



## THABATSHWEU HOUSING COMPANY

### DRAFT ANNUAL REPORT 2013-14

In terms of

**Section 121 of the Municipal Finance Management Act, Act 56 of 2003 And section 46 of the Municipal Systems Act 32 of 2000**



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## **CORPORATE ADMINISTRATION**

### **Thabatshweu Housing Company (Pty) Ltd.**

Company Registration Number: 2005/012521/07  
Bankers FNB

**Registered Address for the Company:** 35 Landros Mare Street  
Polokwane  
0700

**Postal Address** P O Box 1157  
Ladanna  
0704

**Telephone Number:** (015) 291 2314

**Fax Number:** (015) 295 6259

**Website:** [www.polokwane.gov.za](http://www.polokwane.gov.za)

**Auditors:** Auditor General – South Africa

**Directors:** Mrs. N A Baloyi  
Adv. T C Maake  
Mr. T M Makofane  
Mrs. N P Bosch  
Mr. S P Myeza  
Mrs. C S Dibete  
Mr. J T Maimela

**Chief Executive Officer:**

**Company Secretary:** Adv. K R Sebola

## FORWARD BY MEMBER OF THE MAYORAL COMMITTEE RESPONSIBLE FOR HOUSING

In an increasingly complex public environment, it is important that PHA's Board and employees are encouraged to approach their work with creativity and a desire to innovate bearing in mind the smart vision of its shareholder Polokwane Municipality. At the same time, however, we must recognize and respect the need to be prudent in protecting the public interest and maintaining public trust. Achieving this balance is what is going to assist PHA in delivering based on its mandate and managing risks associated with the organization.

PHA has just come out of difficult times which included being on the brink of collapse. After having had five disclaimers and two unqualified audit opinion, the entity has for the first time obtained an unqualified audit opinion. I am convinced that the PHA under the leadership of Mrs. NA Baloyi and her Board PHA is adhering to the highest standards of Corporate Governance.

The implementation of a policies and procedures will help PHA to think more strategically and improve their ability to set common priorities. The ultimate goal is to ensure that PHA delivers based on its mandate without fail. The first term of the Board of PHA was to save the entity from being liquidated and to set it on a path to being a well run institution that develops and managing social and rental housing. The new term PHA will be expected to deliver and to continue to grow from strength to strength.

I look forward to see PHA finally becoming a self sustainable entity

Cllr Tjale  
MMC Housing

## Chapter 1: chairperson's STATEMENT

The attainment of provisional accreditation from the Social Housing Regulatory Authority and obtaining unqualified audit opinion were the highlights for PHA during 2013/2014. PHA will now be in a position to access restructuring grant funding to enable the entity to increase its property portfolio. Continued interaction between the PHA and SHRA culminated in the SHRA appointing a service provider to help the PHA address all its short comings and obtain this much needed accreditation from the regulatory authority.

The board's three-year term of office ended also during the year under review. The board used the year to continue reflecting on its 'failures', which were mostly not of its own making, e.g.

- Inability to grow the property portfolio, despite the near perfect property development strategy.
- Increase rental collection
- Achieve accreditation with the SHRA

However, a few positives came out of this period:

- The National Housing Finance Corporation (NHFC) agreeing to on the amortization of the PHA loan account. This will assist the PHA in receiving a better credit rating for future financial credit that will enable further property development.
- The improved accreditation rating from the Social Housing Regulatory Authority (SHRA)

These two developments and the current intense talks with the CoGHSTA have laid a solid foundation for the growth of the PHA.

The board further recognizes that it cannot be business as usual for PHA to continue to exist without:

- Improving rental collection at its sole Ga-Rena Rental Village which is the entity's only project
- Delivering social and rental housing on the ground.

These will be the major areas of focus for the entity in 2014/2014 as their the main reason for which it exist.

**Mrs. NA Baloyi**  
**Board Chairperson**

## Chapter 2: CHIEF EXECUTIVE OFFICER'S overview

During the year under review the entity has been able to attain the following critical milestones based on its key performance areas outlined in its Scorecard/SDBIP. The three key performance areas PHA was focusing on are, Core Business, Financial Viability, Good Governance and organizational transformation.

- **Core Business**

- Achieving Conditional Accreditation Status**

PHA has finally achieved the much needed Conditional Accreditation. This level of accreditation will give PHA an opportunity to meaningfully participate in both grant funding and long term funding required to deliver social and rental housing. This has been a long walk for PHA to this all important level of accreditation. After PHA attempting to achieve this accreditation status and not meeting it two years in a row, the Social Housing Regulatory Authority appointed Holegero Consultants to assist PHA in preparing for following application for accreditation. This process did not bear fruit at first as PHA maintained Pre Accreditation status. This was disappointing bearing in mind that this was the third attempt. PHA had to resubmit its application for accreditation again. This time around, the entity finally progressed to the required level of accreditation

- **Financial Viability**

This area proved to be a challenge during the year under review. This is due to the following:

- ❑ The fact that Seshego CRU was not handed over to PHA to provide property management. This will continue to have a negative cash flow on PHA's finances as plans were in place to service this project. We believe that this project will be handed over to PHA at the end of September 2013. This will bring the number of housing units under the management of PHA to 697 from 508. New housing units are planned for the.

- ❑ Non appointment of developers to roll out projects will delay the financial viability programme of the entity. However the entity is geared to put houses on the ground in 2014/2014 come rain or sunshine.
- ❑ The rental collection which continued to be at 72% including arrear rental has been a bitter pill to swallow. The entity has exhausted all avenue to resolve this matter amicably with non paying tenants. This has left the entity with option but to start implementing hard core evictions

- **Good Governance And Transformation**

In an effort to strive to obtain an improved audit report, the entity has been able to address all issues raised by the Auditor General and Internal auditors.

### **5.3 Acknowledgements**

I would like take this opportunity to thank the Shareholder for their continued leadership and support to PHA without which PHA would not have been able to function as an organization. I would like thank the Board of Directors for providing the much needed strategic direction and support to PHA during these difficult times.

The support PHA receives from our stakeholders like CoGHSTA, the SHRA, NHFC etc. to enable the entity to carry out its mandate is highly appreciated

Without the commitment of management and staff who are thinly spread on the ground and yet performing their duties with drive our work would have been even more difficult to perform. Their contributions are highly appreciated.

The contributions of the new tenants committee are acknowledged and I look forward to continue to have a fruitful working relationship them.

**Shimi Maimela**

**Chief Executive Officer**

## Chapter 3: the directors' report-EXECUTIVE SUMMARY

### INTRODUCTION AND CORPORATE PROFILE

#### **Vision**

To be the premier provider of innovative and sustainable living

#### **Mission**

To promote smart living for a diverse market through delivery of sustainable and affordable homes

#### **Our Values**

- Accountability
- Efficiency
- Innovation
- Honesty
- Participation

#### **Our principles**

- Improved Quality of Living
- Improved Confidence of PHA in the Social Housing Industry
- Improved administrative and governance capacity
- Improved efficiency and effectiveness of the PHA Administration
- Enhanced Revenue and Asset base



The Polokwane Housing Association (SOC) Ltd was previously registered and established as a Section 21 Company in terms of the Companies Act<sup>1</sup> in 2002 and in 2005 registration was changed to Ga-Rena Rental Village (proprietary). The registration and establishment was subsequently changed and PHA is now registered as a SOC Limited company in terms of section 86 of Municipal Systems Act<sup>2</sup>. The registered name is Thabatshweu Housing Company (SOC) Ltd **REG NO (2005/012521/07)** trading as Polokwane Housing Association.

The Mandate of PHA as per its revised Mol, is to develop and manage:

- integrated Human Settlements
- Social and Non Social Housing
- rental housing units within the Gap Market

As a Municipal Entity entrusted with managing rental housing units, PHA is required to comply with all the Municipal Finance Management Act, Act No. 56 of 2003, the Municipal System Act, Act 32 of 2000, the Companies Act, Act No 71 of 2008 the Housing Code, the Social Housing act of 2008 and all other relevant legislation applicable to the municipal entity.

The mandate include amongst others, the responsibility for administrative processes, accounting and financial management, tenant liaison, policy and guideline formation, capital raising, agency role and other functions that PM may require in applying the principles of social housing in Polokwane. The mandate has been extended to include participating in the non social housing rental space. i.e gap market and profit making rental housing.

## Chapter 4: directors' report and governance

### 3.1 Company Secretary's Report

The entity has addressed the following compliance issues such, as amongst others during the year under review:

- Lodge the annual returns with CIPC
- Registering one Director who was appointed after the resignation of the Directors was not registered as a Directors with CIPC
- Registering PHA as SOC (Ltd) from the incorrect registration as Pty (Ltd)

The company took a professional indemnity insurance for directors. This is intended to cover directors for any claims against them as they diligently carry out the business of PHA..

Achievements on appointment of Company secretary

- Articles of association were converted into MOI in line with the Act<sup>3</sup>
- Revision of the companies Mandate
- Directors attended Directors development course with GIBS in 2013
- Board is effectively being advised on legal development regarding the space the company is trading in.

#### Board meeting list by date and list of members with ticks for attendance of meetings

Date	Mrs. N.A Baloyi	Mrs. N.P Bosch	Mrs. S.C Dibete	Mr. M.T Makofane	Mr. S.P Myeza	Adv. T.C Maake
24 Aug 2013	✓	✓	✓	Apology	✓	✓
01 Dec 2013	✓	✓	✓	✓	✓	✓

25 Feb 2014	✓	✓	✓	✓	✓	✓
29 June 2014	✓	✓	✓	✓	✓	✓

### **Board Performance Appraisal**

The Board Performance Appraisal Committee (Board Chairperson, Municipal Manager and Chairperson of the Audit Committee) reviewed the Board performance assessment and Members also did the individual performance assessment. The performance assessment review went through housing portfolio committee, Mayoral Committee and Council which subsequently approved the assessment. The outcome of the review motivated Council to reappoint the Board for the second term which is three years.

### **Performance Review of Board Committees**

Board Committees serve as a vital and important tool in aiding the board. After all, a committee's intended mission is to support and assist the board in carrying out its responsibilities. Dysfunctional committees however, can have the opposite effect, creating long-lasting negative issues for both the board and the community at large.

The explanation below gives clarity to the roles, responsibilities and performance of the various Board Committees during the term under review. The board is supported by the following committees:

- Planning And Development Committee,
- Finance and Risk Committee, and
- Human Resource Committee

### **Planning and Development Committee**

#### **Purpose of the Committee**

The committee addresses projects and matters related to the development of new properties. It also addresses the property management issues of tenant

liaison, maintenance, cleaning, security, and letting. It further assists and advises the Board of Directors with immovable property matters in general and in fulfilling its governance responsibilities with respect to:

- Construction and renovation projects
- Acquisition and disposition of property,
- Leases, permits, regulatory requirements and servitudes, and
- Policies, planning, development and stewardship for lands, facilities, infrastructure and related property matters.

#### **Composition of the Committee**

The Planning and Development Committee was made up of two (2) members of the board with the CEO as a permanent invitee and the Company Secretary as the Secretariat. The members in question were;

- Mr. Tumisho Makofane – Board Member and Chairperson of Committee,
- Adv. Tshepo Maake – Board Member,
- Mr. Shimi Maimela – Chief Executive Officer, and
- Mr. Kgabo Sebola – Company Secretary

**Table: Schedule of Committee Meetings**

<b>Date</b>	<b>Mr. T.M Makofane</b>	<b>Adv. T.C Maake</b>	<b>Adv. K.R Sebola</b>	<b>Mr. J.T Maimela</b>
01 Aug 2013	✓	✓	✓	✓
10 Nov 2013	✓	✓	✓	✓
10 Feb 2014	✓	✓	✓	✓
09 Mar 2014	✓	✓	✓	✓

## An outlook of PHA's planned projects

The plan is to develop town house complexes designed with practicality, safety and style in mind. The design of the complex will include 3 styles of units for tenants to select from. The units would have varied from a 1 –bedroom unit, being the smallest at 45m<sup>2</sup> up to a

3 – Bedroom unit being the largest at 65m<sup>2</sup>. The units would have been built in a style that is a modern, yet practical and would have catered for the ideals of a lower income class family. The complexes would also make provision for social amenities such as community halls, Internet café, playing grounds. Etc. an outlook of these projects is shown below.



The Committee was mandated to consider any other building and property matter referred to it by the Board as and when required.

### **Highlights**

- A property development strategy was developed that will consider the following approaches in an effort to accelerate its sustainability:
  - Development lease
  - Acting as a fully-fledged developer
  - Turnkey developments
  - Inner-city developments
  - Participating in the non-social housing space
  
- All policies related to development and management of housing units were developed and approved by the Board and implemented by Management during the term under review.
- Achieved an acceptable level of accreditation with the Social Housing Regulator. This will give the entity access to restructuring grants that are needed for development of Social Housing Units. The grants PHA will benefit from are:  
Provincial housing subsidies @ R55 000.00 per housing unit, restructuring grant @ R125 615.00 per housing unit.
- The National Housing Corporation restructured the entity's arrear debt. This will give PHA access to the much needed funding to develop social and rental housing units.

### **Challenges**

- Although PHA achieved an acceptable accreditation status and had its arrear debt restructured, these milestones were both achieved at the end of 2013/2014. This in itself means that the entity could still not deliver housing units.
- The challenge of not receiving an Annual Housing Development Grant from Province and or the Municipality is that PHA will be forced to close shop.

## Development of Ga-Rena Phase 2

The development has been delayed by various reasons.

- Lack of funding at the beginning of construction of Ga-Rena Phase 1
- Bond boycotts by affected the credit rating of PHA to access funding
- Serious maintenance problems on Phase 1 that delayed development of the project

## C Human Resource and Remuneration Committee Report

### The Purpose of the Committee

The Committee reviews the human resources management and remuneration policies and practices in the company and determines terms and conditions of employment of all staff levels. The committee reviews the quarterly performance assessment and is responsible for the annual performance review.

### Composition of the Committee

The Human Resource Committee was made up of two (2) members of the board with the CEO and the Company Secretary as the Secretariat as permanent invites. The members in question were;

- Mr. Sanele Myeza – Board Member and Chairperson of Committee,
- Mrs. PN Bosch – Board Member,
- Mr. Shimi Maimela – Chief Executive Officer, and
- Mr. Kgabo Sebola – Company Secretary

**Table: Schedule of Committee Meetings**

Date	Mr. S.P Myeza	Mrs. N.P Bosch	Mr. J.T Maimela	Adv. K.R Sebola
06 Aug 2013	✓	✓	✓	✓
17 Nov 2013	✓	✓	✓	✓
09 Feb 2014	✓	✓	✓	✓
22 June 2014	✓	✓	✓	✓

The Human Resources and Remuneration Committee was charged with putting in place a human resources strategy that breath in proper human resources practices and remuneration philosophy. This saw the reviewing of human resources policies, practices and procedures, introduction of best practice in respect of terms and conditions of employment, salary benchmarking, talent management and the application of a proper performance management system in line with the parent municipality.

### **Highlights**

- The development of a Human Resource Strategy to guide the HR functions
- Introduction of a talent management process
- Alignment of salaries within PHA to those similar at the parent Municipality
- Secondment of two key personnel in the areas of Finance and Housing Property Management services by the Municipality to PHA

### **Challenges**

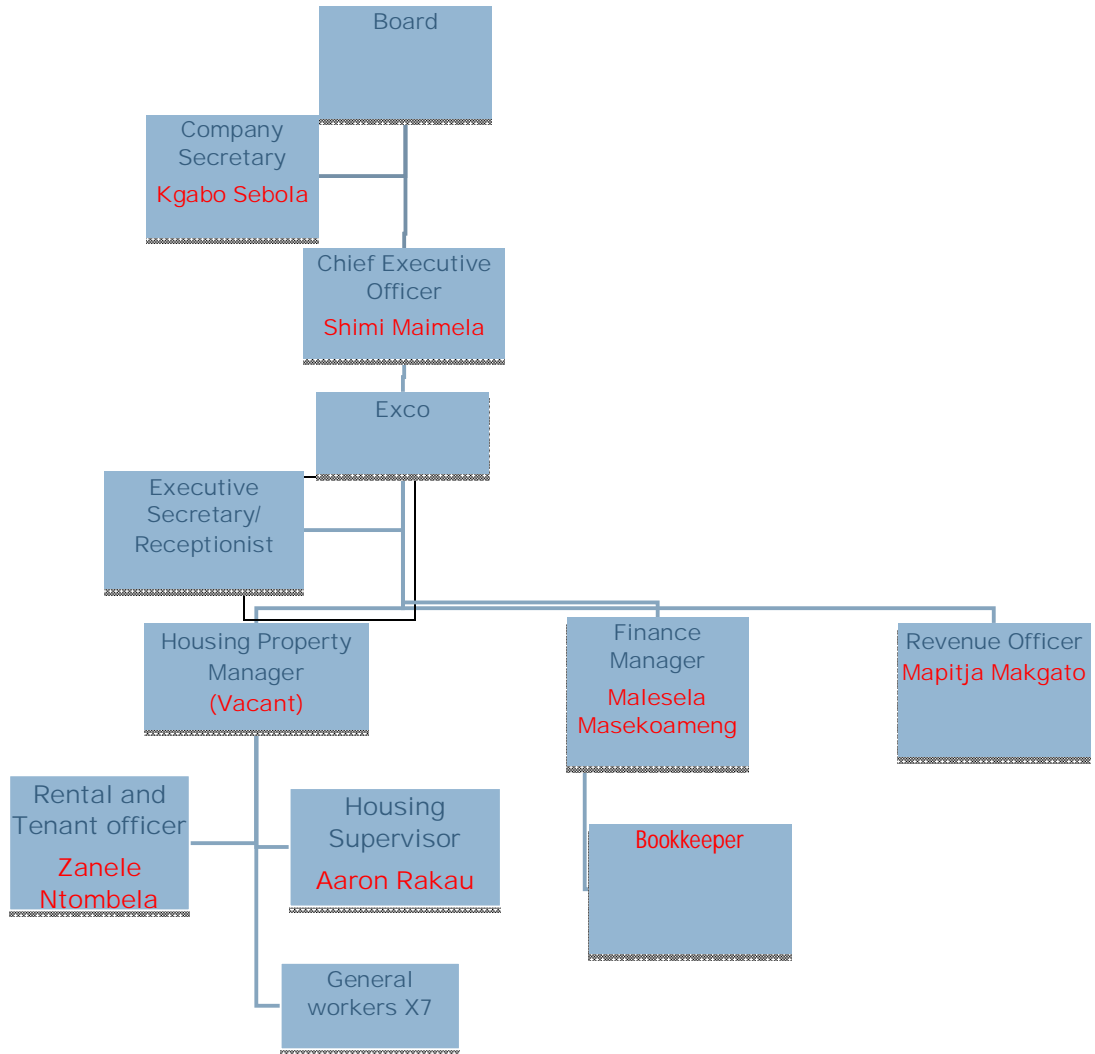
- Although the above mentioned secondment is assisting, the PHA still need to appoint these positions on a full time basis
- The need to also appoint an HR Business Partner is critical as this will enable the organization to implement its recently developed HR Strategy.

The organization has not been able to operate at full potential owing to non-appointment of some of the key personnel, albeit the parent municipality has seconded some of its personnel to the organization. The biggest gap experienced at the point of writing this report was in the human resources. The absence of a qualified and experienced human resources practitioner has slowed down the implementation of the human resources strategy



## Organizational Structure/Organogram

PHA has 15 staff members and the organizational structure is outlined below.



## **Finance and Risk Committee Report**

### **The purpose of the Committee**

The Finance committee deals with finance, audit and risk matters. This committee is tasked to review all issues relating to finance, audit and risk matters of the company including the internal controls. The Committee further assists and advises the Board of Directors with overall Finance with respect to:

- Financial Management,
- Risk Management,
- Internal and External Audit, and
- Development and review of Financial and Risk Policies

### **Composition of the Committee**

The Finance and Risk Committee was made up of two (2) members of the board, CEO, Finance Manager and Company Secretary as follows.

- Mrs. Cindy Dibete - Board Member and Chairperson of Committee
- Mrs. Ngoako Bosch - Board Member,
- Mr. Shimi Maimela - Chief Executive Officer
- Mr. Malesela Masekoameng – Finance Manager
- Adv. Kgabo Sebola – Company Secretary

**Table: Schedule of Committee Meetings**

<b>Date</b>	<b>Mrs. N.P Bosch</b>	<b>Mrs. S.C Dibete</b>	<b>Mr. J.T Maimela</b>	<b>Mr. M.S Masekoameng</b>	<b>Adv. K.R Sebola</b>
07 Aug 2013	✓	✓	✓	✓	✓
13 Nov 2013	✓	✓	✓	✓	<b>Apology</b>
06 Feb 2014	✓	✓	✓	✓	✓
13 June 2014	✓	✓	✓	✓	✓

### **Highlights**

- The NHFC restructured the entity's arrear bond repayments
- Finance policies were reviewed and amendments done where necessary.
- The entity got acceptable level of accreditation from SHRA
- The vacancy of rental units due to maintenance was minimized by streamlining the maintenance of units
- Sturdy incline in the debt collection rate

### **Challenges**

- The needs of the organization outweigh the grant receivable, the entity needs to create new revenue streams to outgrow the need for the grant funding.
- Debt collectors appointed appear to have lost momentum.

Debt collection is a battle that is won as good and fair governance prevails within the organization. The awarding of the Seshego CRU project has been identified as a low hanging fruit that may improve the bankability of the organization while it finds its feet towards building more units.

The support from the municipality does not go unnoticed. Through shared services, secondments and grants received the financial position of the entity grows year on year.

**Conclusion**

In conclusion, the PHA has come a long way in the past three years, and with the solid foundation there is no doubt that with the right strategic and management leadership, it is set to grow to become the leading social housing institution it aspires to be.

## Summary of Service delivery performance

The results below show that two annual targets were not achieved

Performance Indicators	Baseline	Annual Target 2013/2014	2013-14 Project Name	Start date	End Date	Budget	Year Actual	Rating Scale	Actual Notes	Challenges	Intervention	Responsible person	POE	Ref.
# of performance report submitted by 30th June 2014	New	4	Performance reports	7/13	6/14	OPS	4	3	N/A	N/A	N/A	CEO	Performance Report	CEO 1
% of 508 customer satisfaction by 30th June 2014	New	60%	Customer Survey	7/13	6/14	OPS	60%	3	N/A	N/A	N/A	CEO	Customer satisfaction report	CEO 2
% of the 4 stakeholder satisfaction by 30th June 2014	New	70%	Customer Survey	7/13	6/14	OPS	70%	3	N/A	N/A	N/A	CEO	Customer satisfaction report	CEO 3
% maintenance of PHA 508 rental units by 30th June 2014	New	100 maintenance	Maintenance of rental units	7/13	6/14	OPS	100	3	N/A	N/A	N/A	CEO	Maintenance report	CEO 5

Performance Indicators	Baseline	Annual Target 2013/2014	2013-14 Project Name	Start date	End Date	Budget	Year Actual	Rating Scale	Actual Notes	Challenges	Intervention	Responsible person	POE	Ref.
To appoint developers for 1000 rental units	New	Appoint developers	Appointment of developers for 1000 rental units	7/13	6/14	OPS	Target not met	2	Non responsive Bid	Non responsive Bid	Target will be met in the Q2 of 2024	CEO	Appointment letter, Contract signed	CEO 6
To obtain provisional accreditation by 30th November 2013	New	Obtain provisional accreditation	PHA accreditation	7/13	6/14	OPS	Provisional accreditation status met	3	N/A	N/A	N/A	CEO	Proof of accreditation	CEO 7
% PHA 508 units occupied by 30th June 2014	New	98%	PHA Units	7/13	6/14	OPS	98%	3	N/A	N/A	N/A	CEO	PHA occupancy reports	CEO 8
To obtain unqualified audit opinion	Qualified	Unqualified Audit Opinion	Auditing	7/13	10/14	OPS	Unqualified Audit Opinion	3	N/A	N/A	N/A	CEO	AG report	CEO 10

Performance Indicators	Baseline	Annual Target 2013/2014	2013-14 Project Name	Start date	End Date	Budget	Year Actual	Rating Scale	Actual Notes	Challenges	Intervention	Responsible person	POE	Ref.
To dispose assets by 30th June 2014	New	Conducted 1 physical disposal	Asset Disposal	07/13	314	OPS	Target to be met post year	2	Policy developed guiding which assets must be disposed	Could not dispose assets due to lack of policy	Assets will be disposed subsequent to year end	CEO	Assets Register and reports	CEO 11
To conduct 1 physical asset verification per annum by 30th June 2014	1 conducted	Conducted 1 physical asset verification per annum by 31 June 2014	Asset verification	12/13	6/14	OPS	Conducted one physical verification	3	Target achieved. Physical verification done in Q1 of 2014/15	N/A	N/A	CEO	Asset register	CEO 12

Performance Indicators	Baseline	Annual Target 2013/2014	2013-14 Project Name	Start date	End Date	Budget	Year Actual	Rating Scale	Actual Notes	Challenges	Intervention	Responsible person	POE	Ref.
To finalise corrective measures on previous financial statement by the 28th of February 2014	Corrective measures on previous financial statement were finalised by the 28th of February 2013	Finalise corrective measures on previous financial statement by the 28th of February 2014	Financial statements	6/14	6/14	OPS	Corrective measures on previous financial statements finalised	3	N/A	N/A	N/A	CEO	Financial Reports and Statements	CEO 13
To receive revised budget of the municipal entity from board of directors by 23th of March 2014	Revised budget received by March 2013	Receive revised budget of the municipal entity from board of directors by 23th of March 2014	Municipal entity revised budget	1/14	4/14	Operational	Target Met	3	N/A	N/A	N/A	CEO	Revised Budget of the entity	CEO 14



Performance Indicators	Baseline	Annual Target 2013/2014	2013-14 Project Name	Start date	End Date	Budget	Year Actual	Rating Scale	Actual Notes	Challenges	Intervention	Responsible person	POE	Ref.
To finalise budget for tabling to council by the Mayor on the 24th of March 2014	Budget for tabling to council was finalised by the Mayor on March 2013	Finalise budget for tabling to the board and council by the Mayor on the 24th of March 2014	Tabling of municipality budget	1/14	3/14	Operational	Budget tabled to Council	3	N/A	N/A	N/A	CEO	Final budget	CEO 15

Performance Indicators	Baseline	Annual Target 2013/2014	2013-14 Project Name	Start date	End Date	Budget	Year Actual	Rating Scale	Actual Notes	Challenges	Intervention	Responsible person	POE	Ref.
To publicise the Annual Report by the 7th of April 2014	Annual report for 2012 published	Publicise the Annual Report by the 7th of April 2014	Publication of Annual report	3/14	4/14	OPS	Annual report publicised	3	N/A	N/A	N/A	CEO	Proof of publicity	CEO 16
To submit the annual report and oversight report to provincial legislature by the 7th of April 2014	Oversight report was submitted by April 2013	Submit the annual report and oversight report to provincial legislature by the 7th of April 2014	Submission of Annual and Oversight Report to legislature	04/14	6/14	OPS	Annual report submitted to legislature	3	N/A	N/A	N/A	CEO	Proof of submission	CEO 17

Performance Indicators	Baseline	Annual Target 2013/2014	2013-14 Project Name	Start date	End Date	Budget	Year Actual	Rating Scale	Actual Notes	Challenges	Intervention	Responsible person	POE	Ref.
To finalise the tabled budget for approval by council by the 31st of May 2014	Tabled budget for approval by council was finalised by the 31st of May 2013	Finalise the tabled budget for approval by council by the 31st of May 2014	Budget finalisation	4/14	6/14	Operational	Budget tabled before Council	3	N/A	N/A	N/A	CEO	Budget	CEO 18

Performance Indicators	Baseline	Annual Target 2013/2014	2013-14 Project Name	Start date	End Date	Budget	Year Actual	Rating Scale	Actual Notes	Challenges	Intervention	Responsible person	POE	Ref.
To submit approved budget to the Provincial Treasury by 30th June 2014	Approved budget submitted	Submit approved budget to the Provincial Treasury by 30th June 2014	Submission of approved budget to relevant authorities	4/14	6/14	OPS	Budget submitted to Legislator	3	N/A	N/A	N/A	CEO	Proof of submission	CEO 20

Performance Indicators	Baseline	Annual Target 2013/2014	2013-14 Project Name	Start date	End Date	Budget	Year Actual	Rating Scale	Actual Notes	Challenges	Intervention	Responsible person	POE	Ref.
To place approved annual budget and risk policies on the municipal website by the 5th of July 2014	Placed Annual approved budget on the website	Place approved annual budget and policies on the municipal website by the 5th of July 2014	Placement of approved budget on the municipal website	5/14	6/14	OPS	Annual budget and risk policies published on the website	3	N/A	N/A	N/A	CEO	Print screen of the website showing the approved budget	CEO 21

Performance Indicators	Baseline	Annual Target 2013/2014	2013-14 Project Name	Start date	End Date	Budget	Year Actual	Rating Scale	Actual Notes	Challenges	Intervention	Responsible person	POE	Ref.
To submit to AG the annual financial statements of the municipality and its entity by 31st August 2014	Annual financial statements submitted to AG by 31st August 2014	Submit to AG the annual financial statements of the municipality and its entity 31st August 2014	Annual Financial Statement submission	7/13	8/14	OPS	Draft AFS submitted to AG	3	N/A	N/A	N/A	CEO	Annual Financial Statement	CEO 22

## **chapter 6: financial performance**

### **PERFORMANCE OF THE ENTITY AND UNNUAL RESULTS**

#### **5.1 Performance Report – Achievement and Challenges**

#### **5.2 Annual Results**

##### **a) Summary of Financial performance**

PHA has a net asset value of R 60m(2012-R49m).

The current assets at R7.8m(2012 R4.6m)were less than the current liabilities of R14.2m(R14.0 million).

The revenues for the year amounted to R10.4 m which was received mainly as rental income from the leased property plus R5.3m as Municipal grant from and R5,4m of fair value adjustment. Costs wereR9.6m including Employee costs and Directors fees of R1.1m. Revenue less expenditure resulted in a surplus of R11.4m.

The company achieved the positive cash inflow for the year of R2m mainly arising from tenants deposit(s).

## **chapter 7: auditor general's findings**

**appendices to the annual report will be the following:**

- **Ag's mAnAgement letter**
- **afs for 2013/2014**