

# ANNUAL REPORT

## 2024|25




**Moulding Entrepreneurs**



# CONTENTS

<b>PART A GENERAL INFORMATION .....</b>	<b>2</b>
1. GEP'S GENERAL INFORMATION .....	3
2. GEP REGIONAL AND SATELLITE OFFICES .....	4
3. LIST OF ABBREVIATIONS/ACRONYMS .....	5
4. FOREWORD BY THE MEMBER OF EXECUTIVE COUNCIL .....	6
5. FOREWORD BY THE CHAIRPERSON .....	8
6. CHIEF EXECUTIVE OFFICER'S OVERVIEW .....	12
7. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT .....	14
8. STRATEGIC OVERVIEW .....	15
9. LEGISLATIVE AND OTHER MANDATES .....	16
10. ORGANISATIONAL STRUCTURE .....	17
11. GEP BOARD OF DIRECTORS .....	18
12. GEP EXECUTIVE MANAGEMENT .....	19
<b>PART B PERFORMANCE INFORMATION .....</b>	<b>20</b>
1. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES .....	21
2. OVERVIEW OF PERFORMANCE .....	22
3. REPORT FROM THE ACTING CHIEF FINANCIAL OFFICER .....	24
4. REPORT BY THE CHIEF OPERATIONS OFFICER .....	26
5. GEP SUCCESS STORIES .....	27
6. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION .....	33
7. OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENT .....	34
8. LINKING GEP PERFORMANCE WITH PROGRAMME BUDGETS .....	37
9. REVENUE COLLECTION .....	37
10. CAPITAL INVESTMENT .....	38
<b>PART C GOVERNANCE .....</b>	<b>39</b>
1. INTRODUCTION .....	40
2. EXECUTIVE AUTHORITY .....	40
3. THE BOARD AS THE ACCOUNTING AUTHORITY .....	40
4. RISK MANAGEMENT .....	47
5. INTERNAL CONTROL UNIT .....	50
6. INTERNAL AUDIT AND AUDIT COMMITTEES .....	51
7. COMPLIANCE WITH LAWS AND REGULATIONS .....	52
8. FRAUD AND CORRUPTION .....	53
9. MINIMISING CONFLICT OF INTEREST .....	54
10. CODE OF CONDUCT .....	54
11. HEALTH SAFETY AND ENVIRONMENTAL ISSUES .....	55
12. COMPANY/BOARD SECRETARY .....	55
13. SOCIAL RESPONSIBILITY .....	55
14. AUDIT COMMITTEE REPORT .....	56
15. B-BBEE COMPLIANCE PERFORMANCE INFORMATION .....	59
<b>PART D HUMAN RESOURCE MANAGEMENT .....</b>	<b>60</b>
1. CORPORATE SUPPORT AND ADMINISTRATION REPORT .....	61
2. HUMAN RESOURCE OVERSIGHT STATISTICS .....	64
<b>PART E PFMA COMPLIANCE REPORT .....</b>	<b>68</b>
<b>PART F FINANCIAL INFORMATION .....</b>	<b>75</b>



# PART A GENERAL INFORMATION



# 1. GEP'S GENERAL INFORMATION

**Registered Name** Gauteng Enterprise Propeller

**Registration Number** 2004/031868/08

**Chairperson of the Board** Ms Refilwe Letwaba

**Chief Executive Officer** Mr Saki Zamxaka

**Registered Address** 6<sup>th</sup> Floor  
124 Main Street  
Marshalltown  
Johannesburg  
2001

**Postal Address** P.O Box 61464  
Marshalltown  
2107

**GEP Telephone Numbers** 011 085 2001

**Fax numbers** 011 834 6702

**GEP Contact Centre** 087 057 2000  
gepenquiries@gep.co.za

**Website Address** www.gep.co.za

**Bankers** First National Bank

**Auditors** Auditor-General of South Africa

**Company Secretary** Stefanie Lockman-Naidoo

## 2. GEP REGIONAL AND SATELLITE OFFICES

### REGIONAL OFFICES

#### JOHANNESBURG

##### REGIONAL OFFICE

7<sup>th</sup> Floor,  
124 Main St,  
Johannesburg  
Tel: 011 085 2002

#### EKURHULENI

##### REGIONAL OFFICE

Ground Floor, 188 Victoria Street,  
Corner Victoria & Spilsbury,  
Germiston  
Tel: 011 821 2870

#### TSHWANE

##### REGIONAL OFFICE

Block G, 333 Grosvenor Street,  
Hatfield Gardens,  
Hatfield  
Tel: 012 430 2359

#### WEST RAND

##### REGIONAL OFFICE

23 Eloff Street,  
Krugersdorp  
Tel: 011 950 9870

#### SEDIBENG

##### REGIONAL OFFICE

36 Merriman Avenue,  
Vereeniging  
Tel: 016 910 1200

### SATELLITE OFFICES

#### BRONKHORSTSPRUIT

##### SATELLITE OFFICE

Lazarus building,  
43 Lanham Street,  
Bronkhorstspuit  
Tel: 013 932 3828

#### HEIDELBERG

##### SATELLITE OFFICE

52 Voortrekker Road,  
PG Glass, Unit 34,  
Heidelberg  
Tel: 016 349 2658

#### SOWETO

##### SATELLITE OFFICE

Maponya Mall, Thusong Centre,  
2127 Chris Hani Road,  
Soweto  
Tel: 011 938 4257

#### MOHLAKENG

##### SATELLITE OFFICE

3521 Ralerata Street,  
Mohlakeng  
Tel: 011 414 1753

#### GEP CONTACT EMAIL

[gepenquiries@gep.co.za](mailto:gepenquiries@gep.co.za)

### 3. LIST OF ABBREVIATIONS/ACRONYMS

<b>AFS</b>	Annual Financial Statements
<b>APP</b>	Annual Performance Plan
<b>BCM</b>	Business Continuity Management
<b>BDS</b>	Business Development Support
<b>CFO</b>	Chief Financial Officer
<b>Co-Ops</b>	Cooperatives
<b>COO</b>	Chief Operations Officer
<b>EXCO</b>	Executive Committee
<b>GDED</b>	Gauteng Department of Economic Development
<b>GEM</b>	Gauteng Entrepreneurship Model
<b>GEP</b>	Gauteng Enterprise Propeller
<b>GM</b>	General Manager
<b>HDIs</b>	Historically Disadvantaged Individuals
<b>ICT</b>	Information and Communication Technology
<b>IDC</b>	Industrial Development Corporation
<b>MEC</b>	Member of Executive Council
<b>MTEF</b>	Medium Term Expenditure Framework
<b>PFMA</b>	Public Finance Management Act
<b>SCM</b>	Supply Chain Management
<b>MSME</b>	Micro Small Medium Enterprise
<b>TEDA</b>	Township Economy Development Act
<b>TER</b>	Township Economic Revitalisation
<b>TEPF</b>	Township Economy Partnership Fund
<b>TISH</b>	Township, Informal Settlements and Hostels
<b>TMR</b>	Transformation, Modernisation and Re-industrialisation



## 4. FOREWORD BY THE MEMBER OF EXECUTIVE COUNCIL

MR LEOGANG MAILE, MEC FINANCE AND ECONOMIC DEVELOPMENT

It is my pleasure to table the 2024/25 financial year annual report for the Gauteng Enterprise Propeller (GEP).

The National Development Plan (NDP) 2030 emphasises the crucial role of Micro, Small, and Medium Enterprises (MSMEs) in achieving South Africa's goals of eradicating poverty and reducing inequality by 2030. The plan recognises that a thriving MSME sector is vital for creating jobs, fostering inclusive economic growth, and transforming the country's economic landscape.

Gauteng solidifies its status as the nation's economic powerhouse, now hosting 32.8% of South Africa's MSMEs. This marks an increase from the 30% share recorded in the third quarter of 2023. The growth has been fueled by new MSMEs established during the 2024 financial year, with Gauteng accounting for 44.6% of them — a testament to an entrepreneurial spirit that persists despite significant headwinds (MSME Quarterly Survey, 2024).

Despite the resilience shown by Gauteng MSMEs, the Gauteng government acknowledges the challenges facing the economy and has developed various interventions to address the slow growth and the impacts of COVID-19. The economy has de-industrialised, while exports have been reduced by almost half over the past decade. In a bid to intensify economic transformation, interventions earmarked to reverse high market concentration ratios and foster inclusion continue to be enforced across various sectors of the economy. Conversely, initiatives aimed at reversing the high levels of poverty and unemployment continue to be supported through the Inclusive Growth and Job Creation Strategic Priority and Enhanced Enterprise Development Support.

Over the past 10 years, the Gauteng Government has adopted a radical economic transformation agenda characterised by modernisation and re-industrialisation to foster inclusive economic growth. This ensures that most previously marginalised individuals increase their participation in the economy, thereby reducing poverty and unemployment. This policy imperative is in line with the National Development Plan's goal of creating 11 million jobs through MSMEs by 2030. Building on this, the 7th administration has set eight priority focus areas for driving Inclusive Growth and Job Creation. These are strategic interventions such as Revenue enhancement, provision of reliable economic infrastructure, development and empowerment of MSMEs, Township Economy Revitalisation, Structural Transformation of the economy, Building of a Capable State, re-industrialisation, and research and development.

This report displays how GEP delivered on its mandate by extending both financial and non-financial support to ensure MSMEs remain resilient. During the year, 53 MSMEs accessed R58.9 million in funding through GEP's purchase order financing instrument, enabling them to secure market opportunities in both public and private sector supply chains. The year ended with a total value of loan funding to MSMEs at R77.8 million and a Blended Youth Fund value of R7.9 million. Business development support is critical for preparing MSMEs for investment readiness and building systems that support business growth. This year, GEP provided business development support, including grants for stock and equipment, valued at R27 million, to Gauteng MSMEs, cooperatives, and informal traders. In addition, 181 unemployed graduates benefited from GEP's youth accelerator programme and were placed in various partner entities for experiential learning opportunities.



*“Over the past 10 years, the Gauteng Government has adopted a radical economic transformation agenda characterised by modernisation and re-industrialisation to foster inclusive economic growth.”*

The results of the impact assessment conducted by GEP on the effectiveness of its Business Development and Investment Management support to MSMEs highlighted that GEP enables growth, especially in improving business planning, operational efficiency, access to capital, revenue growth, and profitability. Sixty-eight percent (68%) of MSMEs surveyed post-loan funding support registered positive revenue growth, and 64% indicated growth in profitability. This indicates that GEP is making good progress and setting a foundation for a path towards enabling MSME sustainability and meaningful contribution to GDP.

I extend my appreciation to the Board of GEP, under the leadership of Ms Refilwe Letwaba, for their steadfast strategic direction and governance oversight. I also commend the management team, led by the CEO, Mr Saki Zamxaka, together with the dedicated staff of GEP, for their collective efforts in achieving 100% of their performance targets for the year and securing a clean audit outcome.

A handwritten signature in black ink, appearing to read 'L. Maile', is positioned above the name of the signatory.

**Mr Lebogang Maile**

MEC Finance and Economic Development



## 5. FOREWORD BY THE CHAIRPERSON

MS REFILWE LETWABA

I am pleased to present the Annual Report for the 2024/25 financial year. The Gauteng Enterprise Propeller continues to play a pivotal role in delivering both financial and non-financial support to small enterprises across the Gauteng province. The year under review showed remarkable performance improvement, with the entity attaining a clean audit outcome despite challenges experienced with filling key Executive positions and budget constraints.

In reflecting on the financial year under review's macro economic orientation, the Reserve Bank's March 2025 Statement of the Monetary Policy Committee indicates that South Africa's growth picked up in the fourth quarter of last year. As expected, the uptick was led by the household sector, boosted by lower inflation and withdrawals from the Two-Pot Retirement System. However, the overall growth picture was disappointing, with other sectors showing weakness. Growth for 2024 as a whole was 0.6%, marginally below expectations, and slightly worse than in 2023. Following this, the Reserve Bank revised down the 2025 growth forecast slightly, to 1.7%.

South Africa's unemployment rate was 31.9% in the fourth quarter of 2024. Statistics South Africa reported that the increases in employment were recorded in Finance, followed by Manufacturing, Private Households and Transport industries. The most significant decreases in employment were recorded in Community and Social Services, followed by Trade and Construction industries. Employment in the formal sector increased by 90 000 in Q4: 2024 compared with Q3: 2024, and informal sector employment increased by 34 000 in Q4: 2024. Overall, Gauteng recorded an increase in employment of 45 000. This picture reinforces the importance of developing MSMEs to achieve competitiveness and sustainability.

In terms of overall sector performance, Gauteng recorded strong MSME growth in Q3 of 2024. The province

accounted for 44.6% of all new MSMEs established nationally between Q3: 2023 and Q3: 2024, representing 221,879 new enterprises. This growth increased Gauteng's share of total MSMEs from 30% in Q3: 2023 to 33% in Q3: 2024, bringing the total to 971,948 MSMEs, indicating a year-on-year increase of 29.6%. In terms of formality, 36.5% of Gauteng's MSMEs operated in the formal sector in Q3: 2024, maintaining the second-highest share after the Western Cape. Informal enterprises, however, continued to dominate at 62.5%, closely aligned with the national average of 69.6%. This robust growth underscores Gauteng's pivotal role in the national MSME landscape, while highlighting the need to accelerate the transition from informal to formal operations. GEP remains committed to supporting the implementation of the Township Economy Development Act through a range of financial and non-financial instruments, assisting MSMEs along their growth journey.

### HIGH LEVEL OVERVIEW OF GEP'S STRATEGY AND PERFORMANCE

GEP continued to make significant progress in delivering both financial and non-financial support to enhance the growth and sustainability of MSMEs in Gauteng. The organisation's strategic focus for the year was anchored on four key outcomes: strengthening the balance sheet to better support small enterprises; increasing the contribution of small enterprises to the Gauteng economy; fostering sustainable enterprises that create and maintain jobs; and ensuring a well-governed, high-performing organisation. During the year, the Board supported the implementation of this strategy by prioritising the attainment of a clean audit outcome, enhancing strategic partnerships as part of a resource mobilisation drive, improving debt management and collection strategies, and advancing information and communication technology (ICT) governance alongside business development support services.

*“In enhancing our efforts towards the implementation of the Township Economic Development Act (TEDA) provisions and Township Informal Settlements Hostels (TISH) priorities, GEP will launch the Township Retail Programme and the Supplier Development Programme starting in the 2025/2026 financial year.”*

The period under review saw the entity commendably achieve all targets set in its Annual Performance Plan. Among the achievements were the following:

- Provision of financial support to small enterprises through loans worth R77.7 million;
- Provision of financial support to youth-owned businesses through blended funding worth R7.8 million, equally divided into grants and loans;
- Grant funding of R13.8 million to small enterprises for various business development support interventions; and
- Grants worth R2.5 million provided to Informal Traders for stock and equipment.

In enhancing our efforts towards the implementation of the Township Economic Development Act (TEDA) provisions and Township Informal Settlements Hostels (TISH) priorities, GEP will launch the Township Retail Programme and the Supplier Development Programme starting in the 2025/2026 financial year. The Township Retail Programme will offer necessary support interventions to equip and capacitate, among others, locally owned spaza shops in townships, informal settlements and hostels as outlined by TEDA and TISH. The Supplier Development Programme will deliver required support to increase the operational and manufacturing capacity of mainly township-based suppliers, with the aim of propelling them to participate in the formal economy and export markets.

## STRATEGIC RELATIONSHIPS

GEP recognises the significant credit gap faced by MSMEs in South Africa, estimated at between R86 billion and R346 billion. This challenge is particularly pronounced in Gauteng, which accounts for approximately 33% of all MSMEs nationally. Given the scale of the demand relative to GEP's available budget, the Board has prioritised building strategic partnerships with like-minded organisations to leverage resources and maximise impact.

During the year under review, GEP implemented co-funding initiatives with partners such as the National Youth Development Agency (NYDA) for the Youth Fund which is a blended finance instrument comprising 50% loan and 50% grant, the Insurance Sector Education and Training Authority (INSETA) for business development support, and the Wholesale and Retail SETA (W&RSETA) for the Youth Placement Programme. These partnerships have enabled GEP to extend its reach and achieve greater outcomes with limited resources.

## CHALLENGES FACED BY THE BOARD

The reduction in GEP's Medium-Term Expenditure Framework (MTEF) allocation continued to limit the organisation's ability to scale services to MSMEs across Gauteng. Nevertheless, improved loan repayment rates enabled the recapitalisation of the loan funding support budget. However, the Board is working hard with management to realise even greater improvements in its debt management and collection strategies.

During the year, delays in filling critical executive positions such as Chief Financial Officer, Company Secretary, and Corporate Services Executive required the organisation to operate with acting incumbents in these roles. Despite these challenges, it is noteworthy that GEP achieved a clean audit outcome and met 100% of its performance targets.

## STRATEGIC FOCUS OVER THE MEDIUM TO LONG-TERM PERIOD

GEP will continue to fulfil legislated responsibilities as per the provisions of the GEP Act, the Gauteng Cooperatives Strategy, Gauteng Strategy, TEDA and Gauteng Informal Business Upliftment Strategy by ensuring, amongst others:

- Provision of financial support to small enterprises through loans and grants;

- Provision of grants to informal traders;
- Provision of tailor-made business development support interventions, including the capacity required to propel the graduation of small enterprises to the mainstream economy; and
- Establishing and maintaining mutually beneficial partnerships to leverage funds meant for financial and non-financial support of small enterprises.

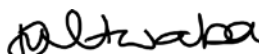
In alignment with the priorities of the 7<sup>th</sup> Administration, GEP will continue to expand its support to Gauteng-based MSMEs and cooperative enterprises by providing both financial and non-financial assistance. Emphasis will be placed on enterprises located in townships, as well as those owned by women, youth, and persons with disabilities. The organisation will review and refine its MSME support instruments and drive structural transformation through the Enterprise Supplier Development Programme, which is designed to build capacity for the development of future black industrialists.

GEP has attained a clean audit outcome, demonstrating its commitment to sound governance. Building on this record, the entity will further reinforce internal controls to ensure continued good governance. Revenue enhancement will remain a priority, with a stronger focus on ensuring improved organisational sustainability through implementation of effective debt management and recovery strategies as well as leveraging on strategic partnerships.

Recognising the opportunities presented by the Fourth Industrial Revolution, GEP will also invest in modernising its systems and technologies to enhance organisational efficiency and improve service delivery to MSMEs.

## ACKNOWLEDGEMENTS

I would like to express my sincere gratitude to the Member of Executive Council (MEC) responsible for Economic Development in Gauteng, Mr Lebogang Maile. His unwavering support and guidance to the entity have been stellar and remarkable. I also wish to acknowledge and appreciate the GEP Board, Chief Executive Officer, Executive Management, and staff for their commendable hard work in maintaining the entity's good operational and governance standards.



**Ms Refilwe Letwaba**

Board Chairperson:  
Gauteng Enterprise Propeller



*“In alignment with the priorities of the 7<sup>th</sup> Administration, GEP will continue to expand its support to Gauteng-based MSMEs and cooperative enterprises by providing both financial and non-financial assistance. Emphasis will be placed on enterprises located in townships, as well as those owned by women, youth, and persons with disabilities.”*







## 6. CHIEF EXECUTIVE OFFICER'S OVERVIEW

MR SAKI ZAMXAKA

**A**s we reflect on the 2024/25 financial year, I am proud to report that GEP remained steadfast in its mission to support MSMEs despite facing significant challenges. A budget cut imposed by the Gauteng Provincial Treasury necessitated prudent financial management; yet our commitment to empowering MSMEs remained unwavering. GEP's strategic roadmap for the next financial year is centred on implementing a turnaround strategy, leveraging existing partnerships, and identifying emerging opportunities to cater to the increasing needs of MSMEs. We will continue to diversify our investments, bolstering our Business Development Support (BDS) and funding offerings. Technological advancements, including digital infrastructure upgrades, will enhance our online application processes, creating a better experience for our users.

### OVERVIEW OF GEP FINANCIAL RESULTS 2024/25

Our financial results for the 2024/25 financial year demonstrate our commitment to responsible financial management. Despite a reduced budget allocation, we strategically leveraged partnerships across the public and private sectors to enhance our operational capacity. Key highlights include:

- Township Economic Partnerships Fund (TEPF): This fund demonstrated substantial progress, exceeding initial expectations and providing crucial resources to support MSMEs. The TEPF has enabled us to extend our support to MSMEs beyond our core budgetary limitations.
- Financial management: We prudently managed our finances, utilising prior-period funds and generating income to further empower MSMEs. Our provision for surplus retention funds represents resources strategically allocated for future initiatives and commitments.

- Debt management: We maintained a strong focus on responsible debt management, carefully managing our debt book and actively working to collect and recover funds. This has enabled us to support a wider range of MSMEs across the Gauteng Province.
- Budget utilisation: Despite budget constraints, we optimised our spending to ensure maximum impact for MSMEs. Our cost-containment measures were carefully monitored, ensuring strict adherence to them.

### SUPPLY CHAIN MANAGEMENT OVERVIEW

Our supply chain management (SCM) processes are underpinned by provisions in the Public Finance Management Act (PFMA) and are aligned with the framework for supply chain management. Our key highlights include:

- Compliance: We ensured compliance with SCM regulations, adhering to the framework and guidelines set by the National Treasury and the Gauteng Provincial Treasury.
- Historically Disadvantaged Individuals (HDIs): Our SCM processes aim to provide opportunities for HDIs, including women-owned, youth-owned, and disability-owned businesses, as well as businesses in townships. We exceeded our set targets for HDI participation in our procurement processes.
- Procurement strategy: We are developing a commodity- and sector-specific procurement strategy to further advance procurement and economic participation from locally-based businesses in their respective municipalities.
- Invoice payment: We are proud to report that we observed the 15-day invoice payment period when supporting our MSMEs in disbursements and payments for goods and services.

## CHALLENGES EXPERIENCED AND HOW THEY WERE/WILL BE RESOLVED

Despite facing capacity limitations due to vacancies in critical roles and a hiring freeze, GEP demonstrated resilience in pursuing its mandate. We adopted a resourceful approach, leveraging strategic partnerships to secure skills development opportunities and amplify our support for MSMEs. By redirecting savings in employee costs to alleviate pressure on operational expenses, we maximised our available resources and continued to fulfil our core responsibilities effectively.

As we move forward, GEP remains committed to driving technological advancements, developing strong teams, and prioritising MSME partnership initiatives. We are focused on empowering MSMEs in their transition to formal operations, fostering their sustainability and prosperity, and contributing to the Premier of the Gauteng Province's vision for TEDA.

## KEY EXTERNAL AUDIT MATTERS AND ACTION PLANS

GEP achieved a clean audit outcome for the year under review, marking an improvement on the previous year's result. The organisation remains committed to maintaining this standard by continuously strengthening internal controls, ensuring full compliance with applicable legislation, and preventing irregular expenditure.

## OUTLOOK FOR THE FUTURE

As we look ahead, GEP is poised for growth and impact. Our strategic direction will be guided by the full implementation of our turnaround strategy, which will enable us to:

- Leverage partnerships to identify opportunities that meet the evolving needs of MSMEs;
- Diversify investments to strengthen Business Development Support and funding offerings;
- Harness technology to enhance digital tools and online applications, improving user experience;
- Build high-performing teams and prioritise MSME partnership programmes, driving formalisation and sustainability; and
- Align with the Gauteng Province's TEDA to foster economic growth.

We are committed to diligent debt management, exploring innovative financial instruments, and maximising available capital to support a broader range of MSMEs. By doing so, we will drive economic growth, job creation, and sustainable development in the Gauteng Province.

## ECONOMIC VIABILITY

We are pleased to demonstrate our shareholder support through our mandate to assist MSMEs in Gauteng. The provincial government has pledged a three-year budget forecast, which also includes increased capital injections into the entity. Additionally, we have increased our collections target over the years and continue to improve our systems to ensure improved loan book performance.

## ACKNOWLEDGEMENTS

I am pleased to report that GEP fulfilled its responsibilities diligently and efficiently during the 2024/25 financial year. I would like to express my heartfelt appreciation to the management team and staff for their outstanding work and dedication. Their relentless efforts have been instrumental in driving our mission forward.

I would also like to extend my sincere gratitude to the Board and its committees for their invaluable guidance and support. Their strategic direction and oversight have enabled management to perform their duties effectively, and I am grateful for their trust and confidence in our team.



**Mr Saki Zamxaka**

Chief Executive Officer:  
Gauteng Enterprise Propeller

## 7. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT



To the best of our knowledge and belief, we confirm the following:

All information and amounts disclosed in this annual report are consistent with the 2024/25 GEP AFS audited by the Auditor-General of South Africa.

The annual report is complete, accurate and free from any omissions.

This annual report has been prepared in accordance with the Annual Report Guidelines for Schedule 3A and 3C Public Entities as issued by the National Treasury.

The AFS (Part F) have been prepared in accordance with the Generally Recognised Accounting Practice (GRAP) standards applicable to the Agency.

The GEP Board, as the Accounting Authority, is responsible for ensuring that the Agency prepares AFS and for the judgements made on this information.

The Accounting Authority is further responsible for ensuring that the Agency establishes and implements a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the AFS.

The external auditors (Auditor-General of South Africa) were engaged to express an independent opinion on the 2024/25 Annual Financial Statements (AFS) of the GEP.

In our opinion, the GEP Annual Report fairly reflects the Operations, the Performance Information, the Human Resources (HR) information and the financial affairs of the Agency for the financial year ended 31 March 2025.

Yours faithfully,

**Mr Saki Zamxaka**  
Chief Executive Officer:  
Gauteng Enterprise Propeller  
Date: 31 July 2025 Date:

**Ms Refilwe Letwaba**  
Board Chairperson:  
Gauteng Enterprise Propeller  
Date: 31 July 2025 Date:



## 8. STRATEGIC OVERVIEW

### 8.1 VISION

A responsive and impactful propeller for sustainable MSMEs in the Gauteng Province

### 8.2 MISSION

In achieving its vision, the Gauteng Enterprise Propeller defines its mission as:

To build an innovative institution that is professional, ethical, and promotes entrepreneurship, fosters strategic partnerships, provides financial and non-financial support solutions to ensure growth and sustainability of Gauteng MSMEs and Cooperative enterprises

### 8.3 VALUES

In working towards the achievement of its vision and mission, the Gauteng Enterprise Propeller subscribes to the following internal values which are in line with the Batho-Pele principles:

VALUE	DESCRIPTION - WHAT IT MEANS IN PRACTICE
<b>Motivation</b>	Passion for excellence in delivering quality services to Gauteng entrepreneurs.
<b>Accountability</b>	Owning our actions, transparent, and delivering on our commitments with integrity.
<b>Ubuntu</b>	Compassion, respect and dignity to be central in collaborations with other institutions to make a meaningful impact in small businesses.
<b>Diversity</b>	Recognising that it takes people from different backgrounds to make an organisation succeed.
<b>Ethical Leadership</b>	Demonstrating ethical leadership consistently to ensure the organisation is managed according to the code of ethics and led effectively.

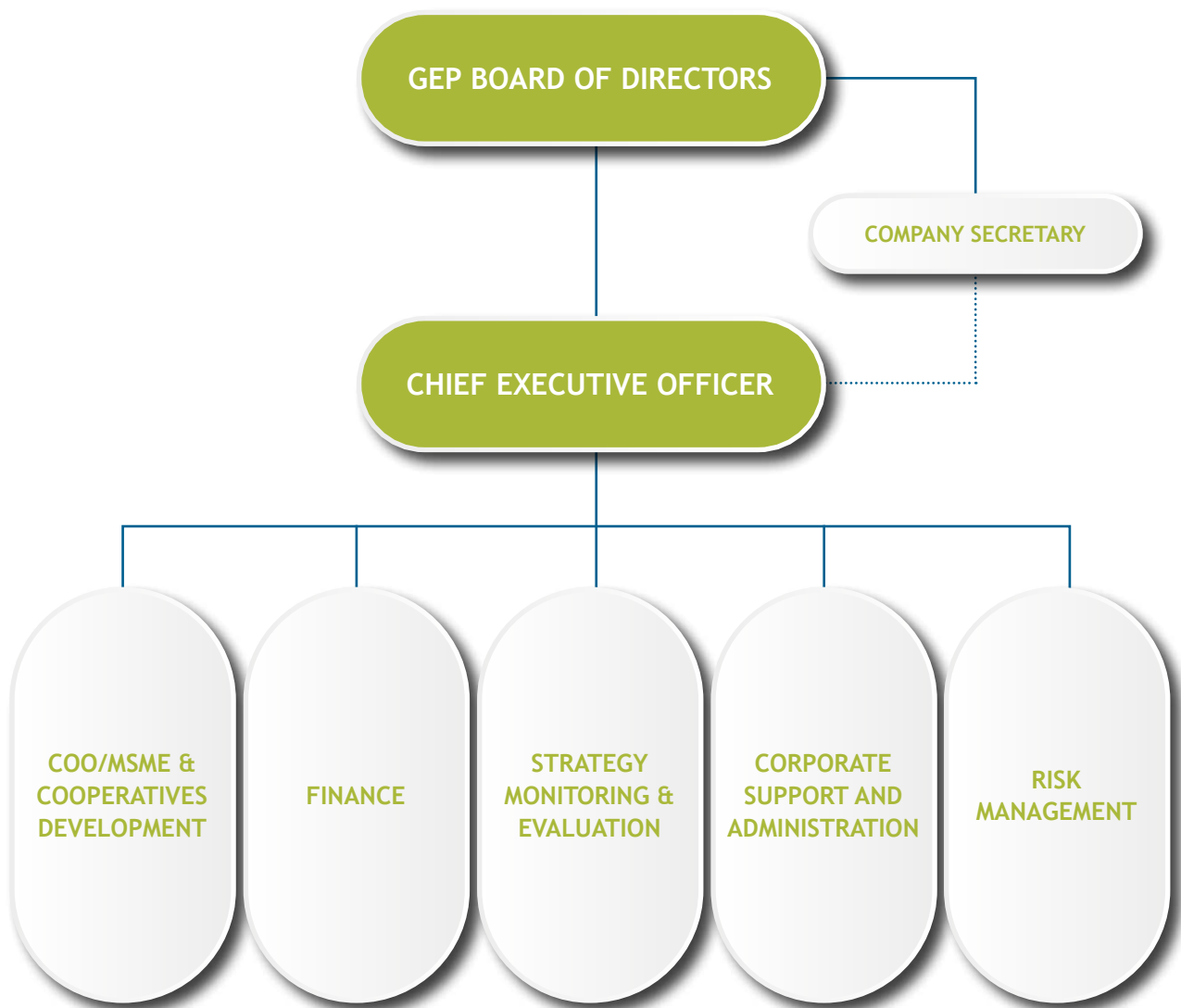
## 9. LEGISLATIVE AND OTHER MANDATES

Gauteng Enterprise Propeller responded to the following Legislative and Policy mandates outlined in the 2020-2025 Strategic Plan:

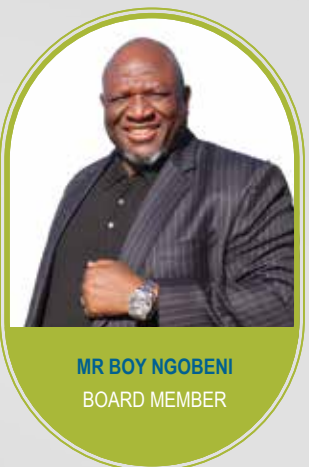
- Constitution of South Africa Act (No. 108 of 1996)
- Gauteng Propeller Act (No. 5 of 2005) (GEP Act)
- Companies Act, 2008 (No. 71 of 2008)
- The National Small Enterprise Amendment Act 21 of 2024
- Public Finance Management Act (No. 1 of 1999), as amended
- Full suite of governance legislation, including, amongst others:
  - King IV Code on Corporate Governance in SA (2016)
  - Intergovernmental Relations Framework Act (No. 13 of 2005)
  - Consumer Protection Act, 2008 (No. 68 of 2008)
  - National Credit Act, 2005 (No. 34 of 2005)
  - Preferential Procurement Policy Framework Act, 2000 (No. 5 of 2000)
  - Broad-Based Black Economic Empowerment Act, 2003 (No. 53 of 2003)
- National Development Plan, Vision 2030 - Chapter 8 (NDP)
- Sustainable Development Goals - Goals 5, 8 and 9 (SDGs)
- African Union 2063 - Aspirations 1, 6 and 7
- Medium-Term Development Plan – Outcomes 1 and 3 (MTDP2024-2029)
- Ten Pillars of Transformation, Modernisation and Reindustrialisation
- Growing Gauteng Together 2030 - Priority 1 and 5
- Other key Gauteng policies and strategies supporting Growing Gauteng Together:
  - Township Economy Revitalisation Strategy (TERS)
  - Tshepo 1 Million
  - Gauteng Entrepreneurship Model (GEM)
  - Gauteng Spatial Development Framework 2030 (GSDF)
  - The Gauteng City Region Integrated Infrastructure Master Plan (GIIMP)
  - Gauteng City Region Economic Development Plan (GCREDP)
  - Gauteng Informal Business Upliftment Strategy
  - Gauteng City Region Governance and Planning Roadmap

## 10. ORGANISATIONAL STRUCTURE

The GEP organisational structure, shown below, is informed by the programme implementation for the financial year 2024/25:




## 11. GEP BOARD OF DIRECTORS





## 12. GEP EXECUTIVE MANAGEMENT





# PART B PERFORMANCE INFORMATION

# 1. AUDITOR'S REPORT:

## PREDETERMINED OBJECTIVES

The Auditor-General South Africa (AGSA) performs the necessary audit procedures on the Agency's performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the Predetermined Objectives heading in the Report on other legal and regulatory requirements section of the auditor's report.

Refer to pages 77 to 85 of the Report of the Auditors Report, published as Part F: Financial Information.







## 2. OVERVIEW OF PERFORMANCE

**MS NOSIPHO KHONKWANE**

**GM: STRATEGY, MONITORING & EVALUATION**

### 2.1 SERVICE DELIVERY ENVIRONMENT

The operating landscape for South African MSMEs was challenging amid persistent macroeconomic headwinds. Subdued economic growth, with the gross domestic product expanding by a modest 0.6% in 2024, has constrained demand for MSME goods and services. While the reduction in load-shedding incidents has provided some operational relief, elevated electricity tariffs, rising above inflation, continued to weigh on profitability. Workforce restructuring among larger corporations has enhanced labor availability, allowing MSMEs to manage employment costs effectively, posting only a 1.3% increase despite higher hiring activity. This cost discipline, coupled with improved operational efficiencies, contributed to a notable 21.4% rise in net profit. However, global economic volatility and supply chain disruptions underscored the importance of prudent cash flow management and inventory control for MSMEs to sustain resilience in an uncertain environment.

This period also saw a smooth transition from the 6<sup>th</sup> to 7<sup>th</sup> administration, offering an opportunity to evaluate, review, and reset efforts towards inclusive economic growth. GEP continued to establish strategic partnerships with both private and public sector MSME support entities. These partnerships aim to ensure improved coordination of MSME support to Gauteng MSMEs, leveraging co-funding opportunities and technical know-how. The vast GEP footprint in Gauteng has enabled collaboration with regional ecosystem players for improved service delivery.

### 2.2 ORGANISATIONAL ENVIRONMENT

GEP made great strides during the year under review and registered 100% achievement in all 14 key performance indicators (KPIs) for the 2024/25 financial year.

The organisation has established a solid performance-driven culture, resulting in sustained 100% performance for the 2023/24 and the 2024/25 financial years. The Investment Committees are committed to ensuring improved organisational efficiency, and the Management Investment Committee meets at least twice a week to achieve this goal.

GEP continued to experience increased demand for its MSME support instruments despite its budget allocation having decreased over the years. The organisation strengthened its efforts to ensure healthy loans and improved debt collection, resulting in exceeding the collection target. The entity intensified its efforts to establish value-adding partnerships to leverage funding and scaled up its delivery through partnerships with INSETA, W&RSETA, and the NYDA. These efforts enhanced the performance of the Youth Accelerator Programme in providing learnership opportunities to unemployed graduates and offering hybrid loan funding to youth-owned businesses.

### 2.3 KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

GEP continued to support the implementation of TEDA through the TEPF, and this year saw the full commitment of the funds under the Township Property Fund and the MSME Crisis Fund. The contribution to the TISH strategy was largely through the provision of a loan fund, informal traders' grants and business development support to MSMEs located in these areas. GEP supports the District Development Model by ensuring that our MSME support instruments are accessible across all five Gauteng regions. MSMEs have both physical and digital access to GEP in all regions. The spread of GEP's footprint throughout Gauteng has made it possible for GEP to collaborate with regional ecosystem players for improved service delivery.



## 2.4 PROGRESS TOWARDS ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

GEP scaled its support to MSMEs during the period under review, resulting in the following highlights:

- MSMEs at various stages of the business life cycle were provided with grant funding support to the value of R13.8 million for the purchase of stock and equipment (disbursement value).
- Informal traders were supported with stock and equipment to the approved value of R2.5 million.

### PROGRAMME 1: ADMINISTRATION

**Strategic Outcome:** Increased contribution of small enterprises to the Gauteng economy.

GEP's performance under this programme confirms the Agency's commitment to transformation by leveraging procurement spending towards targeted and previously disadvantaged groups. It also ensures the successful implementation of the Agency's mandate through sustainable and integrated support and services. This programme was measuring five key performance indicators that measure procurement spending within designated groups, as well as those ensuring sound governance of the organisation. GEP achieved 100% of its performance targets under the Programme.

### PROGRAMME 2: INVESTMENT MANAGEMENT

**Strategic Outcome:** Increased contribution of small enterprises to the Gauteng economy.

This programme ensures the optimal deployment of available loan and grant funding to support the development, growth and sustainability of qualifying small enterprises. During the year under review, this programme measured six key performance indicators and achieved 100% in all its performance targets. Key highlights include:

- GEP's direct loan funding support to the value of R 77.8 million was provided to Gauteng MSMEs, closing the financial year with disbursements of R77.7 million.
- Gauteng youth-owned businesses, through GEP's blended finance support (50% grant and 50% loan), received funding to the value of R7.8 million (disbursement value).

### PROGRAMME 3: REGIONAL OPERATIONS AND ENTERPRISE SUPPORT

**Strategic Outcome:** Increased contribution of small enterprises to the Gauteng economy.

This programme provides tailored business development support for the growth of small enterprises through the GEM stages of ideation, start-up, and early growth. It measured two key performance indicators: the provision of business development support to MSMEs and the number of youth benefiting from the Youth Accelerator Programme. The programme achieved 100% performance, with the following highlights:

- MSMEs were provided with business development support valued at R10.7 million.
- 181 unemployed graduates benefited from the youth accelerator programme. This target was achieved through a co-funding partnership with W&RSETA.

### PROGRAMME 4: RESOURCES MOBILISATION AND INDUSTRIAL FINANCING

**Strategic Outcome:** Improved Balance Sheet to support small enterprises.

The programme focuses on resource mobilisation and revenue generation through strategic partnerships and improved debt collection. During the review period, this programme measured one performance indicator—the collection rate—and achieved 100%, ending the year with a 70% collection rate.



### 3. REPORT BY THE ACTING CHIEF FINANCIAL OFFICER

MR TINEVIMBO GONDO  
ACTING CHIEF FINANCIAL OFFICER

#### OVERVIEW OF THE 2024/25 ANNUAL FINANCIAL STATEMENTS

GEP continues to implement economic recovery programmes during the 2024/2025 financial year to assist MSMEs in response to the challenging socioeconomic conditions. The Youth Hybrid Finance Programme was introduced in the current year to address youth unemployment. The increase in approvals and disbursements of loans highlights an increase in economic activity in comparison to the previous years. GEP noted an increase in economic activity when compared to the previous year. This is emphasised by increased approvals and disbursements of loans.

GEP advanced loans of R82.3 million (2023/24FY: R89.6 million) in the current year, and disbursed R27.5 million (2023/24FY: R41.5 million) in grants as part of MSME business development support.

The analysis of the financial performance for the year ended 31 March 2025 focuses on key line items in the financial statements. Therefore, the review should be read together with the annual financial statements, the summary of the financial performance statement, the statement of financial position, and the cash flow statement.

#### ASSETS

Total assets as of 31 March 2025 were R397 million, a decrease when compared to our total assets for the previous financial year of R455 million. The decrease is attributable to utilisation rollover funds during the year.

#### LIABILITIES

GEP's total liabilities as of 31 March 2025 were R131 million, compared with R160 million in the previous financial year.

Accruals for goods and services have reduced due to improved payment processes, and therefore, maintaining an invoice payment cycle of 15 days.

Material component of our liabilities consists of the provision of unutilised funds, mainly the provision for surrender of surplus funds. These liabilities have reduced during the year due to utilisation of these funds in accordance to their approved conditions. The provision for the surrender of the surplus is calculated in accordance with National Treasury instruction no.12 of 2020/2021FY.

#### NET ASSETS VALUE STATEMENT

The Net Asset Value (NAV) decreased in 2024/2025FY from R266.3 million to R294.6 million. This was due to utilisation of surplus funds during the current year and increased provision for credit loss on our loan book.

#### REVENUE: EXCHANGE TRANSACTIONS

During the financial year under review, GEP earned revenue from the exchange of R30.3 million compared to R39.5 million in the prior year, which is mainly made up of interest accrued on loans.

#### REVENUE: NON-EXCHANGE AND EXCHANGE

The provincial grant for the year was R188.7 million, a decrease of R32.7 million as compared to the previous year's R221.3 million. The reduction in grants is due to budget cuts that were applied by the National Treasury across the board.

*"I would like to extend words of gratitude to GEP finance team who contributed to the achievement of these annual outcomes. It was a difficult year with several challenges but through determination and hard work, GEP implemented the Auditor General's recommendations to ensure that the entity achieves an improved audit outcome."*

### LOAN BOOK PERFORMANCE AND CREDIT RISK

Financial support loans are currently valued at R62 million with a gross value of R303 million with a corresponding provision for impairment of R241 million as at year end. The current year's increase in the provision for doubtful debts was reflective of a broader difficult macro environment that MSMEs in the province operate in and the challenges they are faced with. GEP was able to collect R45 million from our loan book which exceed our budget of R40 million. Our collections have remained constant from the prior year and sought for improvements after additional securities were implemented.

### IRREGULAR EXPENDITURE

An irregular expenditure relates to services that were consumed on expired contracts. No irregular expenditure was condoned in the year under review, however, we have applied for condonation of R7 million to National Treasury which we expect a response after year end.

### FRUITLESS AND WASTEFUL EXPENDITURE

GEP had no fruitless and wasteful expenditure during the year under review.

### APPRECIATION

I would like to extend words of gratitude to GEP finance team who contributed to the achievement of these annual outcomes. It was a difficult year with several challenges but through determination and hard work, GEP implemented the Auditor General's recommendations to ensure that the entity achieves an improved audit outcome.





## 4. REPORT BY THE CHIEF OPERATIONS OFFICER

MR IMRAAN KHAN  
CHIEF OPERATIONS OFFICER

### OVERVIEW OF 2024/25

The Operations Unit achieved all its set targets for the 2024/2025 financial year. The total annual budget allocated for loans was R30 million and R22 million for business development support and grant funding. The Investment Management Unit supported businesses to the value of R77.7 million, disbursed as normal loans. A total of R7.8 million was also disbursed for the Youth Fund.

The Regional Operations Unit approved projects totalling R27 million against the R22 million annual budget for both business development support and grants. In terms of Business development support interventions, a total of 592 projects amounting to R10.7 million were approved. Furthermore, there was an increase in the number of grant applications during the year under review, with 878 projects approved to a total value of R16.3 million. Through its Youth Placement Programme, GEP successfully provided job skills development by placing 181 youth.

### CHALLENGES

The key challenge encountered was the increasing demand for GEP assistance despite the continued budget deficit. An additional allocation for both loans and business development support helped supplement the budget deficit, although it was not sufficient.

### FOCUS FOR THE COMING YEAR

The main focus for the coming year is on partnership programmes to leverage financial capital and IT systems in order to implement an efficient automated system, thereby improving the processing of applications.

*“The Regional Operations Unit approved projects totalling R27 million against the R22 million annual budget for both business development support and grants.”*



## 5. GEP SUCCESS STORIES

**Name of Co-op:** TOWNSHIP COMMUNITIES DEVELOPMENT PRIMARY CO-OPERATIVE

**Location:** Wendywood

**Corridor:** Johannesburg

**Sector:** Manufacturing (textile)

Township Development Communities Primary Co-operative was registered in 2018 by three members who had resigned from full-time employment. Initially specialising in made-to-order traditional wedding apparel, the business later diversified into the supply of school uniforms and supplemented its income by supplying protective clothing and corporate wear. Their key clients include schools in Alexandra and Bramley, such as Alexandra Secondary School and Liberty Community School. The co-operative operates from a leased factory in Wendywood, Johannesburg.

The co-operative faced several challenges, including a lack of machinery to produce certain uniform items such as tracksuits and specialised sports t-shirts, as well as insufficient marketing materials. It also lacked visible branding and digital presence, such as a company website and social media marketing. GEP supported the Township Development Communities Primary Co-operative through its Co-operative Assistance Programme. The co-operative was assisted with the procurement of machinery to strengthen its operations. Additionally, GEP provided marketing collateral, which included shop-front branding, website development and design, as well as corporate email templates.

As a result of the support received, the Township Development Communities Primary Co-operative was capacitated to expand its product range by introducing additional uniform items, specifically sports t-shirts and tracksuits. The co-operative successfully scaled up production to service new school clients, including Bracken High School and Highlands North High School. This growth contributed to a notable increase in both revenue and profitability during the 2024/25 financial year.

Township Development Communities Primary Co-operative successfully converted three of eight casual employees into full-time employees. In addition, one further casual employee was employed. The total number of employees stands at 16, with 10 permanent and six casual workers.





**Name of MSME:** LUSEKA (PTY) LTD T/A IDLANATHI CATERING

**Location:** Soweto

**Corridor:** Johannesburg

**Sector:** Food retail

Luseka (Pty) Ltd t/a Idlanathi Catering is a 100% black owned company specialising in catering services. The business was officially registered in 2018 by a couple, Philile and Vusi Hlongwa, with its main kitchen currently operating at the Tiger Brands Group canteen in Bryanston. To date, the catering company has catered for events, corporate celebrations, parties and direct orders.

Learn more about the business by visiting their Instagram page: [@luseka\\_baking\\_and\\_catering](#).

In February 2021, the business gained momentum, and the owners decided to relocate to a shop in Protea Glen, Soweto; however, this shop later closed because the location was not viable. Despite this, the food trailer, which has its main operational contract with Tiger Brands Group, still plays a vital role in servicing events such as corporate celebrations, parties, and direct orders. The catering company faced several challenges, including insufficient stock and catering equipment such as an industrial kitchen and butchery tools. They also lacked marketing materials and their new shop had no branding. GEP supported Luseka (Pty) Ltd through various interventions, including assistance with stock purchases, relief support during the COVID-19 pandemic, and the development of marketing materials. Additionally, GEP facilitated the procurement of a mobile kitchen, which enhanced the business's operational capacity and expanded its market reach.

Following GEP's support, the catering company expanded its services by supplying home baking businesses in the surrounding areas and attracting new customers. Notably, the business achieved a substantial increase in its annual turnover, recording a growth rate of more than 650% in the 2024/25 financial year.

Luseka (Pty) Ltd t/a Idlanathi Catering grew from being operated by its two owners to employing 14 permanent employees and 15 part-time workers.



<b>Name of MSME:</b>	<b>DLIGHTFUL PATISSERIES BY PORTIA (PTY) LTD</b>
<b>Location:</b>	<b>Katlehong</b>
<b>Corridor:</b>	<b>Eastern Development Corridor</b>
<b>Sector:</b>	<b>Services (Bakery)</b>

Dlightful Patisseries by Portia (Pty) Ltd began operations informally in 2021 and was formally registered in 2023. The business is owned and managed by Ms Nthabiseng Moathlodi and operates from her premises in Katlehong. It specialises in baking cakes and confectionery products such as scones, biscuits, cupcakes, jam tarts, and muffins, servicing local members of the community for funerals, celebration events, and day-to-day consumption.

As a growing company, Dlightful Patisseries has faced challenges such as inadequate preparatory equipment — for example, the business was using a standard, non-industrial stove for baking. Additionally, the company lacked a food management system, marketing and branding tools, and alternative resources to generate electricity during load shedding and load reduction. GEP assisted the business by procuring preparatory equipment, including a generator to support operations during power outages. Furthermore, an integrated food management system and marketing tools were also acquired and implemented.

Thanks to GEP's support, Dlightful Patisseries made significant strides in its operations and performance. Turnover rose by approximately 42% in the 2024/25 financial year. Alongside this financial growth, the business expanded its product range to include packeted scones, Chelsea buns, and doughnuts, while diversifying by introducing tea and scones during the winter season. To support its growth, the company secured larger premises, with a planned relocation for June 2025.

The business started its operations with two casual workers and has since grown to employ two permanent employees and two additional casual workers, who sell small packeted scones as street vendors.



**Name of MSME:** POWER HOUSE MEDIA & PROJECTS (PTY) LTD

**Location:** Sebokeng

**Corridor:** Sedibeng Corridor

**Sector:** Services (Graphic designing, printing, web designing and hosting, signage)

Power House Media & Projects (Pty) Ltd was established in 2013 by Mr Zacharia Moeletsi. The business operates in Sebokeng, focusing on graphic design, web development, printing and signage services. its clientele includes the Department of Home Affairs (national office), GEP, SEDA, 9 Nine Le Restaurant, M-Tech and individual clients.

Despite Powerhouse Media & Projects (Pty) Ltd's diverse offerings. The company faced several challenges, with the main challenge being the continuous breakdown of one of its key machines—the large-format printer. This slowed delivery output and negatively impacted service efficiency. GEP supported the business through an equipment grant, complemented by additional interventions over the years. In 2019, the company received assistance with implementing a Safety, Health and Environment (SHE) system as well as a Quality Management System (QMS), enhancing compliance and operational standards. Further support was provided in November 2020 through the COVID-19 Relief Fund, which was used to improve working capital and sustain operations during the pandemic.

Through GEP's interventions, Power House Media & Projects (Pty) Ltd was able to secure rental space in an industrial park in Sebokeng, providing a more stable base for its operations. The COVID-19 Relief Fund further allowed the business to purchase additional printing materials, supporting continuity during a challenging period. Additionally, the company secured a contract as a SEDA Service Provider, which strengthened its revenue streams by ensuring a more consistent cash flow.

The business currently employs four staff members.





<b>Name of MSME:</b>	<b>BOTSANAFAB COSMETICS (PTY) LTD</b>
<b>Location:</b>	<b>Mamelodi</b>
<b>Corridor:</b>	<b>Tshwane</b>
<b>Sector:</b>	<b>Manufacturing</b>

Botsanafab Cosmetics (Pty) Ltd commenced operations in 2019 and is 100% owned by Florence Botsana Jele. The business specialises in the manufacturing of body products, including body lotions, hand lotions, body butter, lip balm, tissue oil, and perfumes. Its products are available at the Edenvine store in Menlyn Mall and the Silver Mall Pharmacy in Silverton, both in Pretoria. In addition, Botsanafab Cosmetics has an online store, catering for customers who cannot visit the physical outlets.

The company also offers make-up services for bridal parties and individuals, as well as workshops and private lessons for first-time make-up users.

Botsanafab Cosmetics (Pty) Ltd encountered several challenges in its operations. These included the lack of professional manufacturing equipment, which resulted in inefficient production processes, and insufficient marketing tools to participate effectively in exhibitions. GEP assisted the business by procuring manufacturing equipment and providing marketing tools. These efforts aimed to improve production capacity, increase market visibility, and support the overall growth of the enterprise.

The interventions enabled Botsanafab Cosmetics (Pty) Ltd to improve production efficiency and meet the growing demand from its customers. In addition, the company enhanced its professional visibility during exhibitions. Notably, it was invited by the Department of Trade, Industry and Competition (**the dtic**) to exhibit at the Rand Easter Show, where the marketing tools provided by GEP contributed to a strong and professional brand presence.

Botsanafab Cosmetics (Pty) Ltd has created two additional casual positions, employing brand ambassadors to promote its products.





**Name of MSME:** MS MARDI POPANA TSHABALALA (INFORMAL TRADER)

**Location:** Daveyton

**Corridor:** Ekurhuleni

**Sector:** Retail

Ms Tshabalala has been an Informal Trader operating in Daveyton since 2014. She sells a variety of items, including atchaar and spices, from a hand-made stall that she assembles each morning and disassembles in the afternoon. Her business largely depends on passing trade, as the stall is located outside a local mall.

The challenges faced by Ms Tshabalala's business were limited stock and insufficient equipment. During the 2023/24 financial year, GEP supported Ms Tshabalala through the Informal Traders Grant Programme. The support came in the form of stock, allowing her to expand her product range and better meet the increasing needs of her customers.

Thanks to GEP's support, Ms Tshabalala's business experienced significant growth. Turnover rose by about 21% between 2023 and 2024, followed by an astonishing increase of over 100% in the 2025 financial year. This rapid expansion has also enabled the business to move to a larger retail space within the mall by May 2025, thanks to the ongoing rise in customer demand.

Ms Tshabalala initially operated with the assistance of her children. She now employs two permanent employees and two casual workers, who sell atchaar and spices as street vendors.

Additionally, GEP is assisting Ms Tshabalala to register her business with the CIPC, which will formalise her operations and allow her to access further business development programmes.



## 6. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

The Agency's programmes and strategic goals during the period under review are summarised below:

### 6.1 PROGRAMME 1: ADMINISTRATION

The programme is responsible for the provision of strategic leadership and transversal support services required by the GEP's core functional programmes and to ensure the successful implementation of the Agency's mandate through sustainable and integrated support and services.

The Administration Programme delivers against the following Outcome reflected in the Strategic Plan:

**Outcome 2:** Increased contribution of small enterprises in the Gauteng economy.

### 6.2 PROGRAMME 2: INVESTMENT MANAGEMENT

The programme ensures the optimal deployment of available loan and grant funding, supporting the development, growth, and sustainability of qualifying small enterprises. The Programme is tasked with managing the loan book effectively through the approval of loans, the disbursement of approved loans, and the timeous recovery of loans.

The Investment Management Programme delivers against the following Outcomes reflected in the Strategic Plan:

**Outcome 3:** Sustainable enterprises that create and maintain jobs.

**Outcome 4:** Sustainable Black-owned industrial enterprises participating in high-growth sectors.

### 6.3 PROGRAMME 3: REGIONAL OPERATIONS AND ENTERPRISE SUPPORT

Programme 3 provides tailor-made Business Development Support for the development and growth of small enterprises. This is achieved through the Gauteng Entrepreneurship Model stages of ideation, start-up, and early growth. A referral system ensures investment-ready small enterprises receive the required financial support through GEP loans or through loans provided by other Development Finance Institutions (DFIs) or co-founders.

The Enterprise Support Programme and Regional Operations deliver against the following Outcome reflected in the Strategic Plan:

**Outcome 3:** Sustainable small enterprises that are creating jobs.

### 6.4 PROGRAMME 4: RESOURCE MOBILISATION AND INDUSTRIAL FINANCING

Under Programme 4, GEP is responsible for actively promoting entrepreneurship, mobilising resources through strategic partnerships, and facilitating an integrated approach among DFIs and other role-players for entrepreneurial development and support in the Province. The programme supports the industrial development drive of the Province by facilitating investment in high-impact business enterprises that weaken monopolies and stimulate high rates of employment.

The Resource Mobilisation and Industrial Financing Programme delivers against the following Outcomes reflected in the Strategic Plan:

**Outcome 1:** Improved balance sheet to support small enterprises.

**Outcome 3:** Increased number of supported small enterprises that are sustainable and creating jobs.

## 7. OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENT

PROGRAMME 1: 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
Increased contribution of Small Enterprises in the Gauteng economy	GEP procurement set-asides to benefit target groups	Percentage of procurement spend on small enterprises owned by women	55%	90%	50%	329%	+279%	R5.1 million was spent on women-owned service providers against a budget of R1.5 million. Target exceeded due to the high value of invoices processed for services rendered by women-owned businesses.
		Percentage of procurement spend on small enterprises owned by youth	50%	69%	45%	147%	+102%	R2.1 million was spent on youth-owned service providers against a budget of R1.4 million. Target exceeded due to the high value of invoices processed for services rendered by youth-owned businesses.
		Percentage of procurement spend on small enterprises owned by persons with disabilities	9%	67%	7%	143%	+136%	R380,000 was spent on persons with disabilities service providers against a budget of R266,000. Target exceeded due to the high value of invoices processed for services rendered by persons with disabilities.
		Percentage of valid procurement invoices paid within 15 days	100%	100%	100%	100%	None.	Not Applicable
Well-governed and high-performing organisation	Unqualified Audit Opinion	Annual Audit Opinion	GEP received an Unqualified Audit opinion for FY 2021/2022	GEP received an Unqualified Audit opinion for FY 2022/2023	Unqualified Audit opinion for FY 2023/2024	Unqualified Audit opinion for FY 2023/2024	None.	Not Applicable

PROGRAMME 2: INVESTMENT MANAGEMENT								
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
Sustainable enterprises that create and maintain jobs (continued)	Financially supported small enterprises creating jobs	Percentage of loans committed from the Investment Management Programme	297%	281%	100%	260%	+160%	R77.8 million was committed for loans against a budget of R30 million. Target exceeded due to a large number of deals that the Management Investment Committee approved.
		Percentage rate of committed loans disbursed	96%	100%	85%	100%	+15%	R77.7 million was disbursed against a total loan approval of R77.8 million. Target exceeded due to the successful implementation of approved deals and efficient disbursement of approved loans.
		Percentage of blended funding committed to youth-owned small enterprises disbursed	97%	99%	85%	98%	+13%	R7.8 million was disbursed against a total approval of R7.9 million. Target exceeded due to the successful implementation of approved deals and efficient disbursement of approved loans.
	Grant funding for small enterprises	Percentage of grants committed	170%	182%	100%	106%	+6%	R13.8 million was approved for grants against a budget of R13 million.
		Percentage rate of committed grants disbursed	100%	99%	90%	100%	+10%	R13.8 million was disbursed against a total grant approval of R13.8 million. Target exceeded due to a high number of applications received and processed during the period under review.
	Grant funding for informal traders	Percentage of grants committed to informal traders	154%	206%	100%	101%	+1%	R2.5 million was approved for informal traders' grants against a budget of R2.5 million.



PROGRAMME 3: REGIONAL OPERATIONS AND ENTERPRISE SUPPORT							
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
Increased number of supported small enterprises that are sustainable and creating jobs	Business Development Support Interventions for small enterprises in all economic sectors	Percentage of Business Development interventions committed for small enterprises	199%	228%	100%	165%	+65%
	Youth supported through the Youth Accelerator Programme	Number of youths that benefitted from the Youth Accelerator Programme	94%	101	100	181	+81
							R10.7 million was committed against a budget of R6.5 million. Target exceeded due to a high number of applications received and processed during the period under review.
							Target exceeded due to the additional number of unemployed youth placed through a partnership agreement between GEP and W&RSETA.

PROGRAMME 4: RESOURCES MOBILISATION AND INDUSTRIAL FINANCING							
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
Improved Balance Sheet to support small enterprises	Collections from the loan book	Collection rate of the Loan Book	26%	47%	25%	70%	+45%
	Improved Balance Sheet to support small enterprises						
							Out of R64 million collections due, GEP collected a total of R44.7 million. This is due to debt management unit putting extra efforts to collect monies owed.

## 8. LINKING GEP PERFORMANCE WITH PROGRAMME BUDGETS

PROGRAMME/ACTIVITY/ OBJECTIVE	2023/2024			2024/2025		
	BUDGET R'000	ACTUAL EXPENDITURE R'000	(OVER)/UNDER EXPENDITURE R'000	BUDGET R'000	ACTUAL EXPENDITURE R'000	(OVER)/UNDER EXPENDITURE R'000
Programme 1: Administration	60 341	59 646	695	60 196	58 758	(1 438)
Programme 2: Investment Management	60 542	60 542	0	46 566	46 566	0
Programme 3: Regional Operations and Enterprise Support	100 450	100 450	0	81 927	81 927	0
<b>Total</b>	<b>221 333</b>	<b>220 638</b>	<b>695</b>	<b>188 689</b>	<b>187 251</b>	<b>1 438</b>

## 9. REVENUE COLLECTION

SOURCES OF REVENUE	2023/2024			2024/2025		
	ESTIMATE R'000	ACTUAL AMOUNT COLLECTED R'000	(OVER)/UNDER COLLECTION R'000	ESTIMATE R'000	ACTUAL AMOUNT COLLECTED R'000	(OVER)/UNDER COLLECTION R'000
DED Allocation	221 333	221 333	0	188 689	188 689	0
Receipts on Loan Book	45 000	44 930	70	41 952	45 309	3 357
Interest and other income	15 700	40 423	-34 723	11 550	43 039	31 489
<b>Total</b>	<b>282 033</b>	<b>306 686</b>	<b>-34 653</b>	<b>242 191</b>	<b>277 037</b>	<b>34 846</b>

Improvements in revenue collection have been our main focus recently to make the entity sustainable in the near future. GEP managed to achieve its target on revenue collection in the past two years, enabled by the enhancement of debt monitoring tools to encourage customer payments through the use of jointly controlled bank accounts, cessions, and debt security structures.

GEP will face challenges from under-collection of revenue, as the collected funds need to be reinvested into supporting MSMEs and increasing the number of MSMEs supported annually. Additionally, GEP has introduced a Third-Party Investment Manager to assist in improving collections on our contract finance or Purchase Order financing. This feature became effective after the year-end.

## 10. CAPITAL INVESTMENT

GEP's capital investments are presented, at a high level, in Note 6 of the financial statements. Material carrying amounts of our Capital Investments represent IT equipment (laptops and servers), which are our tools of trade. All these assets are insured for all risks throughout the year. Additional laptops were purchased during the year under review, ensuring that employees were equipped with industry-standard tools of trade. The entity also upgraded the servers in the current financial year to ensure that high standards of IT backup solutions are in place.

GEP had no investments in infrastructure improvements during the year, as there were no changes to our operating office lease addresses. It is anticipated that some of the Regional Offices will change business premises in the next financial year.





## PART C GOVERNANCE



## 1. INTRODUCTION

Corporate Governance embodies processes and systems by which GEP is directed, controlled and held to account. In addition to legislative requirements based on the Gauteng Enterprise Propeller Act No. 5 of 2005, which is the Agency's founding legislation and the Companies Act, corporate governance with regard to the public entity is applied through the precepts of the Public Finance Management Act (PFMA) and is run in tandem with the principles contained in the King IV Report on Corporate Governance.

The Gauteng Provincial Legislature, the Gauteng Department of Economic Development, as the Shareholder and the GEP Board, which serves as the Accounting Authority of the Agency are responsible for corporate governance. GEP's corporate governance structure specifies the distribution of rights and responsibilities among its internal stakeholders as well as the standards that guide the actions and decisions of such role-players.

## 2. EXECUTIVE AUTHORITY

The Gauteng Department of Economic Development MEC is the Executive Authority of the Agency and, as such, approves GEP Budgets, Strategic Plans and Annual Performance Plans. This necessitates that GEP should provide progress reports on the financial and non-financial performance on a monthly, quarterly and annual basis in accordance with the requirements of the PFMA. All GEP performance plans were submitted for approval to the Executive Authority, and progress reports were submitted on time during the financial year under review. The Agency also took the necessary steps to ensure its 2024/25 Annual Performance Plan is aligned to the strategies and plans of Gauteng Department of Economic Development (GDED) and the Gauteng Provincial Government.

## 3. THE BOARD AS THE ACCOUNTING AUTHORITY

The GEP Board is regarded as the Accounting Authority in terms of Section 49 of the PFMA. The term of the current Board started on 1 October 2023.

### THE ROLE OF THE BOARD

The GEP Board sets the strategic direction and oversees the management of the affairs of the entity, including:

- Approval of the Strategy;
- Establishing policies for strengthening the performance of the entity;
- Monitoring the performance of management in line with agreed objectives;
- Ensuring the integrity of financial information and a robust internal control environment; and
- Ensuring that the entity has a robust risk management system and complies with relevant laws, regulations and codes of best practice.

The roles and responsibilities of the Board are articulated in more detail in the Board Charter which is reviewed on an annual basis. All Board activities and decisions during the year under review were carried out in accordance with the Charter.

The GEP Board continues to play its role in providing effective leadership based on the principles of honesty, professionalism, good governance and ethical business practices. It also exercises its oversight responsibility over financial and performance management and reporting while ensuring compliance with all relevant legal prescripts and policy imperatives.

NAME	DESIGNATION	DATE APPOINTED	DATE RESIGNED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD	OTHER COMMITTEES OR TASK TEAMS	NO. OF MEETINGS ATTENDED
<b>Ms Lebogang Leshika*</b>	Board Chairperson	01 October 2023	29 November 2024	University of Pretoria: BCom Accounting Sciences UNISA: BCompt Honours; PGD Applied Accounting Sciences SAICA: Initial Test of Competence (ITC) Assessment of professional Competency (APC)	Financial Management, Auditing, Accounting	N/A	N/A	7 of 8
<b>Ms Refilwe Letwaba</b>	Board Chairperson	01 October 2023 Appointed as Board Chairperson on 28 March 2025	N/A	Wits University B Juris LLB qualification	Law	Board Member of Gauteng Growth and Development Agency (GGDA) Member of Human Settlements Advisory Panel	Member of Human Resources & Remuneration and Social & Ethics Committee (REMCO) From 01 October – 29 March 2025 Member of Credit, Investment and Business Development Committee (CIBDC)	9 of 9
<b>Mr Phosane Mngqibisa</b>	Deputy Chairperson	01 October 2023	N/A	IMM Diploma (Damelin College) Master of Business Administration (MBA) Demont Fort University, Leicester, UK PHD Candidate- DBA (The University of Northampton UK) 2022 Post Graduate Researcher (The University of Northampton UK)	Economics - Development Studies Entrepreneurship Stakeholder Management Small Business Development Marketing	Linfin Holdings Ltd- CEO Global Emergency Medical Services( Pty) Ltd - Director	Chairperson of Credit, Investment and Business Development Committee (CIBDC)	9 of 9
<b>Mr Abel Mawela</b>	Member	01 October 2023	N/A	De Monforte University: Master of Business Administration (MBA) UNISA: BCom Honours in Accounting; BCom Accounting IoDSA: Certified Director Institute of Government Finance, Audit and Risk Officers Train the trainer mSCOA	Financial Management	Accelerate Property Fund Ltd, which is a listed property (REIT) company. Member of the Audit Committee, Social and Ethics Committee and REMCO. Mpuumalanga Department of Agriculture, Rural Development, Land and Environmental Affairs (DARDLEA); Audit Committee Chairperson	Chairperson of Audit, Risk & Governance Committee (ARGC)	9 of 9
<b>Mr Amukelani Mashele</b>	Member	01 October 2023	N/A	UNISA: Master in Accounting Science (In-progress); Advanced Diploma in Accounting Science Post Graduate Diploma in Accounting Science (CTA) University of Johannesburg: BCom Economics and Econometrics; National Diploma in Banking	Financial Management	Charlotte Maxeke Academic Hospital Board member. July 2022 - present	Member of Audit, Risk & Governance Committee (ARGC) and Human Resources & Remuneration and Social & Ethics Committee (REMCO)	9 of 9

NAME	DESIGNATION	DATE APPOINTED	DATE RESIGNED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD	OTHER COMMITTEES OR TASK TEAMS	NO. OF MEETINGS ATTENDED
<b>Ms Kanabo Skhosana</b>	Member	01 October 2023	N/A	University of Pretoria: Bachelor of Laws; Baccalaureus Commercial Law (Certificate) Admitted Attorney of the High Court BCom Law-Business Management and Public Administration LLB Tax Practice; ADR; Wits University: Post Graduate Certificate, Mining Tax Law; Post Graduate Certificate, Prospecting and Mining Law Law Society of South Africa: Practice Management and Training	Law	N/A	Member of Credit, Investment and Business Development Committee (CIBDC)	8 of 9
<b>Ms Sheila Sekhithla</b>	Member	01 October 2023	N/A	Diploma in Professional Nursing Diploma in Midwifery Diploma in Business Development (Rand Afrikaans Universiteit RAU) Cum Laude Certificate in Business Sector Development (RAU) Certificate in Personal Development (RAU) Certificate in Executive Development Program Women in Tourism, Graduate School of Business Leadership (UNISA) Certificate in Board Leadership, Gordon Institute of Business Science University of Pretoria: Certificate in Capacity Building for Tourism Practitioners at Local Government Certificate in Corporate Governance & King 4 (IoDSA) Certificate in Corporate Governance and Board Effectiveness (IoDSA) Certificate in Real Estate (Academy of Real Estates)	Corporate governance Tourism Business development Nursing	N/A	Member of Credit, Investment and Business Development Committee (CIBDC)	9 of 9

NAME	DESIGNATION	DATE APPOINTED	DATE RESIGNED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD	OTHER COMMITTEES OR TASK TEAMS	NO. OF MEETINGS ATTENDED
<b>Ms Nomvula Mathenjwa</b>	Member	01 October 2023	N/A	Tshwane University of Technology: Executive Leadership Development Certificate of Competence Programme for Municipal Political Functionaries Senior Management Zithobeni Computer raining Centre Microsoft Computer Basic Literacy	Leadership	N/A	Member of Audit, Risk & Governance Committee (ARGC) and Human Resources & Remuneration and Social & Ethics Committee (REMCO)	9 of 9
<b>Mr Sipho Mkhize</b>	Member	01 October 2023	N/A	Regenysis Business School: Honours in Public Management and Development; Executive Certificate in Public Management and Development. University of Pretoria: Executive Certificate in Public Management and Development; Project Management Wits University: Professional Certificate in Public Management; Housing Policy Management Stellenbosch University: Policy Writing and Development	Public Management and Development	N/A	Member of Credit, Investment and Business Development Committee (CIBDC) and Human Resources & Remuneration and Social & Ethics Committee (REMCO)	9 of 9
<b>Ms Bulela Mgobozi</b>	Member	01 October 2023	N/A	University of Pretoria: BCom Accounting Science University of KwaZulu-Natal: BCom Accounting- Honours SAICA: Chartered Accountant (SA)	Finance and Audit	N/A	Member of Audit, Risk & Governance Committee (ARGC)	9 of 9
<b>Ms Cherity Morongwe-Diale</b>	Member	01 October 2023	N/A	University of Johannesburg: BTech Degree Human Resource Management Ekurhuleni East College: Diploma in Human Resources Management Wits University: Future Fit Senior Banker Development Certificate. Rosebank College: Certificate Business Management and Administration. Institute of People Development: National Certificate: Occupational Directed Education Training Development Practices (OD-ETDP)	Human Resource Management	N/A	Chairperson of Human Resources & Remuneration and Social Ethics Committee (REMCO) and Member of Audit, Risk & Governance Committee (ARGC)	9 of 9



NAME	DESIGNATION	DATE APPOINTED	DATE RESIGNED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD	OTHER COMMITTEES OR TASK TEAMS	NO. OF MEETINGS ATTENDED
<b>Mr Des Van Rooyen**</b>	Member	01 October 2023	01 July 2024	University of London: MSc in Finance (Economic Policy) Wits University: Master in Public Development and Management; Certificate in Municipal Finance; Professional Certificate in Public Management Cannabis University: Master Certificate in Cannabis UNISA: Economics and Public Finance Tshwane University of Technology: The Role of Leaders in the improvement of the lives of communities North-West University: Councillor Development Certificate University of Pretoria: Municipal Management Development Programme; Potchefstroom University: Basic Disaster Management, Carletonville Technical College: Computer Practice N4 SANDF: Defence and Development Certificate of language; Proficiency English Intermediate Course; SANDF School of Signal: Signal Course; SANDF Formative Training for – Non-Commissioned Officers	Financial Management	N/A	Chairperson of Audit, Risk & Governance Committee (ARGC) from October 2023 to 1 July 2024	3 of 3
<b>Mr Boy Ngobeni</b>	Member	01 December 2024	N/A	Regenesys: Master of Public Management University of Limpopo: BAdmin University of Limpopo: BAdmin Honours UNISA: Advanced Programme in Organisational Development	Business Administration and Organisational Development		Member of Human Resources & Remuneration and Social & Ethics Committee (REMCO)	2 of 2

\*Ms Lebogang Leshika resigned as GEP Board Chairperson on the 29th November 2024

\*\* Mr Des Van Rooyen resigned as GEP Board Member on the 1st July 2024

## 1. BOARD COMMITTEES

Section 13(1) of the GEP Act No. 5 of 2005 states that the Board may appoint one or more committee members to address any matters referred by the Board and report back on them. The establishment of the Board Committee also finds expression in Section 72 of the Companies Act, 2008 and the King IV Report on Corporate Governance™. The Board of GEP established the following committees to assist in discharging its responsibilities, although these Committees do not relieve the Board of its duties. The Committees reviewed and adopted their Charters, which were approved by the Board during the period under review.

### COMMITTEES

COMMITTEE	NUMBER OF MEETINGS HELD	NO. OF MEMBERS	NAME OF MEMBERS
<b>Audit, Risk and Governance Committee</b>	11	5	<ul style="list-style-type: none"> <li>Mr Abel Mawela (Chairperson)</li> <li>Ms Bulela Mgobozi (Member)</li> <li>Ms Cherity Morongwe-Diale (Member)</li> <li>Ms Nomvula Mathenjwa (Member)</li> <li>Mr Amukelani Mashele (Member)</li> </ul>
<b>Credit, Investment and Business Development Committee</b>	6	5	<ul style="list-style-type: none"> <li>Mr Phosane Mngqibisa (Chairperson)</li> <li>Mr Sipho Mkhize (Member)</li> <li>Ms Refilwe Letwaba (Member)</li> <li>Ms Kanabo Skhosana (Member)</li> <li>Ms Sheila Sekhitla (Member)</li> </ul>
<b>Human Resources, Remuneration and Social &amp; Ethics Committee</b>	5	5	<ul style="list-style-type: none"> <li>Ms Cherity Morongwe-Diale (Chairperson)</li> <li>Ms Nomvula Mathenjwa (Member)</li> <li>Mr Boy Ngobeni (Member)</li> <li>Mr Amukelani Mashele (Member)</li> <li>Mr Sipho Mkhize (Member)</li> </ul>

#### AUDIT, RISK AND GOVERNANCE COMMITTEE

The Committee is regulated by its Charter, which was approved by the Board and which details its responsibilities. Key among those responsibilities are listed below.

- Review the risk management, control and governance processes;
- Consider and assess the independence and performance of the external and internal auditors;
- Discuss and review with the external auditors before the audit commences;
- Discuss and review the auditor engagement letter, the terms, the nature and scope of the audit function, procedure and engagement, the audit fee and ensure the coordination and maintenance of a professional relationship with auditors;
- Review the external auditor's management letter and management's responses;
- Review and approve the internal audit plan and ensure that the internal audit function is adequately resourced and has appropriate standing within the entity;
- Review the cooperation between the internal and external audit functions and coordinate the formal internal work plan with external auditors to avoid the duplication of work;
- Review the effectiveness of the entity's systems of internal control, including internal financial control, business risk management, information technology (IT) and fraud risks and maintain effective internal control systems; and
- Review the risk management strategy of the entity.

## CREDIT, INVESTMENT AND BUSINESS DEVELOPMENT COMMITTEE

The Credit, Investment and Business Development Committee was established to deliberate on financial and non-financial applications. This Committee has adopted a Charter which outlines its roles and responsibilities. The Committee plays an important role in approving financial and non-financial requests. The following are the responsibilities of the Committee:

- Consider financial support requests with a value of up to R3.5 million per project, and recommend any application of R3.5 million and above to the Board for approval;
- Advise the Board on the best strategy for financing and BDS provided to MSMEs and other investments, taking into consideration the dynamics of the MSME development sector;
- Provide inputs and recommendations for the Financing Policy for both loans and BDS to the Board for final ratification;
- Approve any partnership proposals for interest-bearing loans and interest-free non-refundable capital grants between R1.5 and R3.5 million and recommend to the Board proposals from above R3.5 million to R10 million; and
- Recommend the MSME Financing Policy to the Board for approval.

## HUMAN RESOURCES, REMUNERATION AND SOCIAL & ETHICS COMMITTEE

The Human Resources, Remuneration and Social & Ethics Committee is regulated by a Charter approved by the Board, which details its responsibilities. Key among those responsibilities are listed below:

- Ensure compliance with legislation, policy and procedures in the selection and recruitment of staff;
- Review the HR policies and procedures of GEP and recommend revisions for submission to the Board;
- Consider and determine any proposed amendments to grading or terms and conditions of staff and recommend these to the Board;
- Review and measure annual bonuses against individual and entity performance targets, both financial and sustainability-related, which targets must be reviewed annually to remain appropriate;
- Recommend and report to the Board the percentage of annual salary increase to be awarded to staff and the parameters for performance increases for all staff below general managers;
- Advise the Board on performance-related increases for general managers, regional managers and the chief executive officer, chief operations officer and staff;
- Monitor staff training and development programmes; and
- Ensure that the performance and training needs of staff are reviewed annually.

### 2. REMUNERATION OF BOARD MEMBERS

- The MEC determines the Board members' remuneration based on the directive of the National Treasury.
- The previous chairperson of the Board was not remunerated.
- The members' travel claim is R4.76 per km for physical meetings attended.
- Board chairperson – R5 135.58
- Deputy chairperson – R4 357.93
- Member – R3 995.37

Refer to note 34 of the Annual Financial Statement for further details of board member remuneration.



## 4. RISK MANAGEMENT

**MS SIBUSISIWE NTULI**  
GM: RISK AND AUDIT CA (SA)

**G**EP's Risk and Audit Division is established in accordance with the provisions of the GEP Act, PFMA, Treasury Regulations, King IV Report on Corporate Governance, ISO 31000 Risk Management Standards, and the Public Sector Risk Management Framework. The committee conforms to all such provisions and legislative requirements. It operates in line with the requirements of the Public Sector Risk Management Framework and ISO 31000. The Risk Management function is defined as a disciplined approach for implementation, monitoring, and maintenance of good risk management practices that propel the organisation towards achieving the objectives of the Risk Management Policy Framework. The unit is positioned as a strategic enabler, risk and audit management expert advisor, and a value-adding function intended to assist GEP in achieving its mandate, strategic objectives, as well as to satisfy its stakeholders within the prescribed regulatory framework. It is thus empowered to, amongst other functions:

- (a) facilitate risk and opportunity identification, risk mitigation, risk reporting, and risk monitoring at both strategic and operational levels;
- (b) implement the Business Continuity Management (BCM) programme;
- (c) implement the Fraud Prevention Strategy and Ethics Programme;
- (d) provide assurance on policy development;
- (e) implement a Combined Assurance Model; and
- (f) implement the Internal Audit Programme.

The unit, headed by the General Manager Risk and Audit, reports to the Chief Executive Officer (CEO) and functionally to the Board and Audit and Risk Governance Committee for purposes of risk and assurance oversight on various risk categories in the organisation.

### GEP'S RISK PHILOSOPHY

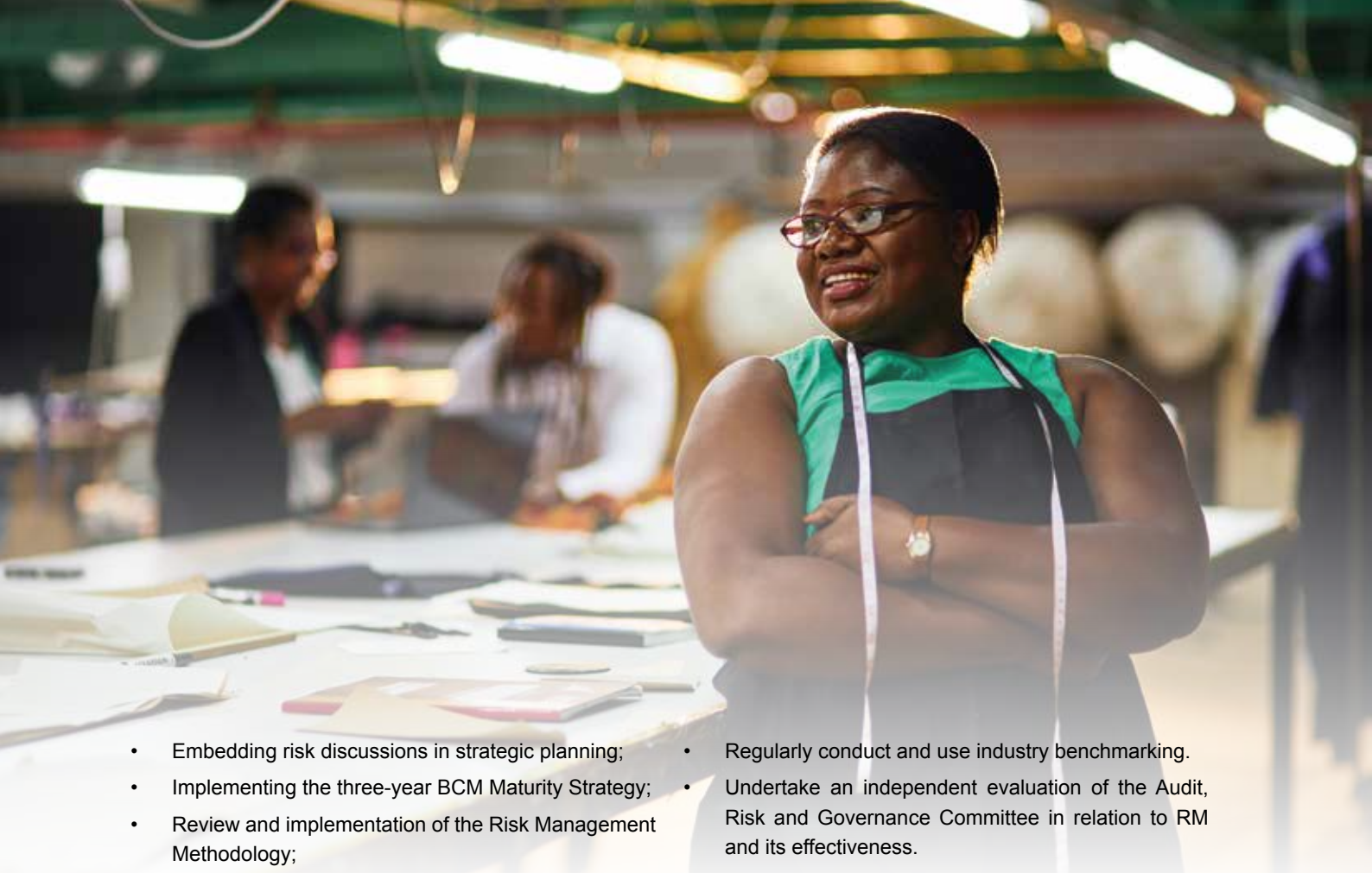
GEP's Risk Philosophy acknowledges that risk is inherent in any business, especially when propelling high-risk MSMEs and co-operatives into the mainstream economy through financial and BDS. This approach aims to reduce poverty, unemployment, and inequality. Risk management is an important element of the organisational strategy and operations that impact organisational performance (i.e., Annual Performance Plan Targets), financial results, and future organisational plans. GEP believes that risk management should be the responsibility of every employee in the organisation. It should be practised daily and integrated into all operations, business processes, and policies. This approach aims to convert risks into opportunities, protect the organisation against unforeseen losses, improve investment returns, and establish GEP as a reliable and sustainable service delivery agency. Business decisions must be informed and underpinned by appropriate analysis to reduce incidents of fraud and corruption, minimise irregular, fruitless, and wasteful expenditure, and improve the efficient use of resources in project rollout.

### RISK MATURITY

The Risk and Audit Division's vision is to propel GEP to be "risk intelligent" by using a hybrid of ISO 31000 and the Public Sector Risk Management Framework. The entity has a functioning Risk Management Policy Framework in place, amongst others. During the year under review, GEP reached level 6 risk maturity (risk intelligence). Key achievements over the reporting period include:

- Review of the Risk Management Policy;
- Review of the BCM Policy;
- Implementation of the Risk Appetite Framework;
- Linking the organisational strategy to the strategic risk profile;





- Embedding risk discussions in strategic planning;
- Implementing the three-year BCM Maturity Strategy;
- Review and implementation of the Risk Management Methodology;
- Implementation of the Risk Management Guide;
- Review of the Risk Management function by external assurance providers as a provider of “full assurance”; and
- Development of the Combined Assurance Policy Framework.

To maintain the risk intelligence maturity level, the following initiatives will be implemented:

- Coordinated risk management activities across silos (Combined Assurance).
- Continuous monitoring of risk appetite at a product level.
- Enabling and implementing of technology.
- Application of contingency plans and escalation procedures.
- Risk management training (Board, management and staff).
- Undertake a transversal risk analysis.
- Consolidate and quantify risk.
- Undergo a risk consultation.
- Embark on Risk Management (RM), BCM, Ethics, Compliance, and Anti-fraud Training.
- Improve “tone at the top”.
- Continuous embedding of risk in strategic planning.
- Ensure capital allocation for risk.
- Link risk to performance measures and incentives.

- Regularly conduct and use industry benchmarking.
- Undertake an independent evaluation of the Audit, Risk and Governance Committee in relation to RM and its effectiveness.

Other value-added services include reviewing financial support deals and partnerships to identify risks and ensure they are properly mitigated to aid in the collection and debt recovery processes.

## 2024/2025 ASSURANCE PLANS

The risk management function is responsible for the implementation of the annual RM Plan and the Business Continuity Implementation Plan. The targets for both assurance plans for FY2024/2025 were 80% and all targets were achieved.

## STRATEGIC RISK PROFILE

For the reporting period, the Board and Executive Committee (EXCO) undertook an annual Board risk assessment to identify risks and opportunities from the 2020/2025 organisational strategy and annual performance targets for FY2024/25. During the year under review, management implemented 96% of approved risk mitigations. The delays in the resolution of risk mitigations were due to budgetary constraints and the inability to fill critical positions. The partially resolved mitigations have been carried over to FY2025/26 for implementation. The seven strategic risk exposures identified with key mitigations were ranked and approved by the Board. Risk mitigations are monitored and reported monthly to EXCO. Quarterly reports are provided to the Audit and Risk Governance Committee and the Board.

RISK NAME	RESIDUAL RISK	SUMMARY OF RISK MITIGATIONS
<b>Human Capital</b>	<b>High</b>	<ul style="list-style-type: none"> <li>Benchmark, develop and implement an organisation-wide human resources strategy linked to the 2021/2025 organisational strategy and re-configuration strategy</li> <li>Development and implementation of a skills development plan/framework to guide annual performance development plans for employees</li> <li>Review of policies (performance management policy and leave policy)</li> </ul>
<b>Financial Sustainability</b>	<b>High</b>	<ul style="list-style-type: none"> <li>Review of impairment methodology</li> <li>Re-introduce cession agreements for contract finance loans</li> <li>Review the materiality and significance framework</li> <li>Benchmark with other financial institutions for loan security</li> </ul>
<b>Asset Quality</b>	<b>High</b>	<ul style="list-style-type: none"> <li>Capacitate post-investment through training and development to provide ongoing post-investment monitoring to ensure and support the investees to address emerging operational risks and ensure timely interventions and collections</li> <li>Appointment of SM: Investment Management</li> <li>Obtain approval for and appoint two paralegals</li> </ul>
<b>Legal and Regulatory Compliance</b>	<b>Moderate</b>	<ul style="list-style-type: none"> <li>Policy training sessions for all staff (approved policies)</li> <li>Ongoing monitoring and tracking of non-compliance with policies</li> <li>Implementation of the compliance roadmap</li> <li>Creation of a policy universe</li> <li>Review the risk appetite framework</li> </ul>
<b>ICT</b>	<b>Very High</b>	<ul style="list-style-type: none"> <li>Resourcing/budgeting for and implementation of ICT governance and ICT Strategy</li> <li>Implementation and prioritisation of ICT governance standards and policies (Corporate Governance of ICT Policy Framework; ICT Security Policy, ICT User Management Policy, and ICT Standard Operating Procedures)</li> <li>Define the ICT infrastructure and application roadmap</li> <li>Migrate critical services to Microsoft Azure and review and implement a Disaster Recovery Plan to include the latest industry and audit recommendations</li> </ul>
<b>Fraud and Corruption</b>	<b>Low</b>	<ul style="list-style-type: none"> <li>Publish the ethics programme, which encompasses the Declaration of Interest and Ethics Commitment Forms, to support the Code of Ethics</li> <li>Track implementation of the revised Fraud and Corruption Prevention Policy to conclude all investigations and referrals within 90 days</li> <li>Fraud awareness and training</li> </ul>
<b>Stakeholder Management</b>	<b>Moderate</b>	<ul style="list-style-type: none"> <li>Strengthen external communication by implementing the marketing strategy (including the PR strategy)</li> <li>Integration of partnership implementation into the work plans of Investment Management and Regional Operations</li> </ul>

## 5. INTERNAL CONTROL UNIT

The Audit Committee reviewed several items:

- (a) the effectiveness of the internal control systems;
- (b) the effectiveness of internal audit;
- (c) the risk areas of the entity's operations to be covered in the scope of internal and external audits;
- (d) the adequacy, reliability, and accuracy of financial information provided to management and other users;
- (e) any accounting and auditing concerns identified as a result of internal and external audits;
- (f) the entity's compliance with legal and regulatory provisions;
- (g) the activities of the internal audit function, including its annual work programme, coordination with the external auditors, reports of significant investigations, and management's responses to specific recommendations;
- (h) where relevant, the independence and objectivity of the external auditors;
- (i) matters to be investigated within its powers, as identified in the written terms of reference;
- (j) reports and recommendations to the accounting authority;
- (k) reporting on the effectiveness of internal controls in the institution's annual report;
- (l) the financial statements in the annual report; and
- (m) the Committee also reviewed the Delegation of Authority Framework to ensure compliance with legislation and alignment with business changes.

The Internal Control Unit operates in line with the provisions of the PFMA, Treasury Regulations, the International Standards for the Professional Practice of Internal Audit (i.e. IIA Standards), Public Sector Internal Audit Framework, the Audit, Risk and Governance Committee Charter, Internal Audit Charter, Internal Audit Methodology and the King IV Report on Corporate Governance. The Internal Audit Function within the Risk and Audit Division exists as an independent internal assurance provider, expert advisor, strategic enabler, and value-add activity. It independently evaluates the risk management practices, control environment, and governance processes, thus contributing positively to the achievement of the organisational objectives.

### INTERNAL AUDIT/CONTROL UNIT

Operating in line with the provisions of the PFMA, Treasury Regulations, the International Standards for the Professional Practice of Internal Audit (IIA Standards), the Public Sector Internal Audit Framework, the Audit and Risk Governance Committee Charter, the Internal Audit Charter, the Internal Audit Methodology, and the King IV Report on Corporate Governance, the Internal Audit Function within the Risk and Audit Division operates as an independent internal assurance provider, expert advisor, strategic enabler, and value-adding activity.

It independently evaluates the control environment and governance processes, thereby contributing positively to the achievement of organisational objectives. The Internal Audit Function reports administratively to the CEO and functionally to the Audit and Risk Governance Committee. In addition, its assurance results support the Board in fulfilling its reporting and disclosure responsibilities to the MEC for Economic Development and the Legislature regarding the status of GEP's control environment.

## 6. INTERNAL AUDIT AND AUDIT COMMITTEES

Mr Abel Mawela chairs the Audit and Risk Governance Committee, which consists of three independent Board members. The Chief Executive Officer, Chief Financial Officer, General Manager: Risk and Audit, General Manager: Strategy, Monitoring and Evaluation, and external auditors have a standing invitation to all Committee meetings. The Committee Chairperson reports quarterly to the Board on the Committee's activities, decisions and recommendations. The Audit and Risk Governance Committee is responsible for overseeing risk and opportunity governance, fraud prevention, and compliance governance, with its principal duties on evaluating and monitoring policies and regulations.

### KEY INTERNAL AUDIT ACTIVITIES

The Internal Audit Function provided reasonable assurance to management and the Board on the adequacy and effectiveness of risk management, controls and governance processes based on the risk-based annual audit plan approved by the Audit Committee.

Guided by the approved risk-based annual audit plan for 2024/25, the organisation's control environment was adequate and effective except for areas of improvement highlighted to management and the Board through internal audit reports for enhancement and resolution. The internal audit function achieved 93% against the target of 80% for the 2024/25 Annual Internal Audit Plan. The Internal Audit Function was independently assessed by the external auditors as providing full assurance and was commended for its outstanding performance. The table below discloses relevant information on the audit committee members.

NAME	QUALIFICATIONS	INTERNAL OR EXTERNAL	IF INTERNAL, POSITION IN THE PUBLIC ENTITY	DATE APPOINTED	DATE RESIGNED	NO. OF MEETINGS ATTENDED
<b>Mr Abel Mawela</b>	De Monforte University: Master of Business Administration (MBA) UNISA: BCom Honours in Accounting; BCom Accounting IoDSA: Certified Director Institute of Government Finance, Audit and Risk Officers Train the trainer mSCOA	External	N/A	01 October 2023	N/A	7
<b>Ms Bulela Mgobozi</b>	University of Pretoria: BCom Accounting Science University of KwaZulu-Natal: BCom Accounting Honours SAICA: Chartered Accountant (SA)	External	N/A	01 October 2023	N/A	9
<b>Ms Cherity Morongwe-Diale</b>	University of Johannesburg: BTech Degree Human Resource Management Ekurhuleni East College: Diploma in Human Resources Management. Wits University: Future Fit Senior Banker Development Certificate. Rosebank College: Certificate Business Management and Administration. Institute of People Development: National Certificate: Occupational Directed Education Training Development Practices (OD-ETDP)	External	N/A	01 October 2023	N/A	11
<b>Ms Nomvula Mathenjwa</b>	Tshwane University of Technology: Executive Leadership Development Certificate of Competence Programme for Municipal Political Functionaries/Senior Management Zithobeni Computer raining Centre Microsoft Computer Basic Literacy	External	N/A	01 October 2023	N/A	11
<b>Mr Amukelani Mashele</b>	UNISA: Master in Accounting Science (In-progress); Advanced Diploma in Accounting Science Post Graduate Diploma in Accounting Science (CTA) University of Johannesburg: BCom Economics and Econometrics; National Diploma in Banking	External	N/A	01 October 2023	N/A	11



## 7. COMPLIANCE WITH LAWS AND REGULATIONS



To improve the compliance culture as part of risk management practices, the Compliance Function is mandated to conduct its activities in line with the Compliance Management Policy Framework, which aligns with the Generally Accepted Compliance Practice Framework. During the period under review, the compliance management plan was developed and implemented. The Compliance Function will continue to review compliance with laws and regulations to prevent the recurrence of unauthorised, irregular, fruitless and wasteful expenditure. During the year under review, the entity complied with all relevant laws and regulations, except for certain sections of the PFMA related to irregular expenditure and revenue management. Despite this, the compliance management plan, as approved by the Audit and Risk Governance Committee, was successfully achieved.

### COMPLIANCE MATURITY LEVEL

The GEP compliance culture is maturing; this is signified by (a) the existence of the Compliance Management Policy Framework, (b) the Fraud Prevention Policy, (c) a functioning Fraud Hotline, (d) the re-establishment of an independent and objective Audit and Risk Division, and (e) annual independent audits by the Auditor-General South Africa (AGSA). The implementation of these interventions has increased the effectiveness of compliance management within GEP.

The table below reflects the compliance maturity levels that the entity must achieve to embed and enhance the compliance culture. During the period under review, GEP achieved the “Defined Level” of compliance maturity. There are planned activities that will be implemented to ensure that the entity achieves the “Optimised Level”.



## 8. FRAUD AND CORRUPTION

The PFMA, the King Code on Corporate Governance™, the Protected Disclosures Act, and the Combating of Corrupt Activities Act guide the Fraud and Corruption Prevention and Ethics Policy Frameworks. These frameworks are generally adhered to, except for instances reported in the assurance reports and communicated to the Audit and Risk Governance Committee, the Board, and the Shareholder. The policy framework in place comprises the Fraud and Corruption Prevention Policy, Staff Ethics Policy, Code of Conduct, Risk Management Policy, Compliance Management Policy, the Delegation of Authority Framework, and the five-year fraud prevention roadmap. The roadmap gives effect to the Fraud and Corruption Prevention and Ethics Policy frameworks by emphasising and rolling out the key principles and elements of fraud prevention, fraud detection, fraud investigation, and fraud resolution, including the zero-tolerance statement and whistleblowing mechanisms, thus stressing the matters of ethics, accountability, and consequence management. To improve the fraud control environment holistically, GEP has in place the Board Ethics Policy and the Politically Exposed Persons Policy. The entity revised the Fraud and Corruption Prevention Policy to include mechanisms for protected disclosures in line with the Protected Disclosures Act and the Prevention and Combating of Corrupt Activities Act, known as PRRECA.

The entity achieved 87% against a target of 70% in implementing the Fraud Prevention Plan.

### MECHANISMS IN PLACE TO REPORT FRAUD, CORRUPTION AND UNETHICAL BEHAVIOUR

Guided by the Fraud and Corruption Prevention and Ethics Policy Frameworks, GEP has established a whistleblowing facility managed by an independent external service

provider. This facility is available to all internal and external stakeholders, including employees and external clients, to confidentially report matters of fraud, corruption, and unethical behaviour.

The Fraud and Corruption Prevention and Ethics Policy Frameworks also allow for direct reporting of fraud, corruption, and unethical behaviour to the Board and/or Audit and Risk Governance Committee, including identification of fraud risks reportable to the Board and/or Audit and Risk Governance Committee. Matters reported are investigated, and the outcomes of the investigation reports are tabled with relevant governance structures. During the period under review, investigations relating to irregular, fruitless and wasteful expenditure were conducted and reported to the relevant structures. These transactions will be condoned post-implementation of consequence management.

### ANTI-FRAUD MATURITY

The GEP anti-fraud culture is embedded and enhanced through (a) the existence of the Fraud Prevention Policy, (b) the existence of the Compliance Management Policy Framework and Staff Ethics Policy, (c) a functioning Fraud Hotline, (d) the re-establishment of an independent and objective Audit and Risk Division, (e) annual declaration of interest for all staff, and (f) annual independent audits by the Auditor General South Africa (AGSA).

The table below depicts the phases of anti-fraud maturity levels (aligned to the recommendations by the Association of Certified Fraud Examiners and the COSO Framework). During the period under review, GEP achieved the “Integrated Level” of anti-fraud maturity.



## 9. MINIMISING CONFLICT OF INTEREST

### CONFLICT OF INTEREST AT THE ORGANISATION LEVEL

The process for managing conflicts of interest is outlined in the Staff Ethics Policy. Executive management sets the tone at the top, and every employee contributes to fostering an ethical environment that is supported by GEP values. All staff, including newly appointed members, are required to declare their interests. Both existing and new staff have submitted their declarations.

Furthermore, to minimise potential conflicts of interest, all officials, other role players, close family members, and partners who may influence the outcome of the supply chain management process must disclose any conflicts of interest to the employer and withdraw or excuse themselves from participating in any manner whatsoever in the process relating to the awarding of a contract.

## 10. CODE OF CONDUCT

The Code of Conduct, Fraud and Corruption Prevention Policy and Staff Ethics Policy were adhered to, except where recorded in the assurance and investigation reports and reported to the Audit, Risk and Governance Committee and/or the Board.

## 11. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

- Budget limitations and resource shortages impact the ability to implement effective measures
- Insufficient training and awareness among employees hinder safety effectiveness
- Lack of employee engagement and buy-in
- Buildings not complying with regulations
- Limited resources make it difficult to identify all potential hazards, and accurately assess risks and provide recommendations
- Inadequate emergency preparedness plans and procedures in place
- Insufficient ergonomic measures to prevent injuries
- Inadequate reporting of work-related injuries or illnesses

## 12. COMPANY/BOARD SECRETARY

The Company Secretary is responsible for convening governance meetings, providing administrative support to committees, and serving as a central source of guidance and advice to the Board. The Company Secretary is accountable to the Board and administratively reports to the CEO, and has the responsibility of:

- Ensuring that the minutes of all stakeholder meetings, Board meetings, committee meetings and executive meetings are properly recorded in accordance with the Companies Act 71 of 2008;
- Certifying the company's annual financial statements and confirming whether the company has filed the required returns and notices in terms of the Companies Act, and whether such notices appear to be true, correct, and up to date; and
- Ensuring that a copy of the company's annual financial statements is circulated in accordance with the Act to all relevant stakeholders.

## 13. SOCIAL RESPONSIBILITY

GEP sponsored events across various sectors in FY2024/25. These events were supported based on their alignment with the GEP mandate and government priorities, with a specific focus on women's empowerment.





## 14. AUDIT COMMITTEE REPORT

MR ABEL MAWELA

CHAIRPERSON OF THE AUDIT AND RISK GOVERNANCE COMMITTEE

We are pleased to present our report for the financial year ended 31 March 2025.

### AUDIT AND RISK GOVERNANCE COMMITTEE RESPONSIBILITY

The Audit and Risk Governance Committee reports that it has complied with its responsibilities arising from Sections 51 (a)(i)(ii), 76(4)(d), and 77 (a)(b) and (c) of the Public Finance Management Act, and Treasury Regulation 27.1 and 27.2. The Audit and Risk Governance Committee also reports that it has adopted appropriate formal terms of reference as its Audit and Risk Governance Committee Charter. The Committee has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

### EFFECTIVENESS OF INTERNAL CONTROLS

Our review of the findings of the internal audit work, which was based on the risk assessments conducted in the public entity, revealed certain weaknesses, which were then raised with the public entity. The Committee performed its duties as set out in the Charter, which included a review of the following:

- The effectiveness of the GEP's internal control systems.
- The risk areas of the GEP's operations are to be covered in the scope of the internal and external audits.
- The accounting and auditing concerns identified through internal or external audits.
- The GEP's compliance with legal and regulatory provisions, the GEP Act, the PFMA, as well as the Treasury Regulations.

- The activities of the Risk and Audit Unit, including its work programmes, and coordination with the External Auditors.
- The Auditors, the reports of significant investigations and the responses of Management to specific recommendations.
- The independence and objectivity of the External Auditors.
- The external audit fee and the terms of engagement.
- The Internal Audit Charter, Internal Audit Methodology and Internal Audit Plan.
- This Committee also conducted investigations within its Terms of Reference.

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

- Annual Financial Statements (AFS) GRAP review.
- Assurance on APR.
- Assurance on Success Stories.
- Supply Chain Management.
- Debt Management, including Loan Book and Impairment.
- Status of Records, including Financial Health/ Sustainability.
- Asset Management.
- ICT Governance, General and Application Controls and Security Controls.
- Human Resource Management.
- Performance of Information Review (Quarter 1-3).

The following were areas of concern:

- Effective steps to prevent irregular expenditure.
- Revenue and debt management to ensure GEP sustainability.

*“The Committee has reviewed management’s documented going concern assessment and agrees with the appropriateness of the going concern assumption as a basis for preparing GEP’s Annual Financial Statements and concurs that the entity is equipped to continue in the foreseeable future.”*

## IN-YEAR MANAGEMENT AND MONTHLY/ QUARTERLY REPORT

During the period under review, management presented quarterly reports, which enabled the committee to monitor the financial position of the entity and perform a comparison against performance objectives. The entity submitted monthly and quarterly reports to the Executive Authority.

## GOING CONCERN

The Committee has reviewed management’s documented going concern assessment and agrees with the appropriateness of the going concern assumption as a basis for preparing GEP’s Annual Financial Statements and concurs that the entity is equipped to continue in the foreseeable future.

## EVALUATION OF FINANCIAL STATEMENTS

The AFS were reviewed, paying specific attention to:

- Changes in accounting policies and practices.
- Significant financial reporting judgements and estimates.
- Significant adjustments flowing from the year-end audit.
- Completeness of disclosure.
- Compliance with effective South African Standards of GRAP, the PFMA, and other statutory precepts.
- Reasons for year-end fluctuations.
- The appropriateness of the going concern assumption.

## GOVERNANCE OF RISK

The PFMA requires the Board to ensure that a public entity has and maintains effective, efficient, and transparent systems of financial, risk management, and internal control. The Committee is responsible for overseeing risk management and reviewing internal controls. During the financial year ended 31 March 2025, several reviews were conducted on the effectiveness of internal controls. In the main, the overall control environment is satisfactory; however, there is room for improvement, particularly in adherence to Information Technology (IT) controls. The Committee conducted a Risk Assessment Workshop during the year. Risk reports have been reviewed, and the committee believes the entity is on a path towards risk maturity. Areas of weakness have been identified and are being addressed by management. The Committee will ensure that follow-up reviews are conducted on such areas.

## EVALUATION OF INTERNAL AUDIT

The Risk and Audit Division reviews and provides assurance on the adequacy and effectiveness of the internal control environment within the entity. The Committee is responsible for ensuring that the Risk and Audit Division is independent and has the necessary skills, resources and authority within the organisation to enable it to effectively discharge its duties and responsibilities. Internal Auditors have unrestricted access to the Audit and Risk Governance Committee.

## EXTERNAL AUDIT

The Auditor-General of South Africa is the external auditor for GEP. The Committee approved the terms of engagement, audit plan, and remuneration of the external auditor. In addition, the committee assessed the independence of the external auditor and is satisfied that the Auditor’s independence is not impaired.

*“GEP received a clean audit outcome for 2024/2025. The Committee will continue to exercise its oversight and ensure that initiatives are implemented to maintain a clean audit. The entity will improve controls over compliance and revenue management going forward to maintain the clean audit opinion.”*

## REMEDIATION OF PRIOR YEAR AUDIT FINDINGS

We have reviewed the public entity's implementation plan for audit issues raised in the prior year, and we are satisfied that the matters have been adequately resolved except for the following:

- Controls over Debt Management;
- IT controls; and
- Irregular expenditure arising from expired contracts (finalisation of consequence management processes).

Management is in the process of remediating the above.

## EXTERNAL AUDIT OPINION

GEP received a clean audit outcome for 2024/2025. The Committee will continue to exercise its oversight and ensure that initiatives are implemented to maintain a clean audit. The entity will improve controls over compliance and revenue management going forward to maintain the clean audit opinion.

## CONCLUSION

The Audit and Risk Governance Committee has executed its duties in line with the Board-approved Terms of Reference. The Committee concurs with and accepts the audit opinion of the Auditor General of South Africa (AGSA) on the 2024/2025 AFS and is of the view that the audited AFS should be accepted and read together with the report of the AGSA.



**Mr Abel Mawela**

Chairperson of the Audit and  
Risk Governance Committee  
Gauteng Enterprise Propeller

## 15. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

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

Has the Department/Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1–8) with regard to the following:

CRITERIA	RESPONSE YES / NO	NO. OF MEETINGS ATTENDED
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	No	Not applicable
Developing and implementing a preferential procurement policy?	Yes	GEP is implementing the Preferential Procurement Regulations 2022 and specific goals aimed at promoting HDI
Determining qualification criteria for the sale of state-owned enterprises?	No	Not applicable
Developing criteria for entering into partnerships with the private sector?	Yes	GEP has a Partnership Governance Framework in place to assist with the criteria for entering partnerships with the public and private sector
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad-Based Black Economic Empowerment?	Yes	GEP qualification criteria for financial and non-financial support is 51% black shareholding





# PART D HUMAN RESOURCE MANAGEMENT



# 1. CORPORATE SUPPORT AND ADMINISTRATION REPORT

**MR SELLO MANOTO**

**ACTING GM: CORPORATE SUPPORT & ADMINISTRATION**

## OVERVIEW OF GEP HUMAN RESOURCES MATTERS

GEP operates in a highly dynamic and competitive environment that demands a flexible HR function. Over and above the basic functions of HR that are common to all organisations, GEP HR faces the challenge of creating and sustaining a positive culture to position GEP as an employer of choice. GEP competes for talent with national agencies that have a broader national footprint and consequently attract the best talent in the market. By focusing on fostering a positive work culture and investing in employee development, HR has successfully maintained the turnover rate at manageable levels.

## SET HR PRIORITIES FOR THE YEAR UNDER REVIEW AND THE IMPACT OF THESE PRIORITIES

Setting clear HR priorities is very crucial for the life of any organisation. Clear HR priorities help to ensure that HR initiatives are focused and directly linked to the organisation's strategic objectives and goals, resulting in efficient resource allocation and a more consistent approach to achieving organisational-wide goals. In the previous financial year, 2023/24, GEP concluded an organisational structure review process. Faced with the task of implementing the reviewed organisational structure, HR set and subsequently achieved very clear tasks which are core milestones to the successful implementation process of the structure:

**Job profiling:** With a reviewed structure in place, profiling of all positions in the structure was necessary to ensure that all positions that have not been affected are still aligned to the strategy of the organisation; positions that were affected slightly were reviewed and adjusted accordingly. Furthermore, this process allowed for the

profiles of the new positions to be created and aligned. This process saw positive participation and engagement between employees and line managers, delivering a sense of involvement for employees.

**Job evaluation:** A very critical milestone to ensure that all jobs are graded accordingly to ensure a fair payment system for the organisation. All positions were graded using the Paterson Grading system.

**Matching and Placement Framework:** To regulate and facilitate a smooth implementation process, GEP also developed and approved a Matching and Placement Framework.

**Employee Development Programme (EDP):** Alongside many other HR initiatives geared towards empowering employee development, HR developed and implemented an EDP that offers employees opportunities to gain experience in different departments. The programme is new and has gained significant traction from employees, proving to be a long-overdue initiative.

## WORKFORCE PLANNING FRAMEWORK AND KEY STRATEGIES TO ATTRACT AND RECRUIT A SKILLED AND CAPABLE WORKFORCE

With such a constrained employee budget, HR faces challenging tasks in identifying and preparing for future talent requirements. HR constantly focuses on analysing current workforce capabilities, anticipating changes in both internal operations and the external environment to ensure a fit-for-purpose workforce. One of the key achievements was reviewing the Succession Policy to ensure that succession planning takes centre stage in filling future critical vacancies with the right skills at the right time.

At the beginning of the period under review, GEP had a large number of vacancies due to a moratorium in place. Subsequent to the approval to fill the vacant positions and considering the constrained budget for employee costs, HR prioritised only critical vacancies. Critical positions were advertised in the third quarter, and the process of filling these positions continues to proceed smoothly.

## EMPLOYEE PERFORMANCE MANAGEMENT FRAMEWORK

Over the years, GEP has aimed to ensure a functional and effective performance management framework, which is a system that creates a conducive environment for achieving individual, team and organisational goals; a system that ensures alignment of individual goals with those of the organisation. The GEP Performance Management Framework provides managers and employees with a platform to communicate the organisation's strategic objectives, thereby boosting employee morale, increasing productivity and improving organisational culture. The use of a balanced scorecard has assisted GEP in efficiently communicating its structure, aligning various departments, and helping employees in understanding how their individual performance links to the organisation's overall strategy.

For the period under review, GEP employees were contracted through a balanced scorecard, which allows employee performance to be evaluated against specific key performance indicators. A mid-year performance review was conducted at the end of the second quarter of the financial year, while the year-end review is conducted at the end of the fourth quarter. During the year, HR also insists on quarterly coaching sessions where performance is being monitored, areas of improvement are identified, and interventions are implemented to close performance gaps.

## GEP EMPLOYEE WELLNESS PROGRAMMES

HR takes pride in fostering a culture that values employee wellbeing, recognising that the workforce is our greatest asset. Through our Wellness Programme, employees have access to mental health professionals offering proactive support that helps them manage stress, improve mental health, and create a positive environment. Throughout the year, employees were provided with access to mental health resources, counselling services, and workshops to help normalise conversations about mental health.

## POLICY DEVELOPMENT

HR undertook to review all of its 14 policies during the period under review. This was to ensure that policies remain relevant for the current business conditions and responsive to changing legislative environments. This has seen recent amendments in different pieces of legislation, finding expression in the organisation's HR policies.

## CORPORATE SUPPORT AND ADMINISTRATION ACHIEVEMENTS

During the year under review, the unit managed to successfully complete the following:

- Salary negotiations with organised labour.
- Developed Matching and Placement Framework Policy.
- Introduced the Employee Development Programme Policy.
- Managed to, through facilities, appoint cleaning and security providers for all regions concerned.

## CHALLENGES FACED BY THE ENTITY

During the year under review, public institutions across South Africa encountered numerous operational challenges, and GEP was similarly affected. Resource constraints emerged as a critical issue, potentially hindering the ability to deliver on institutional mandates and meet the needs of Gauteng's population. Concurrently, the need for improved institutional capacity became evident, requiring the entity to strengthen its organisational structures, enhance staff training programmes, and adopt best practices in public sector management to optimise performance.

Furthermore, digital transformation initiatives took on increased importance, particularly in the areas of system automation and AI integration. The human resources function in particular stands to benefit from incorporating artificial intelligence to streamline operations, boost efficiency, and enable advanced data analytics. Complementing this technological shift, building digital dexterity among employees remains essential to ensure workforce readiness in adopting and effectively utilising new technologies within the workplace environment. These strategic focus areas collectively represent both the challenges faced and the opportunities for institutional advancement moving forward.





## FUTURE HR PLANS/GOALS

The key priorities for the year ahead include:

- Talent acquisition and retention: Focusing on attracting and retaining top talent through innovative recruitment strategies and GEP branding will be the top priority.
- Reskilling and upskilling: Providing opportunities for employees to acquire new skills and knowledge to adapt to changing industry demands.
- Flexibility and remote work: Since the dawn of remote work, ushered by COVID-19, GEP needs to adapt to the changed work conditions. To attract and retain the right talent, GEP will consider offering flexible work arrangements and remote work options to accommodate employee needs and preferences.



## 2. HUMAN RESOURCE OVERSIGHT STATISTICS

### 2.1 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 1: Administration	60 341	41 084	68%	75	548
Programme 2: Investment Management	56 378	16 862	30%	19	887
Programme 3: Regional Operations and Enterprise Support	100 450	41 349	41%	59	701
Programme 4: Resource Mobilisation and Industrial Financing	4164	4 164	100%	4	1 041
<b>TOTAL</b>	<b>221 333</b>	<b>103 459</b>	<b>47%</b>	<b>157</b>	<b>658</b>

#### PERSONNEL COST BY SALARY BAND

SALARY BAND	PERSONNEL EXPENDITURE (R'000)	% OF PERSONNEL EXP. TO TOTAL PERSONNEL COST	NO. OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE (R'000)
Lower skilled (level A1 – B3)	6 870	7%	31	221
Skilled (level BU-C3)	19 285	19%	39	494
Highly skilled production (levels CU - D2)	38 050	37%	51	746
Highly skilled supervision (level D3 – DU)	24 021	23%	27	889
Senior and Top management (levels DU-EU)	15 231	15%	9	169
<b>TOTAL</b>	<b>103 459</b>	<b>100%</b>	<b>157</b>	<b>658</b>

#### PERFORMANCE REWARDS

SALARY BAND	PERFORMANCE REWARDS (R'000)	PERSONNEL EXPENDITURE (R'000)	% OF PERFORMANCE REWARDS TO TOTAL PERSONNEL COST
Top Management	574	9 709	6%
Senior Management	1 665	29 542	6%
Professional qualified	2 130	38 053	6%
Skilled	926	19 285	5%
Semi-skilled	323	6 870	5%
Unskilled	-	-	-
<b>TOTAL</b>	<b>5 618</b>	<b>103 459</b>	<b>5%</b>

## TRAINING COSTS

GEP BUDGET PROGRAMME	PERSONNEL EXPENDITURE (R'000)	TRAINING EXPENDITURE (R'000)	TRAINING EXPENDITURE AS A % OF PERSONNEL COST.	NO. OF EMPLOYEES	AVERAGE TRAINING COST PER EMPLOYEE
GEP employee training costs	105 745	350	0,3%	200	1 750

## EMPLOYMENT AND VACANCIES

PROGRAMME/ACTIVITY/OBJECTIVE	2024/25 NO. OF EMPLOYEES	2024/25 APPROVED POSTS	2024/25 NO. OF EMPLOYEES	2024/25 VACANCIES	% OF VACANCIES
Programme 1: Administration	58	70	58	19	70%
Programme 2: Investment Management	18	20	18	3	11%
Programme 3: Regional Operations and Enterprise Support	56	61	56	5	19%
Programme 4: Resource Mobilisation and Industrial Financing	4	4	4	0	0
<b>TOTAL</b>	<b>136</b>	<b>155</b>	<b>136</b>	<b>27</b>	<b>100%</b>

SALARY BAND	2024/25 NO. OF EMPLOYEES	2024/25 APPROVED POSTS	2024/25 NO. OF EMPLOYEES	2024/25 VACANCIES	% OF VACANCIES
Top Management	4	6	4	2	7%
Senior Management	*23	29	23	8	30%
Professional qualified	47	58	47	11	41%
Skilled	38	40	38	2	7%
Semi-skilled	**24	22	24	4	15%
Unskilled	-	-	-	-	-
<b>TOTAL</b>	<b>136</b>	<b>155</b>	<b>136</b>	<b>27</b>	<b>100%</b>

\*Under Senior Management 2 employees their positions not on new structure

\*\*Under Semiskilled 1 employee not on the structure

## EMPLOYMENT CHANGES

SALARY BAND	EMPLOYMENT AT BEGINNING OF PERIOD	APPOINTMENTS	TERMINATIONS	EMPLOYMENT AT END OF THE PERIOD
Top Management	4	-	-	4
Senior Management	21	4	2	23
Professional qualified	50	1	4	47
Skilled	38	-	-	38
Semi-skilled	29	2	7	24
Unskilled				
<b>TOTAL</b>	<b>142</b>	<b>7</b>	<b>14</b>	<b>136</b>

## REASONS FOR STAFF LEAVING

REASON	NUMBER	% OF TOTAL NO. OF STAFF LEAVING
Death	-	-
Resignation	4	29%
Dismissal	1	7%
Retirement	-	-
Ill health	-	-
Expiry of contract	9	64%
Other		
<b>TOTAL</b>	<b>14</b>	<b>100%</b>

## LABOUR RELATIONS: MISCONDUCT AND DISCIPLINARY ACTION

NATURE OF DISCIPLINARY ACTION	NUMBER
Verbal Warning	-
Written Warning	4
Final Written Warning	-
Dismissal	1
<b>TOTAL</b>	<b>5</b>

## EQUITY TARGET AND EMPLOYMENT EQUITY STATUS

The organisation undertook a structural review process, which was finalised in the third quarter of 2023/24, to guide the organisation's future in filling positions, including matching and placing employees affected by the revised structure. Most vacant positions advertised between the third and fourth quarter of the 2024/25 financial year aimed to achieve equitable representation. The organisation is affording both semi-skilled workers the opportunity to act in skilled positions and skilled workers the opportunity to act in professionally qualified positions the opportunity to gain more experience. Additionally, the Employee Development Programme (EDP) was introduced to give employees opportunities to develop their skills in other roles within the organisation and foster career progression.

SALARY BAND	MALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET
Top Management	1	0	0	0	0	0	0	0
Senior Management	0	0	0	0	1	0	0	0
Professional qualified	23	0	0	0	0	0	1	0
Skilled	12	0	1	0	0	0	0	0
Semi-skilled	4	0	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>40</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>0</b>

SALARY BAND	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET
Top Management	0	0	0	0	0	0	0	0
Senior Management	2	0	0	0	0	0	0	0
Professional qualified	26	0	1	0	1	0	1	0
Skilled	34	0	2	0	1	0	1	0
Semi-skilled	25	0	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>87</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>2</b>	<b>0</b>

SALARY BAND	STAFF LIVING WITH DISABILITIES			
	MALE		FEMALE	
	CURRENT	TARGET	CURRENT	TARGET
Top Management	0	0	0	0
Senior Management	0	0	0	0
Professional qualified	0	0	0	0
Skilled	1	0	0	0
Semi-skilled	0	0	0	0
Unskilled	0	0	0	0
<b>TOTAL</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>





# PART E PFMA COMPLIANCE REPORT

## 1. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE AND MATERIAL LOSSES

### 1.1. IRREGULAR EXPENDITURE

#### A) RECONCILIATION OF IRREGULAR EXPENDITURE

DESCRIPTION	2024/2025 R'000	2023/2024 R'000
Opening balance	101 301	149 413
Adjustment to opening balance	0	0
Opening balance as restated	0	0
Add: Irregular expenditure confirmed	3 594	3 703
Less: Irregular expenditure condoned	0	0
Less: Irregular expenditure not condoned and removed	0	0
Less: Irregular expenditure recoverable	0	52 344
Less: Irregular expenditure not recoverable and written off	0	0
<b>Closing balance</b>	<b>104 895</b>	<b>101 301</b>

- Amahlo court judgement to pay GEP R52 million.
- GEP received a condonation of R7.579 million after year end on irregular expenditure on leases and legal fees that were incurred during the current year and prior years.

#### RECONCILING NOTES

DESCRIPTION	2024/2025 R'000	2023/2024 R'000
Irregular expenditure that was under assessment	0	4 040
Irregular expenditure that relates to the prior year and identified in the current year	7 500	0
Irregular expenditure for the current year	59 236	3703
<b>Total</b>	<b>66 736</b>	<b>63 276</b>

- An amount of R3.594 million (2024/2025) detected to be irregular, is still under assessment to confirm what caused it to be irregular and consequences management on the responsible persons.
- Amount of R59.236 million was investigated and reported to the Board for condonation approval.

#### B) DETAILS OF IRREGULAR EXPENDITURE (UNDER ASSESSMENT, DETERMINATION, AND INVESTIGATION)

DESCRIPTION	2024/2025 R'000	2023/2024 R'000
Irregular expenditure under assessment	0	4 040
Irregular expenditure under determination	0	0
Irregular expenditure under investigation	0	59 236
<b>Total</b>	<b>0</b>	<b>135 584</b>

GEP requested R7.5 million for condonation from Gauteng Treasury, currently awaiting outcome

#### C) DETAILS OF IRREGULAR EXPENDITURE CONDONED

DESCRIPTION	2024/2025 R'000	2023/2024 R'000
Irregular expenditure condoned	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

#### D) DETAILS OF IRREGULAR EXPENDITURE REMOVED - (NOT CONDONED)

DESCRIPTION	2024/2025 R'000	2023/2024 R'000
Irregular expenditure NOT condoned and removed	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

Included in the amount removed: GEP previously included in the opening balance of R159.4 million is an amount of R15 840 501 million, which consist of R10 674 889.46 and R3 687 806.37, lease payments for 124 Main Head Office building and R 1 477 806 .00 million is for the consumption of lease at Maponya Mall. The procuring institution is GDED, and the contract is not identified to be Irregular by GDED. A decision to accommodate GDED and its agencies in one office facility was approved by provincial EXCO 2009 with the objective to promote easy access to service delivery for the public and to reduce escalating cost on office. The contract was renewed in 2019 for 5 years.

This amount was erroneously included in the Irregular expenditure in the financial year of (2021/2022).

#### E) DETAILS OF IRREGULAR EXPENDITURE RECOVERABLE

DESCRIPTION	2024/2025 R'000	2023/2024 R'000
Irregular expenditure recoverable	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

Consequence management process in progress.

#### F) DETAILS OF CURRENT AND PREVIOUS YEAR IRREGULAR EXPENDITURE WRITTEN OFF (IRRECOVERABLE)

DESCRIPTION	2024/2025 R'000	2023/2024 R'000
Irregular expenditure written off	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

#### ADDITIONAL DISCLOSURE RELATING TO INTER-INSTITUTIONAL ARRANGEMENTS

##### G) 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)

DESCRIPTION
None

H) DETAILS OF IRREGULAR EXPENDITURE WHERE AN INSTITUTION IS INVOLVED IN AN INTER-INSTITUTIONAL ARRANGEMENT (WHERE SUCH INSTITUTION IS RESPONSIBLE FOR THE NON-COMPLIANCE)

DESCRIPTION	2024/2025 R'000	2023/2024 R'000
	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

I) DETAILS OF DISCIPLINARY OR CRIMINAL STEPS TAKEN AS A RESULT OF IRREGULAR EXPENDITURE

DESCRIPTION
GEP procured the services of external service providers (attorneys) to perform assessment and determination of Irregular expenditure. Charge sheets were prepared for officials implicated in the irregular expenditure. Disciplinary processes have started and not finalised yet.
The material matters that were investigated by SIU some of matters are in the court

## 1.2. FRUITLESS AND WASTEFUL EXPENDITURE

A) RECONCILIATION OF FRUITLESS AND WASTEFUL EXPENDITURE

DESCRIPTION	2024/2025 R'000	2023/2024 R'000
Opening balance	0	20 022
Adjustment to opening balance	0	0
Opening balance as restated	0	0
Add: Fruitless and wasteful expenditure confirmed	0	0
Less: Fruitless and wasteful expenditure recoverable	0	0
Less: Fruitless and wasteful expenditure not recoverable and written off	0	0
<b>Closing balance</b>	<b>0</b>	<b>20 022</b>

GEP incurred fruitless and wasteful in prior year of R39 000 on penalties due to late payments of office leases expenditure caused by contractual administration. GEP successfully engaged the landlord to pardon the entity on fruitless and wasteful expenditure.

RECONCILING NOTES

DESCRIPTION	2024/2025 R'000	2023/2024 R'000
Fruitless and wasteful expenditure that was under assessment	0	20 022
Fruitless and wasteful expenditure that relates to the prior year and identified in the current year	0	10
Fruitless and wasteful expenditure for the current year	0	0
<b>Total</b>	<b>0</b>	<b>20 022</b>



**B) DETAILS OF FRUITLESS AND WASTEFUL EXPENDITURE (UNDER ASSESSMENT, DETERMINATION, AND INVESTIGATION)**

DESCRIPTION	2024/2025 R'000	2023/2024 R'000
Fruitless and wasteful expenditure under assessment	-	-
Fruitless and wasteful expenditure under determination	-	-
Fruitless and wasteful expenditure under investigation	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**C) DETAILS OF FRUITLESS AND WASTEFUL EXPENDITURE RECOVERABLE**

DESCRIPTION	2024/2025 R'000	2023/2024 R'000
Fruitless and wasteful expenditure recoverable	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

Consequence management process in progress.

**D) DETAILS OF FRUITLESS AND WASTEFUL EXPENDITURE NOT RECOVERABLE AND WRITTEN OFF**

DESCRIPTION	2024/2025 R'000	2023/2024 R'000
Fruitless and wasteful expenditure written off	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**E) DETAILS OF DISCIPLINARY OR CRIMINAL STEPS TAKEN AS A RESULT OF FRUITLESS AND WASTEFUL EXPENDITURE**

DESCRIPTION
Disciplinary process not yet finalised.

**1.3. ADDITIONAL DISCLOSURE RELATING TO MATERIAL LOSSES IN TERMS OF PFMA SECTION 55(2)(B) (I) & (III))**

**A) DETAILS OF MATERIAL LOSSES THROUGH CRIMINAL CONDUCT**

MATERIAL LOSSES THROUGH CRIMINAL CONDUCT	2024/2025 R'000	2023/2024 R'000
Theft	0	0
Other material losses	0	0
Less: Recoverable	0	0
Less: Not recoverable and written off	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

#### B) DETAILS OF OTHER MATERIAL LOSSES

DESCRIPTION	2024/2025 R'000	2023/2024 R'000
None		

#### C) OTHER MATERIAL LOSSES RECOVERABLE

DESCRIPTION	2024/2025 R'000	2023/2024 R'000
None		

#### D) OTHER MATERIAL LOSSES NOT RECOVERABLE AND WRITTEN OFF

DESCRIPTION	2024/2025 R'000	2023/2024 R'000
None		

## 2. LATE AND/OR NON-PAYMENT OF SUPPLIERS

DESCRIPTION	Number of invoices	Consolidated Value R'000
Valid invoices received	632	105 209
Invoices paid within 30 days or agreed period	632	105 209
Invoices paid after 30 days or agreed period	0	0
Invoices older than 30 days or agreed period (unpaid and without dispute)	0	0
Invoices older than 30 days or agreed period (unpaid and in dispute)	0	0

## 3. SUPPLY CHAIN MANAGEMENT

### 3.1. PROCUREMENT BY OTHER MEANS

PROJECT DESCRIPTION	NAME OF SUPPLIER	TYPE OF PROCUREMENT BY OTHER MEANS	CONTRACT NUMBER	VALUE OF CONTRACT R'000
Financial support: CFO role	Reliable Accountants	Urgent	N/A	794 000.00
Subscription service, industry analysis	Who owns Who	Sole Provider	N/A	192 102.21
GEP Amendment Act Public	Government Printing	Sole Provider	N/A	9 079.02
<b>Total</b>				<b>995 181.23</b>

### 3.2. CONTRACT VARIATIONS AND EXPANSIONS

Security contract for Tshwane, Bronkhorspruit, Germiston and Heidelberg were extended by 3 months from 31 May 2024 to 30 Aug 2024 with cost implications the variations were below the 15% as per legislative requirements.

PROJECT DESCRIPTION	NAME OF SUPPLIER	CONTRACT MODIFICATION TYPE (EXPANSION OR VARIATION)	CONTRACT NUMBER	ORIGINAL CONTRACT VALUE R'000	VALUE OF PREVIOUS CONTRACT EXPANSION/S OR VARIATION/S R'000	VALUE OF CURRENT CONTRACT EXPANSION OR VARIATION R'000
Security services: Bronkhorspruit	Eldna	Contract extension with cost implications	01/2024/Eldna_Bron	R 275 197,68	-	R40 500,00
Security services: Krugersdorp	Eldna	Contract extension with cost implications	02/2024/Eldna_Bron	R 275 197,68	-	R40 500,00
Security services: Heidelberg	Eldna	Contract extension with cost implications	03/2024/Eldna_Heid	R 275 197,68	-	R 40 500,00
Security services: Germiston	Eldna	Contract extension with cost implications	04/2024/Eldna_Germi	R 275 197,68	-	R 40 500,00
Change Management Services	Work Dynamics	Contract extension without cost implications	05/2024/Work_Dynamic	-	-	
Employee Wellness services	Company Wellness	Contract extension without cost implications	06/2024/Company_Wellness	-	-	
<b>Total</b>				<b>1 100 790.72</b>		<b>162 000</b>



# PART F FINANCIAL INFORMATION

# INDEX

The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

REPORT OF THE AUDITOR-GENERAL .....	77
GENERAL INFORMATION.....	83
BOARD'S REPORT.....	84
STATEMENT OF FINANCIAL POSITION .....	86
STATEMENT OF FINANCIAL PERFORMANCE .....	87
STATEMENT OF CHANGES IN NET ASSETS .....	88
CASH FLOW STATEMENT .....	89
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS .....	90
ACCOUNTING POLICIES.....	91
NOTES TO THE ANNUAL FINANCIAL STATEMENTS.....	110

The following supplementary information does not form part of the annual financial statements and is unaudited:

DETAILED STATEMENT OF FINANCIAL PERFORMANCE .....	128
---	-----

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
MEC	Member of the Executive Council



# REPORT OF THE AUDITOR-GENERAL

## Report of the auditor-general to the Gauteng Provincial Legislature on Gauteng Enterprise Propeller

### Report on the audit of the financial statements

#### Opinion

1. I have audited the financial statements of the Gauteng Enterprise Propeller set out on pages 86 to 128, 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 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 Gauteng Enterprise Propeller as at 31 March 2025 and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (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.

#### Emphasis of matters

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

#### Material impairments - financial support loans at amortised cost

7. As disclosed in note 3 to the financial statements, material impairments of R240 990 828 were incurred as a result of irrecoverable financial support loans.

#### Material uncertainties relating to contingent liabilities

8. With reference to note 32 to the financial statements, the public entity is the defendant in various lawsuits. The ultimate outcome of the matter could not be determined and no provision for any liability that may result was made in the financial statements.

### **Responsibilities of the accounting authority for the financial statements**

9. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the 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.
10. 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 the financial statements**

11. 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.
12. 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 81, forms part of my auditor's report.

### **Report on the annual performance report**

13. 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.
14. I selected the following material performance indicators related to Investment Management 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 loans committed from the investment management programme
  - Percentage rate of committed loans disbursed
  - Percentage of blended funding committed for youth-owned small enterprises disbursed
  - Percentage of grants committed
  - Percentage rate of committed grants disbursed
  - Percentage of grants committed for informal traders
15. 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.

16. 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.

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

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

### Report on compliance with legislation

19. 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.

20. 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.

21. 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.

22. I did not identify any material non-compliance with the selected legislative requirements.

### Other information in the annual report

23. 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, the auditor's report and those selected material indicators in the scoped-in programme presented in the annual performance report that have been specifically reported on in this auditor's report.

24. My opinion on the 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.

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

26. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, and 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

27. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
28. I did not identify any significant deficiencies in internal control.

### Other reports

29. I draw attention to the following engagements conducted by various parties. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
30. The Special Investigating Unit (SIU) concluded the investigations for the Township Entrepreneur Awards (TEA) tender and the 2018 project management services for the Pitching Booster initiative in the Sedibeng region. The investigation for the Township Entrepreneur Awards was concluded and resulted in disciplinary referrals for the employees still employed by the public entity. The disciplinary proceedings for the TEA tender ruled in favour of the Gauteng Enterprise Propeller and the employees still employed by the entity are undergoing disciplinary. The disciplinary for one employee is on hold due to the employee being on incapacity leave, and the rest of the employees implicated were terminated and are no longer in the employ of the entity. The SIU has referred the cases for two employees who are no longer in the employ of the Gauteng Enterprise Propeller, however still employed by the state, to the Special Tribunal. The hearing in the matter between the SIU (applicant) and Oratilwe Consultants t/a EMS and Others (respondents) has been set down for 19 August 2025 at the Special Tribunal.
31. The disciplinary proceeding for Sedibeng Pitching Booster for one employee still employed by the Gauteng Enterprise Propeller was on hold, due to the employee being on incapacity sick leave. The employee reported back to work on the 14th of July 2025, and the disciplinary will proceed, and the outcomes will be reported back to the SIU.
32. An independent panel of attorneys, at the request of the public entity, investigated alleged procurement irregularities in awarding of the tender for the Project Vuthela initiative for youth unemployment to create 75 000 job opportunities. The investigation was concluded and resulted in pursuance of recovery of funds. A court judgement was issued in favour of the Gauteng Enterprise Propeller by the High Court to recover the R52 million in December 2023. The matter is currently sitting at the High Court as the defendant is appealing the court judgement.

*Auditor-General*

Johannesburg

31 July 2025



AUDITOR - GENERAL  
SOUTH AFRICA



## Annexure to the auditor's report

The annexure includes the following:

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

### Auditor-general's responsibility for the audit

#### Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and 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.

#### 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
- 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 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(4)
Treasury Regulations, 2005	Regulation 16A3.2; 16A3.2(a); 16A6.1; 16A6.2(a); 16A6.2(b); 16A6.3(a); 16A6.3(b); 16A6.3(c); 16A6.3(e); 16A6.4; 16A6.5; 16A6.6; 16A7.1; 16A7.3; 16A7.6; 16A8.3; 16A8.4; 16A9.1(b)(ii); 16A9.1(d); 16A9.1(e); 16A9.1(f); 16A9.2; 16A9.2(a)(ii); 30.1.1; 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1; 31.1.2(c); 31.2.1; 31.2.5; 31.2.7(a); 31.3.3; 33.1.1; 33.1.3
National Treasury Instruction No. 5 of 2020/21	Paragraph 4.8; 4.9; 5.3
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. 1 of 2021/22	Paragraph 4.1
National Treasury 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(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
National Treasury Practice Note 5 of 2009/10	Paragraph 3.3
National Treasury 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, 2022	Paragraph 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Preferential Procurement Regulations, 2017	Paragraph 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)

## GENERAL INFORMATION

**Country of incorporation and domicile** South Africa

**Nature of business and principal activities**

The Agency is a public body established in terms of the Schedule 3C listing of provincial public entities as provided in the Public Finance Management Act (PFMA), No.1 of 1999. The existence, functions, duties of the Agency are governed by the Gauteng Enterprise Propeller, No 5 of 2005 (the GEP Act) and delivery on its mandate is primarily driven by the provincial Transformation, Modernisation and Re-industrialisation and Township Economy Re-vitalisation (TER) Strategies which requires GEP to drive: the revitalisation of township economies; enhanced participation of SMMEs and Co-ops in the Province's mainstream economy; and the growth and development of the 11 identified sectors, i.e. the agro-processing, automotive, manufacturing, information and communications technology (ICT), tourism, pharmaceuticals, creative industries, construction, real estate, finance and mineral beneficiation

**Members** S Zamxaka (Chief Executive Officer)  
R S Letwaba (Chairperson)  
P Mngqibisa (Deputy Chairperson)  
S. Mkhize  
K Skhosana  
C Morongwe-Diale  
B Mgobozi  
N Mathenjwa  
S Sekhitta  
A Mawela  
A Mashele  
B D Ngobeni

**Registered office** Gauteng Enterprise Propeller Head Office  
6<sup>th</sup> Floor, 124 Main Street  
Marshalltown  
Johannesburg  
2107

**Auditors** Auditor-General of South Africa (AGSA)

# BOARD'S REPORT



The members submit their report for the year ended 31 March 2025.

## 1. BOARD MEMBERS

The members of the entity during the year and to the date of this report are as follows:

NAME	CHANGES
L. Leshika	Resigned Friday, 29 November 2024
S Zamxaka (Chief Executive Officer)	
R S Letwaba (Chairperson)	
P Mngqibisa (Deputy Chairperson)	
S. Mkhize	
K Skhosana	
C Morongwe-Diale	
B Mgobozi	
N Mathenjwa S Sekhitta	
D Van Rooyen	Resigned Sunday, 30 June 2024
A Mawela	
A Mashele	
B D Ngobeni	Appointed Sunday, 01 December 2024

## 2. CORPORATE GOVERNANCE

### GENERAL

The board members are committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the board members supports the highest standards of corporate governance and the ongoing development of best practice.

The entity confirms and acknowledges its responsibility to total compliance with the Code of Corporate Practices and Conduct ("the Code") laid out in the King Report on Corporate Governance for South Africa 2002. The board discuss the responsibilities of management in this respect, at Board meetings and monitor the entity's compliance with the code on a three monthly basis.

The salient features of the entity's adoption of the Code is outlined below:

## BOARD OF DIRECTORS

The Board:

- retains full control over the entity, its plans and strategy;
- acknowledges its responsibilities as to strategy, compliance with internal policies, external laws and regulations, effective risk management and performance measurement, transparency and effective communication both internally and externally by the entity;
- is of a unitary structure comprising:
  - non-executive directors, all of whom are independent directors as defined in the Code; and
  - executive directors.
- has established a Board directorship continuity programme.

## CHAIRPERSON AND CHIEF EXECUTIVE

The Chairperson is a non-executive and independent director (as defined by the Code).

The roles of Chairperson and Chief Executive are separate, with responsibilities divided between them, so that no individual has unfettered powers of discretion.

## REMUNERATION

The upper limits of the remuneration of the executives of the entity, are determined by the shareholder, and the board will determine the remuneration within the above-mentioned limits.

## EXECUTIVE MEETINGS

The board have met on 5 separate occasions during the financial year. The board schedule to meet at least 4 times per annum.

Non-executive directors have access to all members of management of the entity.



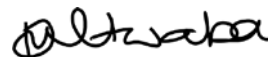
### AUDIT AND RISK COMMITTEE

For the first 3 months of the current financial year the chairperson of the audit committee was Mr D Van Rooyen (non-executive director) and for the remaining 9 months it was Mr A Mawela, who is an independent audit committee member. The committee met 11 times during the financial year to review matters necessary to fulfil its role.

### INTERNAL AUDIT

The entity has outsourced its internal audit function to MNB Chartered Accountants who succeeded PKM Chartered Accountants who was the entity's previous internal auditors. This is in compliance with the Public Finance Management Act, 2003.

The annual financial statements set out on page 5 which have been prepared on the going concern basis, were approved by the board on 29 May 2025 and were signed on its behalf by:



**R S Letwaba**  
(Chairperson)  
31 July 2025

# STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2025



	Note(s)	2025 R	2024 R
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Financial support loans at amortised cost	3	36 690 413	63 632 620
Receivables from exchange transactions	4	1 531 702	1 456 540
Cash and cash equivalents	5	129 240 623	159 189 333
		<b>167 462 738</b>	<b>224 278 493</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	4 171 053	3 493 806
Financial support loans at amortised cost	3	25 429 965	27 514 196
Investments in SMME Partnership Fund	7	200 000 000	200 000 000
		<b>229 601 018</b>	<b>231 008 002</b>
<b>Total Assets</b>		<b>397 063 756</b>	<b>455 286 495</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Finance lease obligation	8	291 547	352 529
Operating lease liability	9	-	12 652
Payables from exchange transactions	10	13 625 212	11 466 239
Payables from non exchange transactions	11	6 069 714	3 683 945
Provisions	12	110 785 855	144 838 957
		<b>130 772 328</b>	<b>160 354 322</b>
<b>NON-CURRENT LIABILITIES</b>			
Finance lease obligation	8	-	291 547
<b>Total Liabilities</b>		<b>130 772 328</b>	<b>160 645 869</b>
<b>Net Assets</b>		<b>266 291 428</b>	<b>294 640 626</b>
Accumulated surplus		266 291 428	294 640 626
<b>Total Net Assets</b>		<b>266 291 428</b>	<b>294 640 626</b>

# STATEMENT OF FINANCIAL PERFORMANCE

## FOR THE YEAR ENDED 31 MARCH 2025

	Note(s)	2025 R	2024 R
Revenue from non exchange transactions	13	194 157 491	222 649 055
Revenue from exchange transaction	14	30 360 485	39 544 021
Other income	15	571 784	879 449
Program and projects	16	(49 402 013)	(59 066 296)
Operating expenses	17	(243 155 525)	(242 464 021)
Provision for surplus expense	18	27 128 556	49 763 157
<b>Operating surplus (deficit)</b>		<b>(40 339 222)</b>	<b>11 305 365</b>
Finance Income	21	12 107 420	17 131 764
Finance costs	22	(54 649)	(91 994)
<b>Surplus or (Deficit) before loss on disposal</b>		<b>(28 286 451)</b>	<b>28 345 135</b>
Loss on disposal of assets	23	(62 747)	(165 476)
<b>(Deficit) surplus for the year</b>	19	<b>(28 349 198)</b>	<b>28 179 659</b>

# STATEMENT OF CHANGES IN NET ASSETS

## FOR THE YEAR ENDED 31 MARCH 2025



	Accumulated surplus R	Total net assets R
<b>Balance at 01 April 2023</b>	<b>266 460 967</b>	<b>266 460 967</b>
<b><i>Changes in net assets</i></b>		
Surplus for the year	28 179 659	28 179 659
Total changes	28 179 659	28 179 659
<b>Balance at 1 April 2024</b>	<b>294 640 626</b>	<b>294 640 626</b>
<b><i>Changes in net assets</i></b>		
Surplus for the year	(28 349 198)	(28 349 198)
Total changes	(28 349 198)	(28 349 198)
<b>Balance at 31 March 2025</b>	<b>266 291 428</b>	<b>266 291 428</b>
Note(s)		

# CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2025

	Note(s)	2025 R	2024 R
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>RECEIPTS</b>			
Cash receipts from non-exchange transactions		196 251 260	226 333 000
Cash received from exchange transaction		4 166 964	4 778 050
Cash receipt from financial support loans		41 142 188	40 152 555
Interest income		12 107 420	17 131 764
Other Income - (SETA Subsidy and insurance claims)		344 050	879 449
		<b>254 011 882</b>	<b>289 274 818</b>
<b>PAYMENTS</b>			
Employee costs and suppliers		(199 266 173)	(214 522 197)
Cash paid as financial support loans		(82 258 998)	(89 582 210)
Amount Refunded to GGB		-	(10 000 000)
Other cash item		-	(643 596)
		(281 525 171)	(314 748 003)
<b>Net cash flows from operating activities</b>	24	<b>(27 513 289)</b>	<b>(25 473 185)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	6	(2 028 244)	(662 676)
Investment In SMME Partnerships		-	(75 000 000)
<b>Net cash flows from investing activities</b>		<b>(2 028 244)</b>	<b>(75 662 676)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Finance lease payments		(407 178)	(407 178)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(29 948 711)</b>	<b>(101 543 039)</b>
Cash and cash equivalents at the beginning of the year		159 189 333	260 732 372
<b>Cash and cash equivalents at the end of the year</b>	5	<b>129 240 622</b>	<b>159 189 333</b>



# STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

**FOR THE YEAR ENDED 31 MARCH 2025**

	Approved budget R	Adjustments R	Final Budget R	Actual amounts on comparable basis R	Difference between final budget and actual R	Ref.
<b>STATEMENT OF FINANCIAL PERFORMANCE</b>						
<b>REVENUE</b>						
<b>REVENUE FROM EXCHANGE TRANSACTIONS</b>						
Receipts on loan book	30 000 000	11 952 000	41 952 000	45 309 152	3 357 152	A
Interest and other income	-	11 550 000	11 550 000	43 039 690	31 489 690	B
<b>Total revenue from exchange transactions</b>	<b>30 000 000</b>	<b>23 502 000</b>	<b>53 502 000</b>	<b>88 348 842</b>	<b>34 846 842</b>	
<b>REVENUE FROM NON-EXCHANGE TRANSACTIONS</b>						
Rollover Income	-	87 679 662	87 679 662	87 679 662	-	
<b>TRANSFER REVENUE</b>						
Government grants & subsidies	190 689 000	(2 000 000)	188 689 000	188 689 000	-	C
INSETA	-	2 457 760	2 457 760	2 457 760	-	C
WR SETA	-	5 104 500	5 104 500	1 702 261	(3 402 239)	C
ESD Revenue	-	3 683 945	3 683 945	1 308 470	(2 375 475)	
<b>Total revenue from non-exchange transactions</b>	<b>190 689 000</b>	<b>96 925 867</b>	<b>287 614 867</b>	<b>281 837 153</b>	<b>(5 777 714)</b>	
<b>Total revenue</b>	<b>220 689 000</b>	<b>120 427 867</b>	<b>341 116 867</b>	<b>370 185 995</b>	<b>29 069 128</b>	
<b>EXPENDITURE</b>						
Employee costs	(122 183 000)	15 000 000	(107 183 000)	(103 459 451)	3 723 549	D
Depreciation and amortisation	-	-	-	(1 443 543)	(1 443 543)	E
Debt Impairment	-	-	-	(97 173 846)	(97 173 846)	F
Bad debts written off	-	-	-	(38 271)	(38 271)	F
Program and Projects	(35 900 000)	(54 687 318)	(90 587 318)	(49 402 013)	41 185 305	G
Operating expenses	(106 000)	(42 260 037)	(42 366 037)	(41 040 411)	1 325 626	H
Financial support loans	(32 500 000)	(64 280 512)	(96 780 512)	(82 392 331)	14 388 181	K
Capital expenditure	-	(4 200 000)	(4 200 000)	(2 183 533)	2 016 467	L
Provision for surplus expense	-	-	-	27 128 556	27 128 556	I
<b>Total expenditure</b>	<b>(190 689 000)</b>	<b>(150 427 867)</b>	<b>(341 116 867)</b>	<b>(350 004 843)</b>	<b>(8 887 976)</b>	
Operating surplus	30 000 000	(30 000 000)	-	20 181 152	20 181 152	
Loss on disposal of Assets	-	-	-	(62 747)	(62 747)	
Finance costs	-	-	-	(54 649)	(54 649)	
Movements						
Adjustment for Non-Cash and Capital Movements	-	-	-	(48 412 954)	(48 412 954)	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>30 000 000</b>	<b>(30 000 000)</b>	<b>-</b>	<b>(28 349 198)</b>	<b>(28 349 198)</b>	

# ACCOUNTING POLICIES

## 1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

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

The 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, which is the entity's functional currency.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

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

### 1.1 GOING CONCERN ASSUMPTION

The 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. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the reporting date.

### 1.2 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:

Other significant judgements, sources of estimation uncertainty and/or relating information, have been disclosed in the relevant notes.

### IMPAIRMENT OF TRADE DEBTORS AND FINANCIAL SUPPORT LOANS

The entity assesses its trade receivables, held to maturity investments, 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, management 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 of trade debtors is established when there is objective evidence that the entity will not be able to collect all amounts due according to the original terms of the loan. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial recognition, and default of delinquency in payments are considered indicators that the debtor should be impaired. The amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cashflows (excluding future credit losses that have not been incurred) discounted at the financial assets original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognised in surplus or deficit.

The entity first assesses whether objective evidence of impairment exist individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If an entity determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

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 (such as an improvement in the debtors credit rating), the previously recognised impairment loss shall be reversed either directly or by adjusting an allowance account. The reversal shall 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 shall be recognised in surplus or deficit.

**The methodology used for the calculation of the provision for impairment is as follows:**

- Handed Over Accounts - 99% of the total debt handed over to be impaired.
- Debtors under liquidation - 100% of the total debt to be impaired.
- Where the debtors account is not yet due, no amount is provided against the loan balance. Age Analysis at Current and less than 30 days - 5% of the total debt to be impaired (Credit Allowance).
- Age Analysis from 30 Days to 60 Days - 15% of the total debt to be impaired.
- Age Analysis from 61 Days to 120 - 25% of the total debt to be impaired.
- Age Analysis from 121 Days to 180 - 35% of the total debt to be impaired.
- Age Analysis from 181 Days to 240 - 50% of the total debt to be impaired.
- Age Analysis from 241 Days to 365 Days - 60% of the total debt to be impaired.
- Age Analysis from 366 Days to 450 Days - 75% of the total debt to be impaired.
- Age Analysis from 456 Days to 546 Days - 85% of the total debt to be impaired.
- Age Analysis above 547 Days - 100% of the total debt to be impaired.

### DEBTORS LOANS WRITE OFF

Where the likelihood of a loan being repaid is remote the legal action has run its course and there is no other means of recovering the monies due to the entity. A write off process is followed and approved in line with the entity's Delegation of Authority.

### TRADE RECEIVABLES / HELD TO MATURITY INVESTMENTS AND/OR LOANS AND RECEIVABLES

The entity assesses its trade receivables, held to maturity investments 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 surplus makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

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

## TAXATION

The entity is exempted from Income Tax by the South African Revenue Services in terms of Section 10(1)(cA)(i) of the Income Tax Act. (Act No. 58 of 1962), effective from 28 July 2006.

### 1.3 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 entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

#### INITIAL RECOGNITION

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, its deemed cost is the carrying amount of the asset(s) given up.

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

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

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

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

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

## Gauteng Enterprise Propeller

(Registration number Incorporated in terms of the Gauteng Enterprise Propeller Act No. 5 of 2005)  
Annual Financial Statements for the year ended 31 March 2025

### SUBSEQUENT MEASUREMENT

Subsequent to initial recognition, items of property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses.

### DEPRECIATION

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

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an asset ceases at the date that the asset is derecognised. Therefore, depreciation does not cease when the asset becomes idle or is retired from active use and held for disposal unless the asset is fully depreciated. When the asset has been depreciated in line with the useful life, but not yet disposed, the entity will continue to use the asset at a residual value of R1.

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

Item	Depreciation method	Average useful life
Motor vehicles	Straight-line	5-10 years
Office equipment and Furniture	Straight-line	6-20 years
IT equipment	Straight-line	3-7 years
Leasehold improvements	Straight-line	Lease

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 entity. 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 entity assesses at each reporting date whether there is any indication that the entity 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 entity 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.

### DERECOGNITION

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 entity 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.

## 1.4 FINANCIAL INSTRUMENTS

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

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

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

When a financial asset or financial liability is recognised initially, an entity shall measure it at its fair value plus, in the case of a financial asset or a financial 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

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.

The entity shall measure all financial assets and financial liabilities after initial recognition at fair value and at amortised cost.

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

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 counterpart has failed to make a payment when contractually due.

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

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

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

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

- the entity designates at fair value at initial recognition; or
- are held for trading.

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

Financial support loans are categorised and are stated at their amortised cost using the effective interest rate method less and allowance for impairment. An estimate of impairment is made on a review of all outstanding amounts at statement of financial position date. Bad debts are written off during the year in which they are identified. Due to the short-term nature of the entity's receivables, amortised cost approximates its fair value.

Investments in residual interests are measured at fair value through surplus or deficit. As a practical expedient, an investment in a residual interest whose fair value cannot be reliably measured is measured at cost. If a reliable measure of fair value becomes available, the investment should be measured at fair value through surplus or deficit.

### CLASSIFICATION

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

<b>Class</b>	<b>Category</b>
Financial support loans at amortised cost	Financial asset measured at amortised cost
Financial Instruments (Residual interest)	Financial asset measured at amortised cost

Interest in SMME Partnership Fund is recognised initially at fair value and subsequently measured at fair value as well. As a practical expedient, a residual interest whose fair value cannot reliably be measured is measured at cost. If a reliable measure of fair value becomes available, the interest shall be measured at fair value through surplus or deficit.

#### **TRADE AND OTHER RECEIVABLES**

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the entity will not be able to collect all amounts due according to the original term. Further assessments are done in conjunction with all relevant units to establish the likelihood of further collections and or non-financial support to delinquent SMEs. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the debtor is impaired. When the trade debtor is perceived to be uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited in the statement of financial performance as bad debts recovered.

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

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

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

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

### **1.5 LEASES**

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

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

#### **FINANCE LEASES - LESSEE**

##### **INITIAL RECOGNITION**

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

At the commencement of the lease term, lessees shall recognise assets acquired under finance leases as assets and the associated lease obligations as liabilities in their statement of financial position. The assets and liabilities shall be recognised at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate to be used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

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

The sum of the depreciation expense for the asset and the finance expense for the period is rarely the same as the lease payments payable for the period, and it is, therefore, inappropriate simply to recognise the lease payments payable as an expense. Accordingly, the asset and the related liability are unlikely to be equal in amount after the commencement of the lease term.

Any contingent rents are expensed in the period in which they are incurred. The depreciation for the leased assets is over the leased period.

### OPERATING LEASES - LESSOR

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis. The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis. Income for leases is disclosed under revenue in statement of financial performance.

### OPERATING LEASES - LESSEE

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

## 1.6 IMPAIRMENT OF NON-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.

Non-cash-generating assets are assets other than cash-generating assets.

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 managed 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 service amount is the higher of a non-cash-generating asset's 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 entity; or
- the number of production or similar units expected to be obtained from the asset by the entity.

#### IDENTIFICATION

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

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

#### VALUE IN USE

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

#### DEPRECIATED REPLACEMENT COST APPROACH

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the current reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the entity would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an over designed or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

#### RECOGNITION AND MEASUREMENT

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

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-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 non-cash-generating asset to which it relates, the entity recognises a liability only to the extent that is a requirement in the Standards of GRAP.



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

### REVERSAL OF AN IMPAIRMENT LOSS

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

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service 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 non-cash-generating asset is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

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

## 1.7 EMPLOYEE BENEFITS

### SHORT-TERM EMPLOYEE BENEFITS

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

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled with 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 with 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 reporting period in which the employees rendered the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cell phones) for current employees.

When an employee has rendered service to the group during a reporting period, the company recognise 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 recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of a an asset.

## DEFINED CONTRIBUTION PLANS

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts.

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the group's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expenses in surplus or deficit when they are due.

## 1.8 PROVISION AND CONTINGENCIES

A provision is liability on uncertain timing or amount. Provisions are recognised when:

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

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

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.

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

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of GEP. Contingent Liability and Contingent Assets are not recognised in the statement of financial position of the entity but disclosed in the notes.

A contingent asset is a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

## 1.9 COMMITMENTS

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash. The entity discloses commitments that are of capital in nature, the operational commitments are not disclosed.

A commitment arises out of a contractual agreement between the entity and another party which entitles the entity or the third party to enforce the contract.

## 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.

### MEASUREMENT

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

### INITIAL RECOGNITION

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised as revenue from exchange transaction in the statement of performance, in line with the stage of completion of the transaction at the reporting date. Rendering of services may include, amongst others: training and management services, interest of debtors and bad debts recovered.

### 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.

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.

### UNSPENT GRANT/SURPLUS

The entity recognizes unspent government grants in line with National Treasury Instruction note 12 of 2021 where the surplus is provided for as provision. Unspent grants not approved by Treasury as a retention are treated as a liability.

### 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.

Receivables that arise from statutory (non-contractual) arrangements are initially measured in accordance with this accounting policy, as well as the accounting policy on Statutory Receivables. The entity applies the accounting policy on Statutory Receivables for the subsequent measurement, derecognition, presentation and disclosure of statutory receivables.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

### 1.12 COMPARATIVE FIGURES

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

### 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.

## DISCOVERY

The accounting authority records the details of all alleged fruitless and wasteful expenditure in a fruitless and wasteful expenditure checklist.

## ASSESSMENT & DETERMINATION

Upon detection of alleged fruitless and wasteful expenditure, an assessment is conducted to confirm whether the expenditure incurred meets the definition of fruitless and wasteful expenditure.

The assessment also collects information on -

- the root causes that led to the fruitless and wasteful expenditure;
- the employee(s) responsible;
- confirmed amounts of fruitless and wasteful expenditure to be recovered, if any;
- confirmed amounts of fruitless and wasteful expenditure that are assessed as irrecoverable; and
- any breakdown in the designed internal controls.

During the period of the assessment, the expenditure remains the expense account the results of the assessment determine the appropriate action to be taken regarding this expenditure.

### CONFIRMATION

Upon confirmation of fruitless and wasteful expenditure, the details of the fruitless and wasteful expenditure are recorded in the fruitless and wasteful register.

### INVESTIGATION & RECOVERY

If it is determined that the fruitless and wasteful expenditure cannot be recovered from the responsible official (not liable in law), the expenditure remains as a debit against the relevant expenditure item and disclosed as such in the relevant note to the financial statements. The accounting authority will consider writing it off, following the entity's write-off policy.

If any expenditure meets the definition of fruitless and wasteful expenditure (after a determination) and it is recoverable from a responsible official(s), a current asset is created on the statement of financial position, and posted to the relevant expenditure account (credit expenditure account). The employee(s) responsible for the fruitless and wasteful expenditure is informed of the debt and given 30 days to pay or in reasonable instalments.

When we receive the funds from the responsible official (fruitless and wasteful expenditure is recovered), the debtor and bank accounts are affected.

### 1.14 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) the PFMA; 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, including internal policies and procedures.

National Treasury instruction note no. 2. of 2019/2020 which was issued in terms of sections 76(2)(e) to 76(4)(a) of the PFMA requires the following (effective from 16 May 2019):

On discovering a possible irregular expenditure, the alleged irregular expenditure is recorded in the relevant register and reported to the Accounting authority.

### ASSESSMENT

The entity evaluates if the alleged irregular expenditure is valid. If the irregular expenditure is valid, the relevant register is updated stating that the expenditure is in fact irregular expenditure. These amounts are included in the irregular expenditure note. If the irregular expenditure is not valid, the relevant register is updated stating that the alleged irregular expenditure was found not to be valid.

### CONFIRMATION

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 is also recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.



## DETERMINATION & INVESTIGATION

The investigation must provide the accounting authority with at least the following:-

- root causes that led to the transgression;
- impact of the transgression;
- fraudulent, corrupt or other criminal conduct;
- employee(s) responsible for the irregular expenditure;
- whether the department, constitutional institution or public entity suffered a loss;
- whether the matter must be referred to the South African Police Service; and
- any breakdowns in the designed internal controls and the impact thereof.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end is 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 are updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the Provincial Treasury or the relevant authority is recorded appropriately in the irregular expenditure register.

## RECOVERY

If liability for the irregular expenditure can be attributed to a person, a debt account is created if such a person is liable in law. Immediate steps are thereafter taken to recover the amount from the person concerned. If recovery is not possible, the 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 is updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto remains against the relevant program/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

## CONDONATION

Requests for condonation of irregular expenditure, by the entity is submitted to the Provincial Treasury in line with the National Treasury instruction note. The condonation request must at least contain the following information:

- confirmation that a determination test was conducted;
- findings and recommendations of the Loss Control function or another relevant function that conducted the determination test;
- findings and recommendations of the Internal Audit function or another relevant function that conducted the investigation;
- confirmation that no losses were incurred against the entity;
- confirmation that disciplinary action was taken against the reasonable employee(s);
- confirmation that investigations were conducted in cases of identified fraudulent, corrupt or criminal acts; and
- Remedial actions taken by the accounting authority to prevent the recurrence of such irregular expenditure in similar circumstances.

### 1.15 DEVIATIONS

The accounting authority or delegated may procure its required goods or services by means other than inviting competitive bids, provided that the reasons for deviating from inviting competitive bids is been recorded and approved by the accounting authority.

The accounting authority may opt to participate in a transversal term contract facilitated by its relevant treasury. Should the accounting authority opt to participate in a transversal contract facilitated by its treasury, the accounting authority may not solicit bids for the same or similar product or service during the tenure of the transversal term contract.

The accounting authority may, on behalf of the entity, opt to participate in any contract arranged by means of a competitive bidding process by any other organ of state, subject to the written approval of such organ of state and the relevant contractors.

### 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 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 ventures).

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 are those family members who may be expected to influence, or be influenced by that person in their dealings with the entity. As a minimum, a person is considered to be a close member of a family of another person if they are:

- married or live together in a relationship similar to a marriage; or
- separated by no more than two degrees of natural or legal consanguinity or affinity;
- dependents of that person or that person's spouse or domestic partner;
- a grandparent, grandchild, parent, brother or sister, and
- a parent-in-law, brother-in-law or sister-in-law.

An entity is related to the reporting entity if any of the following conditions apply:

- the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);
- one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member);
- both entities are joint ventures of the same third party;
- one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- the entity is a post-employment benefit plan for the benefit of employees of either the entity or an entity related to the entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity;

- the entity is controlled or jointly controlled by a person identified in (a); and
- a person identified in management and has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

The entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the entity is exempt from the disclosures in accordance with the above, the entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

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

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

### 1.18 LOAN COMMITMENTS

Loan Commitment is a firm commitment to provide credit under pre-specified terms and conditions. A Loan Commitment is recognised when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

The entity provides a provision for commitments where the contract has been signed by both parties at year end but not yet paid. The entity raises a long-term assets for these provisions.

### 1.19 ACCOUNTING POLICIES, ESTIMATES AND ERRORS

A change in the accounting treatment, recognition or measurement of a transaction, event or conditions within a basis of accounting is regarded as a change in accounting policy.

The following are however, not considered to be changes in accounting policies.

- The application of an accounting policy for events or transactions, other events or conditions that differ in substance from those previously occurring. In this case, another accounting policy will be used that is applicable to the specific type of transaction, or substance of the transaction.
- The application a new accounting policy for transactions, other events or conditions that did not occur previously.

In this case, a new accounting policy will be applied to a new type or transaction, event or condition.

- the application of a new account policy for transactions, other events or conditions that were immaterial. In this case a new accounting policy will be applied to a new type of transaction, event or condition.
- Change in classification where the method of recognition and measurement remains the same.

The entity accounts for a change in accounting policy resulting from the initial application of a Standard of GRAP in accordance with the specific transitional provisions, if any, in that Standard; and when the changes in accounting policy upon initial application of a Standard of GRAP that does not include specific transitional provisions applying to that change, or changes an accounting policy voluntarily, it shall apply the change retrospectively.

When a change in accounting policy is applied retrospectively the entity shall adjust the opening balance of each affected component of net assets for the earliest prior period presented and the other comparative amounts disclosed for each prior period presented as if the new accounting policy had always been applied.

### CHANGE IN ACCOUNTING ESTIMATE

A change in the accounting estimate is an adjustment of the carrying amount of an asset or a liability or the amount of the periodic consumption of an asset, that results from the assessment of the present status of, and expected future benefits and obligations associated with, assets and liabilities. Changes in accounting estimates result from new information or new developments and, accordingly, are not corrections of errors. Changes in accounting estimates are recorded prospectively in the current period only, or current and future periods, depending on the period affected.

### PRIOR PERIOD ERRORS

Errors can arise in respect of the recognition, measurement, presentation or disclosure of elements of financial statements. Potential current period errors discovered in that period are corrected before the financial statements are authorised for issue. However, material errors are sometimes not discovered until a subsequent period, and these prior period errors are corrected in the comparative information presented in the financial statements for that subsequent period.

An entity shall correct material prior period errors retrospectively in the first set of financial statements authorised for issue after their discovery by: (a) restating the comparative amounts for the prior period(s) presented in which the error occurred; or (b) if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets for the earliest prior period presented.

A prior period error shall be corrected by retrospective restatement except to the extent that it is impracticable to determine either the period-specific effects or the cumulative effect of the error.

Prior period errors are omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that:

- was available when financial statements for those periods were authorised for issue; and
- could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

### 1.20 PRESENTATION CURRENCY

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

## 1.21 OTHER INVESTMENTS

An associate is an entity over which the investor has significant influence.

Binding arrangement is an arrangement that confers enforceable rights and obligations on the parties to the arrangement as if it were in the form of a contract. It includes rights from contracts or other legal rights.

Consolidated annual financial statements are the annual financial statements of an economic entity in which 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.

The equity method is a method of accounting whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets. The investor's surplus or deficit includes its share of the investee's surplus or deficit and the investor's net assets includes its share of changes in the investee's net assets that have not been recognised in the investee's surplus or deficit.

A joint arrangement is an arrangement of which two or more parties have joint control.

Joint control is the agreed sharing of control by way of a binding arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

A joint venturer is a party to a joint venture that has joint control of that joint venture.

Significant influence is the power to participate in the financial and operating policy decisions of another entity but is not control or joint control of those policies.

If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

## 1.22 GENERAL EXPENSES

An expense is defined as an outflow of economic resources or service potential during the reporting period that results in a decrease in net assets.

The entity recognises an expense when the related services or goods are received by the entity. The expense recognised is measured at the fair value of the consideration paid or payable.

Expenses incurred during the reporting period are recognised in surplus. The entity presents its operating expenses in terms of their function.



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## 2. NEW STANDARDS AND INTERPRETATIONS

### 2.1 STANDARDS AND INTERPRETATIONS ISSUED, BUT NOT YET EFFECTIVE

The following standards have been approved but not yet effective as at 31 March 2024. The impact that these standards will have on the entity is detailed below.

### 2.2 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 2025 or later periods but are not relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
GRAP 104 : Financial Instruments	1st April 2025	Not expected to impact results but may result in additional disclosure
GRAP 1: Presentation on Financial Statements	1st April 2025	Not expected to impact results but may result in additional disclosure

## 3. FINANCIAL SUPPORT LOANS AT AMORTISED COST

**2025**  
**R**

**2024**  
**R**

### FINANCIAL SUPPORT LOANS AT AMORTISED COST

Net amount outstanding	62 120 378	91 146 816
Opening balance	234 963 798	333 484 054
Amounts advanced	82 392 331	89 582 210
Bad debts written-off	(38 271)	(182 869 025)
Initiation fees	170 000	260 500
Interest on Financial Support Loans	30 190 485	39 283 520
Provision for Financial Support Loans Credit Balance Adjustment	(16 859)	18 955
Refunds	531 139	134 189
Bad debt recovered	227 735	-
Payment received	(45 309 152)	(44 930 605)
Subtotal	303 111 206	234 963 798
<b>FSS Loan Impairment</b>	<b>(240 990 828)</b>	<b>(143 816 982)</b>
Opening balance	(143 816 982)	(246 341 563)
Impairment amount written-off	-	177 780 980
Current movement	(97 173 846)	(75 256 399)
	<b>62 120 378</b>	<b>91 146 816</b>

### FINANCIAL SUPPORT LOANS AT AMORTISED COST

Current Assets	36 690 413	63 632 620
Non-Current Assets	25 429 965	27 514 196
	<b>62 120 378</b>	<b>91 146 816</b>

\*\*The details relating to the ageing of the debtors are presented in Note 34: Risk Management (Credit risk).

	2025 R	2024 R
<b>4. RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>		
Deposits, other debtors and prepayments	1 531 702	1 456 540

#### 5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:		
Cash on hand	39 001	31 833
Main bank balances	11 832 782	17 723 237
	103 027	137 703
SA Reserve Bank CPD	689	315
Development fund bank balance	1 971 750	1 878 356
Financial support bank balance	12 369 401	1 852 592
	<b>129 240 623</b>	<b>159 189 333</b>

Cash balances relate to cash available for immediate use for the entity's main operations.

#### 6. PROPERTY, PLANT AND EQUIPMENT

	2025 Cost / Valuation R	2025 Accumulated depreciation and accumulated impairment R	2025 Carrying value R	2024 Cost / Valuation R	2024 Accumulated depreciation and accumulated impairment R	2024 Carrying value R
Motor vehicles	122 000	(121 999)	1	122 000	(121 999)	1
Office equipment	6 837 403	(5 953 313)	884 090	6 827 588	(5 809 735)	1 017 853
IT equipment	9 905 838	(6 909 060)	2 996 778	7 824 863	(6 026 006)	1 798 857
Leasehold improvements	1 252 038	(1 252 038)	-	1 252 038	(1 252 038)	-
Leased Assets	1 160 735	(870 551)	290 184	1 160 735	(483 640)	677 095
<b>Total</b>	<b>19 278 014</b>	<b>(15 106 961)</b>	<b>4 171 053</b>	<b>17 187 224</b>	<b>(13 693 418)</b>	<b>3 493 806</b>

#### RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - MARCH 2025

	Opening balance R	Additions R	Disposals R	Depreciation R	Total R
Motor vehicles	1	-	-	-	1
Office equipment	1 017 853	9 813	-	(143 576)	884 090
IT equipment	1 798 857	2 173 720	(62 747)	(913 052)	2 996 778
Leased Assets	677 095	-	-	(386 911)	290 184
	<b>3 493 806</b>	<b>2 183 533</b>	<b>(62 747)</b>	<b>(1 443 539)</b>	<b>4 171 053</b>

The useful lives attributed to the entity's assets have been assessed and are consistent with its accounting policy. A nominal carrying value of R1 has been assigned to fully depreciated assets that remain operational and have not yet been disposed of. The non-replacement of these assets is primarily attributable to limited budgetary allocations

## 6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - MARCH 2024

	Opening balance R	Additions R	Disposals R	Depreciation R	Total R
Motor vehicles	1	-	-	-	1
Office equipment	1 167 037	-	(1 180)	(148 004)	1 017 853
IT equipment	2 087 432	662 676	(164 296)	(786 955)	1 798 857
Leased Assets	1 064 007	-	-	(386 912)	677 095
	<b>4 318 477</b>	<b>662 676</b>	<b>(165 476)</b>	<b>(1 321 871)</b>	<b>3 493 806</b>

	2025 R	2024 R
<b>ASSETS SUBJECT TO FINANCE LEASE (NET CARRYING AMOUNT)</b>		
Leased Assets	290 184	677 095

## 7. INVESTMENTS IN SMME PARTNERSHIP FUND

Investments in SMME Partnership Fund	200 000 000	200 000 000
--------------------------------------	-------------	-------------

The GEP was allocated funds by the Gauteng Provincial Government ("the GPG") to respond to the significant economic hardship faced by Gauteng SMMEs after Covid-19. The GEP formed a cooperative partnership between itself, the GPG and the IDC named the Township Economy Partnership ("TEP") / "the Fund".

The GEP, on the instructions of the Gauteng Department of Economic Development as per MEC's instruction letter, will make a capital commitment ("GEP Commitment") of R200 million to the TEP to be deployed by the TEP into stimulating SMMEs in the township economy

GEP has a residual interest in the net assets of the TEP. Therefore, the contribution made by the GEP to the TEPF is a financial asset of the GEP.

GEP's interest in the net assets of the TEP, and should initially be measured at its fair value and be classified as a financial asset at amortised cost.

## 8. FINANCE LEASE OBLIGATION

<b>Minimum lease payments due</b>		
• within one year	305 283	407 178
• in second to fifth year inclusive	-	305 383
	305 283	712 561
less: future finance charges	(13 736)	(68 485)
<b>Present value of minimum lease payments</b>	<b>291 547</b>	<b>644 076</b>

### PRESENT VALUE OF MINIMUM LEASE PAYMENTS DUE

• within one year	291 547	352 529
• in second to fifth year inclusive	-	291 547
	<b>291 547</b>	<b>644 076</b>
Non-current liabilities	-	291 547
Current liabilities	291 547	352 529
	<b>291 547</b>	<b>644 076</b>

The finance lease liability relates to equipment lease contracts. The lease periods are from 01/01/2023 to 31/12/2025 for printers.

<b>9. OPERATING LEASE LIABILITY</b>	<b>2025</b>	<b>2024</b>
	<b>R</b>	<b>R</b>

Current liabilities	-	12 652
---------------------	---	--------

The straight-line accrual method is applied to office accommodation lease contracts that include an escalation clause. The amounts due under these contracts are recognised in the statement of financial performance on a straight-line basis over the lease term.

## 10. PAYABLES FROM EXCHANGE TRANSACTIONS

Trade payables	6 262 625	4 168 957
Accrued leave pay	6 615 397	6 583 356
Accrued 13th Cheque	747 190	713 926
	<b>13 625 212</b>	<b>11 466 239</b>

The trade payables of R6.2 million relates to invoices to be paid by the entity within the next 30 days. Leave of R6.6 million is provided for employees in line with the entity's leave policy, the leave will be utilised in the next six months.

## 11. PAYABLES FROM NON-EXCHANGE TRANSACTIONS

Surrender of surplus funds	292 000	-
Unspent grants ESD	2 375 475	3 683 945
Unspent WR SETA Grant	3 402 239	-
	<b>6 069 714</b>	<b>3 683 945</b>

### W&R SETA

Its primary purpose is to formalize a partnership and establish a contractual relationship for the implementation of the Seta SLA Partnership Project 24/25.

Specifically, the MOA outlines:

- The Graduate Placement Programme: The core of the project, aiming to place 83 learners on a graduate placement program.
- W&RSETA acts as the Project Sponsor (providing funding and oversight), while GEP acts as the Project Implementer (responsible for recruiting beneficiaries, delivering, and managing the project).
- Financial Details: GEP Received R5.1 and the balance from this amount of R3.4 remains unspent as at end of the year.

The unspent ESD Grant amounts to R2.3 mil as at 31 March 2025 and relates to ongoing project. All funds are committed to ESD Projects.

## 12. PROVISIONS

### RECONCILIATION OF PROVISIONS - MARCH 2025

	Opening balance R	Additions R	Utilised during the year R	Reversed during the year R	Total R
Provision for SMME Partnership Fund	48 981 599	1 018 401	(2 271 969)	-	47 728 031
Provision for performance bonus	6 500 000	-	(5 867 004)	(632 996)	-
Maponya Mall	1 618 738	508 631	-	(624 320)	1 503 049
Provision for surrender of surplus funds	87 679 662	61 804 674	(292 000)	(87 679 662)	61 512 674
Provisions for Financial Support Loans	58 958	42 101	-	(58 958)	42 101
	<b>144 838 957</b>	<b>63 373 807</b>	<b>(8 430 973)</b>	<b>(88 995 936)</b>	<b>110 785 855</b>

A provision has been raised based on that GEP occupies Maponya Mall, however the entity has utilized confirmation letters provided by the lessor to make estimates. The entity has used the estimate based on the possible amounts to be charged for the space occupied.

The entity made a provision for surplus in line with the Treasury Instruction Note 12 of 2020/21.

### RECONCILIATION OF PROVISIONS - MARCH 2024

Provision for SMME Partnership Fund	75 000 000	-	(26 018 401)	-	48 981 599
Sedibeng	-	6 500 000	-	-	6 500 000
Maponya Mall	2 088 914	337 621	-	(807 797)	1 618 738
Provision for surrender of surplus funds	112 068 014	87 679 662	(643 596)	(111 424 418)	87 679 662
Provisions for Financial Support Loans	40 006	58 958	-	(40 006)	58 958
	<b>189 196 934</b>	<b>94 576 241</b>	<b>(26 661 997)</b>	<b>(112 272 221)</b>	<b>144 838 957</b>

## 13. REVENUE FROM NON- EXCHANGE TRANSACTIONS

	2025 R	2024 R
Government Grants - MTEF	188 689 000	221 333 000
Inseta Grant	2 457 760	-
WR Seta Grant	1 702 261	-
ESD Revenue	1 308 470	1 316 055
	<b>194 157 491</b>	<b>222 649 055</b>

## 14. REVENUE FROM EXCHANGE TRANSACTIONS

FSS Loans Interest Income	30 190 485	39 283 521
Sundry Income (Initiation fees)	170 000	260 500
	<b>30 360 485</b>	<b>39 544 021</b>

\*Finance Income: Financial Support Loans comprises of non-cash interest of R26m and cash interest of R4.1m.



<b>15. OTHER INCOME</b>	<b>2025 R</b>	<b>2024 R</b>
Inseta Management Fees	110 000	-
SETA claims	193 314	227 095
Insurance claims	40 735	-
Bad debts recovered: financial support loans	227 735	652 354
	<b>571 784</b>	<b>879 449</b>

## 16. PROGRAMS AND PROJECT

SMME product development	2 789 742	186 507
SMME seminars and training	1 131 376	1 764 530
Community grant funding	1 780 331	1 338 768
SMME business development support	27 451 041	41 506 142
Marketing Sponsorships	550 000	753 000
Youth accelerator programme	15 699 523	13 517 349
	<b>49 402 013</b>	<b>59 066 296</b>

\*Included in the Youth Accelerator Programme is an amount of R3.5 million for blended finance grant portion.

## 17. OPERATING EXPENSES

Employee costs	25	103 459 451	122 059 732
Depreciation, amortisation and impairments	26	1 443 543	1 321 869
Bad Debts	28	38 271	5 088 046
Lease rentals on operating lease	20	15 565 279	14 625 770
Debt Impairment	27	97 173 846	75 256 396
Repairs and maintenance		2 062 084	1 921 794
General Expenses	28	23 413 051	22 190 414
		<b>243 155 525</b>	<b>242 464 021</b>

## 18. PAYABLES FROM NON-EXCHANGE

Provision for surplus expense	(27 128 556)	(49 763 157)
-------------------------------	--------------	--------------

The entity made a provision for surplus in line with the Treasury Instruction Note 12 of 2020/21.

## 19. OPERATING SURPLUS (DEFICIT)

Operating surplus (deficit) for the year is stated after accounting for the following:		
Surplus (Deficit) for the year	(28 349 198)	28 179 659

## 20. LEASE RENTALS ON OPERATING LEASE

<b>PREMISES</b>		
Contractual amounts	15 565 279	14 625 770

## 21. FINANCE INCOME

<b>INTEREST REVENUE</b>		
Finance Income - Bank	12 107 420	17 131 764

## Gauteng Enterprise Propeller

(Registration number Incorporated in terms of the Gauteng Enterprise Propeller Act No. 5 of 2005)  
Annual Financial Statements for the year ended 31 March 2025

	2025 R	2024 R
<b>22. FINANCE COSTS</b>		
Finance leases	54 649	91 994
GEP incurred interest cost on finance lease for printers.		
<b>23. LOSS ON DISPOSAL OF ASSETS</b>		
<b>LOSS ON DISPOSAL OF PPE</b>		
Loss on disposal of assets	62 747	165 476
<b>24. CASH USED IN OPERATIONS</b>		
(Deficit) surplus	(28 349 198)	28 179 659
<b>Adjustments for:</b>		
Depreciation and amortisation	1 443 543	1 321 869
Profit/(Loss) on write-off assets	62 747	165 476
Finance costs - Finance leases	54 649	91 994
Debt impairment	97 173 846	75 256 396
Bad debts written off	38 271	5 088 046
Movements in operating lease assets and accruals	(12 652)	(22 327)
Other non-cash items	(468 706)	-
Provision for surplus expense	(27 128 556)	(49 763 157)
(Increase)/decrease in financial support loans	(68 164 267)	(84 348 768)
<b>Changes in working capital:</b>		
Receivables from exchange transactions	(75 162)	170 565
Payables from exchange transactions	2 158 973	(702 064)
Payables from non exchange transactions	2 385 769	(6 316 055)
Movement in Provisions	(6 632 546)	5 405 181
	<b>(27 513 289)</b>	<b>(25 473 185)</b>
<b>25. EMPLOYEE RELATED COSTS</b>		
Basic	76 359 095	82 807 460
Performance Bonus	(632 996)	10 628 624
Medical aid - company contributions	3 864 239	3 729 838
UIF	275 894	300 064
WCA	149 443	-
SDL	935 359	994 483
Leave pay provision charge	742 107	872 322
Employee Wellness	206 251	116 138
Other short term costs	225 642	462 504
Travel, motor car, accommodation, subsistence and other allowances	2 150 321	2 154 263
13th Cheques	2 401 142	2 641 097
Acting allowances	1 644 342	1 367 885
Retirement benefits (Contribution to retirement fund)	14 100 968	14 844 694
Cell Phone Allowance	1 037 644	1 140 360
	<b>103 459 451</b>	<b>122 059 732</b>

<b>26. DEPRECIATION AND AMORTISATION</b>	<b>2025</b>	<b>2024</b>
	<b>R</b>	<b>R</b>
Property, plant and equipment	1 443 543	1 321 869

## 27. DEBT IMPAIRMENT AND BAD DEBTS

Provision for Debt Impairment	97 173 846	75 256 396
Bad debts written off	38 271	5 088 046
	<b>97 212 117</b>	<b>80 344 442</b>

## RECONCILIATION OF NET DEBTORS WRITTEN-OFF

Financial Support Loans	38 271	182 869 025
Debt Impairment	-	(177 780 979)
<b>Bad debt Written-Off</b>	<b>38 271</b>	<b>5 088 046</b>

There were no loans accounts that were written off during the year otherwise than settlement differences on certain small accounts.

The total value of R182 869 025 was written-off during the financial year 2023/24. This represents loans that were considered irrecoverable as per GEP Debt Management Policy.

## 28. GENERAL EXPENSES

Advertising	981 572	476 430
Auditors remuneration	3 272 737	3 121 049
Bank charges	69 188	79 770
Cleaning	1 476 510	1 933 823
Board Fees	1 119 404	1 015 679
Consulting and professional fees	8 423 208	6 133 306
Catering	127 049	40 323
Fines and penalties	-	5 459
Office equipment rental	130 877	203 657
Insurance	330 875	203 194
IT expenses	498 185	669 328
Cellphone and data costs	142 000	111 617
Motor vehicle expenses	2 076	179 338
Printing, stationery & office supplies	93 996	211 962
Security	1 263 792	1 547 270
Maintenance of Software	3 825 563	4 596 541
Staff welfare	17 931	-
Telephone and fax	282 100	413 786
Training	202 119	15 300
Travel - local	31 450	-
Board meetings	47 627	39 717
Bursaries	501 819	812 276
Travel reimbursement	479 582	301 069
Recruitment	93 391	79 520
	<b>23 413 051</b>	<b>22 190 414</b>

	2025 R	2024 R
<b>29. AUDITORS' REMUNERATION</b>		
Auditors remuneration	3 272 737	3 121 049

**30. RETIREMENT BENEFIT INFORMATION**

It is the policy of the entity to encourage, facilitate and contribute to the provision of retirements for all permanent employees. To this end the entity's permanent employees are required to be members of an independently administered provident fund. The total charge to the statement of financial performance as at 31 March 2025: R14 100 968 (2024: R14 844 694) represents contributions payable to those schemes by the entity at rates specified in the rules of schemes. The entity had no post retirement obligations for retirement benefits, at year end.

**31. COMMITMENTS****OPERATING LEASES - AS LESSEE (EXPENSE)****MINIMUM LEASE PAYMENTS DUE**

- within one year

-	90 433
---	--------

Operating lease payments represent rentals payable for the use of office accommodation for regional offices. Leases escalate at rates between 5% and 9% per annum.

**32. CONTINGENCIES****CONTINGENT ASSETS**

- 2020/21 - The Board approved investigations to uncover irregularities that were noted in awarding of financial support for TER and TRM projects. The investigation outcome recommended that GEP should take reasonable steps to recover the loans from the implicated SMMEs. Letters of demand were sent to the implicated SMMEs in the year under review, no acknowledgment of debt received yet from the implicated parties.
- 2015/16 - GEP signed an SLA with the service provider for a period of three years. This was for a pilot project for financing 50 (Fifty) SMMEs in Gauteng Province through discounting model. The service provider failed to deliver on the terms of the SLA. GEP instituted legal action against the service provider to recoup the funds.
- After the GEP investigations it was recommended that GEP should recover irregular expenditure paid. Dispute resolution was done through courts and the Gauteng High Court ruled in favor of GEP on 28 December 2023, that GEP should recover an amount of R 52 343 964 from supplier.

**CONTINGENT LIABILITIES**

GEP Received the following litigations which were not resolved.

- 2019/20 - Litigation matter against the entity, namely ARDHI CONCEPTS CC //GEP under case number: 1123/2019 in the High Court of South Africa (Gauteng Division, Johannesburg). The matter relates to a loan applicant who has issued summons against the entity, for the loan amount of R2.5 million that was not approved. The matter is currently not yet concluded and under way.
- 2020/21- GEP received an amplified letter of demand from the Township Entrepreneurship Awards (TEA) nominees, through their attorney's records, the nominies is demanding R1,075 million as she claims to have been unduly eliminated. The claim relates to the participant claiming that she was unduly eliminated therein, and stated that the adjudication process was unfair as the rules were constantly changed. The matter is currently not yet concluded and under way

### 33. RELATED PARTIES

#### RELATIONSHIPS

<b>Members of Accounting Authority</b>	Refer to members' report note
<b>Gauteng Department of Economic Development (GDED)</b>	Government Department - Controlling Entity
<b>Gauteng Gambling Board (GGB)</b>	Public Entity - Controlled by GDED
<b>Gauteng Growth Development Agency (GGDA)</b>	Public Entity - Controlled by GDED
<b>Gauteng Liquor Board (GLB)</b>	Public Entity - Controlled by GDED
<b>Gauteng Tourism Authority (GTA)</b>	Public Entity - Controlled by GDED
<b>Cradle of Humankind World Heritage Site</b>	Public Entity - Controlled by GDED
<b>Dinokeng</b>	Public Entity - Controlled by GDED

GEP entered into a significant transaction with IDC and formed a Township Economy Partnership Fund. The two entities are not related parties in terms of GRAP 20.

#### RELATED PARTY TRANSACTIONS

The management of the Gauteng Enterprise Propeller is not aware of any related party transactions with directors or any other parties, apart from those mentioned below, amounting to any significant value. If there were any such transactions, they were on terms which were no more or less favourable than those entered into with third parties.

#### AMOUNTS INCLUDED IN STATEMENT OF PROFIT AND LOSS REGARDING RELATED PARTIES

	2025 R	2024 R
Government grants	188 689 000	221 333 000
Operating Lease and Utilities	13 716 043	14 263 999

GEP entered into an arm's length lease agreement with the Gauteng Department of Economic Development (GDED) in 2015 for office space at 124 Main Street. The entity has entered into an arm's length lease agreement with GDED for office space in Sedibeng. The entity is continuing to occupy the building, the entity has made a provision for the year under review for the space occupied.

#### AMOUNTS INCLUDED IN STATEMENT OF FINANCIAL POSITION REGARDING RELATED PARTIES.

##### GAUTENG DEPARTMENT OF ECONOMIC DEVELOPMENT (GDED)

Payable from exchange transactions	-	161 501
------------------------------------	---	---------



## Gauteng Enterprise Propeller

(Registration number Incorporated in terms of the Gauteng Enterprise Propeller Act No. 5 of 2005)  
Annual Financial Statements for the year ended 31 March 2025

### 33. RELATED PARTIES (CONTINUED)

#### NON-EXECUTIVE MANAGEMENT REMUNERATION

##### REMUNERATION OF NON-EXECUTIVE DIRECTORS - MARCH 2025

	2025 R	2024 R
D Maithufi*	-	88 217
L Marincowitz*	-	77 580
P Mangcu*	-	3 879
K Mogotsi	-	46 548
S Mkhize	119 875	123 110
T Rasenyalo*	-	85 338
B Mahlutshana*	-	54 306
D Maphanzela*	-	27 153
P Mngqibisa	129 664	78 443
K Skhosana**	95 903	47 944
C Morongwe-Diale**	139 852	47 944
B Mgobozi**	111 884	27 968
N Mathenjwa**	131 861	47 944
S Sekhitla**	99 897	63 926
D Van Rooyen**	22 977	47 944
R Letwaba**	123 861	35 958
A Mawela**	119 874	59 930
A Mashele**	139 852	47 944
L Leshika**	8 000	3 600
B Ngobeni	31 968	-
	<b>1 275 468</b>	<b>1 015 676</b>

\* Resigned 30 Sept 2023

\*\* Appointed 01 October 2023

**33. RELATED PARTIES (CONTINUED)****REMUNERATION OF NON-EXECUTIVE DIRECTORS - MARCH 2024**

	Board	RGC	RESCO	CC	CIBDC	ARGC	Special Board Meeting	Miscellaneous Meetings	BDC & CC
L. Leshika	2/3	3/3	-	-	-	-	3/4	4/4	0/1
P. Mangu	3/3	3/3	-	-	-	-	2/4	0/1	-
K. Mogotsi	3/3	-	-	7/7	4/5	-	4/4	1/1	-
S. Mkhize	2/3	2/3	-	-	-	8/8	4/4	4/4	-
D. Golding	3/3	-	-	2/2	-	8/8	-	-	-
D. Maithufi	3/3	1/3	-	-	1/1	-	3/4	10/10	0/1
D. Maphanzela	1/3	-	6/6	-	-	-	1/4	4/4	0/1
B. Mahlutshana	2/3	-	6/6	7/7	3/5	-	2/4	1/1	1/1
N. Mufamadi	3/3	1/3	1/1	-	-	-	-	-	-
T. Rasenyalo	3/3	-	6/6	7/7	5/5	-	4/4	5/5	1/1
L. Marincowitz	3/3	3/3	-	-	5/5	7/8	3/4	2/2	0/1
P. Mngqibisa	1/1	-	-	-	-	-	6/6	7/7	-
K. Skhosana	1/1	-	-	-	-	-	6/6	-	-
R. Letwaba	1/1	-	-	-	-	-	6/6	2/2	-
N. Mathenjwa	1/1	-	-	-	-	3/3	6/6	-	-
C. Morongwe-Diale	1/1	-	-	-	-	3/3	6/6	-	-
B. Mgobozi	1/1	-	-	-	-	3/3	6/6	-	-
A. Mawela	1/1	-	-	-	-	-	6/6	-	-
A. Mashele	1/1	-	-	-	-	3/3	6/6	-	-
S. Sekhithla	1/1	-	-	-	-	-	6/6	4/4	-
D. Van Rooyen	1/1	-	-	-	-	3/3	6/6	2/2	-

## Gauteng Enterprise Propeller

(Registration number Incorporated in terms of the Gauteng Enterprise Propeller Act No. 5 of 2005)  
Annual Financial Statements for the year ended 31 March 2025

### 33. RELATED PARTIES (CONTINUED)

#### MARCH 2025

	Board	REMCO	CIBDC	ARGC	Special Board Meeting	Miscellaneous Meetings
L. Leshika**	4/4				3/4	2/2
P Mngqibisa	5/5		6/6		4/4	10/10
K Skhosana	5/5		6/6		3/4	7/7
R Letwaba****	5/5	5/5	5/5		4/4	7/8
N Mathenjwa	5/5	5/5	6/6	11/11	4/4	5/7
C Morongwe-Diale	5/5	5/5		11/11	4/4	7/7
B Mgobozi	5/5			9/11	4/4	7/7
A Mawela	5/5		1/1	7/7	4/4	10/10
S. Mkhize	5/5	5/5	6/6		4/4	7/7
A Mashele	5/5	5/5		11/11	4/4	7/7
S Sekhitla	5/5		6/6		4/4	7/7
D Van Rooyen*	2/2			3/4	1/1	
B Ngobeni***	1/1				1/1	5/5

\* Resigned 01 Jul 2024

\*\*Resigned 29 Nov 2024

\*\*\*Appointed 01 Dec 2024

\*\*\*\* Appointed as Board Chair 12 Feb 2025

#### SENIOR MANAGEMENT REMUNERATION

##### MARCH 2025

	Basic salary R	Bonuses and performance related payments R	Acting Allowance R	Total R
S. Zamxaka- Chief Executive Officer	2 936 242	166 121	-	3 102 363
I. Khan- Chief Operations Officer	2 143 245	119 376	-	2 262 621
S. Ntuli - GM: Risk & Audit	1 953 642	108 524	-	2 062 166
SL Manoto - Acting GM: Corporate Support & Administration *	-	-	217 006	217 006
N. Khonkwane - GM: Strategy and Monitoring	1 915 878	108 524	-	2 024 402
M Ledwaba - Acting Chief Financial Officer **	-	-	39 841	39 841
T Gondo - Acting Chief Financial Officer***	-	-	32 695	32 695
	<b>8 949 007</b>	<b>502 545</b>	<b>289 542</b>	<b>9 741 094</b>

\* Acted from 01 Apr 2024 to 31 Mar 2025

\*\* Acted from 01 Nov 2024 to 06 Feb 2025

\*\*\* Acted from 07 Feb 2025 to 31 Mar 2025

### 33. RELATED PARTIES (CONTINUED)

<b>SENIOR MANAGEMENT REMUNERATION</b>				
<b>MARCH 2024</b>	<b>Basic salary R</b>	<b>Bonuses and performance related payments R</b>	<b>Acting Allowance R</b>	<b>Total R</b>
S. Zamxaka- Chief Executive Officer	2 820 296	159 732	-	2 980 028
I. Khan- Chief Operations Officer	2 060 197	114 785	-	2 174 982
YBB Damoyi - Chief Financial Officer *	1 494 246	-	-	1 494 246
S. Ntuli - GM: Risk & Audit	1 878 784	104 350	-	1 983 134
NV. Mulaudzi - GM: Corporate Support & Administration**	1 493 266	-	-	1 493 266
SL Manoto - Acting GM: Corporate Support & Administration ***	-	-	93 776	93 776
N. Khonkwane - GM: Strategy and Monitoring	1 842 055	-	-	1 842 055
T. Msomi - Acting GM: Corporate Support & Administration****	-	-	115 203	115 203
X. Matyila - Acting Chief Financial Officer *****	-	-	41 740	41 740
K. Cele - GM: Strategy, Planning and M&E*****	636 840	-	-	636 840
	<b>12 225 684</b>	<b>378 867</b>	<b>250 719</b>	<b>12 855 270</b>

\* Appointed 17 July 2023 and resigned 20 March 2024 \*\* Contract ended 30 November 2023 \*\*\* Appointed on 26 October 2023 \*\*\*\* Acted from April 2023 to 11 October 2023 \*\*\*\*\* Acted from April 2023 to 14 July 2023 \*\*\*\*\* Resigned 30 June 2023

### 34. RISK MANAGEMENT

#### FINANCIAL RISK MANAGEMENT

The Board of Directors overall responsibility is the establishment and oversight of the entity's risk management framework. The Board has established the Audit, Risk and Governance Committee, which is responsible for monitoring the entity's risk management policies and processes. The Committee reports regularly to the Board of Directors on its activities. The entity is exposed to credit risks, interest risks and liquidity risks. The entity's senior management oversees the management of these risks and is supported by various committees such as Audit, Risk and Governance Compliance Committee, Credit Committee and Debt Management Committee.

#### LIQUIDITY RISK

The entity manages liquidity risk through the compilation and monitoring of cash flow forecasts as well as ensuring that there are adequate banking facilities.

<b>FINANCIAL LIABILITIES</b>	<b>0 - 12 months R</b>	<b>1 - 5 years R</b>	<b>5 years R</b>	<b>5 years R</b>
Trade and other payables	19 184 627	-	-	-

#### CREDIT RISK

Financial assets exposed to credit risk at year end were as follows:

Potential concentration of credit risk consists mainly of trade receivables and financial support debtors.

Trade and other receivables comprise of customers dispersed across different industries and geographical areas. Credit evaluations are performed through Management by Credit Committee as well as the Board depending on the threshold of the transaction and the financial condition of these receivables. Where appropriate, the necessary credit guarantees are arranged. Trade and other receivables are shown as net of impairment.

The Debt Management Committee monitors the performance of receivables on a regular basis. At 31 March 2024, the entity did not consider there to be any significant concentration of credit risk which had not been insured or adequately provided for.

## Gauteng Enterprise Propeller

(Registration number Incorporated in terms of the Gauteng Enterprise Propeller Act No. 5 of 2005)  
Annual Financial Statements for the year ended 31 March 2025

### 34. RISK MANAGEMENT (CONTINUED)

#### REMUNERATION OF NON-EXECUTIVE DIRECTORS - MARCH 2024

Product Type	Current	30 Days	60 Days	90 Days	120 Days Plus	Total Arrears	Impairment amount	Net amount
Contract	347 558	820 504	2 798 419	5 306 950	28 878 173	38 151 605	17 298 030	20 853 575
Finance								
Expansion	760 061	639 935	572 357	473 949	5 992 851	8 439 153	5 981 835	2 457 317
Handover	2 723 897	2 564 139	2 717 206	2 695 613	163 550 832	174 251 686	172 509 169	1 742 517
Mafisa	2 650	2 392	2 645	2 644	381 350	391 677	391 677	-
Start-up	144 528	135 841	136 001	135 127	951 885	1 503 384	1 222 688	280 696
Youth Hybrid	142 043	120 520	112 086	84 165	184 820	643 636	280 046	363 590
Fund								
<b>Total</b>	<b>4 120 737</b>	<b>4 283 331</b>	<b>6 338 714</b>	<b>8 698 448</b>	<b>199 939 911</b>	<b>223 381 141</b>	<b>197 683 445</b>	<b>25 697 695</b>

#### INTEREST RATE RISK

Bank deposits are linked to the South African prime interest rate. The net interest income at 31 March 2025 is R12 107 420 (2024:R17 131 764). The sensitivity analysis below has been determined based on the exposure to interest rate on financial instruments at the balance sheet date. For the floating rate instruments, the analysis is prepared assuming the number of instruments outstanding at the balance sheet date was outstanding for the whole year. A 50-basis points increase is used and presents management's assessment of the reasonably possible change in interest rates.

### 34. RISK MANAGEMENT (CONTINUED)

The entity's interest rate profile consists of floating loan rate and bank balances which exposes the entity to fair value interest risk and cash flow interest risk. The interest rate re-pricing profile at 31 March 2025 is summarised as follows:

	0 -12 months R	Beyond one year R	Total floating rate borrowings/ investments R
Financial support loans	36 690 413	25 429 965	62 120 378
Receivables from exchange transactions	1 531 702	-	1 531 702
Cash & cash equivalents	129 240 623	-	129 240 623
	<b>167 462 738</b>	<b>25 429 965</b>	<b>192 892 703</b>

### 35. GOING CONCERN

We draw attention to the fact that at 31 March 2025, the entity had an accumulated surplus of R 266 291 428 and that the entity's total assets exceeds its liabilities by R 266 291 428.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

- After the reporting date, there is no intention to liquidate GEP or to cease operating, nor is there a realistic alternative to do so.
- Further, the Grant funding from the provincial government remains in place, therefore GEP is confident that it will be able to fund its operations going forward, for at least the coming financial year.
- After considering the above, management has concluded that the entity will be able to operate for the next twelve month, and therefore is a Going Concern.

### 36. EVENTS AFTER THE REPORTING DATE

Adjusting events after the reporting date:

- Management is not aware of any events after the reporting date that requires any adjustment to Annual Financial Statements except for R7.5mil condonation of Irregular Expenditure.

### 37. IRREGULAR AND FRUITLESS AND WASTEFUL EXPENDITURE

DESCRIPTION	2025 R	2024 R
Irregular Expenditure	3 594 374	3 703 036
Fruitless and wasteful expenditure	-	-
<b>Total</b>	<b>3 594 374</b>	<b>3 703 036</b>

Irregular and Fruitless and wasteful expenditure is disclosed in terms of Treasury Note 04 of 2022/2023. GEP has received a condonation of R7.5mil after year end from Treasury.

The details of the balances are included in part-E of the annual report.



**37. MATERIAL LOSSES THROUGH CRIMINAL CONDUCT (CONTINUED)****AMOUNTS RECOVERABLE**

After the GEP investigations it was recommended that GEP should recover irregular expenditure paid to Amahlo Consulting. Dispute resolution was done through courts and the Gauteng High Court ruled in favor of GEP on 28 December 2023, that GEP should recover an amount of R52 343 964 from Amahla Consulting Services CC.

**AMOUNTS WRITTEN-OFF**

Management has applied for condonation of irregular expenditure of R59.2 mil from Provincial Treasury after year end.

**38. RECONCILIATION BETWEEN BUDGET AND STATEMENT OF FINANCIAL PERFORMANCE**

Reconciliation of budget surplus/deficit with the surplus/deficit in the statement of financial performance:

- A: Achieving a 108% collection rate for the year, the loan collection team surpassed its initial budget of R30 million, which had been adjusted to R42 million. This performance also exceeded the prior year's collection R44 million
- B: The R26 million non-cash interest for loans is included in this line item. The entity's budgeting process for collection is as described above in A.
- C:
- D: Employee Cost is within budget for the year
- E: The entity budgets for capital assets, or PPE, when these assets are purchased. Consequently, depreciation is a non-cash item
- F: These are noncash expenses. The entity budgets in cash for loan collection and advances. Please refer to the Collection and Advances line items
- G: Programmes and projects committed and not concluded by year-end.
- H: Expenditures for goods and services are within the allocated budget for the year. I: This is in line with the treasury instruction no 12 of 2020-2021
- K: The entity had a number of Application for financial support loans that are in the process of being funded.
- L: Capital Expenditure on procurement to replace old and obsolete assets. Some of the items are delivered after year-end

Net (deficit) surplus per the statement of financial performance	(28 349 198)	28 179 659
--	--------------	------------

**39. DEVIATION FROM SUPPLY CHAIN MANAGEMENT REGULATIONS**

Treasury Regulations:16A6.4 If in a specific case it is impractical to invite competitive bids, the accounting authority may produce the required goods or services by other means, provided that the reasons for deviating from inviting competitive bids must be recorded and approved by the accounting authority. Practice note 8 of 2007/2008, paragraph 3.3.3. stipulates that if it is not possible to obtain at least three written price quotations, the reasons should be recorded and approved by the accounting officer / authority or his / her delegate".

The below table reflects the approved deviations:

RESPONSIBLE OFFICE	NAME OF PROJECTS	REASON FOR DEVIATION	AMOUNT R	TOTAL R
Office of CEO	Financial Support CFO Role	Emergency and Urgent Procurement	794 000	794 000
Office of COO	Industry analysis subscription	Sole Provider	192 102	192 102
Office of CFO	GEP Amendment Act Public Notice	Sole Provider	9 079	9 079
			<b>995 181</b>	<b>995 181</b>

## 40. SEGMENT INFORMATION

---

### INFORMATION ABOUT GEOGRAPHICAL AREAS

The entity's operations are in the Gauteng Province.

GEP is situated in Johannesburg and have regional and satellite offices which are for convenience and implementation of Business Development Support across Gauteng City Region's five corridors.

Management has as per GRAP standards decided to report on GEP as a single geographical area. Management is of the opinion that as per paragraph 31-32; GEP Head office and the regional activities are providing similar services and it would therefore not be in the interest of the users of financial statements to develop geographical information for reporting, and secondly the cost of developing geographical information would be excessive. GEP current financial system has no capabilities to produce accurate geographical information in line with GRAP 18 requirements.

# DETAILED STATEMENT OF FINANCIAL PERFORMANCE

## FOR THE YEAR ENDED 31 MARCH 2025



	Note(s)	2025 R	2024 R
<b>REVENUE</b>			
Government grants & subsidies	13	188 689 000	221 333 000
SETA claims	15	193 314	227 095
Insurance claims	15	40 735	-
Bad debts recovered: financial support loans	15	227 735	652 354
Management Fees	15	110 000	-
FSS Initiation fees	14	170 000	260 500
Finance Income: financial support loans	14	30 190 485	39 283 521
Interest received - Bank	21	12 107 420	17 131 764
Inseta Grant	13	2 457 760	-
WR Seta Grant	13	1 702 261	-
ESD Revenue	13	1 308 470	1 316 055
<b>Total revenue</b>		<b>237 197 180</b>	<b>280 204 289</b>
<b>EXPENDITURE</b>			
Employee related costs	25	(103 459 451)	(122 059 732)
Depreciation and amortisation	26	(1 443 543)	(1 321 869)
Finance costs	22	(54 649)	(91 994)
Lease rentals on operating lease	20	(15 565 279)	(14 625 770)
Debt Impairment	27	(97 173 846)	(75 256 396)
Bad debts written off	27	(38 271)	(5 088 046)
Repairs and maintenance	17	(2 062 084)	(1 921 794)
General Expenses	28	(23 413 051)	(22 190 414)
Provision for Surplus	18	27 128 556	49 763 157
Programmes and Projects	16	(49 402 013)	(59 066 295)
<b>Total expenditure</b>		<b>(265 483 631)</b>	<b>(251 859 153)</b>
<b>Surplus or (Deficit) before loss on disposal</b>		<b>(28 286 451)</b>	<b>28 345 136</b>
Loss on disposal of assets	23	(62 747)	(165 476)
<b>Surplus for the year</b>	19	<b>(28 349 198)</b>	<b>28 179 660</b>

The supplementary information presented does not form part of the annual financial statements and is unaudited.





## GEP HEAD OFFICE

124 Main Street  
Marshalltown, Johannesburg  
Email: [gepenquiries@gep.co.za](mailto:gepenquiries@gep.co.za)  
Contact Centre: 087 057 2000  
Website: [www.gep.co.za](http://www.gep.co.za)

PR 166/2025  
ISBN: 978-1-77997-891-2