Building legacies. Changing lives

2023

Consolidated and Separate Audited Annual Financial Statements

CALGRO M3
Group

Our Integrated Annual Report Suite 2023

Integrated Annual Report

ESG Report

Notice of Annual General Meeting

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The reports set out below comprise the consolidated and company financial statements presented to shareholders:

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(All amounts stated in Rand unless otherwise stated)

Directors' responsibilities and approval

The Directors are responsible for the maintenance of adequate accounting records and the preparation, integrity and fair presentation of the Group financial statements, as per the contents page, of Calgro M3 Holdings Limited (consolidated and company), comprising its subsidiaries and joint ventures (the Group).

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), Financial Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements and the requirements of the Companies Act of 2008.

The Directors consider that having applied IFRS in preparing the Group financial statements they have selected the most appropriate accounting policies, supported by reasonable and prudent judgements and estimates, and that all IFRS standards that they consider to be applicable have been followed.

The Directors are satisfied that the information contained in the Group financial statements fairly presents the results of operations for the year and the financial position of the Group at year-end.

The Directors prepared the other information included in the Group financial statements and are responsible for both its accuracy and its consistency.

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

The Group and Company's Audit and Risk Committee plays an integral role in risk management as well as overseeing the Group and Company's integrated reporting.

The Code of Corporate Practices and Conduct has been integrated into the Group and Company's strategies and operations.

The Directors are responsible for the controls over, and the security of, the website and where applicable, for establishing and controlling the process for electronically distributing Annual Financial Statements and other financial information to shareholders and to the Companies and Intellectual Property Commission.

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

The Directors have reviewed the Group and Company's cash flow forecast for the year ended 28 February 2024 and, in light of this review and the current financial position, they are satisfied that the Group and Company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently auditing and reporting on the Group and Company's annual financial statements. The consolidated and separate financial statements have been examined by the Group and Company's external auditor and their report is presented on pages 12 to 15.

The external auditor was given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the Board and committees of the Board. The Board of Directors believe that all representations made to the independent auditor during their audit are valid and appropriate.

The consolidated and separate financial statements set out on pages 7 to 11 and pages 16 to 84, which have been prepared on the going concern basis, were approved by the Board of Directors on 15 May 2023 and signed on its behalf by:

SU Naicker

WJ Lategan

Certification by the Company Secretary

I, Sirkien van Schalkwyk, hereby confirm, in my capacity as Company Secretary of Calgro M3 Holdings Limited, that for the year ended 28 February 2023, the Company has filed all required returns and notices in terms of the Companies Act 71 of 2008 and that all such returns and notices are to the best of my knowledge and belief true, correct and up to date.

Juba Statutory Services (Pty) Ltd
(represented by Sirkien van Schalkwyk)
Company Secretary

15 May 2023

Chief Executive Officer (CEO) and Financial Director (FD) responsibility statement

In terms of section 3.84 (k) of the JSE Listings Requirements, each of the directors, whose names are stated below, hereby confirm that:

(a) the annual financial statements set out on pages 7 to 11 and pages 16 to 84, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;

(b) to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;

(c) internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer;

(d) the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as Executive Directors with the primary responsibility for implementation and execution of controls;

(e) where we are not satisfied, we have disclosed to the Audit and Risk Committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls, and have taken steps to remedy the deficiencies; and

(f) we are not aware of any fraud involving Directors.

SU Naicker
Financial Director

WJ Lategan
Chief Executive Officer

15 May 2023

Report of the Audit and Risk Committee

Introduction

I am pleased to present the Audit and Risk Committee ("the Committee") report in terms of section 94(7)(f) of the Companies Act and as recommended by King IV, for the year under review. The Committee is constituted as a statutory committee of the Company in terms of section 94 of the Companies Act 71 of 2008, as amended ("the Act"), and a committee of the Board in terms of all other duties assigned to it by the Board.

In line with King IV, the Committee plays an essential role in providing independent oversight on the effectiveness of assurance functions and services, as well as the integrity of the annual financial statements. The Committee's terms of reference are formalised in a charter approved by the Board. In addition to performing this function for Calgro M3 Holdings Limited, the Audit and Risk Committee also accepted and performed the role for all the Group's subsidiaries and joint ventures.

The Committee's primary role is assisting the Board in discharging its responsibilities by monitoring the adequacy and effectiveness of the Group's systems and control environment, including that the Group has appropriate financial reporting procedures and that these procedures are operating as intended. The Committee also has oversight over the preparation of the integrated report and financial statements and to ensure compliance with all applicable legal and regulatory requirements and accounting standards. The Chairman of the Committee reports to the Board on the Committee's deliberations and decisions at every Board meeting.

Composition of the Audit and Risk Committee

The Committee consists of three independent Non-Executive Directors listed below and meets at least four times per annum. All members are independent as prescribed in section 94 of the Act.

The Board determined that the Committee members have appropriate and adequate skills and experience to contribute meaningfully to deliberations and to fulfil their responsibilities. In addition, the Committee Chairman, GS Hauptfleisch, has the requisite experience in accounting, financial management and auditing (a qualified Chartered Accountant).

The Chief Executive Officer and Finance Director are permanent invitees. The Company Secretary is the statutory secretary of the Committee.

The Group's internal and external auditor, in their capacity as assurance providers also attend all Committee meetings.

Only the official members of the Committee are allowed to exercise their respective voting rights in decision-making exercises as prescribed in the charter.

Name of Committee member	Qualifications	Years served on Committee
GS Hauptfleisch	CA(SA)	5 years
ME Gama	PhD (Finance)	11 years
RB Patmore	BCom, MBL (SBL)	12 years

Annually a session aligned with approval of annual financial results are held with both the independent external auditor and internal auditor, respectively, where management is not present, to facilitate an exchange of views and concerns to further strengthen the independent oversight by the Committee.

Meetings

Four quarterly meetings were held in the 2023 financial year. Attendance of 100% throughout the year illustrates high levels of engagement by our Committee members.

The external and internal auditor, in their capacity as auditor to the Group, attended and reported as needed at the meetings of the Committee.

The Group risk management function, which is performed by Executive Directors, was also represented. Relevant senior managers attended meetings by invitation.

Committee attendance register

Member name	6 May 2022	21 July 2022	7 October 2022	3 February 2023
GS Hauptfleisch	✓	✓	✓	✓
ME Gama	✓	✓	✓	✓
RB Patmore	✓	✓	✓	✓
By invitation				
WJ Lategan	#	#	#	#
WA Joubert**	#	n/a	n/a	n/a
BAR Knott	#	#	#	#
SU Naicker	#	#	#	#
TC Moodley	#	#	#	#
TP Baloyi	#	#	#	#
I April◊	*	*	n/a	n/a
S van Schalkwyk◊	n/a	n/a	*	*
Auditor				
PwC	#	n/a	n/a	n/a
Mazars	n/a	n/a	#	#
Internal audit				
Prozilog	#	#	#	#

n/a Indicates not present at meeting.
✓ Indicates attendance.
 # Indicates attendance by invitation.
** Indicates attendance as Company Secretary.*
*** Attendance at meeting not deemed to be required as WA Joubert has resigned as Financial Director in the previous financial year and appointed as Managing Director of the Memorial Parks business.*
◊ Resigned from role as company secretary effective 1 September 2022, Juba Secretarial Services represented by S van Schalkwyk appointed as Group Company Secretary.

Report of the Audit and Risk Committee (continued)

In the current financial year the Group has early adopted mandatory audit firm rotation with the outgoing audit firm PwC resigning at the annual general meeting held on 29 July 2022 where Mazars was appointed as the Group external auditors.

Fulfilment of the Committee's mandate

The role of the Committee is to fulfil the statutory duties as set out in section 94(7) of the Act and to assist the Board in providing independent oversight of the following:

In terms of the Act, the Committee has an independent role with accountability to both the Board and Calgro's shareholders. It does not assume the functions of management, which remain the responsibility of the Executive Directors, prescribed officers and other members of senior management, nor does it assume accountability for functions performed by other committees of the Board.

The Committee has adopted comprehensive and formal terms of reference which have been approved by the Board and are reviewed on an annual basis.

The Committee has discharged all its responsibilities as contained in these terms of reference, including but not limited to reviewing accounting policies and ensuring that financial information issued to stakeholders is prepared in alignment with relevant legislation and best practice.

The main functions performed by the Committee during the year under review were as follows:

- monitored the proper operation of adequate and effective systems of internal controls, including receiving and reviewing reports from both internal and external auditor concerning the effectiveness of the internal control environment;
- considered and satisfied itself that no significant weaknesses in the design, implementation or execution of the internal financial controls were identified;
- considered and satisfied itself on the appropriateness of accounting policies and critical judgements, accounting estimates and assumptions;
- satisfied itself, based on the information and explanations supplied by management and obtained through discussions with the independent external auditor and internal auditor, that the system of internal financial controls of all the companies included in the consolidated financial statements, is effective and forms a basis for the preparation of reliable financial statements;
- satisfied itself that appropriate financial reporting procedures exist and are working, which includes consideration of all the entities in the consolidated group financial statements;
- monitored the reporting processes and the preparation of fairly presented financial statements in compliance with the applicable legal and regulatory requirements and accounting standards, and recommended, for adoption by the Board, the financial information that is publicly disclosed, which for the year, included:
  - the interim results for the six months ended 31 August 2022;
  - the annual results for the year ended 28 February 2023;
  - the related SENS and press announcements for both interim and year-end;
- confirmed the going concern basis of preparation of the interim and annual financial statements;
- considered the JSE's proactive monitoring of financial statements report, as issued in 2022, and the applicability of the issues raised, with the view to improving disclosure where applicable;
- reviewed and recommended for approval by the Board the integrated report, including the disclosure of sustainability matters;
- reviewed the qualifications, experience and expertise of the Group Finance Director, SU Naicker, and satisfied itself that her expertise and experience is appropriate to meet the responsibilities of the position;
- the Committee also considered and satisfied itself of the appropriateness of the expertise and adequacy of resources and experience of the Group's finance function;
- considered the qualification and independence of the external auditor;
- assessed the scope and effectiveness of the external audit function;
- reviewed the effectiveness of the Company's internal controls and internal audit function;
- performed the functions required in terms of section 94(2) of the Companies Act on behalf of the Group's subsidiary companies.

The Committee has resolved to undertake a self-assessment every second year, with the last assessment undertaken in February 2023.

Risk functions

The Board of Directors has assigned oversight of the Group's risk management function to the Committee. The Committee fulfils an oversight function regarding risks in the areas of operations, finance, reporting, fraud, information technology and ethics.

Based on the ongoing oversight of the Committee, it can be concluded that nothing came to the attention of the Committee and the Board that would suggest that the prevailing system of risk management is not, in all material aspects, effective.

Risks are continually being identified and mitigated in terms of a process that involves allocating responsibility, developing action plans and monitoring compliance with these action plans.

During the year under review, the Committee discharged all of its duties in respect of risk management.

Internal audit and internal controls

The Committee is responsible for ensuring that the Group's internal audit function is independent and has the necessary resources, standing and authority within the Group to enable it to discharge its responsibilities effectively. The Committee oversees cooperation between the internal and external auditor and serves as a link between the Board of Directors and these functions.

The internal audit function reports to the Committee and is responsible for reviewing and providing assurance on the adequacy of the internal control environments across all of the significant areas of the Group's operations. Prozilog is responsible for reporting the progress and findings of internal audits as conducted in terms of the Group's approved audit plan, to the Committee.

The Committee has considered and approved the internal audit charter.

The Committee:

- reviewed the internal audit charter in line with King IV recommendations and recommended the approval thereof to the Board;
- approved the risk-based internal audit plan for the 2023 financial year and subsequent changes thereto during the year;
- considered the effectiveness and performance of the internal audit function which were found to be satisfactory for the year under review;
- reviewed and evaluated reports relating to internal audit and risk management and the adequacy of management's responses and corrective actions;
- reviewed arrangements made by the Company to enable employees and outside whistle blowers to report any concerns about possible improprieties and received reports on the issues raised; and
- reviewed internal audit's assessment of the internal control environment.

External auditor

The Group's independent external auditor is Mazars.

The Committee:

- oversaw the tender process and recommended Mazars to the Board as the Company's external auditor, approved the auditor's terms of engagement and fees;
- reviewed and approved the external audit plan and ensured no limitations were imposed on the scope of external audit;
- reviewed the external auditor's report and confirmed that no material unresolved issues existed between the Group and the external auditor;
- reviewed the key audit matters identified by Mazars that are set out in its report;
- reviewed the suitability of the external audit firm and audit partner, in line with the requirements of paragraph 22.15(h) of the JSE Listing Requirements, by obtaining all decision letters and/or explanations issued by IRBA and any additional communication relating to monitoring procedures and deficiencies issued relating to the firm and/or the audit partner, these were assessed to be satisfactory;
- satisfied itself that the external auditor is independent of Calgro M3 Holdings Limited, as set out in section 94(8) of the Companies Act, and suitable for reappointment by considering, inter alia, the information stated in paragraph 22.15(h) of the JSE Listings Requirements;
- confirmed that Mazars' independence was not impaired and received assurance that its internal governance processes support and demonstrate its claim to independence;
- the Committee has further established a procedure for the approval of any non-audit services and the pre-approval of any proposed contract with the auditor in this regard and has satisfied itself with the level and extent of non-audit services rendered during the year by Mazars' and that these did not affect its independence; and
- confirmed that no reportable irregularities had been identified or reported by the external auditor under the Auditing Profession Act.

Statements

External auditor

The Committee has satisfied itself that both Mazars and Mr De Beer are accredited in terms of paragraph 3.84(g)(iii) and section 22.15(h) of the JSE Listings Requirements and will not recommend the election of a new external auditor or audit partner before satisfying itself that both such external auditor and the designated partner are accredited in terms of paragraph 3.84(g)(iii) and section 22.15(h) of the JSE Listings Requirements.

Statement on effectiveness of internal financial controls

The Committee had oversight over a process by which internal audit performed an assessment of the effectiveness of the Group's system of internal financial controls.

This assessment conducted by internal audit and with management's close monitoring of controls formed the basis for the Committee's assessment of internal financial controls.

Nothing came to the attention of the Committee and the Board, based on the assessments performed by internal audit and management, that would suggest that the prevailing system of internal financial controls are not, in all material aspects, effective.

Integrated Annual Report

In fulfilling its oversight responsibilities, the Committee has reviewed the sustainability information that forms part of the Group's Integrated Annual Report and has assessed its consistency with operational and other information known to the Committee members, as well as its consistency with the Group's annual financial statements.

The Committee is satisfied that the above is consistent with the Group's financial results, and as such has recommended that this be approved by the Board of Directors.

Regulatory compliance

The Group complied with all relevant laws and regulations and considers adherence to non-binding rules, codes and standards. Compliance forms an integral part of the Company's risk management process.

Going concern

The Committee has reviewed a documented assessment, including key assumptions, prepared by management on the going concern status of the Group.

The Board's statement regarding the going concern status of the Group, as supported by the Committee, is included in the Directors' Report on pages 7 to 11.

Expertise and experience of Financial Director and the finance function

As required by paragraph 3.84(g)(I) of the JSE Listings Requirements, as well as recommended practice outlined in King IV, the Committee has satisfied itself that the Financial Director has appropriate expertise and experience in terms of the JSE Listings Requirements.

Report of the Audit and Risk Committee (continued)

In addition, the Committee also considered and has satisfied itself that the appropriateness, composition, experience and skills set of the finance function met the Group's requirements.

Comments on key audit matters, addressed by Mazars in its external auditor's report

The external auditor has reported on one key audit matter in respect of their 2023 audit, being construction contract revenue recognised over time.

The key audit matter related to a material financial statement line item and required judgement and estimates to be applied by management.

The Committee assessed the methodology, assumptions and judgements applied by management in dealing with the key audit matter. Furthermore the Committee discussed the key audit matter with the external auditor to understand their related audit processes and views.

Following our assessment, we were comfortable with the conclusions reached by management and the external auditor.

Annual financial statements

The Committee reviewed the annual financial statements and the accounting policies and practices of the Group and is satisfied that they comply with International Financial Reporting Standards and ensured that appropriate financial reporting procedures exist and are working, which includes consideration of all the entities in the consolidated group financial statements.

The Committee recommended the financial statements to the Board for approval. The Board concurred with this assessment.

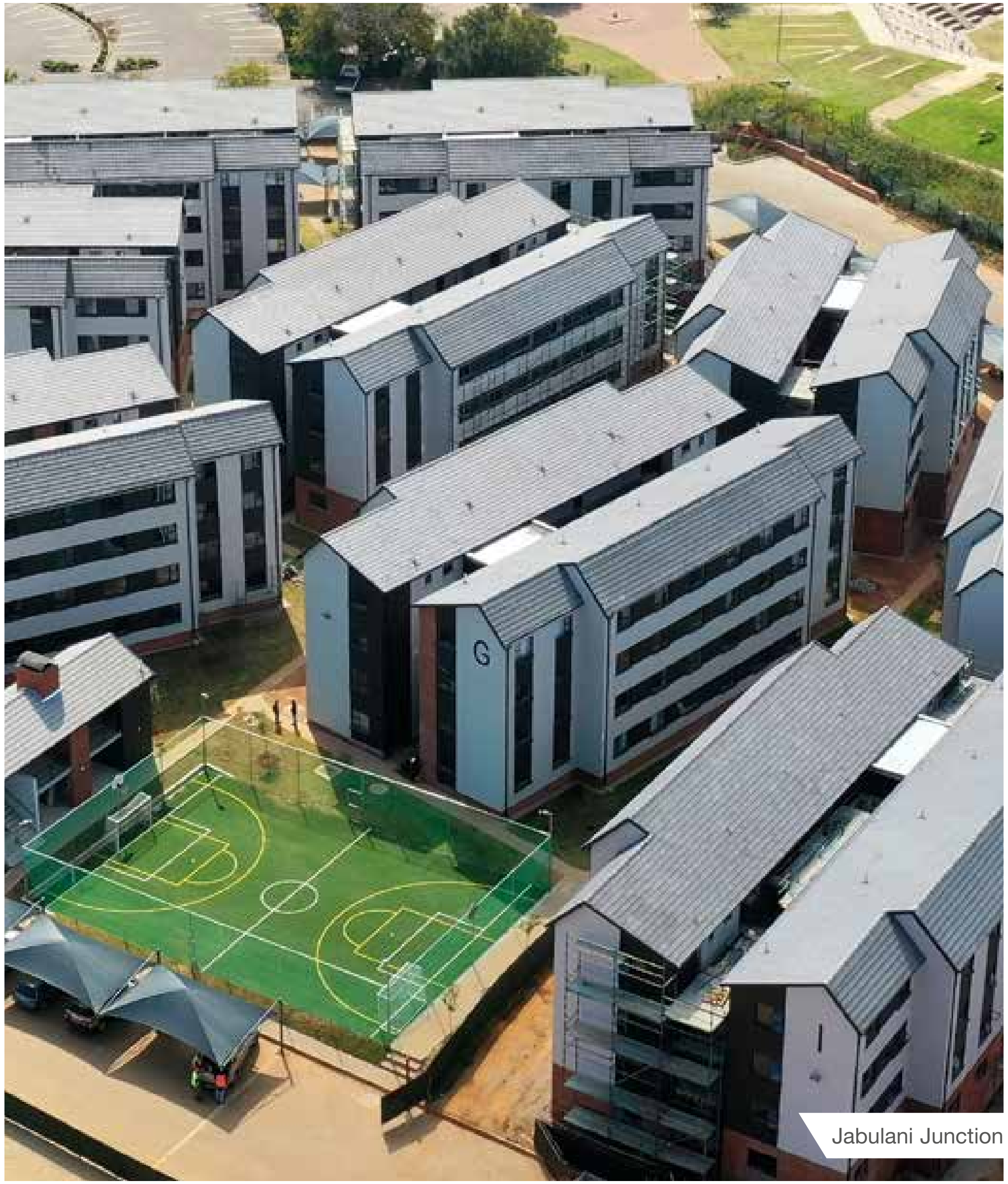
Conclusion

The committee, in carrying out its duties, has due regard to the principles and recommended practices of King IV. It is satisfied it has considered and discharged its responsibilities in accordance with its terms of reference.

On behalf of the Audit and Risk Committee

GS Hauptfleisch
Chairperson: Audit and Risk Committee

15 May 2023



Jabulani Junction

Directors' report

The Directors hereby submit their report for the year ended 28 February 2023.

1. Nature of business

Calgro M3 Holdings Limited (the "Company") and its subsidiaries and joint ventures (together "the Group"), specialise in the development of Integrated Residential Developments and the development and management of Memorial Parks. The aim is to lead and assist the South African property industry to change and adapt traditional social structures, hampering the delivery of sustainable housing solutions and increasing the availability of quality burial sites.

These businesses are reported along the same turnkey business model that allows for the extraction of value from multiple areas while mitigating risk throughout the process.

The Group's business strategy supports Government's proactive drive, which is expressed in the "Breaking New Ground" initiative aimed at ensuring the formation of sustainable settlements. This is achieved through the integration of various income groups, as well as the provision of socio-amenities such as schools and hospitals, within an integrated residential development.

The Calgro M3 Group has an operating cycle in excess of one year for inventories, construction contracts and work in progress. A typical integrated development generally varies between 1 and 10 years, depending on the project size and type, which includes different typologies and infrastructure requirements. As a result, the order of liquidity provides a more reliable and relevant reflection of the nature of the Group's assets and liabilities. Amounts expected to be recovered or settled within 12 months are included in the relevant notes to the consolidated and company annual financial statements.

Registered office:	**Postal address:**
Calgro M3 Building	Private Bag X33
Ballywoods Office Park	Craighall
33 Ballyclare Drive	2024
Bryanston	
2196	

2. Financial results

The consolidated and company financial statements on pages 16 to 84, set out fully the financial position, results of operations and cash flows of the Group and Company for the year ended 28 February 2023 and do not in our opinion require any further comment.

Segmental reporting is set out in note 1 of the financial statements. The Group operates within two distinct segments, namely Residential Property Development and Memorial Parks.

3. Type of company

Calgro M3 Holdings Limited is registered as a public company in terms of the Companies Act No. 71 of 2008.

4. Subsidiary and associated entities

Refer to note 10 for further details of the investments held in joint ventures.

All direct and indirect subsidiary companies are South African-based and are engaged in the two core business segments of the Group.

Particulars of the joint ventures (note 10) and the principal subsidiaries (note 44) are set out in the financial statements.

5. Directors' interest in shares

At the date of this report, the following direct and indirect interests in the Company were held by Directors:

	Number of shares			
	Total	**WJ Lategan**	**WA Joubert**	**W Williams**
Beneficial shareholding at 28 February 2022				
Direct	7 822 575	6 695 631	16 000	1 110 944
Indirect	400 156	–	313 490	86 666
	8 222 731	6 695 631	329 490	1 197 610
Beneficial shareholding at 28 February 2023				
Direct	**7 932 575**	**6 805 631**	**16 000**	**1 110 944**
Indirect	**400 156**	**–**	**313 490**	**86 666**
	8 332 731	**6 805 631**	**329 490**	**1 197 610**
Beneficial shareholding at 28 February 2022 that are subject to security, guarantee or collateral				
Direct	6 459 494	6 459 494	–	–
Indirect	–	–	–	–
	6 459 494	6 459 494	–	–
Beneficial shareholding at 28 February 2023 that are subject to security, guarantee or collateral				
Direct	**6 459 494**	**6 459 494**	**–**	**–**
Indirect	**–**	**–**	**–**	**–**
	6 459 494	**6 459 494**	**–**	**–**
Total facility value (Rand) 2022	677 893	677 893		
Total facility value (Rand) 2023	**406 060**	**406 060**		
Facility expiry date	**29 November 2024**			

No other Directors or prescribed officers within Calgro M3 have pledged securities as guarantee/collateral during the course of the reporting period or at the present date.

Should securities be pledged the necessary announcement will be made to the market. There were no changes in the shareholding of Directors and prescribed officers between the end of the financial year and the date of approval of the Annual Financial Statements.

6. Accounting policies

The consolidated and company financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the accounting policies disclosed.

7. Authorised and issued share capital

Total number of ordinary shares authorised at 28 February 2023: 500 000 000.

Total number of ordinary shares in issue (excluding treasury shares) at 28 February 2023: 121 400 069.

8. Capital expenditure

Details on capital expenditure are set out in notes 13, 14 and 15 of the consolidated financial statements.

9. Dividends

No dividends were declared or paid to the shareholders during the year under review (February 2022: Rnil).

10. Going concern

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

The Board has considered the Group's cash flow forecasts for the foreseeable future, with the consideration given to the uncertainty in operational performance, company specific risks and other wider macro economic environment risks.

The Group maintains sufficient liquidity throughout the period to furnish its liabilities as they fall due.

In considering the going concern assumption the following factors have a potential marked impact on the Group:

- The current fluctuations in the interest rates and resulting interest hikes have not impacted the granting of 100% home loans in the lower to middle tier of the market.
- Government committed to the need for dignified housing in South Africa. Our belief is that this will bring about new opportunities.

Further to the above the Group and Company has considered the current civil and political unrest between Russia and Ukraine. There are no financial or non-financial factors impacting the Group which need to be adjusted for within the cash flow forecasts.

11. Directors

Name	Position	Date appointed	Date resigned	Contract expiry
Wayne Williams	Executive Director	1 June 2015		3 month notice
Willem Adolph Joubert	Executive Director	1 June 2015		3 month notice
Willem Jakobus Lategan	Chief Executive Officer	5 August 2008		3 month notice
Sayuri Urvashi Naicker	Finance Director	1 March 2022		3 month notice
George Stephanus Hauptfleisch	Independent Non-Executive	6 June 2018		
Hatla Ntene	Independent Non-Executive	12 October 2007		
Sibusisiwe Lynette Ntuli	Independent Non-Executive	23 March 2020	17 June 2022	
Mduduzi Edward Gama	Independent Non-Executive	10 January 2012		
Ralph Bruce Patmore	Independent Non-Executive	18 January 2011		
Thembalihle Phillip Baloyi	Independent Non-Executive	23 March 2020		
Tyrone Christie Moodley	Non-Executive	9 July 2020		

12. Secretary

Itumeleng April resigned as the company secretary with effect from 1 September 2022. Juba Statutory Services (Pty) Ltd, represented by Mrs Sirkien van Schalkwyk, has been appointed with the same effective date.

As required by section 3.84(h) of the JSE Listings Requirements, the Board is satisfied that Juba Statutory Services (Pty) Ltd has the appropriate qualifications, expertise and experience. In addition, Juba Statutory Services (Pty) Ltd is not a director of the Group and has an arm's length relationship with the Board.

The address of the secretary is set out below:

Business address:
Office B0107
The Park Centre
937 Barnard Street
Elarduspark
Pretoria
0047

Postal address:
PO Box 4896
Rietvalleirand
0174

13. Auditor

At the 2022 AGM held in July 2022, shareholders approved the appointment of Mazars as the Group's new statutory auditor. The proposed change in auditor was communicated to shareholders in June 2022.

Gerhard de Beer will be the individual registered auditor who will undertake the audit for the 2023 financial year. Mandatory audit partner rotations occur every five years in line with the requirements of the Companies Act.

The Audit and Risk Committee monitors the independence of Mazars and the audit partner on an annual basis, to ensure that they remain independent.

14. Preparer

The financial statements were internally compiled by R van Maarleveld CA(SA) under the supervision of SU Naicker CA(SA).

15. Liquidity and solvency

The Directors have performed the required liquidity and solvency tests required by the Companies Act No. 71 of 2008. The Directors believe that the Group has adequate financial resources and is liquid and solvent to continue in operation for the foreseeable future. Refer to note 39.

16. Level of assurance

The consolidated and company financial statements have been audited by our external auditor Mazars in compliance with the applicable requirements of the Companies Act 71 of 2008.

17. Special resolutions

At the annual general meeting held on 29 July 2022, the following special resolutions were approved:

- General authority to repurchase shares
- Remuneration of Non-Executive Directors
- Inter-company financial assistance
- Financial assistance for the subscription and/or purchase of shares in the Company or a related or inter-related company

No special resolution relating to the capital structure, borrowing powers or any other material matter that affects the understanding of the Group were passed by subsidiary companies during the year under review.

18. Analysis of shareholders

Shareholders' spread analysis as at 28 February 2023:

	Number of shareholders	%	Number of shares	%
Total shares in issue	5 322	100,00	140 294 518	100,00
Non-public shares	6	0,11	27 227 180	19,41
Public Shares	5 316	99,89	113 067 338	80,59
Analysis of non-public shareholders				
Directors of the company or any subsidiary	3	0,06	8 332 731	5,94
Calgro M3 Developments (Pty) Ltd	1	0,02	8 468 631	6,04
Calgro M3 Employee Benefit Trust	1	0,02	5 212 909	3,72
Calgro M3 Educational Benefit Trust	1	0,02	5 212 909	3,72
	6	0,11	27 227 180	19,41

	Number of shareholders	%
Shareholders with an interest of 5% or more in shares		
BPM Family Trust	10 700 000	7,63
University of Notre Dame Du Lac	9 697 523	6,91
DNS Trust	9 459 999	6,74
Massachusetts Institute of Technology	8 748 384	6,24
Calgro M3 Developments (Pty) Limited	8 468 631	6,04
	47 074 537	33,55

19. Events after reporting year

General share repurchase

At the annual general meeting ("AGM") of the Company held on 29 July 2022, shareholders, by special resolution, granted a general authority to the Board of Directors of the Company ("Board") to repurchase up to 20% of the issued ordinary share capital of the Company, on the terms and subject to the conditions specified in the notice of AGM ("General Authority").

Subsequent to the reporting period, an aggregate of 13 000 000 ordinary shares, representing 9.27% of the issued ordinary share capital of the Company as at the date on which the General Authority was granted, were repurchased. The aforementioned ordinary shares were repurchased for an aggregate value of R30 400 000, funded out of the Company's available cash resources. Had these shares been repurchased during the reporting period, earnings per share would have increased to 171.77 cents per share, headline earnings per share would have increased to 171.55 cents per share and net asset value per share would have increased to 1 064.61 cents per share.

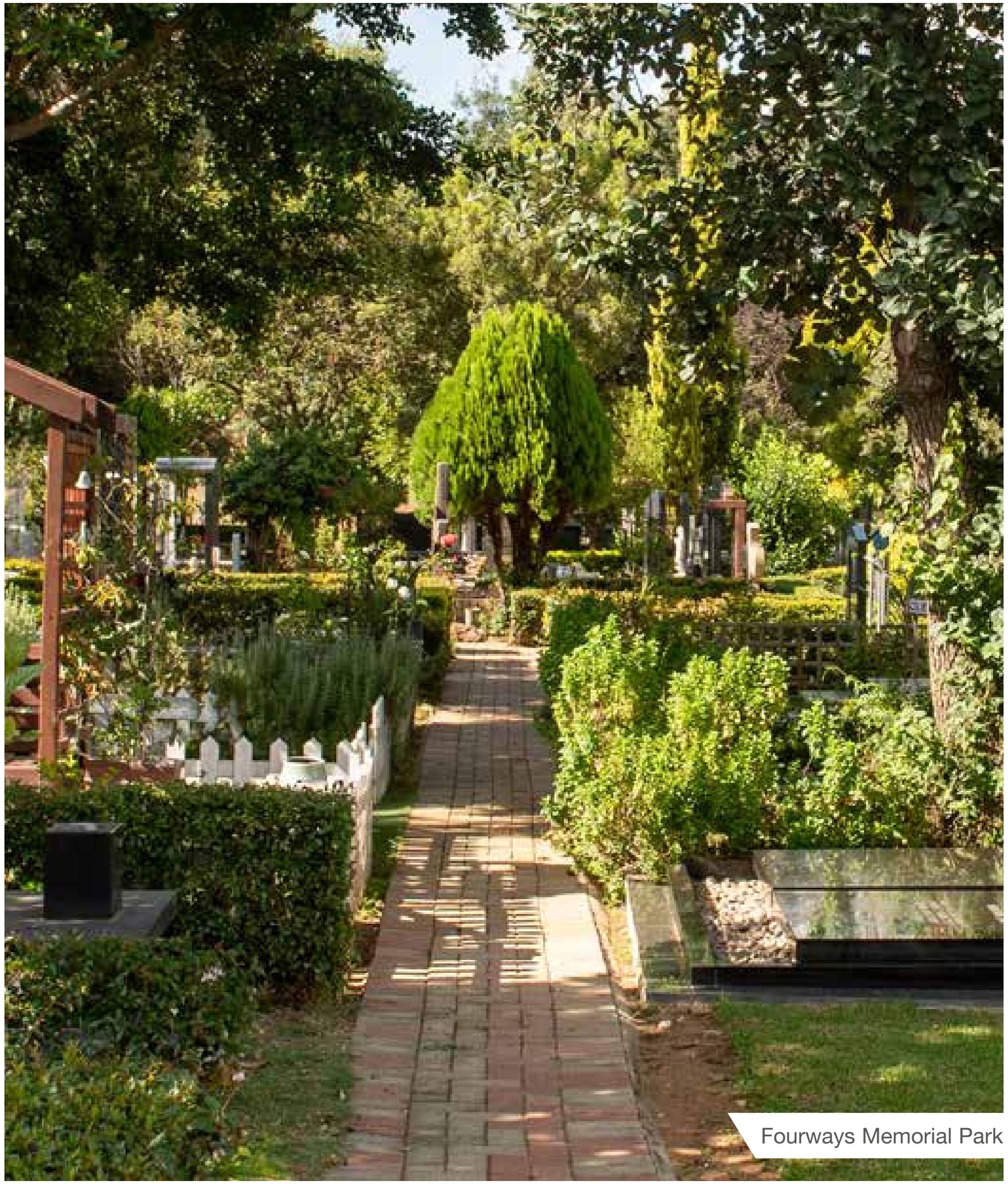
The repurchases took place in accordance with a repurchase programme submitted to the JSE Limited prior to the commencement of the prohibited period, in terms of paragraph 5.72(h) of the JSE Limited Listings Requirements. The repurchases were made in terms of the General Authority and were effected through the order book operated by the JSE Limited trading system without any prior understanding or arrangement between the Company and the counterparties.

Share incentive scheme

On 05 April 2023, subsequent to the end of the financial year, the Board of Directors proposed the adoption of the Calgro Share Incentive Scheme in order attract, retain and reward certain key Group employees.

The scheme provides for shares to be granted to qualifying employees over a five-year vesting period from the initial award date.

A general meeting of shareholders was held on the 10 May 2023 where the scheme was approved.



Fourways Memorial Park

Independent auditor's report to the shareholders of Calgro M3 Holdings Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Calgro M3 Holdings Limited and its subsidiaries (the group) set out on pages 16 to 84, which comprise the consolidated and separate statement of financial position as at 28 February 2023, and the consolidated and separate statement of comprehensive income, the consolidated and separate statement of changes in equity and the consolidated and separate statement of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Calgro M3 Holdings Limited and its subsidiaries as at 28 February 2023, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the group in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matters

The consolidated and separate financial statements of Calgro M3 Holdings Limited for the year ended 28 February 2022 were audited by another auditor who expressed an unmodified opinion on those statements on 16 May 2022.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters in respect of the separate financial statements to communicate in our report. We have determined the matter described below to be a key audit matter in relation to the consolidated financial statements to be communicated in our report.

Independent auditor's report to the shareholders of Calgro M3 Holdings Limited (continued)

<table>
<tr><th>Matter</th><th>Audit response</th></tr>
<tr><td colspan="2">Property Development Segment – Contract revenue recognised over time</td></tr>
<tr><td>Refer to the following accounting policies and notes to the consolidated financial statements:
- Note 1: Segment information;
- Note 2.4: Significant judgements and estimates;
- Note 8: Construction contracts; and
- Note 21: Revenue

The Group has significant long-term construction contracts within the "Residential Property Development" operating segment.

The Group uses the input method to account for revenue over time. Under this method the Group compares the actual costs incurred to date with the forecasted cost at completion.

Project feasibilities, which estimates future contract revenue and costs on a project, are prepared by management with the assistance of internal experts, consulting engineers and appointed contractors. Internal experts include town planners, quantity surveyors and architects.

We have determined the accounting of over time contracts within the property development segment to be a key audit matter, due to the extensive effort and use of internal experts which was required to evaluate the high degree of judgement and estimation involved in preparing project feasibilities, and thus calculating the percentage of completion, as well as the magnitude of revenue and costs associated with these contracts.</td><td>In response we performed the following audit procedures:
Contract costs:
1. We sampled the occurrence and accuracy of allocation of contract costs by testing to supporting documentation.

Contract revenue and construction contracts:
1. We evaluated whether revenue recognition policy applied by the group, specifically with regards to timing and identification of performance obligations, is in accordance with the requirements of IFRS15.
2. For a sample of contracts within the Residential Property Development operating segment where revenue is recognised over time:
a. We agreed cumulative costs incurred to date and billings on the contract against current year ledgers and prior year contracts in progress calculations.
b. We agreed forecasted costs and revenues used in the contracts in progress calculations to project feasibilities.
c. We recalculated the following:
i. Stage of completion (Costs incurred as a percentage of total expected costs)
ii. Cumulative and year to date revenue to be recognised (Stage of completion x forecasted revenue)
iii. Contracts in progress balance – Cumulative revenue to be recognised less progress billings to date.
d. We obtained the project feasibilities for these projects and performed the following procedures thereon:
i. We confirmed that all casts and calculations were mathematically accurate.
ii. We obtained a detail understanding of the contract deliverables, the remaining scope of works to be completed, contractors appointed as well as project specific risks.
iii. We reviewed the forecast methodology and assumptions applied to create the forecast.
iv. We verified the underlying data used in the cost forecast, to the extent possible, to supporting documentation which included engineers' reports, supplier agreements (contractors are appointed on a fixed cost basis) and progress reports.
v. Based on our understanding of the risks associated with the project, we evaluated with reference to industry related data, whether reasonable provision for contingent costs was included in project feasibilities. The purpose of cost contingencies is to allow for unforeseen events, such as changes in design, delays or unexpected site conditions that can increase the cost of a project. The percentage chosen for the contingency will depend on various factors such as the complexity of the project, the level of uncertainty in design, the experience of the contractors and the level of risk associated with the project.
vi. We evaluated whether forecasted revenue was calculated in accordance with the pricing stipulated in the contract, taking into account subsidies that can be claimed.
vii. For ongoing projects, we assessed the reasonability of changes in forecast costs and revenue from the prior year.
3. In line with the requirements of ISA500, we assessed the competence, objectivity and capabilities and internal experts involved in preparing project feasibilities (town planners, quantity surveyors and architects) by obtaining supporting documents on their qualifications, experience and professional memberships.
4. We assessed the adequacy of the disclosures in the financial statements to ensure compliance with the requirements of IFRS15: Revenue from Contracts with Customers.</td></tr>
</table>

Independent auditor's report to the shareholders of Calgro M3 Holdings Limited (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Calgro M3 Holdings Limited Consolidated and Separate Financial Statements 2023", which includes the Directors' Report, the Audit and Risk Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group's and company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 our 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 group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent auditor's report to the shareholders of Calgro M3 Holdings Limited (continued)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Mazars has been the auditor of Calgro M3 Holdings Limited for 1 year.

Mazars
Partner: Gerhard de Beer
Registered Auditor

15 May 2023

Pretoria

Consolidated statement of financial position

	Notes	2023	2022
Assets			
Cash and cash equivalents	5	**172 614 330**	191 114 249
Trade and other receivables	6	**164 010 749**	147 292 645
Current income tax assets	7	**362 290**	2 372 226
Construction contracts	8	**1 162 393 952**	909 322 057
Loans to joint ventures	9	**371 472 316**	281 827 502
Investment in joint ventures	10	**51 991 549**	46 604 624
Inventories	11	**498 540 794**	615 819 830
Investments	12	**14 894 959**	13 927 808
Property, plant and equipment	13	**16 684 459**	19 682 170
Investment property	14	**19 947 022**	19 947 022
Intangible assets	15	**159 650 534**	159 650 534
Deferred income tax asset	16	**26 500 218**	31 695 226
Total assets		**2 659 063 172**	2 439 255 893
Equity and liabilities			
Equity			
Equity attributable to owners of the parent			
Stated capital	17	**102 080 971**	102 080 971
Share-based payment reserve	34	**10 454 589**	10 645 975
Retained income		**1 040 813 265**	850 362 620
		1 153 348 825	963 089 566
Non-controlling interests	33	**689 262**	596 268
Total equity		**1 154 038 087**	963 685 834
Liabilities			
Trade and other payables	18	**360 504 294**	422 012 321
Current income tax liabilities	7	**633 442**	654 978
Borrowings	19	**876 362 327**	839 067 772
Deferred income tax liability	16	**267 525 022**	213 834 988
Total liabilities		**1 505 025 085**	1 475 570 059
Total equity and liabilities		**2 659 063 172**	2 439 255 893

The consolidated statement of financial position is now presented in the order of liquidity as it more accurately reflects the Group's varying operating cycles (refer to note 2.3).

The notes on pages 18 to 71 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

	Notes	2023	2022
Revenue	21	**1 525 316 550**	1 321 593 256
Cost of sales	22	**(1 167 622 753)**	(1 039 746 583)
Gross profit		**357 693 797**	281 846 673
Other income	23	**8 983 344**	15 343 007
Administrative expenses	24	**(102 425 094)**	(89 774 258)
Other expenses	25	**(1 065 960)**	(11 410 433)
Expected credit losses on financial and contract assets	26	**(5 657 460)**	(1 928 630)
Finance income	27	**33 481 456**	22 713 106
Finance costs	28	**(44 038 188)**	(46 966 582)
Share of profit of joint ventures – net of tax	10	**5 386 925**	9 641 933
Profit before tax		**252 358 820**	179 464 816
Taxation	29	**(66 071 284)**	(47 294 214)
Profit after taxation		**186 287 536**	132 170 602
Other comprehensive income		**–**	–
Total comprehensive income		**186 287 536**	132 170 602
Profit after taxation and total comprehensive income attributable to:			
– Owners of the parent		**186 194 542**	131 811 216
– Non-controlling interests		**92 994**	359 386
		186 287 536	132 170 602
Earnings per share for profit attributable to the equity holders of the Company during the year (expressed in cents per share)			
– basic	38	**153.37**	108.58
– diluted	38	**147.43**	105.68

The notes on pages 18 to 71 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

	Stated capital	Share-based payment reserve	Retained income	Total	Non-controlling interests*	Total equity
Balance at 1 March 2021	102 080 971	6 857 784	718 881 468	827 820 223	236 882	828 057 105
Share-based payment expense#	–	3 788 191	–	3 788 191	–	3 788 191
Dividend declared◊	–	–	(330 064)	(330 064)	–	(330 064)
Comprehensive income						
Profit for the period	–	–	131 811 216	131 811 216	359 386	132 170 602
Other comprehensive income	–	–	–	–	–	–
Total comprehensive income	–	–	131 811 216	131 811 216	359 386	132 170 602
Balance at 1 March 2022	**102 080 971**	**10 645 975**	**850 362 620**	**963 089 566**	**596 268**	**963 685 834**
Share-based payment – shares not vested#	**–**	**(4 286 114)**	**4 286 114**	**–**	**–**	**–**
Resignation of management share scheme participant#	**–**	**(127 427)**	**127 427**	**–**	**–**	**–**
Share-based payment expense#	**–**	**4 222 155**	**–**	**4 222 155**	**–**	**4 222 155**
Dividend declared◊	**–**	**–**	**(157 438)**	**(157 438)**	**–**	**(157 438)**
Comprehensive income						
Profit for the period	**–**	**–**	**186 194 542**	**186 194 542**	**92 994**	**186 287 536**
Other comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**
Total comprehensive income	**–**	**–**	**186 194 542**	**186 194 542**	**92 994**	**186 287 536**
Balance at 28 February 2023	**102 080 971**	**10 454 589**	**1 040 813 265**	**1 153 348 825**	**689 262**	**1 154 038 087**
Notes	17	34			33	

* *The Calgro M3 Group does not hold 100% of the shareholding of the Belhar Calgro M3 Developments Company (Pty) Ltd, Calgro M3 Procurement Services (Pty) Ltd, Calgro M3 Procurement Management (Pty) Ltd and Calgro M3 Contractors (Pty) Ltd subsidiaries.*
\# *Refer to note 34 for further details regarding the Calgro M3 Executive Share Scheme and the Calgro M3 Management Share Scheme.*
◊ *Dividends declared are payable to the Calgro M3 Educational Trust, which the Group does not have control over.*

The notes on pages 18 to 71 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

	Notes	2023	2022
Cash generated from operating activities			
Cash generated from operations	30	**89 638 658**	228 221 971
Finance income received		**8 003 346**	1 983 254
Finance cost paid		**(90 374 618)**	(82 300 992)
Tax paid	31	**(5 197 841)**	(18 022 488)
Net cash generated from operating activities		**2 069 545**	129 881 745
Cash flows (invested in)/received from investing activities			
Purchase of property, plant and equipment	13	**(1 199 014)**	(1 182 125)
Proceeds from the sale of property, plant and equipment		**455 864**	–
Increase in investments	8	**–**	(286 383)
Disposal of investments in joint venture	9	**–**	500
Loans advanced to joint ventures		**(65 124 839)**	(18 090 558)
Loans repaid by joint ventures		**13 172 134**	45 093 875
Net cash (invested in)/received from investing activities		**(52 695 855)**	25 535 309
Cash flows advanced/(repaid in) financing activities			
Proceeds from borrowings	19	**230 000 000**	–
Capital repayment of borrowings	19	**(194 800 000)**	(107 400 000)
Repayment of capital portion on leases		**(3 073 609)**	(2 378 346)
Settlement of share purchase liability	33	**–**	(9 085 714)
Net cash advanced/(repaid in) financing activities		**32 126 391**	(118 864 060)
Net (decrease)/increase in cash and cash equivalents		**(18 499 919)**	36 552 994
Cash and cash equivalents at the beginning of the year		**191 114 249**	154 561 255
Cash and cash equivalents at the end of the year	5	**172 614 330**	191 114 249

The notes on pages 18 to 71 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1. Segment information

The appointed Chief Operating Decision Maker ("CODM") within the Calgro M3 Group is the Group's Executive Committee ("Exco"). It is Exco's responsibility to meet on a regular basis (through weekly meetings and more frequently if required) and develop the strategy for the Group, set and review budgets, which are approved by the Board of Directors. The CODM allocates group resources to the operating segments and assesses the performance of the operating segments.

At Exco meetings, summarised feedback are provided by management of the different operational activities within the Group.

The CODM manages the group activities in two distinct segments, namely:

- Residential Property Development
- Memorial Parks

The operation of the Residential Property Development segment encompasses the following product range: mid to high income housing, as well as the development of integrated developments.

Integrated developments comprise affordable housing, Grassroots Affordable People's homes ("GAP"), Finance Linked Individual Subsidy Programme ("FLISP") and rental housing, social housing, Community Residential Units ("CRU") housing, as well as Breaking New Ground ("BNG") fully subsidised housing. The Group's customer base includes the government, financial institutions and the general public.

The Group's products relating to the Memorial Parks segment consist of burial rights and the associated burial and maintenance services.

The segmental information provided to Exco for the year ended 28 February 2023 has been provided below. The table indicates from where the Group's revenue has been earned, including its joint ventures. The revenue earned by the joint ventures, in their own capacities, have been disclosed in note 10.

The CODM assesses the performance of the operating segments based on two measurement methods, firstly a fully consolidated statement of comprehensive income per segment (including the elimination of inter-segmental transactions) and secondly a statement of financial position per consolidated segment (transactions between segments have not been eliminated for the statement of financial position).

1. Segment information (continued)

Statement of comprehensive income

	Residential Property Development	Memorial Parks	Holdings and other	Total
2023				
Total segment revenue	1 489 772 516	35 544 034	–	1 525 316 550
Fleurhof	587 819 293	–	–	587 819 293
Jabulani	161 884 587	–	–	161 884 587
Scottsdene	73 298 718	–	–	73 298 718
South Hills	201 939 105	–	–	201 939 105
Belhar	202 434 778	–	–	202 434 778
Bridge City	139 816 576	–	–	139 816 576
Other projects	122 579 459	35 544 034	–	158 123 493
Combined revenue*	1 630 942 779	35 544 034	–	1 666 486 813
Total segment revenue	1 489 772 516	35 544 034	–	1 525 316 550
Revenue of joint ventures	141 170 262	–	–	141 170 262
Witpoortjie Calgro M3 Development Company (Pty) Ltd	22 656 388	–	–	22 656 388
South Hills Development Company (Pty) Ltd	118 513 874	–	–	118 513 874

* *Combined revenue is the total segment revenue plus the total revenue of joint ventures. The revenue included represents the gross revenue of each joint venture and does not include any inter-group eliminations. Refer to note 10 for details on revenue attributable to joint ventures.*

Statement of comprehensive income (continued)

	Residential Property Development	Memorial Parks	Holdings and other	Total
Gross revenue	1 489 772 516	35 544 034	–	1 525 316 550
Point in time	452 231 607	35 544 034	–	487 775 641
Over time	1 037 540 909	–	–	1 037 540 909
Revenue	1 489 772 516	35 544 034	–	1 525 316 550
Cost of sales	(1 144 928 818)	(22 693 935)	–	(1 167 622 753)
Gross profit	344 843 698	12 850 099	–	357 693 797
Other income	4 354 745	4 628 599	–	8 983 344
Administrative expenses	(85 445 512)	(12 080 508)	(4 899 074)	(102 425 094)
Other expenses	(1 065 960)	–	–	(1 065 960)
Expected credit losses on financial and contract assets	(5 650 955)	(6 505)	–	(5 657 460)
Finance income	33 244 204	54 553	182 699	33 481 456
Finance costs◊	(36 737 359)	(7 300 829)	–	(44 038 188)
Share of profit of joint ventures – net of tax	5 386 925	–	–	5 386 925
Profit/(loss) before tax	258 929 786	(1 854 591)	(4 716 375)	252 358 820
Taxation	(68 745 107)	2 830 911	(157 088)	(66 071 284)
Profit/(loss) after taxation	190 184 679	976 320	(4 873 463)	186 287 536
Other comprehensive income	–	–	–	–
Total comprehensive income	190 184 679	976 320	(4 873 463)	186 287 536
Profit/(loss) after taxation and other comprehensive income attributable to:				
– Owners of the parent	190 091 685	976 320	(4 873 463)	186 194 542
– Non-controlling interests	92 994	–	–	92 994
	190 184 679	976 320	(4 873 463)	186 287 536

◊ *The Group allocated borrowings and finance costs proportionally to each segment based on the total assets per segment.*

Notes to the consolidated financial statements (continued)

1. Segment information (continued)

Statement of financial position

	Residential Property Development	Memorial Parks	Holdings and other	Total
Assets				
Cash and cash equivalents	169 181 246	2 379 844	1 053 240	172 614 330
Trade and other receivables	157 644 457	6 366 292	–	164 010 749
Current income tax assets	329 083	33 207	–	362 290
Construction contracts	1 162 393 952	–	–	1 162 393 952
Loans to joint ventures	371 472 316	–	–	371 472 316
Investment in joint ventures	51 991 549	–	–	51 991 549
Inventories	325 289 570	173 251 224	–	498 540 794
Investments	–	14 894 959	–	14 894 959
Property, plant and equipment	8 466 075	8 218 384	–	16 684 459
Investment property	–	19 947 022	–	19 947 022
Intangible assets	158 955 730	694 804	–	159 650 534
Deferred income tax asset	16 950 949	9 549 269	–	26 500 218
Total assets	2 422 674 927	235 335 005	1 053 240	2 659 063 172
Liabilities				
Trade and other payables	300 833 096	54 747 291	4 923 907	360 504 294
Current income tax liabilities	169 934	239 742	223 766	633 442
Borrowings◊	798 772 607	77 589 720	–	876 362 327
Deferred income tax liability	267 525 022	–	–	267 525 022
Total liabilities	1 367 300 659	132 576 753	5 147 673	1 505 025 085

◊ *The Group allocated borrowings and finance costs proportionally to each segment based on the total assets per segment.*

Segments are measured in the same way as in the financial statements. All line items above are allocated based on the operations of the segments.

Statement of comprehensive income

	Residential Property Development	Memorial Parks	Holdings and other	Total
2022				
Total segment revenue	1 269 325 468	52 267 788	–	1 321 593 256
Fleurhof	402 933 636	–	–	402 933 636
Jabulani	67 020 084	–	–	67 020 084
Witpoortjie	26 727 976	–	–	26 727 976
South Hills	219 561 716	–	–	219 561 716
Belhar	464 442 896	–	–	464 442 896
Other projects	88 639 160	52 267 788	–	140 906 948
Combined revenue*	1 639 880 132	52 267 788	–	1 692 147 920
Total segment revenue	1 269 325 468	52 267 788	–	1 321 593 256
Revenue of joint ventures	370 554 664	–	–	370 554 664
Witpoortjie Calgro M3 Development Company (Pty) Ltd	47 273 396	–	–	47 273 396
South Hills Development Company (Pty) Ltd	323 281 268	–	–	323 281 268

* *Combined revenue is the total segment revenue plus the total revenue of joint ventures. The revenue included represents the gross revenue of each joint venture and does not include any inter-group eliminations. Refer to note 10 for details on revenue attributable to joint ventures.*

Notes to the consolidated financial statements (continued)

1. Segment information (continued)

Statement of comprehensive income (continued)

	Residential Property Development	Memorial Parks	Holdings and other	Total
Gross revenue	1 269 325 468	52 267 788	–	1 321 593 256
Point in time	301 236 465	48 680 692	–	349 917 157
Over time	968 089 003	3 587 096	–	971 676 099
Revenue	1 269 325 468	52 267 788	–	1 321 593 256
Cost of sales	(1 007 089 864)	(32 656 719)	–	(1 039 746 583)
Gross profit	262 235 604	19 611 069	–	281 846 673
Other income	11 548 616	3 794 391	–	15 343 007
Administrative expenses	(76 752 481)	(8 885 070)	(4 136 707)	(89 774 258)
Other expenses	(11 410 433)	–	–	(11 410 433)
Expected credit losses on financial and contract assets	(1 923 288)	(5 342)	–	(1 928 630)
Finance income	21 817 254	138 854	756 998	22 713 106
Finance costs◊	(38 434 607)	(8 531 975)	–	(46 966 582)
Share of loss of joint venture – net of tax	9 641 933	–	–	9 641 933
(Loss)/profit before tax	176 722 598	6 121 927	(3 379 709)	179 464 816
Taxation	(46 889 359)	(269 913)	(134 942)	(47 294 214)
Profit/(loss) after taxation	129 833 239	5 852 014	(3 514 651)	132 170 602
Other comprehensive income	–	–	–	–
Total comprehensive income	129 833 239	5 852 014	(3 514 651)	132 170 602
Profit/(loss) after taxation and other comprehensive income attributable to:				
– Owners of the parent	129 473 853	5 852 014	(3 514 651)	131 811 216
– Non-controlling interests	359 386	–	–	359 386
	129 833 239	5 852 014	(3 514 651)	132 170 602

◊ *The Group allocated borrowings and finance costs proportionally to each segment based on the total assets per segment.*

Statement of financial position

	Residential Property Development	Memorial Parks	Holdings and other	Total
Assets				
Cash and cash equivalents	186 710 128	4 339 045	65 076	191 114 249
Trade and other receivables	144 043 679	3 248 966	–	147 292 645
Current income tax assets	2 228 048	144 178	–	2 372 226
Construction contracts	909 322 057	–	–	909 322 057
Loans to joint ventures	281 827 502	–	–	281 827 502
Investment in joint ventures	46 604 624	–	–	46 604 624
Inventories	439 016 764	176 803 066	–	615 819 830
Investments	–	13 927 808	–	13 927 808
Property, plant and equipment	11 441 792	8 240 378	–	19 682 170
Investment property	–	19 947 022	–	19 947 022
Intangible assets	158 955 730	694 804	–	159 650 534
Deferred income tax asset	21 099 747	10 595 479	–	31 695 226
Total assets	2 201 250 071	237 940 746	65 076	2 439 255 893
Liabilities				
Trade and other payables	364 702 790	51 018 618	6 290 913	422 012 321
Current income tax liabilities	108 013	426 880	120 085	654 978
Borrowings◊	758 482 142	80 585 630	–	839 067 772
Deferred income tax liability	213 834 988	–	–	213 834 988
Total liabilities	1 337 127 933	132 031 128	6 410 998	1 475 570 059

◊ *The Group allocated borrowings and finance costs proportionally to each segment based on the total assets per segment.*

Segments are measured in the same way as in the financial statements. All line items above are allocated based on the operations of the segments.

2. General information

Calgro M3 Holdings Limited (the "Company") and its subsidiaries and joint ventures (together "the Group"), specialise in the development of Integrated Residential Developments and the development and management of Memorial Parks. The aim is to lead and assist the South African property industry to change and adapt traditional social structures, hampering the delivery of sustainable housing solutions and increasing the availability of quality burial sites.

The Company is listed on the Johannesburg Stock Exchange.

2.1 Summary of significant accounting policies

The most significant accounting policies have been presented as part of the relevant notes in these financial statements. The remainder of the accounting policies not relating to a specific note is dealt with in the section below. All policies have been consistently applied to all the years presented, unless stipulated otherwise in note 2.5.1.

2.2 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), the Financial Reporting Pronouncements as issued by the FRSC, the Companies Act 71 of 2008 and the JSE Listings Requirements. The financial statements have been prepared on the historical cost basis, except as stipulated otherwise in the principal accounting policies below.

2.3 Operating cycle

The Calgro M3 Group has an operating cycle in excess of one year for inventories, construction contracts and work in progress. A typical integrated development generally varies between 1 and 10 years, depending on the project size and type, which includes different typologies and infrastructure requirements. As a result, the order of liquidity provides a more reliable and relevant reflection of the nature of the Group's assets and liabilities. Amounts expected to be recovered or settled within 12 months are included in the relevant notes to the consolidated and company annual financial statements.

2.4 Significant estimates and judgements

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. The significant judgements have been disclosed in the applicable note. These include:

- Expected credit losses on financial assets — Note 2.10.2
- Fair value estimation — Note 4
- Percentage of completion method for measuring construction revenue — Note 8 and note 21
- Scope of construction agreements — Note 8 and note 21
- Assessment of joint control — Note 10
- Land under development held for sale — Note 11
- Impairment of goodwill — Note 15
- Taxation — Note 16 and note 29
- Determination of performance obligations for residential property development revenue — Note 21
- Determination of performance obligations for memorial parks revenue — Note 21
- Share-based payments — Note 34

2.5 New standards and interpretations

2.5.1 Standards and interpretations issued and effective

There were a number of new standards and interpretations effective and adopted in the current year.

Topic	Key requirements and assessment	Effective date
IFRS 16: *Leases*	Amendment (lessee only): IFRS 16 and Covid-19 – Extension of practical expedient. Amendment (lessee only) IFRS 16 and Covid-19: to make it easier to account for Covid-19-related rent concessions e.g., rent holidays and temporary rent reductions. The group has assessed and no significant impact was noted.	01 April 2021
IFRS 1: *First-time Adoption of International Financial Reporting Standards*	Amendment: Subsidiary as a first-time adopter. The group has assessed and no significant impact was noted.	01 January 2022
IFRS 3: *Business Combinations*	Amendment: Reference to the Conceptual Framework: update to refer to the 2018 Conceptual Framework. The group has assessed and no significant impact was noted.	01 January 2022

2. General information (continued)

2.5 New standards and interpretations (continued)

2.5.1 *Standards and interpretations issued and effective* (continued)

Topic	Key requirements and assessment	Effective date
IFRS 9: *Financial Instruments*	Amendment: Fees in the "10 per cent" test for derecognition of financial liabilities. The Group has assessed and no significant impact was noted.	01 January 2022
IAS 16: *Property, Plant and Equipment*	Amendment: Proceeds Before Intended Use. The Group has assessed and no significant impact was noted.	01 January 2022
IAS 37: *Provisions, Contingent Liabilities and Contingent Assets*	Amendment: Onerous Contracts — Cost of Fulfilling a Contract. The Group has assessed and no significant impact was noted.	01 January 2022
IAS 41: *Agriculture*	Clarification: Taxation in Fair Value Measurements. The Group has assessed and no significant impact was noted.	01 January 2022

2.5.2 *Standards and interpretations issued not yet effective*

There are a number of new standards and amendments to new standards and interpretations which will only be effective after the 2023 year end. These standards and amendments will be adopted during the first financial year starting on or after the effective date.

Topic	Key requirements and assessment	Effective date
IAS 1: *Presentation of Financial Statements*	Amendment: Classification of Liabilities as Current or Non-current. The Group has assessed and no significant impact was noted.	01 January 2023
IAS 1: *Presentation of Financial Statements*	Amendment: Disclosure of Accounting Policies. The Group has assessed and no significant impact was noted.	01 January 2023
IAS 8: *Accounting Policies, Changes in Accounting Estimates and Errors*	Amendment: Definition of Accounting Estimates. The Group has assessed and no significant impact was noted.	01 January 2023
Practice Statement 2: *Making Materiality Judgements Accounting Policies*	Amendment: Disclosure of Accounting Policies. The Group has assessed and no significant impact was noted.	01 January 2023
IAS 12: *Income Taxes*	Amendment: Deferred Tax related to Assets and Liabilities arising from a Single Transaction. The Group has assessed and no significant impact was noted.	01 January 2023
IAS 1: *Presentation of Financial Statements*	Amendment: Classification of Long-term Debt Affected by Covenants. The Group has assessed and no significant impact was noted.	01 January 2024

2.6 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Group and all its subsidiaries. Subsidiaries are entities (including structured entities) which are controlled by the Group.

The Group has control of an entity when it is exposed to or has rights to variable returns from involvement with the entity and it has the ability to affect those returns through use of its power over the entity. In the case of joint ventures, these entities are equity accounted, and are presented as single line items in the Statement of Comprehensive Income and Statement of Financial Position (refer to note 10). Transactions and balances with subsidiaries are eliminated on consolidation. Consistent accounting policies have been applied across the Group in the preparation of the consolidated financial statements.

The Group treats transactions with non-controlling interests that do not result in a loss of control as equity transactions. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2. General information (continued)

2.7 Impairment of non-financial assets

The Group assesses at each end of the reporting year whether there is any indication that a non-financial asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. Goodwill is tested annually for impairment regardless of any indicators of such.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an individual non-financial asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss and is recognised directly in profit or loss.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit on a pro rata basis.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but limited to the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss. An impairment loss in respect of goodwill is not reversed.

2.8 Provisions and contingencies

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event for which it is more likely than not that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Contingent assets are disclosed if probable and contingent liabilities are not recognised but rather disclosed in the notes to the financial statements if an outflow of resources is not remote. No contingent assets or liabilities existed at year-end.

2.9 Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in South African Rand, which is the Group's presentation currency.

2.10 Financial instruments

2.10.1 Classification and measurement of financial instruments

Under IFRS 9, on initial recognition, a financial asset is classified as measured at:

- Amortised cost;
- Fair value through other comprehensive income ("FVOCI"); or
- Fair value through profit or loss ("FVPL").

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flows characteristics.

Financial assets

At initial recognition, the Group measures a financial asset, except for trade receivables which are initially recognised at transaction price under IFRS 15, at its fair value plus, in the case of financial asset not at FVPL, transaction cost that are directly attributable to the acquisition of the financial asset and it is subsequently measured at amortised cost.

Financial assets can be measured at amortised cost if the financial asset is held where the objective is to hold the financial asset in order to collect contractual cash flows, and the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All trade receivables, contract assets and loans to joint ventures are held based on the objective to collect the contractual cash flows and all contractual terms of these financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The effective interest method is used to determine the amortised cost of the relevant financial assets held at amortised cost. Interest income is recognised using the effective interest method for all financial assets measured at amortised cost.

Transaction cost of financial assets carried at FVPL are expensed in profit or loss.

Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other expenses.

2. General information (continued)

2.10 Financial instruments (continued)

2.10.1 Classification and measurement of financial instruments (continued)

Financial liabilities

At initial recognition the Group measures a financial liability at fair value less any transaction cost capitalised to the financial liability at initial recognition.

All of the Group's financial liabilities are classified as "financial liabilities at amortised cost" and are therefore subsequently measured at amortised cost.

Equity instruments

Equity instruments are subsequently measured at fair value, where the Group's management has elected to present fair value gains and losses through OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as income from financial assets when the Group's right to receive payments is established.

2.10.2 Impairment

The Group assesses on a forward looking basis the expected credit losses ("ECLs") associated with its financial asset instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Group considers credit risk to have increased significantly when the outstanding balances exceed the expected contractual repayment dates. ECLs are a probability weighted estimate of credit losses.

Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the original effective interest rate of the financial asset.

The Group has three types of financial and contract assets that are subject to the expected credit loss model:

- Loans to joint ventures
- Contract assets relating to construction contracts
- Trade receivables

Due to the trade receivables and contract assets being linked to long-term projects, the simplified approach has been applied to determine the lifetime expected credit losses for the relevant financial assets. A lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial asset.

The general expected credit loss model for loans to companies outside of the Group held at amortised cost has been applied. There has been no significant increase in the credit risk since initial recognition. The Group considers credit risk to have increased significantly when the outstanding balances exceed the expected contractual repayment dates. The Group considers a financial asset in default when contractual payments are 90 days past the contractual repayment dates.

The Group takes the following into account when determining the applicable ECL rates for financial assets:

- The probability of each project achieving its budget and probability of misestimating the outcome of a project thus having a negative impact on the project results.
- The relevant stage of completion of the project. If the project is at a more advanced stage of completion the certainty of revenue and cost can more accurately be determined which would lower the overall risk of default.
- The likelihood of what would happen if Calgro demanded payment. Based on precedents and informal policies Calgro would provide a joint venture appropriate time to realise assets at full market value rather than forcing an on demand sale of assets.
- If Calgro would be willing to give support to the project to ensure its financial asset exposure to the relevant project can be recouped.
- The improvement/decline in the recoverability of the receivable based on historical data. If the average number of days between invoice date and receipt date improved, the probability of default would be lower.
- If the project has government exposure and relies on subsidies provided by government to install the related infrastructure and services required.
- The impact of a cancellation of a project. The probability of this is higher for a project where ground construction has not yet commenced.
- The sovereign rating of the South African Government as a downgrade could result in increased pressure on government spending and thus decrease government subsidy availability.
- The general impact of the economy on these developments/projects. Low to middle income earners are in most circumstances, significantly impacted by interest rates and employment levels, however this risk is mitigated by the extreme housing shortage of this target market and the limited number of housing being developed in this market.
- Moody's investor services were used in combination with historical recovery rates on sovereign and municipal debts to determine a loss rate. This was then converted into forward looking expected credit loss rates by applying 3 macroeconomic forecasts for South Africa – Baseline (SO), Stronger near term recovery (S1) and Moderate recession (S3).

The Group has taken the poor state of the South African economy and the economic growth forecast, high unemployment rates and other macroeconomic factors into account when determining the ECL rates.

2. General information (continued)

2.10 Financial instruments (continued)

2.10.2 *Impairment* (continued)

Financial assets that exhibit similar credit risk and behaviour are grouped together. Credit risk exposure on financial assets can be classified within three distinct categories.

1. Government institution exposure. The exposure to Government is based on the type of project and units being constructed for Government institutions within the geographic of South Africa.
2. Normal business risk exposure. The exposure to other corporate customers and businesses within the geographic of South Africa.
3. Financial institution risk exposure – the exposure to local financial institutions within the geographic of South Africa.

The three distinct categories have been subdivided into their relevant stages of the projects within the Group for the current and prior financial year to further analyse the relevant ECLs applied to the relevant financial assets.

Based on the relevant exposures as described above all, the following expected credit loss rates have been applied:

	2023		
	1. Government institution exposure	**2. Normal business risk exposure**	**3. Financial institution risk exposure**
Rates to be utilised for the ECLs			
New projects/projects undertaken with higher exposure to government	7.72%		
Project at an early to advanced stage of completion	2.12% – 5.18%	2.12% – 6.02%	
Project backed by a financial institution at an early to advanced stage of completion	2.12% – 5.18%		1.04%
Specific exposure	0% – 100%	0% – 100%	0% – 100%

The relevant government institution exposure rate is determined by the exposure being of national government or a local municipality. Should the exposure be to a local municipality the relevant rate would be higher compared to national government.

The concentration of gross carrying amount of financial assets relevant to the applicable ECL rates are as follows:

	1. Government institution exposure	2. Normal business risk exposure	3. Financial institution risk exposure	Total
Loans to joint ventures				
New projects with significant government exposure	43 492 001	–	–	43 492 001
Project at an early to advanced stage of completion	–	338 572 499	–	338 572 499
Project backed by a financial institution at an early to advanced stage of completion	–	–	5 083 442	5 083 442
Loans to joint ventures	**43 492 001**	**338 572 499**	**5 083 442**	**387 147 942**
Construction contracts – contract assets				
Project at an early to advanced stage of completion	92 259 755	60 066 154	–	152 325 909
Project backed by a financial institution at an early to advanced stage of completion	125 828 598	–	344 617	126 173 215
Specific exposure	31 930 745	395 255 777	–	427 186 522
Construction contracts – contract assets	**250 019 098**	**455 321 931**	**344 617**	**705 685 646**
Trade receivables				
Project at an early to advanced stage of completion	46 008 606	67 118 401	–	113 127 007
Project backed by a financial institution at an early to advanced stage of completion	–	68 500	–	68 500
Specific exposure	44 107 631	6 681 187	–	50 788 818
Trade receivables	**90 116 237**	**73 868 088**	**–**	**163 984 325**

2. General information (continued)

2.10 Financial instruments (continued)

2.10.2 *Impairment* (continued)

The rates applied in the previous financial year is as follows:

	2022		
	1. Government institution exposure	**2. Normal business risk exposure**	**3. Financial institution risk exposure**
Rates to be utilised for the ECLs			
New projects/projects undertaken with higher exposure to government	8.69%		
Project at an early to advanced stage of completion	1.94% – 3.43%	0.76% – 4.36%	
Project backed by a financial institution at an early to advanced stage of completion	1.94% – 3.43%		1.94%
Specific exposure	0% – 100%	0% – 100%	0% – 100%

The relevant government institution exposure rate is determined by the exposure being of national government or a local municipality. Should the exposure be to a local municipality the relevant rate would be higher compared to national government.

The concentration of gross carrying amount of financial assets relevant to the applicable ECL rates are as follows:

	1. Government institution exposure	2. Normal business risk exposure	3. Financial institution risk exposure	Total
Loans to joint ventures				
New projects with significant government exposure	34 166 766	–	–	34 166 766
Project at an early to advanced stage of completion	–	255 865 661	–	255 865 661
Project backed by a financial institution at an early to advanced stage of completion	–	–	4 641 257	4 641 257
Loans to joint ventures	34 166 766	255 865 661	4 641 257	294 673 684
Construction contracts – contract assets				
Project at an early to advanced stage of completion	64 498 198	40 467 752	–	104 965 950
Project backed by a financial institution at an early to advanced stage of completion	141 456 587	–	84 761	141 541 348
Specific exposure	–	169 140 386	–	169 140 386
Construction contracts – contract assets	205 954 785	209 608 138	84 761	415 647 684
Trade receivables				
Project at an early to advanced stage of completion	8 792 309	84 644 827	–	93 437 136
Project backed by a financial institution at an early to advanced stage of completion	15 461 537	725 863	–	16 187 400
Specific exposure	6 207 591	9 441 139	–	15 648 730
Trade receivables	30 461 437	94 811 829	–	125 273 266

The Group considers a financial asset to be credit impaired when one or more events have ocurred:
- Financial difficulty being faced by the customer making it unlikely to receive payment;
- Liquidation or business rescue proceedings being instituted against a customer; and
- Significant downgrading of a credit rating of a customer.

2. General information (continued)

2.10 Financial instruments (continued)

2.10.2 *Impairment* (continued)

Should the Group determine that a financial asset is credit impaired, it is excluded from that grouping for the purpose of calculating the ECL. A specific ECL rate is determined based on the assessment of the individual circumstances relevant to that financial asset and the events that lead to the credit impairment.

Financial assets are fully impaired when all efforts to collect the outstanding balance has been exhausted.

The Group holds the following categories of financial assets (pre ECL balance) and financial liabilities:

	Notes	2023	2022
Financial assets			
Financial assets at amortised costs			
Cash and cash equivalents	5	**172 614 330**	191 114 249
Trade and other receivables	6	**163 984 325**	125 273 266
Construction contracts – contract assets	8	**705 685 646**	415 647 684
Loans to joint ventures	9	**387 147 942**	294 673 684
		1 429 432 243	1 026 708 883
Financial assets at fair value through profit and loss			
Investments	12	**14 894 959**	13 927 808
		14 894 959	13 927 808

Reconciliation of expected credit losses on financial assets at amortised cost – 2023

	Notes	Expected credit loss model applied	Opening balance 1 March 2022	Current year movement	Closing balance 28 February 2023
Cash and cash equivalents	5	**General**	**–**	**–**	**–**
Trade and other receivables	6	**Lifetime**	**7 414 492**	**1 066 015**	**8 480 507**
Construction contracts – contract assets	8	**Lifetime**	**5 135 140**	**1 762 001**	**6 897 141**
Loans to joint ventures	9	**General**	**12 846 182**	**2 829 444**	**15 675 626**
			25 395 814	**5 657 460**	**31 053 274**

Reasons for the current year movements in the ECL balance:

	Gross carrying amounts 2023	ECL provision 2023	Gross carrying amounts 2022	ECL provision 2022	(Increase)/ decrease in ECL
Trade and other receivables	**163 984 325**	**(8 480 507)**	125 273 266	(7 414 492)	**(1 066 015)**
Construction contracts – contract assets	**705 685 646**	**(6 897 141)**	415 647 684	(5 135 139)	**(1 762 002)**
Loans to joint ventures	**387 147 942**	**(15 675 626)**	294 673 684	(12 846 182)	**(2 829 444)**
	1 256 817 913	**(31 053 274)**	835 594 634	(25 395 813)	**(5 657 461)**

The Group has assessed that cash and cash equivalents has no ECL provision, due to the fact that cash and cash equivalents are highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2. General information (continued)

2.10 Financial instruments (continued)

2.10.2 *Impairment* (continued)

Trade and other receivables

- The main reason for the increase in trade and other receivables relates to an increase in debtors balances with government institutions exposure when compared to the prior year.

Construction contracts – contract assets

- The overall provision increased due to the overall increase in the construction contracts balance.
- The balance of construction contracts are expected to fluctuate depending on the type of units under construction at any given stage. Large volumes of sectional title units under construction will result in the balance increasing and once the units are registered and handed over to the end-user, the balance will decrease dramatically at that point.

In the current year, new developments under construction and a number of sectional title units in Belhar, Fleurhof and Jabulani still had to be transferred at year-end, which contributed to the increase in the overall balance mainly due to rain delays during the construction period.

Loans to joint ventures

- The loan balances increased due to normal trading activities, on a similar basis as explained in contract assets above.

2022 financial year

Reconciliation of expected credit losses on financial assets at amortised cost – 2022

	Notes	Expected credit loss model applied	Opening balance 1 March 2021	Current year movement	Closing balance 28 February 2022
Cash and cash equivalents	5	General	–	–	–
Trade and other receivables	6	Lifetime	5 327 125	2 087 367	7 414 492
Trade and other receivables – rental debtors		Lifetime	2 133 906	(2 133 906)	–
Construction contracts – contract assets	8	Lifetime	2 423 746	2 711 394	5 135 140
Loans to joint ventures	9	General	13 582 407	(736 225)	12 846 182
			23 467 184	1 928 630	25 395 814

Reasons for the prior year movements in the ECL balance

The Group has assessed that cash and cash equivalents has no ECL provision, due to the fact that cash and cash equivalents are highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

- The increase relates to the R5 million outstanding balance from the sale of the Safdev Tanganani (Pty) Ltd joint venture.
- The remaining increase relates to the Yara Trust loan receivable which increased by R7 million due to additional trading transactions.
- This is partially offset by a reduction due to an improvement in the overall recoverability of monies received, mainly within the Fleurhof and Belhar projects.
- The ECL provision on the outstanding receivable from the sale of investment in MS5 Pennyville (Pty) Ltd was reassessed and a specific risk exposure ECL rate was applied.

Construction contracts – contract assets

- The overall provision increased due to the overall increase in the construction contracts balance.
- The balance of construction contracts are expected to fluctuate depending on the type of units under construction at any given stage. Large volumes of sectional title units under construction will result in the balance increasing and once the units are registered and handed over to the end-user, the balance will decrease dramatically at that point.

In the current year, new developments under construction and a number of sectional title units in Belhar and Fleurhof still had to be transferred at year-end, which contributed to the increase in the overall balance.

Loans to joint ventures

- The overall balance decreased due to the sale of Safdev Tanganani (Pty) Ltd and the remaining interest in 32-on-Pine Property Development (Pty) Ltd. This reduced the loan balances by an amount of R68.9 million. This was partially offset by an increase in the balances due to normal trading activities.

2. General information (continued)

2.10 Financial instruments (continued)

2.10.2 Impairment (continued)

	Notes	2023	2022
Financial liabilities			
Financial liabilities at amortised cost			
Trade and other payables*	18	**237 240 302**	361 158 980
Borrowings	19	**876 362 327**	839 067 772
		1 113 602 629	1 200 226 752

* *Excluding non-financial liabilities*

3. Risk management

3.1 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including cash flow interest rate risk), credit risk and liquidity risk.

Risk management is carried out by the Executive Committee that identifies and evaluates financial risks, in close cooperation with the Group's Board of Directors that are responsible for overall risk management, as well as guidance that cover specific areas, such as interest rate risk and credit risk, and investment of excess funds.

(a) Market risk (cash flow interest rate risk)

The Group's interest rate risk arises mainly from its borrowings (refer to note 19). The interest rate exposure is monitored and managed by the Executive Committee and will not be hedged to limit interest rate risk. The Executive Committee monitors the cash flows relating to borrowings, interest bearing loans, interest bearing trade payables and interest bearing trade receivables, i.e. interest paid or received, more so than the changes in the interest rate. Refer to the statement of cash flows for more information on interest paid and interest received.

The impact on post-tax profit of a 2% shift in the interest rate would be a maximum increase/decrease of:

	2023	2022
2% increase/(decrease) on finance charges on interest-bearing borrowings	**12 681 275**	12 431 925
2% increase/(decrease) on finance income on interest-bearing assets	**4 323 283**	2 996 020

A 2% shift is considered appropriate by management taking into account the current economic environment in which the Group operates.

(b) Credit risk

Credit risk consist mainly of contract assets, loans to joint ventures, cash deposits and cash equivalents and trade and other receivables (including retention debtors). The Group only deposits cash with major banks with a minimum rating of "BB" and limits the exposure to any one counterparty. Trade and other receivables comprise a widespread customer base. Customers include government institutions, private sector entities and individuals. Management evaluates credit risk relating to trade debtors (excluding trade receivables owing by joint ventures) on an ongoing basis taking into account their financial position, past experience and other factors. Credit risk is limited due to the nature of trade debtors which consist of outstanding draw downs from banks and government institutions. In cases where management deems the risk level to be unacceptable, payment guarantees or collateral are insisted upon.

The Group considers its credit risk relating to the loans and trade receivables owing by joint ventures on a case by case basis. Any credit risk related to loans to joint ventures is mitigated by the fact that management has insight into the financial position of the joint ventures as a result of the joint venture relationship.

For loans to joint ventures, loan receivables, trade and other receivables (including retention debtors), and cash and cash equivalents, the maximum exposure to credit risk is limited to what is disclosed in the statement of financial position.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, as well as the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Executive Committee maintains flexibility in funding by maintaining availability under committed credit lines. The Group manages liquidity risk by monitoring forecasted cash flows. The Group strives to match the maturity profile of borrowings with expected cash flows from the development projects.

A specific liquidity risk associated with the Group is the raising of loans at specified dates of repayment, against delivery of construction projects that have the same maturity profile. The related cash inflows from these construction projects are however uncertain and dependent on factors not under the control of the Group. The financial liabilities to be settled within one year will be funded by cash and cash equivalents as well as the realisation of trade and other receivables and construction contracts. The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining years at the reporting year date to the contractual maturity date.

3. Risk management (continued)

3.1 Financial risk management (continued)

(c) Liquidity risk (continued)

The amounts disclosed in the table are the contractual undiscounted cash flows which include future interest payable. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Total
2023						
Financial instruments recognised on the statement of financial position						
Borrowings (including future interest)	**360 498 207**	**271 712 595**	**192 343 865**	**117 602 198**	**154 136 671**	**1 096 293 536**
Trade and other payables	**232 591 228**	**5 594 980**	**2 898 604**	**–**	**–**	**241 084 812**
	593 089 435	**277 307 576**	**195 242 469**	**117 602 198**	**154 136 671**	**1 337 378 348**
2022						
Financial instruments recognised on the statement of financial position						
Borrowings (including future interest)	263 419 903	330 429 924	239 695 505	117 594 692	55 782 191	1 006 922 215
Trade and other payables	333 901 391	20 918 993	5 594 980	2 898 604	–	363 313 968
	597 321 294	351 348 917	245 290 485	120 493 296	55 782 191	1 370 236 183

The above amounts will be repaid by utilising cash generated from operations, available cash, working capital facilities and the refinancing of borrowings. The Group has overdraft facilities with major banks to the value of R100 000 000 (2022: R100 000 000). The balance of the utilisation of the overdraft facility at the year-end was Rnil (2022: Rnil). The Group also has another facility with OPIC to the value of USD20 000 000. The Group has not drawn down on the facility at the end of the current and prior financial year.

3. Risk management (continued)

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. Management's intention is to use debt as a means to fund operations rather than to raise more capital.

The Group monitors capital on the basis of its Net Debt/Equity ratio. The maximum allowed Net Debt/Equity ratio for the Group is 1.5:1.

Net debt/equity ratio
This ratio is calculated as net debt divided by equity. Net debt is calculated as total interest-bearing borrowings less cash and cash equivalents. Equity is calculated as the total equity per the statement of financial position (excluding share-based payment reserve).

	Notes	2023	2022
Net debt			
Borrowings	19	**876 362 327**	839 067 772
Other interest-bearing borrowings		**4 281 756**	24 260 353
Less: Cash and cash equivalents	5	**(172 614 330)**	(191 114 249)
		708 029 753	672 213 876
Equity			
Stated capital		**102 080 971**	102 080 971
Retained income		**1 040 813 265**	850 362 620
		1 142 894 236	952 443 591
Net debt/equity ratio		**0.62**	0.71

The Group monitors capital repayments and interest serviceability on the basis of its Debt Service Cover Ratio ("DSCR"). The minimum allowed DSCR ratio for the Group is 1.2.

Debt Service Cover Ratio ("DSCR")
This ratio is calculated as available cash flow divided by debt service requirement. Available cash flow is calculated as cash generated from/(utilised in) operating activities plus new financial indebtedness incurred plus cash and cash equivalent at the beginning of the year less the aggregate amount spent on the purchase of property, plant and equipment, purchase of intangible assets, acquisition of businesses, acquisition of subsidiaries, and loans advanced to joint ventures for investment purposes (Capex).

Debt service requirement is calculated as interest and fees plus principal repayments.

	Notes	2023	2022
Available cash flow			
Cash generated from operating activities	30	**89 638 658**	228 221 971
New financial indebtedness incurred		**230 000 000**	–
Cash and cash equivalent – beginning of year		**191 114 249**	154 561 255
Capex		**(52 695 855)**	25 535 309
		458 057 052	408 318 535
Debt service requirement			
Interests and fees		**(90 374 618)**	(82 300 992)
Principal repayments		**(194 800 000)**	(107 400 000)
		(285 174 618)	(189 700 992)
Debt Service Cover Ratio ("DSCR")		**1.61**	2.15

Refer to the consolidated statement of cash flows for the above balances.

3. Risk management (continued)

3.2 Capital risk management (continued)

The Group monitors capital on the basis of its liquidity ratio. The minimum allowed liquidity ratio for the Group is 1.2:1.

Liquidity ratio

This ratio is calculated as the ratio of Current Assets to Current Liabilities as defined.

Current assets has been defined as cash and cash equivalents, trade and other receivables, work in progress, construction contracts, current tax receivable, inventories, loans to joint ventures.

Current liabilities has been defined as trade and other payable, current tax liabilities and borrowings.

	2023	2022
Current assets		
Cash and cash equivalents	**172 614 330**	191 114 249
Trade and other receivables	**164 010 749**	147 292 645
Current income tax assets	**362 290**	2 372 226
Construction contracts	**1 162 393 952**	909 322 057
Loans to joint ventures	**371 472 316**	281 827 502
Inventories	**498 540 794**	615 819 830
	2 369 394 431	2 147 748 509
Current liabilities		
Trade and other payables	**360 504 294**	422 012 321
Current income tax liabilities	**633 442**	654 978
Borrowings	**876 362 327**	839 067 772
	1 237 500 063	1 261 735 071
Liquidity ratio	**1.91**	1.70

Refer to the consolidated statement of financial position for the above balances.

Funding requirements

The Group monitors capital from funders on the basis of its Debt Service Cover ratio, Net Debt/Equity ratio and the Liquidity ratio (as above). The minimum allowed Debt Service Cover ratio for the Group is 1.2, the maximum Net Debt/Equity ratio is 1.5:1 and the minimum Liquidity ratio is 1.2.

4. Fair values

Financial instruments

To determine the fair value of the financial instruments, future contractual cash flows are discounted using current market interest rates available to the Group for similar financial instruments. With the exception of the Group's borrowings and investments, the financial instruments' carrying values approximates their fair values, due to the short-term nature of the instruments.

These investments (refer to note 12) are accounted for at fair value through profit or loss.

Fair value table

The table below analyses the valuation levels used to determine the fair values of the applicable line items in the statement of financial position.

Level No	Level definition
1.	Quoted prices (unadjusted) in active markets for identical assets or liabilities
2.	Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)
3.	Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

4. Fair values (continued)

Fair value table (continued)

Comparison of carrying and fair values of applicable line items in the statement of financial position:

		Carrying values		Fair value – Level 2		Fair value – Level 3	
	Notes	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Assets							
Investment property	14	**19 947 022**	19 947 022			**19 947 022**	19 947 022
Investments#	12	**14 894 959**	13 927 808			**14 894 959**	13 927 808
Loans to joint ventures	9	**387 147 942**	294 673 684			**387 147 942**	294 673 684
Trade and other receivables	11	**163 984 325**	125 273 266			**163 984 325**	125 273 266
Liabilities							
Borrowings – Bond exchange	19	**415 472 575**	325 456 360	**420 330 464***	328 374 530*	**–**	–
Borrowings – Other	19	**460 889 752**	513 611 412			**460 889 752**	513 611 412
Trade and other payables	18	**237 240 302**	361 158 980			**237 240 302**	361 158 980

Based on prices for units trusts held by reputable financial institutions.

* *Based on quoted prices on the Bond Exchange.*

Other borrowings are carried at amortised cost which approximates the fair value.

The carrying values for loans to and from joint ventures, trade and other receivables and trade and other payables are a reasonable approximation of their fair value. The balances exclude any non-financial instruments. Refer to note 2.10 for details on financial instruments.

Non-financial instruments

The fair value measurement for investment property has been categorised as a level 3 fair value based on the inputs to the valuation technique used. The value of investment properties as at 28 February 2023 was determined by management using the Discounted Cash Flow ("DCF") method. This method takes into account the time value of money between the valuation date and the date when the income stream theoretically reverts to prevailing market levels. Properties are valued by discounting the expected future net income for a specific period at an appropriate discount rate to give the present value of the expected net income cash flow. The net income is determined taking into account the gross income, vacancies and lease obligations from which is deducted all normalised operating expenditure. The fair values of the properties determined using the DCF method with inputs described above did not deviate significantly from the previous valuations and were left unchanged.

In the prior year, The valuation utilised the market comparable sales method based on a squared metre rate, title deed information, town planning conditions and locality and improvements which are applicable to all investment properties. The significant unobservable input was the rate per square metre (ranges from R1 500 per square metre to R12 000 per square metre). Reasonable changes in the inputs did not have a material impact on the fair value.

5. Cash and cash equivalents

Accounting policy

Cash and cash equivalents includes cash on hand and deposits held on call with banks and are measured at amortised cost.

Cash and cash equivalents include the following for the purposes of the statement of cash flows.

	2023	**2022**
Cash on hand	**3 549**	26 776
Bank balances	**172 610 781**	191 087 473
	172 614 330	191 114 249

6. Trade and other receivables

Accounting policy

Trade receivables are financial assets measured at amortised cost. Refer to the financial instruments accounting policy in note 2.10 for further information.

Credit terms of external trade receivables and trade receivables with related parties are generally 30 days from statement date.

Significant estimates and judgements

The Group applies an expected credit loss provision (ECL) on the financial asset balances. Refer to note 2.10.2 for the relevant method and judgement applied.

	2023	2022
Financial instruments		
Trade receivables – Total	**106 977 125**	60 748 196
Trade receivables – Third parties	**94 406 689**	51 306 873
Retention debtors – Third parties	**6 502 470**	559 411
Third parties – trade receivables and retention debtors	**100 909 159**	51 866 284
Trade receivables – Related parties	**6 067 966**	8 881 912
Other receivables#	**18 612 547**	24 567 251
Receivable from sale of investment*	**37 567 585**	38 720 834
Securing deposits◊	**827 068**	1 236 985
Gross financial instruments	**163 984 325**	125 273 266
Provision for credit losses	**(8 480 507)**	(7 414 492)
Total net financial instruments	**155 503 818**	117 858 774
Non-financial instruments		
Value added tax	**8 506 931**	29 433 871
Total non-financial instruments	**8 506 931**	29 433 871
Total trade and other receivables	**164 010 749**	147 292 645
Trade and other receivables to be realised within 12 months	**144 571 134**	144 857 482
Trade and other receivables to be realised after 12 months	**19 439 615**	2 435 163
	164 010 749	147 292 645

\# *The majority of the remaining balance relates to the Yara Trust loan receivable balance of R17.4 million (2022: R16 million), which accrues interest at the prime lending rate. The loan is unsecured and has no fixed repayment dates.*

* *This relates to the receivable amount from the sale of the investment in the subsidiary MS5 Pennyville (Pty) Ltd in the prior years which accrues interest at prime plus 8% on a monthly basis and is repayable by January 2024.*

◊ *This relates to deposits paid to secure land for future projects in the prior years.*

Trade receivables and retention debtors fully performing

At 28 February 2023, trade receivables and retention debtors of R67 610 304 (2022: R25 175 128) were fully performing.

Trade receivables and retention debtors from related parties

	2023	2022
South Hills Development Company (Pty) Ltd	**5 924 112**	8 856 388
Witpoortjie Calgro M3 Development Company (Pty) Ltd	**143 854**	25 524
Total	**6 067 966**	8 881 912

Trade receivables and retention debtors owing from related parties are granted in the normal course of business within the Group's operating cycle of greater than 12 months. The due dates for amounts are determined specifically for each related party. Management of the Group has insight into the financial position of all joint ventures as at 28 February 2023 and do not believe that there are indicators that these amounts are impaired at year-end. The Group does however raise expected credit loss provisions on the receivable balances. These receivables bear interest at market-related rates. Please refer to note 10 for summarised financial information as well as detailed analysis of joint venture relationships.

Trade receivables and retention debtors – third parties past due but not impaired

At 28 February 2023, trade receivables and retention debtors of R39 366 821 (2022: R35 573 068) were past due but not impaired. A relevant expected credit loss provision has been raised for trade receivables. Refer to note 2.10.2.

Ageing of trade receivables and retention debtors – third parties

	Other debtors	
	2023	2022
Less than 30 days	**61 542 338**	16 293 216
30 days and older	**39 366 821**	35 573 068
Total	**100 909 159**	51 866 284

The maximum exposure to credit risk for these instruments at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security for trade and other receivables, other than disclosed above. Refer to note 2.10.2 for details of financial instruments.

7. Current income tax assets/(current income tax liabilities)

	2023	2022
Opening balance	**1 717 248**	883 709
Local income tax – current year (note 29)	**(7 186 241)**	(17 188 949)
Payments/(refunds) during the current year (note 31)	**5 197 841**	18 022 488
Closing balance	**(271 152)**	1 717 248
Current tax receivable	**362 290**	2 372 226
Current income tax liabilities	**(633 442)**	(654 978)
	(271 152)	1 717 248

8. Construction contracts

Accounting policy

The accounting policy for construction contracts needs to be read in conjunction with the accounting policy for revenue in note 21.

Construction contracts consist of both contract assets and cost incurred to be allocated to future contract assets when the Group enters into an agreement with a customer.

Future cost to be allocated to contract assets are cost incurred on the development of land which includes cost such as direct labour, materials, professional/consulting services, commissions and allocation of overhead cost which relate directly to the development of the land. These costs are only allocated to the individual units when a contract is entered into with a customer to purchase the relevant unit.

Contract assets arise on the basis that cost are incurred to satisfy performance obligations, the related payment and timing is determined based on each individual contract. These cost include cost to fulfil a contract and includes cost such as direct labour, materials, professional/consulting services, commissions and allocation of overhead cost which relate directly to satisfy performance obligations of the contract. Contract assets are recovered from the customer when the relevant performance obligations are completed and payment can be obtained from the customer.

If costs are incurred on a contract without a corresponding payment received it is shown as a contract asset at the reporting period, if the customer has paid in advance for performance obligations to be satisfied it is shown as a contract liability within trade and other payables (refer to note 18).

The Group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

Costs incurred during the year related to future activity on a contract are excluded from contract assets. They are presented as cost incurred to be allocated to future contract assets, depending on their nature that will be assessed on a case by case basis.

The Group presents as an asset the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings. Progress billings that are invoiced but not yet paid by customers as well as retentions are included within "trade and other receivables" (refer to note 6).

The transaction price for each performance obligation is the contractually stipulated price and represents the stand-alone selling price at the time when the contract is entered into with the customer.

Significant estimates and judgements

The Group uses the "percentage-of-completion" method (also known as input method) in accounting for its "Over time" construction contracts where control is transferred to a customer over a period of time. Use of the "percentage-of-completion" method requires the Group to estimate the construction services and activities performed to date as a proportion of the total services and activities to be performed. The Group performs this by comparing actual cost incurred on a unit/dwelling/project compared to the forecasted cost of the unit/dwelling/project which equates to the percentage of work completed ("percentage of completion"). The corresponding percentage of revenue is then recognised in that period.

The Group allocates non-unit specific cost (future contract costs) which includes land, infrastructure, town planning and other project-related cost based on approved feasibilities. Estimates are made by management to calculate the forecasted cost of a project which includes non-unit specific cost to be allocated to units as and when they are constructed. The estimates used are in terms of an approved feasibility study. Refer to note 21 for further details on how management forecasts are prepared and approved.

The Group applies an expected credit loss provision ("ECL") on the contract asset balances. Refer to note 2.10.2 for the relevant method and judgement applied.

8. Construction contracts (continued)

	Notes	2023	2022
Net statement of financial position balance for ongoing contracts – Opening balance		**861 178 458**	815 384 174
The aggregate costs incurred and recognised profits for the current year		**1 141 608 069**	615 238 854
Less: Progress billings for the current year		**(857 131 778)**	(569 444 570)
Net statement of financial position balance for ongoing contracts – closing balance		**1 145 654 749**	861 178 458
Excess billings over work done classified under trade and other payables	18	**23 636 344**	53 278 738
Provisions for expected credit losses on contract assets		**(6 897 141)**	(5 135 139)
Gross statement of financial position balance for ongoing contracts – closing balance		**1 162 393 952**	909 322 057
Construction contracts to be realised within 12 months		**600 711 350**	324 667 896
Construction contracts to be realised after 12 months		**561 682 602**	584 654 161
		1 162 393 952	909 322 057

Disaggregated construction contracts – Gross of expected credit loss provisions

	2023	2022
Infrastructure – Contract assets	**129 543 535**	38 970 374
Fully and partially subsidised units – Contract assets	**440 402 318**	343 033 492
Non-subsidised units – Contract assets	**113 790 968**	16 899 386
Serviced land – Contract assets	**21 948 825**	16 744 432
Contract assets	**705 685 646**	415 647 684
Future contract asset costs		
Development cost for future contract assets#	**463 605 447**	498 809 512
	1 169 291 093	914 457 196
Reconciliation of construction contracts		
Contract assets	**705 685 646**	415 647 684
Provisions for expected credit losses on contract assets	**(6 897 141)**	(5 135 139)
Development cost for future contract assets#	**463 605 447**	498 809 512
Statement of financial position balance for construction contracts	**1 162 393 952**	909 322 057

\# *As part of the developments, there are certain costs incurred in the current year that will only be allocated to contracts with specific performance obligations in the future. These costs are disclosed as "Development cost for future contract assets" as part of the construction contracts balance. These costs, therefore, are a form of inventory but have no related contract with a customer yet due to the long-term nature of property development. Therefore these activities have no revenue or profit impact and as such, have been excluded from the input method when calculating the percentage of completion. The costs incurred for future contract assets is accounted for as part of the construction contracts balance due to the nature of the expenses (property development), but they are not treated as contract assets on which profit and expected credit losses are recognised.*

* *The normal operating cycle for inventory, construction contracts and work in progress is considered to be longer than 12 months.*

The expected aggregate revenue still to be recognised on the current contract asset balances amounts to R2 033 065 128 (2022: R1 993 770 538) and will be recognised within the normal operating cycle of the business.

Borrowing costs to the value of R38 575 456 (2022: R34 713 783) have been capitalised (☐ note 28).

9. Loans to joint ventures

Accounting policy
These loans are recognised initially at fair value plus direct transaction costs and subsequently measured at amortised cost.

Significant estimates and judgements
The Group applies an expected credit loss provision (ECL) on the joint venture loan balances using the general approach. Refer to note 2.10.2 for the relevant judgements applied.

	Interest rate	Expected repayment date	2023	2022
Loans to joint ventures				
South Hills Development Company (Pty) Ltd (unsecured)	Prime plus 2%	28 February 2024	**4 950 935**	4 520 284
Table View Properties (Pty) Ltd (unsecured)	Prime plus 2%	28 February 2028	**132 507**	120 973
Witpoortjie Calgro M3 Development Company (Pty) Ltd (unsecured)	Prime plus 2%	28 February 2027	**289 076 588**	194 533 771
Witpoortjie Calgro M3 Development Company (Pty) Ltd (unsecured)	Interest free	28 February 2024	**49 495 911**	61 331 890
Bankenveld District City (Pty) Ltd (unsecured)	Interest free	28 February 2024	**43 492 001**	34 166 766
Principal loan amounts			**387 147 942**	294 673 684
Provisions for expected credit losses			**(15 675 626)**	(12 846 182)
Loans to joint ventures			**371 472 316**	281 827 502
Loans to joint ventures				
Loans to be realised within 12 months			**97 938 847**	100 018 940
Loans to be realised after more than 12 months			**289 209 095**	194 654 744
			387 147 942	294 673 684

Please refer to note 2.10.2 for ECLs (expected credit losses) provided for on loans to joint ventures. Expected credit losses take into account the expected credit losses that will result from all possible default events over the expected life of a financial asset.

10. Investment in joint ventures

Accounting policy

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Joint ventures are companies in which the Group has an investment where it, along with one or more other shareholders has contractually agreed to share control of the business and where the decisions about relevant activities require the unanimous consent of the joint partners. In both cases, the Group equity accounts these investments resulting in the Group's statement of comprehensive income reflecting its share of the entity's profit or loss after tax and the statement of financial position records the Group's share of the net assets.

When the Group's share of losses in a joint venture or associate equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures, unless the transaction provides evidence of an impairment of the asset transferred.

Significant judgement and source of estimation uncertainty

The Group holds more than 50% of the shareholding in two of these entities. Refer below to the judgements management exercised in determining whether or not it has joint control over the various entities.

	% voting power 2023	% voting power 2022	% holding 2023	% holding 2022	Carrying amount 2023	Carrying amount 2022
Joint ventures						
Witpoortjie Calgro M3 Development Company (Pty) Ltd^	**50.00%**	50.00%	**75.83%**	75.83%	**–**	–
South Hills Development Company (Pty) Ltd^◊	**50.00%**	50.00%	**57.50%**	57.50%	**31 991 549**	26 604 624
Table View Properties Proprietary Limited*	**50.00%**	50.00%	**50.00%**	50.00%	**20 000 000**	20 000 000
Bankenveld District City (Pty) Ltd♦#	**50.00%**	50.00%	**50.00%**	50.00%	**–**	–
32-on-Pine Property Development (Pty) Ltd♦⭘	**100.00%**	100.00%	**100.00%**	100.00%	**–**	–
					51 991 549	46 604 624

^ *Although the Group has majority shareholding in these entities, it does not have control of the Company as the board comprises an equal number of representatives from both the Group as well as the minority shareholder. Both parties have equal voting rights, irrespective of the percentage shareholding or representation on the Board of Directors. Any decision regarding the relevant activities of these entities that significantly affect the returns of the entity are made with the unanimous consent of both parties.*

◊ *Although the Group holds 57.5% of the shareholding in South Hills Development Company (Pty) Ltd, it only equity accounts for 42.5% as 15% of the shareholding and related profits/(losses) have been ceded to a third party.*

* *The Group has a 50% shareholding in this entity and it does not have control of the Company as both parties have equal voting rights, and representation on the Board of Directors. Any decision regarding the relevant activities of this entity that significantly affects the returns of the entity are made with the unanimous consent of both parties. The shares held give right to 100% of the profits in the company.*

♦ *The Group has a 50% shareholding in these entities and it does not have control of the companies as both parties have equal voting rights, and representation on the Board of Directors. Any decision regarding the relevant activities of these entities that significantly affects the returns of the entities are made with the unanimous consent of both parties.*

\# *Frankenwald Development Company (Pty) Ltd changed its name to Bankenveld District City (Pty) Ltd during the year under review.*

⭘ *The Group acquired the remaining 50% of the shares in 32-on-Pine Property Development (Pty) Ltd on 25 August 2021. Subsequent to this the company was treated as a full subsidiary of the group and its results were consolidated.*

The Group only shares in the above joint ventures' net assets, as opposed to having a direct right to the assets and obligations for the liabilities.

The joint ventures are managed by steering committees that contain an equal number of representatives from both the Calgro M3 Group as well as the other shareholders.

10. Investment in joint ventures (continued)

The steering committees meet on a regular basis to discuss the relevant activities of the project. These activities include the authorisation of budgets, project feasibilities, cash flow forecasts, distributions, potential variation orders, cost over runs, determination of sales prices and the appointment of all contractors and professional teams. Any decisions related to the relevant activities that significantly affect the returns of the entity need to carry the unanimous consent of both joint venture partners, irrespective of the number of representatives a party has on the steering committee or directorate of the respective company.

Other than loans to joint ventures (note 9), trade and other receivables (note 6) and related party transactions (note 36) which arose in the ordinary course of business, the Calgro M3 Group has no further financial risks associated with these joint ventures.

The Group has no obligation to carry losses over and above its investment into the joint ventures.

The projects which are managed by each joint venture are as follows:

Name of company	Name of project	Segment
Witpoortjie Calgro M3 Development Company (Pty) Ltd	Witpoortjie	Residential Property Development
South Hills Development Company (Pty) Ltd	South Hills	Residential Property Development
Table View Properties (Pty) Ltd	Vredehoek	Residential Property Development
Bankenveld District City (Pty) Ltd	Bankenveld District City project	Residential Property Development

The place of business for all joint ventures is South Africa.

The functional currency of all joint ventures are South African Rand.

All the year-ends of joint ventures, except for Bankenveld District City (Pty) Ltd, are consistent with those of the Group. Bankenveld District City (Pty) Ltd's year-end is 30 June, however the February 2023 results are recognised.

Summary of share of profit/(loss) of joint ventures – From the statement of comprehensive income below:

	2023	2022
Companies currently accounted for as joint ventures		
Witpoortjie Calgro M3 Development Company (Pty) Ltd	**–**	–
South Hills Development Company (Pty) Ltd	**5 386 925**	9 641 933
Table View Properties (Pty) Ltd#	**–**	–
Bankenveld District City (Pty) Ltd*	**–**	–
	5 386 925	9 641 933

* *Although Bankenveld District City (Pty) Ltd has generated an accumulated profit, Calgro M3 has not recognised its share of the profits as the option to purchase the land has not been exercised.*

\# *Table View Properties (Pty) Ltd is currently still in its initial stages and the investment in the joint venture is deemed to be recoverable.*

Notes to the consolidated financial statements (continued)

10. Investment in joint ventures (continued)

	Witpoortjie Calgro M3 Development Company (Pty) Ltd		South Hills Development Company (Pty) Ltd	
	2023	2022	2023	2022
Statement of financial position				
Assets				
Cash and cash equivalents	**1 000**	10 261	**4 739**	4 739
Trade and other receivables	**14 942 696**	7 999 812	**2 168 180**	23 070 180
Current income tax asset	**–**	–	**22 203**	583 350
Inventories/construction contracts	**372 136 896**	291 243 843	**207 378 233**	239 423 648
Deferred income tax asset	**60 228**	1 704 780	**–**	–
Total assets	**387 140 820**	300 958 696	**209 573 355**	263 081 917
Equity and liabilities				
Equity				
Share capital	**–**	–	**120**	120
(Accumulated loss)/retained income	**(61 324)**	(4 563 119)	**75 274 115**	62 598 995
	(61 324)	(4 563 119)	**75 274 235**	62 599 115
Liabilities				
Bank overdraft	**–**	–	**6 431 881**	5 217 301
Trade and other payables	**309 065**	249 287	**20 369 529**	27 980 393
Current income tax liabilities	**109 244**	–	**–**	–
Borrowings	**48 211 336**	49 406 867	**–**	–
Loans from shareholders	**338 572 499**	255 865 661	**78 447 205**	141 660 177
Deferred income tax liability	**–**	–	**29 050 505**	25 624 931
Total liabilities	**387 202 144**	305 521 815	**134 299 120**	200 482 802
Total equity and liabilities	**387 140 820**	300 958 696	**209 573 355**	263 081 917
Statement of comprehensive income				
Revenue	**22 656 388**	47 273 396	**118 513 874**	323 281 268
Cost of sales	**(16 386 674)**	(45 740 738)	**(103 117 765)**	(289 593 572)
Gross profit	**6 269 714**	1 532 658	**15 396 109**	33 687 696
Other income	**–**	43 679	**29 600**	74 770
Administrative expenses	**(14 383)**	(4 267)	**(3 627)**	(122 968)
Net expected credit losses on financial and contract assets	**–**	102 612	**2 405 469**	(2 183 022)
Finance income	**262**	–	**7 136**	53 109
Finance costs	**–**	–	**–**	–
Profit before tax	**6 255 593**	1 674 682	**17 834 687**	31 509 585
Taxation	**(1 753 796)**	(468 908)	**(3 917 768)**	(8 822 685)
Profit after taxation	**4 501 797**	1 205 774	**13 916 919**	22 686 900
Other comprehensive income	**–**	–	**–**	–
Total comprehensive income	**4 501 797**	1 205 774	**13 916 919**	22 686 900

	Witpoortjie Calgro M3 Development Company (Pty) Ltd		South Hills Development Company (Pty) Ltd	
	2023	2022	2023	2022
Reconciliation of financial information				
Reconciliation of the information presented to the carrying amount of its interest in the joint venture.				
Summarised financial information				
Opening net assets at 1 March	**(4 563 119)**	(5 768 893)	**62 599 115**	39 912 215
Opening balance adjustment to retained earnings	**–**	–	**(1 241 799)**	–
Dividend declared	**–**	–	**–**	–
Profit after tax	**4 501 795**	1 205 774	**13 916 919**	22 686 900
Closing net (liabilities)/assets	**(61 324)**	(4 563 119)	**75 274 235**	62 599 115
Interest in joint venture at 75.83% and 42.5%	**(46 502)**	(3 460 213)	**31 991 549**	26 604 624
Loss limitation	**46 502**	3 460 213	**–**	–
Carrying value	**–**	–	**31 991 549**	26 604 624
Reconciliation of investment in joint venture				
At 1 March	**–**	–	**26 604 624**	16 962 691
Share of opening balance adjustment to retained earnings	**–**	–	**(527 765)**	–
Share of profit	**–**	–	**5 914 691**	9 641 933
Net share of profit for the current year (limited to carrying amount of investment)	**–**	–	**5 386 925**	9 641 933
Net carrying value	**–**	–	**31 991 549**	26 604 624
The impact of the cash flows on the Group consists of the following:				
Cash (outflow)/inflow from construction activities (net movement in trade debtors)	**(118 330)**	567 955	**2 932 276**	(3 338 177)
Cash inflow for loans from joint ventures	**13 172 134**	5 593 874	**–**	–
Cash outflow for loans to joint ventures	**(55 799 604)**	(5 201 860)	**–**	–
Net cash flows on the Group from joint ventures	**(42 745 800)**	959 969	**2 932 276**	(3 338 177)

Notes to the consolidated financial statements (continued)

10. Investment in joint ventures (continued)

	Table View Properties (Pty) Ltd		Bankenveld District City (Pty) Ltd	
	2023	2022	2023	2022
Detailed statement of financial position				
Assets				
Cash and cash equivalents	**1 550**	3 134	**1 788 607**	2 223 356
Trade and other receivables	**5 006 252**	5 006 085	**16 790**	23 349
Inventories	**–**	–	**88 301 527**	68 568 583
Deferred income tax asset	**22 279**	19 514	**–**	–
Total assets	**5 030 081**	5 028 733	**90 106 924**	70 815 288
Equity and liabilities				
Equity				
Share capital	**5 000 000**	5 000 000	**–**	–
(Accumulated loss)/Retained income	**(102 426)**	(92 240)	**2 068 138**	1 437 811
	4 897 574	4 907 760	**2 068 138**	1 437 811
Liabilities				
Trade and other payables	**–**	–	**2 146**	33 994
Current income tax liabilities	**–**	–	**20 784**	–
Loans from shareholders	**132 507**	120 973	**88 015 856**	69 343 483
Total liabilities	**132 507**	120 973	**88 038 786**	69 377 477
Total equity and liabilities	**5 030 081**	5 028 733	**90 106 924**	70 815 288
Statement of comprehensive income				
Revenue	**–**	–	**477 660**	476 701
Cost of sales	**–**	–	**–**	–
Gross profit	**–**	–	**477 660**	476 701
Administrative expenses	**(1 417)**	(1 487)	**(2 425)**	(2 325)
Net expected credit losses on financial and contract assets	**–**	–	**–**	–
Finance income	**–**	–	**61 473**	34 460
Finance costs	**(11 535)**	(8 296)	**–**	–
(Loss)/profit before tax	**(12 952)**	(9 783)	**536 708**	508 836
Taxation	**2 765**	2 739	**(144 911)**	(142 474)
(Loss)/profit after taxation	**(10 187)**	(7 044)	**391 797**	366 362
Other comprehensive income	**–**	–	**–**	–
Total comprehensive (loss)/income	**(10 187)**	(7 044)	**391 797**	366 362

	Table View Properties (Pty) Ltd		Bankenveld District City (Pty) Ltd	
	2023	2022	2023	2022
Reconciliation of financial information				
Reconciliation of the information presented to the carrying amount of its interest in the joint venture.				
Summarised financial information				
Opening net assets at 1 March	**(92 240)**	(85 196)	**–**	–
Loss after tax	**(10 187)**	(7 044)	**391 797**	366 362
Closing net (liabilities)/assets	**(102 427)**	(92 240)	**391 797**	366 362
Interest in joint venture at 50.00% and 50.00%	**(51 213)**	(46 120)	**195 899**	179 517
Profits not taken	**–**	–	**(195 899)**	(179 517)
Loss limitation	**51 213**	46 120	**–**	–
Carrying value	**–**	–	**–**	–
Reconciliation of investment in joint venture				
At 1 March	**20 000 000**	20 000 000	**–**	103 500
Share of profit/(loss)	**–**	–	**195 899**	179 517
Transfer to loan account	**–**	–	**–**	(103 500)
Profits not taken	**–**	–	**(195 899)**	(179 517)
Net carrying value	**20 000 000**	20 000 000	**–**	–
The impact of the cash flows on the Group consists of the following:				
Cash inflow/(outflow) from construction activities (net movement in trade debtors)	**–**	–	**–**	–
Cash outflow from investing activities	**–**	–	**–**	–
Cash inflow for loans from joint ventures	**–**	–	**–**	–
Cash outflow for loans to joint ventures	**–**	–	**(9 325 234)**	(12 888 700)
Net cash flows on the Group from joint ventures	**–**	–	**(9 325 234)**	(12 888 700)

11. Inventories

Accounting policy

Land owned by the Group which is being developed to get into a condition to start construction of the various projects is classified as inventory. The land may also be sold without any construction depending on the intention of management. Inventories are stated at the lower of cost or net realisable value. The cost of land under development held for sale includes design costs, building materials, direct labour, borrowing costs and other indirect costs.

Completed units acquired through the sale of the investment in AFHCO Calgro M3 Consortium (Pty) Ltd are recognised as completed units available for sale in inventories. The amount of any write-down of inventories to net realisable value is recognised as an expense in the year which the write-down occurs. Individual units which do not form part of construction contracts are classified as inventory and are sold as a completed unit.

Memorial park land costs are the remaining value of unsold grave sites, which consists of the unsold portion of the original cost price of the land and any other direct and indirect costs incurred to get the land to it's intended use of being sold as a grave site.

Significant estimates and judgements

In assessing the net realisable value of land under development held for sale, valuators consider title deed information, town planning conditions, locality and improvements made to the property. Property vacancy rates in surrounding areas, realised yields on comparative sales as well as micro and macroeconomic conditions require judgement. In assessing the net realisable value of memorial park land costs, management considers the estimated number of graves available and the average current sales value of individual burial rights.

	2023	2022
Memorial park land costs	**173 251 224**	176 803 066
Completed units	**2 340 792**	131 833 851
Other land costs for future development	**322 948 778**	307 182 913
Total inventories	**498 540 794**	615 819 830
Inventories to be sold within 12 months	**49 076 363**	150 161 573
Inventories to be sold after more than 12 months	**449 464 431**	465 658 257
	498 540 794	615 819 830

The disposals for the current year of completed units, other land costs for future developments and memorial park land costs (burial plots) was R172 128 654 (2022: R80 337 901).

During the current year, a NRV reversal of R7 770 737 was recognised, which relates to the units sold in the South Hills Lifestyle Estate Development. Inventories to the value of Rnil (2022: R76 367 585) are stated at net realisable value.

12. Investments

Accounting policy

The current investments held are carried at fair value through profit or loss ("FVPL"). The current classification of the financial asset is based on the characteristics and how the contractual cash flows are managed. The financial assets have been classified based on the contractual cash flow characteristics of the financial assets, which are assessed based on whether the cash flows consist solely of payments of principal and interest, and management's business model for managing the financial asset.

	2023	2022
Investments	**14 894 959**	13 927 808
	14 894 959	13 927 808
Reconciliation of investments		
Opening balance at 1 March	**13 927 808**	13 027 204
Additional investment into the fund	**–**	286 383
Fair value adjustment through profit or loss (refer to notes 4 and 23)	**967 151**	614 221
	14 894 959	13 927 808

The investment held relates to long-term deposits invested in a diversified investment fund. These investments are accounted for at fair value through profit or loss.

13. Property, plant and equipment

Accounting policy

The Group's long life assets mainly provide the infrastructure to enable the Group to operate. The assets are initially measured at cost. The cost of the assets are then recognised in the statement of comprehensive income over the useful lives of the assets as a depreciation charge. Property, plant and equipment is subsequently stated at cost less accumulated depreciation and impairment losses.

The useful lives of the assets have been assessed as follows:

Owned item	Average useful life
Land and buildings	Land: Unlimited, Buildings: Up to 50 years*
Plant and machinery and motor vehicles	5 years
Leasehold improvements	10 years
Furniture and fixtures and office equipment	6 years
IT equipment	3 years

* *Where the residual value of buildings exceeds the carrying amount, no depreciation is provided.*

Right-of-use asset

Office buildings	Based on the shorter of lease period or useful life of the asset

	Cost 2023	Accumulated depreciation 2023	Carrying amount 2023	Cost 2022	Accumulated depreciation 2022	Carrying amount 2022
Owned						
Land and buildings	**6 897 434**	**–**	**6 897 434**	6 897 434	–	6 897 434
Plant and machinery	**3 579 158**	**(2 195 400)**	**1 383 758**	3 454 579	(1 988 159)	1 466 420
Furniture and fixtures	**1 529 757**	**(1 423 506)**	**106 251**	1 439 452	(1 334 708)	104 744
Motor vehicles	**200 000**	**(199 999)**	**1**	752 196	(408 023)	344 173
Office equipment	**936 006**	**(864 470)**	**71 536**	1 025 782	(918 273)	107 509
IT equipment	**4 347 514**	**(3 090 037)**	**1 257 477**	3 363 382	(2 499 224)	864 158
Leasehold improvements	**1 923 613**	**(1 493 392)**	**430 221**	1 923 613	(1 321 086)	602 527
	19 413 482	**(9 266 804)**	**10 146 678**	18 856 438	(8 469 473)	10 386 965
Right-of-use asset						
Office buildings – Bryanston	**17 923 260**	**(11 385 479)**	**6 537 781**	17 923 260	(8 628 055)	9 295 205
	17 923 260	**(11 385 479)**	**6 537 781**	17 923 260	(8 628 055)	9 295 205
Total	**37 336 742**	**(20 652 283)**	**16 684 459**	36 779 698	(17 097 528)	19 682 170

13. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment – Owned – 2023

	Opening balance	Additions	Disposal	Depreciation	Closing carrying amount
Land and buildings	6 897 434	–	–	–	6 897 434
Plant and machinery	1 466 420	124 579	–	(207 241)	1 383 758
Furniture and fixtures	104 744	90 304	–	(88 797)	106 251
Motor vehicles	344 173	–	(244 027)	(100 145)	1
Office equipment	107 509	–	(11 223)	(24 750)	71 536
IT equipment	864 158	984 131	–	(590 813)	1 257 477
Leasehold improvements	602 527	–	–	(172 306)	430 221
	10 386 965	1 199 014	(255 250)	(1 184 052)	10 146 678

Reconciliation of property, plant and equipment – Right-of-use asset – 2023

	Opening balance	Additions	Disposal	Depreciation	Closing carrying amount
Office buildings – Bryanston	9 295 205	–	–	(2 757 424)	6 537 781
	9 295 205	–	–	(2 757 424)	6 537 781
Gross totals of movements	19 682 170	1 199 014	(255 250)	(3 941 476)	16 684 459

Reconciliation of property, plant and equipment – Owned – 2022

	Opening balance	Additions	Disposal	Depreciation	Closing carrying amount
Land and buildings	6 897 434	–	–	–	6 897 434
Plant and machinery	1 451 316	206 288	–	(191 184)	1 466 420
Furniture and fixtures	263 125	–	–	(158 381)	104 744
Motor vehicles	337 835	170 000	–	(163 662)	344 173
Office equipment	79 196	92 193	–	(63 880)	107 509
IT equipment	644 285	713 644	–	(493 771)	864 158
Leasehold improvements	774 834	–	–	(172 307)	602 527
	10 448 024	1 182 125	–	(1 243 185)	10 386 965

Reconciliation of property, plant and equipment – Right-of-use asset – 2022

	Opening balance	Additions	Disposal	Depreciation	Closing carrying amount
Office buildings – Bryanston	12 052 630	–	–	(2 757 425)	9 295 205
	12 052 630	–	–	(2 757 425)	9 295 205
Gross totals of movements	22 500 654	1 182 125	–	(4 000 610)	19 682 170

Right-of-use assets – terms greater than 1 year

The following office buildings were capitalised based on their committed occupation terms:

Building type	Building location	Remaining term of lease
Main head office	Johannesburg	30 months from 28 February 2023

Depreciation expense of R3 941 476 (2022: R4 000 610) has been charged to "administrative expenses" in the consolidated statement of comprehensive income.

No assets as disclosed above have been encumbered or held as security during the current or previous financial year.

A register containing the information required by Regulation 25(3) of the Companies Regulations, 2011 is available for inspection at the registered office of the Company.

Notes to the consolidated financial statements (continued)

14. Investment property

Accounting policy
Investment property is initially recognised at cost and subsequently measured at fair value. The fair value of commercial properties was determined using valuation methods as described in note 4. Fair value adjustments are recognised in the statement of comprehensive income.

	Cost 2023	Accumu-lated fair value adjustment 2023	Carrying amount 2023	Cost 2022	Accumu-lated fair value adjustment 2022	Carrying amount 2022
Investment property	**12 520 848**	**7 426 174**	**19 947 022**	12 520 848	7 426 174	19 947 022

	2023	2022
Reconciliation of investment		
Opening balance at 1 March	**19 947 022**	19 947 022
Closing balance	**19 947 022**	19 947 022

In the current year, additions to the value of Rnil (2022: Rnil) were made to the investment properties.

Land and buildings under investment property have a fair value of R19 947 022 (2022: R19 947 022). All investment properties held in the Group are specialised commercial properties relating to the memorial parks segment, located at the Fourways and Durbanville Memorial Parks.

No adjustments to the carrying value of investment property was deemed necessary. Refer note 4 for details of valuations performed.

Rental income received in respect of investment property amounts to R3 132 738 (2022: R2 676 405). Refer to note 23.

15. Intangible assets

Accounting policy

(a) Goodwill

Goodwill for the Group arose as a result of the acquisition of various subsidiaries in previous financial years.

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment.

The cash-generating units for the Group are considered to be consistent with the operating segments that the CODM has identified.

(b) Computer software

Computer software is initially recorded at cost and subsequently carried at cost less accumulated amortisation and any impairment losses.

Amortisation on computer software is calculated using the straight-line method to allocate its cost to the statement of comprehensive income over its useful life of two years.

(c) Estimates and key judgements

Management used estimates in determining the fair value and value-in-use calculation for the annual goodwill impairment test. Refer below for further detail.

	Cost 2023	Accumulated amortisation/ impairment 2023	Carrying amount 2023	Cost 2022	Accumulated amortisation/ impairment 2022	Carrying amount 2022
Goodwill	**175 674 238**	**(16 023 721)**	**159 650 517**	175 674 238	(16 023 721)	159 650 517
Computer software	**98 091**	**(98 074)**	**17**	98 091	(98 074)	17
	175 772 329	**(16 121 795)**	**159 650 534**	175 772 329	(16 121 795)	159 650 534

15. Intangible assets (continued)

Amortisation expenses on computer software of Rnil (2022: Rnil) has been included in "administrative expenses" in the statement of comprehensive income.

Additions of Rnil (2022: Rnil) have been made in the current year to computer software.

No computer software has been written off in the current or prior year.

There were no additions to goodwill in the current or prior year.

	2023	2022
Impairment tests for goodwill		
Goodwill is monitored at the operating segment level. The following is a summary of goodwill allocation for each operating segment:		
Residential Property Development	**158 955 713**	158 955 713
Memorial Parks	**694 804**	694 804
	159 650 517	159 650 517

Only the goodwill allocated to the Residential Property Development segment is considered to be significant.

The recoverable amount of the Residential Property Development segment has been determined based on a value-in-use calculation.

The Group prepares cash flows used for the assessment of goodwill impairment on an un-escalated basis. Only current selling prices and costs are taken into consideration when extrapolating the relevant cash flows.

This calculation uses real pre-tax cash flow projections based on financial budgets approved by management covering a five-year period and takes into account a terminal value from year six onwards. The terminal value is based on year five's cash flow projection. A growth rate of zero percent has been utilised in the model.

The key assumptions used for value-in-use calculations are as follows:

	Residential Property Development	
	2023	**2022**
Gross margin utilised in the cash flow forecast	**30.33%**	25.11%
Pre-tax discount rate (real)	**17.56%**	13.65%

The pre-tax discount rate increased in the current year due to changes in the underlying assumptions applied in calculating the discount rate. The main driver of the increase relates to the increase in cost of debt due to the increase in interest rates in South Africa in the current financial year.

The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segments. Management determined budgeted gross margins based on past performance and its expectations of market development and availability of cash for the end-user.

If the budgeted gross margin used in the value-in-use calculations had been lower by 5% than the management estimates, the Group would still not recognise an impairment of goodwill.

If the estimated discount rate applied to the cash flows had been 5% higher than the management estimates, the Group would still not recognise an impairment of goodwill.

16. Deferred income tax (liabilities)/assets

Accounting policy

Deferred tax assets and liabilities represent amounts of tax that will become recoverable or payable in future accounting years. They generally arise as a result of temporary differences, where the time at which profits and losses are recognised for tax purposes differs from the time at which the relevant transaction is recorded in the accounts. A deferred tax asset represents a tax reduction that is expected to arise in a future year. A deferred tax liability represents taxes which will become payable in a future year as a result of a current or an earlier transaction. In respect of deferred tax assets, the Group only recognises a deferred tax asset when the availability of future taxable profits necessary to support the deferred tax asset is probable, when there is a history of recent tax losses, other convincing evidence is considered.

Where a temporary difference arises in relation to the Group's investment in subsidiaries, associates or joint ventures a deferred tax liability can only be recognised by the Group if the Group cannot control the timing of the reversal of the temporary difference and it is probable that the temporary difference will reverse in future.

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

16. Deferred income tax (liabilities)/assets (continued)

	2023	2022
Reconciliation of deferred tax (liability)/asset		
Opening balance	**(182 139 762)**	(152 034 497)
Statement of comprehensive income charge	**(58 885 043)**	(30 105 265)
Construction contracts	**(42 861 309)**	(19 343 802)
Inventories	**(3 438 600)**	20 116 507
Bonus accrual	**5 702 294**	4 866 814
Tax losses available for set off against future taxable income	**(20 967 410)**	(36 483 806)
Capital losses available for future use	**(298 837)**	7 059 140
Share appreciation right settlement prepayment	**59 999**	342 496
Executive share scheme	**–**	(9 674 563)
Deferred revenue	**1 303 560**	1 946 679
General accruals	**(197 316)**	62 016
Expected credit losses – Trade receivables	**213 953**	(10 373)
Expected credit losses – Contract assets	**424 388**	759 190
Income received in advance	**291 742**	148 295
Capitalised leased assets	**(105 131)**	106 142
Other	**987 625**	–
Closing balance	**(241 024 804)**	(182 139 762)
The analyses of deferred tax liabilities and deferred tax assets are as follows:		
Deferred tax liabilities		
Construction contracts	**(280 961 229)**	(214 765 378)
Inventories	**(4 757 444)**	–
Bonus accrual	**12 818 932**	–
Tax losses available for set off against future taxable income◊	**–**	1 040 852
Share appreciation right settlement prepayment	**(5 299)**	–
Investment properties	**92 857**	92 857
Expected credit losses – Trade receivables	**1 991 137**	56 809
Expected credit losses – Contract assets	**1 860 216**	(260 128)
Capitalised leased assets	**448 183**	–
Other	**987 625**	–
Deferred tax liabilities*	**(267 525 022)**	(213 834 988)

	2023	2022
Deferred tax assets		
Construction contracts	**(12 758 513)**	(36 093 055)
Inventories	**17 079 923**	15 761 079
General accruals	**170 100**	367 416
Capitalised leased assets	**–**	553 314
Deferred revenue	**8 141 285**	6 837 725
Bonus accrual	**–**	7 116 638
Share appreciation right settlement prepayment	**–**	(65 298)
Capital losses available for future use	**8 068 596**	8 367 433
Expected credit losses – Trade receivables	**298 873**	2 019 248
Expected credit losses – Contract assets	**2 011**	1 697 967
Income received in advance	**1 736 299**	1 444 557
Tax losses available for set off against future taxable income◊	**3 761 644**	23 688 202
Deferred tax assets#	**26 500 218**	31 695 226
Net deferred tax balance	**(241 024 804)**	(182 139 762)
Deferred tax liabilities		
Deferred tax liability to be realised within 12 months	**(127 581 240)**	(83 718 541)
Deferred tax liability to be realised after more than 12 months	**(139 943 782)**	(130 116 447)
	(267 525 022)	(213 834 988)
Deferred tax assets		
Deferred tax asset to be recovered within 12 months	**(3 670 477)**	(1 352 501)
Deferred tax asset to be recovered after more than 12 months	**30 170 695**	33 047 727
	26 500 218	31 695 226

◊ *The Group has concluded that the deferred tax assets relating to tax losses will be recoverable using the estimated future taxable income based on the approved business plans and budgets for the underlying subsidiaries.*

* *Included in deferred tax liabilities are the deferred tax assets of subsidiaries where their net deferred tax position is a deferred tax liability.*

Included in deferred tax assets are the deferred tax liabilities of subsidiaries where their net deferred tax position is a deferred tax asset.

17. Stated capital

Accounting policy

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Where the Group purchases the Company's equity share capital, the consideration paid, including any attributable transaction costs net of income taxes, is deducted from total shareholders' equity as treasury shares until they are cancelled or re-issued.

	Number of shares		Rand amount	
	2023	**2022**	**2023**	**2022**
Authorised				
Ordinary no par value shares	**500 000 000**	500 000 000		
Issued				
Shares in issue to the public	**121 400 069**	121 400 069	**102 080 971**	102 080 971
Shares held by Calgro M3 Employee Benefit Trust	**5 212 909**	5 212 909	**104 239 627**	104 239 627
Shares held by Calgro M3 Empowerment Trust	**5 212 909**	5 212 909	**104 239 627**	104 239 627
Shares held by Calgro M3 Developments Limited	**8 468 631**	8 468 631	**163 190 199**	163 190 199
Total shares in issue	**140 294 518**	140 294 518	**473 750 424**	473 750 424
Treasury shares in issue	**(18 894 449)**	(18 894 449)	**(371 669 453)**	(371 669 453)
Balance at the end of the year	**121 400 069**	121 400 069	**102 080 971**	102 080 971

Shares held by Calgro M3 Employee Benefit Trust and Calgro M3 Empowerment Trust

In terms of IFRS 10: *Consolidated Financial Statements*, both trusts are consolidated into the Group, and as a result, shares owned by these entities are carried as treasury shares on consolidation.

All issued shares are fully paid.

Unissued ordinary shares are under the control of the Directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.

18. Trade and other payables

Accounting policy

Trade and other payables are measured at amortised cost. Refer to the financial instruments accounting policy, note 2.10.2.

	2023	2022
Financial instruments		
Trade payables	**156 946 214**	178 741 872
Trade payables – related parties	**153 687**	3 584 184
Retention creditors	**3 804 523**	3 234 907
Accrued expenses	**7 735 856**	33 062 662
Accrued interest	**20 556 592**	20 881 496
Deposits received	**–**	47 500
Deferred payment arrangement – Land and share acquisitions	**12 863 856**	53 710 783
Land purchase liability – balance of purchase price for acquisition of Bridge City land	**4 281 756**	24 260 353
Land purchase liability – balance of purchase price for acquisition of Jabulani land	**–**	14 856 043
Land purchase liability – balance of purchase price for acquisition of Enokuthula Memorial Park	**8 582 100**	11 594 387
32-on-Pine share purchase liability*	**–**	3 000 000
Lease liability office building**	**11 543 229**	14 616 838
Excess billings over work done	**23 636 344**	53 278 738
Gross financial instruments	**237 240 302**	361 158 980
Non-financial instruments		
Accrual for long service awards◊	**2 212 582**	3 616 564
Accrual for leave pay	**1 187 869**	1 212 201
Deferred maintenance revenue – memorial parks	**40 431 322**	34 677 864
Accrued expenses	**47 058 900**	1 547 074
Other liabilities	**2 187 959**	2 259 974
Value added tax	**30 185 360**	17 539 664
Total non-financial instruments	**123 263 992**	60 853 341
Total trade and other payables	**360 504 294**	422 012 321

* *Refer to note 32 for the 32-on-Pine share purchase liability.*

** *This amount relates to the capitalisation of long-term leases. Refer to note 20.*

◊ *The Group has a long-term service award for its employees based on years of service. (10 years – two months' salary, 15 years – three months' salary, every subsequent five years thereafter – three months' salary). To determine the value of the accrual, the following was taken into account: The average annual salary increases, the employee attrition rate, retirement age, discount rate and mortality rate.*

Refer to note 3 for the maturity analysis of financial instruments. For the remaining non-financial instruments, R73 229 592 (2022: R25 322 100) will be settled within the next 12 months and R50 034 400 (2022: R35 531 241) will be settled after more than 12 months.

19. Borrowings

Accounting policy

Borrowings are classified as financial liabilities at amortised cost. Refer to the financial instruments accounting policy, note 2.10 for further details.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan. The fee is amortised over the life of the facility.

	Interest rate	Expiration date	2023	2022
Floating rate note – CGR 42	JIBAR plus 4.5%	03 August 2023	**45 000 000**	45 000 000
Floating rate note – CGR 46	JIBAR plus 3.95%	28 February 2023	**–**	40 000 000
Floating rate note – CGR 47	JIBAR plus 4.5%	28 February 2025	**60 000 000**	60 000 000
Floating rate note – CGR 48	JIBAR plus 4.25%	30 September 2023	**50 000 000**	50 000 000
Floating rate note – CGR 49	JIBAR plus 4.75%	30 September 2024	**50 000 000**	50 000 000
Floating rate note – CGR 50	JIBAR plus 4.25%	23 October 2023	**33 000 000**	33 000 000
Floating rate note – CGR 51	JIBAR plus 4.75%	23 October 2024	**48 000 000**	48 000 000
Floating rate note – CGR 52	JIBAR plus 4.25%	30 June 2025	**50 000 000**	–
Floating rate note – CGR 53	JIBAR plus 3.95%	28 February 2027	**40 000 000**	–
Floating rate note – CGR 54	JIBAR plus 4.5%	28 February 2028	**40 000 000**	–
Transaction cost amortisation*			**(527 425)**	(543 640)
Total bond exchange			**415 472 575**	325 456 360
NHFC loan#	Prime plus 0.5%	30 August 2026	**215 000 000**	215 000 000
Proparco loan^	JIBAR plus 4.9%	15 September 2023	**154 800 000**	309 600 000
Term Loan	JIBAR plus 5%	12 October 2027	**100 000 000**	–
Transaction cost amortisation*			**(8 910 248)**	(10 988 588)
Other borrowings			**460 889 752**	513 611 412
Total borrowings			**876 362 327**	839 067 772

* *The transaction costs are amortised over the life of the facilities. It is expected that these costs will be fully amortised when the facilities are settled.*
\# *The NHFC loan is repayable in four equal instalments on a six-monthly basis, starting from 28 February 2025. Financial covenants are similar to other borrowings.*
^ *The Proparco loan is repayable in five equal instalments on a six-monthly basis which started on 15 September 2021.*

All borrowings are unsecured.

The following financial covenants are applicable to all borrowings:
- Debt service coverage ratio (DSCR) of higher than 1.2 at a Group level;
- A maximum Net Debt to Equity ratio of less than 1.5:1; and
- A minimum Liquidity Ratio of more than 1.2.

At the end of the financial year, the Group was not in breach of the above covenants or at risk of breaching the regulated covenants listed above.

Refer to note 3.2 for the calculation of the debt covenants.

As at period end, all floating rate notes listed on the DMTN (Domestic Medium Term Note) listed debt programme were in compliance with the programme memorandum.

The table below provides information regarding the present value of the borrowings to be settled within 12 months and after 12 months. For the undiscounted cash flows related to borrowings, refer to note 3.

19. Borrowings (continued)

	2023	2022
Borrowings to be settled within 12 months	**282 800 000**	194 800 000
Borrowings to be settled after more than 12 months	**593 562 327**	644 267 772
	876 362 327	839 067 772
Borrowings cash flow reconciliation		
Opening balance	**839 067 772**	944 161 828
Repayments of borrowings	**(194 800 000)**	(107 400 000)
Amortised expense through the statement of comprehensive income – non-cash	**5 594 911**	3 383 175
Transaction costs paid	**(3 500 356)**	(1 077 231)
Proceeds from borrowings	**230 000 000**	–
Closing balance	**876 362 327**	839 067 772
Interest paid on borrowings	**90 374 618**	82 300 992
Total interest paid on borrowings	**90 374 618**	82 300 992

General

The Group's weighted average cost of debt as at February 2023 was 11.46% (2022: 8.34%).

The Directors have not breached the requirements of the Company's Memorandum of Incorporation in terms of their borrowing powers.

20. Lease liability

Accounting policy

The Group, as a lessee, recognises right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments.

Definition of a lease

Under IFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component based on their relative stand-alone prices. However, for leases of properties in which it is a lessee, the Group has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

As a lessee

Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases (i.e. these leases are on-balance sheet).

However, the Group has elected not to recognise right-of-use assets and lease liabilities for both low-value assets and leases with a lease term of less than 12 months. The Group recognises the lease payments associated with these leases as expenses on a straight-line basis.

The Group presents lease liabilities in the statement of financial position under trade and other payables. The Group recognises a right-of-use asset and a lease liability at the lease commencement date.

The lease liability is initially measured at the present value of the lease payments that are not paid at commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised.

The right-of-use asset is initially measured at an amount equal to the sum of the lease liability, initial direct costs, costs of removing and restoring the lease asset and payments made prior to the lease commencement. The right-of-use asset is subsequently measured at cost less accumulated depreciation and impairment loss and adjusted for certain remeasurements of the lease liability.

The Group will apply judgement to determine whether it is reasonably certain to exercise renewal options, as such options impact the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

The Group has leases that represent low-value leases, below are the typical items that represent the types of low-value-assets that are leased:

- Printers;
- Telephonic systems and devices;
- Site equipment;
- Off-site data servers.

As a lessor

The Group leases out its investment property and has classified these leases as operating leases.

A lessor recognises lease payments from operating leases as income on straight-line basis, unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished.

20. Lease liability (continued)

	2023	2022
Lease liability		
Lease agreements for office buildings	**11 543 229**	14 616 838
	11 543 229	14 616 838
Amount to be settled in the next 12 months	**3 894 155**	3 073 609
Amount to be settled after the next 12 months	**7 649 074**	11 543 229
	11 543 229	14 616 838

The carrying values of lease liabilities approximates their fair value.

The interest rate used was 11.46% which was the Group's average cost of debt when IFRS 16 was adopted by the Group.

	2023	2022
Undiscounted lease payments are due as follows:		
Within 1 year	**5 204 633**	4 841 519
2 to 5 years	**8 493 584**	13 698 217
Greater than 5 years	**–**	–
	13 698 217	18 539 736

Building type	Building location	Remaining term of lease
Main head office	Johannesburg	30 months from 28 February 2023

Amounts related to lease liabilities included in the statement of comprehensive income

	2023	2022
Administrative expenses		
Depreciation on right-of-use assets (IFRS 16)	**2 757 424**	2 757 425
Finance costs		
Lease liability	**1 767 910**	2 379 751

The Group does not sub-lease right-of-use assets and therefore generates no income. There were no additions to right-of-use assets in the current year. No gains or losses arose from any sale and leaseback agreements. The carrying amount of right-of-use assets is reflected in note 13.

21. Revenue

Accounting policy

The Group derives revenue from contracts with customers for the supply of goods (infrastructure, fully and partially subsidised units, non-subsidised units, serviced land) and memorial park burial rights and memorial park maintenance services.

Performance obligations are identified based on the type of contract entered into with customers on an individual basis. Consideration is given to whether the goods or services are distinct from one another. Once these performance obligations are identified the below consideration is given to the satisfaction of the performance obligation:

The Group recognises revenue over time if one of the following criteria is met:

- The Group creates or enhances an asset which the customer controls as the asset is created, which is generally applicable for those contracts entered into where construction services are provided on land owned by the customer; or
- The customer simultaneously receives and consumes all of the benefits provided by the Group, which is generally the case for services, including when another entity would not need to substantially re-perform work already completed to date; or
- The Group does not create an asset with an alternative use to the Group and has an enforceable right to payment for the work completed to date. In assessing this consideration the group considered the following:
  - When units/dwellings/projects are built according to customer orders/specifications the asset that is created does not have an alternative use to the group as it is contractually restricted from directing the asset to another use. This assessment is made at contract inception.
  - Even though the group only has an unconditional right to payment at agreed-upon milestones, the group considers there to be an enforceable right to payment when it has a legal, contractual right or it is customary business practice to demand or retain payment for performance completed to date if the contract were to be terminated before completion for reasons other that the entity's failure to perform work as promised.

The Group recognises revenue at a point in time if the over time criteria is not met. Revenue is recognised when control is transferred, this is generally triggered by the transfer of legal ownership to the customer through title deeds and/or grave certificates being issued. This will generally coincide with the business becoming entitled to the right to payment.

The Group measures revenue based on the specifications of each individual contract with a customer, excluding any amounts received on behalf of third parties.

21. Revenue (continued)

The Group recognises retention debtors based on certified work completed for specific contracts. It should be noted that the retention payments is not considered to be variable consideration as the full amount is payable upon satisfying performance obligations. The retention payments have no impact on the contract price and are short-term in nature (usually released within three to six months).

Revenue recognised on contracts that have retention debtors are done in terms of the Group's revenue recognition policy (over time or point in time), depending on how control of the goods are transferred to the customer. Payment of any retention debtors are measured for recoverability in line with IFRS 9. Retention debtors are not considered to have a significant financing component due to there short-term nature thereof – In making this assessment the group has applied the practical expedient as per IFRS15.129.

The cost incurred to obtain a contract, prior to finalisation of the revenue agreement, are expensed to profit or loss as and when the cost are incurred as the Group considers these costs not to be recoverable until an agreement has been reached to recover these costs.

The transaction price for each performance obligation is the contractually stipulated price and represents the stand-alone selling price at the time when the contract is entered into with the customer.

Significant judgement and source of estimation uncertainty
Property Development Segment
With regards to revenue recognised over time, the Group makes use of the input method to measure progress towards completion of the performance obligation. In applying the input method a 'percentage of completion' calculation is used whereby the Group calculates the cost of the construction services and activities performed to date (including land) as a proportion of the total cost of the construction services and activities to be performed.

The group performs this by comparing actual cost incurred on a unit/dwelling/project compared to the forecasted cost per the approved project feasibility of the unit/dwelling/project which equals the percentage of work completed ("percentage of completion"). Inputs can be reliably measured and results in the performance obligation being satisfied to the customer. The Group therefore, has determined that this method depicts the Group's performance in transferring control of the goods and services to the customer.

The Group uses approved feasibilities to determine the overall expected cost and attributable margin to determine the transaction price on overtime construction contracts and for services to be rendered on infrastructure projects where the group is remunerated on a cost plus basis.

Feasibilities are reviewed on a regular basis and approved by the Executive Committee (EXCO).

The relevant costs to complete a contract is calculated by qualified industry experts, where applicable, and is based on:

- Remaining scope of work to be performed on the contract,
- Pricing agreements in place with contractors, engineers and other suppliers,
- General cost allowances for unforeseen events. This will vary dependent on the complexity in the project conditions, design uncertainty, risks in projects and project maturity.

The Group allocates non-unit specific cost which includes land, infrastructure, town planning and other project related cost based on approved feasibilities. Estimates are made by management to calculate the forecasted cost of a project which includes non unit specific cost to be allocated to units as and when they are constructed. The estimates used are in terms of the approved project feasibility.

The Group applies judgement in determining whether contracts for the sale of land and the construction of residential housing include separately identifiable performance obligations or whether they should be grouped together. The Group applies this judgement based on transfer requirements for the property, if the land can be transferred without construction of the relevant unit then the transfer of land and construction of unit is determined to be two separately identifiable performance obligations.

Variations on original contract prices are agreed with a customers and are accounted for as a contract modification where the original prices are modified to include the approved variation to the original contract. A cumulative catch up of revenue is performed when the variation is included for a contract where the revenue is accounted for over time. The revenue on variations for a point in time contract is only accounted for upon transfer of control of the relevant services and goods to the customer.

21. Revenue (continued)

The type of products and their revenue recognition within the group for the Residential Development Segment is set out below:

Terms of the contract	Revenue recognition
Fully and partially subsidised – Reconstruction and Development Programme ("RDP")/breaking new ground ("BNG") and Community Residential Units ("CRU")	
▸ Overall agreement between parties to construct a specified number of RDP and CRU units. ▸ Purchase order received from Government based on approved budget within the relevant department, based on Gazetted prices for RDP and CRU units at the time of contracting. ▸ Payment for work completed determined on a monthly basis ("progress draws"). ▸ Specification is based on current Government Gazetted specifications for the units.	**Individual contract treatment with revenue recognised over time** Estimated revenue is determined on the Gazetted Price per unit and the number of units ordered by Government. Revenue is recognised over time on the input method based on the percentage of cost incurred as a percentage of total project cost (percentage of completion) as units are built according to a customer order and group has an enforceable right to payment for work completed to date. All costs incurred are expensed to cost of sales when incurred.
Fully and partially subsidised – Social Housing and/or Bulk Purchaser	
▸ Overall agreement between third party social housing company to construct a specified number of Social Housing units/Bulk purchaser units. ▸ Units specification is agreed upon between the parties within the contract. ▸ Payment for work completed is determined on a monthly basis or upon transfer of the units.	**Individual contract treatment with revenue recognised either at a point in time or over time** Estimated revenue determined on the contract price per unit. Revenue is recognised over time on the input method based on cost if control is transferred during the development and handover of units and the group has legal or contractual right for payment for work completed to date. Revenue is recognised at a point in time basis if control is determined to transfer only upon completion of the units and there is no enforceable right to payment for work completed. Should revenue be accounted for over time, cost incurred is expensed to cost of sales as incurred. Should revenue be accounted for at a point in time, cost is capitalised to contract assets and recognised in cost of sales upon transfer of the units.
Fully and partially subsidised – Grassroots Affordable Peoples' Homes ("GAP")/Finance Linked Individual Subsidy Programme ("FLISP")	
▸ Agreement between parties to purchase a single unit within a sectional title development. ▸ Payment to take place upon transfer of the unit to the customer. ▸ Specifications of the units is standard across the development.	**Individual contract per customer with revenue recognised on transfer of completed unit – revenue recognised at a point in time** Sales price determined based on the agreement between parties. Revenue recognised at a point in time upon transfer of the unit to the customer. Cost incurred is capitalised to inventory/ contract assets and expensed to cost of sales upon transfer of the unit.

21. Revenue (continued)

Terms of the contract	Revenue recognition
Non-subsidised – Affordable Housing and High-end units	
• Agreement entered into with parties for the purchase of property and the construction of a free standing dwelling. • Specification of dwelling agreed upon between parties. • Payment upon transfer of the property. • Payment for construction of free standing unit based on terms of bond obtained by customer from the relevant financial institution.	**Individual contract per customer with two performance obligations. Revenue recognised on transfer of the land to the customer at a point in time. Revenue on construction of the unit to be recognised over time.** **Sale of Land – First performance obligation** Sales price of land determined based on the agreement between parties. Revenue is recognised at a point in time upon transfer of the land to the customer. Cost incurred is capitalised to inventory and expensed to cost of sales upon transfer of the land. **Construction of Unit – Second performance obligation** Estimated Revenue for the construction of the dwelling based on the agreement between the parties. Revenue of the dwelling is recognised over time on a percentage of completion basis if control is handed over during the construction phase based on the estimated cost to construct the dwelling versus the cost incurred on the dwelling, or at a point in time if the dwelling transfers as a completed unit; **Single Performance obligation** Or revenue is recognised at a point in time if control is determined to transfer upon completion of the unit/dwelling when the property/land and dwelling is transferred as a completed unit and there is no enforceable right to payment for work completed to date. This is applicable if the customer can only accept transfer due to their funding arrangement with a financial institution or requirements of the contract. All cost incurred is either expensed to cost of sales if revenue is accounted for over time or capitalised to contract assets and expensed to cost of sales upon transfer of the property.
Infrastructure – Integrated residential developments (consisting of a mix of bulk, link and internal infrastructure together with a mix in unit typologies)	
• Overarching agreement with Government to perform an integrated development for the upliftment and integration of communities. • Bulk and Link Services subsidised based on the integration of subsidised and non subsidised units and mix of unit typologies. • Mixture of unit typologies to be constructed as per the agreement. • Payment for services rendered determined on a monthly basis.	**Every contract with a customer to be recognised and accounted for individually** Revenue is recognised either at a point in time or over time depending on the terms and conditions contained in each of the contracts with each individual customer. Non unit specific costs are allocated to each unit as and when the Group enters into a contract with the customer. The relevant cost incurred is expensed or capitalised based on the revenue recognition which is either at a specific point in time or over time. Subsidised infrastructure revenue is based on the estimated revenue for the work to be completed on the project and is recognised over time, as the assets that are created are specialised and have no alternative use to the group and the group has an enforceable right to payment for work completed to date. Cost incurred on subsidised infrastructure is expensed to cost of sales when incurred.

21. Revenue (continued)

Terms of the contract	Revenue recognition
Commercial land sales	
‣ Agreement entered into with parties for the purchase of property ‣ Payment upon transfer of the property.	**Revenue recognised on transfer of the land to the customer at a point in time.** **Sale of Land** Sales price of land determined based on the agreement between parties. Revenue is recognised at a point in time upon transfer of the land to the customer. Cost incurred is capitalised to inventory and expensed to cost of sales upon transfer of the land.

Memorial Parks segment

The group determines the selling price for the burial rights by determining cost per grave site plus a reasonable margin, this includes the required maintenance at a reasonable margin.

In order for management to determine the relevant maintenance revenue the following assumptions are used: life expectancy, period the service will be rendered and the cost to be incurred for maintenance over the period the service is rendered. Management assesses these assumptions on an annual basis based on approved feasibilities for each of the memorial parks.

In the current year, in assessing the performance obligations associated with the memorial parks segment the Group has considered the following:

The sale of the burial rights and burial services are highly inter related for the following reasons:
- The price for the burial right is all inclusive thereby including the price for the burial services.
- The Group does not permit external providers to carry out burial services at the memorial parks, requiring all burial services to be executed by Calgro employees.
- The product thereby sold by the Group is that of a ”open” burial right (being a burial plot ready for use), the date and time for opening is at the sole discretion of the Group.

As a result the recognition of revenue for both burial rights and burial services are seen to be one performance obligation and recognised at a point in time on the date full payment is received.

Revenue derived from maintenance services is considered to be a separate performance obligation as the service is seen to be distinct from the sale of the burial right.

This is due to the maintenance services being provided is a separate agreed-upon contractual task which is provided to the client over the lifetime of the park.

The performance obligation in relation to maintenance revenue is seen to be satisfied over time as the customer simultaneously receives and consumes the maintenance services from the Group over the life of the park.

The period to which the revenue is recognised aligns to the life of the park which is seen to be into perpetuity, as such maintenance revenue will be deferred into perpetuity.

Notes to the consolidated financial statements (continued)

21. Revenue (continued)

	2023	2022
Disaggregated revenue		
Residential Property Development segment		
Infrastructure	**469 869 029**	446 924 063
Fully and partially subsidised units	**439 599 945**	685 639 033
Non-subsidised units	**468 359 673**	124 211 217
Serviced land sales	**56 943 868**	12 551 155
Commercial land sales	**55 000 000**	–
	1 489 772 515	1 269 325 468
Memorial Parks segment#		
Memorial parks burial rights	**35 544 035**	42 265 376
Memorial parks maintenance	**–**	3 587 096
Memorial parks maintenance and other services	**–**	6 415 316
	35 544 035	52 267 788
Total revenue	**1 525 316 550**	1 321 593 256

\# *In the current financial year the Group has reassessed the performance obligations relating to the memorial park segment. Where in the past three performance obligations were identified, the Group has found the burial services performance obligation to be highly inter-related to the sale of the burial right and as such is no longer seen to be a performance obligation on its own. Refer to the accounting policy note 21 for further detail. The accounting treatment has been adjusted in the current financial year to reflect this.*

22. Cost of sales

	2023	2022
Disaggregated cost of sales		
Residential Property Development segment		
Infrastructure	**257 916 737**	323 771 588
Fully and partially subsidised units	**303 165 088**	535 653 955
Non-subsidised units	**510 242 910**	138 950 641
Serviced land sales	**36 438 561**	8 581 975
Commercial land sales	**37 195 521**	–
	1 144 958 817	1 006 958 159
Memorial Parks segment#		
Memorial parks cost of burial plot	**7 695 678**	12 983 968
Memorial parks other costs	**14 968 258**	19 804 456
	22 663 936	32 788 424
Total cost of sales	**1 167 622 753**	1 039 746 583

\# *In the current financial year the Group has reassessed the performance obligations relating to the memorial park segment. Where in the past three performance obligations were identified, the Group has found the burial services performance obligation to be highly inter-related to the sale of the burial right and as such is no longer seen to be a performance obligation on its own. Refer to the accounting policy note 21 for further detail. The accounting treatment has been adjusted in the current financial year to reflect this.*

23. Other income

	2023	2022
Bond commissions	**2 239 865**	1 467 688
Rental income from commercial investment properties	**3 132 738**	2 676 405
Rental income residential	**1 663 124**	3 236 370
Other rental income – Memorial Parks	**464 114**	739 190
Profit on disposal of property, plant and equipment	**200 614**	–
Fair value adjustments on assets held at fair value through profit or loss	**967 151**	614 221
Gain on bargain purchase#	**–**	3 582 313
SETA refunds and other income	**315 738**	3 026 820
	8 983 344	15 343 007

\# *Refer to note 32 for the gain on bargain purchase.*

24. Administrative expenses

	2023	2022
Advertising	**9 503 818**	8 714 411
Auditor's remuneration	**5 841 094**	4 590 088
Bank charges	**801 981**	2 376 442
Computer expenses	**5 381 505**	4 488 120
Depreciation on owned property, plant and equipment and amortisation on computer software	**1 184 053**	1 243 185
Depreciation on right-of-use assets	**2 757 424**	2 757 425
Insurance	**912 968**	1 000 492
Motor vehicle expenses	**591 232**	476 082
Legal fees	**947 090**	585 140
Levies paid	**1 869 068**	398 632
Printing and stationery	**213 975**	194 774
Professional fees	**1 644 289**	1 188 432
Rates and taxes	**1 020 280**	885 920
Repairs and maintenance	**299 773**	1 030 850
Short-term leases	**51 306**	47 352
Social corporate responsibilities	**1 092 542**	587 883
Staff welfare	**1 623 187**	1 211 879
Subscriptions	**488 193**	292 937
Total employee and related fee costs	**62 323 013**	51 742 330
Directors' fees – non-executive*	**3 133 992**	3 190 717
Share scheme expense*	**4 222 154**	3 788 191
Employee costs*	**54 966 867**	44 763 422
Telephone and fax	**335 158**	392 164
Travel and accommodation	**996 296**	569 332
Other	**2 546 849**	5 000 388
	102 425 094	89 774 258

* *Refer to note 34, 35 and 36 for further explanation of the relevant expenses.*

25. Other expenses

	2023	2022
Rental residential costs	**939 070**	4 396 415
Write off of loans	**126 890**	7 014 018
	1 065 960	11 410 433

26. Expected credit losses/(gains) on financial and contract assets

	2023	2022
Loans to joint ventures	**2 829 444**	(736 225)
Contract assets	**1 762 001**	2 711 394
Trade and other receivables – other	**1 066 015**	2 087 367
Trade and other receivables – rental debtors	**–**	(2 133 906)
	5 657 460	1 928 630

Refer to note 2.10 for the reconciliation of the expected credit losses/(gains) on financial and contract assets balances.

27. Finance income

Accounting policy

Finance income is recognised on a time-proportion basis using the effective interest method. Finance income on impaired loans is recognised using the original effective interest rate.

	2023	2022
Bank	**882 202**	1 676 207
Trade receivables	**8 674 034**	990 964
SARS	**1 231**	–
Related parties (interest from joint ventures)	**23 923 989**	20 045 935
	33 481 456	22 713 106

28. Finance cost

Accounting policy

Borrowing costs that are directly attributable to the acquisition, construction or production of "land under development" (classified as inventories) are capitalised as part of its cost.

Borrowing costs that are directly attributable to the construction of the developments are treated as part of the construction contract costs.

The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining and developing a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing cost incurred.

All other borrowing costs are recognised as an expense in the year in which they are incurred.

	2023	2022
Bank	**5 369 632**	1 991 376
Other	**–**	4 328 442
Lease liability	**1 767 910**	2 379 751
Interest-bearing borrowings	**85 361 852**	80 456 518
Finance cost	**92 499 394**	89 156 087
Less: Amounts capitalised on qualifying assets (inventory)	**(9 885 750)**	(7 475 722)
Less: Amounts capitalised on qualifying assets (construction contracts)	**(38 575 456)**	(34 713 783)
Total finance cost recognised in statement of comprehensive income	**44 038 188**	46 966 582

Finance costs capitalised to inventory and construction contracts have been incurred on general borrowings.

29. Taxation

Accounting policy

All of the companies within the Group are South African tax residents and will therefore pay taxes according to the rates applicable in South Africa which were enacted or substantively enacted at the reporting date. Most taxes are recorded in the statement of comprehensive income and relates to taxes payable for the reporting year or any adjustment to tax payable in respect of previous years (current tax). The charge also includes benefits and charges relating to when income and expenses are recognised in a different year for tax and accounting purposes (deferred tax).

	2023	2022
Major components of the income tax expense		
Current		
Local income tax – current year	**7 186 241**	17 188 949
	7 186 241	17 188 949
Deferred		
Current year	**58 885 043**	32 313 088
Under-provision for prior year	**–**	(2 207 823)
	58 885 043	30 105 265
	66 071 284	47 294 214
Reconciliation of the income tax expense		
Applicable tax rate	**28.00%**	28.00%
Disallowable charges	**0.32%**	0.30%
Empowerment expenses	**0.09%**	0.09%
Fines and penalties – SARS	**0.00%**	0.02%
Professional fees	**0.23%**	0.19%
Other adjustments	**0.04%**	(1.46)%
Calgro M3 Share Scheme	**0.46%**	0.59%
IFRS 9 – Net impairment losses on financial assets – Loans	**0.29%**	0.11%
Bargain purchase gain	**(0.00)%**	(0.56)%
Fair value adjustments on assets held at fair value through profit or loss	**(0.11)%**	(0.10)%
Share of profit of joint ventures	**(0.60)%**	(1.50)%
Under/(over) provision for deferred tax prior year	**(0.00)%**	(1.23)%
Losses for which no deferred tax was accounted	**0.00%**	0.08%
Rate adjustment	**(2.10)%**	0.00%
Capital gains tax rate differential	**0.00%**	0.66%
Effective tax rate	**26.18%**	26.35%

The estimated tax losses available for set off against future taxable income within the Group is R13 856 293 (2022: R88 293 173).

30. Cash generated from operations

	2023	2022
Profit before taxation	**252 358 820**	179 464 816
Adjustments for:		
Bad debts	**–**	2 133 906
Depreciation and amortisation	**3 941 477**	4 000 610
Profit on disposal/write off of property, plant and equipment and computer software	**(200 614)**	–
Share scheme expense	**4 222 154**	3 788 191
Finance income	**(33 481 456)**	(22 713 106)
Finance cost	**44 038 188**	46 966 582
Fair value adjustments on assets held at fair value through profit or loss	**(967 151)**	(614 221)
Gain on bargain purchase	**–**	(3 582 313)
Write off of loans	**126 890**	7 013 518
Expected credit (gains)/losses on financial and contract assets – Loans to joint ventures	**2 829 444**	(736 225)
Expected credit losses/(gains) on financial and contract assets – Contract assets	**1 762 001**	2 711 394
Expected credit losses on financial and contract assets – Trade and other receivables – other	**1 066 015**	2 087 367
Expected credit gains on financial and contract assets – Trade and other receivables – rental debtors	**–**	(2 133 906)
Share of profit of joint ventures	**(5 386 925)**	(9 641 933)
Other	**(284 331)**	(330 064)
Changes in working capital:		
Inventories	**127 164 786**	52 229 763
Trade and other receivables	**(32 827 562)**	58 567 457
Construction contracts	**(216 258 440)**	(30 042 049)
Trade and other payables	**(58 464 638)**	(60 947 816)
	89 638 658	228 221 971

31. Tax paid

	2023	2022
Balance at the beginning of the year	**1 717 248**	883 709
Current tax for the year	**(7 186 241)**	(17 188 949)
Balance at the end of the year	**271 152**	(1 717 248)
	(5 197 841)	(18 022 488)

32. Business combinations

Accounting policy

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

2023 financial year

There were no business combinations in the period under review.

2022 financial year

32-on-Pine Project

On 25 August 2021 (acquisition date), the Group acquired the remaining 50% of the stated capital and associated 50% of the voting rights of 32-on-Pine Property Developments Proprietary Limited, an unlisted South African property development company. The total deemed consideration for the acquisition was R22 550 000. As a result of the acquisition, the Group increased its stake to 100% in the 32-on-Pine development situated in Craigavon located in Fourways, Johannesburg, South Africa.

The acquisition resulted in a gain on bargain purchase of R3 582 313 as a result of the identifiable assets being remeasured at fair value. The gain has been recognised in the statement of comprehensive income. Refer note 23.

33. Non-controlling interest

Summary of non-controlling interest where the Group owns less than 100% of shareholding is summarised below:

	NCI %	2023	2022
Procurement companies (Calgro M3 Procurement Services (Pty) Ltd and Calgro M3 Contractors (Pty) Ltd)	26.01%	**689 211**	596 217
Belhar Calgro M3 Development Company (Pty) Ltd*	51.00%	**51**	51
		689 262	596 268

Summary financial information of subsidiary companies with non-controlling interest below:

	Procurement companies	
	2023	**2022**
Total assets	**10 396 345**	3 143 372
Total liabilities	**10 039 094**	2 834 949
Total equity	**357 251**	308 423
Non-controlling interest relating to equity	**92 921**	80 221
Current year charge		
Comprehensive income	**357 529**	1 381 721
Net distributable equity	**357 529**	1 381 721
Non-controlling interest relating to equity	**92 993**	359 386

* *No non-controlling interest is accounted for relating to Belhar Calgro M3 Development Company (Pty) Ltd. In terms of the shareholders agreement the Group has a preferential right to a share of the profits before any distributions may be made to the other shareholder.*

Acquisition of remaining 36.5% shareholding Calgro M3 Memorial Parks Nasrec (Pty) Ltd

On 16 April 2018 the Group entered into an agreement to obtain the remaining 36.5% shareholding in Calgro M3 Memorials Parks Nasrec (Pty) Ltd for R63 600 000. The Group paid the final amount of R9 085 714 in the prior financial year. The Group obtained 100% of the economic benefits of the company from the transaction date. Shares were transferred to the Group upon payment of each of the tranches.

34. Share-based payments

Accounting policy

Share-based compensation benefits are provided to employees via Share Appreciation Rights Schemes or Calgro M3 Share Schemes. Share Appreciation Rights Schemes are settled in cash, i.e. the employees do not receive shares or options at settlement. The year in which the employee renders services to the Group to obtain the award is the year in which the expense is recognised in the statement of comprehensive income with a corresponding increase recognised in the liability. The expense is determined by measuring the fair value of the liability at each year-end.

The fair value of shares granted to directors and employees under Calgro M3 Share Schemes are recognised as an expense over the relevant service period. The fair value is measured at the grant date of the shares and is recognised in equity in the share-based payment reserve.

If the share-based payments granted do not vest until the counterparty completes a specified period of service, the Group accounts for those services as they are rendered by the counterparty during the vesting period on a straight-line basis over the vesting period. If the share-based payments vest immediately, the services received are recognised in full.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

Significant judgement and source of estimation uncertainty

Management uses generally accepted valuation methods to determine the value of the share-based payment schemes.

The Group currently has two active share incentive schemes, being the Executive Share Scheme (approved 28 June 2019) and the Management Share Scheme (approved 1 September 2021).

34. Share-based payments (continued)

The following qualifying criteria has been applied for the schemes:

	Calgro M3 Executive Share Scheme	Calgro M3 Management Share Scheme
Participants	Group Executive Directors	Selected management personnel, including one Director and two prescribed officers
Scheme rules	Long-term return when the Group shows a return higher than the average return for investors. Share-based remuneration scheme, with share appreciation rights being allocated in favour of participants and Calgro M3 Holdings shares then being issued in the event that certain compounded share price growth targets per share are achieved.	

The implementation of the scheme will ensure that the interests of the participants are aligned with those of shareholders, as the share-based remuneration will be determined by the growth in value of Calgro M3's shares.

Valuation method

Valuation of the instruments for both schemes is achieved by performing a Monte Carlo simulation involving the CGR share, volatility, risk free rates, and certain dividend assumptions.

The process assumed is risk-neutral geometric Brownian motion.

If vesting is achieved according to the vesting schedules below, the number of shares issued to settle the vested share appreciation rights is calculated as

N = TSR x (S – K)/S

where

	Calgro M3 Executive Share Scheme	Calgro M3 Management Share Scheme
S	The 30-day VWAP of CGR on 28 February in the vesting year	The 30-day VWAP of CGR on 1 September in the vesting year
K	The base price R7.95; being the 30-day VWAP of CGR on 28 February 2019	The base price R2.72; being the 30-day VWAP of CGR on 1 September 2021
N	The number of share appreciation rights granted	The number of share appreciation rights granted
TSR	The percentage vesting according to vesting schedule below	The percentage vesting according to vesting schedule below

34. Share-based payments (continued)

Calgro M3 Executive Share Scheme

It is a five (5)-year scheme, commencing on 1 March 2019, with the allocated share appreciation rights vesting in four (4) yearly tranches on 1 March in each of 2021, 2022, 2023 and 2024.

The participants, their allocated share appreciation rights and values are as follows:

Directors	Maximum number of share appreciation rights to be issued	Number of shares granted	Final vesting date	Intrinsic value of scheme at 28 June 2019	Vesting value tranche 1 1 March 2021	Vesting value tranche 2 1 March 2022	Vesting value tranche 3 1 March 2023	Vesting value tranche 4 1 March 2024
WJ Lategan	3 500 000	2 423 599	1 March 2024	7 078 912	1 769 728	1 769 728	1 769 728	1 769 728
W Williams	2 541 306	1 759 745	1 March 2024	5 139 910	1 284 977	1 284 977	1 284 977	1 284 977
WA Joubert	2 435 361	1 686 383	1 March 2024	4 925 632	1 231 408	1 231 408	1 231 408	1 231 408
	8 476 667	5 869 727		17 144 454	4 286 113	4 286 113	4 286 113	4 286 113

The allocated share appreciation rights will vest in four equal tranches on each of the vesting dates.

Share appreciation rights will only vest if a minimum year-on-year total shareholder return ("TSR") increase has been achieved in the year of vesting and will be measured against a base price of R7.95, being the 30 volume weighted average price ("VWAP") of Calgro M3 shares at the close of business on 28 February 2019.

The remuneration to which a participant becomes entitled, will be paid through the issuing of ordinary Calgro M3 shares at the 30-day VWAP price as at 28 February of each year.

The Calgro M3 shares will vest on the vesting date but will only be issued on 30 June of each vesting year.

If the minimum TSR for a specific year is not met, then the vesting for that year will be deferred by one year. If the compounded TSR targets as set out in the schedule on the next page is also not reached the following year (as per the following years targets), the award for the year that has been deferred, will lapse.

Notes to the consolidated financial statements (continued)

34. Share-based payments (continued)

The number of share appreciation rights that vest on a vesting date will depend on the achievement of the different TSR milestones. TSR milestones required for vesting of the allocated share appreciation rights are as follows:

		Participants			
Vesting date	**Required compounded TSR for vesting to occur measured from 1 March 2019**	**WJ Lategan**	**WA Joubert**	**W Williams**	**Total**
01 March 2021	TSR of 15%	605 900	421 596	439 936	1 467 432
01 March 2022	TSR of 15%	302 950	210 798	219 968	733 716
01 March 2022	TSR of 20%	302 950	210 798	219 968	733 716
01 March 2023	TSR of 15%	201 967	140 532	146 645	489 144
01 March 2023	TSR of 20%	201 967	140 532	146 645	489 144
01 March 2023	TSR of 25%	201 967	140 532	146 645	489 144
01 March 2024	TSR of 15%	201 967	140 532	146 645	489 144
01 March 2024	TSR of 20%	201 967	140 532	146 645	489 144
01 March 2024	TSR of 25%	201 967	140 532	146 645	489 144
Total shares available for vesting		2 423 599	1 686 383	1 759 745	5 869 727
Shares not vested – vesting conditions not met*		(605 900)	(421 596)	(439 936)	(1 467 432)
Total remaining shares available for vesting		1 817 699	1 264 787	1 319 809	4 402 295

* *In the current financial year, the required compounded TSR for Tranche 1 has not been met which resulted in the shares not vesting. The associated share-based payment expense has been allocated to retained earnings from the share-based payment reserve.*

In terms of the scheme, Calgro M3 shares will be issued in favour of a participant, only if the participant is still in the employ of the Company on the issue date (30 June each year). This gives rise to an effective lock in period.

Calgro M3 Management Share Scheme

It is a five (5)-year scheme, commencing on 1 September 2021, with the allocated share appreciation rights vesting in four (4) yearly tranches on 1 September in each of 2023, 2024, 2025 and 2026.

The participants, their allocated share appreciation rights and values are as follows:

Participants	**Maximum number of share appreciation rights to be issued**	**Number of shares granted**	**Final vesting date**	**Intrinsic value of scheme at 1 September 2021**	**Vesting value tranche 1 1 September 2023**	**Vesting value tranche 2 September 2024**	**Vesting value tranche 3 1 September 2025**	**Vesting value tranche 4 1 September 2026**
AJ Langson	719 056	355 950	1 September 2026	553 815	138 454	138 454	138 454	138 454
SU Naicker	1 036 618	513 151	1 September 2026	798 401	199 600	199 600	199 600	199 600
CJ Erasmus	1 018 132	504 000	1 September 2026	784 163	196 041	196 041	196 041	196 041
Participant 4 – 10#	1 725 785	854 306	1 September 2026	1 329 197	332 299	332 299	332 299	332 299
	4 499 591	2 227 407		3 465 577	866 394	866 394	866 394	866 394

\# *In the current financial year, one of the participants of the scheme resigned, with the allocated shares not vesting.*

34. Share-based payments (continued)

The allocated share appreciation rights will vest in four equal tranches on each of the vesting dates.

Share appreciation rights will only vest if a minimum year-on-year total shareholder return (“TSR”) increase has been achieved in the year of vesting and will be measured against a base price of R2.72, being the 30 volume weighted average price (“VWAP”) of Calgro M3 shares at the close of business on each vesting date.

The remuneration to which a participant becomes entitled, will be paid through the issuing of ordinary Calgro M3 shares at the 30-day VWAP price as at 1 September of each year.

The Calgro M3 shares will vest on the vesting date but will only be issued on 30 November of each vesting year.

If the compounded TSR targets (as set out in the schedule below) for a specific vesting date is not met, then the vesting for that year will be deferred by one year. If the compounded TSR targets as set out in the schedules below is also not reached the following year (as per the following years’ targets), the award for the year that has been deferred, will lapse.

The number of share appreciation rights that vest on a vesting date will depend on the achievement of the different TSR milestones. TSR milestones required for vesting of the allocated share appreciation rights are as follows:

		Participants				
Vesting date	**Required compounded TSR for vesting to occur measured from 1 September 2021**	**AJ Langson**	**S Naicker**	**CJ Erasmus**	**Participant 4 – 10***	**Total**
1 September 2023	TSR of 20%	88 988	128 288	126 000	213 576	556 852
1 September 2024	TSR of 20%	88 988	128 288	126 000	213 576	556 852
1 September 2025	TSR of 20%	88 988	128 288	126 000	213 576	556 852
1 September 2026	TSR of 20%	88 988	128 288	126 000	213 576	556 852
Total shares available for vesting		355 950	513 151	504 000	854 306	2 227 407

* *In the current financial year, one of the participants of the scheme resigned. This resulted in the acceleration of the participant’s share-based payment expense and the subsequent allocation to retained earnings from the share-based payment reserve.*

In terms of the scheme, Calgro M3 shares will be issued in favour of a participant, only if the participant is still in the employ of the Company on the issue date (30 November each year).

This gives rise to an effective lock in period.

34. Share-based payments (continued)

	Calgro M3 Executive Share Scheme	Calgro M3 Management Share Scheme	Total reserve
Reconciliation of share-based payments reserve			
2022			
Opening balance of reserve	6 857 784	–	6 857 784
Share-based payment expense recognised in equity	3 428 891	359 300	3 788 191
Closing balance of reserve	10 286 675	359 300	10 645 975
2023			
Opening balance of reserve	**10 286 675**	**359 300**	**10 645 975**
Share-based payment expense recognised in equity	**3 428 891**	**793 263**	**4 222 154**
Share-based payment – shares not vested*	**(4 286 114)**	**–**	**(4 286 114)**
Resignation of management share scheme participant#	**–**	**(127 427)**	**(127 427)**
Closing balance of reserve	**9 429 452**	**1 025 136**	**10 454 589**

* *In the current financial year, the required compounded TSR for Tranche 1 has not been met which resulted in the shares not vesting. The associated share-based payment expense has been allocated to retained earnings from the share-based payment reserve.*

\# *In the current financial year, one of the participants of the scheme resigned. This resulted in the acceleration of the participant's share-based payment expense and the subsequent allocation to retained earnings from the share-based payment reserve.*

35. Employee costs

Accounting policy

(a) *Defined contribution plans*

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior years.

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

(b) *Short-term benefits*

The costs of short-term employee benefits include those expected to be settled wholly within 12 months after the service is rendered, such as paid vacation leave, sick leave, and bonuses.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

(c) *Bonus plans*

The Group recognises an expense for bonuses, based on a formula that takes into consideration the profit attributable to the Group's shareholders after certain adjustments. The Group recognises an accrual where contractually obliged or where there is a past practice that has created a constructive obligation. The Group expects these liabilities to be settled within 12 months.

	2023	2022
Salary and wages	**72 568 060**	79 587 434
Share scheme expenses	**4 222 154**	3 788 191
Directors' emoluments (note 37)	**39 890 355**	26 200 196
Executive Directors *	**36 756 363**	23 009 479
Non-Executive Directors	**3 133 992**	3 190 717
Salary and wages	**116 680 569**	109 575 821
Less: Amounts allocated to qualifying assets (construction contracts)	**(54 357 556)**	(57 833 491)
Total employee costs and share appreciation rights settlement	**62 323 013**	51 742 330

* *The Executive Directors' emoluments includes only the guaranteed remuneration, cash-settled long-term incentive and the short-term incentive.*

36. Related parties

All joint ventures are considered related parties to the Group. Refer to note 10 for a detailed list of all joint ventures.

(a) Related party balances

(i) Loans to joint ventures

During the year, loans have been issued to joint ventures, refer to note 9 for details.

(ii) Receivables from joint ventures

During the year, the Group issued receivables to joint ventures, refer to note 6.

(iii) Trade and other payables to related parties

	2023	2022
Trade payable – Aquarella Investments 265 (Pty) Ltd	–	3 584 184
Trade payable – Calgro M3 Educational Trust	153 687	–
	153 687	3 584 184

(b) Related party transactions

(i) Key management personnel compensation

	2023	2022
Employee expenses – Directors and prescribed officers (including cash and non-cash)	49 716 867	39 608 868
	49 716 867	39 608 868

(ii) Other transactions with joint ventures

	Finance income received		Net contract revenue received	
	2023	2022	2023	2022
Table View Properties (Pty) Ltd	11 535	8 296	–	–
Witpoortjie Calgro M3 Development Company (Pty) Ltd	23 238 279	16 704 660	55 947 881	26 727 975
South Hills Development Company (Pty) Ltd	674 175	1 738 904	116 268 645	219 561 716
Safdev Tanganani (Pty) Ltd	–	1 594 075	–	–
	23 923 989	20 045 935	**172 216 526**	246 289 691

(iii) Shares issued and expense recognised for Directors and prescribed officers with respect to the Calgro M3 Share schemes – Not cash remuneration

	Share-based payment expense for 2023*	Share-based payment expense for 2022*	Number of shares granted
Directors			
WJ Lategan	1 415 782	1 415 782	2 423 599
W Williams	1 027 982	1 027 982	1 759 745
WA Joubert	985 127	985 127	1 686 383
SU Naicker	159 680	–	513 151
	3 588 571	3 428 891	6 382 878
Prescribed officers			
AJ Langson	110 763	55 382	355 950
SU Naicker	–	79 840	–
CJ Erasmus	156 833	78 416	504 000
	267 596	213 638	859 950

* *This amount relates to the share-based payment expense recognised in the statement of comprehensive income and is not a cash consideration paid to Directors.*

Refer to note 34 for further details of share-based compensation benefits.

37. Directors' emoluments

Executive Directors

The remuneration noted below is for services rendered in connection with the carrying on of affairs of the business within the same group of companies and joint ventures.

Remuneration and other benefits

	Guaranteed remuneration	Performance incentive (see detail below)	Total
2023			
WJ Lategan	**4 191 250**	**7 818 634**	**12 009 884**
WA Joubert	**3 137 557**	**5 754 850**	**8 892 407**
W Williams	**3 137 557**	**5 754 850**	**8 892 407**
SU Naicker (appointed 1 March 2022)	**2 325 056**	**4 636 609**	**6 961 665**
Total Executive Directors	**12 791 420**	**23 964 943**	**36 756 363**
2022			
WJ Lategan	3 808 577	5 076 924	8 885 501
WA Joubert	3 000 079	4 061 538	7 061 617
W Williams	3 000 822	4 061 538	7 062 360
Total Executive Directors	9 809 479	13 200 000	23 009 479

Breakdown of performance incentive as disclosed above:

	Long-term performance incentive*	Short-term performance incentive	Total performance incentive
2023			
WJ Lategan	**2 198 630**	**5 620 004**	**7 818 634**
WA Joubert	**1 618 286**	**4 136 564**	**5 754 850**
W Williams	**1 618 286**	**4 136 564**	**5 754 850**
SU Naicker	**1 303 832**	**3 332 777**	**4 636 609**
Total Executive Directors	**6 739 034**	**17 225 909**	**23 964 943**

* *The long term performance incentives will vest over the next two years. Due to the related vesting conditions, the long term performance incentives were discounted to account for the time value of money. All performance incentives for the 2022 financial year were short term in nature.*

Independent Non-Executive Directors

The remuneration noted below is for services rendered as a Director of the Group.

	2023	2022
H Ntene	**622 720**	605 483
RB Patmore	**576 212**	538 967
ME Gama	**574 765**	538 584
GS Hauptfleisch	**496 765**	465 233
SL Ntuli (resigned 17 June 2022)	**94 750**	352 484
TP Baloyi	**405 765**	376 983
TC Moodley	**363 015**	312 983
Total Non-Executive Directors	**3 133 992**	3 190 717
Summary		
Executive Directors	**36 756 363**	23 009 479
Non-Executive Directors	**3 133 992**	3 190 717
Total Directors	**39 890 355**	26 200 196

Prescribed officers

The prescribed officers' appointment, terms of contract and remuneration for the year under review is as follows:

	Date appointed as prescribed officer	Contract expiry
UK Kissoon Singh (resigned 31 May 2022)	**2017/08/08**	**3 month notice**
AJ Langson	**2018/03/01**	**3 month notice**
CJ Erasmus	**2020/09/22**	**3 month notice**
SU Naicker (appointed as an Executive Director on 1 March 2022)	**2021/07/23**	**3 month notice**

37. Directors' emoluments (continued)

Prescribed officers (continued)

The remuneration noted below is for services rendered in connection with the carrying on of affairs of other companies in the same group.

	Remuneration and other benefits		
	Guaranteed remuneration	Performance incentive	Total
2023			
UK Kissoon Singh (resigned 31 May 2022)	**302 558**	**–**	**302 558**
AJ Langson	**1 832 557**	**650 000**	**2 482 557**
CJ Erasmus	**2 635 231**	**550 000**	**3 185 231**
	4 770 346	**1 200 000**	**5 970 346**
2022			
UK Kissoon Singh	1 793 468	478 960	2 272 428
AJ Langson	1 643 468	675 000	2 318 468
CJ Erasmus	2 474 204	1 000 000	3 474 204
SU Naicker	1 101 044	600 000	1 701 044
	7 012 184	2 753 960	9 766 144

38. Earnings per share (and other performance indicators)

Accounting policy

Basic earnings per share

Earnings per share is calculated using the weighted average number of ordinary shares in issue during the year and is based on the net profit attributable to ordinary shareholders.

Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares and is based on the net profit attributable to ordinary shareholders, adjusted for the after-tax dilutive effect.

For the share schemes, a calculation is done to determine the number of the Group's shares that would be required at fair value to settle the monetary value of the rights, after deducting the unamortised share-based payment value. For the purposes of this calculation, the average annual market share price of the Group is used.

Headline earnings per share

Headline earnings per share is calculated using the weighted average number of ordinary shares in issue during the year and is based on the earnings attributable to ordinary shareholders, after excluding those items as required by Circular 1/2021 issued by the South African Institute of Chartered Accountants ("SAICA").

	Gross pre-tax and non-controlling interest		Net	
	2023	2022	2023	2022
(a) Basic				
Profit attributable to shareholders	**252 487 978**	179 963 963	**186 194 542**	131 811 216
Weighted average number of ordinary shares in issue	**121 400 069**	121 400 069	**121 400 069**	121 400 069
Basic earnings per share (cents per share)	**207.98**	148.24	**153.37**	108.58

38. Earnings per share (and other performance indicators) (continued)

		Gross pre-tax and non-controlling interest		Net	
		2023	**2022**	**2023**	**2022**
(b)	**Diluted**				
	Profit attributable to shareholders	**252 487 978**	179 963 963	**186 194 542**	131 811 216
	Weighted average number of ordinary shares in issue	**121 400 069**	121 400 069	**121 400 069**	121 400 069
	Calgro M3 Share Schemes	**4 892 169**	3 322 163	**4 892 169**	3 322 163
	Fully diluted weighted average number of ordinary shares in issue	**126 292 238**	124 722 232	**126 292 238**	124 722 232
	Fully diluted earnings per share (cents per share)	**199.92**	144.29	**147.43**	105.68
(c)	**Headline**				
	Headline earnings is calculated as follows:				
	Profit attributable to shareholders	**252 487 978**	179 963 963	**186 194 542**	131 811 216
	Profit on disposal of property, plant and equipment and computer software	**(236 179)**	–	**(236 179)**	–
	Gain on bargain purchase	**–**	(3 582 313)	**–**	(3 582 313)
	Profit used to determine headline earnings per share	**252 251 799**	176 381 650	**185 958 363**	128 228 903
	Weighted average number of ordinary shares in issue	**121 400 069**	121 400 069	**121 400 069**	121 400 069
	Headline profit per share (cents per share)	**207.79**	145.29	**153.18**	105.63
(d)	**Diluted headline**				
	Diluted headline earnings is calculated as follows:				
	Profit used to determine headline earnings per share	**252 251 799**	176 381 650	**185 958 363**	128 228 903
	Fully diluted weighted average number of ordinary shares in issue	**126 292 238**	124 722 232	**126 292 238**	124 722 232
	Fully diluted headline earnings/(loss) per share (cents per share)	**199.74**	141.42	**147.24**	102.81

38. Earnings per share (and other performance indicators) (continued)

(e) Net asset value per share

Net asset value per share is calculated by dividing the net asset value, calculated by reducing the total assets by total liabilities, by the number of shares in issue.

	2023	**2022**
Total assets	**2 659 063 172**	2 439 255 893
Less: Total liabilities	**(1 505 025 085)**	(1 475 570 059)
Net assets	**1 154 038 087**	963 685 834
Number of ordinary shares in issue	**121 400 069**	121 400 069
Net asset value per share (cents per share)	**950.61**	793.81

39. Going concern

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

The Board has considered the Group's cash flow forecasts for the foreseeable future, with the consideration given to the uncertainty in operational performance, company specific risks and other wider macroeconomic environment risks.

The Group maintains sufficient liquidity throughout the period to furnish its liabilities as they fall due.

In considering the going concern assumption the following factors have a potential marked impact on the Group:

- The current fluctuations in the interest rates and resulting interest hikes has not impacted the granting of 100% home loans in the lower to middle tier of the market; and
- Government committed to the need for dignified housing in South Africa. Our belief is that this will bring about new opportunities.

Further to the above the Group has considered the current civil and political unrest between Russia and Ukraine. There are no financial or non-financial factors impacting the Group which need to be adjusted for within the cash flow forecasts.

40. Events after the reporting year

General share repurchase

At the annual general meeting ("AGM") of the Company held on 29 July 2022, shareholders, by special resolution, granted a general authority to the Board of Directors of the Company ("Board") to repurchase up to 20% of the issued ordinary share capital of the Company, on the terms and subject to the conditions specified in the notice of AGM ("General Authority").

Subsequent to the reporting period, an aggregate of 13 000 000 ordinary shares, representing 9.27% of the issued ordinary share capital of the Company as at the date on which the General Authority was granted, were repurchased. The aforementioned ordinary shares were repurchased for an aggregate value of R30 400 000, funded out of the Company's available cash resources. Had these shares been repurchased during the reporting period, earnings per share would have increased to 171.77 cents per share and headline earnings per share would have increased to 171.55 cents per share and net asset value per share would have increased to 1 064.61 cents per share.

The repurchases took place in accordance with a repurchase programme submitted to the JSE Limited prior to the commencement of the prohibited period, in terms of paragraph 5.72(h) of the JSE Limited Listings Requirements. The repurchases were made in terms of the General Authority and were effected through the order book operated by the JSE Limited trading system without any prior understanding or arrangement between the Company and the counterparties.

Share incentive scheme

On 5 April 2023, subsequent to the end of the financial year, the Board of Directors proposed the adoption of the Calgro Share Incentive Scheme in order attract, retain and reward certain key Group employees.

The scheme provides for shares to be granted to qualifying employees over a five-year vesting period from the initial award date.

A general meeting of shareholders was held on the 10 May 2023 where the scheme was approved.

Nasrec Memorial Park

Statement of financial position

	Notes	2023	2022
Assets			
Cash and cash equivalents	42	**1 053 357**	65 076
Loans to Group companies	43	**516 023 325**	326 023 325
Investment in subsidiaries	44	**291 008 869**	291 008 869
Deferred income tax asset	45	**13 500**	–
Total assets		**808 099 051**	617 097 270
Equity and liabilities			
Equity			
Equity attributable to owners of the parent			
Stated capital	46	**265 266 769**	265 266 769
Retained income		**8 483 017**	8 446 350
Total equity		**273 749 786**	273 713 119
Liabilities			
Trade and other payables	47	**4 923 907**	6 260 710
Current income tax liabilities	48	**223 765**	120 085
Loans from Group companies	43	**13 867 524**	11 546 996
Borrowings	49	**515 334 069**	325 456 360
Total liabilities		**534 349 265**	343 384 151
Total equity and liabilities		**808 099 051**	617 097 270

The statement of financial position is now presented in the order of liquidity as it more accurately reflects the Company's varying operating cycles (refer to note 2.3).

The notes on pages 74 to 84 are an integral part of these financial statements.

Statement of comprehensive income

	Notes	2023	2022
Revenue	50	**6 130 000**	7 500 000
Administrative expenses	51	**(4 248 264)**	(4 136 707)
Finance income	52	**40 556 508**	22 156 755
Finance costs	53	**(42 244 489)**	(25 375 331)
Profit before tax		**193 755**	144 717
Taxation	54	**(157 088)**	(118 743)
Profit after taxation		**36 667**	25 974
Other comprehensive income		**–**	–
Total comprehensive income		**36 667**	25 974

The notes on pages 74 to 84 are an integral part of these financial statements.

Statement of changes in equity

	Stated capital	Retained income	Total equity
Balance at 1 March 2021	265 266 769	8 420 376	273 687 145
Comprehensive income			
Profit for the year	–	25 974	25 974
Other comprehensive income	–	–	–
Total comprehensive income	–	25 974	25 974
Balance at 1 March 2022	**265 266 769**	**8 446 350**	**273 713 119**
Comprehensive income			
Profit for the year	**–**	**36 667**	**36 667**
Other comprehensive income	**–**	**–**	**–**
Total comprehensive income	**–**	**36 667**	**36 667**
Balance at 28 February 2023	**265 266 769**	**8 483 017**	**273 749 786**
Note	46		

The notes on pages 74 to 84 are an integral part of these financial statements.

Statement of cash flows

	Notes	2023	2022
Cash (utilised in)/generated from operating activities			
Cash (utilised in)/generated from operations	55	**(3 952 641)**	3 102 573
Finance income received	52	**40 556 508**	22 156 755
Finance cost paid	49	**(37 869 206)**	(22 647 949)
Tax paid	56	**(66 908)**	(11 199)
Net cash (utilised in)/generated from operating activities		**(1 332 247)**	2 600 180
Cash flows (invested in)/received from investing activities			
Loans to Group companies repaid		**40 000 000**	30 000 000
Loans to Group companies advanced		**(230 000 000)**	–
Net cash (invested in)/received from investing activities		**(190 000 000)**	30 000 000
Cash flows advanced/(repaid in) financing activities			
Loans from Group companies advanced	43	**183 757 907**	201 537 178
Loans from Group companies repaid	43	**(181 437 379)**	(204 131 694)
Proceeds from borrowings		**230 000 000**	–
Repayment of borrowings	49	**(40 000 000)**	(30 000 000)
Net cash advanced/(repaid in) financing activities		**192 320 528**	(32 594 516)
Net increase in cash and cash equivalents		**988 281**	5 664
Cash and cash equivalents at the beginning of the year		**65 076**	59 412
Cash and cash equivalents at the end of the year	42	**1 053 357**	65 076

The notes on pages 74 to 84 are an integral part of these financial statements.

Notes to the company financial statements

Included in the notes to the Company financial statements are those accounting policies only applicable to the Company.

Where the same accounting policy applies to both the consolidated and company financial statements refer to the applicable notes in the consolidated financial statements.

41. Significant judgements and sources of estimation uncertainty

In preparing the Company financial statements, management applied estimates and assumptions in determining which investments to classify as subsidiaries.

Refer to the investments in subsidiaries note (note 44).

Operating cycle

The operating cycle for the holding company is considered to be 12 months, which is line with the period the Company recovers its assets.

42 Cash and cash equivalents

Accounting policy

Refer to note 5 of the consolidated financial statements for the applicable accounting policy.

Cash and cash equivalents include the following for the purposes of the statement of cash flows:

	2023	2022
Cash on hand	**330**	330
Bank balances	**1 053 027**	64 746
	1 053 357	65 076

43. Loans to/(from) Group companies

Accounting policy

These loans are classified as financial assets measured at amortised cost or financial liabilities measured at amortised cost.

The loans are unsecured, interest is charged at a rate as agreed to between the parties from time to time and is repayable on demand.

	Interest rate	Repayment terms	Security	2023	2022
Loans to Group companies					
The Calgro M3 Employee Benefit Trust	Interest free (2022: prime)	On demand	Unsecured	**2 000**	2 000
The Calgro M3 Educational Benefit Trust	Interest free (2022: prime)	On demand	Unsecured	**21 325**	21 325
Calgro M3 Developments (Pty) Ltd – Treasury Bonds#	JIBAR plus relevant margin	On demand	Unsecured	**416 000 000**	326 000 000
Calgro M3 Developments (Pty) Ltd – Treasury Prescient#	JIBAR plus relevant margin	On demand	Unsecured	**100 000 000**	–
Loans to Group companies				**516 023 325**	326 023 325
Loans to Group companies to be settled within 12 months				**128 000 000**	40 000 000
Loans to Group companies to be settled after more than 12 months				**388 023 325**	286 023 325
				516 023 325	326 023 325
Loans from Group companies					
Calgro M3 Developments (Pty) Ltd	Prime (2022: prime)	On demand	Unsecured	**(13 867 524)**	(11 546 996)
Loans from Group companies				**(13 867 524)**	(11 546 996)
Loans from Group companies cash flow reconciliation					
Opening balance				**(11 546 996)**	(14 141 512)
Loan repaid to Group companies				**181 437 379**	204 131 694
Loan advanced from Group companies				**(183 757 907)**	(201 537 178)
Closing balance				**(13 867 524)**	(11 546 996)

Refer to note 48 for further details on the Calgro M3 Developments (Pty) Ltd Treasury loans. The interest rate charged on the loan is linked to the rate charged on the DMTN programme.

44. Investment in subsidiaries

Accounting policy

Investments in subsidiaries are carried at cost less any accumulated impairment.

Significant judgement and sources of estimation uncertainty

Although the Group has a minority shareholding in Belhar Calgro M3 Development Company (Pty) Ltd, it does have control, as the Board comprises only representatives from the Group.

The Group appoints the chairman which has the casting vote. The investment is therefore accounted for as a subsidiary as the Group has control over the relevant activities of the entity.

Name of company	% voting power 2023	% voting power 2022	% holding 2023	% holding 2022	Carrying amount 2023	Carrying amount 2022
Direct subsidiaries						
Calgro M3 Developments (Pty) Ltd	**100.00%**	100.00%	**100.00%**	100.00%	**291 008 869**	291 008 869
Calgro M3 Real Estate (Pty) Ltd#	**100.00%**	100.00%	**100.00%**	100.00%	**–**	–
Calgro M3 Memorial Parks Holding (Pty) Ltd#	**100.00%**	100.00%	**100.00%**	100.00%	**–**	–
					291 008 869	291 008 869
Indirect subsidiaries						
Subsidiaries of Calgro M3 Developments (Pty) Ltd						
Calgro M3 Land (Pty) Ltd	**100.00%**	100.00%	**100.00%**	100.00%	**188 146 234**	188 146 234
Calgro M3 Project Management (Pty) Ltd	**100.00%**	100.00%	**100.00%**	100.00%	**4 500 100**	4 500 100
MS5 Projects (Pty) Ltd	**100.00%**	100.00%	**100.00%**	100.00%	**100**	100
Calgro M3 Rectification Company (Pty) Ltd#	**100.00%**	100.00%	**100.00%**	100.00%	**–**	–
Calgro M3 Procurement Management (Pty) Ltd#%	**100.00%**	100.00%	**49.00%**	49.00%	**–**	–
Calgro M3 Procurement Services (Pty) Ltd#%@	**0.00%**	100.00%	**0.00%**	49.00%	**–**	–
Calgro M3 Contractors (Pty) Ltd#%@	**0.00%**	100.00%	**0.00%**	49.00%	**–**	–
Subsidiaries of Calgro M3 Land (Pty) Ltd						
Fleurhof Ext 2 (Pty) Ltd	**100.00%**	100.00%	**100.00%**	100.00%	**243 000 000**	243 000 000
Clidet No 1014 (Pty) Ltd	**100.00%**	100.00%	**100.00%**	100.00%	**100**	100
Belhar Calgro M3 Development Company (Pty) Ltd	**51.00%**	51.00%	**49.00%**	49.00%	**49**	49
CM3 Witkoppen Ext 131 (Pty) Ltd	**100.00%**	100.00%	**100.00%**	100.00%	**100**	100
Tres Jolie Ext 24 (Pty) Ltd	**100.00%**	100.00%	**100.00%**	100.00%	**100**	100
Ridgewood Estate (Pty) Ltd	**100.00%**	100.00%	**100.00%**	100.00%	**100**	100
Business Venture Investment No 1244 (Pty) Ltd	**100.00%**	100.00%	**100.00%**	100.00%	**100**	100
Business Venture Investment No 1221 (Pty) Ltd	**100.00%**	100.00%	**100.00%**	100.00%	**100**	100
Calgro M3 Jabulani (Pty) Ltd#	**100.00%**	100.00%	**100.00%**	100.00%	**–**	–
Sabre Homes Projects (Pty) Ltd	**100.00%**	100.00%	**100.00%**	100.00%	**1 002**	1 002
32-on-Pine Property Development (Pty) Ltd$	**100.00%**	100.00%	**100.00%**	100.00%	**3 000 000**	3 000 000

44. Investment in subsidiaries (continued)

Name of company	% voting power 2023	% voting power 2022	% holding 2023	% holding 2022	Carrying amount 2023	Carrying amount 2022
Subsidiaries of Calgro M3 Project Management (Pty) Ltd						
CTE Consulting (Pty) Ltd	**100.00%**	100.00%	**100.00%**	100.00%	**4 500 100**	4 500 100
Holm Jordaan GWA (Pty) Ltd	**100.00%**	100.00%	**100.00%**	100.00%	**–**	–
Subsidiaries of Calgro M3 Procurement Management (Pty) Ltd						
Calgro M3 Procurement Services (Pty) Ltd#@	**100.00%**	100.00%	**100.00%**	51.00%	**–**	–
Calgro M3 Contractors (Pty) Ltd#@	**100.00%**	100.00%	**100.00%**	51.00%	**–**	–
Calgro M3 Property Sales (Pty) Ltd#	**100.00%**	0.00%	**100.00%**	0.00%	**–**	–
Subsidiaries of Calgro M3 Memorial Park Holding (Pty) Ltd						
Calgro M3 Memorial Park Bloemfontein (Pty) Ltd#	**100.00%**	100.00%	**100.00%**	100.00%	**–**	–
Calgro M3 Municipal Memorial Parks (Pty) Ltd#	**100.00%**	100.00%	**100.00%**	100.00%	**–**	–
Calgro M3 Memorial Parks Nasrec (Pty) Ltd*	**100.00%**	100.00%	**100.00%**	100.00%	**54 755 699**	54 755 699
					497 903 884	497 903 884

 # These companies have been incorporated under the new Companies Act 71 of 2008. The value of the shares are stated at no par value.
$ In the prior year, the Group acquired the remaining 50% of the shares in 32-on-Pine Property Development (Pty) Ltd on 25 August 2021. Refer to note 32.
% Calgro M3 Developments has all the voting rights in the company, however, only has 49% shareholding in the company.
@ During the current year, Calgro M3 Developments (Pty) Ltd sold it's shareholding in Calgro M3 Procurement Services (Pty) Ltd and Calgro M3 Contractors (Pty) Ltd to Calgro M3 Procurement Management (Pty) Ltd.
** During the prior year, the investment in Calgro M3 Memorial Parks Nasrec (Pty) Ltd was sold by Calgro M3 Land (Pty) Ltd to Calgro M3 Memorial Parks Holding (Pty) Ltd at the cost of the investment.*

On 12 February 2016, the Company founded the Calgro M3 Empowerment Trust and the Calgro M3 Employment Benefit Trust. In accordance with the principles of IFRS, both the Trusts are controlled by the Company and are considered to be agents of the Company. There is no financial impact on transactions between the Company and the Trusts. Both trusts are registered in South Africa and their year-ends are consistent with the Group.

All subsidiaries are incorporated in South Africa. The year-ends of all the direct and indirect subsidiaries are consistent with those of the Group.

45. Deferred income tax assets

	2023	2022
Reconciliation of deferred tax asset		
Opening balance	**–**	–
Statement of comprehensive income charge	**13 500**	–
	13 500	–
Deferred tax assets		
Provisions	**13 500**	–
	13 500	–
Deferred tax asset		
Deferred tax assets to be recovered within 12 months	**13 500**	–
Deferred tax assets to be recovered after more than 12 months	**–**	–
	13 500	–

46. Stated capital

Accounting policy and note

Refer to note 17 of the consolidated financial statements for the applicable accounting policy.

	Number of shares		Rand amount	
	2023	2022	2023	2022
Authorised				
Ordinary no par value shares	**500 000 000**	500 000 000		
Issued				
Shares in issue to the public	**112 931 438**	112 931 438	**81 846 721**	81 846 721
Shares issued to Calgro M3 Employee Benefit Trust*	**5 212 909**	5 212 909	**104 239 627**	104 239 627
Shares issued to Calgro M3 Empowerment Trust*	**5 212 909**	5 212 909	**104 239 627**	104 239 627
Shares issued to Calgro M3 Developments Limited	**8 468 631**	8 468 631	**183 420 048**	183 420 048
Total shares in issue	**131 825 887**	131 825 887	**473 746 023**	473 746 023
Treasury shares in issue*	**(10 425 818)**	(10 425 818)	**(208 479 254)**	(208 479 254)
Balance at the end of the year	**121 400 069**	121 400 069	**265 266 769**	265 266 769

* *These shares relate to the shares issued to the Calgro M3 Empowerment Trust and the Calgro M3 Employee Benefit Trusts. In accordance with the principles of IFRS, the Trusts are controlled by the Company and are considered agents of the Company. These shares are therefore considered to be treasury shares.*

All issued shares are fully paid.

Unissued ordinary shares are under the control of the Directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.

Notes to the company financial statements (continued)

47. Trade and other payables

Accounting policy

Refer to note 18 of the consolidated financial statements for the applicable accounting policy.

	Notes	2023	2022
Financial instruments			
Trade payables		**469 806**	57 428
Accrued expenses		**4 279 228**	5 927 546
Gross financial instruments		**4 749 034**	5 984 974
Non-financial instruments			
Value added tax		**174 873**	275 736
Total non-financial instruments		**174 873**	275 736
Total trade and other payables		**4 923 907**	6 260 710

48. Current income tax liabilities

Opening balance		**(120 085)**	(12 541)
Local income tax – current year	54	**(170 588)**	(118 743)
Payments during the current year	56	**66 908**	11 199
Closing balance		**(223 765)**	(120 085)
Current income tax liabilities		**(223 765)**	(120 085)
		(223 765)	(120 085)

49. Borrowings

Accounting policy

Borrowings are classified as financial liabilities at amortised cost. Refer to the financial instruments accounting policy note for further details.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan. The fee is amortised over the life of the facility.

	Interest rate	Expiration date	2023	2022
Floating rate note – CGR 42	JIBAR plus 4.5%	03 August 2023	**45 000 000**	45 000 000
Floating rate note – CGR 46	JIBAR plus 3.95%	28 February 2023	**–**	40 000 000
Floating rate note – CGR 47	JIBAR plus 4.5%	28 February 2025	**60 000 000**	60 000 000
Floating rate note – CGR 48	JIBAR plus 4.25%	30 September 2023	**50 000 000**	50 000 000
Floating rate note – CGR 49	JIBAR plus 4.75%	30 September 2024	**50 000 000**	50 000 000
Floating rate note – CGR 50	JIBAR plus 4.25%	23 October 2023	**33 000 000**	33 000 000
Floating rate note – CGR 51	JIBAR plus 4.75%	23 October 2024	**48 000 000**	48 000 000
Floating rate note – CGR 52	JIBAR plus 4.25%	30 June 2025	**50 000 000**	–
Floating rate note – CGR 53	JIBAR plus 3.95%	28 February 2027	**40 000 000**	–
Floating rate note – CGR 54	JIBAR plus 4.5%	28 February 2028	**40 000 000**	–
Term Loan	JIBAR plus 5%	12 October 2027	**100 000 000**	–
Transaction cost amortisation*			**(665 931)**	(543 640)
Total borrowings			**515 334 069**	325 456 360

* *The transaction costs are amortised over the life of the facilities. It is expected that these costs will be fully amortised when the facilities are settled.*

All borrowings are unsecured.

As at year-end, all floating rate notes listed on the DMTN listed debt programme were in compliance with the programme memorandum.

The table below provides information regarding the present value of the borrowings to be settled within 12 months and after 12 months. For the undiscounted cash flows related to borrowings, refer to note 3.

	2023	2022
Borrowings to be settled within 12 months	**128 000 000**	40 000 000
Borrowings to be settled after more than 12 months	**387 334 069**	285 456 360
	515 334 069	325 456 360

Notes to the company financial statements (continued)

49. Borrowings (continued)

	2023	2022
Borrowings cash flow reconciliation		
Opening balance	**(325 456 360)**	–
Borrowings raised by loan accounts# (non-cash item)	**–**	(356 000 000)
Repayments of borrowings	**40 000 000**	30 000 000
Proceeds from borrowings	**(230 000 000)**	–
Net transaction costs amortised	**122 291**	543 640
Amortised expense through the statement of comprehensive income	**(505 085)**	(352 852)
Transaction costs paid	**627 376**	896 492
Closing balance	**(515 334 069)**	(325 456 360)
Interest paid on borrowings	**37 869 206**	22 647 949
Total interest paid on borrowings	**37 869 206**	22 647 949

\# *In the prior financial year (May 2021) Calgro M3 Developments (Pty) Ltd transferred the DMTN listed debt programme to Calgro M3 Holdings Limited.*

Refer to note 43 for the corresponding treasury loan which relates to the movement of the debt programme.

General

The Directors have not breached the requirements of the Company's Memorandum of Incorporation in terms of their borrowing powers.

50. Revenue

Accounting policy

Revenue only consists of management fees. Management fees are charged by the Company to its subsidiary, Calgro M3 Developments (Pty) Ltd, for providing the relevant infrastructure and support to operate the subsidiary and are recognised over time as the services are performed on a monthly basis, which coincides with the billing which also occurs on a monthly basis in arrears.

This service is consumed as the benefit is provided to the customer.

Refer to the related party note 57.

	2023	2022
Management fees	**6 130 000**	7 500 000
	6 130 000	7 500 000

51. Administrative expenses

	Notes	2023	2022
Auditor's remuneration		**233 909**	55 789
Bank charges		**38 821**	41 094
Directors' fees – Non-Executive	37	**3 133 992**	3 190 717
Professional fees		**259 182**	211 064
Subscriptions		**38 806**	47 900
Sundry expenses		**208 069**	310 777
Transaction costs – Trusts		**335 485**	279 366
Total administration expenses		**4 248 264**	4 136 707

52. Finance income

Accounting policy

Refer to note 27 of the consolidated financial statements for the applicable accounting policy.

	2023	2022
Bank	**182 699**	756 998
Interest on Group loans	**40 373 809**	21 399 757
Finance income	**40 556 508**	22 156 755

53. Finance cost

Accounting policy
Refer to note 28 of the consolidated financial statements for the applicable accounting policy.

	2023	2022
Interest on Group loans	**1 365 212**	3 622 722
Borrowings	**40 879 277**	21 752 609
Finance cost	**42 244 489**	25 375 331

54. Taxation

Accounting policy
Refer to note 29 of the consolidated financial statements for the applicable accounting policy.

	2023	2022
Major components of the income tax expense		
Current		
Current year	**170 588**	118 743
	170 588	118 743
Deferred		
Current year	**(13 500)**	–
	(13 500)	–
Total current and deferred tax expense	**157 088**	118 743
Reconciliation of the income tax expense		
Applicable tax rate	**28.00%**	28.00%
Disallowable charges	**52.82%**	54.05%
Rate adjustment	**0.26%**	(0.00%)
Effective tax rate	**81.08%**	82.05%

The estimated tax losses available for set off against future taxable income within the Company is Rnil (2022: R166 674).

55. Cash (utilised in)/generated from operations

	2023	2022
Profit before tax	**193 755**	144 717
Adjustments for:		
Finance income	**(40 556 508)**	(22 156 755)
Finance cost	**42 244 489**	25 375 331
Trade and other receivables	**–**	5 135
Trade and other payables	**(5 834 377)**	(265 855)
	(3 952 641)	3 102 573

56. Taxation paid

	2023	2022
Balance at the beginning of the year	**(120 085)**	(12 541)
Current tax for the year	**(170 588)**	(118 743)
Balance at the end of the year	**223 765**	120 085
	(66 908)	(11 199)

57. Related parties

Subsidiaries

Refer to note 44 for a detailed list of all subsidiaries of the Company.

Related party balances

Refer to note 43 for loans (from)/to Group companies.

Related party transactions

	Management fees received		Finance income		Finance costs	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
Calgro M3 Developments (Pty) Ltd	**6 130 000**	7 500 000	**40 373 809**	21 399 757	**1 365 212**	3 622 722
	6 130 000	7 500 000	**40 373 809**	21 399 757	**1 365 212**	3 622 722

58. Financial assets and liabilities by category

	Financial assets at amortised cost		Financial liabilities at amortised cost		Fair values	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
Loans to Group companies	**516 023 325**	326 023 325	**–**	–	**516 023 325**	326 023 325
Cash and cash equivalents	**1 053 357**	65 076	**–**	–	**1 053 357**	65 076
Borrowings	**–**	–	**(515 334 069)***	(325 456 360)*	**(521 578 797)***	(328 374 530)*
Loans from Group companies	**–**	–	**(13 867 524)**	(11 546 996)	**(13 867 524)**	(11 546 996)
Trade and other payables	**–**	–	**(4 749 034)**	(5 984 974)	**(4 749 034)**	(5 984 974)
	517 076 682	326 088 401	**(533 950 627)**	(342 988 330)	**(23 118 673)**	(19 818 099)

* *Included in this balance are the borrowings relating to the DMTN listed debt programme where the fair value is based on quoted prices on the Bond Exchange.*

59. Risk management

Financial risk management

Due to the fact that the Company is a holding company, the most significant risks the Company is exposed to are market risk (via cash flow interest rate), credit risk and liquidity risk.

(i) Market risk (cash flow interest rate risk)

The Company has interest-bearing loans to and from Group companies. The loans issued at variable rates expose the Company to cash flow interest rate risk. The Group Executive Committee monitors the interest of the Company on a cash basis. Refer to the finance income (note 52) and finance cost (note 53) notes for the interest received/paid.

The impact on post-tax profit of a 2% shift in the interest rate would be a maximum increase/decrease of:

	2023	2022
2% increase/(decrease) on finance charges on interest-bearing borrowings	**7 620 503**	4 852 848
2% increase/(decrease) on finance income on interest-bearing assets	**7 430 736**	4 694 736

A 2% shift is considered appropriate by management taking into account the current economic environment in which the Group operates.

(ii) Credit risk

Credit risk consists mainly of loans to Group companies, cash deposits and cash equivalents.

The Company only deposits cash with major banks with a minimum rating of 'BB' and limits the exposure to any one counterparty. No credit risk is associated to other receivables as this consists of prepayments.

The Company considers its credit risk relating to the loans owing by Group companies on a case by case basis. Any credit risk related to loans to Group companies is mitigated by the fact that management has insight into the financial position of the Group companies as a result of the relationship.

The treasury loans with Calgro M3 Developments (Pty) Ltd (refer to note 43) is directly linked to the repayment of the borrowings and its maturity profile (refer to note 49). In line with the DMTN listed programme, Calgro M3 Developments (Pty) Ltd guarantees the repayment of the listed debt programme. Based on cash flow forecasts and maturity analysis performed, sufficient cash flow will be available to settle the treasury loan, and in turn the borrowings. As Calgro M3 Developments (Pty) Ltd is solvent and liquid, no expected credit loss provision was recognised on the treasury loan as there was no probability of default.

For loans to Group companies and cash and cash equivalents, the maximum exposure to credit risk is limited to what is disclosed in the statement of financial position.

(iii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, as well as the availability of funding through an adequate amount of committed credit facilities.

Due to the dynamic nature of the underlying businesses, the Executive Committee maintains flexibility in funding by maintaining availability under committed credit lines.

The Company manages liquidity risk by monitoring forecasted cash flows.

The Company strives to match the maturity profile of borrowings with expected cash flows from the development projects.

A specific liquidity risk associated with the Company is the raising of loans at specified dates of repayment, against delivery of construction projects that have the same maturity profile.

The related cash inflows from these construction projects are however uncertain and dependent on factors not under the control of the Company.

The financial liabilities to be settled within one year will be funded by cash and cash equivalents as well as the realisation of the treasury loans.

The table below analyses the Company's financial liabilities into relevant maturity based on the remaining year at the reporting year date to the contractual maturity date.

The amounts disclosed in the table are the contractual undiscounted cash flows which include future interest payable. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

59. Risk management (continued)

Financial risk management (continued)

(iii) *Liquidity risk* (continued)

	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Total
2023						
Financial instruments recognised on the statement of financial position						
Borrowings (including future interest)	**189 529 029**	**255 587 595**	**182 249 174**	**115 570 006**	**154 136 671**	**897 072 474**
Trade and other payables	**4 749 034**	**–**	**–**	**–**	**–**	**4 749 034**
	194 278 063	**255 587 595**	**182 249 174**	**115 570 006**	**154 136 671**	**901 821 508**
2022						
Financial instruments recognised on the statement of financial position						
Borrowings (including future interest)	68 233 844	149 249 091	169 820 504	–	–	387 303 440
Trade and other payables	5 984 974	–	–	–	–	5 984 974
	74 218 818	149 249 091	169 820 504	–	–	393 288 414

The above amounts will be repaid by utilising cash generated from operations, available cash, working capital facilities and the refinancing of borrowings.

In line with the DMTN listed programme, Calgro M3 Developments (Pty) Ltd guarantees the repayment of the listed debt programme.

60. Directors' and prescribed officers emoluments

Please refer to note 37 of the consolidated financials for the emoluments paid to Executive Directors, Non-Executive Directors and prescribed officers.

61. Going concern

The Group maintains a central treasury function whereby financial assistance is monitored and maintained. The Company has received commitment from Calgro M3 Developments (Pty) Ltd, its main trading subsidiary who will provide additional liquidity to the entity, which will enable Calgro M3 Holdings Limited to pay its liabilities as they fall due.

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

62. Events after the reporting year

General share repurchase

At the annual general meeting ("AGM") of the Company held on 29 July 2022, shareholders, by special resolution, granted a general authority to the Board of Directors of the Company ("Board") to repurchase up to 20% of the issued ordinary share capital of the Company, on the terms and subject to the conditions specified in the notice of AGM ("General Authority").

Subsequent to the reporting period, an aggregate of 13 000 000 ordinary shares, representing 9.27% of the issued ordinary share capital of the Company as at the date on which the General Authority was granted, were repurchased. The aforementioned ordinary shares were repurchased for an aggregate value of R30 400 000, funded out of the Company's available cash resources.

The repurchases took place in accordance with a repurchase programme submitted to the JSE Limited prior to the commencement of the prohibited period, in terms of paragraph 5.72(h) of the JSE Limited Listings Requirements. The repurchases were made in terms of the General Authority and were effected through the order book operated by the JSE Limited trading system without any prior understanding or arrangement between the Company and the counterparties.

South Hills

General information

Calgro M3 Holdings Limited
Incorporated in the Republic of South Africa
Registration number: 2005/027663/06
Share code: CGR
ISIN: ZAE000109203

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15 May 2023

Transfer secretaries
Computershare Investor Services

Bankers
First National Bank
Standard Bank
Nedbank

Auditors
Mazars

Debt and Equity Sponsor
PSG Capital

Appointed Debt Officer
WA Joubert

Secretary
Juba Statutory Services, represented by Sirkien van Schalkwyk

Directors

W Williams	Executive
WA Joubert	Executive
WJ Lategan	Executive
SU Naicker	Executive
H Ntene	Independent Non-Executive Chairperson
RB Patmore	Lead Independent Non-Executive
GS Hauptfleisch	Independent Non-Executive
ME Gama	Independent Non-Executive
TP Baloyi	Independent Non-Executive
TC Moodley	Non-Executive

Preparer
The financial statements were internally compiled by R van Maarleveld CA(SA) under the supervision of SU Naicker CA(SA).

Level of assurance
These financial statements have been audited by our external auditors Mazars in accordance with the applicable requirements of the Companies Act No. 71 of 2008.

Proof 7 / 05-11-2023

CALGRO M3
Group

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