2021

Consolidated Financial Statements
for the year ended 28 February 2021

CALGRO M3
Group



Building legacies. Changing lives

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The following can be viewed on the Calgro M3 website www.calgrom3.com:

- ESG Report 2021
- Annual Financial Statements 2021
- Corporate Governance Report 2021
- King IV™ Application Register



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Fourways Memorial Park

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 of Calgro M3 Holdings Limited, its subsidiaries, joint ventures and associates ("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"), the Financial Reporting Guides as issued by the South African Institute of Chartered Accountants ("SAICA") Accounting Practices Committee, 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 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 2022 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 auditors are 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 auditors and their report is presented on pages 13 to 17.

The external auditors were 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 auditors during their audit are valid and appropriate.

The consolidated and separate financial statements set out on pages 18 to 108, which have been prepared on the going concern basis, were approved by the Board of Directors on 17 May 2021.



WA Joubert



WJ Lategan

CERTIFICATION BY THE COMPANY SECRETARY

I, I April, hereby confirm, in my capacity as Company Secretary of Calgro M3 Holdings Limited that for the year ended 28 February 2021, 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.



Itumeleng April
Company Secretary

17 May 2021

CHIEF EXECUTIVE OFFICER (CEO) AND FINANCIAL DIRECTOR (FD) RESPONSIBILITY STATEMENT

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

(a) the annual financial statements set out on pages 18 to 108, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;

(b) 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; and

(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 within the combined assurance model pursuant to principle 15 of the King Code. Where we are not satisfied, we have disclosed to the Audit Committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves Directors, and have taken the necessary remedial action.



WA Joubert
Financial Director



WJ Lategan
Chief Executive Officer

17 May 2021

REPORT OF THE AUDIT AND RISK COMMITTEE

Introduction

I am pleased to present the Audit and Risk 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 auditors, 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)	**3 years**
ME Gama	PhD (Finance)	**9 years**
RB Patmore	BCom, MBL (SBL)	**10 years**

Annually a session aligned with approval of annual financial results are held with both the independent external auditors and internal auditors, 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 2021 financial year. 100% attendance throughout the year illustrates high levels of engagement by our Committee members.

The external and internal auditors, in their capacity as auditors 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	12 May 2020	17 July 2020	8 October 2020	5 February 2021
GS Hauptfleisch	✓	✓	✓	✓
ME Gama	✓	✓	✓	✓
RB Patmore	✓	✓	✓	✓
By invitation				
WJ Lategan	#	#	#	#
WA Joubert	#	#	#	#
BAR Knott	#	#	#	#
TC Moodley	n/a	n/a	#	#
TP Baloyi	n/a	n/a	n/a	#
I April	*	*	*	*
Auditor				
PwC	#	#	#	#
Internal audit				
Prozilog	#	#	#	#

✓ Indicates attendance.
 # Indicates attendance by invitation.
** Indicates attendance as Company Secretary.*

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 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 auditors 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 auditors, 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;
- ensured 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 2020
  - the annual results for the year ended 28 February 2021
  - 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 2020, and the applicability of the issues raised, with the view to improving disclosure where applicable. Further, the Committee considered and responded to queries raised by the JSE in terms of its proactive monitoring programme to the satisfaction of the JSE;
- reviewed and recommended for approval by the Board the integrated annual report, including the disclosure of sustainability matters;
- reviewed the qualifications, experience and expertise of the Group Financial Director, WA Joubert, and satisfied itself that his 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; and
- 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 done in October 2019.

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 auditors 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 terms of reference.

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 2021 financial year and subsequent changes thereto during the year;
- considered the effectiveness and performance of the internal audit function and 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 auditors

The Group's independent external auditors are PricewaterhouseCoopers Incorporated ("PwC").

The Committee:

- approved the auditors' 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 and agreed the key audit matters identified by PwC that are set out in its report;
- obtained assurances from the external auditors that adequate accounting records were being maintained;
- reviewed the quality and effectiveness of the external audit process, based on the Committee's own assessment, the views of management and PwC's own assessment, and found it to be satisfactory. Confirmation was obtained from PwC that no material matters had been raised in regulatory or internal reviews of the audit partner;
- 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 PwC's 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 auditors in this regard and has satisfied itself that the level and extent of non-audit services rendered during the year by PwC 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 auditors

Pursuant to section 61(8) of the Companies Act, the Committee nominates PwC for re-election at the Annual General Meeting ("AGM") of Calgro M3 Holdings, and Mrs Chantal Marais Roux as the designated partner to perform the functions of external auditor for the ensuing financial year or until the 2022 AGM, whichever is later. The Committee has satisfied itself that both PwC and Mrs Marais Roux are accredited with the JSE Limited as required.

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 the annual external audit together 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, external 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 8 to 12.

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.

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 PwC in its external auditor's report

The external auditors have reported on one key audit matter in respect of their 2021 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 auditors to understand their related audit processes and views.

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

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
Chairman: Audit and Risk Committee

17 May 2021

DIRECTORS' REPORT

The Directors submit their report for the year ended 28 February 2021

1. Nature of business

Calgro M3 is a property and property-related investment company that is a market leader in the Residential Property Development and Memorial Parks industries and provides innovative, cost efficient solutions of the highest quality across these product ranges.

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 operating cycle for inventory, construction contracts and work in progress is considered to be longer than 12 months. The operating cycle is generally between 1 and 10 years depending on the project size and type, which includes different typologies and infrastructure requirements. Accordingly the associated assets and liabilities are classified as current as they are expected to be settled within the same operating cycle as inventory, construction contracts and work in progress.

Registered office
Calgro M3 Building
Ballywoods Office Park
33 Ballyclare Drive
Bryanston
2196

Postal address
Private Bag X33
Craighall
2024

2. Financial results

The consolidated and separate financial statements on pages 18 to 108, set out fully the financial position, results of operations and cash flows of the Group and Company for the year ended 28 February 2021 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 3 distinct segments, namely Residential Property Development, Memorial Parks and Residential Rental Investments.

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 associate entities

Refer to note 9 for further details of the investments held in associates and joint ventures.

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

Particulars of the joint ventures and associates (note 9) and the principal subsidiaries (note 41) 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:

	Total	WJ Lategan	WA Joubert	W Williams	MN Nkuhlu*
Beneficial shareholding at 29 February 2020					
Direct	7 061 759	6 566 264	16 000	378 667	100 828
Indirect	400 156	–	313 490	86 666	–
	7 461 915	6 566 264	329 490	465 333	100 828
Shares acquired/(disposed of) during the year					
Direct	861 644	129 367		732 277	
Indirect	–	–		–	
	861 644	129 367	–	732 277	–
Elimination due to having resigned as Director during the year	(100 828)	–	–	–	(100 828)
Beneficial shareholding at 28 February 2021					
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 2021 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)	**894 864**	**894 864**			

** This director resigned in the current year, refer to note 11 of the directors report for his resignation date.*
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 2021: 500 000 000.

Total number of ordinary shares in issue (excluding treasury shares) at 28 February 2021: 121 400 069.

8. Capital expenditure

Details on capital expenditure are set out in notes 5, 6 and 7 of the consolidated financial statements.

9. Dividends

No dividends were declared or paid to the shareholders during the year under review.

10. 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.

Calgro M3 has, taking all available information into account, assessed the continued Covid-19 impact on the estimation processes inherent to financial reporting and required finance functions. This considered the potential impact on impairment values, valuation, net realisable value, loss contingency and exposure considerations. It is our view that, due to the fact that we have always accounted for these values based on cost, expensed the cost of obtaining property development rights, expensed a material part of holding cost, etc., that no further adjustments are required.

The effect of Covid-19 is, however, not only financial in nature. In our risk register Covid-19 is the biggest risk due to the obvious far-reaching impact. However, the Group is in a position where much of the liquidity and macro-economic consequences of Covid-19 has been inadvertently managed through actions taken by the Group during the two preceding challenging years. All cash flow forecasts for the Group are stress tested by deferring cash inflows by two months whilst keeping the cash outflows consistent, to assess that the Group would remain solvent and liquid despite any unforeseen delays. Based on management's assessment, even taking the expected impact that Covid-19 will have on the Calgro operations and cash flows into account, the Group is still expected to continue as a going concern for the foreseeable future.

The potential market impact of Covid-19 on the Group:

- The current favourable interest rate, lowered specifically to stimulate the economy, has been well received by potential buyers with many making use of the opportunity to obtain bonds while the interest rate is so low. This has, and will continue driving sales in the low to medium end of the residential property market;
- Notwithstanding the low interest rates, the banking sector's appetite to continue granting new home loans is proving to be extremely robust and advantageous to the Group's position;
- Government has a visible, renewed awareness of the need for dignified housing in South Africa. Our belief is that this will bring about new opportunities; and
- The increased mortality rate that is being experienced during the pandemic is creating favourable conditions for the continued growth of our Memorial Parks business.

11. Directors

Name	Position	Date appointed	Date resigned	Contract expiry
Manda Njongonkulu Nkhulu	Executive Director	1 March 2018	31 August 2020	3 month notice
Wayne Williams	Executive Director	1 June 2015		3 month notice
Willem Adolph Joubert	Finance Director	1 June 2015		3 month notice
Willem Jakobus Lategan	Chief Executive Officer	5 August 2008		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		
Mduduzi Edward Gama	Independent Non-Executive	10 January 2012		
Pumla Fundiswa Radebe	Independent Chairperson	29 June 2007	26 June 2020	
Ralph Bruce Patmore	Independent Non-Executive	18 January 2011		
Thembalihle Phillip Baloyi	Independent Non-Executive	23 March 2020		
Tyrone Christie Moodley	Non-Executive	09 July 2020		

12. Secretary

I April will continue in office in accordance with section 86 of the Companies Act.

As required by section 3.84 (h) of the JSE Listings Requirements, the Board is satisfied that I April has appropriate qualifications, expertise and experience.

In addition, the Board had satisfied itself that there is an arm's length relationship with I April, due to the fact that I April is not a Director of the Company.

The address of the secretary is set out below:

Business address
Calgro M3 Building
Ballywoods Office Park
33 Ballyclare Drive
Bryanston
2196

Postal address
Private Bag X33
Craighall
2024

13. Auditors

PricewaterhouseCoopers Inc. will continue in office in accordance with section 90 of the Companies Act 71 of 2008 of South Africa, subject to approval of shareholders at the upcoming Annual General Meeting. Chantal Marais Roux will be the individual registered auditor who will undertake the audit for the 2022 financial year. PWC has been the auditors for the Group since 2007. Mandatory audit partner rotations occur every five years in line with the requirements of the Companies Act. The Audit Committee monitors the independence of PWC and the audit partner on an annual basis, to ensure that they remain independent.

14. Preparer

The financial statements were internally compiled by P Perumalswami CA(SA) under the supervision of WA Joubert 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 38.

16. Level of assurance

The consolidated and Company financial statements have been audited by our external auditors PricewaterhouseCoopers Inc. in compliance with the applicable requirements of the Companies Act 71 of 2008.

17. Special resolutions

At the Annual General Meeting held on 26 June 2020, 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 2021:

	Number of shareholders	%	Number of shares	%
Shareholders' spread				
1 – 1 000 shares	1 578	68.16%	269 293	0.20%
1 001 – 10 000 shares	499	21.56%	1 819 492	1.30%
10 001 – 100 000 shares	177	7.65%	5 552 252	3.96%
100 001 – 1 000 000 shares	41	1.77%	11 559 215	8.24%
1 000 001 shares and over	20	0.86%	121 094 266	86.31%
	2315	100.00%	140 294 518	100.00%
Public/non-public shareholders				
Public shareholders	2302	99.44%	58 816 734	41.92%
Non-public shareholders	13	0.56%	81 477 784	58.08%
	2315	100.00%	140 294 518	100.00%
Analysis of non-public shareholders				
Directors of the company or any subsidiaries	9	0.39%	8 136 065	5.80%
Holdings of 10% or more:				
Pershing LLC	1	0.04%	37 363 843	26.63%
Calgro M3 Employee Benefit Trust	1	0.04%	5 212 909	3.72%
Calgro M3 Empowerment Trust	1	0.04%	5 212 909	3.72%
Snowball Wealth Pty Ltd	1	0.04%	4 848 195	3.46%
	13	0.56%	60 773 921	43.32%

Distribution of shareholders		
Financial institutions and other corporations	14 391 375	10.26%
Nominee and trusts	43 646 876	31.11%
Empowerment	51 833 146	36.95%
Individuals	16 862 289	12.02%
Private and public companies	13 560 832	9.67%
	140 294 518	100.00%
Shareholders with an interest of 3% or more in shares		
Pershing LLC	37 363 843	26.63%
BPM Family Trust	11 267 705	8.03%
DNS Trust	10 010 000	7.13%
Calgro M3 Developments Limited	8 468 631	6.04%
Mr WJ Lategan	6 695 631	4.77%
Mr LCH Chou	6 200 000	4.42%
Calgro M3 Employee Benefit Trust	5 212 909	3.72%
Calgro M3 Empowerment Trust	5 212 909	3.72%
Allan Gray Fund Managers	5 205 290	3.71%
Snowball Wealth Pty Ltd	4 848 195	3.46%
	100 485 113	71.62%
Reconciliation of shares issued in the share register		
Total shares in issue	140 294 518	
Less: Treasury shares		
Calgro M3 Employee Benefit Trust	(5 212 909)	
Calgro M3 Empowerment Trust	(5 212 909)	
Calgro M3 Executive Share Scheme	(8 468 631)	
	121 400 069	

19. Events after reporting year

The Directors are not aware of any subsequent events that occurred between the year-end and date of authorisation of the annual financial statements that require any adjustments or additional disclosure in the annual financial statements.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Calgro M3 Holdings Limited
Report on the audit of the consolidated and separate financial statements

Our opinion

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 ("the Company") and its subsidiaries (together "the Group") as at 28 February 2021, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act of South Africa.

What we have audited

Calgro M3 Holdings Limited's consolidated and separate financial statements set out on pages 18 to 108 comprise:

- the consolidated and company statements of financial position as at 28 February 2021;
- the consolidated and company statements of comprehensive income for the year then ended;
- the consolidated and company statements of changes in equity for the year then ended;
- the consolidated and company statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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.

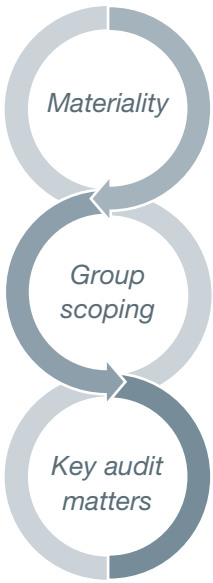
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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)*.

Our audit approach

Overview



Overall group materiality

- R18.5 million, which represents 0.75% of consolidated total assets.

Group audit scope

- The Group comprises the holding company, 27 subsidiaries (3 direct subsidiaries and 24 indirect subsidiaries) and 6 joint ventures (referred to as "components"). We performed full scope audit procedures on 9 components as a result of their financial significance and specified audit procedures over 11 components. The remaining 14 components are considered to be financially inconsequential.

Key audit matters

- Construction contract revenue recognised over time for the property development segment.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality	*R18.5 million*
How we determined it	*0.75% of consolidated total assets*
Rationale for the materiality benchmark applied	*We selected consolidated total assets as our materiality benchmark because, in our view, given the change in the Group's operating model in the current year, where construction for residential units have been outsourced to third parties, we believe that consolidated total assets is a key metric against which the users of the consolidated financial statements measure the performance of the Group. Furthermore, it is a truer and more stable reflection of the Group's overall operations, given the fluctuation of consolidated profit before income tax.* *We chose 0.75% based on our professional judgement, after consideration of the range of quantitative materiality thresholds that we would typically apply when using consolidated total assets to compute materiality and taking into account the level of debt within the Group.*

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group consists of the holding company, 27 subsidiaries (3 direct subsidiaries and 24 indirect subsidiaries) and 6 joint ventures (referred to as "components"), all located in South Africa which represents the Group's principal place of business. We performed full scope audits on 9 of these components due to their financial significance, specified audit procedures on 11 components as a result of the significant account balances and transactions within these components, and the remaining 14 components are considered to be financially inconsequential for group scoping purposes. Analytical review procedures were performed on these remaining components.

All testing was performed centrally by the group audit team. By performing the procedures outlined above, we obtained sufficient and appropriate audit evidence regarding the financial information of the Group to provide a basis for our opinion on the consolidated financial statements as a whole.

Key audit matters

Key audit matters are those matters that, in our professional judgment, 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 communicate the key audit matters that relate to the audit of the consolidated financial statements of the current period in the table below. We have determined that there are no key audit matters in respect of the separate financial statements to communicate in our report.

Key audit matter	How our audit addressed the key audit matter
Construction contract revenue recognised over time for the property development segment	
Refer to the following accounting policies and notes to the consolidated financial statements: ▸ Note 1: Segment Information; ▸ Note 2.4: Significant estimates and judgements; and ▸ Note 20: Revenue. The Group has significant long-term construction contracts within the "Residential Property Development" operating segment. Revenue recognised over time for this segment comprises a significant portion of the Group's gross revenue, as disclosed in note 1 to the consolidated financial statements. For property development contracts, the Group uses the percentage of completion method (input method) to account for revenue over time. Under this method, the Group compares the actual cost incurred on a unit/dwelling/project to the forecasted cost of the unit/dwelling/project which equals the percentage of work completed. The following judgements and estimates, as determined by relevant experts who include town planners, quantity surveyors and architects, are applied by the Group in determining the percentage of completion of a unit/dwelling/project at reporting date: ▸ The calculation of the percentage of completion, including the estimation of the forecasted costs as included in the approved feasibilities of the unit/dwelling/project; and ▸ The allocation of the non-unit specific cost based on approved feasibilities. We considered the accounting for construction contract revenue recognised over time for the property development segment to be a matter of most significance to our current year audit due to judgement and estimation made by management in determining the percentage of completion, and the magnitude of contract revenue and associated contract assets to the consolidated financial statements.	Our audit procedures, as referenced below, included an evaluation and application of the significant judgements and estimates utilised within the Group's percentage of completion method calculations. Our procedures comprised a combination of internal control assessments over construction contract revenue, contract-related procurement and payroll expenditure, and substantive audit procedures, as detailed below. Our tests of controls consisted mainly of the following: ▸ Three-way match testing was performed on a sample of transactions to assess whether those transactions are supported by a purchase order, invoice, receiving document and/or progress certificate; ▸ The authorisation of payment packs was tested for a sample of transactions to evaluate whether payments to subcontractors were authorised by the appropriate level of management and supported by valid underlying third-party documents; ▸ Net pay of salaries and wages was tested for a sample of pay runs to assess whether the required approvals and authorisations were obtained before payments were made; and ▸ Testing was performed over a sample of project feasibilities to consider whether the required reviews and approvals were obtained. We selected a sample of contracts on which detailed substantive testing procedures were performed. Our sample was selected based on a combination of risk and monetary thresholds. This included high-value contracts and the assessment of whether there were any significant loss-making contracts or contracts with significant claims. Our audit procedures performed in assessing the appropriateness of estimates and judgements applied in the calculation of the percentage of completion of the selected contracts, included the following: ▸ Held discussions with management and quantity surveyors regarding the status of the selected contracts; ▸ Compared a sample of actual costs incurred from a selection of contracts to underlying documentation. We noted no material variances; ▸ Agreed a sample of actual costs incurred for a defined period before and after year end to underlying documentation, to confirm that costs have been included in the correct financial year. We noted no exceptions; ▸ Evaluated and tested management's cost and revenue estimation process in accordance with the principles of IFRS 15: "Revenue from Contracts with Customers", as described in note 20 to the consolidated financial statements, by gaining an understanding of the budgeting process and significant assumptions applied by management. This involved having detailed discussions with knowledgeable individuals within the management team, assessing management's assumptions against underlying contracts, quotations, and internal assessments performed by experts (such as town planners, quantity surveyors and architects) as well as comparing past assumptions to historical data. No material variances were noted from the testing performed;

Key audit matter	How our audit addressed the key audit matter
Construction contract revenue recognised over time for the property development segment	
	▸ Assessed the competence, capabilities and objectivity of management's experts (town planners, quantity surveyors and architects), by obtaining relevant documentation relating to their qualifications, expertise and professional memberships. We noted no aspects requiring further consideration in this regard; ▸ Recalculated the allocation of non-unit specific contract costs to a project. We noted no material differences; ▸ Recalculated the percentage of completion per contract based on the actual costs incurred to date as a percentage of the total estimated forecasted costs. We noted no material differences; ▸ Recalculated the construction contract revenue recognised per contract based on the percentage of completion method. We noted no material differences; and ▸ Enquired with the directors whether construction and macro-economic risks identified by management have been factored into the forecasted construction costs. We noted no matters requiring further consideration in this regard.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled *"Calgro M3 Consolidated Financial Statements for the year ended 28 February 2021"*, which includes the Directors' Report, the Report of the Audit and Risk Committee and the Certification by the Company Secretary as required by the Companies Act of South Africa, and the documents titled *"Calgro M3 Integrated Annual Report 2021"*, *"Calgro M3 Corporate Governance Report 2021"*, *"Calgro M3 ESG Report 2021"*, *"Calgro M3 Notice of AGM 2021"* and *"Calgro M3 King IV™ Application Register 2021"*. The other information does not include the consolidated or the 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 identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, 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 and separate 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 and the 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 and/or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate 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 and separate 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 and the Company'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 and the Company'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 and separate 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 and / or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate 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.

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 and separate 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 PricewaterhouseCoopers Inc. has been the auditor of Calgro M3 Holdings Limited for 14 years.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: C Marais Roux
Registered Auditor

Johannesburg, South Africa

17 May 2021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

for the year ended 28 February 2021

	Notes	2021	2020
Assets			
Non-current assets			
Investment property	5	**19 947 022**	13 833 550
Property, plant and equipment	6	**22 500 654**	27 490 484
Intangible assets	7	**159 650 534**	159 655 377
Investments	8	**13 027 204**	12 269 982
Investment in joint ventures and associates	9	**37 066 691**	152 377 193
Deferred income tax asset	10	**56 582 473**	57 263 604
		308 774 578	422 890 190
Current assets			
Loans to joint ventures and associates	11	**320 435 842**	279 903 888
Inventories	12	**643 573 871**	719 305 469
Current tax receivable		**976 320**	1 227 212
Construction contracts	13	**840 695 306**	945 948 487
Trade and other receivables	14	**198 786 388**	130 437 204
Cash and cash equivalents	15	**154 561 255**	255 069 163
		2 159 028 982	2 331 891 423
Total assets		**2 467 803 560**	2 754 781 613
Equity and liabilities			
Equity			
Equity attributable to owners of the parent			
Stated capital	16	**102 080 971**	116 255 971
Share-based payment reserve	33	**6 857 784**	4 499 565
Retained income		**718 881 468**	693 734 868
		827 820 223	814 490 404
Non-controlling interests	32	**236 882**	701 527
Total equity		**828 057 105**	815 191 931
Liabilities			
Non-current liabilities			
Deferred income tax liability	10	**208 616 970**	219 242 079
		208 616 970	219 242 079
Current liabilities			
Borrowings	17	**944 161 828**	1 062 842 931
Current income tax liabilities		**92 611**	672 463
Trade and other payables	18	**486 875 046**	656 832 209
		1 431 129 485	1 720 347 603
Total liabilities		**1 639 746 455**	1 939 589 682
Total equity and liabilities		**2 467 803 560**	2 754 781 613

The notes on pages 22 to 96 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 28 February 2021

	Notes	2021	2020
Revenue	20	**879 146 585**	984 130 486
Cost of sales	21/23	**(771 123 301)**	(883 521 154)
Gross profit		**108 023 284**	100 609 332
Other income	22	**50 630 761**	11 314 454
Administrative expenses*	23	**(87 064 595)**	(89 116 268)
Other expenses	24	**(4 085 328)**	–
Impairment (losses)/gains on financial and contract assets	25	**(99 402)**	25 169 310
Operating profit		**67 404 720**	47 976 828
Finance income	26	**28 212 925**	30 800 370
Finance costs	27	**(72 897 240)**	(64 717 053)
Share of profit/(loss) of joint ventures and associates – net of tax	9	**3 345 892**	(732 541)
Profit before tax		**26 066 297**	13 327 604
Taxation	28	**(7 586 856)**	(7 984 810)
Profit after taxation		**18 479 441**	5 342 794
Other comprehensive income		**–**	–
Total comprehensive income		**18 479 441**	5 342 794
Profit after taxation and other comprehensive income attributable to:			
– Owners of the parent		**18 944 086**	4 918 905
– Non-controlling interests		**(464 645)**	423 889
		18 479 441	5 342 794
Earnings per share for profit attributable to the equity holders of the Company during the year (expressed in cents per share)			
– basic	37	**14.88**	3.84
– diluted	37	**14.64**	3.68

** Included in the administrative expenses is depreciation on right-of-use assets as disclosed in notes 6 and 19.*

The notes on pages 22 to 96 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 28 February 2021

	Stated capital	Share-based payment reserve	Retained income	Total	Non-controlling interests[1]	Total equity
Balance at 1 March 2019	116 255 971	–	690 054 102	806 310 073	277 638	806 587 711
Change in accounting policy: IFRS 16 opening balance adjustment to equity	–	–	(936 743)	(936 743)	–	(936 743)
Restated total equity balance at 1 March 2019	116 255 971	–	689 117 359	805 373 330	277 638	805 650 968
Share-based payment expense	–	4 499 565	–	4 499 565	–	4 499 565
Dividend declared[3]	–	–	(301 396)	(301 396)	–	(301 396)
Comprehensive income						
Profit for the period	–	–	4 918 905	4 918 905	423 889	5 342 794
Other comprehensive income	–	–	–	–	–	–
Total comprehensive income	–	–	4 918 905	4 918 905	423 889	5 342 794
Balance at 1 March 2020	116 255 971	4 499 565	693 734 868	814 490 404	701 527	815 191 931
Shares repurchase	**(14 175 000)**	**–**	**–**	**(14 175 000)**	**–**	**(14 175 000)**
Share-based payment expense[2]	**–**	**7 711 586**	**–**	**7 711 586**	**–**	**7 711 586**
Resignation of executive share scheme participant[2]	**–**	**(5 353 367)**	**5 353 367**	**–**	**–**	**–**
Dividend declared[3]	**–**	**–**	**(570 599)**	**(570 599)**	**–**	**(570 599)**
Disposal of investment in subsidiary[4]	**–**	**–**	**1 419 746**	**1 419 746**	**–**	**1 419 746**
Comprehensive income						
Profit for the period	**–**	**–**	**18 944 086**	**18 944 086**	**(464 645)**	**18 479 441**
Other comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**
Total comprehensive (expense)	**–**	**–**	**18 944 086**	**18 944 086**	**(464 645)**	**18 479 441**
Balance at 28 February 2021	**102 080 971**	**6 857 784**	**718 881 468**	**827 820 223**	**236 882**	**828 057 105**
Notes	16	33			32	

1. *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 and Calgro M3 Contractors (Pty) Ltd subsidiaries.*
2. *Refer to note 33 for further details regarding the Calgro M3 Executive Share Scheme.*
3. *Dividends declared are payable to the Calgro M3 Educational Trust R236 258 (2020: R301 396), which the Group does not have control over as well as Dalobex (Pty) Ltd R334 341, the external shareholder of the subsidiary, Holm Jordaan GWA (Pty) Ltd. Refer to note 32 for details of the acquisition of the remaining shareholding in Holm Jordaan GWA (Pty) Ltd in the current year.*
4. *Refer to note 31 for further details pertaining to the disposal of investment in subsidiary during the year.*

The notes on pages 22 to 96 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 28 February 2021

	Notes	2021	2020
Cash (utilised in)/generated from operating activities			
Cash generated from operations	29	**114 768 074**	464 208 720
Finance income received		**7 576 796**	14 598 305
Finance cost paid		**(107 474 196)**	(117 612 227)
Tax paid	30	**(17 878 456)**	(17 817 929)
Net cash (utilised in)/generated from operating activities		**(3 007 782)**	343 376 869
Cash flows invested in investing activities			
Additions of investment property	5	**(342 885)**	(16 759)
Purchase of property, plant and equipment	6	**(471 224)**	(771 883)
Proceeds from the sale of property, plant and equipment		**11 500**	379 635
Disposal of cash balance in disposal of investment in subsidiary		**(205 340)**	–
Investments in joint venture and associates	9	**–**	(103 500)
Acquisition of business		**(500 000)**	(12 500 000)
Loans advanced to joint ventures and associates		**(50 945 569)**	(163 238 723)
Loans repaid by joint ventures and associates		**886 885**	18 049 785
Net cash invested in investing activities		**(51 566 633)**	(158 201 445)
Cash flows repaid in financing activities			
Proceeds from borrowings	17	**396 000 000**	145 000 000
Repayment of borrowings	17	**(403 000 000)**	(157 000 000)
Loans repaid to joint ventures and associates		**–**	(23 000 000)
Shares bought back	16	**(14 175 000)**	–
Repayment of capital portion on leases		**(2 044 207)**	(1 839 258)
Transactions with non-controlling interest	32	**(22 714 286)**	(15 900 000)
Net cash repaid in financing activities		**(45 933 493)**	(52 739 258)
Net (decrease)/increase in cash and cash equivalents		**(100 507 908)**	132 436 166
Cash and cash equivalents at the beginning of the year		**255 069 163**	122 632 997
Cash and cash equivalents at the end of the year	15	**154 561 255**	255 069 163

The notes on pages 22 to 96 are an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 28 February 2021

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 budget, which are approved by the Board of Directors. The CODM allocates Group resources to the operating segments and assess the performance of the operating segments.

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

The CODM manages the Group activities in three distinct segments, namely:

- Residential Property Development
- Memorial Parks
- Residential Rental Investments

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 Residential Rental Investments segment consists of real estate investments to service the more affordable rental market in South Africa.

The segmental information provided to Exco for the year ended 28 February 2021 has been provided below. The table indicates from where the Group's revenue has been earned, including its joint ventures and associates. The revenue earned by the joint ventures and associates, in their own capacities, have been disclosed in note 9.

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 intersegmental transactions) and secondly a statement of financial position per consolidated segment (transactions between segments have not been eliminated for the balance sheet).

1. Segment information (continued)

	Residential Property Development	Memorial Parks	Residential Rental Investments	All other segments	Total
2021					
Total segment revenue	**829 101 989**	**42 451 968**	**7 592 628**	**–**	**879 146 585**
Fleurhof	**231 378 417**	**–**	**–**	**–**	**231 378 417**
Jabulani	**96 103 694**	**–**	**–**	**–**	**96 103 694**
Witpoortjie	**22 024 058**	**–**	**–**	**–**	**22 024 058**
South Hills	**107 799 942**	**–**	**–**	**–**	**107 799 942**
Belhar	**315 941 419**	**–**	**–**	**–**	**315 941 419**
Third parties	**55 854 459**	**42 451 968**	**7 592 628**	**–**	**105 899 055**
Combined revenue*	**1 046 072 848**	**42 451 968**	**7 592 628**	**–**	**1 096 117 444**
Total segment revenue	**829 101 989**	**42 451 968**	**7 592 628**	**–**	**879 146 585**
Revenue of joint ventures and associates	**216 970 859**	**–**	**–**	**–**	**216 970 859**
Witpoortjie Calgro M3 Development Company (Pty) Ltd	**41 580 570**	**–**	**–**	**–**	**41 580 570**
South Hills Development Company (Pty) Ltd	**175 390 289**	**–**	**–**	**–**	**175 390 289**
Gross revenue	**829 101 989**	**42 451 968**	**7 592 628**	**–**	**879 146 585**
Point in time	**277 944 055**	**39 676 016**	**7 592 628**	**–**	**325 212 699**
Over time	**551 157 934**	**2 775 952**	**–**	**–**	**553 933 886**
Revenue	**829 101 989**	**42 451 968**	**7 592 628**	**–**	**879 146 585**
Gross revenue	**820 535 509**	**42 451 968**	**7 592 628**	**–**	**870 580 105**
Reversal of unrealised profit realised adjustment#	**8 566 480**	**–**	**–**	**–**	**8 566 480**
Cost of sales	**(741 807 004)**	**(22 451 262)**	**(6 865 035)**	**–**	**(771 123 301)**
Gross profit	**87 294 985**	**20 000 706**	**727 593**	**–**	**108 023 284**
Other income	**41 061 543**	**9 553 204**	**–**	**16 014**	**50 630 761**
Administrative expenses	**(71 791 043)**	**(9 130 028)**	**(1 894 432)**	**(4 249 092)**	**(87 064 595)**
Other expenses	**50 992**	**–**	**(4 136 320)**	**–**	**(4 085 328)**
Net impairment (losses)/gains on financial and contract assets	**(478 604)**	**12 426**	**366 776**	**–**	**(99 402)**
Operating profit/(loss)	**56 137 873**	**20 436 308**	**(4 936 383)**	**(4 233 078)**	**67 404 720**
Finance income	**24 694 159**	**280 024**	**589 633**	**2 649 109**	**28 212 925**
Finance costs◆	**(58 820 878)**	**(13 278 746)**	**(797 616)**	**–**	**(72 897 240)**
Share of profit/(loss) of associates/ joint venture – net of tax	**4 483 246**	**–**	**(1 137 353)**	**–**	**3 345 892**
Profit/(loss) before tax	**26 494 399**	**7 437 586**	**(6 281 719)**	**(1 583 969)**	**26 066 297**
Taxation	**(7 706 581)**	**(103 799)**	**784 575**	**(561 052)**	**(7 586 856)**
Profit/(loss) after taxation	**18 787 819**	**7 333 787**	**(5 497 144)**	**(2 145 021)**	**18 479 441**
Other comprehensive income	**–**	**–**	**–**	**–**	**–**
Total comprehensive income	**18 787 819**	**7 333 787**	**(5 497 144)**	**(2 145 021)**	**18 479 441**

* *Combined revenue is the total segment revenue plus the total revenue of joint ventures and associates. The revenue included represents the gross revenue of each joint venture and does not include any inter-group eliminations. Refer to note 9 for details on revenue attributable to joint ventures and associates.*

\# *The unrealised profit adjustment consists of profits that were generated on the development/construction of units to the Afhco Calgro M3 Consortium (Pty) Ltd (REIT JV), in which Calgro M3 had a 49% shareholding historically. The unrealised profit is realised upon transfer of the unit to the end-user.*

◆ *The Group allocated borrowings proportionally to each segment based on the total assets per segment.*

1. Segment information (continued)

	Residential Property Development	Memorial Parks	Residential Rental Investments	All other segments	Total
Profit/(loss) after taxation and other comprehensive income attributable to:					
– Owners of the parent	19 252 464	7 333 787	(5 497 144)	(2 145 021)	18 944 086
– Non-controlling interests	(464 645)	–	–	–	(464 645)
	18 787 819	7 333 787	(5 497 144)	(2 145 021)	18 479 441
Non-current assets					
Investment property	–	19 947 022	–	–	19 947 022
Property, plant and equipment	14 120 867	8 379 787	–	–	22 500 654
Intangible assets	158 955 729	694 804	–	–	159 650 534
Investments	–	13 027 204	–	–	13 027 204
Investment in joint ventures and associates	37 066 691	–	–	–	37 066 691
Deferred income tax asset	44 700 508	8 170 877	3 711 088	–	56 582 473
	254 843 795	50 219 694	3 711 088	–	308 774 578
Current assets					
Loans to joint ventures and associates	320 435 842	–	–	–	320 435 842
Inventories	456 994 618	186 579 253	–	–	643 573 871
Current tax receivable	507 132	469 188	–	–	976 320
Construction contracts	840 695 306	–	–	–	840 695 306
Trade and other receivables	181 652 049	3 467 725	13 661 478	5 135	198 786 387
Cash and cash equivalents	142 876 920	11 224 348	400 575	59 412	154 561 255
	1 943 161 867	201 740 514	14 062 053	64 547	2 159 028 981
Total assets	2 198 005 662	251 960 208	17 773 141	64 547	2 467 803 559
Liabilities					
Non-current liabilities					
Deferred income tax liability	206 317 946	2 299 024	–	–	208 616 970
	206 317 946	2 299 024	–	–	208 616 970
Current liabilities					
Borrowings◆	841 691 131	95 512 344	6 958 353	–	944 161 828
Current income tax liabilities	74 747	5 323	–	12 541	92 611
Trade and other payables	431 551 186	51 622 319	445 999	3 255 543	486 875 047
	1 273 317 064	147 139 986	7 404 352	3 268 084	1 431 129 486
Total liabilities	1 479 635 010	149 439 010	7 404 352	3 268 084	1 639 746 456

◆ *The Group allocated borrowings proportionally to each segment based on the total assets per segment.*

1. Segment information (continued)

	Residential Property Development	Memorial Parks	Residential Rental Investments	All other segments	Total
2020					
Total segment revenue	950 342 471	25 692 483	8 095 532	–	984 130 486
Fleurhof Project	379 496 553	–	–	–	379 496 553
Jabulani Project	28 379 457	–	–	–	28 379 457
Witpoortjie Calgro M3 Development Company (Pty) Ltd	41 229 720	–	–	–	41 229 720
South Hills Development Company (Pty) Ltd	88 632 014	–	–	–	88 632 014
Belhar Project	229 038 318	–	–	–	229 038 318
Third parties	183 566 409	25 692 483	8 095 532	–	217 354 424
Combined revenue*	1 098 329 583	25 692 483	8 095 532	–	1 132 117 598
Total segment revenue	950 342 471	25 692 483	8 095 532	–	984 130 486
Revenue of joint ventures and associates	147 987 112	–	–	–	147 987 112
Witpoortjie Calgro M3 Development Company (Pty) Ltd	52 240 967	–	–	–	52 240 967
South Hills Development Company (Pty) Ltd	95 746 145	–	–	–	95 746 145
Gross revenue	950 342 471	25 692 483	8 095 532	–	984 130 486
Point in time	364 097 085	23 505 534	8 095 532	–	395 698 151
Over time	586 245 386	2 186 949	–	–	588 432 335
Revenue	950 342 471	25 692 483	8 095 532	–	984 130 486
Gross revenue	924 964 186	25 692 483	8 095 532	–	958 752 201
Reversal of unrealised profit realised adjustment#	25 378 285	–	–	–	25 378 285
Cost of sales	(866 919 573)	(11 840 138)	(4 761 443)	–	(883 521 154)
Gross profit	83 422 898	13 852 345	3 334 089	–	100 609 332
Other income	3 477 007	5 563 750	2 273 697	–	11 314 454
Administrative expenses✚	(77 515 264)	(7 426 071)	(396 423)	(3 778 510)	(89 116 268)
Net impairment gains/(losses) on financial and contract assets	27 763 743	(16 872)	(2 577 561)	–	25 169 310
Operating profit/(loss)	37 148 384	11 973 152	2 633 802	(3 778 510)	47 976 828
Finance income	27 841 970	156 961	1 212 114	1 589 325	30 800 370
Finance costs◆	(42 957 844)	(15 076 820)	(6 682 389)	–	(64 717 053)
Share of loss of associates/joint venture – net of tax	(732 541)	–	–	–	(732 541)
Profit/(loss) before tax	21 299 969	(2 946 707)	(2 836 473)	(2 189 185)	13 327 604
Taxation	(18 204 746)	7 149 500	3 214 308	(143 872)	(7 984 810)
Profit/(loss) after taxation	3 095 223	4 202 793	377 835	(2 333 057)	5 342 794
Other comprehensive income	–	–	–	–	–
Total comprehensive income/(loss)	3 095 223	4 202 793	377 835	(2 333 057)	5 342 794

* *Combined revenue is the total segment revenue plus the total revenue of joint ventures and associates. The revenue included represents the gross revenue of each joint venture and does not include any inter-group eliminations. Refer to note 9 for details on revenue attributable to joint ventures and associates.*

\# *The unrealised profit adjustment consists of profits that were generated on the development/construction of units to the Afhco Calgro M3 Consortium (Pty) Ltd (REIT JV), in which Calgro M3 had a 49% shareholding historically. The unrealised profit is realised upon transfer of the unit to the end-user.*

◆ *The Group allocated borrowings proportionally to each segment based on the total assets per segment.*

✚ *The balances for the comparative year (2020) were reallocated between the segments (From "All Other Segments" to "Residential Property Development Segment"). The overall balance did not change.*

1. Segment information (continued)

	Residential Property Development	Memorial Parks	Residential Rental Investments	All other segments	Total
Profit/(loss) after taxation and other comprehensive income attributable to:					
– Owners of the parent	2 671 334	4 202 793	377 835	(2 333 057)	4 918 905
– Non-controlling interests	423 889	–	–	–	423 889
	3 095 223	4 202 793	377 835	(2 333 057)	5 342 794
Non-current assets					
Investment property	–	13 833 550	–	–	13 833 550
Property, plant and equipment	18 919 057	8 571 427	–	–	27 490 484
Intangible assets	158 960 573	694 804	–	–	159 655 377
Investments	–	12 269 982	–	–	12 269 982
Investment in joint ventures and associates	32 583 446	–	119 793 747	–	152 377 193
Deferred income tax asset✚	48 245 863	5 732 007	3 285 734	–	57 263 604
	258 708 939	41 101 770	123 079 481	–	422 890 190
Current assets					
Loans to joint ventures and associates	267 434 639	–	12 469 249	–	279 903 888
Inventories	525 747 341	193 558 128	–	–	719 305 469
Current tax receivable	556 190	–	671 022	–	1 227 212
Construction contracts	945 948 487	–	–	–	945 948 487
Trade and other receivables	124 729 259	5 707 945	–	–	130 437 204
Cash and cash equivalents✚	244 897 097	9 730 310	379 565	62 191	255 069 163
	2 109 313 013	208 996 383	13 519 836	62 191	2 331 891 423
Total assets	2 368 021 952	250 098 153	136 599 317	62 191	2 754 781 613
Liabilities					
Non-current liabilities					
Deferred income tax liability✚	215 924 839	3 317 240	–	–	219 242 079
	215 924 839	3 317 240	–	–	219 242 079
Current liabilities					
Borrowings◆	912 423 390	97 315 153	53 104 388	–	1 062 842 931
Current income tax liabilities	523 138	149 325	–	–	672 463
Trade and other payables✚	561 378 950	92 297 312	9 309	3 146 638	656 832 209
	1 474 325 478	189 761 790	53 113 697	3 146 638	1 720 347 603
Total liabilities	1 690 250 317	193 079 030	53 113 697	3 146 638	1 939 589 682

◆ *The Group allocated borrowings proportionally to each segment based on the total assets per segment.*

✚ *The balances for the comparative year (2020) were reallocated between the segments (From "All Other Segments" to "Residential Property Development Segment"). The overall balance did not change.*

2. General information

Calgro M3 Holdings Limited ("the Company") and its subsidiaries, joint ventures and associates (together "the Group") is a property and property-related investment company that is a market leader in the Residential Property Development, Residential Rental Investments and Memorial Parks industries and provides innovative, cost efficient solutions of the highest quality across these product ranges. The Group's turnkey business model provides the Group with a key differentiator: the capability to fulfil delivery, from conceptualisation to hand-over to the end-user.

The Company is listed on the Johannesburg Stock Exchange.

2.1 Summary of significant accounting policies

The most significant accounting policies have been presented next to 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.

2.2 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), the SAICA Financial Reporting Guides and the Companies Act 71 of 2008. The financial statements have been prepared on the historical cost basis, except as disclosed in the principal accounting policies below.

2.3 Working capital cycle

The operating cycle for inventory, construction contracts and work in progress is considered to be longer than 12 months. The operating cycle is generally between 1 and 10 years depending on the project size and type, which includes different typologies and infrastructure requirements. Accordingly the associated liabilities are classified as current as they are expected to be settled within the same operating cycle as inventory, construction contracts and work in progress.

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:

- Fair value estimation note 4
- Right-of-use assets and lease liability note 6 and 19
- Impairment of goodwill note 7
- Assessment of joint control note 9
- Land under development held for sale note 12
- Impairment of financial assets note 2.10.2
- Percentage of completion method for measuring construction revenue note 20
- Scope of construction agreements note 20
- Share-based payments note 33
- Working capital cycle note 2.3
- Long service awards provision note 18
- Suspension of capitalisation of borrowing cost note 27

2. General information (continued)

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, no significant impact was noted on the other standards.

Topic	Key requirements	Effective date
Amendment to IAS 1: *Presentation of Financial Statements* and IAS 8: *Accounting Policies*, changes in accounting estimates and errors on the definition of material.	These amendments to IAS 1 and IAS 8 and consequential amendments to other IFRSs: ▸ use a consistent definition of materiality through IFRSs and the Conceptual Framework for Financial Reporting; ▸ clarify the explanation of the definition of material; and ▸ incorporate some of the guidance in IAS 1 about immaterial information. The amended definition is: *"Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."*	1 January 2020
Amendment to IFRS 3: *Business Combinations* Definition of a business	This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations. More acquisitions are likely to be accounted for as asset acquisitions. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs. The new guidance provides a framework to evaluate when an input and a substantive process are present (including for early stage companies that have not generated outputs). To be a business without outputs, there will now need to be an organised workforce.	1 January 2020
IFRS 16: *Leases* Covid-19-Related Rent Concessions Amendment	The IASB has provided lessees (but not lessors) with relief in the form of an optional exemption from assessing whether a rent concession related to Covid-19 is a lease modification, provided that the concession meets certain conditions. Lessees can elect to account for qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as a variable lease payment.	1 June 2020 (early adoption is permitted)

2. General information (continued)

2.5 New standards and interpretations (continued)

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 2021 year-end.

The initial assessment by management is that the impact of these standards and interpretations will be immaterial.

Topic	Key requirements	Effective date
Amendment to IAS 1: *Presentation of Financial Statements on Classification of Liabilities as Current or Non-current*	The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant).	1 January 2022
Amendment to IFRS 3: *Business Combinations*	The Board has updated IFRS 3: *Business Combinations*, to refer to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination. In addition, the Board added a new exception in IFRS 3 for liabilities and contingent liabilities. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37: *Provisions, Contingent Liabilities and Contingent Assets*, or IFRIC 21: *Levies*, rather than the 2018 Conceptual Framework. The Board has also clarified that the acquirer should not recognise contingent assets, as defined in IAS 37, at the acquisition date.	1 January 2022
Amendments to IAS 37: *Provisions, Contingent Liabilities and Contingent Assets on Onerous Contracts* Cost of fulfilling a contract	The amendment clarifies which costs an entity includes in assessing whether a contract will be loss-making. This assessment is made by considering unavoidable costs, which are the lower of the net cost of exiting the contract and the costs to fulfil the contract. The amendment clarifies the meaning of “costs to fulfil a contract”. Under the amendment, costs to fulfil a contract include incremental costs and the allocation of other costs that relate directly to fulfilling the contract.	1 January 2022

2. General information (continued)

2.5 New standards and interpretations (continued)

2.5.2 Standards and interpretations issued not yet effective (continued)

Topic	Key requirements	Effective date
Annual improvements cycle 2018-2020	These amendments include minor changes to: ▸ IFRS 1: *First time adoption of IFRS* has been amended for a subsidiary that becomes a first-time adopter after its parent. The subsidiary may elect to measure cumulative translation differences for foreign operations using the amounts reported by the parent at the date of the parent's transition to IFRS. ▸ IFRS 9: *Financial Instruments* has been amended to include only those costs or fees paid between the borrower and the lender in the calculation of "the 10% test" for derecognition of a financial liability. Fees paid to third parties are excluded from this calculation. ▸ IFRS 16: *Leases*, amendment to the Illustrative Example 13 that accompanies IFRS 16 to remove the illustration of payments from the lessor relating to leasehold improvements. The amendment intends to remove any potential confusion about the treatment of lease incentives. ▸ IAS 41: *Agriculture* has been amended to align the requirements for measuring fair value with those of IFRS 13. The amendment removes the requirement for entities to exclude cash flows for taxation when measuring fair value.	1 January 2022

2.6 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Group and all its subsidiaries. In the case of joint ventures and associates, those entities are presented as single line items in the statement of comprehensive income and statement of financial position (refer to note 9). Inter-company transactions and balances 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.

2.7 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 to sell 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.

2. General information (continued)

2.7 Impairment of non-financial assets (continued)

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 and contingent liabilities are not recognised but rather disclosed in the notes to the financial statements. No contingent assets or liabilities existed at the 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 assets

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 flow characteristics.

Financial assets

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of financial assets not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset and subsequently recognised 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 and associates are held based on the objective to collect the contractual cash flows and all contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The effective interest rate 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 rate method for all financial assets measured at amortised cost.

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

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

2. General information (continued)

2.10 Financial instruments (continued)

2.10.1 Classification and measurement of financial assets (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. 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 four types of financial and contract assets that are subject to the expected credit loss model:

- Loans to joint venture and associates
- Contract assets relating to construction contracts
- Trade receivables – other
- Trade receivables – rental debtors

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 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. Overall budget variances where cost increases by more than 5% and revenue shortfalls exceeding 10% will have an impact increasing the overall ECL percentage.
- 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 or associate appropriate time to realise assets at full market value rather than forcing fire 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.
- If the project has government exposure and relies on subsidies provided by government to install the related infrastructure and services required.

2. General information (continued)

2.10 Financial instruments (continued)

2.10.2 Impairment (continued)

- 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 by applying three macro-economic forecast for South Africa – Baseline (SO), Stronger near term recovery (S1) and Moderate Recession (S3).
- Trade receivable – rental debtors has limited historical data (very few full financial year information) regarding credit loss provisions and bad debts for this specific business. The Group does, however, take a conservative approach with regards to certain developments where there is evidence of higher default rates.

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

Financial assets that exhibit similar credit risk and behaviour are grouped together. Credit risk exposure on financial assets can be classified within four 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 geographic of South Africa
4. Trade receivable – rental debtors exposure. The exposure to the consumer risk relating to non-payment of rental debtors

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

The prior year ECL rates were adjusted to include the impact of Covid-19 and remain unchanged in the current year.

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

	2021		
	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	**8.51%**		
Project at an early to mid stage of completion	**2.9%+(0.62% – 0.93%)**	**2.90%**	
Project at an advanced stage of completion	**1.3%+(0.62% – 0.93%)**	**2.90%**	
Project backed by a financial institution at an early to mid stage of completion	**1.41%+(0.62% – 0.93%)**		**1.41%**
Specific exposure	**12.21% – 100%**	**0% – 100%**	

2. General information (continued)

2.10 Financial instruments (continued)

2.10.2 Impairment (continued)

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 and associates				
New projects with significant government exposure	**70 594 009**	**–**	**–**	**70 594 009**
Project at an early to mid stage of completion	**–**	**259 098 981**	**–**	**259 098 981**
Project backed by a financial institution at an early to mid stage of completion	**–**	**–**	**4 325 259**	**4 325 259**
Loans to joint ventures and associates	**70 594 009**	**259 098 981**	**4 325 259**	**334 018 249**
Construction contracts – contract assets				
Project at an early to mid stage of completion	**20 730 304**	**75 107 322**	**–**	**95 837 625**
Project at an advanced stage of completion	**12 995 030**	**3 677 009**	**–**	**16 672 039**
Project backed by a financial institution at an early to mid stage of completion	**38 427 864**	**–**	**729 681**	**39 157 546**
Specific exposure	**–**	**246 059 492**	**–**	**246 059 492**
Construction contracts – contract assets	**72 153 199**	**324 843 822**	**729 681**	**397 726 702**
Trade receivables – other				
Project at an early to mid stage of completion	**7 326 932**	**28 313 388**	**–**	**35 640 319**
Project at an advanced stage of completion	**–**	**51 167 802**	**–**	**51 167 802**
Project backed by a financial institution at an early to mid stage of completion	**7 342 439**	**362 819**	**2 027 697**	**9 732 956**
Specific exposure	**20 855 216**	**5 025 857**	**–**	**25 881 073**
Trade receivables – other	**35 524 587**	**84 869 866**	**2 027 697**	**122 422 149**

2. General information (continued)

2.10 Financial instruments (continued)

2.10.2 Impairment (continued)

Rates to be utilised for the ECLs for trade receivables – rental debtors and the concentration of gross carrying amount of trade receivable – rental debtors relevant to the applicable ECL rates are as follows:

	Normal risk profile		Specific risk profile	
	Consumer risk exposure ECL rate applied	**Total gross carrying amount applied**	**Consumer risk exposure ECL rate applied**	**Total gross carrying amount applied**
Ageing				
0 to 30 days	**10%**	**–**	**100%**	**18 397**
31 to 60 days	**20%**	**–**	**100%**	**144 370**
61 to 90 days	**30%**	**–**	**100%**	**143 899**
91 to 120 days	**50%**	**–**	**100%**	**155 173**
121 + days	**100%**	**–**	**100%**	**1 672 067**
		–		**2 133 906**

The ECL provision is applied to rental debtors based on either a normal risk profile or a specific risk profile. Specific risk is defined as tenants within a specific isolated development, with a high level of non-payment of rentals, rental boycotts and resulting legal action and eviction orders taken out against tenants. Due to the limited number of units currently being rented out, the rental debtors are concentrated towards the specific risk profile. There are no outstanding amounts from tenants within the normal risk profile.

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

	2020		
	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	8.51%		
Project at an early to mid stage of completion	2.9%+(0.62% – 0.93%)	2.90%	
Project at an advanced stage of completion	1.3%+(0.62% – 0.93%)	2.90%	
Project backed by a financial institution at an early to mid stage of completion	1.41%+(0.62% – 0.93%)		1.41%
Specific exposure	12.21% – 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.

2. General information (continued)

2.10 Financial instruments (continued)

2.10.2 Impairment (continued)

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 and associates				
New projects with significant government exposure	56 813 207	–	–	56 813 207
Project at an early to mid stage of completion	–	217 816 029	–	217 816 029
Project backed by a financial institution at an early to mid stage of completion	–	–	16 661 041	16 661 041
Loans to joint ventures and associates	56 813 207	217 816 029	16 661 041	291 290 277
Construction contracts – contract assets				
Project at an early to mid stage of completion	47 265 307	12 487 597	–	59 752 904
Project at an advanced stage of completion	–	5 732 690	–	5 732 690
Project backed by a financial institution at an early to mid stage of completion	–	–	67 300 763	67 300 763
Specific exposure	1 928 120	265 215 600	–	267 143 720
Construction contracts – contract assets	49 193 427	283 435 887	67 300 763	399 930 077
Trade receivables – other				
Project at an early to mid stage of completion	54 552 369	36 038 652	–	90 591 021
Project backed by a financial institution at an early to mid stage of completion	–	–	7 573 262	7 573 262
Specific exposure	10 738 795	1 794 585	–	12 533 380
Trade receivables – other	65 291 164	37 833 237	7 573 262	110 697 663

2. General information (continued)

2.10 Financial instruments (continued)

2.10.2 Impairment (continued)

Rates to be utilised for the ECLs for trade receivables – rental debtors and the concentration of gross carrying amount of trade receivables – rental debtors relevant to the applicable ECL rates are as follows:

	Normal risk profile		Specific risk profile	
	Consumer risk exposure ECL rate applied	Total gross carrying amount applied	Consumer risk exposure ECL rate applied	Total gross carrying amount applied
Ageing				
0 to 30 days	10%	–	100%	294 493
31 to 60 days	20%	–	100%	169 267
61 to 90 days	30%	–	100%	198 389
91 to 120 days	50%	–	100%	185 830
121+ days	100%	–	100%	1 551 251
		–		2 399 230

The ECL provision is applied to rental debtors based on either a normal risk profile or a specific risk profile. Specific risk is defined as tenants within a specific isolated development, with a high level of non-payment of rentals, rental boycotts and resulting legal action and eviction orders taken out against tenants. Due to the limited number of units currently being rented out, the rental debtors are concentrated towards the specific risk profile. There are no outstanding amounts from tenants within the normal risk profile.

The Group considers a financial asset to be credit impaired when one or more events have incurred such as:

- Financial difficulty being faced by the customer making it unlikely to receive payment;
- Liquidation or business rescue proceedings being instituted by a customer; and
- Significant downgrading of a creditor rating of a customer.

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 led 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 and financial liabilities:

	Notes	2021	2020
Financial assets			
Financial assets at amortised costs			
Loans to joint ventures and associates	11	**334 018 249**	291 290 277
Construction contracts – contract assets	13	**397 726 702**	399 930 077
Trade and other receivables – other	14	**122 422 149**	110 697 663
Trade and other receivables – rental debtors	14	**2 133 906**	2 399 230
Cash and cash equivalents	15	**154 561 255**	255 069 163
		1 010 862 261	1 059 386 410
Financial assets through equity			
Investment in joint ventures and associates	9	**37 066 691**	152 377 193
		37 066 691	152 377 193
Financial assets at fair value through profit and loss			
Investments	8	**13 027 204**	12 269 982
		13 027 204	12 269 982

2. General information (continued)

2.10 Financial instruments (continued)

2.10.2 Impairment (continued)

Reconciliation of expected credit losses on financial assets at amortised cost – 2021

	Notes	Expected credit loss model applied	Opening balance 1 March 2020	Current year movement	**Closing balance 28 February 2021**
Loans to joint ventures and associates	11	General	11 386 390	2 196 017	**13 582 407**
Construction contracts – contract assets	13	Lifetime	4 402 995	(1 979 249)	**2 423 746**
Trade and other receivables – other	14	Lifetime	5 179 167	147 958	**5 327 125**
Trade and other receivables – rental debtors	14	Lifetime	2 399 230	(265 324)	**2 133 906**
Cash and cash equivalents	15		–	–	**–**
			23 367 782	99 402	**23 467 184**

Reasons for the current year movements in the ECL balance:

Loans to joint ventures and associates

- The overall balance increased due to additional loans being provided to joint venture companies – Witpoortjie Calgro M3 Developments Company (Pty) Ltd (R21.7 million), Frankenwald Development (Pty) Ltd (R10.7 million) and 32 on Pine Property Development (Pty) Ltd (R19.6 million). All additional loans were internally funded by the Calgro Group. In addition the loan with Calgro M3 JCO Holdings (Pty) Ltd loan was settled with the sale of the investment. As a result the remaining balances were higher than the prior year, resulting in an increase in the ECL provision.

Construction contracts – contract assets

- The overall provision decreased by R2 million as a result of an overall decrease in the construction contracts balance.
- In addition to the above, the Group has a number of large developments in Fleurhof and Belhar for clients that are paying on a monthly progress draw basis. These consistent payments result in a continuous decrease in the balance of construction contracts.
- 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. The handover and transfer of 318 units in Belhar in the current year is an example of this.

2. General information (continued)

2.10 Financial instruments (continued)

2.10.2 Impairment (continued)

Trade and other receivables – other

	Gross carrying amounts 2021	ECL provision 2021	Gross carrying amounts 2020	ECL provision 2020	Increase/ (decrease) in ECL
1. Government institution exposure	**35 524 587**	**(722 332)**	65 291 164	(2 488 571)	**1 766 239**
2. Normal business risk exposure	**84 869 866**	**(4 576 202)**	37 833 237	(1 045 121)	**(3 531 081)**
3. Financial institution risk exposure	**2 027 697**	**(28 591)**	7 573 262	(1 645 476)	**1 616 885**
	122 422 149	**(5 327 125)**	110 697 663	(5 179 168)	**(147 957)**

1. Government institution exposure

- The main reduction relates to monies received for the Fleurhof project.

2. Normal business risk exposure

- The main increase relates to the R49 265 000 receivable from the sale of the investment in MS5 Pennyville (Pty) Ltd.

3. Financial institution risk exposure

- The reduction is due to a general recovery of receivable balances.

Trade and other receivables – rental debtors

	Gross carrying amounts 2021	ECL provision 2021	Gross carrying amounts 2020	ECL provision 2020	Increase/ (decrease) in ECL
0 to 30 days	**18 397**	**(18 397)**	294 493	(294 493)	**276 096**
31 to 60 days	**144 370**	**(144 370)**	169 267	(169 267)	**24 897**
61 to 90 days	**143 899**	**(143 899)**	198 389	(198 389)	**54 490**
91 to 120 days	**155 173**	**(155 173)**	185 830	(185 830)	**30 657**
121+ days	**1 672 067**	**(1 672 067)**	1 551 251	(1 551 251)	**(120 816)**
Total	**2 133 906**	**(2 133 906)**	2 399 230	(2 399 230)	**265 324**

- Due to the limited number of units currently being rented out, the rental debtors are concentrated primarily towards one specific development. That development has a high level of non-payment of rentals, rental boycotts and resulting legal action and eviction orders taken out against tenants. Due to the specific risks associated with these rental debtors, the Group has decided to apply an ECL rate of 100% on the total carrying amount of rental debtors.
- The movement in the current year, even though small, is, however, made up as follows:

	Increase/ (decrease) in ECL
Bad debts written off	**1 868 582**
Expected credit loss provision for the current year	**(2 133 906)**
Net movement	**(265 324)**

2. General information (continued)

2.10 Financial instruments (continued)

2.10.2 Impairment (continued)

2020 financial year

Reconciliation of expected credit losses on financial assets at amortised cost

	Notes	Expected credit loss model applied	Opening balance 1 March 2019	Current year movement	Closing balance 29 February 2020
Loans to joint ventures and associates	11	General	6 312 596	5 073 794	11 386 390
Construction contracts – contract assets	13	Lifetime	35 432 921	(31 029 926)	4 402 995
Trade and other receivables – other	14	Lifetime	6 791 575	(1 612 408)	5 179 167
Trade and other receivables – rental debtors	14	Lifetime	–	2 399 230	2 399 230
Cash and cash equivalents	15		–	–	–
			48 537 092	(25 169 310)	23 367 782

Reasons for the prior year movements in the ECL balance:

Loans to joint ventures and associates

- The overall balance increased due to loans being provided to a joint venture, Witpoortjie, amounting to R217 846 028 which is internally funded through the Calgro Group and is thus subject to a higher ECL rate compared to other loans provided to joint ventures with lower risk.

Construction contracts – contract assets

- The overall provision decreased due to the exposure to contract assets relating to infrastructure decreasing by R289 million due to all progress draw recoveries being paid which all have government-related exposure.
- A further reduction is due to the overall contract asset balance decrease of R217 million for fully and partially subsidised units as a result of units being transferred and fully paid for by customers and R107 million of units previously being constructed for AFHCO Calgro M3 Consortium (Pty) Ltd now being constructed to be sold in the open market.

Trade and other receivables – other

- The decrease in the provision is due to the overall decrease in the trade receivable balance of R98 million which has been settled during the period.

Trade and other receivables – rental debtors

- The increase in the provision is due to the first year application of the rates.

Financial liabilities

	Notes	**2021**	2020
Financial liabilities at amortised cost			
Borrowings	17	**944 161 828**	1 062 842 931
Trade and other payables*	18	**413 961 388**	596 229 973
		1 358 123 216	1 659 072 904

** 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 liquidity.

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

The Group's interest rate risk arises mainly from its borrowings (refer to note 17).

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, i.e. interest paid, more so than the changes in the interest rate. Refer to the statement of cash flows for more information on finance costs paid.

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

	2021	2020
2% increase/(decrease) on finance charges on interest-bearing borrowings	**13 924 742**	15 750 192
2% increase/(decrease) on finance income on interest-bearing assets	**3 350 786**	3 237 246

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 consists mainly of loans to joint ventures and associates, 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 and associates) 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 drawdowns 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 and associates on a case, by, case basis. Any credit risk related to loans to joint ventures and associates 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 and associates, 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.

3. Risk management (continued)

3.1 Financial risk management (continued)

(c) Liquidity risk (continued)

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 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.

	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
2021						
Financial instruments recognised on the statement of financial position						
Borrowings (including future interest)	**184 335 025**	**259 987 728**	**328 366 536**	**238 927 879**	**173 376 884**	**1 184 994 052**
Trade and other payables	**346 082 469**	**61 926 848**	**4 054 043**	**4 954 926**	**2 104 999**	**419 123 286**
	530 417 494	**321 914 577**	**332 420 579**	**243 882 806**	**175 481 882**	**1 604 117 337**
2020						
Financial instruments recognised on the statement of financial position						
Borrowings (including future interest)	382 713 750	323 621 750	349 019 300	222 333 400	66 780 000	1 344 468 200
Trade and other payables	347 567 612	119 539 286	114 616 252	6 092 961	21 379 582	609 195 693
	730 281 362	443 161 036	463 635 552	228 426 361	88 159 582	1 953 663 893

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 (2020: R100 000 000). The balance of the utilisation of the overdraft facility at the year-end was Rnil (2020: Rnil).

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.

3. Risk management (continued)

3.2 Capital risk management (continued)

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).

	2021	2020
Net debt		
Borrowings (refer to note 17)	**944 161 828**	1 062 842 931
Other interest-bearing borrowings	**22 834 174**	30 920 436
Less: Cash and cash equivalents (refer to note 15)	**(154 561 255)**	(255 069 163)
	812 434 747	838 694 204
Equity		
Stated capital	**102 080 971**	116 255 971
Retained income	**718 881 468**	693 734 868
	820 962 439	809 990 839
Net debt/equity ratio	**0.99**	1.04

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 business, acquisition of subsidiaries, and loans advanced to joint ventures and associates for investment purposes (capex).

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

	2021	2020
Available cash flow		
Cash generated from operating activities (refer to note 29)	**114 768 074**	464 208 720
New financial indebtedness incurred	**396 000 000**	145 000 000
Cash and cash equivalent at the beginning of the year	**255 069 163**	122 632 997
Capex	**(51 566 633)**	(158 201 445)
	714 270 604	573 640 272
Debt service requirement		
Interests and fees	**(107 474 196)**	(117 612 227)
Principal repayments	**(403 000 000)**	(180 000 000)
	(510 474 196)	(297 612 227)
Debt service cover ratio ("DSCR")	**1.40**	1.93

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

Proparco requirements

The Group monitors capital from Proparco on the basis of its debt service cover ratio and its net debt/equity ratio (as above). The minimum allowed debt service cover ratio for the Group is 1.2 and the maximum net debt/equity ratio of 1.5:1.

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 Company for similar financial instruments.

With the exception of the Group's borrowings and investments, the financial instruments carrying value equals their fair values, due to the short-term nature of the instruments.

These investments are accounted for at fair value through profit or loss.

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 valuation utilises the replacement costs based on a square metre rate, title deed information, town planning conditions and locality and improvements which are applicable to all investment properties. The significant unobservable input is the rate per square metre. Reasonable changes in the input will not have a material impact on the fair value.

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 number	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)

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

				Fair value			
		Carrying values		Level 2		Level 3	
		2021	2020	**2021**	2020	**2021**	2020
Assets							
Investment property	Note 5	**19 947 022**	13 833 550			**19 947 022**	13 833 550
Investments#	Note 8	**13 027 204**	12 269 982			**13 027 204**	12 269 982
Loans to joint ventures and associates	Note 11	**334 018 249**	291 290 277			**334 018 249**	291 290 277
Trade and other receivables	Note 12	**124 556 055**	113 096 893			**124 556 055**	113 096 893
Liabilities							
Borrowings – Bond Exchange	Note 17	**355 318 041**	681 385 966	**360 348 445***	689 784 563*	**–**	–
Borrowings – Proparco and NHFC	Note 17	**588 843 787**	381 456 965			**588 843 787**	381 456 965
Trade and other payables	Note 18	**413 961 388**	596 229 973			**413 961 388**	596 229 973

 # Based on prices for units trusts held by reputable financial institutions.
** Based on quoted prices on the Bond Exchange.*

Borrowings from Proparco and NHFC are carried at amortised cost which approximates the fair value.

The carrying values for loans to and from joint ventures and associates, 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.

5. Investment property

Accounting policy
Investment property is initially recognised at cost and subsequently measured at fair value. The fair value for the commercial properties are determined based on their replacement value.

	2021			2020		
	Cost	**Accumulated fair value adjustment**	**Carrying amount**	Cost	Accumulated fair value adjustment	Carrying amount
Investment property	**12 520 848**	**7 426 174**	**19 947 022**	12 177 963	1 655 587	13 833 550

	2021	2020
Reconciliation of investment		
Opening balance at 1 March	**13 833 550**	14 019 768
Additions	**342 885**	16 759
Transfer to property, plant and equipment	**–**	(202 977)
Fair value adjustment	**5 770 587**	–
Closing balance	**19 947 022**	13 833 550

In the 2020 financial year, the crematorium at the Durbanville Memorial Park was transferred from investment properties to property, plant and equipment with a carrying amount of R202 977.

In the current year, additions to the value of R342 885 (2020: Rnil) were made to the investment properties.

Land and buildings under investment property have a fair value of R19 947 022 (2020: R13 833 550). All investment properties held in the Group are commercial properties, located at the Fourways and Durbanville Memorial Parks.

The Company obtains an external valuation every second year as management does not believe there to be a material movement year on year. The last valuation was performed at 28 February 2021, by an independent valuer who held a recognised and relevant professional qualification and had recent experience in the location and category of the investment property being valued.

Rental income received in respect of investment property amounts to R2 797 220 (2020: R4 022 489). Refer to note 22. The decrease in rental amounts is attributable to rental holidays afforded to tenants that could not trade due to Covid-19 lockdown regulations. Rental amounts for the 2022 financial year are expected to return to normal levels.

6. 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.

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

6. Property, plant and equipment (continued)

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
Right-of-use asset	
Office buildings	Based on the lease period

	2021			2020		
	Cost	**Accumulated depreciation**	**Carrying amount**	Cost	Accumulated depreciation	Carrying amount
Owned						
Land and buildings	**6 897 434**	**–**	**6 897 434**	6 897 434	–	6 897 434
Plant and machinery	**3 248 291**	**(1 796 975)**	**1 451 316**	3 237 421	(1 579 773)	1 657 648
Furniture and fixtures	**1 439 452**	**(1 176 327)**	**263 125**	1 439 452	(958 444)	481 008
Motor vehicles	**582 196**	**(244 361)**	**337 835**	582 196	(127 922)	454 274
Office equipment	**933 589**	**(854 393)**	**79 196**	933 589	(739 741)	193 848
IT equipment	**2 649 738**	**(2 005 454)**	**644 284**	2 189 382	(1 500 311)	689 071
Leasehold improvements	**1 923 613**	**(1 148 779)**	**774 834**	1 923 613	(948 062)	975 551
	17 674 313	**(7 226 289)**	**10 448 024**	17 203 087	(5 854 253)	11 348 834
Right-of-use asset						
Office buildings – Bryanston	**17 923 260**	**(5 870 630)**	**12 052 630**	17 923 260	(2 757 424)	15 165 836
Office buildings – Cape Town	**107 439**	**(107 439)**	**–**	1 366 140	(390 326)	975 814
	18 030 699	**(5 978 069)**	**12 052 630**	19 289 400	(3 147 750)	16 141 650
Total	**35 705 012**	**(13 204 358)**	**22 500 654**	36 492 487	(9 002 003)	27 490 484

	Cost 2020	Remeasured cost*	**Cost 2021**
Right-of-use asset			
Office buildings – Bryanston	17 923 260	–	**17 923 260**
Office buildings – Cape Town	1 366 140	(1 258 701)	**107 439**
	19 289 400	(1 258 701)	**18 030 699**

** The lease for the branch office in Cape Town was cancelled in June 2020. Due to the cancellation, the asset was remeasured at 30 June 2020.*

6. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment – 2021

	Opening balance	Additions	Transfer from investment property	Disposal	Depreciation	Closing carrying amount
Owned – 2021						
Land and buildings	**6 897 434**	**–**	**–**	**–**	**–**	**6 897 434**
Plant and machinery	**1 657 648**	**10 869**	**–**	**–**	**(217 201)**	**1 451 316**
Furniture and fixtures	**481 008**	**–**	**–**	**–**	**(217 883)**	**263 125**
Motor vehicles	**454 274**	**–**	**–**	**–**	**(116 439)**	**337 835**
Office equipment	**193 848**	**–**	**–**	**–**	**(114 652)**	**79 196**
IT equipment	**689 071**	**460 355**	**–**	**–**	**(505 142)**	**644 284**
Leasehold improvements	**975 551**	**–**	**–**	**–**	**(200 717)**	**774 834**
	11 348 834	**471 224**	**–**	**–**	**(1 372 034)**	**10 448 024**
Right-of-use asset – 2021						
Office buildings – Bryanston	**15 165 836**	**–**	**–**	**–**	**(3 113 206)**	**12 052 630**
Office buildings – Cape Town	**975 814**	**107 439**	**–**	**(814 656)**	**(268 597)**	**–**
	16 141 650	**107 439**	**–**	**(814 656)**	**(3 381 803)**	**12 052 630**
Gross totals of movements	**27 490 484**	**578 663**	**–**	**(814 656)**	**(4 753 837)**	**22 500 654**

Reconciliation of property, plant and equipment – 2020

	Opening balance	Additions	Transfer from investment property	Disposal	Depreciation	Closing carrying amount
Owned – 2020						
Land and buildings	6 897 434	–	–	–	–	6 897 434
Plant and machinery	1 919 458	85 500	202 977	(251 747)	(298 540)	1 657 648
Furniture and fixtures	706 716	–	–	–	(225 708)	481 008
Motor vehicles	156 667	382 196	–	–	(84 589)	454 274
Office equipment	321 038	–	–	–	(127 190)	193 848
IT equipment	984 066	304 187	–	–	(599 182)	689 071
Leasehold improvements	1 187 967	–	–	–	(212 416)	975 551
	12 173 346	771 883	202 977	(251 747)	(1 547 625)	11 348 834
Right-of-use asset – 2020						
Office buildings – Bryanston	–	17 923 260*	–	–	(2 757 424)	15 165 836
Office buildings – Cape Town	–	1 366 140*	–	–	(390 326)	975 814
	–	19 289 400	–	–	(3 147 750)	16 141 650
Gross totals of movements	12 173 346	20 061 283	202 977	(251 747)	(4 695 375)	27 490 484

** On adoption of IFRS 16.*

6. Property, plant and equipment (continued)

Right-of-use assets – terms greater than one 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	**54 months**
Branch office	Cape Town	**Cancelled**

In the prior year, a crematorium which was disclosed as investment properties was transferred to property, plant and equipment and was disposed in 2020.

Depreciation expense of R4 753 837 (2020: R4 695 375) has been charged to "administrative expenses" in the statement of comprehensive income.

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.

7. 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.

	2021			2020		
	Cost	**Accumulated amortisation/ impairment**	**Carrying amount**	Cost	Accumulated amortisation/ impairment	Carrying amount
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	(93 231)	4 860
	175 772 329	**(16 121 795)**	**159 650 534**	175 772 329	(16 116 952)	159 655 377

7. Intangible assets (continued)

Amortisation expenses on computer software of R4 844 (2020: R21 405) has been included in "administrative expenses" in the statement of comprehensive income.

Additions of Rnil (2020: 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.

Impairment tests for goodwill

Goodwill is monitored at the operating segment level. The following is a summary of goodwill allocation for each operating segment:

	2021	2020
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 unescalated basis. Only current selling prices and costs are taken into consideration when extrapolating the relevant cash flows and no escalation is provided for on any of the amounts. As a result of this, the Group uses a growth rate of nil to extrapolate cash flows. Refer to note 38 for the considerations taken into account in preparing the cash flows used in the assessment of the goodwill.

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.

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

	Residential Property Development	
	2021	2020
Gross margin utilised in the cash flow forecast	**25.53%**	21.44%
Pre-tax discount rate (real)	**13.98%**	11.80%

The pre-tax discount rate increased in the current year due to changes in the underlying assumptions applied in the real pre-tax discount rate calculation.

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.

8. 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.

	2021	2020
Investments	**13 027 204**	12 269 982
	13 027 204	12 269 982
Reconciliation of investments		
Opening balance at 1 March	**12 269 982**	11 089 608
Fair value adjustment through profit or loss (refer to note 22)	**757 222**	1 180 374
	13 027 204	12 269 982

The current investment held relates to money market and other long-term deposits. These investments are accounted for at fair value through profit or loss.

9. Investment in joint ventures and associates

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

Unrealised gains on transactions between the Group and its joint ventures and associates are eliminated to the extent of the Group's interest in the joint ventures and associates, 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.

9. Investment in joint ventures and associates (continued)

	% Voting power 2021	% Voting power 2020	% Holding 2021	% Holding 2020	Carrying amount 2021	Carrying amount 2020
Joint ventures						
Witpoortjie Calgro M3 Development Company (Pty) Ltd[1]	**50.00%**	50.00%	**75.83%**	75.83%	**–**	–
South Hills Development Company (Pty) Ltd[1, 2]	**50.00%**	50.00%	**57.50%**	57.50%	**16 962 691**	12 479 446
Safdev Tanganani (Pty) Ltd	**50.00%**	50.00%	**50.00%**	50.00%	**500**	500
Table View Properties Proprietary Limited[3]	**50.00%**	50.00%	**50.00%**	50.00%	**20 000 000**	20 000 000
Calgro M3 JCO Holdings Proprietary Limited[6]	**–**	50.00%	**–**	80.00%	**–**	119 793 747
Frankenwald Development (Pty) Ltd[4]	**50.00%**	50.00%	**50.00%**	50.00%	**103 500**	103 500
32 on Pine Property Development (Pty) Ltd[4, 5]	**50.00%**	–	**50.00%**	–	**–**	–
					37 066 691	152 377 193

1. *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.*
2. *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.*
3. *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.*
4. *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.*
5. *The Group acquired 50% of the shares in 32 on Pine Property Development (Pty) Ltd on 18 November 2020.*
6. *The Group entered into an agreement with a joint venture partner to establish a new rental portfolio for the Group through the joint venture partnership. Investments were made to the joint venture company to enable the Company to acquire new rental units for the portfolio.*
   During the current financial year, Calgro Group sold its 80% investment in joint venture (Calgro M3 JCO Holdings (Pty) Ltd) to Afhco Holdings (Pty) Ltd. The table below shows the various components making up the transaction undertaken by Calgro Group. The net loss on sale amounted to R4 085 328.

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.

Sale of investment in Calgro M3 JCO Holdings (Pty) Ltd – Loss on sale of investment

	Loss on the sale of investment
Carrying value of investment	
Opening balance of investment	**119 793 747**
Share of losses up to date of the assets being classified as held for sale	**(1 137 353)**
Net investment at carrying amount	**118 656 394**
Loans granted at disposal date	**20 599 536**
Carrying value of investment	**139 255 930**
Fair value of investment	
Total consideration to be received*	**150 435 213**
Plus:	
Cash available in joint venture	**4 658 080**
Less:	
Additional liabilities undertaken	**(19 597 691)**
Costs to effect the transaction	**(325 000)**
Fair value of investment	**135 170 602**
Loss on the sale of the investment recognised through the statement of comprehensive income	**4 085 328**

** Total consideration includes a R9 million deferred payment to be recovered in a single payment within 12 months.*

9. Investment in joint ventures and associates (continued)

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.

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 and associates (note 11), trade and other receivables (note 14) and related party transactions (note 35) which arose in the ordinary course of business, the Calgro M3 Group has no further financial risks associated with these joint ventures and associates.

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

The projects which are managed by each joint venture or associate 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
Safdev Tanganani (Pty) Ltd	Diepsloot	Residential Property Development
Table View Properties (Pty) Ltd	Vredehoek	Residential Property Development
Frankenwald Development (Pty) Ltd	Frankenwald project	Residential Property Development
32 on Pine Property Development (Pty) Ltd	32-on-Pine	Residential Property Development

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

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

All the year-ends of joint ventures and associates, except for Frankenwald Development (Pty) Ltd, are consistent with those of the Group.

Frankenwald Development (Pty) Ltd's year-end is 30 June; however, the February 2021 results are presented.

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

	2021	2020
Witpoortjie Calgro M3 Development Company (Pty) Ltd	**–**	(134 738)
South Hills Development Company (Pty) Ltd	**4 483 245**	(597 803)
Safdev Tanganani (Pty) Ltd	**–**	–
Table View Properties (Pty) Ltd	**–**	–
32 on Pine Property Development (Pty) Ltd	**–**	–
Frankenwald Development (Pty) Ltd	**–**	–
Calgro M3 JCO Holdings (Pty) Ltd	**(1 137 353)**	–
	3 345 892	(732 541)

Please refer to note 2.10.2 for ECLs (expected credit losses) provided for on loans to joint ventures and associates. 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. Due to the impact of IFRS 15 on the timing of revenue recognition by the joint ventures, losses might be recognised in any particular year, depending on the type of units constructed during that year. Losses are not an indication that the ECL for that project or joint venture should be adjusted due to increased risk.

9. Investment in joint ventures and associates (continued)

	Witpoortjie Calgro M3 Development Company (Pty) Ltd		South Hills Development Company (Pty) Ltd	
	2021	2020	**2021**	2020
Statement of financial position				
Assets				
Non-current assets				
Deferred income tax asset	**2 173 688**	562 325	**–**	–
	2 173 688	562 325	**–**	–
Current assets				
Inventories/construction contracts	**282 900 662**	289 189 784	**198 255 766**	131 704 973
Financial asset	**–**	–	**–**	4 196 094
Trade and other receivables	**8 864 610**	492 036	**9 328 366**	10 881 873
Current income tax asset	**–**	–	**566 862**	–
Cash and cash equivalents	**68 021**	474 500	**65 825**	63 944
	291 833 293	290 156 320	**208 216 819**	146 846 884
Total assets	**294 006 981**	290 718 645	**208 216 819**	146 846 884
Equity and liabilities				
Equity				
Share capital	**–**	–	**120**	120
(Accumulated loss)/retained income	**(5 768 893)**	(1 607 342)	**39 912 095**	29 363 284
	(5 768 893)	(1 607 342)	**39 912 215**	29 363 404
Liabilities				
Non-current liabilities				
Deferred income tax liability	**–**	–	**16 803 622**	12 981 549
	–	–	**16 803 622**	12 981 549
Current liabilities				
Borrowings	**58 320 593**	68 520 357	**–**	–
Bank overdraft	**–**	–	**6 794 866**	38 641 070
Loans from shareholders	**239 548 981**	217 816 029	**114 852 129**	43 959 013
Trade and other payables	**1 906 300**	5 989 601	**29 853 987**	21 901 848
	299 775 874	292 325 987	**151 500 982**	104 501 931
Total liabilities	**299 775 874**	292 325 987	**168 304 604**	117 483 480
Total equity and liabilities	**294 006 981**	290 718 645	**208 216 819**	146 846 884
Statement of comprehensive income				
Revenue	**41 580 570**	52 240 967	**175 390 289**	95 746 145
Cost of sales	**(43 640 281)**	(54 372 949)	**(161 766 348)**	(103 450 774)
Gross (loss)/profit	**(2 059 711)**	(2 131 982)	**13 623 941**	(7 704 629)
Other income	**20 630**	940	**4 160 298**	4 016 716
Administrative expenses	**(271 953)**	(212 515)	**(637 979)**	(269 861)
Net impairment losses on financial and contract assets	**29 404**	(77 364)	**(1 087 592)**	4 669 838
Operating (loss)/profit	**(2 281 630)**	(2 420 921)	**16 058 668**	712 064
Finance income	**1 379**	–	**12 523**	3 464
Finance costs	**(3 492 663)**	–	**(1 420 064)**	–
(Loss)/profit before tax	**(5 772 914)**	(2 420 921)	**14 651 127**	715 528
Taxation	**1 611 363**	635 895	**(4 102 316)**	924 334
(Loss)/profit after taxation	**(4 161 551)**	(1 785 026)	**10 548 811**	1 639 862
Other comprehensive income	**–**	–	**–**	–
Total comprehensive (loss)/income	**(4 161 551)**	(1 785 026)	**10 548 811**	1 639 862

9. Investment in joint ventures and associates (continued)

Reconciliation of financial information

Reconciliation of the information presented to the carrying amount of its interest in the joint venture.

	Witpoortjie Calgro M3 Development Company (Pty) Ltd		South Hills Development Company (Pty) Ltd	
	2021	2020	**2021**	2020
Summarised financial information				
Opening net assets at 1 March	**(1 607 342)**	177 684	**29 363 404**	30 770 001
Opening balance adjustment to retained earnings	**–**	–	**–**	(3 046 459)
(Loss)/profit after tax	**(4 161 551)**	(1 785 026)	**10 548 811**	1 639 862
Closing net assets	**(5 768 893)**	(1 607 342)	**39 912 215**	29 363 404
Interest in joint venture at 75.83% and 42.5%	**–**	–	**16 962 691**	12 479 446
Carrying value	**–**	–	**16 962 691**	12 479 446
Reconciliation of investment in joint venture				
At 1 March	**–**	134 738	**12 479 446**	13 077 250
Share of opening balance adjustment to retained earnings	**–**	–	**–**	(1 294 745)
Share of (loss)/profit	**–**	(134 738)	**4 483 245**	696 941
Net share of (loss)/profit for the current year (limited to carrying amount of investment)	**–**	(134 738)	**4 483 245**	(597 804)
Net carrying value	**–**	–	**16 962 691**	12 479 446
The impact of the cash flows on the Group consists of the following:				
Cash inflow/(outflow) from construction activities (net movement in trade debtors)	**5 091 960**	125 093 081	**(508 998)**	189 525
Cash inflow for loans from joint ventures	**–**	–	**–**	–
Cash outflow for loans to joint ventures	**(6 559 279)**	–	**–**	(23 000 000)
Net cash flows on the Group from joint ventures	**(1 467 319)**	125 093 081	**(508 998)**	(22 810 475)

9. Investment in joint ventures and associates (continued)

	Table View Properties (Pty) Ltd		Safdev Tanganani (Pty) Ltd	
	2021	2020	**2021**	2020
Statement of financial position				
Assets				
Non-current assets				
Deferred income tax asset	**16 775**	14 115	**997 830**	650 208
	16 775	14 115	**997 830**	650 208
Current assets				
Inventories	**–**	–	**97 220 763**	91 378 646
Trade and other receivables	**5 006 026**	5 005 782	**263**	970 345
Cash and cash equivalents	**4 680**	1 860	**4 745**	48 580
	5 010 706	5 007 642	**97 225 771**	92 397 571
Total assets	**5 027 481**	5 021 757	**98 223 601**	93 047 779
Equity and liabilities				
Equity				
Share capital	**5 000 000**	5 000 000	**1 000**	1 000
(Accumulated loss)/retained income	**(85 196)**	(78 357)	**(522 430)**	371 459
	4 914 804	4 921 643	**(521 430)**	372 459
Current liabilities				
Loans from shareholders	**112 677**	100 114	**98 745 031**	92 675 320
	112 677	100 114	**98 745 031**	92 675 320
Total liabilities	**112 677**	100 114	**98 745 031**	92 675 320
Total equity and liabilities	**5 027 481**	5 021 757	**98 223 601**	93 047 779
Statement of comprehensive income				
Revenue	**–**	–	**–**	–
Cost of sales	**–**	–	**–**	–
Gross profit	**–**	–	**–**	–
Administrative expenses	**(1 936)**	(19 465)	**(2 609)**	(21 026)
Net impairment losses on financial and contract assets	**–**	–	**–**	–
Operating loss	**(1 936)**	(19 465)	**(2 609)**	(21 026)
Finance income	**–**	–	**–**	–
Finance costs	**(7 563)**	(7 760)	**(1 238 903)**	–
Loss before tax	**(9 499)**	(27 225)	**(1 241 512)**	(21 026)
Taxation	**2 660**	7 623	**347 623**	5 887
Loss after taxation	**(6 839)**	(19 602)	**(893 889)**	(15 139)
Other comprehensive income	**–**	–	**–**	–
Total comprehensive loss	**(6 839)**	(19 602)	**(893 889)**	(15 139)

9. Investment in joint ventures and associates (continued)

Reconciliation of financial information

Reconciliation of the information presented to the carrying amount of its interest in the joint venture.

	Table View Properties (Pty) Ltd		Safdev Tanganani (Pty) Ltd	
	2021	2020	**2021**	2020
Summarised financial information				
Opening net assets at 1 March	**(78 357)**	(58 755)	**372 459**	387 598
Loss after tax	**(6 839)**	(19 602)	**(893 889)**	(15 139)
Closing net assets	**(85 196)**	(78 357)	**(521 430)**	372 459
Loss limitation	**85 196**	78 357	**521 930**	(371 959)
Carrying value	**–**	–	**500**	500
Reconciliation of investment in joint venture				
At 1 March	**20 000 000**	20 000 000	**500**	500
Capital investment from the Group	**–**	–	**–**	–
Net carrying value	**20 000 000**	20 000 000	**500**	500
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	**–**	–	**471 008**	–
Cash outflow for loans to joint ventures	**(5 000)**	–	**–**	–
Net cash flows on the Group from joint ventures	**(5 000)**	–	**471 008**	–

9. Investment in joint ventures and associates (continued)

	Frankenwald Development (Pty) Ltd		Calgro M3 JCO Holdings (Pty) Ltd	
	2021	2020	**2021**	2020
Statement of financial position				
Assets				
Non-current assets				
Investment properties	**–**	–	**–**	135 326 667
Property, plant and equipment	**–**	–	**–**	107 333
Deferred tax asset	**–**	140	**–**	966 109
	–	140	**–**	136 400 109
Current assets				
Inventories	**40 094 438**	18 420 434	**–**	–
Loans to related parties	**–**	–	**–**	4 954 181
Trade and other receivables	**2 215 288**	2 707 696	**–**	81 354 395
Cash and cash equivalents	**1 144 233**	214 626	**–**	4 637 960
	43 453 959	21 342 756	**–**	90 946 536
Total assets	**43 453 959**	21 342 896	**–**	227 346 645
Equity and liabilities				
Equity				
Stated capital	**–**	–	**–**	129 602 147
Retained income/(accumulated loss)	**871 364**	(361)	**–**	(2 484 281)
	871 364	(361)	**–**	127 117 866
Liabilities				
Non-current liabilities				
Borrowings	**–**	–	**–**	–
	–	–	**–**	–
Current liabilities				
Loans from Group companies	**–**	–	**–**	74 589 428
Loans from shareholders	**42 556 133**	21 343 257	**–**	12 647 580
Trade and other payables	**26 462**	–	**–**	12 991 771
	42 582 595	21 343 257	**–**	100 228 779
Total liabilities	**42 582 595**	21 343 257	**–**	100 228 779
Total equity and liabilities	**43 453 959**	21 342 896	**–**	227 346 645
Statement of comprehensive income				
Revenue	**522 433**	–	4 859 284	5 363 059
Cost of sales	**–**	–	(1 470 493)	(1 896 734)
Gross profit	**522 433**	–	3 388 791	3 466 325
Other income	**–**	–	–	–
Administrative expenses	**(2 478)**	(2 016)	(82 914)	(237 393)
Net impairment losses on financial and contract assets	**–**	–	(1 643 060)	(456 274)
Operating profit/(loss)	**519 955**	(2 016)	1 662 817	2 772 658
Finance income	**27 736**	1 515	126 890	716 361
Finance cost	**–**	–	(3 764 277)	(6 550 346)
Profit/(loss) before tax	**547 691**	(501)	(1 974 570)	(3 061 327)
Taxation	**(153 353)**	140	552 879	857 171
Profit/(loss) after taxation	**394 338**	(361)	(1 421 691)	(2 204 156)
Other comprehensive income	**–**	–	–	–
Total comprehensive income	**394 338**	(361)	(1 421 691)	(2 204 156)

9. Investment in joint ventures and associates (continued)

Reconciliation of financial information

Reconciliation of the information presented to the carrying amount of its interest in the joint venture.

	Frankenwald Development (Pty) Ltd		Calgro M3 JCO Holdings (Pty) Ltd	
	2021	2020	**2021**	2020
Summarised financial information				
Opening net assets at 1 March	**–**	–	**(2 484 281)**	(280 125)
Profit/(loss) after tax	**394 338**	(361)	**(1 421 691)**	(2 204 156)
Closing net asset/(liability)	**394 338**	(361)	**(3 905 972)**	(2 484 281)
Interest in joint venture at 50.00% and 80.00%	**193 226**	–	**(1 137 353)**	1 763 325
Disposal of investment in joint venture	**–**	–	**5 043 325**	–
Loss limitation	**(193 226)**	361	**–**	–
Closing net liabilities	**–**	–	**–**	(720 956)
Reconciliation of investment in joint venture				
At 1 March	**103 500**	–	**119 793 747**	119 793 747
Share of profit/(loss)	**193 226**	–	**(1 137 353)**	(1 763 325)
Capital investment from the Group	**–**	103 500	**–**	–
Sale of investment	**–**	–	**(118 656 394)**	–
Loss limitation	**(193 226)**	–	**–**	1 763 325
Net carrying value	**103 500**	103 500	**–**	119 793 747
The impact of the cash flows on the Group consists of the following:				
Cash inflow from construction activities (net movement in deposits received and repaid)	**–**	–	**–**	–
Cash (outflow) from investing activities	**–**	–	**–**	(103 500)
Cash inflow for loans from joint ventures	**–**	–	**–**	–
Cash outflow for loans to joint ventures	**(10 710 254)**	–	**(14 121 035)**	–
Net cash flows on the Group from joint ventures	**(10 710 254)**	–	**(14 121 035)**	(103 500)

9. Investment in joint ventures and associates (continued)

	32 on Pine Property Development	
	2021	2020
Statement of financial position		
Assets		
Non-current assets		
Deferred tax asset	**–**	–
	–	–
Current assets		
Inventories	**17 000 000**	–
Trade and other receivables	**2 550 000**	–
Cash and cash equivalents	**–**	–
	19 550 000	–
Total assets	**19 550 000**	–
Equity and liabilities		
Equity		
Stated capital	**–**	–
Accumulated loss	**–**	–
	–	–
Liabilities		
Current liabilities		
Loans from Group companies	**19 550 000**	–
	19 550 000	–
Total liabilities	**19 550 000**	–
Total equity and liabilities	**19 550 000**	–
Statement of comprehensive income		
Revenue	**–**	–
Cost of sales	**–**	–
Gross profit	**–**	–
Other income	**–**	–
Administrative expenses	**–**	–
Other non-operating gains/(losses)	**–**	–
Net impairment losses on financial and contract assets	**–**	–
Operating loss	**–**	–
Finance income	**–**	–
Finance cost	**–**	–
Loss before tax	**–**	–
Taxation	**–**	–
Loss after taxation	**–**	–
Other comprehensive income	**–**	–
Total comprehensive loss	**–**	–

9. Investment in joint ventures and associates (continued)

Reconciliation of financial information

Reconciliation of the information presented to the carrying amount of its interest in the joint venture.

	32 on Pine Property Development	
	2021	2020
Summarised financial information		
Opening net assets at 1 March	–	–
Profit after tax	–	–
Closing net liabilities	–	–
Loss limitation	–	–
Closing net liabilities	–	–
Reconciliation of investment in joint venture		
At 1 March	–	–
Share of (loss)/profit	–	–
Capital investment from the Group	–	–
Loss limitation	–	–
Net carrying value	–	–
The impact of the cash flows on the Group consists of the following:		
Cash inflow from construction activities (net movement in deposits received and repaid)	–	–
Cash (outflow) from investing activities	–	–
Cash inflow for loans from joint ventures	–	–
Cash outflow for loans to joint ventures	**(19 550 000)**	–
Net cash flows on the Group from joint ventures	**(19 550 000)**	–

10. 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 profits necessary to support the deferred tax asset is probable.

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. Similarly a deferred tax asset can only be recognised by the Group if the temporary difference will reverse in the future and there will be taxable profit available against which the temporary difference can be utilised.

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.

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

	2021	2020
Reconciliation of deferred tax (liability)/asset		
Opening balance	**(161 978 475)**	(170 945 403)
Statement of comprehensive income charge	**9 943 978**	9 903 671
Construction contracts	**35 272 562**	67 362 238
Accelerated capital allowances for tax purposes	**–**	92 994
Inventories	**281 347**	(5 665 421)
Bonus accrual	**1 021 923**	(7 607 662)
Work in progress	**–**	12 065
Tax losses available for set off against future taxable income	**(15 098 162)**	(8 068 834)
Capital losses available for future use	**1 147 720**	–
Share appreciation right	**(21 515)**	21 515
Deferred revenue	**1 556 620**	1 066 027
Provisions	**15 258**	290 142
Provision for credit losses – trade receivables	**(35 522)**	220 311
Provision for credit losses – contract assets	**(554 189)**	(8 688 380)
Income received in advance	**(13 721 556)**	(29 093 878)
Capitalised leased assets	**79 492**	367 680
Other	**–**	(405 126)
Deferred tax effect on IFRS 16 opening balance charge	**–**	(936 743)
Leases – lessee	**–**	(936 743)
Closing balance	**(152 034 497)**	(161 978 475)
The analyses of deferred tax liabilities and deferred tax assets are as follows:		
Deferred tax liabilities		
Construction contracts	**(193 899 242)**	(259 003 638)
Inventories	**(27 105 116)**	(14 161 035)
Deferred revenue	**2 096 192**	26 483
Tax losses available for set off against future taxable income	**8 631 177**	37 811 593
Investment properties	**92 857**	92 857
Provision for credit losses – trade receivables	**(66 113)**	553 048
Provision for credit losses – contract assets	**1 405 202**	1 438 613
Income received in advance	**228 073**	14 000 000
Deferred tax liabilities*	**(208 616 970)**	(219 242 079)

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

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

	2021	2020
Deferred tax assets		
Construction contracts	**(37 615 389)**	(7 783 555)
Inventories	**22 749 688**	9 524 260
Provisions	**305 400**	290 142
Capitalised leased assets	**447 172**	367 680
Deferred revenue	**2 794 854**	3 307 943
Bonus accrual	**2 249 824**	1 227 901
Share appreciation right settlement prepayment	**(407 794)**	(407 794)
Share appreciation right	**–**	21 515
Executive share scheme	**9 674 563**	9 674 563
Capital losses available for future use	**1 308 293**	160 573
Provision for credit losses – trade receivables	**2 152 543**	1 568 904
Provision for credit losses – contract assets	**(726 553)**	(205 775)
Income received in advance	**1 068 189**	1 017 818
Tax losses available for set off against future taxable income	**52 581 683**	38 499 429
Deferred tax assets#	**56 582 473**	57 263 604
Net deferred tax balance	**(152 034 497)**	(161 978 475)
Deferred tax liabilities		
Deferred tax liability to be realised within 12 months	**(117 442 303)**	(123 423 779)
Deferred tax liability to be realised after more than 12 months	**(91 174 667)**	(95 818 300)
	(208 616 970)	(219 242 079)
Deferred tax assets		
Deferred tax asset to be recovered within 12 months	**19 151 603**	19 382 147
Deferred tax asset to be recovered after more than 12 months	**37 430 870**	37 881 457
	56 582 473	57 263 604

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

11. Loans to joint ventures and associates

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 financial asset balances. Refer to note 2.10.2 for the relevant judgements applied.

11. Loans to joint ventures and associates (continued)

	Interest rate	Expected repayment date	2021	2020
Loans to joint ventures and associates				
South Hills Development Company (Pty) Ltd (unsecured)	Prime plus 2%	28 February 2022	**4 212 582**	3 913 347
Safdev Tanganani (Pty) Ltd (unsecured)	Prime	28 February 2022	**49 419 444**	46 348 896
Table View Properties (Pty) Ltd (unsecured)	Prime plus 2%	28 February 2022	**112 677**	100 114
Calgro M3 JCO Holdings (Pty) Ltd (unsecured)	Prime	Settled	**–**	12 647 580
Witpoortjie Calgro M3 Development Company (Pty) Ltd (unsecured)	Prime plus 2%	28 February 2022	**172 837 100**	151 104 148
Witpoortjie Calgro M3 Development Company (Pty) Ltd (unsecured)	Interest free	28 February 2022	**66 711 880**	66 711 880
Frankenwald Development (Pty) Ltd (unsecured)	Interest free	28 February 2022	**21 174 566**	10 464 312
32 on Pine Property Development (Pty) Ltd (unsecured)	Interest free	28 February 2022	**19 550 000**	–
Principal loan amounts			**334 018 249**	291 290 277
Provisions for expected credit losses			**(13 582 407)**	(11 386 389)
Loans to joint ventures and associates			**320 435 842**	279 903 888

Refer to note 9 for the analysis of the movement of the loans.

Loans to joint ventures and associates		
Loans to be realised within 12 months	**177 005 689**	234 477 069
Loans to be realised after more than 12 months	**157 012 560**	56 813 208
	334 018 249	291 290 277

12. 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 comprises design costs, building materials, indirect labour, borrowing costs and other direct costs.

Completed units acquired through the sale of the investment in Afhco Calgro M3 Consortium (Pty) Ltd, located in the South Hills Lifestyle Estate development and Scottsdene development, 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. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the year in which the reversal occurs.

Individual units which do not form part of construction contracts are classified as inventory and are sold as a completed unit.

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 macro-economic conditions require judgement.

12. Inventories (continued)

	2021	2020
Opening balance	**719 305 469**	568 498 000
Additions (net of transfers to construction contracts)	**(34 625 892)**	269 440 817
Borrowing costs capitalised	**4 806 070**	12 210 596
Net realisable value adjustments#	**(10 363 419)**	(681 928)
Disposals	**(35 548 357)**	(130 162 016)
Closing balance	**643 573 871**	719 305 469
Inventories to be sold within 12 months	**259 820 633**	322 452 614
Inventories to be sold after more than 12 months	**383 753 238**	396 852 855
	643 573 871	719 305 469

** The normal operating cycle for inventory, construction contracts and work in progress is considered to be longer than 12 months.*
 # The NRV adjustment for the current year relates to the units held in the South Hills Lifestyle Estate Development and the La Vie Nouvelle Development.

Included in the additions for the prior year was additions of R163 766 327 from the transaction with Afhco Calgro M3 Consortium (Pty) Ltd, Afhco Holdings (Pty) Ltd, SA Retail Properties (Pty) Ltd and SA Corporate Real Estate Limited, where the Group acquired 90 freestanding units in the South Hills development from Afhco Calgro M3 Consortium (Pty) Ltd.

Inventories to the value of R94 246 634 (2020: R5 957 792) are stated at net realisable value.

13. Construction contracts

Accounting policy

The accounting policy for construction contracts need to be read in conjunction with the accounting policy for revenue in note 20.

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 cost 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 cost 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 its shown as a contract liability within trade and other payables.

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 with 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 14).

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

13. Construction contracts (continued)

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 equals 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 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. Management forecasts are approved by the Board of Directors and if third parties are involved, their approval is also obtained.

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.

	2021	2020
The aggregate costs incurred and recognised profits to date	**4 277 831 032**	4 651 857 895
Less: Progress billings	**(3 462 446 858)**	(3 774 054 211)
Net statement of financial position balance for ongoing contracts	**815 384 174**	877 803 684
Excess billings over work done classified under trade and other payables (note 18)	**25 835 396**	69 115 355
Provision for loss making contracts classified under trade and other payables (note 18)	**1 899 482**	3 432 443
Provisions for expected credit losses on contract assets	**(2 423 746)**	(4 402 995)
Gross statement of financial position balance for ongoing contracts	**840 695 306**	945 948 487
Construction contracts to be realised within 12 months	**287 941 821**	272 003 670
Construction contracts to be realised after 12 months	**552 753 485**	673 944 817
	840 695 306	945 948 487
The previous year's contract liabilities have been recognised in revenue in full during the current reporting period.		
Disaggregated construction contracts – pre-expected credit loss provisions		
Infrastructure – contract assets	**12 995 031**	29 180 561
Fully and partially subsidised units – contract assets	**348 474 687**	288 298 981
Non-subsidised units – contract assets	**14 440 130**	28 368 945
Serviced land – contract assets	**21 816 854**	54 081 590
Contract assets	**397 726 702**	399 930 077
Future contract asset costs		
Development cost for future contract assets	**445 392 350**	550 421 405
	843 119 052	950 351 482
Reconciliation of construction contracts		
Gross statement of financial position balance for ongoing contracts	**397 726 702**	399 930 077
Provisions for expected credit losses on contract assets	**(2 423 746)**	(4 402 995)
Development cost for future contract assets	**445 392 350**	550 421 405
Statement of financial position balance for construction contracts	**840 695 306**	945 948 487

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

13. Construction contracts (continued)

The expected aggregate revenue still to be recognised on the current contract asset balances amounts to R2 398 869 196 (2020: R1 874 632 584) and will be recognised within the normal operating cycle of the business.

Borrowing costs to the value of R30 526 396 (2020: R57 384 762) have been capitalised (note 27).

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 in the current year. 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 is recognised.

14. Trade and other receivables

Accounting policy

Trade receivables are a financial asset 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.

	2021	2020
Financial instruments		
Trade receivables – other – total	**60 157 696**	95 028 104
Trade receivables – other – third parties	**50 931 423**	80 464 473
Retention debtors – other – third parties	**3 114 584**	3 868 980
Third parties – trade receivables and retention debtors	**54 046 007**	84 333 453
Trade receivables – other – related parties	**6 111 689**	10 694 651
Other receivables	**11 903 329**	11 344 820
Receivable from sale of investment*	**49 265 000**	–
Securing deposits#	**1 096 124**	4 324 739
Financial instruments – excluding rental debtors	**122 422 149**	110 697 663
Trade receivables – rental debtors – third parties	**2 133 906**	2 399 230
Gross financial instruments	**124 556 055**	113 096 893
Provision for credit losses – trade and other receivables	**(5 327 125)**	(5 179 168)
Provision for credit losses – rental debtors	**(2 133 906)**	(2 399 230)
Total net financial instruments	**117 095 024**	105 518 495
Non-financial instruments		
Value added tax	**81 691 364**	24 918 709
Total non-financial instruments	**81 691 364**	24 918 709
Total trade and other receivables	**198 786 388**	130 437 204
Trade and other receivables to be realised within 12 months	**195 029 480**	123 065 684
Trade and other receivables to be realised after 12 months	**3 756 908**	7 371 520
	198 786 388	130 437 204

 # This related to deposits paid to secure land for future projects in the prior year.

** This relates to the receivable amount from the sale of the investment in the subsidiary MS5 Pennyville (Pty) Ltd. Refer to note 31.*

14. Trade and other receivables (continued)

Trade receivables and retention debtors fully performing

At 28 February 2021, trade receivables and retention debtors of R9 700 907 (29 February 2020: R50 854 759) were fully performing.

	2021	2020
Trade receivables and retention debtors from related parties		
South Hills Development Company (Pty) Ltd	**5 518 210**	5 009 212
Witpoortjie Calgro M3 Development Company (Pty) Ltd	**593 479**	5 685 439
Total	**6 111 689**	10 694 651

Trade receivables and retention debtors owing from related parties are not considered past due as they were 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 and associates as at 28 February 2021 and does 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 9 for summarised financial information as well as detailed analysis of joint venture and associates' relationships.

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

At 28 February 2021, trade receivables and retention debtors of R50 456 789 (29 February 2020: R41 774 115) 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 (other than rental trade receivables) – third parties

	Other debtors	
	2021	2020
Less than 30 days	**3 589 218**	40 160 108
30 days and older	**50 456 789**	41 774 115
Total	**54 046 007**	81 934 223
Ageing of trade receivables – rentals		
0 to 30 days	**18 397**	294 493
31 to 60 days	**144 370**	169 267
61 to 90 days	**143 899**	198 389
91 to 120 days	**155 173**	185 830
121+ days	**1 672 067**	1 551 251
Total	**2 133 906**	2 399 230

Trade receivables impairment

At 28 February 2021, trade receivables – rental debtors of R1 845 475 (29 February 2020: Rnil) were written off as bad debt.

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 for deposits as disclosed above. Refer to note 2.10.2 for details of financial instruments.

14. Trade and other receivables (continued)

Movement in trade receivables and corresponding impact on ECL provisions:

	Gross carrying amounts 2021	ECL provision 2021	Gross carrying amounts 2020	ECL provision 2020	Increase/ (decrease) in ECL
Trade and other receivables – other					
1. Government institution exposure	**35 524 587**	**(722 332)**	65 291 164	(2 488 571)	1 766 239
2. Normal business risk exposure	**84 869 866**	**(4 576 202)**	37 833 237	(1 045 121)	(3 531 081)
3. Financial institution risk exposure	**2 027 697**	**(28 591)**	7 573 262	(1 645 476)	1 616 885
	122 422 149	**(5 327 125)**	110 697 663	(5 179 168)	(147 957)

1. *Government institution exposure*
   - The main reduction relates to monies received for the Fleurhof project.
2. *Normal business risk exposure*
   - The main increase relates to the R49 265 000 receivable from the sale of the investment in MS5 Pennyville (Pty) Ltd.
3. *Financial institution risk exposure*
   - The reduction is due to a general recovery of receivable balances.

	Gross carrying amounts 2021	ECL provision 2021	Gross carrying amounts 2020	ECL provision 2020	Increase/ (decrease) in ECL
Trade and other receivables – rental debtors					
0 to 30 days	**18 397**	**(18 397)**	294 493	(294 493)	276 096
31 to 60 days	**144 370**	**(144 370)**	169 267	(169 267)	24 897
61 to 90 days	**143 899**	**(143 899)**	198 389	(198 389)	54 490
91 to 120 days	**155 173**	**(155 173)**	185 830	(185 830)	30 657
121+ days	**1 672 067**	**(1 672 067)**	1 551 251	(1 551 251)	(120 816)
Total	**2 133 906**	**(2 133 906)**	2 399 230	(2 399 230)	265 324

Trade and other receivables – rental debtors

- Due to the limited number of units currently being rented out, the rental debtors are concentrated primarily towards one specific development. That development has a high level of non-payment of rentals, rental boycotts and resulting legal action and eviction orders taken out against tenants. Due to the specific risks associated with these rental debtors, the Group has decided to apply an ECL rate of 100% on the total carrying amount of rental debtors.

- The movement in the current year is made up as follows:

	Increase/ (decrease) in ECL
Bad debts written off	**1 868 582**
Expected credit loss provision for the current year	**(2 133 906)**
Net movement	**(265 324)**

15. Cash and cash equivalents

Accounting policy
Cash and cash equivalents includes cash on hand and deposits held on call with banks.

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

	2021	2020
Cash on hand	**5 455**	6 797
Bank balances	**154 555 800**	255 062 366
	154 561 255	255 069 163

16. 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.

	Number of shares		**Rand amount**	
	2021	2020	**2021**	2020
Authorised				
Ordinary no par value shares	**500 000 000**	500 000 000		
Issued				
Balance at beginning of the year	**128 150 069**	128 150 069	**116 255 971**	116 255 971
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
Treasury shares in issue	**(18 894 449)**	(18 894 449)	**(371 669 453)**	(371 669 453)
Shares repurchased#	**(6 750 000)**	–	**(14 175 000)**	–
Balance at the end of the year	**121 400 069**	128 150 069	**102 080 971**	116 255 971

 # Specific Repurchase of shares.
In terms of the special resolution approved by Calgro Shareholders on 11 January 2021, Calgro repurchased 6 750 000 shares for R14 175 000 at an average price of R2.10 per share.
These repurchased shares were cancelled, delisted and reverted to authorised and unissued shares.

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.

17. 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.

Borrowings are classified as current liabilities based on the operating cycle of the Group (refer to note 2.3).

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	2021	2020
Floating rate note – CGR 21	JIBAR plus 4.5%	Repaid	–	70 000 000
Floating rate note – CGR 24	JIBAR plus 5%	Repaid	–	20 000 000
Floating rate note – CGR 29	JIBAR plus 4.35%	Repaid	–	52 000 000
Floating rate note – CGR 32	JIBAR plus 3.9%	Repaid	–	38 000 000
Floating rate note – CGR 33	JIBAR plus 3.9%	Repaid	–	59 000 000
Floating rate note – CGR 38	JIBAR plus 4%	Repaid	–	30 000 000
Floating rate note – CGR 39	JIBAR plus 3.95%	Repaid	–	30 000 000
Floating rate note – CGR 40	JIBAR plus 3.95%	Repaid	–	51 000 000
Floating rate note – CGR 41	JIBAR plus 3.95%	Repaid	–	20 000 000
Floating rate note – CGR 42	JIBAR plus 4.5%	03 August 2023	**45 000 000**	45 000 000
Floating rate note – CGR 43	JIBAR plus 3.95%	08 February 2022	**10 000 000**	18 000 000
Floating rate note – CGR 44	JIBAR plus 3.95%	Repaid	–	104 000 000
Floating rate note – CGR 45	JIBAR plus 3.5%	30 October 2021	**20 000 000**	45 000 000
Floating rate note – CGR 46	JIBAR plus 3.95%	28 February 2023	**40 000 000**	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**	–
Floating rate note – CGR 49	JIBAR plus 4.75%	30 September 2024	**50 000 000**	–
Floating rate note – CGR 50	JIBAR plus 4.25%	23 October 2023	**33 000 000**	–
Floating rate note – CGR 51	JIBAR plus 4.75%	23 October 2024	**48 000 000**	–
Transaction cost amortisation*			**(681 959)**	(614 034)
Total bond exchange			**355 318 041**	681 385 966
NHFC loan#	Prime plus 0.5%	30 August 2026	**215 000 000**	–
Proparco loan◆	JIBAR plus 4.9%	15 September 2023	**387 000 000**	387 000 000
Transaction cost amortisation*			**(13 156 213)**	(5 543 035)
Other borrowings			**588 843 787**	381 456 965
Total borrowings			**944 161 828**	1 062 842 931

* *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 – please refer to note 3.2 for financial covenants applicable.*

◆ *The Proparco loan is repayable in five equal instalments on a six-monthly basis starting from 15 September 2021.*
The following financial covenants are applicable to the loan:
- *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*
- *The total facility value is R387 000 000*

Refer to note 3.2 for the DSCR and net debt to equity calculation.

All borrowings are unsecured.

17. Borrowings (continued)

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.

	2021	2020
Borrowings to be settled within 12 months	**107 400 000**	269 000 000
Borrowings to be settled after more than 12 months	**836 761 828**	793 842 931
	944 161 828	1 062 842 931
Borrowings cash flow reconciliation		
Opening balance	**1 062 842 931**	969 195 006
Repayments of CGR notes	**(403 000 000)**	(157 000 000)
Amortised expense through the statement of comprehensive income	**2 787 377**	2 045 750
Borrowings (repaid)/raised by offset of loan accounts (non-cash item)*	**(104 000 000)**	104 000 000
Transaction costs paid	**(10 468 480)**	(397 825)
Proceeds from new CGR notes issued	**181 000 000**	145 000 000
Proceeds from NHFC	**215 000 000**	–
Closing balance	**944 161 828**	1 062 842 931
Interest paid on borrowings	**107 474 196**	117 612 227
Total interest paid on borrowings	**107 474 196**	117 612 227

** CGR 44 was raised and repaid as part of the Afhco exit transaction on the remaining balance owing to SA Corporate.*

General

The Group's weighted average cost of debt at year-end was 8.07% (2020: 11.16%).

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

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.

	2021	2020
Financial instruments		
Trade payables	**117 771 625**	153 992 240
Trade payables – related parties	**9 965 355**	9 965 355
Retention creditors	**22 691 050**	13 893 776
Accrued expenses	**29 983 808**	38 219 465
Deposits received	**3 540 000**	50 000
Nasrec Memorial Parks share purchase liability	**8 805 060**	29 216 941
Afhco settlement liability	**–**	17 761 718
Land purchase liability – balance of purchase price for acquisition of Bridge City land[1]	**22 834 174**	21 358 608
Land purchase liability – balance of purchase price for acquisition of Jabulani land[1]	**111 420 342**	145 000 000
Land purchase liability – balance of purchase price for acquisition of KwaNobuhle land[1]	**26 692 209**	32 378 241
Land purchase liability – balance of purchase price for acquisition of Enokuthula[1]	**17 427 186**	26 290 695
Land purchase liability – Umhlanga property[1]	**–**	4 942 812
Other payables – balance of purchase price for the acquisition of Bloemfontein Memorial Parks	**–**	250 193
Lease liability office building[2]	**16 995 183**	20 800 304
Other payables – related parties	**–**	9 561 827
Excess billings over work done	**25 835 396**	69 115 355
Gross financial instruments	**413 961 388**	592 797 530
Non-financial instruments		
Long service awards provision[4]	**4 535 087**	4 385 361
Share appreciation rights liabilities	**–**	76 838
Income received in advance	**239 469**	298 622
Accrual for leave pay	**990 713**	936 219
Deferred revenue – Memorial Parks	**28 057 293**	22 773 950
Accrued expenses	**1 280 062**	1 881 968
La Vie Nouvelle Frail Care equipment provision	**3 905 450**	6 855 450
Dividends payable[5]	**236 258**	241 117
Provision for loss making contracts[3]	**1 899 482**	3 432 443
Securities transfer tax	**278 962**	–
Value added tax	**31 490 882**	23 152 711
Total non-financial instruments	**72 913 658**	64 034 679
Total trade and other payables	**486 875 046**	656 832 209

1. *Land purchase liability is carried at amortised cost. Repayments have been aligned with the sale of completed units.*
2. *This amount relates to the capitalisation of long-term leases. Refer to note 19.*
3. *A provision for a loss making contract is made when the Group can reliably determine that the cost to complete the relevant performance obligations will be more than the expected revenue and the Group has no alternative than to incur the cost. Refer to note 13.*
4. *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 provision, the following was taken into account: The average annual salary increases, the employee attrition rate, retirement age, discount rate and mortality rate.*
5. *Refer to the statement of changes in equity for additional information.*

Refer to note 3 for the maturity analysis of financial instruments. For the remaining non-financial instruments, R40 181 818 (2020: R32 130 171) will be settled within the next 12 months and R30 832 358 (2020: R29 502 853) will be settled after more than 12 months.

19. 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 standalone 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 when incurred.

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; and
- 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 a 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.

19. Lease liability (continued)

	2021	2020
Lease liability		
Lease agreements for office buildings	**16 995 183**	20 800 304
	16 995 183	20 800 304
Amount to be amortised in the next 12 months	**2 605 358**	2 395 619
Amount to be amortised after the next 12 months	**14 389 825**	18 404 685
	16 995 183	20 800 304

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.

Undiscounted lease payments are due as follows:		
Within one year	**4 503 738**	4 660 395
Two to five years	**18 539 736**	20 917 460
Greater than five years	**–**	2 898 604
	23 043 474	28 476 459

Building type	Building location	Remaining term of lease
Main head office	Johannesburg	54 months from 28 February 2021
Branch office	Cape Town	Cancelled June 2020

	2021	2020
Amounts related to lease liabilities included in the statement of comprehensive income		
Administrative expenses		
Depreciation on right-of-use assets (IFRS 16)	**3 381 803**	3 147 750
Finance costs		
Lease liability	**1 937 234**	2 503 518

The Group and Company do 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 other.

No gains or losses arose from any sale and leaseback agreements.

The carrying amount of right-of-use assets is reflected in note 6.

20. 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 services (memorial park burial services and memorial park maintenance).

The Group measures and accounts for revenue based on the specifications of each individual contract with a customer, excluding any amounts received on behalf of third parties, and based on the contractual obligations either accounts for the revenue at a specific point in time or over time as control of the goods or services are transferred to the customer.

20. Revenue (continued)

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;
- 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; or
- The customer simultaneously receives and consumes all of the benefits provided by the Group.

The Group recognises revenue at a **point in time** if the over time criteria is not met. Revenue is recognised when control is transferred to the customer which is usually when legal title passes to the customer and the business has the right to payment.

Refer below for further explanation of the different products and when control is transferred to the customer and when the Group has right to payment.

The Group recognises retention debtors based on certified work completed for specific contracts. It should be noted that the retention payments are 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 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 and are generally received within three to six months.

The cost incurred to obtain a contract is expensed to profit and loss as and when the cost are incurred as the Group considers these cost not to be recoverable until an agreement has been reached to recover these cost.

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

Significant judgement and source of estimation uncertainty

Property Development Segment

The Group uses the "percentage of completion" method (also known as an 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 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 faithfully 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 over time construction contracts and for services to be rendered on infrastructure projects where the Group is remunerated on a cost plus basis. The relevant costs are determined by qualified industry experts, where applicable, and is based on the overall infrastructure requirements as per the contract.

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 an approved feasibility study. Management forecasts are approved by the Board of Directors and if third parties are involved, their approval is also obtained.

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 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 a period of 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.

20. 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 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 a percentage of completion method for the units based on the estimated cost to construct the units versus the cost incurred on the units. All costs incurred are expensed to cost of sales when incurred.
Social Housing and 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 either over time on a percentage of completion method basis if control is transferred during the development and handover of units; Or 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 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.
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 and expensed to cost of sales upon transfer of the unit.

20. Revenue (continued)

Terms of the contract	Revenue recognition
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 property/land determined based on the agreement between parties. Revenue is recognised at a point in time upon transfer of the property/land to the customer. Cost incurred is capitalised to inventory and expensed to cost of sales upon transfer of the property/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 method 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 property and 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. 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.
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 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. Cost incurred on subsidised infrastructure is expensed to cost of sales when incurred.

20. Revenue (continued)

Memorial Parks Segment

The Group determines the selling price for the burial rights by determining the required maintenance at a reasonable margin and standalone selling price of the burial service, which is then deducted from the total transaction price. The remaining balance is the value of the burial right.

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.

Revenue for burial services is recognised over a period of eight years, from the sale of the associated burial right, unless the initial recognition is point in time due to the immediate interment.

Revenue for maintenance is recognised over a period of 18 years, from the sale of the associated burial right.

As a cash payment for the memorial parks burial services and maintenance service is received in advance of the entity performing the burial and maintenance service, a significant financing component exists in the contract. The revenue for these related services will be recognised when the service is rendered and will carry an interest expense up to the date the service is rendered.

The interest expense portion is calculated based on the Group's weighted average cost of debt.

The type of products and their revenue recognition within the Group for the Memorial Parks Segment is set out below:

Terms of the contract	Revenue recognition
Memorial Parks burial rights	
▸ Agreement with a customer to reserve the right to utilise a grave site. ▸ A customer can utilise the grave site as soon as the right has been issued to the customer. ▸ Payment is received before burial right is issued to customer.	Individual contract treatment with revenue recognised at a point in time when control of burial right has transferred to the customer.
Memorial Parks burial services	
▸ Agreement with the customer to provide interment services with the purchase of a burial right upon utilisation of the burial right. ▸ The service is rendered to the customer once the burial right is enforced by the customer for the first interment on the burial site. ▸ Payment is received with the payment of the burial right. ▸ Payment for subsequent interment services is received before interment service is rendered to a customer.	Revenue for burials services recognised over a period of 10 years, from the sale of the associated burial right, unless the initial recognition is point in time due to the immediate interment.
Memorial Parks maintenance services	
▸ Agreement with customer to render maintenance services on reserved grave sites. ▸ Services is rendered to the customer over the period the maintenance is performed for the reserved site. ▸ Payment is received with the payment of the burial right.	Individual contract treatment with revenue recognised over time as the maintenance services are being rendered for the customer.

20. Revenue (continued)

Residential Rental Segment

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

Terms of the contract	Revenue recognition
Rental income	
▸ Agreement with customer to allow the customer to use an identified residential property for a specified period, usually 12 months.	All rental income revenue is recognised on a straight-line basis over the term of the relevant lease.

	2021	2020
Disaggregated revenue		
Residential Property Development Segment		
Infrastructure	**209 282 861**	173 464 550
Fully and partially subsidised units	**477 959 408**	509 191 317
Non-subsidised units	**45 362 423**	222 325 693
Serviced land sales	**96 497 297**	45 360 911
	829 101 989	950 342 471
Memorial Parks Segment		
Memorial parks burial rights	**35 006 001**	19 965 357
Memorial parks maintenance	**2 775 952**	2 186 949
Memorial parks burial services	**4 670 015**	3 540 177
	42 451 968	25 692 483
Residential Property Rental Segment		
Rental income – residential	**7 592 628**	8 095 532
	7 592 628	8 095 532
Total revenue	**879 146 585**	984 130 486

21. Cost of sales

Disaggregated cost of sales		
Residential Property Development Segment		
Infrastructure	**156 264 025**	118 819 186
Fully and partially subsidised units	**418 447 487**	494 875 110
Non-subsidised units	**106 208 938**	246 478 784
Serviced land sales	**60 886 554**	22 972 718
	741 807 004	883 145 798
Memorial Parks Segment		
Memorial parks burial rights	**11 007 309**	7 118 443
Memorial parks maintenance	**6 642 131**	3 912 161
Memorial parks burial services	**4 801 822**	809 534
	22 451 262	11 840 138
Residential Property Rental Segment		
Rental – residential cost of sales	**6 865 035**	4 761 443
	6 865 035	4 761 443
Insurance claims recovered*	**–**	(16 226 225)
Total cost of sales	**771 123 301**	883 521 154

** Insurance claims recovered in the 2020 financial year amounting to R16.2 million, were accounted for in the cost of sales line in order to correct the cumulative GP margin of the Fleurhof and Scottsdene projects. In the prior financial year the additional operating costs incurred resulting from the illegal invasion and occupation of units at these two projects were expensed as part of cost of sales.*

22. Other income

	2021	2020
Bond commissions	**1 824 971**	1 732 725
Profit on disposal of investment in joint venture	**–**	2 273 697
Profit on disposal of investment in subsidiary*	**36 560 998**	–
Rental income from commercial investment properties	**2 797 220**	4 022 489
Other rental income – Memorial Parks	**1 741 760**	1 264 065
Profit on disposal of property, plant and equipment	**11 500**	379 635
Profit on disposal of right-of-use assets – cancellation of lease	**202 446**	–
Fair value adjustments on assets held at fair value through profit or loss	**757 222**	1 180 374
Fair value adjustments on investment properties	**5 770 587**	–
SETA refunds and other income	**964 057**	461 469
	50 630 761	11 314 454

* *Refer to note 31 for the profit on disposal of investment in subsidiary.*

23. Expense by nature

	2021	2020
Advertising	**4 819 694**	8 752 787
Auditor's remuneration	**4 643 349**	5 512 801
Bank charges	**1 228 099**	1 952 553
Bad debts – rental debtors	**1 859 802**	–
Completed unit costs	**11 607 986**	118 321 878
Computer expenses	**3 938 551**	4 481 905
Construction costs	**730 199 018**	764 823 920
Covid-19 related expenses	**2 120 668**	–
Depreciation on owned property, plant and equipment and amortisation on computer software	**1 215 720**	1 569 029
Depreciation on right-of-use assets (IFRS 16)	**3 381 803**	3 147 750
Donations	**1 539 052**	1 937 494
Insurance	**1 176 677**	1 505 461
Memorial park costs	**22 451 262**	11 840 138
Motor vehicle expenses	**347 387**	531 176
Legal fees	**2 204 260**	1 218 612
Loss of sale of investment in joint venture	**4 085 328**	–
Printing and stationery	**147 910**	364 182
Professional fees	**1 505 378**	3 346 619
Insurance claims recovered	**–**	(16 226 225)
Residential rental cost	**6 865 035**	4 761 443
Short-term leases	**211 195**	200 775
Social corporate responsibilities	**204 245**	91 575
Total employee and related fee costs	**49 298 624**	46 890 975
Directors' fees – Non-Executive*	**2 686 075**	2 580 885
Executive share scheme expense*	**7 711 586**	4 499 565
Employee costs*	**38 977 801**	39 733 687
Share appreciation rights (income)/expense*	**(76 838)**	76 838
Telephone and fax	**482 558**	744 091
Other	**6 739 623**	6 868 483
Total cost of sales, administration expenses and other expenses	**862 273 224**	972 637 422

* *Refer to notes 33, 34, 35 and 36 for further explanation of the relevant expenses.*

24. Other expenses

	2021	2020
Loss of sale of investment in joint venture	**4 085 328**	–
	4 085 328	–

Refer to note 9 for the reconciliation of the loss on the sale of the investment in joint venture.

25. Impairment losses/(gains) on financial and contract assets

Loans to joint ventures	**2 196 017**	5 073 794
Contract assets	**(1 979 249)**	(31 029 926)
Trade and other receivables – other	**147 958**	(1 612 408)
Trade and other receivables – rental debtors	**(265 324)**	2 399 230
	99 402	(25 169 310)

Refer to note 2.10 for the reconciliation of the impairment losses on financial and contract assets balances.

26. 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.

	2021	2020
Bank	**7 449 479**	6 368 583
Trade receivables	**870 593**	988 069
SARS	**119 712**	138 551
Related parties (interest from joint ventures and associates)	**19 773 141**	23 305 167
	28 212 925	30 800 370

27. 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.

27. Finance cost (continued)

	2021	2020
Bank	**2 015 105**	4 014 298
Other	**5 825 886**	6 070 401
Lease liability	**1 937 234**	2 503 518
Interest-bearing borrowings	**98 451 481**	121 724 194
Finance cost	**108 229 706**	134 312 411
Less: Amounts capitalised on qualifying assets (inventory)	**(4 806 070)**	(12 210 596)
Less: Amounts capitalised on qualifying assets (construction contracts)	**(30 526 396)**	(57 384 762)
Total finance cost recognised in statement of comprehensive income	**72 897 240**	64 717 053

Due to Covid-19, the Group suspended interest capitalisation to construction contracts and inventories for a period of two months while the respective developments and government departments were shut down during lockdown levels 4 and 5.

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

28. 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).

	2021	2020
Major components of the income tax expense		
Current		
Local income tax – current year	**17 526 843**	21 534 666
Local income tax – recognised in current tax for prior years	**3 993**	(3 645 736)
	17 530 836	17 888 930
Deferred		
Current year	**(9 950 285)**	(13 453 384)
Under-provision for prior year	**6 305**	3 549 264
	(9 943 980)	(9 904 120)
	7 586 856	7 984 810
Reconciliation of the income tax expense		
Applicable tax rate	**28.00%**	28.00%
Disallowable charges	**3.18%**	13.22%
Empowerment expenses	**0.40%**	7.23%
Fines and penalties – SARS	**0.43%**	0.09%
Professional fees	**2.35%**	5.90%

28. Taxation (continued)

	2021	2020
IFRS rate adjustments	**0.03%**	19.16%
Calgro M3 Executive Share Scheme	**8.28%**	9.46%
IFRS 9: *Net impairment losses on financial assets* – loans	**2.36%**	10.65%
Fair value adjustments on assets held at fair value	**(0.81%)**	(2.48%)
Fair value adjustments on investment properties	**(6.20%)**	0.00%
Share of profit of joint ventures and associates – net of tax	**(3.60%)**	1.53%
Underprovision for current tax prior year	**0.02%**	27.35%
Under/(over) provision for deferred tax prior year	**0.02%**	(26.63%)
Losses for which no deferred tax was accounted for	**1.18%**	(0.23%)
Capital gains tax	**(3.32%)**	(0.96%)
Effective tax rate	**29.11%**	59.91%

The estimated tax losses available for set off against future taxable income within the Group is R219 571 935 (2020: R272 860 864).

29. Cash generated from operations

	2021	2020
Profit before taxation	**26 066 297**	13 327 604
Adjustments for:		
Bad debts	**1 859 802**	–
Depreciation and amortisation	**4 597 523**	4 716 779
Profit on disposal/write off of property, plant and equipment and computer software	**(11 500)**	(379 635)
Profit on disposal of right-of-use assets – cancellation of lease	**(202 446)**	–
Executive share scheme expense	**7 711 586**	4 499 565
Share Appreciation Rights expense	**(76 838)**	76 838
Finance income	**(28 212 925)**	(30 800 370)
Finance cost	**72 897 240**	64 717 053
Fair value adjustments on assets held at fair value through profit or loss	**(757 223)**	(1 180 374)
Fair value adjustments on investment properties	**(5 770 587)**	–
Dividends declared	**570 599**	–
Profit on disposal of investment in joint venture	**–**	(2 273 697)
Profit on disposal of investment in subsidiary	**(36 560 998)**	–
Loss of sale of investment in joint venture	**4 085 328**	–
Impairment losses on financial and contract assets – loans to joint ventures	**2 196 017**	5 073 794
Impairment gains on financial and contract assets – contract assets	**(1 979 249)**	(31 029 926)
Impairment losses/(gains) on financial and contract assets – trade and other receivables – other	**147 958**	(1 612 408)
Impairment (gains)/losses on financial and contract assets – trade and other receivables – rental debtors	**(265 324)**	2 399 230
Share of (profit)/loss of joint ventures and associates – net of tax	**(3 669 014)**	732 541
Other	**43 870**	(49 199)
Changes in working capital:		
Inventories	**80 537 668**	173 829 777
Trade and other receivables	**(8 630 095)**	106 542 427
Construction contracts	**135 853 749**	417 236 676
Trade and other payables	**(135 663 366)**	(261 617 955)
	114 768 074	464 208 720

30. Tax paid

	2021	2020
Balance at the beginning of the year	**554 749**	625 750
Current tax for the year	**(17 530 836)**	(17 888 930)
Current tax receivable disposed	**(18 660)**	–
Balance at the end of the year	**(883 709)**	(554 749)
	(17 878 456)	(17 817 929)

31. Disposal of subsidiary

Accounting policy

Disposal of a subsidiary as a result of sale or loss of control.

Income and expenses of a subsidiary disposed of during the year are included in the consolidated statement of comprehensive income until the date the parent ceases to control the subsidiary.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between:

- the aggregate of the fair value of the consideration received and the fair value of any retained interest and
- the previous carrying amount of the assets and liabilities of the subsidiaries and any non-controlling interest

All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. it is reclassified to profit and loss or transferred to another category of equity as permitted by the applicable IFRS).

On 25 February 2021, the Group disposed of its 100% interest in its subsidiary, MS5 Pennyville.

At the date of disposal, the carrying amounts of MS5 Pennyville (Pty) Ltd's net assets were as follows.

	2021
Current assets	
Construction contracts	**1 905 077**
Trade and other receivables	**10 575 125**
Current tax receivable	**18 660**
Cash and cash equivalents	**205 340**
Current liabilities	
Loans from Group companies	**(10 500 000)**
Net assets derecognised	**(2 204 202)**
Net deferred consideration	**49 265 000**
Less: Cash and cash equivalents disposed of	**(205 340)**
Less: Loan account deferred repayment	**(10 500 000)**
Net amount receivable included in trade and other receivables	**38 559 660**
Gain on disposal	**36 560 798**

The consideration of R49 265 000 is due and payable as follows:

- R38 765 000 for the sale shares on or before 31 May 2021; and
- R10 500 000 for the seller's claim (MS5 Pennyville) on or before 31 January 2022.

32. Non-controlling interest

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

	NCI %	2021	2020
Procurement Companies (Calgro M3 Procurement Services (Pty) Ltd and Calgro M3 Contractors (Pty) Ltd)	26.01%	**236 831**	365 986
Belhar Calgro M3 Development Company (Pty) Ltd	51.00%	**51**	51
Holm Jordaan GWA (Pty) Ltd	–	**–**	335 490
		236 882	701 527

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

	Holm Jordaan GWA (Pty) Ltd*		Procurement companies	
	2021	2020	**2021**	2020
Total assets	**1 336 955**	1 336 955	**8 971 507**	29 639 746
Total liabilities	**126 966**	654 551	**8 775 701**	28 232 652
Total equity	**1 209 989**	682 404	**195 806**	1 407 094
Non-controlling interest relating to equity	**–**	335 490	**50 929**	365 986
Current year charge				
Dividend distributed	**(334 341)**	–	**(908 335)**	(1 158 780)
Adjustment to the current year relating to prior year transactions	**(1 149)**	–	**(232 310)**	–
Comprehensive income	**–**	730 842	**590 204**	1 407 087
Net distributable equity	**–**	730 842	**(318 131)**	248 307
Non-controlling interest relating to equity	**–**	359 304	**(82 746)**	64 585

* **Acquisition of remaining 49.16% shareholding in Holm Jordaan GWA (Pty) Ltd**

On 10 March 2020 the Group entered into an agreement to obtain the remaining 49.16% shareholding in Holm Jordaan GWA (Pty) Ltd for R59.

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 an amount of R22 714 285 in the current financial year, with the remaining amount of R9 085 714 to be paid by June 2021. The Group obtained 100% of the economic benefits of the Company from the transaction date, shares are transferred to the Group upon payment of each of the tranches.

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.

33. Share-based payments

Accounting policy

Share-based compensation benefits are provided to employees via the Share Appreciation Rights Scheme and the Calgro M3 Executive Share Scheme. The Share Appreciation Rights Scheme is 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 the Calgro M3 Executive Share Scheme is recognised as an expense over the relevant service year. 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 year of service, the Group accounts for those services as they are rendered by the counterparty during the vesting year on a straight-line basis over the vesting year. If the share-based payments vest immediately, the services received are recognised in full.

When a cash-settled share scheme is modified to an equity-settled share scheme, the liability at the date of modification is reclassified directly in equity. The valuation of the equity-settled scheme is performed at grant date, and the difference between the valuation and the liability reclassified in equity is recognised as an expense over the relevant service year of each participant.

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

Calgro M3 Executive Share Scheme

A new executive share scheme has been approved on 28 June 2019 by the shareholders of the Group which was developed by the Remuneration Committee.

In terms of the scheme, the participants, whom are all Group Executive Directors, will be remunerated over the long term when the Group shows a return higher than the average market return for investors. It will be a share-based remuneration scheme, with share appreciation rights being allocated in favour of participants and Calgro M3 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 Executive Directors are aligned with those of shareholders, as the share-based remuneration will be determined by the growth in value of Calgro M3's shares.

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

33. Share-based payments (continued)

Calgro M3 Executive Share Scheme (continued)

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

	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
Directors								
WJ Lategan	3 500 000	2 423 599	1 Mar 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 Mar 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 Mar 2024	4 925 632	1 231 408	1 231 408	1 231 408	1 231 408
MN Nkuhlu*	2 646 844	1 832 826	1 Mar 2024	5 353 367	1 338 342	1 338 342	1 338 342	1 338 342
	11 123 511	7 702 553		22 497 821	5 624 455	5 624 455	5 624 455	5 624 455

** Manda Nkuhlu resigned on 31 August 2020, with his shares not vesting.*

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

Valuation of this instrument 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 schedule on the next page, the number of shares issued to settle the vested share appreciation rights is calculated as

N = TSR x (S – K)/S

where

S = is the 30-day VWAP of CGR on 28 February in the vesting date year; and
K = is the base price R7.95; being the 30-day VWAP of CGR on 28 February 2019; and
N = the number of share appreciation rights granted; and
TSR = the percentage vesting according to vesting schedule below.

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 15% TSR targets as set out in the schedule on the next page is also not reached the following year (as per the following year’s targets), the award for the year that has been deferred, will lapse.

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.

33. Share-based payments (continued)

Calgro M3 Executive Share Scheme (continued)

	2021	2020
Reconciliation of new share-based payment reserve		
Opening balance of new share-based payment reserve	**4 499 565**	–
Share-based payment expense recognised in equity (note 23)	**7 711 586**	4 499 565
Shares released to retained earnings on cancellation by participant*	**(5 353 367)**	–
Closing balance of new share-based payment reserve	**6 857 784**	4 499 565

** An executive share scheme participant resigned during the year, which resulted in the acceleration of the participant's share-based payment expense and subsequent allocation to retained earnings from the share-based payment reserve.*

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:

	Vesting date	Number of share appreciation rights available for vesting	Required compounded TSR for vesting to occur measured from 1 March 2019
Directors			
WJ Lategan	1 March 2021	605 900	TSR of 15%
	1 March 2022	302 950	TSR of 15%
	1 March 2022	302 950	TSR of 20%
	1 March 2023	201 967	TSR of 15%
	1 March 2023	201 967	TSR of 20%
	1 March 2023	201 967	TSR of 25%
	1 March 2024	201 967	TSR of 15%
	1 March 2024	201 967	TSR of 20%
	1 March 2024	201 967	TSR of 25%
W Williams	1 March 2021	439 936	TSR of 15%
	1 March 2022	219 968	TSR of 15%
	1 March 2022	219 968	TSR of 20%
	1 March 2023	146 645	TSR of 15%
	1 March 2023	146 645	TSR of 20%
	1 March 2023	146 645	TSR of 25%
	1 March 2024	146 645	TSR of 15%
	1 March 2024	146 645	TSR of 20%
	1 March 2024	146 645	TSR of 25%
		4 183 344	

33. Share-based payments (continued)

Calgro M3 Executive Share Scheme (continued)

	Vesting date	Number of share appreciation rights available for vesting	Required compounded TSR for vesting to occur measured from 1 March 2019
Directors			
WA Joubert	1 March 2021	421 596	TSR of 15%
	1 March 2022	210 798	TSR of 15%
	1 March 2022	210 798	TSR of 20%
	1 March 2023	140 532	TSR of 15%
	1 March 2023	140 532	TSR of 20%
	1 March 2023	140 532	TSR of 25%
	1 March 2024	140 532	TSR of 15%
	1 March 2024	140 532	TSR of 20%
	1 March 2024	140 532	TSR of 25%
MN Nkuhlu	1 March 2021	458 206	TSR of 15%
Resigned	1 March 2022	229 103	TSR of 15%
31 August 2021	1 March 2022	229 103	TSR of 20%
	1 March 2023	152 735	TSR of 15%
	1 March 2023	152 735	TSR of 20%
	1 March 2023	152 735	TSR of 25%
	1 March 2024	152 735	TSR of 15%
	1 March 2024	152 735	TSR of 20%
	1 March 2024	152 735	TSR of 25%
		3 519 209	
Total shares available for vesting		7 702 553	

Senior management and prescribed officers' share appreciation rights scheme

2021 financial year

The Group cancelled the scheme on 28 February 2021 as the scheme was completely under water. The expenses previously recognised have been reversed to the statement of comprehensive income.

2020 financial year

The Group awarded a cash-settled scheme to six participants, two of whom are prescribed officers. Vesting of the awards occurs after three, four and five years; with a third of the award vesting at each year. Vesting is subject to employment (and notice of resignation not being given), otherwise the award falls away.

The scheme has two performance conditions for vesting, namely the return to a shareholder ("TSR") condition and the profit after tax ("PAT") condition.

33. Share-based payments (continued)

Senior management and prescribed officers' share appreciation rights scheme (continued)

The TSR of CGR ("GC") is compared to the average of the TSR of the Industrial, Construction and Property Indices ("GI"), and the compound annual growth in CPI as published by Statistics South Africa. Of the 50% portion allocated for the TSR condition, the percentage that vests is determined as follows:

Percentage	Condition
0%	If GC<GI + CPI + 2%
25%	if GI + CPI + 2%<=GC<=GI + CPI + 12%
50%	If GI + CPI + 12%<=GC<=GI + CPI + 22%
100%	If GC>=GI + CPI + 22%

The TSR condition is measured over the period starting from the award date until vesting.

The compound annual growth in CGR's profit after tax ("GP") (for that division/segment) is compared to the compound annual growth in CPI as published by Statistics South Africa. Of the 50% portion allocated to the PAT condition, the percentage that vests is determined as follows:

Percentage	Condition
0%	If GP<CPI + 2%
25%	if CPI + 2%<=GP<=CPI + 12%
50%	If CPI + 12%<=GP<=CPI + 22%
100%	If GP>=CPI + 22%

Vesting dates, percentages and conditions are as in table below based on a grant date of 1 March 2018:

Condition	Vesting date	Percentage
TSR	1 March 2021	**1/3 x 50%**
	1 March 2022	**1/3 x 50%**
	1 March 2023	**1/3 x 50%**

Condition	Vesting date	Percentage
PAT	1 March 2021	**1/3 x 50%**
	1 March 2022	**1/3 x 50%**
	1 March 2023	**1/3 x 50%**

Valuation of this instrument is achieved by performing a Monte Carlo simulation involving the CGR share and the Africa All Share Industrials Index (Bloomberg Code: JASINTR), the SA Listed Property Index (Bloomberg Code: JSAPYTR) and the Africa Construction & Materials Index (Bloomberg Code: JCBDMTR). We use volatilities, a correlation of returns, risk free rates, and dividend assumptions. The process assumed is risk-neutral geometric Brownian motion. The process is a simultaneous evolution of the codes found via the Cholesky decomposition.

The table below sets out the scheme structure:

		Maximum value of award	Tranche 1		Tranche 2		Tranche 3	
	Grant date		%	Vest date	%	Vest date	%	Vest date
Employee								
UK Kissoon Singh	1 March 2018	3 200 000	33.33%	1 March 2021	33.33%	1 March 2022	33.33%	1 March 2023
AJ Langson	1 March 2018	2 500 000	33.33%	1 March 2021	33.33%	1 March 2022	33.33%	1 March 2023
Participant 3	1 March 2018	3 000 000	33.33%	1 March 2021	33.33%	1 March 2022	33.33%	1 March 2023
Participant 4	1 March 2018	1 800 000	33.33%	1 March 2021	33.33%	1 March 2022	33.33%	1 March 2023
Participant 5	1 March 2018	1 440 000	33.33%	1 March 2021	33.33%	1 March 2022	33.33%	1 March 2023
Participant 6	1 March 2018	1 575 000	33.33%	1 March 2021	33.33%	1 March 2022	33.33%	1 March 2023
		13 515 000						

33. Share-based payments (continued)

Share appreciation rights ("SAR") reconciliation

SARs not vested

No SARs were exercised or vested during the year.

Share appreciation rights ("SAR") exercised reconciliation

The amounts recognised in the financial statements (before taxes) for the share-based payment transaction with employees is as below:

	2021	2020
Expense		
Share appreciation rights (credit)/expense	**(76 838)**	76 838
Liability		
Share appreciation rights liabilities	**–**	76 838
Cash-settled share-based payment liability		
Reconciliation of SAR liability		
Opening balance	**76 838**	–
Share-based payment charge for the year recognised in statement of comprehensive income (scheme cancelled)	**(76 838)**	76 838
Closing balance at the end of the year	**–**	76 838

34. 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 payable 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 a provision 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.

	2021	2020
Salary and wages	**67 893 742**	82 965 183
Executive share scheme expense	**7 711 586**	4 499 565
Share Appreciation Rights (gain)/expense	**(76 838)**	76 838
Directors' emoluments	**13 026 170**	13 696 103
Executive Directors*	**10 340 095**	11 115 218
Non-Executive Directors	**2 686 075**	2 580 885
Salary and wages	**88 554 660**	101 237 689
Less: Amounts allocated to qualifying assets (construction contracts)	**(39 256 036)**	(54 346 714)
Total employee costs and share appreciation rights settlement	**49 298 624**	46 890 975

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

35. Related parties

All joint ventures and associates are considered related parties to the Group. Refer to note 9 for a detailed list of all joint ventures and associates.

(a) Related party balances

(i) Loans to joint ventures and associates

During the year, loans have been issued to joint ventures and associates, refer to note 11 for details.

(ii) Receivables from joint ventures and associates

During the year, the Group issued receivables to joint ventures and associates, refer to note 14.

(iii) Trade and other payables to related parties

	2021	2020
Trade payable – Aquarella Investments 265 (Pty) Ltd	**9 965 355**	9 965 355
Other payables – HB Malherbe	**–**	9 561 827
	9 965 355	19 527 182

(b) Related party transactions

(i) Key management personnel compensation

	2021	2020
Employee expenses – directors and prescribed officers (including cash and non-cash)	**25 361 702**	21 723 913
	25 361 702	21 723 913

(ii) Other transactions with joint ventures and associates

	Finance income received		**Contract revenue received**	
	2021	2020	**2021**	2020
Table View (Pty) Ltd	**7 563**	7 760	**–**	–
Calgro M3 JCO Holdings (Pty) Ltd	**560 760**	1 212 114	**–**	–
Witpoortjie Calgro M3 Development Company (Pty) Ltd	**15 173 673**	16 925 257	**22 024 058**	41 229 720
South Hills Development Company (Pty) Ltd	**489 590**	728 158	**107 799 942**	88 632 014
Safdev Tanganani (Pty) Ltd	**3 541 555**	4 431 878	**–**	–
	19 773 141	23 305 167	**129 824 000**	129 861 734

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

Directors	**Share-based payment expense for 2021***	Share-based payment expense for 2020*	Number of shares granted
WJ Lategan	**1 415 783**	1 415 783	2 423 599
W Williams	**1 027 982**	1 027 982	1 759 745
WA Joubert	**985 127**	985 127	1 686 383
MN Nkuhlu (resigned 31 August 2020)	**4 282 694**	1 070 674	1 832 826
	7 711 586	4 499 565	7 702 553

** 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 33 for further details of share-based compensation benefits.

35. Related parties (continued)

(b) Related party transactions (continued)

(iv) Share appreciation right expense recognised for prescribed officers

Prescribed officers	Share appreciation right expense for 2021*	Share appreciation right expense for 2020*	Maximum value of award
UK Kissoon Singh	**(23 417)**	17 993	3 200 000
AJ Langson	**(18 295)**	14 057	2 500 000
CJ Erasmus (appointed 22 September 2020)	**(21 954)**	–	3 000 000
	(63 666)	32 051	8 700 000

** This scheme has been cancelled, refer to note 33.*

36. 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, joint ventures and associates.

	Remuneration and other benefits		
	Guaranteed remuneration	Short-term Incentive	Total
2021			
WJ Lategan	**2 694 033**	**694 196**	**3 388 229**
WA Joubert	**2 276 961**	**482 999**	**2 759 960**
W Williams	**2 376 433**	**504 011**	**2 880 444**
MN Nkuhlu (resigned 31 August 2020)	**1 311 462**	**–**	**1 311 462**
Total Executive Directors	**8 658 889**	**1 681 206**	**10 340 095**
2020			
WJ Lategan	3 376 365		3 376 365
FJ Steyn (resigned 30 June 2019)	293 951		293 951
WA Joubert	2 388 318		2 388 318
W Williams	2 493 477		2 493 477
MN Nkuhlu	2 563 107		2 563 107
Total Executive Directors	11 115 218		11 115 218

Independent Non-Executive Directors

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

	2021	2020
PF Radebe (resigned 26 June 2020)	**129 150**	558 300
BP Malherbe (resigned 27 June 2019)	**–**	109 667
H Ntene	**425 950**	421 367
RB Patmore	**434 700**	515 767
ME Gama	**494 550**	513 167
GS Hauptfleisch	**423 150**	462 617
SL Ntuli (appointed 23 March 2020)	**303 538**	–
TP Baloyi (appointed 23 March 2020)	**292 538**	–
TC Moodley (appointed 9 July 2020)	**192 500**	–
Total Non-Executive Directors	**2 686 075**	2 580 885

36. Directors' emoluments (continued)

Summary

	2021	2020
Executive Directors	**10 340 095**	11 115 218
Non-Executive Directors	**2 686 075**	2 580 885
Total Directors	**13 026 170**	13 696 103

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	8 August 2017	Three month notice
AJ Langson	1 March 2018	Three month notice
CJ Erasmus	22 September 2020	Three month notice

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	**Short-term incentive**	**Total**
2021			
UK Kissoon Singh	**1 648 220**	**100 798**	**1 749 018**
AJ Langson	**1 456 216**	**96 636**	**1 552 852**
CJ Erasmus	**1 067 231**	**254 845**	**1 322 076**
	4 171 667	**452 279**	**4 623 946**
2020			
DN Steyn (resigned 30 June 2019)	294 263	–	294 263
UK Kissoon Singh	1 630 901	145 455	1 776 356
AJ Langson	1 322 033	135 593	1 457 626
	3 247 197	281 048	3 528 245

37. 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 options and share rights, 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 1/2019 issued by the South African Institute of Chartered Accountants ("SAICA").

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

		2021	2020
(a)	**Basic**		
	Profit attributable to shareholders	**18 944 086**	4 918 905
	Weighted average number of ordinary shares in issue*	**127 336 370**	128 150 069
	Basic earnings per share (cents per share)	**14.88**	3.84
(b)	**Diluted**		
	Profit attributable to shareholders	**18 944 086**	4 918 905
	Weighted average number of ordinary shares in issue	**127 336 370**	128 150 069
	Calgro M3 Executive Scheme	**2 097 737**	5 469 452
	Fully diluted weighted average number of ordinary shares in issue	**129 434 107**	133 619 521
	Fully diluted earning per share (cents per share)	**14.64**	3.68
(c)	**Headline**		
	Headline earnings is calculated as follows:		
	Profit attributable to shareholders	**18 944 086**	4 918 905
	Profit on disposal of property, plant and equipment and computer software	**(11 500)**	(379 635)
	Profit on disposal of investment in joint venture	**–**	(2 273 697)
	Fair value adjustment in investment properties	**(5 770 587)**	–
	Profit on disposal of investment in subsidiary	**(36 560 998)**	–
	Loss of sale of investment in joint venture	**4 085 328**	–
	(Loss)/profit used to determine headline earnings per share	**(19 313 671)**	2 265 573
	Weighted average number of ordinary shares in issue	**127 336 370**	128 150 069
	Headline (loss)/profit per share (cents per share)	**(15.17)**	1.77
(d)	**Diluted headline**		
	Diluted headline earnings is calculated as follows:		
	(Loss)/profit used to determine headline earnings per share	**(19 313 671)**	2 265 573
	Fully diluted weighted average number of ordinary shares in issue	**129 434 107**	133 619 521
	Fully diluted headline (loss)/earnings per share (cents per share)	**(14.92)**	1.70
(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 share in issue.		
	Total assets	**2 467 803 560**	2 754 781 613
	Less: Total liabilities	**(1 639 746 455)**	(1 939 589 682)
	Net assets	**828 057 105**	815 191 931
	Number of ordinary shares in issue	**121 400 069**	128 150 069
	Net asset value per share (cents per share)	**682.09**	636.12

** The weighted average number of shares include the repurchase of the shares. Refer to note 16.*

38. 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.

Calgro M3 has, taking all available information into account, assessed the continued Covid-19 impact on the estimation processes inherent to financial reporting and required finance functions. This considered the potential impact on impairment values, valuation, net realisable value, loss contingency and exposure considerations. It is our view that, due to the fact that we have always accounted for these values based on cost, expensed the cost of obtaining property development rights, expensed a material part of holding cost, etc., that no further adjustments are required.

The effect of Covid-19 is, however, not only financial in nature. In our risk register Covid-19 is the biggest risk due to the obvious far-reaching impact. However, the Group is in a position where much of the liquidity and macro-economic consequences of Covid-19 has been inadvertently managed through actions taken by the Group during the two preceding challenging years. All cash flow forecasts for the Group are stress tested by deferring cash inflows by two months whilst keeping the cash outflows consistent, to assess that the Group would remain solvent and liquid despite any unforeseen delays. Based on management's assessment, even taking the expected impact that Covid-19 will have on the Calgro operations and cash flows into account, the Group is still expected to continue as a going concern for the foreseeable future.

The potential market impact of Covid-19 on the Group:

- The current favourable interest rate, lowered specifically to stimulate the economy, has been well received by potential buyers with many making use of the opportunity to obtain bonds while the interest rate is so low. This has, and will, continue driving sales in the low to medium end of the residential property market;
- Notwithstanding the low interest rates, the banking sector's appetite to continue granting new home loans is proving to be extremely robust and advantageous to the Group's position;
- Government has a visible, renewed awareness of the need for dignified housing in South Africa. Our belief is that this will bring about new opportunities; and
- The increased mortality rate that is being experienced during the pandemic is creating favourable conditions for the continued growth of our Memorial Parks business.

39. Events after the reporting year

The Directors are not aware of any matter or circumstances arising since the end of the financial year that warrants adjustment or disclosure in the annual financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION

for the year ended 28 February 2021

	Notes	2021	2020
Assets			
Non-current assets			
Investment in subsidiaries	41	**291 008 869**	291 008 869
Deferred income tax asset	42	**–**	378 272
		291 008 869	291 387 141
Current assets			
Loans to Group companies	43	**23 325**	17 875
Trade and other receivables	44	**5 135**	–
Cash and cash equivalents	45	**59 412**	62 191
		87 872	80 066
Total assets		**291 096 741**	291 467 207
Equity and liabilities			
Equity			
Equity attributable to owners of the parent			
Stated capital	46	**265 266 769**	279 441 769
Retained income		**8 420 376**	7 638 083
Total equity		**273 687 145**	287 079 852
Liabilities			
Current liabilities			
Loans from Group companies	43	**14 141 512**	1 240 717
Current income tax liabilities		**12 541**	–
Trade and other payables	47	**3 255 543**	3 146 638
		17 409 596	4 387 355
Total liabilities		**17 409 596**	4 387 355
Total equity and liabilities		**291 096 741**	291 467 207

The notes on pages 101 to 108 are an integral part of these financial statements.

COMPANY STATEMENT OF COMPREHENSIVE INCOME

for the year ended 28 February 2021

	Notes	2021	2020
Revenue	48	**8 120 000**	5 040 000
Other income	49	**16 014**	–
Administrative expenses	50	**(4 249 092)**	(3 778 510)
Operating profit		**3 886 922**	1 261 490
Finance income	51	**2 649 109**	1 589 324
Finance costs	52	**(5 192 686)**	(2 780 555)
Profit before tax		**1 343 345**	70 259
Taxation	53	**(561 052)**	(146 243)
Profit/(loss) after taxation		**782 293**	(75 984)
Other comprehensive income		**–**	–
Total comprehensive income/(loss)		**782 293**	(75 984)

The notes on pages 101 to 108 are an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 28 February 2021

	Stated capital	Retained income	Total equity
Balance at 1 March 2019	279 441 769	7 714 067	287 155 836
Comprehensive (loss)/income			
Loss for the year	–	(75 984)	(75 984)
Other comprehensive income	–	–	–
Total comprehensive (loss)/income	–	(75 984)	(75 984)
Balance at 29 February 2020	279 441 769	7 638 083	287 079 852
Balance at 1 March 2020	**279 441 769**	**7 638 083**	**287 079 852**
Shares repurchased	**(14 175 000)**	**–**	**(14 175 000)**
Comprehensive income			
Profit for the year	**–**	**782 293**	**782 293**
Other comprehensive income	**–**	**–**	**–**
Total comprehensive income	**–**	**782 293**	**782 293**
Balance at 28 February 2021	**265 266 769**	**8 420 376**	**273 687 145**
Note	46		

The notes on pages 101 to 108 are an integral part of these financial statements.

COMPANY STATEMENT OF CASH FLOWS

for the year ended 28 February 2021

	Notes	2021	2020
Cash generated from operations			
Cash generated from operations	54	**3 990 692**	3 040 791
Finance income received	51	**2 649 109**	1 589 324
Finance cost paid	52	**–**	(2 620 525)
Tax (paid)/received	55	**(170 239)**	276 311
Net cash generated from operations		**6 469 562**	2 285 901
Cash invested in investing activities			
Loans to Group companies advanced		**(5 450)**	(15 000)
Net cash invested in investing activities		**(5 450)**	(15 000)
Cash utilised in financing activities			
Loans from Group companies advanced		**507 332 186**	177 315 490
Loans from Group companies repaid		**(499 624 077)**	(180 096 044)
Shares repurchased	46	**(14 175 000)**	–
Net cash utilised in financing activities		**(6 466 891)**	(2 780 554)
Net decrease in cash and cash equivalents		**(2 779)**	(509 653)
Cash and cash equivalents at the beginning of the year		**62 191**	571 844
Cash and cash equivalents at the end of the year	45	**59 412**	62 191

The notes on pages 101 to 108 are an integral part of these financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

for the year ended 28 February 2021

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.

40. 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 investment in subsidiaries note (note 41).

41. 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 of representatives from 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 2021**	% voting power 2020	**% holding 2021**	% holding 2020	**Carrying amount 2021**	Carrying amount 2020
Direct subsidiaries						
Calgro M3 Developments Ltd	**100.00%**	100.00%	**100.00%**	100.00%	**291 008 869**	291 008 869
Calgro M3 Real Estate (Pty) Ltd[1]	**100.00%**	100.00%	**100.00%**	100.00%	**–**	–
Calgro M3 Memorial Parks Holding (Pty) Ltd[1]	**100.00%**	100.00%	**100.00%**	100.00%	**–**	–
					291 008 869	291 008 869
Indirect subsidiaries						
Subsidiaries of Calgro M3 Developments 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 Pennyville (Pty) Ltd[3]	**0.00%**	100.00%	**0.00%**	100.00%	**–**	100
PZR Pennyville Zamamphilo Relocation (Pty) Ltd[3]	**0.00%**	100.00%	**0.00%**	100.00%	**–**	–
MS5 Projects (Pty) Ltd	**100.00%**	100.00%	**100.00%**	100.00%	**100**	100
Calgro M3 Rectification Company (Pty) Ltd[1]	**100.00%**	100.00%	**100.00%**	100.00%	**–**	–
Calgro M3 Procurement Management (Pty) Ltd[1,2]	**100.00%**	100.00%	**49.00%**	49.00%	**–**	–
Calgro M3 Procurement Services (Pty) Ltd[1]	**100.00%**	100.00%	**49.00%**	49.00%	**–**	–
Calgro M3 Contractors (Pty) Ltd[1]	**100.00%**	100.00%	**49.00%**	49.00%	**–**	–

1. These companies have been incorporated under the new Companies Act 71 of 2008. The value of the shares are stated at no par value.
2. Calgro M3 Developments has all the voting rights in the Company with 51% of the profits in the Company being allocated to the other shareholder.
3. The Group disposed of its investment held in MS5 Pennyville (Pty) Ltd and the indirectly held shares of PZR Pennyville Zamamphilo Relocation (Pty) Ltd, refer to note 31.

41. Investment in subsidiaries (continued)

Name of Company	% voting power 2021	% voting power 2020	% holding 2021	% holding 2020	Carrying amount 2021	Carrying amount 2020
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**	1 964 829
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[1]	**100.00%**	100.00%	**100.00%**	100.00%	**–**	–
Calgro M3 Memorial Parks Nasrec (Pty) Ltd[4]	**100.00%**	100.00%	**90.80%**	81.70%	**54 755 699**	54 755 699
Sabre Homes Projects (Pty) Ltd	**100.00%**	100.00%	**100.00%**	100.00%	**1 002**	1 002
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[5]	**100.00%**	66.67%	**100.00%**	50.837%	**–**	–
Subsidiaries of Calgro M3 Procurement Management (Pty) Ltd						
Calgro M3 Procurement Services (Pty) Ltd[1]	**100.00%**	100.00%	**51.00%**	51.00%	**–**	–
Calgro M3 Contractors (Pty) Ltd[1]	**100.00%**	100.00%	**51.00%**	51.00%	**–**	–
Subsidiaries of Calgro M3 Memorial Park Holding (Pty) Ltd						
Calgro M3 Memorial Park Bloemfontein (Pty) Ltd[1]	**100.00%**	100.00%	**100.00%**	100.00%	**–**	–
Calgro M3 Municipal Memorial Parks (Pty) Ltd[1]	**100.00%**	100.00%	**100.00%**	100.00%	**–**	–
					494 903 884	496 868 713

1. *These companies have been incorporated under the new Companies Act 71 of 2008. The value of the shares are stated at no par value.*
2. *Calgro M3 Developments has all the voting rights in the Company with 51% of the profits in the Company being allocated to the other shareholder.*
3. *The Group disposed of its investment held in MS5 Pennyville (Pty) Ltd and the indirectly held shares of PZR Pennyville Zamamphilo Relocation (Pty) Ltd, refer to note 31.*
4. *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 an amount of R22 714 285 in the current financial year, with the remaining amount of R9 085 714 to be paid by June 2021. The Group obtained 100% of the economic benefits of the Company from the transaction date, shares are transferred to the Group upon payment of each of the tranches.
5. *Acquisition of remaining 49.16% shareholding in Holm Jordaan GWA (Pty) Ltd*
   On 10 March 2020 the Group entered into an agreement to obtain the remaining 49.16% shareholding in Holm Jordaan GWA (Pty) Ltd for R59.

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.

42. Deferred income tax assets

Accounting policy
Refer to note 10 of the consolidated financial statements for the applicable accounting policy.

	2021	2020
Reconciliation of deferred tax asset movement in the statement of comprehensive income		
Opening balance	**378 272**	524 515
Statement of comprehensive income charge	**(378 272)**	(146 243)
Closing balance	**–**	378 272
The analyses of deferred tax assets are as follows:		
Deferred tax assets		
Tax losses available for set off against future taxable income	**–**	378 272
Deferred tax assets	**–**	378 272
Deferred tax assets		
Deferred tax asset to be recovered within 12 months	**–**	378 272
Deferred tax asset to be recovered after more than 12 months	**–**	–
	–	378 272

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.

Loans to Group companies	**Interest rate**	**Repayment terms**	**Security**	**2021**	2020
The Calgro M3 Employee Benefit Trust	Prime (2020: prime)	On demand	Unsecured	**2 000**	15 000
The Calgro M3 Educational Benefit Trust	Prime (2020: prime)	On demand	Unsecured	**21 325**	2 875
Loans to Group companies				**23 325**	17 875
Loans from Group companies	Interest rate	Repayment terms	Security	**2021**	2020
Calgro M3 Developments Ltd	Prime (2020: prime)	On demand	Unsecured	**(14 141 512)**	(1 240 717)
Loans from Group companies				**(14 141 512)**	(1 240 717)

44. Trade and other receivables

Accounting policy
Refer to note 14 of the consolidated financial statements for the applicable accounting policy.

	2021	2020
Non-financial instruments		
Expenses paid in advance	**5 135**	–
Total trade and other receivables	**5 135**	–

45. Cash and cash equivalents

Accounting policy
Refer to note 15 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:

	2021	2020
Cash on hand	**330**	330
Bank balances	**59 082**	61 861
	59 412	62 191

46. Stated capital

Accounting policy and note
Refer to note 16 of the consolidated financial statements for the applicable accounting policy.

	Number of shares		Rand amount	
	2021	2020	**2021**	2020
Authorised				
Ordinary no par value shares	**500 000 000**	500 000 000		
Issued				
Balance at the beginning of the year	**128 150 069**	128 150 069	**96 021 721**	96 021 721
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
Treasury shares in issue*	**(10 425 818)**	(10 425 818)	**(208 479 254)**	(208 479 254)
Shares repurchased#	**(6 750 000)**		**(14 175 000)**	
Balance at the end of the year	**121 400 069**	136 618 700	**265 266 769**	279 441 769

** 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.*

 # Specific Repurchase of shares
In terms of the special resolution approved by Calgro Shareholders on 11 January 2021, Calgro repurchased 6 750 000 shares for R14 175 000 at an average price of R2.10 per share. These repurchased shares were cancelled, delisted and reverted to authorised and unissued shares.

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.

All issued share are fully paid.

47. Trade and other payables

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

	2021	2020
Financial instruments		
Trade payables	**335 045**	991 995
Accrued expenses	**2 422 613**	1 709 659
Gross financial instruments	**2 757 658**	2 701 654
Non-financial instruments		
Value added tax	**497 885**	444 984
Total non-financial instruments	**497 885**	444 984
Total trade and other payables	**3 255 543**	3 146 638

48. Revenue

Accounting policy
Revenue only consists of management fees. Management fees are charged by the Company to its subsidiary, Calgro M3 Developments Ltd, for providing the relevant infrastructure and support to operate the subsidiary and are recognised on the date the services are performed. Refer to the related party note 56.

	2021	2020
Management fees	**8 120 000**	5 040 000
	8 120 000	5 040 000

49. Other income

Other income	**16 014**	–
	16 014	–

50. Expense by nature

Auditors' remuneration	**325 302**	347 437
Bank charges	**55 322**	77 208
Donations	**25 000**	–
Directors' fees – Non-Executive	**2 686 075**	2 591 383
Legal fees	**350 670**	–
Professional fees	**282 318**	266 796
Sundry expenses	**232 464**	95 095
Transaction costs – trusts	**291 941**	400 591
Total cost of sales, administration expenses and other expenses	**4 249 092**	3 778 510

51. Finance income

Accounting policy
Refer to note 26 of the consolidated financial statements for the applicable accounting policy.

	2021	2020
Bank	**2 644 343**	1 586 033
SARS	**4 766**	3 291
Finance income	**2 649 109**	1 589 324

52. Finance cost

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

	2021	2020
Interest on Group loans	**5 192 686**	2 780 555
Finance cost	**5 192 686**	2 780 555

53. Taxation

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

	2021	2020
Major components of the income tax expense		
Current		
Current year	**182 780**	–
	182 780	–
Deferred		
Current year	**378 272**	146 243
	378 272	146 243
Total current and deferred tax expense	**561 052**	146 243
Reconciliation of the income tax expense		
Applicable tax rate	**28.00%**	28.00%
Disallowable charges	**13.77%**	180.15%
Effective tax rate	**41.77%**	208.15%

The estimated tax loss available for set off against future taxable income is Rnil (2020: R1 350 972).

54. Cash generated from operations

	2021	2020
Profit before taxation	**1 343 345**	70 259
Adjustments for:		
Finance income	**(2 649 109)**	(1 589 324)
Finance cost	**5 192 686**	2 780 555
Trade and other receivables	**(5 135)**	24 405
Trade and other payables	**108 905**	1 754 896
	3 990 692	3 040 791

55. Taxation paid

	2021	2020
Balance at the beginning of the year	**–**	276 311
Current tax for the year	**(182 780)**	–
Balance at the end of the year	**12 541**	–
	(170 239)	276 311

56. Related parties

Subsidiaries

Refer to note 41 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

	Administration fees received		Finance costs	
	2021	2020	**2021**	2020
Calgro M3 Developments Ltd	**8 120 000**	5 040 000	**5 192 686**	2 780 555
	8 120 000	5 040 000	**5 192 686**	2 780 555

57. Financial assets and liabilities by category

	Financial assets at amortised cost		Financial liabilities at amortised cost		Fair values	
	2021	2020	**2021**	2020	**2021**	2020
Loans to Group companies	**23 325**	17 875	**–**	–	**23 325**	17 875
Cash and cash equivalents	**59 412**	62 191	**–**	–	**59 412**	62 191
Loans from Group companies	**–**	–	**(14 141 512)**	(1 240 717)	**(14 141 512)**	(1 240 717)
Trade and other payables	**–**	–	**(2 757 658)**	(2 701 654)	**(2 757 658)**	(2 701 654)
	82 737	80 066	**(16 899 170)**	(3 942 371)	**(16 816 433)**	(3 862 305)

58. Risk management

Financial risk management

Due to the fact that the Company is a pure holding company, the most significant risks the Company is exposed to are market risk (via cash flow interest rate) 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 51) and finance cost (note 52) notes for the interest received/paid.

(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.

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

The Company's liquidity risk arises from its financial liabilities, which includes loans from Group companies and trade payables. The Company manages liquidity risk by monitoring forecasted cash flows to ensure there will be funds available to cover future commitments.

Both the loans from Group companies (refer to note 43) and trade payables (refer to note 47) are repayable within one year.

The Company had no overdraft facilities with major banks in the current or prior year.

59. Directors' and prescribed officers' emoluments

Please refer to note 36 of the consolidated financials for the emoluments paid to Executive Directors, Non-Executive Directors and prescribed officers.

60. Going concern

The Company standalone financial statements have been prepared on the going concern basis.

For the current financial year, the Company made a profit of R782 293 (2020: loss of R75 984).

The Company's current liabilities exceed current assets by R17 321 724 (2020: R4 307 289). However total assets exceed total liabilities by R273 687 145 (2020: R287 079 852).

The Company has received commitment from Calgro M3 Developments Limited, 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.

The impact that Covid-19 has on the operations of Calgro M3 has become much clearer over the past year since the outbreak of the pandemic. The Company is well positioned to address the potential challenges arising from lockdown conditions and delays associated with closure of construction sites and Government departments. All cash flow forecasts for the Company are stress tested to ensure that the Company would remain solvent and liquid despite any of these delays. Based on management's assessment, even taking the expected impact that Covid-19 will have on the Calgro operations and cash flows into account, the Company is still expected to continue as a going concern for the foreseeable future.

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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Published
17 May 2021

Transfer secretaries
Computershare Investor Services

Bankers
First National Bank
Standard Bank
Nedbank

Auditors
PricewaterhouseCoopers Inc.

Sponsors
PSG Capital

Secretary
I April

Directors

W Williams	Executive
WA Joubert	Executive
WJ Lategan	Executive
GS Hauptfleisch	Independent Non-Executive
H Ntene	Independent Non-Executive
SL Ntuli	Independent Non-Executive
ME Gama	Independent Non-Executive
RB Patmore	Independent Non-Executive
TP Baloyi	Independent Non-Executive
TC Moodley	Non-Executive

Preparer
The financial statements were internally compiled by P Perumalswami CA(SA) under the supervision of WA Joubert CA(SA).

Level of assurance
These financial statements have been audited by our external auditors PricewaterhouseCoopers Inc. in accordance with the applicable requirements of the Companies Act 71 of 2008.

CALGRO M3

www.calgrom3.com