



# THUBELISHA HOMES

NPC – in Liquidation

## ANNUAL REPORT 2022 / 2023

**Thubelisha Homes NPC  
(in Liquidation)  
(Registration number 1997/008646/08)  
Audited Annual Financial Statements  
for the year ended 31 March 2023**

**Ramuedzisi Incorporated  
Issued 31 August 2023**

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The reports and statements set out below comprise the audited annual financial statements presented to the liquidator:

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## **Thubelisha Homes NPC (in Liquidation)**

(Registration number: 1997/008646/08)

Audited Annual Financial Statements for the year ended 31 March 2023

### **Liquidator's Responsibilities and Approval**

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The liquidator of the organisation is responsible for the maintenance of adequate accounting records and the preparation and integrity of the audited annual financial statements and related information. The financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice and in the manner required by the Companies Act of South Africa and the Public Finance Management Act, 1999.

The liquidator is also responsible for the systems of internal control. These are designed to provide reasonable but not absolute assurance as to the reliability of the financial statements and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect material misstatement and loss. The systems are implemented and monitored by suitable trained personnel with an appropriate segregation of authority and duties.

The audited annual financial statements set out on pages 10 to 18, were approved by the liquidator on 31 August 2023.



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**Mr Edward Sebastian**

## Independent Auditor's Report

### **To the Liquidator of Thubelisha Homes NPC (In Liquidation)**

#### **Qualified Audit Opinion**

We have audited the annual financial statements of Thubelisha Homes NPC (In liquidation) set out on pages 01 - 20, which comprise the statement of financial position as at 31 March 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the annual financial statements present fairly, in all material respects, the financial position of Thubelisha Homes NPC (In liquidation) as at 31 March 2023, and its financial performance and cash flows for the year then ended in accordance with Generally Recognized Accounting Practice (GRAP) and in the manner required by the Public Finance Management Act, 1999(PFMA) and the requirements of the Companies Act 71 of 2008.

#### **Basis for qualified opinion**

- We do not have comfort over the valuation of this balance and issued a limitation of scope. The balance of the payable is R 6 853 328
- We did not receive the bank confirmations for the balance of R236 017,09 and debtors' confirmations amounting to R 49 565,68.
- We have requested support for the provision, however have not received supporting documentation for the refuse removal provision or the claim raised. A limitation of scope is therefore raised for the provision relating to the City of Cape Town refuse removal. The balance of the provision is R 1 198 533.

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the annual financial statements section of our report.

We are independent of the company in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of annual financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in

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South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Emphasis of matter

Without qualifying my opinion, I draw attention to the Liquidator's report in the audited annual financial statements which indicates that company is in voluntary liquidation for the year ended 31 March 2023.

#### Other information

The liquidators are responsible for the other information. The other information comprises the liquidators' Report as required by the Companies Act 71 of 2008, which we obtained prior to the date of this report. Other information does not include the annual financial statements and our auditor's report thereon.

Our opinion on the annual financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of the liquidators for the Annual Financial Statements

The liquidators are responsible for the preparation and fair presentation of the annual financial statements in accordance with Generally Recognized Accounting Practice (GRAP) and the requirements of the Public Finance Management Act, 1999(PFMA) and the Companies Act 71 of 2008, and for such internal control as the liquidators determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the liquidators are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the liquidators either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual 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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements

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can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual 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 our 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the liquidators.
- Conclude on the appropriateness of the liquidators' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If I conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicated with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identified during our audit.



**Ramuedzisi Incorporated**  
31 August 2023

**Per Denga Ramuedzisi**  
Registered Auditor

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## Liquidator's Report

This report on the activities of Thubelisha Homes NPC for the financial year from 1 April 2022 to 31 March 2023 has been prepared by the Liquidator appointed by the Master of the High Court to complete the voluntary liquidation of Thubelisha Homes NPC.

### 1. Thubelisha Homes NPC Closure Process

The voluntary liquidation of Thubelisha Homes NPC was registered by way of a Special Resolution with the Companies and Intellectual Property Commission (CIPC) on 29 March 2012, formally placing the company in liquidation. The notice of the Special Resolution of the Members for voluntary winding-up of Thubelisha Homes NPC was published in the Government Gazette dated 20 July 2012 indicating that the company would be wound up voluntarily in terms of section 80 of the Companies Act, 71 of 2008. Mr Edward Sebastian, of Admiral Trust, was appointed as Liquidator of Thubelisha Homes NPC by the Master of the High Court on 6 June 2012. This means that Thubelisha Homes NPC is legally and practically in the final stages of the voluntary liquidation process.

### 2. Performance of the Company

During the 2022/23 financial year, the activities of the company continued to be focused entirely on finalising outstanding matters, confirming that no valid outstanding claims exist against the company, and the disposal of land registered in the name of Thubelisha Homes NPC so that the voluntary liquidation process can be finalised. The status of the main issues can be summarised as follows:

- **Land Transfers** – the most significant effort undertaken in the closure process remains the requirement to deal with land transfers of properties still registered in the name of Thubelisha Homes NPC, as well as those properties held in terms of Land Availability Agreements, and properties where there is an obligation to resolve issues with beneficiaries who have not received Title Deeds or occupation of houses to which they are entitled.

#### Doornkop - Gauteng

At financial year end 2023, there remain a total of 31 stands in Doornkop still to be transferred out of Thubelisha Homes NPC's name. There is currently a moratorium on all transfers of properties due to the ongoing issue with properties affected by the flood line. Six of the Doornkop properties have been sold and the purchase price has been secured. One property is a community facility site which will be transferred to the Council. These stands can only be transferred once the moratorium on transfer has been lifted. Twenty-four of these properties are properties which Thubelisha was requested by the Johannesburg Metro to leave undeveloped. Development in the adjacent urban areas had changed the flood line in the riverbed, which leads to the flooding of these stands during the rainy season. It had been agreed that these would be donated to the City of Johannesburg to be used as Public Open Space.

This issue was not raised on completion of the project and was only raised once Thubelisha was placed in Voluntary Liquidation. Thubelisha then approached the Johannesburg Metro and negotiations with the Department of Development Planning and the Johannesburg Property Company (JPC), as the ultimate custodian of the property, commenced. Thubelisha was required to accommodate various Metro requests which cost considerable time and money to implement. These requests were agreed to, to expedite the transfer of the properties. Once completed, an Agreement was drawn up to facilitate the transfer. Before the agreement could be signed, the employee from the Metro responsible for the signature of the agreement passed away.

Thubelisha has been trying since 2015 to have this agreement signed by the Johannesburg Property Company to enable the transfer of the properties into the name of the JPC. The JPC has informed Thubelisha that before the agreement could be signed, approval of the Johannesburg Metro Council would have to be obtained. The matter is still to serve before the Council. In 2020, Thubelisha was advised to contact the Intergovernmental Relations Co-ordination Committee (IRCC) to assist with the finalisation of the agreement. The IRCC has expended a great deal of effort on trying to have this matter finalised but there has been no response from the JPC.

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*Director: Stephen Leith Anticevich CA(SA)*

*Company Registration number 2014/225250/07*



## Liquidator's Report

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### Performance of the Company (continued)

During 2020 there were many reports in the press regarding the Management of the JPC. These reports have included the dissolution of the Board of Directors, the suspension of the CEO and the CFO, challenges to these decisions from the employees concerned, the reconstitution of the Board and conflicting reports of reinstatement and suspension of the individuals concerned. The result of all this turmoil is that it has been impossible to even arrange meetings with the company or to obtain progress reports on the issues.

### Khayelitsha – Western Cape

In the Western Cape, 159 properties have been transferred by Thubelisha. There are 21 properties still registered in the name of Thubelisha. There are eight vacant stands left which have to be sold. The two stands which had informal structures built upon them have been transferred to the occupiers of the stands. The purchaser of the eight vacant properties was also the person who had to transfer to the beneficiary, a property on which Thubelisha constructed a house in error. The property on which Thubelisha constructed the house did not belong to Thubelisha. The transfer of this property has now been facilitated. The transferor has subsequently withdrawn the offer to purchase the eight vacant stands and Thubelisha has begun negotiations for the sale of these properties.

There remain nine properties which will have to be renegotiated by Thubelisha before transfer can take place. Some require modifications to the original agreements because of the death of a beneficiary. In other cases, the original beneficiaries have absconded, and the houses hijacked or illegally bought by the occupants of the properties. The final hurdle will be for Thubelisha to distribute the Title Deeds to the beneficiaries. This task was previously undertaken by the Councilor for the area. Thubelisha's attempts to establish contact with the Councillor has not met with any success.

- **Claims Against Thubelisha Homes NPC** – A final claim from the Western Cape Department of Human Settlements (WCDHS) was submitted to the Liquidator of Thubelisha Homes NPC, in the 2017 financial year. The claim of R23,9 million relates to costs incurred by WCDHS to pay contractors to close out two projects managed by Thubelisha Homes NPC before it went into liquidation. These funds were not returned to the WCDHS in March 2010 as they had been spent on higher level of service and other infrastructure. To expedite the liquidation process and prevent incurring unnecessary legal expenses by further disputing the claim, Thubelisha Homes NPC proposed to accept the claim as part of a final settlement that includes the finalisation of land transfers in the province. Following a meeting that was held on the 10th of February 2017 between the National Department of Human Settlements (NDHS), the WCDHS and the Liquidator of Thubelisha Homes NPC regarding the claim, the Director-General of NDHS ruled that the amount of the claim should be finalised and settled once the amount available for the settlement of claims resulting from the liquidation process can finally be determined. The contingent liability was recognised in the 2021 financial year. During the previous year, the Western Cape Department of Human Settlements again raised this matter calling for the settlement of the claim. As it is now clear that there will be a surplus on the final liquidation, it has been agreed to settle the claim to the value of R23,902 850.70 in full and final settlement with the Western Cape Department.
- During the current financial year, Thubelisha Homes NPC did not employ any full-time staff nor occupy any premises. One contractor, together with the appointed service provider facilitating the closure process, has continued to assist in resolving the final matters relating to Thubelisha Homes NPC. Office accommodation for this purpose has been provided by the service provider responsible for the closure process.

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*Company Registration number 2014/225250/07*

## Liquidator's Report

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### 3. Financial Results

The financial results for the company for the year ended 31 March 2023 reflect the fact that the company has not operated in any way and has been focused only on finalising the above closure matters.

During the last financial year, the financial highlights of the company included the following:

- The only source of income was interest earned of R4,29 million (2022: R2,89 million) on investment accounts during the year.
- Settlement with the Western Cape Department of Human Settlements has been accrued for in full in the amount of R 23,9m. As indicated above, this amount has previously been disclosed as a contingent liability dependent on the final value of the funds available for distribution in the liquidation but was disclosed as a liability in the previous financial year. The amount is yet to be paid.
- Operating Costs for the year amounted to R2,259m compared to the costs for the previous year of R674 000. The major items comprising operating costs included:
  - (i) Contractor fees for closure assistance of R1,24 million (2022: R1,1 million);
  - (ii) Consulting fees paid to service providers of R0,66 million (2022: R0,69 million); and
  - (iii) A increase in provision for rates and taxes for the remaining properties of R129 000 (2022: decrease of R1,33mil).

The net effect of the above shows that Thubelisha Homes NPC recorded a net loss for the current financial year of R 2,027 million (2022: Loss of R21,682 million).

The Statement of Financial Position now reflects only the following items:

- Trade and other receivables of R50 628 (2022: R 50 628). These are funds held in trust by conveyance lawyers to be used to settle rates and taxes and other transfer fees;
- Cash and cash equivalents amounted to R72,68 million compared to the R70,95 million held at the end of the 2022 financial year. The increase relates to the surplus of interest after operating expenses were covered;
- Trade and other payables of R30,8 million (2022: R6,9 million) comprised mainly of the amount due to the Western Cape Department of Human Settlements as indicated above and of the surplus funds advanced by the KwaZulu-Natal Provincial Department of R6,9 million at the time when Thubelisha Homes NPC was still trading actively that will be refunded on final liquidation; and
- Provisions at the end of the current financial year amounted to R3,74 million (2022: R4,04 million) comprising of:
  - (i) Property rates and taxes and transfer costs of R1,0 million (2022: R1,5 million)
  - (ii) City of Cape Town refuse removal R1,2 million (2022: R1,2 million)
  - (iii) Liquidator Fees of R1,46 million (2022: R1,3 million)
  - (iv) Other sundry operational provisions amounting to R59 500 (2022: R49 500)

The net effect of these items means that Thubelisha Homes NPC remains with a net surplus of R38,2 million (2022: R36,2 million). This balance is made up of the National Government grant of R50 million (2022: R50 million) together with the accumulated loss of R11,8 million (2022: Loss of R13,8 million).

The closure process is therefore still likely to result in the return of surplus funds held by Thubelisha Homes NPC on final liquidation. These funds will be available to be applied to similar housing development activities in line with the objective of the establishment of Thubelisha Homes NPC in the first instance. The application of these funds will need to be determined by the Shareholder (National Government) through the National Department of Human Settlements.

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## Liquidator's Report

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### 4. Legal Matters

The Liquidator of Thubelisha Homes NPC is of the view that all legal matters have been adequately dealt with and no formal claims have been received by any creditors or legal adversaries during the financial year other than the claim from the WCDHS set out above.

### 5. Status of the Closure Process

As reported in the previous financial year, the only matter holding up the voluntary liquidation of Thubelisha Homes NPC is the transfer of all land registered in the name of the company. Application for the final liquidation can only be made when there are no further assets or liabilities in the company. Due to the uncertainty regarding co-operation from the Johannesburg and City of Cape Town Metros, it is still not possible to predict when the final liquidation will take place. The Liquidator and closure team will again attempt to do this before the end of the next financial year.

### 6. Governance

The Board of Thubelisha Homes NPC last met in July 2008. The governance of Thubelisha Homes NPC from that period onwards was carried out by an Executive Authority, being the Interim Chief Executive Officer of the company appointed by the National Department of Human Settlements. The Executive Authority was supported by the Closure Steering Committee which met on a regular basis throughout that period.

From the date of voluntary liquidation of the company, the Executive Authority of the company has been transferred to the Liquidator appointed by the High Court. The Liquidator continues to be supported in this process by the Closure Steering Committee comprising representatives of the National Department of Human Settlements and the service provider appointed to facilitate this process.

The address of the company is as follows:

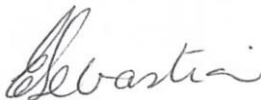
Business address: 106 Sandton Drive  
Parkmore  
Sandton  
2196  
Postal address: PO Box 781145  
Sandton  
2146

### 7. Auditors

Ramuedzisi Inc were appointed as auditors for the company for 2023.  
Denga Ramuedzisi is the appointed lead audit partner for the company for 2023.

### 8. Events after the Statement of Financial Position Date

No significant events were identified after the end of the financial year on 31 March 2023.



**Mr Edward Sebastian**  
Liquidator of Thubelisha Homes NPC (in Liquidation)

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## Thubelisha Homes NPC (in Liquidation)

(Registration number: 1997/008646/08)

Audited Annual Financial Statements for the year ended 31 March 2023

### Statement of Financial Position as at 31 March 2023

Figures in Rand	Note(s)	2023	2022
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	2	9 923	14 884
<b>Current Assets</b>			
Trade and other receivables	4	50 628	50 628
Cash and cash equivalents	5	72 676 351	70 952 259
		<b>72 726 979</b>	<b>71 002 887</b>
<b>Total Assets</b>		<b>72 736 902</b>	<b>71 017 771</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
National Government Grant		50 000 000	50 000 000
Retained income		(11 757 866)	(13 784 372)
		<b>38 242 134</b>	<b>36 215 628</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	6	30 756 181	30 756 181
Provisions	7	3 738 587	4 045 962
		<b>34 494 768</b>	<b>34 802 143</b>
<b>Total Equity and Liabilities</b>		<b>72 736 902</b>	<b>71 017 771</b>

## Thubelisha Homes NPC (in Liquidation)

(Registration number: 1997/008646/08)

Audited Annual Financial Statements for the year ended 31 March 2023

### Statement of Comprehensive Income

Figures in Rand	Note(s)	2023	2022
Final claim - Western Cape Department of Human Settlements			(23 902 851)
Operating costs	9	(2 259 797)	(674 350)
<b>Operating loss</b>		<b>(2 259 797)</b>	<b>(24 577 201)</b>
Investment income	8	4 286 303	2 895 211
<b>Profit (loss) for the year</b>		<b>2 026 506</b>	<b>(21 681 990)</b>
Other comprehensive income		-	-
<b>Total comprehensive income (loss) for the year</b>		<b>2 026 506</b>	<b>(21 681 990)</b>

## Thubelisha Homes NPC (in Liquidation)

(Registration number: 1997/008646/08)

Audited Annual Financial Statements for the year ended 31 March 2023

### Statement of Changes in Equity

<b>Figures in Rand</b>	<b>National Government Grant</b>	<b>Accumulated loss</b>	<b>Total equity</b>
Balance at 01 April 2021	50 000 000	7 897 618	57 897 618
Total comprehensive loss for the year	-	(21 681 990)	(21 681 990)
Balance at 01 April 2022	50 000 000	(13 784 372)	36 215 628
Total comprehensive income for the year	-	2 026 506	2 026 506
Balance at 31 March 2023	50 000 000	(11 757 866)	38 242 134

## Thubelisha Homes NPC (in Liquidation)

(Registration number: 1997/008646/08)

Audited Annual Financial Statements for the year ended 31 March 2023

### Statement of Cash Flows

Figures in Rand	Note(s)	2023	2022
<b>Cash flows from operating activities</b>			
Cash used in operations	10	(2 562 211)	(1 856 472)
Interest income		4 286 303	2 895 211
<b>Net cash used in operating activities</b>		<b>1 724 092</b>	<b>1 038 739</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	2	-	(14 884)
<b>Total cash movement for the year</b>		<b>1 724 092</b>	<b>1 023 855</b>
Cash at the beginning of the year		70 952 259	69 928 404
<b>Total cash at end of the year</b>	5	<b>72 676 351</b>	<b>70 952 259</b>

# Thubelisha Homes NPC (in Liquidation)

(Registration number: 1997/008646/08)

Audited Annual Financial Statements for the year ended 31 March 2023

## Accounting Policies

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### 1. Basis of preparation and summary of significant accounting policies

The audited annual financial statements have been prepared on the historical cost basis, except as otherwise indicated in the policy note below and are prepared in accordance with Standards of Generally Recognised Accounting Practice ("GRAP"), and the Companies Act of South Africa.

The principal accounting policies adopted in the preparation of these financial statements are set out below and are consistent in all material respects with those applied in the prior year.

#### 1.1. Property, plant and equipment

Property, plant and equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one period.

Property, plant and equipment is initially measured at cost.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company.

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

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Item	Depreciation Method	Average useful life
IT equipment	Straight line	3 years

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The depreciation charge for each period is recognised in profit or loss.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

#### 1.2. Revenue

During the periods of active trading, construction contract revenue was recognised by reference to the stage of completion of the contract. Where project revenue was increased due to a change in subsidy value during the year, this increase in subsidy represented an increase in the fixed contract price and this adjustment was recognised in income immediately.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

Interest earned on funds received in advance is shown as sundry income and this is used to defray operational expenditure in the execution of the Company's mandate.

#### 1.3. Financial instruments

##### Initial measurement

Financial assets and financial liabilities are recognised on the company's statement of financial position when they have become a party to contractual provisions of the instrument.

##### Trade and other receivables

Trade and other receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.



## Thubelisha Homes NPC (in Liquidation)

(Registration number: 1997/008646/08)

Audited Annual Financial Statements for the year ended 31 March 2023

### Trade and other payables

Trade and other payables are stated at their nominal value.

### Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

### 1.4. Impairment

At each statement of financial position date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the assets is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

### 1.5. Government grants

Government grants received, if unconditional on future events, were recognised as income immediately. Where grants were conditional, they were recognised over the periods necessary to match them with the related costs.

### 1.6. Contingent liabilities

A contingent liability is disclosed when the company recognises:

- a possible obligation, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future event(s) not wholly within the control of the entity
- a present obligation that is not recognised because, the outflow of economic benefits or service potential is not probable
- a real present obligation, that may not be recognised, either because the timing or because the value obligation is not known.

### 1.7. Provisions

Provisions are recognised when the company has a present obligation as a result of a past event and it is probable that this will result in an outflow of economic benefits that can be reliably estimated.

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### Notes to the Audited Annual Financial Statements

Figures in Rand

**2023**                      **2022**

#### 2. Property, plant and equipment

	2023			2022		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
IT Equipment	14 884	(4 961)	9 923	14 884	-	14 884

#### Reconciliation of property, plant and equipment - 2023

	Opening Balance	Depreciation	Closing Balance
IT Equipment	14 884	(4 961)	9 923

#### Reconciliation of property, plant and equipment - 2022

	Opening Balance	Additions	Closing Balance
IT Equipment	-	14 884	14 884

#### 3. Inventories

Inventory comprises erven acquired by the Company for development purposes. These erven were originally transferred to the Company by other Organs of State at nil value and are therefore held at nil value.

##### Stands in Doornkop (Gauteng) identified by ERF number:

3941, 3942, 3943, 3944, 3945, 3946, 3947, 3948, 3960, 3961, 3962, 3963, 3964, 3979, 3980, 3981, 3982, 3983, 3984, 3985, 3986, 3987, 3988, 3989, 3937, 3644, 3027, 3028, 3029, 3030 and 3037.

##### Stands in Khayelitsha (Western Cape) identified by ERF number:

56992, 57827, 57039, 57278, 57333, 56823, 56913, 57221, 22813, 23359, 23520, 23687, 22982, 23537, 23371, 23579, 23580, 56720, 22225, 56732, 41538, 57030, 57215, 56908, 38641, 38924 and 23478.

#### 4. Trade and other receivables

Sundry receivables	50 628	50 628
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#### 5. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	1 833	2 764
Short-term investments	72 674 518	70 949 495
	<b>72 676 351</b>	<b>70 952 259</b>

#### 6. Trade and other payables

Final claim - Western Cape Department of Human Settlements	23 902 853	23 902 853
Trade payables	<b>30 756 181</b>	<b>30 756 181</b>

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Figures in Rand	2023		2022	
<b>7. Provisions</b>				
<b>Reconciliation of provisions - 2023</b>	<b>Opening balance</b>	<b>Additions</b>	<b>Utilised during the year</b>	<b>Total</b>
Provision for City of CPT refuse removal	1 198 533	-	-	1 198 533
Provision for Gauteng rates & taxes	422 929	-	(74 875)	348 054
Provision for Western Cape rates & taxes	1 075 000	-	(400 000)	675 000
Provision for annual report	16 000	-	-	16 000
Provision for audit fees	33 500	10 000	-	43 500
Provision for liquidator fees	1 300 000	157 500	-	1 457 500
	<b>4 045 962</b>	<b>167 500</b>	<b>(474 875)</b>	<b>4 045 962</b>
<b>Reconciliation of provisions - 2022</b>	<b>Opening balance</b>	<b>Additions</b>	<b>Utilised during the year</b>	<b>Total</b>
Provision for City of CPT refuse removal	1 198 533	-	-	1 198 533
Provision for Gauteng rates & taxes	422 929	-	-	422 929
Provision for Western Cape rates & taxes	2 409 928	-	(1 334 928)	1 075 000
Provision for annual report	16 000	-	-	16 000
Provision for audit fees	31 000	2 500	-	33 500
Provision for liquidator fees	1 150 000	150 000	-	1 300 000
	<b>5 228 390</b>	<b>152 500</b>	<b>(1 334 928)</b>	<b>4 045 962</b>
<b>8. Investment Revenue</b>				
Interest income			4 286 303	2 895 211
<b>9. Operating Cost</b>				
<b>This is arrived at after taking the following into account:</b>				
Audit fees – current year			42 775	32 941
Bank charges			335	-
Consulting fees			663 093	692 917
Contractor fees			1 242 670	1 117 545
Depreciation			4 961	-
General expenses			6 923	798
Liquidator fees			157 500	150 000
Operating lease rentals			11 688	13 488
Printing & stationery			795	1 589
Rates and taxes			129 057	(1 334 928)
			<b>2 259 797</b>	<b>674 350</b>

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### Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022
<b>10. Cash used in operations</b>		
Net profit (loss) before taxation	2 026 506	(21 681 990)
<b>Adjustments for:</b>		
Depreciation	4961	-
Movements in provisions	(307 375)	(3 250 608)
Investment Income	(4 286 303)	(2 895 211)
<b>Changes in working capital:</b>		
Trade and other receivables	-	305
Trade and other payables	-3	23 902 853
	<b>(2 562 211)</b>	<b>(1 856 472)</b>

#### 11. Taxation

No provision for taxation has been made as Thubelisha Homes is exempt from paying taxation in terms of Section 30 of the Income Tax Act of 1962. The company is registered with the South African Revenue Services as a Public Benefit Organisation.

#### 12. Related party transactions

Due to the nature of the operations, the majority of the company's transactions occur with the Provincial Departments of Human Settlements, which are related parties. Subsidies and grants are received from the Provincial Departments of Human Settlements and these subsidies are not available to the market.

#### 13. Guarantee for closure costs

A commitment, dated 3 March 2009, was received from the Department of Human Settlements, to cover closure costs up to the amount of R241 million.

Although this commitment is not reflected in the Statement of Financial Position, closure cost to the amount of R3,7 million (2022: R4,0 million) has been provided for and included in provisions (refer to note 7).

#### 14. Materiality framework

The company has adopted a materiality framework which defines limits on levels of authorisation on significant transactions which require executive authority approval. The framework excludes disbursements transactions related to the business of the company as these transactions are in terms of the mandate approved by the executive authority.