



THUBELISHA HOMES

NPC – in Liquidation

ANNUAL REPORT 2015 / 2016

**THUBELISHA HOMES NPC
(in Liquidation)
(Registration Number: 1997/008646/08)
Audited Annual Financial Statements
for the year ended 31 March 2016**

**Jacqueline Proudfoot
Chartered Accountant (S.A.)
Registered Auditor
Published 26 July 2016**

Thubelisha Homes NPC (in Liquidation)

(Registration number 1997/008646/08)

Audited Annual Financial Statements for the year ended 31 March 2016

Index

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

Index	Page
Liquidator's Responsibilities and Approval	2
Independent Auditor's Report	3
Liquidator's Report	4 - 6
Statement of Financial Position	7
Statement of Comprehensive Income	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
Accounting Policies	11 - 12
Notes to the Audited Annual Financial Statements	13 - 14

Thubelisha Homes NPC (in Liquidation)

(Registration number 1997/008646/08)

Audited Annual Financial Statements for the year ended 31 March 2016

Liquidator's Responsibilities and Approval

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 4 to 14 were approved by the liquidator on 24 July 2016.



Liquidator



Jacqueline Proudfoot CA(SA)
Registered Auditor
Membership number 500653

- Audit
- Tax Compliance
- Tax Consulting
- Risk Consulting
- Estate Services

Independent Auditor's Report

To the Liquidator of Thubelisha Homes NPC (in Liquidation)

I have audited the audited annual financial statements of Thubelisha Homes NPC (in Liquidation), as set out on pages 7 to 14, which comprise the statement of financial position as at 31 March 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Liquidator's Responsibility for the Audited Annual Financial Statements

The liquidator is responsible for the preparation and fair presentation of these audited annual financial statements in accordance with Standards of Generally Recognised Accounting Practice, in the manner required by the Companies Act of South Africa and the Public Finance Management Act 1999, and for such internal control as the liquidator determines is necessary to enable the preparation of audited annual financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these audited annual financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the audited annual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the audited annual financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the audited annual financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the audited annual financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the audited annual financial statements.

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

Opinion

In my opinion, the audited annual financial statements present fairly, in all material respects, the financial position of Thubelisha Homes NPC (in Liquidation) as at 31 March 2016, and its financial performance and its cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice, in the manner required by the Companies Act of South Africa and the Public Finance Management Act 1999.

Emphasis of Matter

Without qualifying my opinion, I draw attention to the Liquidator's report in the financial statements which indicates that the company is in voluntary liquidation for the year ended 31 March 2016.

Other reports required by the Companies Act

As part of my audit of the audited annual financial statements for the year ended 31 March 2016, I have read the Liquidator's Report for the purpose of identifying whether there are material inconsistencies between these reports and the audited annual financial statements. This report is the responsibility of the respective preparer. Based on reading this report I have not identified material inconsistencies between this report and the audited annual financial statements. However, I have not audited this report and accordingly do not express an opinion on this report.


Jacqueline Proudfoot
Registered Auditor

25 July 2016

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2007

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Liquidator's Report

This report on the activities of Thubelisha Homes NPC for the financial year from 1 April 2015 to 31 March 2016 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 Properties 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 2015/16 financial year, all activities of the company have still been focused entirely on finalising outstanding matters, confirming that no valid outstanding claims exist against the company as well as 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. At financial year end 2016 there remain a total of 143 stands still to be transferred out of Thubelisha's name of which 71 are in Doornkop, awaiting rates certificates to enable transfer. In Khayelitsha, 70 properties still needs to be transferred. During the financial year an agreement was reached with the City of Cape Town on a process to follow in order to obtain rates certificates for these properties. Although the process is slow and some issues need to be resolved, progress has been made in the first few months of the 2016/2017 financial year. A further two properties, also awaiting rates certificates to enable transfer, are situated in Emdeni and Vosloorus.

At the end of the 2014/2015 financial year it was envisaged that clearances and legal transfer requirements can be obtained from the Johannesburg and City of Cape Town Metros during this financial year. Following numerous efforts by the closure team, some progress was made in obtaining co-operation from the two Metros. The processes have been recently implemented and it is too early to predict the speed at which the required documentation to facilitate transfers will be forthcoming from the Metros.

- **Claims Against Thubelisha Homes NPC** – during the current financial year no new claims were presented to the liquidator. No correspondence was received, nor were any contact made relating to the ECPDoHS claim mentioned in the previous Annual Financial Statements and this claim has now been discarded as invalid.

Although no follow-up has been made by the City of Cape Town during this financial year regarding the unsubstantiated old claim relating to refuse removal from a block of flats that was owned by Thubelisha Homes NPC, Thubelisha Homes NPC still intends to settle this as part of a final rates and taxes settlements with the City of Cape Town.

- **Legal Matters** – no legal matters were attended to during the current financial year as the last of the legal matters was resolved in the 2013/2014 financial year.

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106 Sandton Drive, Parkmore, Sandton

Director: Stephen Leith Anticevich CA(SA)

Company Registration number 2000/018146/07

MEMBER OF THE SOUTH AFRICAN RESTRUCTURING AND INSOLVENCY PRACTITIONERS ASSOCIATION



Liquidator's Report

During the last 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, have continued to assist in resolving the final matters relating to Thubelisha. Office accommodation for this purpose has been provided by the service provider responsible for the closure process.

3. Financial Results

The financial results for the company for the year ended 31 March 2016 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 R4,0 million (2015: R3,4 million) on investment accounts during the year.
- Operating Costs for the year continued the downward trend and amounted to R2,1 million compared to the costs for the previous year of R2,9 million. The major items comprising operating costs included:
 - (i) Contractor fees for closure assistance of R1,1 million (2015: R1,1 million)
 - (ii) Consulting fees paid to service providers of R737 067 (2015: R1,6 million).

The net effect of the above shows that Thubelisha Homes NPC recorded a net surplus for the current financial year of R1,9 million (2015: R543 679).

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

- Trade and other receivables of R38 363 (2015: R370 814). 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 R58,2 million compared to the R56,5 million held at the end of the 2015 financial year. The increase relates to the surplus of interest after operating expenses were covered.
- Trade and other payables of R6,9 million (2015: R6,9 million) comprised mainly 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.
- Provisions at the end of the current financial year amounted to R3,3 million comprising of:
 - (i) Western Cape rates and taxes and transfer costs of R851 082 (2015: R851 082)
 - (ii) Gauteng rates and taxes and transfer costs of R676 415 (2015: R1,2 million)
 - (iii) City of Cape Town refuse removal R1,2 million (2015: R1,2 million)
 - (iv) Liquidator Fees of R550 000 (2015: R450 000)
 - (iv) Other sundry operational provisions amounting to R35 396 (2015: R30 800)

The net effect of these items means that Thubelisha Homes NPC remains with a net surplus of R48,1 million (2015: R46,2 million). This balance is made up of the National Government grant of R50 million (2015: R50 million) together with the accumulated deficit of R1,9 million (2015: R3,8 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.

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.

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Liquidator's Report

5. Status of the Closure Process

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 not possible to predict when the final liquidation will take place. The Liquidator and Closure Team will 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. Two Closure Steering Committee meetings, which have been formally minuted, have taken place during the current financial year on 5 June 2015 and 3 December 2015. The Closure Steering Committee also serves as the Risk Committee and the Audit Committee.

The address of the company is as follows:

Business address: 42 Keyes Avenue
Rosebank
Johannesburg
2196

Postal address: PO Box 2226
Saxonwold
Johannesburg
2132

7. Events after the Statement of Financial Position Date

No significant events were identified after the end of the financial year on 31 March 2016.



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 2016

Statement of Financial Position as at 31 March 2016

Figures in Rand	Note(s)	2016	2015
<u>Assets</u>			
Non Current Assets			
Property, Plant & Equipment	2	1 833	3 666
Current Assets			
Trade and other receivables	3	38 363	370 814
Cash and cash equivalents	4	58 245 512	56 468 069
		58 283 875	56 838 883
Total Assets		58 285 708	56 842 549
<u>Equity and Liabilities</u>			
<u>Equity</u>			
Accumulated deficit		(1 879 161)	(3 794 407)
National Government Grant		50 000 000	50 000 000
		48 120 839	46 205 593
<u>Liabilities</u>			
Current Liabilities			
Trade and other payables	5	6 854 780	6 871 350
Provisions	6	3 310 089	3 765 606
		10 164 869	10 636 956
Total Equity and Liabilities		58 285 708	56 842 549

Thubelisha Homes NPC (in Liquidation)

(Registration number 1997/008646/08)

Audited Annual Financial Statements for the year ended 31 March 2016

Statement of Comprehensive Income

Figures in Rand	Note(s)	2016	2015
Operating costs		(2 061 553)	(2 872 074)
Deficit from operations		(2 061 553)	(2 872 074)
Investment income	7	3 976 799	3 415 753
Net surplus for the year	8	1 915 246	543 679
Other comprehensive income		-	-
Total comprehensive surplus for the year		1 915 246	543 679

Thubelisha Homes NPC (in Liquidation)

(Registration number 1997/008646/08)

Audited Annual Financial Statements for the year ended 31 March 2016

Statement of Changes in Equity

Figures in Rand	National Government Grant	Accumulated deficit	Total equity
Balance at 01 April 2014	50 000 000	(4 338 086)	45 661 914
Total comprehensive surplus for the year	-	543 679	543 679
Balance at 01 April 2015	50 000 000	(3 794 407)	46 205 593
Total comprehensive surplus for the year	-	1 915 246	1 915 246
Balance at 31 March 2016	50 000 000	(1 879 161)	48 120 839

Thubelisha Homes NPC (in Liquidation)

(Registration number 1997/008646/08)

Audited Annual Financial Statements for the year ended 31 March 2016

Statement of Cash Flows

Figures in Rand	Note(s)	2016	2015
Cash flows from operating activities			
Cash (used) in / generated from operations	9	(2 199 356)	(1 831 193)
Interest income		3 976 799	3 415 753
Net cash generated from / (used) in operating activities		1 777 443	1 584 560
Cash flows from investing activities			
Additions to property and equipment		-	(5 499)
Total cash movement for the year		1 777 443	1 579 061
Cash at the beginning of the year		56 468 069	54 889 008
Total cash at end of the year	4	58 245 512	56 468 069

Thubelisha Homes NPC (in Liquidation)

(Registration number 1997/008646/08)

Audited Annual Financial Statements for the year ended 31 March 2016

Accounting Policies

1. Presentation of Audited Annual Financial Statements

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 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.

1.2 Construction contracts

During periods of active trading the accounting policies applied were as follows:

Where the outcome of a construction contract could be estimated reliably, revenue and costs were recognised by reference to the stage of completion of the contract activity at the statement of financial position date, as measured by the amount invoiced or accrued for work done as a proportion of the anticipated total contract cost. This same proportion was then applied to total anticipated revenue for the project, to determine revenue to be recognised to date. Variations in contract work, claims and incentive payments were included to the extent that they have been agreed with the customer. This complied with an alternative method of profit recognition in terms of GRAP 11.

Where the outcome of a construction contract could not be estimated reliably, contract revenue was recognised to the extent of contract costs incurred, provided it was probable that it would be recoverable. Contract costs were recognised as expenses in the year in which they incurred. When it was probable that the total contract costs would exceed total contract revenue, the expected loss was recognised immediately.

1.3 Property, plant & equipment

The cost on an item of property, plant and equipment is recognised as an asset when:

- It is probable that future economic benefits associated with the item will flow to the company; and
- The cost of the item can be measured reliably

Property, plant and equipment is initially measured at cost.

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.

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

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment was included at historical cost and was depreciated on the straight line basis over the expected useful life of property, plant and equipment as follows:

Item

Computer equipment	3 years
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Thubelisha Homes NPC (in Liquidation)

(Registration number 1997/008646/08)

Audited Annual Financial Statements for the year ended 31 March 2016

Accounting Policies

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising on disposals are determined by comparing the proceeds with the carrying amount of the asset and are recognised in profit or loss in the period.

1.4 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.

1.5 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.

1.6 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.

1.7 Financial instruments

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.

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.

1.8 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.

Thubelisha Homes NPC (in Liquidation)

(Registration number 1997/008646/08)

Audited Annual Financial Statements for the year ended 31 March 2016

Notes to the Audited Annual Financial Statements

Figures in Rand	2016	2015
2. Property, plant and equipment		
Computer Equipment – At Cost		
Balance at beginning of the year	5 499	-
Additions	-	5 499
Balance at the end of the year	5 499	5 499
Computer Equipment - Accumulated depreciation		
Balance at beginning of the year	(1 833)	-
Depreciation charge for the year	(1 833)	(1 833)
Balance at the end of the year	(3 666)	(1 833)
Computer Equipment - Carrying value	1 833	3 666
A register containing the information required by Regulation 25(3) of the Companies Regulations, 2011 is available for inspection at the registered office of the company.		
3. Trade and other receivables		
Sundry receivables	38 363	370 814
4. Cash and cash equivalents		
Bank Balances	1 978	1 900 911
Short-term investments	58 243 534	54 567 158
	58 245 512	56 468 069
Included in the short-term investments is an amount of R6 853 328 (2015: R6 853 328) held on behalf of related parties		
5. Trade and other payables		
Trade payables	1 452	18 022
Income received in advance	6 853 328	6 853 328
	6 854 780	6 871 350
6. Provisions		
All provision types		
Balance at the beginning of the year	3 765 606	3 625 930
Charge to income statement	135 396	178 451
Amounts reversed	-	-
Amounts paid	(590 913)	(38 775)
	3 310 089	3 765 606
7. Investment income		
Investment income	3 976 799	3 415 753

Thubelisha Homes NPC (in Liquidation)

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Audited Annual Financial Statements for the year ended 31 March 2016

Notes to the Audited Annual Financial Statements

Figures in Rand	2016	2015
8. Net surplus for the year		
This is arrived after taking the following into account:		
Audit fees – current year	24 396	22 800
Consulting fees	737 067	1 568 754
Liquidator fees	100 000	100 000
Staff costs - Contractors	1 143 859	1 074 507
Operating lease rentals	16 402	16 402
9. Cash used in operations		
Profit / (Loss)	1 915 246	543 679
Adjustments for:		
Interest received	(3 976 799)	(3 415 753)
Depreciation	1 833	1 833
Movements in provisions	(455 517)	139 675
Changes in working capital:		
Trade and other receivables	332 451	1 023 735
Trade and other payables	(16 570)	(124 362)
	(2 199 356)	(1 831 193)

10. Taxation

No provision for taxation has been made as Thubelisha Homes NPC 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.

11. Related party transactions

Due to the nature of the operations, the majority of the company's transactions occurred 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.

12. 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 Balance Sheet, closure cost to the amount of R3,3 million (2015: R3,8 million) has been provided for and included in provisions (refer to note 6).

13. 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.

