowing Costs

- Amendments to the IPSAS on Borrowing Costs (IPSAS 5) – Non-authoritative Guidance 2021; *and*
- Add the Illustrative Examples in IPSAS 5 to GRAP 5.

GRAP 13 – Leases General Improvements

- Remove encouraged disclosures with limited information value.

GRAP 17 – Property, Plant and Equipment Improvements to IPSAS 2021

- Amendments are made to prohibit proceeds from selling items produced before that asset is available, to be deducted from the cost of property, plant and equipment.

GRAP 19 – Provisions, Contingent Liabilities and Contingent Assets

- General Improvements:
  - Remove encouraged disclosures with limited information value.

GRAP 20 – Related Party Disclosures

- General Improvements:
  - Update the definition of "significant influence" to align with the Standard of GRAP on Investments in Associates and Joint Ventures (GRAP 36).

GRAP 23 – Revenue from Non-exchange Transactions (Taxes and Transfers) General Improvements

- Remove encouraged disclosures with limited information value.

GRAP 24 – Presentation of Budget Information in Financial Statements

- Narrow scope amendments to the IAS Standard on Presentation of Financial Statements (IAS 1) Feb 2021;
- Disclosure of Accounting Policies: Changes from "significant accounting policies" to "material accounting policies" because the Standards of GRAP do not define the term "significant";
- General Improvements:
  - Provide clarity to the terms "publicly available" and "publicly accountable";
  - Simplify the disclosures on the presentation of a reconciliation to improve the quality of reporting, by not prescribing the line items to reconcile to; *and*
  - Re-instate the Illustrative Examples that were deleted when GRAP 24 became effective.

2. New standards and interpretations (continued)

GRAP 27 – Agriculture

- General Improvements:
  - Remove encouraged disclosures and repackage it as "useful information" in another section of the Standard.

GRAP 31 – Intangible Assets

- General Improvements:
  - Clarify when the Standard of GRAP on Service Concession Arrangements: Grantor (GRAP 32) is applicable;
  - Remove reference to fully depreciated assets; *and*
  - Remove encouraged disclosures with limited information value.

GRAP 104 – Financial Instruments

- Improvements to IPSAS 2021;
  - Interest Rate Benchmark Reform - Amendments to provide a practical expedient not to treat changes in contractual cash flows as a modification;
  - Amendments to clarify the fees that an entity includes when it applies the "10 percent" test to derecognise a financial liability;
- Narrow scope amendments to the IAS Standard on Presentation of Financial Statements (IAS 1) Feb 2021;
- Disclosure of Accounting Policies: Changes from "significant accounting policies" to "material accounting policies" because the Standards of GRAP do not define the term "significant";
- General Improvements:
  - Remove encouraged disclosures with limited information value.

iGRAP20 – Accounting for Adjustments to Revenue Narrow scope amendments to IAS 8 Feb 2021

- Change in the definition of an accounting estimate because the previous definition was not sufficiently clear.

Directive 12 – The Selection of an Appropriate Reporting Framework by Public Entities

- Narrow scope amendments to the IAS Standard on Presentation of Financial Statements (IAS 1) Feb 2021; *and*
- Disclosure of Accounting Policies:
  - Changes from "significant accounting policies" to "material accounting policies" because the Standards of GRAP do not define the term "significant".

Guideline on The Application of Materiality to Financial Statements

- Narrow scope amendments to the IAS Standard on Presentation of Financial Statements (IAS 1) Feb 2021;
- Disclosure of Accounting Policies:
  - Changes from "significant accounting policies" to "material accounting policies" because the Standards of GRAP do not define the term "significant";
- General Improvements:
  - Amendments resulting from the review of the Standard of GRAP on Cash Flow Statements (GRAP 2) and the Standard of GRAP on Presentation of Budget Information in Financial Statements (GRAP 24);

The effective date of these improvements have not yet been set;

The PSTF expects to adopt the standard for the first time when the Minister sets the effective date for the standard; *and*

It is unlikely that the standard will have a material impact on the PSTF's annual financial statements.

2. *New standards and interpretations (continued)*

GRAP 1 (amended): Presentation of Financial Statements (Going Concern)

The Board undertook a project in 2021 to consider the guidance and disclosure requirements on going concern in the relevant Standards of GRAP. As an outcome of this project, the Board agreed to include additional guidance and disclosures on going concern in this Standard. Consequential amendments are also made to the Standard of GRAP on Events After the Reporting Date.

Applicability of going concern in the public sector

An entity prepares its financial statements on a going concern basis unless there is an intention to liquidate the entity, to cease operating, or if there is no realistic alternative but to do so. A liquidation or cessation of an entity's operations will result in the termination of all its functions.

In South Africa, specific legislative requirements need to be followed before a decision is taken to liquidate a public sector entity, to cease or scale back its operations, to transfer some or all of its functions to another entity, or to merge one or more entities. The "intention" to liquidate an entity, to cease or scale back its operations, to transfer some or all of its functions to another entity, or to merge one or more entities needs to be established. This intention can be reflected in a number of ways and may encompass legislation passed in Parliament or a provincial legislature, cabinet decision, ministerial order, a decision made by a municipal council, board, council or equivalent, a regulation or a notice, or other official means.

The liquidation or cessation of a public sector entity's operations is rare, and only in the case of dissolution without any continuation of the entity's operations will the going concern basis cease to apply. When all, or some of the functions of an entity are transferred to another entity, or when a decision is taken to merge one or more entities, the application of the going concern basis remains appropriate. This is because the entity's functions will continue to be provided in a modified form, even though they are executed by another entity.

The Board agreed to include explanatory guidance in this Standard on the application of the going concern assumption by public sector entities.

Where some of an entity's functions are transferred in a transfer of functions, and the remaining functions are discontinued, there are two separate transactions. The Board concluded that management should assess these transactions separately based on the functions transferred, those to be discontinued (if any), and those that may be retained and continued (if any), to determine if preparing the entity's financial statements on a going concern basis remains appropriate.

Disclosure on going concern

The Board's project highlighted a need for specific disclosures on going concern, material uncertainties relating to going concern, and actions taken by management to mitigate these uncertainties. Consideration was also given to the practices,guidance and requirements in other countries and/or from other standard-setting bodies on these matters. To address the diversity in the information disclosed on going concern, the Board agreed to expand the disclosure requirements in thisStandard to ensure that consistent disclosures are provided.

The effective date of these revisions have not yet been set.

The PSTF expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the PSTF's annual financial statements.

Figures in Rand	2025	2024

3. Receivables from exchange transactions

Sundry debtors	6 143	8 499

Other non-financial asset receivables included in receivables from exchange transactions above are as follows:

Staff debtors	6 143	8 499
Financial asset receivables included in receivables from exchange transactions above	–	–
Total receivables from exchange transactions	**6 143**	**8 499**

4. Receivables from non-exchange transactions

Services SETA	1 482 088	1 858 543

Other non-financial asset receivables included in receivables from non-exchange transactions above are as follows:

Grants receivable: Services SETA	1 482 088	1 858 543
Total receivables from non-exchange transactions	**1 482 088**	**1 858 543**

5. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	4 152 291	86 017

Cash and cash equivalents pledged as collateral

The PSTF did not pledge any cash and cash equivalents as collateral during the year.

Credit rating (Moody's National)

ABSA Bank (Aa1,za)	4 152 291	86 017

Figures in Rand	2025	2024
6. Inter-company loans and receivables		
Property Practitioners Regulatory Authority [1]	(5 920 465)	(4 114 416)
Property Practitioners Fidelity Fund [2]	(503 152)	(503 152)
	(6 423 617)	**(4 617 568)**
Inter-company loans comprises of the following:		
Expenses paid by Authority	(5 920 465)	(4 114 416)
Amount owed by the PPFF	(503 152)	(503 152)
	(6 423 617)	**(4 617 568)**

[1] The intercompany loans represent costs paid by the Authority on behalf of the PSTF. There is no direct or indirect service rendered between these entities for these loans. The loans are interest free, unsecured and has no fixed payment terms.

[2] This represents amounts owed to the PPFF for expenses paid by the PPFF on behalf of the PSTF. The amount is interest free, unsecured, and has no fixed payment terms. There is no direct or indirect service rendered between these entities for this loan.

7. Payables from exchange transactions

	2025	2024
Accrued expenses	202 611	84 064

This relates to supplier invoices which have not yet been paid at the end of the year.

8. Unspent grants

	2025	2024
Property Practitioners Fidelity Fund	2 720 925	–
Movement during the year		
Additions during the year	5 375 000	–
Income recognition during the year	(2 654 075)	–
	2 720 925	–

9. Other income

	2025	2024
Sundry income	3 940	2 000

Figures in Rand	2025	2024
10. Grants revenue		
Operating grants		
Services SETA	3 947 034	5 398 994
Property Practitioners Fidelity Fund	2 654 075	–
	6 601 109	**5 398 994**
Conditional and Unconditional		
Included in above are the following grants and subsidies received:		
Conditional grants received	3 947 034	5 398 994
Unconditional grants received	2 654 075	–
	6 601 109	**5 398 994**
Services SETA		
Balance unspent at beginning of year	(1 858 543)	396 547
Current-year receipts	4 323 489	3 143 904
Conditions met - transferred to revenue	(3 947 034)	(5 398 994)
	(1 482 088)	**(1 858 543)**

The Services SETA funds the One Learner Project. The PSTF submits claims invoices on a quarterly basis then the services SETA pays after verification. Outstanding balance represents invoices not yet settled by Services SETA (Refer Note 4).

	2025	2024
Property Practitioners Fidelity Fund		
Current-year receipts	5 375 000	–
Conditions met - transferred to revenue	(2 654 075)	–
	2 720 925	–

The PPFF funds the SMME incubation programme and disburses funds upfront to the PSTF who only recognises revenue upon fulfilment of requirement conditions. An outstanding balance represents money received from the PPFF not yet spend by the PSTF on the SMME incubation programmes (Refer Note 8).

	2025	2024
11. Operating expenses		
Auditors remuneration	778 770	486 154
Bank charges	2 820	3 191
Consulting and professional fees	75 303	263 824
Host Employers Mentorship Fees	129 729	191 899
One Learner One Agency Stipend	3 267 052	5 370 906
One Learner FFCs issued	138 474	–
SMMEs grant expenses	2 654 075	422 260
Training provider for One Learner Programme	336 875	–
Traveling expenses	180 009	947 054
	7 563 107	**7 685 288**

Figures in Rand	2025	2024

12. Cash generated from (used in) operations

Deficit	(958 058)	(2 284 294)
Changes in working capital:		
Receivables from exchange transactions	2 356	(8 499)
Movement in Inter-company loans and receivables	1 806 049	3 356 523
Receivables from non-exchange transactions	376 456	(1 858 543)
Payables from exchange transactions	118 546	84 064
Unspent grants	2 720 925	(396 547)
	4 066 274	**(1 107 296)**

13. Financial instrument disclosure

Categories of financial instruments

2025

Financial assets	At amortised cost	Total
Cash and cash equivalents	**4 152 291**	**4 152 291**

Financial liabilities	At amortised cost	Total
Inter-company loans and payables	(6 423 617)	(6 423 617)
Payables from exchange transactions	(202 611)	(202 611)
	(6 626 228)	**(6 626 228)**

2024

Financial assets	At amortised cost	Total
Cash and cash equivalents	**86 017**	**86 017**

Financial liabilities	At amortised cost	Total
Inter-company loans and payables	(4 617 568)	(4 617 568)
Payables from exchange transactions	(84 064)	(84 064)
	(4 701 632)	**(4 701 632)**

14. Commitments

There were no commitments for the year ended 31 March 2025.

Figures in Rand	2025	2024

15. Related parties

Relationships

Board members	Refer to General information on page 251 of the Annual Financial Statements
Ultimate controlling entity	Department of Human Settlements
Controlling entity	The Property Practitioners Regulatory Authority (Authority)
Fellow subsidiaries	Property Sector Transformation Fund (PSTF)
Entities under common control of DHS	The Community Schemes Ombud Service The Housing Development Agency The National Housing Finance Corporation The National Home Builders Registration Council The Social Housing Regulatory Authority
Minister: DHS	T Simelane (from 03 December 2024) MN Kubayi (up to 03 December 2024)
Members of key management: DHS	All key members of management of DHS (No transactions occurred with these individuals)
Members of key management of the Authority	All key members of management of the Authority (No transactions occurred with these individuals)
National sphere of Government entities	The entity is related to all state organs under the national sphere of government.

Related party balances

	2025	2024
Loan accounts - Owing (to) by related parties		
Property Practitioners Regulatory Authority	(5 920 465)	(4 114 416)
Property Practitioners Fidelity Fund	(503 152)	(503 152)
	(6 423 617)	**(4 617 568)**

	2025	2024
The loan accounts owing (to) by related parties, comprises of the following:		
Expenses paid by the Authority [1]	(5 920 465)	(4 114 416)
Amount to the PPFF [2]	(503 152)	(503 152)
	(6 423 617)	**(4 617 568)**

[1] The intercompany loan represents costs paid by the Authority on behalf of the PSTF. There is no direct or indirect service rendered between these entities for this loan. The loan is interest free, unsecured and has no fixed payment terms.

[2] This represents amounts owed to the PPFF for expenses paid by the PPFF on behalf of the PSTF. The amount is interest free, unsecured, and has no fixed payment terms. There is no direct or indirect service rendered between these entities for this loan.

The Authority must utilise the PSTF in such a manner as may be prescribed, which may include the following transformation and empowerment programmes:

- Principalisation Programme, to promote Black-owned firms and principals;
- Regularisation Programme, to promote and encourage participation of the historically disadvantaged due to non-compliance.
- Consumer Awareness Programme, to promote awareness of property transactions and business undertaking; *and/or*
- Work Readiness Programme, to promote and enhance participation of the historically disadvantaged in the property sector.

Figures in Rand

15. Related parties (continued)

2025				
Other related party	Nature of outstanding balance	Outstanding balance	Impairment allowance	Net balance
Services SETA	Grant revenue	1 482 088	–	1 482 088

2024				
Other related party	Nature of outstanding balance	Outstanding balance	Impairment allowance	Net balance
Services SETA	Grant revenue	1 858 543	–	1 858 543

The PSTF received a conditional grant of R 4 323 489 during the year. At year end, an amount of R 1 482 088 was receivable from Services SETA.

No impairment was recognised on the outstanding balance as recoverability of the balance is guaranteed.

16. Risk management

Capital risk management

The PSTF's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for its ultimate controlling entity being the Authority and to enhance the retention on surpluses by constitutional institutions and public entities declared annually to the NT.

Financial risk management

The PSTF'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 PSTF did not pledge any of its financial assets as collateral for its financial liabilities. There were no encumbrances against any assets and none of the assets were ceded.

Liquidity risk

The PSTF's risk to liquidity is a result of the funds available to cover future commitments. The PSTF manages liquidity risk through an ongoing review of future commitments and credit facilities.

The PSTF did not pledge any of its financial assets as collateral for its financial liabilities. There were no encumbrances against any assets and none of the assets were ceded.

Ultimate responsibility for liquidity risk management rests with the management of PSTF, which has built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Cash flow forcasts are prepared and adequate utilisation of borrowing facilities are monitored.

The liquidity risk table on the following page shows the contractual maturity gap at period end.

Figures in Rand

16. Risk management (continued)

2025				
Liquidity risk as at 31 March	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
Cash and cash equivalents	4 152 291	–	–	–
Intercompany payables	(6 423 617)	–	–	–
Payables from exchange transactions	(202 611)	–	–	–

2024				
Liquidity risk as at 31 March	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
Cash and cash equivalents	86 017	–	–	–
Intercompany payables	(4 617 568)	–	–	–
Payables from exchange transactions	(84 064)	–	–	–

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The PSTF only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party. Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2025	2024
Cash and cash equivalents	4 152 291	86 017

Market risk

Interest rate risk

As the PSTF has no significant interest-bearing assets, the PSTF's income and operating cash flows are substantially independent of changes in market interest rates.

17. Going concern

We draw attention to the fact that at 31 March 2025, the PSTF had an accumulated deficit of R (3 706 631) and that the PSTF's total liabilities exceed its assets by R (3 706 631). The PSTF incurred a deficit of R (958 058) [2024: R (2 284 294)] and had a net cash inflow from operating activities of R 4 066 274 for the year ended 31 March 2025.

This indicates the existence of material uncertainty regarding going concern of the PSTF.

However, the PSTF received financial support (grants) from both the Services SETA of R 4 323 489 and the PPFF of R 5 375 000. These relationships are expected to continue in the foreseeable future with the PPFF having approved funding budget to the PSTF of R 7 500 000.

The PSTF is currently wholly dependent on Grant funding from the Services-SETA and the PPFF. The ability of the PSTF to continue as a going concern is dependent on a number of factors. The most significant of these is that it continues to procure funding for the ongoing operations for the PSTF and that the existing Grant funders continue to support it for the foreseeable future.

18. Events after the reporting date

There are no material events that occurred after reporting date.

Figures in Rand

19. Prior-year errors

The PSTF's annual financial statements have been prepared in accordance with GRAP Standard. The basis is consistent with the prior year except for restatements reflected below.

Services SETA Revenue and receivables

The PSTF identified errors relating to revenue recognised on the Services SETA grant. The first category related to revenue recognised that did not agree to the schedule of claims due from the Services SETA. The second one related to cases where the PSTF recognising expected receipts from Services SETA as revenue instead of only recognising the revenue when the PSTF has implemented the projects. The last error noted is where the SSETA revenue reductions were not considered to reduce revenue recognised. These resulted in overstating grant revenue and receivables. Corrections were done retrospectively in the current year and affected financial statement areas where restated in line with GRAP 3 requirements.

Error details	Receivables from non-exchange transactions	Revenue from non-exchange transactions	Accumulated Surplus
Debtors and revenue understated in 2023/24 financial year	743 134	(743 134)	–
Debtors and revenue overstated in 2023/2024 financial year	(62 031)	62 031	–
Revenue recognised in error	(2 922 068)	2 922 068	–
	(2 240 965)	**2 240 965**	–

PPFF grant revenue and related expenses

The PSTF identified and corrected errors relating to Grant revenue received from the PPFF. This was recognised as revenue before fulfilment of conditions required for revenue to be recognised. Further, the related grant expenses were also recognised before they were incurred. Corrections were done retrospectively in the current year and affected financial statement areas where restated in line with GRAP 3 requirements.

Error details	Revenue from non-exchange transactions	Operating expenses	Inter company loan receivables	Payables from exchange transactions	Accumulated Surplus
Grant revenue incorrectly recognised in 2023/24 financial year	5 375 000	–	(5 375 000)	–	–
Accruals raised in error in 2023/24 financial year	–	(5 375 000)	–	5 375 000	–
	5 375 000	**(5 375 000)**	**(5 375 000)**	**5 375 000**	**–**

Travelling expenses

There was a transaction related to travel expenditure that was expensed from the staff debtors general ledger of 2023/24 financial year in error. This resulted in overstatement of staff debtors and understatement of travel expenditure by R 8 991. This has been corrected retrospectively in accordance with GRAP 3 requirements.

Figures in Rand

19. Prior-year errors (continued)

Travelling expenses

There was a transaction related to travel expenditure that was expensed from the staff debtors general ledger of 2023/24 financial year in error. This resulted in overstatement of staff debtors and understatement of travel expenditure by R 8 991. This has been corrected retrospectively in accordance with GRAP3 requirements.

Error details	Operating expenses	Receivables from exchange transactions	Payables from exchange transactions
Staff debtors overstated in 2024	8 991	(8 991)	–

Presented below are the financial statements showing the effect of this error.

2024				
Statement of Financial Position	Note	As previously reported	Correction of error	Restated
Inter-company loans and receivables	6	4 871 848	(5 375 000)	(503 152)
Receivables from exchange transactions	3	17 491	(8 991)	8 500
Receivables from non-exchange transactions	4	4 099 508	(2 240 965)	1 858 543
Cash and cash equivalents	5	86 017	–	86 017
Inter-company loans and payables	6	(4 114 416)	–	(4 114 416)
Payables from exchange transactions	7	(5 459 066)	5 375 000	(84 066)
Accumulated surplus		498 618	2 249 956	2 748 574
		–	**–**	**–**

2024				
Statement of Financial Performance	Note	As previously reported	Correction of error	Restated
Other income	9	2 000	–	2 000
Grants revenue	10	13 014 959	(7 615 965)	5 398 994
Opereating expenses	11	(13 051 298)	5 366 009	(7 685 289)
Surplus for the year		**(34 339)**	**(2 249 956)**	**(2 284 295)**

20. Segment information

The PSTF does not have any reportable segments and therefore it is regarded as a one segment entity for GRAP 18 reporting purposes. The information ordinarily required for segment reporting purposes is already disclosed on the face of the Statement of Financial Position and the Statement of Financial Performance.

NOTES:

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