Joburg
a world class African city

JOSHCO
JOHANNESBURG SOCIAL HOUSING COMPANY

INTERGRATED ANNUAL REPORT 2023/24

“WE DELIVER AFFORDABLE AND SUSTAINABLE SOCIAL HOUSING IN JOBURG AFFORDABLE AND SUSTAINABLE SOCIAL HOUSING IN JOBURG”

COMPANY INFORMATION:

(In terms of Section 121 of the Municipal Finance Management Act, 2003 and Section 46 of the Municipal Systems Act, 2000)

JOHANNESBURG SOCIAL HOUSING COMPANY SOC LIMITED/ NONPROFIT ORGANISATION

Registration Number	**: 2003/008063/07**
Registered Address	**: 61 Juta Street Johannesburg 2094**
Postal Address	**: PO Box 16021 New Doornfontein Johannesburg 2028**
Telephone	**: (011) 406-7300**
Fax	**: (086) 240-6691**
Website	**: www.joshco.co.za**
E-mail	**: info@joshco.co.za**
Bankers	**: Standard Bank of SA Limited**
Auditors	**: Auditor-General South Africa**

CONTENTS

LIST OF ACRYNYMS AND ABBREVIATIONS

AFS	Annual Financial Statement
AGSA	Auditor General of South Africa
AGM	Annual General Meeting
AOD	Acknowledgement of Debt
ARC	Audit and Risk Committee
ASB	Accounting Standards Board
BA	Bachelor of Arts
B-BBEE	Broad-Based Black Economic Empowerment
BCom	Bachelor of Commerce
B IURIS	Baccalaures Iuris
BSc	Bachelor of Science
BTech	Bachelor of Technology
CAPEX	Capital Expenditure
CA (SA)	Chartered Accountant (South Africa)
CBD	Central Business District
CCMA	Commission for Conciliation, Mediation and Arbitration
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CoJ	City of Johannesburg
COO	Chief Operations Officer
Cosec	Company Secretary
CRM	Customer Relationship Management
CRR	Capital Reserves
CSR	Corporate Social Responsibility
DBSA	Development Bank of Southern Africa
DHET	Department of Higher Education and Training
EAP	Economically Active Population
EE	Employment Equity
EEA	Employment Equity Act
EFF	External Funding Sources
EISD	Environment and Infrastructure Services Department
EME	Exempt Micro Enterprise
EPWP	Expanded Public Works Programme
ESS	Employee Self-Service
EXCO	Executive Committee
FMDC	Fully Managed Data Centre
FRL	Family Responsibility Leave
FY	Financial Year
GDS	Growth and Development Strategy 2040
GFIS	Group Forensics and Investigation Services
GGT	Growing Gauteng Together
GICT	Group Information Communication Technology
GLU	Government of Local Unity
GRAP	Generally Recognised Accounting Practices
HR	Human Resources
IAR	Integrated Annual Report
ICAS	Independent Counselling and Advisory Services
ICT	Information and Communications Technology
IDP	Integrated Development Plan
IFRS	International Financial Reporting Standards
IFW	Irregular, Fruitless, and Wasteful
IIA	Institute of Internal Auditors

IIRF	International Integrated Reporting Framework
ISO	International Organization for Standardization
ISPPIA	International Standards of Professional Practice of Internal Auditing
IOD	Injury on Duty
IT	Information Technology
JOSHCO	Johannesburg Social Housing Company
JPC	Johannesburg Property Company
JRA	Johannesburg Roads Agency
KPA	Key Performance Area
KPI	Key Performance Indicator
LLB	Bachelor of Law
LLF	Local Labour Forum
LUM	Land Use Management
MFMA	Municipal Finance Management Act
MMC	Member of the Mayoral Committee
MOE	Municipal-Owned Entity
MoI	Memorandum of Incorporation
MPT	Municipal Planning Tribunal
MSA	Municipal Systems Act
MTREF	Medium-Term Revenue and Expenditure Framework
MTC	Metropolitan Trading Company
MTech	Master of Technology
NASHO	National Association of Social Housing Organisations
NED	Non-Executive Director
NDP	National Development Plan
OC	Occupation Certificate
OHS	Occupational Health and Safety
OPEX	Operating Expenditure
PFMA	Public Finance Management Act
POPIA	Protection of Personal Information Act
SAPS	South African Police Service
SARS	South African Revenue Service
SALGBC	South African Local Government Bargaining Council
SCM	Supply Chain Management
SDA	Service Delivery Agreement
SDBIP	Service Delivery and Budget Implementation Plan
SDG	Sustainable Development Goal
SEHRC	Social, Ethics & Human Resource Committee
SHI	Social Housing Institution
SHRA	Social Housing Regulatory Authority
SIU	Special Investigating Unit
SLA	Service Level Agreement
SLS	Service Level Standard
SMME	Small, Medium and Micro Enterprise
SOC	Security Operations Centre
UIFW	Unauthorised, Irregular, Fruitless, and Wasteful
UN	United Nations
UPS	Uninterrupted Power Supply
VoIP	Voice Over Internet Protocol
YTD	Year to Date

JOSHCO AT A GLANCE

JOSHCO's VISION

To provide quality sustainable affordable rental housing products in convenient locations within the Johannesburg Metro.

JOSHCO's MISSION

Communities live in sustainable affordable public rental housing in the city.

JOSHCO's CORE VALUES

Transparency
We will conduct business in an open, honest and transparent manner. We will comply with all legislative and governance requirements and take full responsibility for our decisions and actions.

Customer Focus
At JOSHCO, we hold the customer very dearly to our hearts. We will do everything possible to ensure that we delight our customers in ways they want and to standards they themselves define.

Efficiency
We strive to become resourceful in the way we do business. We will continuously innovate to better our business processes. We focus on achieving more from the resources at our disposal.

Respect
We cannot exist or succeed independent from our clients, customers and partners. We respect every person whom we interact with and strive to treat our customers in a highly respectful and dignified manner.

JOSHCO'S MANDATE

To provide and manage social and affordable rental housing for the lower income market on behalf of the city.

JOHANNESBURG SOCIAL HOUSING COMPANY

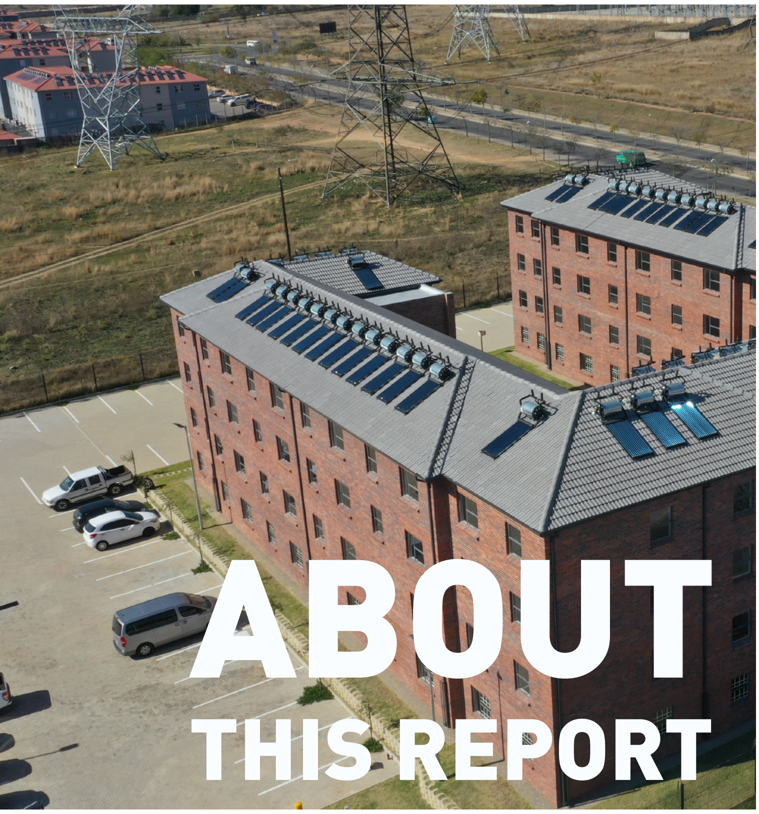
CORE DIVISIONS	
Housing Development	Housing Management

SUPPORT FUNCTIONS

Finance, Legal, Human Resources, Strategy & Planning, Marketing & Communication, Revenue, Supply Chain, ICT, Risk & Compliance

TABLE 1: KEY STRATEGIC GOALS/OBJECTIVES

NO	Short Term Objectives	Medium Term Objectives	Long Term Objectives	Impacted Outcomes
1	Achieve financial breakeven point.	Ensure sound financial management, sustainability, and good governance.	Become a financially sustainable company.	Self-sustained entity with less reliance on the City subsidy.
2	Develop social housing units at expected standards.	Ensure footprint across the seven regions of the City of Johannesburg (CoJ).	Develop social housing projects within transport corridors, Inner-City, and Greenfield (including suburbs and economic hubs).	Provision of decent yet affordable rental units to the citizens of Johannesburg, while building communities.
3	Provide well-defined job packages for local labourers and support of Small, Medium, and Micro Enterprises (SMMEs).	Increase access to Expanded Public Works Programme (EPWP) jobs and SMME support in our capital projects.	Contribute towards economic development through Broad-Based Black Economic Empowerment (B-BBEE).	SMMEs supported, jobs created, and continued contribution made to the economy of Johannesburg.
4	Always achieve 98% and above occupancy rate.	Have proper property management system that improves effectiveness.	Effectively manage social housing projects.	Creation of a city in which citizens live, play, and work.
5	Implement additional safety and security measures at projects.	Improve the safety and security of all tenants in JOSHCO projects.	Offer decent yet affordable rental units to the citizens of Johannesburg.	JOSHCO projects that support building communities.
6	Establish a functional Customer Relationship Management (CRM) system.	Provide a CRM system that supports service delivery.	Become a customer-centric company.	Customer and stakeholder satisfaction.
7	Achieve no less than 95% compliance with core legislation in the Regulatory Universe.	Inculcate a high-performance/good-governance abiding culture.	Strengthen governance and compliance.	Good governance.



ABOUT THIS REPORT

REPORT SCOPE AND BOUNDARY, BASIS FOR INCLUSION AND RESTATEMENTS

This report has been prepared in accordance with the International Integrated Reporting Framework (IIRF), section 121 of the Municipal Finance Management Act (MFMA), and National Treasury Circular 63. The report provides the record of the entity's performance against strategic objectives and key indicators and its performance against the budget. It promotes accountability to the local community for the decisions that the entity made throughout the financial year. It provides information that is considered to be of material significance in creating and preserving short, medium and long term value.

The basis of this Integrated Annual Report (IAR) is to provide a more cohesive and efficient approach to corporate reporting. This requires that the company draws on different reporting components and communicates the full range of factors that materially affect the ability of the entity to create value over time. This is the primary report that is used to communicate the performance of the entity, and it focuses on matters, both positive and negative, that are material to the range of stakeholders. We endeavour to focus on both qualitative and quantitative matters that are material to the operations and strategic objectives of the organisation.

DETERMINING OF MATERIAL MATTER

JOSHCO's ability to create value and achieve its strategic objectives is influenced by the external environment, as well as by risks and opportunities. We determine material matters by assessing these factors, linking them to legitimate stakeholder interests and concerns, and aligning them with the organisation's strategy. In determining material matters, we are guided by the organisation's strategy (informed by the company's mandate), as prescribed by the City of Johannesburg (CoJ). Matters are classified as material once their assessment poses a direct risk to achieving strategic goals.

Risk management is crucial in determining reportable information and achieving company objectives. The company outlines how governance should respond to risk matters.

SUMMARY OF SIGNIFICANT FRAMEWORKS AND LEGISLATION USED TO PREPARE THIS REPORT

- Section 121 of Municipal Finance Management Act, No. 56 of 2003 (MFMA)
- Section 46 of Municipal Systems Act, No. 32 of 2000 (MSA)
- National Treasury Circular 63
- Generally Recognised Accounting Practices (GRAP)
- Interpretation of Statements issued by the Accounting Standards Practices Board
- Companies Act, No. 71 of 2008
- King IV Report on Governance for South Africa 2016
- Joburg 2040 Growth and Development Strategy (GDS)
- Integrated Development Plan (IDP)

ASSURANCE PROCESS FOR THE INTEGRATED ANNUAL REPORT

Principle 5 of the King IV report requires the governing body to ensure that stakeholders can assess the organisation's performance and prospects. Good corporate governance requires a review and authorisation structure for credible financial reporting. JOSHCO's governance structures guide and assure the Integrated Annual Report's (IAR) assurance process, which provides an authoritative and credible view of the entity's financial position to the Board and Council of the CoJ. The Board is ultimately responsible for approving the IAR each financial year.

The Board of Directors has conducted its oversight responsibility on the compilation of the IAR to ensure the integrity and credibility of the report. After careful consideration, the Board has expressed its satisfaction that the report is credible and complies with legislative frameworks that guide the preparation of the IAR.

APPROVAL:

Musa Nkosi AGA (SA)
Acting Chief Financial Officer
Date of Approval:

Nokwazi Mtshali
Acting Chief Executive Officer
Date of Approval:

Theodore Dhlamini
Chairperson of the Board
Date of Approval:

Mlungisi Mabaso
MMC: Human Settlement
Date of Approval:

Chapter 1

Leadership and Corporate Profiles

SECTION 1:

MMC'S FOREWORD

Cllr. Mlungisi Mabaso

As I present JOSHCO's Integrated Annual Report for the 2023/24 financial year, it is with great pride and a deep sense of responsibility that we reflect on our continued commitment to improving the lives of those in need of affordable, sustainable housing. Our mission remains steadfast: to provide safe, secure, and quality housing to underserved communities. This report presents a reflection of our progress toward this goal.

Throughout the year, JOSHCO has made significant strides in both our operational and social objectives. We successfully expanded our housing portfolio by launching Riverside and Ekhaya Gardens, whilst also enhancing the quality of existing properties. More importantly, we have seen the tangible impact our work has had on the lives of our tenants—providing them not just with a roof over their heads, but with a sense of belonging and empowerment.

However, this year has not been without its challenges. The ongoing economic shifts, rising construction costs, and the growing demand for social housing have tested our resilience. Yet, despite these obstacles, we have persevered and remained focused on our core values—transparency, customer focus, efficiency and respect. We have continued to adapt our strategies to ensure that we can meet the evolving needs of our communities, whilst maintaining fiscal prudence and operational excellence.

As we look ahead, we are more determined than ever to build on the strong foundation we have laid. The housing crisis remains a pressing issue for the City of Johannesburg, and we are committed to playing our part in driving innovative solutions and fostering partnerships that will create sustainable housing opportunities for generations to come.
I would like to take this opportunity to express my deepest gratitude to our dedicated employees, our Board Members, and all our partners for their tireless efforts and continued support. Together, we are making a meaningful difference, and together, we will continue to create communities where everyone has a place to call home.

"As we look ahead, we are more determined than ever to build on the strong foundation we have laid"

Cllr Mlungisi Mabaso
MMC: Human Settlement

SECTION 2:

CHAIRPERSON'S FOREWORD

Mr. Theordore Zithulele Dhlamini

"Good governance and transparency will remain at the core of our operations"

It is with both pride and a sense of responsibility that I present the Johannesburg Social Housing Company's (JOSHCO) Integrated Annual Report for the 2023/24 financial year. This report not only outlines the achievements of the past year but also lays the foundation for the future direction of the company under the leadership of the newly appointed Board of Directors.

As we close this chapter, JOSHCO remains steadfast in its commitment to providing quality affordable rental housing. The challenges we face such as financial sustainability, operational efficiency, and service delivery are not unfamiliar, but our new Board brings fresh perspectives, strategic vision, and a renewed determination to address these issues head-on.

In the 2023/24 financial year, JOSHCO has exceeded several key targets, including by completing 495 social housing units. While we celebrate these successes, we also acknowledge that there is more work to be done. Our focus moving forward will be on enhancing financial resilience by implementing our turnaround strategy, improving revenue collection, and reducing reliance on external subsidies.

Good governance and transparency will remain at the core of our operations, and we are committed to further strengthening internal controls and improving audit processes. We go forth with renewed alignment to JOSHCO's mission and we are dedicated to ensuring that the organisation not only meets but exceeds its service-delivery mandates in the years to come.

On behalf of the Board, I would like to thank the City of Johannesburg, and the Shareholder, for its continued support, and I extend my deepest gratitude to JOSHCO's management and staff for their hard work and dedication. Together, we are building a stronger, more resilient JOSHCO that is well-positioned to meet the housing needs of Johannesburg's communities both now and into the future.

Mr. Theordore Zithulele Dhlamini
Chairperson: Board of Director

SECTION 3:

CHIEF EXECUTIVE OFFICER'S REPORT

Miss. Nokwazi Mtshali

I am pleased to present you with the JOSHCO Integrated Annual Report for the 2023/24 financial year. The report illustrates our achievements and challenges as an entity over the past year. It further demonstrates how we have been assessed by our clients and stakeholders using fair and transparent methods. The report indicates that we have made some achievements in fulfilling our mandates and our plans for the 2023/24 financial year.

ROLE OF THE JOHANNESBURG SOCIAL HOUSING COMPANY

JOSHCO, as a City of Johannesburg (CoJ) municipal entity, is mandated to provide and manage social and affordable rental housing for the lower-income market on behalf of the City.

FINANCIAL PERFORMANCE

In the 2023/24 fiscal year, the entity received an adjusted capital budget of R337,5 million, of which by the end of financial year the actual spend was at 100%. The capital expenditure (CAPEX) is directed towards developing, renovating, and upgrading the rental stock. Revenue and expenditure were recorded on the accrual basis of accounting (i.e., transactions are recorded as they occur irrespective of when the related cash movement will occur). The organisation continued to face financial challenges and recorded a deficit of R559 million compared to the previous financial year (2023: R373,5 million). (See Chapter 5).

KEY PERFORMANCE HIGHLIGHTS

For the financial year under review, the entity achieved 72% of its planned targets as set out in the approved Business Plan and entity scorecard. JOSHCO completed 495 social housing units across two projects (Princess Plot and DevLand Phase 2), which is above the target of 450 social housing units. We also developed 657 social housing units, which is above the yearly target of 450. In support of the Expanded Public Works Programme (EPWP) and Small, Medium, and Micro Enterprises (SMMEs), the entity achieved 831 EPWP-support opportunities against the annual target of 720 and spent 32,42% of its CAPEX on SMMEs against a target of 30% year to date.

"The report illustrates our achievements and challenges as an entity over the past year"

EXCLUSIVE COMMITTEE

The company is experiencing an unstable executive team and is currently operating with acting Chief Executive Officer (CEO), Chief Operating Officer (COO), and Executive Manager for Corporate Services. However, the company is in the process of stabilising the management team. At the beginning of the 2024/25 financial year the positions of Chief Financial Officer (CFO) and COO were advertised and the process of recruitment is in progress.

RISK MANAGEMENT AND CLEAN AUDIT PROCESS

The company managed to implement 100% of its actions envisaged on the risk register. (See Chapter 2). In the 2023/24 financial year, the company managed to resolve 100% of its internal audit findings. From the previous Auditor General of South Africa (AGSA) audit, the company has 38 external audit findings and managed to resolve 53% of its findings in the year under review.

CHALLENGES

Some key challenges encountered during the financial year under review can be categorised as follows:

- Insufficient allocation of funds by the City: This has resulted in the entity not being able to pay invoices timeously.
- Moratorium on vacancies: This freeze on employment has made it difficult for the entity to recruit at pace and ensure that the correct skills are attained.
- Total revenue was above budget by R9.2million: The biggest contributor to revenue earned in the current financial year is rental income, which makes up 44% of total revenue.
- Decrease in management fees by 40%: This has been caused by no new work being conducted on behalf of other CoJ departments as a result of non-payment and issues with the Service Delivery Agreement not allowing JOSHCO to be an implementing agent for any of the CoJ departments apart from the Department of Human Settlements.

APPLICATION AND ACKNOWLEDGMENT

I would like to thank the Chairperson of the Board, the Board members, management, and staff for their hard work and expertise shared in delivering the JOSHCO mandate in the 2023/24 financial year and for their contribution to the compilation of this Annual Integrated Report. We are excited about the upcoming financial year and are committed to reaching new milestones and overcoming any challenges that may arise.

Nokwazi Mtshali
Acting Chief Executive Officer

SECTION 4:

CHIEF FINANCIAL OFFICER'S REPORT

Mr. Musa Nkosi AGA (SA)

As the CFO of JOSHCO, my role is to provide a perspective on the entity's financial performance for the financial year ended 30 June 2024. The entity continues to see poor financial performance primarily as a result of our low revenue-collection levels and high operating costs. The overall revenue for the year ended 30 June 2024 increased by 22% from the previous financial year owing to an increase in grants.

OVERVIEW OF REVENUE COLLECTION FOR THE YEAR

The revenue-collection target for the 2023/24 financial year was 100% (2022/23: 80%). The entity performed 33% behind the budgeted target, as we collected 67% for the financial year. This is an improvement from the 57% collected in the previous financial year. Low-collection levels are primarily influenced by City referral stock.

FINANCIAL PERFORMANCE

Revenue and expenditure were recorded on the accrual basis of accounting (i.e., transactions are recorded as they occur irrespective of when the related cash movement will occur). The organisation continued to face financial challenges and recorded a deficit of R559 million compared to the previous financial year (2023: R373,5 million). Some of the noted financial items for the year under review were as follows:

- Revenue from the rental of facilities and equipment decreased by 15% to R152,4 million (from 2023: R179 million).
- Interest received from banking, and outstanding debtors increased by 40% to R38 million (from 2023: R26,4 million).
- Rendering of service (management fees) decreased by 40% to R32,3 million (from 2023: R53,6 million).
- Total expenditure increased by 37% to R938 million (from 2023: R684,7 million). The biggest contributors to the increase were finance costs, bad debts' write off, security services, and utilities.
- Total administrative cost increased by 61% to R455,5 million (2023: R282,6 million). This was the result of high repairs and maintenance costs, security costs, and utility costs.
- Loans to shareholders, which is the sweeping bank account

"My sincere appreciation is directed to the finance team at an operational level" balance, is in overdraft and increased by 18% to R1,3 billion (2023: R1,1 billion) owing to the entity not receiving payment for projects executed on behalf of CoJ departments.

- Receivables from exchange transactions dropped by 3% as fewer projects were executed on behalf of other departments in the year under review.
- Payables from exchange transactions increased by 12% to R1,4 billion (2023: R1,26 billion) due to City-wide cash-flow challenges.

CAPITAL EXPENDITURE

Capital expenditure (CAPEX) is directed towards developing, renovating, and upgrading the rental stock. At the end of the financial year, the organisation had spent 100% of the total budget of R337,5 million.

BROAD-BASED BLACK ECONOMIC EMPOWERMENT

Areas of procurement in JOSHCO relate to CAPEX on the development of housing units and capital projects executed on behalf of other departments, as well as operational expenditure (OPEX) on the maintenance of housing units and other administrative functions, and OPEX executed on behalf of other departments. For these areas, i.e., CAPEX and OPEX, JOSHCO has achieved 94% and 96% spending on at least 51% Black-owned companies, respectively. JOSHCO's total expenditure (i.e., both capital and operational) for the period ended 30 June 2024 amounted to R785,3 million – of which the spend on 51% Black-owned companies was R742,3 million.

RISK FINANCING

Risk financing of the JOSHCO operational assets, including the rental infrastructure, was covered through the City's Group Risk Insurance. Each financial year, the organisation ensures that before the start of the upcoming financial year, risk financing cover is undertaken through the City, and invoices for premiums are paid timeously.

GOING CONCERN

The entity has a deficit of R559 million, largely influenced by high finance costs, bad debts' write off, and administrative costs. JOSHCO currently depends on a subsidy from the CoJ over the medium term. The Board of Directors and Management intend to become self-sufficient in managing the rental stock. To achieve this, JOSHCO has developed a five-year turnaround strategy, which is being implemented.

ACCOUNTING PRINCIPLES

The accounting policies applied in preparing this report are in accordance with the Generally Recognised Accounting Practices (GRAP) and are consistent with those applied in the previous year. In the absence of effective Standards of GRAP, directive five (dated March 2009) from the Accounting Standards Board (ASB) provides the continued application of International Financial Reporting Standards (IFRS).

CONCLUSION

The organisation continues to implement the turnaround strategies identified in the turnaround plan and some of these strategies have started to yield results. Management will continue to implement cost-reduction strategies and income-generation and collection strategies in the 2024/25 financial year.

Lastly, my sincere appreciation is directed to the finance team at an operational level, my fellow Executive Committee members, the Board, and its committees, for their advice, expertise, and inclusive support. Through your wisdom, knowledge and understanding, we will build a successfully administered organisation.

Mr. Musa Nkosi AGA (SA)
Acting Chief Financial Office

SECTION 5:

CORPORATE PROFILE AND OVERVIEW OF THE ENTITY

ABOUT JOSHCO

The Johannesburg Social Housing Company SOC Ltd (JOSHCO) was established in November 2003 as one of the entities of the City of Johannesburg (CoJ) Municipality. JOSHCO's mandate is to provide and manage affordable rental housing for the lower-income market as an integral part of efforts to eradicate the CoJ housing backlog. JOSHCO is a registered Social Housing Institution (SHI) and is accredited by the Social Housing Regulatory Authority (SHRA). The core business of JOSHCO is the development of social and affordable rental housing and housing management.

The entity endeavours to fulfil the requirements of an SHI and upgrade to full accreditation status by developing units that meet the social housing criteria. Our mandate allows us to develop affordable rental units that are funded through the CoJ capital funds' allocation. The mandate includes the development of rental housing, refurbishments, upgrading, and management of council-owned rental housing stock.

The organisation was also given the task of creating and overseeing student housing as part of corporate diversification. In the 2022/23 financial year, the entity resumed the refurbishment of the Nederburg student accommodation, which is anticipated to be completed by the end of September 2024. In addition, the entity is in the process of refurbishing the 280 Smit Street student accommodation, which is at stage 3 of the designing phase.

As a Municipal-Owned Entity (MOE), JOSHCO is required to comply with all applicable legislation (i.e., MFMA, MSA, Social Housing Act, and the Companies Act). JOSHCO's policies and strategies are aligned with the CoJ's long-term plans as outlined in its five-year Integrated Development Plan (IDP).

DEMOGRAPHICS, ECONOMIC GROWTH, AND POPULATION

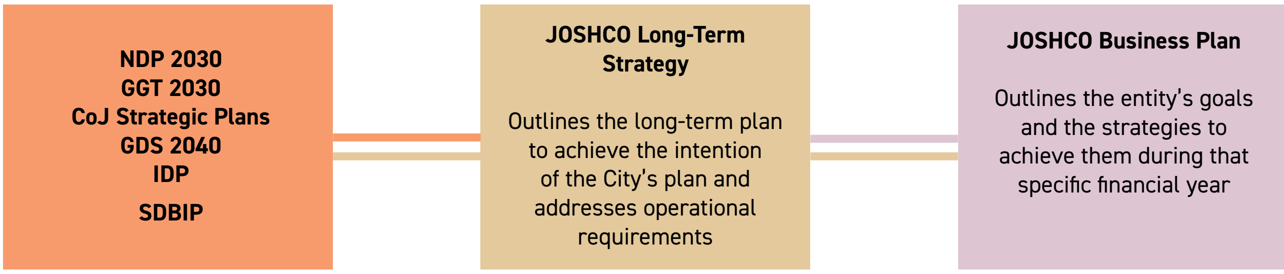
The Census 2022 results show that the population of South Africa was 62 million in 2022, increasing from 51,7 million in 2011. This represents an average annual growth rate of 1,8% between the two periods, which is the largest since 1996. Gauteng remained the province with the highest population (15 million), with the City of Johannesburg recording 9,09 million people. On housing, the Census 2022 recorded 17,8 million households in South Africa, an increase from 14 million in 2011. Gauteng and KwaZulu-Natal accounted for just under 50% of all households in the country, with 5,3 million households in Gauteng. SHIs such as JOSHCO play a significant role in meeting the demand for social housing. To ensure the sustainability of social housing, it is important to develop new rental stock and maintain existing rental properties effectively.

SECTION 6:
KEY STRATEGIC OBJECTIVES

JOSHCO derives its mandate from its parent municipality, the CoJ, through a council resolution on the establishment of such an entity in accordance with section 86B of the Municipal Systems Act (MSA). The entity operates within the parameters of all Acts that govern the municipality and its entities. The Acts make provision for the planning process, which also outlines the expected link to planning frameworks, including strategies and IDPs. This report has taken cognisance of the guiding principle and has provided a link to the value proposition that the entity will offer.

The Board has determined strategic objectives that are in line with CoJ priorities as stated in the IDP in order to carry out the entity's vision. The City's residents will live in a progressive setting guided by the values of openness, inclusivity, and good governance, according to the new administration. Seven strategic objectives that were in line with the Government of Local Unity (GLU) objectives were approved by the Mayoral Committee as the cornerstone of this strategic orientation.

Figure 1: JOSHCO Strategic Planning Approach



The entity's strategic planning processes are informed by CoJ strategic processes. The City Growth and Development Strategy (GDS) 2024, Five-Year IDP, and Service Delivery and Budget Implementation Plan (SDBIP) feed into JOSHCO's Long-Term Plan, its annual business plan and budgeting process as well as the company scorecard, as shown in Figure 1 above.

JOSHCO'S PROGRAMME, STRATEGIC OBJECTIVES, AND PRIORITIES

Table 2 below reflects the link between JOSHCO's operating programmes and its strategic objectives.

TABLE 2: LINK BETWEEN JOSHCO'S OPERATING PROGRAMMES, STRATEGIC OBJECTIVES, AND PROGRAMMES PURPOSE AND FOCUS

JOSHCO Programme	Strategic Objective	Programme Purpose and Focus
Programme 1: Corporate Administration	Be a smart and capable entity	Credible, reliable, and effective organisation Implement special projects on behalf of the Department of Human Settlements
Programme 2: Social Housing and Student Accommodation (units under accreditation and regulation)	Develop and manage social housing and student accommodation	Development and management of: • Social housing: SHRA regulated • Student accommodation: DHET regulated
Programme 3: Affordable Rental Housing (non-regulated)	Develop and manage affordable rental housing	Development and management of affordable rental housing: non-regulated
Programme 4: Special Project Services provided in line with Service Delivery Agreements (SDAs)	Provide Special Project Services	Implement special projects for CoJ departments to advance delivery of municipal services Service Level Agreements (SLAs) concluded with CoJ departments

SHAREHOLDER'S ALIGNMENT WITH JOSCHO'S OBJECTIVES

JOSHCO's strategic objectives aim to give realisation to the CoJ's short, medium and long term plans. The objectives also guided the interventions and programmes that the entity implemented in the period under review. Table 3 below outlines the alignment with the GDS 2040, CoJ Mayoral priorities, and GLU objectives.

TABLE 3: ALIGNMENT OF GDS 2040, CoJ PRIORITIES, AND JOSHCO'S STRATEGIC OBJECTIVES AS AT 30 JUNE 2024

GDS Outcomes	GDS Outputs	Government of Local Unity (GLU) Objectives	Mayoral Priorities	JOSHCO Strategic Objectives	JOSHCO Strategic Outcome
Provide a resilient, liveable, sustainable urban environment – underpinned by smart infrastructure supportive of a low carbon economy	• Sustainable human settlements	• Sustainable human settlements	Sustainable Service Delivery	• To be a smart and capable entity	• Achievement of all Service Level Standards (SLS), as per SDA • Well-maintained and clean JOSHCO properties • Alignment with SHRA's requirements, as regulator
An inclusive, job-intensive, resilient, competitive and smart economy that harnesses the potential of citizens	• Job-intensive economic growth • Promotion of and support to informal and micro businesses • Increased competitiveness of the economy • A 'Smart' City of Johannesburg that is able to deliver quality services to citizens in an efficient and reliable manner (cross-cutting output)	• Job-intensive economic growth • Promotion of and support to informal and micro businesses • Increased competitiveness of the economy	Job Opportunity & Creation	• To be a smart and capable entity	• Upliftment of communities through provision of financial and non-financial support to local SMMEs on construction projects • Skills development and job creation through EPWP programme

GDS Outcomes	GDS Outputs	Government of Local Unity (GLU) Objectives	Mayoral Priorities	JOSHCO Strategic Objectives	JOSHCO Strategic Outcome
Provide a resilient, liveable, sustainable urban environment – underpinned by smart infrastructure supportive of a low carbon economy	• Sustainable human settlements	• Sustainable human settlements	Sustainable Service Delivery	• Develop and manage social housing and student accommodation • Develop and manage affordable rental housing • Implement housing development projects for the CoJ • Provide assigned municipal services (Human Settlements)	• Large-scale delivery of social housing and affordable housing units across the city • Development of student accommodation precinct • Preserved and well-maintained buildings that meet acceptable living conditions
A high performing metropolitan government that proactively contributes to and builds a sustainable, socially inclusive, locally integrated and globally competitive Gauteng City Region	• A responsive, accountable, efficient and productive metropolitan government • Financially sustainable and resilient city	• Partnerships, intergovernmental and international relations • A responsive, accountable, efficient and productive metro politan government • Financially sustain able and resilient city • Meaningful citizen participation and empowerment • Guaranteed customer and citizen care and service	Financial Sustainability	• To be a smart and capable entity	• Working towards becoming a solvent company • Improved revenue collection • Diversification of revenue stream (outdoor advertising, management fee, other mechanisms) • An unqualified Audit Opinion • Sound reputation in terms of payment of suppliers within 30 days
					• Effective and efficient business processes • Improved tenant satisfaction, through proactive tenant education and engagement programme • Customer satisfaction targets achieved and improved • Improved visibility of JOSHCO brand

GDS Outcomes	GDS Outputs	Government of Local Unity (GLU) Objectives	Mayoral Priorities	JOSHCO Strategic Objectives	JOSHCO Strategic Outcome
An inclusive, job-intensive, resilient, competitive and smart economy that harnesses the potential of citizens	• A 'Smart' City of Johannesburg that is able to deliver quality services to citizens in an efficient and reliable manner (cross-cutting)	• Smart City of Johannesburg that is able to deliver quality services to citizens in an efficient and reliable manner • A responsive, accountable, efficient and productive metropolitan government • Meaningful citizen participation and empowerment • Guaranteed customer and citizen care and service	Smart City	• To be a smart and capable entity	• Social housing projects that are smart and environmentally friendly, through design and the use of alternative building technologies (including alternative energy solutions and rainwater harvesting) • Improved application and leasing processes, supported by automation of processes • Seamless business continuity supported through effective backup and disaster-recovery systems

COMPETITIVE LANDSCAPE

The demand for rental housing, particularly social, affordable and student housing is significantly high in the city. The current housing shortage is estimated to be over 500 000 households, which includes those living in informal arrangements. Considering household growth and immigration, it is projected that by 2030, around 1,23, million households will need accommodation in the city. This translates to approximately 88 000 households needing housing each year.

JOSHCO is a sole municipal entity established to developed and manage social and affordable rental housing units. JOSHCO is among about 40 certified Housing Association and 11 other reorganizations involved in providing housing solutions. In addition to these, there are numerous private sector developers offering affordable and student housing. This industry operates in a competitive and ever-changing environment, with various players offering diverse housing options based on different value proposition.

JOSHCO positioned its product offering is highly competitive in that it operates in the 'gap market' which is in-between the full subsidy (BNG) offering (categorised as 'free' and allowing for the ultimate benefit of ownership) and the private developer (who offers a highly affluent housing solution catering for both rental and owned housing solutions). In addition, JOSHCO is the only municipal owned entity in the Johannesburg which gives it a unique edge to the other competitors.

JOSHCO's VALUE-CREATION PROCESS

The value creation of the entity is based on three key elements: inputs, business activities, and outputs. This value-creation process is in line with King IV Principles 4 and 5. The business model diagram presented illustrates how the entity transforms its inputs, through its business activities, into outputs and outcomes to support the entity's strategy and the CoJ strategy and to create value over the short, medium and long term.

VALUE CREATION PROCESS FOR THE YEAR ENDED 30 JUNE 2024

INPUTS

FINANCIAL RESOURCES
- R337.5 million Capital budget
- R277.8 million Operational Cost
- R173.6 million employee cost

INTELLECTUAL CAPITAL
- Social Housing Act
- Integrated Development Plan
- Smart-City Strategy
- JOSHCO Long-Term Strategy and Business Plan

HUMAN CAPITAL
- 504 Total number of employees

SOCIAL AND RELATIONSHIP CAPITAL
- Residents and ratepayers
- Vulnerable communities
- Targets stakeholder groups (e.g. SMMEs, youth & children)
- Media, NGOs and academic stakeholders

NATURAL CAPITAL
- Natural resources consumed water, land, and energy (electricity and fuel)

CONTEXT
- Six National Outcomes
- Six Sustainable Development Goals (SDGs)
- Seven IDP priorities, driven through four clusters

TOP FIVE RISK
- Inability to continue as a going concern
- Failure to deliver capital projects on time
- Business interruption
- Health, Safety and Security incidents in JOSHCO projects
- Ageing infrastructure

OPPORTUNITIES
- Job creation and skills development
- Commercial rental opportunities through Inner-City investment
- Creation of sustainable human settlements
- Improved citizen participation
- Improved social cohesion through development of social housing
- Growth in profitable markets
- Contribute to SMME support

COJ 11 STRATEGIC PRIORITIES

Good Governance

Financial Sustainability

Energy Mix

Sustainable Service Delivery

Infrastructure Development and Refurbishment

Job Opportunities and Creation

Safer City

Active and Engaged Citizenry

Sustained Economic Growth

Green Economy

Smart City

OUTPUTS/ PROGRAMMES
- R152.4 million in rental revenue
- 495 units completed
- 831 EPWP jobs created
- Over 32% of CAPEX spent on SMMEs
- 98% occupancy rate

OUTCOMES

ECONOMIC SUSTAINABILITY
- Improved company revenue
- 831 people received income through EPWP programme
- SMMEs benefited financially from JOSHCO's projects

SOCIAL SUSTAINABILITY
- The provision of rental relief programme for tenants affected various factors as part of our social support.
- 9743 households are benefiting from affordable and decent units.
- 182 students have safe, secure accommodation

ADMINISTRATIVE SUSTAINABILITY
- 69% rental collection or payment

ENVIRONMENTAL SUSTAINABILITY
- Energy efficiency
- Solar geyser installation in projects
- Waste-reduction initiatives

Chapter 2

GOVERNANCE

SECTION 1:
CORPORATE GOVERNANCE STATEMENT

I. ETHICAL, EFFECTIVE LEADERSHIP AND CORPORATE CITIZENSHIP

The Board of Directors reports to the Shareholder through the Member of the Mayoral Committee (MMC) for the Human Settlement Department in the City. The Board provides leadership that is directed by respect for ethical beliefs and values, and for the dignity and rights of others. Responsible leadership, characterised by the values of responsibility, accountability, fairness, and transparency, has been a defining characteristic of the entity since the entity's inception. The fundamental objective has always been to do business ethically, while building a sustainable company that recognises the short, medium, and long term impact of its activities on the economy, society, and the environment. JOSHCO complies with the requirements of the Companies Act, namely sections 88(2) (e) and (f), in relation to filing the required returns and notices.

The Board is responsible for providing strategic direction to the entity and for overseeing its implementation. During this process, the Board balances the interests of stakeholders and ensures that the entity's long-term economic, social, and environmental sustainability is achieved.

II. CORPORATE GOVERNANCE

The entity applies the governance principles that are contained in the King IV report, Companies Act, and the City's Governance Framework. The Board and Executive Committee (EXCO) recognise, and are committed to, the principles of openness, integrity, and accountability advocated by the King IV Code on Corporate Governance. Monitoring the entity's compliance with the King IV Code on Corporate Governance forms part of the mandate of the Audit and Risk Committee (ARC). The Board has incorporated the CoJ's Corporate Governance Protocol in its Board Charter, which, inter alia, regulates its relationship with the CoJ as its sole shareholder and parent municipality in the interests of good corporate governance and good ethics. The entity annually enters into an agreement with the Shareholder to document mandated key performance measures and indicators. Furthermore, the Board approves the company's annual corporate plan.

III. APPOINTMENT OF DIRECTORS

The entity through its shareholder adheres to the provision of its memorandum of incorporation (MoI) and the Group Governance policy on the nomination, appointment, composition, and remuneration of the Board. The Directors are appointed through a resolution of the Annual General Meeting (AGM). The composition of the Board is informed by the experience, qualifications, and skills mix required to guide the strategic direction of the entity. Pursuant to the formation of a new political term of office, the Shareholder held an AGM where the existing Board was appointed.

IV. COMPLIANCE WITH LAWS, RULES, CODES, AND STANDARDS

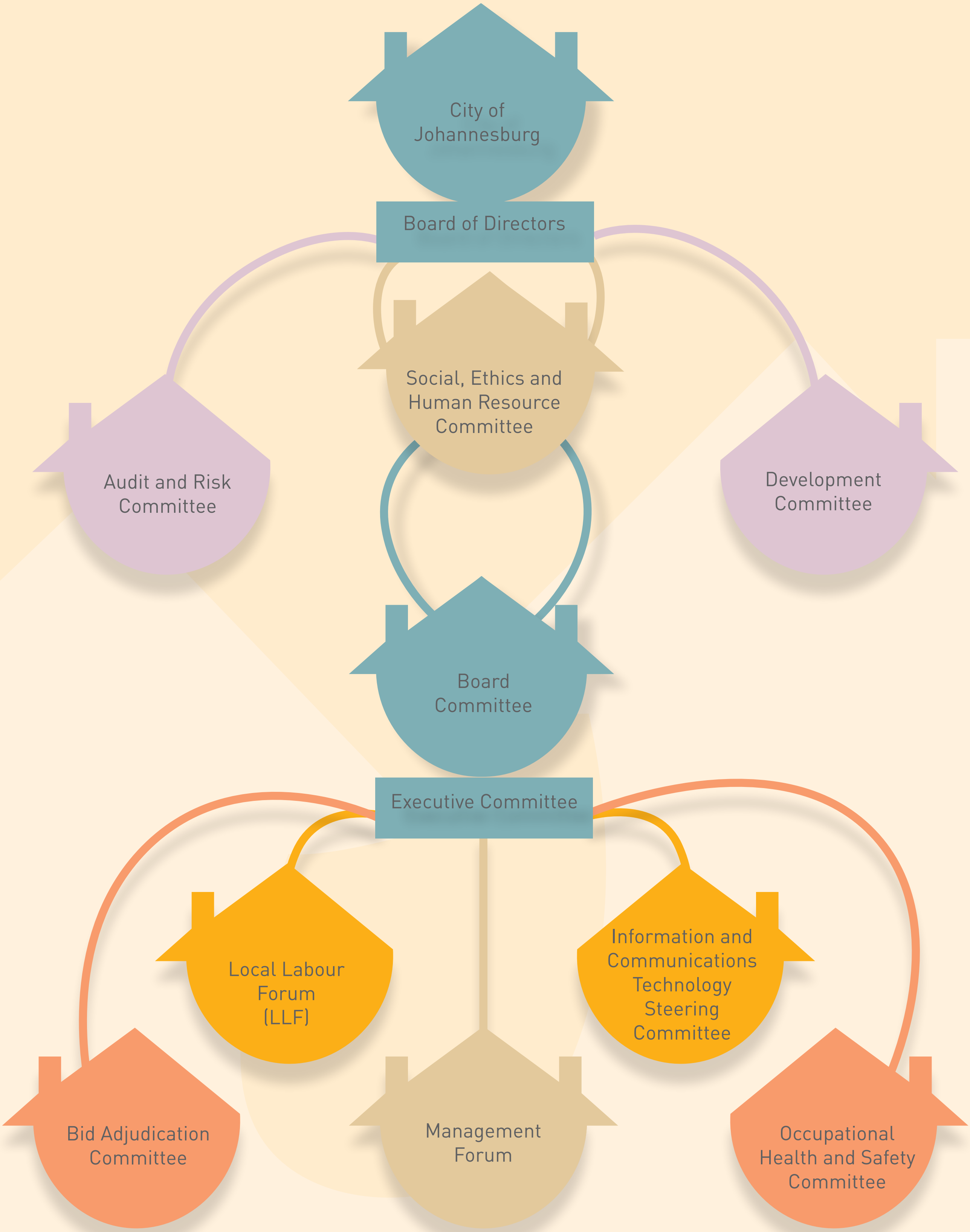
The Board subscribes to Principle 13 of King IV, which provides guidance to the Board on how it should govern its responsibilities towards compliance with applicable laws, and identify which non-binding rules, codes, and standards the organisation has adopted. The Board is accountable for compliance and governs this through the assessment of compliance with applicable legislation. Through the ARC, the Board oversees compliance throughout the entity.

V. PUBLIC PARTICIPATION

In FY 2023/24, JOSHCO organised various engagement meetings and campaigns with tenants and communities to promote public participation. These initiatives included resolving customer enquiries, conducting educational campaigns on the application process, and providing civic education, among other topics. As a part of the City of Johannesburg entities, JOSHCO has embraced the City's community-based planning strategy to foster public involvement in planning and implementation. Additionally, more stakeholder engagements were conducted with Councillors across different wards.

COMPOSITION, KEY ACTIVITIES, AND REMUNERATION OF THE BOARD OF DIRECTORS

GOVERNACE ARCHITECHTURE



BOARD COMPOSITION

Board of Directors' Appointment and Governance Overview

The Board of Directors was appointed through a resolution passed at the AGM held on 1 March 2023, in collaboration with the Shareholder and other CoJ entities. As at the close of the financial year, the Board operated under the leadership of Mr Makhate Shane Nqakalatsane, a non-executive director who served as Chairperson. Alongside Mr Nqakalatsane, ten non-executive directors and four Independent Audit Committee members, who formed part of the ARC, were appointed.

The Table 4 below presents the full composition of the Board during the financial year. Throughout this period, the Board diligently fulfilled its fiduciary responsibilities, adhering to all relevant legislation and upholding the principles outlined in the King IV Report on Corporate Governance.

Table 4: Composition of the JOSHCO Board as at 30 June 2024

Members	Capacity	Gender	Status	Qualifications
Mr Henry Jerry Markus	Non-Executive Director	M	Retired on 31 July 2024	Qualifications Certificate in Public Relations Practice - PRISA Certificate in Small Business Management - WITS Certificate Bookkeeping – WITS Certificate in Customer Service – Prime Learning South Africa Diploma in Pastoral Theology – Nazarene Theological Seminary Graduate Diploma of Christian Ministry & Theology – Vision Intl. College
Mr Ingle Singh *Appointed on 25 August 2023	Non-Executive Director	M	Retired on 31 July 2024	Certificate in Bookkeeping Introduction to Municipal Councillor 2011
Mr Makhate Shane Nqakalatsane Board Chairperson *Appointed on 25 August 2023	Non-Executive Director	M	Retired on 31 July 2024	Diploma in Financial Accounting PFMA BCom in Project Management (in Progress)
Mr Simon Clarke *Appointed on 01 March 2023	Non-Executive Director	M	Retired on 31 July 2024	BA degree in Psychology
Ms Yolandi Eramsus *Appointed on 01 March 2023	Non-Executive Director	F	Retired on 31 July 2024	LLB
Mr Tau Masemola *Appointed on 01 March 2023	Non-Executive Director	M	Retired on 31 July 2024	Bachelor of Commerce, Certificate in Business Accounting
Mr Tabane Manene *Appointed on 01 March 2023	Non-Executive Director	M	Retired on 31 July 2024	Diploma in Local Government, National Diploma in Law, Programme in Customer Service
Mr Andries Smith *Appointed on 01 March 2023	Non-Executive Director	M	Retired on 31 July 2024	Bachelor Of Laws
Mr Terry Tselane *Appointed on 01 March 2023	Non-Executive Director	M	Retired on 31 July 2024	Bachelor of Arts in Industrial Sociology

Members	Capacity	Gender	Status	Qualifications
Ms Simphiwe Mnisi *Appointed on 01 March 2023	Non-Executive Director	F	Retired on 31 July 2024	Diploma in Project Management
Ms Jacelyn Scott *Appointed on 01 March 2023	Non-Executive Director	F	Retired on 31 July 2024	National Senior Certificate (Matric) B Com Management B Com Honours (Candidate)
Mr Theodore Dhlamini *Appointed on 31 July 2024	Non-Executive Director	M	Active	Post Graduate Diploma in Management.
Mr Zamikhaya Wauthus Xalisa *Appointed on 31 July 2024	Non-Executive Director	M	Active	Masters in Sustainable Agriculture (MSA) Masters in Business Administration (MBA)
Mr Albert Baloyi *Appointed on 31 July 2024	Non-Executive Director	M	Active	Bcom Accounting
Mr Lawrence Mduduzi Ndlovu *Appointed on 31 July 2024	Non-Executive Director	M	Active	Bachelor of Art in Philosophy Bachelor of Divinity Master of Theology Being a Director 1 – Short Course The Governance of Ethics – Short Course
Mr Ntokozo Mjiyako *Appointed on 31 July 2024	Non-Executive Director	M	Active	LLB PDM-S MPhil
Ms Bayiphiwe Simelane *Appointed on 31 July 2024	Non-Executive Director	F	Active	Diploma in Public Relations and Communication
Ms Thandeka Tshabalala *Appointed on 31 July 2024	Non-Executive Director	F	Active	BCom Accounting Post Grad in Financial Planning
Mr Musa Shibambu *Appointed on 31 July 2024	Non-Executive Director	M	Active	Master of Philosophy in International Business
Ms Tabisa Poswa *Appointed on 31 July 2024	Non-Executive Director	F	Active	Baccalaureus Juris Baccalaureus Legum – LLB
Mr Jason Sobekwa *Appointed on 31 July 2024	Non-Executive Director	M	Active	Bachelor of Accounting Post Graduate Diploma- Financial Management MBA ACMA, CGMA (CIMA)
Mr Thulani Alfred Mdadane *Appointed on 31 July 2024	Non-Executive Director	M	Active	MBA MSC M.Phil PHD
Mr Molapane Mothotoana	Executive Director (CEO)	M	Active Seconded to GICT on 2 April 2024)	N. Diploma Municipal Administration, B Tech. Public Management, M Tech. Public Management
Ms Nontobeko Ndimande	Executive Director (CFO)	F	Contract ended 17 September 2024	CA (SA)
Mr Thedi Moropa	Executive Director	M	Secondment ended 5 August 2024	MBA Post Graduate Diploma in Business Management Bcom Economics

Members	Capacity	Gender	Status	Qualifications
Mr Musa Nkosi	Acting Chief Financial Officer	M	Active (Appointed as acting CFO on 18 September 2024)	Postgraduate Diploma in Accounting Sciences Bachelor of Accounting Science (WITS)
Ms Nokwazi Mtshali	Acting Chief Executive Officer	F	(Appointed as acting CEO on 26 August 2024)	Bachelor of Arts Degree in Media and Communication Postgraduate Diploma in Management in the field of Public and Development Sector Monitoring and Evaluation Certificate in Municipal Financial Management
Independent Audit Members				
Adv Geraldene Chaplog-Louw *Appointed on 01 March 2023	Independent Audit Committee Member	F	Retired on 31 July 2024	LLB BA PPEL (Philosophy, Political Science, Economics, Law) Diploma Corporate Governance Associate General Accountant (SAICA) ACG/ACIS Associated Chartered Governance/Chartered Secretary
Mr Victor van der Merwe *Appointed on 01 March 2023	Independent Audit Committee Member	M	Retired on 31 July 2024	National Certificate in Insurance
Mr Daniel Nyamazane *Appointed on 16 January 2024	Independent Audit Committee Member	M	Retired on 31 July 2024	Bachelor of Commerce.
Ms Alvarno ARN Francis *Appointed on 16 January 2024	Independent Audit Committee Member	F	Retired on 31 July 2024	Bachelor of Commerce in Economics and International Trade.
Mr Obed Thenga	Independent Audit Committee Member	M	Active	BCom Honours
Mr Steven Piet Ngobeni	Independent Audit Committee Member	M	Active	National Diploma (Town/Urban and Regional Planning) B Tech degree (Town/Urban and Regional Planning) MA (Development Studies) MSc (Built Environment) MPA (Public and Development Management) LLM (International Business) PhD (Real Estate)
Ms Thulisile Mfusi	Independent Audit Committee Member	F	Active	Honours Degree in Accounting Science

BOARD DIVERSITY

The Board of Directors is composed of highly qualified professionals, both men and women, who are unwaveringly dedicated to the mission of building a resilient and sustainable entity. With a deep commitment to the principles of good governance and strategic oversight, the Board members collectively bring a wealth of expertise from across various sectors. Their skills and experience are instrumental in driving the entity's objectives and ensuring its long-term success.

The appointment of Board members is the prerogative of the Shareholder, which carefully selects individuals to ensure a complementary mix of skills, knowledge, and perspectives that align with the entity's mandate. This intentional approach to Board composition underscores our commitment to diversity, equity, and inclusion, which are pivotal to achieving our strategic goals.

Currently, the Board comprises 11 distinguished members, reflecting the rich diversity of South Africa. The Board consists of four Coloured South Africans, four Black South Africans, and three White South Africans. This ethnic diversity is further enriched by a balanced gender representation, with four female and seven male members, contributing to a broad range of viewpoints and insights.

In addition to their diverse backgrounds, the Board members span various age groups, bringing together a dynamic blend of seasoned experience and fresh, innovative thinking. This diversity in age fosters a culture of creativity and adaptability that enables the Board to respond effectively to both current challenges and future opportunities.

Overall, the diverse composition of the Board is a significant strength and fosters robust decision-making and governance. It reflects our commitment to inclusivity and positions the entity to thrive in a rapidly evolving environment, ensuring that we continue to meet the needs of our stakeholders while contributing positively to the broader community.

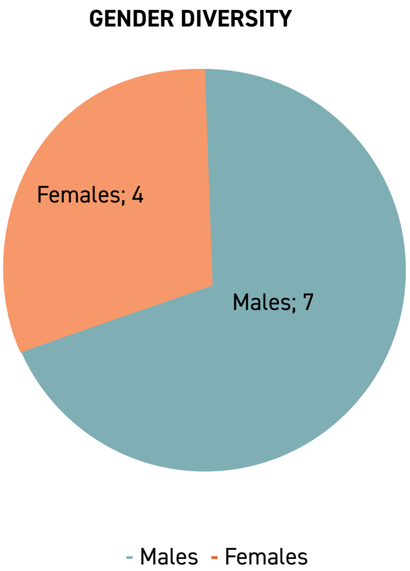


Figure 2: Gender Diversity

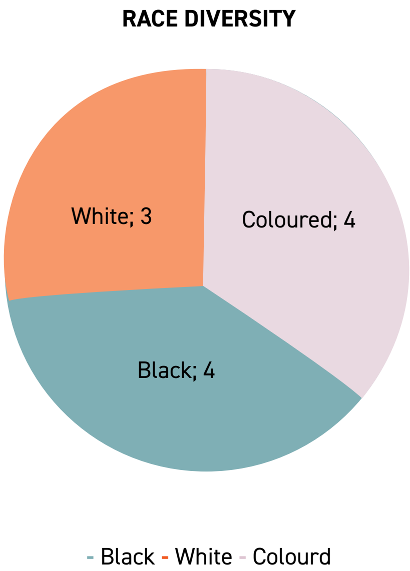


Figure 3: Race Diversity

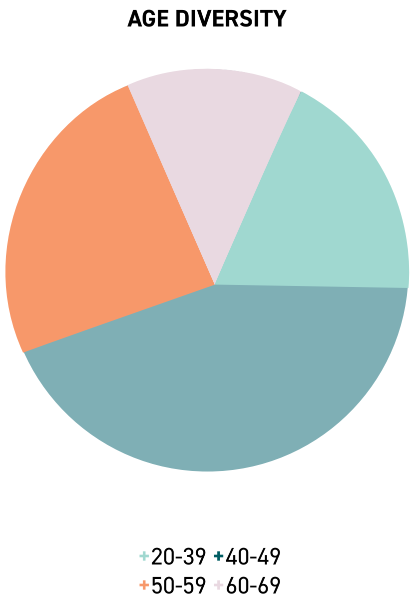


Figure 4: Age Diversity

BOARD AND COMMITTEE MEETINGS ATTENDANCE

During the year under review, the Board held ten meetings in total. The meetings included four annual ordinary meetings and six special Board meetings, which were called for critical issues. The Development Committee held five meetings, which included one special meeting. The ARC held seven meetings, four quarterly and three special meetings, and the Social, Ethics and Human Resource Committee (SEHRC) held four meetings, respectively.

Table 5 below provides the details of the attendance of members at the various meetings.

TABLE 5: NUMBER OF BOARD AND SUB-COMMITTEE MEETINGS AS AT 30 JUNE 2024

Board of Director	Board			Development			Social and Ethics			Audit & Risk		
	Attendance	Absent	Apologies	Attendance	Absent	Apologies	Attendance	Absent	Apologies	Attendance	Absent	Apologies
Number of Meetings	10			7			5			4		
Mr Molapane Sello Mothotoana (CEO)	10	0	0	0	0	0	0	0	0	0	0	0
Ms Nontobeko Ndimande (CFO)	10	0	0	7	0	0	5	0	0	4	0	0
Mr Bongani Radebe (Acting CEO)	6	0	0	5	0	0	3	0	0	3	0	0
Ms Sesupo Bridgette Mbonambi	6	0	0	-	-	-	-	-	-	-	-	-
Mr Thedi Moropa (A/CEO)	4	0	0	2	0	1	1	0	0	1	0	0
Mr Sydney James	1	0	0	-	-	-	-	-	-	-	-	-
Mr Simon Clarke	10	0	0	-	-	-	5	0	0	-	-	-
Ms Yolandi Erasmus	10	0	0	7	0	0	-	-	-	4	0	0
Mr Sepheu Masemola	10	0	0	7	0	0	-	-	-	4	0	0
Mr Tabane Manene	10	0	0	-	-	-	5	0	0	-	-	-
Ms Simphiwe Mnisi	10	0	0	-	-	-	-	-	-	4	0	0
Mr Henry Markus	9	0	0	-	-	-	2	0	0	-	-	-
Mr Jacques Watson	2	0	0	2			2	-	-	-	-	-
Ms Marilise Francis	2	0	0	-	-	-	2	-	-	-	-	-
Mr Makhate Shane Nqakalatsane	8	0	0	2	0	0	-	-	-	-	-	-
Mr Ingle Singh	9	0	0	-	-	-	3	0	0	-	-	-
Ms Jacelyn Scott	10	0	0	1	-	-	-	-	-	4	0	0
Mr Andre Smith	10	0	-	-	-	-	-	-	-	4	0	0
Mr Terry Tselane	7	0	0	-	-	-	-	-	-	4	0	0
*Mr Daniel Nyamazane	-	-	-	3	0	0	-	-	-	-	-	-
Adv. Geraldene Chaplog-Louw	-	-	-	7	0	0	-	-	-	-	-	-
Ms Pilekile Lefothe	-	-	-	4								
Mr Aboubakr Taoussi	-	-	-	1	0	0						
Ms Alvarno ARN Francis	-	-	-	3	0	0	-	-	-	-	-	-
Mr Victor van der Merwe	-	-	-	7	0	0	-	-	-	-	-	-

*Member of Audit and Risk Committee.

ROLES AND FUNCTIONS OF BOARD COMMITTEES

BOARD PERFORMANCE AND GOVERNANCE

The Board has diligently executed its roles and responsibilities throughout the financial year, ensuring the effective governance and strategic direction of the entity. In alignment with the City's Group Policy on the Governance of the Group Advisory Committees, Municipal Entities' Boards of Directors and the Independent Audit Committees, three Board committees were established. These committees were designed to strengthen the Board's oversight functions and ensure compliance with both internal policies and external regulatory requirements.

The Board approved the terms of reference for each committee, which clearly defined their mandate, scope of authority, and specific responsibilities in line with the principles of King IV. The delegation of operational management to the Chief Executive Officer (CEO) enables the Board to focus on high-level governance and strategic matters, while the day-to-day operations are managed effectively by the executive team. The Board is satisfied that it has fulfilled its responsibilities as outlined in its charter, and that the sub-committees have effectively executed their delegated duties, providing assurance on the entity's governance, risk management, and ethical conduct.

The ARC plays a critical role in ensuring the integrity of financial reporting, overseeing the internal audit function, and managing the entity's risk profile. In accordance with King IV, the Committee is responsible for evaluating the adequacy and effectiveness of internal controls, the internal audit process, and the entity's risk-management systems. The ARC also monitors compliance with legal and regulatory requirements and reviews the financial statements, ensuring transparency and accountability. The ARC reports its findings and recommendations to the Board, which enhances the overall governance framework.

The SEHRC is responsible for overseeing and guiding the entity's ethical conduct, corporate social responsibility, and sustainability practices, along with its human resources (HR). In line with the City's Code of Conduct and King IV, the Committee addresses issues related to ethical behaviour and promotes policies that ensure that labour practices are fair, responsible, and aligned with the entity's strategic objectives. In accordance with King IV, the Committee plays a key role in talent management, leadership development, and succession planning, and is also concerned with the entity's environmental impact. It ensures that the entity operates in a socially responsible manner and upholds the highest standards of ethics in its interactions with stakeholders. The Committee regularly reviews policies and practices to ensure alignment with the Board's commitment to ethical governance and stakeholder inclusiveness.

ETHICAL CONDUCT MANAGEMENT OF INTEREST MANAGEMENT

The entity, through the SEHRC, diligently addresses issues related to the ethical conduct of the company and its employees. The City's Code of Conduct (the Code), fully endorsed by the Board, serves as the foundation for ethical behaviour across the organisation. As part of its commitment to good governance, the Board requires all directors and executive managers to declare any potential conflicts of interest at every meeting of the Board of Directors and its committees. A register is maintained for this purpose, and any individual with a conflict of interest is recused from the relevant discussions and decision-making processes, ensuring that governance is conducted with integrity and transparency.

The following committees have been formed by the Board and are chaired by (NEDs):

- Audit and Risk Committee;
- Social, Ethics and HR Committee; and
- Development Committee.

I. AUDIT AND RISK COMMITTEE (ARC)

Section 166 of the MFMA (Act No. 56 of 2003) requires every municipal entity to have an audit committee. The ARC was formed in line with the aforementioned provision of the MFMA and the Companies Act (Act No. 71 of 2008).

The mandate of the Committee, as delegated by the Board of Directors in the Audit and Risk Charter aligned with section 166 of the MFMA, includes Financial Reporting and Reliability of Financial Information and Business Planning and Budget Implementation. The Committee is responsible for:

- Identifying financial, business, and operational risk areas of the company to be covered in the scope of internal and external audits;
- Ensuring that the company's Accounting Officer has put in place appropriate internal control systems;
- Monitoring and reviewing the effectiveness of the Internal Audit function;
- Overseeing the relationship of the company with the AGSA;
- Reviewing the consistency of, and any changes to, the accounting policies of the company – both on a year-on-year basis, and across the company and the CoJ;
- Reviewing the company's arrangements for its employees to raise concerns in confidence and in absolute confidentiality about possible wrongdoing or improprieties in financial reporting and in other matters;
- Monitoring and reviewing the performance information provided by the company against the approved business plan, the City's IDP, and the GDS, and provide to the Board of Directors an

authoritative and credible view of the performance of the company;
- Monitoring implementation of the policy and planning for risk management taking place by means of risk-management systems and processes;
- Overseeing that the risk-management plan is widely disseminated throughout the company and integrated into the day-to-day activities of the company;
- Ensuring that risk-management assessments are performed on a continuous basis;
- Ensuring that frameworks and methodologies are implemented to increase the possibility of anticipating unpredictable risks;
- Expressing a formal opinion on the effectiveness of the system and process of risk management; and
- Reviewing reporting concerning risk management that is to be included in the integrated report to establish that it is timely, comprehensive, and relevant.

The ARC is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period, including the oversight role it played regarding the function and performance of the internal audit.

Key areas of focus during the reporting period were:
- Information technology (IT), Risk Management, and Planning and Strategy
- Finance Reporting (Annual Financial Statements and budget)
- Audit (internal and external)
- Governance and Compliance (Annual Report, IT, finance and supply chain management (SCM) policies)

II. SOCIAL, ETHICS, AND HUMAN RESOURCE COMMITTEE (SEHRC)

The SEHRC is a statutory committee that was constituted in terms of section 72(4) of the Companies Act (No. 71 of 2008), and the MSA (read with Regulation 43 of the Companies Regulations, 2011).

The Committee's mandate is set out in its terms of reference and, inter alia, includes the following:

- Review reporting concerning risk management that is to be included in the integrated report to establish whether it is timely, comprehensive, and relevant.
- Oversee the setting and administering of remuneration at all levels in the company.
- Oversee the establishment of a remuneration policy that will promote the achievement of strategic objectives and encourage individual performance.
- Review the outcomes of the implementation of the remuneration policy for whether the set objectives are being achieved.
- Ensure that all benefits, including retirement benefits and other financial arrangements, are justified and correctly valued.
- Consider the results of the evaluation of the performance of the CEO and other executive directors (both as directors and as executives) in determining remuneration.
- Select an appropriate comparative source when comparing remuneration levels.
- Advise on the remuneration of non-executive directors.
- Manage development and succession plans for executive levels.
- Make recommendations to the Board where necessary or take approved action within its delegated authority.
- Create social and economic development, including by ensuring the organisation's standing in terms of the goal and purpose of the United Nation's (UN) Global Compact principles; recommendations regarding corruption; the Employment Equity Act (EEA); and Broad-Based Black Economic Empowerment (B-BBEE).
- Encourage good corporate citizenship, including the promotion of equality and contribution to development of communities.
- Preserve the environment, while promoting health and public safety.
- Foster healthy, productive, and sound customer relations.
- Engage in fair and lawful labour and employment practices.
- Bring matters to the attention of the Board in a timely manner, as the occasion requires.
- Report to the Shareholder at the AGM on matters within its mandate.

The Committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period. Furthermore, the Committee is satisfied that the HR policies well support the achievement of the organisation's strategic objectives.

Key areas of focus during the reporting period:
- Organisational design
- Human capital strategy
- Salary increments and benchmarking
- Committee terms of reference and policy reviews
- Performance agreement reviews, and signing of performance contracts
- Employment Equity (EE) compliance and corporate citizenship
- Organisational health and safety matters
- Stakeholder relations
- Employee wellness

III. DEVELOPMENT COMMITTEE

The Development Committee was constituted through shareholder approval, a process that was guided by the City's Group Policy on the Governance. The mandate of the Committee is set out in its terms of reference and, inter alia, includes the following:

- To approve new development reports at the detailed investigation stage and to give approval to proceed with the development, i.e., design and business plan development stage;
- To recommend to the Board the approval of new engagements in developments, where appropriate;
- To evaluate proposed financing mechanisms where external financing is required; and
- To set benchmarks to be used to evaluate the risk/ return relationship on significant projects to be undertaken by the company.

The Committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.

Key areas of focus during the reporting period:
- Oversight of capital projects' implementation
- Approval of project management on behalf of the City departments and entities
- Oversight of CAPEX spend
- Oversight of property management

BOARD ASSESSMENT

The King IV report recommends an evaluation of the Board, its committees, the Chairperson, and key executives on an annual basis. The assessment assists in the identification of any training that the members require to strengthen the Board in carrying out its fiduciary duties. It is further recommended that an overview of the process should be disclosed in the integrated report. The City as the sole shareholder conducts Board assessments across all entities annually. The JOSHCO assessment was conducted in November 2023 through a process where members completed a self-assessment questionnaire that was analysed and the results presented by the City through the Group Geverenance Department.

COMPANY SECRETARY FUNCTION

The Company Secretary (Cosec) plays a crucial role in upholding the highest standards of corporate governance within the organisation. Guided by the Companies Act as well as Local Government legislation, the Cosec ensures that Board procedures, regulations, and governance codes are strictly adhered to. In addition to facilitating Board meetings and maintaining accurate records, the Cosec provides ongoing guidance to Board members on governance, compliance issues, and their fiduciary responsibilities. Regular engagement with executive management and close collaboration with the Chairperson are key aspects of this role, ensuring alignment between governance practices and the organisation's strategic objectives. Through these efforts, the Cosec supports the Board in fostering ethical leadership and promoting transparency across the organisation.

CHIEF FINANCIAL OFFICER (CFO) AND THE FINANCE FUNCTION

The annual assessment by the City also allowed for the ARC to assess the competency, effectiveness, expertise, and experience of the CFO. The outcomes of this evaluation reflected the ARC's satisfaction that the CFO has the necessary and appropriate skills to execute their requisite responsibilities. The assessment also considered the appropriateness of the expertise and adequacy of the staffing of the finance function, with the findings suggesting that there is a need to capacitate the function in the future to ensure continued operations.

INTERNAL AUDIT

Section 165 of the MFMA provides that the internal audit function should be independent of management and report functionally to the Audit Committee. As part of the annual assessment, the ARC has assessed the effectiveness, expertise, and experience of the Internal Audit Manager, and is satisfied that he possesses the appropriate skills to execute the requisite responsibilities.

The Committee has noted the implementation of the annual audit plan and is satisfied with the progress made. It was noted that the Internal Audit Department performed its function diligently.

DIRECTORS AND PRESCRIBED OFFICERS' REMUNERATION

The Board fees are prescribed by the Shareholder and are regulated through the City's Group Policy on the Governance of the Group Advisory Committees, Municipal Entities' Boards of Directors and the Independent Audit Committees.

TABLE 6: PRESCRIBED DIRECTIONS' REMUNERATION AS AT 30 JUNE 2024

Type of Meeting		Fees: July 2023 – 30 June 2024 (R)
Board		
Chairperson – Meeting		16 000
Member – Meeting		12 000
Audit and Risk Committee		
Chairperson – Meeting		10 000
Member – Meeting		8 000
Social, Ethics, and Human Resource Committee		

Type of Meeting		Fees: July 2023 – 30 June 2024 (R)
Chairperson – Meeting		10 000
Member – Meeting		8 000
Development Committee		
Chairperson – Meeting		10 000
Member – Meeting		8 000

TABLE 7: BOARD OF DIRECTORS' REMUNERATION AS 30 JUNE 2024

Name	Designation	Remuneration (R)
Ms Sesupo Bridgette Mbonambi	Non-Executive Director	*144 000
Mr Sydney James	Non-Executive Director	*32 000
Mr Jacques Watson	Non-Executive Director	56 000
Ms Marilise Francis	Non-Executive Director	40 000
Mr Simon Clarke	Non-Executive Director	*182 000
Ms Yolandi Erasmus	Non-Executive Director	*238 000
Mr Sepheu Masemola	Non-Executive Director	*336 000
Mr Tabane Manene	Non-Executive Director	*172 000
Ms Simphiwe Mnisi	Non-Executive Director	*164 000
Mr Henry Markus	Non-Executive Director	*124 000
Mr Makhate Shane Nqakalatsane	Non-Executive Director	*142 000
Mr Ingle Singh	Non-Executive Director	*144 000
Ms Jacelyn Scott	Non-Executive Director	*180 000
Mr Andre Smith	Non-Executive Director	*152 000
Mr Terry Tselane	Non-Executive Director	*128 000
Total		**R2 234 000**

*Fees include ARC sitting, Group Committee and Strategic Planning Sessions.

TABLE 8: INDEPENDENT AUDIT COMMITTEE MEMBERS' REMUNERATION AS AT 30 JUNE 2024

Name	Designation	Remuneration (R)
Adv. Geraldene Chaplog-Louw	Independent Audit Committee Member	68 000
Mr Daniel Nyamazane	Independent Audit Committee Member	24 000
Mr Victor van der Merwe	Independent Audit Committee Member	56 000
Ms Alvarno ARN Francis	Independent Audit Committee Member	24 000
Ms Pilekile Lefothe	Independent Audit Committee Member	32 000
Mr Aboubakr Taoussi	Independent Audit Committee Member	8 000
Total		**R212 000**

TABLE 9: EXECUTIVE MANAGEMENT'S REMUNERATION AS AT 30 JUNE 2024

Name	Designation	Remuneration (R)
Mr Molapane Mothotoana	Chief Executive Officer	2 191 103.20
Ms Nontobeko Ndimande	Chief Financial Officer	2 836 681.78
Ms Nokwazi Mtshali	Executive Manager: Corporate Services / Planning & Strategy	2 641 738.56

Name	Designation	Remuneration (R)
*Mr Themba Mathibe	Chief Operations Officer	2 193 409.55
*Mr Immanuel Burton	Company Secretary	270 865.93
*Ms Livhalani Nemaugani	Executive Manager: Planning and Startegy	466 678.94
Total		**R10 600 477.96**

*Mr Themba Mathibe resigned end of May 2024
*Mr Immanuel Burton resigned end of September 2023
*Ms Livhalani Nemaugani resigned end of January 2023

SECTION 2:
JOSHCO HIGH-LEVEL ORGANISATIONAL STRUCTURE

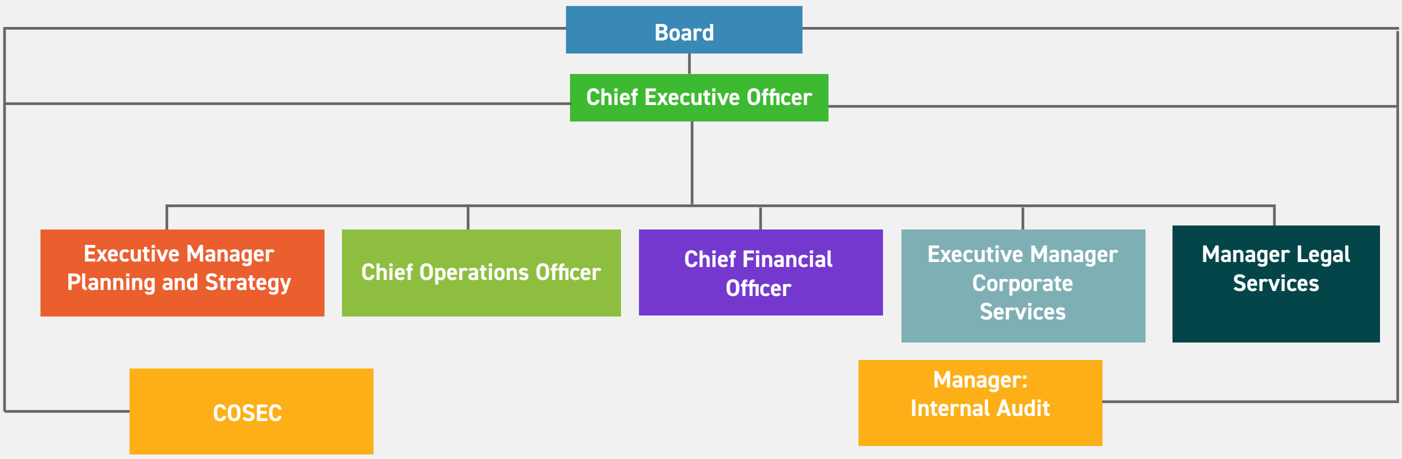


Figure 5: High-level Structure

SECTION 3:
GOVERNANCE OF STAKEHOLDER RELATIONS

Section 2 of the Social Housing Act requires the Social Housing Institution (SHI) to facilitate the involvement of residents and important stakeholders through consultation, information sharing, education, training, and skills transfer. In this way, the SHI will empower residents, with the aim of prioritising the needs of low-to-medium income households with respect to the development of social housing. The entity is committed to delivering long-term, sustainable business performance and developing meaningful stakeholder relations given the cyclical nature of the industry. The stakeholders of JOSHCO are set out in Table 10 below, along with a description of their importance to the company and a measure of their influence.

The organisation is aware that its potential to develop and endure depends on the quality of its interactions with its stakeholders. Throughout the financial year, stakeholders were adequately involved in discussions about problems that interested them, and decisions were made with their invaluable input in mind.

TABLE 10: STAKEHOLDERS MATRIX

JOSHCO's Stakeholder	Symbols	Impact	Interest	Role of JOSHCO towards the Stakeholder	Engagement Platforms with Stakeholders
Shareholder: City of Johannesburg		High	High	• Social housing implementing agent of the City • Ensuring that the delivery of services is aligned with the Service Level Standard (SLS) signed with the City	• Participation in the City's sustainable cluster • Performance reporting in line with the MSA and City framework • Attendance of all strategic meetings at which JOSHCO is required to be present – such as those under section 79, Group Oversight Committees, Mayoral and Council meetings

JOSHCO's Stakeholder	Symbols	Impact	Interest	Role of JOSHCO towards the Stakeholder	Engagement Platforms with Stakeholders
Political Leadership: MMC, Ward Councillors		High	High	• Service delivery: Achieving the political mandate of delivering planned social housing units; promoting local SMMEs; Inner-City regeneration and converting all hostels to family units; and job creation in previously disadvantaged communities	• Attendance of community meetings convened by the political leadership • Frequent and ongoing reporting on burning issues • Regular meetings with Ward Councillors to discuss construction and allocations in their respective wards • Quarterly meetings between JOSHCO's representatives and the MMC
Board of Directors		High	High	• Ensuring that governance protocols and standards are adhered to • Advising the Board on important matters related to the business of JOSHCO • Ensuring that the Board is well equipped and informed about the performance of the entity it serves	• Quarterly reporting on the performance results of the entity • Constant updates to the Board via emails and other forms of communication • Scheduling and convening quarterly meetings with the Board
Auditor-General South Africa		High	High	• Submitting all compliance reports as per the MFMA and Treasury regulation • Submitting the annual financial statements (AFS) timeously for audit purposes • Adhering to any request within a prescribed time	• Audit preparation meetings • During and post Audit meetings through the Audit Steering Committee • Invited as and when required for Board meetings
Labour		High	High	• Providing training to Local Labour Forum (LLF) members • Affording sufficient time to labour representatives to meet with their union members as agreed • Meetings between labour and management through the LLF to address matters of importance between staff and management	• Constant updates on follow-up matters • Ongoing LLF meetings
The Media		High	Moderate	• Providing the media with good-news stories on the work performed by JOSHCO • Conducting site/project visits to showcase the milestones achieved	• Ongoing building of the JOSHCO brand through media partnerships that have already been formed
JOSHCO Contractors and Service Providers		High	Moderate	• Empowering JOSHCO service providers through equitable distribution of work (rotation) • Ensuring that service providers are paid within the 30-day period to enable them to be sustainable	• Bi-monthly service-provider meetings • Workshops with new service providers to educate them on the business of JOSHCO and its SLS

JOSHCO's Stakeholder	Symbols	Impact	Interest	Role of JOSHCO towards the Stakeholder	Engagement Platforms with Stakeholders
JOSHCO Tenants		High	High	• Ensuring that JOSHCO properties are well maintained both inside and out • Meeting the SLS turnaround times • Hosting tenant workshops for new tenants • Providing employment opportunities through the EPWP programme • Providing accurate bills at a reasonable time to tenants • Through the provision of security services, ensuring that JOSHCO project environments are safe	• Meetings with tenant committees to address other issues that affect tenants • Conducting project ratings and customer satisfaction surveys • Embarking on community development initiatives
The Community		High	High	• Providing information on the application process • Educating the community on how to report fraudulent activities	• Continued engagements through social media, print, and local radio stations
CoJ Housing Core/ National Government		High	Moderate	• Providing the department with information related to social housing matters, e.g., development of units and housing management	• Signing of service level agreements (SLAs) with the department regarding institutional arrangements • Quarterly reporting on deliverables related to social housing matters
Funders, e.g., Social Housing Regulatory Authority (SHRA)		Moderate	Moderate	• Utilising the funding for the purpose for which it was intended • Funders can report on JOSHCO's achievements/ deliverables (as a funding beneficiary)	• Sourcing more funding to promote and develop social housing • Quarterly reporting on deliverables related to social housing matters • Regular meetings with funders to address shortcomings, where necessary
Other Municipal-Owned Entities (MOEs) and Departments		Moderate	Moderate	• Enhancing the waste-management programmes in partnerships with MOEs such as Pikitup • Enhancing energy efficiency programmes in partnership with MOEs such as Pikitup and Eskom/City Power • Engaging in bulk services, e.g., roads, and storm water and sewerage services with Joburg Water	• Regular engagements with the relevant MOEs and departments
Other Stakeholders, e.g., National Association of Social Housing Organisations (NASHO) and South African Housing Foundation		Low	Moderate	• Annual affiliation • Regular engagement for improvements and promotion of social housing	• Regular meetings to address shortcomings, where necessary

JOSHCO's Stakeholder	Symbols	Impact	Interest	Role of JOSHCO towards the Stakeholder	Engagement Platforms with Stakeholders
Institutions of Higher Learning		Moderate	Low	• Obtaining accreditation for provision of student accommodation • Always ensuring compliance	• Meetings to discuss accommodation requirements • Email communications about reopening of institutions
Students		High	Moderate	• Provision of student accommodation that meets the student accommodation criteria • Ensuring the health and safety of students while they are in JOSHCO facilities • Making available all the benefits that are part of student accommodation package	• Regular meetings with the management company to address student challenges and JOSHCO's expectations • Utilising social media platforms for announcements and advertisements

SECTION 4:
RISK MANAGEMENT AND INTERNAL CONTROLS

KING IV REPORT PRINCIPLE 11: RISK GOVERNANCE

The enterprise-wide risk-management method used by JOSHCO emphasises departmental cooperation to manage the company's wide range of risks as a whole. In the context of risk, control, and governance, the entity is committed to improving compliance, managing risks, and sustaining good governance on an ongoing basis. This is essential for managing the entity's finances and ensuring that resources are used effectively, efficiently, and to their fullest financial potential.

Risk governance is achieved by continuously assessing, evaluating, and overseeing the processes used to minimise acknowledged operational and strategic risks.

RISK- MANAGEMENT COMMITMENT

JOSHCO has established a specialised risk-management function that is overseen by the Executive Manager of Business Planning and Strategy. This function is responsible for managing and supporting the comprehensive organisational risk-management procedure, and encompasses compliance management, fraud and corruption detection, business continuity planning, and associated whistleblowing services.

The organisation has an approved risk-management framework, policy, and strategy that guide the risk-management process. Additionally, the ARC of the Board provides effective oversight on risk management and the organisation's control environment.

INTERNAL CONTROL

The organisation bases its strategy for risk management on well-established governance procedures that rely on both individual accountability and group monitoring, as well as extensive reporting. Continuous risk assessments are carried out to discover new risks that could have a detrimental influence on the achievement of organisational goals, in recognition of the complex and evolving risk environment.

Risk assessments were continuously conducted during FY 2023/2024 to identify and manage potential risks that might negatively impact the achievement of the strategic and operational objectives of the organisation.

RISK- MANAGEMENT STRATEGY

The Board of Directors at JOSHCO is dedicated to implementing a risk-management process that complies with the principles of good governance as outlined in the Public Finance Management Act (PFMA), No. 1 of 1999; the Public Sector Risk Management Framework of 1 April 2010; and the COSO Integrated Risk Management Framework. JOSHCO acknowledges that risk management is a crucial component of effective management and, therefore, adopts a comprehensive approach. The specifics of this approach can be found in JOSHCO's Risk Management Policy and Framework.

JOSHCO recognises that risk management requires a team-based approach for effective application across the organisation. In line with the principles of the King IV report, the Board has the ultimate responsibility for the management of risks within JOSHCO.

In ensuring that risk is embedded within JOSHCO, the Board delegates the responsibility for managing risks to management. Management then ensures that all risks that affect its areas of responsibility are identified and mitigated to acceptable levels.

Board of Directors

- Overall governance of risk responsibility
- Sets risk tolerance levels and risk appetite
- Sets risk tone and approves strategic risks
- Reports to Shareholder on risk-management activities of the organisation
- Provides advice to the Committee

Audit and Risk Committee

- Receives routine risk-management reports
- Monitors risk control implementation progress
- Recommends policy to the Board for approval
- Approves a risk-based internal audit plan
- Provides advice to management
- Implements Board recommendation(s)

Executive Committee

- Ensures risk management is embedded into all processes
- Reviews risk profile monthly
- Prepares routine risk-management reports
- Analyses business environment against uncertainty
- Prepares policy and recommends to Committee
- Identifies emerging risks and sets risk controls
- Facilitates combined assurance
- Implements Committee recommendation(s)

Implementation of Board recommendation(s)

Implementation of Board recommendation(s)

Risk Management (Progress on the Management of Strategic Risks)

	Residual risk is extremely high (EH)
	Residual risk is high (H)
	Residual risk is moderate (M)
	Residual risk is low (L)

TABLE 11: ANALYSIS OF THE ORGANISATIONAL RESIDUAL RISK AS AT 30 JUNE 2024

No	Risk Description	Residual Risk Rating as at 1 July 2023	Risk Mitigation Movement	Residual Risk Rating as at 30 June 2024	Comments
1	Inability to continue as a going concern	Very High		Very High	Most of the mitigation actions have been implemented. However, this risk continues to be tracked owing to our financial position.
2	Inability to deliver capital projects on time	High		High	Most of the mitigation actions have been implemented. One project has been delayed by more than three months, outside the appetite levels of three months.
3	Failure to implement effective job creation and SMME support systems	Medium		Medium	The risk is within the appetite and tolerance level of zero.
4	Minimal/Inadequate stakeholder and customer relations management	High		Medium	All mitigation actions have been implemented. Stakeholder and customer relations issues were resolved within five and seven days, which is within the appetite and tolerance levels, respectively.
5	Health, safety and security incidents in JOSHCO projects	Medium		Very High	The entity has zero appetite and tolerance on this risk and there were reported incidents in the year under review. This has led to the risk remaining high for most of the year.
6	Business interruption	High		Medium	All mitigation actions have been implemented and no significant incidents were reported.
7	Fraud and corruption	High		Very Hiigh	Six fraud cases were opened in the financial year.
8	Aging infrastructure	High		High	The entity continually tracks the progression on the infrastructure, and as such has put measures in place to address the deteriorating infrastructure.
9	Aging infrastructure	Medium		Medium	Some instability was reported throughout the year; however, this has been dealt with at the relevant levels.

EMERGING RISK AS AT 30 JUNE 2024

An emerging risk as at 30 June 2024 was mpox. Mpox or monkeypox is an illness caused by the monkeypox virus. It is a viral infection that can spread between people and occasionally from the environment to people via things and surfaces that have been touched by a person with mpox. In settings where the monkeypox virus is present among some wild animals, it can also be transmitted from infected animals to people who have contact with them.

Mpox can cause a range of signs and symptoms. While some people have less severe symptoms, others may develop more serious illness and need care in a health facility. Those typically at higher risk of more severe symptoms include people who are pregnant, children, and people that are immunocompromised, including people with untreated and advanced HIV disease.

Common symptoms of mpox include a rash that may last for two to four weeks. This may start with, or be followed by, fever, headache, muscle aches, back pain, low energy, and swollen glands (lymph) nodes.

SECTION 5:
ANTI-FRAUD AND CORRUPTION

The Board carried out its anti-fraud and corruption responsibilities in accordance with Principle 1 of the King IV report, which states that the governing body is responsible for the governance of ethics within the organisation. The Board has expressed its commitment to rooting out fraud and corruption and addressing issues related to past corporate governance breaches, in order to restore the entity's reputation and to improve its financial and operational sustainability. A zero-tolerance approach is taken towards fraud and corruption.

As part of increasing awareness around anti-fraud and corruption within JOSHCO's different stakeholders, the Risk Management Unit partnered with the Marketing & Communication Department and Housing Management Department (Revenue Unit) to create awareness around anti-fraud and scammers during the tenanting process. The awareness session was held on 31 May 2024 at Ekhaya Gardens, as the estate is new, and tenanting is still underway.

Furthermore, on the 5th of June 2024, the Group Forensics and Investigation Services (GFIS) conducted anti-fraud and corruption awareness training at JOSHCO head office, with the focus of the training centred on committing fraud and its consequences thereafter.

There was a great turnout for both awareness sessions, which were a success. Awareness has been created as intended.

In collaboration with the GFIS, the Risk and Compliance Unit held targeted workshops in areas that were categorised as high risk, such as Supply Chain Management, Leasing, and the Human Resources Department.

Owing to the centralisation of the investigation function at the City under the GFIS, all reported cases of fraud, maladministration and corruption were referred there for further investigation. The GFIS registered six cases in FY 2023/24, the investigation of all of which is in progress. The entity will be furnished with a report once investigations are concluded on cases that are in progress, as per Table 12 below.

TABLE 12: CASES UNDER INVESTIGATION AS AT 30 JUNE 2024

GFIS No.	Date Registered	Allegation	Status
27/08/2018	2018/08/04	Alleged fraud and corruption at JOSHCO.	In progress Draft report is being finalised
12/11/2021	2021/11/12	Alleged maladministration at JOSHCO, whereby a drama series was shot and aired on Channel 157 MOJA-LOVE, at the Roodepoort property without following the proper authorisation process of the location.	In progress Draft report is being finalised
39/12/2021	2021/12/15	Alleged maladministration with regard to the appointment of the ICT Manager, in which the recruitment process was marred by gross irregularities. JOSHCO management (CEO, Executive Managers, HR Manager, and Financial Manager) is also accused of continuous malpractice, favouritism, and nepotism when it comes to filling of vacancies.	In progress Draft report is being finalised

GFIS No.	Date Registered	Allegation	Status
26/09/2022	2022/09/14	Alleged fraud and corruption regarding fraudulent debit orders deducted from the JOSHCO Standard Bank account. The debit orders are deducted every month in respect of MFC (Vehicle), Tekkie town (Sneakers), Virgin Active (Gym), Truworths, and Sanlam.	In progress Draft report is being finalised
25/11/2023	2023/11/17	Alleged breach of security in the impersonation of former MMC Mabaso to solicit money for a house allocation.	In Progress Report complete. Matter will be closed, insufficient information to investigate.
3/05/2024	2024/05/07	Alleged breach of security in the impersonation of former MMC Mabaso to solicit money for a house allocation.	In Progress New matter; request for information was sent.

SECTION 6:
ICT GOVERNANCE

KING IV REPORT PRINCIPLE 12: TECHNOLOGY AND INFORMATION GOVERNANCE

Principle 12 mandates the Board to oversee technology and information to support the organisation's strategic objectives. The Board has delegated the oversight of Information and Communications Technology (ICT) to the ARC, which ensures ICT governance, assesses risks, and monitors controls. Management is responsible for developing and implementing policies and frameworks once they have been approved by the Board. The ICT policy was reviewed and approved for implementation in the first half of the fiscal year. The entity's ICT governance aligns with relevant legislation and frameworks, such as the COBIT Framework and the International Organization for Standardization (ISO) standards.

2023/24 ICT PERFORMANCE

ICT continued to play the strategic role of transforming the organisation into a more digitised and automated entity. Several projects were initiated in the 2023/24 FY as described below.

- **Disaster Recovery** - the ICT department has implemented a Fully Managed Data Centre (FMDC) to ensure business continuity, and all critical services of the organisation are replicated to the site, ensuring that JOSHCO operations continue even in the event of a disaster. In the 2023/24 financial year, four successful tests were conducted.
- **Network Availability** - The JOSHCO network remains stable. A contingency measure is in place in the form of a Secondary Network Link that supplements the MTC Primary Network Link, and this has ensured that the organisation does not encounter any network outages.
- **Cybersecurity** - JOSHCO ICT implemented SOPHOS Email Advanced, which is an email security product aimed at ensuring complete protection from cyber-attacks. With this measure in place, ICT can now guarantee the adequate security of the organisation and full compliance with the minimum information security standards. In the reporting period from 1st July 2023 to 30th June 2024, JOSHCO did not experience any attacks on its network and server infrastructure. This is solely attributed to the hardened policies that are applied to the firewall.
- **Data Centre Uptime/Downtime** - JOSHCO head office experienced a power outage from 1 to 14 May 2024, which was attributed to cable theft from City Power infrastructure under the M1 Tunnel. However, the ICT department was able to ensure that operations continued with minimal impact, as a result of the installed Uninterrupted Power Supply (UPS) system, which takes over when there is no power at the head office.

CURRENT AND FUTURE PROJECTS

The entity acknowledges that the maturity level of the ICT function is not at a level that the entity requires in order to thrive. There are several initiatives that are planned for the 2024–25 FY that are intended to improve the ICT environment. The following are current and future projects.

TABLE 13: CURRENT AND FUTURE ICT PROJECTS

Project	End User Department	Status
Maintenance Escalations	Housing Management	Completed
JOSHCO e-Leasing (JOSHCO App)	Leasing	Completed
System Centre Service Manager	Entire Organisation	Completed
Customer Service Portal	Customer Service	Completed
Supplier Database Repository	Supply Chain Management	Completed
KPI Management Tool	Entire Organisation	In Progress
Sage Intacct Upgrade	Finance	Completed
VoIP (Voice Over Internet Protocol) Migration	Entire Organisation	Completed
Review of ICT Policies	Entire Organisation	Initiated
HR Process Automation	Human Resources	Initiated
Revenue Performance Dashboard	Revenue	Initiated
Managed Security Operations Centre (SOC)	ICT	Not Started

Prioritisation in the implementation of projects is based on the level of risk exposure that the entity experiences. The implementation of the above initiatives will improve the ICT environment and contribute significantly to supporting the achievement of the entity's strategic objectives. The ICT department aims to reduce the need for natural capital through the continuous adoption of cloud technologies to minimise reliance in the on-site server processing facilities.

SECTION 7:
COMPLIANCE WITH LAWS AND REGULATIONS

KING IV REPORT PRINCIPLE 13: COMPLIANCE GOVERNANCE

An organisation's compliance with industry laws, rules, and standards, as well as with corporate and regulatory policies and obligations, is ensured through the complex discipline of compliance management. The organisation employs the EXCLAIM! Compliance program to keep track of whether pertinent laws are being followed. Other tools, such as compliance risk-management strategies, are utilised in addition to EXCLAIM! to identify, evaluate, and track JOSHCO's level of compliance with pertinent regulatory requirements that are a part of its operations. Twenty-eight Acts and regulations were determined to be applicable to JOSHCO's operations as of the end of the financial year and are listed on the Regulatory Universe. Below is some of the core legislation that the entity complies with:

- Construction Industry Development Board Act, No. 38 of 2000
- Social Housing Act, No. 16 of 2008
- Rental Housing Act, No. 50 of 1999
- Housing Act, No. 107 of 1997
- Local Government Municipal Finance Management Act, No. 56 of 2003
- Occupational Health and Safety Act, No. 85 of 1993 Construction Regulations

During the 2023/24 FY, the entity managed to comply fully with 24 Acts to a 100% compliance level, while four Acts are still not at the 100% compliance level. The current compliance for the 2023/24 FY stands at 98.6% against a target of 100%. Compliance with the Companies Act and the Protection of Personal Information Act (POPIA) has reached 100%. This is a significant increase and indicates continued efforts by the organisation to comply with laws and legislation.

We saw only one Act regress at the end of Quarter 4, with the current challenges with rental collection and lease renewals in our projects seeing the Rental Housing Act regress. Monitoring of compliance with the Acts is conducted on a regular basis to ensure full compliance by the targeted period. Equally, at the end of Quarter 4 we saw improvement in the Social Housing Act and regulations, to the point where we are now in possession of all occupation certificates (OCs) that were outstanding, and only await the SHRA to give us feedback on the status of accreditation. The current cash-flow challenges in the City and current JOSHCO deficit will keep the Municipal Finance Management Act at below 100% compliance.

The entity has drawn up an action plan that aims to monitor progress in addressing provisions that it is still not fully compliant with. This tool is being utilised as a constant reminder for Acts' owners to implement the recommendation provided in the plan.

Chapter 3

SERVICE DELIVERY PERFORMANCE

SECTION 1:
SERVICE DELIVERY HIGHLIGHTS AND ACHIEVEMENTS

This chapter outlines the entity's operations, along with any difficulties encountered, potential solutions, and plans for dealing with underperformance. The organisation created a business plan that was in line with the objectives of the City and took into account the shareholder agreement and service delivery contract that had been signed with the Shareholder. The highlights and accomplishments of the 2023/24 FY are set out below.

TENANTING

- The entity continues to improve the tenanting process and is ensuring that vacated units are filled promptly to maintain a vacancy rate of no more than 2%. Tenanting is also ongoing in other projects, with all projects managing attrition.

COMMERCIAL SPACES

- The entity continues to look at exploring alternative revenue sources, and there is a targeted effort to ensure that the entity maximises on commercial spaces as rentals due owing to their proximity at its facilities.

PROJECTS DEVELOPMENT

- The entity has completed a total of 495 units in this financial year. A further 657 units have been developed to the point where they only require the installing of services before they are ready to go on the market for occupation.

AUDIT OPINION

- Entity received unqualified Audit opinion in 2023/24FY.

SECTION 2:
SERVICE DELIVERY CHALLENGES

RENTAL COLLECTION

The revenue-collection target for the 2023/24 FY was 100% (2022/23: 80%). The entity performed 33% behind the budgeted target, as we collected 67% for the financial year. However, this is an improvement on the 57% collected in the previous financial year. Low collection levels are primarily influenced by city referral stock.

CASH-FLOW ISSUES

Another challenge experienced in the year concerned the cash-flow issues that cut across all departments and entities.

SECTION 3:
RESPONSE TO STRATEGIC DIRECTION

TABLE 14: STRATEGIC GOALS AND ACHIEVEMENTS

Strategic Goal/Objectives	2021/22 Achievements	2022/23 Achievements	2023/24 Achievements
Develop and manage social housing and student accommodation	- 349 units were completed and await finalisation of compliance documents in order to commence with tenanting. - 210 units were developed to a level where they only require connections to services.	- 555 units have been developed. - 936 units completed in the FY and ready for occupation. - Tenanting is ongoing for various projects.	- 657 units were developed to a level where they only require connections to services. - 495 units completed in the FY and ready for occupation. - Tenanting is ongoing for various projects.

Strategic Goal/Objectives	2021/22 Achievements	2022/23 Achievements	2023/24 Achievements
Be a smart and capable entity	- 503 EPWP job opportunities were created. - 10.65% of CAPEX was spent on SMMEs.	-970 EPWP opportunities have been created. - Over 30% of CAPEX was spent on SMMEs for the FY.	- 831 EPWP opportunities have been created. - Over 30% of CAPEX was spent on SMMEs for the FY.
Develop and manage affordable rental housing	- Conditional assessment of all tenanted properties was carried out in the FY. - 98.26% occupancy rate achieved.	- The entity currently has an occupation rate of 98.20% across its projects. - Both proactive and reactive maintenance has been conducted to ensure adequate response to our tenants and infrastructure.	- The entity currently has an occupation rate of 98.50% across its projects.
Develop and manage social housing and student accommodation	- Robust tenant-engagements sessions were conducted across tenanted projects. - Online system (JOSHCO App) developed to provide easy access to JOSHCO's application process. The system will be finalised at the beginning of the new FY.	- Launch of the online system (JOSHCO App). This system has seen a seamless application process. - All service level standards have been met. - JOSHCO stakeholders have embarked on the regularising of tenants.	- Launch of the online system (JOSHCO App). This system has seen a seamless application process. - All service level standards have been met. - JOSHCO stakeholders have embarked on the regularising of tenants.
Be a smart and capable entity	- Functional Board for the FY to provide strategic direction and oversight. - 24 Acts and regulations were at 100% compliance by the end of the FY.	- The entity has a new Board from 1 March 2023 and there has been an efficient transition. - 28 Acts and regulations were at 100% compliance by the end of the FY.	- The entity has a new Board from 31 July 20241 March 2023 and there has been an efficient transition. - 24 Acts and regulations reached 100% compliance by the end of the FY.

PROFILING OF PROJECTS IMPLEMENTED IN THE 2023/24 FY

The City allocated a capital budget of R492,3 million at the beginning of the financial year. However, the budget was reduced to R337 million during mid-year budget adjustment. In the financial year, JOSHCO undertook 17 active projects, which were approved in the 2023/24 Business Plan. Ten of these projects are at the planning stage, while seven of the projects are at the implementation stage.

Projects under Implementation

TABLE 15: PROJECTS UNDER IMPLEMENTATION

Project Name	Total Unit Yield	2023/24 Unit Yield	Actual Start Date	Status	Planned Completion date
Abel Road Conversion (Phase 1)	107	Nil	01 July 2023	In-progress	30 August 2024
106 Claim Street Social Housing Project	80	Nil	20 July 2023	In-progress	30 August 2024

Project Name	Total Unit Yield	2023/24 Unit Yield	Actual Start Date	Status	Planned Completion date
Nederburg Student Accommodation	60	Nil	25 July 2023	In-progress	31 September 2024
Nancefield Social Housing Projects	372	Nil	4 May 2021	In-progress	30 September 2024
Prince Plots Social Housing Projects	333	333	1 November 2019	Completed	Completed
Devland Social Housing Project (Phase 3)	171	Nil	14 November 2022	In-progress	30 March 2025
Riverside View Social Housing (Phase 2)	184	Nil	1 November 2023	In-progress	31 December 2024

Projects under Planning Stage

RANDBURG SELKIRK

The professional team has finalized compiling compiled the documents for the submission of the Section 7(6) application for submission at the CoJ and sent application forms and Building Plans to JOSHCO for signature. The Section 7(6) application is expected to be issued within 2 two weeks of the submission.

RIVONIA EDENBURG TURNKEY

JOSHCO has terminated the contract with the Developer for Breach of Contract. JOSHCO's legal representative are is still in talks with the Developer to find a solution regarding the land parcel.

DENVER EXTENSION 20 (JEPPESTOWN)

The professional team has obtained the revised comments from the Transport Department, and is currently waiting for Johannesburg Roads Agency (JRA) consolidated comments. The CoJ Land Use Management (LUM) is currently awaiting revised consolidated comments from the Environment and Infrastructure Services Department (EISD), which in turn. EISD comments are still outstanding, is awaiting the Environmental Assessment report. Once the consolidated comments have been issued to the CoJ Land Use Management LUM, the rezoning application will be finalised.

MILPARK SOCIAL HOUSING PROJECT (FRANK BROWN PARK)

The rezoning and division of land applications are currently awaiting the final comments from infrastructure service departments prior to finalisation by the CoJ Development Planning. The professional team is finalising the Stage 3 designs.

The rezoning application had been submitted online to the CoJ Development Planning and the comments from service departments have been received. No objections have been received. The professional Team team presented the Stage 3 designs to JOSHCO on 5 March 2024, however, comments were issued in response to the presentation, and the professional team is currently finalising the Stage 3 designs.

KELVIN SOCIAL HOUSING PROJECT

The rezoning application for this project was submitted to CoJ Development Planning at the end of November 2023. The application received more than 400 objections from the adjoining neighbours, and the application will go to the CoJ Municipal Planning Tribunal (MPT) for a decision. The Town Planner is currently working on resolving some of the objections and putting together a supplementary motivation for the MPT.

According to an objection received from Urban Dynamics, the site was earmarked for a water reservoir which was part of the 2022/23 budget. JOSHCO had a meeting with Johannesburg Water in April 2024 to ascertain the Urban Dynamics' comments, and it was resolved that Joburg Water will find another land parcel for its proposed water reservoir. JOSHCO is currently awaiting the revised comments and withdrawal of Urban Dynamics' objection before the application is presented at the MPT for a decision.

LOMBARDY EAST SOCIAL HOUSING PROJECT

A rezoning application was submitted in the third quarter and the application is currently in circulation. Comments were issued by various infrastructure service departments and the engineers are currently addressing those comments. Once final comments from all the City's service departments have been issued, the application will then be finalised by the CoJ Development Planning.

MARLBORO SOCIAL HOUSING PROJECT

JOSHCO approved the Stage 1 report of this project and the professional team is currently addressing the concept and viability. In addition, consultants are currently finalising the documents for submission of the simultaneous rezoning and subdivision application. Land use applications were submitted in June 2024, and the applications are currently in circulation.

MARLVERN SKILLS DEVELOPMENT CENTRE

The Project Manager and professional team have been appointed for this project. The inception report was presented to JOSHCO on 23 November 2023. JOSHCO approved the Stage 1 report and the professional team is currently addressing the concept and viability. However, in June 2024, consultants revised the scope to social housing as a skills development centre was not seen to be aligned with JOSHCO's core mandate. The professional team is currently working on the revised scope as per JOSHCO's instructions.

PARK CHAMBERS PRECINCT

JOSHCO is currently awaiting JPC to finalise the land transfer matter by the Johannesburg Property Company (JPC) prior to submission of the rezoning application and site development plan.

280 SMIT STREET-STUDENT ACCOMMODATION

The Town Planner is currently compiling documents for submission of a site development plan and building plans under the existing land use rights.

SECTION 4:

PERFORMANCE AGAINST SERVICE LEVEL STANDARDS

This chapter outlines the entity's operations, along with any difficulties encountered, potential solutions, and plans for dealing with underperformance. The organisation created a business plan that was in line with the objectives of the City and took into account the shareholder agreement and service delivery contract that had been signed with the Shareholder. The highlights and accomplishments of the 2023/24 FY are set out below.

The following are the seven standards that the Shareholder expects the entity to adhere to:

- 98% accuracy rate for bills to all active customers;
- 96% of maintenance requests attended to within seven working days of the logged call (revised to 14 working days through the mid-year deviation);
- Routine building maintenance once per year and as and when required;
- Outcome of enquiry regarding application for rental housing to be sent to applicant within five days;
- Outcome of the application communicated to the applicant within seven days (revised to 10 working days through the mid-year deviation);
- Acknowledgement and response within 24 hours of a complaint being logged; and
- Resolution of a complaint within five working days of a logged call.

With the entity having met all SLSs, overall performance has improved in comparison to the prior year's performance. Throughout the financial year, the entity made progress towards meeting the reactive maintenance criterion. With the goal of improving service delivery, management works actively with the Board to reduce disjointed procedures.

TABLE 16: PERFORMANCE AGAINST SERVICE LEVEL STANDARDS

Core Service	Service Level Standard Target	Q1 %	Q2 %	Q3 %	Q4 %	2023/24 %	Evidence	Variance	Variance Explanation
Billing of customers	98% accuracy rate for bills to all active customers	99,3	98,6	98,6	98,6	98,7	Dated and signed prebilling monthly report for each project Approved tariff report	None	None

Core Service	Service Level Standard Target	Q1 %	Q2 %	Q3 %	Q4 %	2023/24 %	Evidence	Variance	Variance Explanation
Attending to requests for maintenance	96% of maintenance requests attended to within 14 working days of the logged call	100	100	100	100	100	MDA report on jobs logged	+3.49%	None
Routine building maintenance	Once per year and as and when required	100	100	100	100	100	Approved Service Plan for 2023/24 submitted once during Quarter 1 or when reviewed; and MDA/jobs report	None	None
Application for rental housing	Outcome of enquiry to be sent to applicants within five days	1,5 days	2 days	1,5 days	1,5 days	1,5 days	Email database and emails	None	None
Application for rental housing	Outcome of the application communicated within 10 working days	2 days	2 days	2 days	3 days	2 days	Dated and signed tracking document or App report and SMS report	None	None
Resolution of complaints	Acknowledgement and response within 24 hours of complaint being logged	24 hours	24 hours	24 hours	24 hours	24 hours	Automated emails	None	None
Resolution of complaints	Resolution within five working days of logged call	2 days	2,5 days	1 day	2,5 days	2 days	Monthly spreadsheet with a summary of all queries addressed for the reportable month, and emails	None	None

SECTION 5:
PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

During the year under review, JOSHCO was able to implement its strategic objectives and business plan. The entity had 22 Key Performance Indicators (KPIs) in the 2023/24 FY, which were measured to ensure that the objectives were achieved. Of the 22 targets set, 16 were achieved, six were not achieved, as shown in Table 17 below. Figure 6 below illustrates the annual performance in relation to the predetermined objectives.

2023/24 FY JOSHCO PERFORMANCE

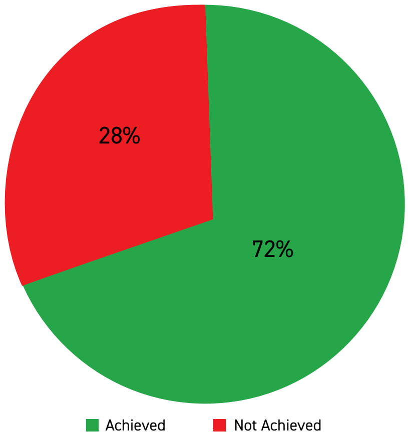


Figure 6: 2023/24 FY JOSHCO Performance

TABLE 17: VARIANCE REPORT AS AT 30 JUNE 2024

Key Performance Area (KPA)	KPI No	Key Performance Indicator (KPI)	Annual Target 2023/24	Actual	Variance	Remedial Action
Financial Stability	1	Current Ratio	Current Ratio 1:1	0:47	-1:53	• Increase in management fee income earned on projects implemented on behalf of other CoJ entities. • Student accommodation and commercial spaces as alternative revenue.
	2	Solvency Ratio	Solvency Ratio 1:1	0:50	-1:50	
	3	% collection in respect of current debtors	100% collection in respect of current debtors	69%	-31%	• Appointment of debt-collection companies. • Improved credit-evaluation process for new tenant applications. • New payment options: i.e., DebiCheck, debit order, and stop order. • JOSHCO had obtained a total of 31 eviction orders. Seventeen of these orders have been successfully executed. • Stock transfer of City referral stock.

Key Performance Area (KPA)	KPI No	Key Performance Indicator (KPI)	Annual Target 2023/24	Actual	Variance	Remedial Action
	4	% of valid invoices paid within 30 days of invoice receipt	100% of valid invoices paid within 30 days of invoice receipt	54%	-46%	The entity continues to engage with Group Treasury for weekly allocation of funds.
	5	% of CAPEX spent on Exempt Micro Enterprises (EMEs)	30% of CAPEX spent on EMEs	32.42%	+2.42	N/A
	6	% of CAPEX budget spent	100% expenditure of approved capital budget	100%	-	N/A
Good Governance	7	% resolution of internal audit findings	100% resolution of internal audit findings (cumulative)	100%	-	N/A
	8	% resolution of external audit findings	100% resolution of AG findings	53%	-47%	The finance team will continue to work with internal audit to resolve the financial statement-related findings. Internal audit will review the annual financial statements (AFS) to be submitted to AG.
	9	Level of audit opinion	Unqualified audit opinion	Unqualified audit opinion	N/A	N/A
	10	% compliance with laws and regulations	98% compliance to laws and regulations	98.6%	1.6%	N/A
	11	% implementation of corrective action against identified risks	95% implementation of corrective action against the identified risks	100%	+5%	N/A
Personnel Vacancy Rate	12	% employee vacancy rate	5% employee vacancy rate	11.01%	+6.01%	A submission was sent to the CEO to proceed with the recruitment and appointment of qualified personnel to vacant posts as of 1 July 2024.
Employee Development	13	Number of employee development initiatives	Four employee development initiatives	4	-	N/A

Key Performance Area (KPA)	KPI No	Key Performance Indicator (KPI)	Annual Target 2023/24	Actual	Variance	Remedial Action
Smart City	14	Number of digitisation initiatives completed	Four digitisation initiatives completed	5	+1	N/A
	15	Number of ICT awareness initiatives	32 ICT awareness initiatives	41	+9	N/A
Job Opportunity and Creation	16	Number of jobs created for the unemployed through EPWP programmes	720 jobs created	831	+111	N/A
Sustainable Service Delivery	17	No. of social housing units developed without services	450 housing units developed	657	+207	N/A
	18	No. of social housing units completed	450 housing units completed	495	+45	N/A
	19	% of social housing units occupancy rate	98% occupancy rate	98%	-	N/A
	20	% achievement of service standards	100% achievement of service standards	100%	-	N/A
	21	Tenant management initiatives implemented by community development	4	5	+1	N/A
	22	% of affordable housing unit occupancy rate (non-regulated)	98% occupancy rate	98%	0	N/A

HOUSING MANAGEMENT

Tenanting and Allocation Function of Rental Units

The ability of the entity to draw in and keep reputable tenants is crucial to its continued existence and sustainability. All new tenants go through an induction process during which the roles and obligations of each party are explained. Additionally, tenants receive instructions about what is permitted in the rental units. Building vacancies are carefully monitored to comply with SHRA regulations that allow no more than a 2% vacancy. Tenants are kept up to date with relevant information through tenant training sessions, which are held periodically at various JOSHCO properties.

TABLE 18: PROPERTY OCCUPANCY RATE (REGULATED RENTAL STOCK) AS AT 30 JUNE 2024

Estate Name	Number of Units Available	Number of Occupied Units	Occupancy %
City Deep New	329	327	99
Devland	255	254	99
Dobsonville	502	501	100
Fleurhof Junction	452	447	99
Fleurhof Riverside	252	251	100
Kliptown Square	478	477	100
Pennyville (Flats)	198	191	96
Riverside View	180	178	99
Roodepoort Tshedzani	432	430	99
Turffontein	525	523	100
Lufhereng	406	398	98
TOTAL	**4 009**	**3 977**	**99**

TABLE 19: PROPERTY OCCUPANCY RATE (NON-REGULATED RENTAL STOCK) AS AT 30 JUNE 2024

Estate Name	Number of Units Available	Number of Occupied Units	Occupancy %
AA House	254	254	100
African Diamond	61	58	95
Antea	409	354	87
Bellavista Infill	36	36	100
Bothlabela	521	520	99
Citrine Court	79	78	98
City Deep Old	425	411	97
Europa House	167	164	98
Hoek Street	265	263	99
Klipspruit (Beds)	54	53	98
Kliptown Golf C	936	929	99
La Rosabel	50	49	98
MBV	188	185	98
Legae	92	92	100
Orlando Ekhaya 2	190	185	97
Orlando Ekhaya 1	102	99	97
Pennyville Rooms	564	562	100
Phoenix House	135	135	100
Rashers' Building	95	95	100
Selby Rooms	19	17	89
Selby Units	256	253	99
Textile Building	162	157	97
Union Square	341	341	100
TOTAL	**5 401**	**5 292**	**98**

JOSHCO's newest project, eKhaya Gardens (Princess Plots), was launched in April 2024 (333 units) and is almost fully tenanted (as of August 2024). The second phase of the Riverside View projects is envisaged to be launched by the end of September 2024 and to have full occupation by the end of December 2024. These projects will see JOSHCO cross the 10,000-unit line by the end of 2024.

TABLE 20: ANNUAL COMPARISON OF OCCUPATION RATE

No.	Financial Year	Number Units	Occupied	Vacancy	Occupancy Rate %
1.	2019/2020	8 698	8 309	389	95.53
2.	2020/2021	8 827	8 759	68	99.40
3.	2021/2022	9 056	8 899	157	98.26
4.	2022/2023	9 056	8 893	163	98.20
5.	2023/2024	9 743	9 542	201	98

REGULARISATION PROCESS

The organisation has begun the procedure for making sure that each JOSHCO tenant has a legitimate lease agreement. To emphasise the value of having a legally binding lease agreement in place, effective tenant-engagement workshops have been set up. Additionally, tenants are informed of the many services provided by JOSHCO and the regulatory body, SHRA, for legitimate tenants. These products include vouchers for incentives and rental-relief payments.
Table 21 below reflects progress made in the financial year.

TABLE 21: LEASE RENEWAL STATUS AS AT END OF JUNE 2024

Lease Renewal Programme	
Inner-city Projects	1 062
Greenfield Projects	1 105
Total Renewed Leases	2 167

MAINTENANCE FUNCTION HIGHLIGHTS

Maintenance is a component of property management, which is a strategy for retaining and growing the value of a building as an asset. Maintenance is therefore important to the management of the entire investment in the building and the satisfaction of the tenants. Maintenance falls into the following categories:

- Common-area maintenance
- Vacancy re-instatement maintenance
- Planned maintenance
- Reactive maintenance

In order to improve efficiency and manage maintenance costs, JOSHCO's EXCO has adopted a hybrid maintenance model that will see the entity using both the insourced maintenance team and outsourced contractors. The insourced maintenance team started in August 2022. Housing Management re-arranged the portfolio set up so that the first phase of the insourced maintenance team could be easily implemented in the Inner-City projects.

UNPLANNED MAINTENANCE

Unplanned maintenance, also referred to as "reactive maintenance", occurs when the failure of a building component requires immediate attention. This type of maintenance restores the component to operational condition following an unforeseen failure. The bulk of unplanned-maintenance activities are a response to requests lodged by tenants residing within JOSHCO buildings and preserve the tenants' comfort and convenience. The response by the entity has been excellent given the current financial climate, with the entity achieving its SLS for reactive maintenance. However, the ongoing challenge that squarely affects the level of unplanned or reactive maintenance is the shortage of funds to perform major upgrades and refurbishments on JOSHCO's older buildings, which require a lot of structural attention.

PLANNED MAINTENANCE

Planned maintenance work at predetermined intervals is required to meet legislative, health, and safety (OHS), technical and/or operational reliability considerations, and to preserve the useful life of the City's assets and prolong their economic life.

Planned maintenance consists of scheduled preventative, legislative, and condition-based maintenance.

The benefit of preventative maintenance is that it results in lower future reactive maintenance requirements and ensures optimal preservation of non-movable assets.

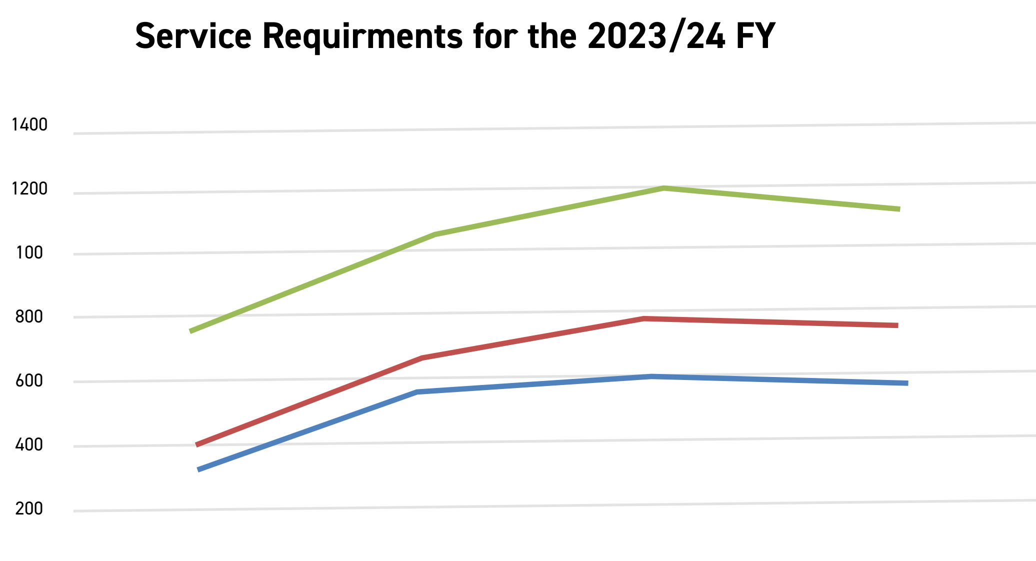
Legislative maintenance is maintenance that is required to meet requirements mandated in various Acts, regulations, or any other legally required instrument(s); i.e. the annual expenditure of up to 8% per annum on the current value of Plant, Property and Equipment as per the provisions of the MFMA.

The need for condition-based maintenance is identified as a result of a condition assessment or inspection process. The maintenance work is carried out because the physical condition of a building structure, building element, or service is below the acceptable norm, standard and/or condition.

MAINTENANCE COST AND SERVICE LEVEL STANDARDS (SLS)

In the financial year ending in June 2024, a total of R201 100 962 was spent on building repairs and maintenance against a budget of R62 507 656, resulting in 222% spent. A total of R13 889 338 was spent on planned maintenance programmes for the year, and R187 201 624 was spent on unplanned maintenance. The significant expenditure on unplanned maintenance speaks to the requirement for major building refurbishments and upgrades. Plumbing issues continue to form the bulk of the issues experienced across all the property portfolios.

Figure 7 below provides a trend analysis of the service type per quarter for the year ending 30 June 2024.



	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Repaired & Maintenance	297	389	449	397
Electrical	121	125	132	178
Plumbing	297	548	613	548

Figure 7: Service-Type Trend Analysis

As shown in Figure 7, more than half of the maintenance jobs in the financial year related to plumbing. Maintenance jobs dealt with blockages to drainage systems and aging infrastructure in converted hostel projects. They also involved the replacement of geysers that had burst at the end of their life span and were out of warranty; the repair and replacement of leaking water-supply piping; and the replacement of sanitary fittings that had failed having come to the end of their life span. Major repair and maintenance programmes have been launched to bring the infrastructure to optimal functionality.

PLANNED MAINTENANCE

Planned maintenance programmes have consequently been given greater priority and will aim to ensure that service to tenants is satisfactory and that quality, habitable, and safe living conditions are provided. Thorough building-condition audits were conducted at all projects during the 2021/22 financial year. The detailed condition reports and maintenance plans were presented for budgeting purposes, and, after approval, a plan was developed for implementation. This saw various maintenance programmes developed to address the outcomes of the conditional assessments.

The following report provides a breakdown of planned maintenance executed from the 2019/20 to the 2023/24 FYs.

Table 22: PLANNED MAINTENANCE 2019-2024

Financial Year	2019/20	2020/21	2021/22	2022/23	2023/24
Total	R 8 236 851	R 11 352 326	R 16 463 039	R 18 142 117	R 13 889 338

EXPANDED PUBLIC WORKS PROGRAMME (EPWP)

JOSHCO supports the EPWP programme through its creation of job opportunities and skills development programmes for poor and unemployed people residing in the vicinity of projects that are under construction. Job opportunities range from skilled work to manual labour, depending on the type of projects and the existing skills in the community. Furthermore, additional EPWP opportunities are created through major clean-up campaigns and minor repair work at tenanted projects.

The Department of Economic Development in the City is entrusted with the responsibility of coordinating the EPWP programme City wide. An annual target of 720 EPWP jobs was agreed upon with JOSHCO at the beginning of the financial year and 831 EPWP jobs were created during the year under review, resulting in the set target being exceeded.

SMME Support

Small, Medium, and Micro Enterprises (SMMEs) play a critical role in providing employment and skills development in local economies. In a country with high unemployment, poverty, and inequality that affect young people in particular, SMMEs are essential for addressing these challenges. The City has urged all its entities to align their objectives with its priorities, one of which is to create a business-friendly environment. In line with this priority, the City has recognised the importance of improving the ease of doing business for the formal sector and of providing direct support services to SMMEs as part of its economic recovery strategy. In this way, it aims to help more people start and grow their businesses.

JOSHCO has a strategic objective that is aimed at contributing to the priority of creating a business-friendly environment through the support of SMMEs and job creation. A target of spending 30% of construction expenditure on SMMEs was set at the beginning of the financial year and over 30% was achieved by end of the financial year. To achieve this target, the projects that were at implementation stage allocated work packages such as brickwork, plastering, plumbing, electrical, civil works, earthworks, and general builders' works to SMMEs.

SECTION 6:
RECOMMENDATIONS AND PLANS FOR THE NEXT FINANCIAL YEAR

DEVELOPMENT OF UNITS

The entity has developed a business plan for the 2024/25 FY that outlines a number of interventions and programmes that will be implemented towards achieving its strategic objectives and ultimately the mandate of providing social housing units. The City's focus for its capital investment in the 2024/25 Medium-Term Revenue and Expenditure Framework (MTREF) is balanced between ensuring that the current infrastructure and facilities are properly maintained and functional, and that adequate investment is made in response to urbanisation and population growth.

As an entity, we recommend a CAPEX allocation of approximately R1,8 billion for three financial years in order to complete the projects that are in a multi-year pipeline, including the turnkey projects. The entity has the capacity to develop more than 3000 units in three financial years through turnkey projects that provide units at large scale.

There are projects such as Abel Road Conversion (Phase 1), Nancefield, and Riverside View that have reached completion stage. The completion of these projects will result in more than 1000 families benefiting from safe, secure, and well-located accommodation at an affordable price. JOSHCO will continue with its priority programmes in line with the CoJ priorities in FY 2024/25.

STUDENT ACCOMMODATION

The entity will continue its student accommodation programme, with plans to commence the refurbishment of the Smit Street building in the 2023/24 FY, while the Nederburg refurbishment is already underway to ensure a further reach on student accommodation. These institutions are within a 10km radius from two prominent institutions of higher learning. There is a budget allocation of over R30 million on student accommodation for the 2023/24 FY that will be utilised for finalising the preconstruction stage, which includes a feasibility study, project concept, project design development and design documentation, plans approval and contracting. Owing to budget constraints, the entity will also explore partnerships with the private sector in order to accelerate the delivery of student accommodation in terms of unit numbers.

PROPERTY MANAGEMENT

The leasing of properties under JOSHCO's administration is crucial for the company's continued existence. This makes it essential for the sustainability of the company that the properties are managed properly to guarantee that they continue to be appealing. The management of a property will cover running the property's operations, such as by selecting tenants and making arrangements for security, cleaning, repairs, and upkeep. The Social Housing Act (as published in the Government Gazette, 26 January 2012) states that a "comprehensive inspection of housing stock" needs to be conducted "at least every three years". This inspection is aimed at fulfilling the property-management requirement, with the inspection results used to:

- Determine the physical state of the project;
- Ascertain any maintenance shortcomings; and
- Inform the long-term maintenance plan and budget requirements.

CUSTOMERS SERVICE

JOSHCO's principles, which promote a culture of being honest in its operations, treating customers with respect, and continually learning best practices to increase efficiency, are built around the idea that JOSHCO is a customer-centric organisation. As a result, the entity has implemented various initiatives that are aimed at strengthening the relationship with both current and potential clients. These initiatives include the following:

- **Tenant Outreach**

  The organisation continued with its mission to comprehend the problems affecting the tenants at the project level fully. Throughout the financial year, tenants expressed a variety of concerns, some of which were legitimate and required focused effort to address while others were based on perception and for which explanations were given. The initiatives taken to involve tenants are a sign that management and the Board are managing a compassionate organisation.

- **Safety and Security**

  In ensuring the tenants' safety and security, the entity has continued to install biometrics and secure burglar bars and security gates across its facilities. The projects are designed to cater for every person, including people with disabilities, children, and women. With all of its tenants in mind, safety is a priority and as such various safety measures were implemented in the financial year.

Chapter 4

HUMAN RESOURCES AND ORGANISATIONAL MANAGEMENT

INTRODUCTION

Human resources (HR) play a vital role in supporting, developing, and cultivating a friendly culture in the workplace. In addition to its many other tasks, the HR department actively manages candidate recruitment and onboarding, training and development, performance management, payroll, and more. In all these tasks, the department embodies the fundamental principles necessary for building a welcoming workplace culture.

The HR department fosters a positive work environment and culture that robustly promotes employee satisfaction and engagement, overseeing employee recognition and benefits. It strongly focuses on promoting diversity and inclusion initiatives to create a balanced and inclusive workplace. The department proactively develops and implements succession planning to ensure continuity in key positions; effectively manages issues related to employee relations; and provides robust support to resolve conflicts and grievances. Additionally, it promotes health and wellness programmes to support employee well-being and productivity.

STRATEGY ALIGNMENT AND CHANGE MANAGEMENT

Aligning strategy and managing change within JOSHCO involve ensuring that all strategic initiatives reflect the organisation's vision and mission; using training and a supportive governance structure for driving strategic objectives; adapting to change; and involving all levels of management in key discussions. Continuous monitoring using KPIs, along with feedback mechanisms, enables timely adjustments to be made and ensures adaptability to changing circumstances and that changes are embedded into daily operations.

ORGANISATIONAL DESIGN

Following the change in leadership, significant changes took place within the entity. This necessitated that the company review its operating model in terms of organisational structure. As a result, the entity undertook to review the structure, and in the process certain positions were removed and others introduced.

RECORD MANAGEMENT

The HR department is required to ensure the handling and maintenance of personnel records in accordance with the National Archives Act, 1996 (Act No. 43 of 1996), PFMA, Promotion of Access to Information Act (PAIA), POPIA, and other applicable laws. The HR team aims to improve recording keeping on an ongoing basis, with efforts made to ensure that a more integrated system is adopted.

JOSHCO's management of records involves planning, controlling, directing, organising, training, promoting, and other managerial activities involved in the creation, maintenance, and use of records. It also involves the entity adopting the disposition to achieve the adequate and proper documentation of its policies and transactions.

SECTION 1: EMPLOYEE REMUNERATION

EMPLOYEE COMPENSATION

Compensating employees with a salary serves as a foundational incentive for their hardworking and successful performance. Employee motivation is intricately linked to their compensation. Salaries represent a substantial share of employees' income and significantly impact their standard of living. Moreover, employees' remuneration directly influences their level of performance and overall productivity.

EMPLOYEE REMUNERATION (TOTAL COSTS, INCLUDING EXECUTIVES)

This section provides the total employee remuneration of all employees that were in JOSHCO's employment during the financial year (including the executive members), as summarised in Table 23 below.

TABLE 23: PERSONAL COST BY OCCUPATION LEVEL AS AT 30 JUNE 2024

Occupational Level	No. of Employees	Costs to Date (R)
Top Management	3	7 221 194,53
Executive Managers	2	3 113 261,41
Middle Managers	40	38 400 559,68
Skilled, Technicians	124	65 329 211,17
Semi-Skilled	5	1 247 915,75

Occupational Level	No. of Employees	Costs to Date (R)
Internship	10	627 794,16
EPWP	940	33 023 987,58
Unskilled	350	69 228 783,61
Total	**1 474**	**R218 192 707,89**

SECTION 2:
EMPLOYMENT AND VACANCIES

The organisation has experienced a significant decrease in the recruitment staff to fill new positions owing to the moratorium imposed since December 2023. However, we have continued to prioritise the recruitment of employees to fill existing positions to maintain the company's productivity. Filling management positions is of the utmost importance as this contributes directly to a stable work environment. The recruitment of the rest of the staff will follow as soon as the moratorium is lifted.

TABLE 24: EMPLOYMENT AND VACANCIES AS OF 30 JUNE 2024

Operations / Support	Departments	Approved Headcount	Current Headcount	Vacancies	Temps	Interns
CEO Office	Office of the CEO	18	10	8	0	0
Operations	Office of the COO	7	5	2	0	0
	Housing Development	42	12	30	3	0
	Housing Management	492	426	66	0	0
Support	Finance, SCM	22	15	7	4	0
	Corporate Services	40	20	20	0	2
	ICT	28	4	24	0	2
	Planning and Strategy Department	19	8	11	0	0
Total		**668**	**500**	**168**	**7**	**4**

STAFF TURNOVER

The staff turnover report indicates that 21 individuals left the organisation for various reasons throughout the year. The primary reasons for departure were resignations, largely attributed to employees finding better opportunities elsewhere. Additionally, five employees reached retirement age and consequently had to be transitioned out of the organisation.

TABLE 25: REASON FOR STAFF TURNOVER IN 2023/24

2023/24	No. of Employees Leaving	% Total of Staff Leaving
Death	0	0
Resignation	9	4
Dismissal	0	0

2023/24	No. of Employees Leaving	% Total of Staff Leaving
Retirement	5	2
Ill health	0	0
Expiry of Contract	7	3
Other	0	0
Total	**21**	**9**

SECTION 3:
EMPLOYMENT EQUITY

Employment Equity (EE) is profiled according to gender, disability, race, salary grade, and by occupational levels. The EE targets are aligned with the country's Economically Active Population (EAP) percentage distribution within the Gauteng region. The EAP includes people from 15 to 64 years of age who are employed, unemployed, and/or seeking employment. This method is used to assist employers to analyse their workforce to determine the degree of under-representation of the designated groups.

JOSHCO is required to use the EAP as a guideline, to determine the resource allocation and subsequent interventions that are needed to achieve an equitable and representative workforce.

TABLE 26: EMPLOYMENT EQUITY AS AT 30 JUNE 2024

Employment Equity Profile															
Occupational Level	Male				Female				Foreign Nat.		Local		Grand Total	Racial Profile %	Female Gender Representation Achievement %
	A	C	I	W	A	C	I	W	M	F	M	F			
Top Management	1	0	0	0	1	0	0	0	0	0	1	1	2	100	50
Senior Management	0	0	0	0	1	0	0	0	0	0	0	1	1	100	100
Professionally Qualified / Middle Management	20	0	0	2	10	0	1	0	1	1	22	11	35	86	33
Skilled Technically and Academically Qualified	47	3	0	0	60	3	1	1	0	0	50	65	115	99	56
Semi-Skilled	2	0	0	0	1	0	0	0	0	0	2	1	3	100	33
Unskilled	153	2	0	0	186	3	0	0	0	0	155	189	344	100	55
Total	**225**	**5**	**0**	**2**	**260**	**6**	**2**	**1**	**1**	**1**	**232**	**268**	**500**	**99**	**53**

TABLE 27: PERSONS WITH DISABILITY AS AT 30 JUNE 2023

Persons with Disabilities													
Occupational Level	Male				Female				Foreign Nat.		Total		Grand Total
	A	C	I	W	A	C	I	W	Female	Male	Female	Male	
Top Management	0	0	0	0	0	0	0	0	0	0	0	0	0

Persons with Disabilities													
Occupational Level	Male				Female				Foreign Nat.		Total		Grand Total
	A	C	I	W	A	C	I	W	Female	Male	Female	Male	
Senior Management	0	0	0	0	0	0	0	0	0	0	0	0	0
Professionally Qualified / Middle Management	0	0	0	0	0	0	0	0	0	0	0	0	0
Skilled Technically and Academically Qualified	1	0	0	0	3	0	0	0	0	0	3	1	4
Semi-Skilled	0	0	0	0	0	0	0	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	1	0	0	0	3	0	0	0	0	0	3	1	4

COMMENTS

The entity's racial profile is heavily skewed towards African males and females. Recruitment of people with disabilities continues to be a challenge. However, this is being addressed with the implementation of the newly approved EE plan, which will result in a change in our racial profile regarding people with disabilities.

TABLE 28: DISABILTY PERCENTAGE STANDING

Actual Number of Staff with Disabilities	4
Total Staff Complement	500
Disability Target	10
Actual Disability %	0.80%

TABLE 29: WORKFORCE PROFILE IN TERMS OF AGE, RACE, GENDER, AND FOREIGN NATIONAL STATUS AS AT JUNE 2024

Occupational Level	Age Group	Male				Female				Foreign National		Total
		A	C	I	W	A	C	I	W	M	F	
Top Management	18-34	0	0	0	0	0	0	0	0	0	0	0
(Level 1-2)	>35	1	0	0	0	1	0	0	0	0	0	2
	Total	1	0	0	0	1	0	0	0	0	0	2
Senior Management	18-34	1	0	0	0	0	0	0	0	0	0	1
(Level 3-4)	>35	1	0	0	0	1	0	0	0	0	0	2
	Total	2	0	0	0	1	0	0	0	0	0	3
Professionally Qualified	18-34	5	0	0	0	2	0	0	0	0	0	7
(Level 5-6)	>35	13	0	0	2	8	0	1	0	1	1	26
	Total	18	0	0	2	10	0	1	0	1	1	33
Skilled	18-34	11	1	0	0	23	0	0	0	0	0	35
(Level 7-8)	>35	36	2	0	0	36	2	1	1	0	0	78
	Total	47	3	0	0	59	2	1	1	0	0	113

Occupational Level	Age Group	Male				Female				Foreign National		Total
		A	C	I	W	A	C	I	W	M	F	
Semi-Skilled	18-34	2	0	0	0	2	0	1	0	0	0	5
(Level 9-10)	>35	0	0	0	0	0	0	0	0	0	0	0
	Total	2	0	0	0	2	0	1	0	0	0	5
Unskilled	18-34	45	0	0	0	25	0	0	0	0	0	70
(Level 11)	>35	108	2	0	0	161	3	0	0	0	0	274
	Total	153	2	0	0	186	3	0	0	0	0	344
Temporary	18-34	2	0	0	0	2	0	0	0	0	0	4
	>35	0	0	0	0	0	0	0	0	0	0	0
	Total	2	0	0	0	2	0	0	0	0	0	4
Grand Total		**225**	**5**	**0**	**2**	**261**	**5**	**3**	**1**	**1**	**1**	**504**

TABLE 30: PERCENTAGE STANDING ON RACE AND GENDER

Occupational Level	Age Group	Male %				Female %				Foreign National %		Total %
		A	C	I	W	A	C	I	W	M	F	
Top Management	18-34	0	0	0	0	0	0	0	0	0	0	0
(Level 1-2)	>35	50	0	0	0	50	0	0	0	0	0	100
	Total	50	0	0	0	50	0	0	0	0	0	100
Senior Management	18-34	100	0	0	0	0	0	0	0	0	0	33
(Level 3-4)	>35	50	0	0	0	50	0	0	0	0	0	67
	Total	67	0	0	0	33	0	0	0	0	0	100
Professionally Qualified	18-34	71	0	0	0	29	0	0	0	0	0	21
(Level 5-6)	>35	50	0	0	8	31	0	4	0	4	4	79
	Total	55	0	0	6	30	0	3	0	3	3	100
Skilled Technical	18-34	31	3	0	0	66	0	0	0	0	0	31
(Level 7-8)	>35	46	3	0	0	46	3	1	1	0	0	69
	Total	42	3	0	0	52	2	1	1	0	0	100
Semi-Skilled	18-34	40	0	0	0	40	0	20	0	0	0	100
(Level 9-10)	>35	0	0	0	0	0	0	0	0	0	0	0
	Total	40	0	0	0	40	0	20	0	0	0	100
Unskilled	18-34	64	0	0	0	36	0	0	0	0	0	20
(Level 11)	>35	39	1	0	0	59	1	0	0	0	0	80
	Total	44	1	0	0	54	1	0	0	0	0	100
	18-34	50	0	0	0	50	0	0	0	0	0	100
Temporary	>35	0	0	0	0	0	0	0	0	0	0	0

SECTION 4:
SKILLS DEVELOPMENT AND TRAINING

MAINTAINING A SKILLED AND CAPABLE WORKFORCE

There was a large uptake of the training initiatives provided, with many employees making use of the bursary element.

TABLE 31: SKILLS DEVELOPMENT AND TRAINING

Occupational Category	Number of Employees	Training Provided within the Reporting Period		
		Skills Programmes & Other Short Courses	MFMA Compliance Programme	Bursaries
Top Management	2	0	0	0
Executive Manager, incl. Senior Management	4	0	2	0
Middle Management	32	22	2	2
Skilled Technical and Academically Qualified	107	116	2	12
Semi-Skilled	5	4	0	2
Unskilled	350	260	0	7

TRAINING INTERVENTIONS FOR 2023/24

Various training interventions were delivered during the reporting period, as follows:

- The company held an Organisational Culture and Change Management session, which was attended by over 220 employees from all equity categories.
- A total of 20 training interventions were implemented. These interventions included compliance training, induction, and skills development training. These interventions were necessary to assist in closing department-specific skills gaps as well as gaps identified in individual learning plans.
- A total of 23 employees were awarded bursaries to further their studies, which ranged from certificate programmes to diplomas and bachelor's degree programmes.

INTERNSHIP PROGRAMME

This programme is in line with the National Skills Development plan, to which JOSHCO subscribes. The company offers unemployed youth and graduates the opportunity to acquire workplace skills and experience. In the financial year, a total of four interns were recruited and placed in HR (1), Marketing (1), and IT (2).

SECTION 5:
PERFORMANCE MANAGEMENT

This section provides an update of the organisation's performance-management contracting in accordance with the Performance Management System policy. JOSHCO maintains a well-established and standardised performance-management policy, which is accompanied by a robust procedure for establishing performance objectives that are directly aligned with the Business and Divisional plans.

Performance reviews are conducted twice a year, with the year-end performance scores determining performance recognition. Our ongoing, enhanced performance development and coaching approach ensures that employee performance is consistently and rigorously reviewed. Table 32 below summarises the submission of performance agreements and reviews by department. Additionally, impactful training interventions have been timeously implemented. These include workshops and digital campaigns that target staff members who may not comprehensively understand the reasons behind the signing requirement.

TABLE 32: PERFORMACE MANAGEMENT 2023/24 FY

Department	Q4 Eligible Staff	Q3 YTD		Q4 YTD		Q4 YTD Outstanding	Q2/Q3 Movement %	Q3/Q4 Movement %
		Submitted	% Submitted	Submitted	% Submitted			
Department Office of the CEO (CEO, Internal Audit, Legal & Cosec)	10	7	70	7	70	3	-8	0
Office of the COO (COO, Housing Management, ICT, Community Development, Security, Stakeholder Relations)	447	236	53	348	78	99	5	25
Office of the CFO (CFO, SCM & Finance Core)	15	14	93	14	93	1	12	0
Planning & Strategy (EM, Planning & Performance, Compliance & Risk)	8	8	100	8	100	0	50	0
Planning & Strategy (EM, Planning & Performance, Compliance & Risk)	20	12	60	13	65	7	13	5
Total	**500**	**277**	**55**	**390**	**78**	**110**	**3**	**23**

COMMENTS

Over 78% of employees signed the performance scorecard. This was a significant improvement on the previous period, in which 55% of employees signed the scorecard. Efforts were made to engage with departmental managers to emphasise the importance of prioritising the signing of the 2023/24 financial scorecards for organisational compliance. It is envisaged that the final reviews will be concluded before the end of Q1 of the 2024/25 FY.

SECTION 6:
DISCIPLINARY MATTERS AND OUTCOMES

LABOUR MANAGEMENT

The relationship between labour and management is fundamentally important for fostering a productive and harmonious work environment. It involves nurturing, engaging, and effectively managing the workforce to ensure the success of the organisation. The LLF meetings, between labour and management, have continued, with the aim of maintaining consistent engagement with stakeholders on various internal matters from the perspectives of both the employer and the employees. This ongoing communication with the regional offices of the recognised unions has been made a priority and has been consistently maintained to address any relevant issues and to ensure a collaborative and cooperative working relationship.

DISCIPLINARY MATTERS AND OUTCOMES

This section reports on the status of disciplinary hearings, grievances, investigations, appeals, and suspensions as at 30 June 2024. Resources were obtained from the City Core to assist with presiding over matters.

During the 2023/24 FY, 13 cases of misconduct were reported. Out of these 13 disciplinary cases, seven disciplinary cases were finalised, while six cases are still ongoing.

TABLE 33: DISCIPLINARY MATTERS AS AT 30 JUNE 2024

Sanction	No. of Employees
Verbal Warning	0
Written Warning	0
Final Written Warning	0
Dismissal	0
Suspension	0
Demotion	0
Total	**0**

COMMENTS

- The entity rolled out educational programmes to assist the manager in presiding over misconduct cases.

TABLE 34: GRIEVIANCE

Grievances	No. of Cases
FY 2023/2024	18

COMMENTS

During the 2023/24 FY, 18 grievances were reported. Out of the total number of grievances reported, 14 grievances were finalised. Four grievance cases are still ongoing.

MATTERS AT THE BARGAINING COUNCIL AND CCMA

Eight referrals were made to the Commission for Conciliation, Mediation and Arbitration (CCMA). Of these referrals, seven were finalised: two were withdrawn, three were awarded in favour of JOSHCO, (two settlements were reached), and one is ongoing. Five referrals were made to the South African Local Government Bargaining Council (SALGBC). Out of the five referrals, two applications were dismissed; one settlement was not reached and an unresolved certificate was issued; one was awarded in favour of the employee; and one is still ongoing.

EMPLOYEE WELLNESS

JOSHCO's Wellness Programme aims to promote a mentally and physically fit, motivated, and health-conscious workforce, and to improve staff performance and morale. JOSHCO offers all employees and their immediate family members access to the Lyra Wellbeing programme, previously known as Independent Counselling and Advisory Services (ICAS).

This programme facilitates wellness-focused initiatives, which include:

- A supportive social and physical environment
- Health education
- Employee assistance programmes
- Work-site screenings and education
- Stress management
- Financial health awareness

SECTION 7:
LEAVE AND PRODUCTIVITY MANAGEMENT

In line with the approved Leave Management and Regulation of Hours Policy, JOSHCO employees are entitled to 24 days of leave per annum, to be taken at a time convenient to JOSHCO and agreed upon by management. Employees are also provided with 80 sick leave days in a three-year cycle. All leave applications are administered through an Employee Self-Service (ESS) system. This system allows employees to observe their leave balance and assists in eliminating discrepancies in the SAP system. Table 35 and Figure 8 below present the entity's overall leave usage in detail.

TABLE 35: OVERALL COMPANY LEAVE ANALYSIS AS AT 30 JUNE 2024

Type of Leave	Total	% Leave Taken
Annual leave	8 184,64	77
Sick leave -certificate	562	5
Sick leave -unpaid	117	1
Unpaid leave	449	4
Special leave	22	0
Isolation leave	5	0
AWOL	136	1
Maternity	837	8
Family responsibility	88	1
Exam leave	132,71	1
Long service	33	0
Injury on duty	3	0
Total	**10 570,23**	**100**

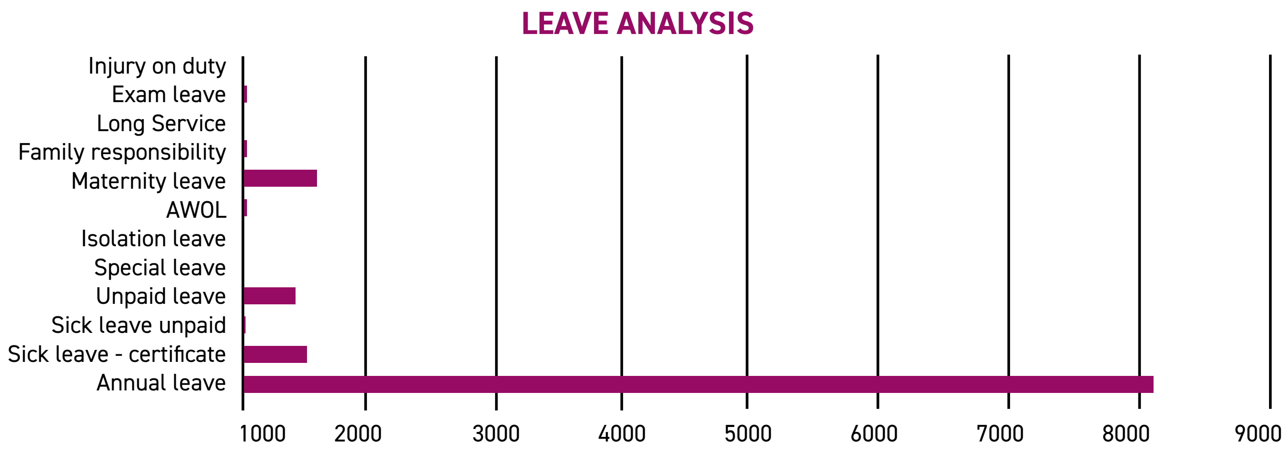


Figure 8: Leave Management

Comments

Annual leave is the most utilised provision. This is viewed as positive, as it reduces the company's liability and allows employees to take needed breaks. The entity has also implemented a leave encashment policy, which allows employees to cash out a maximum of 10 days.

SECTION 8:
EMPLOYEE BENEFITS

JOSHCO provides medical aid and a provident fund as a benefit. This benefit is elective for some levels of occupation, as guided by the central subsistence allowance agreement. Further to this, 23 study bursaries have been approved and provided to employees. This means that these employees will be eligible for two study-leave days to prepare for each exam that they write and an additional day on which to write the exam.

SECTION 9:
OCCUPATIONAL HEALTH AND SAFETY (OHS) PROGRAMMES

The entity places a high priority on its commitment to the health and safety of both clients and staff. It was recognised that part of the risk management assurance duty is to take a proactive approach to reducing health and safety risks and ensuring that health and safety laws are being followed. As a consequence, the entity is committed to ensuring workplace safety by creating and maintaining a safe working environment for all employees through conducting regular safety inspections and risk assessments. It also implements safety protocols and procedures to prevent workplace accidents or injuries and ensures compliance with OHS regulations and standards.

HEALTH AND SAFETY ACTIVITIES AND INCIDENTS REPORTED

During this fiscal year, mandatory training for emergency team members, including firefighters, first aiders, and safety representatives, was carried out to strengthen emergency preparedness and response, and ensure strict compliance with the Occupational Health and Safety Act and Regulations. In addition, proactive safety meetings and impactful awareness programmes were held throughout the review period.

REGULATION 28 COMPLIANCE

Policy Statement

As a result of current changes in organisational leadership, the Health and Safety policy statement was revised, and the revised statement was subsequently disseminated among all employees.

Risk of Non-Compliance

Non-compliance with the requirements of the Occupational Health and Safety Act, No. 85 of 1993, and its associated regulations may expose the organisation to the serious consequences of legislative risk, financial risk, reputational risk, and liability risk.

SECTION 10:
CORPORATE SOCIAL RESPONSIBILITY

JOSHCO embraces corporate social responsibility (CSR) as a business strategy that compels the entity to make a concentrated effort to conduct its operations in ways that improve rather than harm society and the environment. During the fiscal year, the entity carried out a variety of CSR efforts, with the emphasis on contributing to environmental protection, youth development, anti-corruption, and workforce support.

The organisation maintains a zero-tolerance policy towards fraud and corruption. It conducted public awareness sessions on fraud and corruption issues through physical meetings and on social media platforms. The organisation has also launched an extensive education campaign for tenants to provide information about social and affordable housing options, address maintenance concerns, and discuss rental collections. When implementing programmes and projects, the organisation prioritises the interests of all its stakeholders in order to be a responsible corporate citizen. Its focus is on building communities through tenanted projects rather than solely renting out housing.

Chapter 5

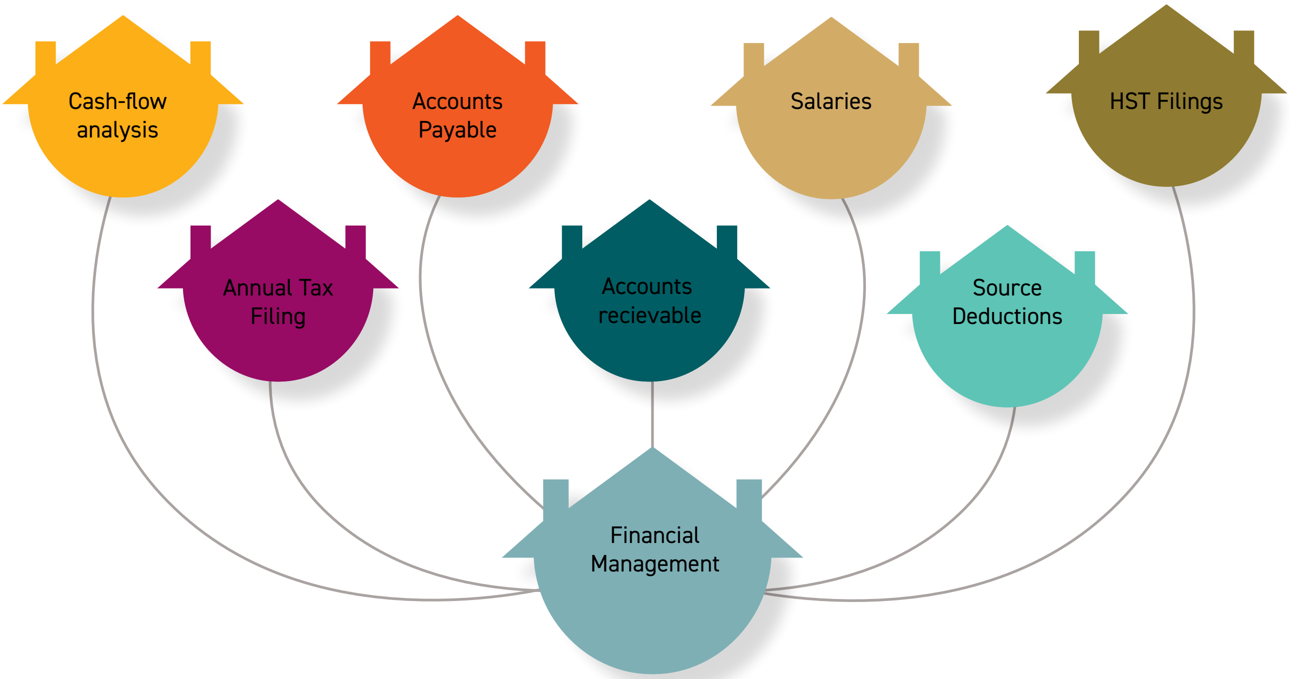
FINANCIAL POSITION AND PERFORMANCE

SECTION 1:

STATEMENT OF FINANCIAL POSITION AND HIGH-LEVEL NOTES

This section must be read in conjunction with the Audited Financial Statements of the period reported.

ASSETS AND LIABILITIES



An analysis of the financial position as at 30 June 2024 is reflected below and in Table 36.

TABLE 36: STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30 JUNE 2024

Description	30-Jun-24	30-Jun-23 Restated	Variance	Variance %
	R'000	R'000	R'000	
Assets				
Current Assets				
Inventories	518	220	298	74
Loans to shareholders	5 958	2 974	2 984	100
Current tax receivable	50	9 140	(9 090)	-101
Receivables from exchange transactions	1 247 353	1 287 282	(39 929)	-3224
Receivables from non-exchange transactions	5 871	5 524	347	1592
VAT receivable	5 440	3 929	1 511	260
Cash and cash equivalents	20 994	202 023	(181 029)	-112
	1 286 184	**1 511 092**	**(224 908)**	**-672**

Description	30-Jun-24	30-Jun-23 Restated	Variance	Variance
	R'000	R'000	R'000	
Non-Current Assets				
Property, plant and equipment	39 342	33 362	5 980	558
Intangible assets	6 869	6 918	(49)	-14118
Investment in joint venture	20 650	21 770	(1 120)	-1944
Total Non-Current Assets	**66 861**	**62 050**	**4 811**	**1290**
Non-Current Assets	**1 286 184**	**1 511 092**	**(224 908)**	**-672**
Current Asset	**66 861**	**62 050**	**4 811**	**1290**
Total Assets	**1 353 045**	**1 573 142**	**(220 097)**	**-715**
Liabilities				
Current Liabilities				
Loans from shareholder	(1 309 093)	(1 112 952)	(196 141)	567
Borrowings – DBSA	(2 142)	(2 744)	602	-456
Finance lease obligation	(407)	(375)	(32)	1172
Payables from exchange transactions	(1 400 974)	(1 256 079)	(144 895)	867
	(2 712 616)	**(2 372 150)**	**(340 466)**	**697**
Non-Current Liabilities				
Borrowings – DBSA	(6 617)	(7 368)	751	-981
Finance lease obligation	-	(407)	407	-100
Deferred income from non-exchange transactions	(178)	(177)	(1)	17700
	(6 795)	(7 952)	1 157	-687
Non-Current Liabilities	**(6 795)**	**(7 952)**	**(14 747)**	**54%**
Current Liabilities	**(2 712 616)**	**(2 372 150)**	**(5 084 766)**	**47%**
Total Liabilities	**(2 719 411)**	**(2 380 102)**	**(339 309)**	**701%**
Assets	**1 353 045**	**1 573 142**	**(220 097)**	**-715**
Liabilities	**(2 719 411)**	**(2 380 102)**	**(339 309)**	**701**
Net Assets	**(1 366 366)**	**(806 960)**	**(559 406)**	**144**
Share Capital	**0,120**	**0,120**	**-**	
Accumulated deficit	**(1 366 366)**	**(806 960)**	**(559 406)**	**144**
Total Net Assets	**(1 366 366)**	**(806 960)**	**(559 406)**	**144**

ASSETS

Current assets decreased by R261,4 million. Cash and cash equivalents decreased by 90% owing to the CoJ transferring SHRA funds out of the entity's bank account. Current tax decreased as a result of the entity winning a dispute with the South African Revenue Service (SARS) and receiving a refund.

There have been no significant changes in the non-current assets.

LIABILITIES

Loans from the shareholder increased by R196 million (from R1,112 billion to R1,309 billion) mainly due to the entity not receiving payments from City departments. Included in current liabilities is the current portion of the long-term loan from the Development Bank of Southern Africa (DBSA). Payables from exchange transactions increased by 12% as a result of the City-wide cash-flow challenges. JOSHCO continuously engages Group Finance (Treasury) on a weekly basis for allocation of cash to settle invoices incurred from service providers.

SECTION 2:

STATEMENT OF FINANCIAL PERFORMANCE AND HIGH-LEVEL NOTES

Revenue and expenditure are recorded on the accrual basis of accounting. The financial performance for the period ended 30 June 2024 resulted in a deficit of R559 million, as set out in Table 37 below.

TABLE 37: STATEMENT OF FINANCIAL PERFORMANCES FOR THE YEAR ENDED 30 JUNE 2024

Description	Actual	Adjusted Budget	Variance	Variance %
	YTD	YTD		
	R'000	R'000	R'000	
Rental Income	152 391	140 628	11 763	8,4
Subsidies	110 687	110687	-	0,0
Management Fees	32 342	63 058	(30 716)	-48,7
Interest Income	38 428	25 474	12 954	50,9
Utility Recoveries	6 890	4 220	2 670	63,3
Other Income	552	574	(22)	-3,8
Shra Tenanting Iincome	18 412			
EPWP Government Grant	18 962	24 808	(5 846)	-23,6
Total Revenue	**378 664**	**369 449**	**(9 197)**	**-2,5**
Personnel costs	(218 085)	(196 356)	(21 729)	11,1
Board fees	(2 446)	(2 400)	(46)	1,9
Debt impairment	(52 367)	(25 201)	(27 166)	107,8
Depreciation and Amortisation	(4 892)	(1 627)	(3 265)	200,7
Finance Costs	(113 264)	(959)	(112 305)	11710,6
Bad debt written off	(90 867)			
Repairs and Maintenance	(201 100)	(63 888)	(137 212)	214,8
Security	(49 330)	(9 232)	(40 098)	434,3
Utilities	(144 021)	(33 924)	(110 097)	324,5

Administrative	(61 698)	(35 862)	(25 836)	72,0
Total Expenditure	**(938 071)**	**(369 450)**	**(568 621)**	**153,9**
Operating (Deficit)/Surplus before tax	**(559 407)**	**(1)**	**(559 406)**	
Taxation	-	-	-	
Operating (Deficit)/Surplus after tax	**(559 407)**	**(1)**	**(559 406)**	

TABLE 38: COMPOSITION OF REVENUE AS AT 30 JUNE 2024

Description	Actual	Budget	Weighting %
	R'000	R'000	
Rentals Received	152 391	140 628	43
Subsidies	110 687	110 687	31
Management Fees	32 342	63 058	9
Interest Received	38 428	25 474	10
Utilities	4 045	4 220	1,1
Other Income	18 963	574	5,1
EPWP Operational Grant	18 963	24 808	5,1
Total	**374 394**	**369 449**	100

Total revenue is R4,9 million above budget. The biggest contributor to revenue earned in the current financial year is rental income, making up 41% of total revenue. Management fees have decreased below budget by 49% because no significant new work has been carried out on behalf of other CoJ departments. This has been the result of non-payment and issues with the Service Delivery Agreement (SDA) not allowing JOSHCO to be an implementing agent for any of the CoJ departments apart from the Department of Human Settlements. The interest income charged on overdue rental debtors is above budget by 45% owing to the high long-outstanding and historic debt from tenants. Other income also saw a sharp increase as a result of some the SHRA grant funding being realised as revenue.

REVENUE COLLECTION

The entity's revenue-collection levels have improved year on year from 57% to 69%, as shown in Table 39 below. Collections in respect of SHRA-funded projects are at 73%, JOSHCO projects at 82%, and City stock at 38%, whilst the retail space collections are at 129%. The collection rate excluding City referral stock is 78%. The collection rate has increased from Q3 to Q4, from 62% to 69%, as the overall collection figures have been on an upward trajectory compared to the same period last year.

TABLE 39: 2023/24 FY COLLECTION RATES

CATEGORY	TOTAL BILLING R'000	TOTAL COLLECTION R'000	% COLLECTION	SHORTFALL
SHRA Projects (10)	22 720	(16 544)	73	6 176
JOSHCO Projects (11)	6 174	(5 032)	82	1 142
City Referral (10)	9 011	(3 435)	38	5 575
Retail Space (9)	1 972	(2 551)	129	(579)
OVERALL COLLECTION	**39 877**	**(27 563)**	**69**	**12 314**

REVENUE COLLECTION BY DEBT-COLLECTION COMPANIES

The entity uses the services of debt-collecting companies to collect debt of over 90 days and above R10 000. These service providers are remunerated on a commission basis of 12,5% of the total amount recovered from each debtor as a consideration for providing pre-legal debt-collection and tracing services where applicable.

The performance of the debt-collection companies is shown in Table 40. For the year to date, the companies have collected R8,1 million (4,83%) of the R166,2 million handed over to them for collection. For the quarter under review, R1,4 million was collected. The entity is currently reviewing the effectiveness of this method of collection.

TABLE 40: REVENUE COLLECTION BY DEBT COLLECTION COMPANIES

Month	No. of Accounts Handed Over	Amount Handed Over R'000	Amount Collected R'000	% Collection
Jul-23	3 552	233 868	764	0,33
Aug-23	3 552	235 739	743	0,32
Sep-23	3 285	204 022	1 028	0,50
Oct-23	3 285	209 540	769	0,37
Nov-23	3 285	207 238	910	0,44
Dec-23	3 285	213 602	652	0,31
Jan-24	3 285	159 805	589	0,37
Feb-24	3 285	159 193	611	0,38
Mar-24	3 285	159 499	600	0,38
Apr-24	3 285	164 777	472	0,29
May-24	3 285	167 712	479	0,29
Jun-24	3 285	166 245	476	0,29
TOTAL YEAR TO DATE	**3 285**	**166 245**	**8 093**	**4,83**

In trying to prevent the debt from escalating and to persuade the tenants to pay while the debt is still affordable, the company has introduced various settlement discount vouchers for tenants. In addition to the vouchers processed, the company is looking at system write-offs for all closed accounts in its books, as those tenants have since vacated and the units are occupied by paying tenants. Tenants who vacated or were evicted with balances owed are blacklisted with all credit bureaus.

EXPENDITURE

Analysis of major expenses with significant variances (5% and above or significant balance) between actual and budget:

a) Governance and staff costs: The governance and staff costs are 12% over the year-to-date budget owing to salary adjustments and EPWP expenditure.

b) Other project-related costs: The debt impairment is high as a result of the high rate of defaulting tenants.

c) Depreciation and amortisation: Depreciation and amortisation is 200% over budget because of the purchase of property, plant, and equipment for the head office, which includes computer equipment as well as IT software.

d) Finance costs: Finance costs exceed budget by R112,3 million as a result of interest incurred on negative sweeping account (overdraft) arising from delays in receiving payment from projects undertaken on behalf of CoJ departments.

e) Bad debts written off: These are irrecoverable amounts, as per the conditions of the bad debt write-off policy.

f) Repairs and maintenance: Repairs and maintenance expenditure is 215% above budget. This is because of an increase in unplanned maintenance required for deteriorating buildings where planned maintenance has not been conducted in a number of years as a result of financial constraints.

g) Security: Security services are R40,1 million above budget following an increase in buildings under management; buildings in the planning phase with no contractor appointed yet; and sites where contractors have been terminated. The number of guards insourced is not sufficient to cover the security requirements of the entity's building portfolio.

h) Utilities: The expenditure on utilities is R111,8 million above budget largely due to unavoidable utility costs incurred that have exceeded the available budget. Management has put measures in place to manage the utility bill. Prepaid meters are being rolled out in projects in phases to accommodate budget constraints. A flat rate for water is being charged while the water meters are being sourced and installed across JOSHCO projects.

i) Administrative costs: The administrative costs are R18,8 million above budget largely due to the increase in legal costs for ongoing investigations and rental-collection processes, eviction processes, and contracted services for business-process improvements.

SECTION 3:
CASH-FLOW STATEMENT

The cash and cash equivalents balance as at 30 June 2024 is R21 million. The tenant deposit account has a balance of R19 million. The SHRA account has a balance of R2 million owing to a drawdown of funds by CoJ Treasury (i.e., the Shareholder) during the second quarter. An amount of R1,3 billion is in overdraft on the sweeping account and is disclosed as a current liability (Loans from shareholders).

A detailed statement of cash flows is shown in Table 41 below.

TABLE 41: CASH-FLOW STAEMENT AS AT 30 JUNE 2024

Cash Flows From Operating Activities	30-Jun-24 R'000	2023 Restated R'000
Receipts		
Sale of goods and services	84 690 033	229 149 348
Grants	148 060 808	48 003 996
Interest received	38 428 042	26 432 131
Taxation	9 089 857	-
Other Receipts		5 252 553
Net cashflows from transactions on behalf of COJ		**268 777 624**
	280 268 740	577 615 652
Payments		
Cash paid to employees	(218 725 422)	(173 635 631)
Cash paid to suppliers	(310 432 096)	(255 409 970)
Finance Costs	(113 264 035)	(76 372 524)
Taxes paid	-	(9 089 858)
	(642 421 553)	**(514 507 983)**
Total Receipts	280 268 740	577 615 652
Total Payments	**(642 421 553)**	**(514 507 983)**
Net cash flows from operating activities	**(362 152 813)**	**63 107 669**
Cash flows from investing activities		
Purchase of PPE	(10 825 755)	(26 577 802)
Purchase of Intangible Assets	-	(1 011 540)
Movement in investment in Joint Venture	550 000	(1 331 311)
Net cash flows from investing activities	**(10 275 755)**	**(28 920 653)**
Cash flows from financing activities		

Cash Flows From Operating Activities	30-Jun-24 R'000	2023 Restated R'000
DBSA	(1 352 573)	(1 247 791)
Finance lease obligation	**(375 078)**	**(369 974)**
Loans from shareholders	196 140 993	(19 811 187)
Loans to shareholders	(2 983 351)	
Net cash flows from financing activities	**191 429 991**	**(21 428 952)**
Net decrease in cash and cash equivalents	**181 029 520)**	**12 758 064**
Cash and cash equivalents at the beginning of the year	202 023 316	189 265 252
Cash and cash equivalents at the end of the year	**20 993 796**	**202 023 316**

SECTION 4:
CAPITAL PROJECTS AND EXPENDITURE

The approved adjusted CAPEX budget is R337,5 million (reduced from R492,3 million) funded from the external funding sources (EFF) and capital reserves (CRR). As at 30 June 2024, JOSHCO's verified spend for the quarter under review was 100% against a target of 100%, as shown in Table 42 below. The detailed budget per project is shown in Table 43.

TABLE 42: CAPEX SPEND

Source	Adjusted Budget R'000	Adjusted Budget R'000	%
EFF – 350	279 975	280 587	100
CRR – 360	57 521	56 755	98
TOTAL	**337 496**	**337 342**	**100**

TABLE 43: CAPITAL EXPENDITURE SPENDING AS AT 30 JUNE 2024

Project Name	Adjusted Budget R'000	Expenditure to Date R'000	Balance R'000
Lombardy East Social Housing Project Region E	3 726	3 259	467
Lombardy East Social Housing Project Region E	1 800	1 755	45
Randburg Selkirk Social Housing Project Region B	16 000	3 846	12 154
Nancefield Social Housing Project Region D	53 054	50 386	2 668
Dobsonville Social Housing Project Region D	5 000	2 638	2 362
Marlboro Social Housing Project Region E	3 000	2 972	28
Princess Plots Social Housing Project Region C	22 500	22 447	53
EXISTING STOCK REDEVELOPMENT UPGRADE AND MAJOR MAINTENANCE Renewal Building Alterations JOHANNESBURG F City Wide	22 734	20 108	2 626
Nederburg Social Housing Project Region A	19 000	16 979	2 021

Project Name	Adjusted Budget R'000	Expenditure to Date R'000	Balance R'000
Devland Golden Highway Social Housing Project Region D	12 523	12 435	88
City Deep Social Housing Upgrade Region F	5 000	4 999	1
Smit Street Inner City Building Conversion Region F	11 039	25 022	(13 983)
106 Claim Street Inner City Building Conversion Region F	9 510	7 826	1 684
Abel Road Inner City Building Conversion Region F	25 000	18 114	6 886
Booysens Street Inner City Conversion	7 000	293	6 707
38 Rissik Street (NBS) Inner City Building Conversion	9 804	9 804	-
Malvern Building Conversion	3 000	2 337	663
Tum-Key 1: Region A	22 225	39 710	(17 485)
Park Chambers	8 279	8 278	1
Kelvin	9 794	17 455	(7 661)
Frank Brown / Milpark Social Housing Development	100	-	100
Frank Brown / Milpark Social Housing Development	721	-	721
Turn-Key: Region F (Denver Social Housing)	11 687	11 679	8
Turn-Key: Region F (Denver Social Housing)	55 000	55 000	0
Total	**337 496**	**337 342**	**154**

SECTION 5:

RATIO ANALYSIS (MINIMUM: LIQUIDITY, SOLVENCY, COST COVERAGE)

The following ratios, as presented in Table 44 below, are considered crucial in measuring the financial stability of the entity.

TABLE 44: KEY RATIO ANALYSIS AS AT 30 JUNE 2024

KEY PERFORMANCE INDICATOR	2023/24 TARGET	TARGET	PERFORMANCE	VARIANCE
Achievement of selected profitability and liquidity ratios % collection in respect of current debtors	Current Ratio 1:1	1:1	0:46	-0:54
	Solvency Ratio 1:1	1:1	0:48	-0:52
	100% collection in respect of current debtors	100	69	-11
% of valid invoices paid within 30 days of invoice receipt	100% of valid invoices paid within 30 days of invoice receipt (figures as at February)	100	54	-46
% CAPEX budget	100% expenditure of approved capital budget	100	100	0

It is important to note that JOSHCO's cost coverage ratio is -291 days. This implies that JOSHCO currently does not generate enough cash to cover its monthly fixed operational costs.

MITIGATION ACTION

Current Ratio and Solvency Ratio

- The non-performance of this target is due to continued losses being incurred, largely as a result of high provision for bad debts and high operating costs, mainly utility, finance costs, and repairs and maintenance costs.
- The entity's reviewed five-year strategy to improve its financial sustainability is under implementation as follows:
    - Increase in management fee income earned on projects implemented on behalf of other CoJ entities: Work on behalf of the Department of Human Settlements has resumed; however, this strategy is still being derailed by the halting of work on behalf of other departments owing to SDA issues.
    - Student accommodation: The pilot phase is currently under implementation, with the occupancy rate at 100%. Additional student accommodation projects are being considered to raise more cash, as their performance in rental collection is good.
    - Commercial spaces: A strategy is being employed to maximise available commercial spaces to generate additional revenue.
- **Strategies to reduce expenditure are as follows:**
    - Staff costs: Line managers are managing overtime and management interventions are being implemented in their departments to reduce leave ba lances by ensuring that their subordinates take mandatory leave. All employees are now on an ESS system where leave is automatically forfeited if not taken. Controls around EPWP management are to be strengthened.
    - Utilities: Prepaid meters are being rolled out in projects where the budget permits this. A flat rate for water is being charged while the water meters are being sourced and installed.
    - Security: Cost-cutting measures are in place. These involve the employment of lower-grade guards and a reduced number of guards where possible.

Collection in respect of current debtors

- Rental collection is improving as a result of initiatives such as targeted evictions, interest reversals, acknowledgment of debt, and discount vouchers. All new leases and lease renewals will be confirmed by the signing of a DebiCheck (debit order). A biometric system will be implemented to allow only valid lease holders to enter our premises.
- Departmental changes are being implemented to reduce costly inefficiencies, respond to new competitive markets, and develop strategies to move forward successfully.
- A new in-house electricity vending system is being introduced and smart meters installed to better manage and control utility bills.
- An active call is being made to defaulting tenants to sign acknowledgements of debt (AODs) and make payment arrangements for long-outstanding debt.
- A new freeze and reversal promotion is being launched for current and historical interest charges for tenants who sign AODs.
- An improved credit-evaluation process is being implemented for new tenant applications.
- The entity has identified stock that should not form part of the social housing or affordable housing portfolio. The Board has approved that this stock be returned to the City. The final step of the process involves Mayoral Committee recommendations to Council for approval.

SECTION 6:
SUPPLY CHAIN MANAGEMENT AND B-BBEE

This section deals with deviations on supply chain management (SCM); the rate of payments within 30 days; a report on Irregular, Fruitless, and Wasteful (IFW) expenditure and budget overspending; and a summary of the spend on Black-owned companies.

DEVIATIONS ON SUPPLY CHAIN MANAGEMENT (SCM)

TABLE 45: DETAILS OF DEVIATION RECORDED FOR THE YEAR ENDED 30 JUNE 2024

Name of Service Provider	Reason	Date	Amount (R)	Department
Nemorango Consulting Engineering	Response to gas explosion at CBD (Lillian Ngoyi Street)	20 July 2023	4 774 158.25	CoJ: Public safety
Serithi Consulting	Response to buildings that were affected by a recent fire incident	05 February 2024	2 574 027.75	CoJ: Public safety

PAYMENTS WITHIN 30 DAYS

The MFMA requires that municipal entities pay suppliers within a 30-day period. In the year under review, the entity was faced with cash-flow limitations that affected the payment period, resulting in an average of 54% of suppliers being paid within 30 days.

REPORT ON IRREGULAR, FRUITLESS, AND WASTEFUL (IFW) EXPENDITURE

The entity has incurred IFW expenditure, as detailed in Table 46 below.

TABLE 46: IFW FOR THE YEAR ENDED 30 JUNE 2024

Details	Total IFW R'000	Irregular Expenditure R'000	Fruitless and Wasteful Expenditure R'000
Opening balance	279 038	278 756	282
Additions for 2023/24	16 503	15 999	504
Expenditure discovered in the current year in relation to prior periods	62 380	62 380	-
Overspend of the operational budget	416 967	416 967	-
Board write-off	-351 434	-351 434	-
Prior period error	-44	-	-44
Closing balance as at 30 June 2024	423 410	422 668	742

SUPPLY CHAIN MANAGEMENT AND B-BBEE

The organisation strives to ensure that its procurement of goods and/or services involves start-up and mature Black-owned companies, with a view to assisting in skills capacitation. In the year under review, JOSHCO continued to ensure that Black-owned companies were involved in the supply of goods and/or services. Table 47 below presents the quarter-to-quarter analysis for the financial year ending 30 June 2024.

TABLE 47: SUMMARY OF SPEND ON AT LEAST 51% BLACK-OWNED COMPANIES AS AT 30 JUNE 2024

Period	Total OPEX from Procurement R'000	OPEX on at Least 51% Black-Owned Companies R'000	% Spend for the Period
Quarter 1	103 930	103 930	100
Quarter 2	99 246	99 246	100
Quarter 3	39 770	36 081	91
Quarter 4	57 545	53 422	93
Total for the year	**300 491**	**292 679**	**97**
Period	**Total OPEX from Procurement R'000**	**OPEX on at least 51% Black-Owned Companies R'000**	**% Spend for the Period**
Quarter 1	180 006	161 079	89
Quarter 2	154 326	153 709	99
Quarter 3	61 258	60 645	99
Quarter 4	85 005	74 180	87
Total for the year	**480 595**	**449 613**	**94**

SECTION 7:
PENDING LITIGATIONS AND POSSIBLE LIABILITIES

JOSHCO has a number of litigations that are still pending and being attended to by the legal department. All cases relate to issues arising from the development of our buildings. Table 48 presents a summary of the cases that we are dealing with.

TABLE 48: LIST OF PENDING LITIGATIONS

Litigation	Status	Date of Inception	Possible Liability
1. Applications for demolitions in respect of the Dobsonville Social Housing Project	**Progress:** There were two remaining structures that had to be demolished. One of the two structures was demolished on 24 January 2024. It is anticipated that a court date will be obtained in the first quarter of the 2024/25 financial year.	30/06/2020	Expenditure to date: R785 932,29 spent on legal fees. Projected expenditure up to 30 June 2024: R0

2. Various evictions and recovery of outstanding rental	**Progress:** The sheriff has provided eviction dates to execute a total of eight evictions. However, the evictions have been placed on hold, while JOSHCO completes the process of procuring the security services that will secure the units after evictions.	2019	Expenditure to date: R5 571 322,48 spent on legal fees. Projected expenditure up to 30 June 2024: R30 000
3. Social Housing Movement and 5 others // JOSHCO and 3 others	**Progress:** The matter was set down for hearing on the opposed motion roll for 12 March 2024. On 11 March 2024, JOSHCO's attorneys learnt that the matter had been removed from the court roll owing to a failure by the Applicant's attorneys to respond to notes published by the court requesting additional information. JOSHCO's attorneys have served and filed all necessary documents to re-enrol the matter. They are currently awaiting the allocation of a new court date.	12/09/2022	Expenditure to date: R382 653,90 Projected expenditure up to 30 June 2024: R70 000
4. Tenants of BG Alexandra Flats // Madulammoho Housing Association NPC, JOSHCO and 4 others	**Progress:** JOSHCO's attorneys obtained a hearing date for 29 July 2024.	08/11/2022	Costs incurred to date: R1 544 279,44 Projected expenditure up to 30 June 2024: R152 889,68
5. JOSHCO //Quick Prop Systems (Pty) Ltd	**Progress:** JOSHCO's attorneys obtained a hearing date for 03 February 2025.	12/03/2023	Expenditure to date: R419 310,90 Projected expenditure up to 30 June 2024: R0
6. Property Corner Erf 166 (Pty) Ltd // Thlokomelo Management, JOSHCO and Lowndes Dlamini Inc.	**Progress:** The matter was heard on 3 June 2024, with the court ordering that the property in question be transferred to JOSHCO. JOSHCO will need to take a decision on how to proceed with the project after receiving transfer of the property.	20/04/2023	Expenditure to date: R220 157,44 Projected expenditure up to 30 June 2024: R54 42,56
7. JOSHCO//Tenants of Pennyville	**Progress:** JOSHCO's attorneys advised that the matter cannot proceed as the application was brought on an urgent basis, and currently the application no longer meets the requirements for the relief sought. The matter is currently on hold awaiting further developments.	17/08/2023	Costs incurred to date: R1 188 710,43 Projected expenditure up to 30 June 2024: R0

8. JOSHCO//Illegal occupants of the Casa Mia building	**Progress:** The matter was heard on 21 November 2023, at which time the court granted an order declaring the building unsafe for occupation and instructed the City to provide alternative accommodation for the illegal occupants. JOSHCO engaged the Department of Human Settlements regarding provision of alternative accommodation and was advised that Casa Mia occupants are to be accommodated at the Transnet building that the City is acquiring through the JPC. Human Settlements is currently waiting for the JPC to table the report at the next council meeting.	20/09/2023	Cost incurred to date: R500 000 (paid) R138 435,07 (unpaid) Projected expenditure up to 30 June 2024: R0
9. TSSN Carriers (PTY) Limited//Joshco Social Housing Company (SOC) Ltd [Ens-Ens.Fid642228]	**Progress:** The outcome of the referral to adjudication was received on 27 May 2024. The adjudicator decided that he did not have jurisdiction to decide on the matter. TSSN thereafter submitted a settlement proposal to JOSHCO, which JOSHCO rejected. No further communication has been received from the other party since the rejection of their settlement proposal. However, it is likely that they will refer the matter for arbitration.	26/03/2024	Cost incurred to date: R211 598,70 Projected expenditure for the duration of the matter: R150 000
The cases listed below reflect matters in which progress has been delayed as a result of various factors, such as lack of action from the other party, or challenges with locating parties for purposes of serving court papers.			
1. JEH Properties //JOSHCO Cancellation of Property Sale Agreement in respect of 195 Commissioner Street	**Progress on civil claim:** The defendants (seller and conveyancing attorney) have not yet filed their discovery affidavit. JOSHCO's attorneys are to bring an application to compel discovery. The application to compel discovery has been delayed by the court's practice directives in respect of enrolment of applications and the handling of the court files. The legal department engaged attorneys on record and requested an opinion on the possibility of succeeding with claims against former JOSHCO officials who were involved in the transaction.	22/05/2015	Costs/claim to be recovered: R6 500 000 purchase price plus R487 260,80 transfer costs. Projected fees up to 30 June 2024: R5 000,00

	On the basis of the opinion received from the attorneys, JOSHCO's merits of success with such claims would be limited, as the matter has also been investigated by the Special Investigating Unit (SIU), which did not implicate specific individuals from JOSHCO. The SIU confirmed that sellers and conveyancing attorneys had also defrauded other State entities. During JOSHCO's engagements with the SIU, attempts were made internally by the legal officer to retrieve background information related to the sale/transaction, but information was limited. **Criminal investigation:** Upon engagements with the South African Police Service (SAPS), JOSHCO's legal department was advised that the docket had been submitted to the prosecutor for a decision, and the prosecutor had advised that the investigating officer proceed with further investigations on the matter.		
SKN Consulting // JOSHCO Claim for damages	**Progress:** Attorneys have lodged a review application. The respondent has been served with the application, and JOSHCO's attorneys are awaiting the 15-day period for the respondent to file their answering papers.	18/12/2015	Expenditure to date: R79 940,00 spent on legal fees. Costs/claim to be recovered: R13 926 340,53 spent on professional fees, R719 340,00 for damages. Projected fees for review application: R249 590,25

SECTION 8:
INSURANCE CLAIMS AGAINST/TO THE MUNICIPAL-OWNED ENTITY (MOE)

The entity utilises a group insurance scheme that is managed at the City. The scheme covers a range of incidents, including motor, non-motor, employees, and third-party liability. Several claims related to property damage of the JOSHCO-managed rental stock have been lodged with the insurer since the beginning of the financial year.

As of June 2024, a total of 24 claims are active. These range from third-party liability to non-motor claims. Table 49 sets out the insurance claims' status as at the end of June 2024.

TABLE 49: INSURANCE CLAIMS FOR THE YEAR

Claim Description	No. of Claims	Status
Third-Party Liability	5	Four cases are in progress, awaiting feedback from the insurer. One case has been rejected.

Claim Description	No. of Claims	Status
Employee Practice Liability	5	Four cases are still pending; one case for current financial year that was pending has been closed.
Assets All Risk	11	Eleven cases were opened during the current financial year, and all were finalised. Seven were closed and four were rejected.
Group Personal Accident	3	Three cases are in progress, awaiting feedback from the insurer. Three cases from previous years have been withdrawn.

SECTION 9:

STATEMENT ON AMOUNTS OWED BY AND TO GOVERNMENT

TABLE 50: AMOUNTS OWNED TO OR BY DEPARTMENTS AND PUBLIC ENTITIES AS AT 30 JUNE 2024

Name of Department	30 June 2024 R'000	Account Status
City of Johannesburg: Sweeping Account	(1 299 725)	180 days overdue
City of Johannesburg: Salaries	(227 655)	180 days overdue
City of Johannesburg: Municipal Charges	(350 296)	180 days overdue
City of Johannesburg: GCSS	(190 591)	180 days overdue
City of Johannesburg: Human Settlements	675 792	180 days overdue
City of Johannesburg: Treasury	5 958	180 days overdue
City of Johannesburg: CAM	139 018	180 days overdue
City of Johannesburg: Health Department	8 112	180 days overdue
City of Johannesburg: Development Planning GEF Project	2 142	180 days overdue
City of Johannesburg: Environmental Infrastructure	-	Amount owing is now settled
City of Johannesburg: Community Development	162 080	180 days overdue
City of Johannesburg: Legislature	44 672	180 days overdue
City of Johannesburg: Group Finance	11 205	Current
City of Johannesburg: JMPD	46 957	180 days overdue
City of Johannesburg: EMS	30 594	180 days overdue
City of Johannesburg: Office of the COO	14 854	180 days overdue
City of Johannesburg: Transport	22 107	180 days overdue
City of Johannesburg: Social Development	2 152	180 days overdue
City of Johannesburg: EPWP Grant	19 265	30 days overdue
City of Johannesburg: Licensing	4 056	180 days overdue
TOTAL	**(879 301)**	

Chapter 6

INTERNAL AND EXTERNAL AUDIT FINDINGS

SECTION 1:
PROGRESS ON INTERNAL AUDIT PLAN

The Internal Audit Department's operations are guided by section 165 of the MFMA and MFMA Circular 65 together with the International Standards of Professional Practice of Internal Auditing (ISPPIA) of the Institute of Internal Auditors (IIA). For the financial year 2023/24, the internal audit function continued to provide independent assurance that the entity's risk management, governance, and internal control processes were operating effectively. For 2023/24, JOSHCO utilised a co-sourced model to perform its internal audit duties, with some of the audits being performed by external consultants and most of the audits performed by internal staff.

Internal Audit Independence and Objectivity

The legislation that guides internal audit operations recommends that the function must be independent of management and functionally report directly to the Audit and Risk Committee (ARC). In accordance with the ISPPIA, the Chief Audit Executive (Internal Audit Manager) confirms and declares that the Internal Audit Department is independent and objective in carrying out its internal audit activities.

The activity is not under the influence or control of EXCO members. For the Internal Audit Department, independence is understood as freedom from conditions that threaten its ability or the ability of the Chief Audit Executive to carry out its internal audit responsibilities in an unbiased manner. Objectivity is defined in the IIA Standards as an unbiased mental attitude that allows internal auditors to perform engagements in such a manner that they have an honest belief in their work product and that the quality of their work is not compromised in any way.

Internal Audit Compliance with ISPPIA

The audits were conducted in accordance with the ISPPIA, as determined by the IIA. Accordingly, they included the consideration of business objectives, and the internal controls put in place relative to the inherent risks to assist in determining the nature, timing, and extent of the entity's audit procedures. This consideration entails a detailed study and evaluation of the internal controls as the audit intended to provide reasonable assurance thereon.

Progress on Internal Audit Plan for 2023/24

For the financial year 2023/24, the approved Internal Audit Plan has 12 full audits and 5 continuous audits, making the total number of audits 17. The Internal Audit Department completed all 17 audits that were planned for the 2023/24 FY.

TABLE 51: PLANNED AUDITS THAT WERE COMPLETED AS AT 30 JUNE 2024

No.	Planned Audits	Quarter				Progress
		Q1	Q2	Q3	Q4	
1	Payroll Review			X		Completed
2	Review of the Annual Financial Statements	X				Completed
3	Review of the Interim Financial Statements				X	Completed
4	Supply Chain Management Audit			X		Completed
5	Revenue and Debtors Management Audit				X	Completed
6	Financial Discipline Review			X		Completed
7	Tender Probity Review	X	X	X	X	Completed
8	Costing and Budget Management Audit				X	Completed
9	Housing Development Audit (Outsourced)				X	Completed
10	IT Security Review (Outsourced)				X	Completed
11	Stakeholder Management Audit		X			Completed
12	Housing Leasing Management Audit				X	Completed

No.	Planned Audits	Quarter				Progress
		Q1	Q2	Q3	Q4	
13	Performance Information Review	X	X	X	X	Completed
14	SHRA Compliance Review		X			Completed
15	Follow-up on Internal Audit Findings	X	X	X	X	Completed
16	Follow-up on AG Findings	X		X	X	Completed
17	UIFW Investigations Expenditure	X	X	X	X	Completed

SECTION 2:
PROGRESS ON RESOLUTION OF INTERNAL AUDIT FINDINGS

The IIA Standards state: "The chief audit executive must establish and maintain a system to monitor the disposition of results communicated to management". Monitoring the resolution of internal audit findings and recommendations should be included in the organisation's Internal Audit Plan, and it should be considered a significant control step in any internal audit activity.

The entity closed the financial year with a total of 39 audit findings that were raised by internal audits throughout the financial year. Management managed to resolve the 39 findings, translating as a 100% achievement rate.

TABLE 52: AUDIT FINDINGS RAISED BY INTERNAL AUDIT AS AT 30 JUNE 2024

Departments	Total Findings	Total Resolved as per Management	Total Findings Resolved	Total Findings not Resolved
Finance and SCM	4	4	4	0
Chief Operating Office (COO)	14	14	14	0
Corporate Services	6	6	6	0
Planning & Strategy	15	15	15	0
Total	**39**	**39**	**39**	**0**
%	100	100	100	0

SECTION 3:
PROGRESS ON RESOLUTION OF EXTERNAL AUDIT FINDINGS

In the 2023/24 FY, the JOSHCO find itself with another Unqualified Audit audit opinion status. Table 53 below shows the AGSA opinion status for the past five years.

TABLE 53: AGSA OUTCOMES OVER THE PAST FIVE YEARS

Audit Year	2019/20	2020/21	2021/22	2022/23	2023/24
Audit Opinion	Unqualified Audit	Unqualified Audit	Qualified Audit	Unqualified Audit	Unqualified Audit

The AGSA raised 38 findings in the 2022/23 audit report, which were made up of five matters that affected the auditor's opinion. The Internal Audit Department performed a follow-up review to determine the closure of the findings. The entity closed the financial year with 18 findings not yet resolved with 20 that are closed. Table 54 below provides the status of the resolution of the AGSA findings.

TABLE 54: AUDIT FINDINGS BY AGSA IN THE 2022/23 FY

AG Classification	Total Findings	Resolved	Not Resolved
Matters that will be reported in the auditor's report and should be addressed urgently	5	3	2
Matters that should be addressed to prevent material misstatements in the financial statements or material findings on the annual performance report and compliance with legislation in future; this classification also includes matters that significantly affected auditee performance	23	10	13
Matters that do not have a direct impact on the audit outcome or a significant impact on auditee performance, but were communicated to assist with improving processes and mitigating risks	10	7	3
Total	**38**	**20**	**18**
%	100	53	47

AUDIT RESULTS FOR THE 2023/24 FY

Table 55 reflects the breakdown of audit findings.

TABLE 55: AUDIT FINDINGS RAISED BY AGSA IN THE 2023/24 FY

AG Classification	Total Findings	Resolved	Not Resolved
Matters affecting the auditor's opinion	3	0	3
Other important matters	14	0	14
Administrative matters	4	0	4
Total	**21**	**0**	**21**
%	100	0	0

SECTION 4:
OVERALL STATE OF INTERNAL CONTROLS

The Statement on Internal Control is an expression of an opinion by the Internal Audit Department on the status of the internal control system of JOSHCO after it has been evaluated. Both King IV and the ISPPIA require the Chief Audit Executive to provide a written assessment of the adequacy and effectiveness of the internal controls on an annual basis. The report forms the basis of the ARC's report.

Internal controls refer to the policies, practices, and systems that the organisation has put in place to:

- Provide reasonable assurance that the organisation will achieve its objectives;
- Prevent fraud and corruption from occurring;
- Protect resources from waste, loss, theft, or misuse; and
- Ensure that resources are used efficiently and effectively.

THE INTERNAL AUDIT RESPONSIBILITY ON INTERNAL CONTROLS

The Internal Audit Department evaluates the adequacy and effectiveness of the internal control systems. In assessing these, consideration of the abovementioned internal control objectives and the audit evidence obtained during the execution of audits should be used as a basis for the opinion and only completed assurance engagements or projects should be considered for the overall opinion.

The internal audit results support the organisation in achieving its goals in the short, medium and long term. The risk-based approach ensures that the internal audit function is focused on the financial sustainability of the organisation and areas that are material for the stakeholders.

MANAGEMENT RESPONSIBILITY ON INTERNAL CONTROLS

Management is responsible for establishing and maintaining an appropriate internal control system for the prevention and detection of irregularities. Management should also ensure that the controls in place will assist the organisation to achieve its objectives.

JOSHCO'S INTERNAL CONTROL ENVIRONMENT

JOSHCO's internal control system requires significant improvement to provide reasonable assurance that the entity's goals will be economically, effectively, and efficiently achieved. On the basis of the audits performed in the 2023/24 FY, the Internal Audit Department concludes that internal controls within JOSHCO are generally adequate but ineffective for providing reasonable assurance that the company's objectives will be achieved.

APPENDICES

APPENDIX A: BOARD OF DIRECTORS' COMMITTEE ALLOCATION AND ATTENDANCE

Board of Directors and Independent Committee Members	Board			Audit and Risk (ARC)			Development			Social and Ethics		
	Attendance	Absent	Apologies	Attendance	Absent	Apologies	Attendance	Absent	Apologies	Attendance	Absent	Apologies
Number of Meetings	10			7			5			4		
Mr Molapane Sello Mothotoana (CEO)	10	0	0	0	0	0	0	0	0	0	0	0
Ms Nontobeko Ndimande (CFO)	10	0	0	7	0	0	5	0	0	4	0	0
Mr Bongani Radebe (Acting CEO)	6	0	0	5	0	0	3	0	0	3	0	0
Ms Sesupo Bridgette Mbonambi	6	0	0	-	-	-	-	-	-	-	-	-
Mr Thedi Moropa (A/CEO)	4	0	0	2	0	1	1	0	0	1	0	0
Mr Sydney James	1	0	0	-	-	-	-	-	-	-	-	-
Mr Simon Clarke	10	0	0	-	-	-	5	0	0	-	-	-
Ms Yolandi Erasmus	10	0	0	7	0	0	-	-	-	4	0	0
Mr Tau Masemola	10	0	0	7	0	0	-	-	-	4	0	0
Mr Tabane Manene	10	0	0	-	-	-	5	0	0	-	-	-
Ms Simphiwe Mnisi	10	0	0	-	-	-	5	0	0	-	-	-
Mr Henry Markus	9	0	0	-	-	-	2	0	0	-	-	-
Mr Jacques Watson	2	0	0	2			2	-	-	-	-	-
Ms Marilise Francis	2	0	0	-	-		2	-	-	-	-	-
Mr Makhate Shane Nqakalatsane	8	0	0	2	0	0	-	-	-	-	-	-
Mr Ingle Singh	9	0	0	-	-	-	3	0	0	-	-	-
Ms Jacelyn Scott	10	0	0	1	-	-	-	-	-	4	0	0
Mr Andre Smith	10	0	-	-	-	-	-	-	-	4	0	0
Mr Terry Tselane	7	0	0	-	-	-	-	-	-	4	0	0
*Mr Daniel Nyamazane	-	-	-	3	0	0	-	-	-	-	-	-

Board of Directors and Independent Committee Members	Board			Audit and Risk (ARC)			Development			Social and Ethics		
	Attendance	Absent	Apologies	Attendance	Absent	Apologies	Attendance	Absent	Apologies	Attendance	Absent	Apologies
Adv. Geraldene Chaplog-Louw	-	-	-	7	0	0	-	-	-	-	-	-
Ms Pilekile Lefothe	-	-	-	4								
Mr Aboubakr Taoussi	-	-	-	1	0	0						
*Ms Alvarno ARN Francis	-	-	-	3	0	0	-	-	-	-	-	-
Mr Victor van der Merwe	-	-	-	7	0	0	-	-	-	-	-	-

*Member of Audit and Risk Committee.

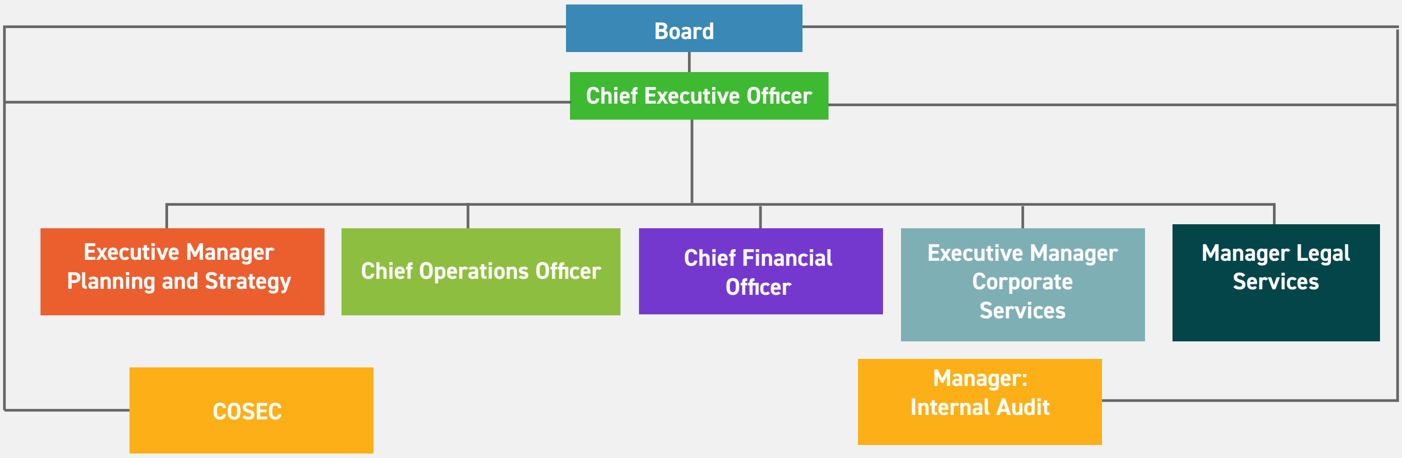
APPENDIX B: COMMITTEES AND COMMITTEE PURPOSES

Audit and Risk Committee (ARC)	
Mandate	**Key areas of focus during the reporting period**
• Financial Reporting and Reliability of Financial Information. • Business Planning and Budget Implementation. • Identify financial, business, and operational risk areas of the company, to be covered in the scope of internal and external audits. • Ensure that the company's Accounting Officer has put in place appropriate internal control systems. • Monitor and review the effectiveness of the internal audit function. • Oversee the relationship of the company with the Auditor General of South Africa. • Review the consistency of, and any changes to, the accounting policies of the company - both on a year-on-year basis, and across the company and the CoJ. • Review the company's arrangements for its employees to raise concerns in confidence and in absolute confidentiality about possible wrongdoing or improprieties in financial reporting and in other matters. • Monitor and review the performance information provided by the company against the approved business plan, the City's Integrated Development Plan, and the Growth and Development Strategy, and provide to the Board of Directors an authoritative and credible view of the performance of the company. • Monitor implementation of the policy and plan for risk management taking place by means of risk-management systems and processes. • Oversee that the risk-management plan is widely disseminated throughout the company and integrated into the day-to-day activities of the company. • Ensure that risk-management assessments are performed on a continuous basis. • Ensure that frameworks and methodologies are implemented to increase the possibility of anticipating unpredictable risks. • Express a formal opinion on the effectiveness of the system and process of risk management. • Review reporting concerning risk management that is to be included in the integrated report to establish that it is timely, comprehensive, and relevant.	- IT, Risk Management, and Planning and Strategy. - Finance Reporting (Annual Financial Statements and budget). - Audit (internal and external). - Governance and Compliance (Annual Report, IT, finance, SCM policies).

Social, Ethics, and Human Resource Committee	
Mandate	**Key areas of focus during the reporting period**
• Review reporting concerning risk management that is to be included in the integrated report to establish whether it is timely, comprehensive, and relevant. • Oversee the setting and administering of remuneration at all levels in the company. • Oversee the establishment of a remuneration policy that will promote the achievement of strategic objectives and encourage individual performance. • Review the outcomes of the implementation of the remuneration policy for whether the set objectives are being achieved. • Ensure that all benefits, including retirement benefits and other financial arrangements, are justified and correctly valued. • Consider the results of the evaluation of the performance of the CEO and other executive directors (both as directors and as executives) in determining remuneration. • Select an appropriate comparative source when comparing remuneration levels. • Advise on the remuneration of non-executive directors. • Manage development and succession plans for executive levels. • Make recommendations to the Board where necessary or take approved action within its delegated authority. • Create social and economic development, including by ensuring the organisation's standing in terms of the goal and purpose of the UN Global Compact principles; recommendations regarding corruption; Employment Equity Act (EEA); and Broad-Based Black Economic Empowerment. • Encourage good corporate citizenship, including the promotion of equality and contribution to development of communities. • Preserve the environment, while promoting health and public safety. • Foster healthy, productive, and sound customer relations. • Engage in fair and lawful labour and employment practices. • Bring matters to the attention of the Board in a timely manner, as the occasion requires. • Report to the Shareholder at the AGM on matters within its mandate.	- Organisational design - Human capital strategy - Salary increments and benchmarking - Committee terms of reference and policy reviews - Performance agreement reviews and signing of performance contracts - EE compliance and corporate citizenship - Organisational health and safety matters - Stakeholder relations - Employee wellness

Development Committee	
Mandate	**Key areas of focus during the reporting period**
• To approve new development reports at the detailed investigation stage and to give approval to proceed with the development, i.e., design and business plan development stage. • To recommend to the Board the approval of new engagements in developments, where appropriate. • To evaluate proposed financing mechanisms where external financing is required. • To set benchmarks to be used to evaluate the risk/return relationship on significant projects to be undertaken by the company.	- Oversight of capital projects' implementation - Approval of project management on behalf of the City departments and entities - Oversight of CAPEX spend - Oversight of property management

APPENDIX C: HIGH-LEVEL ADMINISTRATIVE STRUCTURE



APPENDIX D: FUNCTION OF ENTITY

Entity	Function
Johannesburg Social Housing Company	Johannesburg Social Housing Company is a municipal entity that is wholly owned by the CoJ and is mandated to provide and manage social and affordable rental housing for the lower-income market on behalf of the City. (Refer to Chapter 2.)

APPENDIX E: RECOMMENDATION OF THE AUDIT COMMITTEE

Date of Meeting	Subject	Resolution	Status (Implemented/ Not Implemented)
14 July 2023	State of the Organisation Q4 Report	The Committee resolved to recommend the report to the Board for approval.	Implemented
	Risk Management Q4 Report	The Committee recommended the Risk Management Report to the Board for approval.	Implemented
	Compliance Q4 Report	The Committee recommended the Compliance Report to the Board for approval.	Implemented
	Finance, Revenue and SCM Q4 Report	The Committee resolved to recommend the report to the Board for approval.	Implemented
	Internal Audit Q4 Report	The Committee resolved to recommend the report to the Board for approval.	Implemented
	Policies, Frameworks and Documents	The Committee resolved to recommend the following Policies to the Board: JOSHCO Risk Appetite and Tolerance Framework 2023/24 Compliance Policy Cost Containment Policy Asset Management Policy	

Date of Meeting	Subject	Resolution	Status (Implemented/ Not Implemented)
29 August 2023	Audit Strategy and Engagement Letter	The Committee resolved to approve the Engagement Letter and Audit Strategy subject to possible future changes to the scope.	Implemented
	Draft Annual Financial Statement (AFS) 2022/23	The Committee resolved to recommend the draft AFS to the Board for approval.	
	Draft Annual Report 2022/23	The Committee resolved to recommend the Draft Annual Report to the Board for approval subject to outstanding items being incorporated.	Implemented
17 October 2023	State of the Organisation Q1 Report	The Committee resolved to recommend the report to the Board for approval.	Implemented
	Risk Management Q1 Report	The Committee recommended the Risk Management Report to the Board for approval.	Implemented
	Compliance Q1 Report	The Committee recommended the Compliance Report to the Board for approval.	Implemented
	Finance, Revenue and SCM Q1 Report	The Committee resolved to recommend the report to the Board for approval.	Implemented
	Internal Audit Q1 Report	The Committee resolved to recommend the report to the Board for approval.	Implemented
27 November 2023	AG(SA) Management Report for 2022/23 FY and Audit Report for 2022/23FY	The Committee members resolved to note and recommend the two reports to Board for approval.	Implemented
	Draft Annual Financial Statement (AFS) 2022/23	The committee members resolved to note the AFS and recommend to the Board for approval with adjustments and changes recommended by the AG(SA).	Implemented
	Draft Annual Report 2022/23	The Committee resolved to recommend the Integrated Annual Report for the 2022/23FY to the Board with the proposed changes.	Implemented
17 January 2024	State of the Organisation Q2 Report	The Committee resolved to recommend the report to the Board for approval.	Implemented
	Risk Management Q2 Report	The Committee recommended the Risk Management Report to the Board for approval.	Implemented
	Compliance Q2 Report	The Committee recommended the Compliance Report to the Board for approval.	Implemented
	Finance, Revenue and SCM Q2 Report	The Committee resolved to recommend the report to the Board for approval.	Implemented

Date of Meeting	Subject	Resolution	Status (Implemented/ Not Implemented)
	Internal Audit Q2 Report	The Committee resolved to recommend the report to the Board for approval.	Implemented
17 April 2024	State of the Organisation Q3 Report	The Committee resolved to recommend the report to the Board for approval.	Implemented
	Risk Management Q3 Report	The Committee recommended the Risk Management Report to the Board for approval.	Implemented
	Compliance Q3 Report	The Committee recommended the Compliance Report to the Board for approval.	Implemented
	Finance, Revenue and SCM Q3 Report	The Committee resolved to recommend the report to the Board for approval.	Implemented
	Internal Audit Q4 Report	The Committee resolved to recommend the report to the Board for approval.	Implemented
	Mid-year Deviation Report 2023/24 FY	The committee members resolved to recommend the report to the Board for approval	implemented

APPENDIX F: MUNICIPAL ENTITY PERFORMANCE SCHEDULE

IDP Priority	Performance
An inclusive City	495 units completed and being tenanted 657 units developed to the level where they only require connection to services

APPENDIX G: CAPITAL PROGRAMME BY PROJECTED CURRENT YEAR

Project Name	Adjusted Budget R'000	Expenditure to Date R'000	Balance R'000
Lombardy East Social Housing Project Region E	3 726	3 259	467
Lombardy East Social Housing Project Region E	1 800	1 755	45
Randburg Selkirk Social Housing Project Region B	16 000	3 846	12 154
Nancefield Social Housing Project Region D	53 054	50 386	2 668
Dobsonville Social Housing Project Region D	5 000	2 638	2 362

Project Name	Adjusted Budget R'000	Expenditure to Date R'000	Balance R'000
Marlboro Social Housing Project Region E	3 000	2 972	28
Princess Plots Social Housing Project Region C	22 500	22 447	53
EXISTING STOCK REDEVELOPMENT UPGRADE AND MAJOR MAINTENANCE Renewal Building Alterations JOHANNESBURG F City Wide	22 734	20 108	2 626
Nederburg Social Housing Project Region A	19 000	16 979	2 021
Devland Golden Highway Social Housing Project Region D	12 523	12 435	88
City Deep Social Housing Upgrade Region F	5 000	4 999	1
Smit Street Inner City Building Conversion Region F	11 039	25 022	(13 983)
106 Claim Street Inner City Building Conversion Region F	9 510	7 826	1 684
Abel Road Inner City Building Conversion Region F	25 000	18 114	6 886
Booysens Street Inner City Conversion	7 000	293	6 707
38 Rissik Street (NBS) Inner City Building Conversion	9 804	9 804	-
Malvern Building Conversion	3 000	2 337	663
Tum-Key 1: Region A	22 225	39 710	(17 485)
Park Chambers	8 279	8 278	1
Kelvin	9 794	17 455	(7 661)
Frank Brown / Milpark Social Housing Development	100	-	100
Frank Brown / Milpark Social Housing Development	721	-	721
Turn-Key: Region F (Denver Social Housing)	11 687	11 679	8
Turn-Key: Region F (Denver Social Housing)	55 000	55 000	0
Total	**337 496**	**337 342**	**154**

APPENDIX H: DISCLOSURE OF FINANCIAL INTEREST BY EXECUTIVE TEAM

Name and Surname	Position	Description of Interest
Bongani Radebe	CEO	Nothing declared
Nontobeko Ndimande	Chief Financial Officer	Nothing declared
Themba Mathibe	Chief Operations Officer	Barloworld BEE shares
Vacant	Executive Manager: Planning and Strategy	N/A
Nokwazi Mtshali	Executive Manager: Corporate Services	Nothing declared

Volume 2

ANNUAL FINANCIAL STATEMENTS

GENERAL INFORMATION

COUNTRY OF INCORPORATION AND DOMICILE	South Africa
NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES	JOSHCO is appointed as the preferred implementing agent for social and institutional housing developments in the City of Johannesburg and to a) Manage Council owned rental stock; b) Manage and refurbish staff and public hostels; c) Develop new rental stock and to implement other mutually agreed housing developments; d) Providehousing management services and turnaround strategies.
REGISTERED OFFICE	61 Juta Street Braamfontein 2000
POSTAL ADDRESS	PO Box 16021 New Doornfontein 2028
ECONOMIC ENTITY	Metropolitan Municipal entity
BANKERS	Standard Bank of South Africa Limited (011) 636 9111
AUDITORS	The Auditor General South Africa (AGSA)
COMPANY SECRETARY	Ms Madonna Rangaka
COMPANY REGISTRATION NUMBER	2003/008063/30
LEVEL OF ASSURANCE	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.

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

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

DIRECTORS' RESPOSIBILITIES AND APPROVAL

The directors are required by the Municipal Finance Management Act (Act 56 of 2003) to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the directors to ensure that the annual financial statements fairly present the state of affairs of the entity and the results of its operations and cash flows for the period and conforms with South African Statements of Generally Recognized Accounting Practice (GRAP). The AGSA is required to express an independent opinion on the annual financial statements and is given unrestricted access to all financial records and related data.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The directors acknowledge that they are responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or deficit in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored in the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risks cannot be fully eliminated, the entity endeavors to minimize it by ensuring that appropriate infrastructure, controls, systems and ethical behavior are applied and managed within predetermined policies and procedures.

The directors are of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The entity is dependent on the City of Johannesburg Metropolitan Municipality for continued funding of operations. The annual financial statements are prepared on the basis that the entity is a going concern and that the City of Johannesburg Metropolitan Municipality has neither the intention nor the need to liquidate or curtail materially the scale of the company.

Although the directors are primarily responsible for the financial affairs of the entity, they are also supported by the entity's internal auditors and by management.

The annual financial statements set out on page 4 to 68, which have been prepared on the going concern basis, were approved by the board on 31 August 2024:

Mr Zithulele Theodore Dhlamini
Chairperson

Ms Nokwazi Mtshali
Acting Chief Executive Officer

DIRECTORS' AND AUDIT COMMITTEE'S REPORT

The directors submit their report for the year ended 30 June 2024.

1. Incorporation

The company was incorporated on 2 April 2003 and obtained its certificate to commence business on the same day.

2. Review of activities

Main business and operations

JOSHCO is appointed as the preferred implementing agent for social and institutional housing developments in the City of Johannesburg Metropolitan Municipality and to:

- manage council owned rental stock;
- manage and refurbish staff and public hostels;
- develop new rental stock and to implement other mutually agreed housing developments;
- provide housing management services and turnaround strategies; and
- project management agent for City of Johannesburg departments and entities.

The Service Delivery Agreement is entered into between the parties with the principal objective of providing a framework within which detailed service delivery plans can be developed and implemented by JOSHCO in a manner which is consistent with, and which will play a part in giving effect to the City's strategic planning processes. It clearly provides, amongst other things, the set of Key performance areas that the entity should deliver on, the service areas where JOSHCO should service, the service level standard that the entity should adhere to when providing services and the roles and responsibilities of both the entity and the parent municipality.

During the year ended 30 June 2024 there were no major changes in the activities of the business.

The financial position of the company shows a net liability position of (R1 ,366,367,434) (2023 net liability (R806,959,883)).

Deficit for the year of the entity was R559,407,552 (2023: deficit R373,509,983).

3. Going-concern

We draw attention to the fact that at 30 June 2024, the entity had an accumulated (deficit) of R1 ,366,367,552 and that the entity's total liabilities exceed its assets by R1 ,366,367,432.

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

The ability of the entity to continue as a going concern is dependent on a number of factors. The most significant of these is that the directors continue to procure funding for the ongoing operations for the entity from its Shareholder, the City of Johannesburg Metropolitan Municipality.

4. Subsequent events

The directors are not aware of any matter or circumstance arising since the end of the financial year, to date of this report, not otherwise dealt with in the financial statements, which significantly affect the financial position of the company or the results of its operations that would require adjustments to or disclosure in the financial statements.

5. Directors' Personal Financial Interest

For the financial year under review, there have been no related party transactions that JOSHCO engaged in which involved transactions with directors of the organization. Such declarations are also made by individual directors in the official records of the entity.

6. Accounting policies

The annual financial statements were prepared in accordance with Statements of Generally Recognised Accounting Practice (GRAP) as the prescribed framework by Accounting Standard Board (ASB), including any interpretations of Statements issued by the National Treasury and International Financial Reporting Standards (IFRS).

7. Share capital / contributed capital

There were no changes in the authorised or issued share capital of the entity during the year under review.

8. Borrowing limitations

The directors may authorize borrowing by the company subject to approval by the City of Johannesburg Metropolitan Municipality.

9. Changes to Assets and Liabilities

There were no significant changes to non-current assets and non-current liabilities.

DIRECTORS' AND AUDIT COMMITTEE'S REPORT

10. Directors

The JOSHCO Board was appointed through an ordinary resolution passed at the Annual General Meeting on the 1st of March 2023. The following members served under the JOSHCO Board during the year ended 30 June 2023:

Name of Board Members	Membership	Effective Date	Resioned date
Mr. Sydney Jacob James (Chairperson)	Non-Executive Director	Appointed 01 March 2023	July 2023
Ms. Sesupo Bridgette Mbonambi (Chairnerson)	Non-Executive Director	Appointed 25 August 2023	March 2024
Ms. Marillise Calsey Francis	Non-Executive Director	Appointed 01 March 2023	Seotember 2023
Mr. Jacques Watson	Non-Executive Director	Appointed 01 March 2023	October 2023
Mr. Makhate Shane Nqakalatsane {Chairperson)#	Non-Executive Director	Appointed 25 August 2023	To Date
Mr. Henry Jerry Markus	Non-Executive Director	Appointed 25 August 2023	To Date
Mr. lngle Singh	Non-Executive Director	Appointed 25 August 2023	To Date
Mr. Andries Jacobus Smith	Non-Executive Director	Appointed 01 March 2023	To Date
Mr. Simon Clarke	Non-Executive Director	Appointed 01 March 2023	To Date
Ms. Jacelyn Scott	Non-Executive Director	Appointed 01 March 2023	To Date
Ms. Yolandi Erasmus	Non-Executive Director	Appointed 01 March 2023	To Date
Mr. Simon Sepheu Masemola	Non-Executive Director	Appointed 01 March 2023	To Date
Mr. Terry Tselane	Non-Executive Director	Appointed 01 March 2023	To Date
Mr. Tabane Manene	Non-Executive Director	Appointed 01 March 2023	To Date
Ms. Simphiwe Pretty Mnisi	Non-Executive Director	Appointed 01 March 2023	To Date
Ms. Nontobeko Ndimande	Chief Financial Officer and Executive Director	Appointed on the 17 September 2018	To Date
Mr. Sella Molapane Mothotoana	Chief Executive Officer and Executive Director	Appointed on 30 May 2022	To Date
Ms. Pilekile Lefothe	Independent Audit Committee Member	Appointed 01 March 2023	January 2024
Mr. Abubakr Taoussi	Independent Audit Committee Member	Appointed 01 March 2023	January 2024
Mr. Victor Van Der Merwe	Independent Audit Committee Member	Appointed 01 March 2023	To Date
Adv. Geraldine Chaplog-Louw	Independent Audit Committee Member	Appointed 01 March 2023	To Date
Mr. Daniel Nyamazane	Independent Audit Committee Member	Appointed 16 January 2024	To Date
Ms. Alvarno ARN Francis	Independent Audit Committee Member	Appointed 16 January 2024	To Date

DIRECTORS' AND AUDIT COMMITTEE'S REPORT

Mr Thedi Moropa was acting CEO of the entity as at March 2024 to 05 August 2024.
Ms Nokwazi Mtshali was appointed as acting CEO from 26 August 2024 to date.

#During the 4th quarter of the financial year, Mr Makhate Shane Nqakalatsane was appointed as Chairperson of the JOSHCO Board of Directors.

Subsequent to 30 June 2024. but before the Annual Financial Statements were approved, on 31 July 2024, a new JOSHCO Board of directors was appointed, with Mr Zithulele Theodore Dhlamini appointed as Chairperson

11. Corporate governance

General

The Board of Directors are committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the Directors support the highest standards of corporate governance and the on-going development of best
practice.

The Johannesburg Social Housing Company SOC Ltd SOC Ltd confirms and acknowledges its responsibility to total compliance with the Code of Corporate Practices and Conduct ("the Code") laid out in the King IV Report on Corporate Governance for South Africa. The directors confer the responsibilities of management in this respect at Board meetings and monitor the company's compliance with the code on a quarterly basis.

Board of directors

The Board:

- retains full control over the company, its plans and strategy.
- acknowledges its responsibilities as to strategy, compliance with internal policies, external laws and regulations, effective risk management and performance measurement. transparency and effective communication by the company, both internally and externally.
- is of a unitary structure comprising:
  - 11 non-executive directors, all of whom are independent directors as defined in the Code;
  - 2 executive directors, who are the Chief Executive Officer and Chief Financial Officer.

Chairperson and Chief Executive Officer

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

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

Remuneration

The upper limit of the total remuneration for the Chief Executive Officer is determined by the upper limits set for municipalities by the Department of Co-operative Governance and Traditional Affairs (COGTA). The limit of the remuneration of executive managers of the entity are determined by the parent municipality. The Board approves the remuneration within the abovementioned limits.

Board and Board Sub-Committee meetings

The board of directors has met 1 0 times during the financial year ended 30 June 2024. Development Committee met 5 times, Social Ethics & HR Committee met 4 times, Audit and Risk Committee met 7 times.

Non-executive directors have access to all members of management of the company. Attendance at board and sub-committee meetings were as follows:

Director/Member	Board	Audit and Risk	Development	Social Ethics and HR
Total Number of Meetings	10	7	5	4
Mr. Sello Molapane Mothotoana	10	0	0	0
Ms. Nontobeko Ndimande	10	7	5	4
Mr Makhate Shane Nqakalatsane (Chairperson)	8	2	-	-
Mr. Sydney Jacob James*	1	-	-	-
Ms. Marillise Calsey Francis**	2	-	1	-
Ms Sesupo Bridgette Mbonambi***	6	-	-	-
Mr. Jacques Watson**	2	2	2	-
Mr. Henry Jerry Markus	9	-	2	-
Mr. Ingle Singh	9	-	3	-
Mr. Tabane Manene	10	-	5	-

DIRECTORS' AND AUDIT COMMITTEE'S REPORT

Director/Member	Board	Audit and Risk	Development	Social Ethics and HR
Mr. Andries Jacobus Smith	10	-	-	4
Mr. Simon Clarke	10	-	5	-
Ms. Yolandi Erasmus	10	7	-	4
Mr. Simon Sepheu Masemola	10	7	-	4
Mr. Terry Tselane	7	-	-	4
Mr. Jacelyn Scott	10	1	-	4
Ms. Simphiwe Pretty Mnisi	10	-	-	4
Mr. Aboubakr Taoussi	-	1	-	-
Ms. Pilekile Lefothe	-	4	-	-
Mr. Victor Van Der Merwe	-	7	-	-
Adv. Geraldine Chaplog-Louw	-	7	-	-
Mr. Daniel Nyamazane	-	3	-	-
Ms. Alvarno ARN Francis	-	3	-	-

Mr. Bongani Radebe, the acting CEO up to March 2024, attended 6 Board meetings, 5 Audit & Risk Committee meetings, 3 Development Committee meetings and 3 Social Ethics and HR meetings.

* Director resigned in July 2023
** Director resigned in September 2023
*** Director resigned in October 2023
**** Director resigned in March 2024

Audit and Risk Committee

In terms of Section 166 of the Municipal Finance Management Act, City of Johannesburg Metropolitan Municipality, as a parent municipality, must appoint members of the Audit Committee. Notwithstanding that non-executive director appointed by the parent municipality constituted the municipal entities' Audit Committees, National Treasury policy requires that parent municipalities should appoint further members of the company's audit committees who are not directors of the municipal company onto the audit committee. The City of Johannesburg, as a parent municipality, was satisfied that the Audit Committee of the company is properly constituted to fulfil its role and to advise the Board of its responsibilities as provided in Section 166 of the Municipal Finance Management Act.

For the year ended 30 June 2024 the committee met 7 times and was constituted as follows:

Director/Member	Role
Mr. Simon Sepheu Masemola	Independent Audit Committee Member and Chairperson
Ms. Yolandi Erasmus	Independent Audit Committee Member
Mr. Shane Ngakalatsane*	Independent Audit Committee Member
Ms. Jacely Scott**·	Independent Audit Committee Member
Mr. Victor Van Der Merwe	Independent Audit Committee Member
Adv. Geraldine Chaploa-Louw	Independent Audit Committee Member
Mr. Daniel Nvamazane #	Independent Audit Committee Member
Ms. Alvarno ARN Francis #	Independent Audit Committee Member
Mr. Aboubakr Taoussi fl#.	Independent Audit Committee Member
Ms. Pilekile Lefothe ##	Independent Audit Committee Member

DIRECTORS' AND AUDIT COMMITTEE'S REPORT

* Director resigned on 26 March 2024
** Director appointed on10 April 2024
# Independent Audit Committee Member resigned in January 2024
Independent Audit Committee Member appointed on 16 January 2024

Development Committee

For the year ended 30 June 2024, the committee met 5 times and was constituted as follows:

Director	Role
Mr. Simon Clarke	Non-executive Director
Mr. Henry Markus	Non-executive Director
Mr. Manene Tabane	Non-executive Director
Mr. Ingle Singh	Non-executive Director

Social and Ethics and Human Resource Committee
For the year ended 30 June 2024 the committee met 4 times and was constituted as follows:

Director	Role
Ms. Yolandi Erasmus	Non-executive Director and Chairperson
Mr. Simon Masemola	Non-executive Director
Ms. Simphiwe Pretty Mnisi	Non-executive Director
Ms. Jacelyn Scott	Non-executive Director
Mr. Andries Smit	Non-executive Director
Mr. Terry Tselane	Non-executive Director

Internal audit

The company has a co-sorted internal audit function. The internal audit unit is operational, and in compliance with Municipal Finance Management Act (Act 56 of 2003).

12. Economic entity

The company's parent municipality is The City of Johannesburg Metropolitan Municipality incorporated in South Africa, in terms of the Municipal Systems Act.

13. Interest in jointly controlled entities

Name of controlled entity: JOSHCO Madulamoho Joint Venture (JMJV)

Country of incorporation: South Africa

Net surplus (deficit) after tax: (1,036,406)

The JMJV was formed between JOSHCO and Madulamoho Housing in 2006 for the development and continued management of the BG Alexander building. The main transactions between JOSHCO and the JMJV were accounts receivable in respect of provincial subsidies payable by the JMJV to JOSHCO. JOSHCO has also accounted for its 55% share of the deficit from the joint venture in its financial statements amounting to (deficit: R570 023,30) (2023: surplus R1 331 311,30). The entity is exempt from preparing consolidated financial statements as it is itself a wholly owned controlled entity.

14. Bankers

Standard Bank Limited.

The management of the treasury function within the municipal entity is managed under the auspices of the City of Johannesburg Metropolitan Municipality Assets and Liabilities Committee and Treasury department.

15. Auditors

The Auditor General South Africa are the external auditors in terms of the section 92 of the MFMA and the Public Audit Act. The Audit and Risk Committee (ARC] of the Johannesburg Social Housing Company SOC Ltd (JOSHCO) is pleased to present its report for the financial year ended 30 June 2024.

DIRECTORS' AND AUDIT COMMITTEE'S REPORT

Audit committee members and attendance

The Audit Committee consists of the members listed hereunder and they have met 7 times during the year

Name of Audit Committee Members	Audit Committee		
	Attendance	Absent	Aooloaies
Mr. Victor Van Der Merwe	7		
Ms. Pilekile Lefothe	4		
Ms. Geraldine Louw	7		
Mr. Aboubakr Taoussi	1		
Mr. Daniel Nyamazane	3		
Ms. Alvarno ARN Francis	3		
Mr. Makhate Shane NQakalatsane	2		
Ms. Jacelyn Scott	1		
Mr. Simon Sepheu Masemola	7		
Ms. Yolandi Erasmus	7		
Mr. Jaques Watson	2		

Audit Committee responsibility

The ARC was established in terms of Section 166 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003, as amended) (MFMA) read with circular 65 published by the National Treasury, as well as the Companies Act 71 of 2008 as amended. The ARC hereby confirms that it has adopted formal terms of reference as its charter and has regulated its affairs in compliance therewith to discharged all its responsibilities as contained therein.
The purpose of the ARC is to assist the Board in fulfilling its oversight responsibilities and advise the Accounting Officer on matters relating to internal controls, adequacy, reliability, and accuracy of financial reporting and operational information, risk management and governance, including ICT governance.

Effectiveness of internal control

The systems of internal control are designed for management (in the first and second lines of defence) to provide reasonable assurance regarding the safeguarding of assets. efficient management of liabilities and working capital, accuracy and reliability of financial information, the effectiveness of core operations to deliver on the statutory mandate of JOSHCO, its compliance with legal and regulatory provisions, as well as standing policies. From the various reports of the independent Internal Audit assurance provider, the ARC has recommended further enhancement in the internal control environment of JOSHCO and the Accounting Officer has committed to address the root causes identified in relation to the reported deficiencies in internal controls. The ARC is committed to assist the Board in working with management towards maintaining an unqualified audit opinion in the first place and secondly to set the radar on a clean audit opinion in the ensuing years.

Quality of in-year management

The ARC duly considered the quarterly in-year reports tabled by the Accounting Officer and Executive management and subsequently recommended their approval by the Board. The ARC wishes to express its appreciation to Management for the quality of reports tabled and for the robust engagements.

Compliance with legal and regulatory provisions

The ARC remains concerned with the reported instances of irregular expenditure in particular as related to overspending on the budget due to changes in operational imperatives. However, the ARC has implored the Accounting Officer to engage the shareholder through the Board towards avoiding repeat instances in the ensuing financial years.

Internal Audit

In addition to the information on Internal Audit reflected in the Integrated Annual Report, the ARC hereby wishes to express its satisfaction with the level of assurance provided by the Internal Audit function. The ARC also commends the Internal Audit function for the percentage completion achieved in the year under review.

Risk Management Function

The ARC is responsible for the oversight of the risk management function and considers the risk management reports quarterly. The risk management function operated satisfactorily during the year.

DIRECTORS' AND AUDIT COMMITTEE'S REPORT

Evaluation of audited Annual Financial Statements

The ARC has:

- o reviewed the appropriateness of the accounting policies and practices; and
- o reviewed and discussed with management the audited Annual Financial Statements.

COMPANY SECRETARY'S CERTIFICATION

Declaration by the company secretary in respect of Section 88(2)(e) of the Companies Act

In terms of Section 88(2)(e) of the Companies Act 71 of 2008, as amended, I certify that the company has lodged with the Commissioner all such returns as are required of a public company in terms of the Companies Act and that all such returns are true, correct and up to date.

Ms. Madonna Rangaka
Company Secretary
Saturday, 30 November 2024

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

Figures in Rand	Note(s)	2024	2023 Restated*
Assets			
Current Assets			
Inventories	2	517 596	219 592
Loans to shareholders	3	5 958 169	2 974 818
Current tax receivable	26	49 707	9 139 564
Receivables from exchange transactions	4	1 247 352 695	1 287 282 284
Receivables from non-exchange transactions	5	5 871 159	5 524 193
VAT receivable	13	5 440 143	3 928 876
Cash and cash equivalents	6	20 993 796	202 023 316
		1 286 183 265	**1 511 092 643**
Non-Current Assets			
Property, plant and equipment	7	39 342 453	33 361 903
Intangible assets	8	6 869 353	6 918 992
Investments in joint ventures	9	20 649 583	21 769 606
		66 861 389	**62 050 501**
Non-Current Assets		66 861 389	62 050 501
Current Assets		1 286 183 265	1 511092 643
Total Assets		**1 353 044 654**	**1 573 143 144**
Liabilities			
Current Liabilities			
Loans from shareholders	3	1 309 093 473	1 112 952 480
Borrowings - DBSA	10	2 141 827	2 743 780
Finance lease obligation	12	407 219	375 078
Payables from exchange transactions	11	1 400 974 454	1 256 078 735
		2 712 616 973	**2 372 150 073**
Non-Current Liabilities			
Borrowings - DBSA	10	6 617 315	7 367 935
Finance lease obligation	12	-	407 219
Deferred income	14	177 800	177 800
		6 795 115	**7 952 954**
Non-Current Liabilities		6 795 115	7 952 954
Current Liabilities		2 712 616 973	2 372 150 073
Total Liabilities		**2 719 412 088**	**2 380 103 027**
Assets		1 353 044 654	1 573 143 144
Liabilities		(2 719 412 088)	(2 380 103 027)
Net Assets		**(1 366 367 434)**	**(806 959 883)**
Share capital / contributed capital	16	120	120
Accumulated surplus		(1 366 367 552)	(806 960 005)
Total Net Assets		**(1 366 367 432)**	**(806 959 885)**

*See Note 36 & 37

JOHANNESBURG SOCIAL HOUSING COMPANY SOC Ltd
(Registration number 2003/008063/30)
Annual Financial Statements for the year ended 30 June 2024

STATEMENT OF FINANCIAL PERFORMANCE

Figures in Rand	Note(s)	2024	2023 Restated*
Revenue			
Revenue from exchange transactions			
Rendering of services		32 341 697	53 585 195
Rental of facilities and equipment		152 391 172	178 950 727
Utility Recoveries		6 890 845	2 601 323
Other income		552 001	293 500
Interest received	22	38 428 042	26 432 131
Total revenue from exchange transactions		**230 603 757**	**261 862 876**
Revenue from non-exchange transactions			
Taxation revenue			
Share of surplus from joint ventures accounted for using the equity method		-	1 331 311
Transfer revenue			
Government grants & subsidies	17	110 686 669	48 003 996
EPWP Operational Grant	17	18 962 501	-
SHRA Tenanting income	17	18 411 637	-
Total revenue from non-exchange transactions		**148 060 807**	**49 335 307**
		230 603 757	261 862 876
		148 060 807	49 335 307
Total revenue	17	**378 664 564**	**311 198 183**
Expenditure			
Employee related costs	19	(220 531 249)	(168 586 050)
Debt impairment	21	(52 367 456)	(109 496 145)
Depreciation and amortization	23	(4 892 881)	(3 076 489)
Impairment loss	39	-	(5 846 342)
Finance costs	24	(113 264 035)	(76 372 524)
Bad debts written off		(90 867 645)	(38 694 089)
Loss on disposal of assets		(32 907)	-
Share of deficits from joint venture		(570 023)	-
Administrative costs	18	(455 545 920)	(282 636 527)
Total expenditure		**(938 072 116)**	**(684 708 166)**
		-	-
Total revenue		378 664 564	311 198 183
Total expenditure		(938 072 116)	(684 708 166)
Operating surplus/deficit		-	-
Deficit before taxation		(559 407 552)	(373 509 983)
Taxation		-	-
Deficit for the year		**(559 407 552)**	**(373 509 983)**

*See Note 36 & 37

STATEMENT OF CHANGES IN NET ASSETS

Figures in Rand	Share Capital / Contributed capital	Accumulated Surplus / Deficit	Total Net Assets
Balance at 01 July 2022	120	(433 450 022)	(433 449 902)
Changes in net assets			
Deficit for the year	-	(373 509 983)	(373 509 983)
Total changes	**-**	**(373 509 983)**	**(373 509 983)**
Opening balance as previously reported	120	(807 772 512)	(807 772 392)
Adjustments			
Correction of errors 37	-	812 512	812 512
Restated* Balance at 01 July 2023 as restated*	120	**(806 960 000)**	**(806 959 880)**
Changes in net assets			
Deficit for the year	-	**(559 407 552)**	**(559 407 552)**
Total changes	-	(559 407 552)	(559 407 552)
Balance at 30 June 2024	120	(1 366 367 552)	(1 366 367 432)

*See Note 36 & 37

CASH FLOW STATEMENT

Figures in Rand	Note(s)	2024	2023 Restated*
Cash flows from operating activities			
Receipts			
Taxation		9 089 857	-
Sale of goods and services		84 690 033	229 149 348
Grants		148 060 808	48 003 996
Interest income		38 428 042	26 432 131
Other receipts		-	5 252 553
Net cashflows from transactions on behalf of COJ		-	268 777 624
		280 268 740	577 615 652
Payments			
Employee costs		(218 725 422)	(173 635 631)
Suppliers		(310 463 039)	(255 409 970)
Finance costs		(113 264 035)	(76 372 524)
Tax paid		-	(9 089 858)
		(642 452 496)	(514 507 983)
Total receipts		280 268 740	577 615 652
Total payments		(642 452 496)	(514 507 983)
Net cash flows from operating activities	**25**	**(362 183 756)**	**63 107 669**
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(10 825 755)	(26 577 802)
Purchase of other intangible assets	8	-	(1 011 540)
Movement in investments (incl. Controlled entities, JVs & Assoc)		550 000	(1 331 311)
Net cash flows from investing activities		**(10 275 755)**	**(28 920 653)**
Cash flows from financing activities			
Net movement on borrowings - dbsa		(1 352 573)	(1 247 791)
Net movement on shareholders' loan		196 140 993	(19 811 187)
Finance lease payments		(375 078)	(369 974)
Net cash flows from financing activities		**191 429 991**	**(21 428 952)**
Net increase/(decrease) in cash and cash equivalents		**(181 029 520)**	**12 758 064**
Cash and cash equivalents at the beginning of the year		202 023 316	189 265 252
Cash and cash equivalents at the end of the year	**6**	**20 993 796**	**202 023 316**

*See Note 36 & 37

JOHANNESBURG SOCIAL HOUSING COMPANY SOC Ltd
(Registration number 2003/008063/30)
Annual Financial Statements for the year ended 30 June 2024

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Budget on Cash Basis

Figures in Rand	Approved Budget	Adjustments	Final Budget	Actual amounts on Comparable Basis	Difference between Final Budget and Actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Rendering of services	63 058 001	-	63 058 001	32 341 697	(30 716 304)	
Rental of facilities and equipment	211 292 400	(70 663 999)	140 628 401	152 391 172	11 762 771	
Recoveries	3 450 599	768 997	4 219 596	6 890 845	2 671 249	
Other income	574 000	-	574 000	552 001	(21 999)	
Interest received - investment	25 222 000	252 004	25 474 004	38 428 042	12 954 038	
Total revenue from exchange transactions	**303 597 000**	**(69 642 998)**	**233 954 002**	**230 603 757**	**(3 350 245)**	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	48 617 000	62 070 000	110 687 000	110 686 669	(331)	
EPWP Operational Grant	5 000 000	19 808 000	24 808 000	18 962 501	(5 845 499)	
Public contributions and donations	-	-	-	18 411 637	18 411 637	
Total revenue from nonexchange transactions	**53 617 000**	**81 878 000**	**135 495 000**	**148 060 807**	**12 565 807**	
'Total revenue from exchange transactions'	303 597 000	(69 642 998)	233 954 002	230 603 757	(3 350 245)	
'Total revenue from nonexchangetransactions'	53 617 000	81 878 000	135 495 000	148 060 807	12 565 807	
Total revenue	**357 214 000**	**12 235 002**	**369 449 002**	**378 664 564**	**9 215 562**	
Expenditure						
Personnel costs	(171 154 655)	(25 202 000)	(196 356 655)	(220 531 249)	(24 174 594)	
Debt impairment	(33 034 000)	7 833 000	(25 201 000)	(52 367 456)	(27 166 456)	
Depreciation and amortisation	(1 627 000)	-	(1 627 000)	(4 892 881)	(3 265 881)	
Finance costs	(959 000)	-	(959 000)	(113 264 035)	(112 305 035)	
Bad debts written off	-	-	-	(90 867 645)	(90 867 645)	
Administrative costs	(150 439 345)	5 133 998	(145 305 347)	(455 545 920)	(310 240 573)	
Total expenditure	**(357 214 000)**	**(12 235 002)**	**(369 449 002)**	**(937 469 186)**	**(568 020 184)**	
	357 214 000	12 235 002	369 449 002	378 664 564	9 215 562	
	(357 214 000)	(12 235 002)	(369 449 002)	(937 469 186)	(568 020 184)	
Operating deficit	-	-	-	(558 804 622)	(558 804 622)	
Loss on disposal of assets and liabilities	-	-	-	(32 907)	(32 907)	
Share of deficits from joint ventures accounted for using the equity method	-	-	-	(570 023)	(570 023)	
	-	-	-	(602 930)	(602 930)	
				(558 804 622)	(558 804 622)	

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Budget on Cash Basis

Figures in Rand	Approved Budget	Adjustments	Final Budget	Actual amounts on Comparable Basis	Difference between Final Budget and Actual	Reference
	-	-	-	(602 930)	(602 930)	
Deficit before taxation	**-**	**-**	**-**	**(559 407 552)**	**(559 407 552)**	
Surplus before taxation	-	-	-	(559 407 552)	(559 407 552)	
Taxation	-	-	-	-	-	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**-**	**-**	**-**	**(559 407 552)**	**(559 407 552)**	

ACCOUNTING POLICIES

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standard Board (ASB). In the absence of effective Standard of GRAP, Directive 5 dated March 2009 from the ASB provides the continued application of International Financial Reporting Standards (IFRS). The recognition and measurements principles in the GRAP and IFRS statements do not differ as a result in material differences in items presented and disclosed in the financial statements. The annual financial statements are prepared on the historical cost basis except where otherwise stated and accounting policies applied are consistent with the application in previous years except where otherwise stated. The Financial statements fairly present the entity's Financial Position, Financial Performance and Cash Flow as per the requirements of GRAP 1.

1.1 Going concern assumption

These annual financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months.

1.2 Materiality

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

1.3 Significant accounting judgements and key sources of estimation uncertainty

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

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

Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments.

Trade receivables, project debtors, related party debtors, loans and receivables

The company assesses its trade receivables and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes judgments as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables and loans and receivables is calculated on a portfolio basis and individual, based on historical loss and recovery ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio.

In accounting for the provision for doubtful debts, one of the following principles has been observed:

1. The trade debtor's balance has aged to 60 days and more

2. A collecting agency has advised that the debt is doubtful

3. Normal credit control procedures have not resulted in the collection of the debt

4. Debtor has been liquidated or sequestrated; or

5. The tenant leasee no longer occupy the premises for which services were billed

VAT Receivable/(Payable)

The municipal entities is registered with SARS for VAT on the invoice basis in accordance with Section 15(2)(a) of the Value Added Tax Act, 81 of 1991.

1.4 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

ACCOUNTING POLICIES

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

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

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

The following factors were considered to determine the useful life of the assets:

- Expected usage of the asset;
- Expected physical wear and tear of the asset;
- Technical obsolescence; and
- Legal or other limits on the use of the asset

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount (i.e., impairment losses are recognised). Gains and losses on disposal of of property, plant and equipment is determined by reference to their carrying amount and are taken into account in determining operating profit.

The residual value and the useful life of each asset are reviewed at each reporting date. The useful life of items of property, plant and equipment have been assessed as follows:

Item	**Average useful life**
land	Indefinite
leased assets	Lower of the Lease Period or useful life (3 - 5 Years)
Furniture and fixtures	5 - 7 Years
Motor vehicles	4 - 7 Years
Office equipment	5 - 7 Years
IT equipment	3 - 5 Years
Leasehold improvements	Lower of the Lease Period or Useful life 3 Years

Assets under development and work-in progress are not depreciated. The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differs from the previous estimates, the change is accounted for as a change in accounting estimate.

The residual vaiue of IT equipment assets such as computers are set at R1 as these items are expected to have negligible sales value at the end of its useful life.

The residual value of all other assets with a cost less than R5 000 are estimated at 10% of the cost as this is appropriately the maximum amount expected to be at the end of its useful life.

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

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity. The depreciation method applied to an asset is reviewed at least at each reporting dateand, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The entity assesses at each reporting date whether there is any indication that the entity expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If-any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

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

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds. if any, and the carrying amount of the item.

Assets which the entity holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

The entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements.

1.5 Intangible assets

An asset is identified as an intangible asset when it:

- is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability.

- arises from the contractual rights or other legal rights, regardless of whether those rights are transferable or separate from JOSHCO or from other rights and obligations.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses. Amortisation commences when the intangible assets are ready for their intended use.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Item	Useful life
Computer software, other	2 - 5 years
Intangible assets	2 - 5 years

1.6 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the entity has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

Government grants (including capital grants) are recognised when there is reasonable assurance that:
- the company will comply with the conditions attached to them; and
- the grants will be received

A government grant that becomes receivable as compensation for expenses or deficit already incurred or for the purpose of giving immediate financial support to the company with no future related costs is recognised as income of the period in which it becomes receivable.

Capital grants are recorded as deferred income when they become receivable and are recognised as income on a systematic basis over the periods necessary to match grants with the related costs, which they are intended to compensate. Capital grants on infrastructure property, plant and equipment are credited on a straight-line basis to the Statement of Financial Performance based on the estimated useful life of the relevant infrastructure property, plant and equipment.

1.7 Investment in joint ventures

An interest in a joint venture is carried at cost.

The cost of an investment is the aggregate of:
- The fair value of, at the date of acquisition or transfer of functions, of assets given, liabilities incurred or assumed, and equity instruments issued by the entity; and
- Any cost directly attributable to the purchase of the jointly controlled entity.

ACCOUNTING POLICIES

On initial recognition the investment in a joint venture is recognised at cost and the carrying amount is increased or decreased to recognise the investor's share of the surplus or deficit of the investee after the date of acquisition.

Distributions received from the joint venture reduce the carrying amount of the investment.

1.8 Financial instruments

Financial assets and financial liabilities are recognised on JOSHCO's balance sheet when the organisation becomes a party to the contractual provisions of the instrument. All "regular way" purchases and sales of financial assets are initially recognised using trade date accounting. Financial instruments are initially measured at fair value, which includes transaction costs. Subsequent to initial recognition the instruments are measured as set out below:

Financial assets

JOSHCO's principle financial assets are Loans to group companies, accounts and other receivables, and cash and cash equivalents.

At the end of each reporting period the company assesses all financial assets. other than those at fair value through surplus or deficit, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

Reversals of impairment losses are recognised in surplus or deficit except for equity investments classified as available-for-sale.

Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

Loans to/ (from) group companies

These include loans to parent municipality, subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

Subsequently these loans are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

On loans receivable an impairment loss is recognised in profit or loss when there is objective evidence that it is impaired. The impairment is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Loans to / (from) parent municipality

These are classified as loans and receivables.

Accounts and Other receivables from exchange transactions

Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired.

The allowance recognised is measured as the difference between the asset's carrying amount and the present value ofestimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the allowance is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectible, it is written-off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written-off are credited against operating expenses in surplus or deficit.

Payables from exchange transactions

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

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Financial liabilities

JOSHCO's principle financial liabilities are Loans from group companies, accounts and other payables and interest bearing borrowings & overdraft. All financial liabilities are measured at amortised cost, comprising original debts less principle payments and amortisations, except for financial liabilities held for trading and derivative liabilities, which are subsequently measured at fair value.

Loans to I (from) group companies

As noted in the financial assets above.

ACCOUNTING POLICIES

Accounts and other payables

Accounts and other payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rates method.

Interest bearing borrowings and overdraft

Interest bearing borrowings and overdraft are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Gains and losses

Gains and losses arising from a change in the fair value of the financial instrument, other than available-for-sale financial asset, are included in net profit or loss in the period in which it arises. Gains and losses arising from a change in the fair value of available-for-sale financial assets are recognized in equity, until the investment is disposed of or is determined to be impaired, at which time the net profit or loss is included in the net profit or loss for the period.

De-recognition

A financial asset as a portion thereof is derecognised when the organisation realises the contractual rights to the benefits specified in the contract, the rights expire, the organisation surrenders those rights or otherwise loses control of the contractual rights that comprise the financial asset. On derecognition, the difference between the carrying amount of the financial asset and the sum of the proceeds receivable and any prior adjustment to reflect the fair value of the asset that had been reported in equity is included in net profit or loss for the period.

A financial liability as a part thereof is derecognised when the obligation specified in the contract is discharged, cancelled, or expires. On derecognition the difference between the carrying amount of the financial liability, including related unamortised costs. and the amount paid for it is included in net profit or loss for the period.

The fair values at which the financial instruments are carried at the balance sheet date have been determined using available market values. Where market values are not available, fair values have been calculated by discounting expected future cash flows at prevailing interest rates. The fair values have been estimated using available market information and appropriate valuation methodologies but are not necessarily indicative of the amounts that the organisation could realise in the normal course of business. The carrying amounts of financial assets and financial liabilities with a maturity of less than one year are assumed to approximate their fair value due to the short-term trading cycle of these assets. Financial assets and financial liabilities are offset if there is any intention to realise the asset and settle the liability simultaneously and a legally enforceable right to offset exists.

1.9 Statutory receivables

Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

Recognition

The entity recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

Initial measurement

The entity initially measures statutory receivables at their transaction amount.

Subsequent measurement

The entity measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

ACCOUNTING POLICIES

Accrued interest

Where the entity levies interest on the outstanding balance of statutory receivables, it adjusts the transaction amount after initial recognition to reflect any accrued interest. Accrued interest is calculated using the nominal interest rate.

Interest on statutory receivables is recognised as revenue in accordance with the policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers), whichever is applicable.

Derecognition

The entity derecognises a statutory receivable, or a part thereof, when:

- the rights to the cash flows from the receivable are settled, expire or are waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- the entity, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
  - derecognise the receivable; and
  - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

1.10 Tax

Current tax assets and liabilities

Current tax for current and prior periods is. to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting surplus nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable surplus will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in surplus or deficit for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised. in the same or a different period, to net assets; or
- a business combination.

Current tax and deferred taxes are charged or credited to net assets if the tax relates to items that are credited or charged, in the same or a different period, to net assets.

1.11 Leases

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

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

Finance leases - lessee

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

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

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

ACCOUNTING POLICIES

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessor

Operating lease revenue is recognised as income on a month to month basis.

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

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - lessee

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

1.12 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

The cost of inventories comprises of all costs of purchase. costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.13 Events after reporting date

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue.

Two types of events can be identified:

(a) those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date);

and

(b) those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

1.14 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impainnent losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the entity; or
- the number of production or similar units expected to be obtained from the asset by the entity.

Judgements made by management in applying the criteria to designate assets as cash-generating assets or non-cashgenerating assets, are as follows:

1.15 Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

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

lmpainnent is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation {amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the entity; or
- the number of production or similar units expected to be obtained from the asset by the entity.]

1.16 Share capital/ contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its 'liabilities. Equity intruments issued by the company are classified according to the substance of the contractual arrangements entered into. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

1.17 Employee benefits

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

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions.
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service.
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting
  period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense). after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits. the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognises the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments as a result of past performance.

Other post retirement obligations

The municipality provides post-retirement health care benefits, housing subsidies and gratuities upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The municipality also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The entity shall recognise the net total of the following amounts as expense or revenue, except to the extent that another standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

1.18 Provisions and contingencies

Provisions are recognised when:

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

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

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

1.19 Commitments

A commitment is a contract or obligation that is non-cancellable to only cancellable at significant cost. to the extent that the amount has not been recorded elsewhere in the financial statements.

Capital commitments are disclosed in the notes to the annual financial statements.

1.20 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Rental income is accrued on a time proportionate basis over the period of the lease agreement. Rental paid in advance is recognised as a liability in the statement of financial position.

Provincial Government subsidies for projects undertaken by the Company are recognised when the Company incurs the cost of the project that is subsidised.

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

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the company;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight-line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts. the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

Interest and dividends

Revenue arising from the use by others of company assets yielding interest and dividends is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the company; and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.21 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the entity can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting entity.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Services in-kind

Except for financial guaranteed contracts, the entity recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

Where services in-kind are not significant to the entity's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the entity disclose the nature and type of services in-kind received during the reporting period.

1.22 Cash flow statement

The cashflow statement is prepared based on the direct method.

1.23 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.24 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.25 Accounting by principals and agents

Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf ofthe principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent). through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

Identifying whether an entity is a principal or an agent

When the entity is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether an entity is a principal. or an agent requires the entity to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

Binding arrangement

The entity assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

Assessing which entity benefits from the transactions with third parties

When the entity in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the entity concludes that it is not the agent, then it is the principal in the transactions.

The entity is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction;
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit; and
- It is not exposed to variability in the results of the transaction.

Where the entity has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that is an agent. The entity applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the entity is an agent.

Recognition

The entity, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principalagent arrangement in accordance with the requirements of the relevant Standards of GRAP.

ACCOUNTING POLICIES

The entity, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The entity recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.26 Deviations

Deviation from, and ratification of minor breaches of, procurement processes:

(1) A supply chain management policy allow the accounting officer-

(a) to dispense with the official procurement processes established by the policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only-

(i) in an emergency;

(ii) if such goods or services are produced or available from a single provider only;

(iii) for the acquisition of special works of art or historical objects where specifications are difficult to compile;

(iv) acquisition of animals for zoos; or

(v) in any other exceptional case where it is impractical or impossible to follow the official procurement processes; and

(b) to ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature.

(2) The accounting officer must record the reasons for any deviations in terms of subregulation (1)(a) and

(b) and report them to the next meeting of the council, or board of directors in the case of a municipal entity, and include as a note to the annual financial statements.

(3) Subregulation (2) does not apply to the procurement of goods and services contemplated in regulation 11 (2).

1.27 Comparative figures

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

1.28 Unauthorised expenditure

Unauthorised expenditure means:
- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.29 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.30 Irregular expenditure

Irregular expenditure in terms of MFMA refers to expenditure incurred by JOSHCO in contravention of, or that is not in accordance with, a requirement of the MFMA, the Municipal Systems Act, the Public Office Bearers Act, and Supply Chain Management policy of JOSHCO or any of the municipality's by-laws and which has not been condoned.

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

ACCOUNTING POLICIES

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.31 Segment information

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

1.32 Prior Year Errors

When the presentation or classification of items in the financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

Where accounting errors have been identified in the current financial year the correction is made retrospectively as far as it is practical and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as it is practical and the prior year comparatives are restated accordingly.

1.33 Budget information

The budget is approved by the sole shareholder, the City of Johannesburg Metropolitan Municipality, on the accrual basis by functional classification. The operational budget is prepared using the zero-based budget methodology and applies to the period relevant to the Medium-Term Expenditure Framework. The approved budget covers the fiscal periods 1 July 2023 to 30 June 2024.

JOSHCO present a separate budget statement for public accountability. In the event of variances i.e., where actuals exceed the budgets by more than 1 % of total revenue, reasons for such variances are noted on the budget statement. Statement of comparative and actual information has been included in the financial statements as the recommended disclosure when the financial statements and the budget are on the same basis of accounting as determined by National Treasury.

1.34 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

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

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are those family members who may be expected to influence or be influenced by that person in their dealings with the entity.

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

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

1.35 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

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

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

1.36 Presentation currency

These annual financial statements are presented in South African Rand.

1.37 Offsetting

Assets, liabilities, revenue and expenses have not been offset except when offseting is required or permitted by a standard of GRAP.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2024	2023
2. Inventories		
Consumable stores	517 596	219 592
There was no inventory written down in both the current and prior years.		
3. Loans to (From) Shareholders		
Sweeping account - Interest bearing The City of Johannesburg has an arrangement with all municipal owned entities (MOE's) that the bank accounts will be swept over night to the primary bank account of the City of Johannesburg. The required amounts by the MOE's will be swept back to their accounts when requested. The account bears interest at repo rate, compounded daily.	(1 309 093 473)	(1 112 952 480)
Interest on Non - Sweeping Bank Accounts The above balance emanates from a historical bank account that has been closed. the balance as at the closure of the account is in favor of JOSHCO and COJ Treasury will settle the account against the negative balance of the sweeping account in due course.	5 958 169	2 974 818
	(1 303 135 304)	**(1 109 977 662)**
The loan from shareholders mainly comprises of settlement of City of Johannesburg department invoices by JOSHCO as at 30 June 2024.		
Interest on non-sweeping bank account is interest from historical accounts that were with Absa Bank before moving to Standard Bank.		
Current assets	5 958 169	2 974 818
Current liabilities	(1 309 093 473)	(1 112 952 480)
	(1 303 135 304)	**(1 109 977 662)**
Loans to Shareholders Impaired		
The ageing of these loans is as follows:		
Over 6 months	5 958 169	5 958 169
Reconciliation of Provision for Impairment of Loans to Shareholders		
Opening balance	2 974 818	2 974 818
Reversal of previous impaimnent	(2 974 818)	-
	-	**2 974 818**
There were events in the current financial year which resulted in previous impairment of the receivables reversed.		
Sweeping Account		
Loans at beginning of the year	(1 112 952 480)	(1 132 763 667)
Net receipts/(payments) during the year	(196 140 993)	19 811 187
	(1 309 093 473)	**(1 112 952 480)**

The City of Johannesburg has an arrangement with all municipal owned entities (MOE's) that the bank accounts will be swept over night to the primary bank account of the City of Johannesburg. The required amounts by the MOE's will be swept back to their accounts when requested. The account bears interest at repo rate, compounded daily.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2024	2023
4. Receivables from Exchange Transactions		
Trade receivables	32 960 193	27 458 932
Sundry Deposits	99 927	99 927
Sundry Debtors	60 669 505	150 127 430
Unclaimed CoJ Special projects - Financial Instruments	62 719 841	-
Related party debtors	1 090 903 229	1 109 595 995
	1 247 352 695	**1 287 282 284**

Receivables from exchange transactions are initially recognised at fair value and are subsequently measured at amortised cost less impairment losses. Carrying amount approximates fair value.

Trade Receivables

Trade debtors consist of the tenant rentals/levies receivable net of provision. These amounts are receivable as a result of lease agreements between JOSHCO and the tenants.

Sundry Deposits

These deposits are held by the 3rd parties on behalf of JOSHCO.

Sundry Debtors

Sundry debtors consist of Receivables represented by the SHRA Trust account managed by a legal firm to facilitate SHRA related transactions. In addition. the balance includes unauthorised debit orders that have been reported to the bank as well as EasyPay metering transactions yet to be received by JOSHCO.

Unclaimed CoJ Special projects - Financial Instruments

This balance represents the transactions of work JOSHCO performed on behalf of CoJ Departments that is subject to signoff from client departments where delays such as project manager sign off, budget confirmation and SDA issues.

Related Party Debtors

Related party debtors consist of receivables from the City of Johannesburg Municipal departments and other related parties. Related party debtors are disclosed net of provision for bad debt amounting to R131 958 968,04 (2023: R77,737,659.83)

Trade receivables past due but not Impaired

As at 30 June 2024, a portion of trade receivables were impaired and provided for. Trade receivables which are less than 1 month past due are not considered to be impaired. As at 30 June 2024, R10,560,520 (2023: R13,279,446) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

Figures in Rand	2024	2023
1 month past due	10 560 520	13 279 446
Trade Receivables Impaired		
The amount of the provision was R402,716,314 as of 30 June 2024 (2023: R399,131,007).		
Trade receivables	435 676 507	426 589 939
less: Provision for bad debt	(402 716 314)	(399 131 007)
Net trade receivables	32 960 193	27 458 932
Reconciliation of Provision for Impairment of Trade Receivables		
Opening balance	(399 131 007)	(314 899 870)
Provision for bad debt	(3 585 307)	(84 231 137)
	(402 716 314)	**(399 131 007)**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2024	2023
5. Receivables from Non-Exchange Transactions		
Sundry debtors	5 871 159	5 524 193
6. Cash and Cash Equivalents		
Cash and cash equivalents consist of:		
Cash on hand	2 877	7 053
Bank balances	20 990 919	202 016 263
	20 993 796	**202 023 316**

Cash and cash equivalents comprise cash on hand, cash managed by the shareholder, deposits held on call with financial institutions, and investments in money market instruments and bank overdrafts.

The company's bank account is "swept" on a daily basis by the City of Johannesburg Metropolitan Municipality in order to facilitate efficient cash-flow management. No cash and cash equivalents (or portions thereof) were pledged as security for any financial liabilities.

Cash on hand consists of petty cash.

The funds held in bank balances includes funds received from Social Housing Regulatory Authority. These funds are held in a separate bank account.

Credit Quality of Cash at Bank and Short Term Deposits, Excluding Cash on Hand

The maximum exposure to credit risk is the carrying amount of the cash and cash equivalents as at the reporting date.

The Entity had the Following Bank Accounts

Account Number/ Description	Bank Statement Balances			Cash Book Balances		
	30 June 2024	30 June 2023	30 June 2022	30 June 2024	30 June 2023	30 June 2022
STANDARD BANK - Current Deposit account - 197750	18 958 224	17 456 524	16 354 142	18 958 224	17 456 524	16 354 142
STANDARD BANK - Current Account - 197769	2 034 431	184 560 505	172 905 479	2 034 431	184 560 505	172 905 479
STANDARD BANK - Current Account - 197726	-	1 398	3 700	-	1 398	3 700
STANDARD BANK - Current Account - 197718	(1 736)	(2 164)	(2 610)	(1 736)	(2 164)	(2 610)
Total	**20 990 919**	**202 016 263**	**189 260 711**	**20 990 919**	**202 016 263**	**189 260 711**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

7. Property, Plant and Equipment

	2024			2023		
	Cost/ Valuation	Accumulated Depreciation and Accumulated Impairment	Carrying Value	Cost/ Valuation	Accumulated Depreciation and Accumulated Impairment	Carrying Value
Land	177 799	-	177 799	177 799	-	177 799
Furmiture and fixtures	2 135 480	(1 002 640)	1 132 840	2 130 955	(762 021)	1 368 934
Motor vehicles	40 997	(38 596)	2 401	61 497	(56 735)	4 762
Office equipment	11 395 513	(2 087 453)	9 308 060	5 808 320	(790 908)	5 017 412
Office equipment - Leased	1 127 771	(751 849)	375 922	1 127 771	(375 923)	751 848
IT equipment	29 547 732	(5 612 495)	23 935 237	25 119 177	(3 253 010)	21 866 167
Office furrniture	6 561 649	(2 151 455)	4 410 194	5 770 538	(1 59 557)	4 174 981
Total	**50 986 941**	**(11 644 488)**	**39 342 453**	**40 196 057**	**(6 834 154)**	**33 361 903**

Reconciliation of Property, Plant and Equipment - 2024

	Opening Balance	Additions	Disposals	Depreciation	Total
Land	177 799	-	-	-	177 799
Office equipment - Leased	751 848	-	-	(375 926)	375 922
Furniture and fixtures	1 368 934	4 525	-	(240 619)	1 132 840
Motor vehicles	4 762	-	(1 961)	(400)	2 401
Office equipment	5 017 412	5 632 510	(30 946)	(1 310 916)	9 308 060
IT equipment	21 866 167	4 428 555	-	(2 359 485)	23 935 237
Office furrniture	4 174 981	791 111	-	(555 898)	4 410 194
	33 361 903	**10 856 701**	**(32 907)**	**(4 843 244)**	**39 342 453**

Reconciliation of Property, Plant and Equipment - 2023

	Opening Balance	Additions	Reclassification	Depreciation	Impairment Loss	Total
Land	177 799	-	-	-	-	177 799
Leased assets	-	1 127 771	-	(375 923)	-	751 848
Furniture and fixtures	3 765 426	112 245	(706 268)	(240 596)	(1 561 873)	1 368 934
Motor vehicles	50 298	-	-	(45 536)	-	4 762
Office equipment	764 781	2 546 885	2 283 097	(505 869)	(71 482)	5 017 412
IT equipment	6 025 325	19 842 322	887 251	(1 450 569)	(3 438 162)	21 866 167
Office furrniture	-	4 224 343	706 268	(400 608)	(355 022)	4 174 981
	10 783 629	**27 853 566**	**3 170 348**	**(3 019 101)**	**(5 426 539)**	**33 361 903**

Pledged as Security		
There are no assets pledged as security:		
Assets Subject to Finance Lease (Net Carrying Amount)		
Office equipment - Leased	375 922	751 848
Property, Plant and Equipment in the Process of Being Constructed or Developed		
Cumulative Expenditure Recognised in the Carrying Value of Property, Plant and Equipment		
IT equipment	15 117 232	15 117 232

8. Intangible Assets						
		2024			**2023**	
	Cost/ Valuation	**Accumulated Amortisation and Accumulated Impairment**	**Carrying Value**	**Cost/Valuation**	**Accumulated Amortisation and Accumulated Impairment**	**Carrying Value**
Compuler software, other	581 468	(447 427)	134 041	581 469	(397 789)	183 680
Intangible assets under development	6 735 312	-	6 735 312	6 735 312	-	1 368 934
Total	**7 316 780**	**(447 427)**	**6 869 353**	**7 316 781**	**(397 789)**	**6 918 992**
Reconciliation of Intangible Assets - 2024						
				Opening Balance	**Amortisation**	**Total**
Computer software, other				183 680	(49 639)	134 041
Intangible assets under development				6 735 312	-	6 735 312
				6 918 992	**(49 639)**	**6 869 353**
Reconciliation of Intangible Assets - 2023						
	Opening Balance	**Additions**	**Reclassification**	**Amortisation**	**Impairment Loss**	**Total**
Computer software, other	3 644 979	-	(3 170 348)	(50 758)	(240 193)	183 680
Intangible assets under development	5 723 772	1 011 540	-	-	-	6 735 312
	9 368 751	**1 011 540**	**(3 170 348)**	**(50 758)**	**(240 193)**	**6 918 992**

Figures in Rand	**2024**	**2023**
Intangible Assets in the Process of Being Constructed or Developed		
Cumulative Expenditure Recognised in the Carrying Value of Intangible Assets		
Computer software, internally generated	6 735 312	6 735 312
Carrying Value of Intangible Assets that is Taking a Significantly Longer Period of Time to Complete than Expected		
Computer software, internally generated	6 735 312	6 735 312
The delays in finalising the JOSHCO App are due to poor performance by service provider. The matter is now in the courts as JOSHCO is seeking to recover the payments made to the service provider (Refer to Contingencies note)		
	6 735 312	**6 735 312**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

9. Interests in other Entities					
Investments in Joint Ventures					
Name of Company	**Listed/ Unlisted**	**% Ownership Interest 2024**	**% Ownership Interest 2023**	**Carrying Amount 2024 (R)**	**Carrying Amount 2023 (R)**
JOSHCO Madulamoho Joint Venture (JMJV)	Unlisted	55.00	55.00	20 649 583	21 769 606
Principal activities and reporting dates of joint venture					
Name of Entity			**Principal Activity**	**Reporting Date**	**Period of Results Included**
JOSHCO Madulamoho Joint Venture			55.00	2024/06/30	1 July 2023 to 30 June 2024

The JMJV is an investment between JOSHCO and Madulamoho for social rental housing. Investments in joint arrangements were assessed and it was concluded that these agreements should be classified as joint ventures. In performing the assessment, the entity considered the structure of the arrangements, the legal form of any separate vehicle, the contractual terms of the arrangements and other facts and circumstances. The separate annual financial statements of the joint venture are available at the registered office of the entity. There are no contingent liabilities, contingent assets or commitments relating to the joint venture. The joint venture's ability to distribute reserves is not restricted in terms of the joint venture agreement. The JMJV has not been pledged as security.

Reconciliation of Investment in Joint Venture	**2024**	**2023**
Opening balance	21 769 606	20 438 295
Share of profit/ (deficit) from Joint Venture	(570 023)	1 331 311
Change in net assets	(550 000)	-
	20 649 583	**21 769 606**
10. BORROWINGS - DBSA		
At Amortised Cost		
Development Bank of Southern Africa	8 759 142	10 111 715

JOSHCO has two loans from Development Bank of Southern Africa (DBSA) for City Deep Housing Project an amount of R7 821 487.00 and Roodepoort Social Housing Project for R11 732 231.00. The loan period is for twenty years bearing interest al a fixed interest rate of 8.5% per annum. The borrowing is repayable in 36 equal six monthly instalments totaling R1 070 913.45 with the last redemption date in March 2029.

Non-Current Liabilities		
At amortised cost	6 617 315	7 367 935
Current Liabilities		
At amortised cost	2 141 827	2 743 780

11. Payables from Exchange Transactions	**2024**	**2023**
Trade payables	282 887 676	254 040 603
Payments received in advance	15 189 016	14 031 412
Accrued leave pay	10 124 676	9 775 725
Consumer deposit received	20 829 252	17 561 103
Other creditors	9 275 926	5 220 415
Payroll liabilities	466 398	387 536
Related Party Creditors	1 062 201 510	955 061 941
	1 400 974 454	**1 256 078 735**
12. Finance Lease Obligations		
Minimum lease payments due		
- within one year	425 646	425 646
- in second to fifth year inclusive	-	425 646
	425 646	851 292
less: future finance charges	(18 427)	(68 994)
Present value of minimum lease payments	**407 219**	**782 298**
Present Value of Minimum Lease Payments Due		
- within one year	407 219	375 079
- in second to fifth year inclusive	-	407 219
	407 219	**782 298**
Non-Current Liabilities	-	407 219
Current liabilities	407 219	375 078
	407 219	**782 297**

The finance lease relates to office and computer equipment. The average lease term is 3 years. The company did not default on any of the interest or capital repayments of the finance lease. Interest rate entity's obligations under finance leases are not secured by the lessor's charge over the leased assets.

On review of calculations, an error amounting to R59 569,33 in the prior year balance was identified and corrected.

13. VAT RECEIVABLES	**2024**	**2023**
Receivable	5 440 143	3 928 876

These amounts are recievable by the entity as a result of transaction attracting value added tax (VAT) as legislated under the Value Added Tax Act 89 of 1991 from the South African Revenue Services.

The VAT receivables have not been impaired. Joshco is working with South African Revenue Services and the balance is not considered impaired.

14. Deferred Income	**2024**	**2023**
Deferred income from non-exchange transactions comprises of:		
Unspent conditional grants and receipts		
Local Government Grant - Roodepoort	177 800	177 800

14. Deferred income (continued)

Local Government Grant - Roodepoort The Grant relates to funds received from the parent municipality for the purchase of land for the Roodepoort development. The grant is secured by land disclosed under property, plant & equipment. The fund will remain in liabilities until the asset is transferred to the City of Johannesburg Metropolitan Municipality.

15. Financial Instruments Disclosure	**2024**	**2023**
Categories of Financial Instruments		
2024		
Financial Assets		
	At Amortised Cost	**Total**
Loans to economic entities	5 958 169	5 958 169
Trade and other receivables from exchange transactions	1 247 352 695	1 247 352 695
Receivables from non-exchange transactions	5 871 159	5 871 159
Cash and cash equivalents	20 993 796	20 993 796
	1 280 175 819	**1 280 175 819**
Financial Liabilities		
	At Amortised Cost	**Total**
Borrowings - DBSA Loan	8 759 142	8 759 142
Loans from shareholders	1 309 093 473	1 309 093 473
Trade and other payables from exchange transactions	1 375 194 364	1 375 194 364
Finance lease obligations	407 219	407 219
	2 693 454 198	**2 693 454 198**
2023		
Financial Assets		
	At Amortised Cost	**Total**
Loans to economic entities	2 974 818	2 974 818
Trade and other receivables from exchange transactions	1 287 282 284	1 287 282 284
Receivables from non-exchange transactions	5 524 193	5 524 193
Cash and cash equivalents	202 023 316	202 023 316
	1 497 804 611	**1 497 804 611**
Financial Liabilities		
	At Amortised Cost	**Total**
Borrowings - DBSA Loan	10 111 715	10 111 715
Loans from shareholders	1 112 952 480	1 112 952 480
Trade and other payables from exchange transactions	1 231 884 062	1 231 884 062
Finance lease obligations	369 974	369 974
	2 355 318 231	**2 355 318 231**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

16. Share Capital/ Contributed Capital	2024	2023
Authorised		
1000 Ordinary shares of R1 each or par value of R1000	1 000	1 000
Issued		
Ordinary	120	120
17. Revenue		
Rendering of services	32 341 697	53 585 195
Rental of facilities and equipment	152 391 172	178 950 727
Utility recoveries	6 890 845	2 601 323
Other income	552 001	293 500
Interest received	38 428 042	26 432 131
Share of surplus/(deficit) from joint venture	-	1 331 311
Government grants & subsidies	110 686 669	48 003 996
EPWP Operational Grant	18 962 501	-
Public contributions and donations	18 411 637	-
	378 664 564	**311 198 183**
The amount Included in Revenue Arising from Exchanges of Goods or Services are as Follows:		
Rendering of services	32 341 697	53 585 195
Rental of facilities and equipment	152 391 172	178 950 727
Utility recoveries	6 890 845	2 601 323
Other income	552 001	293 500
Interest received	38 428 042	26 432 131
	230 603 757	**261 862 876**
The Amount Included in Revenue Arising from Non-Exchange Transactions is as Follows:		
Taxation Revenue		
Share of surplus /(deficit) from associates or joint ventures	-	1 331 311
Transfer Revenue		
Subsidy receiv ed from shareholder	110 686 669	48 003 996
EPWP Operational Grant	18 962 501	-
SHRA Tenanting Grant	18 411 637	-
	148 060 807	**49 335 307**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

17.1 Rental of Facilities and Equipment

The rental income accrued to the entity consists of rental billed to tenants in the various JOSHCO accomodation projects, Outdoor advertising income as well as student accommodation income.

17.2 Subsidy Received From Shareholder

The balance for the above line item is based on the MTREF budget as approved by the Council of the Municipality by 31 May of each year. The subsidy is granted to assist the entity in subsidising its operational costs.

17.3 EPWP Operational Grant

The EPWP Operational grant is allocated through a National grant given to the Municipality, where a portion is allocated to the entity to participate in the job opportunities program

17.4 SHRA Tenanting Grant

The above grant was allocated by SHRA in favor of the entity for achieving financial completion on projects where SHRA requirements are met successfully.

18. ADMINISTRATIVE EXPENSES	2024	2023
Advertising	2 738 398	1 559 962
Auditors remuneration	2 495 758	2 339 242
Bank charges	45 454	46 895
Cleaning and Gardening	-	1 092 441
Collection costs	1 520 131	1 517 113
Community Development	222 041	-
Computer expenses	6 611 679	1 806 365
Conferences and seminars	2 479 998	106 060
Consumables	3 888 248	7 110 457
Discount allowed	2 321 936	5 533 020
Electricity	34 090 329	29 871 830
Entertainment	45 576	96 846
Equipment Hire	316 651	452 956
Fines and penalties	217 102	-
Fuel and oil	15 914	50 525
Gas	1 642 753	396 805
Insurance	3 023 307	3 440 474
Placement fees	96 356	135 565
Postage and courier	-	1 960
Printing and stationery	2 168 017	1 512 741
Project maintenance costs	201 100 962	86 599 227
Project planning and consulting	21 803 694	39 025 753
Protective clothing	240	303 809
Refuse	3 357 743	2 750 639
Royalties and license fees	3 323 168	2 526 141
Security (Guarding of municipal property)	49 330 892	35 444 995
Subscriptions and membership fees	604 360	421 655
Telephone and fax	1 963 740	1 519 165

Tenant allocation	383 469	2 000
Training	3 100 962	491 876
Travel - local	64 134	3 140
Water and Sanitation	106 572 908	56 476 870
	455 545 920	**282 636 527**
19. PERSONNEL COSTS		
Acting allowances	1 166 123	605 957
Bargaining Council	66 664	62 748
Bonus	6 957 175	6 143 927
Directors remunerations	2 446 000	2 322 000
Employee related costs: Medical aid contributions	5 608 260	4 687 079
Employee related costs: Salaries and wages	164 279 280	126 896 850
Employee related costs: Temporary staff	-	126 681
Housing benefits and allowances	280 986	227 459
leave pay provision charge	4 216 761	(1 084 319)
Overtime payments	7 922 388	6 116 561
Pension fund contributions	19 467 780	16 269 312
SDL	1 867 302	1 431 879
Shift allowance	2 334 704	2 262 834
Travel, motor car, accommodation, subsistence and other allowances	2 632 191	1 478 411
UIF	1 285 635	1 038 671
	220 531 249	**168 586 050**

Remuneration of Executive Directors 2023

Name	Annual Remuneration	Acting, Travel, Housing and other allowances	Medical Aid, Pension Fund and Other Contributions	Total 2024
Mr. Sello Molapanae Mothotoana (CEO)	1 978 101.00	135 432.00	77 570.00	2 191 103.00
Ms. Nontobeko Ndimande (CFO)	2 799 219.00	7 272.00	30 190.00	2 836 681.00
Mr. Themba Mathibe	1 503 449.00	377 972.00	311 989.00	2 193 410.00
Ms. Nokwazi Mtshali	1 974 945.00	337 272.00	329 521.00	2 641 738.00
Mr. Immanuel Burton	267 658.00	-	3 208.00	270 866.00
Ms. Livhalani Nemaungani	466 679.00	-	-	466 679.00

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Remuneration of Executive Directors 2023

Name	Annual Remuneration	Acting, Travel, Housing and Other Allowances	Medical Aid, Pension Fund and Other Contributions	Total 2024
Mr. Sello Molapanae Mothotoana (CEO)	1 612 405.00	114 158.00	54 559.00	1 781 122.00
Ms. Nontobeko Ndimande (CFO(	1 517 859.00	16 035.00	44 018.00	1 577 912.00
Mr.Mavhungu Mutheiwana	767 179.00	48 000.00	141 162.00	956 341.00
Mr. Nkululeko Maoubane	1 689 011.00	6 595.00	-	1 695 606.00
Ms. Livhalani Nemaunaani	812 109.00	174 935.00	82 156.00	1 069 200.00
Mr. Themba Mathibe	1 130 086.00	235 900.00	253 731.00	1 619 717.00
Ms. Nokwazi Mtshali	1 039 907.00	-	196 154.00	1 236 061.00
Mr. Immanuel Burton	76 953.00	-	947.00	77 900.00

Remuneration of Non Executive Directors

Mr. T Dhlamini	-	146 000
Mr. T Mamba	-	64 000
Mr. M Maimane	-	96 000
Mr. S Dlwathi	-	108 000
Ms. G Boikhanyo	-	172 000
Dr. KSesele	-	162 000
Mr. S Varghese	-	96 000
Mr. K Modipane	-	96 000
Mr. S James	32 000	96 000
Mr. T Tselane	128 000	56 000
Mr. M Tabane	172 000	68 000
Ms. Y Erasmus	238 000	74 000
Mr. M Francis	40 000	68 000
Mr. A Smith	152 000	68 000
Mr. 0 Mokgosi	-	12 000
Ms. J Scott	180 000	68 000
Mr. J Watson	56 000	84 000
Mr. S Masemola	336 000	114 000
Mr. S Clarke	182 000	82 000
Mr. s Mnisi	164 000	68 000
Mr. H Markus	124 000	-
Mr. M Nqakalatsane	142 000	-
Mr. I Singh	144 000	-
Ms. S Mbonambi	144 000	-
	2 234 000	**1 798 000**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Remuneration of Audit Committee Members

Mr. M Mokgobinyane	-	32 000
Mr. L Matshekga	-	56 000
Mr. E Khosa	-	40 000
Mr. J Sobekwa	-	256 000
Mr. V Van Der Merwe	56 000	32 000
Mr. A Taoussi	8 000	32 000
Adv. G Chaplog-Louw	68 000	32 000
Mr. P Lefothe	32 000	32 000
Mr. D Nyamazane	24 000	-

19. PERSONNEL COSTS (continued)	**2024**	**2023**
Ms. A Francis	24 000	-
	212 000	**512 000**
20. Bad Debt Written Off		
Bad debts written off	90 867 645	38 694 089
Bad debt written off relate to trade debtors.		
21. Debt Impairment		
Debt impairment	52 367 456	109 496 145
Debt Impairment Consists of the Following Catagory of Debtors:		
Trade receivables	3 585 307	84 231 138
Related party debtors	51 765 500	25 265 007
Loan to shareholder	(2 983 351)	-
	52 367 456	**109 496 145**
22. Interest Income		
Interest Revenue		
Interest earned - Other	5 317 853	-
Interest earned - Outstanding debtors	33 110 189	26 432 131
	38 428 042	**26 432 131**
	-	-
	38 428 042	26 432 131
23. Depreciation and Amortisation		
Property, plant and equipment	4 843 243	3 025 729
Intangible assets	49 638	50 760
	4 892 881	**3 076 489**
24. Finance Costs		
Interest paid - Borrowings	789 254	894 036
Interest paid - Sweeping account	112 474 781	50 760
	113 264 035	**76 372 524**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

25. Reconciliation of Net Cash Flows from Operating Activities to Surplus/ (Deficit)	2024	2023
Surplus/ (deficit)	(559 407 552)	(373 509 983)
Non Cash Movements:		
Depreciation and amortisation	4 892 881	3 076 489
Loss on disposal of assets	32 907	-
(Surplus)/Deficit from equity accounted investments	570 023	(1 331 311)
Finance costs - Finance leases	-	80 172
Interest income	-	(26 432 131)
Finance costs	-	76 327 524
Impairment loss	-	5 846 342
Debt impairment	52 367 456	109 496 145
Bad debts written off	90 867 645	38 694 089
Discount allowed	2 321 936	5 533 020
Other non-cash items	(30 943)	-
Changes in Working Capital:		
inventories	(298 004)	13 283
Receivables from exchange transactions	39 929 589	184 983 833
Receivables from non-exchange transactions	(346 966)	(1 273 412)
Debt impairment	(52 367 456)	-
Bad debts written off	(90 867 645)	-
Discount allowed	(2 321 936)	-
Payables from exchange transactions	144 895 719	253 227 222
VAT	(1 511 267)	(11 144)
Current tax receivable	9 089 857	-
Effect of expenditure incurred on behalf of COJ	-	(212 162 356)
Finance lease	-	(471 893)
DBSA Loan	-	2 141 826
	(362 183 756)	**63 107 669**
26. Tax Receivable		
Balance due to/ (from) at beginning of the year	(9 139 564)	(49 706)
Taxation levied on re-assesssed previous tax periods, finalised in current year by Receiver (SARS)	-	7 918 569
Interest and penalties charged	-	1 171 288
Payments made (to)/from SARS in the current year	9 089 857	(9 089 857)
Taxation, Penalties and Interest reversed - Objection allowed by SARS	-	(9 089 857)
Balance due to I (from) at end of the year	(49 707)	(9 139 564)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

During the previous financial year, SARS had issued an additional assessment for the 2020 year, charging JOSHCO interest and penalties as well. JOSHCO appealed the assessment and made payment to avoid incurring further interest and penalties. The appeal was successful and therefore, the amounts charged for tax, interest and penalties were due to be refunded to the entity from SARS

The income tax receivables have not been impaired. Joshco is working with South African Revenue Services on a frequent basis and the balance is not considered impaired

27. Commitments	**2024**	**2023**
Commitments in Respect of Capital Expenditure:		
Authorised and Contracted for		
• Property, plant and equipment	2 038 951 461	2 304 109 433
Total Capital Commitments		
Already contracted for but not provided for	2 038 951 461	2 304 109 433
Total Commitments		
Total Commitments		
Authorised capital expenditure	2 038 951 461	2 304 109 433

This committed expenditure relates to fixed assets and will be financed by government grants, available bank facilities, retained surpluses and funds internally generated.

The 2023 Commitments balance was restated. Refer to prior year adjustments note

28. Related Parties

Relationships	
Ultimate controlling entity	City of Johannesburg Metropolitan Municipality
Joint ventures	Madulamoho JMJV
Members of key management	Refer to note 19
Entities under common control	Pikitup Johannesburg (SOC) Ltd City Power Johannesburg (SOC) Ltd Johannesburg Water (SOC) Ltd Johannesburg Development Agency (SOC) Ltd Johannesburg Roads Agency SOC Ltd Joburg Market (SOC) Ltd Johannesburg Metropolitan Bus Services (SOC) Ltd Metropolitan Trading Company (SOC) Ltd Joburg Theatres (SOC) Ltd Johannesburg City Parks and Zoo NPC Ltd Joburg Tourism (SOC) Ltd Johannesburg Property Company (SOC) Ltd

Related Party Balances	**2024**	**2023**
Amounts Included in Loans and Receivables with Related Parties		
City of Johannesburd Metropolitan Municipality	1 216 361 159	1 193 291 824
City Power (SOC) Ltd	37 475	45 675
Johannesburg Property Company (SOC) Ltd	9 906 600	-
Johannesburg Development Agency (SOC} Ltd	96 800	-
	1 226 402 034	**1 193 337 499**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Amounts Included in Loans and Trade Payables with Related Parties		
City of Johannesburd Metropolitan Municipality	(2 359 072 134)	(2 052 871 676)
Joburg Theatres (SOC) ltd	-	(8 954)
Joburg Market (SOC) Ltd	(169 674)	(90 807)
Johannesburg Metropolitan Bus Services (SOC) ltd	-	(16 560)
Metropolitan Trading Company (SOC) Ltd	(11 817 232)	(15 117 232)
Johannesburg Development Agency (SOC) Ltd	(583 418)	-
	(2 371 642 458)	**(2 068 105 229)**
Related Party Transactions		
Income From Related Parties		
City of Johannesburd Metropolitan Municipality	143 028 698	101 589 195
Expenditure with Related Parties		
City of Johannesburd Metropolitan Municipality	(112 474 781)	(75 478 488)
Johannesburg Metropolitan Bus Services {SOC) ltd	(65 600)	-
Pikitup Johannesburg (SOC) Ltd	(2 915 643)	(2 391 860)
City Power Johannesburg (Pty) ltd	(30 143 750)	(27 272 359)
Johannesburg Water {SOC) Ltd	(108 600 194)	(54 007 918)
Joburg Theatres (SOC) Ltd	-	(126 512)
Johannesburg Development Agency (SOC) Ltd	(46 120)	-
Metropolitan Trading Company (SOC) Ltd	-	(13 145 419)
	(254 246 088)	**(172 422 556)**

28. Related Parties (continued)

Related Party Transaction Not at Arms Length

The approved service delivery agreement between the City of Johannesburg and JOSHCO states that the City shall lease its property at R 1 per annum per project.

It further states that JOSHCO shall lease the properties to and collect rental from its tenants at an approved tariff as determined by the City in order to undertake the repairs and maintenance of the lease.

29. Risk Management

Capital Risk Management

The entity's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, in order to provide returns for shareholder and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

There are no externally imposed capital requirements.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

Financial Risk Management

The entity's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The company is a wholly owned subsidiary of the City of Johannesburg Metropolitan Municipality. Risk management is carried out by a central treasury department within the Metro Municipality (City Group treasury).

Liquidity Risk

The company's risk to liquidity is a result of the funds available to cover future commitments. The company manages liquidity risk through an ongoing review of future commitments and credit facilities. The company also receives an annual subsidy from the City of Johannesburg Metropolitan Municipality which mitigates to a large extent the liquidity risk of the company.

Interest Rate Risk

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

The entity's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the entity to cash flow interest rate risk. Borrowings issued at fixed rates expose the entity to fair value interest rate risk. During 2024 and 2023, the entity's borrowings of R8,759, 142 (2023; R10, 111,715) from the Development Bank of Southern Africa, at fixed rate of 8.5% and the loan is denominated in the South African Rand.

Credit Risk

29. Risk Management (continued)

Credit risk consists mainly of cash deposits, cash equivalents, intercompany debtors and other receivables. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. The company services the widespread public of the metropolitan area. The company is therefore exposed to credit risk. The company is exposed to credit risk as a result of the following: transactions entered into with the public on extended payment terms and long term loans with the City of Johannesburg Metropolitan Municipality. These customers may not be able to produce cash on demand and the company manages these risks by independent checks on the credit quality of debtors and giving long term loans only to City of Johannesburg Metropolitan Municipality in terms of approved policy and credit terms. No changes occurred in the management of these risks from the prior year.

The company policy is to manage interest rate risk so that fluctuations in variable rates do not have a material impact on surplus/ (deficit). The company's interest rate risk arises from interest bearing borrowings and financial service assets. Borrowings issued at floating rates expose the company to cash flow interest rate risk, while fixed rate borrowings expose the company to fair value interest rate risk. As part of the process of managing the company's fixed and floating rate borrowings mix, the interest rate characteristics of new borrowings and refinancing of existing borrowings are positioned according to expected movements in interest rates.

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

Financial Instrument	**2024**	**2023**
Receivables from exchange transactions	1 247 352 695	1 287 282 284
Loans to shareholders	5 958 169	2 974 818
30. IRREGULAR EXPENDITURE		
Opening balance as previously reported	278 755 655	160 427 670
Opening Balance	**278 755 655**	**160 427 670**
Add: Irregular Expenditure - current	15 999 524	31 242 789
Add: Irregular Expenditure - Identified in current year relating to prior year	62 379 791	-
Add: Irregular Expenditure - overspending of operational budget	416 967 336	212 195 209
Less: Amount written off- current	(351 434 537)	(125 110 013)
Closing Balance	**422 667 769**	**278 755 655**

Incidents/Cases Identified In the Current Year Include Those Listed Below:

	Disciplinary Steps Taken/Criminal Proceedings		
Incorrect scoring of bidders	Irregular expenditure to be investigated	78 180 633	31 242 789
Overspending of operational budget	Irregular expenditure to be investigated	416 967 336	212 195 209
Tax clearances not obtained	Irregular expenditure to be investigated	198 682	-
		495 346 651	**243 437 998**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Cases under investigation

Irregular expenditure incurred in the prior year has not been condoned as some investigations have not been concluded.

4 (prior period: 8) cases related to non-compliance with procurement process requirements
1 (prior period: 1) cases related to other non-compliance with laws. regulations. council policies and/or by-laws

	2024	2023
Municipal Finance Management Act	416 967 336	212 195 209
Preferential Procurement Policy Framework Act	78 180 633	31 242 789
	495 147 969	**243 437 998**
31. Fruitless and Wasteful Expenditure		
Reconciliation of Fruitless and Wasteful Expenditure		
Opening balance	282 460	4 060 634
Expenditure relating to the current year	504 410	1 387 925
Expenditure written off	-	(1 302 624)
Interest and penalties reversal*	-	(3 928 800)
Discovered during the current year relating to prior year	-	65 325
Prior period error (correction of sheriffs cost)	(44 149)	-
	742 721	**282 460**

Fruitless and wasteful expenditure incurred in the prior year that has not yet written off it is still under investigation. Fruitless and wasteful expenditure incurred in the current year relates to interest and penalties paid on late payment of tax levied by SARS as well as penalties levied by City Power.

32. Deviation From Supply Chain Management Regulations

In terms of Regulation 36(2) of the Municipal Supply Chain Regulations, the accounting officer must record the reasons for any deviations in terms of sub-regulation (1)(a) and (b} and report them to the next meeting of the board of directors, and include as a note to the annual financial statements.

For the financial year, the following deviations occurred and was approved by the Accounting Officer.

Emergency

The Following Deviations Were Due to Emergencies as per Regulation 36 of the Supply Chain Management Regulation:

Name of Service Provider	Descriotion of Deviation	2024
Nemorango Consulting engineering services	Emergency appointment of a project manager for conditional assessment of JOSHCO inner city buildings which were affected by the underground gas explosion	4 744 15!
Serithi Consulting	Response to building which were affected by the recent fire incident.	2 574 02!
Total		**7 318 181**

33. STATEMENT OF COMPARISON OF APPROVED BUDGET TO ACTUAL RESULTS (EXPLANATORY NOTES)

Material Differences Between Budget and Actual Amounts

In terms of accounting policy, variances of 1 % of total revenue must be reported and supported with explanations. The following reasons apply to material variances:

Total Income Variances:

Total revenue is above budget by 2% (R369 million budget vs R376 million actual income) mainly due to the following reasons:

1. Rental income is 8% over budget due to tenant allocation of the following projects was higher than projected as a results of the use of JOSHCO APP. i.e., Ekhaya gardens, Riverside View, Lufhereng.

2. Rendering of services is 49% below budget due to no significant new work being done on behalf of other CoJ departments as a result of non-payment and issues with the Service Delivery Agreement not allowing Joshco to be an implementing agent for any of the CoJ departments except the Department of Human Settlements.

3. Recoveries amounted to R6 million for the year due to recoveries charged to tenants mainly arising from implementation of the prepaid electricity vending system at some of the JOSHCO projects.

4. Other income also saw a sharp increase as a result of some the SHRA grant funding for tenanting being realised as revenue.

5. Interest received is R11 million above budget due to low collection levels of tenant debtors who are being charged interest on long outstanding rentals due to JOSHCO.

Total Expenses Variances:

Total expenditure is over budget by 156% (R369 million budget vs R947,6 million actual expenditure) mainly due to the following reasons:

1. The employee cost is 12% over the year-to-date budget due to salary adjustments and EPWP expenditure.

2. Debt impairment and bad debts written off is due to low rental collection leading to higher provision for bad debts. In addition, it is caused by related party debtors that are discounted applying GRAP 104 principles.

3. Depreciation and amortisation is more than buget due to sharp increase in purchase of computer equipment. office equipment and furniture for the revamped head office.

4. Finance costs is significantly more than budget due to interest charged on sweeping account which is in overdraft largely due to claims for work done on behalf of CoJ Departments not being settled timeously.

5. Administrative expenses are 214% above budget, which is caused by increases to repairs and maintenance due to a large amount of unplanned maintenance as a result of deteriorating conditions in some buildings as planned maintenance has not be done in years due to financial constraints. Utilities costs continues to be above budget largely due to unavoidable utility costs incurred more than available budget. Management has begun to put measures in place to manage the utility bill. Prepaid meters are being rolled out in projects in phases due to budget constraints. A flat rate for water is being charged while the water meters are being sourced and installed across JOSHCO projects. The overspending is also as a result of increase in legal fees for investigations and rental collection and eviction process, and implementation of IT solutions as well as a rise in security costs for projects under construction.

6. Share of deficit from associates and joint ventures is as a result of JOSHCO's 55% share of profits/losses earned from the JOSHCO Madulamoho Joint Venture. who have reported a deficit for the 2024 financial year.

34. New Standards and Interpretations

34.1 Standards and Interpretations Effective and Adopted in the Current Year

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

Standard/ Interpretation:	Effective Date: Years Beginning On or After	Expected Impact:
GRAP 25 (as revised): Employee Benefits	01 April 2023	Unlikely there will be a material impact
iGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction	01 April 2023	Unlikely there will be a material impact
Guideline: Guideline on the Application of Materiality to Financial Statements	01 April 2023	Unlikely there will be a material impact

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Standard/ Interpretation:	Effective Date: Years Beginning On or After	Expected Impact:
iGRAP 21: The Effect of Past Decisions on Materiality	01 April 2023	Unlikely there will be a material impact

34.2 Standards and Interpretations Not Yet Effective or Relevant

The following standards and interpretations have been published and are mandatory for the entity's accounting periods beginning on or after 01 July 2024 or later periods but are not relevant to its operations:

Standard/ Interpretation:	Effective Date: Years Beginning On or After	Expected Impact:
GRAP 104 (as revised): Financial Instruments	01 April 2025	Impact is currently being assessed

35. Contingencies

JOSHCO has engaged several legal firms for the evictions and recovery of arrear rent at various JOSHCO buildings. Due to the tedious court process, a reliable estimate of the amount to cannot be determined.

JOSHCO is currently involved in various legal disputes against the below companies
Details of the contingecies are as follows:

Contigent Liabilities		
1. Gosiame Development Consultants (Pty) Ltd - Damage Claim for loss of income relating to professional services rendered at Randburg Selkirk project	653 378	653 378
2. Renaissance Security and Cleaning TIA Topo Security Services	298 594	298 594
	951 972	**951 972**
Contigent Assets		
1. JEH Properties and Dempster Mckinnon-breach of contract	6 987 261	6 987 261
2. SKN Consulting -damages suffered claim as a result on non-performance	14 645 680	14 645 680
3. QuickProp Systems (Pty) - damages suffered as a result of non- perfromance	6 735 312	6 735 312
	28 368 253	**28 368 253**

36. Prior Year Adjustments

Presented below are those items contained in the statement of financial position and statement of financial performance that have been affected by prior-year adjustments. The prior period was adjusted retrospectively. The impact of the correction of the error(s) can be summarised as follows:

Statement of Financial Position

2024	Note	As Previously Reported	Correction of Error	Reclassification	Restated
Office Equipment - Leased		-	1 127 772	-	1 127 772
Accumulated Depreciation - Office equipment - Leased		-	(375 924)	-	(375 924)
Finance lease obligation		841 867	59 569	-	782 298
Property, Plant and Equipment		15 117 232	-	(15 117 232)	-
Work in progress					

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2024	Note	As Previously Reported	Correction of Error	Reclassification	Restated
Property, Plant and Equipment		6 706 313	37 089	15 117 232	21 860 634
IT Equipment					
Property, Plant and Equipment		1 209 708	159 226	-	1 368 934
Furniture and fixtures					
Property, Plant and Equipment		4 951 227	66 185	-	5 017 412
Office equipment					
		28 826 347	**1 073 917**	**-**	**29 781 126**
Statement of Financial Performance					
2024					
		Note	**As Previously Reported**	**Correction of Error**	**Restated**
Depreciation and amortisation			2 813 977	262 512	3 076 489

36.1. Prior Period Errors Adjustments

Office Equipment - Leased:

During the year, it was noted that the finance lease asset for office printers and scanners was not recognised in the AFS as per GRAP requirements. Therefore, the balance was corrected to reflect the assets from inception of lease agreement (July 2022).

Finance Lease Obligation

On review of calculations, an error amounting to R59 569,33 (RS 104 current liability and -R64 674 non-current liability) in the prior year balance was identified and corrected.

Property, Plant and Equipment - Correction of Error

During asset verification, it was noted that there were assets identified that were not previously in the fixed asset register. The opening balance was therefore adjusted to take-on those assets in the various classes as per the above table.

Property, Plant and Equipment - Reclassification

GRAP17 indicates that assets under construction (work in progress) is not a class of assets and that work in progress must be recorded in the class of assets it will be treated as on completion. Therefore there was a reclassification of work in progress to IT Equipment.

37. Prior Period Errors Disclosure

The review of the disclosed transactions resulted in the below discosure adjustments relating to prior year:

Financial Instruments Disclosure (Financial Liabilities)	2024	2023
Balance previously reported in 2023	-	2 369 349 644
Adjustments	-	(14 031 412)
Restated Prior Year Balance	**-**	**2 355 318 232**

Adjustment made to prior year balance of financial instruments, specifically trade and other payables from exchange transactions (financial liabilities) is due to certain liabilities that did not meet the criteria for financial liabilities were included in the balance of the 2023 audited financial statements.

Commitments

	2024	2023
Balance previously reported in 2023	-	2 303 494 152
Adjustments	-	615 281
Restated Prior Year Balance	**-**	**2 304 109 433**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Management reviewed the commitment balance and the review resulted in an adjustment of R615,281 to restate the 2023 commitments balance.

38. Segment Information

General Information

Identification of Segments

The entity is organised and reports to management on the basis of two major functional areas: housing management and housing development. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives.

Reportable Segments were not aggregated for reporting purposes as the segments operate throughout the city and no specific geographic locations. In addition, the reportable segments have different characteristics of goods and services that are provided in each segment. Reportable segments and non-reportable segments are reconciled to the totals as per the financial statements.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

Types of goods and/or services by segment

These reportable segments as well as the goods and/or services for each segment are set out below:

Reportable segment	**Goods and/or services**
Housing Management	Rental of facilities and equipment
Housing Development	Rendering of services

38. Segment Information (continued)			
Segment Surplus or Deficit, Assets and Liabilities			
2024	**Housing Management**	**Housing Development**	**Total**
Revenue			
Rental of facilities and equipment	152 391 172	-	152 391 172
Utility recoveries	6 890 845	-	6 890 845
Interest received	38 428 042	-	38 428 042
Rendering of services	-	32 341 697	32 341 697
COJ EPWP Grant (PEP)	18 962 501	-	18 962 501
Other income	108,500	-	108 500
SHRA Tenanting income	18 411 637	-	18 411 637
Total Segment Revenue	**235 192 697**	**32 341 697**	**267 534 394**
Revenue reconciling items			-
Other income			443 501
Subsidy received from shareholder			110 686 669
Total Revenue Reconciling Items			**111 130 170**
Entity's Revenue			**378 664 564**
Expenditure			
Employee related costs	152 159 973	11 869 050	164 029 023
Debt impairment	3 585 307	51 765 501	55 350 808
Depreciation and amortisation	253 811	-	253 811
Finance costs	-	789 254	789 254
Bad debts written off	90 409 274	-	90 409 274
Share of deficit from joint venture	570 023	-	570 023
Administrative costs	398 281 810	5 120 445	403 402 255
Total Segment Expenditure	**645 260 198**	**69 544 250**	**714 804 448**
Total Segmental Surplus/(Deficit)			**(447 270 054)**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Housing Management	Housing Development	Total
Expenditure Reconciling Items			
Employee related costs			(54 895 226)
Loss on disposal of assets			(32 907)
Depreciation & amortisation			(4 639 070)
Administrative costs			(53 750 662)
Finance costs			(112 474 781)
Debt impairment			2 983 351
Total revenue reconciling items			111 130 170
Entity's Surplus (Deficit) for the Period			**(558 949 181)**
Assets			
Receivables from exchange transactions	33 418 564	1 090 903 229	1 124 321 793
Investment in associates (equity method)	20 649 583	-	20 649 583
Loans to shareholder	5 958 169	-	5 958 169
Cash and cash equivalents	18 958 224	2 034 431	20 992 655
Total Segment Assets	**78 984 540**	**1 092 937 660**	**1 171 922 200**
Assets Reconciling Items			
Inventory			517 596
Current tax receivable			49 707
VAT receivable			5 440 143
Property, plant and equipment			39 336 920
Intangible assets			6 869 353
Receivables from exchange transactions			123 489 274
Receivables from non-exchange transactions			5 871 159
Cash and cash equivalents			1 141
Total Assets as per Statement of Financial Position			**1 353 497 493**
Liabilities			
Borrowings - DBSA	-	8 759 142	8 759 142
Payables from exchange transactions	45 294 194	1 345 089 186	1 390 383 380
Deferred income	-	177 800	177 800
Total Segment Liabilities	**45 294 194**	**1 354 026 128**	**1 399 320 322**
Liabilities Reconciling Items			
Finance lease obligation			407 219
Accrued leave pay			10 124 676
Payroll related liabilities			466 398
Loans from shareholder			1 309 093 473
Total Liabilities as per Statement of Financial Position			**2 719 412 088**
2023			
Revenue			
Rental of facilities and equipment	178 950 728	-	178 950 728

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Housing Management	Housing Development	Total
Utility recoveries	2 601 323	-	2 601 323
Interest received	26 432 131	-	26 432 131
Rendering of services	-	53 585 195	53 585 195
Total Segment Revenue	**207 984 182**	**53 585 195**	**261 569 377**
Revenue Reconciling Items			
Other income			293 500
Subsidy received from shareholder			48 003 996
Share of surplus from joint ventures accounted for using the equity method			1 331 311
Total Revenue Reconciling Items			**49 628 807**
Entity's Revenue			**311 198 184**
Assets Reconciling Items			
Inventory			517 596
Current tax receivable			49 707
VAT receivable			5 440 143
Property, plant and equipment			39 336 920
Intangible assets			6 869 353
Receivables from exchange transactions			123 489 274
Receivables from non-exchange transactions			5 871 159
Cash and cash equivalents			1 141
Total Assets as per Statement of Financial Position			**1 353 497 493**
Liabilities			
Borrowings - DBSA	-	8 759 142	8 759 142
Payables from exchange transactions	45 294 194	1 345 089 186	1 390 383 380
Deferred income	-	177 800	177 800
Total Segment Liabilities	**45 294 194**	**1 354 026,128**	**1 399 320 322**
Liabilities Reconciling Items			
Finance lease obligation			407 219
Accrued leave pay			10 124 676
Payroll related liabilities			466 398
Loans from shareholder			1 309 093 473
Total Liabilities as per Statement of Financial Position			**2 719 412 088**
2023			
Revenue			
Rental of facilities and equipment	178 950 728	-	178 950 728
Utility recoveries	2 601 323	-	2 601 323
Interest received	26 432 131	-	26 432 131
Rendering of services	-	53 585 195	53 585 195
Total Segment Revenue	**207 984 182**	**53 585 195**	**261 569 377**
Revenue Reconciling Items			
Other income			293 500

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Housing Management	Housing Development	Total
Subsidy received from shareholder			48 003 996
Share of surplus from joint ventures accounted for using the equity method			1 331 311
Total Revenue Reconciling Items			**49 628 807**
Entity's Revenue			**311 198 184**
Expenditure			
Employee related costs	83 435 080	11 672 307	95 107 387
Debt impairment	81 463 196	25 265 007	106 728 203
Finance costs	-	75 478 488	75 478 488
Bad debts written off	38 694 089	-	38 694 089
Administrative costs	205 444 083	11 254 899	216 698 982
Total Segment Expenditure	**409 036 448**	**123 670 701**	**532 707 149**
Total Segmental Surplus/(Deficit)			**(271 137 772)**
Expenditure Reconciling Items			
Employee related costs			(68 692 496)
Depreciation & amortisation			(2 603 066)
Administrative costs			(68 692 496)
Impairment loss			(5 846 342)
Finance costs			(894 036)
Total Revenue Reconciling Items			**49 628 807**
Entity's Surplus (Deficit) for the Period			**(373 036 561)**
Assets			
Receivables from exchange transactions	27 458 932	1 109 595 995	1 137 054 927
Loans to shareholder	2 974 818	-	2 974 818
Investment in joint ventures (equity method)	21 769 60	-	21 769 606
Cash and cash equivalents	17 456 526	184 560 505	202 017 031
Total Segment Assets	**69 659 882**	**1 294 156 500**	**1 363 816 382**
Inventory			219 592
Current tax receivables			9 139 564
VAT receivables			3 081 550
Property, plant and equipment			32 373 321
Intangible assets			6 918 992
Receivables from exchange transactions			166 397 040
Receivables from non-exchange transactions			5 524 193
Cash and cash equivalents			6 287
Total Assets as per Statement of Financial Position			**1 587 476 919**
Liabilities			
Borrowings - DBSA	-	10 111 715	10 111 715
Payables from exchange transactions	36 812 930	1 224 245 291	1 261 058 221
Loans from shareholder	-	1 112 952 480	1 112 952 480
Deferred income	-	177 800	177 800
Total Segment Liabilities	**36 812 930**	**2 347 487 286**	**2 384 300 216**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Housing Management	Housing Development	Total
Finance lease obligation			841 867
Accrued leave pay			9 775 725
Payroll liabilities			387 536
Total Liabilities as per Statement of Financial Position			**2 395 305 344**

Measurement of Segment Surplus or Deficit, Assets and Liabilities

Basis of Accounting for Transactions Between Reportable Segments

The accounting policies of the segments are the same as those described in the summary of significant accounting policies, except that pension expense for each segment is recognised and measured on the basis of cash payments to the pension plan.

39. Impairment Loss		
Impairments		
Property, plant and equipment	-	5 606 148
Intangible assets	-	240 193
	-	**5 846 341**
	-	**5 846 341**
	-	-

SUPPLEMENTARY INFORMATION

1. MFMA Additional Disclosure	UIF	SDL	Pension Fund Contributions	Medical Aid Contributions	Auditor's Remuneration
Opening Balance	-	-	-	-	-
Expenditure incurred	1,285,635	1,867,302	19,467,780	5,608,260	2,495,758
Payments made during the year	(1,285,635)	(1,867,302)	(19,467,780)	(5,608,260)	(2,495,758)
Closing Balance	-	-	-	-	-

COMPANY INFORMATION:

(In terms of Section 121 of the Municipal Finance Management Act, 2003 and Section 46 of the Municipal Systems Act, 2000)

JOHANNESBURG SOCIAL HOUSING COMPANY SOC LIMITED/ NONPROFIT ORGANISATION

Registration Number	**: 2003/008063/07**
Registered Address	**: 61 Juta Street Johannesburg 2094**
Postal Address	**: PO Box 16021 New Doornfontein Johannesburg 2028**
Telephone	**: (011) 406-7300**
Fax	**: (086) 240-6691**
Website	**: www.joshco.co.za**
E-mail	**: info@joshco.co.za**
Bankers	**: Standard Bank of SA Limited**
Auditors	**: Auditor-General South Africa**

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