



JOHANNESBURG ROADS AGENCY SOC (LTD)

Reg. No. 2000/028993/30

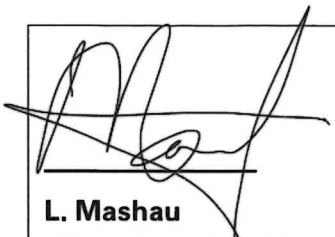

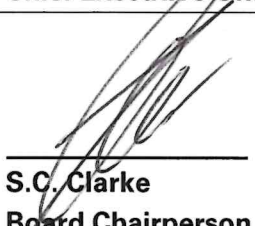

INTEGRATED REPORT

2024/25

Mobility Made Easy

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Bankers:	Standard Bank of SA Limited
Auditors:	Auditor General South Africa (AGSA)

Approval

 L. Mashau Chief Financial Officer	Date: <u>24/11/2025</u>
 Z. Nyathi Chief Executive Officer	Date: <u>25/11/2025</u>
 S.C. Clarke Board Chairperson	Date: <u>02/12/2025</u>
 K. Kunene Member of Mayoral Committee: Transport	Date: <u>17/12/2025</u>

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GLOSSARY OF TERMS / LIST OF ACRONYMS

Acronym	Meaning	Acronym	Meaning
AFS	Annual Financial Statements	MMC	Member of the Mayoral Committee
AFRIT	Audit, Finance, Risk & Information Technology	MISA	Municipal Infrastructure Support Agency
AGM	Annual General Meeting	MSA	Municipal Systems Act
BEE	Black Economic Empowerment	NED	Non-Executive Director
B-BBEE	Broad Based Black Economic Empowerment	NMT	Non-motorised transit
CAPEX	Capital Expenditure	NSDS	National Skills Development Strategy
GFIS	Group Forensic Investigation Services	OHASA	Occupational Health and Safety Act
CoJ	City of Johannesburg	OPEX	Operational Expenditure
CSR	Corporate Social Responsibility	PAYE	Pay as You Earn (tax)
DDR	Detail Design Report	PDR	Preliminary Design Report
EAP	Employee Assistance Programme	PMD	Performance Management and Development Policy
EE	Employment Equity	REMSEC	Remuneration, Social and Ethics Committee
EFT	Electronic Funds Transfer	RFQ	Request for Quotation
EMT	Executive Management Team	RO	Regional Operations
EPWP	Expanded Public Works Programme	SCM	Supply Chain Management
FDP	Financial Development Plan	SDBIP	Service Delivery and Budget Implementation Plan
FICA	Financial intelligence Centre Act	SMMEs	Small Medium Micro Enterprises
FY	Financial Year	SOE	State Owned Enterprise
GAC	Group Audit Committee	SOP	Standard Operating Procedure
GDS	Growth and Development Strategy	SOW	Scope of Work
GRAS	Group Risk and Assurance Services	UIFW	Unauthorised, Irregular, Fruitless and Wasteful
IDP	Integrated Development Plan	UPS	Uninterrupted Power Supply
ITS	Intelligent Transport System	USDG	Urban Settlements Development Grant
IIRC	International Integrated Reporting Council	VAT	Value Added Tax
IFRS	International Financial Reporting Standards		
ICT	Information, Communication and Technology		
IFRS	International Financial Reporting Standards		
JDE	JD Edwards		
JSIP	Johannesburg Strategic Infrastructure Platform		
KING IV	Code on Corporate Governance		
MFMA	Municipal Financial Management		
MMC	Member of the Mayoral Committee		

Basis of Preparation

The Johannesburg Roads Agency SOC Limited (JRA) prepares an Integrated Report (IR) annually based on (Municipal Finance Management Act (MFMA), Municipal System Act (MSA) and National Treasury MFMA Circular 63, International Integrated Reporting Council (IIRC) and the King Code of Governance for South Africa.

Scope of Report

The 2024/25 Integrated Report of the JRA covers the period 1 July 2024 to 30 June 2025 and is presented in two volumes:

- **Volume 1:** A narrative and statistical description of major developments during the year and of value generated in various ways, including the Corporate Governance Report; and,
- **Volume 2:** Annual Financial Statements

Materiality

The principle of materiality informs the presentation of information showing the JRA's value-creation in the short, medium, and long term as presented in the report. The following material aspects were identified for the 2024/25 reporting year, i.e., matters that are important and of interest to the Shareholder, the customers, stakeholders, employees, organised labour, contractors, suppliers and service providers, the community, the media, and the public.

Assurance

Annually, the IR is subjected to an assurance process that includes reviews by the JRA Internal Audit, the Board of Directors and its sub-committees, the Group Performance Audit Committee (GPAC), and externally by the Auditor General of South Africa (AGSA). The IR serves at CoJ Council for oversight by the Municipal Public Accounts (MPAC) Committee and for approval. The Board and Management confirm the reliability and completeness of the information included in the IR.

Statement of Responsibility

The Board of Directors reviewed the content presented in this report and concluded express an opinion on whether the report is an accurate representation of the prospects and performance of the Entity. The Audit, Finance, Risk & Information Technology committee (AFRIT), considered the report and recommend it for approval by the Board. The Board considered the 2024/25 IR and released it to the Shareholder by 06 December 2025.

Feedback

Your feedback is important to us. It enhances our reporting content and processes. Please send your comments to schikwema@jra.org.za Readers can also interact with us on our social media platforms.

CHAPTER 1: LEADERSHIP & CORPORATE PROFILE

Section 1: MMC's Foreword

It is my privilege to present the Johannesburg Roads Agency (JRA) Integrated Report for the 2024/25 financial year. This report reflects both progress achieved, and the foundation laid for a more resilient, inclusive, and future-ready Johannesburg.

Strategic Alignment

The JRA is central to advancing the City's GDS 2040 and IDP, ensuring that roads, bridges, traffic systems, and stormwater infrastructure support growth, spatial justice, and safe mobility. In 2024/25, JRA continued aligning its work with the priorities of the Government of Local Unity while preparing for the future demands of a smart and sustainable city.

Performance Against IDP Imperatives

Despite fiscal pressures, the JRA prioritised road resurfacing, maintenance, and traffic signal reliability while driving SMME support and job creation. Although gravel road upgrades and stormwater conversions progressed more slowly, the entity demonstrated resilience, spending effectively and innovating under constrained budgets. Oversight mechanisms such as quarterly MMC–Board reviews ensured accountability and impact.

Corrective Measures

Looking ahead, the JRA must strengthen road maintenance, adopt climate-resilient and technology-driven approaches, and deepen stakeholder engagement. Transformative delivery—through digital asset management, green infrastructure, and expanded community partnerships—will define the next phase of service excellence.

Public Participation and Accountability

Residents' voices continue to shape JRA's programmes. Through Operation Restore, service blitzes, and Section 79 Committee engagements, the Agency has strengthened accountability and demonstrated responsiveness to community priorities.

Appreciation

I thank the Section 79 Committee, the JRA Board, leadership, and staff for their dedication. Together we are building not only roads and bridges, but the pathways to a connected, competitive, and sustainable Johannesburg.



K. Kunene
MMC: Transportation

Section 2: Board Chairperson's Report

It is my honour to present the Johannesburg Roads Agency (JRA) Integrated Report for the 2024/25 financial year. This report provides an account of how the Agency has delivered on its mandate amidst fiscal, operational, and environmental challenges, while laying foundations for long-term sustainability and resilience.

Governance and Oversight

The JRA Board remained committed to exercising its fiduciary responsibilities with diligence, transparency, and accountability. In 2024/25, we strengthened governance processes, enhanced risk management, and ensured that strategic decisions were informed by the principles of King IV, the Municipal Finance Management Act, and the City of Johannesburg's Shareholder Compact.

Through quarterly reviews with the MMC for Transport and ongoing engagement with the City, the Board has overseen the alignment of JRA's work with the broader Integrated Development Plan (IDP) and the City's Growth and Development Strategy.

Performance Highlights

Despite constrained budgets, the JRA delivered tangible results in critical service areas. Significant progress was made in road resurfacing, traffic signal maintenance, and pothole repairs, ensuring improved mobility and safety for road users. The Agency also advanced job creation and SMME support programmes, contributing to the City's socio-economic transformation agenda.

However, performance in areas such as gravel road upgrades and stormwater system conversions was curtailed by financial limitations. The Board acknowledges these shortfalls but commends management and staff for maintaining high levels of capital expenditure efficiency and for finding innovative ways to stretch limited resources.

Challenges and the Way Forward

The 2024/25 period underscored persistent challenges such as ageing infrastructure, vandalism of traffic signals, climate-related flooding events, and financial constraints. Addressing these requires decisive action, innovation, and stronger partnerships with stakeholders.

Looking forward, the Board will prioritise:

- Enhancing infrastructure resilience through climate-adaptive solutions.
- Accelerating the adoption of digital asset management systems.
- Deepening collaboration with communities, the private sector, and academia to unlock innovation.
- Strengthening organisational culture, accountability, and ethical leadership.

Appreciation

On behalf of the Board, I extend sincere appreciation to the Member of the Mayoral Committee for Transport, the City of Johannesburg, the CEO and executive management, and all staff of the JRA for their unwavering commitment. I also acknowledge the oversight of the Section 79 Committee on Transportation, whose contributions strengthen accountability and ensure that we remain focused on our service delivery mandate.

Together, we remain committed to building a Johannesburg whose transport infrastructure is safe, reliable, and future-ready—one that supports economic growth, spatial transformation, and the well-being of all residents.



SC Clarke

Board Chairman

Section 3: CEO's Report

As we present the Johannesburg Roads Agency (JRA) Integrated Report for the 2024/25 financial year, I am proud to reflect on the progress we have made, the challenges we have confronted, and the new foundations we have laid for future growth. This report demonstrates our continued commitment to delivering high-quality, safe, and sustainable infrastructure that drives economic development and enhances the daily lives of Johannesburg's residents.

Financial Position

The JRA closed the year on a firm financial footing, despite ongoing fiscal pressures. We achieved strong capital budget expenditure levels, with prudent financial management ensuring resources were optimised to support critical infrastructure programmes. Operational spending was aligned to shareholder priorities, enabling us to balance efficiency with service delivery imperatives (see Chapter 5 and the Annual Financial Statements for details).

Service Delivery Performance

In 2024/25, the JRA achieved measurable impact against its mandate. The Agency:

- Resurfaced hundreds of kilometres of roads across the City
- Upgraded gravel roads into surfaced standard to improve access,
- Converted stormwater channels into safer underground systems
- Rehabilitated bridges critical to mobility and safety, and,
- Created employment opportunities and supported SMMEs through Expanded Public Works Programme (EPWP) initiatives and procurement.

Our Asphalt Plant continued to operate reliably, enabling more timely road maintenance and pothole repairs. Service standards commitments were met, reinforcing residents' confidence in our ability to respond effectively to road-related service requests (see Chapter 3).

Partnerships

In 2024/25, we strengthened partnerships with the private sector to mitigate the impact of load-shedding, particularly through back-up power for traffic signals, while exploring new collaborations to scale pothole repairs and optimise asphalt plant utilisation. These partnerships not only extend our reach but also enhance innovation in how we deliver services.

Governance and Risk Management

The JRA maintained an unqualified audit opinion, in the previous financial year a reflection of a stable governance and internal control environment, though material findings remain areas of focus. Risk management has been further institutionalised, with over 90% of the actions in the Risk Management Action Plan implemented successfully. Organisational redesign processes are progressing, ensuring that the Agency is configured to deliver efficiently on its mandate (see Chapters 2 and 6).

While significant progress has been made, challenges persist. Johannesburg's ageing road infrastructure requires major investment, and incidents such as the Lillian Ngoyi Street explosion placed additional strain on already limited resources. Financial constraints also limited the pace of gravel road upgrades and stormwater conversions. Nonetheless, our focus remains on leveraging innovation, prioritising resources, and collaborating with stakeholders to deliver maximum impact under constrained conditions.

Looking Ahead

The future demands a resilient and adaptive JRA. As we look to 2025/26 and beyond, our strategic priorities include:

- Digitisation and smart mobility solutions for real-time traffic and asset management
- Climate resilience through sustainable infrastructure design and green engineering solutions
- Inclusive growth by creating more work opportunities and strengthening SMME participation, and
- Service excellence through accountability, innovation, and partnerships.

We remain steadfast in our vision of positioning Johannesburg as a city with world-class infrastructure that connects people, drives economic opportunity, and safeguards the environment.

Appreciation

I extend heartfelt appreciation to the JRA Board, the MMC for Transport, our Executive Management Team, and all JRA employees for their dedication and professionalism throughout the year. I also thank our communities, stakeholders, and partners for their collaboration and support. Together, we are building more than roads and bridges—we are building the foundation of a connected, competitive, and sustainable Johannesburg.



Zweli Nyathi
JRA CEO

Section 4: Chief Financial Officer's Report

This report presents the JRA's financial performance for the fourth quarter, ending 30 June 2025. The JRA remains committed to balancing financial sustainability with the achievement of service delivery objectives.


For the 2024/25 financial year, the JRA had an operating budget of R1.619 billion. By 30 June 2025, the Agency recorded operating expenditure of R1.531 billion and revenue of R1.643 billion and revenue of R1.574 billion, resulting in a net deficit of R69.720 million. This reflects a budget expenditure rate of 102%.

On a capital budget of R802.220 million, the JRA achieved an expenditure of R800,004 million, translating to 99% performance. This demonstrates continued progress in infrastructure investment and delivery.

Key financial ratios show mixed performance. The current ratio stood at 0.84, slightly below the target of 1.00, indicating pressure on short-term liquidity. The solvency ratio was 1.06, below the FDP target of 2.00. However, the salary-to-operating expenditure ratio of 24% remained well within the 35% benchmark, reflecting efficient cost management.

Cash on hand at year-end was R512.945 million, inclusive of balances in the Developers Contribution Account and the Ashplant bank balance. Debtors owed by related parties increased significantly to R1.264 billion, accounting for 97% of total debtors.

The JRA remains insolvent and continues to strengthen financial controls. The entity is aligned with the City's Financial Development Plan, and ongoing interventions are expected to improve overall financial health and compliance with Shareholder targets.



Lufuno Mashau
Chief Financial Officer

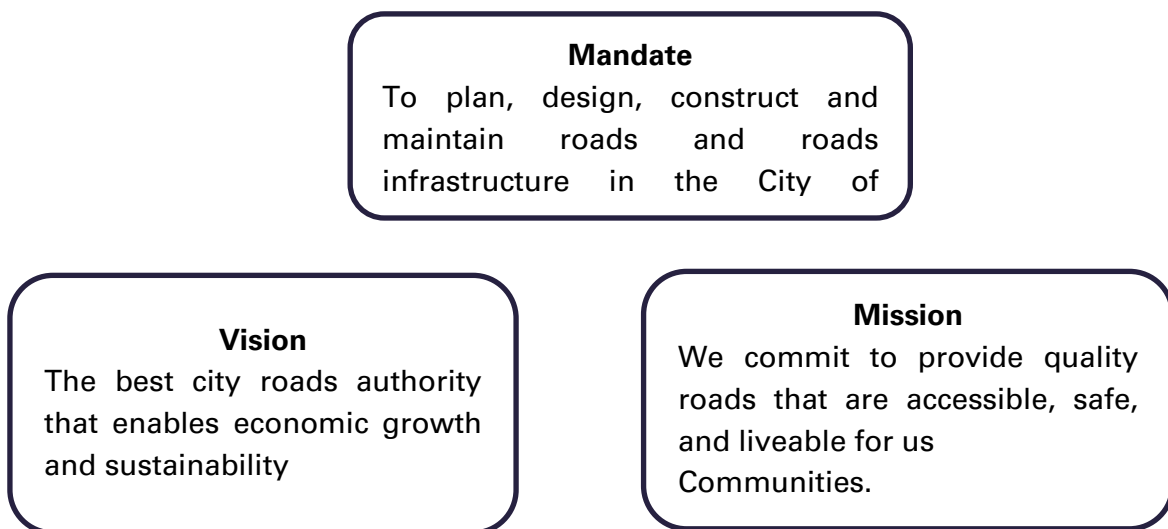
Section 5: Corporate Profile and Overview of the Entity

The Johannesburg Roads Agency (JRA), established in 2001, is the City's dedicated roads and stormwater authority. With over 1 500 employees serving all seven regions, the JRA manages more than 14 000 km of roads—the backbone of Johannesburg's mobility and economic activity.

Beyond maintaining infrastructure, the JRA is positioning itself as a catalyst for spatial transformation, innovation, and sustainability. Supported by key facilities such as the Asphalt Plant, Strategic Assets Depot, and Resurfacing Depot, the Agency is driving modern, resilient, and people-centred infrastructure solutions.

Operating under the Department of Transport and as part of the Economic Growth Cluster, the JRA contributes actively to City governance platforms, ensuring that its programmes align with the GDS 2040, the IDP, and the SDBIP. Through this, the JRA reaffirms its role as a builder of connected, inclusive, and future-ready communities.

JRA Mandate, Vision, Mission, and values



JRA Values

Batho Pele Implementation

The JRA advances the Batho Pele principles by delivering accessible, transparent, and customer-centred road services. Clear service standards guide maintenance turnaround times, while the Find & Fix app, call centre, website, and community engagements keep stakeholders informed. Accessibility is supported through walk-in centres and digital reporting platforms. Efficiency and value for money are promoted through improved planning, contractor management, and active monitoring of service delivery. These efforts ensure responsive, accountable, and people-focused infrastructure management across the City.

Respect

Caring for customers, prioritising communities, ensuring equity

Accountability	How one behaves when no one is watching
Ubuntu	Compassion for communities and road users, empathy, humility
Cooperation	Working together, integration, collaboration, and pooling resources
Honesty	Ethics, transparency, doing the right thing.

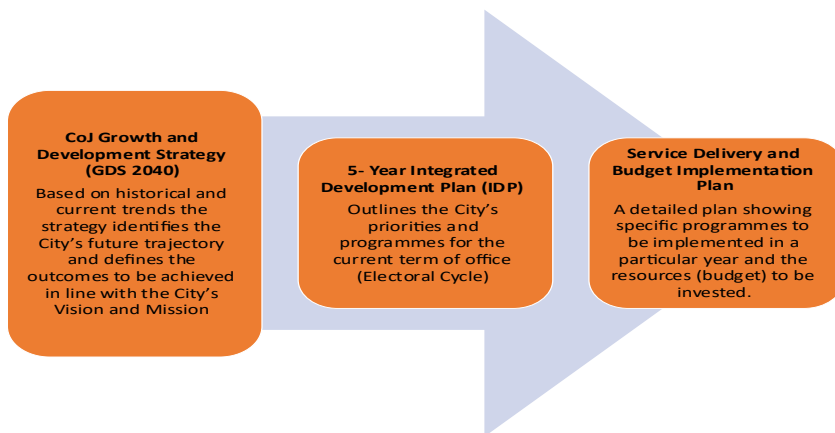
Section 6: Strategic Objectives

The JRA’s strategic objectives focus on delivering a safe, reliable, and well-maintained road and stormwater network. They guide the Agency in improving mobility, strengthening infrastructure resilience, enhancing customer responsiveness, and optimising resources to support efficient, people-centred service delivery across the City.

6.1. CoJ Strategic Planning Framework

Figure 1.1 below illustrates CoJ long, medium and short-term Strategic Planning Framework which guides strategic planning in the JRA.

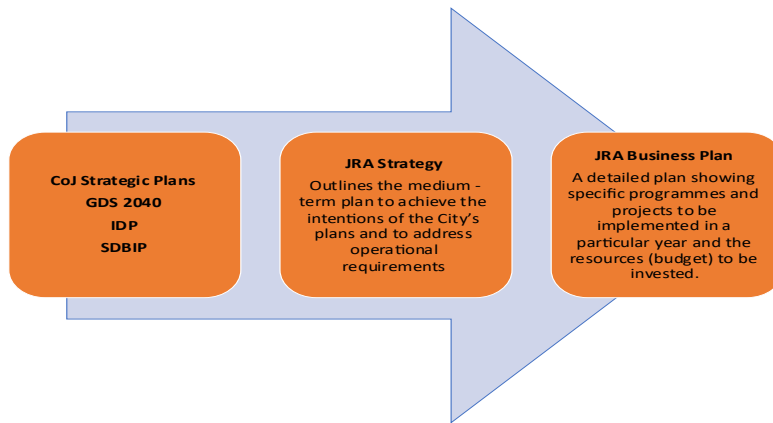
Figure 1.1. The CoJ Strategic Planning Framework



6.1. JRA Strategic Planning Approach

Figure 1.2. below illustrates how the JRA aligns with the strategic framework as set out by the CoJ.

Figure 1.2. JRA Strategic Planning Approach



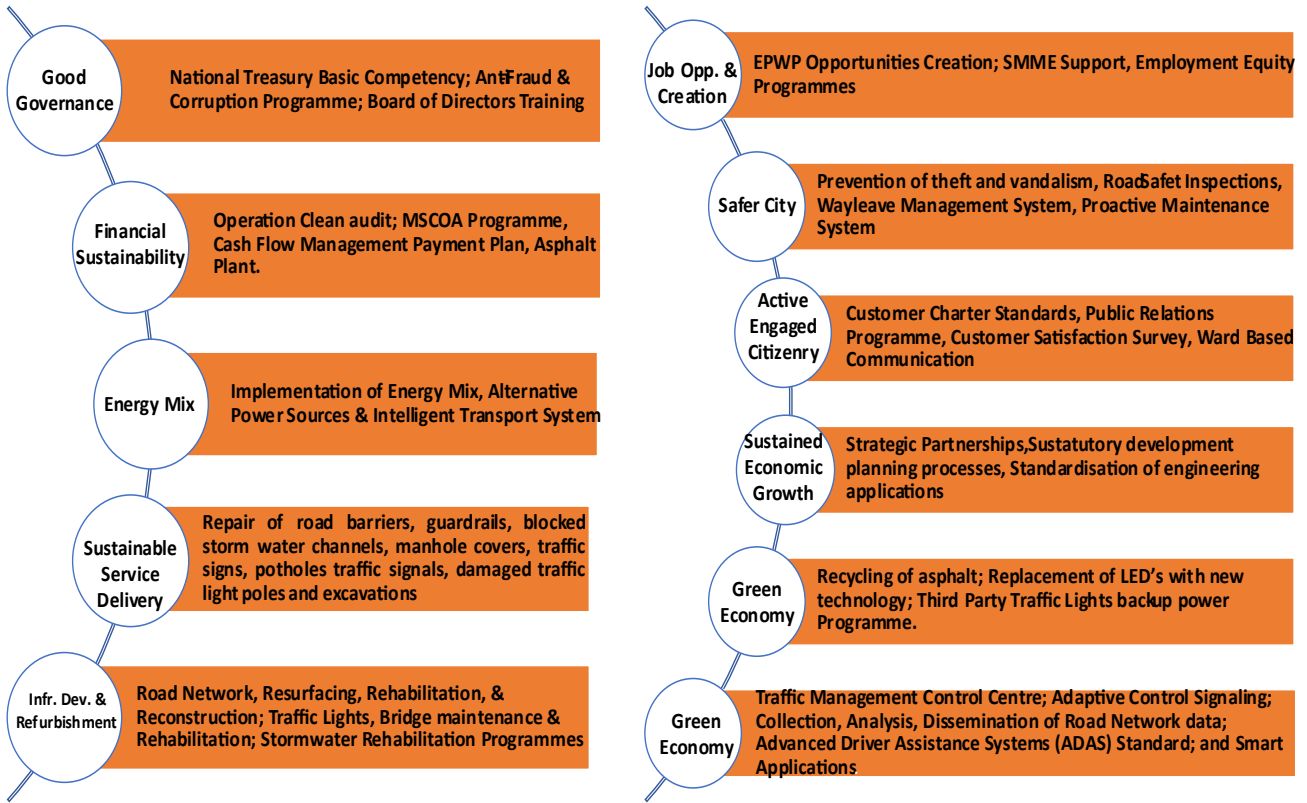
The JRA Strategy is built around four focus areas. Each focus area guides the programmes and activities we carry out to improve roads, stormwater systems, and service delivery across the City. By working on these focus areas, the JRA aims to achieve its goals and provide better, safer, and more reliable services for the people of Johannesburg. The figure below shows the results we expect from each focus area.



6.2. Alignment between CoJ Priorities and JRA Programmes

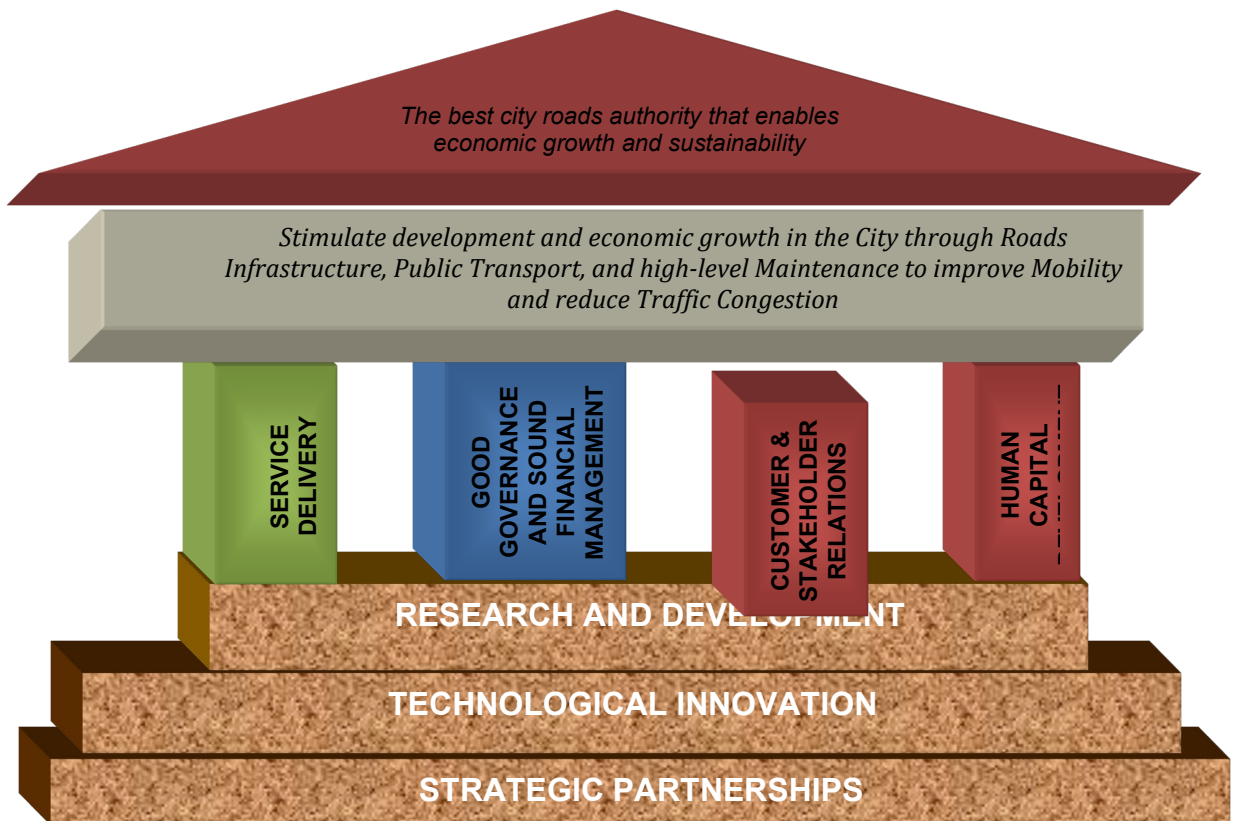
In 2024/25 the City of Johannesburg identified eleven (11) priorities as illustrated below. These priorities informed the programmes and projects implemented by the JRA as reflected in the figure below.

Table 1.3: JRA alignment to CoJ Priorities and Outcomes



6.3. JRA Strategic Objectives

The JRA Strategic objectives are illustrated in the infographic below.



The desired outcomes are defined for each strategic pillar in the table below.

Table 1.1: Desired outcome and strategic pillars

Strategic Pillar	Desired Outcome	Strategic Pillar	Desired Outcome
Service Delivery	<p>Roads Infrastructure</p> <ul style="list-style-type: none"> Rollout of capital reinvestment in the City's road network system to reduce the backlog. Preserve road infrastructure through routine and periodic road maintenance. Improve visual condition of roads through a Visual Condition Index (VCI) assessment. Reduced theft and vandalism Visible street names and clear road markings. <p>Stormwater Infrastructure</p> <ul style="list-style-type: none"> Construction of new and upgrades of old stormwater systems. A structurally sound, safe and blockage free drainage network. Proactive stormwater maintenance and regionalized stormwater maintenance planning. Safer communities through the provision of safe and adequate sub-surface storm water drainage systems. <p>Traffic Signals</p> <ul style="list-style-type: none"> Functional traffic signals improve the road user experience. A traffic signals maintenance regime that incorporates prevention, remote monitoring, regular inspections, and rapid response. Compliance with the SA Road Traffic Signs Manual (SARTSM) standards. Deployment of alternative power sources to ensure resource sustainability. <p>Bridges</p> <ul style="list-style-type: none"> Roll out major capital reinvestment in the City's bridges and reduce backlog. Routine and periodic bridges maintenance regime. 	<p>Good Governance and Sound Financial Management</p>	<ul style="list-style-type: none"> Adequate funding levels for the JRA. An efficient and financially viable Asphalt Plant. Achieve a Clean Audit Contribute to the city's financial resilience and sustainability priority. Realize savings from protecting infrastructure, internal efficiency and improved productivity.
		<p>Customer and Stakeholder Relations</p>	<ul style="list-style-type: none"> Attainment of approved Customer Charter Service Standards. Improve the public image of JRA. Development and implementation of public relations and communications strategy.
			<p>Human Capital Development and Management</p>

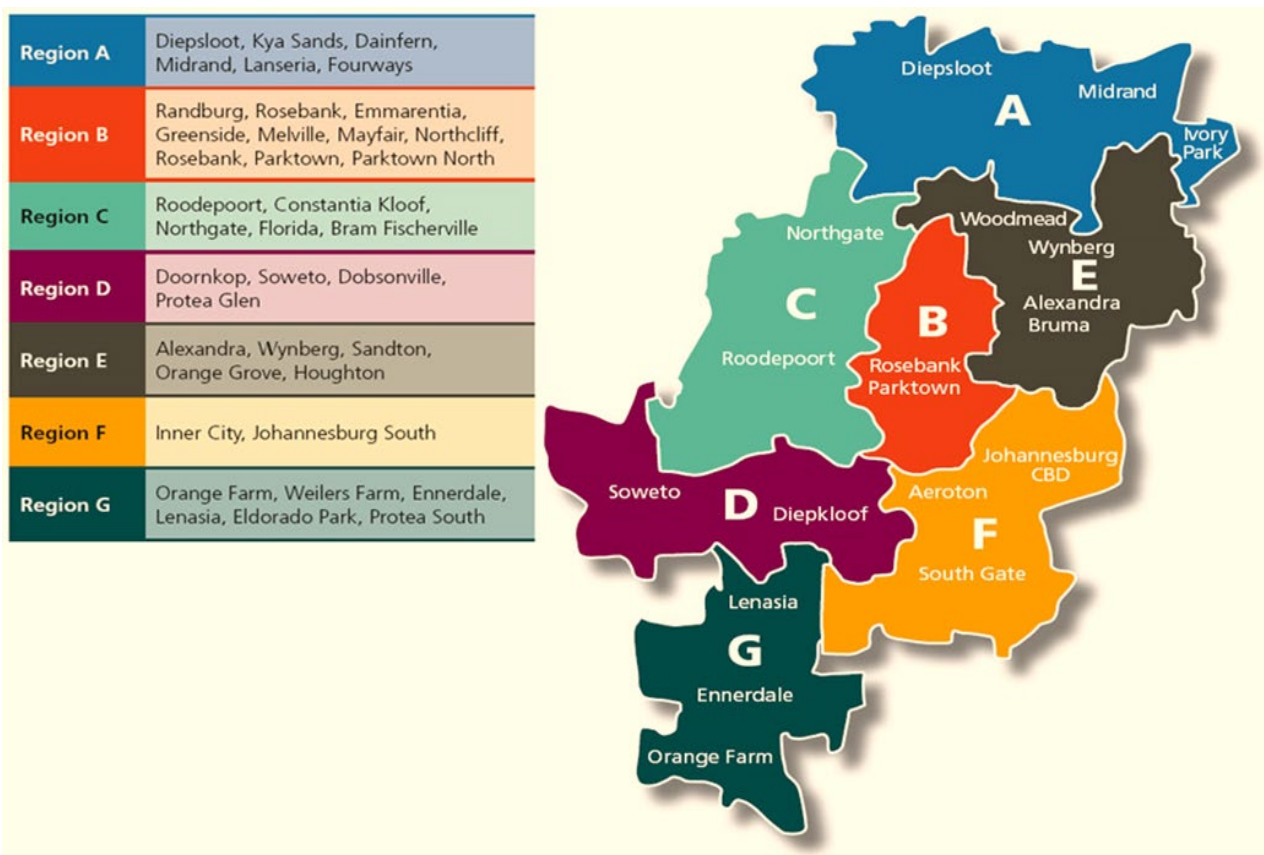
6.4. JRA Business Model – Regional Service Delivery

The JRA follows a region-based service delivery model, operating through seven regional depots and two stand-alone depots for traffic signals and resurfacing. Service delivery is driven

by four core departments—Regional Operations, Mobility & Freight, Planning, and Infrastructure Development—with support from Corporate Services, Governance and IT, Stakeholder Engagement, and Finance.

The Agency also manages key strategic assets under Regional Operations, including the Fleet and Plant, Asphalt Plant, Laboratory, Resurfacing Depot, Motorways Depot, and Traffic Signals Depot. This integrated structure enables efficient, citywide delivery of road and stormwater infrastructure services.

Figure 1.5: CoJ regions in which the JRA operates.



6.5. Competitive Landscape

The JRA is the sole municipal agency mandated to design and maintain Johannesburg’s road and stormwater infrastructure. While it has no direct competitors, the Agency embraces a collaborative service delivery model, working with private partners to enhance impact. Partnerships with organisations such as Discovery and AVIS have supported initiatives like pothole repairs and back-up power for traffic signals, demonstrating how innovation and shared responsibility can build a safer, more resilient, and connected City.

CHAPTER 2: CORPORATE GOVERNANCE

Corporate Governance Statement – King IV Declaration

The JRA embraces the King IV Code as the foundation of ethical leadership, accountability, and transparency. Strong governance not only builds trust but also anchors the Agency’s ability to create and sustain value for Johannesburg’s communities. This Integrated Report reflects how King IV principles guide the JRA in delivering credible, responsible, and future-focused service delivery.

Section 1: Composition Key Activities and Remuneration of Board of Directors

1.1. Leadership, Ethics and Corporate Citizenship

The JRA Board provides ethical, transparent, and accountable leadership, guided by the ICRAFT principles. Compliance with the Municipal Systems Act is reinforced through strict conflict-of-interest controls and regular declarations by Board members. Independent performance evaluations by the Shareholder further strengthen governance and ensure the Board acts in the best interests of the Agency.

1.2. Organisational Ethics

The JRA Board promotes an ethical culture through the Remuneration and Social and Ethics Committee (REMSEC). It has approved key policies such as the Code of Ethical Conduct, Whistle-Blowing, Fraud Prevention, and Supply Chain Management, ensuring alignment with legislation. An Ethics Management Forum monitors ethical practices, while regular communication and anonymous reporting channels encourage employees to uphold integrity across the organisation.

1.3. Responsible Corporate Citizenship

The JRA integrates ethics, social responsibility, and environmental sustainability into its operations as part of responsible corporate citizenship. Through local employment, road safety education, public campaigns, and targeted support for SMMEs and EPWP, the Agency contributes to skills development, job creation, and community well-being.

1.4. Strategy and Performance

The JRA Board ensures that strategy, risk, performance, and sustainability are integrated in creating long-term value. During the year, the Board approved the JRA Strategic Plans, annual business plan and budget, risk registers, and organisational performance reports, while also initiating an organisational development review. These processes ensure that the Agency’s purpose, risks, and opportunities remain aligned with sustainable service delivery.

1.5. Reporting

The JRA Board ensures that reporting is timely, transparent, and comprehensive, enabling stakeholders to make informed assessments of performance and future prospects. Reports are issued in line with compliance timelines, respond to stakeholder

needs—including Section 79 Committees and communities—and are continually improved through Board oversight and recommendations to management.

1.6. Governing Structures and Delegation

The JRA Board serves as the focal point and custodian of corporate governance, ensuring that policies, practices, and decisions are aligned with best practice and legislative requirements. It provides leadership by overseeing governance frameworks, monitoring compliance and risk, promoting ethical conduct, and strengthening effectiveness through dedicated Board support and continuous training.

1.7. Composition of Governing Body

The 2024/25 financial year, the JRA Board comprised a mix of Independent Audit Committee Members (IACMs), Non-Executive Directors (NEDs), and Executive leadership, ensuring a balanced representation of skills, independence, and diversity in line with governance requirements.

Name	Role	Gender
Simon Clarke	Board Chairperson	Male
Daniel Nyamazane	NED Sub-Committee Chairperson	Male
Bruce Nimmerhoudt	NED Sub-Committee Chairperson	Male
Andries Jacobus Smit	NED Sub-Committee Chairperson	Male
Alvarno Francis	Independent Audit Committee Member	Female
Henry Jerry Markus	Independent Audit Committee Member	Male
Derek Martin	Independent Audit Committee Member	Male
Nison Khoza	Independent Audit Committee Member	Male
Siphosethu Mtamzeli	Non-Executive Director	Female
Omphemetse Mokgosi	Non-Executive Director	Female
Zenzokuhle Xaba	Non-Executive Director	Female
Ravendran Govender	Non-Executive Director	Male
Kabelo Mofokeng	Non-Executive Director	Male
Cleopatra Lourens	Non-Executive Director	Female
Sharon Kleinbooï	Non-Executive Director	Female
Lufuno Mashau	Executive Director	Male
Zweli Nyathi	Executive Director	Male

NB: Henry Jerry (IACM), since his appointment has been unreachable and has not attended meetings

See Annexure E for Board Member Qualifications, Gender and Status of Declarations

Executive Directors

Chief Executive Officer Zweli Nyathi is the JRA Chief Executive Officer. He is responsible for its overall strategic direction and management of the JRA. He drives the setting of Company goals, developing and implementing strategies, making major corporate decisions, overseeing the executive team, and ensuring the organization meets objectives. The CEO acts as the main point of communication between the Board of Directors and the Company's operations and represents the company to all stakeholders. The CEO is an Executive Director on the JRA Board. He has an MBA majoring in Information and Communication Technology and is currently studying towards a PHD in Technology Innovation and Management

Chief Financial Officer Lufuno Mashau is the JRA Chief Financial Officer (CFO). He manages JRA's financial actions and processes. He is responsible for overseeing financial planning and analysis, managing financial risks, ensuring accurate reporting and compliance with regulations, and developing strategies to support the Company's financial health. As CFO, Lufuno works closely with other executives to guide business decisions and strategies, monitors financial performance, and manages budgeting, forecasting, and other financial activities including Supply Chain. The CFO sits on the Board as an Executive Director. He has a B.Compt. Accounting Science and completed the Executive Leadership Programme at GIBS

Company Secretariat

Phumla Thandeka Majola is the JRA Company Secretary responsible for ensuring effective governance of the organisation. She oversees compliance with regulatory requirements, management of corporate records, and ensures that Board meetings and resolutions are conducted in accordance with legal and procedural standards. She also supports the Board of Directors by facilitating communication, providing guidance on corporate governance matters, and helping to maintain transparent and accountable practices within the organization. The Company Secretary contributes to the organization's overall governance framework and helps uphold the integrity and efficiency of its operations.

Board Member Attendance to Board Meetings

The tables below provide the record of attendance of Members of the Board to Ordinary and Special Board and Board Committee Meetings.

NED	BOARD OF DIRECTORS' MEETINGS								
	26 Jul 2024	19 Aug 2024 Special	24 Aug 2024 Special	25 Oct 2024	29 Nov 2024 Special	05 Dec 2024 Special	24 Jan 2025	22 Apr 2025	20 June 2024 Special
Simon Clarke	✓	✓	✓	✓	✓	✓	✓	✓	✓
Daniel Nyamazane	✓	✓	✓	✓	✓	✓	✓	✓	✓
Bruce Nimmerhoudt	✓	✓	✓	✓	✓	✓	✓	✓	✓
Andre Smith	✓	✓	✓	✓	✓	✓	✓	✓	✓
Ravendran Govender	✓	✓	✓	✓	✓	✓	✓	✓	✓
Cleopatra Lourens	✓	✓	✓	✓	✓	✓	✓	✓	✓
Sharon Kleinbooi	✓	✓	✓	✓	✓	✓	✓	✓	✓
Kabelo Mofokeng	✓	✓	✓	✓	✓	✓	✓	✓	✓
Siphosethu Mtanzeli	✓	✓	✓	✓	✓	✓	✓	✓	✓
Zenzokuhle Xaba	✓	✓	✓	✓	✓	✓	✓	✓	✓
Omphemetse Mokgosi	✓	✓	✓	✓	✓	✓	✓	✓	✓
ED									
Zweli Nyathi	✓	✓	✓	✓	✓	✓	✓	✓	✓
Lufuno Mashau	✓	✓	✓	✓	✓	✓	✓	✓	✓
Company Secretary									
Phumla Majola	✓	✓	✓	✓	✓	✓	✓	✓	✓

Non-Executive Directors (NEDs)	Remuneration, Social & Ethics Committee REMSEC					Service Delivery Committee SDC					Audit, Finance, Risk and IT Committee AFRITC						
	10 July 2024	10 Oct 2024	27 Nov 2024	17 Jan 2025	10 April 2025	15 Jul 2024	27 Nov 2024	13 Jan 2025	20 Jan 2025	11 Apr 2025	16 Jul 2024	23 Aug 2024	14 Oct 2024	26 Nov 2024	14 Jan 2025	12 Apr 2024	12 June 2025
Andre Smith	✓	✓	✓	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Daniel Nyamazane	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	✓	✓	✓	✓	✓	✓	✓
Bruce Nimmerhoudt	n/a	n/a	n/a	n/a	n/a	✓	✓	✓	✓	✓	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Ravendran Govender	✓	✓	✓	✓	✓	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Cleopatra Lourens	✓	✓	✓	✓	✓	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Kabelo Mofokeng	✓	✓	✓	✓	✓	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Siphosethu Mtanzeli	n/a	n/a	n/a	n/a	n/a	✓	✓	✓	✓	✓	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Zenzokuhle Xaba	n/a	n/a	n/a	n/a	n/a	✓	✓	✓	✓	✓	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Sharon Kleinbooi	✓	✓	✓	✓	✓	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Omphemetse Makgosi	n/a	n/a	n/a	n/a	n/a	✓	✓	✓	✓	✓	n/a	n/a	n/a	n/a	n/a	n/a	n/a
INDEPENDENT AUDIT COMMITTEE (IAC)																	
Nison Khoza	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a		✓	✓	✓	✓	✓	✓	✓
Derek Martin	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a		✓	✓	✓	✓	✓	✓	✓
Alvarno Francis	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a		✓	✓	✓	✓	✓	✓	✓

1.8. Committees of the Governing Body

The JRA Board has established three sub-committees—Audit, Finance, Risk and Information Technology (AFRIT); Remuneration and Social Ethics (REMSEC); and Service Delivery (SDC)—to strengthen governance, balance power, and support independent judgement. Each operates under Board-approved Terms of Reference and is chaired by an Independent Non-Executive Director.

The Board has also adopted a Delegations of Authority Framework to ensure effective decision-making and accountability across the organisation. The Board is satisfied that all sub-committees discharged their responsibilities during the year. While the Shareholder Representative provides oversight support, no additional external advisers or invitees regularly attended meetings.

Committee	Focus Areas	Mandate
AFRIT (Audit, Finance, Risk and ICT)	Financial management, risk management, ICT governance, internal & external audit	Oversight of financial reporting, risk management, ICT governance, and audit plans and policies
REMSEC (Remuneration and Social Ethics)	Governance and remuneration	Oversight of ethical practices, governance compliance, remuneration policies, and labour-related matters
SDC (Service Delivery Committee)	Strategy, performance, stakeholder engagement	Oversight of strategy development, organisational performance, service delivery reporting, and stakeholder responsiveness

1.9. Evaluations of the Performance of the Governing Body

The performance of the JRA Board, its committees, and individual members is assessed annually by the Shareholder (City of Johannesburg), with external parties facilitating detailed evaluation processes. These assessments identify areas for improvement and inform training needs for the following year. In addition, opportunities for self-review by the Board and Directors are available to support continuous development and effectiveness.

1.10. Appointment and Delegation to Management

The Board ensures role clarity and accountability through the approval of the JRA's Delegations of Authority, which define powers assigned to management and are reviewed at least every three years. This framework maintains a clear balance of power and supports effective decision-making. The Board also appoints the Chief Executive Officer on a five-year fixed-term contract, ensuring strong leadership at the executive level.

1.11. Risk Governance

The JRA Board, through the AFRIT Committee, provides oversight of risk management to ensure that strategic and operational risks are effectively identified, monitored, and mitigated. Risk registers are reviewed annually, with management responsible for implementing continuous risk responses to support the achievement of the Agency's strategic objectives.

1.12. Information Technology Governance

The JRA Board, supported by the AFRIT Committee, provides oversight of technology and information governance to ensure that IT strategies, policies, and systems support organisational objectives. Executive management and the PGIT department implement these frameworks, with quarterly reporting to AFRIT, ensuring data integrity, system reliability, and business continuity.

1.13. Compliance Governance

The JRA Board holds overall responsibility for compliance with laws, regulations, and codes, supported by the AFRIT and REMSEC Committees. Through the City of Johannesburg's Compliance and Risk Management Framework, quarterly assessments, and executive oversight, the Board promotes a strong compliance culture and ensures that any areas of non-compliance are promptly addressed.

1.14. Remuneration Governance

The JRA Board ensures that remuneration is fair, responsible, and transparent, in line with the Group Policy Framework and collective bargaining outcomes. Oversight is delegated to the REMSEC Committee, which manages policies on performance management, remuneration, rewards, and recognition. During the year, REMSEC also advised on senior executive and CEO appointments, reviewed performance targets, and confirmed that the remuneration framework supported the achievement of strategic objectives.

1.15. Assurance

The JRA Board ensures a robust assurance framework that supports effective controls and the integrity of reporting. Oversight is delegated to the AFRIT Committee, which applies a combined assurance model based on the three lines of defence, integrating management, internal audit, and external assurance. In the year under review, AFRIT approved the Risk-Based Internal Audit Plan and confirmed that assurance arrangements were effective, adequate, and aligned to key risks.

1.16. Stakeholder Relationships

The JRA Board adopts a stakeholder-inclusive approach, recognising the importance of balancing diverse interests in delivering long-term value. Stakeholder engagement is coordinated through Public Relations and Stakeholder Engagement (PR&SE), with communication channels ranging from community consultations and awareness programmes to the publication of the Integrated Report, which undergoes Council and public review. Active participation in City-wide planning processes and ongoing engagement with communities, partners, and suppliers ensures that the JRA remains accountable, transparent, and responsive to stakeholder needs.

1.17. Responsibilities of Institutional Investors

Although the JRA is not an institutional investor, the Agency applies the spirit of responsible investment through the way it allocates resources, procures goods and services, and delivers infrastructure projects. In doing so, the JRA ensures that its financial and operational decisions create long-term value for the City of Johannesburg and its residents. Partnerships with the private sector and development institutions are also pursued to channel investment into

sustainable transport solutions, such as solar-powered traffic signals and resilient stormwater systems. In this way, the JRA adapts Principle 17 to its context, ensuring that every rand invested contributes not only to reliable road and stormwater infrastructure, but also to social inclusion, environmental stewardship, and good governance, in line with the values of King IV.

Section 2: High-Level Organisational Structure & Executive Management Team

Management of the JRA is accountable to the Board of Directors for both strategic and operational performance. In 2024/25, the executive team was led by the Chief Executive Officer (CEO), supported by the Chief Financial Officer (CFO) and seven Heads of Department (HoDs).

The HoDs oversee four core service delivery and technical departments—Infrastructure Planning, Regional Operations, Mobility and Freight, and Infrastructure Development—as well as three support departments, namely Corporate Services, Finance, Public Relations and Stakeholder Engagement, and Performance Governance and Information Technology.

This structure ensures that operational capacity and governance support are aligned to the JRA’s strategic mandate. The high-level organisational structure is illustrated in Figure 2.2 below.



2.1. Executive Management

The organisational structure of the JRA reflects a balance between service delivery functions and governance support. The CEO, supported by the CFO and seven Heads of Department (HoDs), oversees both core operational areas and enabling functions. Service delivery is driven through Planning, Infrastructure Development, Mobility and Freight, and Regional Operations, while enabling governance and support functions include Performance Governance & IT, Public Relations & Stakeholder Engagement, Corporate Services, and Finance. This integrated structure enables effective execution of the JRA’s strategic and operational mandate.

The JRA Executive Management Team is responsible for driving strategy execution and ensuring operational performance across the Agency. The team is led by the Chief Executive Officer (CEO), Mr. Zweli Nyathi, supported by the Chief Financial Officer (CFO), Mr. Lufuno Mashau, and the Heads of Department overseeing both technical and support functions. In 2024/25, the Executive Management Team comprised:

- **Zweli Nyathi** – Chief Executive Officer (CEO)
- **Lufuno Mashau** – Chief Financial Officer (CFO)
- **Sipho Nhlapo** – Acting HoD: Mobility and Freight
- **Khaya Gqibitole** – HoD: Regional Operations / Acting HoD: Infrastructure Planning

- **Kwazelela Mcetywa** – HoD: Infrastructure Development
- **Ayanda Ntshingila** – HoD: Public Relations & Stakeholder Engagement
- **Puleng Hlatshwayo** – HoD: Corporate Services
- **Sekati Mangena** – HoD: Performance, Governance and IT
- **Hemmy Malebati** – Operations Manager: Internal Audit
- **Phumla Majola** – Company Secretary

This diverse executive team ensures strong leadership across service delivery, governance, and stakeholder engagement, aligning organisational performance with the strategic priorities of the City of Johannesburg.

Section 3: Governance and Stakeholder Relationships

The JRA recognises that effective service delivery depends on active and inclusive engagement with its diverse stakeholders. Engagement processes are designed to build trust, ensure accountability, and strengthen responsiveness to the needs of residents, partners, and regulators.



The JRA’s strategic and performance plans are informed by extensive stakeholder and public consultations, conducted as part of the City-wide participation processes. For the 2024/25 financial year, the Business Plan—on which this Integrated Report is based—was subjected to public scrutiny in compliance with the Municipal Systems Act and Municipal Finance Management Act. The most dominant matters raised across all regions related to:

- The condition and maintenance of road infrastructure
- Reliability and safety of traffic management systems

- Conversion and upgrading of stormwater infrastructure
- Concerns around employment opportunities, training, and fair labour practices

Through this process, the JRA continues to ensure that its plans and programmes are responsive to community needs, compliant with legislative requirements, and aligned to the broader City of Johannesburg’s developmental objectives.

To address stakeholder concerns, the JRA implements a range of service delivery programmes and aligns its operations with the City’s Customer Charter Standards. The Agency has adopted seven service standards with 21 sub-targets, which guide its response to customer and resident queries. Performance against these standards, together with the related programmes, is detailed in Chapter 3 of this report.

Section 4: Risk Management

The JRA Board assumes overall responsibility for risk management, with oversight delegated to the Audit, Finance, Risk and Information Technology (AFRIT) Committee. The Committee ensures that risk management processes are effective and reports back to the Board. Risk registers are reviewed annually to confirm that risks remain within tolerance levels and that mitigation measures are applied where risks are considered unacceptable. The Agency’s approach is designed to protect value and sustain the business over time.

At management level, the Accounting Officer has embedded risk management in the strategic agenda of executive leadership, supported by a dedicated Risk Management Unit. This unit drives an enterprise-wide risk approach, working with functional areas to identify, evaluate, and monitor risks, while ensuring that action plans are developed and implemented.

The Executive Management Committee is responsible for ensuring that operational management applies appropriate risk responses on a continuous basis, reporting annually to the Board. The JRA’s integrated risk management framework is aligned with the City of Johannesburg’s Group Risk Management Framework, Policy, and risk profile, ensuring consistency and resilience across the City’s governance systems.

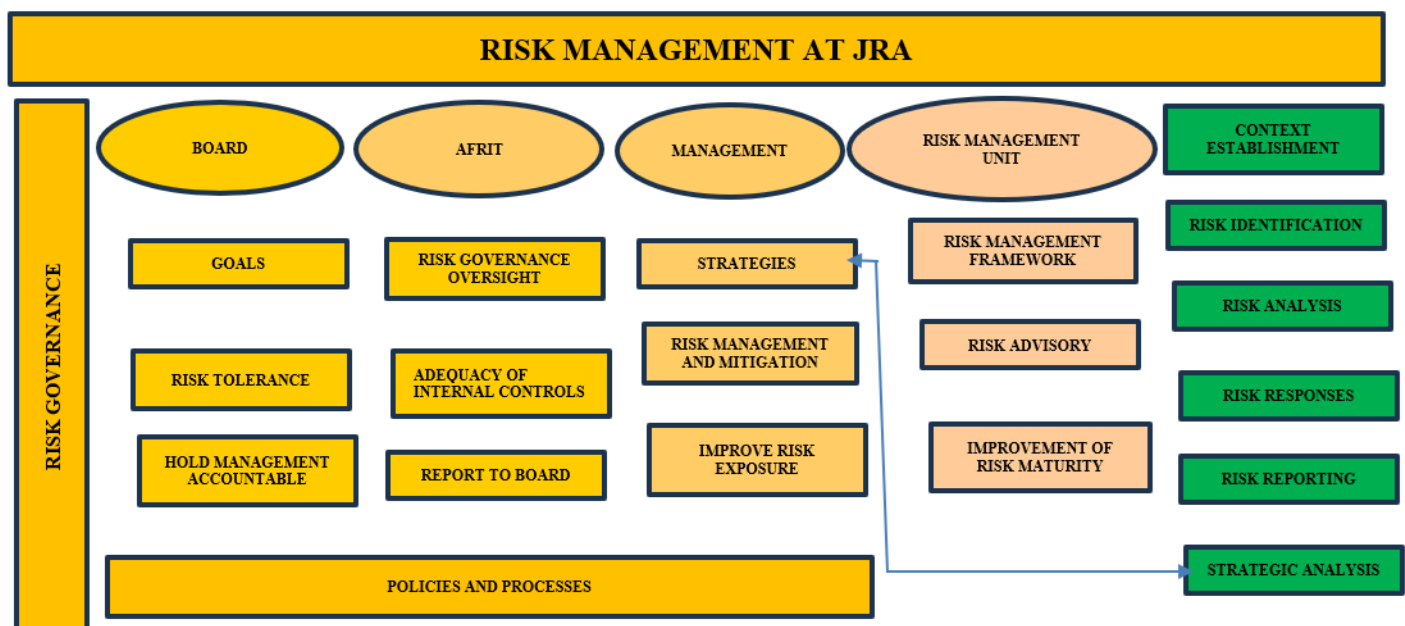


Figure 2.4. JRA Risk Governance

Strategic Risks Overview

The JRA applies Enterprise Risk Management (ERM) in line with the MFMA, King IV, and ISO 31000, ensuring that risks are linked to strategy, resources, and objectives. The Agency’s 2024/25 risk profile comprised 10 strategic risks, identified with reference to the WEF Global Risk Report and the Institute of Risk Management South Africa.

Two risks showed sustained improvement due to successful mitigation, while funding shortfalls and infrastructure theft and vandalism remained major challenges. To address these, the JRA is implementing long-term revenue strategies such as in-house asphalt production and has strengthened partnerships with JMPD to combat theft and vandalism. A summary of the 10 risks and mitigation progress is provided in the table below.

Strategic Risk	Q1	Q2	Q3	Q4
Insufficient funding for CAPEX and Opex projects	Very High	Very High	Very High	Very High
Road infrastructure failure	Very High	Very High	Very High	Very High
Governance failures	High	High	High	High
Ineffective Human Capital Management	High	High	High	High
Delayed implementation & completion of projects	High	High	High	High
Fraud, theft and corruption	High	High	High	High
Cyber-attack, data fraud and data theft	High	High	High	High
Inability to recover after a major disruption	High	High	High	High
Inability to maximise usage of asphalt plant	High	Medium	Medium	Medium
Failure to conduct research and innovation	High	Medium	Medium	Medium

The diagram below illustrates how the JRA’s strategic risks are linked to short-, medium-, and long-term institutional strategies and plans. It also highlights the opportunities that the Agency has leveraged, or can leverage, in pursuit of achieving its objectives. This integrated approach ensures that risk management not only mitigates potential threats but also identifies areas for innovation, efficiency, and sustainable value creation.



4.1. Internal Controls

The JRA’s risk methodology incorporates internal control mechanisms and mitigation actions, the adequacy of which is monitored by the Internal Audit Unit (see Chapter 6). These controls are embedded in company-approved policies, procedures, and Standing Operating Procedures (SOPs), developed under the ISO 9001 programme and supported by the Total Quality Management Unit.

Ongoing process improvement initiatives focus on strengthening controls, enhancing compliance, and reducing audit findings. The Board, Accounting Officer, and management remain committed to continuous improvement in internal control as a foundation for effective risk mitigation.

Section 5: Anti-Corruption and Fraud Investigations

As part of its commitment to combating fraud and corruption, which pose significant risks to the JRA’s assets, service delivery, and reputation, the Agency utilises the City of Johannesburg’s centralised whistleblowing hotline (0800 002 587) and dedicated email (whistle@joburg.org.za). These mechanisms provide employees and the public with secure and confidential channels to report unethical or fraudulent conduct.

Several reported cases are currently under investigation by the CoJ Group Forensic and Investigation Services (GFIS), as reflected in the table below. The JRA continues to monitor progress closely and actively engages GFIS to ensure that outstanding matters are resolved without undue delay.

GFIS No	Date	Case type	Status
71/05/2021	28/05/2021	Alleged fraud, corruption and maladministration	In Progress

GFIS No	Date	Case type	Status
26/04/2021	05/07/2022	Fraud / Corruption	In Progress
3/05/2021		Fraud / Corruption	In Progress
47/02/2023	13/02/2023	Maladministration	Signed forensic investigation report was issued to JRA on 05 February 2025
48/02/2023	13/02/2023	Maladministration	Signed forensic investigation report was issued to JRAJRA on 05 February 2025
49/02/2023	13/02/2023	Maladministration	Signed forensic investigation report was issued to JRAJRA on 05 February 2025
13/03/2023	08/03/2023	Fraud / Corruption	To be close as insufficient information due to that the complainant is not co-operating
5/05/2023	22/05/2023	Fraud / Corruption	In Progress
13/08/2023	04/05/2023	Fraud / Corruption	In Progress
29/09/2024		Fraud / Corruption	To be closed due to the allegation involves a section 56 CoJ employee
19/10/2019	18/10/2019	Maladministration	Forensic report was issued to JRA on 30 December 2024

For Unauthorized Fruitless and Wasteful Expenditure (UIFW) were investigated by Internal Audit. The Board approved UIFW for the financial year as reflected in [Chapter 5](#) of the report.

Section 6: Technology and Information Governance

The JRA Board, through the AFRIT Committee, assumes overall responsibility for the governance of technology and information, with management delegated to the Executive Committee. AFRIT ensures that information and technology resources are managed ethically, securely, and effectively to support strategic outcomes and create stakeholder value.

The Performance Governance and Information Technology (PGIT) Department, supported by an IT Steering Committee, oversees systems governance and IT policy implementation. Regular reporting ensures alignment between operational performance and governance structures.

The JRA operates within an approved IT Governance Policy Framework, supported by key IT policies that safeguard information assets, strengthen cybersecurity, and ensure systems are continuously assessed, developed, and maintained. This approach enables the Agency to respond proactively to emerging technological trends while ensuring reliable and resilient ICT systems.

Figure 2.5. JRA ICT Governance structure

The governance of the JRA ICT Strategy is shared across the Board and its committees, with clearly defined roles to ensure effective oversight, alignment, and implementation.

JRA Structure	Role in ICT Governance
JRA Board	Adopts the ICT Strategy, its priorities, programmes, and budget allocation.
Remuneration, HR & Social Ethics and	Oversees ICT Strategy implementation against the Roadmap and Implementation Plan; ensures ICT Strategy reviews remain aligned with JRA priorities.

Service Delivery Committee	
Audit, Finance, Risk & IT (AFRIT) Committee	Reviews and determines key ICT priorities; adopts the ICT Operating Model, Governance and Risk Framework, and Implementation Plan; reviews ICT budget allocations; ensures alignment with the City of Johannesburg Group CTO ICT Strategy .
Executive Management Committee (ExCo)	Allocates budgets and resources; implements the ICT Strategy in line with the Roadmap and Implementation Plan.

Despite the progress described above, the ICT function is faced with several challenges which hinder its ability to offer better support, including the following with recommendations to mitigate:

Challenge	Recommendations
1. Load Shedding	The JRA needs to invest in adequate backup power for the Head Office as well as all its geographically dispersed depots.
2. High level of manual business processes	Digitalisation should be made a strategic objective and driven at that level
3. Aging IT Infrastructure	Investments need to be made to upgrade the current IT equipment
4. Outdated ERP system	Migration to SAP or other preferred system should be prioritized

Section 7: Compliance with Laws & Regulations

The JRA Board assumes overall responsibility for compliance with applicable laws, regulations, and codes, with oversight reinforced through the City-wide Group Risk and Compliance process. The entity reports on 49 pieces of legislation annually, classified into primary, secondary, and general provisions, ensuring continuous compliance risk management and a culture of accountability.

By-Laws

The JRA implements the City of Johannesburg Wayleave process, as provided for in the Public Roads and Miscellaneous By-Laws. This process grants utility companies the right to work within the road reserve while enabling the JRA to monitor, control, and enforce standards to ensure alignment with policies and service delivery agreements.

Compliance Monitoring

During the year under review, the Group Compliance Unit conducted regular assessments of the JRA's compliance with applicable legislation and regulations. The results are summarised in the table below and should be read alongside mitigation measures in Annexure H and the JRA's Compliance Universe (Annexure G).

AREA	TOTAL	COMPLIANT	NON-COMPLIANT
Companies Act	5	5	0
Labour Relations & Employment Laws	10	7	3
Finance Tax	7	6	1

AREA	TOTAL	COMPLIANT	NON-COMPLIANT
Environmental	3	2	1
Fraud Corruption Ethics and Compliance	5	5	0
Road and Traffic Management Act	3	2	1
ICT	1	1	0
Capital Projects Requirements	2	1	1
General – MFMA & MSA	13	13	0

7.1. Declaration of Interests

All employees of the city and municipal owned entities at all levels are required to declare their interest at the beginning of each financial year, a mandatory legislative compliance requirement in terms of the Code of Conduct for Municipal Employees.

Summary of Declarations forms JRA employees

JRA staff complement	Total number of signed declaration forms	Total number of unsigned submitted declaration forms	Total number of employees have declared an interest.	Total number of outstanding declarations of interest
1478	1297	0	10	175

All Board and Independent Audit Committee members have signed the code of ethical conduct and declaration of interest forms for the 2024 /2025 financial year.

Summary of Gift and Favours

JRA staff component	Total number of signed gift and favours forms	Total number of unsigned submitted declarations forms	Total number of employees who have declared gifts and favours
1478	133	2	3

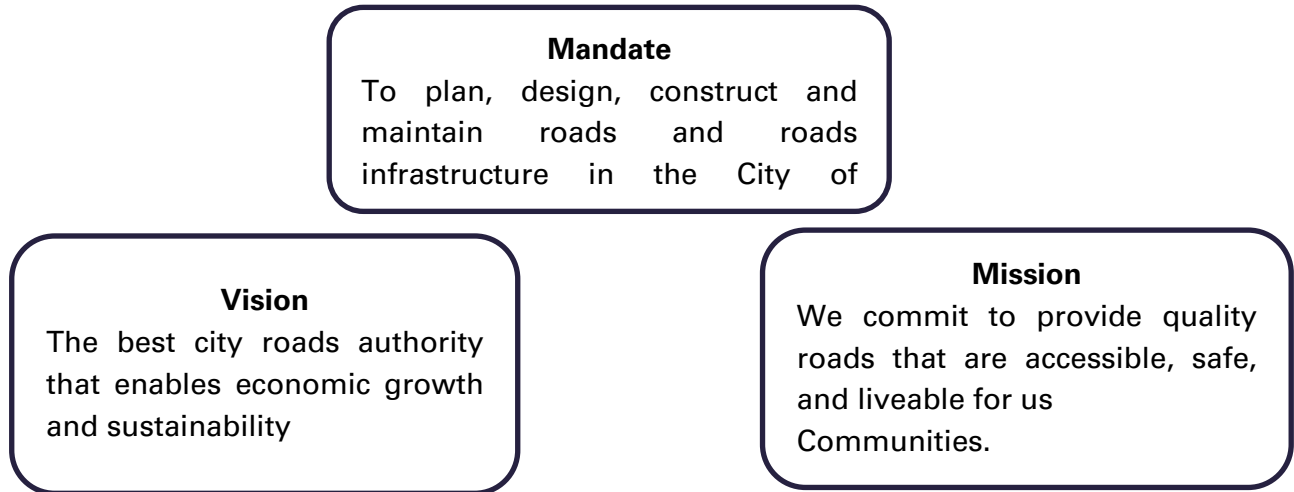
CHAPTER 3: SERVICE DELIVERY PERFORMANCE

JRA Value Creation Process

Below the report outlines its value creation model. It outlines how JRA generates value for its stakeholders through its activities and operations through its management of 14 000km of CoJ road network.

JRA Mandate, Vision, Mission, and values

The JRA’s purpose and primary objectives as well as long-term impact desires are reflected below.



Key Stakeholders

The JRA has identified its key stakeholders and assessed their needs and expectations to understand what value means to them as reflected below.

Stakeholders	What Value Means to Them
City of Johannesburg residents; Ratepayers; Business community; Civil society; National and provincial government; Designated targeted groups.	<ul style="list-style-type: none"> • Installation of traffic calming measures; • Development of sidewalks; • Development and repairs to pedestrian bridges; • Surfacing of gravel roads; • Conversion of open storm water channels especially in flooding hotspots • Replacement of manhole covers; and • General road maintenance (pothole patching, barriers installation and repair, traffic lights maintenance).

JRA Value Drivers and Value Creation Process

The Johannesburg Roads Agency (JRA) creates value through a set of critical drivers that connect its strategy to the Integrated Reporting (<IR>) capitals. At the core is infrastructure development, where investments in the construction, rehabilitation, and maintenance of roads and bridges strengthen the City’s manufactured capital, improving connectivity and enabling economic growth. Complementing this is the focus on safety and reliability, where proactive design, maintenance, and traffic management enhance social and relationship capital by reducing accidents and ensuring dependable mobility.

The JRA also prioritises environmental sustainability, integrating eco-friendly materials and practices that protect natural capital and contribute to climate resilience. In parallel, the Agency fosters socio-economic impact by creating employment, supporting SMMEs, raising property values, and expanding access to markets and services—directly strengthening both human and social and relationship capital. These efforts are underpinned by innovation and efficiency, where the adoption of new technologies, digital tools, and streamlined processes build intellectual capital and improve the effectiveness of service delivery, while safeguarding financial capital through cost efficiencies.

Together, these value drivers form the foundation of the JRA’s Value Creation Process, which follows the results chain of inputs, activities, outputs, outcomes, and impacts. Performance across this process is monitored through defined Key Performance Indicators (KPIs), ensuring accountability and alignment with JRA’s value proposition: delivering safe, reliable, and sustainable road infrastructure that supports Johannesburg’s long-term developmental objectives. The integrated Value Creation Model is illustrated in Figure 3.1 below.

Financial

- CoJ Shareholder Investment
- Provincial and National Grant Funding
- Developer's Contribution

Human and Intellectual

- Responsible leadership
- 2000+ employees

Social and Relationship

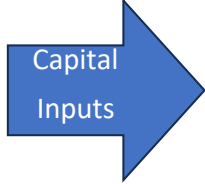
- Remuneration philosophy and process
- Project management methodology
- Strategies, research and development
- Standard Operating Procedures
- Policies, Frameworks and Processes

Facilities and Infrastructure

- Shareholder (City of Johannesburg)
- Customers : Private, Public and NGO Sector
- Johannesburg Communities & residents,
- Academia & Media
- Government and regulators

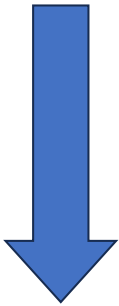
Facilities and Infrastructure

- Road Network
- Depots (Regional, Strategic Assets & Resurfacing Depot)
- Asphalt Plant
- Property, Plant & Equipment



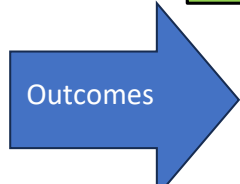
Business Activities

- Road Resurfacing
- Gravel Roads Upgrading
- Conversion of Open Stormwater Channels
- Bridges Maintenance
- Stormwater Master Planning
- Internal Governance Processes
- Infrastructure maintenance
- Research & Development



Outputs

- Km of road resurfaced
- Km of gravel roads upgraded to surfaced roads.
- Km of open stormwater channels converted to underground systems
- Bridges maintained / rehabilitated
- Customer Service Standards
- Audit Opinion
- Stakeholder engagement and Customer satisfaction

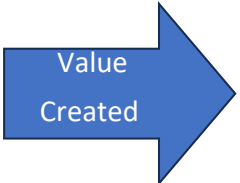


Positive Outcomes (24/25)

- Strategic partnerships (Vodacom, Investec etc)
- road resurfacing and upgrading
- Bridges Maintenance /rehabilitation
- Attainment of service standards
- Infrastructure maintenance
- Stormwater Master Planning Flooding hotspot areas
- Improved audit outcomes, reduced. repeat findings & implementation! of risk management action plan

Negative Outcomes (23/24)

- Inadequate financial investment (budget reduction)
- Leadership instability
- Poor contractor performance
- Inadequate gravel roads upgrades and conversion of open storm - water channels
- Increasing road degradation due to infrastructure reaching its life span
- On -site disruptions
- Inefficient procurement processes



Financial

- Long term sustainability of municipal entity
- Improved freight logistics and movement of goods and services in CoJ
- Improved spending on socio - economic infrastructure
- Commercial agility (improved revenue generation – Asphalt Plant)

Human and Intellectual

- Global standard operating procedures
- Ethical business practices
- Employment equity
- Improved human capacity and productive capacity

Social and Relationship

- Secure physical, mental health and safety of the road users

Facilities and Infrastructure

- Improved experience of traffic management
- Improved experience of road maintenance
- Improved road evenness and cleanliness
- Improved clarity of road signs
- Efficient traffic redirection

Section 1: Highlights and Achievements

- Overall JRA achieved 70% of its targets in 2024/25.
- Lilian Ngoyi Road Rehabilitation: Significant progress was made on Phase 1, reaching 86% completion. Key activities included boxing and cutting of the road, backfilling on the northern side of the tunnel, construction of electrical rooms, and installation of stormwater and sewer infrastructure.
- Road Resurfacing: A total of 112.58 lane kilometres were resurfaced, exceeding the target of 60 lane kilometres.
- The JRA supported 179 SMMEs surpassing the annual target of 90.
- The JRA created 330 EPWP work opportunities against an annual target of 160
- A total of traffic signal 108 controllers were upgraded in the 2024/25 financial year.
- The JRA has also been party to several partnerships that are evidence of innovation to bring private sector players to partner in the delivery of public services that present mutual benefit.
- An SLA with Provincial Department of Transport was signed and through this initiative 35 intersections along provincial roads were fixed at a cost of R19 million. Provincial government also paid R12 million to the JRA on the historical debt.
- The Mayoral accelerated service delivery programme assisted with City Power improving their service to connecting the intersections most especially in the inner city.

Section 2: Service Delivery Challenges

In 2024/25 the JRA experienced some challenges;

Challenges	Mitigations
Prolonged rainfall caused project delays and instances of rework	Acceleration plans implemented during the dry season, including extended working hours, added resources, and material procurement. Mid-term budget review enabled EOT approvals.
Project stoppages due to work disruptions by SMMEs, especially in gravel road upgrades.	Ongoing engagements with affected SMMEs through the SMME Desk have resulted in agreed resolutions and improved cooperation.
Aging Infrastructure and Funding Constraints - Many of Johannesburg's traffic signal systems have passed their lifespan of 15–20 years and are lagging behind modern systems.	Continue to engage CoJ and alternative funders to increase available funding upwards from the approved 2024/25 budget of R11 mil for replacements, refurbishment and maintenance of the remaining 1,600 intersections.
Theft and vandalism of traffic infrastructure negatively impacted traffic signal operations.	Continuous collaboration with law enforcement has led to asset recovery and successful convictions.
Poor performance of service providers and cashflow constraints delayed construction in Orange Farm and Lawley.	Underperforming contractors in Orange Farm have been formally warned. Contract termination is being pursued for the Lawley

Challenges	Mitigations
	project due to failure to adhere to recovery plans.

Section 3: Response to Strategic Direction

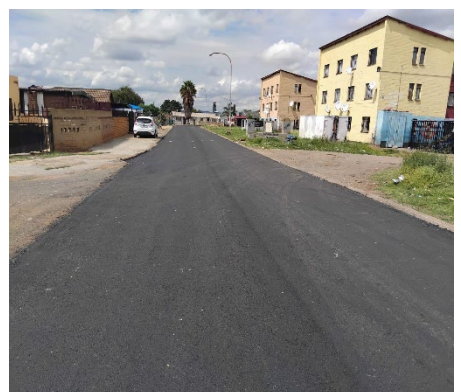
The JRA continued to align its operations and performance with the City of Johannesburg’s strategic priorities for the 2024/25 financial year. Guided by Shareholder and Mayoral priorities, the entity focused on improving service delivery, strengthening infrastructure resilience, creating employment opportunities, and enhancing operational efficiency. The following areas illustrate the JRA’s response to the strategic direction.

The JRA continued to align its operations and performance with the City of Johannesburg’s strategic priorities for the 2024/25 financial year. Guided by Shareholder and Mayoral priorities, the entity focused on improving service delivery, strengthening infrastructure resilience, creating employment opportunities, and enhancing operational efficiency. The following areas illustrate the JRA’s response to the strategic direction.

Roads Resurfacing Programme

During the 2024/25 financial year, the Johannesburg Roads Agency (JRA) successfully advanced the implementation of its road resurfacing programme, despite the persistent challenges of aging infrastructure and a declining capital budget. Resurfacing performance steadily increased across all quarters, consistently exceeding both quarterly and year-end targets. This upward trend reflects improved project planning, better contractor management, and strengthened internal operational systems. By year-end, the JRA achieved a cumulative total of 112.58 lane kilometres resurfaced, surpassing its planned outputs and demonstrating resilience in the face of systemic challenges.

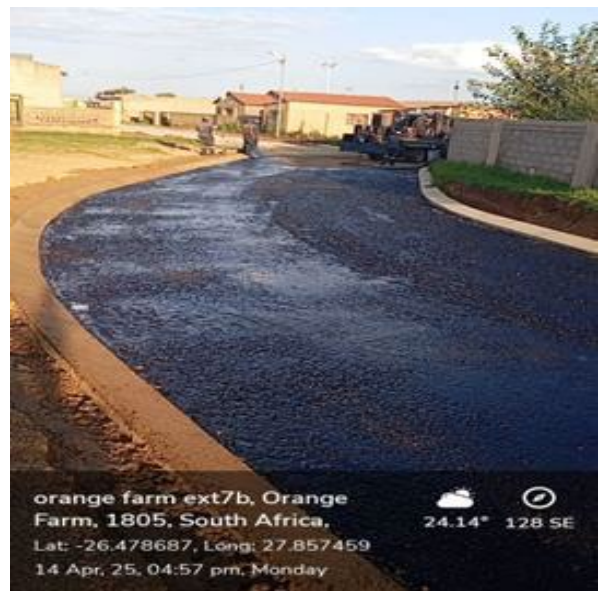
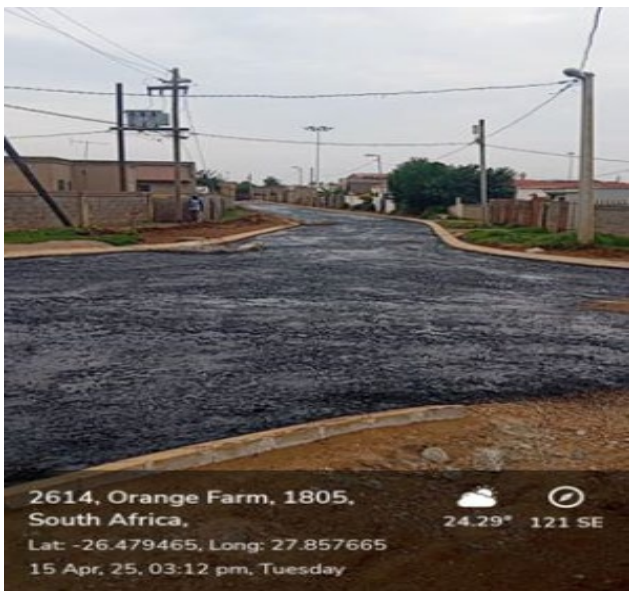
Resurfacing works were strategically implemented across City regions and wards to address deteriorating road conditions and improve mobility. Key wards included: Region A (Wards 94, 110, 112, 132), Region B (Wards 69, 82, 86, 126), Region C (Wards 71, 85, 89, 97), Region D (Wards 14, 25, 39, 135), Region E (Wards 72, 73, 74, 77, 81, 103), Region F (Wards 54, 57, 63,



124, 125), and Region G (Wards 17, 18). Through this programme, the JRA not only improved the driving experience and extended the lifespan of the City's road infrastructure but also reinforced its ability to adapt and deliver against targets in challenging conditions. The achievement of over 112 lane kilometres resurfaced underscores the Agency's dedication to maintaining and protecting critical infrastructure and enhancing road safety for the residents of Johannesburg.

Gravel Road Upgrade Programme

Performance in this area fell below target during the year, largely due to adverse weather conditions that delayed construction activities. Despite these challenges, signs of recovery were evident in Q4, suggesting improved delivery momentum as work progresses into the dry season. Construction is currently underway on road layer works and stormwater pipe installations across several key areas, including Doornkop/Thulani, Diepsloot, Lawley, Orange Farm, Drieziek, Vlakfontein, Tshepisoong, Ivory Park, Poortjie, Bramfischerville, and Slovoville. To date, a total of 7.98 km of road has been upgraded. Looking ahead, targeted interventions



and revised project management plans are expected to accelerate delivery and improve performance outcomes.

Open Drains Conversions

Despite little progress being recorded during the first three quarters, primarily due to delays in appointing contractors, and a slow start in Q4, delivery has since gained traction, and if the current momentum is sustained, gradual improvement is anticipated going forward. The programme continues to prioritise historically marginalised communities across the City, with active projects in Bramfischerville, Orange Farm, and Ivory Park. Contractors have been appointed, and construction is currently underway in all three locations. To date, a total of 0.75 km of open stormwater drains have been converted.

Bridges Management Programme

The JRA prioritised the safety and reliability of the City's bridge network in line with the strategic directive to strengthen infrastructure resilience. During the 2024/25 period, ongoing upgrading and rehabilitation works were undertaken on ten key bridges, including:

- Buccleuch Bridge (High Level) – Region E, Ward 32
- Kilburn Bridge – Region C, Ward 84
- Canterbury Bridge – Region E, Ward 10
- Maphumulo Street Culvert – Region D, Ward 46

In addition, designs are underway for Moroka Nancefield, Ndaba, Phakoe, Mastiff, and West Road Culvert bridges, with construction to follow. The interventions include both reconstruction and rehabilitation, depending on structural assessments.

Despite this progress, a backlog of 68 bridges requiring urgent rehabilitation and reconstruction has been identified across the City, highlighting the scale of investment still needed to secure the road and transport network.

Traffic Signal Management

In alignment with the strategic priority of enhancing urban mobility and reducing congestion, the JRA advanced the modernisation of traffic signal infrastructure during the 2024/25 financial year.

- **Upgrades:** A total of 88 traffic signal controllers were upgraded, equipped with advanced technologies that support adaptive traffic control and vehicle actuation.
- **Detection Technologies:** 21 detection systems were installed to improve traffic flow management and reduce congestion.
- **Fault Resolution:** By 25 June 2025, the JRA resolved 81.44% of 97 technical fault service requests within 24 hours, achieving a year-to-date performance of 79.49% against KPI 6.
- **Regional Concentration:** Faults were most prevalent in Regions B, C, E, and F (85% of incidents), with Region E alone accounting for 33% of total faults.
- **Power supply challenges** remain a significant constraint on traffic signal reliability, with power-related faults contributing to 45% of all reported incidents.
- **Enhanced Public-Private Partnerships** – The JRA prioritised the connection of signalised intersections to backup power solutions through partnerships. The JRA continues to strengthen Public-Private Partnerships (PPPs) to drive infrastructure renewal and technology adoption. These partnerships enable the Agency to leverage private sector expertise and explore innovative funding models. A total of 23 intersections were connected during the 2024/25 financial year. There are currently 33 additional requests from new and existing partners. This initiative supports the rollout of solar power and battery backup systems at critical intersections, reducing reliance on the national grid and improving operational resilience during power outages.
- **Advanced Predictive Maintenance** – The JRA is advancing towards AI-driven predictive maintenance by integrating smart technologies into the road network. Six AI-enabled cameras have been installed to begin collecting data that will enhance network

intelligence. Three full Vehicle Actuation (VA) cameras are being installed at key intersections: Winnie Mandela & Sandton Drive, and Comaro and Bellairs Main Reef & Crown Roads. Using Remote Monitoring Systems (RMS), the JRA proactively monitors signal performance and anticipate failures before they are reported by the public.

- This shift toward predictive maintenance aims to reduce equipment downtime, extend asset lifespan, and transition the JRA from reactive to proactive infrastructure management.
- Collectively, these interventions contributed to more reliable signalised intersections, quicker fault response times, and improved traffic flow across the City's road network.

Roads and Infrastructure Maintenance

During the 2024/25 financial year, the Johannesburg Roads Agency (JRA) placed strong emphasis on comprehensive routine maintenance across the City's road network and associated infrastructure. The Agency's regional depots were tasked with implementing targeted interventions that addressed the most pressing service delivery demands raised by communities and road users.

Potholes Repaired

Pothole repairs remained one of the most critical focus areas, as these defects represent the highest volume of complaints and present significant safety hazards. Thousands of potholes were repaired throughout the year, restoring road surfaces, improving driving conditions, and extending the lifespan of pavements.

Kerb Inlets Cleaned (KIs)

To support stormwater management and reduce flood risks, the Agency undertook regular cleaning of kerb inlets (KIs). This work was critical to preventing blockages, ensuring the free flow of stormwater, and mitigating the damage caused by heavy rainfall.

Manhole Covers Replaced

Open or damaged manhole covers pose ongoing safety risks for motorists and pedestrians. The JRA implemented targeted programmes to replace stolen or broken covers, thereby preventing accidents and safeguarding underground infrastructure such as water, sewer, and telecommunications lines.

Road Barriers Repaired

The Agency repaired and replaced damaged road barriers across major intersections, bridges, and high-volume commuter routes. These interventions played a key role in protecting both motorists and pedestrians, particularly in accident-prone areas.

Reinstatements

Reinstatement works were carried out following disruptions caused by service providers or utility repairs. These efforts ensured that road surfaces were restored promptly, reducing the risk of accidents and maintaining continuity of the road network.

Copy Painting and Road Markings

Systematic copy painting and road marking were rolled out to restore visibility and reinforce compliance with traffic regulations. These markings were particularly prioritised in high-risk zones such as intersections, pedestrian crossings, and school areas, where clear signage is vital for safety.

Footway Repairs

To improve pedestrian mobility, the JRA undertook footway repair projects across the City. These interventions enhanced accessibility, especially in densely populated areas, and supported non-motorised transport.

Skoffeling (Road Verge Maintenance)

Routine skoffeling was conducted to maintain road verges, improve sight distances for motorists, and enhance the overall aesthetics of the road environment. This preventative maintenance contributed to both safety and environmental management.

Road Sign Repairs



The Agency also implemented a dedicated programme to repair and replace damaged or missing road signs. This intervention was essential for regulating traffic, providing clear guidance to road users, and supporting enforcement of road safety laws.

Together, these activities formed an integrated approach to road and infrastructure maintenance. By addressing surface conditions, stormwater management, pedestrian safety, and traffic regulation, the JRA contributed to improved mobility, reduced hazards, and a more resilient road environment. While the Agency continued to face challenges such as limited budgets, adverse weather, and vandalism of infrastructure, these were mitigated through prioritisation of high-impact interventions, use of community-based maintenance programmes, and stronger partnerships with stakeholders. The result was steady progress towards the goal of providing Johannesburg residents with safer, more accessible, and better-managed roads and stormwater systems.

Support to SMMEs

In line with the City's developmental agenda and the Johannesburg Roads Agency's (JRA) commitment to broadening economic participation, the Agency placed strong emphasis on supporting Small, Medium, and Micro Enterprises (SMMEs) through its capital projects portfolio and operational activities. During the 2024/25 financial year, a total of 179 SMMEs were supported, significantly exceeding the annual target of 90.

The development of SMMEs remained a central objective, with opportunities created through subcontracting on capital projects and participation in operational maintenance activities. These engagements allowed emerging enterprises to gain valuable technical experience, enhance capacity, and build competitiveness. By embedding SMMEs within its procurement framework, the JRA contributed to transformation, job creation, and sustainable livelihoods, ensuring that infrastructure investment also yields developmental impact.

Expanded Public Works Programme

In support of the City's socio-economic development agenda, the Johannesburg Roads Agency (JRA) leveraged its capital projects portfolio to maximise job creation through the Expanded Public Works Programme (EPWP). During the 2024/25 financial year, the Agency created a total of 330 EPWP work opportunities, more than doubling the annual target of 160. This achievement demonstrates the JRA's strong commitment to advancing inclusive growth and contributing to the reduction of unemployment, particularly among youth and women.

The EPWP opportunities provided participants with short-term employment as well as valuable exposure to construction, road maintenance, and infrastructure management activities. Through on-site training and practical work experience, participants gained transferable skills that enhance employability and create pathways into the broader labour market. By exceeding its targets, the JRA not only delivered on its service delivery mandate but also reinforced its developmental role in promoting sustainable livelihoods and community upliftment. This performance highlights the Agency's dual focus on infrastructure delivery and socio-economic impact, ensuring that capital investments generate tangible benefits for the people of Johannesburg beyond improved roads and stormwater systems.

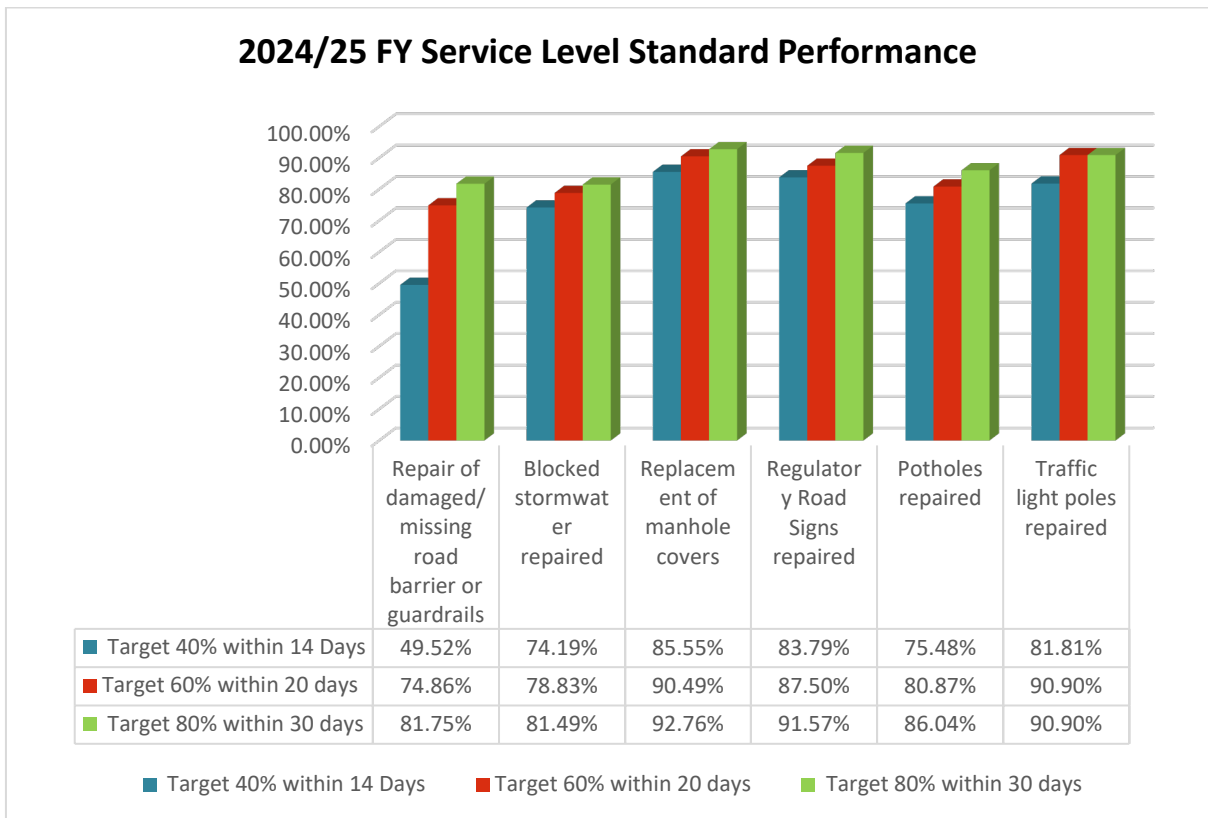
Section 4: Performance Against Service Standards

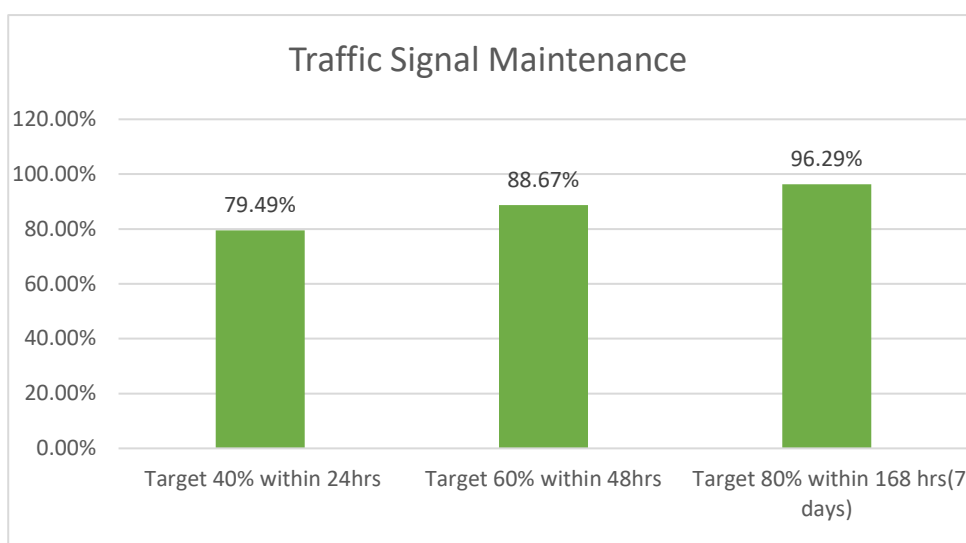
The JRA has 7 Service Standards on the CoJ Customer Charter. The standards have 3 sub-targets. The JRA achieved all the 21-subtargets. Throughout the 2024/25 financial year, the Johannesburg Roads Agency (JRA) continued to prioritise service delivery excellence despite significant operational and structural challenges.

Declining depot resources and constrained funding limited the Agency’s capacity to respond to the high volume of service requests. At the same time, the City’s aging road and stormwater infrastructure increased the frequency of failures, placing additional pressure on already stretched resources. In response, the JRA adopted a proactive and adaptive approach to sustaining its service standards.

The Agency intensified the use of planning and prioritisation tools to ensure that limited resources were directed towards high-risk areas with the greatest impact on road safety and mobility. Preventive maintenance interventions, such as routine pothole repairs, cleaning of kerb inlets, and securing open manholes, were accelerated to reduce the likelihood of costly failures and to maintain operational efficiency. Depot staff were redeployed strategically to cover critical service gaps, while capital projects were leveraged to supplement operational capacity.

Despite constraints, the JRA has demonstrated resilience and innovation in sustaining its mandate. This performance reflects a deliberate effort to meet service standards in a challenging environment, reinforcing the JRA’s role as a critical enabler of mobility, safety, and economic activity in Johannesburg.





Section 5: Performance Against Pre-Determined Objectives

Following the mid-year revision, the JRA's Scorecard for 2024/25 comprised 31 KPIs. One of these KPIs was not due at the end of the financial year. Overall, of the 30 due KPIs, the JRA achieved 20 KPIs (67%) and failed to achieve 10 (33%), with strong performance in Entity Scorecard KPIs and solid progress in Gatekeeper and Circular 88 indicators. This performance is broken down in the table below.

JRA Programmes	No. of KPIs	Achieved	Not Achieved	Not Due	% Achieved
Institutional SDBIP KPIs	3	1	2	0	33%
Entity Scorecard KPIs	8	7	0	1	100%
Gatekeeper KPIs	10	4	6	0	50%
Circular 88 Indicators	10	8	2	0	80%
Total	31	20	10	1	67%

The detail of the performance is reflected in the table below.

No.	KPI	Baseline	24/25 Target	Mid-Year Adjustment	24/25 Actual	Reason for Reported Performance	Plan to Improve Performance
INSTITUTIONAL SDBIP							
1	Number of lane kilometres of roads resurfaced.	162.76km	60l/km	N/A	112.58lkm	The overall programme progressed faster than anticipated with work being implemented by internal teams (RSD)	Not Applicable
2	Number of kilometres of gravel	8.41km	12.5km	N/A	7.98km	The underachievement is attributable to	Implement tighter coordination,

No.	KPI	Baseline	24/25 Target	Mid-Year Adjustment	24/25 Actual	Reason for Reported Performance	Plan to Improve Performance
	roads upgraded to surfaced roads					longer-than-expected completion times for essential supporting activities, including stormwater infrastructure work, road design finalisation, and material procurement due to several reasons including inclement weather.	clearer sequencing of prerequisite activities, earlier procurement initiation, and more frequent progress monitoring to prevent delays and improve overall performance delivery.
3	Number of kilometres of storm water drains converted to underground systems	0.17km	1.50km	N/A	0.75km	Targeted kilometres were not achieved due to delays in appointment of contractors	Performance is expected to increase contractors for several projects were appointed in Q3 and commenced work in Q4 of the financial year.
ENTITY SCORECARD							
4	Km of surface roads rehabilitated and reconstructed	1.47km	0km	YES	0km (Not Due)	Contractor terminated due to poor performance.	New contractor appointed, however new completion date is Q1 of 2025/26.
5	Number of bridges (Pedestrian & Vehicular) being reconstructed (replacement) and or rehabilitated	6	7 Bridges	N/A	9 bridges	Programme progressed faster than anticipated with the appointment of 2 contractors in Q4.	Not Applicable.
6	Number of SMMEs supported	102	90 SMMEs	N/A	179 SMMEs	Resolution of challenges affecting appointment of	Not Applicable

No.	KPI	Baseline	24/25 Target	Mid-Year Adjustment	24/25 Actual	Reason for Reported Performance	Plan to Improve Performance
						SMMEs improved performance	
7	Number of signalised traffic intersections upgraded	New KPI	30 Traffic Intersections	N/A	88 Traffic Intersections	Additional funding enabled improved performance.	Not Applicable
8	Number of EPWP jobs created	163 EPWP Jobs	160 EPWP Jobs	YES	330 EPWP Jobs	Acceleration of works and demand for local labour appointments led to increase in EPWP opportunities.	Not Applicable
9	Number of lane kilometres of roads resurfaced on M1 Motorway	New KPI	1.5 lkm	N/A	1.74lkm	The improved performance was due to work performed by internal teams (RSD)	Not Applicable
10	Number of lane kilometres of roads resurfaced on M2 Motorway	New KPI	2lkm	N/A	5,66lkm	The overall programme progressed faster than anticipated. The work was implemented City Wide by internal teams (RSD).	Not Applicable
11	Number of lane kilometres of roads resurfaced on M70 Motorway (Soweto Highway)	New KPI	2lkm	N/A	2.68lkm	Further assessments were undertaken, and work was for streets adjacent and parallel to Soweto Highway; was implemented by internal teams and accelerated than anticipated.	Not Applicable
GATEKEEPING KPIs							
12	Percentage spent on	104%	95%	YES	102%	Not Applicable	Not Applicable

No.	KPI	Baseline	24/25 Target	Mid-Year Adjustment	24/25 Actual	Reason for Reported Performance	Plan to Improve Performance
	operating budget against approved operating budget						
13	Percentage spent on capital budget against approved capital budget	97%	90%	YES	99%	Not Applicable	Not Applicable
14	Percentage reduction in unauthorized, irregular, fruitless and wasteful (UIFW) expenditure incurred	61.61 %	50%	YES	44.21%	<ul style="list-style-type: none"> Irregular expenditure increased during the year, mainly due to overspending on the Visual Condition Inspection (VCI) project, which was initiated to resolve a prior AGSA audit qualification. While some irregular expenditure was written off after due process, costs for the VCI project exceeded the approved budget, contributing to the increase. No fruitless and wasteful expenditure was written 	Conclusion Management is committed to strengthening internal controls, enforcing financial discipline, and ensuring compliance with legislation and policies.

No.	KPI	Baseline	24/25 Target	Mid-Year Adjustment	24/25 Actual	Reason for Reported Performance	Plan to Improve Performance
						off as investigations are ongoing. Most relates to interest and penalties from a historic SARS tax dispute. Although payments were made, JRA is pursuing recovery through a dispute resolution process.	
15	Percentage of valid invoices paid within 30 days of invoice date	74%	100%	N/A	96%	Delays in payment of invoices due to cash flow challenges.	Continuous engagements with the City. Prioritization of long outstanding invoices.
16	Percentage resolution of Internal Audit findings	62%	95%	N/A	66%	<ul style="list-style-type: none"> Resource constraints e.g., budget & human resources (infrastructure related corrective actions) Complexity of Issues (management of interdependencies to resolve complex audit findings) Interdependency delays i.e., SCM 	Internal Audit has also commenced with the tracking of both AGSA and Internal Audit findings on weekly basis through the Audit Steering Committee meetings.
17	Percentage resolution of AG findings	79%	85%	N/A	79%	Budget and human resource constraints, and infrastructure related corrective	Internal Audit has also commenced with the tracking of both AGSA and

No.	KPI	Baseline	24/25 Target	Mid-Year Adjustment	24/25 Actual	Reason for Reported Performance	Plan to Improve Performance
						actions as well as Interdependency delays	Internal Audit findings on monthly basis
18	Audit Outcome	Unqualified with findings	Unqualified without material finding	YES	Unqualified With Material Audit Findings	The AG identified findings in the areas of financial statements, compliance with legislation, performance information, and internal controls.	Management is working to ensure that corrective actions are implemented, to move towards an unqualified audit opinion without findings.
19	Percentage of the risks management implementation plan implemented	95%	90%	YES	91%	Not Applicable	Not Applicable
20	Percentage achievement of service standards	95.23%	75%	N/A	100%	Not Applicable	Not Applicable
21	Percentage of predetermined objective achieved	70%	80%	N/A	67%	Reasons have been provided for each KPI. They include contractor performance, inclement weather and resource constraints, among others.	Improved monitoring of the mitigation actions provided for each KPI that has not been achieved.
CIRCULAR 88							
22 (TR 6.2)	Number of potholes reported per 10km of municipal road network	20	Average 73	YES	Average 34	Performance remained within the target range, due to road resurfacing and proactive and maintenance that enabled the agency to meet the target.	Not Applicable

No.	KPI	Baseline	24/25 Target	Mid-Year Adjustment	24/25 Actual	Reason for Reported Performance	Plan to Improve Performance
23 (TR6.11)	Percentage of unsurfaced roads graded	51% (674km)	50% (577km / 1154.97km)	YES	55.78% (644.25km / 1154.97)	Not Applicable	Not Applicable
24 (TR6.12)	Percentage of municipal road lanes which has been resurfaced and resealed	8.93% (152.84 Lkm)	4.5 (77km / 1711km)	YES	6.29% (112.58km / 1711)	The overall programme progressed faster than anticipated. The work was implemented City Wide by internal teams (RSD)	Not Applicable
25 (TR6.13)	KMs of new municipal road network	27.7 km	25 km	N/A	30.14km	The performance reflects both JRA (14.6km) and private developers' (14.18km) contributions	Not Applicable
26 (TR6.21)	Percentage of reported potholes complaints resolved within standard municipal response time	60.25%	40%: 14 days	N/A	75.48%	Not Applicable	Not Applicable
		64.79%	60%: 20 days	N/A	80.87%		
		70.40%	80%: 30 days	N/A	86.04%		
27 (GG1.21)	Staff vacancy rate	15.33%	10%	N/A	8.89%	The JRA has implemented the moratorium due to the process of OD, which is underway, only approved positions by the CEO are filled.	The finalisation of the OD process will contribute to improved performance
28 (GG1.122)	Percentage of vacant posts filled within 3 months	1.03%	1%	N/A	26.31%	Recruitment for approved positions benefited from the implementation of e-recruitment system.	Not Applicable

No.	KPI	Baseline	24/25 Target	Mid-Year Adjustment	24/25 Actual	Reason for Reported Performance	Plan to Improve Performance
29 (GG.11)	Number of active suspensions longer than three months	8	≤28	N/A	18	Some matters delayed due to circumstances beyond the employer's control	Long-standing matters to be prioritised
30 (GG5.12)	Quarterly salary bill of suspended officials	R6 412 925.26	≤ R12 000 000	N/A	R16,710,243.74	Some matters delayed due to circumstances beyond the employer's control	Long-standing matters to be prioritised
31 (GG3.11)	Number of repeat audit findings	4	2	N/A	4	Repeat audit findings occurred due to unresolved control weaknesses and challenges with implementation of corrective actions	Strengthened accountability, tighter monitoring of action plans, and timely resolution of identified deficiencies.

CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

The JRA aims to be an employer of choice by applying a progressive policy framework that ensures the recruitment and retention of talent through its Corporate Services Department. The company's employment policy allows employment practices that help to attract the best talent and remuneration policies that motivate and retain talented employees and create a desirable and appealing work environment. The JRA is committed to the development and implementation of an effective organisational development and performance management system.

Section 1: Employee Remuneration

Table 4.1: Total employee costs

Category	Amount (R)
Professionals and middle management	R588,913,265
Top Management	R6,828,895.35
Senior Management	R31,235,992.32
Ex-Employee Add Payment	R1,674,338.56
Semi-skilled and discretionary decision making	R 93,727,874.26
Skilled & Jnr Management	R1,069,414,557
Semi-skilled	R670,184,231.40
Total	R2,368,251,279.28

Section 2: Key Vacancies

The JRA has two critical vacancies HoD: Infrastructure Planning and Mobility and Freight which will be filled pending the OD process. Acting arrangements are in place.

Vacancy Rate

A breakdown the total authorised positions into funded and unfunded, and further shows the filled positions, vacancies, and active recruitment within the funded positions. The table below provides a summary of the current and adjusted staffing capacity across various departments, highlighting the percentage of positions filled based on total approved and adjusted post allocations. Adjusted totals reflect the funded, active posts considered in the performance calculations.

Capacity Breakdown: Current vs. Adjusted (Excludes Dormant Positions)

Department	Filled	Funded Vacant	Unfunded Vacant	Dormant	Total Approved	Adjusted Total	Current Capacity %	Adjusted Capacity %
CEO's Office	16	1	1	0	18	18	88.89%	88.89%
Corporate Services	66	8	31	0	105	105	62.86%	62.86%
Finance Department	109	11	13	19	152	133	71.71%	81.95%
Infrastructure Development	32	0	0	23	55	32	58.18%	100.00%
Mobility & Freight	127	16	1	147	291	144	43.64%	88.19%

Performance, Governance & IT	34	10	1	15	60	45	56.67%	75.56%
Planning	38	2	11	3	54	51	70.37%	74.51%
Public Relations & Stakeholder Engagement	35	2	1	6	44	38	79.55%	92.11%
Regional Operations	998	92	2	654	1746	1092	57.16%	91.40%
TOTALS	1455	142	61	867	2525	1658	57.62%	87.74%

The JRA has a vacancy rate of 8.89%

Staff Turnover



A quarterly breakdown of employee turnover by reason for the 2024/25 financial year shows that retirements among depot staff dominate the exit statistics.

The below table illustrates staff movement recorded under this reporting period. Of interest to note is that the staff movement numbers are concentrated around African male employees.

Section 3: Employment Equity

The Employment Equity Committee (EEC) successfully conducted roadshows across all seven (7) regions, engaging employees and leadership on the role of the committee, the importance of employment equity, and strategies for fostering fairness in recruitment and workplace practices. The overview of key discussions, challenges, and recommendations for promoting equity and collaboration between employers and employees were discussed. Employees highlighted the need for clearer communication on job opportunities, selection criteria, and career progression paths. Some employees expressed concerns about favoritism in promotions and assignments. Some of the suggestions include that both managers and employees be provided with more training, especially on topics such as unconscious bias.

The roadshows reinforced the importance of employment equity as a shared responsibility, furthermore, strengthening of recruitment policies and conducting mandatory equity training. EEC also conducts quarterly forums to assess progress on equity goals and lastly, EEC recommends continued collaboration between leadership and staff to ensure employment equity remains a priority, benefiting both employee morale and organizational success.

Table 4.7: Number of JRA Employees as of June 2025

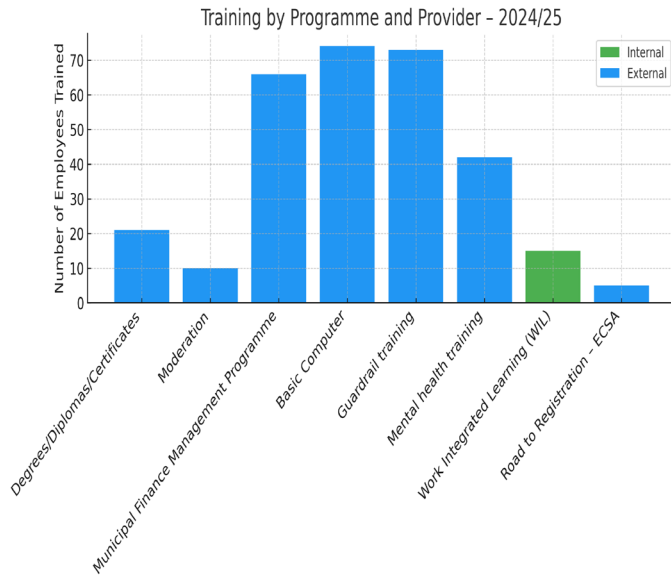
Occupational Level	MALE				FEMALE				FOREIGNER		TOTAL
	A	C	I	W	A	C	I	W	MALE	FEMALE	
Top Management	5				2						7
Senior Management	17		1	4	7				2		31
Professional Qualified	100	4	3	12	77	5	3	4	1		209
Skilled Technical	203	5		7	154	3		8			380
Semi-Skilled	568	3	4	7	262	3	1	3			851
Unskilled											
Temporary											
TOTAL	893	12	9	30	503	11	4	17	3		1478

Table 4.8: JRA Workforce Profile during Q\$ is reflected below.

Description	MALE				FEMALE				TOTAL
	A	C	I	W	A	C	I	W	
Province population	45.30%	1.30%	1.90%	7.40%	35.70%	1.30%	1.00%	6.10%	
Current no employees	892	12	8	29	502	11	4	17	1478
Required no of employees to EAP	672	19	28	110	530	19	15	91	
Gap	220	-7	-20	-91	-28	-8	-11	-74	
Current %	60%	0.81%	0.61%	2%	34%	1%	0.3%	1%	100%
Gap %	- 15.14%	0.49%	1.29%	5.38%	1.74%	0.56%	1%	4.95%	
Representation status	over	under	under	under	under	under	under	under	

Issues related to EE raised by the members were reported to management for input and consideration. These measures will be taken into consideration in consultation with the committees and as per an annual schedule that is reflected in the EE Plan.

Section 4: Skills Development Training



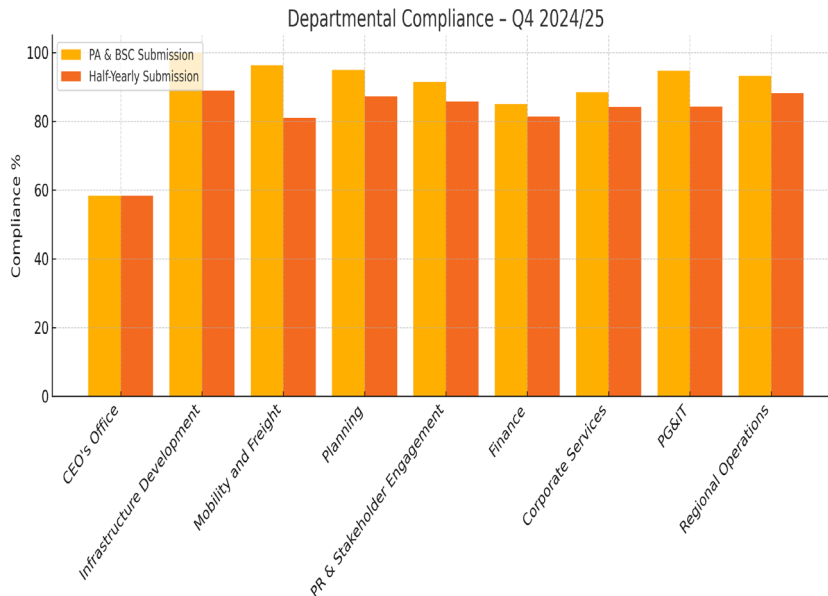
The JRA is investing in staff development using both internal and external service providers. 306 employees benefited from skills development programmes provided by both external and internal service providers.

Training Provided to Address EE Under Representation.

Occupational Level	Age Group	MALE				FEMALE				TOTAL FOR Q4	TOTAL ANNUAL PERFORMANCE
		A	C	I	W	A	C	I	W		
Top Management	18-34	0	0	0	0	0	0	0	0	0	0
	>35	2	0	0	0	0	0	0	0	2	2
Senior Management	18-34	1	0	1	0	0	0	0	0	2	2
	>35	13	0	1	0	3	0	0	1	18	19
Professional Qualified	18-34	2	0	0	0	3	0	0	0	5	6
	>35	32	0	2	6	21	1	0	0	62	72
Skilled Technical	18-34	7	0	0	0	14	0	1	0	22	23
	>35	49	1	0	4	120	1	0	4	180	189
Semi-Skilled	18-34	22	0	0	0	8	0	0	0	30	30
	>35	92	0	0	0	36	0	0	0	128	128
Unskilled	18-34	2	0	0	0	4	0	0	0	6	6
	>35	0	0	0	0	0	0	0	0	0	4
Temporary	18-34	0	0	0	0	0	0	0	0	0	0
	>35	0	0	0	0	0	0	0	0	0	0
TOTAL	18-34	34	0	1	0	29	0	1	0	65	69
	>35	180	0	3	6	167	1	0	3	390	408
TOTAL ANNUAL	18-34	35	0	1	0	30	0	1	1	133	202
	>35	196	1	3	10	220	2	0	8	801	1176

Section 5: Performance Management

The JRA rolled out the Performance Management & Development (PMD) policy at the start of the 2022/23 financial year and implementation and compliance has progressively increased marked by the successful onboarding of lower-level employees into the individual performance management process.



There is on average over 80% compliance with the requirements of the PMD Policy as it relates to departmental compliance with PA, BSC and Half-yearly submissions as of 30 June 2025.

Organizational Design

During Quarter 4, the focus was on extensive consultation sessions with employees across all departments to finalise the proposed operational structures aligned with the newly approved functional structure of the JRA. In parallel, job profile validation sessions commenced to incorporate departmental inputs on draft profiles, in preparation for the upcoming final job grading validation process.

Section 6: Disciplinary Matters and Outcomes

There are currently twenty-six (26) recorded cases of employees that are currently being conducted. The table below reflects the circumstances and duration of each of these cases. There are currently twenty-seven recorded cases of employees that are being conducted whose details are contained below.

Status of Suspensions

- i. Pending Investigations: seventeen (17) cases are under investigation.
- ii. Management uplifted ten (10) precautionary suspensions; however, the disciplinary cases and investigations are ongoing.

Cases Referred to External Dispute Resolution Bodies

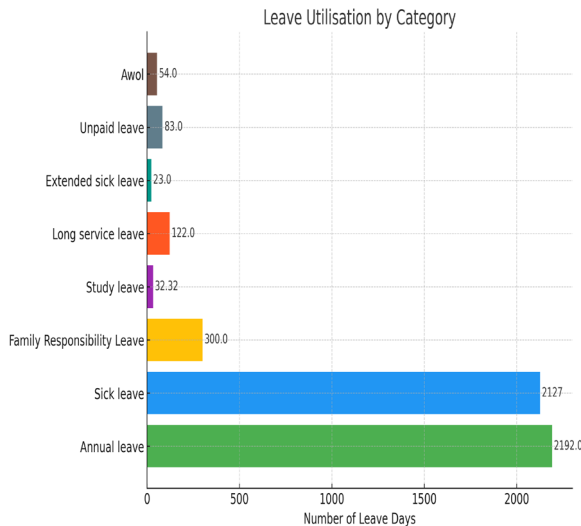
Bargaining Council

New Cases Referred: One (1) case was referred to the Bargaining Council during the reporting period and is currently being processed with the matter scheduled for set down on the 27 June 2025, dates will be communicated in due course.

CONCILIATIONS, ARBITRATIONS AND LABOUR COURT MATTERS					
NO	NAME	NATURE OF DISPUTE	OF	PROCESS	STATUS

1	Accountant	Unfair dismissal	Bargaining Council	Matter is set down at the Bargaining Council on the 27 June 2025
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Section 7: Leave and Productivity Management



The chart shows the number of leave days used per category, highlighting the most utilised types of leave which are annual leave and sick leave. Smaller categories include study leave and extended sick leave. There has also been instances of unauthorised or cost-implicating absences that have been processed in line with the leave management policy.

Section 8: Employee Wellness

In 2024/25, the JRA strengthened employee wellness through awareness sessions including HIV awareness and prevention initiatives. The Agency ran on-site education sessions and wellness screenings. Awareness messages were shared through internal platforms and aligned with national health events, including World AIDS Day. These efforts support a healthier, informed, and stigma-free workplace. Other activities included;

- The wellness unit has Hundred and twenty-one (121) active cases, of which nine (09) were new referrals received in the month of May 2025.
- Thirty-two (32) counselling sessions from the new and old referrals were conducted, five (05) were telephonic and twenty-seven (27) were face-to-face.
- Two (02) matters closed during the month in question.
- One (1) referral made to the external counsellor for further intervention.
- Methods of referrals and presenting problems from the newly received cases.

Methods of referrals

- Five (5) management referrals, which are mainly male employees and four (04) self-referrals are mainly female employees

Presenting problems

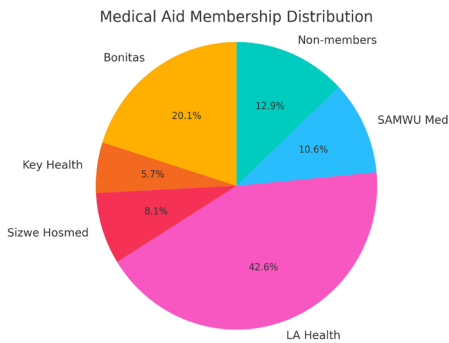
Trauma debriefing, Financial challenges, Abuse of substance, Absenteeism and ill-health and Personal and work-related

The wellness unit in partnership with Employee Relations and Employee Equity embarked on awareness sessions across all the depots to educate employees about the roles, responsibilities processes and procedures pertain to those three units

Section 9: Employee Benefits and Occupational Health and Safety

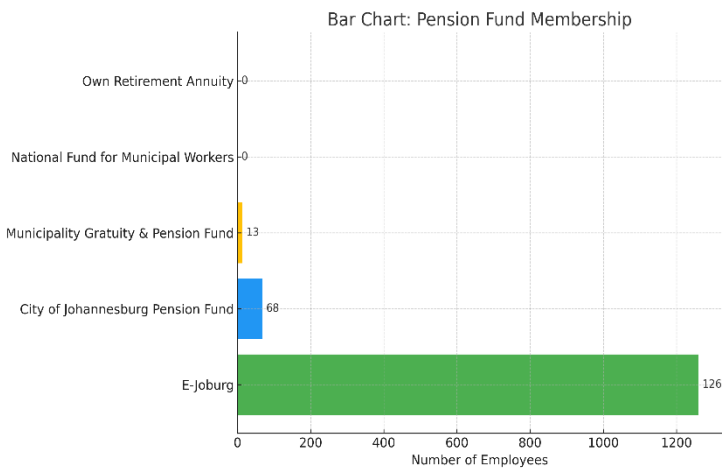
JRA employees are provided with a range of employment benefits including medical aid and pension fund membership as prescribed in the BCE Act.

Medical Aid Membership



The pie chart below shows the distribution of employees across different medical aid schemes, including non-members with LA Health being the dominant medical aid among employees.

Pension Fund Membership



The bar chart shows the distribution of 1342 employees across pension funds. e-Joburg accounts for the majority share of fund membership.

9.1. Health & Safety Programme

Injury incidents at the company are reported using Disability Frequency Rate (DIFR) values. DIFR is defined as the number of disabling injuries per 200,000 employees’ hours worked over 12 months (an accident resulting in the loss of one or more shifts). The acceptable and recommended best practice DIFR value is one (1). It is important to manage injury incidents to levels below the value of one. The total of forty-two (42) disabling occupational accidents were reported during 2024/25. The most affected depots with high accidents include:

- Dobsonville (10 accidents)
- RSD (7 accidents)
- Motorways (6 accidents)

- Hamburg (5 accidents)
- Head Office (3 accidents)

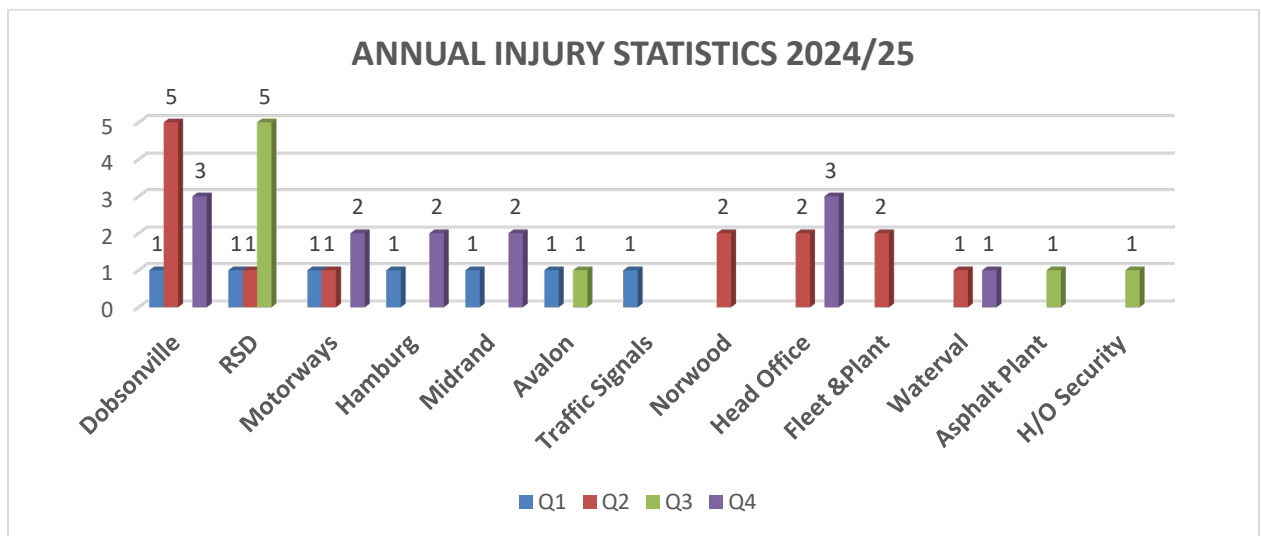
Major causes of accidents are:

- Vehicle- and transport-related incidents remain the leading cause across all quarters.
- Trip and fall hazards are common in depots and office environments.
- Unsafe handling of heavy machinery/equipment is a recurring theme.

Recommended mitigating measures include the following:

- Review loading/unloading procedures.
- Improve focus and hazard awareness training.
- Improve road safety awareness.
- Conduct toolbox sessions during high-risk and hazardous operations.
- Conduct behaviour-based safety training.
- Ensure trucks have audible reversing alarms.
- Investigate and strengthen driver safety protocols
- Prioritize road safety, fall prevention, and machinery handling training.
- Enforce PPE compliance and safe work procedures (e.g., eye protection).

Graph 1: Annual injury statistics for 2024/25



The graph above highlights depot with accidents, emphasizing the need for effective health and safety measures to prevent and comply.

Environmental management compliance

In quarter 4, waste management assessments were carried out at 14 depots to evaluate compliance with proper waste storage, handling, and disposal practices in line with environmental management legislation.

The outcome of the inspections revealed that 12 depots were compliant, and 2 depots (RSD and Midrand) were found non-compliant, primarily due to accumulated waste stored in the yard. The corrective measures included issuing a non-conformance notice to non-compliant depots to remove accumulated waste and to implement control measures that align with

legislative requirements. Follow-up inspections will be conducted to ensure sustained compliance.

The JRA submitted its annual emission monitoring compliance report for the Asphalt Plant on 26 March 2025 to the Gauteng Department of Agriculture and Rural Development (GDARD) and National Atmospheric Emission Information System (NAEIS).

The submission confirmed that the Asphalt Plant operations comply with the Atmospheric Emission License (AEL) conditions. This ensures that the plant continues to operate within the prescribed limits for air quality and emissions management.

In quarter 1, waste management inspections were carried out at 15 depots, monitoring waste management practices. Non-conformance notices were issued to 6 depots due to accumulated construction waste. This may result in possible litigation from GDARD for potential soil and water pollution in contravention of the National Environmental Management Act (NEMA).

b) Atmospheric Emission License Renewal (Asphalt Plant)

- The AEL renewal application for the Asphalt Plant was advertised in two local newspapers in September 2024, inviting public comments.
- No objections were received from surrounding communities.
- The renewed AEL was issued by GDARD on 30 September 2024, valid until 30 September 2029.

The JRA has made significant progress in strengthening environmental management compliance across its operations. Waste management practices at depots have improved considerably from Q1 to Q4, while the Asphalt Plant continues to meet national and provincial atmospheric emission requirements. Continuous monitoring, corrective actions, and proactive engagement with regulatory authorities remain central to sustaining compliance and mitigating environmental risks.

SHE Awareness

The Return-to-Work awareness campaign was conducted from 10 March to 09 April 2025 across twelve depots. Total of 519 employees participated in the awareness campaign.

The purpose of the awareness is to promote health, safety, and environmental awareness while addressing unsafe behaviours and fostering a positive safety culture. The objective aims to:

- Encourage management and employees to identify hazards.
- Reinforce accident prevention strategies.
- Promote adherence to Occupational Health and Safety Act (OHASA) compliance practices.

The campaign ensured broad participation across depots and successfully reinforced safe workplace practices and reduced risks associated with unsafe behaviours and non-compliance. Both quarters focused on behavioural safety and culture change through Return-to-Work awareness. The sustained attendance demonstrates a strong organizational commitment to SHE awareness and OHASA compliance.

Section 10: Corporate Social Responsibility

The JRA conducts different activities as part of its Corporate Social Responsibility programme. These are coordinated through the Public Relations and Stakeholder Engagement (PRSE) department as well as relevant technical departments. In 202/243 some of the activities that the JRA undertook as part of CSR include;

- **Easter Road Safety Campaign** – Launch at Grasmere Engen Garage;
- **Road Safety Awareness Campaign** Main Street – Reduction of speed and distracted driving.
- **Driver Appreciation Day** Brixton Multi-purpose Centre – To appreciate mass transport transit drivers for the sterling work they perform daily.
- **Scholar Transport Driver Safety Awareness Programme** Kliptown, Soweto and Cosmo City – Reduction of speed and distracted driving
- **School Transport Week** Sci-Bono, Newtown – Importance of Science, Technology, Engineering and Mathematics (STEM) as gateway subjects to access skills in demand and hard to fill vacancies.
- **Transport Month activation** Transport Museum – High school learners, were taken on a tour to the Transport Museum to learn about the origin and history of transport in South Africa
- **JP Morgan Corporate Challenge** – Sandton Region E CoJ Water Point
- **Soweto Marathon Promotion of Healthy Lifestyle** – Soweto Theatre CoJ Water Point
- **Promotion of Healthy Lifestyle: 94.7 Ride Joburg Cycling Challenge** – Mandela Park CoJ Water Point

CHAPTER 5: FINANCIAL PERFORMANCE AND EXPOSURE

Section 1: Statement of Financial Position At June 30, 2025

	2024-2025 R (000)
2024/2025 Operating surplus as of 30 June 2025	R69.720
2024/2025 Cash on hand (Developer's account and loan to COJ)	(20,567)
2024/2025 Accumulative Surplus (Loss)	(R 606,027)

(Refer to AFS)

Section 2: Statement of Financial Performance

Component	24/25 Opex. Budget	Actual (24/25)	Variance
	R'000	R'000	R'000
24/25 Income	R1,618,071,000	R1,573,701,538	R45,369,462
24/25 Expenditure	R1,618,071,000	R1,643,421,512	-R25,350,512
24/25 Surplus / (Deficit)	-	R69,719,974	

Notes to financial position / performance (as of 30 June 2025):

The budgeted income for 2024/25 was R1,618 million, while actual income amounted to R1,574 million, resulting in a cumulative shortfall of R25,351 million at the end of Q4. This variance is attributed to the following factors;

- Asphalt Sales and DCP Testing:** During the financial year, asphalt sales amounted to R1.8 million, falling significantly short of the budgeted R100 million. This variance reflects a substantial underperformance in plant sales relative to projections. The sales forecast assumed that contractors currently executing Johannesburg Roads Agency (JRA) projects would source asphalt from the JRA Plant. However, the actual contracts awarded to these contractors did not include a binding requirement to procure from JRA. As a result, targeted interventions were initiated to encourage contractors to purchase from the JRA plant
- Management Fees:** These are amounts charged by JRA to COJ's Departments and City Entities for undertaking Capital projects on behalf of these Departments and Entities. The actual performance for management fees exceeded the budget for the financial year.
- Rental income:** exceeded the budget for the financial year due to changes in the terms and conditions of the reimbursement agreement between the JRA and the COJ-Department of Transport, effective from September 2024 to June 2025. This agreement included a pricing increase that was not fully incorporated in the original budget projections, resulting in higher actual income than anticipated.

Cumulative Operating Expenditure Analysis – 2024/2025

As at 30 June 2025, the cumulative operating expenditure is R25,351 million above budget. The variance arises from a combination of over- and under-expenditure across various line items, as outlined below:

Expenditure Patterns

The following budget lines are overspent; Employee-related costs, Repairs and Maintenance, Contracted Services, Other Expenditure and Other Materials. There is underspending in the following areas: depreciation and asset Impairment.

Section 3: Employee Cashflow Statement

Refer to Annexure C for 2024/25 Cash Flow Statement

Section 4: Capital Projects and Expenditure

Capital Projects & Expenditure

Budget		Q1	Q2	Q3	Q4
2016-17 (R 1 472 946 000)	Expenditure	R 213,644 850	R 519 285 867	R 702, 044, 000	R 1, 288, 026, 000
	%	14,84 %	36,06%	47,7%	87,4%
2017-18 (R 1 121 086 000)	Expenditure	R 140 052 822	R 458 622 627	R 640 007 000	R 1,092,688,501
	%	11.5%	37,8%	57,1%	97, 4%
2018-19 (R 1 301 847 000)	Expenditure	R 162 494 005	R 494,151,605	R 681,126,046	R 1, 292, 145, 004
	%	13.5%	40,96%	52,32%	99%
2019-20	Expenditure	R 340 901 123	R 682 223 153	R 798, 736, 529	R 934, 521, 550
	%	29, 88%	59,8%	70%	82%
2020-21 (R 978 195 300)	Expenditure	R 66 059 812	R 204 845 109	R 320 170 903	R726 091 878
	%	6,38%	19,78%	30,93%	74,23%
2021-22 (R 863 707 000)	Expenditure	R147 585 152	R354 669 469	R497 382 976	R736 361 602
	%	16,96%	40,76%	57,16%	85.26%
2022-23 (R 795 214 000)	Expenditure	R149 453 580.77	R244,774 910	R373,803,734.38	675,298,475.78
	%	14%	22%	47.01%	85%
2023-24 (R 859,650,000)	Expenditure	R177,323,358.73	461,849,606.55	R 539,535,410	R 731,556,222.00
	%	21%	46%	66.67%	96%
2024-25 (R 807,220,000)	Expenditure	86,799,641.69	326,846,003.58	479,114,155.66	800,004,139.00
	%	11%	41%	59%	99%

Refer to the attached Annexure B for detail.

Funding Sources

Table 5.1: Funding Source 2024/25

Details	Annual Budget	Actually (24/25)	Avail budget (R)
COJ Funding	537,911,000.00	537,989,411.00	-78,411.00
USDG	264,309,000.00	262,014,728.00	2,294,272.00
Total	802,220,000.00	800,004,139.00	2,215,861.00

Section 5: Ratio Analysis

Table 5.2: Summary Ratios

KEY RATIO	Target FDP	June (24/25)
Current ratio	1	0.84
Solvency ratio	2	1.05
Achieve a 2.5% reduction of the opening balance of the accumulated deficit balance	-R13,768M	(69,719,972)
Cash on hand	R50M	(22,728)
Salaries ratio	35%	24%

The **financial ratio** performance for the period ending June 2025 shows that the salaries ratio (24%) is within acceptable limits. Current Ratio (0.84) and Solvency Ratio (1.05) fall short of their respective targets.

Salaries ratio: The total employee-related cost for the 2024/25 financial year is R1.071 billion. Of this, R676 million is attributed to employees involved in the repairs and maintenance of road infrastructure. Excluding this component, the actual employee-related cost amounts to R401.72 million, which is used to calculate the operational salaries ratio.

Cost coverage: For the 2024/2025 financial year, the Johannesburg Roads Agency's cost coverage ratio is 3.81 months. This means the JRA has enough cash on hand (including sweeping account and developers' contributions) to cover 3.81 months of average monthly operating expenses. This reflects the entity's short-term financial resilience.

If an entity has a ratio below the norm which is 1 to 3 months, it would be vulnerable and at a higher risk in the event of financial "shocks/setbacks" and its ability to meet its obligations to provide basic services or its financial commitment is compromised. The results from this ratio should be viewed along with results from analysis on Debtor Management to fully assess Cash Flow Risk. The more cash reserves a municipality or municipal entity has available the lower the risk of it being unable to fund monthly fixed operational expenditure and to continue rendering services.

Section 6: Supply Chain Management & BBEE

Table 5.3: BBEE Expenditure

	%
Total payments made (excluding payroll amounts) R266.24 million	37.38% (% Against a target of 75% p.a.)

Capex Percentage	R92,560,000.00	11.91%
Opex Percentage	R197,900,000.00	25.47%

Using the B-BBEE Compliance interpretation the JRA achieved a 77% B-BBEE spend against a target of 75% despite the changes to the Preferential Procurement Policy Framework Act.

Section 7: Report on Irregular, Fruitless and Wasteful Expenditure and Due Processes

The opening balance of irregular expenditure as of 1 July 2024 was R282,895,638. During the financial year, the following movements occurred:

- Additional irregular expenditure incurred: R77,974,541
- Overspending related: R25,350,512
- Offset from unspent capital budget: R2,215,687 (applied to reduce the overspending)

The Board approved a total write-off of R319,804,066.16, which includes:

- Amounts previously written off
- Amounts incorrectly classified as irregular expenditure, totalling R54,379,907.16
- After adjusting for these items, the net write-off for the year amounts to R265,424,159.00.

As a result, the accumulated irregular expenditure to date stands at R118,580,845.00. JRA continues to strengthen its financial controls and oversight mechanisms to reduce the occurrence of irregular expenditure and ensure compliance with applicable legislation and internal policies.

Fruitless and Wasteful Expenditure – For the year-to-date ending Quarter 4, fruitless and wasteful expenditure totalled R1,927,754. The cumulative year-to-date figure is R 86,368,915 which includes an opening balance of R84,441,161 carried over from previous financial years.

Deviations – No deviation-based appointments were recorded during Quarter 4 (ending 30 June 2025). However, from 1 July 2024 to 30 June 2025, a total of 25 deviations were approved by the Accounting Officer. Of these, 12 deviations amounted to R89,614,049.84, while 13 deviations were based on rate-based appointments.

Debtors- As of the end of Q4 2024/25, the total debtors stood at R1.387 billion. Most of the debt (R1.256 billion or approximately 97%) is owed by Related Parties, which are entities within the City of Johannesburg. These pose minimal payment risk. Other Government Entities account for 2% of the debtor's book, and Third Parties make up a small portion at 1%. The Age Analysis for Quarter 4, categorized by debtor type is reflected below.

The following summary of the Age Analysis:

Details	%	Open Amount	Current	31 - 60	61 - 90	91 - 120	Over 120
Related Party	83%	628,647,417	405,353,832	31,841,538	42,329,694	720,839	131,213,618
Third Party	0%	3,290,144	2,896,422	3,276	3,140	3,262	384,045
Other Government entities	3%	22,018,255	-	-	-	-	22,018,255
Deposits	1%	8,074,576	-	-	-	-	8,074,576
Outstanding Metropolitan Municipality Claims	11%	86,224,383	2,914,725	-	-	-	83,309,658
Others	1%	5,595,369	2,984,235	-	-	-	2,611,134
Gross Debtors	100%	753,850,144	414,149,214	31,844,814	42,332,834	724,101	247,611,285
Allowance for bad debts		(83,518,513)	-	-	-	-	(83,518,513)

Net Debtors		670,331,631	414,149,214	31,844,814	42,332,834	724,101	164,092,772
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**All figures denominated in Rand*

From the above table, the following observations can be made:

- i. Total Debtors** – The total debtors’ book increased from R670. million in the previous financial year to R1.304 billion in 2024/2025 mainly due to a rise in the number of claims submitted by related parties for work completed.
- ii. Related Parties** – makes up 97% (R1.264 billion) of total debtor’s book and due to entities owned and controlled by the CoJ. This is a 101% increase from R628.1 million in the prior year. These transactions are usually supported by Service Level Agreements (SLAs) or purchase orders. While the increase is notable, related party debt poses minimal payment risk, due to routine quarterly and monthly confirmations of intercompany balances and ongoing reconciliation processes.
- iii. Third Parties** – Third-party debtors (non-government entities) represent 2% of the total debtors’ book, up from 1% in the previous year.
- iv. Other Government Entities** – (Stagnant Debt). This category, comprising entities owned by other government spheres outside CoJ, accounts for 3% of the total debt. Major contributors include the Department of Roads and Transport (DRT) and the Industrial Development Corporation (IDC), with amounts outstanding for more than 120 days. Although commitments to settle have been made, no payments had been received as of 30 June 2025.

Bad Debts Provision – For the 2024/25 financial year, the opening balance for bad debt provision stands at R83,518,512.88, as recorded against JRA debtors. A monthly assessment of all outstanding debtor accounts is conducted, with adjustments made during the Impairment and Uncollectability Review. The JRA provision is against the following debtors as per below schedule:

Number	Debtor Description	Provision (R)
1545622	Payments and Developer Income	135,401.41
120624	Institute of Local Government	5,750.00
1589050	Malebe TV	9,916.04
1589048	Mavuso PP	12,275.15
1589046	Mohale SD	11,275.00
1589049	Ramotshwane ME	34,327.28
	Outstanding Metro Claims	83,309,658.00
	Total	83,518,512.88

All other long outstanding amounts are being monitored closely and ongoing communication is made with debtors to recover what is being owed to JRA.

Section 8: Litigations and Insurance Claims Against / To MoE

Pending litigations and possible liabilities

Annual PLC report for financial year 2024/25

Quarter	Letter of Demands	Normal Claims	Summons	Total	Total amount claimed
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Q1	88	21	11	120	R18 441,369.33
Q2	66	17	14	97	R21 319,167.79
Q3	67	40	15	122	R8 626,202.63
Q4	194	105	9	308	R16586,617.58

Section 9: Statements of Accounts Owed by and to Government

Table: 9.1: Amounts Owed by and to Government Departments and Public Entities

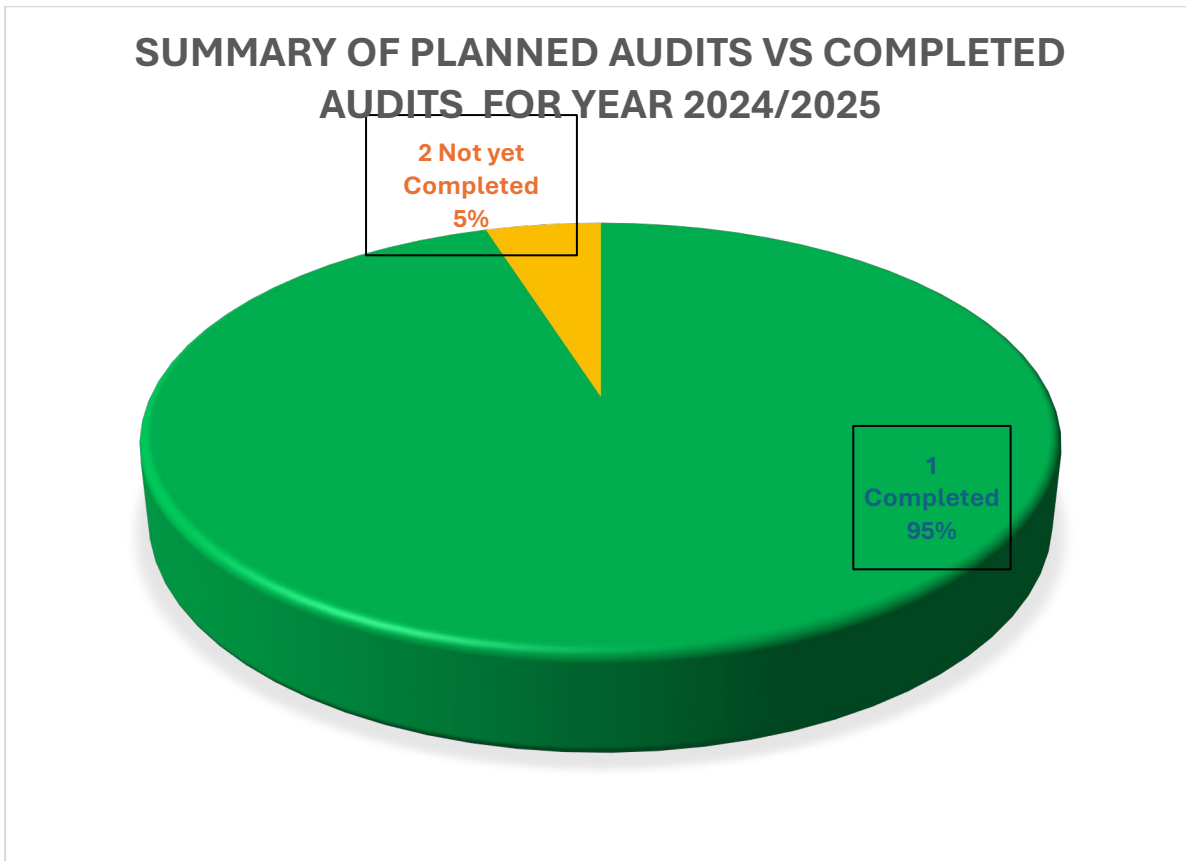
Department of Roads and Transport	27,047,581
Industrial Development Corporation	61,500
Rand Water	-303
Total	27,108,778

CHAPTER 6: INTERNAL AND EXTERNAL AUDIT FINDING

Section 1: Progress on Internal Audit Plan

The Internal Audit Plan for the 2024/25 financial year was risk-based and aligned with JRA's strategic and operational priorities. A total of 41 audits were planned for the year. As at 30 June 2025, 39 audits had been completed, while 2 were still in the planning phase. This is summarised below.

Figure 6.1: Progress with audit plan



Outstanding Audits as at 30 June 2025 include;

The following audits remained in the planning phase at year-end:

- Overtime Audit
- Information Security Audit

Both audits were outsourced and had not commenced by 30 June 2025 due to delays in the appointment of service providers through the Supply Chain Management (SCM) process.

Completion Rate and Overall Status

A total of 95% of the audits in the approved 2024/25 Internal Audit Plan were completed by 30 June 2025. Two audits (5%) had not commenced by year-end due to external procurement delays.

Section 2: Progress on Resolution of IA Findings

This section summarises Internal Audit findings that were due for resolution by 30 June 2025. Findings not yet due have been excluded from the analysis.

Summary of Findings per Department

The table below outlines the status of audit findings by department for Q4 of the 2024/25 financial year:

Remedial Actions undertaken by Management to address the non-achievement:

Department	Opening balance 1 April 2025	New findings	Total findings	Resolved (Q4)	Unresolved	% Resolved	% Unresolved
CS	20	7	27	3	24	11%	89%
PGIT	6	0	6	0	6	0%	100%
Finance	9	1	10	0	10	0%	100%
Regional Operations	1	0	1	0	1	0%	100%
Corporate governance	1	0	1	1	0	100%	0%
ID	4	0	4	3	1	75%	25%
IP	3	1	4	0	4	0%	100%
IA	1	0	1	0	1	0%	100%
TOTAL	45	9	54	7	47	13%	87%

Trend Analysis for the 2024/25 Financial Year

The resolution of due Internal Audit findings varied across the four quarters of the 2024/25 financial year. In the first quarter, 44 out of 90 findings were resolved, resulting in a resolution rate of 48.89%. Performance improved slightly in the second quarter, with 26 out of 48 findings resolved, the highest quarterly resolution rate at 54.17%.

However, the second half of the year showed a marked decline. In the third quarter, only 14 of 57 findings were resolved, yielding a resolution rate of 24.56%. The trend continued in the fourth quarter, which recorded the lowest performance, with just 7 of 54 findings resolved, a resolution rate of 12.96%.

Cumulatively, Internal Audit tracked 138 findings that were due for resolution during the 2024/25 financial year. Of these, 91 findings were resolved, resulting in an overall resolution rate of 66%.

While the overall rate reflects reasonable progress, the significant decline in the latter half of the year underscores the need for strengthened internal control measures, enhanced accountability, and targeted management intervention, particularly in departments with persistent unresolved findings.

To improve audit resolution performance, management must prioritise the timely implementation of corrective action plans, enforce clear accountability frameworks, and direct support to high-risk or underperforming areas.

Throughout the year, Internal Audit maintained close oversight of the resolution process, with regular reporting to the Executive Management Team, the Audit and Finance Committee, and the City of Johannesburg to ensure effective governance and accountability.

Management is responsible for implementing corrective actions to resolve audit findings. Ongoing collaboration between management and Internal Audit ensures consistent tracking and reporting of these findings. The findings are regularly discussed as a standing agenda item during Executive Management Team (EMT) meetings to maintain continuous oversight. Additionally, monthly, and quarterly reports are submitted to the city and the Audit and Finance Committee, respectively, for further review and accountability.

Section 3: Progress on Resolution of AG Findings

As at 30 June 2025, Internal Audit was tracking a total of 32 AGSA findings issued during the audit, that was completed in December 2024. While the majority of these findings (27) were not yet due for resolution by the end of the reporting period, five findings are reported in this section due to their materiality and relevance to governance oversight.

These five findings were included based on the following criteria:

- Four were repeat findings, which are subject to mandatory disclosure regardless of their due date.
- One finding, relating to Infrastructure Development and Regional Operations (ID & RO), was resolved ahead of schedule, and is reported to acknowledge proactive management intervention.

The table below categorises these five findings based on their potential impact on the audit opinion.

Description	Total number of findings	Resolved (1 Jan – 30 Jun 2025)	Unresolved	% Resolved	% Unresolved
Matters affecting the audit report	2	0	2	0%	100%
Other important Matters	1	1	0	100%	0%
Administrative matters	2	0	2	0%	100%
Total	5	1	4	20%	80%

Trend Analysis for the 2024/25 Financial Year

Resolution efforts for AGSA findings remained consistent throughout the 2024/25 financial year, with particularly strong performance in the second and fourth quarters. In the first quarter, 9 out of 18 findings were resolved, achieving a resolution rate of 50%. This was followed by a slight improvement in the second quarter, where 5 of 9 findings were resolved, reflecting a resolution rate of 56%.

No AGSA findings were due for implementation in the third quarter, and therefore no resolution activity was recorded during that period. In the fourth quarter, one finding was issued and resolved within the same period, resulting in a 100% resolution rate for Q4.

Cumulatively, over the course of the financial year, 15 out of 19 due findings were resolved, yielding a resolution rate of 79%.

6.3.2 2022/23 AG repeat findings

The table below reflects repeat audit findings and their categorisation for the preceding years:

Financial Year	Category	Number Repeat Findings	Total
2023/24	Matters affecting the audit report	5	10
	Other important Matters	3	
	Administrative matters	2	
2022/23	Matters affecting the audit report	4	10
	Other important Matters	3	
	Administrative matters	3	

Section 4: Overall State of Internal Controls

The Internal Audit Unit conducted 41 audits during the 2024/25 financial year in line with its approved methodology and the Global Internal Audit Standards (GIAS). Based on the outcomes of these engagements, the Chief Audit Executive (CAE) concludes that the overall state of internal controls at JRA is:

Adequate but Ineffective

While controls are generally well-designed, they are not consistently applied across departments, which limits their effectiveness in mitigating key risks and achieving organisational objectives.

Table 6.4: Control Ratings Summary

Control Rating	Number of Audits	Percentage
Adequate and Effective	6	15%
Adequate but Ineffective	33	80%
Inadequate and Ineffective	2	5%
Total Audits	41	100%

Thematic Control Weaknesses

Internal Audit identified several recurring control deficiencies across key thematic areas. These issues reflect systemic weaknesses in the implementation of internal controls, and in many cases, point to long-standing gaps that require sustained management attention.

In the Human Capital function, outdated recruitment policies, inconsistent application of HR processes, and poor documentation practices were noted. These weaknesses undermine fairness, transparency, and compliance in staffing and personnel management.

In the area of Occupational Health and Safety (OHS), audits revealed incomplete safety files, outdated emergency procedures, and failure to meet basic health and safety standards. These deficiencies present significant compliance and operational risks, particularly in frontline operational environments.

Within Supply Chain Management (SCM), irregularities were observed in the administration of Request for Quotation (RFQ) processes, bid documentation, and contract file management. These issues expose the organisation to procurement risk and compromise the integrity of sourcing processes.

Financial reporting processes have shown improvement during the year, particularly with a reduction in the number of repeat audit findings, as noted in the Auditor-General's assessment. This reflects the positive impact of strengthened leadership and oversight within the Finance function. However, Internal Audit continues to observe control weaknesses in the review and quality assurance processes, especially in the absence of consistent second-level review mechanisms. These gaps contribute to preventable misstatements and undermine the reliability of the Annual Financial Statements when not addressed timeously. Sustained focus on implementation discipline and review accountability remains essential.

Audits of Fixed Assets and Inventory found that asset registers were not consistently updated, and compliance issues were observed during plant and depot inspections. These weaknesses raise concerns about asset safeguarding and accountability.

Lastly, the Information Technology (PGIT) environment showed minimal audit coverage during the period, with prior year findings remaining largely unresolved. This indicates a need to prioritise IT risk and control assessments in future cycles.

Departments of Concern

The departments with the highest volume of findings and weakest overall audit outcomes were Corporate Services and Regional Operations.

- Corporate Services recorded widespread deficiencies across multiple functions, including HR, recruitment, facilities management, OHS, and SHEQ. The concentration of findings in this department reflects a need for more consistent policy enforcement and internal oversight.
- Regional Operations was characterised by poor infrastructure maintenance, inadequate depot oversight, and weak enforcement of occupational health and safety requirements – all of which negatively impact operational performance and legal compliance.

While the Finance Department previously featured prominently in audit findings, the 2024/25 cycle reflected notable progress, particularly in the reduction of repeat AGSA findings and enhanced leadership oversight. Nonetheless, Internal Audit continues to monitor residual control weaknesses in areas such as SCM compliance and asset management, which require sustained attention to consolidate the improvements achieved.

CAE's Strategic Observation

Despite progress in policy development and control framework design, the execution of controls remains a significant weakness. The persistence of repeat findings, especially in core administrative and regulatory functions, highlights the need for stronger ownership, consistent implementation, and accountability at departmental level.

Without focused intervention, JRA risks audit regression, increased non-compliance, and exposure to reputational and financial risks. Strengthening leadership accountability,

consequence management, and cross-functional collaboration will be critical to reversing this trend.

Section 5: Report of the Audit Committee

5.1. Introduction

The Audit Committee, duly appointed by the Shareholders at a general meeting, is pleased to present its report for the 2024/25 financial year. The composition of the Committee and attendance of its members are outlined in the Governance Report (Chapter 2).

The Committee's responsibilities are guided by its legislated mandate and Terms of Reference, approved by the Board, and informed by:

- Section 66 of the Municipal Finance Management Act No. 56 of 2003 (MFMA),
- The Municipal Systems Act No. 32 of 2000,
- Section 94 of the Companies Act No. 71 of 2008,
- The King IV Report on Corporate Governance.

The Committee also exercises oversight over the risk management process and governance of Information Technology, in accordance with the MFMA. The Annual Financial Statements form part of the Annual Integrated Report.

5.2. Roles and Responsibilities

During the year under review, the Committee fulfilled all functions and discharged its responsibilities as prescribed in the MFMA, the Municipal Systems Act, the Companies Act, King IV, and the Committee's Terms of Reference.

5.2.1 External Auditor Appointment

The Committee satisfied itself that the external auditor, the Auditor-General of South Africa, remained independent as required under section 94(8) of the Companies Act. In consultation with Executive Management, the Committee reviewed and noted the Auditor-General's engagement letter, audit strategy, and associated audit fees, which were subsequently approved by the Board.

5.2.2. Summary of Main Activities

In order to discharge its responsibilities, duties and obligations, the Committee considered the following:

a. In respect of the external audit:

- Reviewed the audit strategy, assessed the effectiveness and the quality controls of the external auditor's;
- Received assurance that adequate accounting records and effective internal control systems were maintained;
- Considered whether any reportable irregularities had been identified under the Auditing Profession Act No. 26 of 2005, and evaluated management's response and corrective

actions; and

- Made recommendations to the Board on necessary follow-up actions.

b. In respect of the annual financial statements:

- Assessed the appropriateness of the going concern assumption used in preparing the financial statements;
- Reviewed the Annual Financial Statements and underlying information prior to Board approval;
- Confirmed that the financial statements fairly present the financial position of the company as at year-end;
- Evaluated significant accounting judgements, treatments, and policy changes;
- Reviewed the external audit report, including material legal or tax issues;
- Met with management and both internal and external auditors to allow open communication of any concerns; and
- Evaluated the adequacy and effectiveness of financial controls and related procedures.

c. In respect of internal control and internal audit:

- Reviewed and approved the Internal Audit Charter and annual audit plan;
- Evaluated the independence, effectiveness, and performance of the Internal Audit function;
- Received assurance that proper accounting records and internal controls were in place, including safeguards against fraud and asset misappropriation;
- Reviewed major findings from internal audit reports and management's response to these findings; and
- Assessed the performance of the Chief Audit Executive and the adequacy of internal audit resources, making recommendations where needed.

Based on these reviews, the Committee concluded that while the control environment was adequate, certain controls were not wholly effective in achieving their intended purpose. However, no material breakdowns in internal controls, including financial controls and risk management, were identified (refer to Section 4 of this Report).

d. In respect of risk management and information technology:

- Reviewed the organisation's risk assessment and management policies, including fraud and IT risks related to financial reporting and the going concern status;
- Assessed the adequacy of IT governance and IT risk management frameworks; and
- Evaluated significant IT investments and the delivery and management of IT services

- e. Sustainability reporting:
- Oversaw the process of sustainability reporting; and
 - Received assurance from management that material disclosures were accurate and consistent with the financial information reported.
- f. Performance information:
- Monitored performance reporting throughout the year through Internal Audit's quarterly reports; and
 - Reviewed the Annual Performance Report and recommended it for approval by the Board of Directors.
- g. In respect of legal and regulatory requirements that may impact the financial statements:
- Considered any legal matters with potential material impact on the financial statements;
 - Assessed the company's procedures to ensure compliance with applicable legal and regulatory requirements;
 - Received confirmation from management regarding any instances of unauthorised, irregular, fruitless, and wasteful expenditure, as required by Section 102 of the MFMA; and
 - Reviewed reports from management, internal audit, and the external auditor on compliance matters.
- h. Combined Assurance and Finance Function Oversight
- R Reviewed the assurance coverage provided by internal and external audit functions and confirmed their adequacy in addressing major risk areas;
 - Evaluated the capacity, expertise, and experience of the finance function, including the CFO, SCM head, and senior managers, and found them to be appropriate.

Fraud and Whistle Blowing

The Committee has received quarterly reports relating to reported instances of fraud and / or corruption. The included reports submitted by the Ethics Officer, and those received through the independent whistle-blower hotline. The Committee has maintained oversight over financial reporting risks, internal controls, fraud risks and IT risks insofar as they relate to financial reporting.

Evaluation of the Expertise and Experience of the Chief Financial Officer and Finance Function

Mr. Lufuno Mashau continued to serve as the Chief Financial Officer of the Johannesburg Roads Agency for the full duration of the 2024/25 financial year. The Committee remains satisfied that Mr. Mashau possesses the necessary qualifications, technical expertise, and executive experience required for the role.

Under his leadership, the finance function has shown measurable improvement, most notably through the reduction in repeat audit findings from the Auditor-General of South Africa (AGSA).

His efforts have also extended beyond traditional finance roles, contributing meaningfully to business optimisation initiatives, including the commercialisation of the Asphalt Plant.

The Committee recognises Mr. Mashau's continued commitment to strengthening the financial control environment and his broader impact on enhancing operational performance and institutional accountability across the organisation.

Attendance

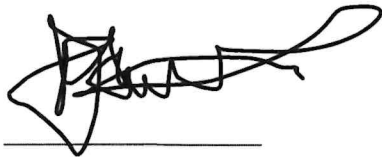
The names of the Committee members and their attendance at meetings held during the 2024/25 financial year are provided in Chapter 2 of this report.

Conclusion

Based on our review of the Integrated Report of the Johannesburg Roads Agency (JRA), comprising the Annual Performance Report and the Annual Financial Statements, we are of the opinion that, in all material respects, the report complies with the provisions of the Municipal Finance Management Act No. 56 of 2003, the Municipal Systems Act No. 32 of 2000, the Companies Act No. 71 of 2008, the King IV Report on Corporate Governance, and Generally Recognised Accounting Practice (GRAP) as issued by the Accounting Standards Board and prescribed by National Treasury.

The Committee concurs with the Auditor-General's audit opinion for the financial year ended 30 June 2025.

Having considered all material factors and risks that may impact the integrity of the Integrated Report, and having satisfied ourselves as to the reliability of the information presented, we recommend the Audit Committee Report of JRA for the year ended 30 June 2025 for approval by the Board of Directors.



Mr D Nyamazane

Chairperson of the AFRIT On behalf of the AFRIT

Report of the auditor-general to the Gauteng Provincial Legislature and the council of the City of Johannesburg Metropolitan Municipality on the Johannesburg Roads Agency (SOC) Ltd

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Johannesburg Roads Agency (SOC) Ltd (the municipal entity) set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2025, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Johannesburg Roads Agency (SOC) Ltd as at 30 June 2025 and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Companies Act 71 of 2008 (Companies Act).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
4. I am independent of the municipal entity in accordance with the International Ethics Standards Board for Accountants' *International Code of ethics for Professional Accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Material uncertainty related to going concern

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.
7. We draw attention to note 33 in the financial statements, which deals with the possible effects of the future implications of continuing deterioration in operational results on the municipal entity's prospects, performance, and cash flows. These events and conditions may indicate that a

material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern. Our opinion is not modified in respect of these matters.

Emphasis of matters

8. I draw attention to the matters below. My opinion is not modified in respect of these matters.
9. With reference to note 29 to the financial statements, the municipal entity is the defendant in various lawsuits. The ultimate outcome of these matters cannot presently be determined and no provision for any liability that may result has been made in the financial statements.
10. As disclosed in note 39 to the financial statements, the corresponding figures for the 30 June 2024 were restated as a result of an error in the financial statements of the municipal entity at, and for the year ended, 30 June 2025.

Other matter

11. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Unaudited disclosure notes

12. In terms of section 125(2)(e) of the MFMA, the particulars of non-compliance with the MFMA should be disclosed in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

Responsibilities of the accounting officer for the financial statements

13. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with GRAP and the requirements of the MFMA and Companies Act and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
14. In preparing the financial statements, the accounting officer is responsible for assessing the municipal entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipal entity or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the financial statements

15. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are

considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

16. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page XX, forms part of my auditor's report.

Report on the audit of the annual performance report

17. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected programmes presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.

18. I selected the following programmes presented in the annual performance report for the year ended 31 August 2025 for auditing. I selected programmes that measure the municipal entity's performance on its primary mandated functions and that are of significant national, community or public interest.

Programmes	Page numbers	Purpose
Entity scorecard	XX	An inclusive, job-intensive, resilient competitive and smart economy that harnesses the potential of citizens.
Institutional service delivery and budget implementation plan (SDBIP)	XX	Provide a resilient, liveable, sustainable urban environment underpinned by smart infrastructure supportive of a low carbon economy.
2024/25 circular 88 output indicators	XX	A high performing metropolitan government that proactively contributes to and builds a sustainable, socially inclusive, locally integrated and globally competitive Gauteng City Region.

19. I evaluated the reported performance information for the selected programmes against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the municipal entity's planning and delivery on its mandate and objectives.

20. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the municipal entity's mandate and the achievement of its planned objectives

- all the indicators relevant for measuring the municipal entity's performance against its primary mandated and prioritised functions and planned objectives are included
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner
- there is adequate supporting evidence for the achievements reported.

21. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.

22. The material findings on the reported performance information for the selected programmes are as follows:

Circular 88 Indicators

Various indicators

23. I could not determine if the reported achievements were correct, as adequate supporting evidence was not provided for auditing. Consequently, the achievements might be more or less than reported and were not reliable for determining if the targets had been achieved.

Indicator	Target	Reported achievement
Percentage of unsurfaced roads graded	50%	55, 78%
Number of potholes reported per 10km of municipal road network	73	34
Percentage of municipal road lanes which has been resurfaced and resealed	4, 5%	6, 58%

Other matters

24. I draw attention to the matters below.

Achievement of planned targets

25. The annual performance report includes information on reported achievements against planned targets and provides measures taken to improve performance. This information should be considered in the context of the material findings on the reported performance information.
26. The tables that follow provide information on the achievement of planned targets and list the key service delivery indicators that were not achieved as reported in the annual performance report. The measures taken to improve performance are included in the annual performance report on pages xx to xx.

Institutional SDBIP

<i>Targets achieved: 33%</i>		
Key service delivery indicator not achieved	Planned target	Reported achievement
Number of kilometres of gravel roads upgraded to surface roads	12, 5km	7, 98km
Number of kilometres of storm water drains converted to underground systems	1, 5km	0, 75km

2024/25 Circular 88 Indicators

<i>Targets achieved: 80%</i>		
Key service delivery indicator not achieved	Planned target	Reported achievement
Percentage of vacant posts filled within 3 months	1%	26, 31%
Quarterly salary bill of suspended officials	≤R12 000 000	R16 710 243,74

Report on compliance with legislation

27. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the municipal entity's compliance with legislation.
28. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

29. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the municipal entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
30. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Expenditure management

31. Reasonable steps were taken to ensure that money owed by the municipal entity was not always paid within 30 days, as required by section 99(2)(b) of the MFMA.
32. Reasonable steps were not taken to prevent irregular expenditure amounting to R101 109 366 as disclosed in note 35 to the annual financial statements, as required by section 95(d) of the MFMA.
33. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R1 927 754, as disclosed in note 34 to the annual financial statements, in contravention of section 95(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest and penalties.
34. Expenditure was incurred in excess of the approved budget or an adjustments budget, in contravention of section 87(8) of the MFMA.

Other information in the annual report

35. The accounting officer is responsible for the other information included in the annual report the directors' report, the audit committee's report and the company secretary's certificate, as required by the Companies Act. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported on in this auditor's report.
36. My opinion on the financial statements, and my reports on the audit of the annual performance report and compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
37. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

Internal control deficiencies

38. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
39. The matters reported below are limited to the significant internal control deficiencies that resulted in the material findings on the annual performance report and the material findings on compliance with legislation included in this report.
40. The accounting officer did not exercise adequate oversight responsibility over the internal controls relating to compliance with key laws and regulations. This resulted in material non-compliance with laws and regulations.
41. Senior management did not implement sufficient controls for the preparation of valid, accurate and complete annual performance report that is supported by reliable supporting information. This resulted in material findings in the annual performance report.

Other reports

42. I draw attention to the following engagements conducted by various parties. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
43. The Group Forensic and Investigation Service (GFIS) were investigating allegations of possible fraud, supply chain management and human resources related matters at the municipal entity, covering various financial years and including the current financial year. The outcome of these investigations is expected after 30 June 2025.

Auditor-General

Johannesburg

30 November 2025



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing

Auditor general's responsibility for the audit

Professional judgement and professional scepticism

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected programmes and on the municipal entity's compliance with selected requirements in key legislation.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
 - identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipal entity's internal control.
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
 - conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the municipal entity to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause the municipal entity to cease operating as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. I am responsible for the direction, supervision and review of audit work performed for purposes of the group audit. I remain solely responsible for my audit opinion.

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation – selected legislative requirements

5. The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003	Sections: 1, 62(1)(f)(i), 62(1)(f)(ii), 62(1)(f)(iii), 87(5)(b), 87(5)(d), 87(5)(d)(i), 87(5)(d)(iii), 87(6)(c), 87(8), 88(1)(a), 90(1), 90(2)(a), Sections: 90(2)(b), 95(d), 96(2)(a), 96(2)(b), 97(e), 97(f), 97(h), 97(i), 99(2)(a), 99(2)(b), 99(2)(c), 99(2)(g), 102(1), 102(2)(a), Sections: 112(1)(j), 116(2)(b), 116(2)(c)(ii), 122(1), 126(2)(b), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 170, 172(3)(a), 172(3)(b)
MFMA: Municipal Budget and Reporting Regulations, 2009	Regulations: 73(1)(a), 73(1)(b), 73(2)(b), 73(2)(d), 75(1), 75(2)
MFMA: Municipal Investment Regulations, 2005	Regulations: 3(2), 3(3), 6, 7, 12(2), 12(3)
MFMA: Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations: 5(4), 6(8)(b), 10(1)

Legislation	Sections or regulations
MFMA: Municipal Supply Chain Management Regulations, 2005	<p>Regulations: 5, 12(1)(c), 12(3), 13(b), 13(c), 16(a), 17(1)(a), 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), 27(2)(e),</p> <p>Regulations: 28(1)(a)(i), 28(1)(a)(ii), 29(1)(a), 29(1)(b), 29(5)(a)(ii), 29(5)(b)(ii), 32, 36(1), 36(1)(a), 38(1)(c), 38(1)(d)(ii), 38(1)(e),</p> <p>Regulations: 38(1)(g)(i), 38(1)(g)(ii), 38(1)(g)(iii), 43, 44, 46(2)(e), 46(2)(f)</p>
Companies Act 71 of 2008	Sections: 45(2), 45(3)(a)(ii), 45(3)(b)(i), 45(3)(b)(ii), 45(4), 46(1)(a), 46(1)(b), 46(1)(c), 112(2)(a)
Construction Industry Development Board Act 38 of 2000	Section: 18(1)
Construction Industry Development Board Regulations, 2004	Regulations: 17, 25(7A)
Municipal Systems Act 32 of 2000	Sections: 93B(a), 93C(a)(iv), 93J(1)
Preferential Procurement Policy Framework Act 5 of 2000	Sections: 2(1)(a), 2(1)(f)
Preferential Procurement Regulations, 2017	<p>Regulations: 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8), 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5), 9(1), 10(1), 10(2),</p> <p>Regulations: 11(1), 11(2)</p>
Preferential Procurement Regulations, 2022	Regulations: 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section: 34(1)

ANNEXURES

Annexure A: Remedial Action Plan Against Audit Findings

No	Finding Description	Correction Action Plan	Repeat Finding	Progress to date	Resolved/ Unresolved
1.4	<p>Misstatement of related parties disclosure note</p> <p>We identified that the amounts disclosed in the JRA's financial statements did not agree with schedules supporting the financial statements.</p>	Detail review of IFS with accurate supporting evidence	Yes	<p>February 2024 update</p> <p>Management reviewed its accounting policy in relation to treatment of developer's contribution at reporting date and this led to the misstatement that the AG found. This is unlikely to reoccur as the change in accounting policy has been effected. The second matter was the employee benefit obligation that was accounted for using a draft report and not the final report on the disclosure. Management will ensure effective reviews are done so this is picked by management in the 31 Aug 2024 submission.</p>	Unresolved
1.8	<p>Material misstatement of related parties' transactions disclosed by JRA</p> <p>Issue 1: Differences between JRA financials and COJ confirmations.</p> <p>We identified that the amounts disclosed in the JRA's financial statements did not agree with the external confirmations received. Accuracy, existence and fair presentation of the disclosure could not be confirmed.</p> <p>Issue 2: Related parties payables differences</p> <p>It was determined that the amount relating to payables is not supported by sufficient and appropriate evidence and thus the accuracy of the balance and whether the obligation exists could not be confirmed.</p>	Reconcile all Related Parties and obtain confirmations from COJ.	No	<p>February 2024 update</p> <p>The accruals are now split between related and non-related party transactions at the journal level by Corporate Finance. The monthly related party confirmations and reconciliations are the responsibility of Ops Manager: Expenditure and a copy of the invoices should be provided to Corporate Finance for all related party transactions every month.</p>	Unresolved
1.17	<p>Misstatement of irregular expenditure</p> <p>Issue 1: Overspending on budget not disclosed as irregular expenditure</p> <p>We identified that JRA overspent on the allocated budget for</p>	Detail review of IFS with accurate	No	<p>February 2024 update</p> <p>The overspending was a result of the change in accounting policy for the treatment of DC. management reviewed its accounting policy in relation to treatment of developer's</p>	Unresolved

No	Finding Description	Correction Action Plan	Repeat Finding	Progress to date	Resolved/ Unresolved
	<p>expenditure and the overspending amount is not disclosed as irregular expenditure incurred in the current year resulting in irregular expenditure being misstated by R25 343 698.</p> <p>Issue 2: Incorrect description of irregular expenditure note R76 135 069 disclosed as irregular expenditure due to overspending of approved budget is not correctly classified. Management should update the description of this amount as per the details of irregular expenditure details disclosed in note 36.</p>	supporting evidence		contribution. This meant that the budget developer's income of R50 million was no longer going to be accounted for as revenue. The review of the accounting policy in relation to treatment of developer's contribution occurred at reporting date and need to be adjusted retrospectively. JRA's revenue budget was reduced by R65,632,374.17 with the new accounting policy in relation to treatment of developer's contribution of which if it were not changed would have not led to the overspend of (R25 343 698). It is unlikely that an overspend may result again as result of the same circumstances. Corrected at year end, but not verified by Internal Audit	
2	<p>Reasonable steps were not taken to prevent irregular, fruitless and wasteful expenditure.</p> <p>We have identified that the municipal entity incurred irregular, fruitless and wasteful expenditure in the current year which is a non-compliance with Municipal Finance Management Act No. 56 of 2003 Section 95(d). Please note that audit is still in progress, and we will communicate if there is additional irregular, fruitless and wasteful expenditure identified during the audit.</p>	Prepare fruitless and wasteful expenditure and irregular expenditure register	Yes	<p>February 2024 update Matters were referred for investigation and was found that JRA did not suffer losses resultant from the abovementioned irregular expenditure. Some contracts were terminated. Continuously monitored root causes on fruitless expenditure and managed accordingly, (e.g. checking validity of appointment letters supporting payment batches).</p>	Unresolved
3.	<p>Procurement and contract management JRA20/63 Unfair disqualification of bidders. According to phase 1, stage 2 of the approved bid specifications, bidders are required to complete the following documents and failure will result in disqualification:</p> <ul style="list-style-type: none"> Registration with Department of Labour as an electrical contractor The bidder should have a CIDB level of at least 6EP. 	Implement monitoring system for all Bids awarded to ensure they comply with PPR	No	<p>February 2024 update Training of bid committees. Management ensure that the user departments for all panel contracts adhere to fair rotation of work as detailed in SOP allocation of panel work.</p>	Unresolved

No	Finding Description	Correction Action Plan	Repeat Finding	Progress to date	Resolved/ Unresolved
	<ul style="list-style-type: none"> Wireman’s licence: Company to have a person in employment with a wireman’s license. <p>The AGSA noted that bidder listed in table 3, met all requirements for Mandatory Compliance (Phase 01,Stage 02) and yet the bidder was not evaluated further for functionality, price and preference points. Since the bidder was not evaluated on functionality AGSA could not re-perform management assertions to assess whether the bidder would have qualified for further evaluation.</p> <p>The evaluation process was therefore in contravention of section 112 of the MFMA, as the bidders that met the minimum requirements were unfairly disqualified. As a result, the process followed in the evaluation of the bidders was not fair and transparent.</p>				
4.	<p>JRA 21/209- Highest scoring bidder not awarded the contract.</p> <p>The supplier Shonisani Rambau Construction scored the highest points on evaluation for Micro surfacing equipment item 3 but was not awarded the contract, the contract was awarded to Actophambili who quoted R 13 340 000 as compared to Shonisani who quoted R1 190 250. Per the evaluation report this were the reasons” potential risk has been identified for this particular (item 3) and based on the outcome of deliberations, this item has been awarded to second scoring highest bidder”.</p> <p>We discovered that the standards by which item 3 was denied to Shonisani were not included in the offer documents. The tender document's contents are not meant to be evaluated. Due to non-compliance and irregular expenditure resulting from the item 3 award, we have determined through review of the commitment record and payment reports that as of June 30, 2023, no payments have been paid under this contract.</p>	Failure to implement adequate monitoring controls and procedures over the evaluation of bids in accordance with PPR	No		Unresolved

Annexure B: Capital Programme by Project Current Year

Project Number	Project Description	Source of funding	Revised Budget	YTD Expenditure	Budget Variance	YTD Expenditure %	Q4 Performance	Q4 %
60712025.24100.305	Resurfacing of Roads	CRR	33,553,000.00	57,640,569.74	- 24,087,569.74	172%	57,365,201.57	171%
60712025.24100.301	Resurfacing of Roads	EFF	52,238,000.00	63,216,827.36	- 10,978,827.36	121%	9,234,148.30	18%
61352025.24100.301	Lillian Ngoyi Region F	EFF	61,000,000.00	66,559,543.15	- 5,559,543.15	109%	50,593,461.21	83%
60102025.24100.306	Tarring of Gravel Roads: Kaalf	USDG	4,848,000.00	9,829,446.36	- 4,981,446.36	203%	3,765,502.94	78%
60942025.24100.301	Flooding intervention and alle	EFF	3,439,000.00	6,533,962.00	- 3,094,962.00	190%	6,533,962.00	190%
60462025.24100.305	Investigate and Design Future	CRR	2,400,000.00	5,034,108.06	- 2,634,108.06	210%	3,576,635.34	149%
60332025.24100.305	Conversion of Open Drains Bram	CRR	10,148,000.00	12,025,867.98	- 1,877,867.98	119%	9,817,169.01	97%
60972025.24100.306	Tarring of Gravel Roads: City	USDG	85,000,000.00	86,355,508.57	- 1,355,508.57	102%	44,068,007.93	52%
61172025.24100.301	Capital Equipment New Plant an	EFF	22,325,000.00	23,379,355.38	- 1,054,355.38	105%	8,416,855.38	38%
60892025.24100.305	Vorna Valley	CRR	1,700,000.00	2,751,904.64	- 1,051,904.64	162%	1,085,246.20	64%
60012025.24100.306	Tarring of Gravel Roads: Dieps	USDG	30,000,000.00	30,642,784.30	- 642,784.30	102%	12,830,480.16	43%
60692025.24100.305	Resurfacing of M2 Motorway	CRR	5,669,000.00	6,270,101.12	- 601,101.12	111%	2,995,560.26	53%
60072025.24100.306	Tarring of Gravel Roads: Orang	USDG	93,000,000.00	93,558,100.17	- 558,100.17	101%	27,273,629.74	29%
60512025.24100.305	Geometric Improvements	CRR	1,700,000.00	2,198,239.44	- 498,239.44	129%	2,198,239.44	129%
61262025.24100.305	RAMS-Visual Condition Assesment	CRR	2,500,000.00	2,969,927.25	- 469,927.25	119%	2,969,927.25	119%
60472025.24100.301	Emergency, Critical and urgent	EFF	70,000,000.00	70,102,985.61	- 102,985.61	100%	13,765,126.26	20%

Project Number	Project Description	Source of funding	Revised Budget	YTD Expenditure	Budget Variance	YTD Expenditure %	Q4 Performance	Q4 %
60162025.24100.305	Bridges: Visual Condition Asse	CRR	4,000,000.00	4,100,593.29	100,593.29	103%	315,460.09	8%
60352025.24100.305	Conversion of Open Drains Oran	CRR	10,000,000.00	10,073,155.83	73,155.83	101%	9,381,095.87	94%
60452025.24100.305	Integrated Roads and Stormwate	CRR	9,487,000.00	9,553,948.69	66,948.69	101%	6,083,781.42	64%
60062025.24100.306	Tarring of Gravel Roads: Mayib	USDG	2,500,000.00	2,558,909.35	58,909.35	102%	747,905.77	30%
60372025.24100.305	Operational Capital:Depot upgr	CRR	13,595,000.00	13,595,000.38	0.37	100%	-331,703.02	-2%
60942025.24100.306	Flooding intervention and alle	USDG	7,961,000.00	7,960,951.80	48.20	100%	-6,533,996.02	-82%
60562025.24100.305	Installation of New Warranted	CRR	4,000,000.00	3,998,361.48	1,638.52	100%	94,250.03	2%
60542025.24100.301	Alternative Power Sources (UPS	EFF	4,750,000.00	4,747,279.22	2,720.78	100%	80,393.91	2%
60582025.24100.305	Recabling of Traffic Signals	CRR	22,023,000.00	22,018,403.74	4,596.26	100%	395,203.49	2%
61242025.24100.305	Traffic Management Centre	CRR	3,080,000.00	3,074,368.87	5,631.13	100%	223,351.87	7%
60532025.24100.305	Alternative Power Sources (LE	CRR	1,600,000.00	1,594,223.63	5,776.37	100%	10,633.88	1%
60632025.24100.305	Upgrading Controllers and Phas	CRR	1,800,000.00	1,793,767.02	6,232.99	100%	15,342.49	1%
60602025.24100.305	SARTSM	CRR	14,319,000.00	14,312,742.79	6,257.21	100%	206,057.58	1%
60592025.24100.305	Remote Monitoring	CRR	1,200,000.00	1,192,038.50	7,961.50	99%	23,073.39	2%
61232025.24100.305	Intelligent Transport Systems	CRR	2,400,000.00	2,377,417.35	22,582.65	99%	2,377,417.35	99%
60622025.24100.305	Upgrading of Traffic Signal Co	CRR	11,134,000.00	11,095,401.65	38,598.35	100%	178,485.51	2%
60672025.24100.305	Road Rehabilitation and Recons	CRR	3,500,000.00	3,443,281.28	56,718.72	98%	83,982.47	2%

Project Number	Project Description	Source of funding	Revised Budget	YTD Expenditure	Budget Variance	YTD Expenditure %	Q4 Performance	Q4 %
60242025.24100.301	Emergency Stormwater Improve	EFF	2,500,000.00	2,432,250.88	67,749.12	97%	451,660.77	18%
60682025.24100.305	Resurfacing of M1 Motorway	CRR	4,000,000.00	3,879,041.61	120,958.39	97%	3,879,041.61	97%
60392025.24100.305	Operational Capital	CRR	5,595,000.00	5,420,638.43	174,361.57	97%	2,762.80	0%
61272025.24100.305	Boundary Road(Eldorado)Upgrade	CRR	2,000,000.00	1,775,513.37	224,486.63	89%	1,775,513.37	89%
60302025.24100.306	Klein Jukskei Catchment: Bond	USDG	6,500,000.00	5,518,679.50	981,320.50	85%	-433,736.81	-7%
60752025.24100.305	Spencer Road New Link New Road	CRR	2,400,000.00	1,172,204.34	1,227,795.66	49%	28,590.35	1%
61282025.24100.301	Traffic signal Infrastructure	EFF	11,900,000.00	10,469,589.34	1,430,410.66	88%	-	0%
61182025.24100.306	Tarring of gravel roads: Ivory	USDG	5,000,000.00	3,440,053.06	1,559,946.94	69%	2,121,056.82	42%
61152025.24100.306	Upgrade roads Klipfonteinview	USDG	2,500,000.00	679,437.99	1,820,562.01	27%	686,703.13	27%
60642025.24100.305	GIS Improvement	CRR	2,400,000.00	-	2,400,000.00	0%	-	0%
61162025.24100.301	Stormwater Conversion: wards	EFF	2,750,000.00	-	2,750,000.00	0%	-137,663.17	-5%
60982025.24100.301	Rehabilitation of aged and inc	EFF	5,000,000.00	2,072,850.39	2,927,149.61	41%	1,322,399.98	26%
60092025.24100.306	Tarring of Gravel Roads: Tshep	USDG	20,000,000.00	17,067,656.66	2,932,343.34	85%	-142,046.20	-1%
61162025.24100.306	Stormwater Conversion: wards	USDG	7,000,000.00	2,834,102.14	4,165,897.86	40%	2,834,102.14	40%
60812025.24100.301	Richards Drive Upgrading Renew	EFF	4,750,000.00	-	4,750,000.00	0%	-	0%
60662025.24100.301	Rehabilitation of Open Channel	EFF	20,000,000.00	15,084,629.78	4,915,370.22	75%	14,504,273.32	73%
60422025.24100.305	Dam Safety Rehabilitation	CRR	5,472,000.00	281,666.43	5,190,333.57	5%	48,625.53	1%

Project Number	Project Description	Source of funding	Revised Budget	YTD Expenditure	Budget Variance	YTD Expenditure %	Q4 Performance	Q4 %
60992025.24100.305	River rehabilitation and erosi	CRR	6,000,000.00	704,537.13	5,295,462.87	12%	83,424.08	1%
60152025.24100.301	Bridge Rehabilitation	EFF	45,183,000.00	36,429,309.09	8,753,690.91	81%	960,992.10	2%
60172025.24100.301	Bridges: Replacement of bridge	EFF	12,280,000.00	2,842,375.73	9,437,624.27	23%	86,080.04	1%
Project Number	Project Description	Source of funding	Revised Budget	YTD Expenditure	Budget Variance	YTD Expenditure %	Q4 Performance	Q4 %
60172025.24100.305	Bridges: Replacement of bridge	CRR	32,121,000.00	19,010,409.75	13,110,590.25	59%	1,336,042.92	4%
TOTAL			802,220,000.00	787,674,021.62	14,545,978.38	98%	299,247,711.86	37%

Annexure C: Areas of Non-Compliance and Mitigation Measures

COMPLIANCE WITH LAWS AND REGULATIONS				
LEGISLATION/ACT	REQUIREMENT	ACTIVITY	STATUS	RISK
COMPANIES ACT NO 71 OF 2008	Register of directors and Officials	Updating of Company Directors	<p>¹COMPLIANT</p> <ul style="list-style-type: none"> ▪ The JRA CEO was appointed with effect from 01 July 2024. ▪ The shareholder confirmed the appointment of the CEO and the CFO as that of Executive Directors. <p>PROGRESS TO DATE</p> <ul style="list-style-type: none"> ▪ Both CEO and CFO have been requested to sign the consent to be a director form and submit their satisfied ID copies. ▪ CEO and CFO documents have been submitted to CIPC 	<ul style="list-style-type: none"> ▪ Failure to comply with these requirements can lead to investigations by regulatory bodies. ▪ Regulatory enforcement actions can result in fines, sanctions, or even the deregistration of a company. ▪ reputation and relationships with stakeholders.
MFMA	Section 32 of the MFMA MFMA Circular 68	Unauthorized, Irregular, Fruitless and Wasteful	<p>NON- COMPLIANT</p> <ul style="list-style-type: none"> ▪ Irregular expenditure for the year is R72 014 438.25 and is R10 787 067.85 for the month of June. ▪ Board approved the write off R384 489 119.56 which has led to the irregular expenditure to decrease to R 105 232 046.69 ▪ UIFW, incurred is R17 809 379.48, the cumulative total amounts to R84 442 152.16including the opening balance of R66 632 772.68. 	<ul style="list-style-type: none"> ▪ Audit finding ▪ Penalties / fines / recoverability ▪ Consequence management
MFMA Section 65(2) (e)	Section 65(2) (e)	Valid invoices of Service providers must be paid	NON- COMPLIANT	<ul style="list-style-type: none"> ▪ Non-Compliance to section 65 MFMA ▪ National Treasury issued a Treasury Instruction

¹ The Shareholder has appointed the CFO as the company's permanent executive director. Subsequently, company documents and CIPC documents were updated.

COMPLIANCE WITH LAWS AND REGULATIONS				
LEGISLATION/ACT	REQUIREMENT	ACTIVITY	STATUS	RISK
		within the 30-day period after its submission	4 TH quarter performance is at 74% against the 100% target. This is 23.67% lower than quarter 4 for the financial year 2022/2023. This has dropped by 26% compared with the beginning of the quarter 4 , (April 2024)	Note Number 34: requiring departments/ entities to explain as to why invoices were not paid in time. <ul style="list-style-type: none"> Audit finding Service Providers escalations are on the increase and there is also impact on service delivery.
FINANCE MITIGATION MEASURES				
MFMA Circular 68: Irregular Expenditure	Route cause or challenges <ul style="list-style-type: none"> The Regulation 32 contracts which were multiyear and continue to be spent in current financial year. Spending on Expired contracts without extension 	<ul style="list-style-type: none"> The JRA has issued a Moratorium to stop the use of Regulation 32 as a procurement strategy. CMU continues to inform Client department six month prior to the expiry of the contract and no payment will be processed before the relevant authority has proved the extension of contract. The JRA has reviewed and amended the BID and RFQ MBD forms to comply to Minimum threshold required. 		
MFMA Circular 68: Fruitless Expenditure	Route cause or challenges <ul style="list-style-type: none"> Interest and penalty from SARS and interest on late payments on Eskom accounts due to cashflow constraints. 	<ul style="list-style-type: none"> Engagements were made with relevant parties to manage and prevent the recurring of the fruitless and wasteful expenditure. In addition, interest bearing accounts are prioritized for payments whenever cashflow is available. 		
MFMA Section 65(2) (e): 30 Days payment	Route cause or challenges <ul style="list-style-type: none"> Delay is payment on expired contract invoices. Non-payment of invoice with outstanding documents Submission of copy of invoice instated or original. JDE as payroll system and report on it is a challenged 	<ul style="list-style-type: none"> The core reason for the non-compliance to the 100% target is cashflow constraints as highlighted throughout the financial year. Timely engagement with relevant stakeholders about invoices on expired contract Continue to workshop Client department and service providers on what is expected to process payment of the invoice. Roll- out of SAP. 		
LABOUR RELATIONS				
Employment Equity Act No. 55 of 1998	To achieve equity in the workplace, by <ul style="list-style-type: none"> Promoting equal opportunity and fair treatment in employment through the elimination of unfair discrimination. 	Ensure full compliance to the EE Act (EEA) namely: <ul style="list-style-type: none"> Consult (section 16 & 17 EEA) Conduct an Analysis (Section 	NON – COMPLIANT <ul style="list-style-type: none"> There was no Employment Equity activity during the 4th quarter, primarily because there is no dedicated official within the JRA appointed to deal with EE. 	<ul style="list-style-type: none"> Failing to do so can lead to fines from R1.5 million or a percentage of company turnover. Inequality, poverty and unemployment Discrimination

COMPLIANCE WITH LAWS AND REGULATIONS

LEGISLATION/ACT	REQUIREMENT	ACTIVITY	STATUS	RISK
	<ul style="list-style-type: none"> Implementing affirmative action measures to redress the disadvantages in employment experienced by designated groups (A designated group means black people, women, or people with disabilities) to ensure their equitable representation in all occupational categories and levels in the workforce. 	19) <ul style="list-style-type: none"> Develop and Implement an EE Plan (Section 20 EEA) Report to the Department of Labour (Section 21 EEA) Duty to Inform (Section 25 EEA) Assignment of Senior Management (Section 24 EEA)	<ul style="list-style-type: none"> The last Equity committee was scheduled for the 2nd quarter. Gender split, current the staff complement is 1553 of which 988 (63.61%) are male and 565 (36.38%) are females. <p>MITIGATION MEASURE</p> <ul style="list-style-type: none"> Temporary measures have been put in place to ensure compliance and these measures will be actioned in consultation with the committees and as per an annual schedule that is reflected in the EE Plan. The JRA will be measured against the plan on a quarterly basis. 	
Waste Act 59 of 2008	<ul style="list-style-type: none"> Protection of Health and Environment Specific Waste Management Measures Licensing and Control Remediation of Contaminated Land National Waste Information System Compliance and Enforcement 	Waste disposal	<p>NON – COMPLIANT</p> <p>MITIGATION MEASURES</p> <ul style="list-style-type: none"> All depots were inspected to assess management of accumulated waste storage, removal and disposal of landfill sites. Non- Conformity notices (15) were issued to all depots that failed to adhere to waste management requirements 	<ul style="list-style-type: none"> Environmental Hazard that violates the National Waste Management Act
Occupational Health and Safety Act No. 85 of 1993 including Construction Regulations	The Occupational Health and Safety Act	Safety incidents	<p>NON-COMPLIANT</p> <ul style="list-style-type: none"> nine (9) accidents were reported, and four (4) cases are still open and require further medical treatment. Two (2) fatalities were recorded and reported. 	<ul style="list-style-type: none"> Financial Penalties Legal Consequences and or Litigations High Injuries and fatalities Reputational Damage: Operational Disruptions Employee turnover

COMPLIANCE WITH LAWS AND REGULATIONS				
LEGISLATION/ACT	REQUIREMENT	ACTIVITY	STATUS	RISK
			<ul style="list-style-type: none"> Increased number of recorded injuries leads to absenteeism, decreased productivity, increased overtime and affects staff moral. Work site inspections – road signs and cones not adequate to communicate to road users. <p>MITIGATING MEASURES</p> <ul style="list-style-type: none"> Convening Health and Safety meetings Annual SHE awareness Convening of toolbox talk sessions – all depots achieved 100% participation. Emergency preparedness drills are conducted on quarterly basis and 15 depots complied. Formal and Informal emergency drills Health and safety inspections and audits were conducted to assess the status of compliance in terms of OHASA. Two hundred and six formal inspections were carried out in quarter 4. All construction (CAPEX) sites were inspected to ensure compliance with OHASA 	
RECORDS MANAGEMENT				
National Archives and Records Services of South Africa Act	<ul style="list-style-type: none"> Ensure there is a records management system, and documents are stored in the manner, and for the required 	File plan approved in terms of the national archives.	<p>NON- COMPLIANCE</p> <p>MITIGATING MEASURES</p> <ul style="list-style-type: none"> Approved File Plan/not fully implemented. 	<p>Failure to adhere to the provisions of the Act can result in:</p> <ul style="list-style-type: none"> legal consequences; loss of valuable information;

COMPLIANCE WITH LAWS AND REGULATIONS

LEGISLATION/ACT	REQUIREMENT	ACTIVITY	STATUS	RISK
	time frame, as per legislation		<ul style="list-style-type: none"> ▪ Gaps have been identified when implementing the file plan. ▪ Valid Record and Admin Management Policy. ▪ Dedicated records storing areas have been identified and records are being stored. This process will be monitored by corporate services to ensure that the file plan is fully functional. ▪ An assessment of records storage facilities for the organisation is being conducted considering the partitioning plans. 	<ul style="list-style-type: none"> ▪ erosion of public trust; and ▪ hindrance to research and decision-making processes.
<p>Roads / signals Road Traffic: SARTSM guideline-</p> <ul style="list-style-type: none"> - National Road Traffic Act and Regulations - Chapter 6 of Volume 1 of the SADC Road Traffic Signs Manual. 	<p>a) A responsible registered PROFESSIONAL ENGINEER or registered professional TECHNOLOGIST of the road authority concerned SHALL approve every traffic signal installation.</p> <p>Standard traffic signal faces, control precedence, vehicular light signals, flashing and other modes of operations, arrangement of light signals on a signal face, number and location of traffic signal faces, overhead traffic signals, traffic signal layout plans, pedestrian and pedal cyclist signals, road markings, signal phases, light signals and posts, power supply</p>	<p>Approval of every traffic signal installation for the JRA road network</p>	<p>NON-COMPLIANCE Not all recommended changes (non-compulsory conditions) can be implemented in a financial year due to funding constraints.</p> <p>MITIGATING MEASURES</p> <ul style="list-style-type: none"> - The Standard Operating Procedures for the Traffic Signal Division including the Traffic Engineering Section are all in full compliance with the SHALL and SHOULD conditions as set out in the manual. - The JRA also has an annual SARTSM Upgrading of Traffic Signal Capital programme that is utilised to improve the existing traffic signal system in aspects where the layout or timings can be improved to ensure better 	<ul style="list-style-type: none"> ▪ Disabled mobility ▪ Accidents

COMPLIANCE WITH LAWS AND REGULATIONS

LEGISLATION/ACT	REQUIREMENT	ACTIVITY	STATUS	RISK
			mobility or improved road safety. - Traffic engineers review the traffic signal system on a continuous basis and where improvements are identified, the capital programme is utilised to implement the recommended changes, provided sufficient funding is available.	

Annexure D: Resolutions of the Audit, Finance, Risk and Information Technology (AFRIT) Committee

ITEM DESCRIPTION	RESOLUTION
Q1 – Ordinary Meeting – 16 July 2024	
Q4 Company Performance Report and Financial Statements	IT WAS RESOLVED THAT The Q4 Company Performance and Financial Statements report be recommended to the Board for approval subject to the incorporation of the changes made. That updated report be shared with the Committee for noting.
Standard Operating Procedure (SOP) – Contract Management	IT WAS RESOLVED THAT the Committee note the Contract Management Unit SOP as presented.
Status Report on Asphalt Plant (Commercialisation / Financial Model)	IT WAS RESOLVED THAT the report on Status on Asphalt Plant be noted subject to the above.
Annual Internal Audit Plan 2024/2025	IT WAS RESOLVED THAT the Committee approved the Annual Internal Audit Three-Year Plan subject to the comments made.
Reviewed Internal Audit Charter	IT WAS RESOLVED THAT the Reviewed Internal Audit Charter be approved subject to the incorporation of the comments made.
Reviewed Internal Audit Methodology	IT WAS RESOLVED THAT The Reviewed Internal Audit Methodology be approved subject to the incorporation of the comments made.
Q4 Internal Audit Reports for 2023/2024	IT WAS RESOLVED THAT the Q4 Internal Audit report be noted subject to the comments made.
Summary of AG and Internal Audit Findings	IT WAS RESOLVED THAT the report be noted subject to the above.
Q4 Report on the Assessment of Internal Controls	IT WAS RESOLVED THAT the report be noted subject to the above.
JRA Risk Management Strategy 2024/2025	IT WAS RESOLVED THAT the Risk Management Strategy and Implementation Plan for 2024/2025 financial year be approved.
Risk Appetite and Tolerance Limits 2024-2025:	IT WAS RESOLVED THAT the Risk Tolerance and Limits is approved subject to: <ul style="list-style-type: none"> - The indicator for UIFW be changed to "% Reduction in Unauthorised, Irregular, and Fruitless Expenditure" and the figures be aligned to the institutional KPI". - Adding Opex expenditure as a risk indicator that will also be tracked for Risk 3.
Business Continuity Management Policy	IT WAS RESOLVED THAT Business Continuity Management Policy be recommended to the Board for approval subject to consultation with the LLF. <ul style="list-style-type: none"> - That, should there be changes posed by LLF, such will be implemented, and the consolidated policy be shared with the Committee for a round-robin resolution prior to it being presented to the Board.

ITEM DESCRIPTION	RESOLUTION
Q4 Risk Management Report	IT WAS RESOLVED THAT the report be noted subject to the comments made.
Reviewed Software Management Policy	IT WAS RESOLVED THAT Software Management Policy be recommended to the Board for approval subject to the consultation with Local Labour Forum. <ul style="list-style-type: none"> - That, should there be changes posed by LLF, such will be implemented, and the consolidated policy be shared with the Committee for a round-robin resolution prior to it being presented to the Board.
Reviewed Quality Management Policy	IT WAS RESOLVED That the Quality Management Policy be recommended to the Board for approval subject to the consultation with Local Labour Forum. <ul style="list-style-type: none"> - That, should there be changes posed by LLF, such will be implemented, and the consolidated policy be shared with the Committee for a round-robin resolution prior to it being presented to the Board.
Q4 IT Report	IT WAS RESOLVED THAT the report be noted.
Q4 Public Liability Claims Report	IT WAS RESOLVED THAT the report be noted subject to the correction made.
Q4 Litigation Report	IT WAS RESOLVED THAT the report be noted subject to the above.
Investigation Report	IT WAS RESOLVED THAT the Investigation Report be noted subject to the above.
Request for Extension: Section 116 (3) JRA/21/19	IT WAS RESOLVED THAT the Request for Extension of Contract JRA/21/19 be recommended to the Board for approval.
Q1 – Special Meeting 23 August 2024	
Auditor General (AG) Engagement Letter and Audit Strategy	IT WAS RESOLVED THAT: Engagement Letter and the Audit Strategy be recommended to the Board for approval subject to below: <ul style="list-style-type: none"> - Standard 6% increment guided by the oversight committee of the Auditor General of South Africa added to the audit fees, and - That further budget provision will be motivated for, to cover the audit expenses.
Draft Annual Financial Statements (AFS) 2023/2024	IT WAS RESOLVED THAT: the Draft AFS be recommended to the Board subject to the comments made.
Internal Audit Report: Review of Draft Annual Financial Statements	IT WAS RESOLVED THAT the report be noted subject to comments made.
Draft Annual Performance Report 2023/ 2024	IT WAS RESOLVED THAT the Annual Performance report be recommended to the Board for approval.
Request for Term Extension Period for Contract: JRA/20/97	IT WAS RESOLVED THAT that Request for Extension of Term of Contract: JRA/20/97 is recommended to the Board for approval.
Delegation of Authority	IT WAS RESOLVED That the Delegation of Authority be recommended to the Board for approval.
IT Account Management Policy	IT WAS RESOLVED THAT the IT Account Management Policy be recommended to the Board for approval.
IT Change Control Management Policy	IT WAS RESOLVED THAT the IT Change Control Management Policy be recommended to the Board for approval.
Patch Management Policy	IT WAS RESOLVED THAT the Patch Management Policy be recommended to the Board for approval.

ITEM DESCRIPTION	RESOLUTION
Firewall Standard Policy	IT WAS RESOLVED THAT the Firewall Standard Policy be recommended to the Board for approval.
Q2 – Ordinary Meeting 15 October 2024	
Terms of Reference – Audit, Finance, Risk and IT (AFRIT) Committee	IT WAS RESOLVED THAT The ToR be referred back to management to incorporate the comments made and the updated ToR be considered through a round-robin process.
Q1 Company Performance Report and Financial Statements	IT WAS RESOLVED THAT The Q1 Company Performance and Financial Statements report be recommended to the Board for approval subject to the incorporation of the changes made. That an updated report be shared with the Committee for noting.
Status Report on Asphalt Plant (Commercialisation / Financial Model)	IT WAS RESOLVED that the report on Status on Asphalt Plant be noted subject to the above
Q1 Internal Audit Reports for 2024/2025	IT IS RESOLVED THAT the Q1 Internal Audit report be noted subject to the comments made.
Q1 Report on the Assessment of Internal Controls	IT WAS RESOLVED that the report be noted subject to the above.
Request for Extension of Contracts: No JRA /21/02 & JRA /21/28	IT WAS RESOLVED that due to time constraints, the committee recommends to the Board for approval through a round robin process prior to the expiry date.
Q1 Risk Management Report	IT WAS RESOLVED THAT the report be noted subject to the comments made.
Q1 Public Liability Claims Report	IT WAS RESOLVED THAT the report be noted.
Q1 Litigation Report	IT WAS RESOLVED THAT the report be noted. The Litigation register which reflect all cases will be attached as an Annexure to the AFRIT Chairperson report as per the Board Chairman request.
Q2 - Special Meeting: 26 November 2024	
AGSA Management Letter and Audit Report	IT WAS RESOLVED THAT - the Management Letter and Audit Report be recommended to the Board for approval subject to the changes made.
Audited Annual Financial Statements (AFS) 2023– 2024	IT WAS RESOLVED THAT subject to the comments made; the report be updated, and the consolidated report be recommended to the Board for approval.
Integrated Annual Report 2022 – 2023	IT WAS RESOLVED THAT subject to the comments made; the report be updated, and the consolidated report be recommended to the Board for approval.
Write-Off: Lease Space	<p>IT WAS RESOLVED THAT: Based on the outcomes of the investigation and in accordance with Section 32 of the MFMA, AFR&ITC recommends the following:</p> <ul style="list-style-type: none"> - The irregular expenditure of R25,004,330 be written off and condoned, given that the expenditure relates to office space now occupied by JRA, albeit procured irregularly. - The fruitless and wasteful expenditure of R883,339 be recovered by offsetting future rental payments to the landlord.

ITEM DESCRIPTION	RESOLUTION
	<ul style="list-style-type: none"> - Disciplinary action must be taken against those responsible for approving or processing the irregular payment without adherence to established procurement and financial controls
Write-Off: Additional Payment	IT WAS RESOLVED THAT AFR&ITC recommends that the Board writes off the additional amount of R 5,157,216.53 in line with its previous resolution on the initial write-off. This recommendation supports JRA’s commitment to financial compliance and accountability while addressing gaps in governance and internal controls.
Consequence Management against employees implicated in unauthorised, irregular, fruitless & wasteful expenditure	IT WAS RESOLVED THAT the report be noted.
Discussion Emanating from the Board Strategic Planning – OD Review	IT WAS RESOLVED THAT The committee recommends the Board of Directors, subject to the below considerations: <ul style="list-style-type: none"> - Safeguards be put in place when risk and audits are combined; - The Board be made aware of possible conflict between risk and audit; and the outsourcing cost for assurance if these functions are combined: - A detailed cost analysis and or costing be performed considering the financial constraints of the City.
Q3 – Ordinary Meeting: 15 January 2025	
Q2 Company Performance Report and Financial Statements	IT WAS RESOLVED THAT the report be recommended to the Board subject to comments made.
Report on Registration and Disposal of Five JRA Rescue Vehicles (ambulances)	IT WAS RESOLVED THAT the report is recommended to the Board for approval subject to the market value of the vehicles being verified and confirmed.
Progress Report on Asphalt Plant	IT WAS RESOLVED THAT the progress report on Asphalt Plant be noted.
Q2 Internal Audit Reports for 2024/ 2025	IT WAS RESOLVED THAT Q2 Internal Audit report be noted subject to comments made.
Q2 Summary of AG and Internal Audit Findings	IT WAS RESOLVED THAT the Summary of AG and Internal Audit Findings report be noted.
Q2 Report on the Assessment of Internal Controls	IT WAS RESOLVED THAT - that the report be noted.
Q2 Risk Management Report	IT WAS RESOLVED THAT - that the report be noted.
Q2 IT Report	IT WAS RESOLVED THAT - that the progress report be noted.
Q2 Public Liability Claims Report	IT WAS RESOLVED THAT - that the report be noted.
Q2 Litigations Report	IT WAS RESOLVED THAT - that the report be noted subject to comments made.
Investigation Report	IT WAS RESOLVED THAT - that the report be noted.
Q4 – Ordinary Meeting: 15 April 2025	

ITEM DESCRIPTION	RESOLUTION
Q3 Company Performance Report and Financial Statements 2024/2025	IT WAS RESOLVED THAT - that the report be recommended to the Board for approval subject to comments made.
Progress Report on Asphalt Plant – Financial Model	IT WAS RESOLVED THAT - that the report be noted.
Agreed Management Action Plan Polic	IT WAS RESOLVED THAT the Agreed Management Action Plan Policy be approved.
Combined Assurance Framework	IT WAS RESOLVED THAT the Combined Assurance Framework be approved subject to the comments made
Q3 Internal Audit Reports 2024/2025	IT WAS RESOLVED THAT - that the report be noted.
Q3 Summary of AG and Internal Audit Findings	IT WAS RESOLVED THAT - that the report be noted.
Q3 Report on the Assessment of Internal Controls	IT WAS RESOLVED THAT - that the report be noted.
Reviewed Business Continuity Management Policy	IT WAS RESOLVED THAT THE Reviewed Business Continuity Management Policy be recommended to the Board for approval.
Reviewed Quality Management (TQM) Policy	IT WAS RESOLVED THAT THE Reviewed Quality Management Policy be recommended to the Board for approval.
Q3 Risk Management Report	IT WAS RESOLVED THAT - that the report be noted.
Q3 IT Report	IT WAS RESOLVED THAT - that the progress report be noted.
Q3 Public Liability Claims Report	IT WAS RESOLVED THAT - that the report be noted.
Q3 Litigations Report	IT WAS RESOLVED THAT - that the report be noted subject to comments made.
GFIS Presentation	IT WAS RESOLVED THAT the GFIS report be noted subject to comments made.
Q4 – Special Meeting: 12 June 2025	
UIFW Investigations – Internal Audit Report	IT WAS RESOLVED THAT The Committee notes the content of the attached Internal Audit reports and support the submission of the verified UIFW amounts to the board for condonation, subject to the changes which include correcting company names, numbering, and specific findings. That corrected reports be submitted to the Committee. Corrected reports be annexed to the Finance report recommending UIFW write-off.
UIFW Report: Request to Write-Off	IT WAS RESOLVED THAT: The Audit, Finance, Risk, and Information Technology Committee recommends the write-off of the R289,642,519.16 ((R68 319 555.50 (R36,576,762.53 (internal Audit investigations) + R31,742,793.00 (management assessed overspending of budget) & R221,322,963.96)) irregular expenditure to the Board of Directors as per the contents of JRA UIFW investigation reports by Internal Audit.
Consequence Management	IT WAS RESOLVED THAT The presented status of consequence management be noted subject to comments made.
Approved Budget 2025/ 2026	IT WAS RESOLVED THAT The Approved Budget 2025/2026 be noted and presented to the Board of Directors for information.

Annexure E: Board Member Qualifications, Gender and Status of Declarations

NO	NAME	QUALIFICATION	GENDER	WORK EXPERIENCE	BOARD EXPERIENCE	DECLARATIONS
1.	Simon Carl Clarke	<ul style="list-style-type: none"> Grade 12 / BSoc Psychology / Honours Psychology 	Male	<ul style="list-style-type: none"> Social Science marketing and sales for bridge, we specialise in taxi sales across South Africa 	Joburg Market JOSCHO	NONE
2.	Andries Jacobus Smit	<ul style="list-style-type: none"> Grade 12 / LLB (NQF 8) 	Male	<ul style="list-style-type: none"> Legal Director at Smith Quass Attorneys 	JOSHCO – NED	NONE
3.	Omphemetse Mokgosi	<ul style="list-style-type: none"> Grade 12 / Diploma in Dramatic Art / Arts Administration / BA Communications Science / BA Honours Media Studies 	Female	<ul style="list-style-type: none"> Student Recruitment Manager - WITS Auxiliary Social Worker - Gauteng Age in Action Office Administrator - Department of Social Development Auxiliary Social Worker - SAVF 	JOSHCO – NED	NONE
4.	Dr Ravendran Govender	<ul style="list-style-type: none"> Grade 12 / Bachelor of Medicine and Surgery (MBChB) / Post graduate diploma in business management / Diabetes management / Good clinical practice course / Certified asthma educator astro-zeneca / Certified to conduct maritime medicals by samsa / Certificate in board leadership Gordon Institute of Business Sciences (GIBS) 	Male	<ul style="list-style-type: none"> Medical Director Clinical Researcher General Administrator Sport Administrator Medical Tour Director 	<ul style="list-style-type: none"> JRA – NED Northern cricket union – NED Eastern titans' cricket – NED Titans cricket Vice President Chair of committees – Marketing, Disciplinary, Transformation, Leagues at KZNCU Chair of ethics and social committee (NCU) 	NONE
5.	Kabelo Mofokeng	<ul style="list-style-type: none"> Grade 12 / Higher Certificate education / Diploma in Occupationally Directed ETD Practices - in progress / SAP Certificate of Competency in Stock and Distribution (SAP Trainer at Multichoice) / Train the Trainer 	Male	<ul style="list-style-type: none"> Learning Facilitator Training and Business Development Manager Branch Customer Service Representative operations Facilitator 	<ul style="list-style-type: none"> JRA – NED 1 years' experience 	NONE

NO	NAME	QUALIFICATION	GENDER	WORK EXPERIENCE	BOARD EXPERIENCE	DECLARATIONS
				<ul style="list-style-type: none"> ▪ National Branch and Agencies Facilitator ▪ Eastern Region Branch and Agencies Facilitator ▪ Training and Business Development Manager 		
6.	Sharon Kleinbooi	<ul style="list-style-type: none"> ▪ Grade 12 / National Diploma Health / Professional / Registered Nurse / Certificate & Diploma in Counselling 	Female	<ul style="list-style-type: none"> ▪ D4 Student Nurse (Medical, Surgical, Orthopaedics, Theatre, Casualty, Psychiatry & OPD) ▪ D4 Student Nurse (Paediatrics, Gynaecology, Ante Natal Clinic, Ante Natal Ward, Labour Ward, Post Natal Ward) ▪ D4 Student Nurse 	<ul style="list-style-type: none"> ▪ JRA – NED One years' experience 	NONE
7.	Siphosethu Mtanzeli	<ul style="list-style-type: none"> ▪ Grade 12 / Bachelor's degree in international relations and media studies / Out-come based Certificate in Monitoring and Evaluation / Modern travel procurement and cooperate modern booking tool / Certificate in Breaking Barriers to Entry into the Public Sector /Certificate in Teaching English as a Foreign Language 	Female	<ul style="list-style-type: none"> ▪ Department of Economic Development (Office of the Executive Mayor) Deputy Director: Stakeholder Management & Communications ▪ January 2018 (24 months' contract) South African Women in Construction Organization (SAWIC) Director in Procurement ▪ Black Women in Slate Mining (BWISM) Operation's Manager ▪ National Department of Environmental Affairs (DEA) Stakeholder Engagement and Public Awareness Internship 	<ul style="list-style-type: none"> ▪ JRA NED 1 years' experience 	NONE
8.	Cleoparta Lourens	<ul style="list-style-type: none"> ▪ Grade 12 / NQF Long Term Insurance / Higher Certificate in Financial Planning /Advanced Certificate in Financial Planning / RE5 	Female	<ul style="list-style-type: none"> ▪ Alexander Forbes: Employee Benefit Consultant ▪ Genesis EB Solutions Employee Benefit Consultant ▪ Liberty Corporate Client Service Assistant (Liberty Consultant & Actuaries) ▪ Old Mutual Corporate Fund Administrator on Anglo Platinum (AMRF, ARF & MRR) 	<ul style="list-style-type: none"> ▪ JRA NED One years' experience 	NONE

NO	NAME	QUALIFICATION	GENDER	WORK EXPERIENCE	BOARD EXPERIENCE	DECLARATIONS
				<ul style="list-style-type: none"> City Year South Africa Service Leader 		
9.	Daniel Nyamazane	<ul style="list-style-type: none"> Grade 12 / Bachelor of Commerce (Accounting and Business Economics) / Diploma in Real Estate /Diploma in Project Management / Currently pursuing M.SC in Real Estate (course work completed) 	Male	<ul style="list-style-type: none"> Chief Executive Officer (CEO) Special Advisor to the National Commissioner: Real Estate Department of Correctional Services MD (Managing Director) SAPOS Properties (Division of SA Post Office Ltd) General Manager (Asset Management): SAPOS Properties Senior Manager (Asset Management): SAPOS Properties Regional Manager: Commercial Properties ESKOM Regional Manager: Property Development Transnet (PROPNET) 	<ul style="list-style-type: none"> Chairperson: LKL Investment Holdings Pty Ltd Chairperson: Boutel Projects Pty Ltd NED ARTL Pty Ltd NED Student Housing Solutions Pty Ltd JRA NED 	NONE
10.	Zenzokuhle Xaba	<ul style="list-style-type: none"> Grade 12 / National Diploma in Law (Paralegal Studies) / BCom Degree in Supply Chain Management (SCM) / International Diploma in Procurement and Supply 	Female	<ul style="list-style-type: none"> Liberty group south Africa - contract specialist Tender specialist – Contract administrator Contract specialist and paralegal Legal administrator 	<ul style="list-style-type: none"> Pikitup (Risk and Audit) NED JRA NED 	NONE
11.	Bruce Nimmerhoudt	Diploma in Business Management	Male	<ul style="list-style-type: none"> Business Management Last employment was as MMC: Human Settlements, Development and Planning at Rand West City Local Municipality. Has a 27-year business career which spans across the insurance, financial services and media industries and is experienced in managing small to large business portfolio. 	<ul style="list-style-type: none"> JRA NED 1 years' experience 	NONE
INDEPENDENT AUDIT COMMITTEE MEMBERS						

NO	NAME	QUALIFICATION	GENDER	WORK EXPERIENCE	BOARD EXPERIENCE	DECLARATIONS
1.	Alvarno Francis	<ul style="list-style-type: none"> Grade 12 / B. Com Degree / B.Comm Project Officer 	Female	<ul style="list-style-type: none"> Account Manager Supply chain manager Account Manager Internal Salesclerk Consolidated 	JRA NED – Former AFR&IT Chairperson	NONE
2.	Derek Martin	<ul style="list-style-type: none"> Grade 12 / Bachelor of Arts / Higher Diploma in Education / Honours In Public Administration / Master’s in Public Administration 	Male	<ul style="list-style-type: none"> Trade and sector development department of economic development and tourism Governance Department of Economic Development and Tourism Ministerial support management Provincial Treasury (NC) Education management Department of education (NC) 	<ul style="list-style-type: none"> JRA IACM 1 years’ experience 	NONE
3.	Nison Khoza	<ul style="list-style-type: none"> Bachelor of Commerce Accounting / Bank Seta funded Work Readiness Programme / Virtual Banking & Credit Training 	Male	<ul style="list-style-type: none"> Guarantee Trusts Cooperate Support Services – Banking Trainee Avis Budget Rent a car – Apprentice Nedbank Ltd – Sales Consultant 	<ul style="list-style-type: none"> JRA IACM – 1years experience 	NONE
4.	Henry Jerry Markus	Post Graduate Diploma in Practical Theology	Male	<ul style="list-style-type: none"> Practical Theology Sales consultant at Press Products 	JOSHCO NED	NONE



Johannesburg Roads Agency (SOC) Ltd
(Registration number 2000/028993/30)
Annual Financial Statements
for the year ended 30 June 2025

Johannesburg Roads Agency (SOC) Ltd

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Annual Financial Statements for the year ended 30 June 2025

General Information

Controlling entity	The City of Johannesburg Metropolitan Municipality
Bankers	Standard Bank Limited
Auditors	The Auditor-General of South Africa Chartered Accountants (S.A.) Registered Auditors
Secretary	Phumla Thandeka Majola
Company registration number	2000/028993/30

Johannesburg Roads Agency (SOC) Ltd

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Annual Financial Statements for the year ended 30 June 2025

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Abbreviations used:

COID	Compensation for Occupational Injuries and Diseases
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

Johannesburg Roads Agency (SOC) Ltd

(Registration number 2000/028993/30)

Annual Financial Statements for the year ended 30 June 2025

Board of 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 as at the end of the financial year and the results of its operations and cash flows for the period that ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice including any interpretations, guidelines and directives issued by the Accounting Standards Board.

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

The directors acknowledge that they are ultimately 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 directors 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 throughout 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 risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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.

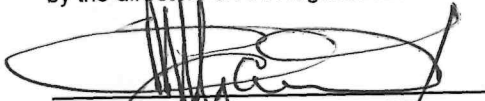
The directors have reviewed the entity's cash flow forecast for the year to 30 June 2026 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

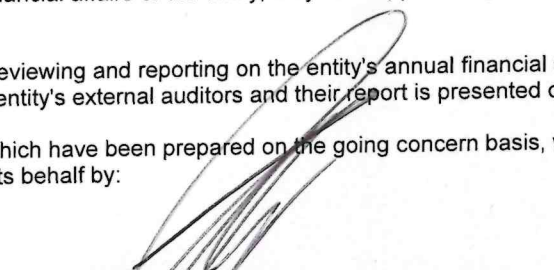
Although the directors are primarily responsible for the financial affairs of the entity, they are supported by the entity's external auditors.

The external auditors are responsible for independently reviewing and reporting on the entity's annual financial statements. The annual financial statements have been examined by the entity's external auditors and their report is presented on page 5.

The annual financial statements set out on page 4 - 87 which have been prepared on the going concern basis, were approved by the directors on 31 August 2025 and were signed on its behalf by:



Mr Z Nyathi - Chief Executive Officer
Designation



Mr S C Clarke Board - Chairperson (Appointed 31 July 2024)
Designation

Johannesburg Roads Agency (SOC) Ltd

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Annual Financial Statements for the year ended 30 June 2025

Directors' Report

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

1. Incorporation

The entity was incorporated on 17 November 2000 and obtained its certificate to commence business on the same day.

2. Review of activities

Main business and operations

The entity is engaged in construction and maintenance of roads, traffic signals and stormwater infrastructure and operates principally in South Africa.

The net deficit of the entity for the year ended 30 June 2025 was R 69 719 975 after the taxation of R 0 and for the year ended 30 June 2024 was R 3 982 032 after the taxation of R 30 447 713.

3. Going concern

We draw attention to the fact that at 30 June 2025, the entity had an accumulated surplus (deficit) of (606,027,067) and that the entity's total liabilities exceed its assets by (116,504,195).

The Board is satisfied that the entity is a going concern, the annual financial statements have been prepared on the accrual 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 entity is a state owned company with the City of Johannesburg Metropolitan Municipality being the sole shareholder. The JRA is wholly 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 the City of Johannesburg Metropolitan Municipality has neither the intention, nor the need to liquidate or materially curtail the scale for funding the entity.

The approved adjusted operating budget for the 30 June 2025 financial year is R1 619 040 000.00 and the approved adjusted capital budget for the 30 June 2025 financial year is R 807 220 000.00

4. Subsequent events

The directors are not aware of any matter or circumstance arising since the end of the financial year

5. Directors' interest in contracts

The directors of Johannesburg Roads Agency (SOC) Ltd do not have any interests in contracts.

6. Accounting policies

The policies in the annual financial statements were prepared in accordance with the South African Statements of Generally Recognised Accounting Practices (GAAP), including any interpretations of such Statements issued by the Accounting Practices Board, and in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

7. Share capital / contributed capital

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

Johannesburg Roads Agency (SOC) Ltd

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Annual Financial Statements for the year ended 30 June 2025

Directors' Report

8. Directors

The directors of the entity that were appointed and re-appointed at the annual general meeting during the year and to the date of this report are as follows:

Name	Nationality	Changes
Mr S C Clark - (Board Chairperson)	South African	Appointed on 31 July 2024
Z Nyathi - Chief Executive Officer	South African	Appointed on 01 June 2023
L Mashau - Chief Financial Officer	South African	Appointed on 01 May 2023
T Goldsmith	South African	Resigned on 31 July 2024
O Mokgosi	South African	Appointed on 31 July 2024
Dr. R Govender	South African	Appointed on 31 July 2024
C Lourens	South African	Appointed on 31 July 2024
S Mtamzeli	South African	Appointed on 31 July 2024
E Botha (Board Chairperson).	South African	Appointed on 25 August 2023 - Resigned on 14 February 2024
A Smith	South African	Appointed on 31 July 2024
V Mamogobo	South African	Resigned on 31 July 2024
K Mofokeng	South African	Appointed on 31 July 2024
B Nimmerdhout	South African	Appointed on 31 July 2024
S Kleinbooi	South African	Appointed on 31 July 2024
D Nyamazane	South African	Appointed on 31 July 2024
Z Xaba	South African	Appointed on 31 July 2024

9. Secretary

The secretary of the entity is Phumla Thandeka Majola:

Business address

75 Helen Joseph Street
Corner Harrison Street
Johannesburg
2001

Postal address

Private Bag X70
Braamfontein
Johannesburg
2017

Johannesburg Roads Agency (SOC) Ltd

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Annual Financial Statements for the year ended 30 June 2025

Directors' Report

11. Controlling entity

The entity's controlling entity is The City of Johannesburg Metropolitan Municipality.

12. Bankers

The Bankers of the Johannesburg Roads Agency are Standard Bank Limited.

13. Auditors

The Auditor-General of South Africa will continue in office for the next financial period.

14. Meetings

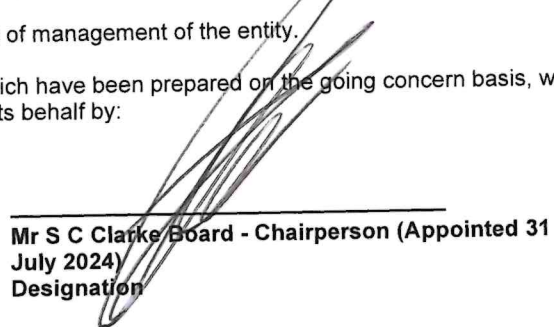
The board met on 7 separate occasions during the financial year. The board was scheduled to meet at least 6 times per annum. There were also four (4) Audit, Finance, Finance, Risk and IT meetings, four (4) Remuneration Social, Ethics Committee and four (4) service delivery meetings that were held during the the period 01 July 2024 to 30 June 2025.

Non-executive directors have access to all the members of management of the entity.

The annual financial statements set out on page 4-87 which have been prepared on the going concern basis, were approved by the directors on 31 August 2025 and were signed on its behalf by:



Mr Z Nyathi - Chief Executive Officer
Designation



Mr S C Clarke Board - Chairperson (Appointed 31
July 2024)
Designation

Johannesburg Roads Agency (SOC) Ltd

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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.



Phumla Thandeka Majola
Company Secretary

Johannesburg Roads Agency (SOC) Ltd

(Registration number 2000/028993/30)

Annual Financial Statements for the year ended 30 June 2025

Statement of Financial Position as at 30 June 2025

Figures in Rand

	Note(s)	2025	2024 Restated*
Assets			
Current Assets			
Inventories	3	87,530,238	64,675,252
Loans to shareholders	4	-	176,261,383
Receivables from exchange transactions	5	1,309,298,427	670,331,631
Cash and cash equivalents	7	512,945,773	440,099,353
		1,909,774,438	1,351,367,619
Non-Current Assets			
Property, plant and equipment	8	230,049,776	211,479,072
Intangible assets	9	1,649,879	2,185,035
Loans to shareholders	4	54,039,592	53,224,798
		285,739,247	266,888,905
Total Assets		2,195,513,685	1,618,256,524
Liabilities			
Current Liabilities			
Loans from shareholders	4	535,673,819	-
Finance lease obligation	11	-	15,256,549
Operating lease liability	45	11,818,278	-
Payables from exchange transactions	12	1,462,601,597	1,391,036,311
Provisions	13	265,439,187	264,909,185
		2,275,532,881	1,671,202,045
Non-Current Liabilities			
Employee benefit obligation	6	36,484,999	37,252,999
Total Liabilities		2,312,017,880	1,708,455,044
Net Assets		(116,504,195)	(90,198,520)
Share capital / contributed capital	15	1,000	1,000
Reserves			
Reserve for own shares / Share repurchase reserve	16	489,521,869	446,107,574
Accumulated surplus		(606,027,067)	(536,307,095)
Total Net Assets		(116,504,198)	(90,198,521)

* See Note 39

Johannesburg Roads Agency (SOC) Ltd

(Registration number 2000/028993/30)

Annual Financial Statements for the year ended 30 June 2025

Statement of Financial Performance

Figures in Rand

	Note(s)	2025	2024 Restated*
Revenue			
Revenue from exchange transactions			
Maintenance fees - Gauteng DRT		3,301,200	-
Asphalt Sales and DCP Testing		1,909,472	46,095
Jobbings		24,110,238	17,841,634
Reinstatement income and wayleave fees		41,205,248	47,265,216
Management Fees		29,497,370	21,885,410
Rental income		7,690,130	12,206,854
Proceeds from road closures and other income		21,821,159	93,870,040
Insurance Claims		6,801,767	-
Interest received - investment	21	5,289,956	19,729,663
Total revenue from exchange transactions		141,626,540	212,844,912
Revenue from non-exchange transactions			
Transfer revenue			
Subsidy - The City of Johannesburg Metropolitan Municipality		1,432,075,000	1,310,111,970
Total revenue	17	1,573,701,540	1,522,956,882
Expenditure			
Employee related costs	24	(401,720,178)	(415,877,072)
Depreciation and amortisation	25	(36,505,640)	(34,356,730)
Finance costs	22	(6,018,656)	(24,025,026)
Lease rentals on operating lease		(51,137,578)	(52,121,470)
Call centre charges		(8,526,000)	(8,210,000)
Cost of road maintenance	18	(944,041,756)	(812,152,707)
General expenses	38	(195,471,706)	(141,784,132)
Total expenditure		(1,643,421,514)	(1,488,527,137)
(Deficit) surplus before taxation		(69,719,974)	34,429,745
Taxation	23	-	30,447,713
(Deficit) surplus for the year		(69,719,974)	3,982,032

* See Note 39

Johannesburg Roads Agency (SOC) Ltd

(Registration number 2000/028993/30)

Annual Financial Statements for the year ended 30 June 2025

Statement of Changes in Net Assets

	Share capital / contributed capital	Reserves for own shares / Share repurchase reserve	Accumulated surplus / deficit	Total net assets
Figures in Rand				
Balance at 01 July 2023	1,000	372,101,714	(540,289,127)	(168,186,413)
Changes in net assets				
Assets financed by COJ	-	74,005,860	-	74,005,860
Net income (losses) recognised directly in net assets	-	74,005,860	-	74,005,860
Surplus for the year	-	-	3,982,032	3,982,032
Total recognised income and expenses for the year	-	74,005,860	3,982,032	77,987,892
Total changes	-	74,005,860	3,982,032	77,987,892
Restated* Balance at 01 July 2024	1,000	446,107,574	(536,307,093)	(90,198,519)
Changes in net assets				
Assets financed by COJ	-	43,414,295	-	43,414,295
Net income (losses) recognised directly in net assets	-	43,414,295	-	43,414,295
(Deficit)/Surplus for the year	-	-	(69,719,974)	(69,719,974)
Total recognised income and expenses for the year	-	43,414,295	(69,719,974)	(26,305,679)
Total changes	-	43,414,295	(69,719,974)	(26,305,679)
Balance at 30 June 2025	1,000	489,521,869	(606,027,067)	(116,504,198)
Note(s)	15	16		

* See Note 39

Johannesburg Roads Agency (SOC) Ltd

(Registration number 2000/028993/30)

Annual Financial Statements for the year ended 30 June 2025

Cash Flow Statement

Figures in Rand

	Note(s)	2025	2024 Restated*
Cash flows from operating activities			
Receipts			
Subsidies and other income		929,444,789	1,278,884,625
Interest income		5,252,484	19,130,292
		<u>934,697,273</u>	<u>1,298,014,917</u>
Payments			
Cash paid to suppliers and employees		(1,544,058,480)	(1,151,105,509)
Finance costs	46	(1,671,431)	(38,813,069)
Taxes paid		-	(132,358,662)
		<u>(1,545,729,911)</u>	<u>(1,322,277,240)</u>
Net cash flows from operating activities	27	(611,032,638)	(24,262,323)
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(54,631,095)	(114,341,601)
Net movement in amount within entities in the group - Notional loans and sweeping accounts		710,352,408	27,778,919
Net cash flows from investing activities		655,721,313	(86,562,682)
Cash flows from financing activities			
Finance lease payments		(15,256,549)	(1,009,966)
Movement in contribution from the owner		43,414,295	74,005,752
Net cash flows from financing activities		28,157,746	72,995,786
Net increase/(decrease) in cash and cash equivalents		72,846,421	(37,829,219)
Cash and cash equivalents at the beginning of the year		440,099,353	477,928,572
Cash and cash equivalents at the end of the year	7	512,945,774	440,099,353

The accounting policies on pages 19 to 43 and the notes on pages 44 to 89 form an integral part of the annual financial statements.

* See Note 39

Johannesburg Roads Agency (SOC) Ltd

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Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Asphalt Sales and DCP Testing	100,264,100	2,800,000	103,064,100	1,909,472	(101,154,628)	
Jobbings	13,310,200	229,044	13,539,244	24,110,236	10,570,992	1
Reinstatement income	15,149,800	(7,808,544)	7,341,256	41,205,249	33,863,993	2
Management fees	28,649,300	-	28,649,300	29,497,369	848,069	3
Rental income	5,355,000	-	5,355,000	7,690,130	2,335,130	4
Other Income	464,600	4,780,000	5,244,600	31,924,126	26,679,526	
Interest received	23,772,000	-	23,772,000	5,289,956	(18,482,044)	6
Total revenue from exchange transactions	186,965,000	500	186,965,500	141,626,538	(45,338,962)	
Revenue from non-exchange transactions						
Subsidy - The City of Johannesburg Metropolitan Municipality	1,394,601,000	37,474,000	1,432,075,000	1,432,075,000	-	
Total revenue	1,581,566,000	37,474,500	1,619,040,500	1,573,701,538	(45,338,962)	
Expenditure						
Employee related costs	(1,011,183,000)	(38,363,000)	(1,049,546,000)	(1,071,978,673)	(22,432,673)	8
Depreciation and amortisation	(69,381,000)	-	(69,381,000)	(36,505,639)	32,875,361	9
Repairs and maintenance	(8,941,500)	490,700	(8,450,800)	(13,831,102)	(5,380,302)	10
Contracted services	(185,107,000)	(10,352,200)	(195,459,200)	(300,739,290)	(105,280,090)	12
Other Expenditure	(152,955,700)	12,169,700	(140,786,000)	(89,704,971)	51,081,029	13
Losses	(30,000)	-	(30,000)	-	30,000	
Other materials	(116,607,300)	(6,519,700)	(123,127,000)	(91,811,935)	31,315,065	
Inter - Company charges	(36,391,000)	5,100,000	(31,291,000)	(38,849,902)	(7,558,902)	
Total expenditure	(1,580,596,500)	(37,474,500)	(1,618,071,000)	(1,643,421,512)	(25,350,512)	
Deficit before taxation	969,500	-	969,500	(69,719,974)	(70,689,474)	
Taxation	(969,500)	-	(969,500)	-	969,500	14
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	-	-	-	(69,719,974)	(69,719,974)	

Johannesburg Roads Agency (SOC) Ltd

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Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

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

Comments are provided on variances in excess (Over or under budget) of 10%. The comparison is between actual amounts as at 30 June 2025 and the 2024/2025 Annual Approved Adjustment Budget.

1. Asphalt Sales and DCP Testing: During the financial year, asphalt sales amounted to R1.8 million, falling significantly short of the budgeted R100 million. This variance reflects a substantial underperformance in plant sales relative to projections. The sales forecast was based on the assumption that contractors currently executing Johannesburg Roads Agency (JRA) projects would source asphalt from the JRA Plant. However, the actual contracts awarded to these contractors did not include a binding requirement to procure from JRA. As a result, targeted interventions were initiated to encourage contractors to purchase from the JRA plant.

Johannesburg Roads Agency (SOC) Ltd

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Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

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

Similarly, DCP testing revenue totalled R56,000, which was below the budgeted R264,000. This shortfall indicates lower-than-expected operational output in the delivery of testing services.

2. Jobbings: Actual amounts exceeded the budget primarily due to the line item being under-budgeted. The volume of related jobs completed during the financial year was higher than initially anticipated. In addition, quarterly claims for BRT maintenance contributed further to the positive variance.

3. Reinstatement Income: The actual performance for internal reinstatements exceeded the budget for the financial year. This favorable variance is mainly attributable to a higher volume of service requests received and the subsequent work orders completed throughout the year.

4. Management Fees: These are amounts charged by JRA to COJ's Departments and City Entities for undertaking Capital projects on behalf of these Departments and Entities. The actual performance for management fees exceeded the budget for the financial year.

5. Rental Income: Rental income exceeded the budget for the financial year due to changes in the terms and conditions of the reimbursement agreement between the JRA and the COJ-Department of Transport, effective from September 2024 to June 2025. This agreement included a pricing increase that was not fully incorporated in the original budget projections, resulting in higher actual income than anticipated.

6. Other income: relates to penalties imposed on contractors for non-performance against contractual obligations. No budget was allocated for this item, as the JRA anticipates that contractors will fulfil their contractual requirements, thereby avoiding penalties.

7. Interest Received: Interest received relates to interest earned on loans to the Shareholder, including the inter-company sweeping bank and post-retirement assets. The actual interest income fell short of the budgeted amount due to a negative cash balance on the JRA sweeping account. As a result, no interest was earned during the period, leading to an unfavorable variance compared to the budget.

8. Employee Costs: Employee-related costs for the year exceeded the budget primarily due to acting allowances paid to employees filling vacant positions, as well as overtime costs. In addition, employee-related costs for Security and Cleaning staff, which were paid by the City of Johannesburg on behalf of JRA, contributed to the overspend.

9. Depreciation and Amortisation: Depreciation expense was lower than the budgeted amount due to an overestimation in the budget allocation for depreciation.

10. Repairs and Maintenance: The overspend is mainly attributable to the refurbishment of depots and the old head office building. Certain depots required more extensive work than initially anticipated, resulting in costs exceeding the approved budget.

11. Internal Transfers: The internal transfer costs are expenditure relating to COJ and its Entities and they were within budget.

12. Contracted Services: The overspend is attributable to the refurbishment of road infrastructure, with certain road infrastructure requiring more extensive work than initially anticipated.

13. Other Expenditure: Other Expenditure exceeded the budget due to several factors:

Interest and Penalties – arising from a legal settlement of outstanding retention invoices, which included interest on overdue balances.

Audit Fees – the AGSA charged higher fees than budgeted due to an expanded audit scope for the prior year.

Water Supply/Sanitary Fees – municipal costs for depots, the old head office, and the Bayete lease agreement.

Office Equipment – contract rentals for printers, scanners, and copiers at JRA head office and depots.

Johannesburg Roads Agency (SOC) Ltd

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Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

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

Electricity Supply – electricity charges for all depots and the head office rental from the landlord.

Telecommunications – IT-managed accounts, including Vodacom, MTN, and Sonke for telephone system maintenance.

14. Other Materials – overspend due to expired supply contracts requiring use of the panel for goods procurement, further impacted by the rainy season, April holidays, and accounting journals for asphalt.

The accounting policies on pages 19 to 43 and the notes on pages 44 to 89 form an integral part of the annual financial statements.

Johannesburg Roads Agency (SOC) Ltd

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Annual Financial Statements for the year ended 30 June 2025

Johannesburg Roads Agency (SOC) Ltd

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Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

Figures in Rand

Note(s)

2025

2024

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the accounting policies set out in the Standards of Generally Recognised Accounting Practice ("GRAP"), including any interpretations of such standards issued by the Accounting Standards Board ("ASB"). GRAP being the Financial Reporting Framework prescribed by National Treasury in line with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

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, unless specified otherwise. They are presented in South African Rand.

The significant accounting policies applied in the preparation of these annual financial statements are set out below.

These accounting policies are consistent with the previous period, except for the changes set out in note Changes in accounting policy.

1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the entity.

1.2 Going concern assumption

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

1.3 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements.

Trade receivables / Held to maturity investments and/or loans and receivables

The entity assesses its trade receivables, held to maturity investments 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 municipal entity makes judgements 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, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Available-for-sale financial assets

The entity follows the guidance of IAS 39 to determine when an available-for-sale financial asset is impaired. This determination requires significant judgment. In making this judgment, the entity evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

If all of the declines in fair value below cost were considered significant or prolonged, the entity would suffer an additional deficit in its 2025 annual financial statements, being a reclassification adjustment of the fair value adjustments previously recognised in other comprehensive income and accumulated in equity on the impaired available-for-sale financial assets to surplus or deficit.

Allowance for slow moving, damaged and obsolete inventory

An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operation surplus note.

Johannesburg Roads Agency (SOC) Ltd

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Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption mentioned above may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including [i.e. production estimates, supply demand], together with economic factors.

Provisions

Provisions are raised and management determine an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 13 - Provisions.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The entity recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The entity recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the entity to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the entity to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

Post-retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

The entity determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the entity considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for post retirement obligations are based on current market conditions. Additional information is disclosed in Note 6.

Effective interest rate

The entity used the City of Johannesburg Metropolitan Municipality borrowing rates as a basis for discounting financial instruments and future cash flows.

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

Johannesburg Roads Agency (SOC) Ltd

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Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Useful lives of property, plant and equipment

The entity's management determines the estimated useful lives and related depreciation charges for property, plant and equipment. This estimate is based on the pattern in which an asset's future economic benefits or service potential are expected to be consumed by the entity.

Commitments

The commitments are in accordance with GRAP which is applicable on the accrual basis of accounting.

Events after reporting date

Financial effects of subsequent events and commitments that may have a material effect on the financial position or financial performance of the entity.

1.4 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

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 initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

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

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Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.4 Property, plant and equipment (continued)

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

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

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

Item	Depreciation method	Average useful life
Buildings	Straight line	50
Asphalt Plant	Straight line	5
Plant and machinery	Straight line	5
Furniture and fixtures	Straight line	6
Motor vehicles	Straight line	5
Office equipment	Straight line	5
IT equipment	Straight line	3
Tools and loose gear	Straight line	5

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.

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 (see note 8).

The entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 8).

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Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.5 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. 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, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

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.

The entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

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.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

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.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

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

Item	Depreciation method	Average useful life
Computer software, other	Straight line	3

The entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 9).

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1.5 Intangible assets (continued)

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

1.6 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

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1.6 Financial instruments (continued)

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unissued capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
 - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
 - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
 - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
 - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

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1.6 Financial instruments (continued)

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Trade and other receivables	Financial asset measured at amortised cost
Loans to shareholder - intercompany sweeping account	Financial asset measured at amortised cost
Loans to shareholders - Notional Accounts	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at fair value

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Trade and other payables	Financial liability measured at amortised cost
Provisions	Financial liability measured at amortised cost
Finance leases	Financial liability measured at amortised cost

The entity has the following types of residual interests (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Shareholders loan	Measured at fair value
Share Capital	Measured at cost

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

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Significant Accounting Policies

1.6 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an entity calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

Reclassification

The entity does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

Where the entity cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value. This requires a reclassification of the instrument from amortised cost or cost to fair value.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the entity reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

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1.6 Financial instruments (continued)

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly or through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly or by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

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Significant Accounting Policies

1.6 Financial instruments (continued)

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

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

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If the entity transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognises either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognises the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continues to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

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1.6 Financial instruments (continued)

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Dividends or similar distributions relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Distributions to holders of residual interests are recognised by the entity directly in net assets. Transaction costs incurred on residual interests are accounted for as a deduction from net assets. Income tax [where applicable] relating to distributions to holders of residual interests and to transaction costs incurred on residual interests are accounted for in accordance with the International Accounting Standard on Income Taxes.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

1.7 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 all deductible temporary differences to the extent that it is probable that taxable surplus will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction 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.

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1.7 Tax (continued)

Tax expenses

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

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

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

1.8 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.

Minimum 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 - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

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

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

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

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

Operating leases - lessee

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

1.9 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.

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1.9 Inventories (continued)

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the entity incurs to acquire the asset on the reporting date.

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 of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

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.

1.10 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.

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 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.

1.11 Share capital / contributed capital

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

Ordinary shares are classified as equity (net assets).

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1.12 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted

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 expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial period, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in surplus or deficit over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the entity is demonstrably committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

Other post retirement obligations

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1.12 Employee benefits (continued)

The entity 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 entity also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities

Post-employment medical aid liabilities

Post-employment medical aid subsidies are provided to pensioners in the service of the Municipality as at 1 January 2001 and employees 50 years and older on 1 July 2003 whilst contributory members to either LA Health or Key Health Medical Schemes. The subsidy remains payable only for as long as members remain contributory members to these medical schemes.

Housing Subsidies

Eligible employees as at 31 December 1990 have the right to be subsidized after retirement in terms of the Housing Assistance Scheme, described in Appendix H of the Johannesburg Conditions of Service. A subsidy payable to an employee shall, subject to the provisions of clause 4.5, and subject to him having joined the Pension Fund before 1 July 1987, continue to be paid if he retires from the Service on or after reaching the age of 60 years or is retired on the grounds of ill-health or abolition of his/her post or reorganization and he receives a monthly pension from the Pension Fund.

Retirement Gratuities

A number of employees are entitled to receive a gratuity benefit on retirement or exit before retirement from employment in respect of any periods of employment with the Municipality during which they were not members of a retirement fund. Gratuity benefits accrue according to employees' conditions of service. According to these conditions of service, gratuity benefits are payable on retirement, or on exit before retirement provided the member has either 10 years of service and is 55 years of age, or has 25 years of service and has reached 45 years of age.

1.13 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.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus (deficit).

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1.13 Provisions and contingencies (continued)

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 29.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The entity recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the entity for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the entity considers that an outflow of economic resources is probable, an entity recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

1.14 Commitments

A commitment is an obligation arising from an existing contract, agreement or legislative enactment or regulation that will become an actual liability upon the fulfillment of specified conditions.

Commitments arise when a decision is made to incur a liability in the form of a contract or similar documentation (purchase orders for rates based contracts). Expenditure on assets which has been authorised, but not yet spent at the end of a financial period is disclosed under commitments in the notes to the financial statements.

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.15 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.

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1.15 Revenue from exchange transactions (continued)

An exchange transaction is one in which the entity 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.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

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

The amount of revenue arising on a transaction which is statutory (non-contractual) in nature is usually measured by reference to the relevant legislation, regulation or similar means. The fee structure, tariffs or calculation basis specified in legislation, regulation or similar means is used to determine the amount of revenue that should be recognised. This amount represents the fair value, on initial measurement, of the consideration received or receivable for revenue that arises from a statutory (non-contractual) arrangement (see the accounting policy on Statutory Receivables).

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 entity;
- 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 the proportion that costs incurred to date bear to the total estimated costs of the transaction.

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1.15 Revenue from exchange transactions (continued)

Interest received and other income

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

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

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the entity's right to receive payment has been established.

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

Recoveries are recognised as revenue in the period the actual recovery occurs and when assessed and deemed necessary by management in the period of assessment.

1.16 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.

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1.16 Revenue from non-exchange transactions (continued)

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.

Developer's Contribution

Developer's contribution relates to payments made by developers for engineering fees. The proceeds are recorded in the statement of financial position in the year in which they are received. The change in accounting policy on the developer contribution has led to change on how we account for monies received from COJ. Previously these monies were recognized as revenue instead of being recognised as a liability. These monies are recognised as a liability because these are monies that are received for bulk infrastructure development and JRA can only claim from these funds once JRA has incurred expenditure of bulk infrastructure.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity.

When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Receivables that arise from statutory (non-contractual) arrangements are initially measured in accordance with this accounting policy, as well as the accounting policy on Statutory Receivables. The entity applies the accounting policy on Statutory Receivables for the subsequent measurement, derecognition, presentation and disclosure of statutory receivables.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

1.17 Cost of road maintenance

When inventories are used or sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all surplus (deficit) 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, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of road maintenance.

Contract costs comprise:

- costs that relate directly to the specific contract;
- costs that are attributable to contract activity in general and can be allocated to the contract on a systematic and rational basis; and
- such other costs as are specifically chargeable to the customer under the terms of the contract.

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1.18 Investment income

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

1.19 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.

1.20 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At each reporting date:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in surplus or deficit in the period in which they arise.

When a gain or loss on a non-monetary item is recognised directly in net assets, any exchange component of that gain or loss is recognised directly in net assets. When a gain or loss on a non-monetary item is recognised in surplus or deficit, any exchange component of that gain or loss is recognised in surplus or deficit.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

1.21 Value Added Tax (VAT)

The JRA (SOC) Ltd is a registered VAT Vendor in terms of the VAT Act.

1.22 Comparative figures

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

1.23 Fruitless and wasteful expenditure

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

Fruitless and wasteful expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

1.24 Irregular expenditure

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 is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

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1.24 Irregular expenditure (continued)

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

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 for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the Board/ City of Johannesburg Council/ 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.

1.25 SCM Deviations

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

SCM Regulation 36 (1) states that "The accounting officer may -

(a) dispense with the official procurement processes established by this 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 and/or nature and game reserves ; or

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

(b) 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 subparagraphs (1)(a) and (b) of this policy and report them to the next meeting of the Board of Directors and include as a note to the annual financial statements.

(3) Subparagraph (2) does not apply to the procurement of goods and services contemplated in paragraph 11(2) of this Policy".

1.26 Research and development expenditure

Expenditure on research is recognised as an expense when it is incurred.

An asset arising from development is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

1.27 Budget information

Entity are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

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1.27 Budget information (continued)

General purpose financial reporting by entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on an accrual basis and presented by functional classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 01/07/2024 to 30/06/2025.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

The Statement of comparative and actual information has been included in the annual financial statements as the recommended disclosure when the annual financial statements and the budget are on the same basis of accounting as determined by National Treasury.

1.28 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 ventures).

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 family members of key management personnel are considered to be those family members who may be expected to influence, or to be influenced by key management individuals, 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.

1.29 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.

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1.29 Events after reporting date (continued)

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.

1.30 Use of estimates

The preparation of financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the relevant sections of the financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

1.31 Offsetting

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted by a Standard of GRAP.

1.32 Accounting by principals and agents

Identification

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

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

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

Identifying whether an entity is a principal or an agent

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

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

Binding arrangement

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

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

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1.32 Accounting by principals and agents (continued)

Assessing which entity benefits from the transactions with third parties

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

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

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

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

Recognition

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

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

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

1.33 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.

Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity's financial statements.

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2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the entity has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after
• GRAP 1 (Amended) Presentation of Financial Statements (Materiality related changes)	01 April 2023
• GRAP 25 (as revised) Employee Benefits	01 April 2023
• Grap 21 - Impairment of non-Cash Generating Assets (Revised Standards) (Effect of Past Desisions on materiality)	01 April 2023
• Grap Improvements to the standards of GRAP 2020	01 April 2023
• GRAP 104 (as revised) Financial Instruments	01 April 2025

The Accounting Standards Board issued the revised GRAP 104: Financial Instruments, which becomes effective for financial periods beginning on or after 1 April 2025. The Johannesburg Roads Agency (JRA) will apply this standard in the preparation of its financial statements for the year ending 30 June 2026.

Nature of Financial Instruments

JRA's financial instruments primarily consist of receivables from related parties, including:

- The City of Johannesburg (CoJ), as the parent municipality.
- Municipal-owned entities, with whom services are exchanged under formal Service Level agreements (SLAs).
- The Provincial Department of Transport, for road and traffic signal maintenance support.

These receivables arise from contractual arrangements governed by SLAs and Service Delivery Agreement, which define the scope of services, payment terms, and performance obligations.

Classification and Measurement

Under the revised GRAP 104, financial assets are classified based on the entity's business model and the contractual cash flow characteristics. JRA anticipates that most receivables will be classified at amortised cost, as they are held to collect contractual cash flows that represent solely payments of principal and interest.

Impairment of Financial Assets

The revised standard introduces a forward-looking expected credit loss (ECL) model for impairment. JRA will assess credit risk on initial recognition and throughout the life of the financial asset. Although the majority of JRA's debtors are related parties with historically low default rates, the agency will implement procedures to estimate and recognise ECLs in accordance with the standard.

Disclosure Enhancements

The revised GRAP 104 requires expanded disclosures, including:

- Quantitative and qualitative information on credit risk, liquidity risk, and market risk.
- Details of the fair value hierarchy and valuation techniques used.
- Information on related party transactions, including the nature of relationships and terms of SLAs.

Transitional Provisions

JRA will adopt the revised GRAP 104 retrospectively, in accordance with GRAP 3 and Directive 5. The agency is currently reviewing its accounting policies, systems, and internal controls to ensure compliance with the new requirements.

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2. Changes in accounting policy (continued)

2.2 Standards and Interpretations early adopted

The entity has chosen to early adopt the following standards and interpretations:

Standard/ Interpretation:	Effective date: Years beginning on or after
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2.3 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
<ul style="list-style-type: none">• Grap 103 Heritage Assets• Grap 1 - Presentaion on Financial Statement (Revised Standard) Changes related to going concern• 	Not yet effective Not yet effective

3. Inventories

Inventories	76,129,748	66,461,372
Consumable stores	14,026,090	5,442,265
	<hr/>	<hr/>
	90,155,838	71,903,637
Inventories (write-downs)	(2,625,600)	(7,228,385)
	<hr/>	<hr/>
	87,530,238	64,675,252

3.1 Detailed inventory type

Other material	4,344,605	2,162,650
Road maintenance	37,032,181	31,508,434
Raw material	6,941,515	6,556,829
Traffic signal	27,811,447	26,233,460
	<hr/>	<hr/>
	76,129,748	66,461,373

Inventories recognised as an expense during the year	73,446,591	69,207,145
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4. Loans to (from) shareholders

Notional loans	54,039,592	53,224,798
The notional loans relate to the employees obligations (City of Johannesburg).		
Sweeping account	(535,673,819)	176,261,383
This account is swept on a daily basis. The interest rate varies daily based on a call rate quoted by the City of Johannesburg Metropolitan Municipality banker. The interest rate varies daily based on a call rate quoted by the City of Johannesburg Metropolitan Municipality banker.		
	<hr/>	<hr/>
	(481,634,227)	229,486,181

Johannesburg Roads Agency (SOC) Ltd

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Annual Financial Statements for the year ended 30 June 2025

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Figures in Rand	2025	2024
4. Loans to (from) shareholders (continued)		
Non-current assets	54,039,592	53,224,798
Current assets	-	176,261,383
Current liabilities	(535,673,819)	-
	(481,634,227)	229,486,181
Notional loans		
Loans at beginning of the year	53,224,798	52,791,367
Receipts	4,167,330	4,368,036
Repayments	(3,350,346)	(3,934,605)
	54,041,782	53,224,798
Sweeping account		
Loans at beginning of the year	176,261,380	206,577,735
Receipts	2,274,253,807	2,894,770,055
Repayments	(2,986,189,006)	(2,925,086,410)
	(535,673,819)	176,261,380
5. Receivables from exchange transactions		
Trade debtors	31,904,732	25,308,399
Eskom Deposits	1,014,371	1,075,503
Operating lease- Deposit (Head Office)	7,086,995	6,999,073
Interest Receivable	3,055,934	2,984,235
Prepayments and developers income debtor	186,234	544,164
Outstanding Metropolitan Municipality Claims	83,455,104	86,224,383
Allowance for bad debts	(83,518,513)	(83,518,513)
Sundry Debtors	5,750	5,750
Staff Debtors - Subsidised Education	1,950,981	2,061,220
Related Party receivables	1,264,156,839	628,647,417
	1,309,298,427	670,331,631
5.1 Analysis of receivables		
Gross receivables	1,392,816,940	753,850,144
Allowance for bad debts	(83,518,513)	(83,518,513)
	1,309,298,427	670,331,631
Analysis of related party debtors		
Gross related party debtors	1,264,156,839	628,647,417
Financial asset receivables included in receivables from exchange transactions above	(1,264,156,839)	(628,647,417)
Total receivables from exchange transactions	1,309,298,427	670,331,631

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5. Receivables from exchange transactions (continued)

Statutory receivables general information

5.2 City of Johannesburg Metropolitan Municipality Claims - CAPEX Projects

Relating specifically to Statutory Receivables

Capital expenditure	800,004,139	784,028,224
USDG Amounts Claimed	(262,014,728)	(196,526,240)
City of Johannesburg Amounts Claimed	(537,989,411)	(539,048,392)
JRA Funded from Developers Contribution - JRA Expense	-	(48,453,592)
	-	-

The JRA Funded from Developers Contribution represents the costs JRA incurred on behalf of COJ for capital Bulk Infrastructure.

Receivables past due but not impaired

5.3 Capital Expenditure

The capital expenditure relates to work performed on behalf of the COJ by JRA. The expenditure incurred in the infrastructure assets is not capitalised by JRA.

Bridges	70,117,768	95,567,513
Capitalised expense for JRA financed by COJ	42,604,255	74,075,160
Gravel Roads	246,295,649	192,920,727
Stormwater	165,070,519	148,667,158
Traffic Signals	66,422,949	86,963,768
Rehabilitation, reconstruction of roads and reconstruction	209,493,000	185,321,418
Softwares	-	512,482
Total	800,004,139	784,028,226

Trade and other receivables pledged as security

No trade and other receivables were pledged as security at 30 June 2025.

Trade and other receivables impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. As at 30 June 2025, R 688 840 895 (2024: R 281 935 220) were past due but not impaired.

The ageing of these loans is as follows:

1 Month past due	277,946,443	31,841,538
2 Month past due	1,778,254	42,329,694
3 Month past due	409,116,199	131,934,457

Reconciliation of provision for impairment of trade and other receivables

Opening balance	(83,921,107)	(86,880,349)
Amounts written off as uncollectible	-	2,959,242
	(83,921,107)	(83,921,107)

The maximum exposure to credit risk at the reporting date is the fair value of each class of loan mentioned above. The entity does not hold any collateral as security.

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6. Employee benefit obligations

Defined benefit plan

The defined benefit plan, to which is managed by the City of Johannesburg Metropolitan Municipality where the Johannesburg Roads Agency claims from the funds used from the City of Metropolitan Municipality.

The plan is a post - Employment medical benefit plan, housing subsidy and gratuity plan.

The actuarial valuation was performed for the year ended 30 June 2025 on the long term employee benefit liability with reference to GRAP 25.

Post retirement benefit plan

Employee benefit obligation		
Post - Retirement medical aid plan	7,865,000	7,055,000
Post - Retirement housing subsidy plan	4,790,000	4,781,000
Post - Retirement gratuity	23,830,000	25,417,000
	36,485,000	37,253,000
Employee benefit (Notional Accounts)		
Post - Retirement medical aid plan	39,428,752	36,567,062
Post - Retirement gratuity	14,610,840	16,657,736
	54,039,592	53,224,798
Post retirement medical aid plan		
Post retirement benefit medical aid		
Post - Retirement medical aid	7,055,000	7,552,000
Unrecognised Acturial gain/losses	201,000	(269,546)
Net expense recognised in the statement of financial performance	609,000	(227,454)
	7,865,000	7,055,000
(Net expense) /surplus recognised in statement of financial performance		
Interest Cost	609,000	681,000
Benefits Paid	(916,149)	(908,454)
	(307,149)	(227,454)
Notional loan account		
Opening Balance	36,565,661	33,772,662
Interest Received	2,863,091	2,794,400
	39,428,752	36,567,062
Post retirement housing subsidy plan		
Opening Balance	4,781,000	5,206,000
Acturial gain/losses	(445,000)	(1,066,000)
Net expense recognised in the statement of financial performance	454,000	641,000
	4,790,000	4,781,000
Net expense recognised in the statement of financial performance		
Current service cost	117,000	128,000
Interest costs	454,000	513,000
	571,000	641,000

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6. Employee benefit obligations (continued)

Post retirement gratuity plan

Opening Balance	25,417,000	26,599,000
Actuarial gain/losses	613,000	(447,307)
Net expense recognised in the statement of financial performance	(2,200,000)	(734,693)
	23,830,000	25,417,000

Net expense recognised in the statement of financial performance

Interest costs	2,220,000	2,485,000
Benefits Paid	(3,448,178)	(3,219,693)
	(1,228,178)	(734,693)

Notional loan account

Opening Balance	16,656,947	19,018,705
Interest received	1,304,239	1,573,636
Payments against the account	(3,350,346)	(3,934,605)
	14,610,840	16,657,736

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6. Employee benefit obligations (continued)

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	8.19 %	9.38 %
Consumer price inflation	3.30 %	4.47 %
Normal salary inflation	4.30 %	5.47 %
Medical cost trend rates	4.30 %	5.47 %
Net Effective discount rate	3.73 %	3.71 %
Expected pension increases	3.73 %	3.71 %

The notional accounts earned interest at a rate of 7.83% as specified by the City Of Johannesburg.

Discount rate

We used the nominal and real zero yield curves as at 30 March 2025 supplied by the JSE to determine our discount rate and consumer price inflation. To determine the discount rate to use, we have used the implied duration obtained to match it with a point on the yield curve.

The Net Effective Discount Rate is based on the relationship between the (yield curve based) Discount rate for the relevant duration and the (yield curve based) medical aid inflation for the relevant duration. The implied duration of the liability is 3.09 years.

Medical aid inflation

We have derived the underlying future rate of consumer price index inflation (CPI inflation) from the point on the yield curve which matches the implied duration of the liability. Our assumed rate of medical aid inflation was set as the calculated value of the CPI plus 1%.

The annualised compound rates of increase for the last 10 years shows that the registered medical schemes contribution inflation outstripped general CPI by almost 3% year on year. We do not think that these increases are sustainable and have assumed that medical aid contribution inflation would out-strip general inflation by 1% per annum over the foreseeable future.

Normal Salary Inflation rate

We have derived the underlying future rate of consumer price index inflation (CPI inflation) from the relationship between current conventional bond yields and the real yield curve at the implied duration assumed. Our assumed rate of salary inflation was set as the assumed value of CPI plus 1%. Furthermore, an assumed salary increase of 5.01% was used, effective 1 July 2025. The next salary increase is expected to take place on 1 July 2026.

Average Retirement Age

The average retirement age for all active employees was assumed to be 63 years. This assumption implicitly allows early and ill-health retirements.

Mortality Rates

Mortality before retirement has been based on the SA 85-90 mortality tables. These are the most commonly used tables in the industry. Mortality post-employment has been based on the PA (90) ultimate mortality tables. No explicit assumption was made about additional mortality or health care costs due to AIDS.

Decrements

Withdrawals

A table setting out the assumed rates of withdrawal from service is set out below

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6. Employee benefit obligations (continued)

Other assumptions

Ages:

	Withdrawal rate males	Withdrawal rate females
20-24	11.50 %	10.00 %
25-29	7.00 %	9.80 %
30-34	4.80 %	8.60 %
35-39	3.50 %	6.60 %
40-44	2.30 %	4.60 %
45-49	1.20 %	2.60 %
50-54	0.50 %	0.80 %

Spouses and Dependants

We assumed that the marital status of members who are currently married will remain the same up to retirement. It was also assumed that 90% of all single employees would be married at retirement with no dependent children. Where necessary it was assumed that female spouses would be five years younger than their male spouses at retirement. Dependants adults were assumed to be covered for their life.

Medical aid membership

We have assumed that the current policy for awarding medical aid subsidies remains unchanged in the future. We assumed that 100% of members retiring will remain on the current plan option at retirement. We have also assumed that members would remain in the same income category and same medical aid option at retirement.

Sensitivity analysis

Recalculated liabilities using the following assumptions:

- A 1% increase/decrease in the medical and salary inflation rate assumptions used.
- A 20% increase/decrease in the assumed level of mortality.

Mortality Rates

Deviations from the assumed level of mortality experience of the current employees and the continuation members will have a large impact on the actual cost to the Municipality. If the actual rate of mortality turns out higher than the rates assumed in the valuation basis, the cost to the Municipality in the form of subsidies will reduce and vice versa. We have illustrated the effect of higher and lower mortality rates by increasing and decreasing the mortality rates by 20%. The effect is as follows:

Accrued liability	+20% Mortality Rate	Valuation Assumption	+20 Mortality Rate
Post - Retirement Medical Aid	7,865,000	7,055,000	6,543,000
Post - Retirement Housing Subsidies	4,790,000	4,781,000	4,636,000
Retirement Gratuities	23,830,000	25,417,000	25,448,000
	36,485,002	37,253,000	36,626,998
% change	2 %		- 1.7%

Medical and Salary Inflation

The cost of the benefits is dependant on the increase in salaries and other contributions to the medical aid scheme before and after retirement. The rate at which this increase will thus have direct effect on nth liability. We have tested the effect of a 1% p.a change in the medical and salary inflation assumptions. The effect is as follows:

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6. Employee benefit obligations (continued)

Accrued Liability	-1% in medical/salary inflation.	Valuation assumption	+1% in medical/salary inflation
Post - Retirement medical aid	7,865,000	7,055,000	7,184,000
Post - Retirement Housing Subsidies	4,790,000	4,781,000	4,983,000
Retirement Gratuities	23,830,000	25,417,000	26,290,000
	36,485,000	37,253,000	38,457,000

% change -2.1%

7. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balance - Developer's Contribution	512,568,654	440,099,353
Bank balance - Asphalt plant	377,119	-
	512,945,773	440,099,353

The developer's contribution bank account is for money received from COJ for Developers contribution and it can only be used for funding projects identified by COJ. Under current liabilities there is a equivalent liability for this money.

The Asphalt bank account is for money received from the sale of asphalt.

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 - Developers contribution account - 021156	512,568,654	440,099,353	477,928,572	512,568,654	440,099,353	477,928,572
Standard bank - Asphalt plant - 960756	377,119	-	-	377,119	-	-
Total	512,945,773	440,099,353	477,928,572	512,945,773	440,099,353	477,928,572

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8. Property, plant and equipment

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	17,293,715	-	17,293,715	17,293,715	-	17,293,715
Buildings	106,312,532	(24,331,062)	81,981,470	96,262,951	(24,466,151)	71,796,800
Plant and machinery	146,470,210	(127,988,830)	18,481,380	146,249,521	(125,438,158)	20,811,363
Furniture and fixtures	15,002,369	(12,238,817)	2,763,552	15,229,459	(11,729,274)	3,500,185
Motor vehicles	63,007,107	(41,972,077)	21,035,030	63,105,538	(22,410,243)	40,695,295
Office equipment	4,786,979	(3,116,295)	1,670,684	4,811,760	(2,366,363)	2,445,397
IT equipment	61,801,381	(50,532,148)	11,269,233	58,516,402	(43,798,030)	14,718,372
Infrastructure	65,908,845	(1,562,472)	64,346,373	40,087,080	-	40,087,080
Machinery and equipment	11,228,313	(119,543)	11,108,770	-	-	-
Tools and loose gear	181,434	(81,865)	99,569	181,434	(50,569)	130,865
Total	491,992,885	(261,943,109)	230,049,776	441,737,860	(230,258,788)	211,479,072

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8. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Disposals	Depreciation	Total
Land	17,293,715	-	-	-	17,293,715
Buildings	71,796,800	12,079,079	-	(1,894,409)	81,981,470
Plant and machinery	20,811,363	220,689	-	(2,550,672)	18,481,380
Furniture and fixtures	3,500,185	138,493	-	(875,126)	2,763,552
Motor vehicles	40,695,295	-	(32,810)	(19,627,455)	21,035,030
Office equipment	2,445,397	42,641	-	(817,354)	1,670,684
IT equipment	14,718,372	5,100,115	(57,096)	(8,492,158)	11,269,233
Infrastructure	40,087,080	25,821,765	-	(1,562,472)	64,346,373
Machinery and equipment	-	11,228,313	-	(119,543)	11,108,770
Tools and loose gear	130,865	-	-	(31,296)	99,569
	211,479,072	54,631,095	(89,906)	(35,970,485)	230,049,776

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Depreciation	Total
Land	17,293,715	-	-	-	17,293,715
Buildings	59,372,963	14,053,631	-	(1,629,794)	71,796,800
Plant and machinery	8,747,970	14,962,500	(463)	(2,898,644)	20,811,363
Furniture and fixtures	4,250,563	512,577	(38,075)	(1,224,880)	3,500,185
Motor vehicles	15,697,420	43,640,424	-	(18,642,549)	40,695,295
Office equipment	2,915,273	580,533	(4,134)	(1,046,275)	2,445,397
IT equipment	23,199,542	40,087,080	(155,304)	(8,325,866)	14,718,372
Infrastructure	155,856	10,655	(263)	(35,383)	40,087,080
Tools and loose gear	-	-	-	-	130,865
	131,633,302	113,847,400	(198,239)	(33,803,391)	211,479,072

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8. Property, plant and equipment (continued)

Reconciliation of the work in progress

The below capital work in progress is included in their respective asset classes for both 2025 and 2024. The remaining work-in-progress relates to expenditure already incurred in the construction of capital assets by the entity.

2025 Work in progress reconciliation

Details	R
Buildings cost	8 389 707.10
Buildings accumulated impairment	(3 718 642.00)
Carrying amount	4 671 065.10
Plant and Equipment	14 962 500.00
Infrastructure Assets - Electricity	35 481 765.00
Total	55 115 330.10

2024 Work in progress reconciliation

Details	R
Buildings	11 843 736.00
Accumulated impairment	(3 718 642.00)
Carrying amount	8 125 094.00
Plant and Equipment	14 962 500.00
Infrastructure Assets - Electricity	40 087 080.00
Total	63 174 674.00

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8. Property, plant and equipment (continued)

Assets subject to finance lease (Net carrying amount)

Motor vehicles

- 40,695,295

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9. Intangible assets

	2025		2024			
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	14,835,510	(13,185,631)	1,649,879	14,835,510	(12,650,475)	2,185,035

Reconciliation of intangible assets - 2025

	Opening balance	Amortisation	Total
Computer software, other	2,185,035	(535,156)	1,649,879

Reconciliation of intangible assets - 2024

	Opening balance	Amortisation	Total
Computer software, other	2,725,315	(540,280)	2,185,035

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10. Deferred tax

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

Deferred tax asset \ (liability)

Deferred tax is made up of the following taxable/(deductable) temporary differences:

Finance lease liabilities	-	(4,119,268)
Provision for legal claims	(54,931,392)	(58,688,654)
Provision for impairment of debtors	(22,549,999)	(22,549,999)
Provision for leave pay	(15,707,057)	(14,963,827)
Provision for bonuses	(16,737,188)	(15,362,946)
Operating lease	(3,190,935)	-
Retirement benefit liability	(9,850,950)	(10,058,310)
Retirement benefit assets	14,590,690	14,370,695
Provision for 13th Cheque	(8,078,903)	(6,992,329)
Income received in advance	(155,157,442)	(131,741,636)
Fixed assets-owned and leased	1,648,353	17,940,348
	269,964,823	232,165,926
	-	-

Recognition of deferred tax asset

No deferred tax asset was provided for due to the improbability of future taxable profits to offset these amounts. The deferred tax asset had it been raised it would have been 2025: R 269 964 823 (2024: R232 165 926)

11. Finance lease obligation

Minimum lease payments due

- within one year - 15,256,549

12. Payables from exchange transactions

Trade payables	210,109,699	336,089,753
Payments received in advanced - contract in process	9,916,041	15,298,439
Developers contribution	540,264,684	449,185,009
Accrual staff 13th cheque	29,921,862	25,897,516
Retentions	132,252,706	128,369,907
Payroll accruals	6,812,620	11,757,378
Capital creditors and accruals	215,109,748	66,860,369
Debtors reclassification	24,476,466	23,448,536
Accrued leave pay	58,174,285	55,421,582
Value added tax	14,828,025	4,837,893
Related party payables	220,735,461	273,869,929
	1,462,601,597	1,391,036,311

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13. Provisions

Reconciliation of provisions - 2025

	Opening Balance	Additions	Utilised during the year	Total
Legal Proceedings	208,009,384	-	(4,559,784)	203,449,600
Employee performance bonus	56,899,801	74,676,275	(69,586,489)	61,989,587
	264,909,185	74,676,275	(74,146,273)	265,439,187

Reconciliation of provisions - 2024

	Opening Balance	Additions	Utilised during the year	Total
Legal Proceedings	207,899,994	109,390	-	208,009,384
Performance bonus	60,363,581	53,410,372	(56,874,152)	56,899,801
	268,263,575	53,519,762	(56,874,152)	264,909,185

The legal proceedings provision relates to the litigation in progress that is likely to be paid by Johannesburg Roads Agency (SOC) Ltd based on the previous legal actions taken against the Entity. The legal claims emanates from supply chain related matters which occurred in the past and employment related matters from former employees against Johannesburg Roads Agency (SOC) Ltd. The legal claims for on-going cases have been reassessed in the current year based on the new developments in the cases.

14. Current tax payable

JRA has initiated proceedings for an alternate dispute resolution relating to the Tax and interest and penalties declared payable relating to the 2017 and 2017 financial years where a S24 (C) allowance is being disallowed. the matter is currently under Alternative Dispute Resolution (ADR) proceedings. SARS has since issued a notification of audit on the 2018 and 2019 financial years under the same basis that is being argued by JRA in the ADR proceedings in progress currently underway

The Tax Administration Act explicitly states that Finalised Assessments are payable even while in dispute, thereby meeting the definition and recognition criteria to recognise the SARS Tax, penalties and interest as a liability. It is important to note that this matter was disclosed as a contingent liability in the 30 June 2020 Audited Annual Financial Statements.

As at 30 June 2024, the current tax is as per table below

Current Tax Payable	2025	2024
Opening Balance	-	101,910,949
Tax levied on re-assessment of prior year tax periods	-	30,447,713
Interest and penalties charged	-	16,430,972
Tax paid during the year	-	(148,789,634)
	-	-

15. Share capital / contributed capital

Authorised		
1000 Ordinary shares of R1 each or par value of R1	1,000	1,000
Reconciliation of number of shares issued:		
Reported as at 01 July 2024	1,000	1,000
Issued		
Ordinary	1,000	1,000

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16. Contribution from owner		
Opening balance	446,107,465	372,101,714
Contribution made during the year	43,414,404	74,005,860
	489,521,869	446,107,574

17. Revenue

Management fees - Gauteng DRT	3,301,200	-
Asphalt Sales and DCP Testing	1,909,472	46,095
Jobbings	24,110,238	17,841,634
Reinstatement income and wayleave fees	41,205,248	47,265,216
Management fees	29,497,370	21,885,410
Rental income	7,690,130	12,206,854
Proceeds from road closures and other income	21,821,159	93,870,040
Insurance claims	6,801,767	-
Interest received - investment	5,289,956	19,729,663
Subsidy - The City of Johannesburg Metropolitan Municipality	1,432,075,000	1,310,111,970
	1,573,701,540	1,522,956,882

See the table below for the breakdown of the revenue categories. the totals above include Investment income (Note 21) as well as other revenue from note 19

See below the breakdown of total revenue:

Total Revenue breakdown		
Revenue from exchange transactions	141,626,540	212,844,912
Revenue from non-exchange transactions	1,432,075,000	1,310,111,970
	1,573,701,540	1,522,956,882

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

Maintenance fees - Gauteng DRT	3,301,200	-
Asphalt sales & DCP testing	1,909,472	46,095
Jobbings	24,110,238	17,841,634
Reinstatement income and wayleave fees	41,205,248	47,265,216
Management fees	29,497,370	21,885,410
Rental income	7,690,130	12,206,854
Proceeds from road closures and other income	21,821,159	93,870,040
Insurance income	6,801,767	-
Interest received - investment	5,289,956	19,729,663
	141,626,540	212,844,912

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

Taxation revenue		
Transfer revenue		
Subsidy - City of Johannesburg Metropolitan Municipality	1,432,075,000	1,310,111,970

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18. Cost road maintenance		
Direct labour costs of road maintenance	675,960,854	580,802,124
Raw materials	73,446,591	69,207,145
Direct expenses - cost of road maintenance	194,634,311	162,143,438
	944,041,756	812,152,707
19. Other revenue		
Rental income - COJ transport	7,690,130	12,206,854
Proceeds from road closures and other income	21,821,159	93,870,040
Insurance claims	6,801,767	-
	36,313,056	106,076,894
20. Operating (deficit) surplus		
Operating (deficit) surplus for the year is stated after accounting for the following:		
Operating lease charges		
Head office Building		
• Lease expense - Straight-lined	35,612,778	52,121,470
• Recovered from sublease - Transport Department	(7,690,130)	(12,206,854)
	27,922,648	39,914,616
Amortisation on intangible assets	535,156	541,196
Employee costs - Road maintenance and related infrastructure	675,960,854	580,802,124
Depreciation on property, plant and equipment	35,970,484	33,815,534
Employee costs	401,720,178	415,877,072
21. Investment revenue		
Interest revenue		
Interest received from inter-company and loan to shareholders	5,093,293	19,549,491
Interest received from the bank	5,692	-
Interest received from debtors	103,049	85,901
Interest received from building deposit	87,922	94,271
	5,289,956	19,729,663
Interest earned from shareholders is as a result of the positive sweeping account balance in JRA's favour. It is also as a result of interest earned from Notional loan accounts.		
The interest on ESKOM deposits is earned from the JRA's accounts with ESKOM where a deposit is held by ESKOM.		
Interest is also earned on the deposit of the JRA Head Office building that is currently leased by the entity.		
22. Finance costs		
Interest on sweeping account	3,283,000	1,708,957
Finance leases	829,357	4,521,074
Interest on late payments and overdue accounts	1,906,299	17,794,995
	6,018,656	24,025,026

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23. Taxation

Major components of the tax expense

Current

Local income tax - recognised in current tax for prior periods	-	30,447,713
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Reconciliation of the tax expense

Reconciliation between applicable tax rate and average effective tax rate.

Applicable tax rate	27.00 %	27.00 %
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24. Employee related costs

Basic	260,960,773	268,951,011
Bonus	27,945,148	27,163,195
Medical aid - company contributions	10,093,688	10,065,859
UIF	1,126,571	2,052,285
WCA	6,780,964	6,361,946
SDL	3,260,524	3,507,654
Other payroll levies	118,481	139,099
Leave pay provision charge	11,623,450	18,784,128
Defined contribution plans	34,635,381	34,345,973
Travel, motor car, accommodation, subsistence and other allowances	15,833,759	17,502,132
Overtime payments	12,999,351	12,838,800
Long-service awards	5,000	8,500
13th Cheques	8,346,101	6,390,673
Acting allowances	6,035,198	5,780,108
Housing benefits and allowances	1,631,456	1,374,154
Subsidised education benefit	324,333	611,555
	401,720,178	415,877,072

Remuneration of key management

Annual Remuneration	16,036,491	12,296,097
Car Allowance	1,526,746	1,272,000
Performance Bonuses	1,471,234	717,856
Contributions to UIF, Medical and Pension Funds	2,157,384	1,356,361
	21,191,855	15,642,314

Remuneration of non-executive directors

Annual Remuneration	2,126,000	1,812,000
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Reconciliation of employee costs

Annual Remuneration - Road maintenance and related infrastructure	675,960,854	580,802,124
Employee costs - Indirect costs	401,720,178	415,877,072
	1,077,681,032	996,679,196

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25. Depreciation and amortisation		
Property, plant and equipment	35,970,484	33,815,534
Intangible assets	535,156	541,196
	36,505,640	34,356,730
26. Auditors' remuneration		
Fees	5,388,839	4,288,239
27. Cash used in operations		
(Deficit) surplus	(69,719,974)	3,982,032
Adjustments for:		
Depreciation and amortisation	36,505,640	34,367,592
Interest received	(5,289,956)	(19,729,663)
Finance costs	6,018,656	24,025,026
Movements in operating lease	11,818,278	-
Movements in provisions	530,002	(3,354,390)
Other non-cash items	(638,788)	(3,626,734)
Changes in working capital:		
Inventories	(22,854,986)	(17,076,871)
Receivables from exchange transactions	(638,966,796)	(224,342,594)
Payables from exchange transactions	71,565,286	283,404,228
Current tax liability	-	(101,910,949)
	(611,032,638)	(24,262,323)
28. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• JRA Property, plant and equipment	4,614,351	35,976,736
• Construction of property, plant and equipment on behalf of COJ	812,171,959	685,791,506
	816,786,310	721,768,242
Total capital commitments	816,786,310	721,768,242
Authorised operational expenditure		
Already contracted for but not provided for		
• Other operating expenses (multi awards)	5,944,493	28,550,130
Total operational commitments	5,944,493	28,550,130
Total commitments		
Total commitments		
JRA capital expenditure	4,614,351	35,976,736
COJ related capital expenditure	812,171,959	685,791,506
Authorised JRA operational expenditure	5,944,493	28,550,130
	822,730,803	750,318,372

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28. Commitments (continued)

This committed expenditure relates to the award of various operating contracts. Included in capital commitment expenditure which is COJ related capital commitments to construct roads infrastructure that will be recognised in the AFS of COJ and not JRA..

Operating leases - as lessee (printers and copiers)

Minimum lease payments due	2025	2024
- within one year	3,246,053	3,246,053
- in second to fifth year inclusive	1,082,018	4,328,071
	4,328,071	7,574,124

Operating leases - 75 Helen Joseph street building

Within one year	42,735,333	49,453,582
In second to fifth year inclusive	128,206,000	-
Later than five years	217,237,944	-
	388,179,277	49,453,582

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29. Contingencies

2025

Contingent liabilities

Goodwill Mbatha v SALGBC, Commissioner Nathalie Christoffels Willemse N.O. and JRA. The Applicant has filed a Third Respondent's Notice of Counter Review Application in terms of section 145 of the Labour Relations Act 66 of 1995 (as amended). The estimated contingency is R 8,537,625.66.

PK Ramashu VJ // JRA. JV claims damages against the JRA for the latter's failure to perform its obligations in terms of the service level agreement allegedly concluded between the JRA and JV under tender no: JRA/21/84. The estimated contingency is R 36 137 497.80

JRA // Kganelwa Tsatsi. Application by JRA to review the Arbitration Award to reinstate Ms Tsatsi with full benefits from the date of her dismissal (4th of February 2020) till 13th June 2022 and be paid R 3 246 064.50

Shirley Leah Markowitz v CoJ, JRA and Tiaan Ehlers – Application for contempt of Court Order by COJ / JRA and City Manager to find alternative accommodation for Mrs Markowitz, to investigate and prepare Preliminary Design report. The estimated contingency is not quantified.

Caliber Properties (Pty) Ltd // Executive Mayor of CoJ, Municipal Manager, CoJ and JRA – Application for an Order compelling the CoJ/JRA to provide water, electricity, roads, stormwater drained and sewerage services to Erf 27 Grand Central Extension 10, Midrand. The estimated contingency is not quantified

Lesegong Trading (PTY)Ltd // JRA – Application for an Order declaring Wayleaves granted to Maskhule Business Development null and void plus an Order restraining JRA from granting any other entity access to "their" site. The estimated contingency is not quantified.

Sfiso Gumbi & others V JRA - The plaintiffs who are JRA employees are suing for alleged defamation of character. They were suspended by the then CFO, Ms. Audrey Raphela who allegedly made the announcement in a general meeting of finance and SCM staff. The estimated contingent is R8 000 000.

Tony Diesel Electrical Generators (sub-contractor) vs JRA - Application for an order to remove automatic generator installed at Asphalt Depot. The estimated contingent liability is zero.

Associated Asphalt vs Equipment - Microzone JV vs JRA - The application for compelling the JRA to refer the contractual disputes on payment of Preliminary and General (P&G) costs to adjudication. The estimated contingent liability is R1 680 000.00.

Motlatla va JRA - Motlatla was dismissed by the JRA for misconduct/isurbordination. He referred the matter to the South African Local Government Bargaining Council (SALGBC) for Arbitration and the Arbitrator found in his favour. JRA is now taking the matter to the Labour Appeals Court for Review of the Arbitrator's decision and or to have the matter referred back to another Arbitrator. The estimated contingent liability is zero.

Mabotwane Security Services CC V JRA - Mabotwane Security Services claims for the unpaid services rendered to the JRA. The estimated contingent liability is R2 445 132

Waterfall View vs JRA - Application for an order to compel JRA to maintain and rehabilitate the embarkment/stormwater infrastructure on Klein Jukskeirivier. The estimated contingent liability is zero.

Roadmac Surfacing (PTY) LTD vs JRA and others – Application for review and setting aside of tender number JRA/19/001 and to render procedurally unfair and materially and adversely affecting the rights and legitimate expectation of the applicant. Applicant also wants an order in terms of which they are appointed as one of the successful tenderers. The estimated contingent liability is not quantified.

MAC P Construction v JRA - MAC P is approaching the court for an order compelling the JRA to pay retention money (R5 631 314.56) allegedly held for contract no. JRA/19/463.

Featherbrook Homeowners Associations/Mogale City and five others vs JRA/COJ - Featherbrooke and other respondents made an urgent application to the high court for the underpinning, remediation and management of the stormwater

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29. Contingencies (continued)

infrastructure at the Muldersdrift Seloop River in Mogale City. The estimated contingent liability is not quantified.

Babette Jane Kartz and another v CoJ, the City Manager and JRA - The Applicant has filed an Application for compelling the CoJ/JRA/Mayor to comply with their legal duty to attend to the stormwater drainage system at or around 84 and 86 Dennis Road, Athol.

Mandla Mpofo // JRA and COJ - Applicant has approached the High Court for an Order compelling the JRA to complete hydrological and hydraulic studies on the stormwater system around his property on ERF 1569 Extension 2, 11 Kiaat Place, Winchester Hills after his property was eroded during flooding that occurred despite the City approving his building plans to build his house in the said area. Applicant believes that this is due to the inadequate JRA stormwater system the amount claimed is indicated as none.

Yellow Star Properties 1055 (PTY) LTD // JRA applicant filed an application following alleged damages caused by the stormwater from their neighbour flooding their property. They thus want the Court to order the JRA to build a stormwater drain away from the plaintiff's boundary wall, and also build weep holes on the plaintiff's neighbour's boundary to allow the natural flow of the stormwater.

Gizelle Theron & Another // COJ, JRA & the Municipal Manager Applicants approached Court for an Order compelling JRA to fix sinkholes allegedly caused by JRA's stormwater system in their property.

SARS is claiming unpaid Income Tax from JRA.

SARS is claiming unpaid VAT from JRA.

JRA & COJ //PK Ramashu JV & 28 others - JRA lodged a Judicial Review Application against PK Ramashu and other 'irregularly appointed bidders' to have their Awards reviewed and set aside on the basis of irregularity because: PK Ramashu was appointed without a capacity letter on their letterhead while other bidders had been disqualified for not submitting the capacity letter; the Tender was awarded for an amount in excess of the approved budget and without any formal explanation of this deviation; the Appointment letter was signed by the CEO while he was on leave and the awarding of this tender was against principles of legality since the Probity report had raised several red flags on the non-compliance of the appointed bidder and they had not even been recommended by BEC but were still appointed against the recommended bidder.

Chauke Business Enterprise CC //JRA - CHAUKE had been appointed under contract No: JRA/21/180, for the UPGRADING OF GRAVEL ROADS TO SURFACE STANDARDS INCLUDING STORMWATER IN BRAAMFISCHERVILLE. They were terminated for poor performance. They unilaterally embarked on an adjudication process for a contractual claim regarding the extension of time following their termination for performance poor performance by JRA. JRA lodged a complaint with SAICE but it was disregarded. Eventually, the Adjudicator issued an Award against JRA.

Simon Misabeni Khoza// 19 Respondents (JRA being 10th Respondent) - Complainant took the 19 Respondents to the Equality Court for 1. Discrimination against his gender/tribe, violation of his rights, and systematic destruction of his livelihood and humanity.

TEFLA GROUP (PTY) LTD // JRA - TEFLA is disputing their termination from CONTRACT NO.: JRA/21/75 FOR CONSTRUCTION OF CANTERBURY CRESCENT BRIDGE IN GALLO MANOR EXT 1 STREET, REGION E.

Contingent assets

2024.

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29. Contingencies (continued)

Contingent liabilities

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PGN Civils v JRA – PGN filed an urgent application for an interdict preventing the JRA from removing them from implementing its cancellation of their contract pending finalisation of the Arbitration proceedings.

Lufuno Kennedy Makhari vs JRA - Unfair dismissal The CCMA ordered the complaint be compensated but he is now approaching the Labour Court to apply for re-instatement. The estimated contingent liability is not quantified.

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29. Contingencies (continued)

MAC P Construction v JRA - MAC P is approaching the court for an order compelling the JRA to pay retention money (R5 631 314.56) allegedly held for contract no. JRA/19/463.

Graham D Thompson - Mr Thompson is claiming leave payout allegedly outstanding since his retirement in 2012. The estimated contingent liability is not quantified.

Featherbrook Homeowners Associations/Mogale City and five others vs JRA/COJ - Featherbrooke and other respondents made an urgent application to the high court for the underpinning, remediation and management of the stormwater infrastructure at the Muldersdrift Seloop River in Mogale City. The estimated contingent liability is not quantified.

Johan Hendrik Vorster v CoJ, JRA and the Mayor of JHB - The Applicant has filed an Application for compelling the CoJ/JRA/Mayor to comply with their legal duty to attend to the necessary repairs on damaged drain covers at the corner of Methwold and Restanwold Roads in Saxonwold. The estimated contingent liability is not quantified.

Babette Jane Kartz and another v CoJ, the City Manager and JRA - The Applicant has filed an Application for compelling the CoJ/JRA/Mayor to comply with their legal duty to attend to the stormwater drainage system at or around 84 and 86 Dennis Road, Athol.

Mandla Mpfu // JRA and COJ - Applicant has approached the High Court for an Order compelling the JRA to complete hydrological and hydraulic studies on the stormwater system around his property on ERF 1569 Extension 2, 11 Kiaat Place, Winchester Hills after his property was eroded during flooding that occurred despite the City approving his building plans to build his house in the said area. Applicant believes that this is due to the inadequate JRA stormwater system the amount claimed is indicated as none.

Yellow Star Properties 1055 (PTY) LTD // JRA applicant filed an application following alleged damages caused by the stormwater from their neighbour flooding their property. They thus want the Court to order the JRA to build a stormwater drain away from the plaintiff's boundary wall, and also build weep holes on the plaintiff's neighbour's boundary to allow the natural flow of the stormwater.

Infinite Blue Trading 29 cc t/a Motau Projects // JRA Applicant filed an urgent application for the court to stop JRA from repudiating contract number JRA/20/63 as JRA had written to them stating that they will no longer procure from them following an audit finding that said they did not qualify for the appointment due to irregularities

Gizelle Theron & Another // COJ, JRA & the Municipal Manager Applicants approached Court for an Order compelling JRA to fix sinkholes allegedly caused by JRA's stormwater system in their property

Contingent assets.

The SARS matter that was disclosed as a contingent liability in the 2020 financial year has since progressed to a point where a finalisation of the audit was issued during the 2021 financial year, where SARS deemed tax, interest and penalties were payable as at 30 June 2021. JRA has since made multiple payments to SARS during the 2022 and 2023 financial year as a show of good faith. Based on Legal advice received by JRA, there is a possibility of success in appealing the matter in through the Alternate Dispute Resolution, and if necessary, the Tax courts and possibly the High Court should it be necessary. If JRA is successful in its appeal, the tax raised and interest as well as penalties charged will be reversed, and all payments made to SARS will be refundable to JRA

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30. Principal-Agent Arrangement Between JRA and COJ

Disclosure: Nature and Terms of Principal-Agent Arrangement Between JRA, COJ Group and Provincial department roads and transport

In terms of GRAP 109 – Accounting by Principals and Agents, the Johannesburg Roads Agency (JRA) acts as an agent of the City of Johannesburg (COJ) Group and Provincial department roads and transport under a formal Service Delivery Agreement (SDA). The arrangement is limited to the capital expenditure budget, specifically where Work in Progress (WIP) assets are recognised in the books of COJ Group and Provincial department roads and transport and not JRA.

Nature of the Arrangement

The SDA, signed between COJ Group, Provincial department roads and transport and JRA, outlines the delegation of service delivery responsibilities. Section 3 of the SDA formally appoints JRA to deliver municipal services on behalf of COJ Group and Provincial department roads and transport. These services include the planning, design, construction, and maintenance of road and related infrastructure.

Terms of the Arrangement

Annexure A of the SDA defines JRA's core mandate, which includes:

- Planning, design, construction, and maintenance of roads.
- Related infrastructure such as bridges and stormwater systems.

The principal-agent arrangement under GRAP 109 is limited to capital expenditure, where:

- COJ and Provincial department roads and transport retains ownership and recognition of WIP assets.
- JRA executes the capital projects on behalf of COJ Group and Provincial department roads and transport.

Basis for Determining JRA's Role as Agent

JRA does not control the WIP assets and does not bear the risks and rewards associated with control or ownership. The capital budget is allocated by COJ Group and Provincial department roads and transport, and JRA is accountable for implementing projects in line with COJ Group and Provincial department roads and transport strategic priorities. This aligns with GRAP 109's criteria for agency relationships.

Rights and Obligation

- JRA has the right to receive funding from COJ Group and Provincial department roads and transport to execute capital projects.
- JRA is obligated to deliver infrastructure in accordance with the SDA and mayoral priorities.
- JRA does not have the right to capitalise WIP assets; these remain on COJ Group and Provincial department roads and transport balance sheet.
- JRA appoints contractors and consultants for the designs and construction of the road infrastructure and manages the projects.

Liabilities and Rights of Reimbursement

In terms of the principal-agent arrangement under GRAP 109, the Johannesburg Roads Agency (JRA) incurs liabilities in the form of capital creditors, which arise from invoices received from contractors and consultants engaged in the execution of capital projects. These liabilities are incurred on behalf of the principal, the City of Johannesburg (COJ) Group and Provincial department roads and transport, and are recognized in JRA's financial statements.

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Liabilities	215,109,748	66,860,369
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Correspondingly, JRA recognizes a right of reimbursement from COJ Group and Provincial department roads and transport, which is treated as a receivable (debtor) in JRA's books. This receivable reflects the amount that JRA bills COJ Group and Provincial department roads and transport for the reimbursement of capital expenditure incurred in line with the Service Delivery Agreement (SDA).

	2025	2024
Receivables	741,936,214	478,333,791.71

Revenue and Expenses

JRA incurs expenses related to the execution of capital projects, including planning, design, and construction activities, which are funded by COJ Group and Provincial department roads and transport.

While JRA does not recognise revenue from the capital expenditure itself (as the WIP assets are recognised by COJ Group and Provincial department roads and transport), JRA does recognise revenue in the form of management fees charged to COJ Group and Provincial department roads and transport for administering these projects.

The expenses incurred by JRA are accounted for in its own financial statements, while the capital assets and associated WIP remain on COJ Group and Provincial department roads and transport balance sheet.

	2025	2024
Management fees charged:	29,497,370	21,885,410

Risks Borne by the Agent

- JRA bears operational risks related to project delivery (e.g., delays, cost overruns).
- JRA does not bear financial risks related to asset ownership or impairment.

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31. Directors' and prescribed officers' remuneration and other benefits paid, payable or receivable

Executive

2025

	Salary, bonuses and performance-related payments	Other benefits*	Total
L Mashau - Chief Financial Officer	2,814,206	360,000	3,174,206
Mr Z Nyathi - Chief Executive Officer	3,131,140	300,000	3,431,140
	5,945,346	660,000	6,605,346

2024

	Salary, bonuses and performance-related payments	Other benefits*	Total
L Mashau - Chief Financial Officer	1,833,020	265,256	2,098,276
Mr Z Nyathi - Acting Chief Executive Officer	279,119	2,791	281,910
	2,112,139	268,047	2,380,186

Non-executive

2025

	Directors' fees	Committees fees	Total
S Clarke - Appointed - 31 July 2024 (Board Chairperson)	128,000	12,000	140,000
T Goldsmith - Resigned on 31 July 2024	12,000	8,000	20,000
B Nimmerhoudt - Appointed on 31 July 2024	108,000	58,000	166,000
Dr. R Govender - Appointed - 31 July 2024	112,000	80,000	192,000
A Francis - Appointed - 31 July 2024	36,000	92,000	128,000
C Lourens - Appointed - 31 July 2024	108,000	42,000	150,000
K Mofokeng - Appointed - 31 July 2024	108,000	46,000	154,000
S Kleinbooi - Appointed on 31 July 2024	108,000	42,000	150,000
O Mokgosi - Appointed on 31 July 2024	96,000	26,000	122,000
D Nyamazane - Appointed on 31 July 2024	108,000	206,000	314,000
A Smith - Appointed on 31 July 2024	96,000	20,000	116,000
S Mtamzeli - Appointed - 31 July 2024	108,000	42,000	150,000
N Khosa (AFR&IT) - Appointed on 31 July 2024	24,000	48,000	72,000
D Martin (AFR&IT) - Appointed on 31 July 2024	24,000	56,000	80,000
V Mamogobo - Appointed - 31 July 2024	12,000	8,000	20,000
Z Xaba - Appointed - 31 July 2024	108,000	44,000	152,000
	1,296,000	830,000	2,126,000

2024

	Directors' fees	Committees fees	Total
E Botha (Board Chairperson) Resigned (14 February 2024)	104,000	-	104,000
V Mamogobo - Appointed - 01 March 2023	116,000	8,000	124,000
B Nimmerhoudt - 25 August 2023	72,000	8,000	80,000

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		2025	2024
31. Directors' and prescribed officers' remuneration and other benefits paid, payable or receivable (continued)			
Dr. R Govender -Appointed - 01 March 2023	186,000	20,000	206,000
A Francis - Appointed - 11 March 2023	228,000	20,000	248,000
S Kleinbooi - Appointed on 11 March 2023	132,000	8,000	140,000
C Lourens - Appointed - 01 March 2023	122,000	8,000	130,000
K Mofokeng - Appointed - 01 March 2023	110,000	8,000	118,000
D Martin (AFR&IT)	16,000	2,000	18,000
N Khosa (AFR&IT)	46,000	10,000	56,000
Mr D Nyamazane - Appointed - 11 March 2023	188,000	18,000	206,000
T Kwela (AFR&IT)	32,000	-	32,000
S Mtamzeli - Appointed - 11 March 2023	116,000	8,000	124,000
T Goldsmith - Appointed - 11 March 2023	94,000	8,000	102,000
Z Xaba - Appointed - 11 March 2023	116,000	8,000	124,000
	1,678,000	134,000	1,812,000

32. Risk management

Financial risk management

The entity's activities expose it to a variety of financial risks arising from the use of financial instruments during the ordinary course of business. The entity does not speculate in the trading of derivative instrument..

The entity does not speculate in the trading of derivative instrument. Risks to which the entity is exposed to can be classified into the following:

Liquidity risk

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The entity 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. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

No credit limits were exceeded during the reporting period, and management does not expect any surplus (deficit) from non-performance by these counterparties.

The entity is exposed to a number of guarantees for the overdraft facilities of economic entities and for guarantees issued in favour of the creditors of A (Pty) Ltd. Refer to notes for additional details.

The entity is exposed to a number of guarantees for the overdraft facilities of economic entities and for guarantees issued in favour of the creditors of A (Pty) Ltd. Refer to note for additional details.

Market risk

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32. Risk management (continued)

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 exposure to interest rate risk is limited, as the entity has no significant interest bearing liabilities.

33. Going concern

We draw attention to the fact that at 30 June 2025, the entity had an accumulated surplus (deficit) of (606,027,067) and that the entity's total liabilities exceed its assets by (116,504,198).

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 Entity is wholly 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 need to liquidate or curtail materially the scale of the Entity. A letter of comfort is issued each year by the City Of Johannesburg Metropolitan Municipality regarding the ability of the Entity to carrying on as a going concern in the future.

34. Fruitless and wasteful expenditure

Opening balance as previously reported	84,441,161	66,632,277
Add: Fruitless and wasteful expenditure identified - current	1,927,754	17,791,796
Less: Amount recovered - current	-	17,088
Closing balance	86,368,915	84,441,161

Included in the fruitless and wasteful expenditure for the current year is expenditure that relates to interest and penalties charged on overdue balances.

Management has made arrangements to receive invoices electronically from ESKOM, measures are in place to pay the suppliers in instances where invoices are received late. Management continuously engages ESKOM to reverse the interest or penalties incorrectly charged.

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	2025	2024
34. Fruitless and wasteful expenditure (continued)		
Details of fruitless and wasteful expenditure		
Interest charged on late payments and penalties	1,888,536	17,791,796
Interest charged on overdue balances - Eskom	10,573	17,088
Interest charged and penalties - Sheriff Johannesburg central	28,645	-
	1,927,754	17,808,884

35. Irregular expenditure

Opening balance as previously reported	282,895,638	417,706,728
Add: Irregular expenditure - (Non-compliance with laws and regulations) - current	77,974,541	217,935,237
Add: Irregular expenditure - (Overspending of approved budget) - current	23,134,825	31,742,793
Less: Amount written off - current	(265,424,159)	(384,489,120)
Closing balance	118,580,845	282,895,638

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35. Irregular expenditure (continued)

Details of irregular for the current year 2025

JPC (For Bayete Lease Agreement) - service level agreement not signed	14,014,414
Afrirent - City of Johannesburg service level agreement irregularity	32,796,962
TTR	29,545,680
Step up engineering	1,617,484
	77,974,540

The opening balance of irregular expenditure as of 1 July 2024 was R282,895,638. During the financial year, the following movements occurred:

Additional irregular expenditure incurred: R77,974,541

Overspending related: R25,350,512

Offset from unspent capital budget: R2,215,687 (applied to reduce the overspending)

The Board approved a total write-off of R319,804,066.16, which includes:

Amounts previously written off

Amounts incorrectly classified as irregular expenditure, totalling R54,379,907.16

After adjusting for these items, the net write-off for the year amounts to R265,424,159.00.

As a result, the accumulated irregular expenditure to date stands at R118,580,845.00. JRA continues to strengthen its financial controls and oversight mechanisms to reduce the occurrence of irregular expenditure and ensure compliance with applicable legislation and internal policies.

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35. Irregular expenditure (continued)

Details of irregular for the year 2024

Abedare - Bid advert issued without local content requirements. Non-compliance with PPPFA 2017 Reg 8(2).	-	4,462,719
Avis/Zelda - Non-compliance with regulation 32 of MFMA. Contract spend/participation more than the original contract.	-	328,723
Bayethe - Non-compliance with conditions of the contract. Irregular expenditure from a non-compliant regulation 36 (Deviation by JPC on behalf of JRA).	-	16,901,771
Buzaphi construction - Bidder was irregularly appointed as a result of unfairly disqualifying Shonisani Ramba for unsubstantiated poor performance.	-	13,297,467
Infinite Blue - Bidder did not meet all the minimum pre-compliance requirements and was further evaluated and awarded.	-	26,350,347
Maleha construction CC - Bidder did not meet all the minimum pre-compliance requirements and was further evaluated and awarded.	-	17,368,858
Kelvata Trading 104CC - Bid advert issued without local content requirements	-	592,612
Matamba supply services - Bidder did not meet all the minimum pre-compliance requirements and was further evaluated and awarded.	-	37,075,915
Mediac - Yellow WIP.	-	1,056,132
Afrirent	-	44,509,405
Bayete - Non-compliance with conditions of the contract (12 months contract).	-	39,732,441
Calliper	-	571,371
Step Up Engineering	-	15,665,676
Unikeys Trading and Projects	-	10,600
Nomas Trading	-	11,200
	-	217,935,237

36. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the directors and includes a note to the annual financial statements.

Goods and services were procured during the financial year under review and the process followed in procuring those goods deviated from the provisions of paragraph 12(1)(d)(i) as stated above. The reasons for these deviations were documented and reported to the directors who considered them and subsequently approved the deviation from the normal supply chain management regulations.

37. Deviation Awarded

Sole Supplier		
Vuka Group	177,807	-
SABS - Appointment of service provider for the renewal of annual subscription for material laboratory testing systems standards	9,555	7,382
TimMut Connect	-	466,024
Woltera Kluwer	479,858	-
	-	-
	667,220	473,406

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37. Deviation Awarded (continued)

Emergency

Buzaphi	-	32,888,564
Emandwaleni Holdings (Pty) Ltd	-	198,145
Khumorich (Pty) Ltd	-	-
Sunnyside Park Hotel	-	72,000
Luthongwa Trading	-	413,680
Kanu Equipments SA	-	575,773
Moseme - Tabo - Makhema INV	737,818	-
SA AT Play (Pty) Ltd	299,000	-
HTE Construction	-	3,677,393
Mvhevhe Civils CC	59,574,793	-
Vharanani properties (Pty) Ltd	17,612,117	-
Urban plan consult	10,749,972	-
Holobye trading 2 (Pty) Ltd	39,307,801	-
Zembeleni transport and projects CC	6,906,004	-
HLTC Group (Pty) Ltd	27,200,833	-
NSM professional services and general projects	496,775	-
Luthongwa trading (Pty) Ltd	850,028	-
Mohale road maintenance and projects	2,398,599	-
	166,133,740	37,825,555

Impracticality

Afrikan Native Travel	-	119,759
Sunnyside Park Hotel	-	178,170
TN Molefe Construction (Pty) Ltd	-	37,851,355
Megaphase Trading 380 (Pty) Ltd	-	16,825,995
Gothatso Services (Pty) Ltd	-	713,000
Zambezi Pride	-	112,917
Sincrolec Controls	-	-
	-	55,801,196

Deviation Expenditure Reconciliation

Sole supplier	667,220	473,406
Emergency	166,133,740	37,825,555
Impracticality per regulation 36	-	55,801,196
	166,800,960	94,100,157

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38. General expenses		
Advertising	330,699	326,601
Assessment rates & municipal charges	1,592,735	2,307,544
Auditors remuneration	5,388,839	4,288,239
Bank charges	50,295	83,647
Consulting and professional fees	50,198,460	19,163,168
Consumables	6,062,703	668,440
Directors Fees	2,126,000	2,250,870
Entertainment	384,012	229,931
Insurance	12,676,397	16,413,669
Conferences and seminars	172,546	471,648
IT expenses	50,904,849	42,682,899
Magazines, books and periodicals	432,000	270,800
Printing and stationery	304,739	1,142,310
Promotions	1,098,676	978,775
Repairs and maintenance	10,339,338	5,458,397
Security (Guarding of municipal property)	26,812,175	9,767,689
Software expenses	869,961	8,806
Staff welfare	718,846	226,882
Subscriptions and membership fees	423,638	538,329
Telephone and fax	3,246,633	5,284,778
Training	1,902,132	2,125,120
Travel - local	183,833	233,429
Assets expensed	57,096	185,181
Electricity	15,664,195	13,669,501
Sewerage and waste disposal	514,407	324,677
Water	3,016,502	8,545,161
Legal Expenses	-	4,069,938
Provision for bad debts	-	67,703
	195,471,706	141,784,132

39. Prior-period errors

Presented below are those items contained in the statement of financial position, statement of financial performance, cash flow statement and disclosure notes that have been affected by prior-year adjustments:

Statement of financial position

2024

	Note	As previously reported	Correction of error	Restated
Payable from exchange transactions	12	(1,405,921,077)	14,884,766	(1,391,036,311)
Property, plant and equipment	8	211,962,299	(483,227)	211,479,072
Reserve for own shares/ Share repurchase reserve	16	446,107,465	109	446,107,574
Accumulated surplus		550,708,525	(14,401,430)	536,307,095
		-	-	-

Statement of financial performance

2024

	Note	As previously reported	Correction of error	Restated
General expenses	38	(156,174,699)	14,390,567	(141,784,132)
Depreciation and amortisation		(34,367,593)	10,863	(34,356,730)
		-	-	-

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39. Prior-period errors (continued)

Cash flow statement

2024

	Note	As previously reported	Correction of error	Restated
Cash flow from operating activities				
Cash paid to suppliers and employees		(1,150,611,310)	(494,199)	(1,151,105,509)
Finance costs		(37,846,115)	(966,953)	(38,813,068)
		(1,188,457,425)	(1,461,152)	(1,189,918,577)
Cash flow from investing activities				
Net movement in amount within entities - notional loans and sweeping accounts		26,317,767	1,461,152	27,778,919

Errors

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39. Prior-period errors (continued)

Details of errors - 2024

Statement of Financial Position

Payable from exchange transactions

The restatement of payables from exchange transactions is due to the reversal of a duplicated accrual of R13,310,151.84. Another R3,309,660.16 related to goods received but was invalid and has been removed. Lastly, the VAT portion of the duplicated accrual, amounting to (R1,735,045) was also reversed.

Property plant and equipment

The net change of R483,227 in property, plant and equipment was due to correcting a mistake from previous year, where an expense was wrongly added as an asset. Furniture and fittings costing R494,200 were removed and the related accumulated depreciation of (R10,973) was reversed.

Statement of financial performance

General Expenses

The reason for a change of (R11 575 108.12) in the general expense account is that there were invoices incorrectly accrued in the prior year that were reversed in the current year.

The change of R3,309,660.16 relates to goods that were incorrectly receipted, and created a liability.

The change of R494 200 relates to capitalisation of costs that should have been expensed..

Depreciation and amortisation

The change of R10 863 in the depreciation expense account relates to a prior period error, resulting from an overstatement of depreciation due to an incorrect overcharge in the previous year.

Statement of cash flow

Cash flow from operating activities

Cash paid to suppliers and employees

A change of R494 200 arose due to costs that were capitalised in error, which should have been expensed.

Finance costs

A change of R966 953 resulted from a recalculation of finance costs, as the previously reported amount was misstated..

Cash flow from investing activities

Property, plant and equipment

A change of R94 821 occurred as the amount was incorrectly captured in the prior period.

Loans from shareholders

A change of R1 366 331 resulted from the incorrect capturing of the amount in the prior period.

Disclosure Notes

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39. Prior-period errors (continued)

Commitments

Operating lease-as lessee (printers and copiers)

A change of (R625 739) from R 8 199 864 to R 7 574 125 was due to The operating lease expense for printers and copiers being overstated in the prior year. The lease payments had been calculated on the full monthly spend, which incorrectly included variable costs charge such as toner, paper, and other consumables. In the current year, a clear lease contract was obtained, which specified the fixed lease amount applicable only to the printers and copiers, excluding variable costs. Accordingly, the operating lease expense was recalculated to reflect only the fixed lease charge.

Defined benefit plan

During the current financial year, errors were identified in the opening balances of the medical aid subsidy and retirement gratuity under the defined benefit plan. The errors have been corrected by restating the opening balances as follows:

Medical Aid Subsidy: The previously reported closing balance of R36 567 062 has been restated to R36 565 661 as the opening balance, resulting in a decrease of R1 402.

Retirement Gratuity: The previously reported closing balance of R16 657 736 has been restated to R16 656 947 as the opening balance, resulting in a decrease of R789.

Cash used in operations

A change of R1 461 152 arose due to the correction of the previously reported amount of R22 801 170, which was restated to R24 262 322.

Agent and principal arrangement

Nature and Terms of Principal-Agent Arrangement Between JRA, COJ Group and Provincial department roads and transport

In terms of GRAP 109 – Accounting by Principals and Agents, the Johannesburg Roads Agency (JRA) acts as an agent of the City of Johannesburg (COJ) Group under a formal Service Delivery Agreement (SDA). The arrangement is limited to the capital expenditure budget, specifically where Work in Progress (WIP) assets are recognised in the books of COJ Group and Provincial department roads & transport and not JRA.

Nature of the Arrangement

The SDA, signed between COJ Group, Provincial department roads and transport and JRA, outlines the delegation of service delivery responsibilities. Section 3 of the SDA formally appoints JRA to deliver municipal services on behalf of COJ Group and Provincial department roads and transport. These services include the planning, design, construction, and maintenance of road and related infrastructure.

Terms of the Arrangement

Annexure A of the SDA defines JRA's core mandate, which includes:

- Planning, design, construction, and maintenance of roads.
- Related infrastructure such as bridges and stormwater systems.

The principal-agent arrangement under GRAP 109 is limited to capital expenditure, where:

- COJ Group and Provincial department roads and transport retains ownership and recognition of WIP assets.
- JRA executes the capital projects on behalf of COJ Group and Provincial department roads and transport.

Basis for Determining JRA's Role as Agent

JRA does not control the WIP assets and does not bear the risks and rewards associated with control or ownership. The capital budget is allocated by COJ Group and Provincial department roads and transport, and JRA is accountable for implementing projects in line with COJ Group and Provincial department roads and transport strategic priorities. This aligns with GRAP 109's criteria for agency relationships.

Rights and Obligation

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39. Prior-period errors (continued)

- JRA has the right to receive funding from COJ Group and Provincial department roads and transport to execute capital projects.
- JRA is obligated to deliver infrastructure in accordance with the SDA and mayoral priorities.
- JRA does not have the right to capitalise WIP assets; these remain on COJ Group and capital projects. balance sheet.
- JRA appoints contractors and consultants for the designs and construction of the road infrastructure and manages the projects.

In terms of the principal-agent arrangement under GRAP 109, the Johannesburg Roads Agency (JRA) incurs liabilities in the form of capital creditors, which arise from invoices received from contractors and consultants engaged in the execution of capital projects. These liabilities are incurred on behalf of the principal, the City of Johannesburg (COJ) Group and Provincial department roads and transport, and are recognized in JRA's financial statements.

	2024
Liabilities	66,860,369

Correspondingly, JRA recognizes a right of reimbursement from COJ Group and Provincial department roads and transport, which is treated as a receivable (debtor) in JRA's books. This receivable reflects the amount that JRA bills COJ Group and Provincial department roads and transport for the reimbursement of capital expenditure incurred in line with the Service Delivery Agreement (SDA).

	2024
Receivables	478,333,791.71

Revenue and Expenses

-JRA incurs expenses related to the execution of capital projects, including planning, design, and construction activities, which are funded by COJ Group and Provincial department roads and transport.

-While JRA does not recognise revenue from the capital expenditure itself (as the WIP assets are recognised by COJ Group and Provincial department roads and transport, JRA does recognise revenue in the form of management fees charged to COJ Group and Provincial department roads and transport for administering these projects.

-The expenses incurred by JRA are accounted for in its own financial statements, while the capital assets and associated WIP remain on COJ Group and Provincial department roads and transport balance sheet.

	2024
Management fees charged:	21,885,410

Risks Borne by the Agent

- JRA bears operational risks related to project delivery (e.g., delays, cost overruns).
- JRA does not bear financial risks related to asset ownership or impairment.

40. Comparative figures

Certain comparative figures have been reclassified. See the prior period error note for these restatements details.

41. Segment information

General information

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41. Segment information (continued)

Identification of segments

The entity is organised and reports to management on the basis of three major Departments: Infrastructure development, Mobility and Freight and finally, the Regional Operations Department services. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

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.

Aggregated segments

The entity operates throughout the City of Joburg Municipality's 7 regions. Segments were aggregated on the basis of services delivered as management considered that the economic characteristics of the segments throughout Johannesburg were sufficiently similar to warrant aggregation.

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
Infrastructure Development	Development of community streets, freeways and arterails, main roads, stormwater and traffic signals.
Regional Operations	Responsible for maintenance of strategic assets, road resurfacing, asphalt plant, laboratory, motorways and fleet.
Mobility & Freight	Responsible maintenance of traffic engineering and safety, Traffic signal Management.

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41. Segment information (continued)

Revenue					
Revenue from exchange transactions	50,370,317	8,201,569	29,569,430	88,141,316	
Sundry income	-	-	87,474,782	87,474,782	
Total segment revenue	50,370,317	8,201,569	117,044,212	175,616,098	
Interest revenue				19,729,663	
Revenue from other non-reportable segments				1,327,983,923	
Total revenue reconciling items				1,347,713,586	
Entity's revenue				1,523,329,684	
Expenditure					
Cost of road maintenance	(630,034,759)	(97,616,292)	-	(727,651,051)	
Other operating expenses	(50,039,485)	(9,517,644)	(48,042,468)	(107,599,597)	
Total segment expenditure	(680,074,244)	(107,133,936)	(48,042,468)	(835,250,648)	
Total segmental surplus/(deficit)				688,079,036	
Interest expense				(24,025,026)	
Income tax expense				(30,447,713)	
Cost of road maintenance - non-reportable segments				(643,652,893)	
Entity's surplus (deficit) for the period				(10,046,596)	

Measurement of segment surplus or deficit, assets and liabilities

Basis of accounting for transactions between reportable segments

The accounting policies of the segments are the same as those described in the summary of significant accounting policies, except that pension expense for each segment is recognised and measured on the basis of cash payments to the pension plan.

Information about geographical areas

The entity's operations are in the City of Joburg Metropolitan Municipality. The entity operates across the entire Metropolitan area and has multiple Depots and offices across the entire City of Johannesburg.

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42. Financial instruments disclosure

Categories of financial instruments

2025

Financial assets

	At fair value	At amortised cost	Total
Trade and other receivables from exchange transactions	-	1,309,247,594	1,309,247,594
Cash and cash equivalents	512,945,773	-	512,945,773
	512,945,773	1,309,247,594	1,822,193,367

Financial liabilities

	At amortised cost	Total
Loans from shareholders - Intercompany sweeping account	535,673,819	535,673,819
Operating lease obligation	11,818,278	11,818,278
Trade and other payables from exchange transactions	1,342,948,765	1,342,948,765
	1,890,440,862	1,890,440,862

2024

Financial assets

	At fair value	At amortised cost	Total
Loans to shareholders - Intercompany sweeping account	-	176,261,383	176,261,383
Trade and other receivables from exchange transactions	-	670,295,670	670,295,670
Cash and cash equivalents	440,099,353	-	440,099,353
	440,099,353	846,557,053	1,286,656,406

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	1,285,087,311	1,285,087,311
Finance lease obligation	15,256,549	15,256,549
	1,300,343,860	1,300,343,860

Financial instruments in Statement of financial performance

2025

	At amortised cost	Total
Interest income (calculated using effective interest method) for financial instruments at amortised cost	5,289,956	5,289,956
Interest expense (calculated using effective interest method) for financial instruments at amortised cost	(6,018,656)	(6,018,656)
	(728,700)	(728,700)

2024

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42. Financial instruments disclosure (continued)

	At amortised cost	Total
Net gains on financial instruments	19,729,663	19,729,663
Interest expense (calculated using effective interest method) for financial instruments at amortised cost	(24,025,026)	(24,025,026)
	(4,295,363)	(4,295,363)

43. Change in estimate

Property, plant and equipment

2025

Various movable assets and infrastructure assets with original remaining useful life varying between 1-6 years have been revised in the beginning of the period to reflect a new depreciable amount and the actual pattern of service potential derived from these Assets.

The effect on the current and future period will be a decrease in the depreciation charge of R-29 346.80 in the current period and equal increase in the depreciation charge of R 29 346.80 over the next period.

2024

Various movable assets and infrastructure assets with original remaining useful life varying between 1-6 years have been revised in the beginning of the period to reflect a new depreciable amount and the actual pattern of service potential derived from these Assets.

The effect on the current and future period will be a decrease in the depreciation charge of R8, 047,177.39 in the current period and equal increase in the depreciation charge of R 8,047,177.39 over the next period.

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44. Related parties

Relationships	
Directors	Refer to directors' report note
Controlling entity	The City of Johannesburg Metropolitan Municipality
Controlled entities	
Other members of the group	Johannesburg Property Company (SOC) Ltd Johannesburg City Power (SOC) Ltd Johannesburg City Parks and Zoo (NPO) Ltd Johannesburg Development Agency (SOC) Ltd Johannesburg Metro Trading Company (SOC) Ltd Johannesburg Metropolitan Bus Service (SOC) Ltd Johannesburg Civic theatre (SOC) Ltd Johannesburg Social Housing Company (SOC) Ltd Johannesburg Water (SOC) Ltd Johannesburg Pikitup (SOC) Ltd Johannesburg Fresh Produce Market (SOC) Ltd Johannesburg Tourism (SOC) Ltd

Related party balances

Amounts included in Trade receivable regarding related parties		
The City of Johannesburg Metropolitan Municipality	1,167,238,555	573,117,457
Johannesburg City Power (SOC) Ltd	349,641	349,641
Johannesburg Water (SOC) Ltd	93,288,840	55,180,319
Johannesburg City Parks and Zoo (NPO) Ltd	170,774	-
Johannesburg Metrobus Services (SOC) Ltd	3,109,029	-
	1,264,156,839	628,647,417

Amounts included in Trade Payable regarding related parties		
The City of Johannesburg Metropolitan Municipality	156,886,179	194,978,511
Johannesburg City Power (SOC) Ltd	29,695,029	39,185,656
Johannesburg Civic theatre (SOC) Ltd	54,565	204,380
Johannesburg City Parks and Zoo (SOC) Ltd	149,192	153,806
Johannesburg Property Company (SOC) Ltd	8,667,535	109,474
Johannesburg Water (SOC) Ltd	25,347	42,071
Johannesburg Metro Trading Company (SOC) Ltd	25,263,874	39,532,499
	220,741,721	274,206,397

Commitments with related parties		
The City of Johannesburg Metropolitan Municipality - Owners contribution	(489,521,869)	(446,107,465)
The City of Johannesburg - Post retirement benefit	54,039,592	53,224,798
The City of Johannesburg - Specialised vehicle finance lease	-	(15,256,549)
The City of Johannesburg Metropolitan Municipality - Intercompany sweeping account	(535,673,819)	176,261,383
	(971,156,096)	(231,877,833)

Income from related parties		
The City of Johannesburg Metropolitan Municipality - Subsidies	1,432,075,000	1,310,111,970
The City of Johannesburg Metropolitan Municipality - Other	16,155,394	63,698,776
The City of Johannesburg Metropolitan Municipality - Interest from sweeping account	925,963	15,181,454
The City of Johannesburg Metropolitan Municipality - Management fees	26,586,046	22,258,212
The City of Johannesburg Metropolitan Municipality - Interest on employee benefits	4,167,330	4,368,036
Johannesburg City Parks and Zoo (SOC) Ltd	157,486	4,283
Johannesburg Water (SOC) Ltd	54,704,999	42,753,555
Johannesburg Metrobus Services (SOC) Ltd	153,028	-

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44. Related parties (continued)

1,534,925,246 1,458,376,286

Purchase/Expenditure from related parties

The City of Johannesburg Metropolitan Municipality	9,405,457	14,417,132
Johannesburg Water (SOC) Ltd	3,624,617	6,500,468
Johannesburg Civic Theatre (SOC) Ltd	611,178	451,554
The Metropolitan trading company (SOC) Ltd	19,250,000	235,087
Johannesburg City Parks and Zoo (SOC) Ltd	9,729	14,718
Johannesburg Property Company (SOC) Ltd	4,261,983	10,079,000
Johannesburg City Power (SOC) Ltd	7,178,144	5,317,487
Johannesburg Fresh Produce Market (SOC) Ltd	302	-
Pikitup Johannesburg (SOC) Ltd	147,362	-
	44,488,772	37,015,446

Key management information

Class	Description	Number
Non-executive board members	Board members	13
Executive board members	Non Board members	7
Executive directors excluding acting during the year	Board members	8
Senior management excluding acting during the year	Head of departments	8

45. Operating lease asset (liability)

Current liabilities	11,818,278	-
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46. Tax paid

Balance at beginning of the year	-	(101,910,949)
Current tax for the year recognised in surplus or deficit	-	(30,447,713)
	-	(132,358,662)