

Integrated Annual Report

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a world class African city





Prioritizing safety and stability in order to build spaces for people to not only live, but also thrive.

COMPANY INFORMATION

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

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Bankers

Standard Bank of SA Limited

Auditors

Auditor-General South Africa



Approval:

Floyd Rikhotso

Chief Financial Officer

Signature

Date of approval: 28 November, 2025

Mr Themba Mathibe

Acting Chief Executive Officer

Signature

Date of approval: 20 January, 2026

**Mr Theodore
Zithulele Dlamini**

Chairperson of the Board

Signature

Date of approval: 20 January, 2026

Cllr Mlungisi Mabaso

MMC

Signature

Date of approval: 21 January, 2026



***Together, we are restoring confidence
in JOSHCOW's financial stewardship and
building the fiscal strength required
to support the City's vision of a
more inclusive, economically vibrant
Johannesburg.***

LIST OF ACRONYMS AND ABBREVIATIONS

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LIST OF ACRONYMS AND ABBREVIATIONS

AG	Auditor-General
AGM	Annual General Meeting
AGSA	Auditor-General South Africa
APP	Application (JOSHCO App)
ARC	Audit and Risk Committee
BCP	Business Continuity Plan
BEC	Bid Evaluation Committee
B-BBEE	Broad-Based Black Economic Empowerment
CAPEX	Capital Expenditure
CAE	Chief Audit Executive
CAM	Community Asset Management
CCMA	Commission for Conciliation, Mediation and Arbitration
CFO	Chief Financial Officer
CEO	Chief Executive Officer
COBIT	Control Objectives for Information and Related Technologies
COJ	City of Johannesburg
COSO	Committee of Sponsoring Organisations of the Treadway Commission
CRR	Capital Replacement Reserve
DBSA	Development Bank of Southern Africa
DHS	Department of Human Settlements (City of Johannesburg)
DR	Disaster Recovery
EAP	Economically Active Population
EFF	External Financing Fund (capital funding source)
EMS	Emergency Management Services (City of Johannesburg)
EPWP	Expanded Public Works Programme
ESS	Employee Self-Service
FMDC	Fully Managed Data Centre
FY	Financial Year
GCSS	Group Corporate and Shared Services (City of Johannesburg)
GEF	Global Environment Facility (as per "Development Planning GEF Project")
GFIS	Group Forensic and Investigation Services
GPA	Group Personal Accident (insurance)
HR	Human Resources
IAR	Integrated Annual Report

ICT	Information and Communications Technology
IIA	Institute of Internal Auditors
ISPPIA	International Standards for the Professional Practice of Internal Auditing
IT	Information Technology
JDA	Johannesburg Development Agency
JMPD	Johannesburg Metropolitan Police Department
JOSHCO	Johannesburg Social Housing Company
JPC	Johannesburg Property Company
KPI	Key Performance Indicator
LUM	Land Use Management (City of Johannesburg)
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
MPT	Municipal Planning Tribunal
MSA	Municipal Systems Act
MTREF	Medium-Term Revenue and Expenditure Framework
NHBRC	National Home Builders Registration Council
NNR	National Nuclear Regulator
OHS	Occupational Health and Safety
PAIA	Promotion of Access to Information Act
PFMA	Public Finance Management Act
POPIA	Protection of Personal Information Act
PPP / PPPs	Public-Private Partnership(s)
Q1-Q4	Quarter 1 to Quarter 4 (financial year quarters)
RFB / RFQ	Request for Bid / Request for Quotation
SDA	Service Delivery Agreement
SEHRC	Social, Ethics and Human Resources Committee
SHI	Social Housing Institution
SHRA	Social Housing Regulatory Authority
SLS	Service Level Standard(s)
TRU	Transitional Residential Unit
UN	United Nations
VoIP	Voice over Internet Protocol
WIP	Work in Progress



JOSHCO STRATEGIC OVERVIEW

This integrated annual report forms part of Johannesburg Social Housing Company's public accountability and responsibility to the shareholder: City of Johannesburg metropolitan municipality. This report which covers the period of 01 July 2024 to 31 June 2025, outlines JOSHCO's mandate, its strategic focus areas, and summary of how the entity implemented its mandate during the financial year under review.

JOSHCO'S MANDATE

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



Vision

To uplift communities by providing sustainable affordable public rental housing in Johannesburg.



Mission

To provide quality, convenient housing by offering affordable, eco-friendly rentals in key areas across Johannesburg.

CORE VALUES

Transparency

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

Customer Focus

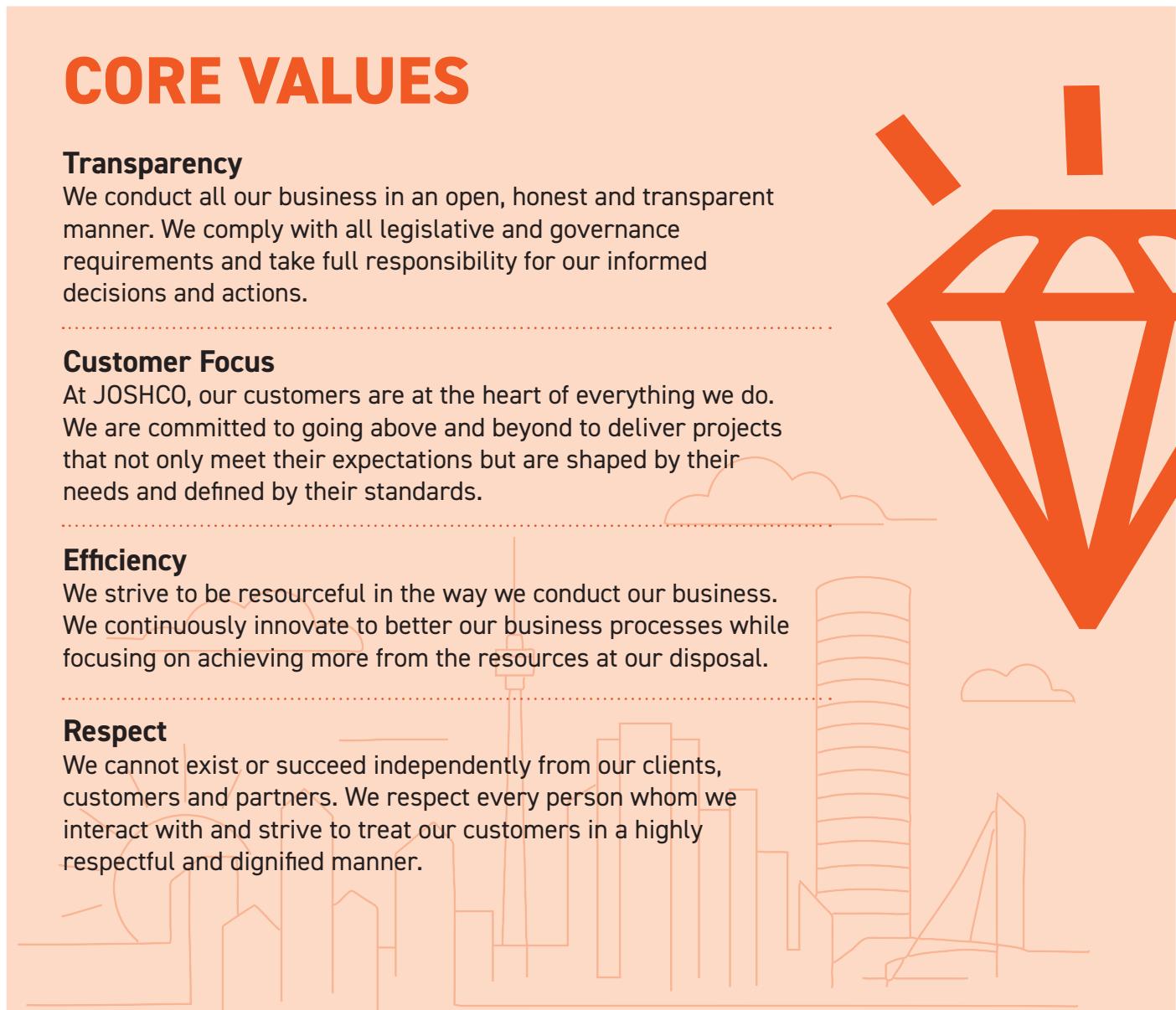
At JOSHCO, our customers are at the heart of everything we do. We are committed to going above and beyond to deliver projects that not only meet their expectations but are shaped by their needs and defined by their standards.

Efficiency

We strive to be resourceful in the way we conduct our business. We continuously innovate to better our business processes while focusing on achieving more from the resources at our disposal.

Respect

We cannot exist or succeed independently 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.



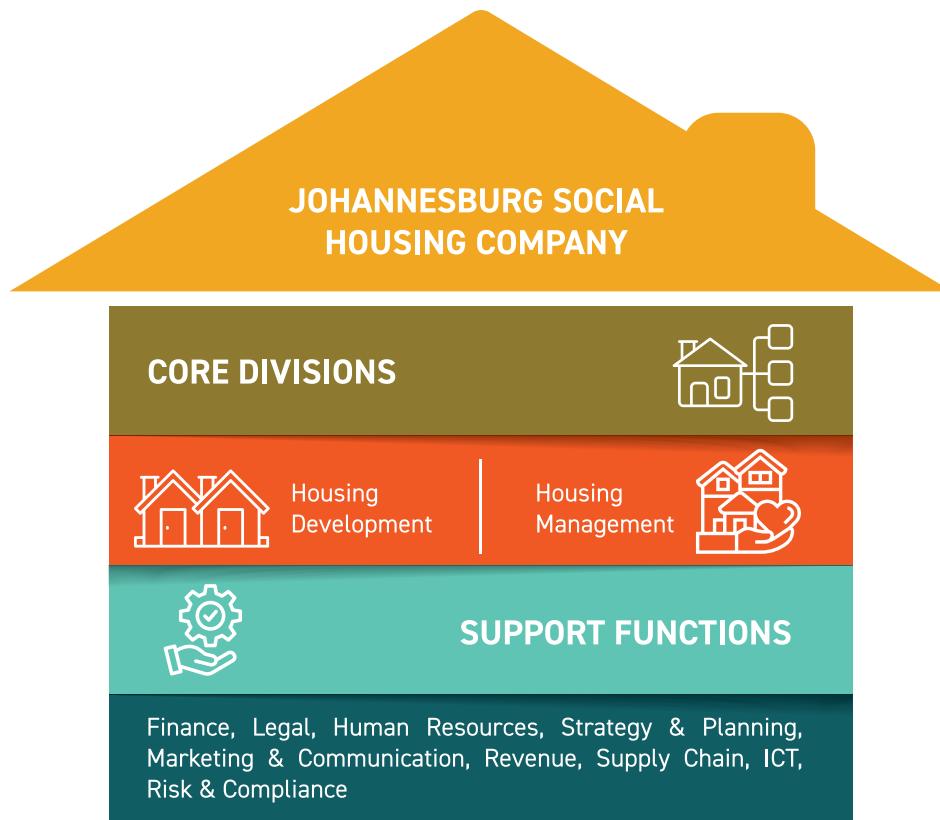


Table 1: Key Strategic Goals/Objectives

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 the expected standards.	Ensure stable 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 high quality yet affordable rental units to the citizens of Johannesburg, thereby strengthening and uplifting 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 systems that improve effectiveness.	Effectively manage social housing projects.	Creation and support of a people's city in which citizens are happy to live, play, and work.
5.	Implement additional safety and security measures and 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.	Adopt a high-performance/good-governance abiding culture.	Strengthen governance and compliance.	Good governance.

About the Report

REPORT SCOPE AND BOUNDARY, BASIS FOR INCLUSION AND RESTATEMENT.

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. It presents a comprehensive record of the entity's performance against its strategic objectives, key performance indicators, and approved budget. The report promotes transparency and accountability to the local community by detailing the decisions made by the entity throughout the financial year. It includes information deemed materially significant for creating and sustaining value over the short, medium, and long term.

The Integrated Annual Report (IAR) aims to provide a cohesive and streamlined approach to corporate reporting. It draws on various reporting components and communicates the full range of factors that materially influence the entity's ability to create value over time. As the entity's primary performance report, the IAR addresses both positive and negative developments that are material to a broad base of stakeholders. It integrates both qualitative and quantitative information relevant to the organisation's operations and strategic objectives.

DETERMINING OF MATERIAL MATTER.

JOSHCO's ability to create value and achieve its strategic objectives is shaped by both the external operating environment and the risks and opportunities it presents. The organisation determines material matters by systematically assessing these factors, linking them to legitimate stakeholder interests and concerns, and aligning them with the corporate strategy.

The process of identifying material matters is guided by JOSHCO's strategic direction, which is informed by its mandate as prescribed by the City of Johannesburg (COJ). A matter is deemed material when its potential impact presents a direct risk to the achievement of the entity's strategic goals. This approach ensures that JOSHCO remains responsive, risk-aware, and aligned with its broader purpose and stakeholder expectations.

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

SUMMARY OF SIGNIFICANT FRAMEWORK AND LEGISLATION USED TO PREPARE THIS REPORT.

- Section 121 of Municipal Finance Management Act, No. 56 of 2003 (MFMA).
- Section 46 of Municipal System Act, No. 32 of 2000 (MSA).
- National Treasury Circular 63.
- Generally Recognised Accounting Practices (GRAP).
- Interpretation of Statement 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 that the governing body ensures stakeholders can assess the organization's performance and prospects. Good corporate governance requires a review and authorization structure for credible financial reporting. JOSHCO's governance structures guide and assure the Integrated Annual Report's 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.

Annually, the AIR is subjected to an assurance process that includes review by JOSHCO internal Audit, the Board of directors and its sub-committees, the Group Performance Audit committee (GPAC), and externally by the Audit General of South Africa (AGSA).

STATEMENT OF RESPONSIBILITY.

The Board of Directors has conducted its oversight responsibility on the compilation of the IAR to ensure the integrity and the credibility of the report. After careful consideration, the Board expressed its satisfaction that the report is credible and complies with legislative frameworks that guide the preparation of the IAR. The Board considered the 2024/25 IR and released it to the Shareholder on 3 December 2025

FEEDBACK.

Your feedback is important to us. It enhances our reporting content and processes. Please send your comments to Mulanga@joshco.co.za and Zodumo@joshco.co.za. Readers can also interact with the organisation on our social media platforms.

CHAPTER 01



LEADERSHIP & CORPORATE PROFILE



a world class African city





JOSHCO's ability to create value and achieve its strategic objectives is shaped by both the external operating environment and the risks and opportunities it presents."



Section 1:

Cllr Mlungisi Mabaso

Member of the Mayoral Committee:
Human Settlements Foreword

As Johannesburg continues to grow and evolve, our commitment to building a more inclusive and dignified urban landscape has never been more important. The work of JOSHC0 is central to this mission, and the 2024/25 financial year reflects both the progress we have made and the challenges that lie ahead.

This past year has shown what is possible when political leadership, the Board, management, and communities work together with a shared purpose. JOSHC0 continued to deliver affordable rental housing opportunities while strengthening governance, improving operational stability, and taking meaningful steps toward restoring public confidence. While the city's socio-economic pressures remain significant, JOSHC0's achievements highlight the resilience and determination of an organisation focused on serving residents with integrity and compassion.

We acknowledge that the road to sustainable, affordable housing is not without complexity. Issues such as financial sustainability, collection performance, and security place real pressure on the entity's operations. Yet these challenges also remind us of why this work

matters. Every unit completed, every family housed, and every community stabilised brings us closer to a Johannesburg where dignity is not a privilege but a lived reality for all.

I wish to commend the Board and Executive Management for their commitment to strengthening internal controls, improving audit outcomes, and prioritising accountability. These are critical steps in rebuilding public trust and ensuring that our residents see and feel the benefits of responsible governance. Equally, I extend my appreciation to the City of Johannesburg and all our stakeholders for their ongoing collaboration. It is through these partnerships that we advance our shared goals and drive sustainable urban development.

As global attention turns increasingly toward Johannesburg through major international engagements and future opportunities, we must continue shaping a city that works for everyone. JOSHC0 plays a vital part in this vision, creating homes that anchor communities, support economic participation, and reinforce Johannesburg as an active player on the global stage.

My gratitude goes to every member of the JOSHC0 team for their hard work, dedication, and unwavering focus on community impact.

Together, we look ahead with optimism and determination, committed to building a future where every resident has access to safe, affordable, and dignified housing.

Cllr Mlungisi Mabaso
Member of the Mayoral Committee:
Human Settlements



Section 2:

Mr Theordore Zithulele Dhlamini

Chairperson's Foreword

As Johannesburg continues to establish itself as a world-class African city, attracting investment and global attention, the Johannesburg Social Housing Company (JOSHCO) remains dedicated to ensuring that this progress is both inclusive and sustainable through the delivery of social and affordable rental housing.

The 2024/25 financial year was a period of strength and stability for JOSHCO. It was a year that tested our resilience and rewarded our collaboration. Under the leadership of the Board and Executive Management, the organisation achieved meaningful progress in service delivery which saw the completion of 556 new housing units in Riverside View Phase 3, Abel Road, 106 Claim Street and Nancefield Social Housing, therefore achieving our annual target. Our occupancy rate was maintained at the targeted 98%, reflecting our shared commitment to providing affordable, dignified homes for Johannesburg's residents.

The achievements of the past year highlight the strength of collaboration between the Board, management, and our stakeholders. The Board continued to enforce financial discipline through its oversight mechanisms and the entity was able to achieve 77% rental collection (88% for JOSHCO projects, 71% for SHRA Funded, and 99% for commercial spaces). This improvement is as a result of various strategies such as DebiCheck mandates. Despite the efforts, the entity recorded a deficit of R559.9 million, an improvement from the previous year's R571.5 million. The total Capex was fully utilised, reflecting our dedication to delivering social housing. We recognise that success depends on the trust and cooperation of our partners.

Governance remains the cornerstone of our progress. The Board continues to uphold high standards of transparency and accountability, achieving 99% compliance to laws and regulations. Through consistent evaluation and strengthened internal processes, we ensured that JOSHCO operates with integrity and excellence. This resulted in 100% of internal audit findings being resolved, deserving of the confidence placed in us by our shareholders and the communities we serve. As Johannesburg prepares to take its place on the global stage through major upcoming events and international partnerships, JOSHCO is proud to contribute to shaping a city that works for all who call it home. Our focus remains on delivering impact, enhancing financial resilience, and fostering collaboration that transforms potential into lasting progress.



On behalf of the Board, I extend sincere appreciation to the Shareholder, the Executive, and staff for their continued commitment and dedication. Together, we are building homes, building trust, and building a world-class African city for generations to come.

Mr Theordore Zithulele Dhlamini
Chairperson: Board of Directors



Section 3: Mr Themba Mathibe Chief Executive Officer (Acting) Report

The 2024/25 financial year Integrated Annual Report (IAR) outlines our achievements, challenges, and proactive measures to address operational and financial inefficiencies.

True to our values of Transparency, Customer Focus, Efficiency, and Respect, we continue to align our mandate and strategies with the recommendations from our Shareholder and strategic directive as set by the Board of directors.

Service Delivery Highlights

JOSHC0 has been purposeful in providing affordable and well-located social housing options as part of the City's efforts to eliminate its housing backlog. The entity's mission to offer social and affordable rental housing, targeting low-income levels has been realised through the provision of visible foot of housing units developed and managed over the years. Having achieved our target of 556 units set for this financial year on the delivery of housing units, the entity has been able to make a valuable contribution to the housing backlog in the City. The entity has been responsible for refurbishing, maintaining, upgrading, and managing some of the City's rental housing stock, and this has seen the rehabilitation of aging and dilapidating infrastructure being restored.

The entity has contributed immensely to the social integration of the residents of the City. Our facilities, strategically located across the City in pockets of economic hubs, has added to the Agenda 2063 of achieving inclusive and sustainable socio-economic development. The entity enabled change in livelihood through the EPWP with over 1000 jobs created. There has dedicated focus in the upliftment of our communities, where we saw 30 SMMEs supported through various projects implemented by the entity.

The 2024/25 financial year saw many changes owing to cashflow issues and our inherent financial position. The lack of executive management stability within the entity also contributed to the ever-changing organisational culture. Notwithstanding, the support and steadfast staff complement proved to be monumental in achieving our mandate.

Financial Performance

One of the most important components of our developmental goal is still prudent capital spending. CAPEX expenditure of R270 494 903,19 was attained by JOSHC0, which is 100% of the authorised budget. Our dedication to completing capital projects and making effective use of resources is demonstrated by our performance. In the year under review, we have seen an encouraging improvement in our rental collections. Overall, 69% of tenant rentals

were collected, which is 11% less than the goal. SHRA-funded projects (social) collected at 68.75% compared to city-funded (affordable housing) projects, which achieved 88% on rental collection. Alternate revenue in commercial spaces collected 99%. These numbers demonstrate the success of our improved revenue collection tactics, such as Debi-Check requirements and proactive tenant interaction programs.

Risk and Compliance

Our certification by the Social Housing Regulatory Authority (SHRA) has made it possible for us to acquire the SHRA subsidy, which has been crucial in speeding up the delivery of social housing units. This partnership is essential to ensuring that we can obtain more funding to contribute meaningfully towards the City's housing needs. As a company, we have worked diligently to improve our status to full certification and ensure that we are in compliance with the regulator. We are taking care of any compliance issues, and we would want to let you know that the corrective actions that have been put in place are moving in a positive trajectory towards resolving every non-compliance with the SHRA. And, soon to realise a full accreditation status. The risk action plans are diligently monitored, aimed at managing strategic and operational risks towards acceptable residual risk levels. The entity achieved 95% in the implementation of the risk strategy and was able to avert any material risk towards the delivery of our mandate, proving that the correcting and continuous management of risk is effective.

Stakeholder Management

As a service delivery-focused entity, managing and maintaining stakeholder relations has been key in ensuring that we deliver services that are responsive to our residents. The entity, over this year has provided dedicated attention to the overall stakeholder mix, which JOSHC0 enjoys, and our footprint in the City of Joburg has grown immensely in promoting the brand of social and affordable housing. As a leading Social Housing institute, we have been faced with misconceptions of the social and affordable housing offering, and as such we accelerated the stakeholder and engagement programme to ensure the right communication

goes out to the public, using the various modes of communication.

Way Forward

The 2025/26 Business Plan reflects JOSHC0's objectives, mandate, and context, aligning them with the Government of Local Unity's priorities. The plan also gives an overview of the entity's prognosis and historical performance. It also highlights other sources of income that the organisation will keep implementing. The entire Strategic Risk Register supports the suggested risk management techniques. The organization is actively taking part in the bomb squad and presidential working groups in order to make a significant contribution to the city's rehabilitation

and align with the City's priorities diligently.

I wish to express my deepest gratitude to the MMC for Human Settlement, the board of directors, executive team, and staff at large for all their invaluable contributions. Let us forge ahead with optimism and unity at our hearts as we continue to serve with pride.

Mr Themba Mathibe



Section 4: Mr Floyd Rikhotso Chief Financial Officer Report

Stewarding stability Building sustainability

As the entity concludes the 2024/25 financial year, I am pleased to present the 2024-25 financial report which provides the overview of the entity's financial performance, achievements and challenges encountered during the financial year.

The Office of the Chief Financial Officer is responsible and accountable for three functional areas of operation namely the revenue, supply chain management, and finance divisions. Through the operation of these divisions Finance served to integrate the entity's business.

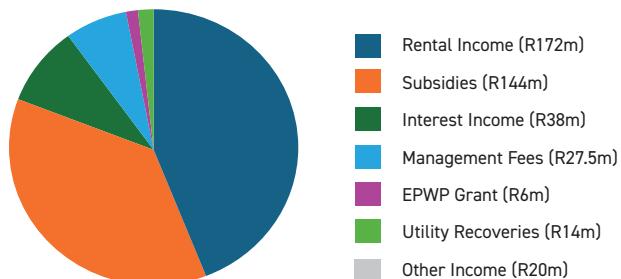
Revenue Report

The revenue collection highlights the state of economic challenges that are faced by the community. The report indicates a collection rate that is below target for the period. The reasons for the rental collection being below the target are continued rent boycott campaigns from organised tenants' groups demanding ownership, child-headed households, unemployment and pensioners.

JOSHC0 has transferred the referral rental stock back to the City of Johannesburg effective 31 July 2025. While there will be lost revenue in the new financial year because of the transfer, there are savings to be realised from utilities, repairs and maintenance, bad debt provision and write-offs amongst others. The overall rental collection was also diluted as the referral stock realised low collections for years.

In the current financial year, the entity generated R431.9 million (prior year R386.8 million) in revenue exceeding the budget by R31.4 million.

Refer to the diagram below for the revenue break-down:



Rental income for the year amounted to R174.4 million, which is 14% above the budget, and is the result of the efficient tenant allocation through the use of JOSHC0 APP and digital application processes. Management fees for the year amounting to R27.5 million are under budget by 59% because JOSHC0 has implemented fewer special projects for CoJ Core Departments due to the long outstanding debt not being settled on time. The interest income of R38.3 million charged on overdue rental debtors and is the result of the challenges cited in the opening paragraph above. The interest income is above the budget by 52%. The entity's rental collection level for the year is 77%. Collections in respect of SHRA-funded Projects is 71%, JOSHC0 Projects is 88%, Commercial spaces is at 99%. Collections inclusive of the City Referral stock for the year is 70%. The referral stock collection rate is 39% as most tenants stopped payments with the expectations of taking over ownership of their units from Human Settlements.



Financial Performance

Revenue and expenditure are recorded on the accrual basis of accounting. The financial performance for the period ended 30 June 2025 resulted in a deficit of R559.9 million compared to R571.4 million in the prior year. The deficit is due to the entity not being able to generate sufficient income to cover its operating expenses and several expense line items being over budget such as Security, Finance costs, utilities and Repairs and Maintenance.

It is important to note that there is an inherent imbalance between the revenue generated by the entity compared to the operational expenditure being incurred. The entity's key revenue category is charged at social rates while the expenditure incurred is at market related costs. In addition, there are expenditure items that are because of City-wide challenges which the entity continues to take strain on as these costs (security for example) are necessary to ensure that tenants are adequately serviced. This has prompted management to formulate turn-around strategies to enhance revenue sources and optimise costs to reduce deficit and progress closer to achieving a status of being self-sustaining as an entity. These strategies and mitigations are addressed in Chapter 5.

CAPEX Expenditure

JOSHCO's actual cumulative spending for the quarter under review is R270 million which is 100% of the total CAPEX budget approved; the cumulative target for the quarter is 100%.

Audit preparations and status of resolution of findings
The entity submitted the annual financial statements for audit to AGSA in line with the legislated timeline of the 31st of August 2025. The entity also prepared interim annual

financial statements during the year which were subjected to review by the internal audit department. These annual financial statements have been audited by AGSA. The audit report indicated an unqualified opinion for 24-25 financial year which is the same audit opinion given in the 23-24 financial year.

In conclusion

I extend my gratitude to the MMC for his political leadership, the Board of Directors, audit committee, Executive team and esteemed staff compliment of the entity for the guidance and support. I have been warmly welcomed since joining the team in July 2025 and looking forward to a great year ahead and improved overall

performance.

ABOUT JOSHC0

The Johannesburg Social Housing Company SOC Ltd (JOSHC0) was established in March 2004 as one of the entities of the City of Johannesburg (COJ) Municipality.



JOSHC0'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. JOSHC0 is a registered Social Housing Institution (SHI) and is accredited by the Social Housing Regulatory Authority (SHRA). The core business of JOSHC0 includes: 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. It includes the development of rental housing, refurbishments, upgrading, and management of council-owned rental housing stock.

The organization 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 Nederberg student accommodation project, which has since reached practical completion. In addition, refurbishment of the 280 Smit Street student accommodation is underway

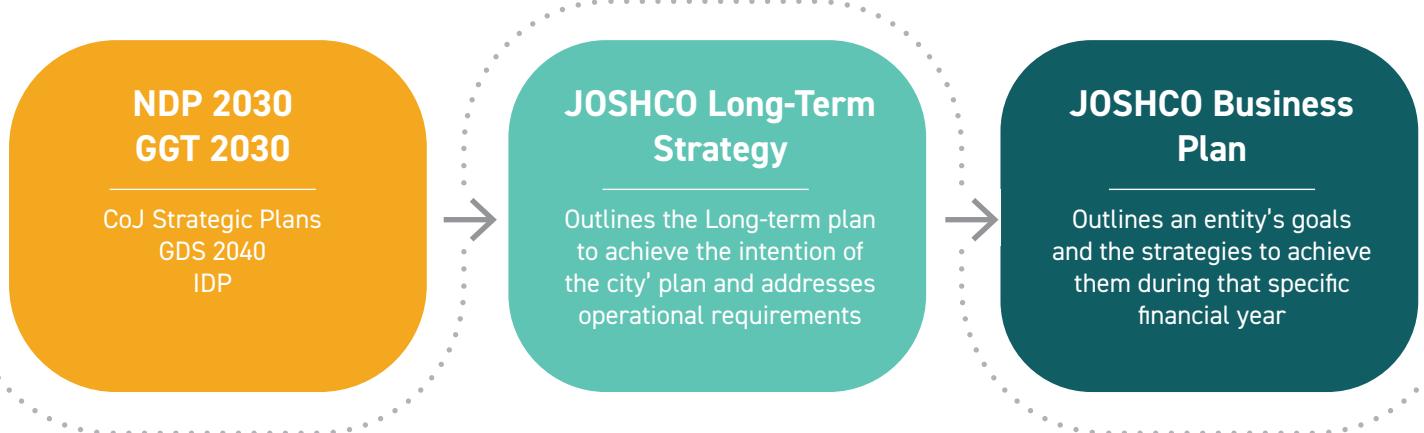
and currently at stage 3 of the design phase. As a Municipal-Owned Entity, JOSHC0 is required to comply with all applicable legislation (i.e., MFMA, MSA, Social Housing Act, and the Companies Act). JOSHC0's policies and strategies are aligned with the COJ's long-term plans as outlined in its 5-year IDP reviewed.

Demographics, Economic Growth and Population

The Census 2022 results show that the population of South Africa was 62 million in that year, 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) and the City of Johannesburg with 9.09 million of population. 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. Social Housing Institutions (SHIs) like JOSHC0 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.

Figure 1: JOSHC0 Strategic Planning Approach



Section 6: Strategic Objectives

JOSHC0 derives its mandate from its parent municipality, COJ, through a council resolution on the entity's strategic planning processes are informed by COJ's strategic processes. The City GDS 2024, 5-Year IDP, and SDBIP feed into JOSHC0's Long-Term Plan, annual business plan and budgeting process, as well as the company scorecard, as shown in the figure above.

JOSHC0's Programme, Strategic Objectives and Priorities

JOSHC0 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 & management of: <ul style="list-style-type: none"> • 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.

Table 2: Alignment of GDS 2040, COJ Priorities, and JOSHC0's Strategic Objectives - 30 June 2025

GDS Outcomes	GDS Outputs	Government of Local Unity (GLU) Objectives	Mayoral Priorities	JOSHC0 Strategic Objectives	JOSHC0 Strategic Outcomes
Provide a resilient, liveable, sustainable urban environment, underpinned by smart infrastructure and supportive of a low carbon economy	<ul style="list-style-type: none"> Sustainable human settlements 	<ul style="list-style-type: none"> Sustainable human settlements 	<ul style="list-style-type: none"> Sustainable Service Delivery 	<ul style="list-style-type: none"> To be a smart and capable entity 	<ul style="list-style-type: none"> Achievement of all Service Level Standards (SLS), as per SDA Well-maintained and clean JOSHC0 properties Alignment with SHRA's requirements, as a regulator
An inclusive, job-intensive, resilient, competitive and smart economy that harnesses the potential of its citizens.	<ul style="list-style-type: none"> Job-intensive economic growth Promotion of and support to informal and micro businesses Increased competitiveness of the economy A 'Smart' City of Johannesburg that can deliver quality services to citizens in an efficient and reliable manner (cross-cutting output) 	<ul style="list-style-type: none"> Job-intensive economic growth Promotion of and support to informal and micro businesses Increased competitiveness of the economy 	<ul style="list-style-type: none"> Job opportunity & creation 	<ul style="list-style-type: none"> To be a smart and capable entity 	<ul style="list-style-type: none"> 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.
Provide a resilient, liveable, sustainable urban environment, underpinned by smart infrastructure supportive of a low carbon economy.	<ul style="list-style-type: none"> Sustainable human settlements 	<ul style="list-style-type: none"> Sustainable human settlements 	<ul style="list-style-type: none"> Sustainable service delivery 	<ul style="list-style-type: none"> 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) 	<ul style="list-style-type: none"> Large-scale delivery of social housing and affordable housing units across the city. Development of a student accommodation precinct. Preserved and well-maintained buildings that meet acceptable living conditions.

GDS Outcomes	Government of Local Unity (GLU) Objectives	Mayoral Priorities	JOSHCO Strategic Outcomes	
			JOSHCO Strategic Objectives	JOSHCO Strategic Outcomes
A high performing metropolitan government that proactively contributes to and builds a sustainable, socially inclusive, locally integrated and globally competitive Gauteng City Region.	<ul style="list-style-type: none"> A responsive, accountable, efficient and productive metropolitan government. A financially sustainable and resilient city. 	<ul style="list-style-type: none"> Partnerships, intergovernmental and international relations. A responsive, accountable, efficient and productive metropolitan government. A financially sustainable and resilient city. Meaningful citizen participation and empowerment. Guaranteed customer and citizen care and service. 	<ul style="list-style-type: none"> Financial sustainability. 	<ul style="list-style-type: none"> 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.
An inclusive, job-intensive, resilient, competitive and smart economy that harnesses the potential of citizens.		<ul style="list-style-type: none"> A 'Smart' City of Johannesburg that can deliver quality services to citizens in an efficient and reliable manner (cross-cutting output). 	<ul style="list-style-type: none"> Smart City 	<ul style="list-style-type: none"> 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.

VALUE-CREATION PROCESS FOR THE YEAR ENDED 30 JUNE 2025



INPUTS



Stage 1



FINANCIAL RESOURCES

- R270.797 million capital budget
- R270.495 million capital expenditure
- R238.845 million employee cost



INTELLECTUAL CAPITAL

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



HUMAN CAPITAL

- 494 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)

Stage 2

CONTEXT

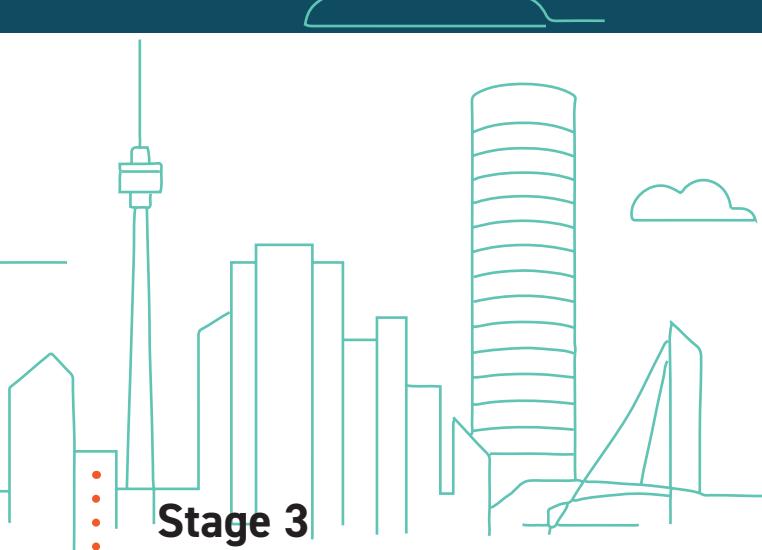
- Six National Outcomes
- Six Sustainable Development Goals (SDGs)
- Seven IDP priorities, driven through four clusters

TOP FIVE RISKS

1. Inability to continue as a growing concern
2. Failure to deliver capital projects on time
3. Business interruption
4. Health, Safety and Security incidents in JOSHCO projects
5. 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



OUTCOMES



Stage 5



ECONOMIC SUSTAINABILITY

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



SOCIAL SUSTAINABILITY

- The provision of rental relief programme for tenants affected by various factors as part of our social support.
- 10156 households 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



Stage 4

OUTPUTS/PROGRAMME

R174
million in rental revenue

Over 30
SMMEs supported

556
units completed

98%
occupancy rate

1076
EPWP jobs created

Audit Opinion
Customer Service Standards

Competitive Landscape

The demand for rental housing, particularly social, affordable, and student housing, remains significantly high in the City of Johannesburg. The current housing backlog is estimated at over 500 000 households, including those living in informal settlements. Considering projected household growth and ongoing immigration trends, it is estimated that by 2030, approximately 1.23 million households will require accommodation in the city. This translates to an annual housing need of roughly 88 000 households.

JOSHC0, as the City of Johannesburg's sole municipal entity dedicated to developing and managing social and affordable rental housing, plays a pivotal role in meeting the city's growing housing demand. The organisation is one of approximately 40 certified Housing Associations, alongside 11 other organisations engaged in housing provision. Additionally, numerous private sector

developers are active in the affordable and student housing segments.

Operating in a competitive and dynamic rental housing environment, JOSHC0 is strategically positioned in the 'gap market', serving individuals and families who do not qualify for fully subsidised (BNG) housing but cannot afford market-rate options. This unique positioning enables JOSHC0 to bridge a critical gap in Johannesburg's housing continuum, delivering real impact where it is needed most.

As the city's only municipally owned housing entity, JOSHC0 holds a distinctive competitive advantage. Our public sector mandate, combined with a strong focus on affordability and social impact, empowers us to provide accessible, sustainable, and transformative rental housing solutions for Johannesburg's residents.



CHAPTER 02



GOVERNANCE



Section 1: Composition, Key Activities & Remuneration of Board of Directors



I. ETHICAL, EFFECTIVE LEADERSHIP AND CORPORATE CITIZENSHIP.

The Board of Directors reports to the shareholder through the 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 its inception. The fundamental objective has always been to conduct business ethically, while building a sustainable company that recognises the short-, medium-, and long-term impact of its activities on the economy, society, and on the environment. JOSHC0 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 oversees 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 outlined in the King IV Report on Corporate Governance, the Companies Act, and the City of Johannesburg's Governance Framework. Both the Board and the Executive Committee (EXCO) are committed to upholding the principles of openness, integrity, and accountability as advocated by the King IV Code.

Oversight of the entity's compliance with the King IV principles forms part of the Audit and Risk Committee's (ARC) mandate. In alignment with the City of Johannesburg's (COJ) Corporate Governance Protocol, the Board has incorporated this protocol into its Board Charter. This Charter governs the relationship between the entity and the COJ, its sole shareholder and parent municipality, ensuring alignment with sound governance practices and ethical standards.

Each year, the entity enters into a performance agreement with the shareholder, outlining key mandated performance measures and indicators. In addition, the Board is responsible for the approval of the company's annual corporate plan, reinforcing its strategic oversight role.

III. APPOINTMENT OF DIRECTORS

The Board subscribes to Principle 13 of the King IV Report on Corporate Governance, which guides the governing body in ensuring compliance with applicable laws and in identifying and adopting non-binding rules, codes, and standards that support sound governance practices. In line with this principle, the Board governs the appointment process with transparency, fairness, and due regard for the entity's strategic needs. All directors are appointed in accordance with the entity's Memorandum of Incorporation and the City of Johannesburg's Group Governance Framework, ensuring that the composition of the Board reflects an appropriate balance of skills, experience, diversity, and independence. This structured approach enables the Board to provide effective oversight and ethical leadership, consistent with the principles of accountability and integrity outlined in King IV.

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

The Board subscribes to Principle 13 of King IV, which guides how it governs compliance with laws and the voluntary standards it has adopted. It remains accountable for compliance by regularly assessing adherence to legislation. Oversight across the entity is managed through the ARC.

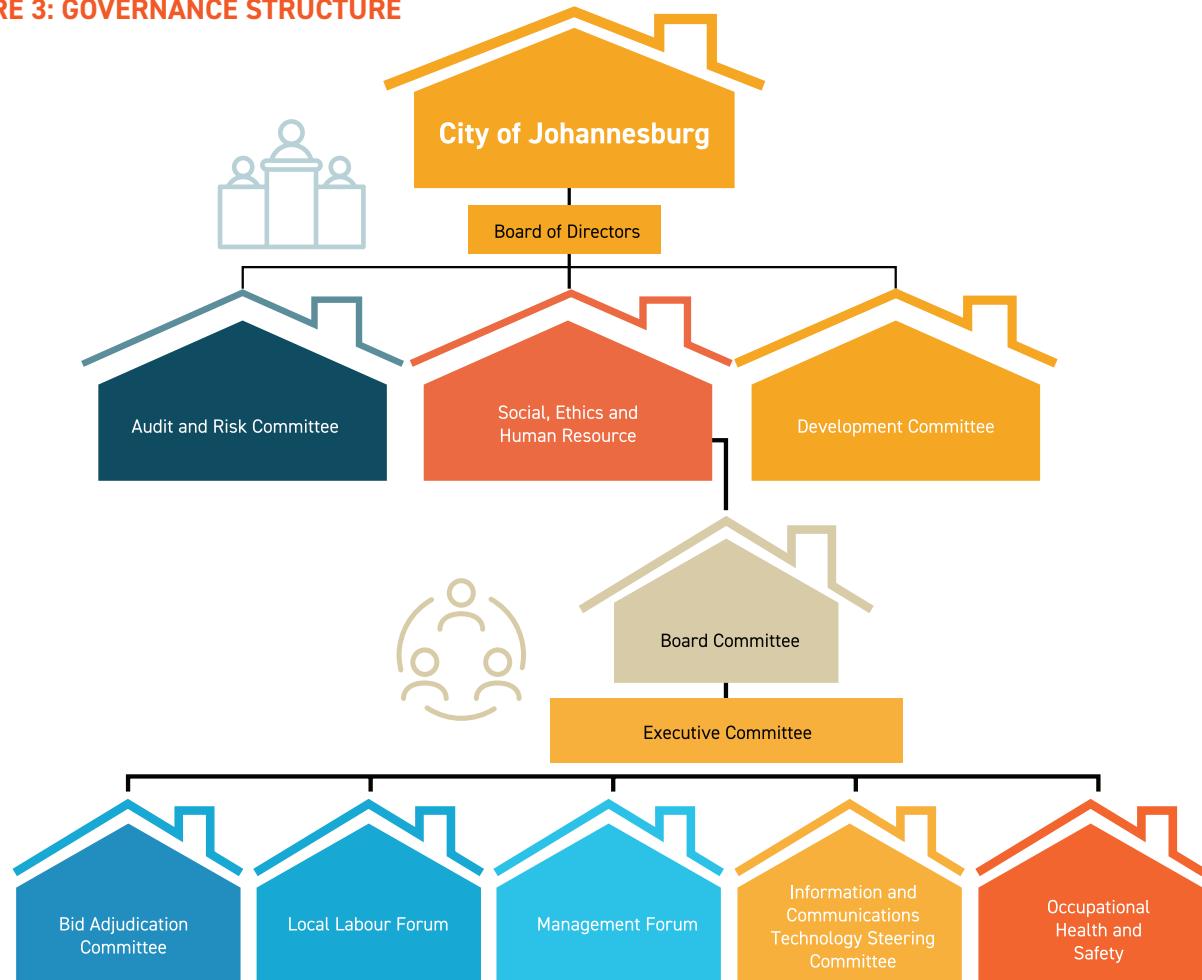
V. PUBLIC PARTICIPATION

In FY 2024/25, JOSHC0 organised a wide range of meetings and campaigns designed to put tenants and communities at the heart of decision-making. These initiatives succeeded at resolving customer inquiries, were effective at communicating the application process, and provided valuable civic education, among other topics. As part of the City of Johannesburg family, JOSHC0 fully embraced the City's community-based planning strategy, ensuring that residents have a voice in both planning and implementation. To strengthen these connections even further, JOSHC0 also engaged directly with tenants and City Councillors across multiple wards.

COMPOSITION, KEY ACTIVITIES, AND REMUNERATION.

BOARD COMPOSITION.

FIGURE 3: GOVERNANCE STRUCTURE



Board of Directors' Appointment and Governance Overview

The establishment of the Board of Directors is governed by Clause 6 of the entity's Memorandum of Incorporation (MOI), which requires directors to be appointed in line with the City Group Policy outlined in the City Group Governance Framework, or any other policy the City may determine from time to time. Furthermore, Section 66 of the Companies Act provides that the business and affairs of a company must be managed by or under the direction of its Board, which has the authority to exercise all the powers and perform any of the functions of the company, except to the extent that this Act or the company's MOI provides otherwise.

The Shareholder retains the prerogative to appoint the Boards of all City entities through a resolution of the Annual General Meeting (AGM). On 31 July 2024, the Shareholder convened its AGM, during which a new Board of Directors for JOSHC0 was appointed. The Board is chaired by Non-Executive Director, Mr Theodore Zithulele Dhlamini.

The table 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 3: Composition of the JOSHC0 Board as of 30 June 2025



01

**Mr Theodore
Dhlamini**

Capacity:

Non-Executive
Director

Gender:

Male

Status:

Active

Qualification

Post Graduate
Diploma in
Management.

**Other Director
Held**

N/A



02

**Mr Jason
Sobekwa CA(SA)**

Capacity:

Non-Executive
Director

Gender:

Male

Status:

Active

Qualification

Bachelor of
Accounting
Post Graduate
Diploma- Financial
Management

MBA, ACMA, CGMA
(CIMA)

**Other Director
Held**

N/A



03

**Mr Zamikhaya
Wauthus Xalisa**

Capacity:

Non-Executive
Director

Gender:

Male

Status:

Active

Qualification

Masters in
Sustainable
Agriculture (MSA).

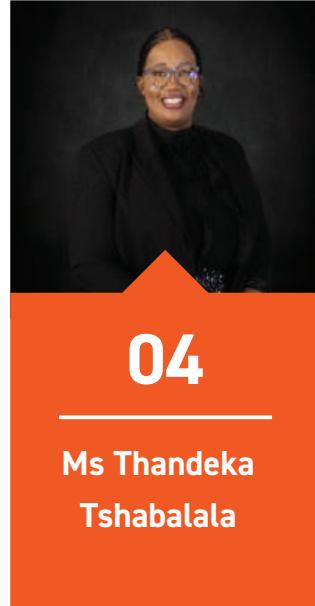
Masters in Business
Administration (MBA)

**Other Director
Held**

Ntinga Development
Agency (Board
Member)

South Rand Hospital
(Board Member)

Joburg Training &
Innovation Centre
(Board Advisory)



04

**Ms Thandeka
Tshabalala**

Capacity:

Non-Executive
Director

Gender:

Female

Status:

Active

Qualification

BCom Accounting

Post Graduate in
Financial Planning

**Other Director
Held**

N/A



05

**Ms Tabisa
Poswa**

Capacity:

Non-Executive
Director

Gender:

Female

Status:

Active

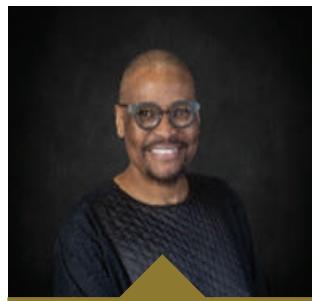
Qualification

Baccalaureus Juris

Baccalaureus Legum
– LLB

**Other Director
Held**

N/A



06

**Mr Lawrence
Mduduzi Ndlovu**

Capacity:

Non-Executive
Director

Gender:

Male

Status:

Active

Qualification

Bachelor of Art in
Philosophy

Bachelor of Divinity

Master of Theology

Being a Director 1 –
Short Course

The Governance of
Ethics – Short Course

**Other Director
Held**

Bug Creative Agency
(Executive Director)

Fohloza Foundation
(Director)

Play Africa Museum
(Non-Executive
Director)



07

**Ms Thulisile
Mfusi**

Capacity:

Independent Audit
Committee

Gender:

Female

Status:

Active

Qualification

Honours Degree in
Accounting

**Other Director
Held**

Thulisile Properties
(Projects)

2LCLE (Construction
and Projects)



08

**Dr Steven
Ngobeni**

Capacity:

Independent Audit
Committee

Gender:

Male

Status:

Active

Qualification

National Diploma (Town/
Urban and Regional
Planning)

BTech Degree (Town/
Urban and Regional
Planning)

MA (Development studies)

MSC (Build environment)

MPA Public and
Development Management

LLM (International
Business)

PHD in Real estate.

**Other Director
Held**

Property Practitioners
Regulatory Authority
(Regulator)

Progressive Professional
Forums (Non-Profit
Organization)

Ebuhleni Academy
(Community Based
Organization)



09

Mr Albert Baloyi

Capacity:

Non-Executive
Director

Gender:

Male

Status:

Resigned

Qualification

BCom Accounting

**Other Director
Held**

N/A



10

**Adv. Ntokozo
Mjiyako**

Capacity:

Non-Executive
Director

Gender:

Male

Status:

Active

Qualification

LLB

PDM-S

MPhil

**Other Director
Held**

Cape Mazao
(Agri-Business)

Innov8 AV (Audio
Visual)

Brics Insight
(Consulting)

Phalanx Logistics
(Logistics and
Security)

11

**Ms Bayiphiwe
Simelane**

Capacity:

Non-Executive
Director

Gender:

Female

Status:

Active

Qualification

Diploma in Public
Relation and
Communications

**Other Director
Held**

N/A

12

Mr Musa Shibambu

Capacity:

Non-Executive
Director

Gender:

Male

Status:

Active

Qualification

Masters of Philosophy
in International
Business

**Other Director
Held**

N/A



13

Mr Obed Thenga

Capacity:

Independent Audit Committee

Gender:

Male

Status:

Active

Qualification

BCom Honours

Other Director Held

Luvhane Business Growth Management (Trading in all Aspects)



14

Mr Thulani Mdadane

Capacity:

Non-Executive Director

Gender:

Male

Status:

Active

Qualification

MBA BA

MSC – Construction Management

M.Phil. - Urban Infrastructure, design and Management

PHD – Construction Management

Other Director Held

N/A

Board Diversity

The Board of Directors is composed of highly qualified professionals, both men and women, who are deeply committed to the mission of building a resilient and sustainable entity. Guided by the principles of good governance and strategic oversight, they bring a wealth of expertise from across various sectors. Their skills and experience are central in advancing the entity's objectives and ensuring its long-term success.

Board members are appointed by the Shareholder, who carefully selects individuals to create a complementary mix of skills, knowledge, and perspectives aligned with the entity's mandate. This deliberate approach underscores a strong commitment to diversity, equity, and inclusion, key drivers of our strategic goals.

Currently, the Board comprises 11 distinguished members, reflecting the rich diversity of South Africa. Gender representation is balanced with four women and seven men. This diversity fosters a broad spectrum 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 Board's diverse composition is a key strength. It supports robust decision-making and governance, demonstrates our commitment to inclusivity, and positions the entity to thrive in a rapidly evolving environment, ensuring we continue to serve our stakeholders and contribute positively to the broader community.

Figure 4: Gender Diversity



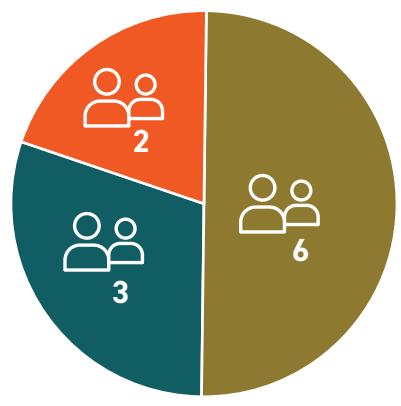
Female Male

Figure 5: Race Diversity



Black

Figure 6: Age Diversity



18-35 36-45 46 > 65

During the financial year under review, the Board held a total of 13 meetings, comprising of four ordinary meetings and six special meetings convened to address critical matters. The Development Committee met four times, including one special meeting. The Audit and Risk Committee (ARC) held seven meetings, four quarterly and three special meetings. The Social, Ethics and Human Resources Committee (SEHRC) held a total of six meetings.



Bokamoso Development

Table 4 below provides the details of the attendance of members at the various meetings

Board Directors	Board			Audit and Risk			Development			Social and Ethics		
	Attendance	Absent	Apologies	Attendance	Absent	Apologies	Attendance	Absent	Apologies	Attendance	Absent	Apologies
Number of Meetings	13			7			4			6		
Mr Theodore Dhlamini	13	0	0	-	-	-	4	0	0	-	-	-
Sello Mothotoana	0	0	0	0	0	0	0	0	0	0	0	0
Mr Zamikhaya Wauthus Xalisa	11	0	1	--	-	-	-	-	-	5	0	1
Mr Albert Baloyi	6	0	0	3	0	0	-	-	-	-	-	-
Mr Lawrence Mduduzi Ndlovu	13	0	0	-	-	-	-	-	-	6	0	0
Mr Ntokozo Mjiyako	13	0	0	-	-	-	4	0	0	-	-	-
Ms Bayiphiwe Simelane	13	0	0	-	-	-	-	-	-	6	0	0
Ms Thandeka Tshabalala	13	0	0	-	-	-	-	-	-	6	0	0
Mr Musa Shibambu	13	0	0	-	-	-	4	0	0	-	-	-
Ms Tabisa Poswa	13	0	0	-	-	-	-	-	-	6	0	0
Mr Jason Sobekwa	13	0	0	7	0	0	-	-	-	-	-	-
Dr Thulani Alfred Mdadane	2	0	11	-	-	-	1	0	0	-	-	-
Mr Obed Thenga	-	-	-	7	0	0	-	-	-	-	-	-
Ms Thulisile Mfusi	-	-	-	7	0	0	-	-	-	-	-	-
Dr Piet Ngobeni	-	-	-	7	0	0	-	-	-	-	-	-
Ms Nokwazi Mtshali	7	0	0	5	0	0	3	0	0	3	0	0
Mr Musa Nkosi	7	0	0	5	0	0	3	0	0	3	0	0
Tau Masemola	1	0	0	0	0	0	-	-	-	1	0	0
Yolandi Erasmus	1	0	0	1	0	0	-	-	-	1	0	0
Jacelyn Scott	1	0	0	1	0	0	-	-	-	1	0	0
Terry Tselane	1	0	0	-	-	-	-	-	-	1	0	0
Manene Tabane	1	0	0	-	-	-	1	0	0	-	-	-
Shane Nqakalatsane	1	0	0	-	-	-	-	-	-	-	-	-
Simon Clarke	1	0	0	-	-	-	1	0	0	-	-	-
Simphiwe Mnisi	1	0	0	-	-	-	-	-	-	1	0	0
Ingle Singh	1	0	0	-	-	-	1	0	0	-	-	-
Henry Markus	1	0	0	-	-	-	1	0	0	-	-	-
Andrie Smith	1	0	0	-	-	-	-	-	-	1	0	0
Thedi Moropa	1	0	0	1	0	0	1	0	0	1	0	0
Nontobeko Ndimande	1	0	0	1	0	0	1	0	0	1	0	0

Roles and function 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, terms 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 and Conflict 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 excused 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 Non-Executive Directors (NEDs):

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



Table 5: Composition of Board Committees and Members

Committee	Focus area	Mandate	Membership
Audit and Risk Committee	<ul style="list-style-type: none"> 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) 	<p>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, Reliability of Financial Information, Business Planning, and Budget Implementation.</p>	<ul style="list-style-type: none"> Jason Sobekwa (Non-Executive Director, Chairperson). Albert Baloyi (Non-Executive Director). Obed Thenga (Independent Audit Committee member) Thulisile Mfusi (Independent Audit Committee Member). Steven Piet Ngobeni (Independent Audit Committee Member)
Social, Ethics and HR Committee	<ul style="list-style-type: none"> 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 	<p>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).</p>	<ul style="list-style-type: none"> Lawrence Mduduzi Ndlovu (Non-Executive Director, Chairperson). Bayiphiwe Simelane (Non-Executive Director). Tabisa Poswa (Non-Executive Director). Zamikhaya Xalisa (Non-Executive Director). Thandeka Tshabalala (Non-Executive Director).

Committee	Focus area	Mandate	Membership
Development Committee	<ul style="list-style-type: none"> • 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 	<p>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, <i>inter alia</i>, includes the following:</p>	<ul style="list-style-type: none"> • Ntokozo Mjiyako (Non-Executive Director, Chairperson). • Thulani Mdadane (Non-Executive Director). • Musa Shibambu (Non-Executive Director) • Theodore Zithulele Dlamini (Non-Executive Director).

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 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 Governance Department.



*Riverside
Development*

Company Secretary Function

The Company Secretary plays a pivotal role in maintaining the highest standards of corporate governance within the organisation. Guided by the Companies Act and relevant Local Government legislation, the ensures strict adherence to Board procedures, regulations, and governance codes. Beyond facilitating Board meetings and maintaining accurate records, the provides ongoing guidance to members on governance, compliance, and fiduciary responsibilities. Close collaboration with the Chairperson and regular engagement with executive management help align governance practices with the organisation's strategic objectives. Through these efforts, the supports the Board in fostering ethical leadership and promoting transparency across the organisation.

Chief Financial Officer (CFO) and the Finance Function. The City's annual assessment also provided the ARC with an opportunity to evaluate the CFO's competency, effectiveness, expertise, and experience. The results confirmed that the CFO possesses the necessary skills to fulfil their responsibilities effectively. The assessment further reviewed the finance function's expertise and staffing levels, highlighting a future need to strengthen

the team to ensure the continued smooth operation of the department.

Internal Audit

Section 165 of the Municipal Finance Management Act (MFMA) stipulates that the internal audit function must operate independently of management and report functionally to the Audit and Risk Committee (ARC). In line with this requirement, the ARC conducted its annual assessment of the Internal Audit function.

As part of this assessment, the ARC reviewed the effectiveness, expertise, and experience of the Internal Audit Manager and is satisfied that he possesses the appropriate qualifications and skills to fulfil the responsibilities of the role effectively.

Directors and prescribed officers' remuneration

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



Table 6: Prescribed Directors' Remuneration as of 30 June 2025

Type of Meeting	Fees: July 2024 - 30 June 2025
Board	
Chairperson - Meeting	R16 000
Member - Meeting	R12 000
Audit and Risk Committee	
Chairperson - Meeting	R10 000
Member - Meeting	R8 000
Social, Ethics, and Human Resource Committee	
Chairperson - Meeting	R10 000
Member - Meeting	R8 000
Development Committee	
Chairperson - Meeting	R10 000
Member - Meeting	R8 000

Table 7: Board of Directors' Remuneration as of 30 June 2025

Name	Designation	Remuneration
Mr Theodore Dhlamini	Board Member	R302 000.00
Mr Zamikhaya Wauthus Xalisa	Board Member	R164 000.00
Mr Albert Baloyi	Board Member	R128 000.00
Mr Lawrence Mduduzi Ndlovu	Board Member	R260 000.00
Mr Ntokozo Mjiyako	Board Member	R174 000.00
Ms Bayiphiwe Simelane	Board Member	R196 000.00
Ms Thandeka Tshabalala	Board Member	R20 000.00
Mr Musa Shibambu	Board Member	R180 000.00
Ms Tabisa Poswa	Board Member	R152 000.00
Mr Jason Sobekwa	Board Member	R350 000.00*
Dr Thulani Alfred Mdadane	Board Member	R12 000.00
Mr Tau Masemola	Board Member	R30 000.00
Ms Yolandi Erasmus	Board Member	R30 000.00
Ms Jaclyne Scott	Board Member	R25 000.00
Mr Terry Tselane	Board Member	R20 000.00
Mr Manene Tabane	Board Member	R20 000.00
Mr Shane Nqakalatsane	Board Member	R40 000.00*
Mr Simon Clarke	Board Member	R46 000.00
Mr Simphiwe Mnisi	Board Member	R20 000.00
Mr Ingle Singh	Board Member	R15 000.00
Mr Henry Markus	Board Member	R20 000.00
Mr Andrie Smith	Board Member	R20 000.00

Table 8: Independent Audit Committee Member's Remuneration as of 30 June 2025

Name	Designation	Remuneration
Mr Obed Thenga	Independent Audit Committee	R32 000.00
Mr Steven Piet Ngobeni	Independent Audit Committee	R104 000.00
Ms Thulisile Mfusi	Independent Audit Committee	R48 000.00
Adv Geraldine Chaplog-Louw	Independent Audit Committee	R8000.00.
Mr Daniel Nyamazane	Independent Audit Committee	R8000.00
Mr Victor Van Der Merwe	Independent Audit Committee	R8000.00
Mr Alvarno ARN Francis	Independent Audit Committee	R8000.00

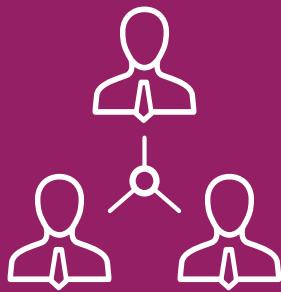
Table 9: Executives Management's Remuneration as of 30 June 2025

Name	Designation	Remuneration
Mr Molapane Mothotoana	Chief Executive Officer	R 2 152 000.00
Ms Nontobeko Ndimande	Chief Financial Officer	R 665 000.00
Ms Nokwazi Mtshali	EM: Planning & Strategy	R 524 000.00
Ms Madonna Rangaka	Company Secretary	R 1 739 000.00



Section 2:

High-level Organisational Structure



The figure below illustrates how JOSHC0's core business flows through its various divisions and departments. At the heart of Operations are two key departments: Housing Development, responsible for project construction and development, and Housing Management, which oversees property management, tenant relations, and community development. The remaining departments provide essential support, including finance, legal, planning and strategy, and corporate services.

Figure 7: High-level Organisational Structure of the JOSHC0

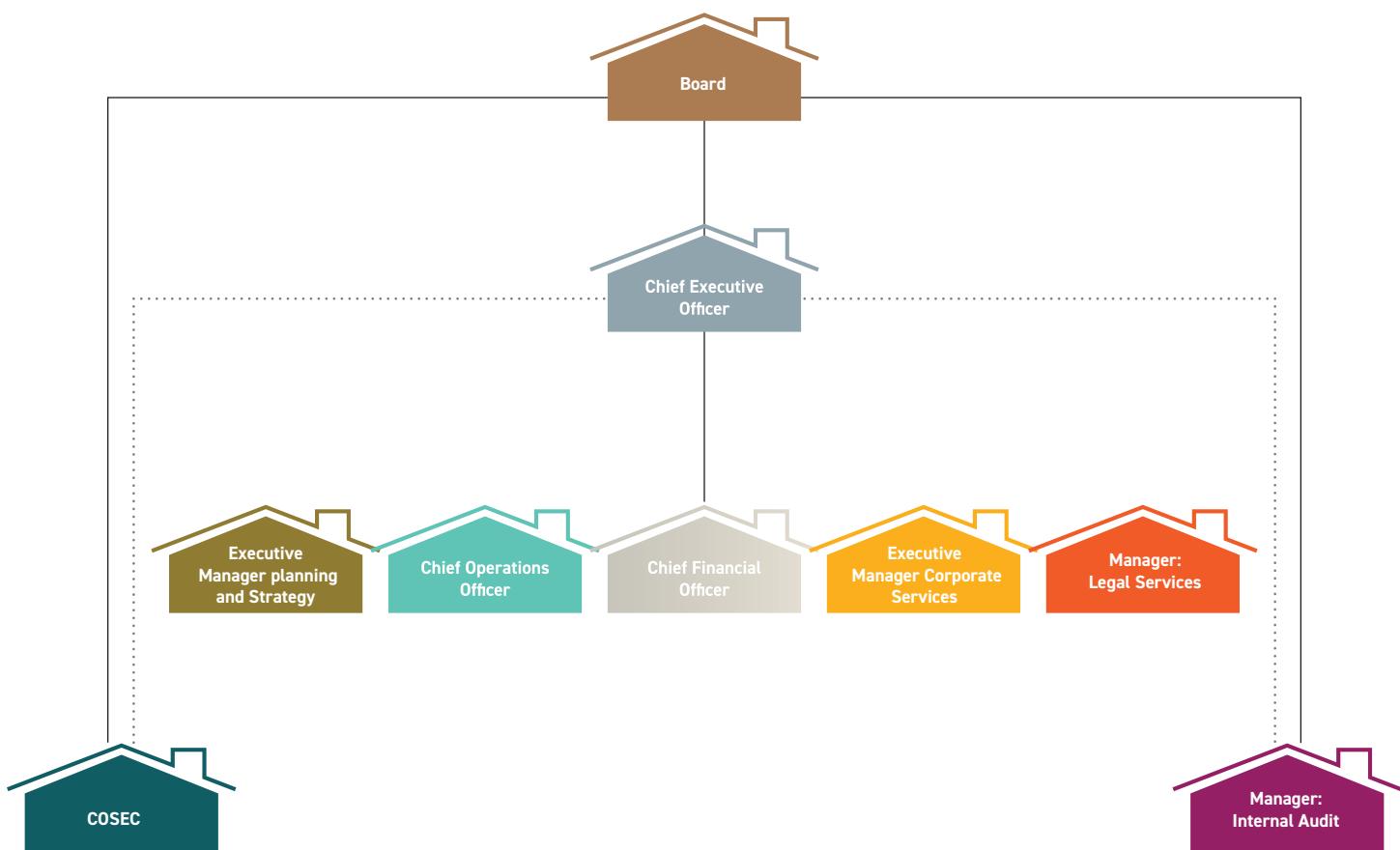


Table 10: JOSHC EXCO Members



Mr Themba Mathibe:

Acting Chief Executive Officer.



Mr Floyd Rikhotso:

Chief Financial Officer



Mr Musawenkosi Ndima:

Chief Operations Officer



Ms Ntabiseng Tsotetsi:

A/EM-Corporate Services



Mr Nhlamulo Shikwambana:

A/EM-Planning and Strategy



Ms Madonna Rangaka:

Company Secretary

Section 3:

Governance of Stakeholder Relationships



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 JOSHC0 are set out in Table 11 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.

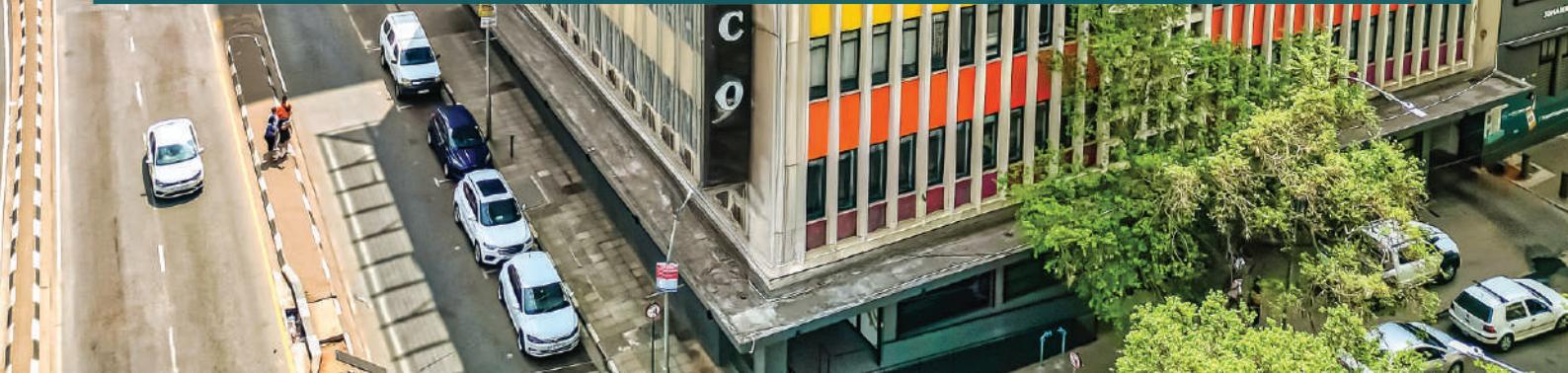


Table 11: Stakeholder Matrix

JOSHCO's Stakeholder	Impact	Interest	Role of JOSHCO towards the Stakeholder	Engagement Platforms with Stakeholders
Shareholder: City of Johannesburg	High	High	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • 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.
Political Leadership: MMC, Ward Councillors	High	High	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • Audit preparation meetings. • During and post Audit meetings through the Audit Steering Committee. • Invited as and when required for Board meetings.
Labour	High	High	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • Constant updates on follow-up matters. • Ongoing LLF meetings.
The Media	High	Moderate	<ul style="list-style-type: none"> • Providing the media with good-news stories on the work performed by JOSHCO. • Conducting site/project visits to showcase the milestones achieved. 	<ul style="list-style-type: none"> • Ongoing building of the JOSHCO brand through media partnerships that have already been formed.

JOSHCO's Stakeholder	Impact	Interest	Role of JOSHCO towards the Stakeholder	Engagement Platforms with Stakeholders
JOSHCO Contractors and Service Providers	High	Moderate	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Bi-monthly service-provider meetings. Workshops with new service providers to educate them on the business of JOSHCO and its SLS.
JOSHCO Tenants	High	High	<ul style="list-style-type: none"> Ensuring that JOSHCO properties are well maintained both inside and out. Meeting the SLS turnaround times. Hosting new tenant workshops. 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. 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Providing information on the application process. Educating the community on how to report fraud. 	<ul style="list-style-type: none"> Continued engagements through social media, print, and local radio stations.
COJ Housing Core/National Government	High	Moderate	<ul style="list-style-type: none"> Providing the department with information related to social housing matters, e.g., development of units and housing management. 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Utilising the funding for its intended purpose. Funders can report on JOSHCO's achievements/ deliverables (as a funding beneficiary). 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Regular engagements with the relevant MOEs and departments.

JOSHCO's Stakeholder	Impact	Interest	Role of JOSHCO towards the Stakeholder	Engagement Platforms with Stakeholders
Other Stakeholders, e.g., National Association of Social Housing Organisations (NASHO) and South African Housing Foundation	Low	Moderate	<ul style="list-style-type: none"> Annual affiliation. Regular engagement for improvements and promotion of social housing. 	<ul style="list-style-type: none"> Regular meetings to address shortcomings, where necessary.
Institutions of Higher Learning	Moderate	Low	<ul style="list-style-type: none"> Obtaining accreditation for provision of student accommodation. Always ensuring compliance. 	<ul style="list-style-type: none"> Meetings to discuss accommodation requirements. Email communications about reopening of institutions.

Section 4:

Risk Management



Principle 11: The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.

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. 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.

JOSHC0 has established a specialised risk-management function that is overseen by the Executive Manager: 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 2024/2025 to identify and manage potential risks that might negatively impact the achievement of the strategic and operational objectives of the organisation.

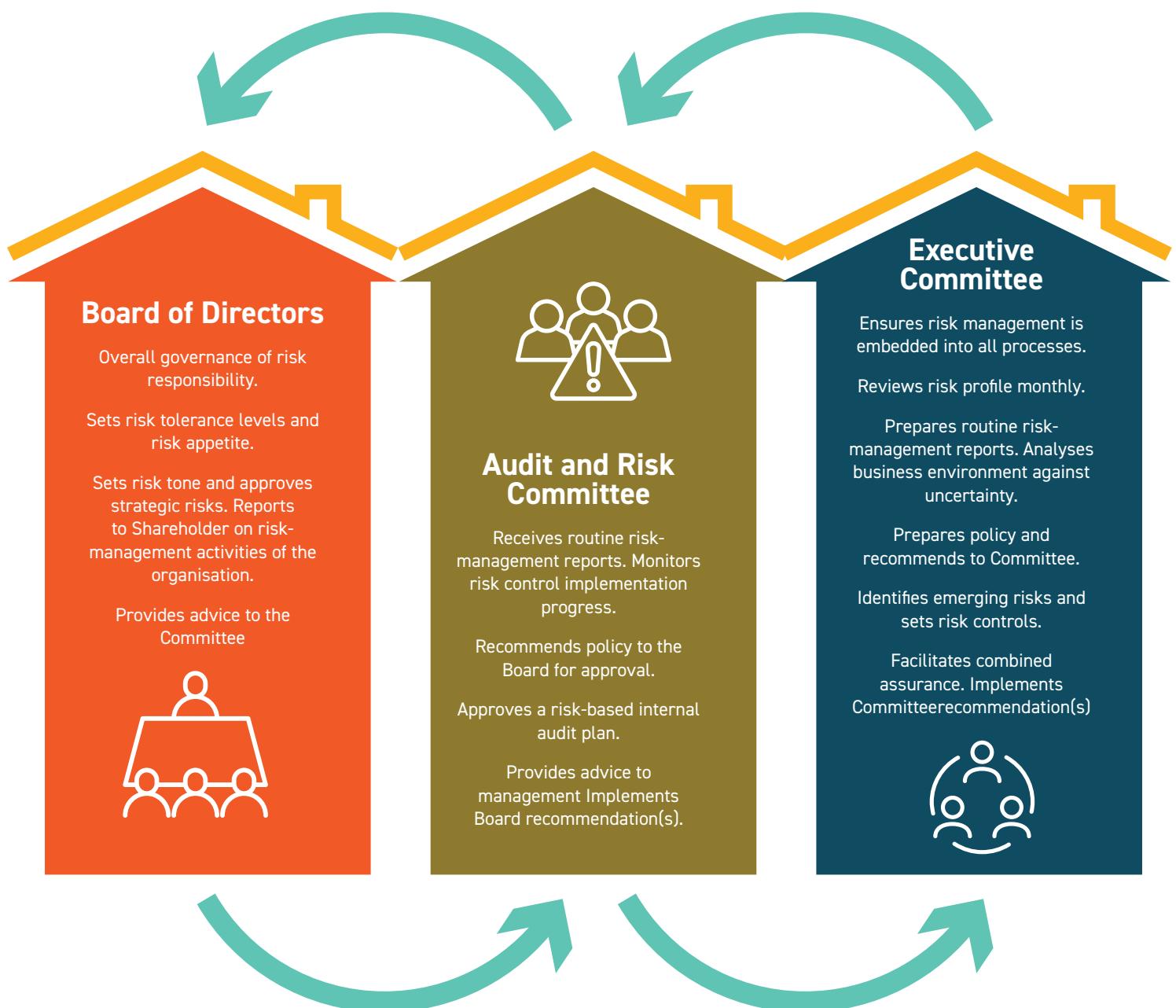
Risk Management Strategy

The Board of Directors at JOSHC0 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. JOSHC0 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 JOSHC0's Risk Management Policy and Framework.

JOSHC0 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 JOSHC0.

In ensuring that risk is embedded within JOSHC0, 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. The JOSHC0's approach to risk management is illustrated in figure 8.

Figure 8: JOSHC0 Risk Architect



Legends:



Residual risk is extremely high (EH)



Residual risk is high (H)



Residual risk is moderate (M)



Residual risk is low (L)

Table 12: Analysis of the Organisational Residual Risk as of 30 June 2025

No.	Risk Description	Residual Risk Rating		Residual Risk Rating	Residual Risk Rating	Residual risk movements	Consequences	Mitigation Progress to Date
		Q1	Q2					
	Inability to continue as a growing concern	Very High	Very High	Very High	High	↓	<ul style="list-style-type: none"> Inability to meet organisational operational and financial obligations. Low collection rate. Inability to implement our planned operational expenditure. Continued deficit. Poor financial performance, credit risk, and bad reputation. Cashflow challenges. Increased interest expenditure that is not budgeted for. 	<ul style="list-style-type: none"> DebiCheck mandates are enforced as a new payment method and pre-requisite on all new leases, renewals, and payment arrangements. The amount collected for the month of May 2025 through Debi checks is R 962,310,65 2 342 files have been handed over to the Housing Tribunal Court since the beginning of August 2024 (three credit controllers have been assigned to assist with opening of files due to the 'Housing Tribunal' capacity constraints). To date 363 cases have been opened with reference numbers. 117 of these cases are on mediation stage and 246 on arbitration stage (All affected tenants have been served with notices to appear in Court). Stakeholder Relations Management has intensified its engagement with tenants. The management fee has been increased to 10% (Recent SLAs drafted in quarter four allude to a 10% management fee). Finance Department held engagements with Housing Management Department and monthly financial information on expenditure incurred are submitted to Finance Department for monitoring purposes.

No.	Risk Description	Mitigation Progress to Date			
		Residual Risk Rating	Residual Risk Rating	Residual Risk Rating	Residual Risk Rating
Q1	Q2	Q3	Q4	Consequences	Residual risk movements
Occurrences of safety and security incidents at JOSHCO facilities	Very High	High	High	<ul style="list-style-type: none"> Injuries and fatalities. Theft. Financial losses due to illegal tenants not paying rent directly to JOSHCO. Litigations from tenants. Fines and penalties by the Department of Labour and Employment (as well as other regulatory bodies leading to potential financial losses). 	<ul style="list-style-type: none"> Customer queries are responded to as per SLS timeframes. The installation of the biometric systems at most projects has not commenced due to budget constraints. However, a threat and vulnerability assessment report has been finalised (the report highlights high risk areas and prioritisation of installations) During the quarter under review, Operational Health, and Safety (OHS) trainings were conducted during tenants' education sessions: <ul style="list-style-type: none"> - Lufhureng
Inability to deliver capital projects on time	High	High	High	<ul style="list-style-type: none"> Non-attainment of medium to long term project revenue because of limited number of social housing and affordable housing units built Litigation by service providers for non-payment. Inability to fulfil service delivery standards Increased project costs. 	<ul style="list-style-type: none"> The 2024/25 adjustment budget was approved with an additional R7 million. The multi-year building conditional assessment recommendations have not been implemented due to budget constraints. One contract that has been terminated for non-performance in quarter four. Stakeholder Relations Management has intensified its engagement with tenants.

No.	Risk Description	Residual Risk Rating		Residual Risk Rating		Residual Risk Rating	Residual Risk movements	Consequences	Mitigation Progress to Date
		Q1	Q2	Q3	Q4				
	Aging infrastructure	High	High	High	High	↔	<ul style="list-style-type: none"> High maintenance cost leading to financial loss. Inability to complete planned maintenance at JOSHC0 projects. Unhappy tenants leading to reputational damage and non-payments/rental boycotts Loss of life. 	<ul style="list-style-type: none"> The 2024/25 budget adjustment approvals for CAPEX did not include adequate funds for major upgrades for facilities. The city's priority for CAPEX is more focused on infrastructure assets i.e. electricity, water, sanitation as well as roads and stormwater drainage. The multiyear building conditional assessment report recommendations have not been implemented due to budget constraints. The 2025/26 FY budget does not include an allocation for implementation of the multiyear conditional assessment recommendations; however, the COO's office will provide motivation and submit to Finance Department for consideration during the adjustment budget period. A total of 879 reactive maintenance tasks were completed across all JOSHC0 e.g. Plumbing & Electrical. 	

No.	Risk Description	Residual Risk Rating	Residual Risk Rating	Residual Risk Rating	Residual Risk Rating	Residual Risk movements	Consequences	Mitigation Progress to Date
		Q1	Q2	Q3	Q4			
	Business Interruption	High	High	Medium	Medium	→	<ul style="list-style-type: none"> Loss of critical information/ and access to JOSHCO bank account details leading to potential financial losses. Non-compliance with POPIA resulting in fines, penalties, and imprisonment. Inability to proactively respond to disasters and continue with JOSHCO operations. Network connectivity unavailability. 	<ul style="list-style-type: none"> All servers are running the latest security updates, including the backup systems. The Business Continuity Steering Committee convened on quarterly basis, the Q4 meeting was held on 05 June 2025. The review of the current BCP has commenced, the final BCP will be completed in Q1 of 2025/26 FY. A DRR test was successfully conducted on 18 May 2025. There are measures in place to respond to different energy challenges at Head Office, i.e., UPS and generator. The secondary network connectivity was implemented; however, it is currently suspended due to expiry of the network support contract. The ICT team is currently busy with the procurement process for network upgrade that will include a secondary link.

Legend

Symbol	Meaning
→	Residual risk reduced from previous quarter



↔ Residual risk remain the same from previous quarter

Information On Emerging/New Risks as of 30 June 2025

Budget Constraints

With provinces such as Gauteng, KwaZulu-Natal, and the Eastern Cape experiencing increased flooding that damages critical infrastructure and endangers lives, proactive climate risk management is essential. By integrating environmental resilience into planning and decision-making, JOSHCO can better safeguard its projects, tenants, and long-term investments.

There is a growing concern regarding constrained budget allocations and delayed outflows from funding stakeholders which will negatively impact the planning, Implementation, and completion of JOSHCO projects. The tightening of municipal and national budgets will lead to resource limitations, affecting both operational capacity and the delivery of strategic projects. This poses a reputational and service delivery risk to JOSHCO's mandate of providing affordable and quality social housing to the residents of Johannesburg.

Clients and stakeholders need to consider financial sustainability and fiscal discipline when engaging with or investing in JOSHCO projects.

Some of the risks to customers may include the following:

- Project delays due to inadequate or delayed funding.
- Reduced service quality due to budget shortfalls.
- Increased fees required to recover costs or offset funding deficits.

- Staffing constraints due to budget restrictions, leading to reduced service delivery.
- Reputational impact from a failure to meet project timelines or qualify standards due to financial limitations.

The root causes of this risk include broader macroeconomic challenges such as inflation, reduced municipal revenues, and shifting government spending priorities. These factors will impact JOSHCO's ability to secure timely and sufficient funding to meet operational and development targets.

JOSHCO's mission to address the housing backlog and improve living conditions for Johannesburg's middle and working class is under threat if sustainable financing models are not pursued. Prolonged financial constraints may lead to loss of stakeholders' confidence and customer dissatisfaction.

As a way of intervention to manage the possibilities, JOSHCO may explore Public-Private Partnerships (PPPs), strengthen its internal budget prioritisation process, and engage proactively with funders to ensure timely and adequate disbursement of financial resources.

Risk, Opportunities and Dependencies

Table 13 below presents an assessment of the entity's key risks, along with the opportunities that arise from the implementation of mitigation plans. These risks and opportunities are aligned with critical dependencies that must be managed to ensure the effectiveness of the mitigation efforts.

Table 13: JOSHCO's Key Risk, Opportunities, and Dependencies

Risk	Opportunities	Dependencies
Aging Infrastructure	<ul style="list-style-type: none"> Prioritisation of the CAPEX budget to major upgrades to reduce frequent, unplanned maintenance costs. Conduction of the Multiyear Building Conditional Assessment subject to budget approval 	<ul style="list-style-type: none"> Availability of capital funding from the COJ. Skilled contractors and technical/operational personnel. Cooperation from tenants during maintenance.
Loss of Stakeholder Confidence	<ul style="list-style-type: none"> Strengthening community engagement sessions and public reporting. Position JOSHCO as a trusted housing sector partner. Enhance visibility through media and forums. 	<ul style="list-style-type: none"> Political and administrative support from city officials. Marketing communication department. Timely implementation of corrective actions on issues raised by stakeholders. Implementation of ethics programme.
Inability to Deliver Projects on Time	<ul style="list-style-type: none"> Backlisting of non-performing contractors. Enhance JOSHCO's delivery reputation. 	<ul style="list-style-type: none"> Effective procurement and supply chain processes. Cooperation from contractors and consultants. Efficient planning and permitting from city departments. Approval timelines from SHRA.
Inability to Continue as a Going Concern	<ul style="list-style-type: none"> Develop and implement an accelerated stakeholder engagement program targeted at problematic projects. Develop a plan to acquire buildings (affordable and student accommodation) from the inner city (mix-use approach). Develop a plan and identify Public Private Partnerships (PPPs), other grants, and expression of interests. Initiate a request to be granted permission to execute work on behalf of other departments and entities through the City Manager office. Utilise the SHRA share allocated for maintenance. Implementation of the Organisational Turnaround Strategy. Centralise SCM processes for repairs and maintenance. 	<ul style="list-style-type: none"> Effective tenant revenue collection. Compliance with MFMA/SCM processes. Active cost and liability management.
Governance Failures	<ul style="list-style-type: none"> Strengthen internal control frameworks. Professionalise board governance. Recruitment and appointment of vacant executive positions 	<ul style="list-style-type: none"> Board and committees. Internal audit and risk functions. Oversight from the Audit & Risk Committee. Management adherence to compliance framework and policy.

Section 5:

Anti-corruption and fraud Investigations



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, to restore the entity's reputation and to improve its financial and operational sustainability. A zero-tolerance approach is taken towards fraud and corruption.

The fraud hotline number is 0800 002 587
email: whistle@joburg.org.za

All reported fraud and corruption allegations are investigated by the City's Group Forensic and Investigation Services (GFIS) unit, with quarterly progress reports submitted to JOSHCO.

For the quarter under review:

- Two (2) new cases were reported.
- One (1) case was closed.
- Ten (10) cases remain active.

The table below provides a detailed progress update from GFIS on all ongoing investigations.

involved in discussions about problems that interested them, and decisions were made with their invaluable input in mind.

Table 14: GFIS Progress on Open Cases as of June 2025

GFIS No	Date Registered	Allegation	Status
39/12/2021	2021/12/15	Alleged maladministration with regards to the appointment of the ICT Manager, in which the recruitment process was marred with gross irregularities.	In-progress
26/09/2022	2022/09/14	Alleged fraud and corruption where there are fraudulent debit orders that are deducting from JOSHCO Standard bank account. The debit orders are deducted every month in respect of MFC (vehicle), Tekkie town (shoes), Virgin Active (gym), Truworths and Sanlam.	In-progress
23/10/2024	2024/10/22	Allege fraud and corruption on the JOSHCO commercial shops and outdoor advertising.	In-progress
29/10/2024	2024/10/28	Alleged Fraud and corruption by JOSHCO bookkeeper.	In-progress
18/01/2025	2025/01/28	Alleged fraud and corruption in fraudulent collection of money from approximately 40 occupants in 5 Vlakvoeltjie Road, Princess, Roodepoort.	In-progress
9/02/2025	2025/02/17	Alleged fraud regarding leasing of a bachelor, 1 bathroom unit at Devland.	In-progress
29/02/2025	2025/02/28	Alleged cybercrime in the cloning of JOSHCO WhatsApp to redirect messages going to JOSHCO including payment made to JOSHCO to their accounts.	In-progress
19/05/2025	2025/05/09	Caller alleged that there are Selling JOSHCO Houses to the people who did not apply. Katlego is demanding money to those Who applied for the houses.	In-progress
14/06/2025	2025/06/13	Active rental scam involving a fake housing company called "Social homes" that is fraudulently posing as an official rental partner of the City of Johannesburg.	In-progress

Section 6: ICT Governance



Principle 12: The governing body should govern technology and information in a way to support the organisation in setting and achieving its strategic objectives.

In accordance with Principle 12, the Board is responsible for overseeing technology and information to support the organisation's strategic objectives. To fulfil this mandate, the Board has delegated oversight of Information and Communications Technology (ICT) to the Audit and Risk Committee (ARC). The ARC ensures effective ICT governance by assessing risks, monitoring internal controls, and providing strategic direction.



Management is tasked with the development and implementation of ICT-related policies and frameworks, following their approval by the Board. During the first half of the financial year, the ICT policy was reviewed and approved for implementation. The entity's ICT governance practices are aligned with applicable legislation and recognised frameworks, including the COBIT Framework and the ISO (International Organisation for Standardisation) standards

2024-2025 ICT Performance

ICT continued to play a strategic role in transforming the organisation into a more digitised and automated entity, with several projects initiated during the financial year to support this objective.

I. Disaster recovery

JOSCHCO has a Fully Managed Datacentre (FMDC) to ensure business continuity. All critical services of the organisation are replicated to the DR site, ensuring that JOSCHCO operations can continue even in the event of a disaster. During the financial year, JOSCHCO's ICT department has successfully implemented a fully managed Disaster Recovery (DR) site, which is tested quarterly to ensure business continuity in the event of a disaster. Notably, the entity has experienced no operational downtime during these infrastructure tests. This marks a significant milestone, particularly considering the organisation's past challenges with frequent business interruptions.

II. Network availability

In the financial year under review, the entity network remains stable. A contingency measure is in place in the form of a Secondary Network Link that supplements the MTC Primary Network Link.

III. Cyber security

JOSCHCO ICT implemented SOPHOS Email Advanced, an email security product designed to ensure complete protection from cyber-attacks. With this measure in place, ICT can now guarantee the complete

security of the organisation and full compliance with the Minimum Information Security Standards.

During the financial year, JOSCHCO did not encounter any cyber threats due to the hardened security measures currently in place. Information security is actively monitoring the environment through various tools deployed on the infrastructure. However, there is a need to fill information security vacancies within the ICT department to ensure a continued stable environment.

IV. Patch management

To ensure a healthy environment and reduce risks, JOSCHCO ICT is using a cloud-based endpoint management solution called Microsoft Intune. This solution simplifies app and device management across the many devices that use the JOSCHCO Server and Network Environment, such as mobile devices, laptops, and virtual endpoints.

An update ring was created to ensure updates are pushed to clients as soon as they have been made available after testing, and all JOSCHCO devices are running the latest Windows Updates, resulting in a healthy environment with less possibilities of cyber-attacks.

V. Data Centre upgrade and downtime

Since April 2025, the JOSCHCO Head Office has experienced several power outages. On 16 April at 10:30 AM, a planned power outage occurred due to scheduled maintenance, as communicated by City Power. In addition, an unplanned power outage took place from 1 May to 6 May, caused by a cable fault. Despite these disruptions, the ICT Department ensured that operations continued with minimal impact, with the installed UPS system, which provided backup power during the outages.

Our target for operation as JOSCHCO ICT is to maintain high system availability by implementing strategies that promote continual information technology service improvement.

VI. KPI Management Tool

During the financial year under review, the ICT department implemented the KPI Management Tool for Business Planning and Strategy at JOSHC0. The tool was developed to facilitate the efficient management of KPIs and evidence submissions across all departments. It ensures streamlined tracking, reporting, and alignment with strategic goals, enhancing overall organisational performance and accountability.

VII. Revenue Performance Report Dashboard

In addition to the above key projects, the ICT department has implemented the Revenue Performance Reporting Tool for the Revenue Department to effectively monitor and manage revenue collection, as well as repair and maintenance activities. The tool provides a centralised, real-time dashboard that offers a comprehensive view of the status and progress of these efforts.

Current and Future projects.

The entity recognises that the current maturity level of its ICT function does not yet meet the standards required to fully support its operations and strategic growth. To address this gap, several initiatives have been planned for the 2024/25 financial year, aimed at strengthening and modernising the ICT environment. The following are key ongoing and upcoming projects.

Table 15: Ongoing and upcoming projects

Project	End User Department	Status
Maintenance Escalations	Housing Management	Completed
JOSHC0 e-Leasing (JOSHC0 APP)	Leasing	Completed
System Center Service Manager	Entire Organisation	Completed
Customer Service Portal	Customer Service	Completed
Supplier Database Repository	Supply Chain Management	Completed
Website Hosting	Marketing & Communications	Completed
Revenue Performance Dashboard	Revenue	Completed
Sage Intacct Upgrade	Finance	Completed
Vendor Portal	Finance	Completed
VoIP Migration	Entire Org	Completed
Revenue Management Digital Tool	Revenue	Completed
Risk Management App	Risk Department	Completed
Performance Management Tool	Learning & Development	Completed
Logging and Tracking System	Stakeholder Management	Completed
Review of ICT Policies	Entire Org	Completed

Project implementation is prioritised based on the entity's level of risk exposure. The successful execution of the initiatives outlined above will enhance the ICT environment and play a vital role in advancing the achievement of the entity's strategic objectives. As part of its commitment to sustainability, the ICT department seeks to reduce reliance on natural capital by progressively adopting cloud technologies, thereby minimising dependence on on-site server infrastructure.

Section 7:

Compliance with Laws & Regulations



Principle 13: The governing body should govern compliance with applicable laws and adopted non-binding rules, codes and standards in a way that supports the organisation being ethical and good corporate citizens.

Compliance Management is a multifaceted discipline that ensures that an organisation complies with industry legislation, regulations and standards, as well as corporate and regulatory policies and requirements. The Risk and Compliance Unit is responsible for ensuring that JOSHC0 complies with industry legislation, regulations and standards, as well as corporate and regulatory policies and requirements. As at the end of financial year, a total of twenty-eight (28) Acts and regulations were identified as being applicable to JOSHC0's operations and appear in the Regulatory Universe. JOSHC0 uses compliance monitoring registers to monitor compliance with relevant legislation. Monitoring on the relevant legislations is conducted frequently to ensure full compliance by the targeted period in accordance with the requirements.



- During the financial year, twenty-six (26) acts have reached 100% compliance status while two (2) acts did not reach the 100% compliance status. The current compliance level for this financial year stands at 99% against a target of 98%.
- The Protection of Personal Information Act, No. 4 of 2013 as well as Local Government Municipal Finance Management Act, No. 56 of 2003 (Section 65(2)(e) did not reach 100% compliance. The current cashflow challenges in the city and current JOSHC0 deficit will keep the Municipal Finance Management Act below 100% compliance.
- Equally, in this quarter we have seen improvement in the Social Housing Act 16 of 2008:
- JOSHC0 is conditionally accredited in terms of SHRA classification of accredited Social Housing Companies.
- The current compliance status will be reviewed in end of June 2025.
- JOSHC0 strives to comply with the SHRA reporting timelines as stipulated in the Circular 1 of 2024/25 (SHRA).
- Submissions for SHRA tool on KPIs for Q1, Q2, Q3 and Q4 were done.
- To ensure consistency with the reporting process, a task-team was established to ensure consistency and relevance of information reported to the Regulatory Authority.



Table 16: Action Plan showing of the three assessed legislations

No.	Act Name	Q1 % Compliance	Q2 % Compliance	Q3 % Compliance	Q4 % Compliance	Comments on non-compliance	Act Owner	Action Plans	Progress to address non-compliance	Period	Status
1.	Employment Equity Act, No. 55 of 1998	100%	86%	92%	100%	JOSHCO did not display a notice at the workplace in the prescribed form, informing employees about the provisions of this act.	EM: Corporate Services	JOSHCO to ensure that an EE notice is displayed in its offices.	Employment equity notices have been produced and displayed at the head office.	30 June 2025	Implemented
2.	Protection of Personal Information Act, No. 4 of 2013	100%	100%	98%	98%	Personal information impact assessment was not conducted to ensure that adequate measures and standards exist to comply with the conditions for the lawful processing of personal information.	Manager: Legal Services	Conducting Personal Information Impact Assessments.	JOSHCO has appointed a service provider to conduct the Personal Information Impact Assessments. The work should be completed within the planned timelines.	30 September 2025	In-progress
3.	Local Government Municipal Finance Management Act, No. 56 of 2003	93.5%	100%	100%	100%	The Company does not comply with Section 65(2)(e) (e) of the MFMA which specifies that all money owed by the municipality be paid within 30 days of receiving the relevant invoice or statement, unless prescribed otherwise for certain categories of expenditure.	Chief Financial Officer	The accounting officer for the purposes of Subsection (1) of MFMA takes all reasonable steps to ensure that Section 65(2) is complied with.	JOSHCO continues to submit projections to the Treasury. Due to financial constraints at the City, funds have not been allocated on time. JOSHCO is constantly capturing invoices timely to prevent recurring non-compliance.	30 September 2025	In-progress

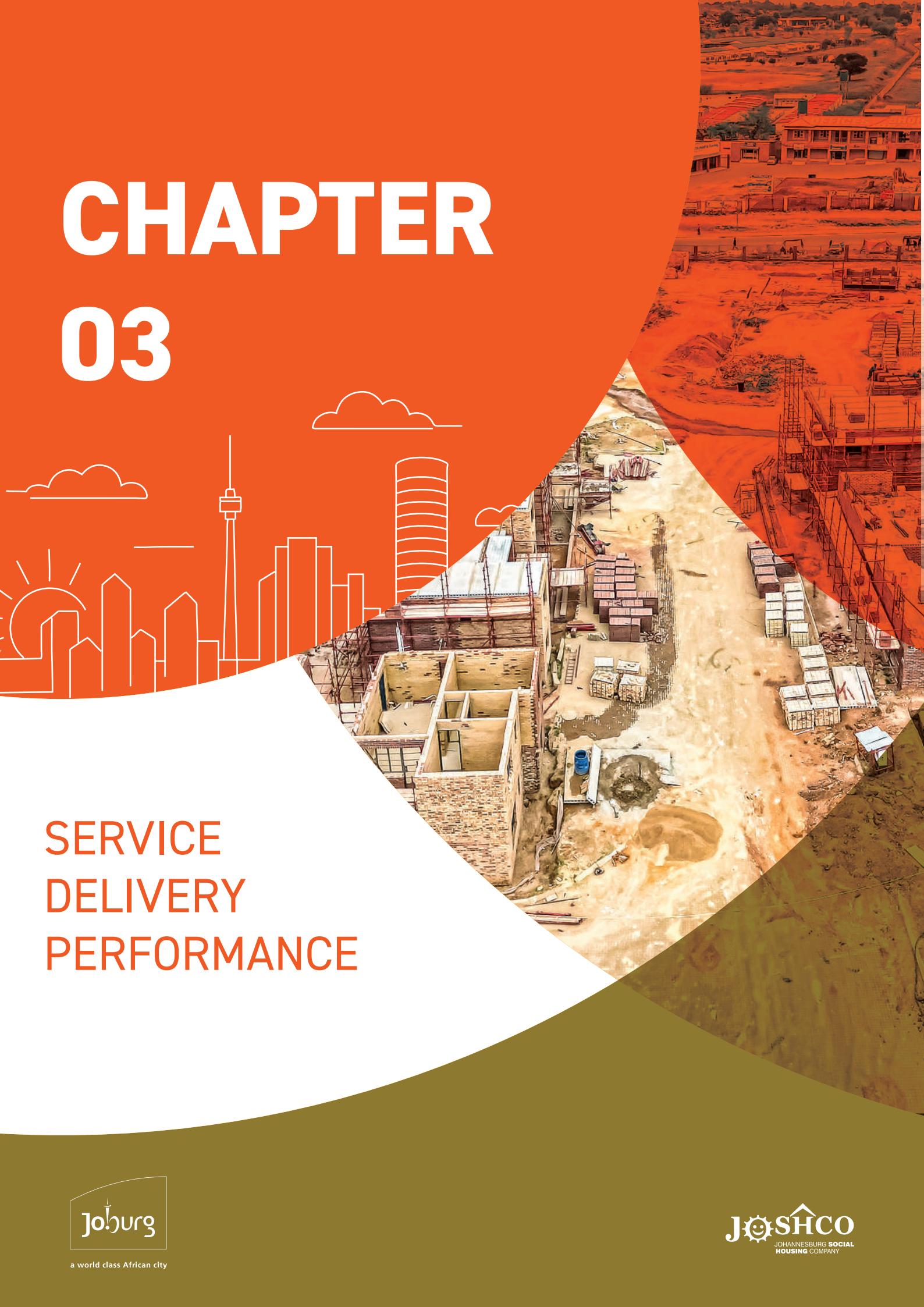
CHAPTER

03

SERVICE DELIVERY PERFORMANCE



a world class African city



Section 1:

Highlights and Achievements



This chapter provides an inside look at JOSHC0's operations during the 2024/2025 financial year, from the challenges faced, to the solutions designed, and the strategies applied to turn underperformance into progress. Guided by a business plan aligned with the City's strategic objectives and underpinned by the Shareholder Agreement and Service Delivery Contract, JOSHC0 worked to deliver meaningful results. What follows are the key highlights and accomplishments that defined the year, along with the lessons that will shape future performance.



*Bokamoso
Development*

Service Delivery Highlights

The 2024/25 financial year was one of meaningful progress for JOSHC0, marked by visible impact across Johannesburg's communities. A total of 556 new housing units were completed at Riverside Phase 3, Abel Road, Nederberg Student Accommodation, 106 Smit Street, and Nancefield, expanding access to quality, affordable homes for residents across the city.

Our 98% occupancy rate across both regulated and non-regulated rental stock reflects the continued demand for JOSHC0's developments and the trust our tenants place in our service. Through the Expanded Public Works

Programme (EPWP), we created 1 076 work opportunities, exceeding our target of 1 000, and supported 30 SMMEs, reinforcing our role as a catalyst for inclusive economic growth.

Strong governance remained a defining feature of the year, with 100% of internal audit findings resolved and 95% of risk action plans implemented. By year-end, JOSHC0 had achieved all seven Service Level Standard KPIs, affirming our commitment to excellence, accountability, and sustainable service delivery.

Section 2: Service Delivery Challenges

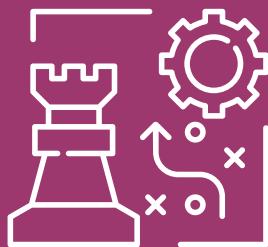


There are key challenges that were encountered during the financial year. Some of the challenges are persistent, but measures have been put in place to mitigate their risk as listed below:

- Higher interest accumulated from entity deficit.
- Continued losses being incurred largely due to high provision for bad debts and high operating costs, mainly utilities, finance costs, repairs and maintenance costs.
- Debt owed to JOSHC0 by other city departments and entities.
- Statutory Approval Delays: Submissions made to various City entities have experienced delays in approvals, negatively affecting project timelines and expenditure.

Section 3:

Response to Strategic Direction



In the financial year under review, JOSHC0 implemented a set of key strategic programmes aimed at developing social and affordable housing units. The table below reflects some of the achievements under the financial year.

Table 17: Strategic Goals and Achievement

Strategic Goal/ Objectives	2022/23 Achievements	2023/24 Achievements	2024/25 Achievements
Develop and manage social housing and student accommodation	<ul style="list-style-type: none"> 555 units have been developed. 936 units completed in the FY and ready for occupation. Tenanting is ongoing for various projects. 	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> 556 units completed in the financial year. Tenanting is ongoing for various projects.
Be a smart and capable entity	<ul style="list-style-type: none"> 970 EPWP opportunities have been created. Over 30% of CAPEX was spent on SMMEs for the FY. 	<ul style="list-style-type: none"> 831 EPWP opportunities have been created. Over 30% of CAPEX was spent on SMMEs for the FY. 	<ul style="list-style-type: none"> 1076 EPWP opportunities have been created. Over 30 SMMEs were supported in the financial year
Develop and manage affordable rental housing	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> The entity currently has an occupation rate of 98.5% across its projects. 	<ul style="list-style-type: none"> The entity currently has an occupation rate of 98% across its projects.
Develop and manage social housing and student accommodation	<ul style="list-style-type: none"> Launch of the online system (JOSHC0 App). This system has seen a seamless application process. All service level standards have been met. JOSHC0 stakeholders have embarked on the regularising of tenants. 	<ul style="list-style-type: none"> Launch of the online system (JOSHC0 App). This system has seen a seamless application process. All service level standards have been met. JOSHC0 stakeholders have embarked on the regularising of tenants. 	<ul style="list-style-type: none"> All service level standards have been met. JOSHC0 stakeholders have embarked on the regularising of tenants.

Strategic Goal/ Objectives	2022/23 Achievements	2023/24 Achievements	2024/25 Achievements
Be a smart and capable entity	<ul style="list-style-type: none"> The entity efficiently transitioned to a new Board from 1 March 2023. 28 Acts and regulations were at 100% compliance by the end of the FY. 	<ul style="list-style-type: none"> The entity efficiently transitioned to a new Board from 31 July 2024. 24 Acts and regulations reached 100% compliance by the end of the FY. 	<ul style="list-style-type: none"> The entity efficiently transitioned to a new Board from 31 July 2024. 26 Acts and regulations reached 100% compliance by the end of the FY.

3.1. HOUSING DEVELOPMENT

JOSHC0 has twenty-three (23) projects that have been approved in the 2024/2025 FY Business Plan. Fourteen (14) of these projects are between planning and procurement and Nine (9) of the projects were at implementation stage at the beginning of the financial year. Some of the projects in implementation have reached completion and are awaiting completion certificates. There are however seventeen (17) projects budgeted for in the Business Plan and with only three (3) under implementation.

Table 18: Capital Projects

Objective	Total Unit Yield	2024/25 Unit Yield	Actual Start Date	Status	Planned Completion Date
Lufhereng Social Housing Development Phase 2	552	0	27/05/2025	In progress	27/05/2027
Nancefield Social Housing Development	129	126	15-05-2025	Completed	30-08-2025
Golden Highway/Devland	171	-	14-12-2023	In construction	28-10-2025
280 Smit Street Student Accommodation	200	-	29-09-2023	In planning	11-09-2026
Abel Street Social Housing Development Ph3	103	103	23-08-2023	Completed	-
108 Claim Street	80	80	20-07-2023	Completed	-
Nederberg Student Accommodation	60	60	10-03-2016	Completed	30-08-2025
Malvern Development	92	0	29-09-2023	In planning	28-08-2026
Casa Mia	-	-	-	Invaded	-
Park Chambers Social Housing Development	97	0	26-06-2025	In planning	11-09-2026
Booysens	40	-	21-09-2023	In construction	4-08-2025
Rissik Street Social Housing Development	112	-	28-04-2023	In planning	28-02-2026
Frank Brown/Milpark Social Housing Dev	300	-	31-05-2024	In planning	18-11-2027
Lombardy East	400	0	21-09-2023	In planning	15-05-2028
Kelvin Social Housing Development	384	-	04-10-2023	In planning	12-11-2025

Randburg Selkirk	143	0	20/01/2016	Awaiting instruction from JOSHCO	24 Months contract depending on starting date
Marlboro Social Housing Dev	200	-	06-10-2023	In planning	11-09-2026
Region A: Riverside View Project	744	184	20-11-2020	In construction	30-09-2026
Region F: Denver Turnkey Project	1041	-	22-06-2021	In planning	20-01-2027

COMPLETED PROJECTS IN THE 2024/25 FINANCIAL YEAR.

1. Riverside View Phase 3

This development is situated in Region A, ward 96 of the city of Johannesburg, located in Riverside View. A total of 184 units has been completed for Phase 3 with the Occupation Certificate obtained. The project has been launched and tenanted.

2. 8 Abel Road Conversion Phase 1

This development is situated in Region F, ward 64 of the city of Johannesburg, located in Abel Road, Inner City Johannesburg, Hillbrow. A total of 103 units has reached a practical completion.

3. 106 Claim Street

This development is situated in Region F, ward 63 of the city of Johannesburg, located in inner city Johannesburg, Hillbrow. A total of 80 units has been completed with the Occupation Certificate obtained. The project has been launched and tenanted.

4. Nancefield Social Housing Project

This development is situated in Region D, Ward 25 of the City of Johannesburg, located in Soweto. The current phase under construction comprises 372 units, of which 129 units have reached practical completion.

5. Nederburg Student Accommodation

This development is situated in Region F, ward of the city of Johannesburg, located inner city Johannesburg, 153 Wolmarans Street. A total of 60 units has reached a practical completion.

PROJECTS UNDER IMPLEMENTATION

NANCEFIELD SOCIAL HOUSING PROJECT

Start Date: 4 May 2021 & **Anticipated Completion Date:** 30 April 2026

Area or location: Nancefield Klipspruit. Soweto

No units expected 2024/2025: 372

Budget allocated this FY: R55 000 000.00

Comments on project performance: Following the termination of the previous contractor due to non-performance, JOSHCO has finalized its procurement processes and appointed a new contractor to complete the project. The site was handed over to the new contractor on 19 May 2025. Site establishment has been completed, and construction activities are now underway.

DEVLAND SOCIAL HOUSING PROJECT (Phase 3)

Start date: 14 November 2022 & **Anticipated Completion date:** 31 October 2025

Area or location: Devland

No units expected 2024/2025: 171 units.

Budget allocated this FY: R 40 000 000.00

Comments on Project Performance:

The site was handed over to the contractor on 19 February 2024. However, due to community disruptions arising from disagreements over the scope of work, construction activities could only commence in July 2024. Progress on site has been slow, leading to the issue of a notice of termination to the contractor. The contractor subsequently addressed the issues raised and has since resumed work on site with construction currently in progress.

Construction works related to water pressure are currently underway, with approximately 97% of the work completed. The works are anticipated to be completed by the end of June 2025. The project experienced delays due to inclement weather conditions and site closures imposed by local stakeholders, which were prompted by outstanding payments owed by the main contractor.

RIVERSIDE VIEW SOCIAL HOUSING (Phase 4 & 5)

Start Date: 1 November 2023 & 30 April 2026.

Area or location: Region A. North of City of Johannesburg. Riverside View.

No units expected 2024/2025: 744

Budget allocated this FY: R 30 000 000.00

Comments on Project Performance:

Phases 4 and 5 will deliver a total of 744 units and are now ready for implementation. To date, 572 units have been enrolled with the NHBRC, while the remaining units on Erf 4197 are pending enrolment. The Site Development Plan (SDP) for this portion has already been approved, and building plans have been submitted, with final approvals expected by the end of July 2025.

Site works for Phase 4 began on 19 May 2025 at Erf 2634 and Erf 2869, which together will yield 384 units. Internal civil services on both sites are progressing and are expected to be completed by the end of July 2025.

BOOYSENS STREET INNER CITY CONVERSION

Start Date: 21 January 2025 & Anticipated Completion Date: 22 October 2025

Area or location: 57 Mentz Road. Booysens.

No. units expected 2024/2025: 40 Units

Budget allocated this FY: R 30 000 000

Comments on project performance: The building plans have been approved. The contractor was appointed, and the site handover was in January 2025. Site establishment and clearance/demolition work onsite have commenced. Progress is currently at 8%. Progress is slow onsite due to commercial tenants being onsite, hindering progress. The contractor indicated that it was a safety hazard to fast-track works onsite with tenants occupying the ground-floor space. An arrangement has been made to relocate the tenants to allow the project to progress.

RANDBURG/SELKIRK SOCIAL HOUSING

Start Date: 25 March 2025 & Completion Date: TBC

Area or location: Selkirk Avenue. Blairgowrie

No units expected 2024/2025: 148 Units

Budget allocated this FY: R 40 000 000

Comments on Project Performance: The contractor has been appointed with a kick-off meeting which took place on the 25th of March 2025. The application for a construction permit with the Ministry of Labour and the enrolment of the units with NHBRC is underway. This will permit the commencement of construction works onsite.

The site is currently being used as a rubble storage site by the Johannesburg Development Agency (JDA). JDA has been requested to remove the rubble as per the agreed arrangement. The JOSHCO appointed contractor can only have access to the site once the rubble has been removed. The consultant has been terminated and the procurement processes for the new service provider are underway and to be concluded by the 27th of June 2025.

LUFHERENG PHASE 2 SOCIAL HOUSING

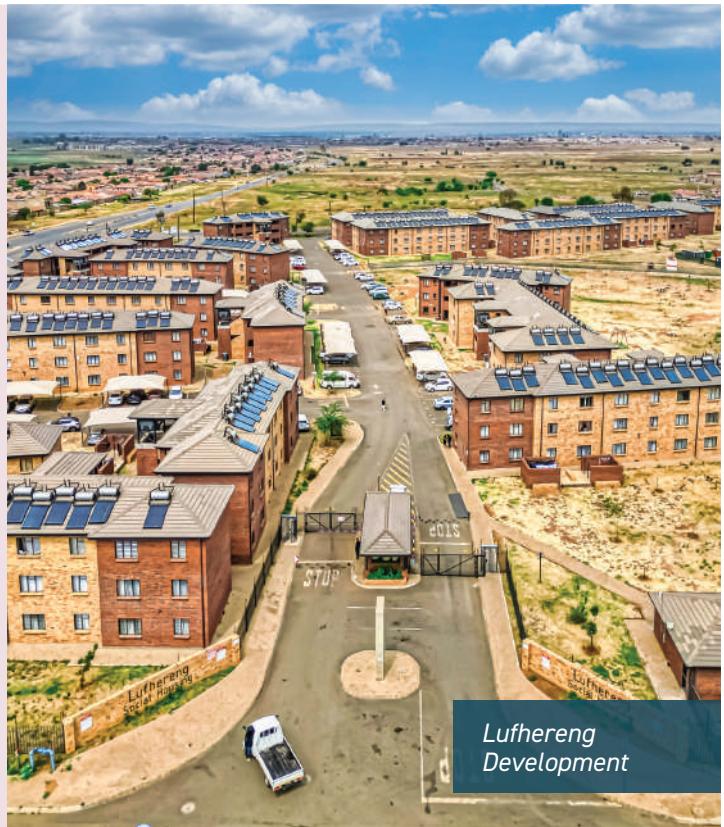
Start Date: 30 April 2025 & completion date: TBC

Area or location: 6 Motswiri Street, Lufhereng Extension 7

No units expected 2024/2025: 552 Units

Budget allocated this FY: R 7 000 000

Comments on project performance: Work package 1 and 2 for the project have been approved for site establishment and installation of bulk infrastructure. The stormwater management report was reviewed by the Johannesburg Roads Agency and was approved. Work Package One, Civil Works commenced on the 30th of April 2025. The procurement of the review consultant is underway.



PROJECTS UNDER PLANNING STAGE:

RIVONIA /EDENBURG TURNKEY

Ref	Description	Amount
1	Capital budget allocation for 2024/2025	R1 000 000

The property transfer has been completed with the title deed registered under JOSHC0. A professional team has been appointed for the development designs, which will be in line with the existing land use rights. The professional team will finalize the outstanding applications which are inclusive of the Site Development and Building Plans.

DENVER EXTENSION 20 (JEPPESTOWN)

Ref	Description	Amount
1	Capital budget allocation for 2024/2025	R1 000 000

COJ Land Use Management (LUM) is currently awaiting revised consolidated comments from the Environment and Infrastructure Services Department (EISD). EISD comments are still outstanding, awaiting

the Environmental Assessment (EA) report. Once the consolidated comments have been issued to COJ Land Use Management, the rezoning application will be finalized.

The EISD requested that an application be submitted to the National Nuclear Regulator for comments before they can provide us with their own comments. The application for National Nuclear Regulator (NNR) has been approved. DMRE has requested additional studies to be conducted for the slime dams next to the development and positive comments have been issued. The Phase 2 NNR Report has been submitted awaiting approval.

MILPARK SOCIAL HOUSING PROJECT (FRANK BROWN PARK)

Ref	Description	Amount
1	Capital budget allocation for 2024/2025	R6 000 000

Amended comments from Johannesburg Water have been received regarding the application made. The Township Establishment has been approved by COJ: Development Planning, together with the submitted

applications for Division of Land and Road Closure. These approvals mark a significant milestone in the development process, allowing us to proceed with the submission of the site development and the building plans.

The professional team has conducted the phase 2 geotechnical study, and the report is underway.

KELVIN SOCIAL HOUSING PROJECT

Ref	Description	Amount
1	Capital budget allocation for 2024/2025	R7 000 000

The rezoning application was submitted to COJ Development Planning at the end of November 2023. Comments from the various Municipal Owned Entities have been received. The application received more than 400 objections from adjoining neighbours, and it will be referred to the COJ Municipal Planning Tribunal (MPT) for a decision. The Town Planner and attorney are currently working on resolving some of the objections and putting together supplementary motivation for the MPT.

LOMBARDY EAST SOCIAL HOUSING PROJECT

Ref	Description	Amount
1	Capital budget allocation for 2024/2025	R10 066 200

Due to objections received, an application needs to be sent to the MPT for a decision. However, City Power needs to be addressed before the application can be recommended to MPT. According to City Power, there is no capacity to support the proposed density until 2029. A report was done by the professional team highlighting that the implementation of alternative energy solutions would incur significant costs. There are ongoing discussions between JOSHC0 and City Power to explore possible solutions to address the capacity shortfalls.

JOSHC0 is awaiting the approval of the Traffic Impact Assessment (TIA) report. Stormwater Management

Report, and Outline Scheme Report submitted to Johannesburg Roads Agency (JRA).

MARLBORO SOCIAL HOUSING PROJECT

Ref	Description	Amount
1	Capital budget allocation for 2024/2025	R5 000 000

An enquiry was submitted to Development Planning to confirm whether "special" zoning permits residential buildings and if any density limitations apply. The letter of approval from Development Planning confirmed that "special" zoning does permit residential development, with density limitations being at the discretion of the local authority based on the property's intended use and control measures. JOSHC0 has approved Stage 3 Detailed Designs with recommendations.

The Site Development Plan (SDP) and Building Plans are being finalised for submission.

MARLVEN SKILLS DEVELOPMENT CENTRE

Ref	Description	Amount
1	Capital budget allocation for 2024/2025	R7 000 000

The Professional Team's original scope of work focused on developing a skills development centre. However, this was later revised to accommodate social housing, with a formal change-of-scope letter prepared and approved.

In response, the team presented several revised options to the department. Based on JOSHC0's recommendation of a preferred option, they proceeded to develop a concept plan in line with the agreed direction. Stage 1 (inception) was approved in June 2025, and the team is now progressing with stage 2 (concept and viability).

PARK CHAMBERS PRECINCT

Ref	Description	Amount
1	Capital budget allocation for 2024/2025	R10 000 000

JOSHCO and the Department of Human Settlements entered a partnership for the development precinct, which will be a mixture of housing types. The Professional Team has submitted the Stage 3 (detailed design development) for approval as per the revised scope. The designs have been presented to the office of the Chief Operations Officer for approval. The professional team is finalising the application for the submission of SDP and Building Plans.

LUFHERENG PHASE 2

Ref	Description	Amount
1	Capital budget allocation for 2024/2025	R7 000 000

The project is estimated to yield a total of 552 units. Building plans have been approved. The installation of bulk infrastructure services onsite has commenced.

280 SMIT STREET – STUDENT ACCOMODATION

Ref	Description	Amount
1	Capital budget allocation for 2024/2025	R10 000 000

The Site Development Plan has been approved. Fire rational designs have been approved and are currently awaiting the building plans approvals.

The tender documentation, specifications, and drawings for the appointment of contractor are ready for tender advertisement. The appointment of the contractor is anticipated to commence in the next financial year due to budget constraints in the current FY.

3.2. HOUSING MANAGEMENT

Tenanting and Allocation Function of Rental units

The entity's ability to attract and retain reputable tenants is critical to its long-term viability and sustainability. All new tenants undergo a formal induction process, during which their rights and responsibilities, as well as those of the entity, are clearly outlined. Tenants are also informed of the rules governing the use of rental units. Building vacancies are closely monitored to ensure compliance with SHRA regulations, which stipulate that the vacancy rate should not exceed 2%.

To maintain open communication and promote tenant engagement, training sessions are held periodically across various JOSHCO properties to provide tenants with relevant updates and guidance.



Table 19: Property Occupancy Rate

Project Name	Units No.	Occupancy	Occupancy
AA House	254	249	98.00%
African Diamond	61	59	96.00%
Antea	409	353	86.00%
Bellavista Infill	36	36	100.00%
Bothlabela	521	521	99.00%
Citrine Court	79	74	93.00%
Chelsea	80	68	85.00%
City Deep Old	425	409	97.00%
Europa House	167	164	98.00%
Hoek Street	265	263	99.00%
Klipspruit (Beds)	54	53	98%
Kliptown Golf C	936	929	99.00%
La Rosabel	50	49	98.00%
MBV	188	184	98.00%
Legae	92	92	100.00%
Orlando Ekhaya 2	190	184	72.00%
Orlando Ekhaya 1	102	100	96.00%
Pennyville Rooms	564	560	99.00%
Phoenix House	135	135	100.00%
Rashers' Building	95	97	97.00%
Selby Rooms	19	18	92%
Selby Units	256	254	97.00%
Textile Building	162	160	98.00%
Union Square	341	338	99.00%
City Deep New	329	327	99%
Ekhaya Gardens	333	332	99%
Devland	255	254	98%
Dobsonville	502	500	99.00%
Fleurhof Ph. 1	452	450	99.00%
Fleurhof Ph. 2	252	250	99.00%
Kliptown Square	478	474	99.00%
Pennyville (Flats)	198	191	92.00%
Roodepoort	432	430	99.00%
Turffontein	525	524	99.00%
Lufhereng	406	403	99.00%
The Ridge	150	149	98.00%
Riverside	363	361	99.00%
	10156	9994	98%

JOSHCO's latest development, Riverside Phase 3, was launched in December 2024, delivering 184 units. By the end of June 2025, all units were fully tenanted. With the completion of this and other developments, JOSHCO is on track to surpass the milestone of 10 156 units by the end of 2025.

Table 20: Annual Comparison Occupancy level

No.	Financial Year	Number Units	Occupied	Vacancy	Occupancy Rate
1.	2020/2021	8827	8759	68	99.40%
2.	2021/2022	9056	8899	157	98.26%
3.	2022/2023	9056	8893	163	98.20%
4.	2023/2024	9743	9542	201	98%
5.	2024/2025	10156	9994	164	98%

Regularisation process

The organisation has initiated a process to ensure that every JOSHCO tenant holds a valid and legally binding lease agreement. To reinforce the importance of this requirement, tenant-engagement workshops have been effectively implemented. During these sessions, tenants are also informed about the range of services offered by JOSHCO and the regulatory authority, SHRA, specifically for legitimate tenants. These include access to incentive vouchers and rental-relief benefits.

Table 21: Lease Renewal Status as at the of June 2025

Lease Renewal Programme	
Inner-city projects	645
Greenfield projects	244
Total Renewed leases	889

Maintenance Function Highlights

Maintenance is more than just upkeep; it is central to protecting JOSHCO's assets while also enriching the daily lives of tenants. Well-maintained buildings preserve and grow in value, safeguarding the long-term investment. Just as importantly, they create safe, comfortable, and welcoming spaces that tenants are proud to call home. In this way, maintenance becomes both a financial safeguard and a driver of tenant satisfaction and community well-being.

To enhance efficiency and better control maintenance costs, JOSHCO's Executive Committee (EXCO) has adopted a hybrid maintenance model that combines the use of both insourced maintenance teams and outsourced contractors. The insourced maintenance

team was established in August 2022, with housing management restructuring the portfolio setup to enable the phased implementation of this team, starting with inner-city projects.

Unplanned Maintenance

Unplanned, or "reactive," maintenance takes place when a building component fails unexpectedly and requires immediate attention. Its purpose is to quickly restore the component to working order, ensuring minimal disruption. For JOSHCO, most of these requests come directly from tenants living in its properties, an important way of maintaining their comfort and convenience.

Even in a challenging financial climate, the entity has delivered strong performance in this area, consistently meeting its SLS for reactive maintenance. However, a significant challenge remains insufficient funding for major upgrades and refurbishments, especially in older buildings that require extensive structural work. This gap continues to drive the high volume of reactive maintenance requests.

Planned Maintenance

Planned maintenance, conducted at predetermined intervals, is essential for ensuring compliance with legislative, health and safety (OHS), technical, and operational reliability requirements. It also plays a critical role in preserving the useful life of the City's assets and extending their economic lifespan.

Planned maintenance comprises three key components: preventative, legislative, and condition-based maintenance.

- Preventative maintenance involves scheduled interventions designed to reduce the likelihood of future failures. It helps minimise the need for reactive maintenance and supports the long-term preservation of immovable assets.
- Legislative maintenance is mandated by various acts, regulations, or other legal instruments. For

example, the Municipal Finance Management Act (MFMA) requires municipalities to spend up to 8% annually on the current value of plant, property, and equipment to ensure compliance.

- Condition-based maintenance is prompted by the findings of condition assessments or inspections. It is undertaken when the physical state of a building structure, component, or service falls below acceptable standards or norms.

As a result, planned maintenance programmes have been given increased priority to ensure satisfactory service delivery to tenants and the provision of quality, habitable, and safe living conditions. Comprehensive building-condition audits were conducted across all projects during the 2021/22 financial year. The resulting detailed condition reports and maintenance plans were submitted for budgeting purposes. Following approval, implementation plans were developed, leading to the rollout of various targeted maintenance programmes aimed at addressing the issues identified through the condition assessments.

The following reports provide a cost breakdown of planned maintenance executed from 2020/2021 to the 2024/2025 FYs.

Table 22: Planned maintenance

Financial Years	2020/2021	2021/2022	2022/23	2023/2024	2024/25
Total	R11 352 326	R16 463 039	R18 142 117	R13 889 338	R 32 854 103

Maintenance Costs and Service Level Standards.

For the financial year ending 30 June 2025, total expenditure on building repairs and maintenance amounted to R115,640,353, reflecting a 42.5% decline compared to the previous year's R201,100,962. Despite the reduction, the 2024/25 expenditure significantly exceeded the allocated budget of R70,539,000, reaching 163.9% of the planned allocation.

The high proportion of unplanned maintenance underscores the urgent need for major refurbishments and systematic upgrades across the property portfolio. Persistent plumbing-related issues remain the most common challenge, highlighting a critical area for targeted intervention.

Figure 6 provides a trend analysis of the service type per quarter for the year ending 30 June 2025

As illustrated in Figure 6, more than half of the maintenance jobs undertaken during the financial year were related to plumbing issues. These included addressing blocked drainage systems and ageing infrastructure, particularly in converted hostel projects. Maintenance activities also involved replacing burst geysers that had reached the end of their lifespan and were no longer under warranty, repairing and replacing leaking water-supply pipes, and replacing worn-out sanitary fittings. In response, major repair and maintenance programmes have been initiated to restore the infrastructure to optimal functionality.

Expanded Public Works Programme

JOSHC0 actively supports the Expanded Public Works Programme (EPWP) by creating job opportunities and facilitating skills development for unemployed and underprivileged individuals residing near construction project sites. These job opportunities vary from skilled trades to manual labour, depending on the nature of the projects and the existing skill sets within the local community. Additional EPWP opportunities are also generated through large-scale clean-up campaigns and minor repair work at tenanted properties.

The City of Johannesburg's Department of Economic Development is responsible for coordinating the

EPWP across the City. At the start of the financial year, an annual target of 1000 EPWP job opportunities were agreed upon with JOSHC0. By the end of the reporting period, a total of 1076 EPWP jobs had been created, exceeding the set target and demonstrating JOSHC0's strong commitment to socio-economic development.

SMME Support

Small, Medium, and Micro Enterprises (SMMEs) play a vital role in job creation and skills development within local economies. In a country grappling with high unemployment, poverty, and inequality, particularly among the youth, SMMEs are essential to addressing these socio-economic challenges. In response, the City has encouraged all its entities to align their objectives with its priority of fostering a business-friendly environment. As part of its economic recovery strategy, the City is focused on improving the ease of doing business for the formal sector and offering direct support services to SMMEs, thereby enabling more people to start and grow their enterprises.

In line with this priority, JOSHC0 has adopted a strategic objective to support SMMEs and promote job creation. A target was set to allocate 30 of SMMEs to be supported during the financial year, and this target was successfully met. To achieve this, projects in the implementation phase assigned various work packages, including brickwork, plastering, plumbing, electrical installations, civil works, earthworks, and general building tasks, to qualifying SMMEs.



Section 4:

Performance against Service Standards



The City entered into Service Delivery Agreements (SDAs) with all its municipal entities, clearly outlining its expectations and requirements. These agreements include adherence to a defined SLS, which sets the benchmark for service quality and responsiveness. The primary objective of the SLS is to enhance operational efficiency and ensure that the residents of Johannesburg receive consistent, high-quality services delivered through the City's municipal entities.



Table 23: Performance against Service Level Standards.

Core Service	Service Level Standard Target	Q1	Q2	Q3	Q4	2024/25 FY	Evidence	Variance	Variance Explanation
Billing of customers	98% accuracy rate for bills to all active customers	98%	98,6 %	99%	98,3	98%	Dated and signed prebilling monthly report for each project Approved tariff report	None	None
Attending to requests for maintenance	96% of maintenance requests attended to within 14 working days of the logged call	97%	99,6 %	99,3%	99,5%	99,85%	MDA report on jobs logged	+3.49%	None
Routine building maintenance	Once per year and as and when required	100%	100%	100%	98%	99,5%	Approved Service Plan for 2024/2025 S 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 day	1 day	1 day	2 days	1 day	Email database and emails	None	None
Application for rental housing	Outcome of the application communicated within 10 working days	3 days	2 days	2 days	2 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	Automated emails	None	None				
Resolution of complaints	Resolution within five working days of logged call	1 day	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 successfully implemented its strategic objectives and business plan. The organisation's 2024/2025 business plan includes 18 key performance metrics and targets. 13 of the 18 targets that were due for reporting during the year were achieved. This outcome amounts to a performance for the quarter of 72% as detailed in Table 24 below.

Legend:

	Target achieved
	Target not achieved, but there is progress
	Target not achieved and there is a significant risk of non-achievement
	KPI measured at the end of the financial year and / not due for reporting in the financial year

Table 24: Performance Against Predetermined Objectives

Key Performance Area	Key Performance Indicator	Annual Target 2024/25	2024/25 Actual	Variance	Reasons for Underachievement and Remedial Action
Financial Stability	Current Ratio	Current ratio 1:1	0.37:1	-0.63	Target Not Achieved. Refer to chapter 5 and section 5.
	Solvency Ratio	Solvency Ratio 1:1	0.38:1	-0.62	
	% Collection in respect of current debtors	80% collection in respect of current debtors	69%	-11%	
	% Of valid invoices paid within 30 days of invoice receipt	100% of valid invoices paid within 30 days of invoice receipt	49%	-51%	Target Not Achieved. Reasons for Deviation: The City is having financial constraints in terms of Cash Flow as a result they do not allocate enough funds to settle all our creditors on time. Remedial Action: The entity continues to engage with Group Treasury for weekly allocation of funds.
	Number of SMME's supported	30 SMME's	30	0	

Key Performance Area	Key Performance Indicator	Annual Target 2024/25	2024/25 Actual	Variance	Reasons for Underachievement and Remedial Action
Good Governance	Percentage expenditure of approved capital budget	100% expenditure of approved capital budget	100%	0	Target Achieved
	Percentage resolution of internal audit findings	100% resolution of Internal Audit findings (cumulative)	100%	0	Target Achieved.
	% Resolution of AGSA findings	100% resolution of AGSA findings	63%	-37%	Target Not Achieved. Reasons for Deviation: Limited staff resources resulting in lack of adequate review of AFS prior to Internal Audit review Remedial Action: Permanent appointment of CFO enabling stability of leadership. Additional review levels and utilization of CoJ CA(SA) Trainees for technical components of AFS. Submission of Pre-audited AFS timeously to allow adequate review time to ensure AFS are free from material misstatements.
	Level of audit opinion	Unqualified audit opinion	Unqualified audit opinion		Target Achieved
	Percentage compliance to Laws and regulation	98% compliance to laws and regulation	99%	+1%	Target Achieved.
	Percentage Implementation of corrective action against identified risks	95% Implementation of corrective action against the identified risks	95%	0%	Target Achieved.

Key Performance Area	Key Performance Indicator	Annual Target 2024/25	2024/25 Actual	Variance	Reasons for Underachievement and Remedial Action
Personnel Vacancy Rate	% Employee vacancy rate	10% employee vacancy rate	6%	4%	Target Achieved
Smart City	Number of digitisation initiatives completed	8 Digitisation initiatives completed	8	0	Target Achieved.
Job Opportunity and Creation	Number of jobs created for the unemployed through EPWP programmes	1000 Jobs	1076	+76	Target Achieved.
Sustainable Service Delivery	No. of social housing units completed	556 housing units completed	556	0	Target Achieved.
	% Occupancy rate across all JOSHCO rental units	98% occupancy rate	98%	0	Target Achieved.
	% Achievement of service standards	100% Achievement of service standards	100%	0	Target Achieved.
	Number of community-based initiatives implemented through Community Development	4	5	+1	Target Achieved.

Section 6:

Recommendations and plans for the next financial year



6.1. Development of Units

JOSHCO's business plan for 2025/26 sets out a forward-thinking agenda of programmes and interventions aimed at achieving its strategic objectives and delivering much-needed social housing. Guided by the City's capital investment strategy in the 2024/25 MTREF, JOSHCO is balancing the upkeep and optimisation of existing infrastructure with targeted investments to meet the pressures of urbanisation and population growth.

Over the next five years, a CAPEX allocation of approximately R1.8 billion will drive completion of multi-year projects, including turnkey developments. These initiatives position JOSHCO to deliver more than 5 000 new housing units, providing families with safe, secure, and well-located homes at scale and in a cost-efficient manner.

Already, projects such as Abel Phase 1, Nancefield, and Riverside View Phase 3 have been completed, creating lasting impact for over 10 500 families. In 2025/26, JOSCHCO will continue implementing its priority programmes, directly improving the lives of residents while advancing the City of Johannesburg's broader strategic goals.

6.2. Student Accommodation

JOSCHCO 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 10 km 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 to accelerate the delivery of student accommodation in terms of unit numbers.

6.3. Property Management

The leasing of properties under JOSCHCO's administration is vital to the company's long-term sustainability. To ensure continued tenant demand and financial viability, it is essential that these properties are managed effectively and remain attractive. Property management includes overseeing daily operations such as tenant selection, security, cleaning, repairs, and general maintenance. In line with the Social Housing Act (as published in the Government Gazette on 26 January 2012), a comprehensive inspection of housing stock must be conducted at least once every three years. These inspections serve to:

- Assess the physical condition of the property;
- Identify maintenance deficiencies; and

- Inform the development of long-term maintenance plans and associated budgets.

6.4. Customer Service

JOSCHCO's guiding principles, honesty in operations, respectful treatment of customers, and a commitment to continuous learning and efficiency, reflect its identity as a customer-centric organisation. In line with this focus, the entity has implemented a range of initiatives designed to strengthen relationships with both current and prospective clients. These initiatives include the following:

Tenant Outreach

The organisation remained committed to understanding the challenges faced by tenants at the project level. During the financial year, tenants raised a range of concerns, some of which were valid and required targeted interventions, while others were perception-based and addressed through clear communication. The efforts to engage tenants reflect the compassionate approach adopted by both management and the Board in ensuring responsive and inclusive service delivery.

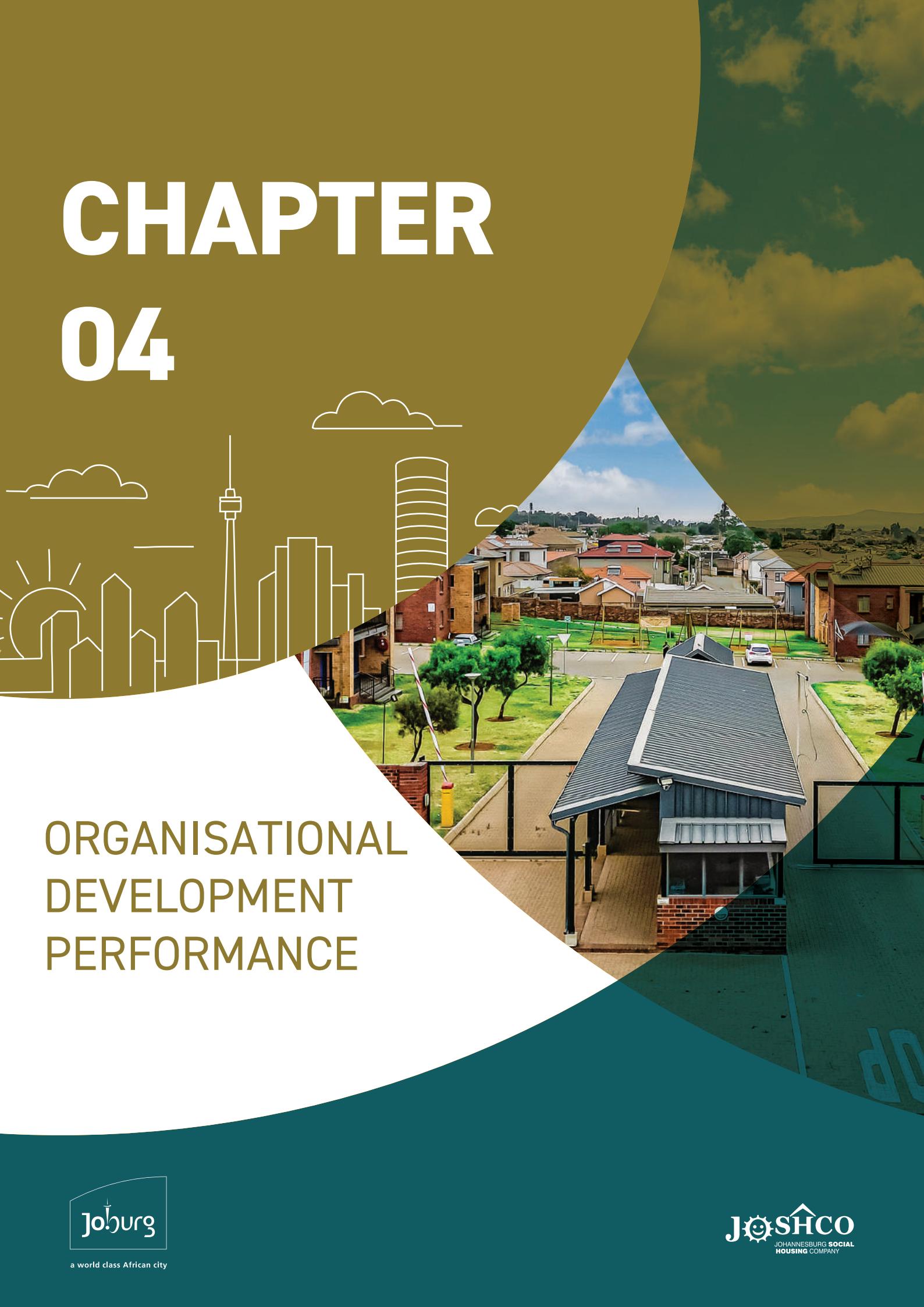
Safety and Security

To safeguard tenants, JOSCHCO continued rolling out key security enhancements during the financial year, including biometric access systems, burglar bars, and security gates across its facilities. These projects were designed inclusively, considering the needs of people with disabilities, children, and women. By prioritising tenant well-being, the entity remains committed to maintaining a safe and secure living environment through the ongoing implementation of effective safety measures.

CHAPTER

04

ORGANISATIONAL DEVELOPMENT PERFORMANCE



a world class African city



INTRODUCTION



The Human Resources (HR) department plays a central role in supporting and cultivating a positive and inclusive workplace culture. Beyond its core responsibilities, the department actively manages key functions such as recruitment and onboarding, training and development, performance management, payroll administration, and employee relations. Across all these areas, HR upholds principles that foster a supportive and engaging work environment.



The department champions employee satisfaction and engagement through structured recognition programmes and comprehensive employee benefits. It also drives diversity and inclusion initiatives to ensure a balanced and equitable workplace for all. Succession planning is proactively implemented to ensure continuity in critical roles and to support long-term organisational resilience.

Furthermore, the HR department manages employee relations with professionalism and

care, providing effective mechanisms to address conflicts and grievances. Health and wellness initiatives are also promoted, contributing to employee well-being and sustaining high levels of productivity across the organisation.

STRATEGY ALIGNMENT AND CHANGE MANAGEMENT

At JOSHCO, aligning strategy and managing change are key to ensuring that all strategic initiatives are consistent with the organisation's vision and mission. This alignment is supported by

a structured governance framework and targeted training initiatives that drive the achievement of strategic objectives across the organisation.

JOSHC0 promotes adaptability by involving all levels of management in critical discussions, ensuring buy-in and a shared understanding of organisational goals. Continuous monitoring through Key Performance Indicators (KPIs), coupled with robust feedback mechanisms, enables timely adjustments and facilitates responsiveness to evolving circumstances. This approach ensures that strategic changes are effectively integrated into daily operations and sustained over time.

RECORDS MANAGEMENT

The HR department is responsible for ensuring that personnel records are handled and maintained in full compliance with relevant legislation, including the National Archives and Records Service of South Africa Act, 1996 (Act No. 43 of 1996), the

Public Finance Management Act (PFMA), the Promotion of Access to Information Act (PAIA), the Protection of Personal Information Act (POPIA), and other applicable regulatory frameworks.

As part of its ongoing efforts to enhance record-keeping practices, the HR team is committed to adopting a more integrated and efficient records management system. JOSHC0's approach to records management is multifaceted, including planning, organising, directing, controlling, training, and promoting effective practices across the organisation.

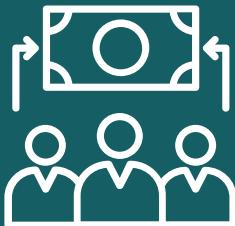
In line with best practices, JOSHC0 ensures the systematic creation, maintenance, and use of records, supporting transparency and accountability. Furthermore, JOSHC0 adopts appropriate records disposition strategies to ensure that its documentation accurately reflects organisational policies, decisions, and transactions.



*Bokamoso
Development*

Section 1:

Employee Remuneration (Total Costs including Executives)



Employee Compensation.

Compensating employees with a salary serves as a fundamental incentive for hard work and strong performance. Motivation is closely tied to compensation, as salaries make up a significant portion of employees' income and greatly affect their standard of living. Moreover, remuneration directly influences employee performance and overall productivity.

Employee Remuneration (Total Cost, Including Executives)

This section outlines the total remuneration of all employees, including executive members, who were employed by JOSHC0 during the financial year, as summarized in Table 25 below.

Table 25: Personnel Cost by Occupational Level as of 30 June 2025

Occupational Level	No. of employees	(R'000) Personnel Expenditure	(R'000) Average cost per employee
Top Management (CEO, CFO, COO)	3	R 3,120,784.18	R 780,196.05
Executive Managers	1	R 2,333,620.67	R 2,333,620.67
Professional Qualified / Middle Management (Portfolio Managers, Accountants)	38	R 43,916,707.23	R 1,155,702.82
Skilled, Tech & Academically Qual (H-sup, billing clerks, credit controllers, bookkeeper, maint worker and admin)	166	R 77,343,148.06	R 465,922.58
Semi-Skilled (Driver, Receptionist, Call Centre Agents)	11	R 1,511,126.57	R 137,375.14
Internship	4	R 294,817.81	R 73,704.45
Unskilled (Office Attendants, Security Officers and Cleaners)	346	R 77,826,194.09	R 224,931.20
EPWP	766	R 28,444,871.64	R 37,134.30
Total	1335	R 238,845,000.00	R 175,741.97

Section 2: Key Vacancies

Recruitment moved steadily in the 2024/25 financial year due to the moratorium which came into effect December 2023. As a mitigative response to the city's budgetary constraints, the city has formulated a Strategic Appointment Panel which aims to monitor and guide the criticality of vacancies to be filled city-wide. Therefore, before the commencement of any recruitment process, approval is to be sought from the panel.

To maintain continuity and operational stability, JOSHC0 addressed vacancies through both acting appointments and new recruitments. As shown in Table 26, a total of 26 acting appointments were made during the financial year.

Table 26: Acting Appointments

No.	Designation	Acting Role	From	Reasons	Comments
1.	Chief Executive Officer (Metropolitan Trading Company)	Chief Executive Officer	03 June 2024 to 03 August 2024	Acting because the incumbent was seconded to another department in the city.	Rotation applied
2.	HR Officer: Recruitment	Manager: Human Resources	02 July 2024 to 12 July 2024	Acting because the incumbent was on annual leave	Acting incumbent went back to substantive position
3.	Housing Supervisor	Portfolio Manager	01 July 2024 to 31 July 2024	Acting because the incumbent was on annual leave	Acting incumbent went back to substantive position
4.	Internal Auditor	Senior Internal Auditor	01 July 2024 to 30 September 2024	Acting because the position is vacant	Recruitment process underway
5.	Communication Officer	Manager: Marketing and Communication	14 July 2024 to 30 September 2024	Acting because the incumbent was acting in a senior position and went on annual leave thereafter	Acting incumbent went back to substantive position
6.	Manager: Marketing and Communications	Executive Manager: Corporate Services	15 July 2024 to 15 September 2024	Acting because the position is vacant	Rotation applied
7.	Project Manager	Programme Manager: Implementation	01 July 2024 to 30 June 2025	Acting because the position is vacant	Rotation will apply

8.	Specialist Monitoring and Evaluation	Manager: Community Development	11 July 2024 to 31 July 2024	Acting because the incumbent was on annual leave	Acting incumbent went back to substantive position
9.	HR Officer: Labour Relations	Manager: Office Administration	01 August 2024 to 31 August 2024	Acting because the position is vacant	Rotation applied
10.	Officer: Health and Safety	Manager: Office Administration	01 August 2024 to 31 January 2025	Acting because the position is vacant	Rotation applied
11.	Executive Manager: Planning and Strategy	Chief Executive Officer	27 August 2024 to 30 June 2025	Acting because the incumbent was seconded to another department in the city.	Board resolution to guide way forward.
12.	Assistant Director: Human Capital (City of Johannesburg)	Executive Manager: Corporate Services	17 September 2024 to 30 June 2025	Acting because the position is vacant	Recruitment approval granted by COJ Strategic Panel.
13.	Program Manager: Implementation	Chief Operations Officer	17 September 2024 to 15 May 2025	Acting because the position was vacant	Recruitment finalised
14.	Manager: Finance	Chief Financial Officer	17 September 2024 to 06 July 2025	Acting because the position was vacant	Recruitment finalised
15.	Senior ICT Manager	Executive Manager: Business Planning and Strategy	17 September 2024 to 30 June 2025	Acting because the incumbent is acting in a senior position	Rotation will apply
16.	Portfolio Manager	General Manager: Housing Management	01 November 2024 to 30 June 2025	Acting because the position is vacant	Rotation will apply
17.	HR Officer: Recruitment	Human Resources Manager: Administration & Employee Relations	08 January 2025 to 31 January 2025	Acting because the incumbent is seconded to another entity	Employee went back to substantive position
18.	HR Officer: Employee Relations	Human Resources Manager: Administration & Employee Relations	01 February 2025 to 30 June 2025	Acting because the incumbent is seconded to another entity	Incumbent's secondment period to determine way forward
19.	Specialist: Governance (City of Johannesburg)	Manager: Governance and Ethics	01 February 2025	Acting because the position is vacant	Rotation will apply
20.	Executive Assistant	Manager: Office Administration	01 February 2025 to 21 May 2025	Acting because the position is vacant	Rotation applied

21.	Credit Controller	Social Facilitator	01 February 2025 to 30 June 2025	Acting because the position is vacant	Rotation will apply
22.	Security Officer	Security Supervisor	07 February 2025 to 24 February 2025	Acting because the incumbent was on annual leave.	Employee went back to substantive position
23.	Monitoring and Evaluation Officer	Specialist: Monitoring and Evaluation	17 February 2025 to 30 April 2025	Acting because the position was vacant	Recruitment finalised
24.	Tenant Management and Allocations Officer	Social Facilitator	01 March 2025 to 30 June 2025	Acting because the position is vacant	Rotation will apply
25.	IT Technician	Senior ICT Manager	17 May 2025 to 30 June 2025	Acting because the incumbent is acting in a senior position	Rotation will apply
26.	Project Officer	Manager: Office Administration	22 May 2025 to 30 June 2025	Acting because the position is vacant	Rotation will apply

Recruitment in progress as of 30 June 2025

- Ten (10) recruitment processes were finalised in the 2024/25 financial year.
- Of those recruitment processes, four (4) were appointed permanently, one (1) appointed on a fixed-term contract basis, and six (6) were appointed on a short-term contract basis.
- Recruitment processes initiated were in line with closing capacity constraints and gaps within the entity, whilst enhancing service delivery and performance.

Table 27 below depicts all recruitment processes initiated in the quarter and the progress status thereof. The long-term strategic intent is to enhance service delivery and performance within the organisation.

Table 27: Recruitment initiated for critical positions

No.	Position	Department	Progress Status
1.	Company Secretary (Fixed-Term Contract)	Office of the CEO	Finalised (Incumbent commenced duty on the 1 st of July 2024)
2.	Manager: Risk & Compliance (Permanent)	Business Planning & Strategy	Finalised (Incumbent commenced duty on the 1 st of October 2024)
3.	Manager: Legal Services (Permanent)	Office of the CEO	Finalised (Incumbent commenced duty on the 1 st of November 2024)
4.	Specialist: Monitoring and Evaluation (Permanent)	Business Planning and Strategy	Finalised (Incumbent commenced duty on the 1 st of May 2025)

No.	Position	Department	Progress Status
5.	Chief Operations Officer (Permanent)	Office of the CEO	Finalised (Incumbent commenced duty on the 17 th of June 2025)
6.	Active Directory and Exchange Technician (Short-Term Contract)	Office of the COO	Finalised (Incumbent commenced duty on the 1 st of May 2025)
7.	Infrastructure Security Technician (Short-Term Contract)	Office of the COO	Finalised (Incumbent commenced duty on the 1 st of May 2025)
8.	ICT Service Desk Technician (Short-Term Contract)	Office of the COO	Finalised (Incumbent commenced duty on the 1 st of June 2025)
9.	Accounts Administrator-Communications (Short-Term Contract)	Corporate Services	Finalised (Incumbent commenced duty on the 19 th of June 2025)
10.	Administrator: Online Queries x2 (Short-Term Contracts)	Corporate Services	Finalised (Incumbents commenced duty on the 19 th of June 2025)

Terminations

This section refers to all employment contractual terminations within the quarter under review.

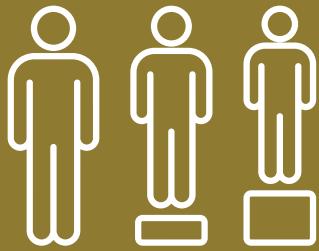
Table 28: Terminations

No.	Department and Designation	Reason	End Date
1.	Office of the COO - Project Manager	Resignation	31 July 2024
2.	Office of the CEO - Chief Financial Officer	Contract Ended	17 September 2024
3.	Office of the COO - Cleaner	Death in service	25 September 2024
4.	Corporate Services- Driver/ Messenger	Dismissal	22 October 2024
5.	Office of the COO - General Manager: Housing Management	Resignation	31 October 2024
6.	Business Planning and Strategy - Specialist: Monitoring and Evaluation	Resignation	30 November 2024
7.	Office of the COO - Project Manager: Special Projects	Resignation	31 December 2024
8.	Office of the COO - Cleaner	Incapacity	31 January 2025
9.	Office of the COO – Social Facilitator	Resignation	30 April 2025

10.	Office of the COO – Security Officer	Death in service	29 May 2025
11.	Chief Executive Officer	Dismissal	29 May 2025
12.	Corporate Services – Learning and Development Specialist	Resignation	30 June 2025
13.	Office of the COO - Executive Assistant	Transfer	30 June 2025
Total: 13			

Section 3:

Employment Equity



Employment Equity (EE) is assessed based on gender, disability, race, salary grade, and occupational levels. EE targets are aligned with the Economically Active Population (EAP) percentage distribution within the Gauteng region. The EAP comprises individuals aged 15 to 64 who are employed, unemployed, or actively seeking employment. This approach enables employers to analyse their workforce and identify the extent of under-representation among designated groups.

JOSHCO is required to use the EAP as a guiding benchmark to inform resource allocation and implement interventions aimed at achieving an equitable and representative workforce.

Due to the changes in legislation regarding Employment Equity as well as the compliance universe, the following is worth noting:

- The South African Economy has been divided into 18 Economic Sectors, and JOSHCO falls within the “Real Estate Activities” Sector. This means that the entity's EE targets must be aligned with its sector.
- JOSHCO must develop a new five-year Employment Equity plan for the next financial year to comply.
- The disability quota has increased from 2% to 3%. This shift means that JOSHCO needs to have an average of 15 employed people living with disabilities by the end of the next 5 years.

Table 29: EE profile of the organisation

Occupational Level	Male				Female				Foreign Nat.		Local		Grand Total	Racial % Profile (ACI)	Female Gender Representation % Achievement
	A	C	I	W	A	C	I	W	M	F	M	F			
Top Management	1	0	0	0	0	0	0	0	0	0	1	0	1	100%	0%
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	9	0	1	0	1	1	22	10	34	88%	29%
Skilled Technically and Academically Qualified	49	3	0	0	56	2	1	1	0	0	52	60	112	99%	53%
Semi-Skilled	1	0	0	0	2	1	0	0	0	0	1	3	4	100%	75%
Unskilled	153	2	0	0	184	3	0	0	0	0	155	187	342	100%	55%
Total	224	5	0	2	252	6	2	1	1	1	231	261	494	99%	53%

AGE PROFILE

- 41.6% (the majority) of JOSHCOS staff is aged between 36 and 45.
- 7.5% of the headcount is over 56 years old. 84% of these employees fall within the unskilled category.
- 8% are at Supervisory level and 3% is at Middle Management.



Table 30: Persons with Disabilities

Persons with Disabilities													
Occupational Level	Male				Female				Foreign National		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
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

The entity's workforce remains predominantly composed of African males and females. Recruitment of persons with disabilities continues to present a challenge; however, this is being actively addressed through the implementation of the newly approved Employment Equity (EE) Plan. The plan is expected to contribute to a more inclusive workforce, particularly in improving representation of people with disabilities.

Table 31: Disability percentage standing

Actual Number of Staff with Disabilities	4
Total Staff Complement	494
Disability Target	10
Actual Disability %	0.80%

Table 32: Workforce profile in term of age, race, gender, and foreign national status

Occupational Level	Age Group	Male				Female				Foreign National				Total	
		A	C	I	W	A	C	I	W	M	F				
Top Management (Level 1-2)	18-34	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	>35	1	0	0	0	1	0	0	0	0	0	0	0	0	2
Senior Management (Level 3-4)	Total	1	0	0	0	1	0	0	0	0	0	0	0	0	2
	18-34	1	0	0	0	0	0	0	0	0	0	0	0	0	1
	>35	1	0	0	0	1	0	0	0	0	0	0	0	0	2
	Total	2	0	0	0	1	0	0	0	0	0	0	0	0	3
Professionally Qualified (Level 5-6)	18-34	5	0	0	0	2	0	0	0	0	0	0	0	0	7
	>35	15	0	0	2	8	0	1	0	1	0	1	1	1	26
Skilled (Level 7-8)	Total	20	0	2	10	0	1	1	0	1	1	1	1	1	33
	18-34	11	1	0	0	23	0	0	0	0	0	0	0	0	35
	>35	36	2	0	0	36	2	1	1	0	0	0	0	0	78
	Total	47	3	0	0	59	2	1	1	0	0	0	0	0	113
Semi-Skilled (Level 9-10)	18-34	2	0	0	0	2	0	1	0	0	0	0	0	0	5
	>35	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unskilled (Level 11)	Total	2	0	0	0	2	0	1	0	0	0	0	0	0	5
	18-34	45	0	0	0	25	0	0	0	0	0	0	0	0	70
	>35	108	2	0	0	161	3	0	0	0	0	0	0	0	274
	Total	153	2	0	0	184	3	0	0	0	0	0	0	0	344
Temporary	18-34	2	0	0	0	2	0	0	0	0	0	0	0	0	4
	>35	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total	2	0	0	0	2	0	0	0	0	0	0	0	0	4
	Grand Total	224	5	0	2	252	6	2	1	1	1	1	1	494	

Table 33: Percentage standing on race and gender

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

Section 4: Skills Development and Training



Skills training programmes in the workplace are essential for enhancing employee performance, improving efficiency and ensuring businesses stay competitive while ensuring compliance with relevant legislation. These programmes help employees develop new skills and refine existing ones, leading to increased productivity and confidence in their roles. As industries evolve, training keeps employees up to date with new technologies, regulations, and best practices, reducing errors and ensuring compliance with industry standards.

Table 34: 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

BURSARY UPDATE FOR 2024/25 FY- Long-term training

Applications for 2025 bursary intake were opened on 1st October 2024 and closed on 30th November 2024. A total of 58 applications were received, with 18 approvals, resulting in a 31% approval rate. Budget constraints were the primary reason for the 40 declined applications. Of the approved bursaries, 12 were continuations, while 6 were new applications. The new approvals focused exclusively on undergraduate students, with no postgraduate applications granted. A total of **R758,582** was disbursed, excluding the cost of textbooks.

TRAINING INTERVENTIONS FOR 2024/25 FY- Short-term learning/mid-term training

In terms of skills development, the reporting period was focused on short-term and mid-term learning, which is derived from identified business needs, performance gaps, as well as individual performance development plans. A total of twenty-one (21) training interventions were conducted, with an additional six (6) awareness sessions taking place.

Table 35: Training Initiatives for 2024-2025 FY

No.	Training Initiative (Q1 2024/25)	Attending delegates
1.	Adult Basic Education Training (ABET) programme continued from the previous financial year.	34 delegates, encompassing security officers, housing supervisors, and general workers
2.	2-day intense Patterson Job Grading Training.	18 Delegates, encompassing shop stewards, HR personnel, and the Executive Committee (EXCO).
3.	5-day Bid Committee Training provided by the National School of Governance.	30 Employees from Supply Chain, and BAC panellists.
4.	Performance Management Training.	9 Delegates, encompassing Shop Stewards, and HR personnel.
5.	Occupational Health and Safety Workshop.	215 EPWP members.
No.	Training Initiative (Q2 2024/25)	Attending delegates
6.	5-day Microsoft end user training	58 Employees from various departments.
No.	Training Initiative (Q3 2024/25)	Attending delegates
7.	Municipal Finance Management Act (MFMA) Training with Wits Business School.	5 Candidates were enrolled.
8.	Training of the new JOSHCO App.	Leasing department staff members.
9.	6 months Certified Internal Audit Programme.	1 Internal auditor was enrolled.
10.	Health and Safety Training focusing on First Aid and Fire Marshalls.	28 Fire marshals, and first aiders.
No.	Training Initiative (Q4 2024/25)	Attending delegates
11.	Security OB.	60 Security officers.
12.	Shop Steward Training.	IMATU & SAMWU shop stewards.
13.	Intermediate Excel Training.	15 Delegates from various departments.
14.	Advanced Excel Training.	10 Delegates from finance, revenue, and HR payroll.
15.	Business Report Writing Training.	15 Delegates from various departments.
16.	Talent Management and Organisational Development Training.	10 Corporate services personnel.
17.	Skills Development Facilitator Training Course.	1 HR Officer.
18.	PRINCE2 Course.	1 ICT Technician.
19.	Internal Audit Certification Course.	1 Internal auditor.
20.	CompTIA.	2 ICT interns.
21.	Commercial Property Management Training.	1 OHS officer.

A total of **R1 784 423,60** was spent on the above training initiatives, including catering.

Below is a depiction of all awareness sessions that were held within the Financial Year for JOSHC0 staff members.

Table 36: Awareness Sessions held (2024/25)

No.	Awareness Session	Facilitator
1.	Promotion of Access to Information Act (PAIA) Awareness Session	Legal Department
2.	Protection of Personal Information Act (POPIA) Awareness Session	Legal Department
3.	Fraud and Corruption Awareness Session	Group Forensic and Investigation Services (GFIS)
4.	Security Conduct Awareness Session for 40 Security Officers	Johannesburg Metropolitan Police Department (JMPD)
5.	Departmental Ethics Awareness Sessions	Office of the Company Secretary
6.	Professional Conduct and Interview Skills for 34 EPWP members	Human Resources

WORKPLACE SKILLS PLAN (WSP) AND ANNUAL TRAINING REPORT (ATR)

The WSP and ATR were submitted in line with the provisions of the Skills Development Act. The submission is not executed for compliance purposes, but it also enables the entity to qualify for Mandatory Grants which JOSHC0 continues to receive.

Section 5: Performance Management



This section provides an update on the organisation's performance management contracting, in line with the Performance Management System (PMS) policy. JOSHC0 has a well-established and standardised performance management framework, supported by robust procedures for setting performance objectives that are aligned with both the business and divisional plans.

Performance reviews are conducted biannually, with year-end ratings determining performance recognition. The organisation continues to implement a strengthened performance development and coaching approach to ensure consistent and rigorous evaluation of employee performance.

Table 37 below outlines the status of performance agreement submissions and reviews completion by department. To support this process, targeted training interventions, including workshops and digital campaigns, have been rolled out. These are designed to assist staff members who may not fully understand the importance and rationale behind signing performance agreements.

Individual 2024/25 performance review and appraisal sessions have started. The signing of 2025/26 scorecards has been communicated at a departmental level.

Table 37: Contracting update

Department	No of Eligible staff	Submitted to date	% Submitted	% Not Yet Submitted
Office of the CEO (CEO, IA, Legal &)	10	10	100%	0
Office of the COO (COO, Housing Management, Housing Development, Community Development, ICT, & Stakeholder Relations)	440	245	56%	44%
Office of the CFO (CFO, SCM & Finance Core)	14	9	64%	36%
Planning & Strategy (EM, Planning & Performance, Compliance & Risk)	7	5	71%	29%
Corporate Services (EM, HR, Marketing, Health & Safety and Customer Services)	20	19	95%	5%
Total	493	283	57%	43%

Section 6: Disciplinary Matters and Outcomes



Labour Management

The relationship between labour and management is essential for fostering a productive and harmonious work environment. It involves nurturing, engaging, and effectively managing the workforce to support the organisation's overall success. To this end, Local Labour Forum (LLF) meetings between labour and management have continued, with the goal of ensuring consistent engagement with stakeholders on various internal matters from both the employer and employee perspectives. Prioritising ongoing communication with the regional offices of recognised unions has been a key focus, enabling the timely resolution of relevant issues and promoting a collaborative and cooperative working relationship.

DISCIPLINARY MATTERS AND OUTCOMES

This section aims to clarify the status of disciplinary hearings, grievances, investigations, appeals, and suspensions. Resources have been obtained from the City Core to facilitate the oversight of these issues.

Precautionary suspensions:

Number of suspensions	Allegations	Date of suspension	Status
Two (2)	Sharing confidential information relating to selection and recruitment processes and bringing the company into disrepute and leasing commercial stores without following proper processes.	21 st October 2024	Matter finalised
	Fraud and corruption	22 nd November 2024	<ul style="list-style-type: none"> • Investigation concluded. • Investigation report and draft charges shared with the prosecutor for analyses. • Charges to be served on the 30th of July 2025.

Disciplinary matters.

Number of misconducts	Type of misconduct	Status	Comment
Four (4) misconduct cases	<ul style="list-style-type: none"> • AWOL • Abuse of sick leave • Gross dereliction of duties, absent without authorisation/valid reasons. • Insubordination, absent without authorisation/valid reasons, insolence and inciting 	Closed	Closed due to delays in instituting disciplinary hearings.
One (1)	<ul style="list-style-type: none"> • Gross negligent, gross misconduct and gross dishonest 	Finalised	None
Two (2) misconduct cases	<ul style="list-style-type: none"> • Intimidation and/or assault, harassment, and unauthorized occupation of JDA offices by SAMWU shop stewards at Johannesburg Development Agency. • Contravened clause 1.2.9 of the Disciplinary Procedure and Collective Agreement. 	<p>Ongoing</p> <p>Ongoing</p>	<p>Disciplinary hearing was scheduled for the 19th of June 2024. Postponed due to a plea agreement proposed by the employee representative. The mandate was shared with the employer representative (awaiting a way forward).</p> <p>Awaiting a new date from the presiding officer</p>

GRIEVANCE MATTERS

Number of grievances	Status	Comment
Twelve (12) received	Eleven (11) Finalised One (1) Ongoing	None
		Awaiting resolution from the Head of Department.

Matters at Bargaining Council and CCMA.

CCMA referral

Number of disputes	Status	Comment
Seven (7)	Two (2) Dismissed	None
	Three (3) Withdrawal	
	Two (2) Settlement agreements reached	

SALGBC referrals

Number of disputes	Status	Comment
Three (3)	One (1) Award in favour of the employer	None
	Two (2) unresolved certificates issued	Abandoned by the employees

Section 7: Leave And Productivity Management

In accordance with the approved Leave Management and Regulation of Hours Policy, JOSHCO employees are entitled to 24 days of annual leave per annum. Leave must be taken at a time that is convenient for the organisation and mutually agreed upon by management. In addition, employees are allocated 80 days of sick leave over a rolling three-year cycle.

To streamline leave administration and improve transparency, all leave applications are processed through the Employee Self-Service (ESS) system. This digital platform enables employees to track their leave balances in real time and helps minimise discrepancies within the SAP system.

Table 38 below provide a detailed overview of the organisation's overall leave usage for the reporting period

Type of leave	July 2024-June 2025	Total leave days taken
Annual	6 138.61	6 139
Sick	1 098.94	1 099

Type of leave	July 2024-June 2025	Total leave days taken
Unpaid Sick	12	12
Family Resp. & Paternity Leave	106.88	107
Maternity Leave	342	342
Long Service	49	49
Study/Exam leave	188.32	188
Special	19	19
AWOL/Unpaid	120.75	121
Injury on Duty	4	4
Incapacity sick leave	156	156
In lieu of Overtime worked	1	1
Total	8 237	8 237

Leave encashment

To efficiently monitor the encashment of leave, a mitigation measure has been applied which provides employees with 16 compulsory leave days in their annual cycle. Only 8 days in an employee's leave cycle can be encashed. The eight non-compulsory leave days can only be encashed once the employees have accrued 16 days of compulsory annual leave.

- In the period of July 2024 to June 2025 a total of 109 JOSHCO employees encashed 1 375 annual leave days, averaging 13 leave days encashed per employee, resulting in a total amount of R 2 865 850.56.
- Additionally, 321 security guards and cleaners encashed 4 785 annual leave days during the same period, averaging 15 leave days encashed per employee which amounted to R 2 585 436.80.

Section 8:

Employee Benefits

Retirement Fund



Staff members are affiliated with the E-Joburg Retirement Fund, and contributions are calculated at 7.5% of the member's basic monthly salary, while the employer's contribution is 18% of the basic monthly salary.

Medical Aid Scheme

All permanent employees are eligible for a medical aid subsidy. Insourced employees (security officers and cleaners) have the option to either opt-in or out of the benefit. The employer contribution is 60% up to a maximum of R 5 514.86, and the employee contribution is 40% depending on the number of dependents.

Housing Subsidy

All permanent employees are eligible for a monthly housing subsidy of R1 114.40. Eligibility is on the basis that the employee has a registered bond linked to their name. A total of 28 JOSHC0 employees are beneficiaries of the housing allowance as of the end of June 2025. Additionally, a total of 2 security guards and cleaners are beneficiaries of the housing allowance.

Locomotive Allowance

The entity implemented locomotive allowance in bulk to qualifying employees. Eligibility is on the basis that an employee's daily roles and responsibilities require them to travel. The allowance is calculated based on the employee's basic salary.

Wellness Programme

JOSHC0's Wellness Programme is designed to support a workforce that is healthy, motivated, and resilient, enhancing both performance and morale. Through the Lyra Wellbeing programme (formerly ICAS), all employees and their immediate families have access to professional mental health support. This initiative strengthens overall wellbeing while promoting a positive, supportive work environment.

In addition, JOSHC0 hosts quarterly wellness events to further boost employee health and engagement.

Our Q1 wellness event was held on 20th September 2024, to adopt a comprehensive approach to employee wellbeing, emphasising various aspects of physical health. Health screenings were conducted, this included assessments for blood pressure, blood sugar levels, total blood cholesterol, Body Mass Index (BMI), waist and hip circumference and ratio, as well as an HIV test. These screenings were designed to identify potential health issues at an early stage, facilitating more effective treatment options. Employees also participated in complimentary consultations with various specialists on standby. These consultations encompassed services from audiologists, dieticians, optometrists, dentists, podiatrists, physiotherapists, and orthoptists. The

primary objective of this initiative was to enhance awareness regarding the significance of healthy living to encourage employees to engage in regular health check-ups.

The event also catered to employees' financial well-being by facilitating consultation sessions with FNB and Old Mutual.

In Q2, on 4th December 2024, JOSHC0 and the COJ Department of Human Settlements launched a Wellness and Recreation Day that took a comprehensive approach to employee well-being, emphasising physical health with engaging sports such as, soccer, aerobics, netball, etc. Not only did everyone enjoy some fun exercise, but the team work on display was truly exceptional!

In Q3, on 26th March 2025 JOSHC0 facilitated another wellness event which took a holistic approach to employee wellbeing. Voluntary health screenings taken on the day focused on testing for blood pressure, blood sugar, blood cholesterol (total), Body mass index (BMI), waist and hip circumference and ratio, and HIV test.

Staff members also took part in health screening services where different specialists conducted free consultations. The consultations encompassed of an audiologist, a dietitian, optometrist, dentist, podiatrist, physiotherapist, gynaecologist, massage therapists and orthoptist services.

In Q4, on 27th June 2025 JOSHC0 partnered with the Department of Health where they provided free services for health screenings. The voluntary health screening focused on testing for blood pressure, blood sugar, blood cholesterol (total), Body mass index (BMI), waist and hip circumference and ratio, and an HIV test.

Additionally, Old Mutual provided financial consultations to JOSHC0 employees every Thursday. This initiative was aimed at increasing employees' financial knowledge and ability to manage personal and family finances.

Impact of the Wellness Programme

Regular wellness checks empower employees to make positive lifestyle choices that nurture their physical, mental, and emotional wellbeing. By providing the right support, motivation, and tools, these checks inspire staff to embrace healthier habits and take proactive steps towards lasting wellness. In turn, this culture of care not only enhances individual health, but also strengthens the organisation.

Section 9: Occupational Health and Safety



The entity places a high priority on safeguarding the health and safety of both its clients and staff. As part of its risk management and assurance responsibilities, the organisation adopts a proactive approach to minimising health and safety risks and ensuring full compliance with applicable legislation. Accordingly, the entity is committed to maintaining a safe working environment by conducting regular safety inspections and risk assessments. JOSHC0 implements robust safety protocols and procedures to prevent workplace accidents or injuries and ensures compliance with the Occupational Health and Safety (OHS) Act and related regulations.

Health and Safety Activities and Incident Reporting

During the reporting period, the entity conducted mandatory training for emergency response personnel, including firefighters, first aiders, and safety representatives. These initiatives assisted with enhancing emergency preparedness and ensuring compliance with the Occupational Health and Safety Act and its regulations. In addition, proactive safety meetings and targeted awareness programmes were implemented throughout the year to promote a culture of safety.

Regulation 28 Compliance

Policy Statement

Following recent changes in organisational leadership, the Health and Safety Policy Statement was reviewed and updated. The revised statement was communicated to all employees to ensure alignment with the current strategic direction and regulatory requirements.

Risk of Non-Compliance

Failure to comply with the Occupational Health and Safety Act, No. 85 of 1993, and its associated regulations may expose the entity to significant risks, including legislative, financial, reputational, and liability risks. Preventative measures remain essential to mitigating these risks and safeguarding the organisation's integrity and operational sustainability.



Section 10:

Corporate Social Responsibility



JOSHCO embraces Corporate Social Responsibility (CSR) as a core business strategy, striving to operate in ways that positively impact society and the environment. Throughout the fiscal year, the organisation undertook a range of CSR initiatives, with a strong focus on environmental protection, youth development, anti-corruption measures, and workforce support.

As part of its zero-tolerance stance on fraud and corruption, JOSHCO conducted public awareness campaigns through physical engagements and social media outreach. These initiatives were aimed at educating communities on fraud prevention and promoting ethical conduct.



Further extending its social impact, JOSHCO launched a comprehensive tenant education campaign. This initiative provided valuable information on social and affordable housing, addressed common maintenance concerns, and clarified rental collection processes.

JOSHCO ensures that the design and delivery of its programmes and projects are shaped by the needs and aspirations of all stakeholders. Its mandate

goes far beyond providing rental housing, it is about creating sustainable, inclusive communities where tenants can thrive. Through bold, tenant-focused initiatives, JOSHCO actively drives social transformation and demonstrates its commitment to responsible corporate citizenship, strengthening communities and enabling long-term development.



CHAPTER 05



FINANCIAL PERFORMANCE AND EXPOSURE

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.

Table 39: Statement of Financial Position for the year ended 30 June 2025

Table 39: Description	30 June 2025	30 June 2024	Variance	Variance %
	R'000	R'000	R'000	
Assets				
Current Assets				
Inventories	484	518	(34)	-7%
Loans to shareholders	5 958	5 958	-	0%
Current tax receivable	-	50	(50)	-100%
Receivables from exchange transactions	1 181 627	1 183 319	(1 692)	0%
Receivables from non-exchange transactions	45	-	45	
VAT receivable	2 497	8 122	(5 625)	-69%
Cash and cash equivalents	22 689	20 994	1 695	8%
	1 213 300	1 218 961	(5 661)	0%
Non-current assets				
Property, plant and equipment	27 843	31 555	(3 712)	-12%
Intangible assets	3 744	11 681	(7 937)	-68%
Investment in joint venture	21 700	20 650	1 050	5%
Deferred tax			-	
Total Non-current assets	53 287	63 886	(10 599)	-17%
Non- Current Assets	1 213 300	1 218 961	(5 661)	0%
Current Assets	53 287	63 886	(10 599)	-17%
Total Assets	1 266 587	1 282 847	(16 260)	-1%
Liabilities				
Current Liabilities				
Loans from shareholder	(1 728 551)	(1 309 093)	(419 458)	32%
Borrowings - DBSA	(2 142)	(2 142)	-	0%
Finance lease obligation		(407)	407	-100%
Payables from exchange transactions	(1 544 777)	(1 399 271)	(145 506)	10%
Deffered income	(21 207)	(41 970)		-49%
	(3 296 677)	(2 752 883)	(543 794)	20%
Non-Current Liabilities				
Borrowings - DBSA	(5 144)	(6 617)	1 473	-22%
Deferred Income from non-exchange transactions	(178)	(178)	-	0%
	(5 322)	(6 795)	1 473	-22%
Non-Current Liabilities	(5 322)	(6 795)	(12 117)	-22%
Current Libities	(3 296 677)	(2 752 883)	(6 049 560)	20%
Total Liabilities	(3 301 999)	(2 759 678)	(542 321)	20%
Assets	1 266 587	1 282 847	(16 260)	-1%
Liabilities	(3 301 999)	(2 759 678)	(542 321)	20%
Net Assets	(2 035 414)	(1 475 202)	(560 212)	38%
Share Capital	0.120	0.120	-	0%
Accumulated deficit	(2 035 414)	(1 475 202)	(560 212)	38%
Total Net Assets	(2 035 414)	(1 475 202)	(560 212)	38%

ASSETS AND LIABILITIES.

ASSETS

Current Assets

Current assets decreased by R5.6million (less than 1%) when compared to the previous financial year. This is largely due to the analysis and correction of previous year balances during the year-end annual financial statements preparation process. It is important to note that the Receivables from exchange transactions relating to intercompany balances continues to decrease at a slow pace where some CoJ Departments are delaying settling the long outstanding debt. Escalations have been made to relevant CoJ stakeholders through intervention from the CoJ Group CFO where all processes that were delaying payment are attended to. Engagements continue to be held monthly with CoJ Departments to settle long outstanding debts, which has yielded results with some departments making payments or committing to make payments on finalization of payment processes. The balances owed as of 30 June 2025 are also detailed in Table 39 of this chapter

Non-current assets

Movements in non-current assets are as a result of depreciation and amortisation, which is a common accounting treatment to fairly present the value of assets being utilised.

LIABILITIES

Loans from shareholders increased by R419 million (24%) (from R1.3 billion to 1.7 billion) mainly due to the entity not receiving funds owed from various entities where JOSHC0 is an implementing agent for their projects. As a result. The interest incurred on the overdraft balance significantly grows the liability balance. Engagements have been held monthly with CoJ Departments to settle long outstanding debts; some departments have committed to making payments on finalization of payment processes. Included in current liabilities is the current portion of the long-term loan from the DBSA. Payables from exchange transactions have increased by R145.5 million (9.6%), which is a result of inconsistent allocation and limited cash to JOSHC0 to settle some of the outstanding and overdue trade payables from contractors and service providers. JOSHC0 is continuously engaging with Group Finance (Treasury) on a weekly basis for allocation of cash to settle invoices incurred from service providers.

There has been a change in the composition of non-current liabilities. The deferred income balance of R21.2 million relates to the accounting treatment of the transactions in the SHRA Trust bank account. The Finance lease contract is due to expire on 30 June 2025, and therefore there is no obligation beyond 12 months (i.e. no non-current liability portion).



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 2025 resulted in a deficit of R559 942 million per Table 40 below.

Table 40

	Actual	Budget	Variance	Variance %
	YTD	YTD		
	R'000	R'000		
Rental Income	174,427	153,511	20,916	13.63%
Subsidies	143,863	143,863	-	0.00%
Management Fees	27,577	67,754	(40,177)	-59.30%
Interest Income	38,757	25,474	13,283	52.14%
Share of Surplus from joint venture	1,320	-	1,320	100.00%
Utility Recoveries	14,253	2,012	12,241	608.40%
Other Income	20,346	1,970	18,376	932.79%
SHRA Tenanting	5,454		5,454	100.00%
Government Grant	5,997	6,000	(3)	-0.05%
Total Revenue	431,994	400,584	31,410	7.84%
Personnel costs	(236,413)	(220,296)	(16,117)	7.32%
Board fees	(2,432)	(2,448)	16	-0.65%
Debt impairment	(188,487)	(26,408)	(162,079)	613.75%
Depreciation and Amortisation	(6,811)	(1,705)	(5,106)	299.47%
Finance Costs	(126,160)	(1,005)	(125,155)	12453.23%
Impairment loss	(6,735)	-	(6,735)	100.00%
Loss on disposal of assets	(201)	-	(201)	100.00%
Bad debts written off	(4,659)	-	(4,659)	100.00%
Repairs and Maintenance	(133,074)	(71,739)	(61,335)	85.50%
Security	(84,514)	(2,138)	(82,376)	3852.95%
Utilities	(146,434)	(32,371)	(114,063)	352.36%
Administrative	(56,014)	(42,474)	(13,540)	31.88%
Total Expenditure	(991,935)	(400,584)	(591,350)	147.62%
Operating (Deficit)/Surplus before tax	(559,941)		(559,941)	
Taxation	-	-	-	-
Operating (Deficit)/Surplus after tax	(559,941)		(559,941)	

REVENUE

Composition of Revenue

The entity's revenue is derived from the streams per Table 41S below.

Table 41: Composition of Revenue

Table 41: Description	Actual	Budget	Weighting %
	R'000	R'000	
Rental Income	174,427	153,511	40%
Subsidies	143,863	143,863	33%
Shra tenanting income	5,454	-	1%
Share of surplus from Joint venture	1,320	-	0%
EPWP Governemnt Grant	5,997	6,000	1%
Management Fees	27,577	67,754	6%
Interest Income	38,757	25,474	9%
Utility Recoveries	14,253	2,012	3%
Other Income	20,346	1,970	5%
Total Revenue	431,994	400,584	100%

Total revenue is above budget by R31.2.4 million (7.84%). The biggest contributor to revenue earned in the current financial year is rental income, making up 4440 of total revenue. Rental income is R20.9 million (13.6%) over budget due to tenant allocation of projects being higher than projected as a result of the use of high occupancy achievement in newly completed projects. i.e. Ekhaya Gardens, Riverside View and Lufhereng. Management fees are under budget by R40.2 million (59.3%). JOSHCO has commenced less special projects for CoJ Core Departments due to the long outstanding debt not being settled on time. The interest income charged on overdue rental debtors is above budget by R13.3 million (52.14%) due to interest charged to defaulting tenants.

Table 42: Revenue Collection

The entity's revenue collection levels have improved year-on-year, rising from 57% to 69% (Table below). Collection rates by category are as follows: SHRA-funded projects – 68.75%, JOSHCO projects – 83%, and retail space – 97%. Excluding City referral stock, the overall collection rate stands at 69%.

CATERGORY	PERIOD	TOTAL BILLING	TOTAL COLLECTION	% COLLECTION	SHORTFALL
		R'000	R'000		
SHRA Projects (13)	Q1	24 963,96	-16 430,55	66%	8533,41
	Q2	25 694,18	-17 338,65	67%	8355,53
	Q3	26 435,18	-18 711,47	71%	7723,71
	Q4	26 661,34	-19 041,38	71%	7619,96
JOSHCO Projects (11)	Q1	6759,90	-5 219,76	77%	1540,14
	Q2	6446,61	-5 149,71	80%	1296,90
	Q3	6372,12	-5 559,06	87%	813,06
	Q4	6710,16	-5 899,74	88%	810,42

Retail Space (9)	Q1	2047,32	-1 959,04	96%	88,28
	Q2	2093,56	-2 278,52	109%	-184,96
	Q3	2128,52	-1 794,57	84%	333,95
	Q4	3134,4	-3 088,28	99%	46,12
Overall collection	2024/25 FY	139 447,25	-102 470,73	69%	36 976,52

Revenue Collection by Debt Collection Companies

The company uses the services of a debt collecting companies to collect debt over 90 days and above R10 000. The performance of the debt collection company is shown in Table 43 below. For the quarter under review, the companies have collected R8 million (4.1%) from the R193.9 million handed over to them for collection.

The debt collection companies appointed are proceeding with collection of all debt above 60 days. We are also continuing with our internal collection processes. Various settlement discount voucher initiatives will continue to be implemented to encourage tenants to settle long outstanding debt.

Table 43: Performance of debt collection companies for the current year to date

Month	No. of accounts handed over	Amount handed over	Amount Collected	% Collection
		R'000	R'000	
Jul-24	3 552	166 744	665	0.40%
Aug-24	3 552	172 045	615	0.36%
Sept-24	3 552	169 395	640	0.38%
Oct-24	3 552	181 618	767	0.42%
Nov-24	3 552	179 443	708	0.39%
Dec-24	3 552	182 625	677	0.37%
Jan-25	3 552	183 192	533	0.29%
Feb-25	3 552	193 886	670	0.35%
Mar-25	3 552	188 438	601	0.32%
Apr-25	3 552	181 618	767	0.42%
May-25	3 552	179 443	708	0.39%
Jun-25	3 552	182 625	677	0.37%
TOTAL YEAR TO DATE	3 552	193 886	8 027	4.14%

In trying to prevent the debt to escalate and to get the tenants to pay whilst the debt is still affordable, we're also looking at system write-offs for all closed accounts in our books as those tenants have since vacated and the units are occupied by paying tenants. Tenants who vacated and got evicted with balances owed are blacklisted with all Credit Bureaus.

1.2. EXPENDITURE

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

a) Personnel costs: The employee cost is R16.1 million (7%) is over budget due to salary adjustments and EPWP.

b) Board fees: The director's remuneration (board fees) is variable based on regular and special Board meetings as well as Interviews for Executive posts.

c) Debt impairment: The debt impairment is over budget by R162.07 million (631%) due to low rental collection resulting in more tenant debt being impaired.

d) Depreciation and Amortisation: Depreciation and amortisation is R5.1million (299%) over budget due to the purchase of computer equipment and office equipment.

e) Finance costs: Finance costs exceed the budget by R125.16 million (12 453%) due to interest incurred on negative Sweeping account (overdraft) arising from delays in receiving payment from projects undertaken on behalf of COJ departments.

f) Bad debts written off: Bad debts written off amounted to R4.66 million. These are irrecoverable amounts per the conditions of the bad debt write-off policy. The bad debts were not budgeted for as the entity does not anticipate nor plan for writing off debts; instead, the focus and priority is to collect all outstanding rental debt.

g) Repairs and Maintenance: Repairs and maintenance expenditure is R61.3million (85%) above budget due to responsive maintenance on dilapidated buildings.

h) Security: Security services is R82.3 million (3852%) above budget. The budget was only for security for head office. However, JOSHC0 continues taking on burden to secure City-owned buildings.



i) Utilities: The utilities expenditure is R114.1 million (352%) above budget due to slow pace in rolling out prepaid vending system.

j) Administrative costs: The administrative costs are R13 million (31%) above budget due to consulting fees as well as legal fees to secure evictions.

Section 3:

Cash and cash equivalents balance as at 30 June 2025 is R22.69 million as shown in Table 44 below. The tenant deposit account has a balance of R20.4 million. An amount of R1.7 billion represents the entity's portion on the CoJ sweeping account and is disclosed as a current liability (Loans from shareholders)

Table 44: Cash Flow Statement

Figures in Rand thousand	Note(s)	2025	2024 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		33,888	94,171
Grants		149,860	148,061
Interest income		38,757	38,428
Taxation		50	9,090
		222,555	289,750
Payments			
Employee costs		(240,385)	(214,893)
Suppliers		(269,750)	(323,725)
Finance costs		(126,157)	(113,315)
		(636,292)	(651,933)
Net cash flows from operating activities	25	(413,737)	(362,183)
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(2,146)	(10,826)
Movement in investments (incl. Controlled entities, JVs & Assoc)		-	550
		(2,146)	(10,276)
Cash flows from financing activities			
Net movement on borrowings - dbsa		(1,473)	(1,353)
Net movement on shareholders' loan		419,458	196,141
Finance lease payments		(407)	(376)
		417,578	191,429
Net increase/(decrease) in cash and cash equivalents		1,695	(181,030)
Cash and cash equivalents at the beginning of the year		20,994	202,024
Cash and cash equivalents at the end of the year	6	22,689	20,994

Cash Flow Statement

Cash and cash equivalents balance as at 30 June 2025 is R22.69 million. The tenant deposit account has a balance of R20.4 million. An amount of R1.7 billion represents the entity's portion on the CoJ sweeping account and is disclosed as a current liability (Loans from shareholders). Table 45

Section 4:

The approved adjustment capex budget for the 24/25 financial year is R270 796 million (23/24: R337.5 million) funded from external funding sources (EFF) capital reserves (CRR) and grants (MIG). As of 30 June 2025, ~~100%~~ of the budget has been spent, representing a completion amount of 100%. This is

Table 45: CAPEX Expenditure

SOURCE	BUDGETS	CLAIMS	%
EFF -350	235 216 100,00	233 675 891,74	99%
CRR-360	9 700 000,00	10 953 733,95	113%
MIG-373	25 880 446,00	25 865 277,50	100%
TOTAL	270 796 546,00	270 494 903,19	100%



Table 46: CAPEX Spend per Project

Project Name	Budget (R)	Expenditure (R)	Balance (R)
Existing stock redevelopment upgrade and major maintenance renewal building alterations Johannesburg F City Wide	17 039 294,00	27 479 111,07	(10 439 817,07)
30042 - Kelvin	4 000 000,00	4 916 929,51	(916 929,51)
Lombardy East Housing Project New Housing	8 060 806,00	14 917 940,46	(6 857 134,46)
Lombardy East Housing Project New Housing	3 000 000,00	3 761 201,86	(761 201,86)
Lufhereng Social Housing Project New Housing	7 000 000,00	23 976 821,15	(16 976 821,15)
Nancefield Station Housing/Klipspruit St	70 000 000,00	57 133 713,54	12 866 286,46
Selkirk Social Housing Project New Housing	18 880 446,00	1 888 456,35	16 991 989,65
Golden Highway Social Housing Project Ne	40 000 000,00	22 986 596,62	17 013 403,38
Casa-Mia Renewal Building Alterations	1 000 000,00	343 924,21	656 075,79
Malvern Emergency Housing Project	1 000 000,00	304 241,87	695 758,13
Malvern Building Conversion	0,00	660 000,00	(660 000,00)
38 Rissik Street (Nbs) Inner City Building	5 500 000,00	8 991 108,85	(3 491 108,85)
Booysens Place Inner City Building Conversion	10 000 000,00	3 331 853,72	6 668 146,28
Smit Street Inner City Building Conv	10 000 000,00	12 064 542,73	(2 064 542,73)
Marlboro Social Housing Project Region E	3 250 000,00	12 136 891,69	(8 886 891,69)
Turn-Key 1: Region A	54 866 000,00	49 620 642,72	5 245 357,28
Turn-Key 1: Region B	1 000 000,00	1 611 294,33	(611 294,33)
Park Chambers	6 700 000,00	6 532 532,09	167 467,91
Frank Brown/ Milpark Social Housing Development	6 000 000,00	11 771 488,26	(5 771 488,26)
Turn-Key: Region F (Denver Social Housing)	3 500 000,00	6 065 612,16	(2 565 612,16)
	270 796 546,00	270 494 903,19	301 642,81

Section 5: Ratio Analysis.

The following financial ratios are crucial in measuring the financial stability of the entity:

Table 47: Key ratio Analysis as of 30 June 2025

KEY PERFOR- MANCE INDICATOR	2024/25 TARGET	PERFORMANCE	VARIANCE
Achievement of selected profitability and liquidity ratios	Current ratio 1:1	0.37:1	-0.63:1
	Solvency Ratio 1:1	0.38:1	-0.62:1
% collection in respect of current debtors	80% collection in respect of current debtors	69%	-11%

KEY PERFORMANCE INDICATOR	2024/25 TARGET	PERFORMANCE	VARIANCE
% 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)	49%	-51%
% Capital Expenditure Budget.	100% Expenditure of Approved Capital Budget.	100%	0%

It is important to note that JOSHC0's cost coverage ratio is 767 days. This implies that JOSHC0 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 due to high provision for bad debts and high operating costs, mainly utilities, finance costs and repairs and maintenance costs.

The entity's reviewed 5-year strategy to improve the entity's 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 Human Settlements has resumed however this strategy is still derailed by halting of work on behalf of other departments due to SDA issues.
- Student accommodation – pilot phase is currently under implementation. Occupancy rate is at 100%. Additional student accommodation projects are being considered to raise more cash due to their good performance in rental collection.
- Commercial spaces –maximise commercial spaces available for additional revenue to be generated.

Strategies to reduce expenditure are as follows:

- Staff costs: Overtime management by line managers and management intervention in their departments

to reduce leave balances by ensuring their subordinates takes mandatory leave. All employees are now on ESS where leave will be automatically forfeited if not taken. Controls around EPWP management to be strengthened.

- Utilities: Prepaid meters are being rolled out in projects budget permitting. A flat rate for water is being charged while the water meters are being sourced and installed.
- Security: Implementing of cost cutting measures are in place. i.e. lower grade guards and reduction in number of guards where possible.

In addition to the above. the following measures are also being considered in attempts to manage operational costs

- Investigation of utilities billing to ascertain whether there may be a billing error resulting in high water and sanitation costs.
- Engagements being held with Department of Human Settlements to effectively hand over City referral stock and costs associated with managing those projects that are being incurred by JOSHC0.
- The BEC is to be mandated to negotiate savings with the approved service provider/s and those should be included in the final service level agreement.

- Where feasible, testing of the market is to be performed prior to finalising budget for new tenders to be advertised to ensure that JOSHC0 will procure goods and services in the most economical man.

5.1.2 Collection in respect of current debtors

JOSHC0 management has taken a holistic view of dealing with the challenge of revenue collection and has put in place necessary steps that will foster and encourage initiatives that will help bolster revenue collection and ultimately establishing a book value that is sustainable and viable.

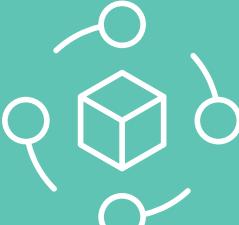
- Improved revenue collection: Achieved 69% collection without City Stock for 2024/25 FY.
- Pre-legal department: Established to handle debts over 30 days. recommending recovery methods like attachment orders and evictions.
- Settlement discounts: Offered for tenants willing to settle debts in full or reduce overdue amounts.
- Non-reversible payment methods: Introduced DebiCheck mandates for new accounts. lease renewals. and payment arrangements.
- Technology enhancements: Deployed Speed Point devices for tenant convenience and biometric access

for valid leaseholders.

- Implementing departmental changes to reduce costly inefficiencies: Responding to new competitive markets. and developing strategies to move forward successfully.
- Introduction of in-house electricity vending system and installation of smart meters to better manage and control utility bills.
- Active call to default tenants to sign acknowledgement of debt (AOD's) and make payment arrangements for long outstanding debt.
- Launch of new freeze and reversal promotion for current and historical interest charges for tenants who sign AOD's.
- Improved credit evaluation process 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 for this stock to be returned to the city. COJ Council has approved the transfer of this stock to COJ Department of Human Settlements during the Council meeting held 30-31 July 2024.

Section 6:

Supply Chain Management and B-BBEEE



There was one deviation approved for the 2024-2025 financial year.

Payments Within 30 Days

The MFMA requires that Municipal entities pay suppliers within 30 days. In the current quarter ended 30 June 2025, only 49 % of valid invoices were paid within 30 days per Table 49 below. This is due to CoJ Treasury limiting the funds allocated to entities for supplier payments on a weekly basis.

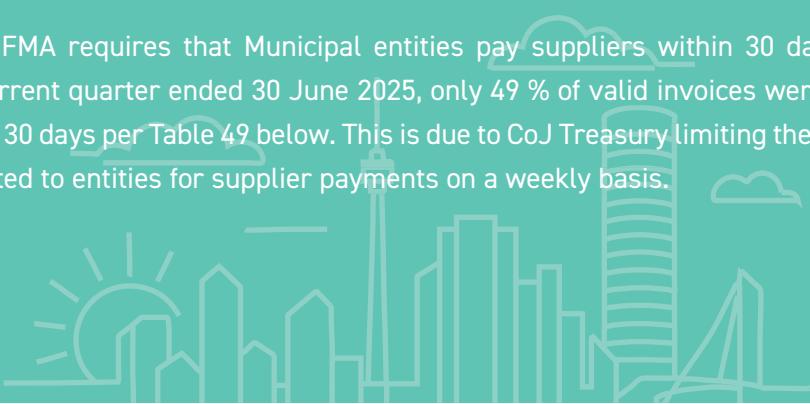


Table 48: Payment within 30 days

Period	Total number of supplier payments	Total number of invoices received in the period	% Paid within 30 days	Total number of invoices not paid within 30 days	% Not paid within 30 days
2024-25FY	2020	4105	49%	2885	-51%

The Tables below disclose the irregular as well as fruitless and wasteful expenditure as at the end of the quarter.

Table 49: Irregular Expenditure

Table 49:	Irregular Expenditure	2025	2 024
Opening Balance		422 668.00	278 756.00
Irregular Expenditure for Current Year		661.00	16 000.00
Irregular Expenditure identified in the current year relating to the prior year		151 033.00	62 380.00
Overspending of budget		592 991.00	416 967.00
Irregular Expenditure identified in the current year relating to the prior years		110 463.00	
Irregular expenditure written off	-	444 398.00	- 351 435.00
Irregular expenditure written off	-	199.00	
Closing Balance		833 219.00	422 668.00

There is potential irregular expenditure on the year-to-date overspend of the budget of over R356 million should the entity's deficit position not reverse by the end of the financial year.

Table 50: Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure		
Opening balance	743	282
Expenditure relating to the current year	322	504
Expenditure to be recovered	(307)	-
Expenditure to be written-off	(121)	-
Prior period error (Correction of sherrif costs)	-	(44)
	637	743

Variations From Original Approved Purchase Orders.

There are approved variation orders for the period under review as per Table 51 below. These variations as approved by the accounting officer are complying to MFMA Circular 62.

Table 51: Approved variation order for the year ended 30 June 2025

Bid number	Project description / scope of work (variation order)	Department/ end user	Bac date	Service provider	Awarded amount

RFQ/ SA/005/2023	The appointment of a contractor for refurbishment. Retrofitting. Furnishing JOSHCO student accommodation building	Housing management	10 October 2024	Gohela Construction	R 3 174 600.59
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RFB/PM/ UISP/010/2021	The appointment of project management consultant for phase 3 of informal settlement located in region G	Housing management	14 October 2024	Rixongile Consulting Engineers	R 13 176 819.38
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Bid number	Project description / scope of work (variation order)	Department/ end user	Bac date	Service provider	Awarded amount
	The appointment of a contractor for de-densification of hostels and Informal settlements of phase 1b in region E.	Housing management	12 December 2024	Pro-Power Group (PTY) LTD	R 63 513.17
	Content editing. Layout and design of the JOSHCO integrated annual report for the period of three years	Business planning and strategy	05 February 2025	M AND R BADIRI CONSULTANT	R127 349.55
	The appointment of a contractor for transitional residential units (TRU). Restorative works in 12 second avenue. Region E	Housing management	12 December 2024	Tendiwanga Morula Turnkey	R3 725 255.28

Awards Made During the Financial Year

The table below details all awards made via a public tender (above R750 000) or through our approved panels (above R1 million) for the year ended 30 June 2025. Appointment to a panel has no award amount because this appointment does not guarantee awarding of specific goods and services.

Table 52: Award for the financial year

BID NUMBER	PROJECT DESCRIPTION / SCOPE OF WORK	DEPARTMENT/ END USER	MEDIA AD-VERTISED	BAC DATE	AWARDED SERVICE PROVIDER	MALE/ FEMALE/ YOUTH	REASON FOR AWARD	BUDGET/ ESTIMATED AMOUNT	AWARDED AMOUNT	BBBEE LEVEL
RFQ/ POC/002/2024	6GB only panel of contractors for upgrades and refurbishments – built environment for level 6GB only for a period not exceeding 36 months	Housing management	01 July 2024	10 October 2024	103 panel members	N/a	Winning bidders	N/a	N/a	N/a
RFQ/ POC/002/2024	7GB only panel of contractors for upgrades and refurbishments – built environment for level 7GB only for a period not exceeding 36 months	Housing management	01 July 2024	24 October 2024	98 panel members	N/a	Winning bidders	N/a	N/a	N/a
RFQ/HOUSING/ OO1/2024	The appointment of a contractor for the relocation of informal settlement (Kapok, Precast/Volta and Mazibuko Park) to form Roodepoort portion (9/302)	Housing management	JOSHCO approved panel of contractors	10 October 2024	Ngwanashogole /Segabokeng Jv	Male	Winning bidder	R91 000 000.00	R 86 101 769.00	One
RFQ/FIRE SER- VICES/1893/2024	The appointment of a service provider for maintenance of fire equipment at Ekhayi Gardens	Housing management	JOSHCO approved panel of fire equipment	10 October 2024	Vuhuri Holding	Female	Winning bidder	R 1200 000.00	R 903 035.95	One
RFP/PM/HOUS- ING/001/2024	The appointment of a project manager for the relocation of informal settlements (Kapok, Precast/Volta and Mazibuko Park) / Roodepoort portion 9/302).	Housing management	JOSHCO approved panel of contractors (project managers)	15 November 2024	Phoenician Group	Female-youth	Winning bidder	R 14 543 120.00	R 14 778 186.80	One

BID NUMBER	PROJECT DESCRIPTION / SCOPE OF WORK	DEPARTMENT/ END USER	MEDIA AD-VERTISED	BAC DATE	AWARDED SERVICE PRO-VIDER	MALE/ FEMALE/ YOUTH	REASON FOR AWARD	BUDGET/ ESTIMATED VALUE	AWARDED AMOUNT	BBBEE LEVEL
RFQ/BEREA/001/2024	The appointment of a contractor for the refurbishment of regent house in Berea, Johannesburg, Region F	Housing management	JOSHCO approved panel of contractors	12 December 2024	Bulumko Group	Female - youth	Winning bidder	R 2 600 000.00	R 2 068 737.99	One
RFQ/ICT-LAPTOPS, EQUIP/001/2024	The appointment of a service provider to provide ICT with laptops and other equipment	ICT	JOSHCO approved panel of ICT	13 November 2024	Oneway Technologies	Male	Winning bidder	R 2 300 000.00	R 2 095 892.20	One
RFQ/PM/R1/O-NIA/001/2024	The appointment of a project management consultant for the Rivonia social housing project	Housing management	JOSHCO approved panel of contractors (project managers)	23 December 2024	Rixongile Consulting Engineers and Projects	Male	Winning bidder	R50 000 000.00	R57 548 050.60	One
RFQ/HOUS-ING/003/2024	Appointment of a contractor for the upgrading of Tshepiseng informal settlement portable water system and installation of sewer reticulation system for extension 8	Housing management	JOSHCO approved panel of contractors	04 February 2025	Gvk-Siya Zama Building Construction	Female	Winning bidder	R75 000 000.00	R73 508 156.03	ONE
RFQ/SEL-KIRK/003/2024	The appointment of a contractor for construction of 145 new social housing units. And sewer upgrade. Corner Sekirk Avenue and Bram Fischer drive. Randburg	Housing management	JOSHCO approved panel of Contractors	03 March 2025	Khavhakone Construction Group	Male -Youth	Winning Bidder	R215 000 000.00	R206 109 488.72	One
RFQ/NANCE/002/2025	The appointment of a contractor for completion of 372 social housing units at Nancefield on portion 7 of erf 1	Housing management	JOSHCO approved panel of Contractors	07 March 2025	New Genesis Properties and Projects	Female - Youth	Winning Bidder	R77 000 000.00	R83 900 425.46	One

Analysis Of Expenditure for the Financial Year

This section provides reporting on the nature of expenditure per category (i.e., CAPEX and OPEX), ownership and B-BBEE levels of contributions. This expenditure includes expenditure done on behalf of other COJ departments.

Table 53: Expenditure by sourcing process (Nature)

a) Total Expenditure		
Nature of expenditure	2024-25FY R'000	% of total expenditure
Capital Expenditure	109 500	58
Operational Expenditure	78 142	42
Total Expenditure	187 642	100

b) Capital Expenditure		
Nature of expenditure	2024-25FY R'000	% Of Capex expenditure
Professional Consultants	67 891	61
Contractor Payments	41 609	39
Total Expenditure	109 500	100

c) Operational Expenditure		
Nature of expenditure	2024-25FY R'000	% Spend
Procurement <R750 000	1 982	3
Cleaning and Gardening	0	0
Directors Remuneration-Board and Comm	684	1
Operational Expenditure	5 737	7
Security Services	17 520	22
Repairs and Maintenance	52 219	67
Total	78 142	100

ACHIEVEMENT ON B-BBEE

JOSHCO promotes economic empowerment by spending on previously disadvantaged group as detailed in Tables 54 to 56.

Table 54: Summary of spent to at least 51% black owned companies

Period	Total OPEX from procurement activities	OPEX to at least 51% black-owned companies	% Spend for the period
	R'000	R'000	
2024-25FY	78 142	78 017	99.77%

Period	Total CAPEX from procurement activities R'000	CAPEX to at least 51% black-owned companies R'000	% Spend for the period
2024-25FY	109 500	108 178	92.19%

Table 55: Summary of spend on women owned companies

Period	Total OPEX from procurement activities R'000	OPEX to women-owned companies R'000	% Spend for the period
2024-25FY	78 142	11 557	22.18%
Period	Total CAPEX from procurement activities R'000	CAPEX to women-owned companies R'000	% Spend for the period
2024-25FY	109 500	5 306	7.81%

Table 56: Summary of spend on youth owned companies

Period	Total OPEX from procurement activities R'000	OPEX to youth-owned companies R'000	% Spend for the period
2024-25FY	78 142	0	0%
Period	Total CAPEX from procurement activities R'000	CAPEX to youth-owned companies R'000	% Spend for the period
2024-25FY	109 500	0	0%



Section 7: Pending Litigations and Possible Liabilities

In the financial year under review, JOSHC0 had a few litigations that were still pending and being attended to by the legal department. All cases relate to issues arising from the development of JOSHC0's buildings. Table 57 sets out the nature of the cases that the entity is dealing with.

Table 57:

LITIGATION	STATUS	POSSIBLE LIABILITY
1. Applications for demolitions in respect of the Dobsonville Social Housing Project.	In Progress	Expenditure to date: R 785 932,29
2. Various evictions and recovery of outstanding rental.	In Progress	Expenditure to date: R 5 876 583.46 spent on legal fees.
3. Social Housing Movement and 5 others / JOSHC0 and 3 others	In Progress	Expenditure to date: R479 023 Spent on legal fees
4. JOSHC0 / Quick Prop Systems (Pty) Ltd	In Progress.	Expenditure to date: R 419 310.90 Spent on legal fees
5. JOSHC0 / Illegal occupants of the Casa Mia building	In Progress:	Cost incurred to date: R 638 435.07. Spent on legal fees
6. TSSN Carriers (PTY) Limited/ JOSHC0 Social Housing Company (SOC) Ltd [Ens-Ens.Fid642228	In Progress	Expenditure to date R850 318.44 spent for legal fees
7. JEH Properties / JOSHC0 Cancellation of Property Sale Agreement in respect of 195 Commissioner Street.	In Progress on civil claim	Expenditure to date: R38 775.00 Costs/claim to be recovered: R 6 500 000 purchase price plus R 487 260.80 transfer costs.
8. SKN Consulting / JOSHC0 Claim for damages.	In Progress	Expenditure to date: R 79 940.00 spent on legal fees. Costs/claim to be recovered: R 13 926 340.53 spent on professional fees, R 719 340.00 for damages

Section 8:

Insurance Claims against/to ME

The entity utilises a group insurance scheme that is managed by the City. The scheme covers a range of incidents, including motor, non-motor, and employees and third-party liability. Several claims related to property damage of the JOSHC0-managed rental stock have been lodged with the insurer since the beginning of the financial year. These claims range from third-party liability to non-motor claims. As of June 2025, there is a total of twenty-six (26) claims, of these, six (6) are closed (settled and rejected) and twenty (20) are active.

Table 58: Insurance Claims as of June 2025.

Claim Type	Active	Rejected	Settled	New Claims
Employee Personal Liability (EPL)	0	0	1	0
Third-Party Liability	6	0	1	0
Assets	10	0	2	2
Group Personal Accident (GPA)	4	1	1	0
Total	20	1	5	2

Section 9: Statement on amounts owed by and to Government Departments and Public Entities.

The amount which JOSHC0 owes other departments or entities or that which other departments or government entities owe JOSHC0 is shown in Table 59 below.

Table 59: Statement of amounts owed by or to government departments and public entities

Name of department	30-Jun-25 (R)	30-Jun-24 (R)	Account Status	Comments
City of Johannesburg: Sweeping account	-1 735 056 782.00	-1 439 740 179.79	180 days overdue	The entity is engaging with departments to settle the outstanding debts however the issues with the SDA persist and there has been no resolution as at the end of this quarter.
				Follow up letters have been sent to departments.
City of Johannesburg: Salaries	-264 245 964.17	-227 363 142.96	180 days overdue	Operational subsidy is now applied to salaries.
Name of department	30-Jun-25	30-Jun-24	Account Status	Comments
City of Johannesburg: Municipal Charges	-504 977 957.94	-229 454 236.21	180 days overdue	No settlement has been made in the quarter due to the entity's financial constraints.
City of Johannesburg: GCSS	-268 232 421.89	-190 635 920.95	180 days overdue	No settlement has been made in the quarter due to the entity's financial constraints
Total owed by JOSHC0	-R3 028 684 000	-2 087 193 479,91		

Name of department	30-Jun-25 (R)	30-Jun-24 (R)	Account Status	Comments
City of Johannesburg: Human Settlements	778 119 730.63	690 212 929.02	180 days overdue	DHS has paid JOSHCO R13 million this quarter. Follow-up letters have been sent to the department
City of Johannesburg: Treasury	5 958 169.39	5 958 169.39	180 days overdue	A meeting was held with Treasury. A commitment has been made to investigate the transaction. No resolution as at the end of the quarter.
City of Johannesburg: CAM	88 413 857.51	159 300 613.61	180 days overdue	CAM has paid an amount of R19 million in this quarter 4.
City of Johannesburg: Health Department	6 634 236.29	8 147 298.76	180 days overdue	The entity is engaging with departments to settle the outstanding debts however the issues with the SDA persist and there has been no resolution as at the end of this quarter.
City of Johannesburg: Development planning GEF Project	4 065 148.55	2 141 642.45	180 days overdue	
City of Johannesburg: JDA	96 800.00	96 800.00		
Name of department	30-Jun-25 (R)	30-Jun-24 (R)	Account Status	Comments
City of Johannesburg: JPC	600	9 906 600.00		
City of Johannesburg: Community Development	106 910 609.00	168 150 404.38	180 days overdue	Community Development has made a payment of R18 million in this quarter 4.
City of Johannesburg: Legislature	46 823 417.73	46 823 417.73	180 days overdue	
City of Johannesburg: JMPD	50 987 193.98	46 794 434.97	180 days overdue	The entity is engaging with departments to settle the outstanding debts, however the issues with the SDA persist and there has been no resolution as at the end of this quarter.
City of Johannesburg: EMS	31 063 629.24	32 241 079.67	180 days overdue	
City of Johannesburg: Office of the COO	22 333 381.03	14 853 943.35	180 days overdue	Follow up letters have been sent to departments.
City of Johannesburg: Transport	24 160 154.69	22 107 204.69	120 days overdue	
City of Johannesburg- Social Development	64 350.49	2 154 547.47	180 days overdue	
City of Johannesburg -EPWP Grant	4 128 723.49	13 418 106.58	180 days overdue	
City of Johannesburg- Financial Accounting	32 614 629.24	0	Current	
City of Johannesburg: Licencing	2 172 105.36	4 056 469.07	180 days overdue	
Total owed to JOSHCO	-R1 309 013 000,00	-1 226 363 661,14	00000---	

CHAPTER

06



INTERNAL & EXTERNAL AUDIT FINDINGS

Section 1: Progress on Internal Audit Plan



The operations of Internal Audit are guided by Section 165 of the MFMA, as well as the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors. For the 2024/2025 financial year, the Internal Audit function continued to provide independent assurance on the adequacy and effectiveness of the entity's risk management, control, and governance processes.

Internal Audit Independence and Internal Audit Compliance with ISPPIA.

The legislation governing Internal Audit operations requires that the function remain independent of management and report functionally to the Audit and Risk Committee (ARC). In line with the International Standards for the Professional Practice of Internal Auditing (ISPPIA), the Chief Audit Executive (CAE) confirms the department's organisational independence and objectivity, ensuring that Internal Audit operates free from any influence or control that could compromise unbiased judgment. The activity is not subject to the direction of Executive Committee 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 Institute of Internal Auditors (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.

The audits were conducted in accordance with ISPPIA, as determined by the IIA, and, accordingly, 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 internal controls as the audit intended to provide reasonable assurance thereon.

The Internal Audit Department in JOSHC0 was established in May 2020, and it has not performed any external quality assurance reviews. It is anticipated that the department will undergo external quality assurance reviews in the 2025/2026 financial year. However, the department head is a Certified Internal Auditor with the IIA, and the Internal Audit Department operates in terms of ISPPIA.

Progress on the Internal Audit Plan for 2024-2025

For the 2024/2025 financial year, the approved Internal Audit Plan has twelve (12) full audits and five (5) continuous audits, making the total number of audits 17. Internal Audit completed all the 17 planned audits for the 2024/2025 financial year.

Refer to Table 60 below for the detailed Internal Audit Plan

Below is the approved Internal Audit Plan for the 2024/2025 financial year, and it indicates the progress on the planned audits:

Table 60

No	Name of Audit	Quarter				Progress
		1	2	3	4	
Finance						
1	Review of the Annual Financial Statements	X				Completed
2	Review of the Interim Financial Statements			X		Completed
3	Supply Chain Management Audit		X			Completed
4	Costing and Budget Management Audit		X			Completed
5	Financial Discipline Review			X		Completed
6	Tender Probity Review	X	X	X	X	Completed
COO Office						
7	Housing Maintenance and Portfolio Management Audit	X				Completed
8	IT Governance Review		X			Completed
9	Business Continuity Plan, Disaster Recovery Plan and back-up Review			X		Completed
10	Housing Leasing Management Audit				X	Completed
Planning and Strategy						
11	Performance Information Review	X	X	X	X	Completed
12	Fraud Prevention and Detection Audit			X		Completed
13	SHRA Compliance Review	X				Completed
14	POPIA Compliance Review	X				Completed
Follow - ups						
15	Follow-up on Internal Audit Findings	X	X	X	X	Completed
16	Follow-up on AG Findings			X	X	Completed
Investigations						
17	UIFW Investigations Expenditure			X	X	Completed

Section 2: Progress on Resolution of Internal Audit Findings

The Institute of Internal Auditors (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 121 audit findings that were raised by internal audits throughout the financial year. Management managed to resolve 121 findings, translating to 100%.

Table 61 below indicates the resolution of Internal Audit findings as of 30 June 2025:

Departments	Total Findings	Total resolved as per Management	Total findings resolved	Total findings not resolved
Finance and SCM	39	39	39	0
Chief Operating Office (COO)	65	65	65	0
Corporate Services	7	7	7	0
Planning & Strategy	2	2	2	0
Legal (CEO)	8	8	8	0
Total	121	121	121	0
	100%	100%	100%	0%

Section 3: Progress on Resolution of External Audit Findings

In the 2023/24 Financial Year, JOSHCO achieved an unqualified audit opinion. The table below shows the Auditor General opinion status for the past five years.

Table 62: AGSA Outcomes Over the Years

Audit Year	2019/2020	2020/21	2021/22	2022/23	2023/24	2024/25
Audit Opinion	Unqualified Audit	Unqualified Audit	Qualified	Unqualified Audit	Unqualified Audit	Unqualified Audit

The AGSA raised nineteen (19) findings in the 2023/24 audit report, including two (2) matters that affected the auditor's opinion. JOSHCO demonstrated a positive trajectory in the 2024/25 financial year by reducing the number of findings raised by the AGSA. However, the overall resolution rate of AGSA findings remains low in the current financial year.

Table 63: Summary of AGSA Findings for 2024-25 FY

AG Classification	Total Findings	Resolved	Not Resolved
Matters affecting auditor's report	2	0	2
Matters to prevent material misstatements/material findings	12	9	3
Administrative matters	5	3	2
Total	19	12	7
% share of total	100%	63%	37%

Section 4: Overall State of Internal Controls



The Statement on Internal Control represents the Internal Audit Department's formal opinion on the state of JOSHC0's internal control system following a thorough evaluation. In accordance with both the King IV Report on Corporate Governance and the International Standards for the Professional Practice of Internal Auditing (ISPPPIA), the Chief Audit Executive is required to provide an annual written assessment of the adequacy and effectiveness of internal controls. This assessment serves as the foundation for the Audit and Risk Committee's (ARC) report.

Internal controls refer to the organisation's established policies, practices, and systems designed to:

Provide reasonable assurance that organisational objectives will be achieved;

Prevent fraud and corruption;

- Protect resources from waste, loss, theft, or misuse; and
- Ensure the efficient and effective use of resources.
- Conclusion.
- Following audits conducted during the 2024/2025

financial year, Internal Audit concludes that while JOSHC0's internal control systems are generally adequate in design, they remain ineffective in practice in providing reasonable assurance that the organisation's strategic and operational objectives will be achieved.

The control environment is expected to improve significantly with the full and timely implementation of Internal Audit recommendations alongside related management action plans. Moving forward, continuous monitoring, accountability, and disciplined execution will be essential to strengthening governance, risk management, and control processes.

Appendices

Appendix A: Board of Directors; Committee Allocation and Attendance

Board Directors	Board			Audit and Risk			Development			Social and Ethics		
	Attendance	Absent	Apologies	Attendance	Absent	Apologies	Attendance	Absent	Apologies	Attendance	Absent	Apologies
Number of Meetings	13	0	0	7	0	0	4	0	0	6	0	0
Theodore Dhlamini	13	0	0	0	0	0	4	0	0	0	0	0
Sello Mothotoana	0	0	0	0	0	0	0	0	0	0	0	0
Zamikhaya Wauthus Xalisa	11	1	1	0	0	0	0	0	0	5	0	0
Albert Baloyi	6	0	0	3	0	0	0	0	0	0	0	0
Lawrence Mduduzi Ndlovu	13	0	0	0	0	0	0	0	0	6	0	0
Ntokozo Mjiyako	13	0	0	0	0	0	4	0	0	0	0	0
Bayiphiwe Simelane	13	0	0	0	0	0	0	0	0	6	0	0
Thandeka Tshabalala	13	0	0	0	0	0	0	0	0	6	0	0
Musa Shibambu	13	0	0	0	0	0	4	0	0	0	0	0
Tabisa Poswa	13	0	0	0	0	0	0	0	0	6	0	0
Jason Sobekwa	13	0	0	7	0	0	0	0	0	0	0	0
Thulani Alfred Mdadane	2	11	11	0	0	0	1	0	0	0	0	0
Obed Thenga	0	0	0	7	0	0	0	0	0	0	0	0
Thulisile Mfusi	0	0	0	7	0	0	0	0	0	0	0	0
Piet Ngobeni	0	0	0	7	0	0	0	0	0	0	0	0
Nokwazi Mtshali	7	0	0	5	0	0	3	0	0	3	0	0
Musa Nkosi	7	0	0	5	0	0	3	0	0	3	0	0
Tau Masemola	1	0	0	0	0	0	0	0	0	1	0	0
Yolandi Erasmus	1	0	0	1	0	0	0	0	0	1	0	0
Jaclyne Scott	1	0	0	1	0	0	0	0	0	1	0	0
Terry Tselane	1	0	0	0	0	0	0	0	0	1	0	0
Manene Tabane	1	0	0	0	0	0	1	0	0	0	0	0
Shane Nqakalatsane	1	0	0	0	0	0	0	0	0	0	0	0
Simon Clarke	1	0	0	0	0	0	1	0	0	0	0	0
Simphiwe Mnisi	1	0	0	0	0	0	0	0	0	1	0	0
Ingle Singh	1	0	0	0	0	0	1	0	0	0	0	0
Henry Markus	1	0	0	0	0	0	1	0	0	0	0	0
Andrie Smith	1	0	0	0	0	0	0	0	0	1	0	0
Thedi Moropa	1	0	0	1	0	0	1	0	0	1	0	0
Nontobeko Ndimande	1	0	0	1	0	0	1	0	0	1	0	0

Appendix B: Committee and Committee Purpose

Audit and Risk Committee (ARC)

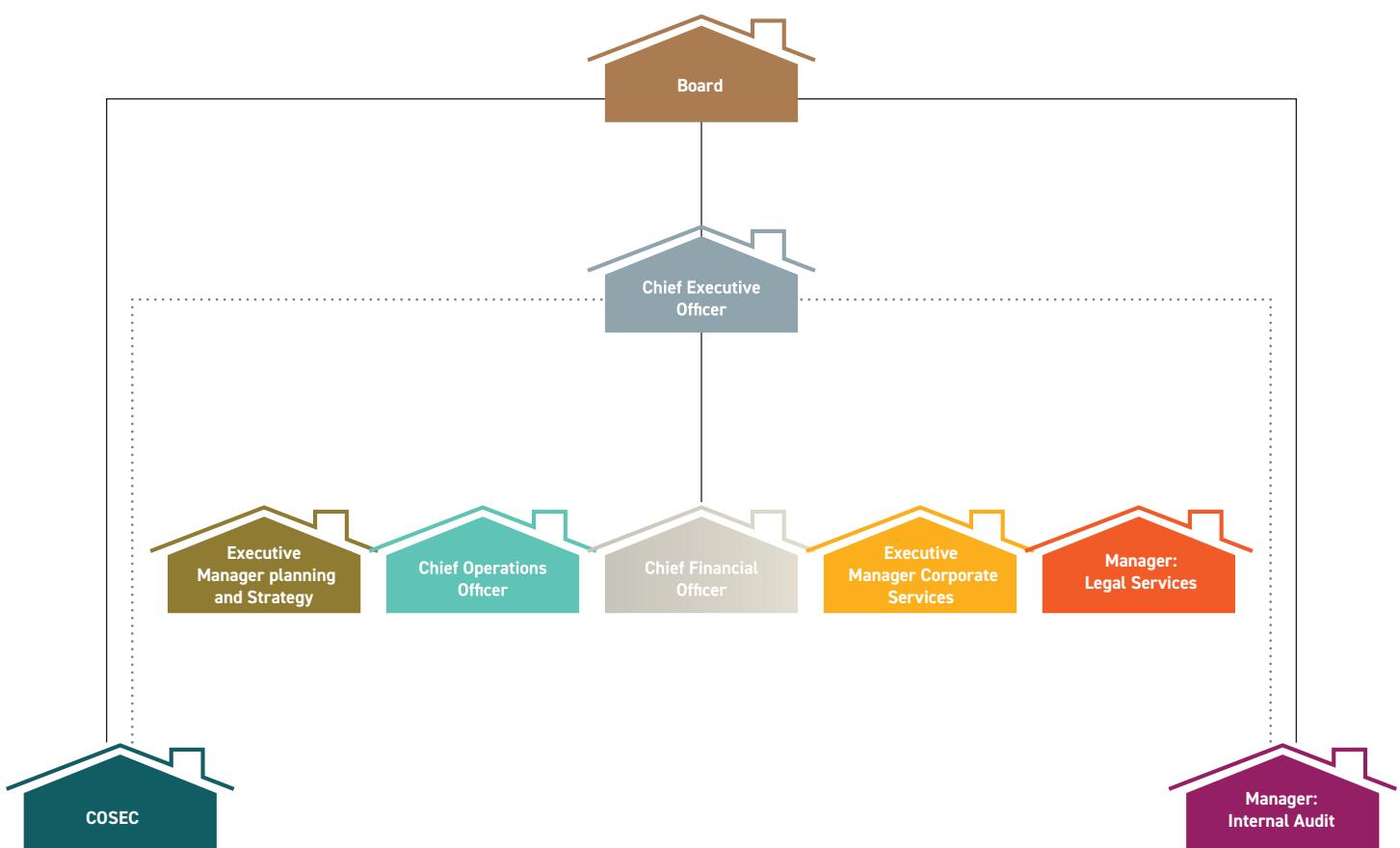
Mandate	Key areas of focus during the reporting period
<ul style="list-style-type: none"> Financial reporting and reliability of financial information. Business planning and budget implementation. Identify financial, business, and operational risk areas of the company, to be covered in the scope of internal 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 to be included in the integrated report to establish that it is timely, comprehensive, and relevant. 	<ul style="list-style-type: none"> 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).

Mandate	Key areas of focus during the reporting period
<ul style="list-style-type: none"> Review reporting concerning risk management that is to be included in the integrated report to establish whether it is truly 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. 	<ul style="list-style-type: none"> 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
<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> 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: Third Tier Administrative Structure



Appendix D: Functions 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: Recommendations of the Audit Committee

Date of Meeting	Subject	Resolution	Status (Implemented/ Not Implemented)
17 July 2024	Finance, Revenue and SCM Q4 Report.	The Committee Members resolved to recommend the finance, revenue and SCM Q4 report to the Board for approval.	Implemented
	ICT Performance Q4 Report.	The Committee Members resolved to recommend the ICT Performance Q4 Report.	Implemented
	Risk Management Q4 Report	The Committee Members resolved to recommend the report as well as annexures to the Board. The committee members resolved to recommend the reports as well as annexures to the Board.	Implemented
	Compliance Report Q4		Implemented
	Internal Audit Report Q4	The Committee members resolved to recommend the report and annexures to the Board. The committee members resolved to recommend the report to the Board with the suggested changes.	Implemented
	Legal Report Q4	The Committee Members resolved to recommend the policies to the Board.	Implemented
	Policies		

29 August 2024	Engagement Letter	The Committee resolved to recommend the Engagement Letter to the Board.	Implemented
	Audit Strategy	The Committee resolved to recommend the Audit Strategy to the Board.	Implemented
	Internal Audit Report	The Committee resolved to note the Internal Audit Report on the review of the Financial Statement.	Not Implemented
	Draft Annual Financial Statement for the year ending June 2024	The Committee resolved to recommend the Draft Financial Statement to the Board for approval.	Implemented
	JOSHCO Report on Performance Information for the 2023/24	The Committee resolved to recommend the report on Performance Information to the Board for approval	Implemented
	1 st Draft 2023/24 JOSHCO Internal Annual Report	The Committee resolved to recommend the JOSHCO's 2023/24 Integrated Annual Report (IAR) to the Board.	Implemented
			Implemented



8 October 2024	Finance, Revenue and SCM Q1 2024/25 FY Report	The Committee resolved to recommend Finance, Revenue and SCM Q1 2024/25 FY Report to the Board.	Implemented
	ICT Performance Report Q1	The Committee resolved to recommend the ICT performance report Q1 2024/25 to the Board.	Implemented
	Report of the Chairperson on Risk Management Q1	The Committee resolved to recommend the Report of the Chairperson on Risk Management Report to the Board.	Implemented
	Compliance Report Q1	The Committee resolved to recommend the Compliance Report to the Board.	Implemented
	Internal Audit Report Q1	The Committee resolved to recommend the Internal Audit Report Q1 2024/25 FY including annexures to the Board.	Implemented
	Legal Report Q1	The Committee resolved to recommend the Legal Report Q1 2024/25 FY to the Board.	Implemented
	Q1 Performance Report and State of Organisation Report	The Committee resolved to recommend the Q1 2024/25 FY Performance Report and State of Organisation Report including annexures to the Board.	Implemented
26 November 2024	Management Report and Audit Report	The Committee resolved to recommend the Audit Report and the Management Report to the Board for approval	Implemented
	Audited Financial Statements for the year ending June 30 2024	The Committee resolved to recommend the Audited Financial Statements 2023/24 FY to the Board for approval.	Implemented
	JOSHCO Integrated Annual Report 2023/24 and JOSHCO Report on the Performance Information for the 2023/24	The Committee resolved to recommend the JOSHCO Integrated Annual Report 2023/24 and JOSHCO Report on the Performance Information for the 2023/24 to the Board for approval	Implemented

9 January 2025	Finance, Revenue and SCM Q2 Report	The Committee resolved to recommend the Finance, Revenue and SCM Q2 2024/25 FY Report to the Board.	Implemented
	ICT Performance Report Q2	The Committee resolved to recommend the ICT Performance Report Q2 2024/25 to the Board.	Implemented
	Report of the Chairperson on Risk Management Q2	The Committee resolved to recommend the Report of the Chairperson on Risk Management Report to the Board.	Implemented
	Compliance Report Q2	The Committee resolved to recommend the Compliance Report Q2 2024/25 FY Report to the Board.	Implemented
	Internal Audit Report Q2	The Committee resolved to recommend the Internal Audit Report Q2 2024/25 FY including annexures to the Board.	Implemented
	Legal Report Q2	The Committee resolved to recommend the Legal Report Q2 2024/25 FY to the Board.	Implemented
	Policies	The Committee resolved to recommend the Policies to the Board.	Implemented
	Q2 2024/25 FY Performance Report and State of the Organisation Report	The Committee resolved to recommend the Q2 2024/25 FY Performance Report and State of the Organisation Report including annexures to the Board.	Implemented
	Mid-Year Deviation	The Committee resolved to recommend the Q2 2024/25 FY Performance Report and State of the Organisation Report including annexures to the Board.	Implemented



09 April 2025	Finance, Revenue and SCM Q3 2024/25 FY Report	The Committee resolved to recommend the Finance, Revenue and SCM Q2 2024/25 FY Report to Board.	Implemented
	ICT Performance Report Q3 2024/25	The Committee resolved to recommend the ICT performance report Q3 2024/25 to the Board.	Implemented
	Report of the Chairperson on Risk Management Q3 2024/25 FY	The Committee resolved to recommend the Report of the Chairperson on Risk Management Report to the Board.	Implemented
	Compliance Report Q3 2024/25 FY	The Committee resolved to recommend the Finance, Revenue and SCM Q2 2024/25 FY Report to the Board.	
	Internal Audit Report Q3 2024/25 FY	The Committee Resolved to recommend the Internal Audit Report Q3 2024/25 FY including annexures to the Board.	Implemented
	Legal Report Q3 2024/25	The Committee resolved to recommend the Legal Report Q3 2024/25 FY to the Board.	Implemented
	Q3 2024/25 FY Performance Report and State of Organization Report Policies	The Committee resolved to recommend the Q3 2024/25 FY Performance Report and State Organization Report to the Board for approval.	Implemented
		The Committee resolved to recommend Litigation Management Policy to the Board for approval.	Implemented
			Implemented

Appendix F: Municipal Entity Performance Schedule

IDP Priority	Performance
An inclusive City	556 units completed and reached practical completion stage

Appendix G: Capital Programme by Project current year

Appendix G (A): Capital Programme by Project current year

JOSHCO DEVELOPMENT PROGRAMME						
Financial Year: 2024-2025						
	Projects	Programme	Project Unit yield	WIP units 2024/25	Completed units 2024/25	2024/25 Budget
Soweto Corridor	Lufhereng Social Housing Development		350	0		7 000 000
	Nancefield Social Housing Development		372	0	372	60 000 000
	Golden Highway/Devland		181	0		40 000 000
SUB TOTAL			903	-	372	107 000 000
JHB CBD and Surrounds	Existing stock Redevelopment; upgrade and major maintenance	Brown Fields	0	0	0	0
	Inner City upgrades		0	0	0	0
	280 Smit Street Student Accommodation		200	0	0	3 500 000
	Abel Street Social Housing Development Ph3		102	0	0	0
	Claim Street		0	0	0	0
	Nederberg		0	0	0	0
	Malvern Development		50	0	0	3 500 000
	Casa Mia		250	0	0	0
	Park Chambers Social Housing Development		165	0	0	3 000 000
	Booysens		40	40	0	35 000 000
SUB TOTAL			927	40	0	50 000 000,00
Empire Perth	Frank Brown/Milpark Social Housing Dev		300	0	0	3 500 000,00
SUB TOTAL			300	0	0	3 500 000,00

	Lombardy East	514	0	0	100	3 066
	Kelvin Social Housing Development	200	0	0	500 000	3
Alexandra Marlboro, Sandton- Randburg, Midrand	Randburg Selkirk	570	0	0	50 000 000	
	Marlboro Social Housing Dev	200	0	0	0	
	Region A: Riverside View Project	1108	0	184	30 000 000	
	Turn-Key 1: Region B	1032	0	0	0	
	Region F: Denver Turnkey Project	1336	0	0	0	
	SUB-TOTAL	4960	0	184	86 566 100	
	GRAND TOTAL	090	7	40	556	247 066 100

Appendix G (B): Capital Programme by Project current year:

For detailed CAPEX spend per project, see Chapter 5, Table 47 (Capital Projects & Expenditure).

Appendix H: Disclosure of Financial Interest by Executive Team

Name	Position	Description of Interest Declared
Ms Nokwazi Mtshali	Executive Manager: Business Planning and Strategy	Nothing declared



VOLUME 02



ANNUAL FINANCIAL STATEMENT



a world class African city



VOLUME II

Annual Financial Statements

Section 67(1)(a)(iv) states that audited financial statements for the financial year must be reported on financial statements to be displayed within the Municipal Entity Integrated Report include:

- Director's Responsibilities and Approval
- Directors' and Audit Committee's Report
- Company Secretary's Certification
- Statement of Financial Position
- Statement of Financial Performance
- Statement of Changes in Net Assets
- Cash Flow Statement
- Statement of Comparison of Budget and Actual Amounts
- Accounting Policies
- Notes to the Annual Financial Statements
- The following supplementary information does not form part of the annual financial statements and is unaudited:
- Supplementary Information



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*Bokamoso
Development*

JOHANNESBURG SOCIAL HOUSING COMPANY SOC Ltd

(Registration number 2003/008063/30)

Annual Financial Statements for the year ended 30 June 2025

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) Provide housing management services
REGISTERED OFFICE	61 Juta Street Braamfontein 2000
POSTAL ADDRESS	P O 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)
SECRETARY	Advocate Mpemba Magutshwa
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.
ROUNDING	The annual financial statements are rounded to the nearest thousand. However, in narrating notes, amounts are reflected in full to the nearest Rand

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Abbreviations used:

JOSHCO	Johannesburg Social Housing Company
COIDA	Compensation for Occupational Injuries and Diseases Act
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts
UIF	Unemployment Insurance Fund
SDL	Skills Development Levy
COJ	City of Johannesburg Metropolitan Municipality
SHRA	Social Housing Regulatory Authority
AGSA	Auditor-General South Africa
ASB	Accounting Standards Board
IFRS	International Financial Reporting Standard
CEO	Chief Executive Officer
SOC	State Owned Company
NPC	Non-Profit Company
COGTA	Department of Co-operative Governance and Traditional Affairs
JMJV	JOSHCO Madulamoho Joint Venture
ARC	Audit and Risk Committee
ICT	Information and Communication Technology
EPWP	Expanded Public Works Program
VAT	Value Added Tax
MOE	Municipal Owned Entity
SDA	Service Delivery Agreement
SARS	South African Revenue Services
MTREF	Medium-Term Revenue and Expenditure Framework

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PEP	Public Employment Programmes
STC	Secondary Tax on Companies

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Director's Responsibilities 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 that 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.

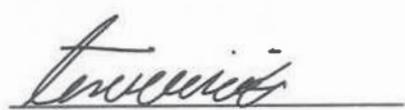
The directors acknowledge that they are responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control 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 endeavours to minimize it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour 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.

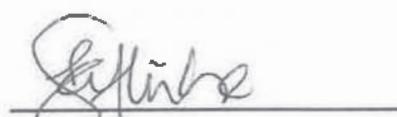
The entity is dependent on the City of Johannesburg Metropolitan Municipality for continued funding of operations. The annual financial statements are prepared on the basis that the entity is a going concern and that the City of Johannesburg Metropolitan Municipality has neither the intention nor the 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 6 to 70, which have been prepared on the going concern basis, were approved by the board on 02 December 2025:



Mr Zithulele Theodore Dlamini
Board Chairperson



Mr Themba Mathibe
Acting Chief Executive Officer

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Directors' and Audit Committee's Report

The directors submit their report for the year ended 30 June 2025.

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; and
- provide housing management services.
- 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 2025 there were no major changes in the activities of the business.

The financial position of the company shows a net liability position of (R2,035,414,130) (2024 net liability restated (R1,475,202,379)).

Deficit for the year of the entity was R559,941,403 (2024: deficit R571,487,037).

3. Going-concern

We draw attention to the fact that at 30 June 2025, the entity had an accumulated deficit of R2,035,414,130 and that the entity's total liabilities exceed its assets by R2,035,414,130.

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.

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Directors' and Audit Committee's Report

4. Subsequent events

The directors would like to bring to the attention of the users the following events that occurred subsequent to the end of the financial year, but before the financial statements report date of 31 August 2025.

4.1 Appointment of the CFO

The entity appointed Mr Floyd Rikhotso as the Chief Financial Officer of the entity commencing on 07 July 2025.

4.2 Ruling on court matter in favour of JOSHCO

In July 2025, the court ruled in favour of JOSHCO to recoup expenditure paid to service providers for the development of the JOSHCO App. This then has resulted in an adjusting event that affects the financial position of the entity as the amount is to be recognised as a receivable and not a contingent asset as previously reported.

The matter has been ongoing since the 2023 financial year

4.3 Resignation of Company Secretary

Subsequent to 30 June 2025, but before the Approval of annual financial statements, Ms Madonna Rangaka, Company Secretary, has resigned effective 31 August 2025.

4.4 Resignation of Board Members

Mr Lawrence Ndlovu Retired on 29 October 2025 as Non-Executive Director

Mr Albert Baloyi Retired on 29 October 2025 as Non-Executive Director

Mr Zamikhaya Xalisa Retired on 29 October 2025 as Non - Executive Director

4.5 Appointmnet of the Acting Chief Executive Officer

The entity has appointment Mr.Thembisa Mathibe as an Acting Chief Executive Officer of the entity commencing on 04 December 2025

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.

7. Share 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

The Loans from shareholder (current liability) increased significantly. This is due to the entity settling invoices for work done on behalf of COJ, while the settling of these claims remains at a slow pace. This has also caused significant interest charges of over R125 million on JOSHCO's overdraft balance which is recognised as loans from shareholder.

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Directors' and Audit Committee's Report

10. DIRECTORS

The JOSHC0 Board was appointed through an ordinary resolution passed at the Annual General Meeting on the 31st of July 2024. The following members served under the JOSHC0 Board during the 12 months ended 30 June 2025:

Name of Board Members	Membership	Effective Date	Active / Resignation / Retirement / Re-appointment / Termination Status
Mr Makhate Shane Nqakalatsane (Chairperson)	Non-Executive Director	Appointed 25 August 2023	Retired 31 July 2024
Mr. Hendry Jerry Markus	Non-Executive Director	Appointed 25 August 2023	Retired 31 July 2024
Mr Ingle Singh	Non-Executive Director	Appointed 25 August 2023	Retired 31 July 2024
Mr. Andries Jacobus Smith	Non-Executive Director	Appointed 01 March 2023	Retired 31 July 2024
Mr. Simon Clarke	Non-Executive Director	Appointed 01 March 2023	Retired 31 July 2024
Ms Jacelyn Scott	Non-Executive Director	Appointed 01 March 2023	Retired 31 July 2024
Ms. Yolandi Erasmus	Non-Executive Director	Appointed 01 March 2023	Retired 31 July 2024
Mr. Simon Sepheu Masemola	Non-Executive Director	Appointed 01 March 2023	Retired 31 July 2024
Mr. Terry Tselane	Non-Executive Director	Appointed 01 March 2023	Retired 31 July 2024
Mr. Tabane Manene	Non-Executive Director	Appointed 01 March 2023	Retired 31 July 2024
Ms. Simphiwe Pretty Mnisi	Non-Executive Director	Appointed 01 March 2023	Retired 31 July 2024
Ms Alvano ARN Francis	Independent Audit Committee Member	Appointed 16 January 2024	Retired 31 July 2024
Mr Daniel Nyamazane	Independent Audit Committee Member	Appointed 16 January 2024	Retired 31 July 2024
Adv. Geraldine Chaplog-Louw	Independent Audit Committee Member	Appointed 01 March 2023	Retired 31 July 2024
Mr. Victor Van Der Merwe	Independent Audit Committee Member	Appointed 01 March 2023	Retired 31 July 2024
Mr Sydney James	Non-Executive Director	Appointed 01 March 2023	Resigned 10 August 2023
Ms Marilise Francis	Non-Executive Director	Appointed 01 March 2023	Resigned 31 August 2023
Mr Jacques Watson	Non-Executive Director	Appointed 01 March 2023	Resigned 10 October 2024
Ms Bridgette Mbonambi	Non-Executive Director	Appointed 25 August 2025	Resigned 22 March 2024
Mr Sello Molapane Motshoana	Chief Executive Officer and Executive Director	Re-appointed 31 July 2024	Terminated 31 May 2025
Ms. Nontobeko Ndimande	Chief Financial Officer and Executive Director	Re-appointed 31 July 2024	Contract expired 17 September 2024
Mr. Theodore Dhlamini (Chairperson)	Non-Executive Director	Appointed on 31 July 2024	Active Board member
Mr. Jason Sobekwa	Non-Executive Director	Appointed on 31 July 2024	Active Board member
Mr. Lawrance Ndlovu	Non-Executive Director	Appointed on 31 July 2024	Active Board member
Ms. Bayiphiwe Simelane	Non-Executive Director	Appointed on 31 July 2024	Active Board member
Mr. Zamikhaya Xalisa	Non-Executive Director	Appointed on 31 July 2024	Active Board member
Adv. Ntokozo Mjalyko	Non-Executive Director	Appointed on 31 July 2024	Active Board member
Mr. Musa Shibambu	Non-Executive Director	Appointed on 31 July 2024	Active Board member
Ms. Tabisa Poswa	Non-Executive Director	Appointed on 31 July 2024	Active Board member
Mr. Albert Baloyi	Non-Executive Director	Appointed on 31 July 2024	Resigned 31 March 2025
Ms. Thandeka Tshabalala	Non-Executive Director	Appointed on 31 July 2024	Active Board member
Dr. Thulani Mdadane	Non-Executive Director	Appointed on 31 July 2024	Active Board member
Dr. Steven Piet Ngobeni	Independent Audit Committee Member	Appointed on 31 July 2024	Active IAC member
Mr. Obed Thenga	Independent Audit Committee Member	Appointed on 31 July 2024	Active IAC member
Ms. Thulisile Mfusi	Independent Audit Committee Member	Appointed on 31 July 2024	Active IAC member

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Directors' and Audit Committee's Report

Ms Nokwazi Mtshali is appointed as the acting CEO from 27 August 2024 to date.

Mr Thedi Moropa was the acting CEO until 05 August 2025

Mr Floyd Rikhotso was appointed as Chief Financial Officer on 07 July 2025

Mr Musa Nkosi was the acting CFO from 18 September 2024 until 06 July 2025

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 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.

JOHANNESBURG SOCIAL HOUSING COMPANY SOC Ltd

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Directors' and Audit Committee's Report

11. Corporate governance (continued)

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; and
 - 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 and Managers directly accountable to the Chief Executive Officer of the entity 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 above-mentioned limits.

Board and Board Sub-Committee meetings

The board of directors has met 13 times during the financial year ended 30 June 2025. Development Committee met 4 times, Social, Ethics & HR Committee met 6 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 & HR
Total Number of Meetings	13	7	4	6
Mr. Theodore Dhlamini	13	0	4	0
Mr. Zamikhaya Wauthus Xalisa	11	0	0	5
Mr Albert Baloyi	6	3	-	-
Mr. Lawrence Mduduzi Ndlovu	13	-	-	6
Adv Ntokozo Mjalyako	13	-	4	-
Ms. Bayiphwiwe Simelane	13	-	-	6
Ms. Thandeka Tshabalala	13	-	-	6
Mr Musa Shibambu	13	-	4	-
Ms. Tabisa Poswa	13	-	-	6
Mr. Jason Sobekwa	13	7	-	-
Dr. Thulani Alfred Mdadane	2	-	1	-
Mr. Obed Thenga	-	7	-	-
Ms. Thulisile Mfusi	-	7	-	-
Dr. Steven Piet Ngobeni	-	7	-	-
Ms. Nokwazi Mtshali (Acting CEO)	7	5	3	3
Mr. Musa Nkosi (Acting CFO)	7	5	3	3
Mr. Tau Masemola	1	-	-	1
Ms. Yolandi Erasmus	1	1	-	1
Ms. Jacelyn Scott	1	1	-	1
Mr. Terry Tselane	1	-	-	1
Mr. Manene Tabane	1	-	1	-
Mr Shane Nqakalatsane	1	-	-	-

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Directors' and Audit Committee's Report

11. Corporate governance (continued)

Mr. Simon Clarke	1	-	1	-
Mr. Simphiwe Mnisi	1	-	-	1
Mr. Ingle Singh	1	-	1	-
Mr. Henry Markus	1	-	1	-
Mr. Andrie Smith	1	-	-	1
Mr. Thedi Moropa (Acting CEO)	1	1	1	1
Ms Nontobeko Ndimande (CFO)	1	1	1	1

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 2025 the committee met 7 times and was constituted as follows:

Director/Member	Role
Mr. Jason Sobekwa	Non-Executive Director (Chairperson)
Mr. Obed Thenga	Independent Audit Committee Member
Dr Steven Piet Ngobeni	Independent Audit Committee Member
Ms. Thulisile Mfusi	Independent Audit Committee Member
Mr. Albert Baloyi*	Non-Executive Director
Mr. Simon Sepheu Masemola ##	Non-Executive Director (Chairperson)
Ms. Yolandi Erasmus ##	Non-Executive Director
Mr. Victor Van Der Merwe ##	Independent Audit Committee Member
Adv. Geraldine Chaplog-Louw ##	Independent Audit Committee Member
Mr Daniel Nyamazane ##	Independent Audit Committee Member
Ms Alvano ARN Francis ##	Independent Audit Committee Member
Mr. Aboubakr Taoussi ##	Independent Audit Committee Member
Ms. Pilekile Lefothe ##	Independent Audit Committee Member

* Director resigned on 31 March 2025

##Directors retired on 31 July 2024

Development Committee

For the year ended 30 June 2025, the committee met 4 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
Adv. Ntokozo Mjiyako**	Non-executive Director (Chairperson)
Mr. Thulani Mdadane**	Non-executive Director
Mr. Musa Shibambu**	Non-executive Director
Mr. Theodore Zithulele Dhlamini**	Non-executive Director
Mr. Ingle Singh*	Non-executive Director

JOHANNESBURG SOCIAL HOUSING COMPANY SOC Ltd

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Annual Financial Statements for the year ended 30 June 2025

Directors' and Audit Committee's Report

11. Corporate governance (continued)

**The directors resigned on the 31 July 2024.

**The directors were appointed on the 31 July 2024.

Social and Ethics and Human Resource Committee

For the year ended 30 June 2025 the committee met 6 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 Smith*	Non-executive Director
Mr Terry Tselane*	Non-executive Director
Mr. Lawrence Mduduzi Ndlovu**	Non-executive Director and Chairperson
Ms. Bayiphiwe Simelane**	Non-executive Director
Mr. Tabisa Poswa**	Non-executive Director
Mr. Zamikhaya Xalisa**	Non-executive Director
Ms. Thandeka Tshabalala**	Non-executive Director

*The directors resigned on the 31 July 2024.

**The directors were appointed on the 31 July 2024.

Internal audit

The company has an 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	Country of incorporation	Share of Net surplus after tax
JOSHCO Madulamoho Joint Venture (JMJV)	South Africa	1,320,327

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 JM JV were accounts receivable in respect of provincial subsidies payable by the JM JV to JOSHCO. Total surplus of the joint venture for the current financial year amounted to R2 400 677 (2024: deficit R1 036 406) JOSHCO has accounted for its 55% share of the surplus from the joint venture in its financial statements amounting to R1 320 327 (2024 share of deficit: R570 023,30). 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.

JOHANNESBURG SOCIAL HOUSING COMPANY SOC Ltd

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Annual Financial Statements for the year ended 30 June 2025

Directors' and Audit Committee's Report

15. Auditors (continued)

Audit Committee's Report

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 2025.

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	Apologies
Mr. Jason Sobekwa	7	0	0
Ms. Geraldine Louw	0	0	0
Mr. Obed Thenga	7	0	0
Dr. Steven Ngobeni	7	0	0
Ms Jacelyn Scott	0	0	7
Ms. Alvarno ARN Francis	0	0	0
Ms. Thulisile Mfusi	7	0	0
Mr. Daniel Nyamazane	0	0	0
Mr. Simon Sepheu Masemola	0	0	0
Ms. Yolandi Erasmus	1	0	0
Mr. Victor VanDer Merwe	0	0	0
Mr. Albert Baloyi	3	0	0

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.

JOHANNESBURG SOCIAL HOUSING COMPANY SOC Ltd

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Annual Financial Statements for the year ended 30 June 2025

Directors' and Audit Committee's Report

15. Auditors (continued)

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.

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 pre-Audited Annual Financial Statements.

JOHANNESBURG SOCIAL HOUSING COMPANY SOC Ltd

(Registration number 2003/008063/30)

Annual Financial Statements for the year ended 30 June 2025

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.



Advocate Mpendulo Magutshwa
Company Secretary
02 December 2025

JOHANNESBURG SOCIAL HOUSING COMPANY SOC Ltd

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Annual Financial Statements for the year ended 30 June 2025

Statement of Financial Position as at 30 June 2025

Figures in Rand thousand	Notes	2025	2024 Restated*
Assets			
Current Assets			
Inventories	2	484	518
Loans to shareholder	3	5,958	5,958
Current tax receivable	26	-	50
Receivables from exchange transactions	4	1,181,627	1,183,319
Receivables from non-exchange transactions	5	45	-
VAT receivable	13	2,497	8,122
Cash and cash equivalents	6	22,689	20,994
		1,213,300	1,218,961
Non-Current Assets			
Property, plant and equipment	7	27,843	31,555
Intangible assets	8	3,744	11,681
Investments in joint ventures	9	21,700	20,650
		53,287	63,886
Total Assets		1,266,587	1,282,847
Liabilities			
Current Liabilities			
Loans from shareholder	3	1,728,551	1,309,093
Borrowings - DBSA	10	2,142	2,142
Finance lease obligation	12	-	407
Payables from exchange transactions	11	1,544,777	1,399,271
Deferred income	14	21,207	41,970
		3,296,677	2,752,883
Non-Current Liabilities			
Borrowings - DBSA Loan	10	5,144	6,617
Deferred income	14	178	178
		5,322	6,795
Total Liabilities		3,301,999	2,759,678
Net Assets		(2,035,414)	(1,475,202)
Share capital	16	0.120	0.120
Accumulated deficit		(2,035,414)	(1,475,202)
Total Net Assets		(2,035,414)	(1,475,202)

The Share capital balance of R120 is less than R1 000 and therefore appears as R0.120 on the Statement of financial position due to rounding.

JOHANNESBURG SOCIAL HOUSING COMPANY SOC Ltd

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Statement of Financial Performance

Figures in Rand thousand	Note	2025	2024 Restated*
Revenue			
Revenue from exchange transactions			
Rendering of services	17	27,577	32,342
Rental of facilities and equipment	17	174,427	152,391
Utility Recoveries	17	14,253	13,222
Other income	17	20,346	2,443
Interest received	17&22	38,757	38,428
Total revenue from exchange transactions		275,360	238,826
Revenue from non-exchange transactions			
Share of surplus from joint ventures accounted using the equity method		1,320	-
Transfer revenue			
Government grants & subsidies	17	143,863	110,687
EPWP Operational Grant	17	5,997	18,963
SHRA Tenanting income	17	5,454	18,412
Total revenue from non-exchange transactions		156,634	148,062
Total revenue	17	431,994	386,888
Expenditure			
Employee related costs	19	(238,845)	(221,724)
Debt impairment	21	(188,487)	(60,712)
Depreciation and amortization	23	(6,811)	(5,936)
Impairment loss	39	(6,735)	-
Finance costs	24	(126,160)	(113,315)
Bad debts written off	20	(4,659)	(90,868)
Loss on disposal of assets		(201)	(33)
Share of deficits from joint venture		-	(570)
Administrative costs	18	(420,038)	(465,216)
Total expenditure		(991,936)	(958,374)
Deficit for the year		(559,942)	(571,486)

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Statement of Changes in Net Assets

Figures in Rand thousand	Share capital	Accumulated deficit	Total net assets
Opening balance as previously reported	0.120	(808,597)	(808,597)
Adjustments	-	(96,748)	(96,748)
Prior year adjustments	-	(96,748)	(96,748)
Balance at 01 July 2023 as restated*	0.120	(905,345)	(905,345)
Changes in net assets			
Deficit for the year	-	(571,486)	(571,486)
Total changes	-	(571,486)	(571,486)
Opening balance as previously reported	-	(1,364,738)	(1,364,738)
Adjustments	-	(1,364,738)	(1,364,738)
Prior year adjustments 35	-	(110,464)	(110,464)
Restated* Balance at 01 July 2024 as restated*	0.120	(1,475,202)	(1,475,202)
Changes in net assets			
Deficit for the year	-	(559,942)	(559,942)
Share of transfer between provisions in Joint venture (equity decrease)	-	(270)	(270)
Total changes	-	(560,212)	(560,212)
Balance at 30 June 2025	0.120	(2,035,414)	(2,035,414)

Notes

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The Share capital balance of R120 is less than R1 000 and therefore appears as R0.120 on the Statement of Changes in Net Assets

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Cash Flow Statement

Figures in Rand thousand	Note(s)	2025	2024 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		33,888	94,171
Grants		149,860	148,061
Interest income		38,757	38,428
Taxation		50	9,090
		222,555	289,750
Payments			
Employee costs		(240,385)	(214,893)
Suppliers		(269,750)	(323,725)
Finance costs		(126,157)	(113,315)
		(636,292)	(651,933)
Net cash flows from operating activities	25	(413,737)	(362,183)
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(2,146)	(10,826)
Movement in investments (incl. Controlled entities, JVs & Assoc)		-	550
Net cash flows from investing activities		(2,146)	(10,276)
Cash flows from financing activities			
Net movement on borrowings - dbsa		(1,473)	(1,353)
Net movement on shareholders' loan		419,458	196,141
Finance lease payments		(407)	(376)
Net cash flows from financing activities		417,578	191,429
Net increase/(decrease) in cash and cash equivalents		1,695	(181,030)
Cash and cash equivalents at the beginning of the year		20,994	202,024
Cash and cash equivalents at the end of the year	6	22,689	20,994

JOHANNESBURG SOCIAL HOUSING COMPANY SOC Ltd

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand thousand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Rendering of services	67,754	-	67,754	27,577	(40,177)	
Rental of facilities and equipment	146,750	6,761	153,511	174,427	20,916	
Recoveries	2,012	-	2,012	14,253	12,241	
Other income	1,970	-	1,970	20,346	18,376	
Interest received - investment	25,474	-	25,474	38,757	13,283	
Total revenue from exchange transactions	243,960	6,761	250,721	275,360	24,639	
Revenue from non-exchange transactions						
Taxation revenue						
Share of surplus/ (deficit) from joint ventures	-	-	-	1,320	1,320	
Transfer revenue						
Government grants & subsidies	133,501	10,359	143,860	143,863	3	
EPWP Operational Grant	-	6,000	6,000	5,997	(3)	
Interest received - Intercompany	1,591	(1,591)	-	-	-	
SHRA Tenanting income	-	-	-	5,454	5,454	
Total revenue from non-exchange transactions	135,092	14,768	149,860	156,634	6,774	
Total revenue	379,052	21,529	400,581	431,994	31,413	
Expenditure						
Employee related costs	(201,212)	(21,529)	(222,741)	(238,845)	(16,104)	
Debt impairment	(26,408)	-	(26,408)	(188,487)	(162,079)	
Depreciation and amortisation	(1,705)	-	(1,705)	(6,811)	(5,106)	
Impairment loss	-	-	-	(6,735)	(6,735)	
Finance costs	(1,005)	-	(1,005)	(126,160)	(125,155)	
Bad debts written off	-	-	-	(4,659)	(4,659)	
Loss on disposal of assets	-	-	-	(201)	(201)	
Administrative costs	(148,722)	-	(148,722)	(420,038)	(271,316)	
Total expenditure	(379,052)	(21,529)	(400,581)	(991,936)	(591,355)	
Deficit before taxation	-	-	-	(559,942)	(559,942)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	-	-	-	(559,942)	(559,942)	
Additional text						
Total CAPEX Budget 24-25 (R'000)			TOTAL CAPEX Expenditure 24-25 (R'000)		% Spend of CAPEX Budget	
R270 797			R270 495		100%	

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand thousand						

Material differences between budget and actual amounts

In terms of JOSCHCO policies, 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 R31.4 million mainly due to the following reasons:

1. **Rental income** is R18.8 million over budget due to tenant allocation of projects was higher than projected as a results of the use of JOSCHCO's digital screening and tenating processes
2. **Rendering of services** is significantly 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 JOSCHCO to be an implementing agent for any of the COJ departments except the Department of Human Settlements.
3. **Recoveries** amounted to R5.3 million for the year due to recoveries charged to tenants mainly arising from implementation of the prepaid electricity vending system at some of the JOSCHCO projects
4. **Other income** is above budget as a result of adjustments to realise the income earned on adjustments to payables received in advance, as well as revenue earned from prescribing payables and in addition, there was a write off of a creditor based on a court ruling in JOSCHCO's favor.
5. **Interest received** is R13.3 million above budget mainly due to low collection levels of tenant debtors who are being charged interest on long outstanding rentals due to JOSCHCO.
6. **SHRA Tenanting Grant**-The grant funding of R5.4 million was allocated by SHRA in favour of the entity for achieving financial completion on projects where SHRA requirements are met successful.

7. **Gain on derecognition of liability** during July 2025.A high court ruling was issued in favour of JOSCHCO that deemed the appointment of the service provider to be unconstitutional and JOSCHCO has the right to recoup invoices paid of R6.7 million,The remaining liability balance is no longer due and therefore derecognised as it no longer meets the definition of a liability

Total expenses variances:

Total expenditure is over budget by R593 million mainly due to the following reasons:

1. **The employee cost** is R16.1 million 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, and sundry debtors that are discounted applying GRAP principles for assessment of likelihood of recovery of debt.
3. **Depreciation and amortisation** is more than budget due to sharp increase in purchase of computer equipment which serves as critical tools of trade required for staff to operate optimally.
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 R273 million 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 major refurbishments and maintenance has not been 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 JOSCHCO projects. The overspending is also as a result of increase in legal fees for investigations and rental collection and eviction process, and implementation of IIT solutions as well as a rise in security costs for projects under constructionAdditional text

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Accounting Policies

Figures in Rand thousand

Note(s)

2025

2024

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). These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement and the 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

The annual financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern at least twelve (12) months from the end of the reporting period.

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, at least one of the following principles are considered:

1. The trade debtor's balance has aged to 60 days and more
2. A collecting agency has advised that the debt is doubtful

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Annual Financial Statements for the year ended 30 June 2025

Accounting Policies

1.3 Significant accounting judgements and key sources of estimation uncertainty (continued)

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 reporting period.

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

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Accounting Policies

1.4 Property, plant and equipment (continued)

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 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
Fibre infrastructure	25 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 value of all assets are set at R1 as these items are expected to have negligible sales value 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 date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

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

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

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.

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Accounting Policies

1.4 Property, plant and equipment (continued)

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 JOSHC0 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	2 to 5 years
JOSHC0 App	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.

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Accounting Policies

1.6 Conditional grants and receipts (continued)

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.

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 and from the parent municipality, 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

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Accounting Policies

1.8 Financial instruments (continued)

These are classified as loans and receivables.

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Annual Financial Statements for the year ended 30 June 2025

Accounting Policies

1.8 Financial instruments (continued)

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, default or delinquency in payments and including factors stated in significant accounting judgements section (refer to paragraph 1.3) 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 of estimated 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 / (from) group companies

As noted in the financial assets above.

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.

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Accounting Policies

1.8 Financial instruments (continued)

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.

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1.9 Statutory receivables (continued)

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:
 - derecognises 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.

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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.

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

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

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1.13 Events after reporting date (continued)

(b) those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date). Reporting date means the last day of the reporting period to which the financial statements relate.

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

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

1.14 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 impairment 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-cash-generating 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.

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

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

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

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1.15 Impairment of non-cash-generating assets (continued)

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

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments 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.

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1.17 Employee benefits (continued)

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.

Contingent assets and contingent liabilities are not recognised but are separately disclosed. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

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.

Commitments can be split into capital and operating commitments, however, the commitments disclosed in the notes of these financial statements relate to capital commitments as required by GRAP 13, 16 and 17.

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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.

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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.

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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 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).

1.26 Comparative figures

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

1.27 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.

1.28 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.

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1.29 Irregular expenditure

Irregular expenditure in terms of MFMA refers to expenditure incurred by JOSHC0 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 JOSHC0 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.

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.

1.30 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.

1.31 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.

1.32 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 2024 to 30 June 2025.

JOSHC0 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.

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1.33 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 client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

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

1.34 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.

1.35 Presentation currency

These annual financial statements are presented in South African Rand.

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2. Inventories

Consumable stores	484	518
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There was no inventory written down in both the current and prior years.

3. Loans to (from) shareholders

Sweeping account - Interest bearing	(1,728,551)	(1,309,093)
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. For payments to be made, the required amounts by the MOE's will be swept back to their accounts when requested. The account bears interest at an average call rate of 7.83% (2024: 7.48%) compounded daily.		
Balance on Non - Sweeping Bank Accounts	5,958	5,958
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 be engaged to settle the account against the negative balance of the sweeping account in the coming financial year.		
	(1,722,593)	(1,303,135)

The loan from shareholder mainly represents settlement of JOSHCO obligations for work done on behalf of the City of Johannesburg departments as at 30 June 2025. It is reported as a liability in both the current and prior financial year due to delays in recouping the money due from COJ Departments and other Municipal Entities in the group

Balance on non-sweeping bank account is interest from historical accounts that were with Absa Bank before moving to Standard Bank. JOSHCO will be engaging with CoJ Group Treasury to settle the balance against the main sweeping account

Current assets	5,958	5,958
Current liabilities	(1,728,551)	(1,309,093)
	(1,722,593)	(1,303,135)

Loans to shareholders previously impaired

The loan balance was previously impaired in the 2023 financial year, which was reversed in 2024. The ageing of these loans is as follows:

Over 6 months	5,958	5,958
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Reconciliation of provision for impairment of loans to shareholders

Opening balance	-	2,975
Reversal of previous impairment	-	(2,975)
	-	-

In the 2024 financial year, CoJ Group Treasury confirmed the full R5 958 169 balance as payable to JOSHCO. Therefore the full balance was deemed receivable and subsequently, the previous impairment of R2 974 818 was reversed.

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3. Loans to (from) shareholders (continued)

Sweeping account

Loans at beginning of the year	(1,309,093)	(1,112,952)
Net receipts during the year	(419,458)	(196,141)
	(1,728,551)	(1,309,093)

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.

The entity's sweeping balance represents an overdraft. This is caused mainly by the entity paying service providers for work done on behalf of CoJ Departments and MOEs, while these Departments are not reimbursing JOSHC0 timeously, this has resulted in significant finance costs being charged to the entity which increases the overdraft balance.

4. Receivables from exchange transactions

Trade receivables	27,490	24,616
Sundry Deposits	100	100
Sundry Debtors	41,995	67,700
Unclaimed CoJ Special projects - Financial Instruments	-	-
Related party debtors	1,112,042	1,090,903
	1,181,627	1,183,319

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 fixed tenant rentals and levies for water charges receivable net of provision. These amounts are receivable as a result of lease agreements between JOSHC0 and the tenants.

Sundry Deposits

These deposits are held by a 3rd party on behalf of JOSHC0 in relation to Egoli Gas which provides gas for certain JOSHC0 managed properties.

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 receivables collected on behalf of JOSHC0 by EasyPay and utility recoveries collected on JOSHC0's behalf by metering companies yet to be received by JOSHC0. Lastly, the balance also includes overpayments that were made to service providers. All the balances in the line items were considered for impairment and accounted for accordingly where there is low likelihood of recovery of economic benefits.

Unclaimed CoJ Special projects - Financial Instruments

This balance represents the transactions of work JOSHC0 performed on behalf of CoJ Departments that is subject to sign-off from client departments where delays such as project manager sign off, budget confirmation and SDA issues. On further analysis of the supporting information, it was discovered that there were invoices that should have been treated as expenditure in the previous financial years. The prior year was restated as a result. (Refer to note 35) The balances have been provided for in full both in the current and previous financial years.

Related Party Debtors

Related party debtors consist of receivables from the City of Johannesburg Municipal departments and other CoJ Municipal Entities. Related party debtors are disclosed net of provision for doubtful debt amounting to R191 013 131 (2024: R129 503 160. The amount disclosed in the 2024 financial year was adjusted to R129 503 160. In the prior year, the amount in the 2024 financial statements is therefore restated to align to the amounts in the financial statements

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4. Receivables from exchange transactions (continued)

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 2025, R12,475,906 (2024: R10,560,520) were 1 month past due but not impaired.

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

1 month past due	12,476	10,561
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Trade receivables impaired

The amount of the provision was R509 662 372 as of 30 June 2025 (2024: R402 716 314).

Trade receivables	537,152	435,677
Less: Provision for bad debt	(509,662)	(411,061)
Net trade receivables	27,490	24,616

Sundry debtors impaired

The amount of the provision was R18 249 900 as of 30 June 2025 (2024: Rnil).

Sundry Debtors	60,245	67,700
Less: Provision for bad debt	(18,250)	-
Net sundry debtors	41,995	67,700

Unclaimed CoJ Special projects impaired

The amount of the provision was R24 460 000 as of 30 June 2025 (2024: R24 460 000).

Reconciliation of provision for impairment of trade receivables

Opening balance	(411,061)	(399,131)
Provision for bad debt	(98,601)	(11,930)
	(509,662)	(411,061)

5. Receivables from non-exchange transactions

Staff debtors	45	-
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Receivables from non-exchange transactions represents staff debtors where bursaries that were paid on their behalf are now due back to JOSHC. The funds paid by JOSHC become due from staff in the event that they are not successful in completing courses that have not been passed after a specified period from the date of commencement of studies, or when employees exit the entity before service period obligation has been fulfilled. The amount recognised is for the staff members where debt was formally acknowledged and is net of deductions through salaries.

6. Cash and cash equivalents

Cash and cash equivalents consist of:

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6. Cash and cash equivalents (continued)

Cash on hand	10	3
Bank balances	22,678	20,991
	22,688	20,994

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 2025	30 June 2024	30 June 2023	30 June 2025	30 June 2024	30 June 2023
STANDARD BANK - Current Deposit account - 197750	20,435	18,958	17,457	20,435	18,958	17,457
STANDARD BANK - Current Account - 197769	2,200	2,034	184,561	2,200	2,034	184,561
STANDARD BANK - Current Account - 197726	45	-	1	45	-	1
STANDARD BANK - Current Account - 197718	(2)	(2)	(2)	(2)	(2)	(2)
Total	22,678	20,990	202,017	22,678	20,990	202,017

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7. Property, plant and equipment

	2025			2024		
	Cost	Accumulated depreciation and impairment	Carrying value	Cost	Accumulated depreciation and impairment	Carrying value
Land	178	-	178	178	-	178
Furniture and fixtures	2,215	(1,082)	1,133	2,135	(1,003)	1,133
Motor vehicles	41	(39)	2	41	(39)	2
Office equipment	11,376	(3,679)	7,697	11,396	(2,087)	9,308
Office equipment - Leased	-	-	-	1,128	(752)	376
IT equipment	15,651	(7,719)	7,932	14,476	(5,612)	8,864
Fibre	7,372	(273)	7,099	7,372	(88)	7,284
Office furniture	6,502	(2,700)	3,802	6,562	(2,151)	4,410
Total	43,335	(15,492)	27,843	43,288	(11,732)	31,555

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7. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Disposals	Depreciation	Total
Land	178	-	-	-	178
Office equipment - Leased	376	-	-	(376)	-
Furniture and fixtures	1,132	323	(101)	(221)	1,133
Motor vehicles	2	-	-	-	2
Office equipment	9,308	-	-	(1,611)	7,697
IT equipment	8,818	1,823	(62)	(2,647)	7,932
Fibre	7,284	-	-	(185)	7,099
Office furniture	4,410	-	(37)	(571)	3,802
	31,508	2,146	(200)	(5,611)	27,843

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7. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Depreciation	Total
Land	178	-	-	-	178
Office equipment - Leased	752	-	-	(376)	376
Furniture and fixtures	1,369	5	-	(242)	1,132
Motor vehicles	5	-	(2)	-	2
Office equipment	5,019	5,633	(31)	(1,312)	9,309
IT equipment	6,749	4,429	-	(2,359)	8,819
Fibre	7,364	-	-	(80)	7,284
Office furniture	4,175	791	-	(555)	4,411
	25,611	10,858	(33)	(4,924)	31,511

Pledged as security

There are no assets pledged as security:

Assets subject to finance lease (Net carrying amount)

Office equipment - Leased	-	376
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Property, plant and equipment in the process of being constructed or developed

Cumulative expenditure recognised in the carrying value of property, plant and equipment

Fibre	2,739	2,739
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8. Intangible assets

	2025		2024	
	Cost	Accumulated amortisation and impairment	Cost	Accumulated amortisation and impairment
Computer software	581	(494)	581	(447)
Intangible assets under development	6,735	(6,735)	6,735	134
JOSHCO App	5,774	(2,117)	3,657	6,735
Total	13,090	(9,346)	3,744	4,812

Reconciliation of intangible assets - 2025

	Opening balance	Amortisation	Impairment loss	Total
Computer software	134	(47)	–	87
Intangible assets under development	6,735	–	(6,735)	–
JOSHCO App	4,812	(1,155)	–	3,657

Reconciliation of intangible assets - 2024

	Opening balance	Amortisation	Total
Computer software	184	(50)	134
Intangible assets under development	6,735	–	6,735
JOSHCO App	5,774	(962)	4,812

12,693 (1,012) 11,681



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9. Investment in joint venture

Name of company	Listed/Unlisted	% interest 2025	% interest 2024	Carrying amount 2025	Carrying amount 2024
JOSHCO Madulamoho Joint Venture (JMJV)	Unlisted	55.00 %	55.00 %	21,700	20,650

Principal activities and reporting dates of joint venture

Name of entity	Principal activity	Reporting date	Period of results included
JOSHCO Madulamoho Joint Venture	55%	2025/06/30	1 July 2024 to 30 June 2025

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

Opening balance		20,650	21,770
Share of surplus / (deficit) from Joint Venture		1,320	(570)
Changes in net assets (Share of movements in equity)		(270)	(550)
		21,700	20,650

Changes in net assets of R270 190 for the 2025 financial year were as a result of the JMJV's transfer between provisions which JOSHCO also accounted for in equity.

10. BORROWINGS - DBSA

At amortised cost

Development Bank of Southern Africa		7,286	8,759
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JOSHCO has two loans from Development Bank of Southern Africa (DBSA) for City Deep Housing Project an amount of R7 821 487 and Roodepoort Social Housing Project for R11 732 231. The loan period is for twenty years bearing interest at a fixed interest rate of 8.5% per annum. The borrowing is repayable in 36 equal six monthly instalments totaling R1 070 913 with the last redemption date in March 2029.

Non-current liabilities

At amortised cost		5,144	6,617
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Current liabilities

At amortised cost		2,142	2,142
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11. Payables from exchange transactions		
Trade payables	209,075	289,970
Payments received in advance	-	-
Accrued leave pay	15,812	16,528
Consumer deposit received	17,908	20,829
Other creditors (Unallocated deposits)	1,743	9,276
Payroll liabilities	297	466
Related Party Creditors	1,299,942	1,062,202
	1,544,777	1,399,271
12. Finance lease obligation		
Minimum lease payments due		
- within one year	-	426
	-	426
less: future finance charges	-	(19)
Present value of minimum lease payments	-	407
Present value of minimum lease payments due		
- within one year	-	407
The finance lease relates to office equipment in the form of printers and scanners. the average lease term is 3 years. The entity did not default on any of the interest or capital repayments of the finance lease. The finance lease expired on 30 June 2025, and currently printers and scanners are being utilised on a month-to month basis until a new lease agreement is concluded through normal procurement and legal processes		
The entity's obligations under finance leases are not secured by the lessor's charge over the leased assets.		
13. VAT receivable		
Receivable	2,497	8,122
These amounts are receivable 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 was impaired, SARS is still assessing the impact.		
14. Deferred income		
SHRA receipts represents the unused value from claims received from the Social Housing Regulatory Authority. The amounts received are placed in a Trust account where the movements in the account are accounted for through the deferred income account and the interest earned on the bank account is accounted for through the Statement of financial performance.		
Deferred income from non-exchange transactions comprises of:		
Unearned conditional grants and receipts		
SHRA receipts	21,207	41,970
Local Government Grant - Roodepoort	178	178
	21,385	42,148

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14. Deferred tax (continued)

Movement during the year

Balance at the begining of the year	42,148	178
Amounts received during the year for development	23,538	127,968
Assets paid for and transferred to CoJ	(49,755)	(104,410)
Amounts received and transferred to revenue (Tenanting Income)	5,454	18,412
	21,385	42,148
Non-current liabilities	178	178
Current liabilities	21,207	41,970
	21,385	42,148

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 funds will remain in liabilities until the asset is transferred to the City of Johannesburg Metropolitan Municipality.

15. Financial instruments disclosure

Categories of financial instruments

2025

Financial assets

	At amortised cost/ Fair value	Total (2025)
Loans to shareholder	5,958	5,958
Trade and other receivables from exchange transactions	1,181,627	1,181,627
Receivables from non-exchange transactions	45	45
Cash and cash equivalents	22,689	22,689
	1,210,319	1,210,319

	At amortised cost	Total (2025)
Borrowings - DBSA Loan	7,286	7,286
Loans from shareholders	1,728,551	1,728,551
Trade and other payables from exchange transactions	1,544,777	1,544,777
	3,280,614	3,280,614

2024

Financial assets

	At amortised cost	Total (2024)
Loans to economic entities	5,958	5,958
Trade and other receivables from exchange transactions	1,247,353	1,247,353
Receivables from non-exchange transactions	5,871	5,871
Cash and cash equivalents	20,994	20,994
	1,280,176	1,280,176

Financial liabilities

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15. Financial instruments disclosure (continued)

	At amortised cost	Total (2024)
Borrowings - DBSA Loan	8,759	8,759
Loans from shareholders	1,309,093	1,309,093
Trade and other payables from exchange transactions	1,382,277	1,382,277
Finance lease obligations	407	407
	2,700,536	2,700,536

The cash and cash equivalents, as well as the balance of SHRA trust account are accounted for at fair value. The cash and cash equivalents amount is R22 689 665 (2024: R20 993 796) and the SHRA Trust account balance is R25 746 924 (2024: 45 410 831)

16. Share capital

Authorised	1	1
1000 Ordinary shares of R1 each or par value of R1000		
Issued		
Ordinary (R120 issued)	0.120	0.120

The issued Share capital balance of R120 is less than R1 000 and therefore appears as R0.120 on the financial statements and Share capital note.

17. Revenue

Rendering of services	27,577	32,342
Rental of facilities and equipment	174,427	152,391
Utility recoveries	14,253	13,222
Other income	20,346	2,443
Interest received	38,757	38,428
Share of surplus from joint ventures accounted using the equity method	1,320	-
Government grants & subsidies	143,863	110,687
EPWP Operational Grant	5,997	18,963
SHRA tenanting income	5,454	18,412
	431,994	378,665

The amount included in revenue arising from exchanges of goods or services are as follows:

Rendering of services	27,577	32,342
Rental of facilities and equipment	174,427	152,391
Utility recoveries	14,253	13,222
Other income	20,346	2,443
Interest received	38,757	38,428
	275,360	238,826

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17. Revenue (continued)

The amount included in revenue arising from non-exchange transactions is as follows:

Share of surplus from joint ventures accounted using the equity method	1,320	-
Transfer revenue		
Government grants & subsidies	143,863	110,687
EPWP Operational Grant	5,997	18,963
SHRA Tenanting Grant	5,454	18,412
	156,634	148,061

Rental of facilities and equipment

The rental income accrued to the entity consists of rental billed to tenants in the various JOSHC0 accommodation projects, Outdoor advertising income as well as student accommodation income.

Rendering of services

The revenue generated through management fees for work done on behalf of the CoJ Departments is accounted for as rendering of services revenue.

Government grants & Subsidies

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.

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

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.

Share of surplus from Joint ventures accounted using the equity method

The 2025 financial results of the JMJV company yielded a surplus, which has been accounted for at 55% representing JOSHC0's share of the total surplus

Other Income

Other income for the 2025 financial year included the following items

1. Gain on derecognition of liability

During July 2025, a High Court ruling was issued in favour of JOSHC0 that deemed the appointment of the service provider to be unconstitutional and JOSHC0 has the right to recoup invoices paid. The remaining liability balance is no longer due and therefore is derecognised as it no longer meets the definition of a liability.

The above represents an adjusting event after reporting date as the case has been ongoing since the 2023 financial year.

2. Trade payables Write-off through prescription

On analysis of Trade payables, creditors that are aged over 3 years were identified and subsequently written off through prescription

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18. Administrative costs

Advertising	5,158	2,738
Auditors remuneration	2,589	2,496
Bank charges	81	45
Cleaning and Gardening	568	-
Collection costs	1,405	1,520
Community Development	2,020	222
Computer expenses	1,776	7,383
Conferences and seminars	535	2,480
Consumables	1,911	3,888
Discount allowed	2,852	2,322
Electricity	58,871	34,090
Entertainment	122	46
Equipment hire	680	263
Fines and penalties	302	217
Fuel and oil	9	16
Gas	2,299	1,643
Insurance	4,821	3,023
Lease rentals on operating lease	1,208	-
Placement fees	90	96
Postage and courier	2	-
Printing and stationery	2,424	2,168
Project maintenance costs	133,011	201,164
Project planning and consulting	15,225	28,390
Protective clothing	612	-
Refuse	2,901	3,358
License fees	2,808	3,323
Security (Guarding of municipal property)	84,578	51,290
Staff bursaries	619	347
Subscriptions and membership fees	628	604
Telephone and fax	3,496	1,963
Tenant allocation	72	383
Training	1,599	3,101
Travel - local	-	64
Water and Sanitation	84,766	106,573
	420,038	465,216

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19. Employee related costs

Acting allowances	3,519	1,166
Bargaining Council	70	67
Bonus	8,948	6,957
Directors remunerations	2,422	2,446
Employee related costs : Medical aid contributions	6,501	5,608
Employee related costs : Salaries and wages	167,108	164,279
Housing benefits and allowances	1,056	281
Leave pay provision charge	6,065	5,410
Overtime payments	10,895	7,922
Pension fund contributions	21,701	19,468
SDL	2,007	1,867
Shift allowance	2,558	2,335
Travel, motor car, accommodation, subsistence and other allowances	4,734	2,632
UIF	1,261	1,286
	238,845	221,724

Remuneration of executive directors 2025

Amounts in tables below are in Rand Thousands

Name	Annual Remuneration	Acting, Travel, Housing and other allowances	Medical aid, Pension fund and other contributions	Total 2025
Mr. Sello Molapane Mothotoana (CEO)	1,888	125	139	2,152
Ms. Nontobeko Ndimande (CFO)	490	7	167	664
Mr. Themba Mathibe	-	26	498	524
Ms. Nokwazi Mtshali	1,596	367	371	2,334
Ms. Madonna Rangaka	1,197	72	470	1,739
Mr Melusi Ndima	80	-	9	89

Mr. Sello Molapanae Mothotoana's contract was terminated on 31 May 2025

Ms Nontobeko Ndimande's contract expired 17 September 2025

Mr Melusi Ndima was appointed as at 17 June 2025

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19. Employee related costs (continued)

Remuneration of executive directors 2024

Amounts in table below are in Rand thousands

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	135	78	2,191
Ms. Nontobeko Ndimande (CFO)	2,799	7	30	2,836
Mr. Themba Mathibe	1,503	378	312	2,193
Ms. Nokwazi Mtshali	1,975	337	330	2,642
Mr. Immanuel Burton	268	-	3	271
Ms. Livhalani Nemaungani	467	-	-	467

Remuneration of non executive directors

Mr. Z Xalisa	164	-
Ms. B Simelane	196	-
Mr. J Sobekwa	350	-
Mr. L Ndlovu	260	-
Mr. M Shabambu	180	-
Mr. N Mjiyako	174	-
Ms. T Poswa	152	-
Ms. T Tshabalala	20	-
Mr. T Dlamini	302	-
Mr. T Mdadane	12	-
Mr. S James	-	32
Mr. T Tselane	20	128
Mr. M Tabane	20	172
Ms. Y Erasmus	30	238
Mr. M Francis	8	40
Mr. A Smith	20	152
Ms. J Scott	52	180
Mr. J Watson	-	56
Mr. S Masemola	25	336
Mr. S Clarke	46	182
Mr. S Mnisi	20	164
Mr. H Markus	20	124
Mr. M Nqakalatsane	40	142
Mr. I Singh	15	144
Ms. S Monambi	-	144
Mr. Victor Van Der Merwe	8	-
Ms. Thulisile Mfusi	56	-
Mr. Steven Piet Ngubeni	48	-
Mr. Obed Thenga	40	-
Ms. Geraldene Chaplog-Louw	8	-
Mr. Daniel Nyamazane	8	-
Mr. Albert Baloyi	128	-
	2,422	2,234

Remuneration of Audit Committee Members

Mr S Ngubeni	104	-
Mr. O Thenga	32	-
Ms. T Mfusi	48	-
Mr. V Van Der Merwe	8	56

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19. Employee related costs (continued)		
Mr. A Taoussi	-	8
Adv. G Chaplog-Louw	8	68
Mr. P Lefothe	-	32
Mr. D Nyamazane	8	24
Ms. A Francis	8	24
	216	212
20. Bad debt written off		
Bad debts written off	4,659	90,868
Bad debt written off relate to trade debtors which represent tenant debtors.		
21. Debt impairment		
Debt impairment	188,487	60,712
Debt impairment consists of the following category of debtors:		
Trade receivables	98,601	11,930
Related party debtors	61,510	51,765
Loan to shareholder	-	(2,983)
VAT Receivables	10,076	-
Tax receivable	50	-
Sundry debtors	18,250	-
	188,487	60,712
22. Interest income		
Interest revenue		
Interest earned - Trust bank account	2,240	5,318
Interest earned - Trade receivables	36,517	33,110
	38,757	38,428
23. Depreciation and amortisation		
Property, plant and equipment	5,612	4,924
Intangible assets	1,199	1,012
	6,811	5,936
24. Finance costs		
Finance leases	18	51
Interest paid - Borrowings	669	789
Interest paid - Sweeping account	125,473	112,475
	126,160	113,315

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25. Reconciliation of net cash flows from operating activities to surplus/(deficit)

Deficit for the year	(559,942)	(571,487)
Non cash movements:		
Depreciation and amortisation	6,811	5,936
Loss on disposal of assets	201	33
(Surplus)/Deficit from equity accounted investments	-	570
Impairment loss	6,735	-
Debt impairment	188,487	60,712
Bad debts written off	4,659	90,868
Discount allowed	2,852	2,322
Other non-cash items	359	-
Changes in working capital:		
Inventories	34	(298)
Receivables from exchange transactions	1,692	103,963
Receivables from non-exchange transactions	(45)	-
Debt impairment	(188,487)	(60,712)
Bad debts written off	(4,659)	(90,868)
Discount allowed and others	(2,852)	(2,322)
Payables from exchange transactions	145,506	143,193
VAT	5,625	(4,193)
Utility Recoveries	-	(7,030)
Current tax receivable	50	9,090
Deferred income	(20,763)	(41,970)
	(413,737)	(362,183)

26. Tax receivable

Balance due (from) at beginning of the year	(50)	(9,140)
Payments made from SARS in the current year	-	9,090
Impairment of tax receivables	(50)	-
Balance due (from) at end of the year	-	(50)

On assessment of the likelihood of recovery of the receivables, it was noted that the income tax receivables balance of R49 707.43 has not been confirmed as due by SARS. Since there is no probability of recovering the amount, the tax receivable has been impaired through surplus and deficit.

27. Commitments

Commitments in respect of capital expenditure:

Authorised for		
• Award contracted for	2,962,234	2,087,920
• Award not contracted for	132,786	-
Total Commitments	3,095,020	2,087,920

Total commitments

This committed expenditure relates to fixed assets and will be financed by government grants, available bank facilities, retained surpluses and funds internally generated.

It was noted on review of supporting information for commitments that there is an error in the prior year commitments balance. The value of the error amounted to R48 968 173, and the commitments balance was restated as per the above balances for 2024

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28. Related parties

Relationships

Ultimate controlling entity

City of Johannesburg Metropolitan Municipality

Joint ventures

Madulamoho JMJV

Members of key Management

Refer to employee costs note

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Entities under common control

Pikitup Johannesburg (SOC) Ltd

City Power Johannesburg (SOC) Ltd

Johannesburg Water (SOC) Ltd

City of Johannesburg Property Company (SOC) Ltd

Johannesburg City Parks and Zoo NPC

Johannesburg Development Agency (SOC) Ltd

Johannesburg Metropolitan Bus Services (SOC) Ltd

Johannesburg Roads Agency (SOC) Ltd

Joburg Theatres (SOC) Ltd

Joburg Market (SOC) Ltd

Joburg Tourism (NPC)

Metropolitan Trading Company (SOC) Ltd

Related party balances

Amounts included in loans and receivables with related parties

City of Johannesburg Metropolitan Municipality	1,308,734	1,216,361
City Power Johannesburg (Pty) Ltd	35	38
City of Johannesburg Property Company (Pty) Ltd	-	9,907
Johannesburg Development Agency (Pty) Ltd	97	97
Johannesburg City Parks and Zoo NPC	147	-
	1,309,013	1,226,402

Amounts included in loans and trade payables with related parties

City of Johannesburg Metropolitan Municipality	(3,017,036)	(2,359,072)
Johannesburg Metropolitan Bus Services (SOC) Ltd	(5)	-
Joburg Market (SOC) Ltd	(170)	(170)
Johannesburg Theatres (SOC) Ltd	(714)	-
Metropolitan Trading Company (SOC) Ltd	(9,567)	(11,817)
Johannesburg Development Agency (SOC) Ltd	(1,192)	(583)
	(3,028,684)	(2,371,642)

Provision for doubtful debts related to outstanding balances with related parties

(Refer to Note 4)

City of Johannesburg Metropolitan Municipality	(191,013)	(131,959)
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The provision is as a result of long outstanding invoices that COJ Departments are yet to settle. Given their age, the entity has applied a discounting method to provide for the doubtful debt. The related party receivable is not secured

Related party transactions

Income from related parties

City of Johannesburg Metropolitan Municipality	170,978	143,029
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Expenditure with related parties

City of Johannesburg Metropolitan Municipality	(125,473)	(112,475)
Pikitup Johannesburg (SOC) Ltd	(2,882)	(2,916)
City Power Johannesburg (SOC) Ltd	(50,474)	(30,144)
Johannesburg Water (SOC) Ltd	(86,121)	(108,600)

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28. Related parties (continued)

Joburg Theatres (SOC) Ltd	(644)	-
Johannesburg Metropolitan Bus Services (SOC) Ltd	(97)	(66)
Johannesburg Development Agency (SOC) Ltd	-	(46)
Johannesburg City Parks and Zoo NPC	13	-
	(265,678)	(254,246)

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 R1 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 rental properties.

Remuneration of management

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 2025 and 2024, the entity's borrowings of R7,285,938 (2024; R8,759,142) 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

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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 counter-party.

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	2025	2024
Receivables from exchange transactions	1,181,627	1,247,353
Loans to shareholder	5,958	5,958

30. IRREGULAR EXPENDITURE

Opening balance	422,668	278,756
Add: Irregular Expenditure - current	661	16,000
Add: Irregular expenditure - Identified in current year relating to prior year	151,033	62,380
Add: Irregular Expenditure - overspending of operational budget	592,991	416,967
Add: Irregular expenditure - Overspending Identified in current year relating to prior years	110,463	-
Less: Expenditure written-off	(199)	-
Less: Amount written off - current	(444,398)	(351,435)
Closing balance	833,219	422,668

Overspending of operational budget for the 2024 financial year has been restated to include non-cash items and correction of error of the cash items identified during investigation of prior year irregular expenditure.

Overspending of operational budget for the 2025 financial year includes the following non-cash items below

Overspending of approved budget: non-cash items

Description	2025	2024
Debt impairment	162,079	27,166
Depreciation and amortisation	5,106	3,266
Impairment loss	6,735	-
Bad debts written off	4,659	90,868
Discount allowed	2,852	2,322
Total	181,431	123,622

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30. IRREGULAR EXPENDITURE (continued)

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	661	78,181
Overspending of operational budget - Current year	Irregular expenditure to be investigated	592,991	416,967
Overspending of operational budget - relating to prior years	Irregular expenditure to be investigated	110,463	-
Tax clearances not obtained	Irregular expenditure to be investigated	19	199
		704,134	495,347

Cases under investigation

Irregular expenditure incurred in the prior year has not been condoned as some investigations have not been concluded.

1 (prior period: 4) 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

Municipal Finance Management Act	703,473	568,020
Preferential Procurement Policy Framework Act	661	78,380
	704,134	646,400

31. Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure

Opening balance	743	282
Expenditure relating to the current year	322	504
Expenditure to be recovered	(307)	-
Expenditure to be written-off	(121)	-
Prior period error (Correction of sheriff costs)	-	(44)
	637	743

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 unauthorised debit orders on the JOSHCO bank account. In addition, the balance includes interest and penalties from SARS as well as an overpayment to a service provider made during the year.

It is important to note that the entity has provided for certain sundry debtors that have a low probability of recovery. These items include overpayment to suppliers, unauthorised debit orders and alleged fraudulent transactions. These are all subject to the outcomes from the various investigations and recovery efforts that will commence during the 2025/2026 financial year. Once investigations are concluded, the entity will assess results and record any expenditure in vain as fruitless and wasteful expenditure. The value of the above sundry debtors is R18 249 900.28

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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.

There were no approved deviations for the 2025 financial year

For the 2024 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	Description 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	4,744,156
Serithi Consulting	Response to building which were affected by the recent fire incident.	2,574,026
Total		7,318,186

33. New standards and interpretations

33.1 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 2025 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

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34. Contingencies

JOSHCO has engaged several legal firms for the evictions and recovery of arrear rent at various JOSHCO buildings.

JOSHCO is currently involved in various legal disputes against the below companies
Details of the contingencies are as follows:

Contingent liabilities

1.Gosiaame Development Consulting (Pty) Ltd- Damage claim for loss of income relating to professional services rendered at Randburg Selkirk project	653	653
2.Renaissance Security and Cleaning T/A Topo Security Services	299	299
	952	952

Contingent assets

1.JEH Properties and Dempster Mckinnon-breach of contract.	6,987	6,987
2.SKN Consulting-damages suffered as a result of non-performance	14,646	14,646
3.QuickProp Systems (Pty)- damages suffered as a result of nonperformance	-	6,735
	21,633	28,368

35. 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 errors can be summarised as follows:

Statement of financial position

2024

	Note	As previously reported	Correction of error	Reclassification	Restated
Receivables from exchange transactions - Trade receivables	4	32,960	(8,344)	-	24,616
Receivables from exchange transactions - Sundry debtors		60,670	7,030	-	67,700
Receivables from exchange transactions - Unclaimed CoJ Special Projects		62,720	(104,690)	41,970	-
Receivables from non-exchange transactions		5,871	(5,871)	-	-
Property, Plant and equipment - IT Equipment		23,935	(1,002)	(14,068)	8,865
Property, Plant and equipment - Fibre		-	-	7,284	7,284
Intangible Assets - JOSHCO App		-	-	4,812	4,812
Payables from exchange transactions - Trade payables	11	(282,888)	(7,082)	-	(289,970)
Payables from exchange transactions - Payments received in advance		(15,189)	15,189	-	-
Payables from exchange transactions - Accrued leave pay	11	(10,125)	(6,403)	-	(16,528)
VAT receivable	13	5,440	710	1,972	8,122
Deferred income		-	-	(41,970)	(41,970)
		(116,806)	(110,463)	-	(227,069)

Statement of financial performance

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35. Prior year adjustments (continued)

2024

	Note	As previously reported	Correction of error	Reclassification	Restated
Project planning and consulting	18	21,804	8,222	-	30,026
Administrative costs - Staff bursaries	18	-	347	-	347
Debt impairment	21	52,367	8,345	-	60,712
Employee related costs - Leave pay provision charge	19	4,217	1,194	-	5,411
Finance costs - Finance lease	24	-	-	51	51
Amortisation - JOSHCO App		50	962	-	1,012
Depreciation - Fibre		4,843	88	-	4,931
Administrative costs - Equipment hire		316	-	(51)	265
Utility recoveries		(6,891)	(6,331)	-	(13,222)
Other income		(552)	(890)	-	(1,442)
Surplus for the year		76,154	11,937	-	88,091

35.1 Prior period errors adjustments

Payables from exchange transactions - Trade payables

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35. Prior year adjustments (continued)

During the review of expenditure incurred in consulting fees, it was noted that there were invoices dated in the 2024 financial year that were incorrectly processed in the 2025 financial year. The financial statements were restated to account for the invoices in the 2024 financial year as project planning and consulting fees. The VAT effect was also accounted for.

Payables from exchange transactions - Accrued leave pay

During preparation and review of year-end financial statements, it was noted that the leave pay accrual balance did not include COJ insourced general workers (i.e. Security and Cleaners). Therefore, a correction was made to account for these employees leave balances as at the end of the 2024 financial year. The correction was made against employee costs for the 2024 financial year.

Payables from exchange transactions - Payments received in advance

During the year-end preparations, a detailed exercise was performed to analyse the supporting information for the balance. Through this process, it was discovered that these balances mostly emanate from tenant accounts that have been closed (i.e. tenant has vacated rental unit or accounts where balances were written off in previous years). Therefore, the income from amounts received in advance had been realised. The balances up to the end of 2023 were corrected through accumulated deficit, and amounts in 2024 were adjusted through realising of income in the statement of financial performance.

Receivables from non-exchange transactions - Staff debtors

The balance represents staff bursaries paid by JOSHCO and it was noted that bursaries are not due to JOSHCO until a specified event (i.e. acknowledgement of debt by JOSHCO staff member) and therefore bursary payments by JOSHCO should be treated as expenses on initial recognition. The comparative year (2024) balance that was corrected as expenses is R346 965.90 while balances from previous years totaling R5 524 193.20 were adjusted on Accumulated deficit.

Receivables from exchange transactions - Trade receivables

In the prior year, an audit adjustment was done to reverse write-offs to receivable that did not have valid approvals. The adjustment was done correctly to increase the Debtor's balance. However, the recovery of the debt remained doubtful, and the prior year was corrected to account for the provision for doubtful debt. The debt impairment in the income statement was effectively also adjusted and the net receivable balance was restated as a result.

Receivables from exchange transactions - Sundry debtors

It was noted that there were utility recoveries that relate to the 2023 and 2024 financial year that were not previously accounted for. The prior year revenue (Utility recoveries) and 2023 accumulated deficit were adjusted to account for the amounts receivable.

Receivables from exchange transactions - Unclaimed CoJ Special projects

The balances in the line item were analysed in detail and it was noted that the balance includes items that were not claimed at CoJ, and items were not accepted by CoJ due to budgetary issues or the nature of expenditure is not Capital. Therefore the items should have been treated as expenses in JOSHCO AFS as there is no likelihood that JOSHCO will receive economic benefits from a successful claim at CoJ. The transactions date back to the 2022 and 2023 and 2024 financial year and therefore have been restated through Accumulated deficit. In addition, there were transactions totaling over R14 million identified that could not be traced to proper source documentation and these are now subject to formal investigations which will be conducted during the 25-26 financial year. Since these amounts do not appear to relate to valid receivables, they should have been provided for as doubtful in the 2023 financial year. In addition to the above, it was also noted that the deferred income relating to the SHRA funding transactions was incorrectly mapped to the abovementioned line item. Therefore 2024 balance was also corrected by reclassifying the deferred amounting to R41 969 530 to current liabilities.

Finance costs - Finance leases (Reclassification)

The finance leases interest charges were incorrectly classified as administrative expenses. The 2024 interest was reclassified to finance costs to ensure fair presentation.

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35. Prior year adjustments (continued)

Property, Plant and Equipment & Intangible Assets

The Work in progress of R15 million was initially recognised as IT Equipment. The first correction is to account for the amounts excluding VAT, meaning an adjustment was made to the VAT balance as well. On further analysis of supporting information, it was discovered that there is a part of the amount that is for development and completion of JOSHCO APP which was signed off as complete in September 2023. Therefore, a prior period error exists to recognise and capitalise the intangible asset of R5 773 900 in the 2024 financial year and its applicable amortisation. In addition, the remaining balance of the work-in progress was for fibre implementation in the JOSHCO managed properties, where completion was achieved for 18 sites. This therefore means there was a portion of the balance that was to be capitalised in both the 2023 and 2024 financial year as per the sign-off documentation for completion of work. These errors were accounted for and their effects on the financial statements is disclosed above.

36. PRIOR PERIOD ERROR DISCLOSURE

The review of the disclosed transactions resulted in the below disclosure adjustments relating to prior year:

Commitments

Opening balance previously reported	2,038,951
Corrections	48,969
Restated 2024 balance	2,087,920

Management reviewed the commitment balance and the review resulted in an adjustment of R48,969,173 to restate the 2024 commitments balance

37. 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

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37. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2025

	Housing Management	Housing Development	Total
Revenue			
Rental of facilities and equipment	174,427	-	174,427
Utility recoveries	14,254	-	14,254
Interest received	38,757	-	38,757
Rendering of services	-	27,577	27,577
COJ EPWP Grant (PEP)	5,997	-	5,997
Other income	20,238	-	20,238
SHRA Tenanting income	5,454	-	5,454
Total segment revenue	259,127	27,577	286,704
Revenue reconciling items			
Other income			108
Subsidy received from shareholder			143,863
Share of surplus from joint ventures accounted for using the equity method			1,320
Total revenue reconciling items			145,291
Entity's revenue			431,995
Expenditure			
Employee related costs	163,988	12,164	176,152
Debt impairment	98,601	61,510	160,111
Bad debts written off	4,659	-	4,659
Administrative costs	368,964	1,332	368,296
Total segment expenditure	634,212	75,006	709,218
Total segmental surplus/(deficit)			(422,514)
Expenditure reconciling items			
Employee related costs			(62,693)
Loss on disposal of assets			(201)
Depreciation & amortisation			(6,811)
Administrative costs			(51,757)
Impairment loss			(6,735)
Finance costs			(126,142)
Debt impairment			(28,376)
Entity's (deficit) for the period			(559,942)
Assets			
Receivables from exchange transactions	27,490	1,112,042	1,139,532
Investment in Joint ventures(equity method)	21,700	-	21,700
Loans to shareholder	5,958	-	5,958
Cash and cash equivalents	20,435	2,200	22,635
Total segment assets	75,583	1,114,242	1,189,825

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	Housing Management	Housing Development	Total
37. Segment information (continued)			
Assets reconciling items			
Inventory			
Inventory			484
VAT receivable			2,497
Property, plant and equipment			27,843
Intangible assets			3,744
Receivables from exchange transactions			42,095
Receivables from non-exchange transactions			45
Cash and cash equivalents			54
Total assets as per Statement of financial Position			1,266,587
Liabilities			
Borrowings - DBSA	-	7,286	7,286
Payables from exchange transactions	19,651	1,509,017	1,528,668
Deferred income	-	21,385	21,385
Total segment liabilities	19,651	1,537,688	1,557,339
Liabilities reconciling items			
Accrued leave pay			15,812
Payroll related liabilities			297
Loans from shareholder			1,728,551
Total liabilities as per Statement of financial Position			3,301,999
2024			
	Housing Management	Housing Development	Total
Revenue			
Rental of facilities and equipment	152,391	-	152,391
Utility recoveries	13,222	-	13,222
Interest received	38,428	-	38,428
Rendering of services	-	32,342	32,342
COJ EPWP Grant (PEP)	18,963	-	18,963
Other income	1,999	-	1,999
SHRA Tenanting income	18,412	-	18,412
Total segment revenue	243,415	32,342	275,757
Revenue reconciling items			
Other income			444
Subsidy received from shareholder			110,687
Total revenue reconciling items			111,131
Entity's revenue			386,888

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37. Segment information (continued)

Expenditure

Employee related costs	152,160	11,869	164,029
Debt impairment	5,963	51,766	57,729
Depreciation & amortisation	254	-	254
Finance costs	-	840	840
Bad debts written off	90,868	-	90,868
Share of Deficit from joint venture	570	-	570
Administrative costs	406,346	5,120	411,466
Total segment expenditure	656,161	69,595	725,756
Total segmental surplus/(deficit)			(449,999)

Expenditure reconciling items

Employee related costs	(57,695)
Loss on disposal of assets	(33)
Depreciation & amortisation	(5,682)
Administrative costs	(53,751)
Finance costs	(112,475)
Debt impairment	(2,983)
Entity's surplus (deficit) for the period	(571,487)

Assets

Receivables from exchange transactions	33,419	1,090,903	1,124,322
Investment in joint ventures (equity method)	20,650	-	20,650
Loans to shareholders	5,958	-	5,958
Cash and cash equivalents	18,958	2,034	20,992
Total segment assets	78,985	1,092,937	1,171,922
Inventory			518
Current tax receivables			50
VAT receivables			8,122
Property, plant and equipment			31,555
Intangible assets			11,681
Receivables from exchange transactions			58,997
Cash and cash equivalents			1
Total assets as per Statement of financial Position			1,282,846

Liabilities

Borrowings - DBSA	-	8,759	8,759
Payables from exchange transactions	43,591	1,345,089	1,388,680
Deferred income	41,970	178	42,148
Total segment liabilities	85,561	1,354,026	1,439,587
Finance lease obligation			407
Accrued leave pay			10,125
Payroll liabilities			466
Loans from shareholder			1,309,093
Total liabilities as per Statement of financial Position			2,759,678

Measurement of segment surplus or deficit, assets and liabilities

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2025

2024

37. Segment information (continued)

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.

38. Events after reporting period

JOSHCO would like to bring to the attention of the users the following events that occurred subsequent to the end of the financial year, but before the financial statements report date of 31 August 2025.

36.1 Permanent Appointment of the CFO

The entity appointed Mr Floyd Rikhotso as the Chief Financial Officer of the entity commencing on 07 July 2025.

36.2 Ruling on court matter in favor of JOSHCO

In July 2025, the court ruled in favor of JOSHCO to recoup expenditure paid to service providers for the development of the JOSHCO App. This then has resulted in an adjusting event that affects the financial position of the entity as the amount is to be recognised as a receivable once there is a refund amount determined during the 2026 financial year and no longer a contingent asset as previously reported. The payables balance of R5 402 700 has also been derecognised through the statement of financial performance. The matter has been ongoing since the 2023 financial year.

36.3 Resignation of Company Secretary

Subsequent to 30 June 2025, but before the Approval of annual financial statements, Ms Madonna Rangaka, Company Secretary, has resigned effective 31 August 2025.

39. Impairment loss

Impairments

Intangible assets

During the financial year, the High Court ruled in favor of JOSHCO against the service provider who charged JOSHCO for App development services. The development of the app was then done by another service provider. Therefore the development costs are impaired.

6,735

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Supplementary Information

1. MFMA Additional Disclosure

	UIF	SDL	Pension Fund Contributions	Medical Aid Contributions	Auditor's Remuneration
2025					
Opening balance					
Expenditure incurred	1,261	2,007	21,701	6,501	2,589
Payments made during the year	(1,261)	(2,007)	(21,701)	(6,501)	(2,589)
Closing Balance	-	-	-	-	-
 2024					
Opening balance					
Expenditure incurred	1,286	1,867	19,468	5,608	2,496
Payments made during the year	(1,286)	(1,867)	(19,468)	(5,608)	(2,496)
Closing Balance	-	-	-	-	-



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