

**PROPERTY MANAGEMENT TRADING ENTITY  
ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2011**

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# PROPERTY MANAGEMENT TRADING ENTITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

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The annual financial statements set out on pages 2 to 22, which have been prepared on the going concern basis, were approved by the board on 30 June 2011 and were signed on \_\_\_\_\_ on its behalf by:

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**Director General**

**PROPERTY MANAGEMENT TRADING ENTITY**

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

**STATEMENT OF FINANCIAL POSITION**

		2011	2010	2009
	Notes	R '000	(Restated) R '000	(Restated) R '000
<b>ASSETS</b>				
CURRENT ASSETS				
Trade and other receivables	3	2 035 134	2 238 045	2 073 435
Cash and cash equivalents	4	2 158	8 997	6 567
		<b>2 037 292</b>	<b>2 247 042</b>	<b>2 080 002</b>
<b>ACCUMULATED FUNDS AND LIABILITIES</b>				
Accumulated loss		(404 674)	(363 339)	(188 470)
<b>LIABILITIES</b>				
CURRENT LIABILITIES				
Trade and other payables	5	1 187 203	934 936	722 197
Bank overdraft	4	1 254 763	1 675 445	1 546 275
		<b>2 441 966</b>	<b>2 610 381</b>	<b>2 268 472</b>
<b>Total Accumulated funds and Liabilities</b>		<b>2 037 292</b>	<b>2 247 042</b>	<b>2 080 002</b>

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**STATEMENT OF COMPREHENSIVE INCOME**

	<b>Note(s)</b>	<b>2011 R '000</b>	<b>2010 R '000</b>
<b>REVENUE</b>			
Revenue	8	4 755 326	3 799 249
<b>OTHER INCOME</b>			
Interest received	9	123 657	-
<b>OPERATING EXPENSES</b>			
Other operating expenses		(392 416)	(225 448)
Impairment reversal		76 192	-
Gardening services		(67 238)	(68 887)
Cleaning services		(129 312)	(72 217)
Property maintenance		(812 909)	(626 821)
Lease rentals on operating lease		(3 011 552)	(2 431 249)
Municipal rates and taxes		(583 083)	(549 496)
		<b>(4 920 318)</b>	<b>(3 974 118)</b>
<b>Loss for the year</b>		<b>(41 335)</b>	<b>(174 869)</b>
Other comprehensive income		-	-
<b>Total comprehensive loss</b>		<b>(41 335)</b>	<b>(174 869)</b>
<b>TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:</b>			
Government		(41 335)	(174 869)

## PROPERTY MANAGEMENT TRADING ENTITY

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### STATEMENT OF CHANGES IN EQUITY

	Accumulated loss R '000	Total equity R '000
Opening balance as previously reported	(167 603)	(167 603)
Adjustments		
Prior period adjustments	(20 867)	(20 867)
<b>Balance at 01 April 2009 as restated</b>	<b>(188 470)</b>	<b>(188 470)</b>
Changes in equity		
Total comprehensive loss for the year	(174 869)	(174 869)
Total changes	(174 869)	(174 869)
Opening balance as previously reported	(225 223)	(225 223)
Adjustments		
Prior period adjustments	(138 116)	(138 116)
<b>Balance at 01 April 2010 as restated</b>	<b>(363 339)</b>	<b>(363 339)</b>
Changes in equity		
Total comprehensive loss for the year	(41 335)	(41 335)
Total changes	(41 335)	(41 335)
<b>Balance at 31 March 2011</b>	<b>(404 674)</b>	<b>(404 674)</b>

Note

**PROPERTY MANAGEMENT TRADING ENTITY**

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

**STATEMENT OF CASH FLOWS**

		<b>2011</b>	<b>2010</b>
	<b>Notes</b>	<b>R '000</b>	<b>(Restated) R '000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts and government grants		2 961 249	3 795 405
Cash paid to suppliers and employees		(2 671 063)	(3 922 145)
Cash generated from operations	11	290 186	(126 740)
Interest income		123 657	-
<b>Net cash from operating activities</b>		<b>413 843</b>	<b>(126 740)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Movement in fruitless and wasteful expenditure awaiting condonement		-	7 952
Movement in analysis of awaiting condonement per economic classification		-	(7 952)
<b>Net cash from financing activities</b>		<b>-</b>	<b>-</b>
<b>Total cash movement for the year</b>		<b>413 843</b>	<b>(126 740)</b>
Cash at the beginning of the year		(1 666 448)	(1 539 708)
<b>Total cash at end of the year</b>	4	<b>(1 252 605)</b>	<b>(1 666 448)</b>

# **PROPERTY MANAGEMENT TRADING ENTITY**

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

## **ACCOUNTING POLICIES**

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### **1. BASIS OF PREPARATION**

The annual financial statements have been prepared on the going concern basis utilising the historical cost concept. The annual financial statements have been prepared in accordance with the South African Statements of Generally Accepted Accounting Practice and in the manner required by the Public Finance Management Act, 1 of 1999, and the Division of Revenue Act, Act 2 of 2006.

#### **1.1 TRADE RECEIVABLES**

Trade and other receivables are initially recognised at fair value and subsequently at amortised cost. The carrying amount of trade receivables is net of the provision for impairment. The provision for impairment on receivables is calculated based on available information which indicate that the amount receivable are impaired, e.g. liquidation of the debtor. In addition, the amounts outstanding for longer than 3 years and longer are considered to be impaired and the whole amount greater than 3 years is considered as the provision.

Receivables are assessed for impairment at each balance sheet date.

#### **1.2 TRADE AND OTHER PAYABLES**

Trade and other payables are initially recorded at fair value and then subsequently recorded at amortised cost.

#### **1.3 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents are carried at fair value. For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand, and deposits held on call with banks and investments in money market instruments, net of bank overdrafts. Amounts held with Property Management Trading Entity bankers in favour of its service providers are also included in cash and cash equivalent.

#### **1.4 REVENUE RECOGNITION**

Revenue represents the gross inflow of economic benefits during the period arising in the course of the ordinary activities when those inflows result in increase in equity/reserves. The following specific recognition criteria must also be met before revenue is recognised:

##### **Management fees**

Management fees are earned from the administrative services rendered on behalf client departments. The services entail the payment of municipal charges on behalf of client department. A management fee of 5% is computed on the municipal charge paid on behalf of client department. The management fee is recognised on payment of the municipal charges on behalf of client departments.

##### **Government grant**

Government grant is recognised at fair value when there is reasonable assurance that the PMTE will comply with the conditions attached to the grants will be received. The Grant is income received from DPW to Enable PMTE to deliver its mandate of property management.

##### **Rental income**

Rental income is collected on both government owned buildings rented to client departments and privately owned buildings rented on behalf of government departments from private landlords. Rental income is recognized when PMTE becomes entitled to the income in terms of the lease entered into between PMTE and the respective government departments.

#### **1.5 OPERATING LEASES**

Lease where significant portion of the risk and rewards are retained by the lessor are classified as operating lease. Payments made under operating lease are charged to the income statement on a straight line basis over the period of the lease.

# **PROPERTY MANAGEMENT TRADING ENTITY**

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

## **ACCOUNTING POLICIES**

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### **1.6 IRREGULAR , FRUITLESS AND WASTEFUL EXPENDITURE**

Irregular expenditure is disclosed as expenditure in the statement of comprehensive income. If the expenditure is not condoned by the relevant authority it is treated as an asset until it is recovered or written off as irrecoverable.

### **1.7 CONTINGENT LIABILITIES**

Contingent liabilities are disclosed in the financial statements when it is possible that economic benefits will flow from the department, or when an outflow of economic benefits or service potential is probable but cannot be measured reliably.

### **1.8 CONTINGENT ASSETS**

Contingent assets are disclosed in the financial statements when it is possible that an inflow of economic benefits will flow to the entity.

### **1.9 COMMITMENTS**

Commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of comprehensive income but are included in the financial statements as further disclosure.

### **1.10 COMPARATIVE FIGURES**

Comparative figures have been adjusted to conform to changes in presentation and classification in the current year. Comparatives were also adjusted as a result of the change from modified cash basis of accounting to use of the South African Statements of Generally Accepted Accounting Practice. The impact of the change is disclosed in note 10 below.

### **1.11 FUNCTIONAL CURRENCY**

The entity uses South African Rand as its functional currency.

#### **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss.

### **1.12 FINANCE COST**

Finance cost comprises interest payable on borrowings and interest resulting from the unwinding of discount on liabilities. Borrowing costs which are not capitalised are recognised in profit or loss using the effective interest method.

### **1.13 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the entity's accounting policies, which are described in note 1, management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and the associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.



# PROPERTY MANAGEMENT TRADING ENTITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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### 2. NEW STANDARDS AND INTERPRETATIONS

#### 2.1 STANDARDS AND INTERPRETATIONS EFFECTIVE AND ADOPTED IN THE CURRENT YEAR

In the current year, the entity has adopted for the first time the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

##### **2009 Annual Improvements Project: Amendments to IAS 17 Leases**

The amendment removes the guidance that leases of land, where title does not transfer, are operating leases. The amendment therefore requires that lease classification for land be assessed in the same manner as for all leases. The amendment is to be applied retrospectively, unless the information is not available. In these cases, existing leases shall be reconsidered based on facts and circumstances existing at the date of adoption of the amendment. The lease asset and lease liability shall, in these cases be recognised at their fair values on that date, with any difference in those fair values recognised in retained earnings.

The effective date of the amendment is for years beginning on or after 01 January 2010.

The impact of the amendment is not material.

##### **2009 Annual Improvements Project: Amendments to IAS 18 Revenue**

The amendment provides additional guidance in the determination of whether an entity is acting as an agent or principal in a revenue transaction.

The effective date of the amendment is for years beginning on or after 01 June 2009.

The adoption of this amendment has not had a material impact on the results of the entity, but has resulted in more disclosure than would have previously been provided in the annual financial statements.

##### **2009 Annual Improvements Project: Amendments to AC142 Non-current Assets Held for Sale and Discontinued Operations**

The amendment specifies that disclosures of other Standards do not apply to non-current assets (or disposal groups) held for sale or discontinued operations, unless specifically required by other Standards or for measurement disclosures of assets and liabilities in a disposal group which are outside the measurement requirements of AC142 Non-current Assets Held for Sale and Discontinued Operations.

The effective date of the amendment is for years beginning on or after 01 January 2010.

The impact of the amendment is not material.

##### **2009 Annual Improvements Project: Amendments to AC101 Presentation of Financial Statements**

The amendment clarifies that a liability which could, at the option of the counterparty, result in its settlement by the issue of equity instruments, does not affect its classification as current or non-current.

The effective date of the amendment is for years beginning on or after 01 January 2010.

The impact of the amendment is not material.

##### **2009 Annual Improvements Project: Amendments to AC118 Statement of Cash Flows**

The amendment provides that expenditure may only be classified as 'cash flows from investing activities' if it resulted in the recognition of an asset on the statement of financial position.

The effective date of the amendment is for years beginning on or after 01 January 2010.

The impact of the amendment is not material.

# PROPERTY MANAGEMENT TRADING ENTITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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### 2. NEW STANDARDS AND INTERPRETATIONS (continued)

#### 2009 Annual Improvements Project: Amendments to AC111

The amendment provides additional guidance in the determination of whether an entity is acting as an agent or principal in a revenue transaction.

The effective date of the amendment is for years beginning on or after 01 July 2009.

The adoption of this amendment has not had a material impact on the results of the entity, but has resulted in more disclosure than would have previously been provided in the annual financial statements.

#### AC139 Share-based payment (amended)

AC132 provides that an entity receiving goods or services in a share-based payment transaction that is settled by any other entity in the entity or any shareholder of such an entity in cash or other assets is now required to recognise the goods or services received in its financial statements.

The effective date of the amendment is for years beginning on or after 01 January 2010.

The impact of the amendment is not material.

### 2.2 STANDARDS AND INTERPRETATIONS EARLY ADOPTED

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

### 2.3 STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

The entity has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2011 or later periods:

#### IFRS 9 Financial Instruments

This new standard is the first phase of a three phase project to replace IAS 39 Financial Instruments: Recognition and Measurement. Phase one deals with the classification and measurement of financial assets. The following are changes from the classification and measurement rules of IAS 39:

- Financial assets will be categorised as those subsequently measured at fair value or at amortised cost.
- Financial assets at amortised cost are those financial assets where the business model for managing the assets is to hold the assets to collect contractual cash flows (where the contractual cash flows represent payments of principal and interest only). All other financial assets are to be subsequently measured at fair value.
- Under certain circumstances, financial assets may be designated as at fair value
- For hybrid contracts, where the host contract is within the scope of IFRS 9, then the whole instrument is classified in accordance with IFRS 9, without separation of the embedded derivative. In other circumstances, the provisions of IAS 39 still apply.
- Voluntary reclassification of financial assets is prohibited. Financial assets shall be reclassified if the entity changes its business model for the management of financial assets. In such circumstances, reclassification takes place prospectively from the beginning of the first reporting period after the date of change of the business model.
- Investments in equity instruments may be measured at fair value through profit or loss. When such an election is made, it may not subsequently be revoked, and gains or losses accumulated in equity are not recycled to profit or loss on derecognition of the investment. The election may be made per individual investment.
- IFRS 9 does not allow for investments in equity instruments to be measured at cost under any circumstances.

The effective date of the standard is for years beginning on or after 01 January 2013.

The entity expects to adopt the standard for the first time in the 2014 annual financial statements.

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

#### IAS 24 Related Party Disclosures (Revised)

The revisions to IAS 24 include a clarification of the definition of a related party as well as providing a partial exemption for related party disclosures between government-related entities.

## PROPERTY MANAGEMENT TRADING ENTITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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#### 2. NEW STANDARDS AND INTERPRETATIONS (continued)

In terms of the definition, the revision clarifies that joint ventures or associates of the same third party are related parties of each other. To this end, an associate includes its subsidiaries and a joint venture includes its subsidiaries.

The partial exemption applies to related party transactions and outstanding balances with a government which controls, jointly controls or significantly influences the reporting entity as well as to transactions or outstanding balances with another entity which is controlled, jointly controlled or significantly influenced by the same government. In such circumstances, the entity is exempt from the disclosure requirements of paragraph 18 of IAS 24 and is required only to disclose:

- The name of the government and nature of the relationship
- Information about the nature and amount of each individually significant transaction and a quantitative or qualitative indication of the extent of collectively significant transactions. Such information is required in sufficient detail to allow users to understand the effect.

The effective date of the amendment is for years beginning on or after 01 January 2011.

The entity expects to adopt the amendment for the first time in the 2012 annual financial statements.

The impact of this amendment is currently being assessed.

#### 2010 Annual Improvements Project: Amendments to IFRS 7 Financial Instruments: Disclosures

Additional clarification is provided on the requirements for risk disclosures.

The effective date of the amendment is for years beginning on or after 01 January 2011.

The entity expects to adopt the amendment for the first time in the 2012 annual financial statements.

The adoption of this amendment is not expected to impact on the results of the entity, but may result in more disclosure than is currently provided in the annual financial statements.

#### 2010 Annual Improvements Project: Amendments to IAS 1 Presentation of Financial Statements

The amendment now requires that an entity must present, either in the statement of changes in equity or in the notes, an analysis of comprehensive income by item.

The effective date of the amendment is for years beginning on or after 01 January 2011.

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

#### 2.4 STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE OR RELEVANT

The following standards and interpretations have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2011 or later periods but are not relevant to its operations:

First time adopters of IFRS may measure exploration and evaluation assets and assets in the development or production phase (for oil and gas properties) at the amount determined in accordance with their previous GAAP at date of transition. However, these assets should be tested for impairment in accordance with IAS 36 (AC 128) Impairment of Assets at the date of transition to IFRS and, if necessary, reduced. If the exemption for oil and gas assets is applied, then any decommissioning, restoration and similar liabilities at the date of transition shall be determined in accordance with IAS 37 (AC 130) Provisions, Contingent Liabilities and Contingent Assets. The difference between that amount and the amount recognised under previous GAAP shall be recognised directly in retained earnings.

Another exemption provides for first-time adopters who made the same determination of whether an arrangement contains a lease in accordance with previous GAAP as required by IFRIC 4 (AC 437) Determining Whether an Arrangement Contains a Lease, but at a date other than that required by IFRIC 4, the first time adopter need not reassess that determination when it adopts IFRS.

The effective date of the amendment is for years beginning on or after 01 January 2010.

The company does not envisage the adoption of the standard until such time as it becomes applicable to the company's operations.

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

## **PROPERTY MANAGEMENT TRADING ENTITY**

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

### **NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

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#### **2. NEW STANDARDS AND INTERPRETATIONS (continued)**

##### **IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments**

The effective date of the amendment is for years beginning on or after 01 July 2010.

##### **2010 Annual Improvements Project: Amendments to IFRS 1 First-time Adoption of International Financial reporting Standards**

The effective date of the amendment is for years beginning on or after 01 January 2011.

##### **2010 Annual Improvements Project: Amendments to IFRS 3 Business Combinations**

The effective date of the amendment is for years beginning on or after 01 July 2010.

##### **2010 Annual Improvements Project: Amendments to IAS 21 The Effects of Changes in Foreign Exchange rates**

The effective date of the amendment is for years beginning on or after 01 July 2010.

##### **2010 Annual Improvements Project: Amendments to IAS 28 Investments in Associates**

The effective date of the amendment is for years beginning on or after 01 July 2010.

##### **2010 Annual Improvements Project: Amendments to IAS 31 Interests in Joint Ventures**

The effective date of the amendment is for years beginning on or after 01 July 2010.

##### **2010 Annual Improvements Project: Amendments to IAS 34 Interim Financial Reporting**

The effective date of the amendment is for years beginning on or after 01 January 2011.

##### **2010 Annual Improvements Project: Amendments to IFRIC 13 Customer Loyalty Programmes**

The effective date of the amendment is for years beginning on or after 01 January 2011.

##### **Improvements to IFRIC 14 – IFRS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction**

The effective date of the amendment is for years beginning on or after 01 January 2011.

##### **Amendment to IFRS 1 (AC138) Limited Exemption from Comparative IFRS 7 Disclosures for First-Time Adopters**

The amendment allows first time adopters to apply the transitional provisions of IFRS 7 (AC144). The exemption is only allowed for annual financial statements where the earliest comparative is before years ending on 31 December 2009.

The effective date of the amendment is for years beginning on or after 01 July 2010.

The entity does not envisage the adoption of the amendments until such time as it becomes applicable to the entity's operations.

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

# PROPERTY MANAGEMENT TRADING ENTITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2011 R '000	2010 R '000	2009 R '000
<b>3. TRADE AND OTHER RECEIVABLES</b>			
Claims recoverable	113 515	68	68
Claims recoverable - PACE	216 595	742 696	733 642
Claims recoverable - CA	143 911	267 459	181 882
Disallowances	220 313	199 890	129 767
Debtor operating lease	443 059	119 224	180 338
Accommodation debtors - State owned	57 296	63 966	-
Accommodation debtors - Private leases	515 267	381 089	336 835
Debtors - Municipal services	539 070	756 019	638 859
Municipal deposits	6 404	4 122	2 515
Provision for impairment	(220 296)	(296 488)	(130 471)
	<b>2 035 134</b>	<b>2 238 045</b>	<b>2 073 435</b>

### Receivables ageing 2011

	Less than 1 year	1 to 3 years	Older than 3 years	Total
Claims recoverable	113 515	-	-	113 515
Claims recoverable - PACE	143 911	-	-	143 911
Claims recoverable - CA	216 595	-	-	216 595
Disallowances	18 183	190 497	11 633	220 313
Debtors operating lease	443 059	-	-	443 059
Accommodation debtors - State owned	31 627	11 907	13 762	57 296
Accommodation debtors - Private leases	221 955	241 101	52 211	515 267
Debtors - Municipal services	360 030	179 040	-	539 070
Municipal deposits	2 282	4 122	-	6 404
Provision for impairment	(18 166)	(148 279)	(53 851)	(220 296)
	<b>1 532 991</b>	<b>478 388</b>	<b>23 755</b>	<b>2 035 134</b>

### Receivables ageing 2010

	Less than 1 year	1 to 3 years	Older than 3 years	Total
Claims recoverable	-	68	-	68
Claims recoverable - PACE	742 696	-	-	742 696
Claims recoverable - CA	210 221	57 238	-	267 459
Disallowances	112 033	66 223	21 634	199 890
Debtors operating lease	119 224	-	-	119 224
Accommodation debtors - State owned	37 927	13 753	12 286	63 966
Accommodation debtors - Private leases	218 199	129 329	33 561	381 089
Debtors - Municipal services	346 246	409 773	-	756 019
Municipal deposits	4 122	-	-	4 122
Provision for impairment	(199 890)	(30 770)	(65 828)	(296 488)
	<b>1 590 778</b>	<b>645 614</b>	<b>1 653</b>	<b>2 238 045</b>

# PROPERTY MANAGEMENT TRADING ENTITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2011 R '000	2010 R '000	2009 R '000
<b>3. TRADE AND OTHER RECEIVABLES (continued)</b>			
<b>Receivables ageing 2009</b>			
	Less than 1 year	1 to 3 years	Older than 3 years
Claims recoverable	-	68	-
Claims recoverable - PACE	733 560	82	-
Claims recoverable - CA	65 230	116 652	-
Claims recoverable - Disallowances	90 117	39 650	-
Debtors operating lease	180 338	-	-
Accommodation debtors - State owned	37 919	-	-
Accommodation debtors - Private leases	214 445	122 390	-
Debtors - Municipal services	436 607	202 252	-
Municipal deposits	-	2 515	-
Provision for impairment	(90 820)	(39 651)	-
	<b>1 667 396</b>	<b>443 958</b>	<b>-</b>
			<b>2 111 354</b>

### Provision for impairment

Opening balance	296 488	130 471	63 414
Movement for the period	(76 192)	166 017	67 057
	<b>220 296</b>	<b>296 488</b>	<b>130 471</b>

## 4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and balances with banks:

Bank balances	2 158	8 997	6 567
Bank overdraft	(1 254 763)	(1 675 445)	(1 546 275)
	<b>(1 252 605)</b>	<b>(1 666 448)</b>	<b>(1 539 708)</b>
Current assets	2 158	8 997	6 567
Current liabilities	(1 254 763)	(1 675 445)	(1 546 275)
	<b>(1 252 605)</b>	<b>(1 666 448)</b>	<b>(1 539 708)</b>

## 5. TRADE PAYABLES

Trade creditors	904 640	578 115	417 248
Deferred income	572	5 786	-
Accruals	279 074	351 035	304 949
Suspense account	2 917	-	-
	<b>1 187 203</b>	<b>934 936</b>	<b>722 197</b>

# PROPERTY MANAGEMENT TRADING ENTITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2011 R '000	2010 R '000	2009 R '000
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### 6. FINANCIAL ASSETS BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

#### 2011

	Loans and receivables	Fair value through profit or loss - held for trading	Fair value through profit or loss - designated	Held to maturity investments	Available for sale
Trade and other receivables	2 035 134	-	-	-	-
Cash and cash equivalents	-	-	-	-	2 158
	<b>2 035 134</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 158</b>

#### 2010

	Loans and receivables	Fair value through profit or loss - held for trading	Fair value through profit or loss - designated	Held to maturity investments	Available for sale
Trade and other receivables	2 238 045	-	-	-	-
Cash and cash equivalents	-	-	-	-	8 997
	<b>2 238 045</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8 997</b>

### 7. FINANCIAL LIABILITIES BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

#### 2011

	Financial liabilities at amortised cost	Financial liabilities at amortised cost	Fair value through profit or loss - designated	Total
Trade and other payables	1 187 203			1 187 203

#### 2010

	Financial liabilities at amortised cost	Financial liabilities at amortised cost	Fair value through profit or loss - designated	Total
Trade and other payables	934 936			934 936

### 8. REVENUE

Accommodation charges - State Owned	948 403	825 812
Accommodation charges - Private Leases	3 058 138	2 291 395
Government grants	612 967	588 411
Management fees	135 818	93 631
	<b>4 755 326</b>	<b>3 799 249</b>

### 9. INTEREST RECEIVED

Bank	123 657	-
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# PROPERTY MANAGEMENT TRADING ENTITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2011 R '000	2010 R '000
<b>10. RESTATEMENT OF COMPARITIVES</b>		
	Previously reported 2010	Restated amount 2010
Total change in receivables	2 377 833	2 238 045
Claims recoverable	1 770 364	1 770 364
Debtors - municipal services	756 087	756 087
PACE	742 696	742 696
CA	267 459	267 459
Municipal Deposits	4 122	4 122
Recoverable expenditure	199 890	199 890
Debtor operating lease	119 224	119 224
Accommodation debtors	584 843	445 055
Accommodation debtors - State owned	113 805	63 966
Accommodation debtors - Private leases	471 038	381 089
Trade and other payables	(2 612 053)	(2 610 381)
Accummulated Funds	(225 223)	(363 339)
Revenue	(3 916 496)	(3 799 249)
	-	-

	Previously reported 2009	Adjustment 2009	Restated amount 2009
Deferred Income	(1 673)	1 673	-
Trade and other receivables	2 095 975	(22 540)	2 073 435
Accumulated Funds	167 603	20 867	188 470

## 11. CASH GENERATED FROM OPERATIONS

Loss before taxation	(41 335)	(174 869)
<b>Adjustments for:</b>		
Interest received	(123 657)	-
<b>Changes in working capital:</b>		
Trade and other receivables	202 911	(164 610)
Trade payables	252 267	212 739
	<b>290 186</b>	<b>(126 740)</b>

## 12. LOSSES THROUGH CRIMINAL CONDUCT OR UNAUTHORISED, IRREGULAR OR FRUITLESS AND WASTEFUL EXPENDITURE

### Reconcilliation of fruitless and wasteful expenditure

Opening balance	-	7 952
Less: Amounts condoned	-	(7 952)
Current	6 772	-
Fruitless and wasteful expenditure awaiting condonement	-	-
Analysis of awaiting condonement per economic classification	-	-
Current	-	-
	<b>6 772</b>	<b>-</b>



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## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2011 R '000	2010 R '000
<b>12. LOSSES THROUGH CRIMINAL CONDUCT OR UNAUTHORISED, IRREGULAR OR FRUITLESS AND WASTEFUL EXPENDITURE (continued)</b>		
<b>Reconciliation of irregular expenditure</b>		
Opening balance	264 180	-
Add: Irregular expenditure relating to current year	138 637	264 180
Less: Amounts condoned	(38 768)	-
<b>Irregular expenditure awaiting condonation</b>	<b>364 049</b>	<b>264 180</b>

## 13. COMMITMENTS

### Other commitments

Current	172 884	171 125
Capital	9 303 385	8 154 621
	<b>9 476 269</b>	<b>8 325 746</b>

Capital commitments represent contractual commitments made with third party service providers for capital projects. The capital projects are undertaken on behalf of different client departments. The capital projects involves the construction and maintenance of facility structures and projects.

### Operating leases – as lessee (expense)

#### Minimum lease payments due

- within one year	2 861 090	1 960 446
- in second to fifth year	5 889 510	3 851 890
- later than five years	3 771 280	2 427 208
	<b>12 521 880</b>	<b>8 239 544</b>

### Operating leases – as lessor (income)

#### Minimum lease payments due

- within one year	2 861 090	1 960 446
- in second to fifth year	5 889 510	3 851 890
- later than five years	3 771 280	2 427 208
	<b>12 521 880</b>	<b>8 239 544</b>

## 14. CONTINGENT LIABILITIES

	2011 R'000	2010 R'000	2009 R'000
Claims against the entity	129 436	70 276	144 340

The contingent liability is made up of claims against PMTE arising from capital projects with different third party service providers. The department's legal advisors are handling claims on behalf of PMTE.

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## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2011 R '000	2010 R '000				
15. RELATED PARTIES						
The following are the related parties of PMTE:						
- National Department of Public						
- Other National Departments and Public Entities reporting to the National Departments because they are subject to common control. National Departments operate together to achieve a common objective determined by Cabinet/Provincial Legislature.						
Related party balances						
Department	Accom- modation charge	Private lease	Municipal charges	Project Accelerated expenses	Current assets	2011 Total debt
	R'000	R'000	R'000	R'000	R'000	R'000
Agriculture, Forest and Fish	393	4 457	21 000	-	-	25 850
Arts and Culture	-	6 190	1 509	18 375	-	26 074
BCIP	-	-	-	-	912	912
Communications	-	351	1 388	-	-	1 739
Correctional Services	-	8 114	14	18 209	-	23 337
Defence	-	2 247	88 690	6 107	81 663	178 707
Coop govt and traditional affairs	-	3 018	2 180	-	9 455	14 653
Environmental Affairs & Tourism	2 459	1 432	2 208	-	2 987	9 086
Inter relation and coop	7 258	-	13 941	-	59 614	80 814
Inter relations and coop (Gallagher Estate)	-	-	-	-	-	-
Pan African Parliament	-	-	-	-	-	-
Gender Equality Commission	-	5 483	1 740	-	14	7 237
Government Communications	-	7 301	54	-	-	7 355
Government Printing	-	-	-	-	48 549	48 549
Higher Education and Training	77	10 761	3 192	-	875	14 905
Health	30 251	32 151	3 910	2 634	-	68 946
Home Affairs	8 020	69 138	40 480	-	-	117 638
Human Settlement	-	469	142	-	-	611
Human Rights Commission	-	3 701	252	-	-	3 953
Independent Complaints Directorate	-	29 796	680	-	393	30 868
Justice and Constitutional	9 070	51 506	92 221	146 306	-	299 103
Labour	-	24 224	8 819	1 740	(67)	34 716
Minerals Resources	3 620	42 985	8 903	-	-	55 508
Minerals and Energy	-	-	-	-	-	-
National Prosecuting Authority	-	18 821	2 193	-	1 133	22 147
National Treasury	-	12 324	5 223	-	-	17 547
Parliament	-	1 542	-	-	3 881	5 423
Public Enterprises	-	-	624	-	-	624
Public Protector	-	8 360	1 185	-	43	9 588
Public Service and Admin	-	7 671	690	-	-	8 361
Public Service Commission	-	-	-	-	-	-
Public Works	-	42 427	28 375	23 129	4 569	98 500
Rural Development and land reform	1	-	(74)	-	1 648	1 575
SAMDIPALAMA	-	4 951	3 079	-	-	8 030
SA Police Services	-	284	174 806	158 430	-	333 519
SARS	-	-	5 153	-	86	5 239
SASSA	-	85 775	3 594	-	-	89 369

# PROPERTY MANAGEMENT TRADING ENTITY

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## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

				2011 R '000	2010 R '000	
<b>15. RELATED PARTIES (continued)</b>						
Science and Technology	-	1 439	101	-	-	1 540
Social Development	-	129	477	-	-	606
Sports and Recreation	9	11 084	5 480	-	-	16 573
Statistics SA	130	37 961	2 397	-	-	40 488
Tourism	-	-	628	-	-	628
Trade and Industry	19	1 794	848	-	-	2 661
Transport	-	11 145	403	-	44	11 592
Water and Environmental Affairs	-	-	9 123	-	-	9 123
Financial and Fiscal Commission	-	2 305	1 210	-	-	3 515
SAMAF	-	-	-	-	-	-
Presidency	-	-	-	-	77	77
SITA	-	-	2 232	-	-	2 232
<b>SUB-TOTAL</b>	<b>61 306</b>	<b>551 336</b>	<b>539 070</b>	<b>374 929</b>	<b>215 425</b>	<b>1 742 066</b>
Agriculture, Forest and Fish	393	3 295	35 977	5 195	119	42 069
Arts and Culture	-	6 190	7 423	7 953	15	17 782
BCIP	-	-	-	-	912	912
Communications	-	351	2 482	-	33	10 570
Correctional Services	-	31 405	161 072	16 904	119	209 114
Defence	-	14 140	137 312	15 137	82 966	249 556
Coop govt and traitional affairs	-	3 018	2 043	-	-	4 055
Education	77	7 478	1 331	-	875	9 234
Environmental Affairs & Tourism	2 259	7 119	746	-	3 793	13 116
Inter relations and coop	7 258	(43 537)	8 789	-	36 406	55 965
Inter relations and coop (Gallagher Estate)	-	-	-	-	-	-
Pan African Parliament	-	-	-	-	-	2 610
Gender Equality Commission	-	3 683	687	-	14	3 469
Government Communications	-	8 513	235	-	-	2 470
Government Printing	-	-	-	-	9 247	9 247
Health	-	14 656	2 911	2 400	-	16 206
Home Affairs	16 905	74 831	16 547	8 903	104	73 359
Human Settlement	148	4 303	2 290	2 290	813	18 470
Human Rights Commission	-	3 124	274	-	-	2 071
Independent Complaints Commission	-	4 242	(88)	-	393	4 861
Justice and Constitutional	33 770	2 360	82 097	97 045	-	247 868
Labour	-	13 732	11 886	7 985	2 577	29 357
Land Affairs	1	2 314	3 463	2 101	129	8 239
Minerals and Energy	2 261	42 369	6 183	-	-	42 693
National Prosecuting Authority	-	18 838	6 291	-	1 047	27 776
National Treasury	541	13 490	10 982	-	-	23 985
National Treasury SARS	-	-	9 483	-	10 336	19 818
Parliament	-	1 419	386	-	3 701	5 526
Public Enterprises	-	332	2 593	-	-	2 593
Public Protector	-	4 342	591	-	67	4 809
Public Service and Admin	-	4 623	742	-	-	742
Public Service Commission	-	2 723	679	-	-	4 379
Public Works	-	4 968	1 013	172 887	45 928	224 796
SAMD/PALAMA	-	4 349	1 422	-	-	3 020
SA Police Services	-	284	188 938	312 417	5 155	531 458
SASSA	-	58 620	2 422	-	-	58 657
Science and Technology	-	1 431	96	-	-	1 509
Social Development	-	129	424	-	-	14 833
Sports and Recreation	8	8 487	5 138	-	-	13 633

# PROPERTY MANAGEMENT TRADING ENTITY

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## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

				2011 R '000	2010 R '000
<b>15. RELATED PARTIES (continued)</b>					
Statistics SA	130	48 619	1 863	-	-
Trade and Industry	18	4 607	822	-	-
Transport	-	9 228	(1 421)	-	-
Water and Environmental Affairs	-	(4 615)	4 118	-	-
Financial and Fiscal Comm	-	1 183	863	-	-
SAMAF	-	(924)	-	-	-
Presidency	-	-	-	-	725
<b>TOTAL</b>	<b>63 966</b>	<b>381 089</b>	<b>721 105</b>	<b>651 217</b>	<b>2 076 465</b>

### Related party transactions

#### Management fees transactions

Agriculture ,forestry & fisheries	860	1 115
Arts and Culture	1 156	821
Communications	110	62
Correctional Services	28 127	22 757
Defence	28 063	23 540
Higher Education	184	138
Environmental Affairs	556	689
Financial & Fiscal Commission	18	17
International Relations	352	558
Gender Equality Commission	18	25
Government Communications (GCIS)	49	50
Health	591	428
Home Affairs	2 311	1 761
Human Settlements	69	116
Human Rights Commission	15	15
Independent Complaints Directorate	92	40
Justice and Constitutional Development	8 109	6 898
Labour	1 333	1 143
Rural Development and Land Reform	1 029	875
Minerals Resources	157	232
National Prosecuting Authority	345	232
National Treasury	644	445
Parliament	2	4
Cooperate Gov & Trade Affairs	307	246
Public Enterprises	51	75
Public Protector	112	72
Public Service & Administration	176	137
Public Works	7 388	6 620
PALAMA	45	79
South African Revenue Services	424	346
South African Social Security Services	400	244
Social Development	95	73
South African Police Services	26 257	22 025
Sport & Recreation South Africa	124	149
Statistics South Africa	561	478
The Presidency	353	335
Trade and Industry	34	36
Transport	56	20
Water Affairs	1 010	739
<b>TOTAL</b>	<b>111 583</b>	<b>93 631</b>

### Accommodation State Owned Revenue

**PROPERTY MANAGEMENT TRADING ENTITY**

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

	2011 R '000	2010 R '000
<b>15. RELATED PARTIES (continued)</b>		
Agriculture , forestry & fisheries	13 752	12 234
Arts and Culture	5 596	4 979
Communications	139	124
Correctional Services	200 718	178 563
Defence	352 010	313 156
Education	117	78
Environmental Affairs	2 810	2 500
International Relations	-	2 348
Government Communications	4	4
Health	11 864	1 932
Home Affairs	6 704	29 882
Human Settlement	71	32
Independent Complaints Directorate	75	66
Justice and Constitutional Dev	71 787	55 880
Labour	3 841	7 008
Rural Development & Land Reform	435	3 417
Mineral Resources	815	-
National Treasury	4 617	544
National Treasury - SARS	14 413	4 108
Public Service and Administration	41	37
Public Works	8 742	7 777
SA Police Services	237 483	211 270
Social Development	76	67
Sport & Recreation	2	-
Statistics SA	196	131
Trade and Industry	5	5
Water Affairs and Forestry	18 625	165 570
<b>TOTAL</b>	<b>948 403</b>	<b>825 812</b>

**Private Leases**

Agriculture ,forestry & fisheries	59 098	10 946
Arts and Culture	19 650	17 270
Communications	10 301	12 638
Correctional Services	82 013	83 921
Defence	188 583	172 704
Coorporative Governance & Traditional Affairs	24 951	25 159
Higher Education	25 210	28 466
Environmental Affairs	21 128	64 354
Financial & Fiscal Comm	1 122	647
International Relations	53 470	76 938
Gender Equality Commission	1 799	1 598
Government Communications	14 240	11 186
Health	29 504	37 023
Home Affairs	173 453	149 420
Human Settlements	17 163	17 371
Human Rights Commission	578	792
Independent Complaints Directorate	40 627	7 416
Justice and Constitutional Dev	263 939	217 551
Labour	122 865	99 434
Rural Development & Land Reform	88 839	86 857
Mineral Resources	18 589	25 172
National Procecuting Authority	29 744	15 674
National Treasury	30 554	33 786
Parliament	244	-
Public Enterprises	4 263	4 712
Public Protector	4 018	2 507
Public Service and Administration	30 964	25 249
Public Service Commission	6 278	10 369

# PROPERTY MANAGEMENT TRADING ENTITY

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## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2011 R '000	2010 R '000
<b>15. RELATED PARTIES (continued)</b>		
Public Works	183 319	93 072
PALAMA	14 384	12 948
SA Police Services	837 162	760 370
SAMAF	744	1 487
SARS	-	-
SASSA	77 737	70 976
Science and Technology	26	103
Social Development	19 860	17 843
Sports and Recreation	6 913	8 811
Statistics SA	95 901	80 365
Trade and Industry	3 130	5 590
Transport	14 851	14 691
Tourism	504	-
Water Affairs	116 590	99 451
<b>TOTAL</b>	<b>2 734 305</b>	<b>2 404 867</b>

	2011 R'000	2010 R'000	2009 R'000
<b>Government Grants</b>			
Department of Public Works	612 967	588 326	528 000

Related party outstanding balances	Nature of Relationship	Amount R'000	Balance at 31 March 2011 R'000
Vusi Mashiane	Member of senior management	98	-
Nokwazi W Zulu	Member of senior management	27 362	26 268
Phelevani P Cwinza	Member	360 000	-
Neeltje C van der Hoven	Director	360 000	-

## 16. RISK MANAGEMENT

### Financial risk management

The entity's activities expose it to a variety of financial risks: credit risk and liquidity risk.

### Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, entity treasury maintains flexibility in funding by maintaining availability under committed credit lines.

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

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the entity's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 31 March 2011	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	1 187 203	-	-	-

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ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

			2011 R '000	2010 R '000
<b>16. RISK MANAGEMENT (continued)</b>				
<b>At 31 March 2010</b>	<b>Less than 1 year</b>	<b>Between 1 and 2 years</b>	<b>Between 2 and 5 years</b>	<b>Over 5 years</b>
Trade and other payables	934 936	-	-	-

#### Interest rate risk

As the entity has no significant interest-bearing assets, the entity's income and operating cash flows are substantially independent of changes in market interest rates.

#### Credit risk

Credit risk consists mainly of trade debtors.

Trade receivables comprise of receivables from different government departments. Management evaluated credit risk relating to customers on an ongoing basis. As all the client departments are government entities, credit risk arising from such exposures is minimal.