



ANNUAL REPORT

2025/26

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PART A:

GENERAL INFORMATION

1. PUBLIC ENTITY'S GENERAL INFORMATION

Registered name of the public entity	NATIONAL HOME BUILDERS REGISTRATION COUNCIL
Registration numbers	N/A
Registered office address	27 Leeuwkop Road, Sandton, Sunninghill, Johannesburg, 2157
Postal address	PO Box 461, Randburg, 2125
Contact telephone numbers	(011) 317 0000
Email address	thenhbrc@nhbrc.org.za
Website address	www.nhbrc.org.za
External Auditor's information – External Auditor's name and address	Auditor-General of South Africa 4 Daventry Street Lynnwood Bridge Office Park, Lynnwood Manor, Pretoria, 0081
Banker's information – Name of bank and address of bank	First National Bank – 4 First Place, 3rd floor, Bank City, Johannesburg
Company secretarial arrangement	Interim Company Secretary at 31 March 2026: Mr Taf Kachara

LIST OF ACRONYMS

AGSA	Auditor-General of South Africa
APP	Annual Performance Plan
ARCO	Audit and Risk Committee
BEE	Black Economic Empowerment
BMS	Business Management Solution
BSC (BSc)	Bachelor of Science
CAE	Chief Audit Executive
CEMD	Customer Experience and Market Development
CEO	Chief Executive Officer
CESA	Consulting Engineers South Africa
CPI	Consumer Price Index
ECL	Expected Credit Loss
ERM	Enterprise Resource Management
ESG	Environmental, Social and Governance
ETS	Engineering and Technical Services
EXCO	Executive Committee
FAFC	Fund Advisory and Finance Committee
FVTSD	Fair Value Through Surplus or Deficit
GDP	Gross Domestic Product
GRAP	Standards of Generally Recognised Accounting Practice
HCPA	Housing Consumer Protection Act
HCREMCO	Human Capital and Remuneration Committee
IA	Internal Audit
IAC	Industry Advisory Committee
IBNR	Incurred But Not Reported
IBT	Innovative Building Technology
ICT	Information and Communication Technology
IESBA	International Ethics Standards Board for Accountants

IISA	Institute of Internal Auditors (SA)
IODSA	Institute of Directors in South Africa
ISA/ISAs	International Standards on Auditing
LLB	Bachelor of Laws (Legum Baccalaureus)
LLM	Master of Laws (Legum Magister)
MBA	Master of Business Administration
MBL	Master of Business Leadership
MSc	Master of Science
MTEF	Medium-term Expenditure Framework
MTSF	Medium-term Strategic Framework
NAFBI	National African Federation for the Building Industry
NHBRC	National Home Builders Registration Council
NPC	Non-Profit Company
NPO	Non-Profit Organisation
OHS	Occupational Health and Safety
PAA	Public Audit Act
PFMA	Public Finance Management Act
PhD	Doctor of Philosophy
PPE	Property, Plant and Equipment
RMSC	Risk Management Steering Committee
SACPCMP	South African Council for the Project and Construction Management Profession
SACQSP	South African Council for the Quantity Surveying Profession
SANAS	South African National Accreditation System
SARS	South African Revenue Service
SETC	Social Ethics and Transformation Committee
SHE	Safety, Health and Environment
SHRA	Social Housing Regulatory Authority
SPME	Strategic Planning, Monitoring and Evaluation



FOREWORD BY MINISTER

It is my pleasure to present the Annual Report of the National Home Builders Registration Council for the 2025/26 financial year. The report reflects continued public service, strategic transition and the responsibility to strengthen consumer protection and the contribution of the home-building sector to safe, quality and sustainable human settlements.

Human settlements remain central to Government's commitment to improving lives and progressively realising the constitutional right of access to adequate housing. Within this national mandate, the NHBRC occupies a position of public trust. Its governance must sustain confidence in the home-building environment, promote quality and professional conduct, support transformation and keep the interests of housing consumers at the centre of regulation.

The Housing Consumer Protection Act 25 of 2024 represents a defining reform. It modernises the regulatory framework, broadens the reach of consumer protection and establishes a stronger basis for accountability across the sector. I expect the Council to govern this transition with foresight, align the institution with national policy, protect existing consumer safeguards and satisfy itself that the NHBRC is institutionally and financially ready to assume the responsibilities of the expanded mandate.

Transformation, innovation and sustainability must remain integral to that transition. Emerging enterprises, women, young people and historically disadvantaged participants must be able to enter, participate and grow in a sector that is inclusive, professional and accountable. Innovative building technologies and sustainable construction approaches must contribute to affordability, resilience and quality without weakening consumer protection. The Council must ensure that these priorities remain aligned with the statutory purpose of the NHBRC and are governed in the public interest.

The lessons arising from the George Building Collapse Report remain a solemn national imperative. They reinforce the relationship between public safety, ethical leadership, professional responsibility and effective oversight. I expect the Council to keep these lessons visible in the strategic direction of the institution and to

hold management accountable for demonstrating that the resulting commitments strengthen regulatory credibility and public confidence.

I note the audit and assurance outcomes contained in this report. The unqualified opinion on the annual financial statements provides an important foundation. The material finding on selected performance information and the matters identified in the control environment require sustained attention. The assurance record should be read as one account of progress and unfinished work. It neither diminishes the achievements recorded nor permits complacency. It gives the Council a clear agenda to strengthen the reliability of reporting, the effectiveness of risk and control, the resolution of outstanding matters and the quality of institutional accountability.

The report also highlights the importance of institutional and financial sustainability, leadership continuity and appropriate capacity in critical functions. These are matters for the Council to govern. The Council must ensure that the organisation remains capable of fulfilling its present obligations, preparing responsibly for future responsibilities and protecting the long-term interests of housing consumers and the integrity of the Warranty Fund.

The accountability chain must remain clear. As Executive Authority, I set policy expectations and hold the Council accountable for the stewardship of the institution. The Council must set strategic direction, safeguard resources, oversee performance and risk, and hold management accountable. Management is responsible for execution. Clarity of role is essential to disciplined governance and durable improvement.

Government remains committed to supporting the NHBRC in fulfilling its mandate. That support is accompanied by a clear expectation that the Council will lead decisively, address the matters disclosed in this report and build public confidence through responsible stewardship and measurable public value. I thank the Council for its leadership and, through the Council, acknowledge the contribution of management, employees, organised labour, housing consumers, homebuilders, professional bodies, government partners and all stakeholders.

Thembi Simelane, MP

Minister Of Human Settlements Republic of South Africa



2. CHAIRPERSON OF COUNCIL'S REPORT

It is my privilege to present the Annual Report of the National Home Builders Registration Council for the 2025/26 financial year. Council accepts its responsibility as Accounting Authority to govern the institution, safeguard its public purpose, give effect to the policy direction of the Executive Authority and hold management accountable for executing the approved mandate.

The NHBRC continued to advance its regulatory, consumer-protection, transformation and sector-development responsibilities in a demanding environment. Council acknowledges the management and employees who sustained delivery while the institution prepared for significant legislative change. The achievements recorded provide an important foundation, but institutional credibility also depends on reliable information, sound governance and durable outcomes for housing consumers.

The annual financial statements received an unqualified audit opinion. The audit also identified a material matter in selected performance information and areas of internal control requiring attention. Council accepts this record in its entirety. The favourable opinion is important assurance, but it is not blanket confirmation that every aspect of the institution operated without weakness. Equally, the matters identified do not negate the organisation's achievements or public value.

The matters requiring sustained attention are clear. They include the reliability of reporting, the effectiveness of risk management and internal control, the pace and durability of corrective action, disciplined stewardship of public resources, institutional and financial sustainability, leadership continuity and capacity for the current and expanded mandate. Council has incorporated these matters into its governance agenda and has directed management to address them through a coherent and measurable programme of improvement.

Management must demonstrate that commitments result in stronger controls, reduced exposure, reliable reporting and sustained public value. Progress will be assessed by evidence of effectiveness, not merely by the existence of plans, policies or completed activities. Material risks must be escalated promptly, and accountability must be pursued lawfully, fairly and consistently where responsibility is established.

Council remains clear about the boundary between governance and administration. It will set direction, approve strategy and policy, safeguard resources, interrogate performance and risk, and require management to account. It will not assume responsibility for day-to-day administration. Management remains responsible for implementation, operational control and the results on which Council's oversight depends.

Council requires management to preserve the financial and institutional sustainability of the NHBRC, protect the Warranty Fund and other public resources, and maintain the leadership and organisational capacity needed for both the current mandate and the Housing Consumer Protection Act 25 of 2024. Organisational design and appointments must support the future regulatory model without weakening essential governance and consumer-protection capability during the transition.

The Housing Consumer Protection Act provides the strategic centre of gravity for the next phase of the institution. Council requires a phased, evidence-based and sustainable readiness programme that protects existing services while preparing the NHBRC for expanded responsibilities. Readiness will be assessed against statutory alignment, institutional capacity, financial sustainability, governance, technology and stakeholder coordination.

The recommendations arising from the George Building Collapse Report remain a continuing governance priority. Council requires management to demonstrate sustained institutional learning and a response that strengthens public safety, professional accountability, regulatory credibility and confidence in the built environment. Transformation, the Environmental, Social and Governance agenda, innovative building technologies and industry development must likewise remain aligned with the mandate, produce measurable public value and be advanced through responsible stewardship.

Council will continue to exercise oversight through its established governance structures without displacing management's responsibility to manage. Management must respond with candour, credible evidence and timely action. A matter will be regarded as resolved only when the underlying risk has been addressed and the resulting improvement can be demonstrated and sustained.

I acknowledge the leadership and policy direction of the Minister of Human Settlements. I thank my fellow Council members, the Acting Chief Executive Officer, executive management, employees, organised labour, housing consumers, homebuilders, professional bodies, government partners and stakeholders for their contribution during the year.

The NHBRC enters the next financial year with important strengths and a clear understanding of the work that remains. Council will not minimise the matters disclosed through audit, risk and governance processes, nor allow them to obscure the institution's mandate and achievements. Our responsibility is to convert the Executive Authority's direction into sound governance, Council decisions into accountable management action and institutional learning into durable public value. That is how the NHBRC will protect housing consumers and earn enduring public confidence.



Ms Noxolo Kiviet
Chairperson of Council
National Home Builders Registration Council





3. ACTING CHIEF EXECUTIVE OFFICER OVERVIEW

It is my privilege to present the National Home Builders Registration Council Annual Report for the 2025/26 financial year. The year under review was characterised by continued delivery, institutional transition and heightened expectations of accountability. Throughout this period, the NHBRC remained focused on its central purpose of protecting housing consumers, regulating the homebuilding industry and contributing to the delivery of safe, quality and sustainable homes.

The operating environment remained demanding. Economic pressures, changing patterns of construction activity, increasing expectations for regulatory effectiveness and preparations for the implementation of the Housing Consumer Protection Act 25 of 2024 required the organisation to maintain existing services while building the foundations for an expanded mandate. The continuing implementation of actions arising from the George Building Collapse Report also reinforced the importance of technical oversight, ethical conduct, professional accountability and effective institutional controls.

The NHBRC recorded important achievements across its regulatory, consumer protection, transformation and organisational support functions. Homebuilder registrations and renewals remained strong. Inspection services continued across the subsidy and non-subsidy markets. Training and development programmes reached homebuilders, technical professionals, artisans and designated groups. Inclusive procurement supported broader economic participation, while the Innovative Building Technology Framework and Summit advanced sector dialogue on transformation, innovation and sustainability.

These achievements demonstrate significant institutional effort. They must nevertheless be considered together with the quality of the evidence supporting reported performance, the effectiveness of the control environment and the outcomes experienced by housing consumers. Management recognises that operational activity and achievement against numerical targets are not, on their own, sufficient measures of regulatory success. The value of the organisation's work must ultimately be demonstrated through safer homes, improved compliance, credible remedies, reliable information and the responsible stewardship of public resources.

The annual financial statements received an unqualified audit opinion, and no material non-compliance was identified with respect to the legislative requirements

selected for audit testing. These outcomes provide an important foundation for institutional confidence. However, they do not mean that every control operated consistently or that further improvement is unnecessary.

The Auditor-General reported a material finding on selected performance information and identified weaknesses in aspects of performance reporting, supply chain management and management oversight. Management accepts responsibility for addressing these matters. The findings will not be managed as isolated audit events. They are being incorporated into an integrated programme of institutional control improvement that strengthens the way the NHBRC plans, executes, verifies and reports its work.

The assessment of the Audit and Risk Committee provides an equally important measure of the organisation's position. The Committee recognised progress in the control environment, the implementation of the Internal Audit Plan and the development of combined assurance. It also made clear that some historical findings and management actions had not yet been addressed with the required consistency and pace, that the strategic risk profile remained elevated and that critical vacancies continued to require attention.

Management accepts this balanced assessment. It demonstrates that progress has been made, but that progress cannot be equated with completion. The existence of policies, plans, registers and committees does not, by itself, establish that risk has been reduced or that a control is operating effectively. Institutional maturity will therefore be measured by timely implementation, clear accountability, evidence of operating effectiveness and independent confirmation that corrective actions have achieved their intended purpose.

A consolidated audit and control recovery programme will provide the central mechanism for this work. Corrective actions will be assigned to accountable operational and executive owners. Progress will be monitored through management and governance structures, and overdue or ineffective actions will be escalated. A finding will not be regarded as resolved merely because a management response has been submitted or an activity has been completed. Closure will require evidence that the corrective control has been implemented, is functioning as intended and has been subjected to appropriate assurance.

The Audit and Risk Committee, supported by Internal Audit, Risk Management and the combined assurance

structures, will continue to provide independent oversight of the control recovery process. First-line management will be required to assume direct ownership of the controls within its operations. Control self-assessment, management certification and evidence-based reporting will be strengthened so that assurance does not depend primarily on weaknesses being identified after the event by Internal Audit or the Auditor-General.

The reliability of performance information will receive particular attention. The organisation is strengthening source-data reconciliation, evidence management, indicator ownership, management review and executive oversight. Reported results must reflect verified information and transparent calculations. The reporting process must distinguish clearly between an activity that has commenced, an output that has been completed and an outcome that has been achieved.

This discipline will apply equally to inspections, complaints and dispute resolution. Inspection activity must be supported by sufficient technical and evidential assurance. The referral or processing of a complaint must not be confused with the achievement of a final consumer remedy. Supervisory review, exception management, case closure, digital evidence and quality assurance will be strengthened so that operational activity can be linked more directly to the protection received by the housing consumer.

Digital transformation remains essential to the modernisation of the NHBRC. The implementation of the annual ICT programme did not progress at the intended level during the year. This requires stronger project governance, capacity planning, business ownership, milestone management and executive oversight. Technology investments will be subjected to clear readiness criteria, information security requirements, user acceptance testing and post-implementation assurance.

The organisation will not treat technology as a substitute for effective management or sound process design. Digital solutions must strengthen controls, improve the accessibility of services, protect institutional information and generate reliable evidence. Where systems are not yet fully operational, appropriate interim controls must remain in place.

Supply chain management will be strengthened through improved planning, contract lifecycle management, supplier performance monitoring, compliance review and retention of supporting evidence. Transformation and inclusive procurement remain important institutional commitments. These objectives must coexist with fairness, transparency, competitiveness, value for money and consistent compliance with applicable requirements. Historical irregular expenditure matters and related consequence management processes will continue to be addressed through the appropriate governance and legal processes. The accounting treatment of a matter will not be regarded as a substitute for addressing its underlying causes. Where responsibility is established, consequence management will be implemented fairly and consistently.

Preventive controls will be strengthened to reduce the risk of recurrence.

Risk management will be elevated from periodic reporting to an active management discipline. Strategic and operational risks must influence planning, budgeting, project design, resource allocation and performance agreements. Outstanding mitigation actions will be subjected to clearer ownership and stronger escalation. Combined assurance will be used to determine whether the organisation's key risks are adequately covered and whether the controls relied upon by management are operating effectively.

The financial position reflects a substantial investment base and provides an important platform for institutional stability. This position must nevertheless be managed prudently. Investment performance cannot replace sustainable operating revenue, and accumulated resources must continue to be protected against future warranty claims and consumer protection obligations.

Management will continue to strengthen revenue forecasting, cash flow management, debtor collection, creditor management, expenditure prioritisation and financial scenario planning. The organisation's resources must remain sufficient not only for present operations, but also for future obligations and the additional responsibilities that may arise from the expanded legislative mandate.

The organisation maintained operational continuity during a period of leadership transition and workforce pressure. However, critical vacancies and prolonged acting arrangements cannot become a permanent operating model. They may weaken accountability, institutional memory, segregation of duties and implementation capacity.

Workforce planning, prioritised recruitment, succession planning, skills development and monitoring of acting arrangements will therefore remain central to institutional renewal. The cost-benefit analysis, work-study exercise and organisational design process will guide the development of a sustainable workforce model for the Housing Consumer Protection Act. Recruitment decisions will be aligned with the future structure while ensuring that functions essential to governance, technical regulation, digital transformation and consumer protection retain sufficient capacity.

This work will be undertaken with due regard to employee well-being, procedural fairness, organisational culture and constructive engagement with organised labour. The NHBRC's ability to deliver its mandate depends not only on structures and systems, but also on an ethical, capable and engaged workforce.

The implementation of recommendations arising from the George Building Collapse Report remains a continuing institutional responsibility. Progress will be assessed through evidence of improved technical oversight, inspection, enforcement, professional accountability, escalation and organisational learning. Actions will remain

subject to governance monitoring and assurance until their effectiveness has been demonstrated.

Preparation for the Housing Consumer Protection Act will be undertaken with the same discipline. The expanded mandate provides an opportunity to extend regulatory protection to a wider range of housing consumers. It also introduces additional legal, operational, financial, technological and intergovernmental complexity.

Implementation will therefore be phased and governed by readiness. Legal clarity, organisational design, systems, data, municipal interfaces, skills, financial capacity, enforcement arrangements and consumer communication must be sufficiently aligned before expansion occurs. The transition must strengthen consumer protection without weakening the services and safeguards already provided under the existing mandate.

The Environmental, Social and Governance Strategy, the Innovative Building Technology Framework and Guidelines and the Industry Business Transformation Summit provide important platforms for institutional and sector development. Their success will be assessed through implementation and measurable outcomes rather than approval or launch alone. Innovation and transformation must remain supported by effective standards, governance, assurance and consumer protection.

I extend my appreciation to the Minister of Human Settlements, the Council and its committees, the Audit and Risk Committee, the Executive Management Committee, our employees, organised labour, national, provincial and local government partners, housing consumers, homebuilders, professional bodies, service providers and all stakeholders who supported the NHBRC during the year.

The NHBRC enters the next financial year with a clear appreciation of both its institutional strengths and the work that remains. We will not minimise the challenges identified through audit, risk and governance oversight. Equally, we will not allow those challenges to obscure the organisation's achievements or define its future.

Our response will be judged by the quality of the controls we implement, the discipline with which we execute corrective actions and the evidence through which we demonstrate sustainable improvement. We will continue to protect housing consumers through credible regulation, reliable information, prudent stewardship and accountable leadership.

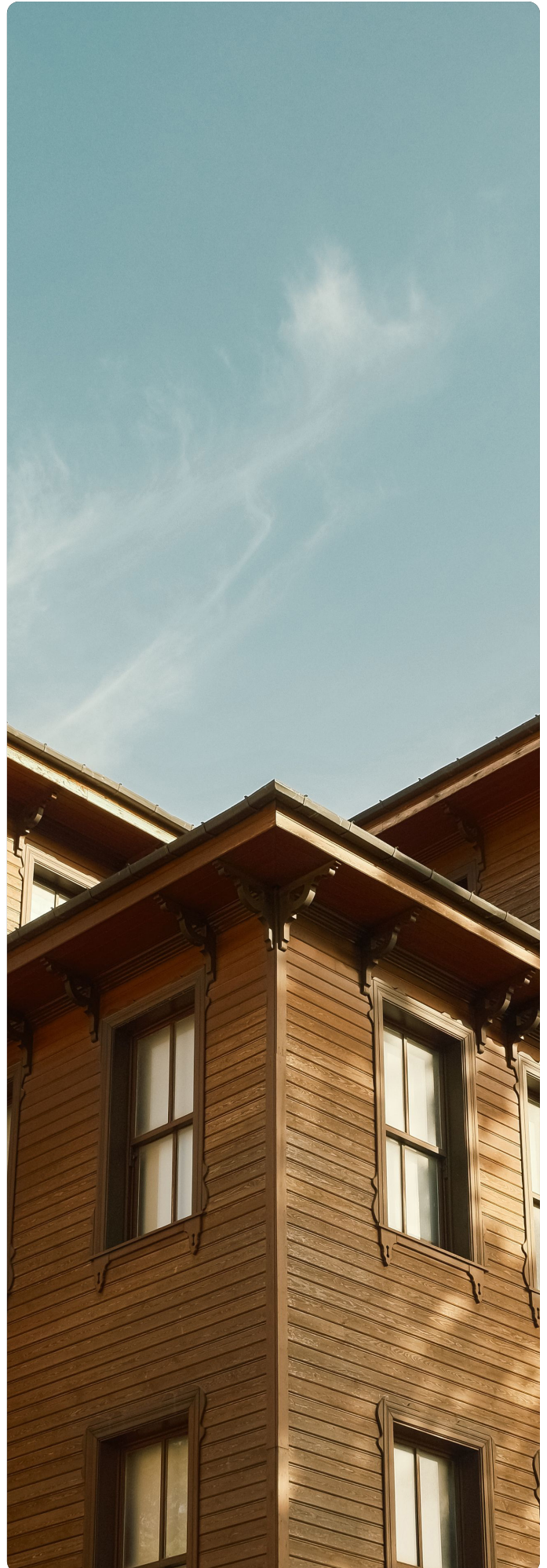
Public confidence will not be secured by intention or assurance alone. It will be earned through controls that operate effectively, findings that are resolved sustainably, decisions that withstand scrutiny and regulatory outcomes that improve the safety and quality of South African homes.



Ms Tamlyn Bouwer

Acting Chief Executive Officer

National Home Builders Registration Council (NHBRC)



4. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY OF THE ANNUAL REPORT

To the best of our knowledge and belief, we confirm the following:

- All information and amounts disclosed in this Annual Report are consistent with the audited annual financial statements and the final annual performance information presented in this report.
- The Annual Report is complete in all material respects and has been prepared in accordance with the applicable National Treasury annual-report guidance for Schedule 3A public entities.
- The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice and the requirements of the Public Finance Management Act, 1999.
- The Accounting Authority is responsible for the preparation and fair presentation of the annual financial statements and for the judgements and estimates made therein.
- The Accounting Authority is responsible for establishing and maintaining systems of internal control designed to provide reasonable assurance regarding the integrity and reliability of performance information, human-resource information and financial reporting.
- The Auditor-General of South Africa was engaged to express an independent opinion on the annual financial statements and to report on selected performance information and compliance with selected legislation.

In our opinion, this Annual Report fairly reflects the operations, performance information, human-resource information and financial affairs of the National Home Builders Registration Council for the year ended 31 March 2026.



Ms Tamlyn Bouwer
Acting Chief Executive Officer



Ms Noxolo Kiviet
Chairperson of Council

5. STRATEGIC OVERVIEW AND LEGISLATIVE MANDATES



VISION

To be the champion of the housing consumer.



MISSION

To protect housing consumers through the regulation of the homebuilding sector.



Values

Excellence and integrity

To be the best and deliver the best honestly

Commitment and accessibility

To do work diligently and reach out to our stakeholders

Transparency and accountability

To be fair and open in delivering our functions responsibly

LEGISLATIVE AND OTHER MANDATES

Enabling mandate

- Housing Consumers Protection Measures Act 95 of 1998 and subordinate rules, regulations and the Home Building Manual.
- Housing Consumer Protection Act 25 of 2024 - enacted reform legislation informing institutional readiness and future regulatory design.

Constitutional mandate

- The Constitution of the Republic of South Africa, 1996, including section 195 principles governing public administration and the progressive realisation of access to adequate housing.

Financial and governance mandate

- Public Finance Management Act 1 of 1999, National Treasury Regulations and the NHBRC's Schedule 3A public-entity classification.
- Public Audit Act 25 of 2004.
- King IV Report on Corporate Governance for South Africa, applied during the reporting year.

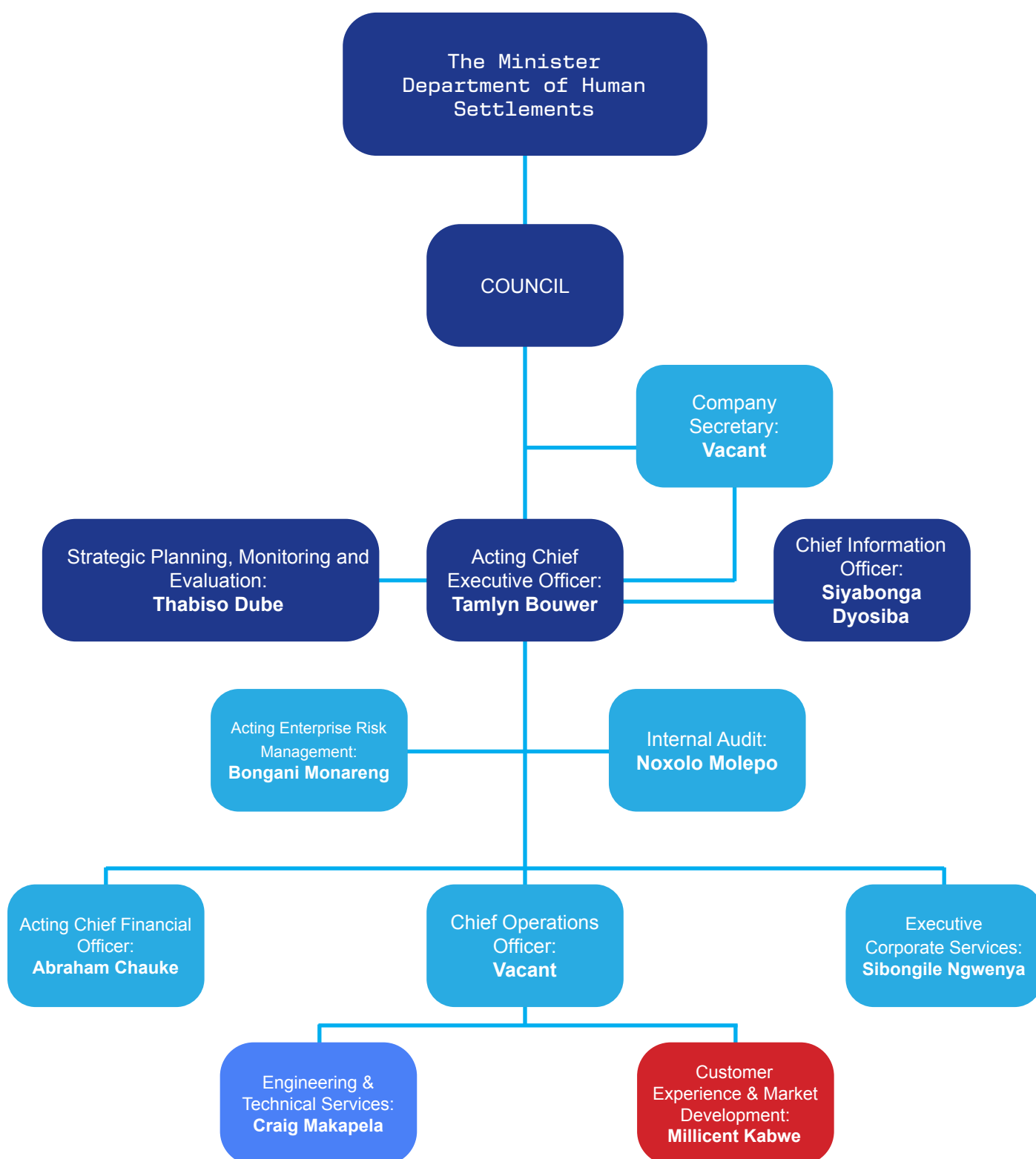
Planning and performance mandate

- Revised Framework for Strategic Plans and Annual Performance Plans.
- Framework for Managing Programme Performance Information and the South African Statistical Quality Assessment Framework. Policy mandate
- White Paper and national policy framework on human settlements, together with applicable sector transformation, innovation and sustainability priorities.



6. ORGANISATIONAL STRUCTURE

The organisational arrangements of the NHBRC are reflected in the organogram below:



* At 31 March 2026, the permanent posts of CEO, COO, CRO, Manager: Strategic Planning, Monitoring and Evaluation, and Company Secretary remained vacant. Acting or interim arrangements were in place where disclosed.

EXECUTIVE COMMITTEE



Ms Tamlyn Boucher
Acting Chief Executive
Officer

- CA(SA)
- B Com (Hons)
- B Compt



Mr Abraham Chauke
Acting Chief Financial Officer

- B. Com Acc
- B. Com Hons
- CA (SA)
- MBA



Ms Sibongile Ngwenya
Executive Manager: Corporate Services

- Postgraduate Diploma: Labour Law
- National Diploma: Law
- Diploma: Human Resources Management
- Management Advancement Program
- Bachelor of Social Science



Ms Millicent Kabwe
Executive Manager: Customer Experience and Market
Development and Enforcement

- MBA
- Postgraduate Diploma in Management Practice
- Bachelor's Degree in Journalism
- National Diploma in Journalism



Mr Craig Makapela
Executive Manager: Engineering and Technical
Services

- MEng (Systems Engineering Management)
- BSc Civil Engineering
- BEng (Hons) (Geotech Eng)



PART B:

PERFORMANCE INFORMATION

1. AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The Auditor-General South Africa (AGSA) currently performs the necessary audit procedure on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the predetermined objectives heading in the report on other legal and regulatory requirements section of the auditor's report.

Refer to the Auditor-General's report on the audit of the annual performance report (Page 63 to 66) published as part F of the annual report.

OVERVIEW OF THE NHBRC PERFORMANCE

During the 2025/26 financial year, the NHBRC continued to deliver on its mandate of protecting housing consumers and regulating the home building industry through strengthened compliance monitoring, capacity building and stakeholder support initiatives. The organisation demonstrated resilience and operational stability by achieving strong performance across most strategic objectives, including exceeding targets related to inspections, homebuilder registrations, training programmes and transformation initiatives. The NHBRC received an unqualified audit opinion on the Annual Financial Statements. AGSA reported a material finding on selected Regulation performance information. No material non-compliance was identified in respect of the selected legislative requirements tested. Preventable material misstatements were identified and corrective actions are being implemented. Through its continued focus on consumer protection, skills development, innovation and sustainable housing practices, the organisation contributed positively towards the improvement of housing quality and the advancement of the human settlements sector.

Service delivery environment

The service delivery environment during the year under review was characterised by continued demand for affordable and quality housing, increased regulatory oversight requirements and ongoing economic pressures that affected the construction sector. Despite these challenges, the NHBRC continued to provide effective regulatory and inspection services across both subsidy and non-subsidy housing markets. Increased enrolments, registrations and inspections reflected sustained activity within the housing sector and growing awareness of compliance requirements among homebuilders. The organisation also leveraged stakeholder collaboration, training interventions and targeted compliance initiatives to improve service delivery outcomes and strengthen consumer confidence within the industry.

2.1 Improved Regulatory Compliance

The NHBRC recorded strong performance in regulatory compliance during the 2025/26 financial year through enhanced registration, inspection and enforcement activities. The organisation exceeded targets for homebuilder registrations and registration renewals, indicating improved compliance levels within the industry. Inspection targets for both subsidy and non-subsidy housing units were also surpassed, enabling the NHBRC to strengthen quality assurance and consumer protection measures. In addition, all prosecutable matters were addressed within the prescribed timelines, while dispute resolution performance remained at an exceptionally

high level. These achievements reflect the organisation's commitment to enforcing building standards and maintaining accountability within the home building sector.

2.2 Competent Homebuilders and Technical Professionals

The NHBRC continued to prioritise skills development and technical capacity building as part of its contribution towards a more competent and transformed construction industry. During the year under review, the organisation exceeded all training targets relating to homebuilders, technical professionals, artisans, women, youth, military veterans and people with disabilities. The strong response to training opportunities demonstrated the growing demand for industry skills development programmes and reflected the NHBRC's role in supporting professional development, improving construction quality and enhancing participation within the built environment sector.

2.3 Retention of Registered Homebuilders

The NHBRC achieved significant success in retaining registered homebuilders during the 2025/26 financial year, exceeding the annual target for registration renewals. A total of

16 053 registrations were renewed against a target of 14 000, demonstrating sustained confidence in the NHBRC's regulatory framework and services. The positive results were largely driven by intensified registration and renewal campaigns, improved stakeholder engagement and ongoing awareness initiatives aimed at reinforcing the importance of compliance within the home building industry. The increased retention of registered homebuilders contributes to improved regulatory oversight and enhanced protection for housing consumers.

2.4 Training for People with Disabilities

The NHBRC remained committed to promoting inclusivity and equitable access to skills development opportunities through targeted training interventions for people with disabilities (PWDs). During the year under review, the organisation exceeded its training target by training 373 PWDs against a planned target of 280. This achievement reflects the NHBRC's continued efforts to support transformation, economic empowerment and meaningful participation of historically disadvantaged groups within the construction and built environment sectors. The training programmes provided participants with valuable technical and practical skills aimed at improving employability and supporting enterprise development opportunities.

2.5 Organisational Environment

The NHBRC maintained a stable organisational environment during the 2025/26 financial year through sound governance, effective leadership, and the implementation of strong internal control systems. The NHBRC received an unqualified audit opinion on the Annual Financial Statements. AGSA reported a material finding on selected Regulation performance information. No material non-compliance was identified in respect of the selected legislative requirements tested. While certain operational challenges were experienced, particularly in relation to the implementation of the ICT annual plan, management introduced corrective measures to improve project delivery and operational efficiency. The NHBRC also continued to foster a performance-driven culture focused on service excellence, stakeholder responsiveness, and ethical conduct.

2.2.6 Key Policy Developments and Legislative Changes

During the year under review, the NHBRC continued to align its operations and strategic priorities with government policy directives and developments within the human settlements and construction sectors. The organisation advanced initiatives relating to innovative building technologies and environmentally sustainable housing through the development and implementation of the Innovative Building Technology (IBT) framework and guidelines. The NHBRC also continued to strengthen regulatory processes and compliance measures in support of consumer protection and improved building standards. Ongoing engagement with sector stakeholders and government departments ensured that the organisation remained responsive to legislative developments and emerging industry requirements aimed at enhancing housing quality and sustainability.

2 PROGRESS TOWARDS ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

For the medium-term development plan (MTDP) period, the NHBRC strategic outcomes are aligned with our three operational programmes, namely Administration, Regulation and Consumer Protection.

2.1 Alignment of Strategic Outcomes

Programme	Strategic outcomes
Administration	• Functional, efficient and integrated governance • Financially sustainable organisation that promotes economic inclusion
Regulation	• Improved regulatory compliance • Competent homebuilders and technical professionals
Consumer Protection	• Adequate housing and improved living environment

The NHBRC impact statement for the MTDP is to regulate and provide oversight to the home building industry, to enable quality assurance of homes for the protection of the housing consumer.

2.1.1 Functional, efficient and integrated governance

During the 2025/26 financial year, the NHBRC continued to strengthen governance, accountability and institutional effectiveness through the implementation of sound internal control systems, effective risk management practices and robust oversight mechanisms. The NHBRC received an unqualified audit opinion on the Annual Financial Statements. AGSA reported a material finding on selected Regulation performance information. No material non-compliance was identified in respect of the selected legislative requirements tested. Full implementation of the Internal Audit Plan, Risk Management Plan, and Anti-fraud and Corruption Plan further contributed to enhanced organisational integrity and operational stability. Although challenges were experienced in the implementation of the ICT annual plan, corrective interventions have been introduced to improve project execution and support the organisation’s digital transformation agenda.

financial management practices. The organisation exceeded procurement targets relating to women-owned, youth-owned and disability-owned enterprises, thereby contributing to broader participation of designated groups within the economy and supporting inclusive growth in the construction sector. Furthermore, the NHBRC continued to prioritise the timely payment of suppliers, achieving a high level of compliance with the 30-day payment requirement despite minor delays experienced during the first quarter. These efforts demonstrate the organisation’s commitment to supporting small businesses, strengthening supplier relationships and promoting sustainable economic empowerment.

2.1.2 Financially sustainable organisation that promotes economic inclusion

The NHBRC maintained its focus on financial sustainability while advancing transformation and economic inclusion through targeted procurement initiatives and prudent

2.1.3 Improved regulatory compliance

The NHBRC continued to strengthen regulatory oversight within the home building industry through enhanced registration, inspection, compliance monitoring and enforcement activities. The organisation exceeded its targets for both new homebuilder registrations and registration renewals, reflecting improved industry participation and increased compliance with regulatory requirements. Inspection targets for both subsidy and non-subsidy housing projects were also exceeded, contributing to improved construction quality and consumer protection.

In addition, all prosecutable matters were processed within prescribed timelines, and dispute resolution performance remained exceptionally high, reinforcing the NHBRC's commitment to enforcing building standards and protecting housing consumers.

2.1.4 Competent homebuilders and technical professionals

Skills development and capacity building remained a key strategic priority for the NHBRC during the year under review. The organisation exceeded all training targets across various categories, including homebuilders, youth, women, military veterans, PWDs, artisans and technical professionals. These achievements demonstrate the NHBRC's ongoing commitment to developing industry competencies, supporting transformation and creating sustainable opportunities within the construction sector. Through its training and development programmes, the organisation continues to contribute to improved construction standards, enhanced technical expertise and increased participation of historically disadvantaged groups in the built environment.

2.1.5 Adequate housing and improved living environment

The NHBRC remained committed to promoting quality housing delivery and sustainable human settlements through effective consumer protection measures and innovative building initiatives. During the 2025/26 financial year, the organisation achieved full compliance in the approval of subsidy and non-subsidy enrolment applications, ensuring that housing projects met prescribed regulatory and technical requirements. The NHBRC also advanced initiatives aimed at reducing greenhouse gas emissions and promoting environmentally sustainable construction practices through the development and implementation of the IBT framework and guidelines. These interventions support the organisation's broader objective of improving living conditions, enhancing housing quality and contributing to a more sustainable built environment.

3. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

Management reported the following achievement against applicable annual targets:

Programme	Reported target achievement
Administration	75%
Regulation	100%
Consumer Protection	100%
Overall	92%

The 92% overall result is management's reported achievement and must be read together with the material finding in the Auditor-General's report concerning the supporting evidence for one selected Regulation indicator.

Performance interpretation

- Target status is based on approved indicator definitions and arithmetic, without unauthorised rounding.
- Percentage indicators should disclose numerator, denominator, pending cases and exclusions where these are needed to understand performance.
- Activity and output counts are not treated as proof of final consumer outcomes without supporting outcome evidence.
- The annual performance tables on pages 21 to 25 present the detailed indicators, targets, achievements, deviations and reasons.
- 29 419 subsidy inspections were reported but the evidence did not support the results. AGSA could not determine the correct results and considered it materially lower

MANAGEMENT CORRECTIVE-ACTION PLAN: PERFORMANCE INFORMATION AND CONTROL RECOVERY		
CONTROL AREA	REQUIRED ACTION	OWNER / CLOSURE EVIDENCE
Evidence integrity	Require source-system extracts, indexed digital evidence, named indicator and evidence owners, and retention controls before any result is certified.	Operational owners + SPME; controlled evidence repository and signed certification.
Result reconciliation	Reconcile the management-adjusted subsidy-inspection result of 27 396 to the 29 419 result initially submitted for audit. Preserve the signed AGSA finding and disclose the bridge transparently.	ETS / CEMD + SPME; signed reconciliation and approved performance report.
Review and approval	Apply maker-checker review, independent arithmetic checks, exception reporting and executive negative-assurance certification before submission.	Executive owners + SPME; monthly and quarterly review logs.
Assurance and oversight	Perform sample-based Internal Audit testing and report open actions to EXCO, ARCO and Council until operating effectiveness is demonstrated.	CAE / ARCO; assurance reports and action tracker.
ICT programme recovery	Use stage-gated ICT delivery, accountable business owners, milestone evidence, user-acceptance testing and post-implementation assurance.	BMS / ICT + business owners; approved plan and gate evidence.

2025/26 ANNUAL PERFORMANCE INFORMATION (APP)

Programme 1: Administration

The purpose of this programme is to provide functional and efficient support services to the organisation by ensuring financial sustainability and improved access and visibility of the NHBRC's products and services.

Outcomes, outputs, output indicators, targets and actual achievements table

Outcome	Output	Output indicator	Audited actual performance 2023/24	Audited actual performance 2024/25	Planned annual target 2025/26	Actual achievement 2025/26	Deviation from planned target to actual achievement 2025/26	Reason for variation
Financially sustainable organisation promoting economic inclusion	Unqualified audit opinion with no material findings	Unqualified audit opinion with no material findings	Unqualified audit opinion with no material findings	Unqualified audit opinion with no material findings	Unqualified audit opinion with no material findings	Unqualified audit opinion with no material findings	Target met	Not applicable
	Internal Audit report	Percentage implementation of the approved Internal Audit Plan	100% implementation of the approved IA Plan achieved	100% implementation of the approved IA Plan achieved	100% implementation of the approved IA Plan	100% implementation of the approved IA Plan achieved	Target met	Not applicable
	Anti-fraud and corruption report	Percentage implementation of the approved Anti-fraud and Corruption Plan	100% implementation of the approved Anti-fraud and Corruption Plan	100% implementation of the approved Anti-fraud and Corruption Plan	100% implementation of the approved Anti-fraud and Corruption Plan	100% implementation of the approved Anti-fraud and Corruption Plan	Target met	Not applicable
	Risk management report	Percentage implementation of the approved Risk Management Plan	100% implementation of the approved Risk Management Plan	100% implementation of the approved Risk Management Plan	100% implementation of the approved Risk Management Plan	100% implementation of the approved Risk Management Plan	Target met	Not applicable
	ICT annual plan	Percentage implementation of the ICT plan	Not applicable	Not applicable	100% implementation of the annual ICT plan	27%	Target underachieved by 73%	Assessments delayed, but Based on the removal of this key dependency, management does not anticipate any material impediments beyond its control that would adversely affect delivery going forward.

Outcome	Output	Output indicator	Audited actual performance 2023/24	Audited actual performance 2024/25	Planned annual target 2025/26	Actual achievement 2025/26	Deviation from planned target to actual achievement 2025/26	Reason for variation
Financially sustainable organisation promoting economic inclusion	Transformation and empowerment of designated groups	Percentage of annual procurement spent – women	41% of annual procurement spent – women	44% of annual procurement spent – women	40% of annual procurement spent – women	45.2% of annual procurement spent – women	Target overachieved by 5.2%	Increased availability of women-owned businesses for goods and services
		Percentage of annual procurement spent – youth and persons with disabilities	23% of annual procurement spent – youth 5% of annual procurement spent – people with disabilities	26% of annual procurement spent – youth, persons with disabilities and military veterans	18% of annual procurement spent – youth and persons with disabilities	20.46% of annual procurement spent – youth and persons with disabilities	Target was overachieved by 2.46 %	Increased availability of youth-owned businesses for goods and services
	Payment of valid invoices	Percentage of valid invoices paid within 30 days	100% valid invoices paid within 30 days	100% valid invoices paid within 30 days	100% valid invoices paid within 30 days	98% valid invoices paid within 30 days	Target underachieved by 2%	The target was missed in Q1, due to the delay in approval of changes in banking details

Programme 2: Regulation

The purpose of this programme is to ensure the registration of home builders, to train home builders and to regulate and enforce compliance with building standards.

Outcome	Output	Output indicator	Audited actual performance 2023/24	Audited actual performance 2024/25	Planned annual target 2025/26	Actual achievement 2025/26	Deviation from planned target to actual achievement 2025/26	Reason for variation
Improved regulatory compliance	Registered builders	Number of homebuilders registered	3 690 homebuilders registered	4 499 homebuilders registered	3 600 homebuilders registered	4 077 homebuilders registered	Target overachieved by 477	Registration and renewal drive yielded positive results
	Renewed registrations	Number of registrations renewed	14 265 registrations renewed	15 869 registrations renewed	14 000 registrations renewed	16 053 registrations renewed	Target overachieved by 2 053	Registration and renewal drive yielded positive results
	Inspected homes non-subsidy	Number of homes inspected – non-subsidy	32 404 of homes inspected – non-subsidy	31 712 of homes inspected – non-subsidy	27 000 homes inspected – non-subsidy	32 022 homes inspected – non-subsidy	Target overachieved by 5 022	Close monitoring of enrolments through printed certificates on a monthly basis
	Inspected homes subsidy	Number of homes inspected – subsidy	25 990 of homes inspected – subsidy	27 149 of homes inspected – subsidy	24 000 homes inspected – subsidy	29 419 homes inspected subsidy. This figure is disputed by AGSA	Target met	The Auditor General reported material finding on the performance for Programme 2 (Regulation) concerning a lack for supporting evidence for subsidy inspections
	Percentage of suspensions within 10 working days	Percentage of prosecutable matters suspended	100% of prosecutable matters suspended	100% of prosecutable matters suspended	100% of suspendable matters suspended	100% of suspendable matters suspended	Target met	Not applicable
	Percentage Disciplinary Committee set down within 30 working days	Percentage of prosecutable matters set down for hearing	100% of prosecutable matters set down for hearing	100% of prosecutable matters set down for hearing	100% of prosecutable matters set down for hearing	100% of prosecutable matters set down for hearing	Target met	Not applicable
	Disputes resolved	Percentage of disputes resolved	99% of disputes resolved within 90 days	100% of disputes resolved within 90 days	100% of disputes resolved	100% of disputes resolved	Target met	Not applicable

Competent home builders and tech-nical professionals	Trained builders	Number of homebuilders trained	2 369 homebuilders trained	2 582 homebuilders trained	2 600 homebuilders trained	3 104 homebuilders trained	Target overachieved by 504	The response to training opportunities exceeded the target
	Trained youth	Number of youth trained	1 879 youth trained	2 009 youth trained	2 200 youth trained	2 779 youth trained	Target overachieved by 579	The response to training opportunities exceeded the target
	Trained women	Number of women trained	2 134 women trained	2 352 women trained	2 200 women trained	2856 women trained	Target overachieved by 656	The response to training opportunities exceeded the target
Outcome	Output	Output indicator	Audited actual performance 2023/24	Audited actual performance 2024/25	Planned annual target 2025/26	Actual achievement 2025/26	Deviation from planned target to actual achievement 2025/26	Reason for variation
Competent home builders and tech-nical professionals	Trained military veterans	Number of military veterans trained	201 military veterans trained	258 military veterans trained	220 military veterans trained	363 military veterans trained	Target overachieved by 143	The response to training opportunities exceeded the target
	Trained people with disabilities	Number of people with disabilities trained	250 people with disabilities trained	276 people with disabilities trained	280 people with disabilities trained	373 people with disabilities trained	Target overachieved by 93	The response to training opportunities exceeded the target
	Trained technical professionals	Number of technical professionals trained	859 technical professionals trained	737 technical professionals trained	800 technical professionals trained	1 014 technical professionals trained	Target overachieved by 214	The response to training opportunities exceeded the target
	Trained artisans	Number of artisans trained	806 artisans trained	927 artisans trained	700 artisans trained	732 artisans trained	Target overachieved by 32	The response to training opportunities exceeded the target

Programme 3: Consumer Protection

The purpose of the programme is to improve regulatory compliance and reduce greenhouse gas emissions.

Outcome	Output	Output indicator	Audited actual performance 2023/24	Audited actual performance 2024/25	Planned annual target 2025/26	Actual achievement 2025/26	Deviation from planned target to actual achievement 2025/26
Improved regulatory compliance	Compliant enrolments subsidy	Percentage of enrolment applications approved – subsidy	100% of enrolment applications approved – subsidy	100% of enrolment applications approved – subsidy	100% of enrolment applications approved – subsidy	100% of enrolment applications approved – subsidy	Target met
	Compliant enrolments subsidy	Percentage of subsidy project enrolment applications approved	100% subsidy project enrolment applications approved	100% subsidy project enrolment applications approved	100% subsidy project enrolment applications approved	100% subsidy project enrolment applications approved	Target met
	Compliant enrolments non-subsidy	Percentage of enrolment applications approved – non-subsidy	100% of enrolment applications approved – non-subsidy	100% of enrolment applications approved – non-subsidy	100% of enrolment applications approved – non-subsidy	100% of enrolment applications approved – non-subsidy	Target met
Greenhouse gas emission reduction	Net-zero house launched	Develop and implement an innovative building technology framework and guidelines	Evaluation and monitoring of constructed green first zero energy model house	Launched the net-zero to Council and external stakeholders on the 9th of April of 2024	Develop IBT framework	IBT Implementation framework and guidelines	Target met

Linking performance with budgets

Programme/Activity/Objective	2024/2025			2025/2026		
	Budget	Actual Expenditure	(Over)/Under expenditure	Budget	Actual Expenditure	(Over)/Under expenditure
Administration	R'000	R'000	R'000	R'000	R'000	R'000
Regulation	353 052	291 051	45 435	349 350	357 644	(8 294)
Consumer Protection	337 381	371 867	(34 486)	342 198	360 042	(37 616)
	269 883	218 916	50 967	304 692	220 029	84 663
TOTAL	960 317	881 833	61 917	996 240	937 715	38 753

Strategies to overcome areas of under achievement

To address areas of underachievement identified during the 2025/26 financial year, the NHBRC will implement focused corrective measures aimed at strengthening operational efficiency, improving planning and enhancing accountability across critical functions. In relation to the underperformance against the ICT annual plan, management will prioritise the fast-tracking of delayed assessments, strengthen project governance and monitoring mechanisms, and improve coordination with service providers and internal stakeholders to ensure the timely execution of ICT initiatives. The organisation will also enhance capacity planning and introduce stricter milestone tracking to proactively identify and mitigate implementation risks. Regarding the slight underachievement in the payment of valid invoices within 30 days, the NHBRC will streamline internal approval processes, improve verification procedures relating to banking detail changes, and strengthen financial controls to ensure uninterrupted processing of supplier payments. These interventions will be supported by continuous performance monitoring, improved consequence management and regular reporting to governance structures to ensure sustained improvement and full achievement of targets in future financial years.

4. REVENUE COLLECTION

Revenue to fund the operations of the NHBRC is derived from various sources such as fee revenue, insurance premium revenue and technical revenue.

Fee revenue

Fee revenue comprises primarily registration and annual fees payable to the NHBRC by home builders, as well as subsidy project enrolment fees. Fee revenue decreased from R145.824 million in 2024/25 to R53.636 million in 2025/26, principally reflecting the reduction in subsidy project enrolment fees. Actual fee revenue was also below the approved budget. Subsidy project enrolment fees are payable by the provincial Departments of Human Settlements for project-related work concerning enrolments.

Insurance premium revenue

Insurance premium revenue constitutes the majority of revenue earned by the NHBRC and comprises enrolment fees paid for the enrolment of homes in both the non-subsidy and subsidy sectors. During the 2025/26 financial year, insurance premium revenue performed positively, supported by increased enrolments in the non-subsidy housing market and steady activity within the subsidy sector. Ongoing demand for residential developments, together with continued compliance and enrolment by home builders, contributed to the overall growth in insurance premium revenue for the financial year.

Technical revenue

Technical revenue largely comprises forensic and geotechnical assessments conducted by the NHBRC, driven by these requests received by the provincial Departments of Human Settlement as and when required. Because of less demand for these services in the current year, the technical revenue remained less than anticipated.

Table for revenue collection

Source of revenue	Estimate	2024/2025		Estimate	2025/2026	
		Actual Amount collected	(Over)/Under expenditure		Actual Amount collected	(Over)/Under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Fee revenue	59 169	145 824	(86 655)	99 131	53 636	45 495
Insurance premium revenue	809 304	520 627	288 677	691 638	539 438	152 200
Technical services revenue	58 844	11 452	47 392	120 000	23 510	96 490
Other income	3 500	27 724	(24 224)	76 000	9 805	66 195
Investment income and gains	576 000	1 721 206	(1 145 206)	731 000	2 123 757	(1 392 757)
TOTAL	1 506 817	2 426 833	(920 016)	1 717 769	2 750 147	(1 032 378)

Strategies to address underachievement

Management will strengthen revenue forecasting, provincial-debtor management, service-demand planning and monthly reconciliation between operational source systems and the general ledger. Forecasts will distinguish sustainable operating income from investment performance.

5. CAPITAL INVESTMENT

Capital investment, maintenance and asset management plan

The March 2026 Public Entities Annual Report Guide requires a concise account of capital investment, maintenance and asset management, including progress against the capital/asset plan, infrastructure projects, maintenance, asset-register controls and the condition of capital assets.

Audited capital additions reflected in Part F for 2025/26

Asset class	2025/26 additions	2024/25 additions	Closing carrying value 2025/26
Property, plant and equipment	R2 753 349	R2 469 506	R78 369 872
Computer software / intangible assets	R1 642 916	R4 751 069	R19 331 751
TOTAL ADDITIONS	R4 396 265	R7 220 575	R97 701 623

Infrastructure-project population

No separately reportable infrastructure-project population, with project budgets and completion percentages distinct from the asset register, was identified in the source schedules used to prepare this Annual Report. The capital activity reported above therefore comprises property, plant and equipment and computer-software additions recorded in the audited annual financial statements.

Asset-register management and condition

The annual financial statements disclose asset cost, accumulated depreciation or amortisation, disposals, derecognition and closing carrying values by asset class. Land comprises the Sunninghill and Soshanguve properties, while buildings include Head Office and the Eric Molobi Housing Innovation Hub. The asset information was reconciled to the audited fixed-asset register.

Repairs, maintenance and backlog

Repairs and maintenance expenditure was R815 478 in 2025/26, compared with R3 370 800 in 2024/25. The source schedules did not separately quantify a material maintenance-backlog amount. Facilities and asset custodians will continue to monitor planned and reactive maintenance through the operating plan and asset-management process.



PART C: GOVERNANCE

1 INTRODUCTION

The statutory functions of the NHBRC Council and the Executive Authority are determined in terms of the Housing Consumers Protection Measures Act, the PFMA, and all other applicable legislation. The NHBRC Council is committed to sound governance and ensures that the entity has ethical and effective leadership. Sound corporate governance principles are embedded in the values, culture, processes, and systems of the entity. These are designed in accordance with best practices and incorporate the principles espoused in the King IV report on corporate governance and contained in the governance requirements of the Housing Consumers Protection Measures Act and the PFMA.

2 PORTFOLIO COMMITTEES

Parliament, through the Portfolio Committee on Human Settlements, exercises its oversight role over service delivery and the performance of the entity by evaluating and interrogating the financial and non-financial performance reported in the quarterly and annual reports. The NHBRC attended three meetings of the Portfolio Committee in the year under review to discuss performance and other NHBRC-related performance matters.

3 EXECUTIVE AUTHORITY

The NHBRC's executive authority vests with the Minister of Human Settlements. This is prescribed by the Housing Consumers Protection Measures Act and the PFMA. The Executive Authority has the power to appoint and dismiss the Council of the NHBRC. The current Council was appointed January 2025.

The NHBRC submits strategic and annual performance plans to the Minister of Human Settlements. In this financial year, we did not amend our strategic plan.

4 THE ACCOUNTING AUTHORITY/THE COUNCIL

The Council is the Accounting Authority of the NHBRC and is appointed by the Minister of Human Settlements. The Council leads the organisation to achieve its strategic objectives by directing and approving its overall strategy and associated operational activities. It monitors the organisation's performance against the targets outlined in the annual performance plans and ensures that adequate processes are in place for budget planning and allocation to advance the NHBRC's mandate.

Responsibilities of Council

The statutory functions of the NHBRC's Council are determined in terms of the provisions of the Housing

Consumers Measures Act and the PFMA. These include the following:

- To be the Accounting Authority
- To approve the corporate business plan, strategic plan and policies of the NHBRC
- To set performance targets for the organisation

The Council is responsible for, inter alia, the approval of the prepared annual financial statements that accurately reflect the NHBRC's financial position and results at the end of the financial year, which is set at 31 March each year. The Office of the Auditor-General is responsible for auditing the NHBRC's annual financial statements.

Council members' remuneration

Council members who are not government officials receive fees for the services they render to the NHBRC in accordance with the relevant tariffs determined by the National Treasury and approved by the Minister of Human Settlements. Members of the Audit and Risk Committee are remunerated in accordance with the National Treasury tariffs. Detailed information on fees, emoluments, bonuses, and subsistence and travel claims paid to Council members, Audit and Risk Committee members, and executive members, as required by Treasury Regulation 28.1.1, are included in the notes to the annual financial statements.

Council members' interests in contracts

None of the Council members were involved in or had any interest in contracts entered into by the NHBRC in the year under review. Council members declare their interests annually.

Public Finance Management Act

The NHBRC is fully committed to complying with the provisions of the PFMA. The internal and external auditors continue to provide the Council with assurance on the degree of compliance with the PFMA.

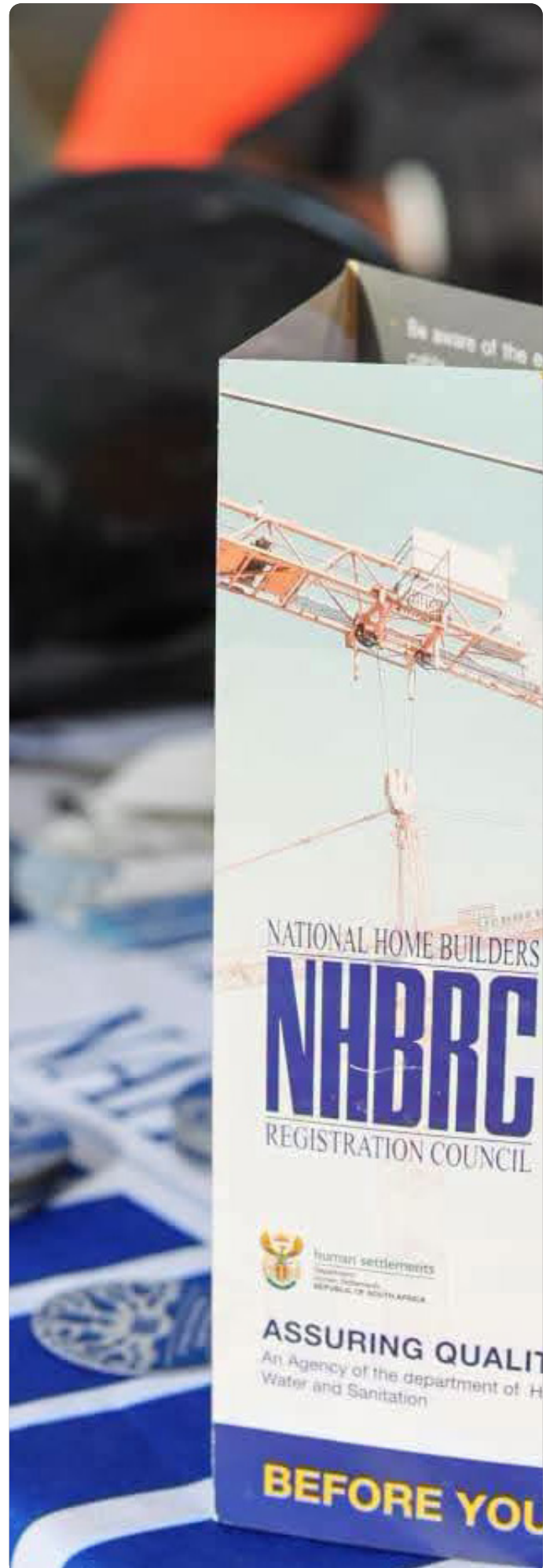
Materiality framework

In accordance with the PFMA and Treasury Regulation 28.1.5, the NHBRC has developed a framework of acceptable levels of materiality and significance. This framework is approved and reviewed annually during the process of submitting our annual performance plans.

Corporate governance

The NHBRC has a Council Charter that serves as a foundational governance document, establishing and detailing the authority, roles, responsibilities, functions, conduct, and powers of its Council. The Code of Governance Principles for South Africa, also known as King IV, recommends implementing this charter. The Council is responsible for policymaking, control, and strategic oversight while the NHBRC's CEO has been delegated the responsibility for the day-to-day execution of the policies and objectives as directed by the Council.

The members of the Council are appointed by the Minister of Human Settlements for representing and to advance the interests of housing consumers, home builders, suppliers of housing goods and services, and associated professionals. They are also appointed based on their expertise regarding structural defects in homes and their prevention and their knowledge of financial management, law, and research and technology development. They represent the interests of the national departments responsible for Housing, Trade and Industry, Finance, and Public Works. Council members are appointed for a maximum of three years and are eligible for reappointment. None of the Council members holds an executive position in the NHBRC. The Council may obtain independent professional advice if deemed necessary.



COUNCIL MEETING ATTENDANCE

In line with good governance principles, as adopted by the King IV Report of Good Corporate Governance, the PFMA, and the Council Charter and the Shareholder Compact, the Council is required to hold at least four quarterly meetings in each financial year to exercise proper oversight and accountability in relation to the activities of the NHBRC. Table 9 illustrates the meetings held in the year under review and each member's attendance at those meetings.

Composition of the Council

NAME AND SURNAME	DESIGNATION (IN TERMS OF PUBLIC ENTITY COUNCIL STRUCTURE)	DATE APPOINTED	DATE RESIGNED	QUALIFICATIONS	AREA OF EXPERTISE	COUNCIL (LIST OF ENTITIES)	OTHER COMMITTEES OR TASK TEAMS	NUMBER OF MEETINGS ATTENDED
Ms Noxolo Kiviet	Chairperson	January 2025	Current	- Honours Degree - Master's degree in public administration	- Public Administration - Business and Management Research			17
	Deputy Chairperson	January 2025	Current	- PhD (Media Studies) - MA (Journalism & Media Studies) - BA Honours (Journalism and Media Studies) - BSc (Computer Science and Statistics)	- Strategic Communication - Data and Digital Communication - Strategic Communication - Data and Digital Communication	- Vaal University of Technology (2021 – current) - Gauteng City-Region Observatory (2025 – current) - Social Housing Regulatory Authority (2022 – 2024) - Chris Hani Institute (CHI 2021 – 2025)		23
	Member	January 2025	Current	- LSTD - BA in Education - Bed (Hons) - Post Graduate Diploma in Education - Executive leadership programme - Accredited Mediator	- Alternative Dispute Resolution - Conflict Resolution - Change Management - Enterprise and Supplier Development - Leadership and Capacity Development - Coaching and Mentoring			24
								

	Mr Kganki Matabane	Member	January 2025	Current	• Master of Business Leadership Administration • Postgraduate Diploma Business Administration • Bachelor of Cost and Management Accounting • National Diploma Costs and Management Accounting	• Cost and Management Accounting	-	21
	Mr Khulile Nzo	Member	January 2025	Current	• Master's in development finance • BSc: Quantity Surveying (Hon)	• Quantity Surveying • Project Management		24
	Ms Lucia Ncalane-Ngcobo	Member	January 2025	Current	• Master of Business Administration (MBA) • BSc: Property Development • BSc: Prop Dev (Quantity Surveying) Honours • Post Graduate Diploma in General Management	• Quantity Surveying & Cost Management • Project Management • Climate Change leadership and Sustainability • Nuclear Professional	-	20
	Ms Mandy Jayakody	Member	January 2025	Current	• M.Eng (Civil Engineering) • Graduate Diploma in Engineering • BSc (Industrial Microbiology) • Certificate in Impact Investing in Africa	• Project Management • Innovative Project Financing • ESG • Sustainability and climate change	Impact Investing South Africa (IISA)	19
	Mr Matjie Lehlogonolo Masoga	Member	January 2025	Current	• Master of Management in Governance and Public Leadership • Master of Development Studies • MSc in Leadership and Change • PhD Candidate in Public Affairs	• Public Administration • Governance • Human Resources • Media Relations		26

NAME AND SURNAME	DESIGNATION (IN TERMS OF PUBLIC ENTITY COUNCIL STRUCTURE)	DATE APPOINTED	DATE RESIGNED	QUALIFICATIONS	AREA OF EXPERTISE	COUNCIL (LIST OF ENTITIES)	OTHER COMMITTEES OR TASK TEAMS	NUMBER OF MEETINGS ATTENDED
Ms Morwesi Ramonyai-Thonga 	Member	January 2025	Current	- Bachelor of Commerce - High Diploma. Computer Auditing - Executive MBA - International Executive Development Programme - Certificate Sustainability Leadership	- Audit & Risk - ESG (Environment, Sustainability & Governance), - Management Consulting - Corporate Governance.	Johannesburg Development Agency Board (JDA).	-	17
Ms Nontuthuko Chiluvane 	Member	January 2025	Current	- BSc:Quantity Surveying - BSc:(Hons) Property Development & Management - Diploma Project Management - Master of Science. Real Estate - Certified Director (IoDSA)	- Quantity Surveying - Property Development & Management - Housing Development & Social Housing - Public Sector Management	- Women's Property Network - South African Facilities Management	Durban University of Technology (Civil Engineering and Construction Department) - Advisory Board Member	19
Ms Renaire Shelly Huntley 	Member	January 2025	Current	- MSc: Environmental and Development - BSc: Biological Sciences - Certificate: Strategic Business Management - Certificate: Research Methodologies	- Strategic Business Management - Multi-Criteria Decision-Making - Sustainability/ESG. Health, Safety & Environment	EARTH Centre NPO	-	26
Prof Sijekula Mbanga 	Member	January 2025	Current	- PhD in Public Administration - Postgraduate Certificate in Housing Policy Management - Bachelor of Public Administration and Industrial Psychology - Master of Public Administration (Cum Laude) - Postgraduate Diploma in Higher Education Studies (Current)	- Strategy Development - Programme and Project Management - Housing and Built Environment - Organisational development - Labour Relations - Monitoring and evaluation - Research development and management	- Institute of Human Settlement Practitioners South Africa - NPC - Board Member & Chairman - USA-Africa Collaborative Inc. Board Member	- Nelson Mandela University Research and Education Chair for Human Settlements - Chartered Institute of Building - W110 - Commission Leader for Affordable Housing and Informal Settlements	21

Ms Siphindile Memela	Member	January 2025	Current	• B. Housing Development • Advanced Diploma Management & Project Management • Post Graduate Diploma Property Development & Project Management • Full status Property Practitioner registered with the PPRA	• Property Development • Real Estate sales and rentals. • Facilities and property management	-	26	
								
Mr Rambau	Chairperson of ICTC	January 2025	Current	• WITS Business School • Executive Development Program (EDP) • Leadership, Corporate Strategy and Corporate Finance • University of South Africa (SBL) master's in business leadership (MBL) • Leadership, Executive Project Management, Corporate Strategy and Corporate Finance • University of Pretoria (UP) • Master's in information technology (MIT) • Strategic ICT Management, Digital Economy, Corporate IT Systems and Information and Knowledge Management • University Of Johannesburg (former Rand Afrikaans University) Extra-Curricular Diploma in Information Technology • Data Communications and Networks, Hardware and Software, Server Administration • University of Venda – Bachelor of Arts degree and University Education Diploma	• Retail Property Development • Space Engineering • Water Resource Management • Environmental and Waste Management -Industrial Symbiosis • ICT Business Supplier Relations • ICT Contracting and Vendor Management • ICT Asset Management (Hardware/Software) • Big Data Analysis/ Internet of Things (IoT) Business Digital Transformation • ICT Project Management • Project Capital Raising/ Deal Making Corporate Finance • Commercial Law • Primary Agriculture/ Agro-processing • Business Development/ Networking • International business – agriculture commodity trading	South African National Space Agency (SANSA) Limpopo Olifants Catchment Management Agency (LOCOMA) Legal Aid South Africa	Chairperson of Risk and ICT Committee – Legal Aid South Africa Chairperson – IT Steering Committee of National Metrology Institute of South Africa (NMISA)	1
Ms Zodwa Matiwane	Member	January 2025	Current	• Master of Business Leadership (MBL) • Master of Law (LLM) • Bachelor of Law (LLB) • B Juris Degree • Advanced Certificate in Project Management	• Legal • Corporate Governance	-	18	
								

Governance structures

To comply with these principles, the NHBRC has designed and implemented and continues to design and implement appropriate governance structures across the organisation. The NHBRC acknowledges that, for it to set up an effective governance framework, robust governance structures need to be in place. The Council was appointed in January 2025 and their term will end in December 2027. The Council have constituted the following Committees of the Council, which were approved with their respective terms of reference in the form of Committee charters. The Council delegates powers to its committees, of which Committee members are specialists in their respective fields and areas of governance. The Council has established seven committees to ensure effective corporate governance within the NHBRC.

Fund Advisory and Finance Committee

The Fund Advisory and Finance Committee (FAFC) is responsible for advising the Council on the prudent management of its funds. The Committee ensures that the NHBRC has effective, efficient, economical and transparent management systems to safeguard its assets and finances in compliance with the Public Finance Management Act, 1999 (Act No. 1 of 1999). The Committee also makes recommendations to the Council regarding policies for approval by the Council, and also responsible for all matters relating to the management of risk to the Warranty Fund and the administration of its fund or any other Council fund. The Committee regularly reviews management's financial reports before submission to Council for approval, recommends the budget for approval by the Council, and advises the Council on all other financial matters.

Fund Advisory and Finance Committee

Committee	No. of meetings held	No. of members	Names of members
FAFC	7	5	Mr Kganki Matabane
FAFC			Ms Lucia Ncalane-Ngcobo
FAFC			Ms Renaire Shelly Huntley
FAFC			Prof. Mandlakhe Radebe
FAFC			Mr. Khulile Nzo

Registration Committee

The Registration Committee (REGCOM) is responsible for advising the Council on all matters relating to the registration and renewal of registration, suspension and deregistration of home builders under the Housing Consumers Protection Measures Act (Act), monitoring the registration and deregistration of home builders, and

for recommending appropriate policies and procedures to Council for approval. The Committee is kept informed of owner-builder applications received under section 29 of the Act and determines whether home builders exempted from enrolment of their own homes in terms of the Act were granted exemptions in line with the Act.

Registration Committee

Committee	No. of meetings held	No. of members	Names of members
REGCOM	4	5	Ms Nontuthuko Chiluvane
REGCOM			Ms Lucia Ncalane-Ngcobo
REGCOM			Ms. Siphindile Memela*
REGCOM			Ms. Mandy Jayakody*
REGCOM			Mr. Khulile Nzo*

Human Capital and Remuneration Committee

The Human Capital and Remuneration Committee (HCREMCO) advises the Council on employees' remuneration policies and makes recommendations to the Council in relation to employees' annual salary adjustments and performance bonus pay-outs. This Committee also maintains a corporate overview of the Council's human capital policies.

Human Capital and Remuneration Committee

Committee	No. of meetings held	No. of members	Names of members
HCREMCO	7	5	Prof. Mandlakhe Radebe
HCREMCO			Mr Kganki Matabane
HCREMCO			Mr. Donavon Goliath
HCREMCO			Mr. Lehlogonolo Masoga
HCREMCO			Ms. Siphindile Memela

Industry Advisory Committee

The Industry Advisory Committee (IAC) is responsible for advising the Council on all matters relating to the operations of the homebuilding industry, in addition to acting as a communication channel between the industry and the Council. Industry stakeholders are invitee members of this Committee.

Industry Advisory Committee

Committee	No. of meetings held	No. of members	Names of members
IAC	6	5	Ms. Renaire Huntley
IAC			Ms Siphindile Memela
IAC			Ms. Mandy Jayakody
IAC			Mr. Khulile Nzo
IAC			Prof. Sijekula Mbanga

Social Ethics and Transformation Committee

The primary role of the Social Ethics and Transformation Committee (SETC) is to oversight, review and make recommendations to Council on matters relating to social, ethics and transformation policies, strategies and practices of the NHBRC. The Committee also advocates for ethics throughout the NHBRC's operations by doing the following:

- Determining articulated ethical standards (Code of Ethics) and ensuring that the NHBRC takes steps to adhere to these in all aspects of the business.
- Overseeing the review of material risks relating to the provisions of the Code of Ethics and the management of risks to ensure that such is part of the NHBRC's risk management programme.
- Obtaining independent assurance on the NHBRC's ethics performance annually.
- Providing guidance on reviewing and approving the NHBRC's safety, health, and environment (SHE) policy and strategy

Social Ethics and Transformation Committee

Committee	No. of meetings held	No. of members	Names of members
SETC	4	5	Mr. Donavon Goliath
SETC			Ms Zodwa Matiwane
SETC			Ms Renaire Shelly Huntley
SETC			Ms. Noxolo Kiviet
SETC			Ms. Morwesi Ramonyai Tonga

Disciplinary Hearings Committee (ad hoc sittings)

This Committee is responsible for presiding over cases of alleged contraventions of the Housing Consumers Protection Measures Act by home builders and imposing disciplinary sanctions where home builders are found guilty

of contravening the Act. The Committee comprises a panel of legally qualified chairpersons and technical assessors who are all independent non-Council members appointed by the Council for the term of office of the Council.

Audit and Risk Committee

The function of the Audit and Risk Committee (ARCO) is to assist the Council in discharging its duties relating to the safeguarding of assets, the operation of adequate systems, control processes, and the preparation of financial reports and statements. These tasks are conducted in line with all applicable legal requirements and accounting standards as prescribed in the PFMA. The Committee operates in terms of written terms of reference (the ARCO Charter), which provides clear guidelines with regard to its membership, authority, and responsibilities. The ARCO Charter was reviewed but never approved due to council resolving to put on hold all TOR reviews and appoint a service provider to look into them.

Audit and Risk Committee

Committee	No. of meetings held	No. of members	Names of members
ARCO	7	4	Ms. Nontuthuko Chiluvane (Interim Chairperson)
ARCO			Ms. Zodwa Matiwane*
ARCO			Mr. Lehlogonolo Masoga*
ARCO			Prof. Sijekula Mbanga*



Remuneration of Council members

Name	Remuneration	*Other allowance	Total
Ms Noxolo Kiviet (Chairperson)	R239 783	R10 100	R249 883
Prof Mandla Joshua Radebe (Deputy Chairperson)	R335 669	R10 495	R346 164
Mr Sijekula Mbanga	R162 922	R8 800	R171 722
Mr Vincent Donavon Goliath	R227 033	R9 600	R236 633
Ms Khulile Vuyisile Nzo	R151 686	R9 600	R161 286
Ms Siphindile Memela	R194 961	R9 600	R204 561
Ms Nomthandazo Ncalane-Ngcobo	R180 664	R9 448	R190 112
Ms Renaire Shelly Huntley	R237 584	R9 734	R247 318
Mr Kganki Matabane	R164 055	R9 600	R173 655
Ms Nontuthuko Chiluvane	R145 436	R8 800	R154 236
Ms Mandy Jayakody	R136 154	R9 600	R145 754
Mr Lehlogonolo Masoga	R171 073	R19 137	R190 210
Ms Morwesi Ramonyai Thonga	R95 017	R4 800	R99 817
Ms Zodwa Matiwane	-	R9 600	R9 600
Total	R2 442 037	R138 913	R2 580 950

*Other allowance = Cellphone allowance



5 RISK MANAGEMENT

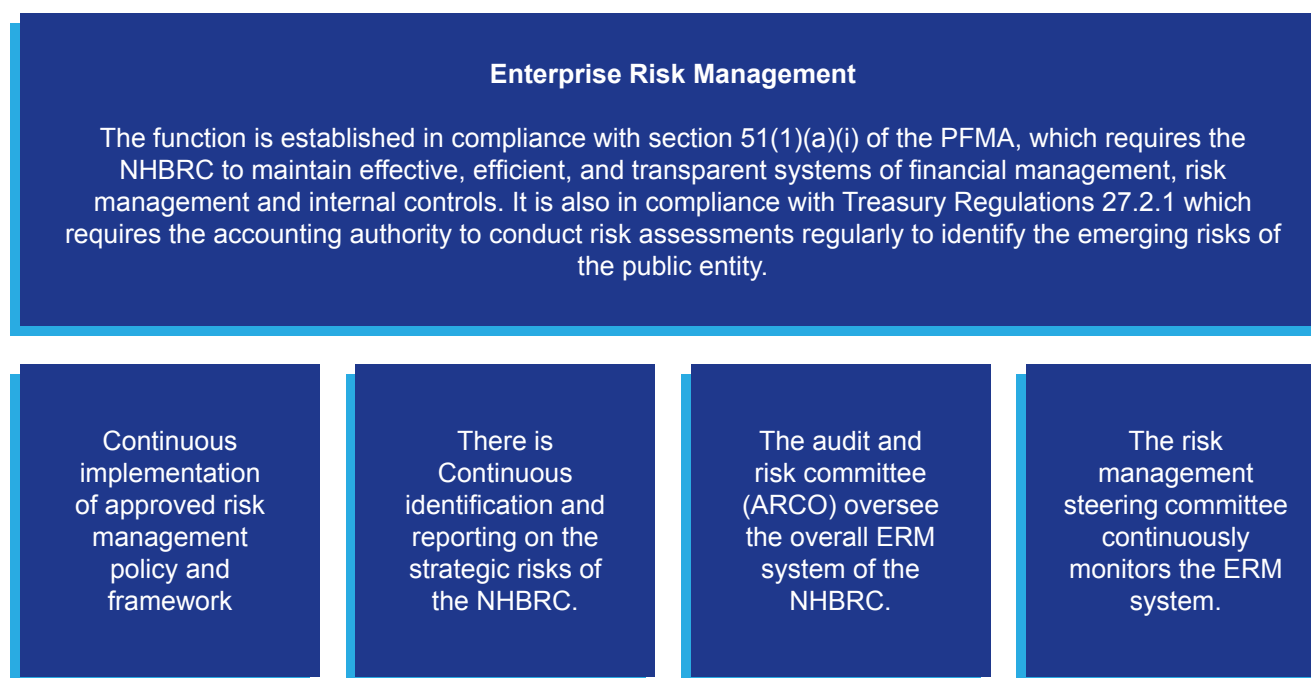


Figure 4: Enterprise risk

Risk Governance Oversight

In terms of Section 51(1)(a)(i) of the PFMA, the Accounting Authority (or Council in the case of NHBRC) of a public entity must ensure that the public entity has and maintains effective, efficient, and transparent systems of financial management, risk management, and internal controls. Further to that, Treasury Regulation 27.2.1 states that the accounting authority must ensure that a risk assessment is conducted regularly so as to identify emerging risks of the public entity. A risk management strategy, which must include a fraud prevention plan, must be used to direct internal audit effort and priority and to determine the skills required of managers and staff to improve controls and to manage these risks. The strategy must be clearly communicated to all employees to ensure that the risk management strategy is incorporated into the language and culture of the public entity.

The organisation continued to experience challenges in infrastructure renewal, SCM maturity, contract management, provincial debt, accountability, FCLs' backlogs, audit remedial activities, and specialist capacity. Its primary responsibility is to bring its specialist expertise to assist to embed risk management and leverage its benefits to enhance performance, including facilitation of risk assessment for material risks and evaluation of the strategy for managing these risks;

King IV Principles 11 and 13 state that the governing body should govern risk in a way that supports the organisation in setting and achieving its strategic targets. The Council should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports NHBRC's responsibility of being an ethical and good corporate citizen.

The Risk Section was established in conformance with the provisions of the Housing Consumer Protection Measures Act, PFMA, Treasury Regulations, King IV Report on Corporate Governance, COSO Risk Management Model, ISO 31000 Risk Management Standards and the Public-Sector Risk Management Framework. In line with the requirements of the Public-Sector Risk Management Framework, the Risk Section has an approved Risk Management Plan (RM Plan) in place which articulate a defined and disciplined approach for implementing, monitoring and maintaining good risk management practices to propel the organisation towards achieving objectives of the Risk Management Policy Framework.

Within the NHBRC, the Risk Section is positioned as a strategic enabler, risk expert advisor and a value-add function intended to assist NHBRC in achieving its mandate, strategic objectives and satisfy its stakeholders within the prescribed regulatory framework. It is thus empowered amongst other functions, to (a) facilitate risk and opportunity identification, risk mitigation, risk reporting and risk monitoring at strategic, operational and project levels, (b) implement the Business Continuity Management (BCM) programme, (c) implement the Fraud Prevention Strategy, implement the Ethics Programme, (d) provide assurance on Policy Development, (e) implement a Combined Assurance Model, (f) implement the Security Management, (g) Implement the compliance Management Programme.

The Risk Section, headed by the Chief Risk Officer (CRO), reports to the CEO and to the ARCO and SETC for purposes of risk and ethics oversight on various risk categories in the organisation.

Risk Belief at NHBRC (Risk Philosophy)

Risk is inherent in any business, more so in the business of regulating the building of homes and protecting housing consumers through a warranty fund in South Africa. Amongst others, the NHBRC regulates the certification of homebuilders, enrolment of houses, enforcement of homebuilding laws and regulations, including education of housing consumers.

Risk management is an important element of the organisational strategy and daily operations that impacts on organisational performance (i.e. APP Targets), financial results and future organisational plans. It is upon this basis that NHBRC believes that risk management is a responsibility of every employee in the organisation, practiced daily and infused into daily operations, business processes and policies with a view of converting risks into opportunities, protecting the organisation against unforeseen losses, improving investment returns, being a reliable and sustainable service delivery agency of Government. Taking business decisions must therefore be informed and underpinned by appropriate rigour and analysis, reducing incidents of fraud and corruption and OHS, reducing incidents of irregular, fruitless and wasteful expenditure and improving efficient use of resources.

In conclusion, the NHBRC believes that risk management provides a process of proactively identifying risk issues, opportunities, and events, which if not well managed can adversely impact the achievement of business objectives. By applying the risk management process, the NHBRC is able to proactively manage issues that may impact the achievement of its goals. The risk management process enhances the overall control environment and governance in a more structured manner across all areas of business.

Risk Maturity

The Risk Section's vision is to propel the NHBRC to be "risk intelligent / matured" by March 2027. The most recent risk-maturity assessment recorded the NHBRC at Level 3 out of 5, with further work required to reach the intended mature/risk-intelligent state. As part of instilling and embedding a good risk management culture in the organisation, the gaps and improvements identified in the risk maturity self-assessment and independent will be incorporated into the four (4) year RM Plan (the 2024/2027 RM Plan). In reaching a level 3 risk maturity level, the key achievements over the reporting period include:

- (a) Conducting a Council strategic risk assessment,
- (b) Linking the organisational strategy to the strategic risk profile,
- (c) Quantification of materialised, emerged, avoided and
- (d) Implementation of the risk appetite framework
- (e) Implementation of the Combined Assurance Framework
- (f) Development of the Ethics Maturity Strategy.

In its intention to reach a level 5 risk maturity, the

organisation will in future undertake the following activities: Coordinated risk management activities across silos (Combined Assurance), Risk appetite monitored at divisional level, risk technology implementation and enablement, contingency plans and escalation procedures, risk management training, risk modelling, transversal risk analysis, risk consolidation and quantification, risk consultation, RM /BCM / Ethics / Compliance / Anti-fraud Training, improve tone at the top, risk discussion is embedded in strategic planning, capital allocation, linkage to performance measures and incentives, industry benchmarking used regularly, integrated GRC (GRC), data analytics, evaluation of ARCO in relation to risk management and risk management effectiveness independently and a risk culture survey.

Strategic Risk Profile

For the reporting period, the Council and EXCO undertook an annual Council risk assessment to identify risks and opportunities from the long term organisational strategy and annual performance targets for 2025/2026 financial year (In addition, the risks and opportunities for the long term strategy have also been identified), and seven strategic risk exposures were identified, relating to:

1. Regulatory Framework Risk - Non-compliance to the regulatory framework both on internal operations and external as a regulator
2. Fraud and Corruption Risk – Exposure to unethical practices affecting organisational integrity and financial stability.
3. Engineering and Technical Risk – Risks associated with construction standards, technical compliance, and infrastructure failures.
4. Stakeholder Management and Consumer Protection Risk – Challenges in managing relationships with key stakeholders and ensuring consumer confidence.
5. ICT Risk – Vulnerabilities in NHBRC's information and communication technology systems affecting cybersecurity and operational continuity.
6. Human Capital Risk – Talent retention, workforce capacity, and skills development concerns impacting organisational efficiency.
7. Financial Sustainability Risk – Potential financial constraints affecting NHBRC's ability to deliver its mandate effectively.

Relevant risk mitigations were developed, monitored, and reported to ARCO for independent oversight purposes, including risk related APP targets.

Whilst various critical mitigations were implemented during the year, the overall strategic risk profile remains high. This is resultant from outstanding management action plans that expose the NHBRC. Some of these risks will be prioritised in the upcoming year.

6. INTERNAL CONTROLS

Council and management are responsible for the system of internal control. Internal controls provide reasonable, but not absolute, assurance over safeguarding of assets, reliability of financial and performance reporting,

compliance and operational effectiveness.

Assessment for the year

Internal Audit and the Auditor-General identified progress in the control environment, but performance-information reporting remained a significant weakness. Management did not consistently prepare regular, accurate and complete performance reports supported by reliable evidence and subjected to effective review.

Control-recovery priorities

- Source-data reconciliation and evidence management.
- Maker-checker review, exception reporting and executive certification.
- Contract lifecycle and procurement controls.
- Role-based system access and digital audit trails.
- Closure of findings only after evidence of operating effectiveness and assurance.

Status of the Audit Findings

	No of findings	Total Addressed	Total not addressed	Management accepted risk	No of Recurring findings last 3 Financial years	Reasons for unresolved matters
IAF Findings	191	28	158	5	17	Inter dependencies on various process that are moving slow. (i.e. SCM, IT related solutions and filling of vacancies)
AGSA Findings	29	11	18	0	2	Irregular expenditure and fruitless and wasteful expenditure matter that require Council consideration for condone-ment.

Audits approved and completed during the year 2025/2026

Type of audit	Planned	Completed	% Completion	Reasons for deviation
Assurance audit	26	26	100	None
Advisory audit	8	8	100	None
Ad hoc audit	3	3	100	None
Rolled over audits	8	n/a		Vacancy due to resignation of the Senior Internal auditor in June 2025 and 1 intern in August 2025, Also, financial resources were limited as audits had to be outsourced. The rolled over audits are included in the 26/27 annual audit plan

8. AUDIT AND RISK COMMITTEE

The Internal Audit function is in-house and may use an approved panel of service providers where specialist capacity is required. ARCO assists Council in discharging its responsibilities for financial reporting, performance information, internal control, risk management, combined assurance, compliance, Internal Audit and interaction with the Auditor-General.

Composition and attendance during the reporting period

Member	Capacity	Date appointed	Meetings attended
Ms Nontuthuko Chiluvane	Interim Chairperson / Council member	31 March 2025	7
Ms Zodwa Matiwane	Council member	31 March 2025	7
Mr Lehlogonolo Masoga	Council member	31 March 2025	7
Prof Sijekula Mbanga	Council member	31 March 2025	7

7. INTERNAL AUDIT

The Internal Audit function is in-house and may use an approved panel of service providers where specialist capacity is required. It reports functionally to ARCO and administratively to the Chief Executive Officer.

Delivery against the approved plan

- All planned and approved risk-based audits were completed.
- Several ad hoc and advisory assignments were completed and reported to ARCO.
- Changes to the annual plan were considered and approved by ARCO in January 2026.
- The approved Internal Audit Plan was reported as 100% implemented.

Quality assurance

The external quality-assurance review completed in November 2024 assessed the function as generally conforming with the applicable internal-audit standards and generally effective. The function continued to align its charter and methodology with the Global Internal Audit Standards.

Follow-up

Internal Audit continued to validate management action plans and recurring findings. Outstanding actions and repeat findings remained subject to ARCO oversight.

The Committee convened seven meetings during the reporting year. Members were non-executive and the Committee operated under an approved charter. Qualifications and professional experience were considered collectively to provide an appropriate mix of financial, governance, legal, risk, built-environment and public-sector expertise.

Post-reporting-date development

Ms Masaccha Khulekelwe Mbonambi was appointed as independent ARCO Chairperson in April 2026, after the reporting date. Her appointment is therefore disclosed as a post-reporting-date governance development and is not included in the 2025/26 attendance count.

Independence and declarations

Members were required to declare interests and maintain independence in the execution of Committee duties. ARCO applied professional scepticism, requested additional information where necessary and maintained direct access to Internal Audit and the Auditor-General.

9. COMPLIANCE WITH LAWS AND REGULATIONS

The NHBRC maintains a compliance-management programme supported by legal, risk, finance, human-capital, supply-chain and operational controls. AGSA did not identify material non-compliance with the selected legislative requirements tested. This conclusion is separate from the material finding on selected performance information.

10. FRAUD AND CORRUPTION

Under the auspices of the Risk Section and guided, amongst others, by the PFMA, the King Code on Corporate Governance, the Protected Disclosures Act and the Combating of Corrupt Activities Act - the fraud prevention and ethics policy frameworks are in existence and adhered to, except in instances reported in the assurance reports and reported to ARCO and SETC, including the Shareholder.

The policy framework in place constitutes of the Fraud Prevention Policy, Staff Ethics Policy, Code of Conduct, Risk Management Policy, Compliance Management Policy, the Delegation of Authority Framework and the

fraud prevention plan.

The plan gives a practical effect to the fraud prevention and ethics policy frameworks by emphasizing and rolling-out the key principles and elements of fraud prevention, fraud detection, fraud investigation and fraud resolution, including the zero-tolerance statement and whistleblowing mechanisms – thus stressing the matters of ethics, accountability and consequence management.

During the period under review, the fraud prevention plan was developed and executed – and the fraud prevention initiatives, fraud investigation turnaround times and fraud resolution / consequence management, to a greater extent, need improvement.

Additionally, the NHBRC have a whistle-blowing facility availed to all internal and external stakeholders, including employees and external clients to confidentially report matters of fraud, corruption and unethical behaviour.

11. MINIMISING CONFLICT OF INTEREST

The NHBRC is determined to discharge its legislative mandate in an ethical organisational climate. To this end, the Ethics Function within the Risk Section has been established to raise ethical standards in the NHBRC through the implementation of an Ethics Management Programme and Conflict of Interest Policy.

At the core of the Ethics Management Framework, Ethics Maturity Strategy and Conflict of Interest Policy is to emphasis the following:

- (a) to provide exemplary standards of conduct expected of all officials in the course of the NHBRC business.
- (b) to manage conflicts of interest, particularly in selection, recruitment and supply chain, inspections management processes, in the conduct of everyday NHBRC business; and
- (c) to create an organisational culture for the conduct of NHBRC business based on the ethical philosophy of the organisation.

The code of conduct, fraud prevention policy and ethics policy were adhered to. If a case of potential conflict of interest is identified within the organisation, such matter will be referred to the Risk Section for analysis and investigation, and appropriate action will be taken in accordance with the disciplinary policy and procedure.

12. CODE OF CONDUCT

The NHBRC has an approved Code of Conduct that is applicable to all NHBRC employees, including temporary employees, interns, and independent contractors. The objective of the Code of Conduct is to establish and provide guidelines on the principles, values, standards, and rules of behaviour that guide the decision, procedures, and systems at the NHBRC. Awareness sessions were implemented where all employees were educated about the provisions of the Code of Conduct which set standards for ethical and lawful conduct. The aim of the awareness sessions is to constantly encourage employees to adhere to the provisions of the Code of Conduct, thus protecting the NHBRC's assets, including reputation and goodwill.

Employees found to be in contravention of the standards outlined in the Code of Conduct, are addressed by the Human Capital Section, directly with line managers, with appropriate actions being taken in line with the Disciplinary Policy of the NHBRC.

13. OCCUPATIONAL HEALTH AND SAFETY ISSUES

The NHBRC has prioritised the Occupational Health and Safety Act, 1993 (Act No. 85 of 1993), to provide a safe workplace for employees, while staff members must work and comply with the safety directives of the organisation.

The Occupational Health and Safety (OHS) Function within the Risk Section has been charged with ensuring that the organisation provides a safe and healthy working environment for its employees, contractors, visitors, and stakeholders by establishing a safety policy, procedures, guidelines, and standards. The annual plan was executed, with progress updates reported to RMSC and SETC.

Going forward, the priority is to measure the level of compliance to the Occupational Health and Safety Act 85 of 1993, as amended and alignment to the OHS implementation plans and audits to ISO 45001 standards and other best practices.

14. COMPANY SECRETARY

Ms Neo Muhlwa served as Company Secretary from 1 April 2025 to 30 June 2025. Mr Taf Kachara served as Interim Company Secretary from 1 July 2025 and was the interim incumbent at 31 March 2026. The permanent post remained vacant and the function was covered on an interim basis.

15. SOCIAL RESPONSIBILITY

During the 2025/2026 financial year, the NHBRC significantly expanded its capacity-building initiatives to bridge the skills gap in South Africa's construction sector.

Technical Skills and Artisan Training

Accredited Trade Training: Delivered CETA-accredited courses in Bricklaying, Plastering, Plumbing, and Roofing, providing learners with credits toward the NQF Level 3 National Certificate in Building and Civil Construction.

Recognition of Prior Learning (RPL): Formalised the expertise of seasoned but uncertified artisans through assessment and certification, enabling them to access formal contracting opportunities.

Health and Safety: Implemented mandatory safety workshops for all trainees to ensure compliance with site regulations and reduce workplace injuries.

Business and Management Development

Emerging Home Builder Training: Hosted workshops on Construction Management, Project Management, and Finance for Non-Financial Managers to improve the

sustainability of small-to-medium enterprises (SMEs). Tender and Contract Readiness: Provided specialised training on tendering for construction contracts and understanding the Housing Consumers Protection Act to ensure legal compliance.

Targeted Empowerment Initiatives

Women Empowerment Programme (WEP): Collaborated with GIBS to provide 12 months of intensive business leadership training followed by a 12-month mentorship phase for women-led construction firms.

Inclusion Programs: Scaled technical workshops specifically tailored for Military Veterans, Youth (ages 18–35), and People Living with Disabilities to promote inclusive growth within the sector.

INTERNAL CONTROLS

The Council oversees the system of internal controls at the NHBRC, whereas the implementation and functioning of the system of internal controls rests with the Executive Management Team. The NHBRC has and continues to set internal controls to manage known and emerging risks. Internal controls are continuously reviewed and tested by internal audit through proactively planned audits.

The ARCO is regularly presented with a formal review of the effectiveness of the NHBRC's internal controls. Reports from management on specific areas, internal audit, external audit, risk management and other independent assurance providers are tabled from time to time. Council has an organisational structure and division of responsibilities, that, along with established policies and procedures, are communicated throughout the organisation.

Coupled with enhanced Council oversight on governance, risk management, and compliance, the NHBRC will be able to implement consequential management in instances where serious governance, risk management, or compliance failure has occurred.

Business assurance enhancement projects

The NHBRC continues undergoing business changes, the largest being the review of the inspectorate model. The digitisation project is another significant project currently underway with phase 1 (i.e. registration and renewals) fully implemented. Phases 2 and 3 are still in planning stages. These changes are a response to challenges brought about by the pandemic and a need to render efficient services to the NHBRC customers and stakeholders. They also aim to enhance the technological offering of the organisation.

The abovementioned enhancements are envisaged to streamline delivery of the organisations' mandate and modernise service delivery by providing remote access to stakeholders who wish to access the NHBRC's valuable final products online.

To assist the organisation with the successful implementation of the above, Internal Audit has assigned

resources where possible to be part of the projects on an advisory basis. Further, the Internal Audit is coordinating the implementation of combined assurance within the NHBRC. This ensures the integration of business, risk management, compliance, and Internal Audit efforts in identifying, mitigating, and reporting on significant business risks, including business projects.

Internal Audit (IA) and Audit Committees

Legislative requirements

In conformity with the commitment of the Council to be fully accountable to all stakeholders of the National Home Builders Registration Council (the Organisation”) and in accordance with the requirements of Section 77 of the Public Finance Management Act, no 1 of 1999 (PFMA) and the guidance articulated by National Treasury’s regulations (i.e. on Internal Audit and Audit and risk committee), an Internal Audit function has been established.

Internal auditing is an independent and objective assurance and advisory service that provides a value adding support to improve the operations within the NHBRC. An Internal Audit Charter is a formal and official document setting out the purpose, authority and responsibility of internal audit. The Audit Charter is prepared in accordance with the recommendations of the Institute of Internal Auditors (IIASA) and has been prepared considering the recommendations of the King Report on Corporate Governance and National Treasury regulations and guidelines. This charter is reviewed annually.

PURPOSE OF INTERNAL AUDIT

Internal auditing strengthens the organisation’s ability to create, protect, and sustain value by providing the board and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

Internal auditing enhances the organisation’s:

- Successful achievement of its objectives.
- Governance, risk management, and control processes.
- Decision-making and oversight.
- Reputation and credibility with its stakeholders.
- Ability to serve the public interest.

The NHBRC has an in-house IA function that utilises external subject matter expertise in key areas that cover, among others, the following:

- Investments
- Financial audits
- IT/Cybersecurity
- Quality housing (engineering)

Performance against the approved annual audit plan

The annual Internal Audit activities are informed and guided by an approved risk-based audit plan, the Internal Audit Charter and Strategic Corporate Plan. Internal Audit has adopted an active audit delivery methodology

in its annual audit planning. The audit plan and projects are assessed quarterly due to the ever-changing risk environment and continuous change in the strategic direction of the organisation.

Internal Audit effectively implemented the annual audit plan as approved by the ARCO. Internal Audit completed audit engagements inclusive of planned and ad hoc requests for the year under review. This represents a 100% achievement against a 100% implementation of annual audit plan target (i.e. as adjusted during the year). All changes to planned audits were approved by the Audit and Risk Committee.

All audits and other work of the Internal Audit function were conducted in accordance with the International Standards for the Professional Practice of Internal Audit as issued by the Institute of Internal Auditors now referred to as Global Internal Audit standards (GIA).

The significant governance, risk, and control deficiencies identified from internal audit reports have been reported timeously to ensure speedy management intervention that will enhance the NHBRC control environment, which is critical for effective service delivery by the NHBRC on its mandate.

And through a sustained follow-up process, Internal Audit also assists businesses to ensure mitigation strategies are implemented timely and are working effectively.

Combined assurance project

Combined assurance is currently in the implementation stage. The following major milestones have been reached:

No.	Activity	Progress at the end of 2025/26
1	Develop and approve Combined Assurance Plan.	Completed
2	Establish a Combined Assurance Structure.	Completed
3	Assess combined assurance providers and compile action plans to close identified gaps.	Completed
4	Train combined assurance providers.	Completed
5	Monitoring and reporting.	Completed

Table 10: Combined assurance project

The project is co-driven by the IA, Risk Management, and Compliance sections. The objective is to ensure that there is integrated assurance and reporting and broader assurance coverage. In this way, the Council will be provided with an enhanced desktop view of the organisation’s assurance efforts.

The combined assurance efforts have provided valuable insights into the organisation’s risk profile, assurance coverage, and areas requiring improvement. While significant progress has been made in addressing key risks, gaps in assurance coverage and compliance monitoring highlight the need for ongoing vigilance and enhancements to the assurance framework.

Also, during the year under reporting, there were no

formal control self-assessment performed by 1st line of defence, control self-assessment creates a clear line of accountability for controls, possibly reduce the risk and results in an organisation with a lower risk profile. Further engagement will be done in FY2026/2027 to obtain assessment outcomes.

The Committee will continue to monitor progress of these activities, both through meetings with management and ongoing reviews.

16. AUDIT AND RISK COMMITTEE REPORT

Part 1: Overview and responsibilities

We are pleased to present the Audit and Risk Committee report for the financial year ended 31 March 2026. The Committee confirms that it complied with its responsibilities arising from the PFMA, Treasury Regulation 27 and its approved charter.

The Committee exercised oversight of the integrity of financial and performance reporting; effectiveness of internal control, risk management and combined assurance; Internal Audit; compliance; ICT governance; and the external audit process.

Committee reflections

The annual financial statements received an unqualified audit opinion. AGSA reported a material finding and preventable material misstatements on selected Regulation performance information. No material non-compliance was identified in respect of the selected legislative requirements tested. These are distinct audit conclusions and are reported separately throughout the Annual Report.

The control environment made progress, and all approved Internal Audit assignments were completed. Nevertheless, prior-year findings and management actions were not all addressed with the required consistency and pace. The overall strategic risk profile remained high and critical vacancies and ICT capability continued to require attention.

Part 2: Composition and attendance

The Committee consisted of four Council members during the reporting period, with seven meetings attended by each member as disclosed on page 40. The independent Chairperson appointed after year-end is disclosed separately.

The Committee performed its responsibilities without hindrance and maintained access to management, Internal Audit, Risk Management and the Auditor-General.

Part 3: Focus areas

Effectiveness of internal control

Internal Audit reports reflected improvement in some controls, while recurring weaknesses in performance-

information evidence, review controls, procurement and action-plan closure required continued attention.

Internal Audit

ARCO approved and monitored the risk-based plan, considered plan changes and reviewed reports and follow-up work. The Committee was satisfied with the competence and organisational positioning of the function, while continuing to monitor capacity and follow-up of repeat findings.

Risk management and combined assurance

The Committee reviewed strategic and operational risks, risk-mitigation progress and combined-assurance coverage. Risk maturity was assessed at Level 3 out of 5; the organisation had not yet reached its intended mature or risk-intelligent state.

Financial and performance information

The Committee reviewed the unaudited and audited annual financial statements, the annual performance report, changes arising from the audit and management responses. No material misstatement remained in the annual financial statements. The selected Regulation performance-information finding remained as reported by AGSA.

ICT governance

The Committee noted significant underachievement in implementation of the annual ICT plan and required improved project governance, business ownership, milestone monitoring, security, user acceptance and post-implementation assurance.

Legal and regulatory compliance

The Committee reviewed compliance reporting and the AGSA conclusion that no material non-compliance was identified in the selected legislative requirements tested. Performance-information misstatements were not described as legislative non-compliance. NHBRC

In-year reporting

The Committee reviewed quarterly financial, performance, risk and audit-action reports. Management is required to improve source-data reconciliation, evidence retention and validity review so that reported achievements are supported by reliable information.

Irregular expenditure and consequence management

During the year under review, Council approved the removal of R110 727 795 relating to historical irregular expenditure. A further amount of approximately R206 million relating to historical irregular expenditure remained subject to consideration at the date of this report. ARCO is expected to consider the appropriate treatment of these matters during 2026/27. No decision on the ultimate treatment of the approximately R206 million had been

taken at the date of reporting.

Consequence-management processes relating to identified historical matters remained in progress. Accounting removal or classification does not substitute for addressing root causes or individual accountability where responsibility is established.

Auditor-General of South Africa

The Auditor-General of South Africa (AGSA) is a standing invitee in all audit and risk committee meetings. During the year, the committee has met with the AGSA to consider the audit strategy, the audit fees and the audit team. We have reviewed the implementation plan for audit issues raised in the previous year and based on the interaction with Management and the internal audit reports, the committee is not satisfied that all matters have been adequately addressed and there is room for improvement. The Audit Committee confirms that there were no unresolved matters brought to their attention with respect to the current audit. ARCO concurs and accepts the conclusion of the AGSA on the Annual Financial Statements and Performance information and is of the opinion that the audited Annual Financial Statements and Performance Information should be accepted and read together with the report of the Auditor-General of South Africa.

Risk management

Management is responsible for the establishment and maintenance of an effective system of governance, risk management, the prevention and the detection of fraud and implementation of effective internal controls. The Chief Risk Officer is responsible for facilitating the process of identifying, reviewing, managing and monitoring risks. Through these processes, the NHBRC's top seven (7)

strategic risk profile is developed, and operational risk registers are compiled with mitigation strategies. These are implemented and monitored on a quarterly basis. While various critical mitigations were implemented during the year, the overall strategic risk profile remains high. This is as a result from outstanding management action plans that expose the NHBRC. The committee will continue to monitor the implementation of identified mitigation measures.

A Risk Management Committee (RMC) was appointed comprising of two (2) external members and members of executive management. The RMC is a structure responsible for the adoption, implementation and oversight of risk management policies, systems and processes. The most recent risk-maturity assessment recorded the NHBRC at Level 3 out of 5, with further work required to reach the intended mature/risk-intelligent state.

Conclusion

ARCO recognises the unqualified financial-statement opinion and progress in assurance arrangements, but does not equate those achievements with completion of the control-recovery programme. The Committee will continue to monitor performance-information reliability, closure of findings, risk mitigations, critical vacancies and ICT delivery.



Ms Masaccha Khulekelwe Mbonambi
Chairperson: Audit and Risk Committee



AUDIT COMMITTEE MEETING ATTENDANCE

Name	Qualifications	Executive or non-executive	If internal, position in the public entity	Date appointed as AC	Date resigned	No. of meetings attended
Ms Masaccha Khulekwe Mbonambi (Chairperson)	- Bachelor of Accounting B. Com Honors in Ac-counting - CTA - Certificate in Executive Development Program - (WBS) - Chartered Accountant (SA) - Chartered Director (SA)	Non - Executive	Independent member	April 2026	N/A	0
Ms. Nortuthuko Chiluvane (Interim Chairperson)	- BSc Quantity Surveying - BSc (Hon) Property Development (Quantity Surveying) - Diploma-Project Management - MSc Real Estate - Certified Director (IoDSA)	Non - Executive	Council member	3 March 2025	N/A	7
Ms. Zodwa Matiwane	- Master of Business Leadership (MBL) - Master of Law (LLM) - Bachelor of Law (LLB) - B Juris Degree - Advanced Certificate in Project Management	Non - Executive	Council member	31 March 2025	N/A	7
Mr. Lehlogonolo Masoga	- Master of Management - Master of Development Studies - Master of Science - Postgraduate Diploma – Govern-ance and Public Leadership B. Tech Human Resource Management - Diploma Governance and Public Leadership - Professional Diploma: Humanitarian Assistance	Non - Executive	Council member	31 March 2025	N/A	7
Prof. Sijekula Mbanga	- PhD - Master of Public Admin - Bachelor of Administration - Postgraduate Diploma in Higher Education Studies - Postgraduate Certificate in Housing Policy Management	Non - Executive	Council member	31 March 2025	N/A	7

17. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

The prescribed table must be completed in accordance with the B-BBEE Act and applicable Department of Trade, Industry and Competition requirements. Where compliance is partial or not applicable, the discussion must explain the position and measures taken.

Criteria	Response	Discussion / evidence
Qualification criteria for licences, concessions or other authorisations	No	The reporting source did not identify B-BBEE-specific qualification criteria in the statutory homebuilder registration and enrolment framework. Registration remains governed by the enabling legislation, rules and technical requirements.
Developing and implementing a preferential procurement policy	Yes	The NHBRC applies preferential-procurement requirements and reported 45.2% procurement spend to women-owned businesses and 20.46% to youth- and disability-owned businesses.
Qualification criteria for the sale of state-owned enterprises	Not applicable	The NHBRC did not report a sale of a state-owned enterprise or a related qualification framework during the year.
Criteria for partnerships with the private sector	No	No separate B-BBEE qualification criteria for private-sector partnerships were identified in the reporting source. Procurement and contracting remain subject to applicable public-sector requirements.
Criteria for incentives, grants and investment schemes supporting B-BBEE	Not applicable	No NHBRC incentive, grant or investment scheme requiring a separate B-BBEE qualification framework was identified in the reporting source.





PART D:

HUMAN RESOURCE MANAGEMENT

1. INTRODUCTION

The Human Capital Management (HCM) business unit plays a critical strategic role in enabling the National Home Builders Registration Council (NHBRC) to achieve its mandate and long-term organisational objectives. As a strategic business partner, HCM is responsible for attracting, developing, and retaining a high-performing workforce that is equipped with the skills, capabilities, and leadership required to support organisational growth, operational excellence, and service delivery.

The division is committed to the development and implementation of integrated human capital strategies that align with the NHBRC's strategic priorities and evolving business needs. This includes driving initiatives focused on talent acquisition, employee development, performance management, succession planning, organisational culture, employee wellness, and transformation. Through these interventions, HCM seeks to create a resilient, agile, and future-ready workforce capable of responding to the changing demands of the built environment sector.

A key strategic focus area for the division remains Diversity, Equity, and Inclusion (DEI). The NHBRC recognises that a diverse and inclusive workforce strengthens innovation, enhances problem-solving, and improves organisational decision-making. In advancing this commitment, HCM continues to implement targeted recruitment and talent management initiatives aimed at promoting equitable representation across all occupational levels, while fostering a workplace culture that values respect, fairness, collaboration, and belonging.

In addition, the division remains committed to building an inclusive organisational environment where employees are empowered to contribute meaningfully, develop professionally, and thrive irrespective of their backgrounds. Through progressive people practices and employee-centred policies, HCM continues to support the NHBRC's vision of being an employer of choice and a high-performing organisation driven by ethical leadership, accountability, and people excellence.

Human Capital priorities for the year under review and their impact

Organisational Development & Strategy

- Implemented and reviewed organisational arrangements to improve efficiency and strategic alignment.
- Provided leadership development and executive coaching.
- Rolled out skills and competency assessments to inform training priorities.

Workforce Planning & Recruitment

- Prioritised the recruitment and filling of vacant positions, resulting in a significant reduction in reliance on acting appointments and strengthening operational stability and continuity across key business areas.

- HCM in partnership with ICT, as part of the organisation's broader digital transformation initiative, is in the process of introducing an eRec platform that utilises internet and web-based technologies to source, evaluate, and recruit candidates. The platform will significantly reduce time-to-hire by automating administrative tasks, lowering traditional recruitment costs, and enabling the organisation to target a larger and more diverse pool of talent, while improving overall operational efficiency.

Training & Development

- Approved a Training Plan, with 538 employees trained and 111 active bursary holders.
- Executive Coaching was provided to support the executive management to strengthen the organisation's strategic focus on leadership development
- To prepare the organisation for the implementation of the New Act, the NHBRC has embarked on a capacity-building journey for its Inspectors.

Performance Management

- Furthermore, the continued implementation of the Balanced Scorecard approach enabled management to track progress against strategic targets more effectively, identify performance gaps, and implement corrective interventions where necessary.
- The organisation is working towards automating the Performance Management System as part of its broader digital transformation and operational efficiency initiatives.

Organisational Effectiveness

- The NHBRC has strengthened its collaboration with the South African Council for the Project and Construction Management Professions (SACPCMP) to advance the registration, accreditation, and professional development of Home Inspectors.
- The organisation has continued to prioritise the professionalisation of Home Inspectors in alignment with the proposed legislative requirements and industry transformation objectives

Internship Programme

- As part of the organisation's commitment to youth development, skills transfer, and transformation, a total of 37 interns were engaged as at 31 March 2026 through the NHBRC Internship Programme.
- Separately, 50 graduates completed the Social Transformation Empowerment Programme during Quarter 4.

Employee Wellness

The NHBRC recognises that the health and well-being of its employees is vital in achieving its strategic objectives. As part of this commitment, the Human Capital

Management (HCM) division has continuously partnered with Lyra Wellness to provide holistic Employee Health and Wellness (EHW) services aimed at enhancing employee morale, resilience, and productivity.

There is an increase in the utilisation rate of employee health and wellness services as compared to the previous financial years. As part of the ongoing awareness on mental health issues, training sessions were conducted to capacitate employees on key issues relating to Mental health.

NHBRC has partnered with SANCA and the programme continues to be a success. The following initiatives were rolled out initiatives such as:

- Financial wellness sessions
- Wellness Days
- Conflict Management training
- Mindfulness & Emotional Impact programmes for leaders

Employee Wellness 2025/26 Annual Plan Highlights

There has been a notable increase in the utilisation of the Employee Assistance Programme (EAP), from 41% to 52.9% in the current year. This upward trend demonstrates growing employee confidence in the programme and a greater willingness to seek support.

Looking Ahead

To ensure continuity and deepen the impact of our wellness efforts, the Wellness Program will comprehensively address ongoing employee needs related to:

- Mental Health Support
- Financial Well-being
- Conflict Management

Employee Relations

- Concluded the 2025/26 salary negotiations and maintained labour stability.
- Promoted constructive and structured engagement between management, employees and organised labour.
- Focused on timely resolution of grievances, complaints and matters of mutual interest within applicable legal prescripts.

Highlighted achievements for 2025/26

During the 2025/26 financial year, the National Home Builders Registration Council (NHBRC) implemented several impactful Human Capital initiatives aimed at strengthening organisational capability, advancing transformation, promoting skills development, and supporting sustainable workforce growth.

- Structured inspector-readiness and professionalisation work for the expanded mandate.
- 37 interns placed for practical experience and 50 STEP graduates completed the Quarter 4 programme.
- Human Capital roadshows, provident-fund and retirement awareness, SARS tax workshops and

disability-benefit awareness.

- Employee bursaries and learning interventions supported a future-ready workforce.

The Human Capital Management business unit implemented several initiatives aimed at enhancing employee development, engagement, and overall well-being:

- HCM Roadshows: Facilitated two-way communication between leadership and staff, reinforcing strategic priorities and enhancing employee engagement.
- Conducted Human Capital functional training for line managers and supervisors
- Provident Fund Roadshows: Promoted financial literacy and informed retirement planning through region-wide educational sessions.
- Conducted financial awareness for employees nearing retirement age.
- In partnership with South African Revenue Service (SARS), conducted tax awareness workshops to educate employees on tax compliance, eFiling, and retirement-related tax matters.
- Conducted disability workshops to create awareness of disability benefits available for eligible employees through Discovery Life Group Risk.

These initiatives underscore NHBRC's commitment to cultivating a motivated, informed, and healthy workforce within an inclusive and transformative work environment.

Challenges Faced

HC faced the following challenges in the year under review, which it mitigated through the implementation of controls:

- Increase number of labour matters
- Performance management maturity
- Employment equity targets.

Measures To Mitigate the Above Challenges

Challenge	Mitigation
Increasing labour matters	Structured engagement, manager capability, employee-relations awareness and timely case management.
Performance-management maturity	Progress automation, improve calibration and embed regular performance conversations.
Employment-equity targets	Target recruitment, talent pipelines, accessibility and monitoring by occupational level.

Key focus areas for the 2026/27 financial year

This section of the report provides information on the current and future projects that HC section is currently engaged in and in progress:

- Complete the cost-benefit analysis and work-study exercise.
- Develop an HCPA-aligned talent-management, retention, succession and pay-progression framework.
- Implement culture-survey recommendations and convene an HR and labour risk workshop.
- Review remuneration, rewards, skills, policies,

procedures and wellness programmes.

- Align recruitment decisions to the future organisational design while protecting critical governance, technical, ICT and consumer-protection capability. Appoint service providers for:
 - Remuneration policy review and rewards
 - Skills audit
- HC Policies and SOP review
- Implementation of staff wellness initiatives focusing on opportunities for physical, mental, and financial health and encouraging work/life balance

2. HUMAN RESOURCE OVERSIGHT STATISTICS

Personnel cost by sections and business units

Section/Business unit	Total expenditure for the entity	Personnel expenditure	Personnel exp. as a % of total	No. of employees	Average unit personnel cost
	R'000	R'000			R'000
Customer Experience and Market development	4 496	3 017	67%	2	1 509
Chief Executive Officer	69 851	37 648	54%	29	1 298
Chief Financial Officer	100 372	43 967	44%	42	1 047
Chief Operations Officer	129 248	46 534	36%	38	1 225
Corporate Services	103 875	62 023	60%	40	1 551
Engineering & Technical Service	90 419	58 882	65%	43	1 369
Eastern Cape Regional Office	52 132	44 868	86%	42	1 068
Free State Regional Office	27 880	24 079	86%	24	1 003
Gauteng Regional Office	96 093	84 878	88%	75	1 132
KwaZulu Natal Regional Office	63 827	54 355	85%	49	1 109
Limpopo Regional Office	50 910	44 495	87%	44	1 011
Mpumalanga Regional Office	38 836	32 751	84%	28	1 170
North West Regional Office	40 675	35 445	87%	31	1 143
Northern Cape Regional Office	10 956	8 829	81%	6	1 471
Western Cape Regional Office	58 145	48 275	83%	45	1 073
TOTAL	937 715	630 047	67.2%	538	1 171

Personnel cost by salary band

Section/Business unit	Personnel expenditure	% of personnel exp. To total personnel cost	No. of employees	Average personnel cost per employees
	R'000	R'000		R'000
Top Management	R16 125	3%	5	R3 225
Senior Management	R12 826	2%	6	R2 138
Professional Qualified	R119 337	19%	69	R1 730
Skilled	R329 189	52%	264	R1 247
Semi-skilled	R144 859	23%	170	R852
Unskilled	R7 711	1%	24	R321
TOTAL	R630 047	100%	538	R1 171

Performance rewards

In the financial year 2025/2026 the NHBRC did not pay performance bonuses.

Training costs

Measure	2025/26
Personnel expenditure	R630 046 686
Training expenditure	R25 107 188
Training expenditure as % of personnel cost	4.0%
Employees trained	538
Arithmetic average training cost per employee trained	R46 668

The weighted average personnel cost and vacancy percentages have been recalculated from the audited personnel cost, approved establishment and year-end headcount.

In line with the Council's mandate to strengthen organisational leadership capacity, the organisation prioritised the recruitment and filling of critical Executive and Management positions that had remained vacant for an extended period. This focused recruitment drive was undertaken against the backdrop of nine (9) resignations during the reporting period, which created gaps across key business areas.

Despite these challenges, the organisation successfully attracted and appointed suitably qualified candidates who are aligned to its strategic objectives, values, and performance expectations.

Employment changes

Salary Band	Employment at the beginning of period	Appointments	Terminations	Employment at the end of period
Top management	5	-	-	5
Senior management	7	-	1	6
Professionally qualified	66	6	3	69
Skilled	268	1	5	264
Semi-skilled	174	1	6	169
Unskilled	24	2	1	25
Total	544	10	16	538

Reasons for staff leaving

Reason	Total number of staff		% of total no. of staff leaving
Death		1	0,19%
Resignation		9	1,67%
Dismissal		1	0,19%
Retirement		2	0,37%
Ill health		2	0,37%
Expiry of contract		1	0,19%
Other		-	-
	538	16	2,97%

Labour relations: Misconduct and disciplinary action

Nature of disciplinary action	Number
Verbal warning	2
Written warning	1
Grievances	18
Disciplinary Hearing	10
Dismissal due to illness incapacity	2

Though we note some improvements on consequence management and employee relations, the position requires tremendous strength in terms of capacity. During the third and fourth quarter of 2025/26, we witnessed a hike in terms of internal grievances and referrals to the CCMA.

Equity target and employment equity status – male

Levels	Male							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	2	2	-	-	-	-	-	-
Senior management	4	5	-	1	-	-	1	1
Professionally qualified	37	37	2	2	1	1	2	2
Skilled	129	129	13	15	2	2	5	5
Semi-skilled	33	33	1	1	1	1	1	1
Unskilled	6	6	-	-	-	-	-	-
TOTAL	211	212	16	19	4	4	9	9

Equity target and employment equity status – female

Levels	Female							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	2	2	-	-	-	-	1	1
Senior management	1	2	-	-	-	1	-	-
Professionally qualified	26	23	-	-	1	1	-	-
Skilled	109	110	2	2	3	3	-	2
Semi-skilled	112	115	13	13	2	2	7	8
Unskilled	18	18	-	-	-	-	1	1
TOTAL	268	270	15	15	6	7	9	12

Equity target on people with Disability

Levels	Disabled staff			
	Male		Female	
	Current	Target	Current	Target
Top management	-	1	-	-
Senior management	-	1	-	1
Professionally qualified	1	2	-	-
Skilled	3	3	-	3
Semi-skilled	-	2	-	3
Unskilled	-	1	-	1
TOTAL	4	10	-	8

Organisational Change Management

Action Items	Actual Date	Target Date
Staff Awareness Sessions/workshops on the Housing Consumer Protection Act 25 of 2024.	Q2, Q3 & Q4	31-Mar-26
Cost benefit analysis project	Q2;Q3 & Q4	31-Mar-26
Employee culture survey	Q4	31-Mar-26
Skills audit for the ICT unit	Q1 & Q2	31-Mar-26



PART E:

PFMA COMPLIANCE REPORT

1. IRREGULAR EXPENDITURE

a) Reconciliation of irregular expenditure

Description	2025/2026	2024/2025
	R	R
Opening balance	317 318 360	561 525 538
Prior Period Errors	- 1156405	- 37 329 378
As Restated	316 161 955	524 196 160
Add: Irregular expenditure confirmed	1043 066	983 542
Less: Irregular expenditure condoned	-	-
Less: Irregular expenditure not condoned and removed	- 110 727 795	- 207 861 342
Less: Irregular expenditure recoverable	-	-
Less: Irregular expenditure not recovered and written off	-	-
Closing balance	206 477 226	317 318 360

The amounts disclosed in the current and prior financial year relate mainly to irregular expenditure incurred historically on various transactions.

Prior year errors were raised to correct amounts that were incorrectly reported as irregular expenditure for Legal Services, Recruitment Services, and Miscellaneous transactions during 2012, 2015 and 2015.

Amount removed relates to Inspectorate Appointments where irregular expenditure was incurred during 2012, 2013 and 2015. Removal was granted by Council on 30 May 2026.

b) Current-year financial-statement disclosure

Description	2025/2026	2024/2025
	R	R
Irregular expenditure that was under assessment	3 042 129	-
Irregular expenditure that relates to prior year but identified in current	-	-
Irregular expenditure for the current year	1 043 066	983 542
Total	4 085 195	983 542

The R4.085 million current-year disclosure is not the historical closing balance. The historical closing balance is R206.477 million as shown above.

c) Treatment and consequence management

Status	Amount (R)	Description / position
Under assessment	3 042 129	Accommodation and Business Application Assessment costs.
Under determination	-	No amount separately reported in the source schedule.
Under investigation	-	No amount separately reported in the source schedule.
Removed during the year	110 727 795	Historical non-subsidy Inspectorate appointments; Council approval in May 2026.

Accommodation and Business Application Assessment costs incurred are under assessment

d) Treatment and consequence management

- No irregular expenditure was reported as condoned, recoverable or written off during the current year.
- No inter-institutional arrangement was separately reported in the source schedule.
- Consequence-management processes for identified historical matters remained in progress.
- The accounting removal or classification of irregular expenditure does not replace assessment of root causes or disciplinary, civil or criminal action where responsibility is established.

e) Status of current and prior-year irregular expenditure

ARCO reported that a further approximately R206 million of historical irregular expenditure remained subject to consideration at reporting date. No ultimate treatment had been approved. The population is governed by the Finance irregular-expenditure register and is included or excluded from the closing balance only in accordance with that reconciled register.

f) Control improvements

- Strengthened procurement planning and bid-file quality assurance.
- Contract-management and variation controls.
- Documented assessment, determination and investigation decisions.
- Quarterly reporting to management, Council and ARCO.
- Linkage of consequence management to evidence of individual responsibility.

CONTROL AREA	REQUIRED ACTION	OWNER / CLOSURE EVIDENCE
Register reconciliation	Prepare a signed bridge among the R206 477 226 closing balance, R110 727 795 removed during the year, approximately R209 million under consideration and the R4 085 195 current-year population.	CFO / SCM / CAE; irregular-expenditure register, decision references and AFS crosswalk.
Determination and decisions	Complete assessment, determination and investigation records and document the legal basis, approving authority and date for each treatment.	CFO / Legal / ARCO; signed determinations and minutes.
Recovery / condonation / write-off	Record recoverability, condonation or write-off decisions separately and reconcile each decision to the applicable PFMA framework and AFS disclosure.	Accounting Authority / CFO; formally approved decisions.
Consequence management	Link action to evidence of individual responsibility and disclose progress without publishing protected personal information.	Employee Relations / Legal / CAE; consequence-management tracker.
Assurance and reporting	Submit a certified quarterly reconciliation to EXCO, ARCO and Council and obtain Internal Audit assurance until the balance and related actions are closed.	CFO / CAE / SPME; quarterly certified schedule and assurance report.

2. FRUITLESS AND WASTEFUL EXPENDITURE

a) Reconciliation

Description	2025/2026	2024/2025
	R	R
Opening balance	22 623 430	22 627 820
Prior Period Errors	- 95 000	
As Restated	22 528 430	
Add: Fruitless, wasteful expenditure confirmed	-	
Less: Fruitless, wasteful expenditure condoned	-	
Less: Fruitless, wasteful expenditure not condoned and removed	-	
Less: Fruitless, wasteful expenditure recoverable	-	- 4 390
Less: Fruitless, wasteful expenditure not recovered and written-off	-	
Closing balance	22 528 430	22 623 430

The balance relates to historical fruitless and wasteful expenditure. No new fruitless and wasteful expenditure was confirmed during 2025/26.

b) Status and treatment

Status	2025/26 position
Under assessment	No amount separately reported.
Under determination	No amount separately reported.
Under investigation	No amount separately reported.
Recoverable / written off	No current-year amount reported.
Criminal or disciplinary steps	No separate current-year amount or incident was disclosed in the audited note.

3. MATERIAL LOSSES

Material losses through criminal conduct

No material loss through criminal conduct was separately reported in the audited source schedule for 2025/26.

Other material losses

Incident	Action / status	2025/26 (R)	2024/25 (R)
Employee salary adjustments not approved	Not yet initiated at reporting date	1 043 066	-
Industries Education and Training Institute (Pty) Ltd	Resolved - forensic investigation report	-	628 652
GPS advertising	Investigation complete	-	354 890
TOTAL		1 043 066	983 542

The current-year R1.043 million incident is also reflected as current-year confirmed irregular expenditure. The two disclosures describe the same underlying current-year matter and are not additive.

Criminal or disciplinary steps arising from losses, irregular expenditure and fruitless and wasteful expenditure

The audited note did not disclose a separate quantified incident in this category. Any disciplinary, civil or criminal action is therefore reported only where supported by the relevant investigation and consequence-management record.

4. LATE AND/OR NON-PAYMENT OF SUPPLIERS

The NHBRC monitors valid invoices against the 30-day payment requirement and reports exceptions through financial and performance-management processes.

Measure	Published 2025/26 position
APP target	100% of valid invoices paid within 30 days
Actual achievement	98% of valid invoices paid within 30 days
Variance	2 percentage points below target
Reason	Delays in Quarter 1 while changes to supplier banking details were approved and verified
Corrective measures	Streamline approvals; strengthen banking-detail verification; monitor exceptions; reinforce payment controls
Invoice counts and consolidated rand values	Not separately disclosed in the source schedule used for this publication

The published percentage result cannot be converted reliably into invoice counts or rand values without the underlying year-end Finance and SCM invoice register. No unsupported count or amount has been inferred in this Annual Report.

Management response

- Apply maker-checker verification to supplier-master and banking-detail changes.
- Escalate invoices approaching the 30-day threshold.
- Separate disputed and invalid invoices from valid invoices due for payment.
- Reconcile the accounts-payable register to the reported APP numerator and denominator.

5. PROCUREMENT BY OTHER MEANS

No	Project Description	Name of Supplier	Type of Procurement by Other Means	Value of contract (excl VAT)
1	Memorial service	ToJ Projectss Limited	Bidding	R23 900.00
2	WinQS maintenance and support	Advance Cost Engineering Solutions	Sole supplier	R27 349.88
3	Modimolle office accommodation and parking - 18 months	Heranius	Single source	R506 736.00
4	National Quality Week Conference	South African Quality Institute	Sole supplier	R4 500.00
5	Cleaning services - Sunninghill offices	Tiney Cleaning Services	Emergency procurement	R22 940.00
6	Software maintenance, reinstallation and calibration	SPS Calibration Services	Sole supplier	R19 409.70
7	Server air-conditioner repairs	KG Airconditioners	Emergency procurement	R4 174.50
8	Rugged tablets	Business Connexion	Single source	R200 100.00
9	ESRI user conference	ESRI	Sole supplier	R20 700.00
10	Occupational health and safety training for inspectors	Safety Risk Management	Sole supplier	R276 000.00
11	ArcGIS survey and data-lake integration	ESRI	Sole supplier	R108 000.00
12	Roof-truss erection and inspection training	Institute of Timber Construction South Africa	Sole supplier	R396 750.00
13	CESA training courses	Consulting Engineers South Africa	Sole supplier	R67 660.02
14	Annual Master Builders Association congress sponsorship	Masterbuilders	Sole supplier	R98 000.00
15	Continuation of services	XTND	Single source - continuation	R543 430.20
16	SANAS laboratory system ISO 17025 and internal-audit course	SANAS	Sole supplier	R17 286.00
17	Internal-audit software (TeamMate)	Wolters Kluwer	Sole supplier	R189 961.20
18	NAFBI annual conference	National African Federation for the Building Industry	Sole supplier	R110 000.00
19	Amajuba District office sharing, Newcastle	Amajuba District (DoH)	Single source	Rate-based amount: R31 400
20	ESRI services - description not separately stated in source schedule	ESRI	Sole supplier	R181 642.50
21	Accreditation annual fee	SANAS	Sole supplier	R39 208.00
22	Moving of printers	ALTRON	Sole supplier	R5 512.30
23	Data-dot tally printers	Printegration	Sole supplier	R364 964.00
24	International Construction Law Association conference	Milla SA	Sole supplier	R14 938.50
25	Office accommodation and parking	Classic Diamond Holdings	Single source	R4 001 403.18
26	Repair of damaged Xerox AltaLink C8155 printer	Altron Document Solutions	Sole supplier	R12 463.14
27	Combined-assurance training	Leadership Academy for Guardians of Governance	Sole supplier	R6 524

Values are reproduced from the Finance schedule. The source schedule did not state contract-reference numbers or a uniform VAT basis for every item; no reference number has been invented.

6. VARIATIONS OF CONTRACTS

Reporting of expansions and variations of contracts

No.	Modification type	Project / contract	Supplier	Original value	Current variation	Previous variation
1	Lease variation - six months	Cape Town office	GrowthPoint	R9 747 997.56	R1 889 131.54	R0.00
2	Contract variation	ATAS visual training televisions	Visual Training Televisions	R2 224 760.00	R0.00	R0.00
3	Lease variation - six months	Richards Bay office	Fairvest	R1 152 321.54	R149 523.61	R0.00
4	Extension - three months	Modimolle office	Sekutlong Capital	R1 752 407.90	R86 114.00	R0.00
5	Lease variation - six months	George office	Classic Diamonds Holdings CC	R999 092.40	R309 982.00	R146 625.00
6	Lease variation - six months	Bethlehem office	AIDA Bethlehem t/a Brent Heyns CC	R921 176.00	R104 268.24	R0.00
7	Contract variation	Investment consultants	Independent Actuaries Consultants	R5 504 903.30	R605 402.70	R0.00
8	Office accommodation and parking variation	Bethlehem office	AIDA Bethlehem t/a Brent Heyns CC	R921 176.00	R52 134.12	R104 268.24
9	Lease variation - six months	Port Elizabeth office	Deare Street Properties	R6 113 040.00	R690 000.00	R0.00
10	Lease variation - six months	Nelspruit office	Bousaam Trust	R7 390 608.93	R872 158.12	R0.00
11	Extension - one month	Insurance services	Makesure Risk Solutions	R3 385 516.47	R102 398.51	R0.00
12	Lease extension - six months	Richards Bay office	Fairvest	R1 152 321.52	R161 067.78	R149 523.61
13	Lease extension - six months	Cape Town office	Growth Point Properties	R9 465 502.18	R1 889 132.37	R1 889 131.54



PART F: FINANCIAL INFORMATION



NATIONAL HOME BUILDERS' REGISTRATION COUNCIL

ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2026

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REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON NATIONAL HOME BUILDERS REGISTRATION COUNCIL

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the National Home Builders Registration Council (the entity) set out on pages 68 to 112, which comprise the statement of financial position as at 31 March 2026, statement of financial performance, statement of changes in net assets, the cash flow statement and the statement of comparison of budget and 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 National Home Builders Registration Council as at 31 March 2026 and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

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 public 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.

Other matter

6. I draw attention to the unaudited supplementary schedule set out on page 113, which do not form part of the financial statements and are presented as a supplementary schedule. I have not audited this supplementary schedule and, accordingly, I do not express an audit opinion on this. My opinion is not modified in respect of this matter.

Responsibilities of the accounting authority for the financial statements

7. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the PFMA and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

8. In preparing the financial statements, the accounting authority is responsible for assessing the public 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 public 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

9. 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.

10. 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 66, forms part of my auditor's report.

11. 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 authority is responsible for the preparation of the annual performance report.

12. I selected the following programmes presented in the annual performance report for the year ended 31 March 2026 for auditing. I selected programmes that measure the entity's performance on its primary mandated functions and that are of significant national, community or public interest.

Programme	Page numbers	Purpose
Regulation	Page 23	To ensure the registration of home builders, train home builders, and to regulate and enforce compliance with building standards.
Consumer Protection	Page 25	To improve regulatory compliance and reduce greenhouse gas emissions.

13. 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 entity's planning and delivery on its mandate and objectives.

14. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the entity's mandate and the achievement of its planned objectives
- all the indicators relevant for measuring the 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 and for the reasons provided for any over- or underachievement of targets.

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

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

17. An achievement of 29 419 was reported against a target of 24 000. However, the portfolio of evidence did not support this achievement. I could not determine the actual achievement, but I estimated it to be materially less than reported. Consequently, it is likely that the achievement against the target was lower than reported.

Other matters

18. I draw attention to the matters below.

Achievement of planned targets

19. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or under achievements.

Material misstatements

20. I identified preventable material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for Regulation. Management did not correct the misstatement and I reported material findings in this regard.

REPORT ON COMPLIANCE WITH LEGISLATION

21. 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 authority is responsible for the public entity's compliance with legislation.

22. 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.

23. 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 public 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.

24. I did not identify any material non-compliance with the selected legislative requirements.

OTHER INFORMATION IN THE ANNUAL REPORT

25. The accounting authority is responsible for the other information included in the annual report which includes the audit committee's report. The other information referred to does not include the financial statements, the auditor's report and those selected material indicators in the scoped-in programme presented in the annual performance report that have been specifically reported on in this auditor's report.

26. 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.

27. 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 material indicators in the scoped-in programme presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

28. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

INTERNAL CONTROL DEFICIENCIES

29. 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.

30. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the selected material indicators included in the annual performance report.

31. Management did not prepare regular, accurate and complete performance reports that are supported and evidenced by reliable information, these reports must then be reviewed for validity and accuracy

Pretoria

Auditor-General

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

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 material performance indicators and on the public entity's compliance with selected requirements in key legislation.

Financial statements

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 public 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 public 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 a public 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.

Communication with those charged with governance

I communicate with the accounting authority 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.

I also provide the accounting authority 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.

The selected legislative requirements are as follows:

Programme	Page numbers in this Annual Report	Purpose
Regulation	23	To ensure the registration and training of homebuilders and to regulate and enforce compliance with building standards.
Consumer Protection	25	To improve regulatory compliance and advance sustainable building initiatives.

Selected legislative requirements

The selected legislative requirements tested by the Auditor-General are those specified in the audit engagement and general notice. No material non-compliance was identified in the selected requirements tested.

STATEMENT OF RESPONSIBILITY

FOR THE YEAR ENDED 31 MARCH 2026

The Council, which is the Accounting Authority of the National Home Builders Registration Council (NHBRC), is responsible for the preparation, integrity and fair presentation of the annual financial statements of the NHBRC.

The audited annual financial statements for the year ended 31 March 2026 presented on pages 68 to 112 have been prepared in accordance with effective Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

They are based on appropriate accounting policies which have been consistently applied and which are supported by reasonable and prudent judgements and estimates. The going concern basis has been adopted in preparing the annual financial statements. The Council has no reason to believe that the NHBRC will not be a going concern in the foreseeable future based on forecasts and available cash resources.

The Council is also responsible for the NHBRC's system of internal controls. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the annual financial statements and to adequately safeguard, verify and maintain accountability of assets. These controls are monitored throughout the NHBRC by management and employees, in an attempt to address the segregation of authority and duties with available resources. The Council continues to design and implement processes to monitor internal controls, to identify material breakdowns and implement timely corrective action.

The Council, and NHBRC management, treat corporate governance matters seriously, and whenever any instances of non compliance to regulations are uncovered or reported, appropriate disciplinary measures in terms of policy and legislation are instituted.

The audited annual financial statements were approved by the Council on 30 July 2026 for submission to the Auditor General and are signed on its behalf:



Chairperson of Council



Acting Chief Executive Officer

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 MARCH 2026

	Notes	2026	2025
		R	R
ASSETS			
Non-current assets			
Property, plant and equipment	2	78 369 872	81 069 962
Intangible assets	3	19 331 751	22 442 544
Investments	4	7 013 259 299	3 631 375 548
Trade and other receivables from exchange transactions	6	520 000	424 716
Cash and cash equivalents	7	25 645 335	1 910 582 133
		7 137 126 256	5 645 894 903
Current assets			
Investments	4	5 327 105 484	5 329 796 412
Inventories	5	2 801 202	3 438 856
Trade and other receivables from exchange transactions	6	94 043 588	47 740 939
Trade and other receivables from non exchange transaction	7	12 257 387	19 906 840
Cash and cash equivalents	8	251 808 435	347 341 598
		5 688 016 096	5 748 224 645
Total Assets		12 825 142 353	11 394 119 548
LIABILITIES			
Non-current liabilities			
Provision for outstanding claims	10	19 486 900	20 547 470
Provision for unexpired risk	10	898 490 538	834 074 030
Provision for long service Awards	11	14 346 157	13 482 307
Deposits for Guarantees	13	25 645 335	15 592 975
		957 968 929	883 696 782
Current liabilities			
Provision for outstanding claims	10	12 445 006	12 537 829
Provision for unexpired risk	10	426 280 286	374 668 511
Provision for long service Awards	11	1 190 584	1 095 335
Trade and other payables from exchange transactions	12	122 462 013	113 133 387
Deposits for Guarantees	13	24 777 113	31 482 515
		587 155 003	532 917 577
Total Liabilities		1 545 123 932	1 416 614 359
Net Assets		11 280 018 421	9 977 505 189
Accumulated surplus		11 278 520 361	9 974 446 630
Emerging contractor reserve	9	1 498 059	3 058 559
Total Net Assets and Liabilities		12 825 142 353	11 394 119 548

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2026

	Notes	2026	2025
		R	R
Revenue			
Revenue from exchange transactions			
Insurance premium revenue	14	539 438 274	520 626 866
Fee revenue	15	53 636 090	145 823 622
Technical services revenue	16	23 510 060	11 451 840
Other revenue	17	2 070 591	17 472 506
Interest received and investment income	18	799 812 061	777 469 750
Realised gain on financial assets	4	359 580 196	421 554 158
Unrealised gain on financial assets	4	964 365 203	522 182 473
Total revenue from exchange transactions		2 742 412 476	2 416 581 216
Revenue from non-exchange transactions			
Other Income	16	7 734 373	10 251 708
Total revenue		2 750 146 849	2 426 832 924
Expenditure			
Insurance claims and loss adjustment expenses	19	(24 379 409)	(15 781 968)
Accreditation, builders manual and certificate cost	29.2	(2 053 534)	(1 892 548)
Technical services expenditure	29.3	(15 184 641)	(10 253 723)
Depreciation, impairment loss and amortisation	29.4	(8 714 315)	(17 422 822)
Employees cost	29.5	(630 046 686)	(612 497 753)
Repairs and maintenance	29.6	(815 478)	(3 370 800)
Administration expenses	29.7	(244 329 284)	(211 565 920)
Loss Allowance (ECL)	29.7	(12 192 062)	(9 047 950)
Asset management service fees	4	(19 772 059)	(16 565 446)
Realised loss on financial assets	4	(31 863 293)	(31 180 980)
Unrealised loss on financial assets	4	(519 476 902)	(267 660 218)
Total expenditure		(1 508 827 664)	(1 197 240 128)
Surplus for the year		1 241 319 185	1 229 592 796

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 31 MARCH 2026

	Notes	Accumulated surplus	Emerging contractor reserve	Total
		R	R	R
Balance at 31 March 2024		8 744 853 833	3 058 559	8 747 912 393
Surplus for the year ended 31 March 2025		1 229 592 796		1 229 592 796
Balance at 31 March 2025		9 974 446 630	3 058 559	9 977 505 189
Restatement of opening balance impact	27	61 194 047	-	61 194 047
Surplus for the year ended 31 March 2026		1 241 319 185	-	1 241 319 185
Reserve utilised	9	1 560 500	(1 560 500)	-
Balance at 31 March 2026		11 278 520 361	1 498 059	11 280 018 421

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2026

	Notes	2026	2025
		R	R
Cash flows from operating activities			
Receipt		805 308 283	866 270 084
Cash receipts from customers		750 711 040	824 610 516
Interest received	18	54 597 243	41 659 568
Payment		(899 381 979)	(870 140 034)
Cash paid to suppliers		(243 802 489)	(243 663 394)
Cash paid to employees		(630 046 686)	(612 497 753)
Claims paid	19	(25 532 804)	(13 978 887)
Net cash (outflow) from operating activities		(94 073 697)	(3 869 950)
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(2 753 349)	(2 469 506)
Purchase of intangible assets	3	(1 642 916)	(4 751 069)
Purchase of additional investments	4	(1 882 000 000)	(2 850 707)
Proceed of investment	4	-	1 863 506 643
<i>Net cash (out)/inflow from investing activities</i>		(1 886 396 265)	1 853 435 360
Net (decrease) in cash and cash equivalents		(1 980 469 961)	1 849 565 410
Cash and cash equivalents at beginning of year	8	2 257 923 731	408 358 320
Cash and cash equivalents at the end of the year	8	277 453 769	2 257 923 731

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL INFORMATION

FOR THE YEAR ENDED 31 MARCH 2026

Description	Notes	2026 Actual	2026 Approved Budget	Difference: Actual and Budget
Revenue				
Insurance premium revenue				
Fee revenue	1.1	53 636 090	99 130 849	(45 494 758)
Non-subsidy enrolments	1.2	513 674 866	570 564 548	(56 889 682)
Actuarial Adjustments	1.3	(116 028 282)	-	(116 028 282)
Subsidy enrolments	1.4	141 791 690	121 073 402	20 718 288
Technical service revenue	1.5	23 510 060	120 000 000	(96 489 940)
Other revenue		9 804 964	10 000 000	(195 036)
Interest received and investment income	3	799 812 061	706 900 000	92 912 061
Unrealised gain on financial assets	3	359 580 196	45 050 000	314 530 196
Realised gain on financial assets	3	964 365 203	45 050 000	919 315 203
Total revenue		2 750 146 849	1 717 768 798	1 032 378 050
Expenses	2			
Insurance claims and loss adjustment exp	2.1	(24 379 409)	-	(24 379 409)
Accreditation,builders manual and certific	2.2	(2 053 534)	(2 542 777)	489 243
Technical services expenditure	2.3	(15 184 641)	(76 800 000)	61 615 359
Depreciation, impairment and amortisatio	2.4	(8 714 315)	(17 156 843)	8 442 528
Council costs and Non Council	2.5	(6 697 794)	(7 755 555)	1 057 761
Employee cost	2.6	(630 046 686)	(644 200 000)	14 153 314
Administration expenses	2.7	(249 823 552)	(229 351 729)	(20 471 823)
Repairs and maintenance	2.8	(815 478)	(3 433 000)	2 617 522
Asset management services	3	(19 772 059)	(15 000 000)	(4 772 059)
Unrealised loss on financial assets	3	(519 476 902)	-	(519 476 902)
Realised loss on financial assets	3	(31 863 293)	-	(31 863 293)
Total expenditure		(1 508 827 664)	(996 239 904)	(512 587 760)
Surplus for the period		1 241 319 185	721 528 894	519 790 291

1. REVENUE

1.1 Fee income

Fee income includes registration fees, renewal fees and project enrolments. The negative variance of R45m is mostly due to lower project enrolments in the current year than anticipated from Provincial Human Settlement Departments.

1.2 Non subsidy enrolments

Lower number of enrolments and at lower enrolment fees than budgeted for due to the economic climate.

1.3 Actuarial adjustments

The Actuarial adjustments are not budgtd for as they are based on the actuarial valuation conducted post year end.

1.4 Subsidy enrolments

The increase is due to prior home enrolment bieng paid in the current period.

1.5 Technical revenue

During budgeting phase there was lower by R96m expectation of these services required based on the requests. In particular, North west department of Humen settlement , but they did not have enough budget since they first had to pay prior year expenditure.

2. EXPENDITURE

2.1 Insurance claims and loss adjustment expenses

This expenditure is related to actuarial adjustment to expenses and is not budgeted for as the actuarial valuation is conducted post year end.

2.2 Accreditation,builders manual and certificate cost

The cost of inventory was lower in the current year due to a decrease in new registration.

2.3 Technical service expenditure

This expenditure decrease by R61m is relation to technical service revenue as the services are specialised and outsourced by NHBRC.

2.4 Depreciation and amortisation

We have budget for capital assets purchased which was going to increase depreciation but due to delay in procurement and changes in the useful life of property plant and equipment and Intangible assets during the period the net impact amount the R5 811 075 and R7 521 277 respectively refer to note 27.4

2.5 Council costs and Non Council

The decrease is due lower non council costs for DCs and related travel due better planning and execution.

2.6 Employee Costs

The decreased expenditure in permanent staff cost is due mainly to the vacancies staff incentive for performance in the organisation. While the budget for acting allowance and temporary staff (due to unfilled vacancies) was exceeded the total expenditure was still below budget overall.

2.7 Administration expenses

Administration expenditure was slightly high due to in increase in inflation and legal expenditure and movement loss on investment that we have to disclosure separate. Overall, the organisation has performance below budget by R56m refer note 30

2.8 Repairs and maintenance

The decreased expenditure on repairs and maintenances relates due to delay in procurement of service and general maintenance planned at Head office in current year.

3. INCOME FROM INVESTMENTS

Increase in interest received and investment income is due to higher fund value and reinvestment of structure product during the year.Our portfolio is predominantly money market based.Realised gain/loss and unrealised gain/loss is as a result of investment market performance during the current year. Asset management service are also linked to investment performance.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICES

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

1.1. BASIS OF PREPARATIONS

1.1.1. Statement of compliance

The audited annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 89 of the Public Finance Management Act (Act 1 of 1999) as amended.

These audited 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. These accounting policies are consistent with those in the previous financial year unless otherwise stated.

NHBRC is still applying IFRS 4 as the entity has not been able to fully migrate to the IFRS 17 systems as permitted by Directive 5. BC15.

1.1.2. Presentation Currency

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

1.1.3. Going Concern Assumption

These audited annual financial statements have been prepared on the basis that the entity will continue to operate as a going concern for the foreseeable future.

Management has assessed the entity's ability to continue operating as a going concern and has no reason to believe that the entity will not be going concern for at least twelve months from the date of approval of financial statements.

1.1.4. Materiality

Material Omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of user's financial statements.

1.1.5. Significant Judgements and Sources of Estimation Uncertainty

The preparation of annual financial statements in conformity with GRAP requires the use of certain critical accounting estimates and requires management to exercise judgement in applying the entity's accounting policies.

Estimates Significant judgements have been made with regarding to the following line items:

- Trade receivables at amortised cost loss allowances and investment at fair value.
- Useful lives of PPE and intangibles
- Provisions in determined an estimate based on the information available
- Contingent liabilities/assets
- Actuarial assumptions
- Provision for long service awards

Impairment of financial assets

The entity measured loss allowance using the Expected Credit Loss (ECL) model, replacing the older incurred loss approach. This means entities must recognise losses earlier, based on forward-looking information, rather than waiting for defaults to occur.

Expected Credit Loss model

- Losses are recognised before a default occurs.
- Uses historical, current, and forward-looking information.
- More responsive to changes in credit risk.
- Provisions are typically lower

The amount of expected credit losses (or reversals) that adjusts the loss allowance at reporting date is recognised in surplus or deficit. The impairment is measured as the difference between the debtors carrying amount and the expected

credit loss using simplified approach. The default period is 90 days, and the debt is expected to be settled in less than 12-month period. Therefore, no present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition is deemed necessary.

1.2. PROPERTY, PLANT AND EQUIPMENT

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

Recognition

An item of PPE is recognised as an asset when:

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

Initial Measurement

PPE is initially measured at cost, which includes:

- purchase price; and
- all directly attributable costs required to bring the asset to its intended location and condition. Trade discounts and rebates are deducted in determining cost.

Subsequent Measurement

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:

ITEMS	DEPRECIATION METHOD	AVERAGE USEFUL LIFE
Computer Equipment	Straight Line	10-15 years
Office Furniture	Straight Line	20-30 years
Office Equipment	Straight Line	15-20 years
Motor Vehicles	Straight Line	15 years
Buildings	Straight Line	25-30 years
Minor Assets	Straight Line	1 year

Depreciation

- Depreciation is calculated using the straight-line method.
- Depreciation is recognised systematically over the asset's useful life.

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

Each significant component of an asset is depreciated separately where its cost is significant relative to the total cost.

Depreciation is recognised:

- in surplus or deficit; or
- capitalised where it forms part of another asset

Repairs and Maintenance

Expenditure on repairs and maintenance is:

- recognised in surplus or deficit; and
- disclosed separately in the notes to the financial statements.

Minor Asset

Minor assets are:

- assets with a value of R5,000 or less;
- maintained on the fixed asset register for control purpose
- fully depreciated in the year of acquisition;
- no depreciation is charged in subsequent periods

Impairment

The entity assesses at each reporting date whether there is any indication that an asset may be impaired at year end.

1.3. INTANGIBLE ASSETS

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.

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 the asset.
- how the asset will generate probable future economic benefits or service potential;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the asset; and
- its ability to measure reliably the expenditure attributable to the asset during its development.

Research expenditure shall be recognised as an expense when incurred.

Initial Measurement

Intangible assets are initially measured at cost.

The cost of a separately acquired intangible asset comprises:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; and
- any directly attributable cost of preparing the asset for its intended use.

Subsequent Measurement

After initial recognition, intangible assets are carried at cost less:

- accumulated amortisation; and
- accumulated impairment losses.

Useful Life

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 economic benefits or service potential.

Intangible assets with indefinite useful lives are not amortised but are tested annually for impairment and whenever there is an indication that the asset may be impaired.

Amortisation

amortisation is recognised on a straight-line basis over the estimated useful life of the intangible asset, commencing when the asset is available for use.

The amortisation period, amortisation method and residual value are reviewed at each reporting date and adjusted prospectively where appropriate.

The estimated useful lives of intangible assets are as follows:

ITEMS	DEPRECIATION METHOD	AVERAGE USEFUL LIFE
Computer software	Straight Line	30 years

Derecognition

An intangible asset is derecognised:

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

The gain or loss arising from derecognition is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset, and is recognised in surplus or deficit when the asset is derecognised.

Impairment

Intangible assets are assessed for impairment whenever there is an indication that the asset may be impaired. Any impairment loss is recognised immediately in surplus or deficit in accordance with the entity's policy on impairment of non-cash-generating and cash-generating assets.

1.4. 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 entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument. The entity recognises financial assets using trade date accounting.

Classification

Classification is based on (i) the entity's management model for managing the asset and (ii) the contractual cash flow characteristics of the asset.

The entity classifies financial instruments into the following categories:

Financial assets

- Financial assets measured at amortised cost;
- Financial assets measured at fair value; and
- Financial assets measured at cost, where fair value cannot be determined reliably.

Financial assets comprise:

- Cash and cash equivalents;
- Trade and other receivables from exchange transactions;
- Investments; and
- Other receivables.

Financial liabilities

- Financial liabilities measured at amortised cost; and
- Financial liabilities measured at fair value.

Financial liabilities comprise:

- Trade and other payables from exchange transactions; and
- Accrued liabilities.
- Defaults or delinquencies in interest and capital repayments by the debtor/ builder;
- Breaches of the terms of the debt instrument that result in the obligation becoming payable earlier than the agreed term, together with the debtor's inability to settle the obligation under the revised terms; and
- Adverse economic conditions, such as high interest rates, inflation, or unemployment levels, that may affect the debtor's ability to meet its obligations.

Derivative Financial Instruments

A derivative financial instrument is a financial instrument or other contract whose value changes in response to changes in an underlying variable, requires little or no initial net investment, and is settled at a future date.

Derivative financial instruments are initially recognised at fair value on the date the derivative contract is entered into and are subsequently measured at fair value.

Changes in the fair value of derivative financial instruments are recognised in surplus or deficit unless the derivative forms part of a qualifying hedging relationship.

The entity does not apply hedge accounting unless the requirements of GRAP 104 relating to hedge accounting are met. NHBRC derivative is all structure products.

Impairment of financial assets

The entity applies the Expected Credit Loss (ECL) model in accordance with GRAP 104 entity to always measure the loss allowance for receivables and lease receivables at an amount equal to lifetime expected credit losses. This is known as the simplified approach to impairment.

Measurement of expected credit losses

The ECL model is applied using a simplified approach: the entity measures the loss allowance for receivables and lease receivables at an amount equal to lifetime expected credit losses (ECL). The entity is not required to assess whether credit risk has increased significantly since initial recognition

- Identify the receivables population. Trade receivable, consumer debtors, lease receivable and other that qualify for the simplified approach
- Group receivables with similar risk characteristics
 - Current debtors
 - 30 days past due
 - 60 days past due
 - 90+ days past due
- Calculate expected loss rates and
- Determine Lifetime Expected Credit Losses

NHBRC applies the simplified approach prescribed by GRAP 104 in measuring expected credit losses on trade receivables. Lifetime expected credit losses are determined using historical collection experience, adjusted for current conditions and forward-looking information. Management considered the historical payment behaviour of Provincial Departments of Human Settlements, ongoing National Treasury intervention to support debt recovery, and specific payment commitments received from debtors. Based on this assessment, management expects the majority of outstanding receivables to be recovered and has therefore recognised an appropriate expected credit loss allowance.

Impairment approach

The ECL model is applied using a simplified approach:

Estimates the amount expected not to be collected over the life of the receivable.

Recognises that amount as a loss allowance.

Updates the estimate at each reporting date.

Significant increase in credit risk

At each reporting date, the entity assesses whether credit risk has increased significantly since initial recognition. Indicators include changes in payment behaviour, financial difficulty of the counterparty, and macroeconomic conditions. A rebuttable presumption exists that credit risk has increased significantly when contractual payments are more than 30 days past due.

Modified financial assets

Where contractual cash flows are modified without derecognition, the asset is reassessed for significant increases in credit risk, and impairment continues to be measured under the ECL model.

Forward-looking information

The ECL calculation incorporates reasonable and supportable forward-looking information, including expected changes in economic conditions.

Discounting

Expected credit losses are discounted using the effective interest rate or an appropriate rate reflecting the time value of money.

In measuring Expected Credit Losses, NHBRC determines the present value of expected cash shortfalls over the expected life of the receivable. Expected cash shortfalls are NOT discounted using the original effective interest rate of the financial asset based on the historical experience that we collect all our debtors which is Provincial department of human settlement, and they take time to pay. The ECL measurement incorporates historical loss experience, current conditions, forward-looking information and the time value of money.

Derecognition of financial instruments

Financial assets

Financial asset is derecognised when:

- An NHBRC debtor is written off after all recovery processes have been exhausted.
- The receivable is removed from the accounting records because there is no reasonable expectation of recovery.

- the entity transfers the financial asset and substantially all the risks and rewards of ownership of the asset.

When assessing a transfer, an entity must consider:

- Transfer of risks and rewards.
- Retention or transfer of control.
- Whether the transfer qualifies for derecognition.

Financial liabilities

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled, or expires.

- NHBRC settles a supplier account in full.
- The trade payable is derecognised upon payment.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when:

- There is a legally enforceable right to offset the recognised amounts, and
- There is intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks, and short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

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 that maximise the use of observable market input and minimise the use of entity-specific input.

Valuation techniques include:

- Recent arm's length market transactions
- Discounted cash flow analyses; and
- Other commonly accepted valuation models

The chosen valuation techniques incorporate all factors that market participants would consider in pricing a transaction and are consistent with accepted economic methodologies for pricing financial instruments.

Observable inputs used in determining fair values include:

- interest rate yield curves;
- bond yield curves;
- swap curves;
- market prices of underlying instruments; and
- other available market information.

The entity classifies fair value measurements according to the following hierarchy:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Inputs for the asset or liability that are not based on observable market data.
- The entity does not hold any financial instruments classified within Level 3 of the fair value hierarchy during the current or prior year.

No transfers occurred between Level 1 and Level 2 during the current or prior reporting period (note 4).

Financial risks management

The entity's activities exposed it to a variety of financial risks including:

- Credit risk;
- liquidity risk; and
- market risk.

Credit risk

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

The entity manages credit risk through credit evaluation, approval processes and monitoring of receivables balances.

Liquidity risk

Liquidity risk is the risk that the entity will encounter in meeting obligations associated with financial liabilities.

The entity manages liquidity risk through cash flow management and maintains adequate cash reserves.

Market risk

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.

The entity monitors market conditions continuously to manage exposure to market risk.

1.5. LEASES

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership. The entity's leases are classified as operating leases

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.

1.6. PREPAYMENTS

Prepayments are payments that the entity has made at the reporting date for economic benefits or service potential to be received in future periods. Prepayments are made in accordance with contracts between the entity and third parties. The entity recognises as an asset the extent to which payments made exceed the value of economic benefits or service potential received.

The entity measures prepayments at the fair value of the consideration paid, to the extent that it exceeds the value of goods or services received. As the entity receives the related goods or services, it shall reduce the carrying amount of prepayments made by the fair value of those goods or services received. Any related asset or expense will be recognised in accordance with the applicable GRAP standard.

1.7. CASH AND CASH EQUIVALENTS

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash equivalents are held for the purpose of meeting short term cash commitments rather than for investment or other purposes. Cash and cash equivalents comprise bank balances, cash on hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less which are available on demand.

Cash and cash equivalents included restricted cash equivalents reclassified to non-current asset (as defined in GRAP 2) unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date Restricted cash balance relate to long term expired guarantees and interest earned which is capitalised. (Note 7)

1.8. IMPAIRMENT OF CASH GENERATING ASSETS

The entity assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. Where such an indication exists, the entity estimates the recoverable amount of the asset or cash-generating unit.

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

Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Identification of Cash-Generating Assets

Management exercises judgement in determining whether assets are cash-generating or non-cash-generating assets. In applying this judgement, management considers the following factors:

- Whether the asset is acquired with the objective of earning a commercial return; and
- Whether the asset is acquired primarily to deliver services in accordance with the entity's mandate rather than to generate economic returns

Impairment

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 or amortisation. Depreciation or amortisation is the systematic allocation of the depreciable amount of an asset over its useful life. Useful life is either:

- The period over which an asset is expected to be available for use by the entity;
- The number of production or similar units expected to be obtained from the asset by the entity.

Measurement of Impairment Losses

Where the carrying amount of a cash-generating asset or cash-generating unit exceeds its recoverable amount, the carrying amount is reduced to the recoverable amount, and an impairment loss is recognised immediately in surplus or deficit.

The carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting accumulated depreciation, accumulated amortisation, and accumulated impairment losses.

The recoverable amount of an asset or cash-generating unit is the higher of:

- Its fair value less costs to sell; and
- Its value in use.

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

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

Value in use is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset or cash-generating unit and from its disposal at the end of its useful life.

Reversal of Impairment Losses

An impairment loss recognised in prior periods for a cash-generating asset or cash-generating unit is reviewed at each reporting date for any indication that the loss may no longer exist or may have decreased. Where such indication exists, the recoverable amount is re-estimated.

An impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior periods.

The reversal of an impairment loss is recognised immediately in surplus or deficit.

1.9. ACCOUNTS RECEIVABLE MANAGEMENT AND DEBTS WRITE-OFF

its debtor write-offs in strict accordance with the Public Finance Management Act (PFMA) and Generally Recognised Accounting Practice (GRAP 104) standards for financial instruments.

Mandatory Pre-Conditions for Write-Off

Before any trade receivable (such as unpaid homebuilder registration renewals or project enrolment penalties) can be written off, the Finance and Credit Control department must prove that all reasonable collection steps have been exhausted. This includes:

- Issuing formal demand notices and final letters of demand.
- Attempting telephone debt collection and negotiating payment arrangements.
- Handing the account over to external debt collection agencies or legal representatives.

Allowable Categories for Debt Write-Off

The NHBRC will only classify a debt as irrecoverable and approve a write-off if it falls into one of these specific categories:

- Insolvency or Liquidation: The debtor/homebuilder company has been formally liquidated or declared bankrupt,

and there are no dividend payouts available from the estate.

- **Prescription of Debt:** The debt has legally prescribed under the South African Prescription Act (typically after 3 years, provided the debt was not legally acknowledged or interrupted)
- **Untraceable Debtors:** The debtor cannot be found after a formal tracing process, making legal action impossible.
- **Uneconomical to Recover:** The legal or collection costs required to chase the debt exceed the actual value of the outstanding balance.
- **Deceased Estates:** The debtor is deceased, and the estate lacks sufficient funds to settle the balance.

Accounting Treatment

- **Impairment Allowance:** Before a direct write-off happens, the NHBRC reviews accounts at each reporting period. If a debtor shows signs of financial distress, the amount is shifted into an Allowance for Doubtful Debts (impairment loss) which reflects as an expense in the Statement of Financial Performance.
- **Final Write-Off:** Once confirmed irrecoverable, the entry is processed by debiting the Allowance for Doubtful Debts and crediting the specific Trade Receivables account, effectively removing it from the balance sheet.
- **Subsequent Recovery:** If a homebuilder pays an account after it was officially written off, the recovery is recognised directly as general revenue in the Statement of Financial Performance.

Delegation of Authority

No single individual at the NHBRC has the authority to write off debt unilaterally. Debt write-offs must follow a strictly delegated matrix:

- Small values may be authorised by the Chief Financial Officer (CFO).
- Large material amounts require formal approval from the NHBRC Council (Accounting Authority).
- Any irregular expenditure write-offs must be fully disclosed in the NHBRC's Annual Report.

1.10. PROVISIONS; CONTINGENCIES LIABILITIES AND ASSETS

Provisions are recognised when:

- The entity has a present obligation because 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 amount of the obligation.

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

Where the effect of the time value of money is material, provisions are measured at the present value of the expenditures expected to be required to settle the obligation.

The discount rate used reflects current market assessments of the time value of money and the risks specific to the liability.

Reimbursements

Where some or all the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised only when it is virtually certain that reimbursement will be received if the entity settles the obligation.

The reimbursement is recognised as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the related provision.

Review of Provisions

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

A provision is reversed when 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 applied, the carrying amount of the provision increases in each period to reflect the passage of time. This increase is recognised as a finance cost or interest expense.

A provision is utilised only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating deficits.

Onerous Contracts

If the entity has an onerous contract, the present obligation under the contract, net of recoveries, is recognised and measured as a provision. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits or service potential expected to be received under it.

Contingent Liabilities and Contingent Assets

A contingent liability is:

A possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or

A present obligation arising from past events that is not recognised because:

- It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
- The amount of the obligation cannot be measured reliably.

Contingent liabilities and contingent assets are not recognised in the statement of financial position.

Contingent liabilities and contingent assets are disclosed in the notes to the annual financial statements where required by the applicable Standards of GRAP. They are disclosed in (Note 23-24).

Provision for Long Service Awards

The entity recognises a provision for long service awards in terms of the NHBRC's employee reward policy.

The obligation arises from a constructive obligation created through established policy and past practice, which has created a valid expectation among employees that long service awards will be paid.

Employees are entitled to cash bonus payments upon completion of specified service periods. Awards are payable for every five years of completed service and range from R5 000 after five years of service to R45 000 after forty-five years of service.

The provision for long service awards is measured at the best estimate of the future payments expected to be made in respect of services rendered by employees up to the reporting date.

The Provisions, Contingent Liabilities and Contingent Assets policy has been rewritten and aligned into a formal GRAP-compliant accounting policy structure suitable for the NHBRC policy manual and annual financial statements, including:

- Provisions
- Reimbursements
- Onerous contracts
- Contingent liabilities and contingent assets
- Long service awards provisions

1.11. REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions is recognised when there is an inflow of economic benefits or service potential during the reporting period that results in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is a transaction in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value in exchange, primarily in the form of goods, services, or the use of assets.

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.

Revenue arising from registration fees, renewal fees, late enrolment fees, non-subsidy enrolments, and subsidy home enrolments is recognised when cash is received and the related services have been rendered or the entity's performance obligations have been satisfied.

Rendering Of Services

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at the reporting date when the outcome of the transaction can be estimated reliably.

The outcome of a transaction can be estimated reliably when all of 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.

The stage of completion is determined by reference to the services performed to date as a percentage of the total services to be performed.

Where services are performed through an indeterminate number of acts over a specified period, revenue is recognised on a straight-line basis over the specified period unless another method better reflects the stage of completion of the transaction.

Where a specific act is significantly more important than other acts, revenue recognition is deferred until the significant act has been performed.

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

1.12. INTEREST, AND DIVIDENDS

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 Revenue

Interest revenue is recognised using the effective interest method applicable to financial instruments.

Interest charged on transactions arising from exchange or non-exchange transactions is classified according to the nature of the underlying transaction.

Dividends and Similar Distributions

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

1.13. REVENUE FROM NON – EXCHANGE TRANSACTIONS

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, the 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.

Revenue from non-exchange transactions represents the gross inflow of economic benefits or service potential during the reporting period that results in an increase in net assets, other than increases relating to contributions from owners.

Measurement

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

Where, because of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equal to the fair value of the asset as at the date of acquisition, unless a liability is also required to be recognised.

Where a liability is recognised in respect of conditions attached to the transferred asset, the liability is measured at the best estimate of the amount required to settle the obligation at the reporting date.

When the liability is subsequently reduced because a condition has been satisfied or the obligation has been fulfilled, the amount of the reduction in the liability is recognised as revenue.

Revenue arising from disciplinary committee fines and legal recoveries is recognised on receipt of cash.

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

The Disciplinary Committee (DC) issues administrative penalties rather than criminal sentences. Under Regulation 6 of the Housing Consumers Protection Measures Act, the DC can issue a maximum fine of R25,000 per count or contravention against non-compliant builders and developers. These fines are calculated per individual housing unit.

Impairment of statutory receivable

The impairment loss is recognised in surplus or deficit, and the receivable is reduced either directly or through an allowance account.

When there is an indication that a statutory receivable (or a group of receivables) is impaired, the impairment loss is measured as the difference between: the carrying amount of the receivable, and the impairment loss is recognised in surplus or deficit, and the receivable is reduced either directly or through an allowance account.

1.14. FINES

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the entity.

1.15. INSURANCE TECHNICAL RESULT

The insurance technical result is determined annually by comparing incurred insurance claims and related expenses, together with movements in technical provisions, against earned insurance premiums, as follows:

Premium Revenue

Insurance premium revenue is recognised over the period of coverage in accordance with the earning pattern of the risk exposure. Premiums received in advance are initially recognised as unearned premium liabilities and released to revenue as risk is earned over time.

Insurance Premiums Written

Insurance premiums are defined as enrolment fees in terms of Section 14 of the Housing Consumers Protection Measures Act.

Insurance premiums written relate to business generated during the year, including adjustments for differences between premiums booked in prior years and the current year. They include premiums for the full period of risk covered by the warranty, regardless of whether they are due for payment within the reporting period.

Insurance premiums written represent the total premiums payable by the insured to which the insurer is contractually entitled and are disclosed net of premium refunds. Value-added tax is excluded from insurance premiums written.

Insurance Claims Incurred

Insurance claims incurred comprise claims and related expenses paid during the year, together with movements in the outstanding claims provision. This includes provisions for claims incurred but not reported (IBNR) and related expenses, as well as adjustments to prior-year claims estimates.

Insurance claims are generally reported shortly after the event and therefore involve less estimation uncertainty than long-tail claims.

Outstanding claims represent the estimated cost of settling all claims arising from events that have occurred up to the reporting date, including IBNR provisions, less amounts already paid in respect of those claims.

Unexpired risk provisions

An unexpired risk provision is recognised where the estimated cost of claims, related expenses, and deferred acquisition costs exceeds unearned premiums, after allowing for expected future investment income.

At year-end, an assessment is performed of the expected cost of claims arising during the remaining term of policies in force at the reporting date. This includes costs associated with settling such claims.

These provisions are subject to significant estimation uncertainty due to the variability of factors influencing future claims over the warranty period.

Uncertainty is further increased by the time lag between policy inception, the occurrence of events giving rise to claims, and the reporting and settlement of those claims.

Actuarial and statistical models, including frequency and severity projections, are used to estimate ultimate settlement costs for future claims.

Liability Adequacy Test

An independent actuarial valuation is performed annually to assess the solvency of the warranty fund.

The purpose of the valuation is to confirm the entity's ability to meet its future obligations on a going concern basis.

The most recent actuarial assessment concluded that the entity is solvent, including both subsidy and non-subsidy housing portfolios, and is able to meet its future liabilities.

Disclosure and Presentation

Insurance contract balances are disclosed separately in the financial statements, including premiums, claims incurred, movements in provisions, and risk exposures, to ensure transparent reporting of the entity's insurance activities.

1.16. COMPARATIVE FIGURES

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

1.17. BUDGET INFORMATION

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

General purpose financial reporting requires the entity to provide information on whether resources were obtained and used in accordance with the legally approved budget.

The approved budget covers the financial year from 1 April 2025 to 31 March 2026.

The audited annual financial statements and the approved budget are prepared on the same accrual basis of accounting. Accordingly, a comparison between budgeted and actual amounts for the reporting period is presented in the Statement of Comparison of Budget and Actual Amounts.

1.18. RELATED PARTIES

A related party is a person or entity that could control or jointly control the other party, exercise significant influence over the other party, or is subject to control or joint control by the same entity.

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

Joint control is the contractually agreed sharing of control over an activity, which exists only when strategic financial and operating decisions require the unanimous consent of the parties sharing control (the venturers).

A 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 financial and operating policy decisions of an entity but not control over those policies.

Management refers to those persons responsible for planning, directing, and controlling the activities of the entity, including those charged with governance in terms of applicable legislation where they perform such functions.

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

The entity is exempt from certain disclosure requirements relating to related party transactions where such transactions occur within normal supplier, customer, or recipient relationships, on terms and conditions that are no more or less favourable than those that would reasonably be expected in similar circumstances and are within the normal operating parameters established under the entity's legal mandate.

Where the entity applies this exemption, it discloses narrative information on the nature of the transactions and related outstanding balances to enable users to understand the effect of related party relationships on the audited annual financial statements.

1.19. TAX

No provision has been made for South African Normal Tax as the Council has been granted exemption in term of Section 10 (1) (cA)(i) of the Income Tax Act No 58 of 1962.

1.20. VALUE ADDED TAX

No provision has been made for Value Added Tax, as the Council was deregistered as a VAT vendor with effect from 1 April 2011, in terms of the Revenue Laws Amendment Acts No. 45 of 2003 and No. 32 of 2004, which came into operation on 1 April 2005.

1.21. FRUITLESS AND WASTEFUL EXPENDITURE

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

Fruitless and wasteful expenditure is accounted for in accordance with all applicable requirements, including, but not limited to, relevant legislation, regulations, frameworks, circulars, instruction notes, practice notes, and guidelines, as may be applicable.

1.22. INVENTORIES

Inventories are initially measured at cost, 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 and carried at the lower of cost and estimated net realisable value.

- **Cost Formula:** The cost of builder's manuals is calculated and assigned using the first-in-first-out (FIFO) method, comprising direct purchase and conversion costs incurred in bringing the inventories to their present location and condition.
- **Write-downs:** Any write-down of inventory to net realisable value, or loss of inventory, is recognised as an expense in surplus or deficit in the period the write-down or loss occurs.
- **Reversals:** 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.

1.23. COMMITMENTS

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

A commitment is an agreement or a pledge to assume a financial obligation at a future date. The company has the following type of commitment:

- Those for the receipt of goods or services from suppliers and

A commitment arises out of a contractual agreement between the company and another party which entitles the company or the third party to enforce the delivery of the agreed upon goods or services at an agreed amount.

- Contractual commitments are not recognised but are disclosed in the notes to the financial statements.

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

1.24. EMPLOYEE BENEFITS

Short Term Employee Benefits

Short-term employee benefits are those benefits payable within 12 months after the service has been rendered, including items such as paid annual leave, sick leave, bonuses, and non-monetary benefits such as medical care.

The cost of short-term employee benefits is recognised in the period in which the related service is rendered and is not discounted.

The expected cost of compensated absences is recognised as an expense when 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 because of past performance.

Other long-term benefits

Other long-term employee benefits are employee benefits, other than post-employment benefits and termination benefits, which are not expected to be settled wholly within 12 months after the end of the reporting period in which the employees render the related service.

Long service awards are payable in June and December each year to qualifying employees via payroll. These awards are subject to income tax in accordance with the Income Tax Act.

Where an employee's service is terminated on or after their qualifying anniversary date but prior to the scheduled payment date, the long service award becomes payable upon termination. Refer to Note 10.

1.25. EVENTS AFTER REPORTING DATE

Events after the reporting date are those events, whether favourable or unfavourable, that occur between the reporting date and the date on which the financial statements are authorised for issue.

Two types of events can be identified:

- Adjusting events after the reporting date: those that provide evidence of conditions that existed at the reporting date; and
- Non-adjusting events after the reporting date: those that are indicative of conditions that arose after the reporting date.

The entity adjusts the amounts recognised in the financial statements to reflect adjusting events after the reporting date when such events occur.

The entity discloses the nature of material non-adjusting events after the reporting date, together with an estimate of their financial effect, or a statement that such an estimate cannot be made, where non-disclosure could influence the economic decisions of users taken based on the financial statements.

1.26. IRREGULAR EXPENDITURE

Irregular expenditure, as defined in section 1 of the PFMA, is expenditure other than unauthorised expenditure incurred in contravention of, or that is not in accordance with, a requirement of any applicable legislation, including:

- This Act; or
- the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations issued in terms thereof; or
- any provincial legislation providing for procurement procedures in provincial government.

Irregular expenditure is accounted for in accordance with all applicable requirements, including but not limited to relevant legislation, regulations, frameworks, circulars, instruction notes, practice notes, and guidelines, as may be applicable.

Irregular expenditure incurred and identified during the current financial year and condoned before year-end and/or before finalisation of the financial statements is recorded in the irregular expenditure register. In such cases, no further action is required other than appropriate disclosure in the notes 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 apart from updating the Note to the financial statements.

Irregular expenditure incurred and identified during the current financial year that is not condoned by National Treasury, or the relevant authority is recorded in the irregular expenditure register. Where a responsible person can be identified, a debt account is created, and recovery action is initiated in terms of applicable legislation. If recovery is not possible, the amount may be written off as debt impairment by the accounting authority and disclosed accordingly in the notes to the financial statements, with the irregular expenditure register updated.

Where no person is held legally liable and the expenditure is not condoned, the expenditure remains classified against the relevant programme or expenditure item and is disclosed accordingly in the notes to the financial statements, with appropriate updates made to the irregular expenditure register.

1.27. CHANGES IN ACCOUNTING POLICY: GRAP 3

A change in accounting policy is applied only when:

it is required by a new or revised Standard of GRAP; or

it results in the financial statements providing reliable and more relevant information about the effects of transactions, other events, or conditions on the entity's financial position, financial performance, or cash flows.

A voluntary change in accounting policy is applied only if it results in the financial statements providing more reliable and relevant information.

Application of Changes in Accounting Policy

When a change in accounting policy is applied, it is applied retrospectively, unless it is impracticable to determine either the period-specific effects or the cumulative effect of the change.

Where retrospective application is impracticable, the entity applies the new policy from the earliest practicable date

Disclosure Requirements

When a change in accounting policy is made, the entity discloses:

- the nature of the change in accounting policy;
- the reasons why the new policy provides reliable and more relevant information;
- for the current and each prior period presented, to the extent practicable, the amount of the adjustment for each financial statement line item affected; and
- the amount of the adjustment relating to periods before those presented, to the extent practicable.

Where retrospective application is impracticable, the entity discloses the circumstances that led to the impracticability and how the change has been applied.

1.28. NEW STANDARDS AND INTERPRETATIONS

1.28.1. Standards and interpretations issued, but not yet effective.

IFRS 17 Insurance Contracts is a new accounting standard issued by the International Accounting Standards Board (IASB®) that replaces IFRS 4 Insurance Contracts. The standard establishes principles for the recognition, measurement, presentation, and disclosure of insurance contracts to ensure consistency and comparability across entities.

IFRS 17 was effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted where applicable. Although the standard is already effective, its application may not yet be adopted by the entity depending on its GRAP reporting framework alignment and approved implementation timeline.

Under IFRS 17, insurance contract liabilities are measured using current fulfilment cash flows, incorporating probability-weighted estimates of future cash flows, a risk adjustment for non-financial risk, and a contractual service margin representing unearned profit.

The standard introduces significant changes in the timing of profit recognition and the presentation of insurance results compared to previous practices.

At present, the entity is assessing the impact of IFRS 17 on its financial reporting framework, systems, and disclosures. The extent of the impact is expected to depend on the final alignment of GRAP insurance-related standards with IFRS 17 principles and the implementation approach adopted by the entity.

The entity will disclose the effects of adopting IFRS 17, if applicable, in the period of initial application.

1.28.2. Standards and interpretations not 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 April 2026 or later periods but are not relevant to its operation.

Standard/interpretation	Effective date:	Expected impact:
GRAP 1 – Presentation of Financial Statements	To be determined by Minister	Likely there will be a material impact
GRAP 103 – Heritage Assets	To be determined	Unlikely there will be a material impact
GRAP 105 – Transfer of Functions Between Entities Under Common Control	To be determined	Unlikely there will be a material impact
GRAP 106 – Transfer of Functions Between Entities Not Under Common Control	To be determined by Minister	Unlikely there will be a material impact
GRAP 107 – Mergers	To be determined	Unlikely there will be a material impact

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2026

2. PROPERTY, PLANT AND EQUIPMENT

	2026			2025		
	Cost/ Valuation	Accumulated depreciation	Carrying Value	Cost/ Valuation	Accumulated depreciation	Carrying Value
	R	R	R	R	R	R
Land	17 324 316	-	17 324 316	17 751 947	-	17 751 947
Computer equipment	32 646 240	(17 781 362)	14 864 878	32 447 358	(15 842 477)	16 604 882
Office Furniture	17 687 015	(8 711 197)	8 975 818	17 590 504	(8 896 371)	8 694 133
Office Equipment	11 878 917	(7 268 684)	4 610 233	12 145 834	(8 876 421)	3 269 413
Motor Vehicles	3 614 614	(1 150 865)	2 463 748	2 841 937	(974 653)	1 867 284
Buildings	81 696 829	(51 565 950)	30 130 879	81 696 829	(48 814 526)	32 882 303
Total	164 847 931	(86 478 059)	78 369 872	164 474 410	(83 404 448)	81 069 962

Reconciliation of property, plant and equipment-2026

	Opening balance	Additions	Disposals	Depreciation on disposals	Derecognition	Depreciation	Total
	R	R	R	R	R	R	R
Land	17 751 947	-	-	-	(427 632)	-	17 324 316
Computer equipment	16 604 882	1 806 403	(42 603)	16 775	(949 859)	(2 570 720)	14 864 878
Office Furniture	8 694 133	101 220	(4 712)	315	-	184 863	8 975 818
Office Equipment	3 269 413	73 049	(339 967)	276 225	-	1 331 512	4 610 233
Motor Vehicles	1 867 284	772 677			-	(176 213)	2 463 748
Buildings	32 882 303				-	(2 751 424)	30 130 879
Total	81 069 962	2 753 349	(387 283)	293 315	(1 377 491)	(3 981 981)	78 369 872

Reconciliation of property, plant and equipment-2025

	Opening balance	Additions	Disposals	Depreciation on disposals	Derecognition	Depreciation	Total
	R	R	R	R	R	R	R
Land	17 751 947	-	-	-		-	17 751 947
Computer equipment	20 160 303	324 502	(2 384 785)	1 925 736	(1 002 697)	(2 418 177)	16 604 882
Office Furniture	7 025 326	2 065 471	(200 888)	200 457	-	(396 233)	8 694 133
Office Equipment	3 793 436	79 533	(286 901)	286 771	-	(603 426)	3 269 413
Motor Vehicles	2 039 495	-	-	-	-	(172 211)	1 867 284
Buildings	36 967 143	-	-	-	-	(4 084 840)	32 882 303
Total	87 737 650	2 469 506	(2 872 574)	2 412 964	(1 002 697)	(7 674 887)	81 069 962

Land

Land comprises of ERF's 1085 & 1086 situated in Leeuwkop road Sunninghill, and Soshanguve A Township, Registration Division JR, Province of Gauteng; under General Plan No A9923/1996 and held by Certificate of Registered Title No. T4866/1997. The register of land is available at the Council's premises.

Buildings

Buildings comprise of Head Office located in Leeuwkop Road ,Sunninghill, show houses, a training centre and a conference centre at the Eric Molobi Housing Innovation Hub. The Hub was established towards the end of 2005 at Thorntree View, Soshanguve A, in the Tshwane Metropolitan Municipality in Gauteng.

Useful lives

The useful lives and estimated useful lives are reflected under 1.5 Significant judgements and sources of estimation uncertainty policies. The useful lives of property,plant and equipment was adjusted during the period and the impact amounted to R 5 811 075.

Assets	Depreciation Before assessment	Depreciation After assessment	Impact assessment
Computer Equipment	(2 899 084)	(2 570 720)	(328 364)
Office Furniture	(1 769 613)	184 863	(1 954 475)
Motor Vehicles	(185 819)	1 331 512	(1 517 331)
Office Equipment	(853 701)	(176 213)	(677 489)
Buildings	(4 084 840)	(2 751 424)	(1 333 416)
Total	(9 793 056)	(3 981 981)	(5 811 075)

2.1 Repairs and maintenance		2026	2025
		R	R
- Property, plant and Equipment		724 905	3 370 800
- Vehicles		90 574	-
		815 478	3 370 800

3. INTANGIBLE ASSETS

	2026			2025		
	Cost/ Valuation	Accumulated depreciation	Carrying Value	Cost/ Valuation	Accumulated depreciation	Carrying Value
	R	R	R	R	R	R
Computer software	133 651 184	(114 319 433)	19 331 751	132 360 768	(109 918 224)	22 442 544
Total	133 651 184	(114 319 433)	19 331 751	132 360 768	(109 918 224)	22 442 544

Reconciliation of computer software-2026

	2026			2025		
	Opening balance	Additions	Disposals	Amortisation on Disposals	Amortisation charges	Total
	R	R	R	R	R	R
Computer software	22 442 544	1 642 916	(352 500)	331 125	(4 732 334)	19 331 751
Total	22 442 544	1 642 916	(352 500)	331 125	(4 732 334)	19 331 751

Reconciliation of computer software-2025

	2026			2025		
	Opening balance	Additions	Disposals	Amortisation on Disposals	Amortisation charges	Total
Computer software	26 436 712	4 751 069	-	-	(8 745 238)	22 442 544
Total	26 436 712	4 751 069	-	-	(8 745 238)	22 442 544

Intangible assets comprises of computer software namely SAP, Digital services and other minor software.

The change in estimate from 10 to 30 years is based on an assessment done in the current period. impact of the amortisation charge amounted to R 7 521 277.

Assets	Depreciation Before assessment	Depreciation After assessment	Impact assessment
Computer Software	(9 176 301)	(1 655 024)	(7 521 277)

4. INVESTMENTS

Investments represent investments in cash, listed bonds, securities and equities, which generate interest and dividend income as well as investment gains/losses.

Investments carrying value comprise the following:

Money Market investments	4 294 390 212	3 902 599 446
Call Accounts *	381 103 525	819 721 186
CPD Money Market	651 611 747	607 475 779
Listed bond securities and equity		
- Short-term < 7 years	1 305 926 289	305 172 189
- Medium-term 7 to 12 years	345 138 128	863 170 792
- Long-term > 12 years	1 856 650 808	1 810 429 772
- inflation linked bonds and equity	1 356 797 390	652 602 795
	10 191 618 099	8 961 171 960
Other Investment (Structured product equity-link)	2 148 746 684	-
	12 340 364 783	8 961 171 960

Split between non-current and current

Non-Current portion	7 013 259 299	3 631 375 548
Current portion	5 327 105 484	5 329 796 412
Total	12 340 364 783	8 961 171 960

None of these financial assets are either past due or impaired

* Call accounts relate to the cash component within the bonds, equity and money market at year

Reconciliation of opening and closing balance

Opening balance	8 961 171 960	9 458 545 928
Capital additions	1 882 000 000	2 850 707
Withdrawal/ proceed on investment	-	(1 863 506 643)
Interest accrued	703 930 027	710 779 053
Dividend earned	41 284 792	25 031 129
Investment management costs	(855 140)	(858 203)
Asset management service fees	(19 772 059)	(16 565 446)
Unrealised gain on financial assets	964 365 203	522 182 473
Unrealised loss on financial assets	(519 476 902)	(267 660 218)
Realised gain on financial assets	359 580 196	421 554 158
Realised loss on financial assets	(31 863 293)	(31 180 980)
	12 340 364 783	8 961 171 960

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2026

4.1 Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rates. Financial Assets at Fair Value (Bonds, Money Market, Equities and Structured Products)

		2026	2025
Issuer Local Credit Rating	Rating Grade	R	R
AAA	Prime: (Extreme strong)	7 045 371 756	3 156 062 095
AA+	High Quality: (Very strong)	3 114 768 946	2 560 591 879
AA	High Quality: (Very strong)	796 689 978	1 210 171 257
AA-	High Quality: (Very strong)	59 778 364	910 485 315
NR	Non-rated	164 916 404	133 316 474
A	Upper Medium : (strong)	93 915 717	-
A+	Upper Medium : (strong)	-	124 495 299
A-	Upper Medium : (strong)	-	21 247 065
BBB	(Non-Investment)	-	15 265 954
BBB+	(Non-Investment)	-	30 337 497
		11 275 441 166	8 161 972 835
Equity Exposure		1 064 923 618	799 199 124
Total		12 340 364 783	8 961 171 960

To assess credit risk exposure, local currency ratings of the issuer are used. For clarity purposes the ratings are presented in this manner to enhance understanding of the user. The ratings have all been converted to long term ratings for better understanding and consistency.

4.2 Fair value hierarchy for financial assets measured at fair value.

	Fair value measurement at end of the year using:		
		Level 1	Level 2
2026	R	R	R
Financial assets at fair value through surplus or deficit			
Equities	1 037 586 891	1 037 586 891	-
Bonds	3 822 676 106	3 822 676 106	-
Money market instruments	4 950 251 577	-	4 950 251 577
Call Accounts	381 103 525	-	381 103 525
Other Investment (Structured Product)	2 148 746 684	-	2 148 746 684
	12 340 364 783	4 860 262 998	7 480 101 786

2025			
Financial assets at fair value through surplus or deficit			
Equities	790 560 409	790 560 409	-
Bonds	2 840 815 139	2 840 815 139	-
Money market instruments	4 510 075 225	-	4 510 075 225
Call Accounts	819 721 186		819 721 186
	8 961 171 960	3 631 375 548	5 329 796 412

The fair value assets are classified using a fair value hierarchy that reflects the significance of the input used in determining the measurements. The fair value hierarchy has the following levels:

Level 1- These are assets measured using quoted prices in an active market.

Level 2- These are assets measured using inputs other than quoted prices included within level 1, that are either directly or indirectly observable.

Level 3- These are assets measured using inputs that are not based on observable market data. The scheme does not have any assets falling under level 3.

4.2 Fair value hierarchy for financial assets measured at fair value.

Asset Description	Valuation techniques	Observable Input
Debt securities	Discount cash flow	Nominal & real bond yield curves
Money market instruments	Discount cash flow	Swap curve
Other investments	Black scholes	Risk free rate from swap curve,market price of underlying asset.

4.3 Classification Summary.

Category	Amount	Amount
Fair value through surplus or deficit (FVTSD)	10 191 618 099	8 961 171 960
Derivatives (FVTSD)	2 148 746 684	-
Total	12 340 364 783	8 961 171 960

4.4 Business Model Assessment

The NHBRC holds financial assets within the following business models:

- » - Hold to collect: Money market instruments and call accounts held to meet liquidity and claims payment obligation
- » - Hold to collect and sell: Listed bonds manage to balance yield and liquidity for the
- » - Other (fair value through surplus or deficit): Equity investment held for capital.

SPPI test results

Instrument	Passes SPPI	Reason	GRAP 104 Classification
Money market	Yes	Contractual cash flows are principal and interest	Fair value through surplus or deficit (FVTSD)
Call Accounts	Yes	Fixed or determinable payments, no conversion features	Fair value through surplus or deficit (FVTSD)
Listed Bonds	Yes	Fixed coupon, principal repayment at maturity	Fair value through surplus or deficit (FVTSD)
Equities	No	Residual interest, no contractual cash flows	Fair value through surplus or deficit (FVTSD)

5. INVENTORIES

Builders manuals at cost	2 801 202	3 438 856
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Inventory Expensed: The cost of inventories recognised as an expense and included in operating expenses during the period amounted to R1 451 854 (2025: R 1873 694).

Pledged Assets: No inventories have been pledged as security for liabilities, and no contractual restrictions exist on these assets.

6. TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS

Net trade receivables		92 582 122	44 205 785
- Trade receivables		95 917 503	106 181 967
- Less Impairment Allowance (ECL)		(3 335 380)	(61 976 182)
Other receivables:	- Rental deposits	1 479 791	1 643 034
	- Sundry debtors	501 675	2 316 836
		94 563 588	48 165 655

Credit risk and expected credit losses (ECL) Impairment model

NHBRC applies the expected credit loss (ECL) model under GRAP 104.

Definition	Gross Carrying amount ®	ECL rate	ECL Provision *®
< 30 days past due	11 491 169	0%	-
30-90 days past due	8 907 957	0%	-
>90 days past due (credit- impaired)	72 933 464	1%	729 335
>90 days past due (credit- impaired)	2 606 046	100%	2 606 046
	95 938 635		3 335 380

Note: the ECL provision decrease from R 61 976 182 to R3 335 380. The movement is presented in the reconciliation below. No casual attribution to collection effort, external intervention, debtor acknowledgemnt, invoice disputes or payment commitments is made in this note.

Reconciliation of Allowance for impairment: (Note 27)

Opening balance	(782 135)	(79 720 574)
Transition adjustment-GRAP 104	-	61 194 047
Impairment allowance	(2 553 245)	17 744 392
	(3 335 380)	(782 135)

6.1 Rental deposits

Split between non-current and current	1 479 791	1 643 034
Non-Current portion	520 000	424 716
Current portion	959 790	1 218 318

6.2 Trade and other receivables

Split between non-current and current	94 563 588	48 165 655
Non-Current portion	520 000	424 716
Current portion	94 043 588	47 740 939

6.3 Forward-looking information

NHBRC applies the simplified approach in measuring expected credit losses on trade receivables. Expected credit loss rates are determined based using the ageing profile and relevant historical, current and supportable forward looking information in accordance with GRAP104.

The gross carrying ammount and ECL rates applied at 31 March 2026 are presented in the table above. No debtor-specific asserisnons concerning acknowledgemnt of debt, invoice disputes, payment commitments, external recovery initiatives or expected settlemnt are included without supporting records.

The expected credit loss allowance recognised at 31 March 2026 is reflected in note 6 in the ageing table on the preceding page. No additional debtor-specific conclusions are presented without the supporting assesments and correspondence

Historically, amounts due from Provincial Departments of Human Settlements have been collected in full, although settlement is often delayed beyond agreed payment terms. No significant credit losses have been experienced on these balances.

The assumptions used in determining expected credit loss rates of 0%, 1% and 100% are based on the following factors:

- National Treasury is involved in encouraging Provincial Departments of Human Settlements to settle outstanding obligations owed to government institutions before surrendering remaining surplus funds at year-end.
- The majority of outstanding balances are due from Provincial and National Departments of Human Settlements.
- Historical collection trends indicate that these departments ultimately settle outstanding amounts despite payment delays.
- National Treasury and the National Department of Human Settlements continue to engage provincial departments regarding the settlement of outstanding obligations.
- Credit risk is assessed based on the debtor's ability and intention to settle outstanding amounts, supported by

historical collection patterns and available forward-looking information.

- Subsequent to year-end, the North West Department of Human Settlements provided a written commitment dated 23 April 2026 confirming settlement of its outstanding balance during the first quarter of the following financial year.
- A 100% loss rate is applied where there is objective evidence that recovery is not expected, while lower loss rates are applied to balances where historical collections and forward-looking information support recoverability.
- The KwaZulu-Natal Department of Human Settlements has not acknowledged a debt of R222 000. In addition, the Western Cape Department of Human Settlements has not acknowledged a debt of R2 384 045.64 due to a dispute regarding the quantum reflected on the invoices. No payment commitments have been received from either department. Based on the available evidence and the absence of confirmation of the debts, these balances have been assessed as credit-impaired and a 100% expected credit loss rate has been applied.

Based on historical collection experience, the public-sector nature of the debtors, recovery initiatives undertaken by the National Department of Human Settlements and National Treasury, and specific payment commitments received, management concluded that expected credit losses on the majority of receivables are insignificant, except for specific balances assessed as credit-impaired where a 100% expected credit loss allowance has been recognised.

7. TRADE AND OTHER RECEIVABLES FROM NON EXCHANGE TRANSACTIONS

Sundry debts-DC Fines	21 896 204	19 906 840
- Loss allowance for DC Fines	(9 638 817)	-
Net receivables	12 257 387	19 906 840

DC fines receivable represents statutory receivables arising from disciplinary proceedings conducted in terms of the NHBRC's disciplinary processes. These fines are imposed on registered home builders in accordance with the applicable legislative and regulatory framework governing the NHBRC and are accounted for in accordance with the requirements of GRAP 108: Statutory Receivables.

8. CASH AND CASH

Cash balances	186 450 529	310 180 742
Cash balances (Restricted cash: Trust account) ¹	90 782 790	84 036 329
Short-term bank	220 450	200 016
Other Investment	-	1 863 506 643
	277 453 769	2 257 923 731

8.1 Cash and cash equivalents

Split between non-current and current (Trust account portion and Other

Non-Current portion	25 645 335	1 910 582 133
Current portion	251 808 435	347 341 598
	277 453 769	2 257 923 731

¹ Only R50 422 448 of the R90 782 790 restricted cash and balance relate long term expired guarantee and interest earned which is capitalised. discloses deposits-for-guarantees liabilities of R50 422 448, comprising a current liability of R24 777 113 and a non-current liability of R25 645 335. The note states that these balances relate to builder deposits that are refundable after a five-year period: Refer to (Note 13)

NHBRC assessed the expected credit losses on cash and cash equivalents held with reputable South African banking institutions. Based on the short-term nature of the deposits, the creditworthiness of the counterparties, and available forward-looking information, the expected credit loss was determined to be immaterial. Accordingly, no material impairment allowance was recognised.

NHBRC uses the credit rating of FirstRand Bank Ltd which has a local currency rating of BB+.

9. EMERGING CONTRACTOR RESERVE

The reserve was established to assist home builders, through training and inspection, to achieve and to maintain satisfactory technical standards of home building in terms of Section 3(h) of the Housing Consumers Protection Measures Act (Act no. 95 of 1998). The emerging contractor reserve has been established, with Ministerial approval, to develop programmes targeted at the empowerment of emerging home builders registered with the NHBRC, which will enable learners to be able to start and manage their own construction contracting businesses. The Council utilised R1 560 500 (2025: R0) for home builder training in the current financial year. The remaining reserve to be utilised for future years is R 1 498 059 (2025:R3 058 559).

10. PROVISION

	Outstanding claims	Unexpired Risk	Total
	R	R	R
Balance at 31 March 2024	31 282 218	1 097 057 787	1 128 340 005
Increase during the year (note 29)	15 781 968	-	15 781 968
Utilised during the year (note 19)	(13 978 887)	-	(13 978 887)
Increase during the year		111 684 754	111 684 754
Balance at 31 March 2025	33 085 299	1 208 742 541	1 241 827 840
Increase during the year (note 29)	24 379 409	-	24 379 409
Utilised during the year (note 19)	(25 532 804)	-	(25 532 804)
Increase during the year		116 028 283	116 028 283
Balance at 31 March 2026	31 931 906	1 324 770 824	1 356 702 730

Balance at 31 March 2025

Current	12 537 829	374 668 511	387 206 340
Non-current	20 547 470	834 074 030	854 621 500
	33 085 299	1 208 742 541	1 241 827 840
Balance at 31 March 2026			
Current	12 445 006	426 280 286	438 725 292
Non-current	19 486 900	898 490 538	917 977 438
	31 931 906	1 324 770 824	1 356 702 730

10.1 Basis and methodology of valuation

There has not been a change in the method for the calculation of provisions from the solvency assessment. The following NHBRC (policyholder) liabilities or provisions are calculated:

- Unexpired risk Provision (URP)
- Outstanding Claims Provision (OCP)
- Unearned Premium Provision ("UPP")

The method adopted for the for Incurred But Not Reported (IBNR) claims provision inherently includes the Incurred But Not Enough Reported (IBNER). The IBNER relates to those complaints that have resulted in remedial claims but have not been fully settled.

A best estimate basis (set of assumptions) is used in the determination of the liability in terms of IFRS4 and general best practice in the South African short-term industry. The OCP provision is held at a 75% level of sufficiency, as was the case in the last two financial years.

The UPP is the portion of received enrolments that is held to meet future complaint and conciliation expenses and remedial work claims for unexpired years of cover. In determining the UPP, earned and unearned initial expenses are deducted from the enrolment fee. The remaining portion of the enrolment fee, if positive, is assumed to be earned over the five years of the warranty cover in accordance with the earnings curve. Initial expenses are assumed to be earned uniformly over the quarters of construction, assuming expenses are incurred at the beginning of each quarter. The unearned portion of initial expenses is included in the UPP.

The unexpired risk provision (URP) is the sum of all UPP's plus any additional unexpired risk provision (AURP) that may be required if the unearned premium is considered to be inadequate to pay for the unexpired risks. The Unexpired Risk Provision (URP) from in-force business is calculated to evaluate the sufficiency of the UPP to meet future expenses and claims

The OCP is a provision required with respect to complaints that will result in remedial work claims, but still under conciliation or not fully settled. The Inflation Adjusted Bornhuetter Ferguson Method (BF Method) is deemed the most appropriate method for the estimation of the reserve for remedial work claims. The technique is most useful when actual reported losses for a complaint period are not a good indicator of future IBNR losses for the same complaint period, as is often the case when there is a low frequency of loss or incomplete data

The methodology is consistent with that used in the previous financial year end actuarial solvency assessment.

10.2 Assumptions

The expected inflation rates and discount rates are determined from the yield curves from the trading of government bonds. Additionally, historical inflation for remedial claims is in line with published CPI inflation, but only from 31 March 2019. The historical assumed inflations to 31 March 2019 are maintained, which were based on estimates of building cost inflation. The summary of the economic assumptions is set out in the below table. maintained, which were based on estimates from building cost inflation. The summary of the economic assumptions is set out in the below table.

	2026		2025	
Key assumption	Non-subsidy	Subsidy	Non-subsidy	Subsidy
Discount rate	7,3%	10,0%	7,7%	11,7%
General price inflation	3,8%	5,3%	3,7%	6,7%
Future building cost inflation	3,8%	5,3%	3,7%	6,7%
Historical building cost inflation	3,1%	3,1%	2,7%	2,7%
Ultimate complaint rate	1,0%	1,0%	1,0%	1,0%
Remedial work rate	10,0%	10,0%	10,0%	10,0%
Average claim cost	R 308 150	R 0	R 296 991	R 0
Initial expense ratio	33%	34%	34%	39%
BF method loss ratio	1,75%	1,75%	1,75%	1,75%
BF method tail factor	1%	1%	2,5%	2,5%
Spread of risk periodThe	Emergence of complaints from FY 2006		Emergence of complaints from FY 2008	

10.3 Sensitivity analysis

The UPP significantly covers projected claims and expenses and is not sensitive to assumptions relating to ultimate complaint rate, remedial claim rate, average remedial claim amount, allocated expenses as well as discount rates. It is however sensitive to the initial expense assumption as well as the complaints development curve.

11. PROVISION FOR LONG SERVICE AWARDS

NHBRC must provide its employees with cash bonus payments for every five years of service completed. The benefit ranges from R5 000 for five years of service and is as high as R45 000 on the completion of 45 years service.

Split between the current and non-current liability Non-Current portion

Non-Current portion	14 346 157	13 482 307
Current portion	1 190 584	1 095 335
	15 536 741	14 577 642

Reconciliation of opening and closing balance are determined as follows:

Opening balance defined benefit obligation	14 577 642	14 192 727
Surplus and deficit		
Current service cost	1 122 657	1 169 893
Interest cost	1 173 676	1 302 647
Benefit taken-up	(1 200 000)	(1 750 000)
Revaluation (Gain)/loss`	(137 234)	(337 625)
	15 536 741	14 577 642

12. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Trade payables and accrued expenses	50 365 160	40 178 831
Operating lease accrual	1 744 876	506 641
Income received in advance	157 441	2 327 899
Leave accrual	34 252 511	35 464 651
Cash received in advance	35 942 026	34 655 365
	122 462 013	113 133 387

13. DEPOSITS FOR GUARANTEES

Deposits for Guarantees split between non-current and current

Non-Current portion	25 645 335	15 592 975
Current portion	24 777 113	31 482 515
	50 422 448	47 075 490

This restricted amount relate to deposit payment done by builder for non-compliance and it due for refund at end of 5 years. Refer (note 8)

14. INSURANCE PREMIUM REVENUE

Deposits for Guarantees split between non-current and current

Non- Subsidy Enrolments	513 674 866	483 777 879
Subsidy Enrolments	141 791 690	148 533 741
Change in unearned premium provision (see note 10)	(116 028 282)	(111 684 754)
	539 438 274	520 626 866

The unearned premium provision is the portion of received enrolments that is held to meet future complaints and conciliation expenses, overheads and remedial work claims for unexpired years of cover.

15. FEE REVENUE

Registration; Administration fees	2 137 114	2 370 822
Registration : Annual Fees	3 277 577	3 638 499
Registration: Builder manual	1 637 270	1 754 701

Renewal : Annual Fees	11 886 116	11 978 777
Subsidy project enrolments fees	34 269 350	125 556 970
Late enrolment fees	206 113	255 055
Document sales	222 550	268 798
	53 636 090	145 823 622

16. TECHNICAL SERVICES REVENUE

Forensic engineering, Geotechnical and rectification work

23 510 060	11 451 840
23 510 060	11 451 840

17. OTHER REVENUE

The amount included in the revenue arising from exchange of service are as follows:

Sundry Income

2 070 591	17 472 506
2 070 591	17 472 506

The amount included in the revenue arising from non-exchange of service are as follows:

Other Income		
Disciplinary hearing fines	1 555 462	2 362 950
Legal Recoveries	113 334	8 898
Other Income (Disability recovery and CETA)	6 065 577	7 879 860
	7 734 373	10 251 708
	9 804 964	27 724 215

18. INTEREST RECEIVED AND INVESTMENT INCOME

Investment income earned on financial assets, analysed by category of asset, is as follows

Interest earned from investments		703 930 027	710 779 053
Dividend earned		41 284 792	25 031 129
Interest received (cash and cash equivalents)		54 597 243	41 659 568
	4	799 812 061	777 469 750

19. INSURANCE CLAIMS AND LOSS ADJUSTMENT EXPENSES

Current year warranty claims (see note 10)		(25 532 804)	(13 978 887)
Increase in the outstanding claims provision		49 912 213	29 760 854
	10	24 379 409	15 781 968

20. NOTES TO THE CASH FLOW STATEMENT

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

Surplus for the year		1 241 319 185	1 229 592 796
Adjustments for:			
Depreciation	2	3 981 981	7 674 887
Net loss on disposal of property, plant and equipment.	2	1 471 462	459 610
Impairment of property, plant and Equipment	2	-	1 002 697
Net loss on disposal of Intangible assets.	3	21 375	-
Amortisation	3	4 732 334	8 745 238
Loss Allowance (ECL)	29.7	12 192 062	-
Investment management costs	4	855 140	858 203

Asset management service fees	4	19 772 059	16 565 446
Realised loss on financial instruments	4	31 863 293	31 180 980
Realised gain on financial instruments	4	(359 580 196)	(421 554 158)
Unrealised loss on financial instruments	4	519 476 902	267 660 218
Unrealised gain on financial instruments	4	(964 365 203)	(522 182 474)
Dividend earned	4	(41 284 792)	(25 031 129)
Interest earned from investment	4	(703 930 027)	(710 779 053)
Movement in provision	10	114 874 886	113 487 835
Movement in provision for long service awards	11	959 099	384 915
Operating income before working capital changes		(117 640 440)	(1 933 989)
Decrease in inventories	5	637 654	1 589 863
(Increase)/Decrease in trade and other receivables from exchange transactions	6	12 242 869	16 150 064
(Increase)/Decrease in Trade and other receivables from non exchange transactions	7	(1 989 364)	-
Increase/(Decrease) in trade and other payables from exchange transactions	12	12 675 584	(19 675 888)
Net cash outflow from operating activities		(94 073 697)	(3 869 950)

21. RELATED PARTIES

21.1 Relationships:

Controlling entity	Department of Human Settlements (DHS)
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The NHBRC was established by the National Department of Human Settlement in term of housing consumers protection measures Act no 95 of 1998

Executive Authority:	The Minister of the Department of Human Settlements Member
Member of Key Management	Mr S Booie Mr C Makapela Ms T Bouwer Ms M Kabwe Ms S Ngwenya Mr A Chauke
Non-executive Council	Ms Noxolo Kiviet (Chairperson) Prof Mandla Joshua Radebe (Deputy Chairperson) Prof Sijekula Mbanga Mr Vincent Donavon Goliath Ms Khulile Vuyisile Nzo Ms Siphindile Memela Ms Nomthandazo Ncalane-Ngcobo Ms Renaire Shelly Huntley Mr Kganki Matabane Ms Nontuthuko Chiluvane Ms Mandy Jayakody Ms Zodwa Matiwane Ms Morwesi Ramonyai Thonga Mr Lehlogonolo Masoga
Entities under common control:	The Community Schemes Ombud Service The Housing Development Agency The National Housing Finance Corporation The Social Housing Regulatory Authority Property Partitioners Regulatory Authority

These are entities under common control of the Department of Human Settlements of which NHBRC. By virtue of the NHBRC being a national public entity, it is presumed that all other government entities within the national sphere are related to it. However, only transactions that occurred outside the normal terms available to the broader public are disclosed in accordance with Grap 21.3: related party disclosure.

Transactions with other related parties

During the year, NHBRC entered into the following transaction with: Department of Human Settlements (DHS)

Forensic engineering assessment- Emergency housing response	16 096 080	10 170 720
Payment received	(15 911 280)	(8 744 400)
Balance	184 800	1 426 320

Trade and other payables from exchange transactions

Auditor General	1 143 502	2 076 119
Eskom	138 686	110 026
Telkom SA Limited	964 095	150 126

All other entities in the National sphere of government are considered to be related, but have not been disclosure unless transactions with those entities were conducted at arms's length , under terms and conditions similar to those available in the market and were subject to the entity's normal procurement and approval processes

21.3. Remuneration

21.3.1 Non-executive council members

	Fees	Cell phone Allowance	Subsistence Expense	Total 2026	Total 2025
	R	R		R	R
Ms Noxolo Kiviet (Chairperson)	239 783	9 600	500	249 883	68 848
Prof Mandla Joshua Radebe (Deputy Chairperson)	335 669	9 600	895	346 164	84 202
Professor Sijekula Mbanga	162 922	8 800	-	171 722	6 196
Mr Vincent Donavon Goliath	227 033	9 600	-	236 633	58 258
Ms Khulile Vuyisile Nzo	151 686	9 600	-	161 286	42 070
Ms Siphindile Memela	194 961	9 600	-	204 561	188 267
Ms Nomthandazo Ncalane-Ngcobo	180 664	8 800	648	190 112	215 271
Ms Renaire Shelly Huntley	237 584	9 600	134	247 318	272 256
Mr Kganki Matabane	164 055	9 600	-	173 655	207 450
Ms Nontuthuko Chiluvane	145 436	8 800	-	154 236	250 446
Ms Mandy Jayakody	136 154	9 600	-	145 754	323 529
Mr Lehlogonolo Masoga	171 073	8 000	11 137	190 210	-
Ms Morwesi Ramonyai Thonga	95 017	4 800	-	99 817	261 839
Ms Zodwa Matiwane	-	9 600	-	9 600	9 600
Ms Nomusa Mufamadi (Chairperson)	-	-	-	-	211 408
Dr Bongani Ngqulunga(Deputy Chairperson)	-	-	-	-	136 382
Mr Refilwe Lediga	-	-	-	-	193 903
Ms Kedibone Tsiloane	-	-	-	-	163 540
Mr Roy Mnisi	-	-	-	-	81 551
Ms Sasa Subban	-	-	-	-	8 000
	2 442 037	125 600	13 313	2 580 950	2 783 017

21.3.1 Executive management

	Salaries	Cell phone Allowance	Other expenses & Allowance	Total 2026	Total 2025
	R	R	R	R	R
S Boo (Chief Executive Officer)	4 335 683	-	-	4 335 683	4 205 246
T Bouwer (Acting Chief Executive Officer)	2 620 548	30 000	673 035	3 323 582	2 538 516
S Ngwenya (Executive Manager Corporate Service)	2 611 605	30 000	-	2 641 605	2 551 299
C Makapela (Executive Manager Engineering & Technical Services)	2 612 194	30 000	2 227	2 644 421	2 550 570
M Kabwe (Executive Manager Customer experience and marketing development)	2 612 338	30 000	-	2 642 338	2 537 061
A Chauke (Acting Chief finance officer) ¹	1 742 538	16 500	355 922	2 114 960	-
O Maseng (Chief Operating Officer)	-	-	-	--	5 050
	16 534 906	136 500	1 031 184	17 702 590	14 387 741

¹ Appointment from 12 May 2025.

22. FINANCIAL INSTRUMENTS

22.1 Categories of financial instruments and maturity profile

2026	Notes	0-1 Year	>Year	Total
		R	R	R
FINANCIAL ASSETS				
Financial assets as amortised cost				
Trade and other receivables from exchange transactions	6	94 043 588	520 000	94 563 588
Cash and cash equivalents	8	251 808 435	25 645 335	277 453 769
Financial assets at fair value				
Investments	4	5 327 105 484	4 864 512 615	10 191 618 099
Derivative Financial Instruments	4	-	2 148 746 684	2 148 746 684
Total financial assets		5 672 957 507	7 039 424 634	12 712 382 140

FINANCIAL LIABILITIES

Financial liabilities at amortised cost

Trade and other payables from exchange transactions		50 365 160		50 365 160
Deposits for Guarantees		24 777 113	25 645 335	50 422 448
		75 142 274	25 645 335	100 787 608

2025	Notes	0-1 Year	>Year	Total
		R	R	R
FINANCIAL ASSETS				
Financial assets as amortised cost				
Trade and other receivables from exchange transactions	6	40 178 831	-	40 178 831
Cash and cash equivalents	7	347 341 598	1 910 582 133	2 257 923 731
Financial assets at fair value				
Investments	4	5 329 796 412	3 631 375 548	8 961 171 960
Derivative Financial Instruments	4	-	-	-
Total financial assets		5 717 316 841	5 541 957 681	11 259 274 522

FINANCIAL LIABILITIES

Financial liabilities at amortised cost

Trade and other payables from exchange transactions	12	77 668 736	-	77 668 736
Deposits for Guarantees	13	31 482 515	15 592 975	47 075 490
		109 151 251	15 592 975	124 744 226

22.2 Categories of financial instruments

31 March 2026	R Financial assets as amortised cost	R Derivative Financial Instruments	R Fair value Investment	R Total
Derivative Financial Instruments	-	2 148 746 684	-	2 148 746 684
Fair value financial assets			10 191 618 099	10 191 618 099
Trade and other receivables from exchange transactions	94 563 588	-	-	94 563 588
Cash and cash equivalents	277 453 769			277 453 769
Total	372 017 357	2 148 746 684	10 191 618 099	12 712 382 140

31 March 2025	Financial assets as amortised cost	Derivative Financial Instruments	Fair value Investment	Total
Derivative Financial Instruments	-	-	-	-
Fair value financial assets			8 961 171 960	8 961 171 960
Trade and other receivables from exchange transactions	48 165 655	-	-	48 165 655
Cash and cash equivalents	2 257 923 732	-	-	2 257 923 732
Total	2 306 089 387	-	8 961 171 960	11 267 261 347

22.3 Liquidity risk- contractual maturity analysis

The NHBRC manages liquidity risk by maintaining adequate reserves, and banking facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

2026

Financial liability	Carrying amount	Contractual Cash flows	<3 months	3-12 Months	1-5 years
	R	R	R	R	R
Trade payables	50 365 160	50 365 160	50 365 160		
Deposits for guarantees	50 422 448	50 422 448		24 777 113	25 645 335
Total	100 787 608	100 787 608	50 365 160	24 777 113	25 645 335

Liquidity is managed by maintaining R 277 million in cash and cash equivalents and access to money market funds.(Note 8)

2025

Financial liability	Carrying amount	Contractual Cash flows	<3 months	3-12 Months	1-5 years
	R	R	R	R	R
Trade payables	40 178 831	40 178 831	40 178 831		
Deposits for guarantees	47 075 490	47 075 490		31 482 515	15 592 975
Total	87 254 321	87 254 321	40 178 831	31 482 515	15 592 975

Liquidity is managed by maintaining R 347 million in cash and cash equivalents and access to money market funds. (Note 8)

22.4 Fair value of financial instruments

Short-term financial instruments such as receivables, cash, and payables are carried at amounts that approximate fair value.

Short-term financial instruments such as receivables, cash, and payables are carried at amounts that approximate fair value.

Listed financial assets are measured using market prices. Unlisted financial assets are valued using discounted cash flow methods and market assumptions.

Financial liabilities at amortised cost are valued using the present value of future cash flows discounted at current market interest rates.

22.5 Foreign currency risk

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As at year the entity is not exposed to foreign currency risk as there are no balances denominated in foreign currency

22.6 Capital risk

The NHBRC manages its capital to ensure that the NHBRC will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The NHBRC's overall strategy for managing capital risk remains unchanged in 2025/2026 financial year.

22.7 Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the NHBRC. Financial assets, using ECL model to ensure credit losses are recognised before a default event occurs which potentially subject the NHBRC to concentrations of credit risk, consists principally of cash and cash equivalents and trade and other receivables.

The NHBRC's cash and cash equivalents are placed with high credit quality financial institutions. Refer to note 6 for further information on the NHBRC's exposure to credit risk with regards to trade and other receivables.

If there is no independent rating, credit quality of the Customer is assessed taking into account the customer's financial position, past experience and other factors

There has been no significant change during the financial year, or since the end of the financial year, to the NHBRC's exposure to credit risk, the approach to the measurement or the objectives, policies and processes for managing this risk. The NHBRC does not grant credit limits to the National Department of Human Settlements and does not expect any losses from non-performance by the Human Settlement Department.

22.8 Management risk

The underwriting risk of the NHBRC is governed by the Housing Consumers Protection Measures Act (Act no. 95 of 1998) and the risk of defaulting home builders.

The premiums on the non-subsidy sector are based on the selling price of the home to be constructed, and applied on a sliding scale limited to a maximum premium of R 34 000 and a maximum claim of R 500 000 per home.

The premiums for the subsidy sector are based on 0.75% and 2.01% for consolidated subsidy projects.

The risk to the NHBRC and housing consumers is managed primarily through the assessment and registration of home builders who have the appropriate financial, technical, construction and management capacity for their specific business.

Within the insurance process, concentration of risks may arise in the subsidy market where a particular event or series of events could impact the NHBRC's technical liabilities. Such concentrations may arise from a single contract or through a number of related contracts in concentrated housing developments.

The NHBRC is invested predominantly in fixed interest investments and is exposed to interest rate risk. The investment strategy has moved closer to the target of a return in excess of inflation as the NHBRC has inflation linked liabilities. Although the liabilities of the NHBRC are within five years, over 20% of assets are invested in fixed interest assets maturing beyond five years.

22.9 Insurance risk

The primary insurance activity carried out by the NHBRC assumes that the risk to the warranty fund relates to the warranty cover as defined in the Act as amended. The insurance premiums are received in advance as a home enrolment fee to provide insurance cover for a period of up to five years from the date an home is occupied. The premium is utilised for enrolment and inspection of new homes, conciliation of complaints and to pay for rectification of structural defects on homes in instances where the builder is not able to do so. Until utilised, the insurance premium is invested in terms of the NHBRC investment policy.

The adequacy of the enrolment fees charged by the NHBRC depends on the unavoidable overhead expenses of the NHBRC, the number of homes enrolled as well as NHBRC's complaints and remedial claims experience. The enrolment fees charged by the NHBRC for the next financial year are expected to be sufficient on aggregate, even if the number of homes enrolled fall to 75% of the homes enrolled in the current year (32 738 homes in the non-subsidy sector and 35 024 in the subsidy sector). The below table indicates the estimated percentage utilisation of the enrolment fee and sufficiency thereof.

	Enrolment Fee Adequacy					
	Non-Subsidy		Subsidy		All HousesThe	
	R		R		R	
Utilisation	Amount	%	Amount	%	Amount	%
Fixed Expenses	(2 252)	(14,3)	-770	(18,5)	(1 486)	(15,2)
Enrolment & Inspections	(5 193)	(32,9)	(1 784)	(42,9)	(3 431)	(35,1)
Complaints conciliations	(654)	(4,1)	-	-	(316)	(3,2)
Remedial claims	(420)	(2,7)	-	-	(203)	(2,1)
<i>average</i>	(257)		-		(131)	
<i>99.5% variation margin</i>	(150)		-		(72)	
Total utilisation	(8 519)	(54,0)	(2 553)	(61,4)	(5 435)	(55,6)
Average fee per enrolment	15 788	100,0	4 162	100,0	9 779	100,0
Surplus / Deficit	7 269	46,0	1 608	38,6	4 343	44,4

The risks to the warranty fund are defined in section 3 of the Act Objects of Council which states:

The Council shall:

- » represent the interests of housing consumers by providing a warranty protection against defects in new homes;
- » regulate the home building industry;
- » provide protection to housing consumers in respect of the failure of the home builders to comply with their obligations in terms of the Act;
- » establish and promote ethical and technical standards in the home building industry;
- » improve structural quality in the interests of housing consumers and the home building industry;
- » promote housing consumer rights and provide housing consumer information;
- » assist home builders, through training and inspection, to achieve and to maintain satisfactory technical standards of home building; and
- » achieve the stated objects in the subsidy housing sector.

There is no risk categorisation in determining the enrolment fees charged. The enrolment fee structure is promulgated in the regulations to the Act. Enrolment fees are charged on the selling price of the home (including land value) so that equal value homes yield equal enrolment fees. The subsidy and non subsidy markets each have their own enrolment fee structure. The NHBRC is exposed to the uncertainty surrounding the timing and severity of claims under the warranty contract. The NHBRC also has exposure to market risk through its insurance and investment activities.

The NHBRC uses several methods to assess and monitor insurance risk exposures for the protection of housing consumers. A home builder can only be registered if he has the appropriate financial, technical, construction and management capacity for the specific business carried on by the home builder in order to protect housing consumers and the Council from being exposed to unacceptable risks. The Council may withdraw the registration of a home builder where the home builder has been found guilty by the disciplinary committee as prescribed in the Act. The insurance risk is further mitigated by the inspection of houses under construction, interdicts issued against home builders who do not comply with the provisions of the Act and in cases of a late enrolments, a financial guarantee is required from the home builder, calculated on a risk model which takes the stage of completion of the house at enrolment date into account. The financial guarantee is held for the full five year warranty period.

Risk to the warranty fund is further controlled by the inspection of homes during the construction phase, and rectifications are enforced when construction of the home does not comply with the provisions of the Act.

The NHBRC is an insurer of last resort, as claims, are only paid where a home builder fails to perform the necessary remedial work, due to liquidation or unavailability. The maximum claim per home is limited to the insured value up to a maximum claimable amount of R 500 000 per home.

The NHBRC has an internal audit function which regularly reviews the degree of compliance with Council procedures.

Underwriting strategy

The registration of all home builders is prescribed in terms of section 10 of the Act. The NHBRC is obliged to register and insure all new homes constructed. The NHBRC may on the recommendation of the Council, on application made to it, in exceptional circumstances, exempt a person or home from any provision of the Act.

Reinsurance strategy

The NHBRC does not reinsure any portion of the risk it underwrites due to the current low claim rate experienced. Reinsurance of the exposure to losses has been identified as a medium term strategic objective.

Terms and conditions of Insurance contracts

The terms and conditions of insurance contracts that have a material effect on the amount, timing and uncertainty of future cash flows arising from insurance contracts are set out below:

The NHBRC's main business is highly specialised, and covers the rectification of:

- » major structural defects in a home caused by non-compliance with the NHBRC technical requirements within a period of five years from the occupation date;
- » non-compliance with or deviation from the terms, plans and specification or the agreement of any deficiency related to design, workmanship or material notified to the home builder by the housing consumer within three months from the occupation date; and
- » repair roof leaks attributable to workmanship, design or materials occurring and notified to the home builder by the housing consumer within 12 months of the occupation date.

The event giving rise to a claim occurs with the insolvency, liquidation and protracted default of the home builder. The claim will be notified to the NHBRC in terms of the specific regulations to the Act. The business of the NHBRC can be classified as short to long term as the NHBRC may only be notified of a claim up to five years after occupation of the home in the instance of structural defects.

Concentration of insurance risk

Insurance risk by geographical area

The NHBRC is exposed to geographic risk in the context of its impact on structural stability built based on the quality of the stability of the ground on which homes are built. Gauteng and Western Cape make up 51.30% and 24.86% of risk exposure respectively, with other provinces making up 24.1% of the insured exposure.

Insurance risk by developer

The NHBRC is exposed to the insolvency risk of the builders. Should the builder be liquidated, the NHBRC will be responsible for remedial works on structural defects for homes the builder enrolled. The risk per developer is ranked by the value of the homes enrolled that are still under the warranty period. These are enrolments after March 2020 (i.e., within six years to reporting date to allow for period to build a home before the five-year structural warranty). The 15 largest developers constitute 64 248 out of 261 206 (24.6%) of unexpired home enrolments. The potential remedial claim per home enrolled is currently limited to R500 000 per home enrolled. Furthermore, based on NHBRC complaints and remedial claims data, only 0.1% of enrolled homes result in remedial claims. Therefore, the potential remedial claim should these builders be liquidated is estimated at R32m. The NHBRC monitors the financial standing of these developers on an ongoing basis. Whilst it is unlikely that all the 15 largest developers will be liquidated at the same time even in the extreme systematic event such as a recession, the NHBRC Warranty Fund has investments well in excess of the R32m required to pay for such claims.

22.10 Interest rate risk -Quantitative sensitivity analysis

Interest rate and price risk

The NHBRC's exposure to interest rate risk arises from its money market instruments, call accounts and listed bonds (total R 8 834 820 710 at 31 March 2026). Sensitivity analysis is performed using reasonably possible changes in interest rates (+/- basis points).

NHBRC's exposure to interest rate risk relates primarily to cash and cash equivalents held in interest-bearing bank accounts. Due to the short-term nature of these balances, management considers the exposure to changes in market interest rates to be limited.

NHBRC's not exposed to significant price risk in respect of its cash and cash equivalents, as these balances comprise cash at bank and short-term deposits with highly rated financial institutions and generally insignificant due to the short term and highly liquid nature of cash and cash equivalents.

The NHBRC's as at year is not exposed to foreign currency risk as there are no balances denominated in foreign currency.

2026

Instrument Category	Carrying Amount	Effect of - 100bp on surplus/deficit (R)	Effect of + 100bp on surplus/deficit (R)
Money market Fair value through surplus or deficit (FVTSD)	4 294 390 212	(42 943 902)	42 943 902
Call Accounts Fair value through surplus or deficit (FVTSD)	381 103 525	(3 811 035)	3 811 035
Listed bonds (FVTSD)	3 822 676 106	(38 226 761)	38 226 761
Cash and cash equivalents	277 453 769	(2 774 538)	2 774 538
Total	8 775 623 613	(87 756 236)	87 756 236

Assumptions: parallel shift in yield curve, no change in credit spreads, all instruments held to reporting date.

2025

Instrument Category	Carrying Amount	Effect of - 100bp on surplus/deficit (R)	Effect of + 100bp on surplus/deficit (R)
Money market Fair value through surplus or deficit (FVTSD)	4 510 075 225	(45 100 752)	45 100 752
Call Accounts Fair value through surplus or deficit (FVTSD)	819 721 186	(8 197 212)	8 197 212
Listed bonds (FVTSD)	2 840 815 139	(28 408 151)	28 408 151
Cash and cash equivalents	2 257 923 731	(22 579 237)	22 579 237
Total	10 428 535 282	(104 285 353)	104 285 353

Assumptions: parallel shift in yield curve, no change in credit spreads, all instruments held to reporting date.

23. IRREGULAR EXPENDITURE AND FRUITLESS AND WASTEFUL EXPENDITURE

		2026	2025
		R	R
Description		Amount	Amount
Irregular Expenditure		1 043 066	983 542
Fruitless and wasteful expenditure		-	-
Closing balance		1,043,066	983 542

23.1 Amounts of material losses through no criminal conduct

Incident	Action taken	Amount	Amount
Industries Education and Training Institute (Pty) Ltd	Resolved - Forensic Investigation Report	-	-
GPS advertising	Investigation Complete	-	-
Employees salaries adjustments not approved	Investigation not yet initiated	1 043 066	-
Total		1,043,066	-

24. CONTINGENT LIABILITIES

	2026	2025
	R	R
Claims for damages and cost (Note 27)	101 806 260	427 854 609
Contractual Payments	1 414 900	337 045
Liability of the Warranty Fund	3 094 560	3 094 560
	106 315 720	431 286 213

There are outstanding claims pending in the Courts in relation to disputes between the NHBRC and other parties the outcome of which is unknown. The pending outstanding claims relate to various third parties for example, housing consumers, home builders or service providers, and a variety of legal claims. refer Note 28

NHBRC has received an application instituted by the widow of one of the labourers who tragically lost his life during the collapse incident. The matter has been instituted by way of application proceedings and, as such, no direct monetary claim has presently been quantified against the NHBRC thus, not included in the contingency liability register. The Applicant seeks, inter alia, an order declaring that the NHBRC is delictually liable for any damages that may subsequently be proven. the outcome and amount of which is unknown.

25. CONTINGENT ASSETS

In accordance with Section 14A of the Housing Consumers Protection Measures Act (Act 95 of 1998) the Council may require a financial guarantee in cases where homes are late enrolled. The NHBRC receives these financial guarantees in the form of paper, these paper guarantees are issued by financial institutions registered with the FSB. These are required to mitigate against possible claims on the NHBRC's warranty fund. At the reporting date the amount of the possible contingent asset cannot be quantified as it is impractical to do so due to the nature of the possible claims being unknown.

In addition, there are Disciplinary Committee fines amounting to R 1 705 000 that may be due to NHBRC, pending the outcome of suspended matters at year end.

26. COMMITMENTS

	2026	2025
	R	R
Rentals in respect of operating leases-premises. (Note 29.7)	18 222 906	17 366 729

Operating leases- as lessee (Expense)

The future minimum lease payments are as follows:	49 223 995	57 640 032
Not later than 1 year	14 659 044	14 636 639
Later than 2 years and not later than 5 years	34 564 951	43 003 393

The council leases various offices under non-cancellable operating agreements. The leases have varying terms, escalation clauses and renewal rights. The entity does not have an option to purchase the leased property at the expiry of the leased period.

Leases- Rugged tablets (Expense) Already contracted for but not provided for: R 6 271 263

The future minimum lease payments are as follows:	1 303 265	2 959 265
Due within 1 year	1 303 265	1 656 000
Due within two years and beyond	-	1 303 265

During 16/05 2022 NHBRC entered into agreement with BCX for rental of rugged tablets for period of 36 Months (3 years). All service and maintenance are responsibility of the supplier. The agreement does not transfer all the risks and reward associated with ownership.

27. CHANGES IN ACCOUNTING POLICY, ESTIMATE AND PRIOR YEAR ERRORS.

NHBRC has adopted GRAP 104 for the first time in the current year ended 31 March 2026. Comparative figures for 31 March 2025 have been restated as follows:

27.1 Adoption of Revised GRAP 104 – Financial Instruments

NHBRC has adopted GRAP 104 for the first time in the current year ended 31 March 2026.

The revised GRAP 104 standard requires the recognition of expected credit losses (ECL) on trade receivables based on lifetime expected credit losses, rather than the impairment methodology applied under the previous standard. NHBRC has considering forward-looking information and the applicable lifetime ECL impairment approach.

ECL calculation based on the 31 March 2025 Age analysis.

Definition	Gross Carrying amount (R)	ECL rate	ECL Provision '(R)
< 30 days past due	1 452 944	0%	-
30-90 days past due	26 514 960	0%	-
>90 days past due (credit-impaired)	78 214 063	1%	782 141
	106 181 967		782 141

Impact of the adoption of Revised GRAP 104	R
Impairment provision recognised under the previous GRAP 104 at 31 March 2025	61 976 182
Opening Expected Credit Loss allowance determined under revised GRAP 104 at 1 April 2025	(782 135)
Adjustment recognised in opening accumulated surplus	61 194 047

Effect on accumulated surplus	
Increase in opening accumulated surplus arising from the adoption of revised GRAP 104	61 194 047

As the resulting impairment provision is expected to differ from the provision recognised in the prior year due to the change in accounting requirements, the retrospective impact of adopting the revised GRAP 104 standard.

27.2 Financial Instrument (Note 22)

Because the recognition and measurement rules change, adopting GRAP 104 is mandatory change in accounting policy.

Line item	Previously classification IAS 39)	New classification (GRAP 104)	Reason for change
Money Market Investment	Fair Value	(FVTSD)	Business model: hold to collect passes
Call Accounts	Fair Value	FVTSD	Business model: hold to collect
Listed Bonds	Fair Value	FVTSD	Business model: hold to collect and sell; passes SPPI
Equities	Fair Value	FVTSD	Fails SPPI (residual interest)

Note. Financial assets that have been reclassified out of the fair value through surplus or deficit category as a result of the adoption of the Standard: No adjustment required as all instruments were already measure at fair value

27.3 Prior year error and statutory receivable

Trade and other receivables from exchange transactions. (Note 6,7)

This has been reclassified to conformance with GRA 3. The impact on the statement of financial position with reference to to detail notes as shown below:

	Previously reported balance	Restatement	Restated balance
Statement of financial position			
Trade and other receivables from exchange transactions	68 072 495	(19 906 840)	48 165 655
Trade and other receivables from non exchange transactions	-	19 906 840	19 906 840

In prior year- receivable (DC fines) were recognised as part of trade and other receivables from exchange transactions in the prior year not in conformance with GRAP 104 paragraph 1.3 (g). No impact in accumulated surplus

27.4 Changes in accounting policy and estimate.(Note 2,3)

The residual value of property,plant and equipment and intangible assets were adjusted during the period and the impact as shown below:

Assets	Depreciation Before assessment	Depreciation and Amotisation After assessment	Impact assessment
Computer Equipment	(2 899 084)	(2 570 720)	(328 364)
Office Furniture	(1 769 613)	184 863	(1 954 475)
Motor Vehicles	(185 819)	1 331 512	(1 517 331)
Office Equipment	(853 701)	(176 213)	(677 489)
Buildings	(4 084 840)	(2 751 424)	(1 333 416)
Total	(9 793 056)	(3 981 981)	(5 811 075)
Computer Software	(9 176 301)	1 655 024	(7 521 277)
Total	(9 176 301)	(1 655 024)	(7 521 277)

27.5 Prior year error and Property, plant and equipment(Note 2)

In 2022/23 period NHBRC capitalised leased of rugger tablets incorrectly. 2025 has been reclassified to conformance to GRAP 3, The impact on the statement of finacial performance and position.

	Previously reported balance	Restatement	Restated balance
Statement of financial performance			
Depreciation -Computer equipment	(2 418 177)	310 504	(2 107 673)
Statement of financial position- PPE			
Computer equipment cost	16 604 882	(639 355)	15 965 526
Accumulated depreciation- computer equipment	(15 842 477)	639 355	(15 203 121)

Note: in the prior year, Rugget tablets were capitalised as part of the computer equipment which led to PPE being overstated, depreciation expense being overstated and net loss on disposal of PPE being overstated. No adjustment were made on the financial postion and stament as the amount is consider to be immaterial.

28. POST REPORTING DATE EVENTS

On the 18th May 2026 NHBRC case against a Builder Sunji Sighn was dismissed by the court in favour of NHBRC,The homebuilder (the Plaintiff) instituted action proceedings against the NHBRC, claiming damages in the amount of R327,586,348.00 for alleged loss of earnings. The disclosure on contingencies liabilities was adjustment by that amount.

On the 12th May 2026,The NHBRC has received summons through the Polokwane office wherein the plaintiff is claiming damages in the amount of R538 830.00 against the warranty fund. The matter has accordingly not be added to the contingency register as the matter happen after financial year end.

NHBRC has received an application instituted by the widow of one of the labourers who tragically lost his life during the collapse incident.The matter has been instituted by way of application proceedings and, as such, no direct monetary claim has presently been quantified against the NHBRC thus, not included in the contingency liability register.The Applicant seeks, inter alia, an order declaring that the NHBRC is delictually liable for any damages that may subsequently be proven.The NHBRC has opposed the application and intends to institute an application for dismissal thereof on the basis that the claim has been initiated through an incorrect legal process and is procedurally defective.

29. DETAIL EXPENDITURE

	2026	2025
	R	R
29.1 Insurance claims and loss adjustment expenses	24 379 409	15 781 968
29.2 Accreditation,builders manual and certificate cost	2 053 534	1 892 548
- Accreditation fees	19 533	25 969
- Direct costs of builder manuals	2 034 000	1 866 579
29.3 Technical services expenditure		
- Forensic investigations and geotechnical service	15 184 641	10 253 723
29.4 Depreciation,impairment loss and amortisation	8 714 315	17 422 822
- Amortisation	4 732 334	8 745 238
- Depreciation	3 981 981	8 677 584
- Impairment of property, plant and Equipment	-	1 002 697
29.5 Employees cost	630 046 686	612 497 753
- Salaries and wages	488 007 316	459 694 928
- Travel Allowance	5 114 112	4 036 889
- Car Allowance	18 858 400	19 738 400
- Medical aid	31 659 459	30 133 958
- Provision for long service awards	2 066 091	15 672 727
- Provident fund and disability	56 336 202	52 605 374
- Cellphone Allowance	4 095 785	4 224 722
- Other staff costs: Allowance	15 809 596	17 926 023
- Temporary staff	8 099 726	8 464 732
29.6 Repairs and maintenance	815 478	3 370 800
- Property,plant and Equipment	724 905	3 370 800
- Vehicles	90 574	-

29.7 Administration expenses	256 521 346	220 613 870
- Audit fees	8 829 629	10 074 773
- Loss Allowance (ECL)	12 192 062	9 047 950
- Bank charges	1 740 932	1 916 049
- Cleaning costs	2 258 447	2 699 977
- Conferences and seminars	1 719 038	1 770 967
- Consulting fees	10 423 087	5 824 711
- Agency and support/outourced services	1 891 397	2 605 548
- General Expenses - Professional fees	2 620 257	2 376 560
- Courier and freight	668 199	570 640
- Information technology costs	43 933 155	21 527 325
- Insurance paid	1 104 115	7 312
- Legal fees	25 120 223	14 835 197
- Marketing fees	2 614 041	4 723 041
- Motor vehicle expenses	402 318	296 717
- Premises	18 222 906	17 366 729
- Office equipment and furniture expenses	4 928 276	5 423 587
- Net loss on disposal of property,plant and Equipment	1 471 462	459 610
- Net loss on disposal of Intangible assets	21 375	-
- Other expenses	6 518 448	5 065 217
- Other rentals costs	3 424 382	4 577 576
- Council	2 719 983	3 344 216
- Disciplinary committee costs	3 977 811	4 619 179
- Research & Development	243 876	1 092 613
- Security	8 700 983	9 535 558
- General office costs (Uniform,Grocery)	6 072 007	5 436 704
- Stationery and printing	2 085 060	1 534 462
- Telephone expenditure	16 195 617	17 327 037
- Training	25 107 188	23 364 412
- Travelling expenditure	33 746 207	35 203 016
- Water and electricity	7 568 866	7 987 187
Total Operating Expenditure	937 715 410	881 833 484

30. DETAILED STATEMENT FOR FINANCIAL PERFORMANCE

		2026	2025
	Notes	R	R
Insurance premium revenue	13	539 438 274	520 626 866
Fee revenue	14	53 636 090	145 823 622
Technical services revenue	15	23 510 060	11 451 840
Other revenue	16	9 804 964	27 724 215
Total revenue		626 389 388	705 626 542
Insurance claims and loss adjustment expenses	18	(24 379 409)	(15 781 968)
Accreditation, builders manual and certificate cost	29.2	(2 053 534)	(1 892 548)
Technical services expenditure	29.3	(15 184 641)	(10 253 723)
Depreciation, impairment loss and amortisation	29.4	(8 714 315)	(17 422 822)
Employees cost	29.5	(630 046 686)	(612 497 753)
Repairs and maintenance	29.6	(815 478)	(3 370 800)
Loss Allowance (ECL)	29.7	(12 192 062)	(9 047 950)
Administration expenses	29.7	(244 329 284)	(211 565 920)
Total expenditure		(937 715 410)	(881 833 484)
Deficit from operating activities		(311 326 022)	(176 206 942)
Net investment income		1 552 645 207	1 405 799 738
Interest received and investment income	17	799 812 061	777 469 750
Realised gain on financial assets	4	327 716 904	390 373 179
Unrealised gain on financial assets	4	444 888 302	254 522 255
Asset management service fees	4	(19 772 059)	(16 565 446)
Surplus for the year		1 241 319 185	1 229 592 796

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