CALGRO M3
Developments

Consolidated and Separate Financial Statements
for the year ended 28 February

2019

Building legacies. Changing lives

CONTENTS

The reports and statements set out below comprise the consolidated and separate financial statements presented to the shareholder:

(All amounts stated in Rand unless otherwise stated)

Navigation toolkit

Website reference

Notes reference

Page reference

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

Sustainability Report 2019	Corporate Governance Report	Integrated Annual Report
Notice of AGM*	King IV Application Register	GRI Index

** Due to regulatory requirements for the new 2019 long-term Executive Share Scheme, the Notice of AGM and relevant documents will be distributed in the last week of May with the Annual General Meeting taking place on 28 June 2019.*

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 Developments 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. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the 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 endeavour to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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 ending 29 February 2020 and, in light of this review and the current financial position, they are satisfied that the Group and Company have or have 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 10 to 15.

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

The Company's ultimate holding company has appointed an Audit and Risk Committee which performs the functions required under section 94(7) of the Companies Act 71 of 2008 on behalf of Calgro M3 Developments Limited and its subsidiaries.

The consolidated and separate financial statements set out on pages 16 to 94, which have been prepared on the going concern basis, were approved by the Board of Directors on 10 May 2019 and were signed on its behalf by:

WA Joubert

WJ Lategan

CERTIFICATION OF THE COMPANY SECRETARY

I, Itumeleng April, hereby confirm, in my capacity as Company Secretary of Calgro M3 Developments Limited that for the year ended 28 February 2019, 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

10 May 2019

REPORT OF THE AUDIT AND RISK COMMITTEE

The Calgro M3 Group Audit and Risk Committee ("the Committee") presents its report in terms of section 94(7)(f) of the Companies Act, No 71 of 2008, as amended ("Companies Act"), and as recommended by King IV, for the financial year ended 28 February 2019.

The Committee is an independent statutory committee appointed by the shareholders.

Further duties are delegated to the Committee by the Board of Directors of the Group. The main purpose of the Committee is to assist the Board in monitoring the integrity of financial statements and overseeing the preparation of the Integrated Report. It is also responsible for the monitoring of the effectiveness of the Group's internal financial controls and oversees the internal and external audit functions.

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 (excluding Afhco Calgro M3 Consortium Proprietary Limited that forms part of the SA Corporate Limited Group).

The Committee reviewed the annual work plan. The intent was to ensure completeness in respect of executing the Committee's responsibilities within a given year of time.

However, the process of review does not exclude pertinent issues that are being tabled by the Committee and/or management during the course of a particular reporting year nor those matters that are being addressed by the business on an ongoing basis.

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 has the requisite experience in accounting, financial management and auditing (a qualified Chartered Accountant). GS Hauptfleisch was appointed as the Audit and Risk Committee Chairperson during the financial year.

The Committee presently comprises GS Hauptfleisch (a qualified Chartered Accountant and Chairperson of the Audit and Risk Committee), RB Patmore (Lead Independent Non-Executive) and ME Gama (Independent Non-Executive). All Committee members are Independent Non-Executive Directors and have the requisite experience in accounting and financial management.

Functions of the Audit and Risk Committee

Audit functions

The Committee's role and responsibilities include its statutory duties as per the Companies Act, No 71 of 2008, as amended ("Companies Act") and the responsibilities assigned to it by the Board of Directors.

REPORT OF THE AUDIT AND RISK COMMITTEE (CONTINUED)

The Committee is satisfied that it has complied with its legal, regulatory and other responsibilities.

From an audit oversight perspective, the Committee is primarily responsible for:

- Considering and monitoring the independence of the external auditors and the appropriate rotation of the lead audit partner and to make recommendations to the Board and shareholders on the appointment and dismissal of the external auditor;
- Overseeing the effectiveness of the Group's internal control systems, ensuring that they are designed in response to identified key business and control risks, and have been effective throughout the year;
- Reviewing the scope and effectiveness of the external audit functions;
- Ensuring that adequate books and records have been maintained;
- Monitoring proposed changes in accounting policies;
- Considering the accounting and taxation implications of major transactions;
- Reviewing and reporting on compliance with IFRS, King IV and the JSE Listings Requirements;
- Reviewing of management's evaluation whether the Group's going concern assertion remains appropriate;
- Reviewing the interim and annual financial statements to ensure that they give fair presentation, consistent with information known to the Committee, before submission to the Board;
- Considering the appropriateness of the expertise and experience of the Financial Director on an annual basis;
- Determine the fees to be paid to the auditor and the auditor's terms of engagement;
- Ensure that the appointment of the auditor complies with the provisions of the Companies Act, No 71 of 2008, as amended ("Companies Act") and any other legislation relating to the appointment of auditors;
- Determine the nature and extent of any non-audit services which the auditor may provide to the Group or Company;
- Pre-approve any proposed agreement with the auditor for the provision of non-audit services to the Group or Company;
- Prepare a report to be included in the annual financial statements for the year;
- Receive and deal appropriately with any concerns or complaints relating to the accounting practices, internal audit functions of the Company, the content or auditing of the financial statements or any other related matter;
- Dealing with any reportable irregularities that might arise – none were noted by PwC in the 2019 financial year;
- Ensured that the JSE's most recent report back on proactive monitoring of financial statements, and where necessary those of previous periods, was assessed and appropriate action taken where necessary to respond to the findings as highlighted in the report when preparing the annual financial statements;
- All trading statements were reviewed by the Audit and Risk Committee before recommending them to the Board for approval;
- Make submissions to the Board on any matter concerning the Group or Company's accounting policies, financial controls, records and reporting; and
- To perform other functions as determined by the Board, including development and implementation of policy and a plan for a systematic and disciplined approach to evaluate and improve effectiveness of risk management control and governance.

The Committee has resolved to undertake a self-assessment every second year.

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.

From a risk perspective, the Committee is primarily responsible for:

- Ensuring that appropriate systems are in place to identify and monitor risks affecting the Group;
- Evaluating the adequacy of the effectiveness of the risk management process;
- Ensuring that an updated risk register is kept;
- IT risk as it relates to financial reporting;

- Reviewing and assessing issues such as compliance with legislation and corporate governance matters, the impact that significant litigation could have on the Group, the adequacy of the insurance cover as well as the effectiveness of controls over areas of risks; and
- Providing Board level oversight of the management of processes to ensure that operations remain viable and sustainable.

Members of the Audit and Risk Committee and attendance at meetings

The Committee consists of the 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 Companies Act, No 71 of 2008, as amended ("Companies Act"). During the year under review, five meetings were held.

The Chief Executive Officer and Financial 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 attended 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)	1
ME Gama	PhD (Finance)	7
RB Patmore	BCom, MBL (SBL)	8

Internal audit

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.

Prozilog Auditors were appointed as internal auditors during the year who replaced Sizwe Ntsaluba Gobodo.

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.

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 reporting

In fulfilling its oversight responsibilities, the Committee has reviewed the sustainability information that forms part of the Group's Integrated 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 page 7 to 9.

Attendance

The external and internal auditors, in their capacity as auditors to the Group, attended and reported at four of the five meetings of the Committee. The meeting not attended was specifically related to the cancellation of the Executive Share Scheme as a result of IFRS 15 opening balance adjustments.

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	4 May 2018	19 July 2018	31 August 2018	17 September 2018	8 February 2019
GS Hauptfleisch (appointed 6 June 2018)	n/a	✓	✓	✓	✓
ME Gama	✓	✓	✓	✓	✓
RB Patmore (acting Chairperson for the May meeting)	✓	✓	✓	✓	✓
WJ Lategan	#	#	#	#	#
WA Joubert	#	#	#	#	#
PwC	#	#	n/a	#	#
SizweNtsalubaGobodo	#	n/a	n/a	n/a	n/a
Prozilog	n/a	n/a	n/a	n/a	#
I April	#	#	#	#	#
Sponsors (Grindrod)	#	#	n/a	#	#

✓ *Indicates attendance.*
\# *Indicates attendance by invitation.*
× *Indicates non-attendance.*

Independence of the external auditor

The Committee has satisfied itself that the external auditor, PricewaterhouseCoopers Inc. ("PwC"), conducted its duties independently and that no limitations were imposed by management on PwC whilst performing their duties during the year. The Committee, in consultation with the Group's executive management, agreed to the terms of the PwC engagement letter, audit plan and budgeted audit fees in respect of the 2019 financial year.

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.

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 until the 2020 AGM. The Committee has satisfied itself that both PwC and Mrs Marais Roux are accredited with the JSE Limited as required.

Expertise and experience of Financial Director and the finance function

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

REPORT OF THE AUDIT AND RISK COMMITTEE (CONTINUED)

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

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

The external auditors have reported on two key audit matters in respect of their 2019 audit, being:

- Construction contract revenue recognised over time; and
- Adoption of IFRS 15: *Contracts with customers.*

The key audit matters related to material financial statement line items 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 matters.

Furthermore the Committee discussed the key audit matters 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. The Committee recommended the financial statements to the Board for approval. The Board concurred with this assessment.

On behalf of the Audit and Risk Committee

GS Hauptfleisch
Chairman: Audit and Risk Committee

10 May 2019

DIRECTORS' REPORT

The Directors submit their report for the year ended 28 February 2019.

1. Nature of business

Calgro M3 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.

These three businesses (segments) 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 one 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.

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

Postal address
Private Bag X33
Craighall
2024

2. Financial position

The consolidated and separate financial statements on pages 16 to 94 set out fully the financial position, results of operations and cash flows of the Group and Company for the year ended 28 February 2019 and do not in our opinion require any further comment.

For segmental reporting, please refer to Note 1 of the consolidated financial statements.

3. Events after reporting period

On 15 March 2019, the final conditions were met to effect a transaction between the Calgro M3 Group of companies and Afhco Calgro M3 Consortium Proprietary Limited, Afhco Holdings Proprietary Limited, SA Retail Properties Proprietary Limited and SA Corporate Real Estate Limited where the following was agreed between the parties:

	Cash inflow/ (outflow) Impact for Calgro
1. Cancellation of the sale and development agreements for Scottsdene, Fleurhof and Belhar	–
2. The repurchase of units handed over to Afhco Calgro M3 Consortium Proprietary Limited for Scottsdene and Fleurhof	(159 962 337)
3. Purchase of 152 freestanding units from Afhco Calgro M3 Consortium Proprietary Limited on the South Hills Development	(163 551 707)
4. Repayment of the loan granted by the Calgro Group to Afhco Calgro M3 Consortium Proprietary Limited to purchase units	252 172 253
5. Repayment of deposits received from Afhco Calgro M3 Consortium Proprietary Limited for units being constructed	(155 135 133)
6. Sale of La Vie Nouvelle Frail Care Building to SA Retail Properties Proprietary Limited	98 544 614
7. Sale of shares held by the Calgro Group in Afhco Calgro M3 Consortium Proprietary Limited to Afhco Holdings Proprietary Limited	23 944 027
8. Cash settlement from Calgro for fees	(11 717)
9. Listed bond issued by Calgro M3 Developments Limited for the remaining balance owing to SA Corporate Real Estate Limited	(104 000 000)

This transaction is only effective in the 2020 financial year and has no impact on the 2019 financial statements.

DIRECTORS' REPORT (CONTINUED)

4. Type of company

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

5. 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 10) and the principal subsidiaries (Note 9) are set out in the financial statements.

6. Executive share scheme

Refer to Note 34 for details on the share-based payments.

7. Accounting policies

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

8. Authorised and issued share capital

One Ordinary no par value share to the value of R195 233 405 was issued to Calgro M3 Holdings Limited.

9. Capital expenditure

Details on capital expenditure are set out in Notes 6 and 7 of the financial statements.

10. Dividends

No dividends were declared or paid to the shareholder during the current or prior years.

11. Going concern

The Directors believe that the Group has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis.

The Board is not aware of any new material changes that may adversely impact the Group. The Board is not aware of any material non-compliance with statutory or regulatory requirements. The Board is not aware of any pending changes in litigation that may materially affect the Group.

12. Directors

The Directors of the Company during the year and to the date of this report are as follows:

Name	Nationality	Contract expiry	Appointed
AJ Langson	South African	**Three-month notice**	1 March 2018
DN Steyn	South African	**Three-month notice**	
FJ Steyn[#]	South African		
MN Nkuhlu	South African	**Three-month notice**	
UK Kissoon Singh	South African	**Three-month notice**	
WA Joubert	South African	**Three-month notice**	
WJ Lategan	South African	**Three-month notice**	

[#] *FJ Steyn is an alternate to DN Steyn.*

13. Company Secretary

I April will continue in office in accordance with section 86 of the Companies Act, subject to the approval of the shareholder at the next AGM.

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

Postal address
Private Bag X33
Craighall
2024

14. Auditors

PricewaterhouseCoopers Inc. will continue in office in accordance with section 90 of the Companies Act, subject to the approval of the shareholders at the next AGM. Chantal Marais Roux will be the individual registered auditor who will undertake the audit for the 2020 financial year.

15. Preparer

The financial statements were internally compiled by M Esterhuizen CA(SA) under the supervision of WA Joubert CA(SA).

16. Liquidity and solvency

The Directors have performed the required liquidity and solvency tests by reviewing future cash flows of the Group and Company as required by the Companies Act No 71 of 2008. The Directors believe that the Group and Company have adequate financial resources and is liquid and solvent to continue in operation for the foreseeable future.

17. Level of assurance

These financial statements have been audited in compliance with the applicable requirements of the Companies Act No 71 of 2008.

18. Special resolution

No special resolutions 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.

19. Regulatory requirements relating to public companies

Calgro M3 Developments Limited and its subsidiaries are wholly owned subsidiaries of Calgro M3 Holdings Limited.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Calgro M3 Developments 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 Developments Limited ("the Company") and its subsidiaries (together the Group) as at 28 February 2019, 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 and the requirements of the Companies Act of South Africa.

What we have audited

Calgro M3 Developments Limited's consolidated and separate financial statements set out on pages 16 to 93 comprise:

- the consolidated and separate statements of financial position as at 28 February 2019;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate 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.

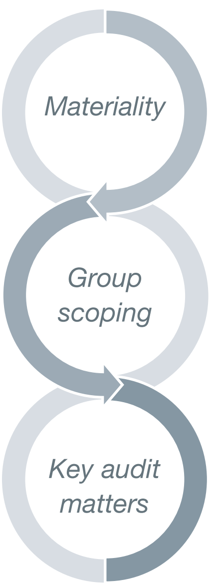
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B).

Our audit approach

Overview



Overall group materiality

- *Overall Group materiality: R7 118 000, which represents 0.75% of consolidated revenue.*

Group audit scope

- *The Group comprises 27 subsidiaries, associates and joint ventures (referred to as "components"). We performed full scope audits on 11 components as a result of their financial significance and specified audit procedures over 6 components. The remaining 10 components are considered to be financially inconsequential.*

Key audit matters

- *Adoption of IFRS 15:* Revenue from Contracts with Customers
- *Construction contract revenue recognised over time*

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	*R7 118 000*
How we determined it	*0.75% of consolidated revenue*
Rationale for the materiality benchmark applied	*We have selected consolidated revenue as our materiality benchmark because, in our view, it best reflects the true operational performance of the Group and it is a benchmark against which the performance of the Group is most commonly measured by its users.* *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 revenue to compute materiality and taking into account the level of debt within the Group and the cyclical nature of the construction industry.*

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 27 subsidiaries, associates and joint ventures (referred to as “components”). We performed full scope audits on 11 of these components due to their financial significance, specified procedures on 6 components as a result of significant account balances and transactions within these components, and the remaining 10 components represent insignificant subsidiaries, associates and joint ventures for group scoping purposes. Analytical review procedures were performed on these insignificant components. The significant components are all located in South Africa, representing the Group’s principal place of business.

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Adoption of IFRS 15: *Revenue from Contracts with Customers*	
The Group adopted IFRS 15: *"Revenue from Contracts with Customers"* ("IFRS 15") for the first time in the 2019 reporting period, applying the modified retrospective restatement method. The Group earns revenue from the sale of land and burial plots, through the rendering of services and construction contracts. The core principle of IFRS 15 is "to recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services". IFRS 15 establishes a five-step model that should be applied to revenue earned from a contract with a customer. IFRS 15 requires each contract to be assessed against the five-step model. This model includes the identification of a contract with the customer, the performance obligations within the contracts, identification and allocation of the transaction price and the recognition of revenue either over time or at a point in time. Management assessed the impact of this new accounting standard for each of its contract types. (Refer to Note 23: *Revenue to the consolidated financial statements*). The application of IFRS 15 has resulted in a fundamental change in the method and timing of revenue recognised for the Group's integrated residential property developments which are core revenue generators of the business. Under IFRS 15, the timing of revenue recognition has changed from recognising revenue as a percentage of completion of the development as well as recognising a blended margin for the project as a whole to recognising revenue either over time or at a point in time for each contract type, at the individual contract margins being recognised within the integrated development. This has resulted in a R325 million adjustment to opening retained earnings. Refer to the following notes to the consolidated financial statements: - Note 3.6.1: Impact on the financial statements; and - Note 3.6.2: Impact of adoption of IFRS 15: *Revenue from Contracts with Customers*. The adoption of IFRS 15 is considered to be an area of most significance in our audit of the current year due to the complexity of applying the standard to the Group's contracts as well as the significant judgement involved in the cost allocation pertaining to construction contracts.	Our audit procedures included, inter alia, obtaining management's assessment of the impact of IFRS 15 on a sample of the contract types identified by management. We performed an analysis of the construction activity within an integrated development project to identify the various construction contracts within such a development. The following procedures were performed over the accounting for the transition to IFRS 15: - Using our accounting expertise, we reviewed the underlying contracts for a sample of different contract types to evaluate the implementation of the new accounting standard; - Agreed management's assessment of the impact of IFRS 15 on a sample of the contract types to audited contract feasibilities and work in progress calculations, and noted no significant variances; - Recalculated management's assessment for mathematical accuracy and noted no material differences; - Held discussions with management on their judgements made in arriving at the assumptions and estimates applied in the assessment of cost allocations to the construction contracts and assessed the reasonability thereof.

Key audit matter	How our audit addressed the key audit matter
Construction contract revenue recognised over time	
The Group has significant long-term construction contracts within the "Residential Property Development" operating segment. Revenue recognised over time comprises more than 89% of the Group's total revenue. (Refer to Note 1: Segment information of the consolidated financial statements). For contracts accounted for over time, the stage of completion is used to determine the revenue to be recognised in the financial statements. This is calculated based on the proportion of actual costs to the total contract costs over the life of the contract. In determining the stage of completion, the Group estimates the cost of construction services and activities to be performed at the statement of financial position date. Due to the high level of judgement and estimation required in determining the revenue recognised over time and in turn, the stage of completion, we considered the accounting for construction contracts over time to be a matter of most significance in our audit of the current year. Refer to the following notes to the consolidated financial statements: ▸ Note 3.3: Significant estimates and judgements; and ▸ Note 23: Revenue.	Our audit procedures, inter alia, comprised a combination of internal control assessments over contract-related procurement and payroll expenditure, and substantive audit procedures. Our internal financial control tests consisted mainly of three way match and payment pack testing: ▸ Three way match testing was performed on a sample of transactions to determine whether those transactions are supported by a purchase order, invoice, receiving document and/or progress certificate. ▸ The payment pack testing was performed on a sample of transactions to determine 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 determine whether the required approvals and authorisations were obtained before payments were made. 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 assessing whether there were any significant loss-making contracts or contracts with significant claims. Audit procedures performed in assessing the appropriateness of estimates and judgements applied by management, in determining the stage of completion of the selected contracts, included the following: ▸ Discussions with management and quantity surveyors regarding the status of the selected contracts; ▸ Verified a sample of actual costs incurred to supporting documentation, with no significant variances noted; ▸ Evaluated and tested management's cost and revenue estimation process in accordance with the principles of IFRS 15, as described in Note 23: Revenue of 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 of the management team, corroborating management's assumptions to underlying contracts, quotations, internal assessments performed by experts (such as town planners and quantity surveyors) and comparing past assumptions to historical data. No material variances were noted from the testing performed; ▸ Recalculated the stage of completion of the contract based on the actual costs incurred to date as a percentage of the total estimated contracted costs, with no material variances noted; and ▸ Recalculated the construction contract revenue recognised based on the recalculated stage of completion of the contract, with no material variances noted.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Calgro M3 Developments consolidated and separate financial statements for the year ended 28 February 2019, which includes the Directors' Report, the Report of the Audit and Risk Committee and the Certification of the Company Secretary as required by the Companies Act of South Africa. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information 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 and 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 and 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, related safeguards.

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 Developments Limited for 12 years.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: C Marais Roux
Registered Auditor

Waterfall City
10 May 2019

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

for the year ended 28 February 2019

		Group		Company	
	Notes	2019	2018	2019	2018
ASSETS					
Non-current assets					
Property, plant and equipment	6	**3 808 477**	3 608 014	**3 272 953**	3 608 014
Intangible assets	7	**158 981 977**	28 528 139	**26 263**	13 342
Financial assets at fair value through other comprehensive income	8	**74 100 464**	105 180 385	**74 100 464**	105 180 385
Investment in subsidiaries	9	**–**	–	**343 646 584**	200
Investment in joint ventures and associates	10	**33 212 489**	–	**–**	–
Deferred income tax asset	11	**16 465 456**	–	**–**	–
		286 568 863	137 316 538	**421 046 264**	108 801 941
Current assets					
Loans to group companies	12	**447 677 928**	869 491 900	**869 074 180**	874 727 430
Loans to joint ventures and associates	13	**42 215 734**	–	**–**	–
Inventories	14	**508 260 900**	17 872 216	**2 000 000**	2 000 000
Current tax receivable		**1 427 239**	12 150 645	**–**	11 971 185
Construction contracts	15	**1 336 666 553**	560 967 685	**453 737 016**	559 513 255
Trade and other receivables	16	**228 452 754**	196 022 487	**319 989 510**	193 991 687
Cash and cash equivalents	17	**118 729 528**	152 824 964	**114 527 118**	149 705 628
		2 683 430 636	1 809 329 897	**1 759 327 824**	1 791 909 185
Total assets		**2 969 999 499**	1 946 646 435	**2 180 374 088**	1 900 711 126
EQUITY AND LIABILITIES					
Equity					
Equity attributable to owners of the parent					
Stated capital	18	**283 794 872**	88 561 467	**283 794 872**	88 561 467
Other reserves	19	**(89 084 702)**	(58 004 829)	**(89 084 702)**	(58 004 829)
Retained income		**706 841 046**	422 188 894	**324 984 523**	393 037 401
		901 551 216	452 745 532	**519 694 693**	423 594 039
Non-controlling interests	20	**278 176**	609 620	**–**	–
Total equity		**901 829 392**	453 355 152	**519 694 693**	423 594 039
Liabilities					
Non-current liabilities					
Deferred income tax liability	11	**206 916 388**	104 090 256	**346 648**	103 556 834
		206 916 388	104 090 256	**346 648**	103 556 834
Current liabilities					
Loans from group companies	12	**–**	23 720 312	**3 436 696**	26 495 017
Loans from joint ventures and associates	13	**23 000 000**	–	**23 000 000**	–
Current income tax liabilities		**1 407 574**	152	**1 368 435**	–
Borrowings	21	**969 195 006**	889 596 522	**969 195 006**	889 596 522
Trade and other payables	22	**867 651 139**	475 884 041	**663 332 610**	457 468 714
		1 861 253 719	1 389 201 027	**1 660 332 747**	1 373 560 253
Total liabilities		**2 068 170 107**	1 493 291 283	**1 660 679 395**	1 477 117 087
Total equity and liabilities		**2 969 999 499**	1 946 646 435	**2 180 374 088**	1 900 711 126

The notes on pages 20 to 94 are an integral part of these consolidated and separate financial statements.

CONSOLIDATED AND SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 28 February 2019

		Group		Company	
	Notes	2019	2018	2019	2018
Revenue	23	**949 103 550**	1 668 642 800	**747 300 672**	1 668 642 800
Cost of sales	24/26	**(860 578 364)**	(1 393 024 431)	**(800 230 990)**	(1 402 445 264)
Gross profit		**88 525 186**	275 618 369	**(52 930 318)**	266 197 536
Other income	25	**8 649 067**	17 446 097	**58 735 777**	22 363 120
Administrative expenses	26	**(92 381 128)**	(78 682 607)	**(87 983 618)**	(78 260 846)
Other expenses	26	**(929 221)**	–	**–**	–
Impairment losses on financial and contract assets	27	**(6 817 163)**	–	**(10 766 256)**	–
Operating profit		**(2 953 259)**	214 381 859	**(92 944 415)**	210 299 810
Finance income	28	**59 865 587**	96 005 331	**119 008 120**	96 368 716
Finance costs	29	**(57 817 574)**	(86 064 526)	**(136 065 986)**	(86 064 526)
Share of profit of associates – net of tax	10	**17 933 608**	(458 840)	**–**	–
Profit before tax		**17 028 362**	223 863 824	**(110 002 281)**	220 604 000
Taxation	30	**40 193 895**	(63 187 369)	**84 926 272**	(61 836 000)
Profit after taxation		**57 222 257**	160 676 455	**(25 076 009)**	158 768 000
Other comprehensive income					
Changes in the fair value of investment held at FVOCI	19	**(31 079 873)**	(43 020 107)	**(31 079 873)**	(43 020 107)
Total other comprehensive income		**(31 079 873)**	(43 020 107)	**(31 079 873)**	(43 020 107)
Total comprehensive income		**26 142 384**	117 656 348	**(56 155 882)**	115 747 893
Profit after taxation and other comprehensive income attributable to:					
– Owners of the parent		**28 154 869**	117 046 728	**(56 155 882)**	115 747 893
– Non-controlling interests		**(2 012 485)**	609 620	**–**	–
		26 142 384	117 656 348	**(56 155 882)**	115 747 893

The notes on pages 20 to 94 are an integral part of these consolidated and separate financial statements.

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY

for the year ended 28 February 2019

	Stated capital	Other reserves	Retained income	Non-controlling interests[5]	Total equity
Group					
Balance at 1 March 2017	88 561 467	(14 984 722)	262 122 059	–	335 698 804
Comprehensive income					
Profit for the year	–	–	160 066 835	609 620	160 676 455
Other comprehensive income	–	(43 020 107)	–	–	(43 020 107)
Total comprehensive (expense)/income	–	(43 020 107)	160 066 835	609 620	117 656 348
Balance at 28 February 2018	88 561 467	(58 004 829)	422 188 894	609 620	453 355 152
Investment in Calgro M3 Memorial Parks eliminated to equity[1]	**–**	**–**	**(56 690 713)**	**1 935 650**	**(54 755 063)**
IFRS 15 opening balance adjustment to equity[6]	**–**	**–**	**(324 792 274)**	**–**	**(324 792 274)**
IFRS 9 opening balance adjustment to equity[6]	**–**	**–**	**(35 322 072)**	**–**	**(35 322 072)**
Adjustment to retained income due to predecessor accounting[2]	**–**	**–**	**642 832 088**	**(254 609)**	**642 577 479**
Shares issued[3]	**195 233 405**	**–**	**–**	**–**	**195 233 405**
Dividend declared[4]	**–**	**–**	**(609 619)**	**–**	**(609 619)**
Comprehensive income					
Profit for the year	**–**	**–**	**59 234 742**	**(2 012 485)**	**57 222 257**
Other comprehensive income	**–**	**(31 079 873)**	**–**	**–**	**(31 079 873)**
Total comprehensive (expense)/income	**–**	**(31 079 873)**	**59 234 742**	**(2 012 485)**	**26 142 384**
Balance at 28 February 2019	**283 794 872**	**(89 084 702)**	**706 841 046**	**278 176**	**901 829 392**
Note	18	19			
Company					
Balance at 1 March 2017	88 561 467	(14 984 722)	234 269 401	–	307 846 146
Comprehensive income					
Profit for the year	–	–	158 768 000	–	158 768 000
Other comprehensive income	–	(43 020 107)	–	–	(43 020 107)
Total comprehensive (expense)/income	–	(43 020 107)	158 768 000	–	115 747 893
Balance at 28 February 2018	88 561 467	(58 004 829)	393 037 401	–	423 594 039
IFRS 15 opening balance adjustment to equity[6]	**–**	**–**	**(32 323 858)**	**–**	**(32 323 858)**
IFRS 9 opening balance adjustment to equity[6]	**–**	**–**	**(10 653 011)**	**–**	**(10 653 011)**
Shares issued	**195 233 405**	**–**	**–**	**–**	**195 233 405**
Comprehensive income					
Loss for the year	**–**	**–**	**(25 076 009)**	**–**	**(25 076 009)**
Other comprehensive income	**–**	**(31 079 873)**	**–**	**–**	**(31 079 873)**
Total comprehensive expense	**–**	**(31 079 873)**	**(25 076 009)**	**–**	**(56 155 882)**
Balance at 28 February 2019	**283 794 872**	**(89 084 702)**	**324 984 523**	**–**	**519 694 693**
Note	18	19			

1. *This relates to the remaining shareholding purchased in Calgro M3 Memorial Parks Nasrec Proprietary Limited. Refer to Note 20 for further details.*
2. *On 1 March 2018, the Group restructured with Calgro M3 Developments Limited acquiring the Calgro M3 Land Proprietary Limited and Calgro M3 Project Management Proprietary Limited investment from Calgro M3 Holdings Limited at its carrying value. The restructuring aligns the Group structure with the operating segments within the Group.*
   Predecessor accounting has been applied for the restructuring in the Group.
3. *An additional share has been issued to Calgro M3 Holdings Limited as part of the Group restructure. Refer to Note 18.*
4. *The dividend is payable to the Calgro M3 Educational Trust, which is not consolidated into the Group as the Group does not have control of the Trust.*
5. *This relates to the shareholding of the subsidiaries, Calgro M3 Memorial Parks Nasrec Proprietary Limited, Belhar Calgro M3 Developments Company Proprietary Limited, Holm Jordaan GWA Proprietary Limited, Calgro M3 Procurement Services Proprietary Limited and Calgro M3 Contractors Proprietary Limited where the Calgro M3 Group does not hold 100% of the shareholding.*
6. *This relates to the adjustment for the adoption of IFRS 15 and IFRS 9 standards in the current financial year. Refer to Note 3.6.1.*

The notes on pages 20 to 94 are an integral part of these consolidated and separate financial statements.

CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS

for the year ended 28 February 2019

		Group		Company	
	Notes	**2019**	2018	**2019**	2018
Cash utilised in operating activities					
Cash utilised operations	31	**269 163 084**	(27 877 331)	**(6 572 184)**	(34 566 014)
Interest received		**13 092 242**	14 823 211	**70 584 852**	14 955 528
Interest paid		**(116 443 259)**	(75 746 769)	**(120 010 078)**	(75 746 769)
Tax refunded/(paid)	32	**9 621 737**	(990 514)	**9 693 884**	(91 943)
Net cash utilised in operating activities		**175 433 804**	(89 791 403)	**(46 303 526)**	(95 449 198)
Cash flows from investing activities					
Purchase of property, plant and equipment		**(928 045)**	(1 222 974)	**(711 949)**	(1 222 974)
Proceeds from the disposal of property, plant and equipment		**–**	242 748	**–**	242 748
Purchase of intangible assets		**(38 760)**	(6 941)	**(38 760)**	(6 941)
Loans advanced to joint ventures/associates		**(48 000)**	–	**–**	–
Cash acquired through business combination[2]		**2 707 370**	–	**–**	–
Advances to group companies		**(1 163 540 835)**	(953 804 989)	**(2 538 566 219)**	(1 019 060 169)
Repayments of loans to group companies		**865 219 030**	844 965 283	**2 437 205 523**	913 919 900
Net cash from investing activities		**(296 629 240)**	(109 826 873)	**(102 111 405)**	(106 127 436)
Cash flows from financing activities					
Proceeds from borrowings		**273 000 000**	516 000 000	**273 000 000**	516 000 000
Repayment of borrowings		**(193 000 000)**	(192 000 000)	**(193 000 000)**	(192 000 000)
Loans received from joint venture and associates		**23 000 000**	–	**23 000 000**	–
Advances from group companies		**–**	–	**10 482 807**	2 774 705
Repayment of loans from group companies		**–**	(705 085)	**(246 386)**	(705 085)
Transactions with non-controlling interest[1]		**(15 900 000)**	–	**–**	–
Net cash from financing activities		**87 100 000**	323 294 915	**113 236 421**	326 069 620
Net increase/(decrease) in cash and cash equivalents		**(34 095 436)**	123 676 639	**(35 178 510)**	124 492 986
Cash and cash equivalents at the beginning of the year		**152 824 964**	29 148 325	**149 705 628**	25 212 642
Cash and cash equivalents at the end of the year	17	**118 729 528**	152 824 964	**114 527 118**	149 705 628

1. *Cash paid for the purchase of the remaining portion of shares in Calgro M3 Memorial Parks Nasrec Proprietary Limited. Refer to Note 20 for further details.*
2. *The cash acquired relates to the opening balance of cash acquired through the application of predecessor accounting. Refer to Note 3.6.1.*

The notes on pages 20 to 94 are an integral part of these consolidated and separate financial statements.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

for the year ended 28 February 2019

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 determine the strategy for the Group, set and review budgets, allocate 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 three core business segments at the Calgro M3 Holdings Group is Residential Property Development, Memorial Parks and Residential Rental Investments.

The Calgro M3 Developments Group mainly performs work within the Property Development segment. However, it has one investment in the Memorial Parks segment.

As a result of the strategic redesign of the Group's business, the CODM has changed its assessment of the performance and allocation of resources to be in line with the Group's current and strategic goals.

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

The operation of the Residential Property Development segment, encompasses the following product range: mid to high income housing, as well as 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 Residential Rental Investments segment consists of real estate investments to service the more affordable rental market in South Africa.

The segment information provided to Exco for the operating segments for the year ended 28 February 2019 has been provided. 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 10.

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

A large portion of residential property developments done by the Group is done through joint venture and associate arrangements. The joint ventures or associates subcontract the Residential Property Development segment to provide various services to these joint ventures and associates. The segmental revenue shown below has been broken down into the amount of revenue each segment of the Group has earned from these subcontract arrangements.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
(CONTINUED)

for the year ended 28 February 2019

1. Segment information (continued)

	Residential Property Development	Memorial Parks	Unallocated[3]	Total
2019				
Total segment revenue	938 195 803	10 907 747	–	949 103 550
Fleurhof Project	327 330 066	–	–	327 330 066
Jabulani Project	51 182 450	–	–	51 182 450
Witpoortjie Calgro M3 Development Company Proprietary Limited	30 813 037	–	–	30 813 037
South Hills Development Company Proprietary Limited	261 780 143	–	–	261 780 143
Belhar Project	153 875 423	–	–	153 875 423
Third parties	113 214 684	10 907 747	–	124 122 431
Combined revenue*	1 222 723 180	10 907 747	–	1 233 630 927
Total segment revenue	938 195 803	10 907 747	–	949 103 550
Revenue of joint ventures and associates	284 527 377	–	–	284 527 377
Witpoortjie Calgro M3 Development Company Proprietary Limited	17 087 540	–	–	17 087 540
South Hills Development Company Proprietary Limited	267 439 837	–	–	267 439 837

* *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 8 for details on revenue attributable to joint ventures and associates.*

	Residential Property Development	Memorial Parks	Unallocated[3]	Total
Gross revenue	938 195 803	10 907 747	–	949 103 550
Point in time	95 137 962	10 509 318	–	105 647 280
Over time	843 057 841	398 429	–	843 456 270
Revenue	938 195 803	10 907 747	–	949 103 550
Gross revenue	938 195 803	10 907 747	–	949 103 550
Cost of sales	(856 553 940)	(4 024 424)	–	(860 578 364)
Gross profit	81 641 863	6 883 323	–	88 525 186
Other income	8 519 272	129 795	–	8 649 067
Administrative expenses	(88 913 558)	(3 467 570)	–	(92 381 128)
Other expenses	(929 221)	–	–	(929 221)
Impairment losses on financial and contract assets	(6 817 163)	–	–	(6 817 163)
Operating (loss)/profit	(6 498 807)	3 545 548	–	(2 953 259)
Finance income	28 972 737	53 896	30 838 954	59 865 587
Finance costs	(30 712 278)	(5 563 801)	(21 541 495)	(57 817 574)
Share of profit of associates/joint venture – net of tax	17 933 608	–	–	17 933 608
Profit/(loss) before tax	9 695 260	(1 964 357)	9 297 459	17 028 362
Taxation	42 247 164	550 020	(2 603 288)	40 193 895
Profit/(loss) after taxation	51 942 424	(1 414 337)	6 694 170	57 222 257
Other comprehensive income	–	–	(31 079 873)	(31 079 873)
Total comprehensive income/(loss)	51 942 424	(1 414 337)	(24 385 703)	26 142 384
Profit after taxation and other comprehensive income attributable to:				
– Owners of the parent	53 215 007	(674 435)	(24 385 703)	28 154 869
– Non-controlling interests	(1 272 583)	(739 902)	–	(2 012 485)
	51 942 424	(1 414 337)	(24 385 703)	26 142 384

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
(CONTINUED)

for the year ended 28 February 2019

1. Segment information (continued)

	Residential Property Development	Memorial Parks	Unallocated[3]	Total
Non-current assets				
Property, plant and equipment	3 272 953	535 524	–	3 808 477
Intangible assets	158 981 977	–	–	158 981 977
Financial assets at fair value through other comprehensive income	–	–	74 100 464	74 100 464
Investment in joint ventures and associates	33 212 489	–	–	33 212 489
Deferred income tax asset	9 162 197	7 303 259	–	16 465 456
	204 629 616	7 838 783	74 100 464	286 568 863
Current assets				
Loans to joint ventures and associates	42 215 734	–	–	42 215 734
Loans to group companies	–	–	447 677 928	447 677 928
Inventories	400 773 459	107 487 441	–	508 260 900
Current tax receivable	1 427 239	–	–	1 427 239
Construction contracts	1 336 666 553	–	–	1 336 666 553
Trade and other receivables	228 452 754	–	–	228 452 754
Cash and cash equivalents	115 571 212	3 158 316	–	118 729 528
	2 125 106 950	110 645 757	447 677 928	2 683 430 636
Total assets	2 329 736 566	118 484 541	521 778 392	2 969 999 499
Liabilities				
Non-current liabilities				
Deferred income tax liability	206 916 388	–	–	206 916 388
	206 916 388	–	–	206 916 388
Current liabilities				
Borrowings[1]	764 732 071	39 701 727	164 761 208	969 195 006
Loans from joint ventures and associates	23 000 000	–	–	23 000 000
Current income tax liabilities	1 407 574	–	–	1 407 574
Trade and other payables	859 943 807	7 707 332	–	867 651 139
	1 649 083 452	47 409 059	164 761 208	1 861 253 719
Total liabilities	1 855 999 840	47 409 059	164 761 208	2 068 170 107

1. *The Group allocated borrowings proportionally to each segment based on the total assets per segment in relation to the holdings group assets.*
2. *No prior year segment report is presented for the Group due to the Group only having a residential property development segment allocation in the previous financial year.*
3. *Any items that cannot be allocated to specific segments are indicated as unallocated.*

2. General information

Calgro M3 Developments 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 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 Group also holds an investment into a Calgro Memorial Parks which forms part of the Memorial Parks segment.

The Company has listed instruments on the South African Bond Exchange and is a public company incorporated and domiciled in South Africa. The address of its registered office is Calgro M3 Building, Ballywoods Office Park, 33 Ballyclare Drive, Bryanston, 2196.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 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.

They are presented in South African Rands. These accounting policies are consistent with the previous period.

3.2 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 one 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.

3.3 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 5
Impairment of goodwill	Note 7
Assessment of joint control	Note 10
Land under development held for sale	Notes 14 and 22
Impairment of financial assets	Note 3.11
Percentage of completion for construction revenue	Notes 15 and 23
Scope of construction agreements	Notes 15 and 23
Share-based payments	Note 34
Working capital cycle	Note 3.2

Any reference to group companies, includes Calgro M3 Holdings Limited, the Company's holding company, and fellow subsidiaries, associates and joint ventures of the holding company.

3. Summary of significant accounting policies (continued)

3.4 New standards and interpretations

There were a number of new standards and interpretations effective and adopted in the current year, the adoption of IFRS 15 and IFRS 9 had a significant impact on the Group, no significant impact was noted on the other standards, refer to Note 3.6 for the impact on the adoption of IFRS 15 and IFRS 9.

Topic	Key requirements	Effective date
IFRS 15: *Revenue from contracts with customers.*	The FASB and IASB issued their long awaited converged standard on revenue recognition on 29 May 2014. It is a single, comprehensive revenue recognition model for all contracts with customers to achieve greater consistency in the recognition and presentation of revenue. Revenue is recognised based on the satisfaction of performance obligations, which occurs when control of good or service transfers to a customer.	1 January 2018
Amendment to IFRS 15: *Revenue from contracts with customers.*	The IASB has amended IFRS 15 to clarify the guidance, but there were no major changes to the standard itself. The amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of these areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard.	1 January 2018 published April 2016
IFRS 9: *Financial Instruments (2009 and 2010)* ▸ Financial liabilities ▸ Derecognition of financial instrument ▸ Financial assets ▸ General hedge accounting	This IFRS is part of the IASB's project to replace IAS 39. IFRS 9 addresses classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value. The IASB has updated IFRS 9: *"Financial instruments"* to include guidance on financial liabilities and derecognition of financial instruments. The accounting and presentation for financial liabilities and for derecognising financial instruments has been relocated from IAS 39: *"Financial instruments: Recognition and measurement"*, without change, except for financial liabilities that are designated at fair value through profit or loss.	1 January 2018
Amendments to IFRS 2: *Share-based payments*	This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority.	1 January 2018
Annual improvements for IFRS 2014 to 2016 cycle	Each of the amendments are summarised below: ▸ IFRS 1: *First-time adoption of IFRS*, regarding the deletion of short-term exemptions for first-time adopters regarding IFRS 7, IAS 19, and IFRS 10 effective 1 January 2019. ▸ IAS 28: *Investments in Associates and Joint Ventures* regarding measuring an associate or joint venture at fair value. IAS 28 allows venture capital organisations, mutual funds, unit trusts and similar entities to elect measuring their investments in associates or joint ventures at fair value through profit or loss ("FVTPL"). The Board clarified that this election should be made separately for each associate or joint venture at initial recognition. Effective 1 January 2019.	1 January 2018

3. Summary of significant accounting policies (continued)

3.5 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 2019 year-end.

The initial assessment by management is that the impact of these standards and interpretations, with the exception of IFRS 16, will be immaterial.

Topic	Key requirements	Effective date
Amendments to IFRS 10: *Consolidated Financial Statements* and IAS 28: *Investments in Associates and Joint Ventures on sale or contribution of assets*	The postponement applies to changes introduced by the IASB in 2014 through narrow-scope amendments to IFRS 10: *Consolidated Financial Statements* and IAS 28: *Investments in Associates and Joint Ventures*. Those changes affect how an entity should determine any gain or loss it recognises when assets are sold or contributed between the entity and an associate or joint venture in which it invests. The changes do not affect other aspects of how entities account for their investments in associates and joint ventures. The reason for making the decision to postpone the effective date is that the IASB is planning a broader review that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.	Effective Date postponed (Initially 1 January 2016)
Amendments to IAS 28: *Investments in Associates and Joint Ventures* – long-term interests in associates and joint ventures	The amendments clarified that companies account for long-term interests in an associate or joint venture, to which the equity method is not applied, using IFRS 9. The amendments are effective from 1 January 2019, with early application permitted.	1 January 2019 published October 2017
Annual improvements cycle, 2015 – 2017	These amendments include minor changes to: ▸ IFRS 3: *Business Combination* – a company remeasures its previously held interest in a joint operation when it obtains control of the business. ▸ IFRS 11: *Joint Arrangements*, – a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business. ▸ IAS 12: *Income Taxes* – The amendment clarified that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised. ▸ IAS 23: *Borrowing Costs* – a company treats as part of general borrowings consequences of dividends on financial instruments classified as equity originally made to develop an asset when the asset is ready for its intended use or sale.	1 January 2019 published December 2017

3. Summary of significant accounting policies (continued)

3.5 Standards and interpretations issued not yet effective (continued)

Topic	Key requirements	Effective date
IFRIC 23: *Uncertainty Over Income Tax Treatments*	IFRIC 23 provides a framework to consider, recognise and measure the accounting impact of tax uncertainties. The Interpretation provides specific guidance in several specific areas where previously IAS 12 was silent. The Interpretation also explains when to reconsider the accounting for a tax uncertainty. Most entities will have developed a model to account for tax uncertainties in the absence of specific guidance in IAS 12. These models might, in some circumstances, be inconsistent with IFRIC 23 and the impact on tax accounting could be material. Management should assess the existing models against the specific guidance in the Interpretation and consider the impact on income tax accounting.	1 January 2019 published June 2017
IFRS 16: *Leases*	This standard replaces the current guidance in IAS 17 and is a far reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a “right-of-use asset” for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. IFRS 16 supersedes IAS 17: *Leases,* IFRIC 4: *Determining whether an Arrangement contains a Lease*, SIC 15: *Operating Leases – Incentives* and SIC 27: *Evaluating the Substance of Transactions Involving the Legal Form of a Lease.* Based on the requirements of the new standard the Group will be required to capitalise the lease of its main building and raise the corresponding liability, refer to Note 33. The practical expedient method will be applied to account for the lease in the new financial period without adjusting the prior period. The expected effect is to raise an asset for the building based on the net present value of the remaining payments to be made on the lease agreement which will result in an asset being raised for approximately R22 million with a corresponding liability.	1 January 2019

for the year ended 28 February 2019

3.6 Changes in accounting policies

This Note explains the impact of the adoption of IFRS 9 and IFRS 15 on the financial statements.

3.6.1 Impact on the financial statements

Prior year financial statements did not have to be restated as a result of the changes in the Group's accounting policies due to the adoption of IFRS 9 and IFRS 15. As explained in Notes 3.6.2 and 3.6.4 below, IFRS 15 and IFRS 9 were adopted without restating comparative information.

The impact on the statement of financial position as at 1 March 2018 is illustrated below:

Group	1 March 2018 As reported	Predecessor accounted for balances	IFRS 15 Opening balance Adjustment	IFRS 9 Opening balance Adjustment	1 March 2018 Adjusted
ASSETS					
Non-current assets					
Property, plant and equipment	3 608 014	207 836	–	–	3 815 850
Intangible assets	28 528 139	130 440 917	–	–	158 969 056
Financial assets at fair value through other comprehensive income	105 180 385	–	–	–	105 180 385
Investment in joint ventures and associates	–	46 874 910	(25 936 390)	(2 244 953)	18 693 567
Deferred income tax asset	–	23 114 315	–	–	23 114 315
	137 316 538	200 637 978	(25 936 390)	(2 244 953)	309 773 173
Current assets					
Loans to group companies	869 491 900	(377 145 385)	–	(3 003 314)	489 343 201
Loans to joint ventures and associates	–	41 092 059	–	(2 698 437)	38 393 622
Inventories	17 872 216	516 256 003	–	–	534 128 219
Current tax receivable	12 150 645	4 333 408	–	–	16 484 053
Construction contracts	560 967 685	1 348 018 491	(415 077 617)	(34 470 843)	1 459 437 716
Trade and other receivables	196 022 487	92 014 538	–	(3 550 501)	284 486 524
Cash and cash equivalents	152 824 964	2 707 370	–	–	155 532 334
	1 809 329 897	1 627 276 484	(415 077 617)	(43 723 095)	2 977 805 669
Total assets	1 946 646 435	1 827 914 462	(441 014 007)	(45 968 048)	3 287 578 842
EQUITY AND LIABILITIES					
Equity					
Equity attributable to owners of the parent					
Stated capital	88 561 467	–	–	–	88 561 467
Other reserves	(58 004 829)	–	–	–	(58 004 829)
Retained income	422 188 894	642 832 088	(324 792 274)	(35 322 072)	704 906 636
	452 745 532	642 832 088	(324 792 274)	(35 322 072)	735 463 274
Non-controlling interests	609 620	(254 608)	–	–	355 012
Total equity	453 355 152	642 577 480	(324 792 274)	(35 322 072)	735 818 286
Liabilities					
Non-current liabilities					
Deferred income tax liability	104 090 256	282 450 850	(116 221 733)	(10 645 976)	259 673 397
	104 090 256	282 450 850	(116 221 733)	(10 645 976)	259 673 397

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

(CONTINUED)

for the year ended 28 February 2019

3. Summary of significant accounting policies (continued)

3.6 Changes in accounting policies (continued)

3.6.1 *Impact on the financial statements* (continued)

The impact on the statement of financial position as at 1 March 2018 is illustrated below (continued):

Group	1 March 2018 As reported	Predecessor accounted for balances	IFRS 15 Opening balance Adjustment	IFRS 9 Opening balance Adjustment	1 March 2018 Adjusted
Current liabilities					
Loans from group companies	23 720 312	539 642 690	–	–	563 363 002
Current income tax liabilities	152	–	–	–	152
Borrowings	889 596 522	–	–	–	889 596 522
Trade and other payables	475 884 041	363 243 442	–	–	839 127 483
	1 389 201 027	902 886 132	–	–	2 292 087 159
Total liabilities	1 493 291 283	1 185 336 982	(116 221 733)	(10 645 976)	2 551 760 556
Total equity and liabilities	1 946 646 435	1 827 914 462	(441 014 007)	(45 968 048)	3 287 578 842

The impact on the consolidated statement of comprehensive income and consolidated statement of financial position for the current year is illustrated below:

	As reported	**Adjustments**		**Adjusted**
Group	**2019**	**Adjustments from the adoption of IFRS 15**	**Adjustments from the adoption of IFRS 9**	**2019 before adoption**
Revenue	949 103 550	70 489 999	–	1 019 593 549
Cost of sales	(860 578 364)	(15 034 596)	–	(875 612 960)
Gross profit	88 525 186	55 455 403	–	143 980 589
Other income	8 649 067	–	–	8 649 067
Administrative expenses	(92 381 128)	–	–	(92 381 128)
Other expenses	(929 221)	–	–	(929 221)
Impairment losses on financial and contract assets	(6 817 163)	–	6 817 163	–
Operating profit	(2 953 259)	55 455 403	6 817 163	59 319 307
Finance income	59 865 587	–	–	59 865 587
Finance costs	(57 817 574)	–	–	(57 817 574)
Share of profit of joint ventures and associates – net of tax	17 933 608	(14 676 358)	–	3 257 250
Profit before tax	17 028 362	40 779 045	6 817 163	64 624 570
Taxation	40 193 895	(11 418 133)	(1 908 806)	26 866 956
Profit after taxation	57 222 257	29 360 912	4 908 357	91 491 526
Other comprehensive income	–	–	–	–
Total comprehensive income	57 222 257	29 360 912	4 908 357	91 491 526
Profit after taxation and other comprehensive income attributable to:				
– Owners of the parent	59 234 742	29 360 912	4 908 357	93 504 011
– Non-controlling interests	(2 012 485)	–	–	(2 012 485)
	57 222 257	29 360 912	4 908 357	91 491 526

3. Summary of significant accounting policies (continued)

3.6 Changes in accounting policies (continued)

3.6.1 Impact on the financial statements (continued)

The impact on the consolidated statement of comprehensive income and consolidated statement of financial position for the current year is illustrated below:

	As reported	Opening balance	Current year adjustments		Adjusted
Group	**February 2019**	**Adjustments from the adoption of IFRS 15 and 9**	**Adjustments from the adoption of IFRS 15**	**Adjustments from the adoption of IFRS 9**	**February 2019 before adoption**
ASSETS					
Non-current assets					
Property, plant and equipment	3 808 477	–	–	–	3 808 477
Intangible assets	158 981 977	–	–	–	158 981 977
Financial assets at fair value through other comprehensive income	74 100 464	–	–	–	74 100 464
Investment in joint ventures and associates	33 212 489	28 181 343	(14 676 358)	–	46 717 474
Deferred income tax asset	16 465 456	–	–	–	16 465 456
	286 568 863	28 181 343	(14 676 358)	–	300 073 848
Current assets					
Loans to group companies	447 677 928	3 003 314	–	(676 748)	450 004 494
Loans to joint ventures and associates	42 215 734	2 698 437	–	3 291 186	48 205 357
Inventories	508 260 900	–	–	–	508 260 900
Current tax receivable	1 427 239	–	–	–	1 427 239
Construction contracts	1 336 666 553	449 548 460	55 455 403	962 077	1 842 632 493
Trade and other receivables	228 452 754	3 550 501	–	3 240 648	235 243 903
Cash and cash equivalents	118 729 528	–	–	–	118 729 528
	2 683 430 636	458 800 712	55 455 403	6 817 163	3 204 503 914
Total assets	2 969 999 499	486 982 055	40 779 045	6 817 163	3 504 577 762
EQUITY AND LIABILITIES					
Equity					
Equity attributable to owners of the parent					
Stated capital	283 794 872	–	–	–	283 794 872
Other reserves	(89 084 702)	–	–	–	(89 084 702)
Retained income	706 841 046	360 114 346	29 360 912	4 908 357	1 101 224 661
	901 551 216	360 114 346	29 360 912	4 908 357	1 295 934 831
Non-controlling interests	278 176	–	–	–	278 176
Total equity	901 829 392	360 114 346	29 360 912	4 908 357	1 296 213 007
Liabilities					
Non-current liabilities					
Deferred income tax liability	206 916 388	126 867 709	11 418 133	1 908 806	347 111 036
	206 916 388	126 867 709	11 418 133	1 908 806	347 111 036

3. Summary of significant accounting policies (continued)

3.6 Changes in accounting policies (continued)

3.6.1 Impact on the financial statements (continued)

The impact on the consolidated statement of comprehensive income and consolidated statement of financial position for the current year is illustrated below (continued):

	As reported	Opening balance	Current year adjustments		Adjusted
Group	**February 2019**	**Adjustments from the adoption of IFRS 15 and 9**	**Adjustments from the adoption of IFRS 15**	**Adjustments from the adoption of IFRS 9**	**February 2019 before adoption**
Current liabilities					
Loans from joint ventures and associates	23 000 000	–	–	–	23 000 000
Current income tax liabilities	1 407 574	–	–	–	1 407 574
Borrowings	969 195 006	–	–	–	969 195 006
Trade and other payables	867 651 139	–	–	–	867 651 139
	1 861 253 719	–	–	–	1 861 253 719
Total liabilities	2 068 170 107	126 867 709	11 418 133	1 908 806	2 208 364 755
Total equity and liabilities	2 969 999 499	486 982 055	40 779 045	6 817 163	3 504 577 762

The impact on the statement of financial position for the Company as at 1 March 2018 is illustrated below:

Company	1 March 2018 As reported	IFRS 15 Opening balance Adjustment	IFRS 9 Opening balance Adjustment	1 March 2018 Adjusted
Non-current assets				
Property, plant and equipment	3 608 014	–	–	3 608 014
Intangible assets	13 342	–	–	13 342
Financial assets at fair value through other comprehensive income	105 180 385	–	–	105 180 385
Investment in subsidiaries	200	–	–	200
	108 801 941	–	–	108 801 941
Current assets				
Loans to group companies	874 727 430	–	(5 335 837)	869 391 593
Inventories	2 000 000	–	–	2 000 000
Current tax receivable	11 971 185	–	–	11 971 185
Construction contracts	559 513 255	(44 894 247)	(3 733 461)	510 885 547
Trade and other receivables	193 991 687	–	(3 651 503)	190 340 184
Cash and cash equivalents	149 705 628	–	–	149 705 628
	1 791 909 185	(44 894 247)	(12 720 801)	1 734 294 136
Total assets	1 900 711 126	(44 894 247)	(12 720 801)	1 843 096 078
EQUITY AND LIABILITIES				
Equity				
Equity attributable to owners of the parent				
Stated capital	88 561 467	–	–	88 561 467
Other reserves	(58 004 829)	–	–	(58 004 829)
Retained income	393 037 401	(32 323 858)	(10 653 011)	350 060 532
	423 594 039	(32 323 858)	(10 653 011)	380 617 170
Non-controlling interests	–	–	–	–
Total equity	423 594 039	(32 323 858)	(10 653 011)	380 617 170

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

(CONTINUED)

for the year ended 28 February 2019

3. Summary of significant accounting policies (continued)

3.6 Changes in accounting policies (continued)

3.6.1 Impact on the financial statements (continued)

The impact on the statement of financial position for the Company as at 1 March 2018 is illustrated below (continued):

Company	1 March 2018 As reported	IFRS 15 Opening balance Adjustment	IFRS 9 Opening balance Adjustment	1 March 2018 Adjusted
Liabilities				
Non-current liabilities				
Deferred income tax liability	103 556 834	(12 570 389)	(2 067 790)	88 918 655
	103 556 834	(12 570 389)	(2 067 790)	88 918 655
Current liabilities				
Loans from group companies	26 495 017	–	–	26 495 017
Borrowings	889 596 522	–	–	889 596 522
Trade and other payables	457 468 714	–	–	457 468 714
	1 373 560 253	–	–	1 373 560 253
Total liabilities	1 477 117 087	(12 570 389)	(2 067 790)	1 462 478 908
Total equity and liabilities	1 900 711 126	(44 894 247)	(12 720 801)	1 843 096 078

The impact on the statement of comprehensive income and statement of financial position for the current year is illustrated below:

Company	February 2019 As reported	IFRS 15 Opening balance Adjustment	IFRS 9 Opening balance Adjustment	February 2019 Adjusted
Revenue	747 300 672	(2 897 909)	–	744 402 763
Cost of sales	(800 230 990)	3 190 516	–	(797 040 474)
Gross profit	(52 930 318)	292 607	–	(52 637 711)
Other income	58 735 777	–	–	58 735 777
Administrative expenses	(87 983 618)	–	–	(87 983 618)
Impairment losses on financial and contract assets	(10 766 256)	–	10 766 256	–
Operating profit	(92 944 415)	292 607	10 766 256	(81 885 552)
Finance income	119 008 120	–	–	119 008 120
Finance costs	(136 065 986)	–	–	(136 065 986)
Profit before tax	(110 002 281)	292 607	10 766 256	(98 943 418)
Taxation	84 926 272	(81 930)	(3 014 552)	81 829 790
Profit after taxation	(25 076 009)	210 677	7 751 704	(17 113 627)
Other comprehensive income	(31 079 873)	–	–	(31 079 873)
Total comprehensive income	(56 155 882)	210 677	7 751 704	(48 193 500)
Profit after taxation and other comprehensive income attributable to:				
– Owners of the parent	(56 155 882)	210 677	7 751 704	(48 193 500)
– Non-controlling interests	–	–	–	–
	(56 155 882)	210 677	7 751 704	(48 193 500)

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
(CONTINUED)

for the year ended 28 February 2019

3. Summary of significant accounting policies (continued)

3.6 Changes in accounting policies (continued)

3.6.1 *Impact on the financial statements* (continued)

The impact on the statement of comprehensive income and statement of financial position for the current year is illustrated below (continued):

		Opening balance	Current year adjustments		Adjusted
Company	**As reported February 2019**	**Adjustments from the adoption of IFRS 15 and 9**	**Adjustments from the adoption of IFRS 15**	**Adjustments from the adoption of IFRS 9**	**February 2019 before adoption**
ASSETS					
Non-current assets					
Property, plant and equipment	3 272 953	–	–	–	3 272 953
Intangible assets	26 263	–	–	–	26 263
Financial assets at fair value through other comprehensive income	74 100 464	–	–	–	74 100 464
Investment in subsidiaries	343 646 584	–	–	–	343 646 584
	421 046 264	–	–	–	421 046 264
Current assets					
Loans to group companies	869 074 180	5 335 837	–	(803 148)	873 606 869
Inventories	2 000 000	–	–	–	2 000 000
Construction contracts	453 737 016	48 627 708	292 607	6 532 066	509 189 397
Trade and other receivables	319 989 510	3 651 502	–	5 037 339	328 678 351
Cash and cash equivalents	114 527 118	–	–	–	114 527 118
	1 759 327 824	57 615 047	292 607	10 766 257	1 828 001 735
Total assets	2 180 374 088	57 615 047	292 607	10 766 257	2 249 047 999
EQUITY AND LIABILITIES					
Equity					
Equity attributable to owners of the parent					
Stated capital	283 794 872	–	–	–	283 794 872
Other reserves	(89 084 702)	–	–	–	(89 084 702)
Retained income	324 984 523	42 976 869	210 677	7 751 704	375 923 773
	519 694 693	42 976 869	210 677	7 751 704	570 633 943
Non-controlling interests	–	–	–	–	–
Total equity	519 694 693	42 976 869	210 677	7 751 704	570 633 943
Liabilities					
Non-current liabilities					
Deferred income tax liability	346 648	14 638 178	81 930	3 014 553	18 081 309
	346 648	14 638 178	81 930	3 014 553	18 081 309

3. Summary of significant accounting policies (continued)

3.6 Changes in accounting policies (continued)

3.6.1 Impact on the financial statements (continued)

The impact on the statement of comprehensive income and statement of financial position for the current year is illustrated below (continued):

	Opening balance	Current year adjustments			Adjusted
Company	**As reported February 2019**	**Adjustments from the adoption of IFRS 15 and 9**	**Adjustments from the adoption of IFRS 15**	**Adjustments from the adoption of IFRS 9**	**February 2019 before adoption**
Current liabilities					
Loans from group companies	3 436 696	–	–	–	3 436 696
Loans from joint ventures and associates	23 000 000	–	–	–	23 000 000
Current income tax liabilities	1 368 435	–	–	–	1 368 435
Borrowings	969 195 006	–	–	–	969 195 006
Trade and other payables	663 332 610	–	–	–	663 332 610
	1 660 332 747	–	–	–	1 660 332 747
Total liabilities	1 660 679 395	14 638 178	81 930	3 014 553	1 678 414 056
Total equity and liabilities	2 180 374 088	57 615 047	292 607	10 766 257	2 249 047 999

3.6.2 Impact of adoption of IFRS 15: Revenue from Contracts with Customers

The revenue accounting policy has changed with effect from 1 March 2018 as a result of the Group adopting IFRS 15.

IFRS 15 supersedes IAS 18: *Revenue*, IAS 11: *Construction Contracts* and related interpretations for financial years beginning on or after 1 January 2018. IFRS 15 applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards.

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised, providing additional guidance in many areas not covered in detail under the previous revenue standards and interpretations. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying the framework to the contracts with customers. The standard also specifies the accounting treatment for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. IFRS 15 further includes extensive new disclosure requirements.

Refer to Note 23 for the Group's revised revenue accounting policy and revenue treatment of each product type. Refer to Note 23 for the disaggregated revenue disclosure required by IFRS 15.

As permitted by IFRS 15 the Group has elected not to restate the comparative information. Accordingly, the impact of IFRS 15 has been applied using the modified retrospective restatement method allowed under the standard resulting in an adjustment to the Group's opening retained earnings on 1 March 2018. The comparative information presented for 2018 is therefore presented as previously reported applying the previous revenue standards and interpretations which have an impact on the comparability thereof.

The most significant impact of the newly adopted IFRS 15: *Revenue* standard is the combination of contracts for integrated projects where revenue was accounted for over time based on the project as a whole versus the new method of accounting for each contract per customer individually. Individual contracts can now be accounted for over time or at a point in time based on the terms of each individual contract.

3. Summary of significant accounting policies (continued)

3.6 Changes in accounting policies (continued)

3.6.2 *Impact of adoption of IFRS 15:* Revenue from Contracts with Customers (continued)

The Group 2018 and Company 2018 cumulative effect of the retrospective application on the Group's and Company's retained earnings as at 1 March 2018 is as follows:

	Group 2019	Company 2019
Closing balance at 28 February 2019 (IAS 39/IAS 11/IAS 18)	**422 188 894**	393 037 401
Predecessor adjustment to equity	**642 832 088**	–
IFRS 15 adjustment to equity	**(324 792 274)**	(32 323 858)
Opening retained earnings at 1 March 2018 (after IFRS 15 restatement, before IFRS 9 restatement)	**740 228 708**	360 713 543

3.6.3 *Financial results for the year ended 28 February 2019 had IAS 11/IAS 18 been applied*

			IAS 11 and 18	
	As reported February 2019	**Adjustments from the adoption of IFRS 15**	**Adjusted before adoption 2019**	As reported February 2018
Group				
Sale of completed units	**4 866 583**	**–**	**4 866 583**	–
Construction contracts	**901 829 220**	**70 489 999**	**972 319 219**	1 668 642 800
Sale of developed land	**31 500 000**	**–**	**31 500 000**	–
Memorial parks burial rights	**9 538 317**	**–**	**9 538 317**	–
Memorial parks maintenance	**398 429**	**–**	**398 429**	–
Memorial parks burial services	**971 001**	**–**	**971 001**	–
	949 103 550	**70 489 999**	**1 019 593 549**	1 668 642 800
Company				
Construction contracts	**747 300 672**	**(2 897 909)**	**744 402 763**	1 668 642 800
	747 300 672	**(2 897 909)**	**744 402 763**	1 668 642 800

The impact of the IFRS 15 adoption in the current year is illustrated for the consolidated and separate statement of comprehensive income and statement of financial position in Note 3.6.2.

For the accounting policy applied for revenue, refer to Note 23.

3. Summary of significant accounting policies (continued)

3.6 Changes in accounting policies (continued)

3.6.4 Impact of adopting IFRS 9

IFRS 9 replaces IAS 39: *Financial Instruments: Recognition and Measurement* (IAS 39) for financial years beginning on or after 1 January 2018. IFRS 9 brings together all aspects of accounting for financial instruments that relate to the recognition, classification and measurement, derecognition, impairment and hedge accounting.

The adoption of IFRS 9 from 1 March 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are set out in Note 3.6.5 below. Comparative information has not been restated in accordance with the transitional requirements of IFRS 9 which requires comparative information not to be restated (with an exception where it is possible to restate without the use of hindsight) but for disclosures to be made concerning the reclassifications and measurements as set out below.

The adoption of IFRS 9 has had the following effect on the Group and Company:

- Change from the IAS 39 incurred loss model to the expected credit loss (“ECL”) model to calculate impairments of financial instruments.
- Change in classification of the measurement categories for financial instruments.

The Group and Company have adopted the simplified expected credit loss model for its trade receivables and contract assets which uses a lifetime expected loss allowance, as required by IFRS 9, paragraph 5.5.15, and the general expected credit loss model for loans to companies outside of the Group held at amortised cost.

Under IFRS 9 the Group and Company calculate the allowance for credit losses as ECLs for financial assets measured at amortised cost, debt investments at fair value through profit and loss (“FVPL”) and contract assets. 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 (“EIR”) of the financial asset.

Due to the trade receivables, contract assets and loans being linked to long-term projects, judgemental methodology had to be applied, the results of which would be similar under both the simplified and general approach to determine lifetime expected credit losses. This took into account the probability of each of the projects achieving its budget and the probability of mis-estimating the outcome of a project and thus have a negative effect on the project results. A slightly higher probability to outcomes with greater degrees of inaccuracy were assigned to later periods in the projects due to the change in the economic outlook for the country. Further to this the general state of the economy as well the housing shortfall for the market in which the Group operates and the dependence on Government subsidies and fiscal pressures being faced by Government in addition to the budget allocations for affordable housing as per the February 2019 national budget has been taken into consideration for these long-term projects.

The judgemental approach (non-statistical) was adopted with the use of established credit techniques being applied and calculated by financial experts with substantial experience and expertise.

The expected credit losses calculations took into consideration various scenarios and were weighted against stage of completion of a relevant project and taking into consideration the progress against budget. The expected credit losses were benchmarked against the high volatility commercial real estate portfolios of a financial institution to determine the suitability of the ECLs being applied.

for the year ended 28 February 2019

3. Summary of significant accounting policies (continued)

3.6 Changes in accounting policies (continued)

3.6.4 Impact of adopting IFRS 9 (continued)

	Group 2019	Company 2019
The total impact on the retained earnings as at 28 February 2018 is as follows:		
Opening balance at 1 March 2018 (after IFRS 15 before IFRS 9 restatement) (refer to Note 3.6.2)	**740 228 708**	360 713 543
Adjustments from the adoption of IFRS 9 (ECL adjustments)	**(35 322 072)**	(10 653 011)
Trade receivables (net of tax)	**(2 556 361)**	(2 629 082)
Contract assets (net of tax)	**(24 819 007)**	(2 688 092)
Loans to joint ventures	**(2 698 437)**	–
Loans to group companies	**(3 003 314)**	(5 335 837)
Investment in joint venture	**(2 244 953)**	–
Opening retained earnings at 1 March 2018 (after IFRS 9 and IFRS 15 restatement)	**704 906 636**	350 060 532

3.6.5 Accounting policies applied from 1 March 2018

3.6.5.1 Classification and measurement

(i) Classification

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available-for-sale financial assets.

The accounting for the Group's financial liabilities remains largely the same as it was under IAS 39.

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

- Amortised cost;
- Fair value through other comprehensive income ("FVOCI");
- FVOCI equity investment; 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.

There are no changes to the classification of opening balances for financial assets measured at amortised cost.

(ii) Measurement

Financial assets

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of financial asset not at FVPL, transaction cost that are directly attributable to the acquisition of the financial asset.

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

Interest income from these financial assets is included in finance income using the effective interest rate method.

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

3. Summary of significant accounting policies (continued)

3.6 Changes in accounting policies (continued)

3.6.5 Accounting policies applied from 1 March 2018 (continued)

3.6.5.1 Classification and measurement (continued)

(ii) Measurement (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.

(iii) Impairment

From 1 March 2018, the Group assesses on a forward looking basis the 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. 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 EIR of the financial asset.

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

- Trade receivables;
- Contract assets relating to construction contracts; and
- Loans to joint venture.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

All gains and losses relating to ECLs are recognised through profit and loss.

For each of the categories, the ECL is applied to each individual debtor, each individual contract with a customer and each individual loan dependent on the type of credit risk exposure for the relevant financial or contract asset. Risk exposure on financial and contract assets can be classified within three distinct categories:

- 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.
- Normal business risk exposure. The exposure to other corporate customers and businesses within the geographic of South Africa.
- Financial institution risk exposure. The exposure to local financial institutions within geographic of South Africa.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
(CONTINUED)

for the year ended 28 February 2019

3. Summary of significant accounting policies (continued)

3.6 Changes in accounting policies (continued)

3.6.5 Accounting policies applied from 1 March 2018 (continued)

3.6.5.1 Classification and measurement (continued)

(iii) Impairment (continued)

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

	Government institution exposure	Normal business risk exposure	Financial institution risk exposure
Expected loss rate	7.76%	2.50%	1.11%
Concentration of credit risk in the Group	31.45%	11.79%	56.76%
Concentration of credit risk in the Company	2%	7%	92%

The rates utilised for the ECL calculations on contract assets, loans and debtors were adjusted accordingly to take into account the specific exposure based on the three categories listed above. Refer to Note 3.11.1 below for the reconciliation of the expected credit losses provision and movement during the year.

Financial assets which are not exposed to the same credit risks are provided for based on their individual specific credit risk, which has the potential to be different to the expected loss rates as above.

3.7 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Group and all its subsidiaries. In the case of associates and joint ventures, those entities are presented as single line items in the statement of comprehensive income and statement of financial position (refer to Note 10). Inter-company transactions and balances are eliminated upon 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.

3.8 Impairment of non-financial assets

The Group assesses at each end of the reporting period 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.

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.

3. Summary of significant accounting policies (continued)

3.8 Impairment of non-financial assets (continued)

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.

3.9 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. Please refer to Note 33.

Contingent assets and contingent liabilities are not recognised.

3.10 Foreign currency translation

(a) 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 Rands, which is the Group's presentation currency.

(b) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting exchange differences are recognised in other comprehensive income.

3.11 Financial instruments

3.11.1 Classification

This note provides information about the Group's financial instruments, including:

- an overview of all financial instruments held by the Group;
- specific information about each type of financial instrument;
- accounting policies;
- information about determining the fair value of the instruments, including judgements and estimation uncertainty involved.

		Group		Company	
	Notes	**2019**	2018	**2019**	2018
Financial assets					
Financial assets at amortised costs					
Loans to group companies	12	**447 677 928**	869 491 900	**869 074 180**	874 727 430
Loans to joint ventures and associates	13	**42 215 734**	–	**–**	–
Construction contracts	15	**937 390 093**	560 967 685	**430 068 426**	559 513 255
Trade and other receivables	16	**197 245 790**	194 005 577	**319 976 039**	193 978 217
Cash and cash equivalents	17	**118 729 528**	152 824 964	**114 527 118**	149 705 628
Financial assets at cost					
Investment in subsidiaries	9	**–**	–	**343 646 584**	200

3. Summary of significant accounting policies (continued)

3.11 Financial instruments (continued)

3.11.1 Classification (continued)

	Notes	Group 2019	Group 2018	Company 2019	Company 2018
Financial assets through equity					
Investment in joint ventures and associates	10	**33 212 489**	–	**–**	–
Financial assets at fair value through other comprehensive income	8	**74 100 464**	105 180 385	**74 100 464**	105 180 385
		1 850 572 026	1 882 470 511	**2 151 392 811**	1 883 105 115

	Notes	Opening balance 1 March 2018	Current year movement	**Closing balance 28 February 2019**
Group				
Reconciliation of expected credit losses on financial assets at amortised cost				
Loans to group companies	12	3 003 314	2 021 689	**5 025 003**
Loans to joint ventures and associates	13	2 698 437	592 749	**3 291 186**
Construction contracts	15	34 470 843	962 077	**35 432 920**
Trade and other receivables	16	3 550 501	3 240 648	**6 791 149**
		43 723 095	6 817 163	**50 540 258**
Company				
Reconciliation of expected credit losses on financial assets at amortised cost				
Loans to group companies	12	5 335 837	(803 149)	**4 532 688**
Construction contracts	15	3 733 461	6 532 065	**10 265 526**
Trade and other receivables	16	3 651 502	5 037 339	**8 688 841**
		12 720 800	10 766 255	**23 487 055**

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial asset mentioned above.

	Notes	Group 2019	Group 2018	Company 2019	Company 2018
Financial liabilities					
Financial liabilities at amortised cost					
Borrowings	21	**969 195 006**	889 596 522	**969 195 006**	889 596 522
Loans from group companies	12	**–**	23 720 312	**3 436 696**	26 495 017
Loans from joint ventures and associates	13	**23 000 000**	–	**23 000 000**	–
Trade and other payables**	22	**811 565 363**	414 468 100	**612 677 097**	397 014 290
		1 803 760 369	1 327 784 934	**1 608 308 799**	1 313 105 829

*** Excluding non-financial liabilities.*

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial asset mentioned above.

3. Summary of significant accounting policies (continued)

3.11 Financial instruments (continued)

3.11.2 Initial recognition and measurement

The Group and Company initially record both financial assets and financial liabilities at fair value.

Financial assets – at amortised costs

The Group classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows; and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Financial assets at amortised cost include the following debt investments:

Financial assets – at fair value through profit or loss.

The Group classifies the following financial assets at fair value through profit or loss (“FVPL”):

- debt investments that do not qualify for measurement at either amortised cost or FVOCI;
- equity investments that are held for trading; and
- equity investments for which the entity has not elected to recognise fair value gains and losses through OCI.

3.11.3 Subsequent measurement

The Group and Company’s financial assets that are categorised as “loans and receivables” are subsequently measured at amortised cost. Amortised cost is the basis of moving the initial amount of the financial instrument (fair value of the instrument) to the maturity value of the instrument on a systematic basis using a fixed interest rate (effective interest rate) taking into account repayment dates and initial premiums or discounts. The carrying amount of amortised cost financial assets is adjusted for impairments.

All of the Group and Company’s financial liabilities are classified as “financial liabilities at amortised cost” and are therefore subsequently measured at amortised cost.

3.11.4 Impairment of financial assets

Assets carried at amortised costs

Financial assets carried at amortised cost are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable.

Impairment is normally determined based on a realistic assessment of future cash flows discounted using the original effective interest rate compared with contractual amounts. For amounts due to the Group, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment. Impairment losses are recognised in profit or loss.

The Group’s trade receivables are impaired through use of an allowance account. The amount of the loss is recognised in profit or loss within administrative expenses.

When the trade receivable is written off, it is written off against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against administrative expenses.

Assets classified as available for sale

If there is objective evidence of impairment for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss.

Impairment losses on equity instruments that were recognised in profit or loss are not reversed through profit or loss in a subsequent period.

for the year ended 28 February 2019

4. Risk management

4.1 Financial risk management

The Group and Company's activities expose them 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 and identifies and evaluates financial risks in close cooperation with the Group and Company's operating units. The Board of Directors is responsible for overall risk management, as well as guidance covering 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 and Company's interest rate risk arises mainly from borrowings and loans from group companies. (refer to Notes 12 and 21).

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 and loans from group companies, 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:

	Group		Company	
	2019	2018	**2019**	2018
2% increase/(decrease) on finance charges interest-bearing borrowings	**14 378 229**	13 293 588	**14 147 634**	13 333 544
2% increase/(decrease) on interest-bearing assets	**6 446 562**	12 631 659	**12 514 668**	12 707 051

A 2% shift is considered appropriate by management taking into account the current economic environment that Group and Company operate in.

(b) Credit risk

Credit risk consists mainly of loans to group companies and associates of the holding company, cash deposits and cash equivalents and trade and other receivables (including retention debtors). The Group and Company only deposits cash with major banks with a minimum rating of "BB+" and limit the exposure to any one counter-party. 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 of the holding company 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 draw-downs from banks and municipal institutions. In cases where management deems the risk level to be unacceptable, payment guarantees or collateral are insisted upon.

The Group and Company consider their credit risk relating to trade receivables owing by joint ventures to the holding company and associates on a case by case basis. Any credit risk related to loans to the associate is mitigated by the fact that management has insight into the financial position of the associate as a result of the associate relationship.

For loans to group companies, 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.

4. Risk management (continued)

4.1 Financial risk management (continued)

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, 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 and Company manages liquidity risk by monitoring forecasted cash flows.

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

A specific liquidity risk associated with the Group and Company is the raising of loans at specified dates of repayment, against construction projects.

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

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 and Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting period date to the contractual maturity date.

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

Group	Less than one year	Between one and two years	Between two and three years	Between three and four years	Between four and five years	Total
2019						
Borrowings (including future interest)	**262 748 500**	**358 945 375**	**237 047 000**	**194 683 950**	**235 410 300**	**1 288 835 125**
Loans from group companies	**23 000 000**	**–**	**–**	**–**	**–**	**23 000 000**
Trade and other payables	**811 565 363**	**–**	**–**	**–**	**–**	**811 565 363**
	1 097 313 863	**358 945 375**	**237 047 000**	**194 683 950**	**235 410 300**	**2 123 400 488**
2018						
Borrowings (including future interest)	291 605 721	241 258 059	278 443 168	278 443 168	89 122 157	1 178 872 273
Loans from group companies	26 269 181	–	–	–	–	26 269 181
Trade and other payables	417 207 356	–	–	–	–	417 207 356
	735 082 258	241 258 059	278 443 168	278 443 168	89 122 157	1 622 348 810

4. Risk management (continued)

4.1 Financial risk management (continued)

(c) *Liquidity risk* (continued)

Company	Less than one year	Between one and two years	Between two and three years	Between three and four years	Between four and five years	Total
2019						
Borrowings (including future interest)	**262 748 500**	**358 945 375**	**237 047 000**	**194 683 950**	**235 410 300**	**1 288 835 125**
Loans from group companies	**23 000 000**	**–**	**–**	**–**	**–**	**23 000 000**
Trade and other payables	**612 677 097**	**–**	**–**	**–**	**–**	**612 677 097**
	898 425 597	**358 945 375**	**237 047 000**	**194 683 950**	**235 410 300**	**1 924 512 222**
2018						
Borrowings (including future interest)	291 605 721	241 258 059	278 443 168	278 443 168	89 122 157	1 178 872 273
Loans from group companies	29 342 046	–	–	–	–	29 342 046
Trade and other payables	397 914 677	–	–	–	–	397 914 677
	718 862 444	241 258 059	278 443 168	278 443 168	89 122 157	1 606 128 997

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

The Group and Company have overdraft facilities with major banks to the value of R100 000 000 (2018: R100 000 000).

4.2 Capital risk management

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

The Group monitors capital on the basis of its net debt/equity ratio. The maximum allowed net debt/equity ratio for the Calgro M3 Holdings Limited 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. The ratio at a Calgro M3 Holding Limited Group is as follows: 1.09 (February 2018: 0.7 restated).

Proparco debt service coverage ratio

The Group monitors capital from Proparco on the basis of its debt service cover ratio, liquidity ratio and its net debt/equity ratio. The minimum allowed debt service cover ratio and liquidity for the Group is 1.2 and the Calgro M3 Holding Limited Group net debt/equity ratio of 1.5:1.

Liquidity ratio
This ratio means in relation to the consolidated financial statements the ratio of current assets to current liabilities. The current ratio: 1.4.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
(CONTINUED)

for the year ended 28 February 2019

4. Risk management (continued)

4.2 Capital risk management (continued)

Debt service cover ratio ("DSCR")

This ratio is calculated as available cash flow divided by debt service requirement. Available cash flow is calculated as net cash generated from operating activities plus new financial indebtedness incurred plus cash and cash equivalent at the beginning of the year plus the aggregate amount expended on the purchase of property, plant and equipment, purchase of intangible assets, acquisition of business, acquisition of subsidiaries and the net amount of intra-group financial indebtedness for investment purposes made by the borrower (capex).

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

	Group		Company	
	2019	2018	**2019**	2018
Available cash flow				
Cash generated from/(utilised in) operating activities – Note 31	**269 163 084**	(27 877 331)	**(6 572 184)**	(34 566 014)
New financial indebtedness incurred	**296 000 000**	516 000 000	**306 482 807**	518 774 705
Cash and cash equivalent BoY	**152 824 964**	29 148 325	**149 705 628**	25 212 642
Capex	**(296 629 240)**	(109 826 873)	**(91 874 984)**	(106 127 436)
	421 358 808	407 444 121	**357 741 267**	403 293 897
Debt service requirement				
Net interests and fees*	**(103 351 017)**	(60 923 558)	**(49 425 226)**	(60 791 241)
Principal repayments	**(193 000 000)**	(192 705 085)	**(193 246 386)**	(192 705 085)
	(296 351 017)	(253 628 643)	**(242 671 612)**	(253 496 326)
Debt service cover ratio ("DSCR")	**1.42**	1.61	**1.47**	1.59

* *Net interest cost incurred and interest received.*

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

5. Fair values

Financial instruments

All of the Group's financial instruments are measured at amortised cost. 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, except for the investment held for sale which is accounted as fair value.

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

Non-financial instruments

In assessing the fair value of investment property, valuations 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 pertaining to residential properties are considered.

The valuation utilised replacement costs based on a square metre rate, ranging between R7 500 and R8 500 per square metre, including an escalation fee at 3% and professional fee at 12%.

5. Fair values (continued)

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:

	Carrying values		Fair value Level 2		Fair value Level 3	
	2019	2018	**2019**	2018	**2019**	2018
Group						
Assets						
Investments at fair value through other comprehensive income ("FVOCI")**	**74 100 464**	105 180 385				
Liabilities						
Borrowings	**589 173 186**	618 170 448	**601 068 374***	628 985 923*	**–**	–

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

** *Financial assets at fair value through other comprehensive income with a carrying value of R74 100 464 (2018: R105 180 285) is carried at its fair value based on the quoted market price at year-end.*

Borrowings from Proparco are carried at amortised cost.

The carrying values for loans to and from joint ventures and associates, trade and other receivables and trade payables are a reasonable approximation of their fair value.

	Carrying values		Fair value Level 2		Fair value Level 3	
	2019	2018	**2019**	2018	**2019**	2018
Company						
Assets						
Investments at fair value through other comprehensive income ("FVOCI")**	**74 100 464**	105 180 385				
Liabilities						
Borrowings	**589 173 186**	618 170 448	**601 068 374***	628 985 923*	**–**	–

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

** *Financial assets at fair value through other comprehensive income with a carrying value of R74 100 464 (2018: R105 180 285) is carried at its fair value based on the quoted market price at year-end.*

Borrowings from Proparco are carried at amortised cost.

The carrying values for loans to and from joint ventures and associates, trade and other receivables and trade payables are a reasonable approximation of their fair value.

for the year ended 28 February 2019

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.

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

Item	Average useful life
Plant and machinery, motor vehicles	5 years
Leasehold improvements	10 years
Furniture and fixtures and office equipment	6 years
IT equipment	3 years

	2019			2018		
	Cost	**Accumulated depreciation**	**Carrying amount**	Cost	Accumulated depreciation	Carrying amount
Group						
Plant and machinery	**1 613 359**	**(1 019 162)**	**594 197**	1 197 757	(950 595)	247 162
Furniture and fixtures	**1 255 260**	**(681 035)**	**574 225**	910 975	(375 571)	535 404
Motor vehicles	**200 000**	**(43 333)**	**156 667**	200 000	(3 333)	196 667
Office equipment	**933 589**	**(612 551)**	**321 038**	933 589	(480 628)	452 961
IT equipment	**1 860 252**	**(885 869)**	**974 383**	1 172 294	(396 857)	775 437
Leasehold improvements	**1 923 613**	**(735 646)**	**1 187 967**	1 923 613	(523 230)	1 400 383
Total	**7 786 073**	**(3 977 596)**	**3 808 477**	6 338 228	(2 730 214)	3 608 014
Company						
Plant and machinery	**1 365 810**	**(1 001 527)**	**364 283**	1 197 757	(950 595)	247 162
Furniture and fixtures	**910 975**	**(520 875)**	**390 100**	910 975	(375 571)	535 404
Motor vehicles	**200 000**	**(43 334)**	**156 666**	200 000	(3 333)	196 667
Office equipment	**933 589**	**(612 551)**	**321 038**	933 589	(480 628)	452 961
IT equipment	**1 716 191**	**(863 292)**	**852 899**	1 172 294	(396 857)	775 437
Leasehold improvements	**1 923 613**	**(735 646)**	**1 187 967**	1 923 613	(523 230)	1 400 383
Total	**7 050 178**	**(3 777 225)**	**3 272 953**	6 338 228	(2 730 214)	3 608 014

Group

Depreciation expense of R1 143 258 (2018: R943 194) has been charged in "administrative expenses" in the statement of comprehensive income.

Property, plant and equipment with a carrying amount of R nil (cost: R nil, accumulated depreciation: R nil) (2018: R72 698 (cost: R2 989 126, accumulated depreciation: R2 916 428)) has been written of in the current year.

Property, plant and equipment with a carrying amount of R207 836 (cost: R311 962, accumulated depreciation: R104 126) (2018: R nil (cost: R nil, accumulated depreciation: R nil)) has increase in the current year due to the predecessor accounting transaction.

Profit on disposals of property, plant and equipment amounted to R nil (2018: R170 024). Refer to Note 25.

Additions of R1 135 884 (2018: R1 222 974) have been made in the current year.

Company

Depreciation expense of R1 047 011 (2019: R943 194) has been charged in "administrative expenses" in the statement of comprehensive income.

Property, plant and equipment with a carrying amount of R nil (cost: R nil, accumulated depreciation: R nil) (2018: R72 698 (cost: R2 989 126, accumulated depreciation: R2 916 428)) has been written of in the current year.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

(CONTINUED)

for the year ended 28 February 2019

6. Property, plant and equipment (continued)

Profit on disposals of property, plant and equipment amounted to R nil (2018: R170 024). Refer to Note 25.

Additions of R711 949 (2018: R1 222 974) have been made in the current year.

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

7. Intangible assets

Accounting policy

(a) Goodwill

Goodwill for the Group arose as a result of the acquisition of five subsidiaries: MS5 Pennyville Proprietary Limited, CTE Consulting Proprietary Limited, Clidet No 1014 Proprietary Limited, and Fleurhof Ext 2 Proprietary Limited 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.

(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.

	2019			2018		
	Cost	**Accu-mulated amortisation/ depreciation**	**Carrying amount**	Cost	Accu-mulated amortisation/ depreciation	Carrying amount
Group						
Goodwill	**174 979 434**	**(16 023 720)**	**158 955 714**	43 228 775	(14 713 978)	28 514 797
Computer software	**98 090**	**(71 827)**	**26 263**	59 330	(45 988)	13 342
	175 077 524	**(16 095 547)**	**158 981 977**	43 288 105	(14 759 966)	28 528 139
Company						
Computer software	**98 090**	**(71 827)**	**26 263**	59 330	(45 988)	13 342
	98 090	**(71 827)**	**26 263**	59 330	(45 988)	13 342

Group

Amortisation expenses of R25 839 (2018: R33 863) has been included in "administration expenses" in the statement of comprehensive income.

Additions of R38 760 (2018: R6 941) have been made in the current year to computer software.

7. Intangible assets (continued)

Goodwill with a carrying amount of R130 440 917 (cost: R131 750 660, accumulated amortisation: R1 309 746) (2018: R nil (cost: R nil, accumulated amortisation: R nil)) has increased in the current year due to the predecessor accounting transaction.

Computer software with a carrying amount of R nil (cost: R nil, accumulated depreciation: R nil) (2018: R16 (cost: R205 766, accumulated depreciation: R205 750)) has been disposed of in the current year.

Company

Amortisation expenses of R25 839 (2018: R33 863) has been included in "administration expenses" in the statement of comprehensive income.

Additions of R38 760 (2018: R6 941) have been made in the current year to computer software.

Computer software with a carrying amount of R nil (cost: R nil, accumulated depreciation: R nil)

(2018: R16 (cost: R205 766, accumulated depreciation: R205 750)) has been disposed of in the current year.

	Group	
	2019	2018
Group		
Impairment tests for goodwill		
Goodwill is monitored at the operating segment level.		
The following is a summary of goodwill allocation for each operating segment:		
Residential property development	**158 955 714**	28 514 797
	158 955 714	28 514 797

The recoverable amounts of the Residential Property Development operating segment has been determined based on value-in-use calculations.

These calculations use 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.

	Property development	
	2019 %	2018 %
The key assumptions used for value-in-use calculations are as follows:		
Gross margin	**8.70**	16.52
Pre-tax discount rate (real)	**11.20**	10.70

Real cash flows were discounted at a real discount rate. No cash flows beyond the initial forecast periods of five years were included in the value-in-use calculations.

The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segments. Management determined budgeted gross margin 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 pre-tax discount rate applied to the discounted cash flows had been 5% higher than the management estimates, the Group would still not recognise an impairment of goodwill.

Impairment tests for goodwill are performed annually.

8. Financial assets at fair value through other comprehensive income

Accounting policy

Equity securities are held in Calgro M3 Holdings Limited. These securities are not held for trading and the Group and Company have irrevocably elected at initial recognition to recognise in this category. The investment is strategic in nature to allow the Group and Company to allocate shares for employee share schemes.

On disposal of these equity securities, any balance within the reserve is reclassified as retained earnings.

In the prior year the Group and Company had designated the equity securities as available-for-sale where management intended to hold them for the medium to long term.

No fair value adjustment was required upon changing classification of the securities due to it being held at fair value.

	Group		Company	
	2019	2018	**2019**	2018
Investment in group companies				
Listed securities – Calgro M3 Holdings – issued price	**183 420 048**	183 420 048	**183 420 048**	183 420 048
Gains/(losses) recognised in other comprehensive income	**(89 084 750)**	(58 004 829)	**(89 084 750)**	(58 004 829)
Shares disposed in terms of the Calgro M3 Executive Share Scheme	**(20 234 834)**	(20 234 834)	**(20 234 834)**	(20 234 834)
Listed securities – Calgro M3 Holdings – Balance	**74 100 464**	105 180 385	**74 100 464**	105 180 385
Reconciliation of investment in group companies balance				
Opening balance	**105 180 385**	148 200 492	**105 180 385**	148 200 492
Gains/(losses) recognised in other comprehensive income	**(31 079 921)**	(43 020 107)	**(31 079 921)**	(43 020 107)
Closing balance	**74 100 464**	105 180 385	**74 100 464**	105 180 385

Previously 9 518 700 shares in Calgro M3 Holdings Limited were issued to Directors and selected employees in terms of the Calgro M3 Executive Share Scheme.

The scheme rules attach service conditions and trading restrictions to the shares that have been issued. Until the service conditions have been complied with, and the related trading restrictions have been lifted, the shares are deemed to be held by the Group.

9. Investment in subsidiaries

Accounting policy

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

Common control business combination

The Group applies the predecessor value method when accounting for a common control business combination. The predecessor value method involves accounting for the assets and liabilities of the acquired business using existing carrying values.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

(CONTINUED)

for the year ended 28 February 2019

9. Investment in subsidiaries (continued)

	% voting power 2019	% voting power 2018	% voting holding 2019	% voting holding 2018	Carrying amount 2019	Carrying amount 2018
Company – Direct						
Calgro M3 Land Proprietary Limited#	100	–	100	–	339 146 284	–
Calgro M3 Project Management Proprietary Limited#	100	–	100	–	4 500 100	–
MS5 Pennyville Proprietary Limited	100	100	100	100	100	100
MS5 Projects Proprietary Limited	100	100	100	100	100	100
Calgro M3 Rectification Company Proprietary Limited*	100	100	100	100	–	–
Calgro M3 Procurement Management Proprietary Limited*	100	100	49	49	–	–
					343 646 584	200
Company – Indirect						
Subsidiaries of Calgro M3 Land Proprietary Limited#						
Fleurhof Ext 2 Proprietary Limited	100	–	100	–		
Clidet No 1014 Proprietary Limited	100	–	100	–		
Belhar Calgro M3 Development Company Proprietary Limited	51	–	49	–		
CM3 Witkoppen Ext 131 Proprietary Limited	100	–	100	–		
Tres Jolie Ext 24 Proprietary Limited	100	–	100	–		
Ridgewood Estate Proprietary Limited	100	–	100	–		
Business Venture Investment No 1244 Proprietary Limited	100	–	100	–		
Business Venture Investment No 1221 Proprietary Limited	100	–	100	–		
Calgro M3 Jabulani Proprietary Limited	100	–	100	–		
Calgro M3 Memorial Parks Nasrec Proprietary Limited	100	–	72.50	–		
Sabre Homes Projects Proprietary Limited	100	–	100	–		
Subsidiaries of Calgro M3 Project Management Proprietary Limited#						
CTE Consulting Proprietary Limited	100	–	100	–		
Subsidiaries of MS5 Pennyville Proprietary Limited						
PZR Pennyville Zamamphilo Relocation Proprietary Limited	100	100	100	100		
Subsidiaries of Calgro M3 Procurement Management Proprietary Limited						
Calgro M3 Procurement Services Proprietary Limited*	100	100	49	49		
Calgro M3 Contractors Proprietary Limited*	100	100	49	49		

Common control business combination

The Calgro M3 Developments group is a wholly owned group of the Calgro M3 Holdings Group and at 1 March 2018, the Calgro M3 Developments group applied predecessor accounting and inherited both the Calgro M3 Land Group and the Calgro M3 Project Management Group as if Calgro M3 Developments Limited was the shareholder of the respective holding companies.

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

* *These companies have been incorporated under the new Companies Act 71 of 2008. The value of the shares are stated at no par value.*

The carrying amounts of subsidiaries are shown net of impairment losses.

for the year ended 28 February 2019

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

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

Significant judgement and source of estimation uncertainty

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

	% voting power 2019	% voting power 2018	**% voting holding 2019**	% voting holding 2018	**Carrying amount 2019#**	Carrying amount 2018
Joint ventures						
Witpoortjie Calgro M3 Development Company Proprietary Limited[1]	**50**	–	**75.83**	–	**134 738**	–
South Hills Development Company Proprietary Limited[1, 2]	**50**	–	**57.50**	–	**13 077 251**	–
Safdev Tanganani Proprietary Limited	**50**	–	**50**	–	**500**	–
Table View Properties Proprietary Limited[3]	**50**	–	**50**	–	**20 000 000**	–
					33 212 489	–

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 Proprietary Limited, it only equity accounts for 42.5% as 15% of the shareholding and related profits 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, irrespective of the percentage shareholding or 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.*

\# **Common control business combination**

The Calgro M3 Developments group is a wholly owned group of the Calgro M3 Holdings Group and at 1 March 2018, the Calgro M3 Developments group applied predecessor accounting and inherited both the Calgro M3 Land Group and the Calgro M3 Project Management Group as if Calgro M3 Developments Limited was the shareholder of the respective holding companies.

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, determining 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.

10. Investment in joint ventures and associates (continued)

Other than loans to joint ventures and associates (Note 12), trade and other receivables (Note 16) and related-party transactions (Note 36) which arose in the ordinary course of business, the Calgro M3 Group has no further financial risks associated with these joint ventures 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 Proprietary Limited	Witpoortjie	Residential Property Development
South Hills Development Company Proprietary Limited	South Hills	Residential Property Development
Safdev Tanganani Proprietary Limited	Diepsloot	Residential Property Development
Table View Properties Proprietary Limited	Vredehoek	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 Rands.

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

	2019	2018
Witpoortjie Calgro M3 Development Company Proprietary Limited	(433 517)	–
South Hills Development Company Proprietary Limited	18 367 125	–
Safdev Tanganani Proprietary Limited	–	–
Table View Properties Proprietary Limited	–	–
	17 933 608	–

	Witpoortjie Calgro M3 Development Company Proprietary Limited		South Hills Development Company Proprietary Limited	
	2019	2018	2019	2018
Detailed statement of financial position				
ASSETS				
Current assets				
Inventories/construction contracts	214 933 568	–	116 575 580	–
Trade and other receivables	600 586	–	1 850 773	–
Cash and cash equivalents	1 000	–	60 480	–
	215 535 154	–	118 486 833	–
Total assets	215 535 154	–	118 486 833	–
EQUITY AND LIABILITIES				
Equity				
Share capital	–	–	120	–
(Accumulated loss)/retained income	177 684	–	30 769 881	–
	177 684	–	30 770 001	–
Liabilities				
Non-current liabilities				
Deferred income tax liability	73 570	–	15 090 617	–
	73 570	–	15 090 617	–

for the year ended 28 February 2019

10. Investment in joint ventures and associates (continued)

	Witpoortjie Calgro M3 Development Company Proprietary Limited		South Hills Development Company Proprietary Limited	
	2019	2018	**2019**	2018
Current liabilities				
Borrowings	82 834 257	–	–	–
Bank overdraft	–	–	38 814 793	–
Loans from shareholders	–	–	19 078 126	–
Trade and other payables	132 449 643	–	14 733 296	–
	215 283 900	–	72 626 215	–
Total liabilities	215 357 470	–	87 716 832	–
Total equity and liabilities	215 535 154	–	118 486 833	–
Detailed statement of comprehensive income				
Revenue	17 087 540	–	267 439 838	–
Cost of sales	(17 910 644)	–	(207 534 122)	–
Gross (loss)/profit	(823 104)	–	59 905 716	–
Administrative expenses	(120 005)	–	(341 584)	–
Net impairment losses on financial and contract assets	107 342	–	393 865	–
Operating (loss)/profit	(835 767)	–	59 957 997	–
Finance income	–	–	65 289	–
(Loss)/profit before tax	(835 767)	–	60 023 286	–
Taxation	264 070	–	(16 806 520)	–
(Loss)/profit after taxation	(571 697)	–	43 216 766	–
Other comprehensive income	–	–	–	–
Total comprehensive income	(571 697)	–	43 216 766	–
Reconciliation of detailed financial information				
Reconciliation of the detailed information presented to the carrying amount of its interest in the joint venture.				
Summarised financial information				
Opening net assets at 1 March	–	–	–	–
Predecessor accounting opening balance at 1 March (Note 3)	907 671		61 614 408	–
IFRS 15 opening balance adjustment	–	–	(61 026 800)	–
IFRS 9 adjustment	(158 290)	–	(4 999 816)	–
Dividend declared	–	–	(8 034 557)	–
Profit/(loss) after tax	(571 697)	–	43 216 766	–
Closing net assets	177 684	–	30 770 001	–
Interest in joint venture at 75.83% and 42.5%	134 738	–	13 077 251	–
Carrying value	134 738	–	13 077 251	–

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

(CONTINUED)

for the year ended 28 February 2019

10. Investment in joint ventures and associates (continued)

	Witpoortjie Calgro M3 Development Company Proprietary Limited		South Hills Development Company Proprietary Limited	
	2019	2018	**2019**	2018
Reconciliation of investment in joint venture				
At 1 March	–	–	–	–
IFRS 15 opening balance adjustment	–	–	(25 936 390)	–
IFRS 9 opening balance adjustment	(120 032)	–	(2 124 922)	–
Predecessor accounting opening balance at 1 March (Note 3)	688 287	–	26 186 124	–
Dividend declared portion relating to the Group	–	–	(3 414 687)	–
Share of profit/(loss)	(433 517)	–	18 367 126	–
Net share of profit/(loss) for the current year	134 738	–	13 077 251	–
Net carrying value	134 738	–	13 077 251	–
The impact of the cash flows on the Group consists of the following:				
Cash (outflow)/inflow from construction activities (net movement in trade debtors)	(14 648 908)	–	30 062 569	–
Cash inflow for loans from joint ventures	–	–	23 000 000	–
Cash outflow for loans to joint ventures	–	–	–	–
Net cash flows on the Group from joint ventures	(14 648 908)	–	53 062 569	–

	Table View Properties Proprietary Limited		Safdev Tanganani Proprietary Limited	
	2019	2018	**2019**	2018
Detailed statement of financial position				
ASSETS				
Non-current assets				
Deferred income tax asset	6 492	–	644 321	–
	6 492	–	644 321	–
Current assets				
Inventories	–	–	82 515 972	–
Trade and other receivables	5 002 862	–	970 361	–
Cash and cash equivalents	4 120	–	48 200	–
	5 006 982	–	83 534 533	–
Total assets	5 013 474	–	84 178 854	–
EQUITY AND LIABILITIES				
Equity				
Share capital	5 000 000	–	1 000	–
Retained Income	(58 755)	–	386 598	–
	4 941 245	–	387 598	–
Liabilities				
Current liabilities				
Amounts owing to related parties	–	–	83 791 256	–
Loans from shareholders	72 229	–	–	–
	72 229	–	83 791 256	–
Total liabilities	72 229	–	83 791 256	–

10. Investment in joint ventures and associates (continued)

	Table View Properties Proprietary Limited		Safdev Tangani Proprietary Limited	
	2019	2018	**2019**	2018
Total equity and liabilities	**5 013 474**	–	**84 178 854**	–
Detailed statement of comprehensive income				
Revenue	**–**	–	**–**	–
Cost of sales	**–**	–	**–**	–
Gross profit	**–**	–	**–**	–
Administrative expenses	**(42 689)**	–	**(1 799)**	–
Operating (loss)/profit	**(42 689)**	–	**(1 799)**	–
Finance income	**–**	–	**–**	–
(Loss)/profit before tax	**(42 689)**	–	**(1 799)**	–
Taxation	**176**	–	**503**	–
(Loss)/profit after taxation	**(42 513)**	–	**(1 296)**	–
Other comprehensive income	**–**	–	**–**	–
Total comprehensive income	**(42 513)**	–	**(1 296)**	–
Reconciliation of detailed financial information				
Reconciliation of the detailed information presented to the carrying amount of its interest in the joint venture.				
Summarised financial information				
Opening net assets at 1 March	**–**	–	**–**	–
Predecessor accounting opening balance at 1 March (Note 3)	**–**	–	**388 894**	–
(Loss)/profit after tax	**(58 755)**	–	**(1 296)**	–
Closing net assets	**(58 755)**	–	**387 598**	–
Loss limitation	**58 755**	–	**(387 098)**	–
Carrying value	**–**	–	**500**	–
Reconciliation of investment in joint venture				
At 1 March	**–**	–	**–**	–
Predecessor accounting opening balance at 1 March (Note 3)	**20 000 000**	–	**–**	–
Share of profit/(loss) in associate (limited due to sale of interest in associate)	**–**	–	**–**	–
Net carrying value	**20 000 000**	–	**–**	–
The impact of the cash flows on the Group consists of the following:				
Cash inflow/(outflow) from construction activities (net movement in trade debtors)	**–**	–	**–**	–
Cash inflow/(outflow) from investing activities	**(10 000 000)**	–	**–**	–
Cash inflow for loans from joint ventures	**–**	–	**–**	–
Cash outflow for loans to joint ventures	**–**	–	**–**	–
Net cash flows on the Group from joint ventures	**(10 000 000)**	–	**–**	–

for the year ended 28 February 2019

11. Deferred income tax (liability)/asset

Accounting policy

Deferred tax assets and liabilities represent amounts of tax that will become recoverable and payable in future accounting periods. 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 period. A deferred tax liability represents taxes which will become payable in a future period 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 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 period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

	Group		Company	
	2019	2018	**2019**	2018
Reconciliation of deferred tax (liability)/asset				
At beginning of the year	**(104 090 256)**	(41 810 974)	**(103 556 834)**	(41 689 095)
Statement of comprehensive income charge	**47 036 393**	(62 279 282)	**88 572 008**	(61 867 739)
Tax losses available for set off against future taxable income	**(45 070 299)**	3 220 212	**(8 906 319)**	3 134 469
Construction contracts	**17 803 223**	(53 943 409)	**25 259 466**	(53 577 868)
Provisions	**144 323**	103 216	**144 323**	103 216
Operating leases	**183 777**	250 822	**183 776**	250 823
Bonus accrual	**8 835 563**	–	**8 835 563**	–
Share appreciation right settlement	**(393 779)**	(159 572)	**(393 779)**	(159 573)
Share appreciation right settlement prepayment	**–**	489 142	**–**	489 142
Executive share scheme	**16 771 736**	(10 636 272)	**16 771 737**	(10 636 272)
Capital losses available for future use	**–**	(1 403 579)	**–**	(1 267 335)
Trade receivables	**–**	(204 341)	**–**	(204 341)
Inventories	**6 844 621**	4 499	**–**	–
Deferred revenue	**663 481**	–	**–**	–
Work in progress	**(12 065)**			
Provision for credit losses – trade receivables	**481 464**	–	**1 410 455**	–
Provision for credit losses – contract assets	**765 090**	–	**1 828 949**	–
Income received in advance	**40 019 258**	–	**43 437 837**	–

for the year ended 28 February 2019

11. Deferred income tax (liability)/asset (continued)

	Group		Company	
	2019	2018	**2019**	2018
Increase due to predecessor accounting transaction (Note 9)	**(259 336 792)**	–	**–**	–
Tax losses available for set off against future taxable income	**213 748 109**	–	**–**	–
Construction contracts	**(472 272 345)**	–	**–**	–
Capital losses available for future use	**138 412**	–	**–**	–
Inventories	**(5 764 113)**	–	**–**	–
Deferred revenue	**825 673**	–	**–**	–
Provision for credit losses – trade receivables	**425 918**	–	**–**	–
Provision for credit losses – contract assets	**(495 709)**	–	**–**	–
Income received in advance	**4 057 263**	–	**–**	–
Deferred tax effect on IFRS 15 charge	**116 221 733**	–	**12 570 359**	–
Construction contracts	**116 221 733**	–	**12 570 359**	–
Deferred tax effect on IFRS 9 charge	**10 645 976**	–	**2 067 819**	–
Provision for credit losses – trade receivables	**994 140**	–	**1 022 421**	–
Provision for credit losses – contract assets	**9 651 836**	–	**1 045 398**	–
Deferred tax losses previously accounted for written off to the income statement	**(927 986)**	–	**–**	–
Tax losses available for set off against future taxable income	**(927 986)**	–	**–**	–
	(190 450 932)	(104 090 256)	**(346 648)**	(103 556 834)
Deferred tax liability				
Tax losses available for set off against future taxable income	**110 032 997**	8 906 319	**–**	8 906 319
Construction contracts	**(388 669 546)**	(106 832 823)	**(68 465 077)**	(106 294 902)
Accelerated capital allowances for tax purposes	**(92 994)**	(92 994)	**(92 994)**	(92 994)
Provisions	**405 059**	260 736	**405 059**	260 736
Operating leases	**936 811**	753 034	**936 811**	753 034
Bonus accrual	**8 835 563**	–	**8 835 563**	–
Share appreciation right settlement liability	**–**	393 779	**–**	393 779
Share appreciation right settlement prepayment	**(407 794)**	(407 794)	**(407 794)**	(407 794)
Executive share scheme	**9 674 563**	(7 097 173)	**9 674 563**	(7 097 173)
Capital losses available for future use	**22 161**	22 161	**22 161**	22 161
Inventories	**5 461 005**	4 499	**–**	–
Provision for credit losses – trade receivables	**1 901 522**	–	**2 432 876**	–
Provision for credit losses – contract assets	**1 546 427**	–	**2 874 347**	–
Income received in advance	**43 437 838**		**43 437 837**	–
Deferred tax liabilities*	**(206 916 388)**	(104 090 256)	**(346 648)**	(103 556 834)
Deferred tax asset				
Tax losses available for set off against future taxable income	**66 623 146**	–	**–**	–
Construction contracts	**(56 410 667)**	–	**–**	–
Capital losses available for future use	**138 412**	–	**–**	–
Inventories	**(4 375 998)**	–	**–**	–
Work in progress	**(12 065)**	–	**–**	–
Provision for credit losses – Contract assets	**8 374 791**	–	**–**	–
Income received in advance	**638 683**	–	**–**	–
Deferred revenue	**1 489 154**	–	**–**	–
Deferred tax assets#	**16 465 456**	–	**–**	–
	(190 450 932)	(104 090 256)	**(346 648)**	(103 556 834)

11. Deferred income tax (liability)/asset (continued)

	Group 2019	Group 2018	Company 2019	Company 2018
Deferred tax liability				
Deferred tax liability to be recovered within 12 months	**(269 395 927)**	(97 665 768)	**(59 224 454)**	(97 127 846)
Deferred tax liability to be recovered after more than 12 months	**15 593 752**	(6 424 488)	**10 132 747**	(6 428 988)
	(253 802 175)	(104 090 256)	**(49 091 707)**	(103 556 834)
Deferred tax asset				
Deferred tax asset to be recovered within 12 months	**10 350 891**	–	**–**	–
Deferred tax asset to be recovered after more than 12 months	**–**	–	**–**	–
	10 350 891	–	**–**	–

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable.

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

12. Loans to/(from) group companies

Accounting policy

These loans are classified as loans and receivables 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.

Provision for expected credit losses The Group applies an expected credit loss provision ("ECL") on the financial asset balances. Refer to Note 3.6.5 for the relevant judgements applied.

	Interest rate	Expected repayment date	2019	2018
Group				
Loans to group companies				
Calgro M3 Holdings Limited	Prime (2019: prime)	On demand	**3 861 242**	561 747 912
Calgro M3 Memorial Parks Fourways Proprietary Limited	Prime (2019: prime)	On demand	**49 127 195**	18 084 361
Calgro M3 Real Estate Proprietary Limited	Prime (2019: prime)	On demand	**399 118 672**	105 160 576
Calgro M3 Memorial Parks Bloemfontein Proprietary Limited	Prime	On demand	**486 172**	–
Calgro M3 Empowerment Trust	Prime	On demand	**109 650**	–
Calgro M3 Land Proprietary Limited	Prime (2019: prime)	On demand	**–**	84 336 377
Calgro M3 Jabulani Proprietary Limited	Prime (2019: prime)	On demand	**–**	23 074 593
Clidet No 1014 Proprietary Limited	Prime (2019: prime)	On demand	**–**	10 864 771
Fleurhof Extension 2 Proprietary Limited	Prime (2019: prime)	On demand	**–**	30 463 059
Belhar Calgro M3 Development Company Proprietary Limited	Prime (2019: prime)	On demand	**–**	26 860 117
Sabre Homes Projects Proprietary Limited	Prime (2019: prime)	On demand	**–**	3 268 001

12. Loans to/(from) group companies (continued)

	Interest rate	Expected repayment date	2019	2018
CM3 Witkoppen Ext 131 Proprietary Limited	Prime (2019: prime)	On demand	–	5 632 133
Provisions for expected credit losses			(5 025 003)	–
Loans to group companies			**447 677 928**	869 491 900
Loans from group companies				
CTE Consulting Proprietary Limited	Prime (2019: prime)	On demand	–	(23 400 838)
Holm Jordaan GWA Proprietary Limited	Prime (2019: prime)	On demand	–	(319 474)
Loans from group companies			–	(23 720 312)
Company				
Loans to group companies				
Calgro M3 Holdings Limited	Prime (2019: prime)	On demand	**3 861 242**	561 747 912
Calgro M3 Land Proprietary Limited	Prime (2019: prime)	On demand	**154 796 455**	84 336 377
PZR Pennyville Zamimphilo Relocation Proprietary Limited	Prime (2019: prime)	On demand	**3 660**	1 962 092
CM3 Witkoppen Ext 131 Proprietary Limited	Prime (2019: prime)	On demand	**6 227 034**	5 632 133
Fleurhof Extension 2 Proprietary Limited	Prime (2019: prime)	On demand	**170 273 106**	30 463 059
Clidet No 1014 Proprietary Limited	Prime (2019: prime)	On demand	**21 611 857**	10 864 771
Belhar Calgro M3 Development Company Proprietary Limited	Prime (2019: prime)	On demand	**48 065 871**	26 860 117
Calgro M3 Memorial Parks Fourways Proprietary Limited	Prime (2019: prime)	On demand	**49 127 196**	18 084 361
Calgro M3 Contractors Proprietary Limited	Prime (2019: prime)	On demand	**767 093**	2 882 878
Calgro M3 Jabulani Proprietary Limited	Prime (2019: prime)	On demand	**11 747 105**	23 074 593
Calgro M3 Rectification Proprietary Limited	Prime (2019: prime)	On demand	**940 236**	390 560
Calgro M3 Real Estate Proprietary Limited	Prime (2019: prime)	On demand	**399 118 671**	105 160 576
CTE Consulting Proprietary Limited	Prime	On demand	**723 177**	–
Holm Jordaan GWA Proprietary Limited	Prime	On demand	**3 070 054**	–
Calgro M3 Memorial Parks Nasrec Proprietary Limited	Prime	On demand	**2 678 290**	–
Calgro M3 Empowerment Trust	Prime	On demand	**109 650**	–
Calgro M3 Memorial Parks Bloemfontein Proprietary Limited	Prime	On demand	**486 172**	–
Sabre Homes Projects Proprietary Limited	Prime (2019: prime)	On demand	–	3 268 001
Provisions for expected credit losses			**(4 532 689)**	–
Loans to group companies			**869 074 180**	874 727 430
Loans from group companies				
Calgro M3 Procurement Services Proprietary Limited	Prime (2019: prime)	On demand	**(3 404 554)**	(2 774 705)
Sabre Homes Projects Proprietary Limited	Prime	On demand	**(32 142)**	–
CTE Consulting Proprietary Limited	Prime (2019: prime)	On demand	–	(23 400 838)
Holm Jordaan GWA Proprietary Limited	Prime (2019: prime)	On demand	–	(319 474)
			(3 436 696)	(26 495 017)

The carrying value of loans to/(from) group companies approximates their fair values, due to the short-term nature of these financial instruments.

All loans to group companies will be recovered within the next 12 months.

13. Loans to/(from) Joint Ventures and Associates

Accounting policy

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

Significant estimates and judgements

The Group applies an expected credit loss provision ("ECL") on the financial asset balances. Refer to Note 3.6.5 for the relevant judgements applied.

	Interest rate	Expected repayment date	2019	2018
Group				
South Hills Development Company Proprietary Limited (unsecured)	Prime plus 2%	28 February 2021	**3 539 063**	–
Safdev Tanganani Proprietary Limited (unsecured)	Prime	28 February 2021	**41 895 628**	–
Table View Properties Proprietary Limited (unsecured)	Prime plus 2%	28 February 2020	**72 229**	–
Provisions for expected credit losses			**(3 291 186)**	–
Loans to joint ventures and associates			**42 215 734**	–
Reconciliation of loans to joint ventures and associates				
Principal loan amount increase due to predecessor accounting transaction (Note 8)			**45 506 920**	–
Provisions for expected credit losses			**(3 291 186)**	–
			42 215 734	–
Loans to joint ventures and associates				
Loans to be realised within 12 months			**72 229**	–
Loans to be realised after more than 12 months			**45 434 691**	–
			45 506 920	–
Loans (from) joint ventures and associates				
South Hills Development Company Proprietary Limited (unsecured)	Prime plus 2%	31 March 2019	**(23 000 000)**	–
Loans (from) joint ventures and associates			**(23 000 000)**	–
Company				
South Hills Development Company Proprietary Limited (unsecured)	Prime plus 2%	31 March 2019	**(23 000 000)**	–
Loans from joint ventures and associates			**(23 000 000)**	–
Loans from joint ventures and associates				
Loans to be repaid within 12 months			**(23 000 000)**	–
Loans to be repaid after more than 12 months			**–**	–
			(23 000 000)	–
Borrowings cash flow reconciliation for Group and Company				
Opening balance			**–**	–
Proceeds from South Hills Development Company Proprietary Limited			**23 000 000**	–
Closing balance			**23 000 000**	–

for the year ended 28 February 2019

14. 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.

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.

	Group		Company	
	2019	2018	**2019**	2018
Opening balance	**17 872 216**	2 657 939	**2 000 000**	2 657 939
Increase in balance due to predecessor transaction (Note 3.6.1)	**516 256 003**	–	**–**	–
Additions (net of transfers to construction contracts)	**44 382 234**	14 642 469	**–**	–
Borrowing costs capitalised	**22 165 471**	1 229 747	**–**	–
Net realisable value adjustments	**(54 452 744)**	–	**–**	–
Disposals	**(37 962 280)**	(657 939)	**–**	(657 939)
	508 260 900	17 872 216	**2 000 000**	2 000 000
Inventories to be sold within 12 months	**203 386 469**	–	**–**	–
Inventories to be sold after more than 12 months	**304 874 431**	17 872 216	**2 000 000**	2 000 000
	508 260 900	17 872 216	**2 000 000**	2 000 000

Group and Company

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

Group

Inventories to the value of R88 236 445 (2018: R2 000 000) are stated at net realisable value.

Company

Inventories to the value of R2 000 000 (2018: R2 000 000) are stated at net realisable value.

15. Construction contracts

Accounting policy

The accounting policy for construction contracts need to be read in conjunction with the accounting policy for revenue in Note 23.

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

Contract assets arise on the basis that cost are incurred to satisfy performance obligations, the related payment and timing is determined based on each individual contract.

These costs include costs to fulfil a contract and includes costs 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 relevant customer when the relevant performance obligations are completed and payment can be obtained from the customer.

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

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 in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as costs incurred to be allocated to future contract assets construction contracts, depending on their nature.

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 not yet paid by customers and retention are included within "trade and other receivables" (refer to Note 16).

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 costs incurred on a unit/dwelling/project compared to the forecasted costs of the unit/dwelling/project which equals the percentage of work completed ("percentage of completion").

The Group allocates non-unit specific costs which include land, infrastructure, town planning and other project-related costs based on approved feasibilities.

Estimates are made by management to calculate the forecasted costs 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 3.6.5 for the relevant judgements applied.

15. Construction contracts (continued)

	Group 2019	Group 2018	Company 2019	Company 2018
The aggregate costs incurred and recognised profits to date	**4 230 030 943**	5 226 440 125	**6 573 776 012**	5 600 335 696
Less: Progress billings	**(3 061 010 070)**	(4 669 911 750)	**(6 393 843 714)**	(5 045 261 751)
Net statement of financial position balance for ongoing contracts	**1 169 020 873**	556 528 375	**179 932 297**	555 073 945
Excess billings over work done classified under trade and other payables (Note 22)	**198 231 246**	4 439 310	**278 040 056**	4 439 310
Provision for loss-making contracts classified under trade and other payables (Note 22)	**4 847 354**	–	**6 030 189**	–
Statement of financial position balance for ongoing contracts	**1 372 099 473**	560 967 685	**464 002 542**	559 513 255
Construction contracts to be realised within 12 months	**764 102 816**	453 647 741	**464 002 542**	452 193 311
Construction contracts to be realised after 12 months	**607 996 657**	107 319 944	**–**	107 319 944
	1 372 099 473	560 967 685	**464 002 542**	559 513 255
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	**315 881 180**		**128 602 625**	
Fully and partially subsidised units – contract assets	**563 294 110**		**271 561 223**	
Non-subsidised units – contract assets	**10 871 906**		**29 904 578**	
Serviced land – contract assets	**47 342 897**		**–**	
Contract assets	**937 390 093**		**430 068 426**	
Future contract asset costs				
Development cost for future contract assets	**434 709 380**		**33 934 116**	
	1 372 099 473		**464 002 542**	
Reconciliation of construction contracts				
Gross statement of financial position balance for ongoing contracts	**937 390 093**		**430 068 426**	
Provisions for expected credit losses	**(35 432 920)**		**(10 265 526)**	
Development cost for future contract assets	**434 709 380**		**33 934 116**	
	1 336 666 553		**453 737 016**	

The aggregate revenue still to be recognised on the current contract asset balances amount to R1 935 650 160 and will be recognised within the normal operating cycle of the business.

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

Borrowing costs to the value of R54 291 729 (2018: R nil) have been capitalised (Note 29) at a Group level. No interest is capitalised at a Company level.

16. 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 3.6.5 for further information.

Credit terms of 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 3.6.5.1 for the relevant method and judgement applied.

	Group		Company	
	2019	2018	**2019**	2018
Trade receivable and retention debtors	**179 962 230**	169 748 979	**314 250 764**	169 721 437
Trade receivables – third parties	**37 028 689**	4 193 671	**22 309 430**	4 166 311
Retention debtors – third parties	**5 943 945**	5 266 808	**5 266 808**	5 266 808
Trade receivables – related parties	**130 925 316**	150 700 767	**275 907 010**	150 700 767
Retention debtors – related parties	**6 064 280**	9 587 551	**10 767 516**	9 587 551
Other receivables	**12 839 865**	16 212 635	**11 949 969**	16 212 635
Dividends receivable[1]	**4 619 871**	–	**1 734 171**	–
Securing deposits	**6 614 973**	337 486	**729 976**	337 486
Amounts due from executive share scheme – Related parties[2]	**–**	7 706 659	**–**	7 706 659
Value added tax	**31 206 964**	2 016 910	**13 471**	13 470
Provision for credit losses	**(6 791 149)**	–	**(8 688 841)**	–
	228 452 754	196 022 487	**319 989 510**	193 991 687
Financial instruments	**197 245 790**	194 005 577	**319 976 039**	193 978 217
Non-financial instruments	**31 206 964**	2 016 910	**13 471**	13 470
	228 452 754	196 022 487	**319 989 510**	193 991 687

1. *The dividends receivable relate to dividends being receivable from a joint venture company. The income relating to these dividends are already accounted for through the share of profits of joint ventures and associates in the statement of comprehensive income. Refer to Note 10.*
2. *This relates to the payable by participants of the executive share scheme with respect to the subscription price for the shares issued under the scheme. The scheme has been cancelled. Refer to Notes 34 and 35 for further details.*

Group – trade receivables and retention debtors fully performing

At 2019, trade receivables and retention debtors of R179 962 230 (2018: R169 748 797) were fully performing.

Company – trade receivables and retention debtors fully performing

At 2019, trade receivables and retention debtors of R314 250 764 (2018: R169 721 437) were fully performing.

16. Trade and other receivables (continued)

Trade receivables and retention debtors from related parties

	Group		Company	
	2019	2018	**2019**	2018
Fleurhof Ext 2 Proprietary Limited	**–**	4 885 068	**149 684 930**	4 885 068
South Hills Development Company Proprietary Limited	**5 198 739**	35 261 301	**5 198 739**	35 261 301
Calgro KuumBA Planning and Design Proprietary Limited	**1 000 000**	4 000 000	**1 000 000**	4 000 000
Witpoortjie Calgro M3 Development Company Proprietary Limited	**130 778 520**	116 129 612	**130 778 520**	116 129 612
Calgro M3 Memorial Parks Holding Proprietary Limited	**12 337**	12 337	**12 337**	12 337
Total	**136 989 596**	160 288 318	**286 674 526**	160 288 318

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 2019 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 10 for summarised financial information as well as detailed analysis of joint venture and associates relationships.

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

At 2019, trade receivables and retention debtors of R251 596 (2018: R nil) were past due but not impaired.

	Group		Company	
	2019	2018	**2019**	2018
Ageing of trade receivables and retention debtors – third parties				
Less than 30 days	**37 454 229**	9 460 479	**22 057 833**	9 433 119
30 days and older	**5 518 405**	–	**5 518 405**	–
Total	**42 972 634**	9 460 479	**27 576 238**	9 433 119

Group and Company – trade receivables impairment

At 28 February 2019, trade receivables of R529 205 (2018: R nil) were written off as bad debt.

No allowance for doubtful debts was raised at 28 February 2019 and none of the trade receivables that are past due are considered to be impaired.

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 and Company do not hold any collateral as security for trade and other receivables. Refer to Note 4 for details of financial instruments. All trade and other receivables will be recovered in the next 12 months.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

(CONTINUED)

for the year ended 28 February 2019

17. Cash and cash equivalents

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

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

	Group		Company	
	2019	2018	**2019**	2018
Cash on hand	**3 290**	1 562	**2 789**	1 462
Bank balances	**118 726 238**	152 823 402	**114 524 329**	149 704 167
	118 729 528	152 824 964	**114 527 118**	149 705 628

18. 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.

	Group		Company	
	2019	2018	**2019**	2018
Authorised				
1 000 ordinary no par value shares				
Issued				
102 ordinary no par value shares	**283 794 872**	88 561 467	**283 794 872**	88 561 467
	283 794 872	88 561 467	**283 794 872**	88 561 467
Reconciliation of shares issued				
Opening balance at 1 March	**88 561 467**	88 561 467	**88 561 467**	88 561 467
Shares issued*	**195 233 405**	–	**195 233 405**	–
Closing balance	**283 794 872**	88 561 467	**283 794 872**	88 561 467

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.

* *On 1 March 2018, the Group restructured with Calgro M3 Developments Limited acquiring the Calgro M3 Land Proprietary Limited and Calgro M3 Project Management Proprietary Limited investment from Calgro M3 Holdings Limited at its carrying value. The restructuring aligns the Group structure with the operating segments within the Group. Calgro M3 Holdings further increased its investment into Calgro M3 Developments Limited as part of the restructure.*

for the year ended 28 February 2019

19. Other reserve

	Group 2019	Group 2018	Company 2019	Company 2018
Financial assets at fair value through other comprehensive income				
Opening balance	**(58 004 829)**	(14 984 722)	**(58 004 829)**	(14 984 722)
Total – other comprehensive income	**(31 079 873)**	(43 020 107)	**(31 079 873)**	(43 020 107)
Revaluation at year-end	**(31 079 873)**	(43 020 107)	**(31 079 873)**	(43 020 107)
Closing balance	**(89 084 702)**	(58 004 829)	**(89 084 702)**	(58 004 829)

Refer to Note 8 for details of financial assets at fair value through other comprehensive income.

20. Non-controlling interest

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

	Group 2019	Group 2018
Calgro M3 Memorial Parks Proprietary Limited	**–**	–
Procurement companies (Calgro M3 Procurement Services Proprietary Limited and Calgro M3 Contractors Proprietary Limited)	**301 939**	609 620
Belhar Calgro M3 Development Company Proprietary Limited	**51**	–
Holm Jordaan GWA Proprietary Limited	**(23 814)**	–
	278 176	609 620

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

	Calgro M3 Memorial Parks Proprietary Limited 2019	Calgro M3 Memorial Parks Proprietary Limited 2018	Holm Jordaan GWA Proprietary Limited 2019	Holm Jordaan GWA Proprietary Limited 2018	Procurement Companies 2019	Procurement Companies 2018
Total assets	**120 024 682**	–	**3 473 592**	–	**27 272 817**	97 080 995
Total liabilities	**127 266 853**	–	**3 522 030**	–	**26 114 027**	94 737 204
Total equity	**(5 303 149)**	–	**(48 438)**	–	**1 158 790**	2 343 791
Non-controlling interest relating to equity	**–**	–	**(23 814)**	–	**301 401**	609 620
Current year charge						
Dividend distributed	**–**	–	**–**	–	**(2 343 791)**	–
IFRS 9 adjustments to equity	**–**	–	**(7 365)**	–	**(407 143)**	–
Comprehensive income	**(2 026 906)**	–	**(1 955 294)**	–	**1 565 933**	2 586 920
Net distributable equity	**–**		**(1 962 659)**		**(1 185 001)**	–
Non-controlling interest relating to equity	**(739 902)**	–	**(964 902)**	–	**(307 681)**	609 620

Acquisition of remaining 37.5% shareholding in Calgro M3 Memorial Parks Nasrec Proprietary Limited

The Group entered into an agreement to obtain the remaining 37.5% shareholding in Calgro M3 Memorials Parks Nasrec Proprietary Limited for R63 600 000. By the year-end, the Group had paid R15 900 000 of the R63 600 000. The Group obtains 100% of the economic benefits of the Company, 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 Proprietary Limited. 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.

for the year ended 28 February 2019

21. Borrowings

Accounting policy

Borrowings are classified as financial liabilities at amortised cost. Refer to the financial instruments accounting policy, Note 3.11 for further details.

Borrowings are classified as current liabilities based on the operating cycle of the Group and Company (refer to Note 3.2).

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.

			Group		Company	
Bond exchange	**Interest rate**	**Expiration date**	**2019**	2018	**2019**	2018
Floating rate note – CGR 18	JIBAR plus 3.2%	4 May 2019	–	30 000 000	–	30 000 000
Floating rate note – CGR 19	JIBAR plus 3.2%	4 June 2019	–	30 000 000	–	30 000 000
Floating rate note – CGR 20	JIBAR plus 3.2%	4 July 2019	–	15 000 000	–	15 000 000
Floating rate note – CGR 21	JIBAR plus 4.5%	12 October 2020	**70 000 000**	70 000 000	**70 000 000**	70 000 000
Floating rate note – CGR 23	JIBAR plus 4%	8 February 2019	–	25 000 000	–	25 000 000
Floating rate note – CGR 24	JIBAR plus 5%	8 February 2021	**20 000 000**	20 000 000	**20 000 000**	20 000 000
Floating rate note – CGR 25	JIBAR plus 4%	27 June 2019	**111 000 000**	111 000 000	**111 000 000**	111 000 000
Floating rate note – CGR 27	JIBAR plus 4%	25 November 2019	**46 000 000**	46 000 000	**46 000 000**	46 000 000
Floating rate note – CGR 29	JIBAR plus 4.35%	8 February 2021	**52 000 000**	52 000 000	**52 000 000**	52 000 000
Floating rate note – CGR 31	JIBAR plus 1.7%	27 June 2019	–	16 000 000	–	16 000 000
Floating rate note – CGR 32	JIBAR plus 3.9%	21 July 2020	**38 000 000**	38 000 000	**38 000 000**	38 000 000
Floating rate note – CGR 33	JIBAR plus 3.9%	22 September 2020	**59 000 000**	59 000 000	**59 000 000**	59 000 000
Floating rate note – CGR 34	Fixed rate 8.388%	21 September 2019	–	42 000 000	–	42 000 000
Floating rate note – CGR 36	JIBAR plus 1.7%	2 October 2019	–	20 000 000	–	20 000 000
Floating rate note – CGR 37	JIBAR plus 1.7%	8 February 2019	–	15 000 000	–	15 000 000
Floating rate note – CGR 38	JIBAR plus 4%	13 February 2021	**30 000 000**	30 000 000	**30 000 000**	30 000 000
Floating rate note – CGR 39	JIBAR plus 3.95%	4 May 2021	**30 000 000**	–	**30 000 000**	–
Floating rate note – CGR 40	JIBAR plus 3.95%	4 June 2021	**51 000 000**	–	**51 000 000**	–
Floating rate note – CGR 41	JIBAR plus 3.95%	4 June 2021	**20 000 000**	–	**20 000 000**	–
Floating rate note – CGR 42	JIBAR plus 4.5%	3 August 2023	**45 000 000**	–	**45 000 000**	–

21. Borrowings (continued)

Bond exchange	Interest rate	Expiration date	Group 2019	Group 2018	Company 2019	Company 2018
Floating rate note						
– CGR 43	JIBAR plus 4.5%	4 August 2023	**18 000 000**	–	**18 000 000**	–
Proparco loan^	JIBAR plus 4.9%	15 September 2021	**387 000 000**	278 000 000	**387 000 000**	278 000 000
Transaction cost amortisation*			**(7 804 994)**	(7 403 478)	**(7 804 994)**	(7 403 478)
Bond exchange			**969 195 006**	889 596 522	**969 195 006**	889 596 522

All borrowings are unsecured.

* *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.*

^ *In the previous year, the Group obtained funding to the value of R278 million and a further R109 million in the current financial year. The loan is repayable in four equal six monthly instalments 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; and
– Net debt to equity ratio of 1.5:1.

The total facility value is R387 000 000.

Refer to Note 4.2 for the DSCR and net debt to equity calculation.

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 4.

	Group 2019	Group 2018	Company 2019	Company 2018
Borrowings to be settled within 12 months	**157 000 000**	193 000 000	**157 000 000**	193 000 000
Borrowings to be settled after more than 12 months	**812 195 006**	696 596 522	**812 195 006**	696 596 522
	969 195 006	889 596 522	**969 195 006**	889 596 522
Borrowings cash flow reconciliation				
Opening balance	**889 596 522**	571 645 578	**889 596 522**	571 645 578
Repayments of CGR notes	**(193 000 000)**	(192 000 000)	**(193 000 000)**	(192 000 000)
Amortised expense through the statement of comprehensive income	**2 193 649**	524 869	**2 193 649**	524 869
Transaction costs paid	**(2 595 165)**	(6 573 925)	**(2 595 165)**	(6 573 925)
Proceeds from new CGR notes issued	**164 000 000**	238 000 000	**164 000 000**	238 000 000
Proceeds from Proparco loan	**109 000 000**	278 000 000	**109 000 000**	278 000 000
Closing balance	**969 195 006**	889 596 522	**969 195 006**	889 596 522
Interest paid on borrowings	**115 459 090**	72 785 261	**115 459 090**	72 785 261
Total interest paid on borrowings	**115 459 090**	72 785 261	**115 459 090**	72 785 261

General

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

22. Trade and other payables

Accounting policy

Trade and other payables are financial instruments measured at amortised cost. Refer to the financial instruments accounting policy, Note 3.11.

	Group		Company	
	2019	2018	**2019**	2018
Trade payables	**141 260 408**	247 156 728	**118 327 818**	247 377 475
Retention creditors	**18 894 332**	28 528 058	**18 894 332**	28 312 511
Accrued expenses	**34 822 330**	25 934 288	**34 668 992**	26 018 804
Value added tax	**15 616 358**	9 956 834	**9 490 955**	8 995 417
Accrual for leave pay	**1 346 637**	831 299	**1 346 637**	831 199
Share appreciation rights liabilities	**–**	1 406 351	**–**	1 406 351
Calgro M3 Executive Share Scheme subscription price liability[3]	**–**	31 708 770	**–**	31 708 770
Calgro M3 Executive Share Scheme liability	**–**	46 989 307	**–**	46 989 307
Other payables	**9 842 916**	9 849 030	**9 842 916**	9 849 030
Deposits received – Afhco Consortium – related parties[4]	**155 209 633**	51 540 540	**155 135 133**	51 540 540
Land Purchase Liability – balance of purchase price for acquisition of Bridge City[5]	**19 450 199**	17 543 526	**–**	–
Land Purchase Liability – balance of purchase price for acquisition of Jabulani land[5]	**145 000 000**	–	**–**	–
Land Purchase Liability – balance of purchase price for acquisition of KwaNobuhle land[5]	**43 649 344**	–	**–**	–
Deferred revenue	**5 318 406**	–	**–**	–
Nasrec Memorial Parks Share Purchase liability	**41 868 944**	–	**–**	–
Income received in advance	**249 755**	–	**–**	–
Dividends payable	**487 696**	–	**–**	–
Long service awards provision[1]	**6 211 582**	–	**6 211 582**	–
Executive share settlement[2]	**25 344 000**	–	**25 344 000**	–
Provision for loss-making contracts[6]	**4 847 354**	–	**6 030 189**	–
Excess billings over work done	**198 231 246**	4 439 310	**278 040 056**	4 439 310
	867 651 140	475 884 041	**663 332 610**	457 468 714
Financial instruments	**811 565 363**	414 468 100	**612 677 097**	397 014 290
Non-financial instruments	**56 085 777**	61 415 941	**50 655 513**	60 454 424
	867 651 140	475 884 041	**663 332 610**	457 468 714

1. *The Group has implemented a long-term service award for its employees based on years of service. 10 years – two month's salary, 15 years – three month's salary, every subsequent five years thereafter – three month's 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.*
2. *This amount will be paid out to the executives as a once-off payment. Refer to Note 38.*
3. *The liability was settled during the year due to the cancellation of the executive share scheme.*
4. *Deposits received relate to units that will be completed and transferred within the next 12 months.*
5. *Land purchase liability is carried at amortised cost. Repayments have been aligned with the sale of completed units.*
6. *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 15.*

Trade and other payables are unsecured, and are repayable within a period of 12 months. The carrying amounts of trade and other payables approximate their fair value, due to the short-term nature of these financial instruments.

23. Revenue

Accounting policy applied from 1 March 2018

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 is transferred to the customer.

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; or
- The Group does not create an asset with an alternative use to the Group and has an enforceable right to payment for the work completed to date; 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 passed 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 cost incurred to obtain a contract is expensed to profit and loss as and when the cost is incurred as the Group consider these costs not to be recoverable until an agreement has been reached to recover the cost.

Significant judgement and source of estimation uncertainty

Property Development Segment

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 Group has determined that his 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.

23. Revenue (continued)

Variations on original contract prices are agreed with a customer 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. A point in time contract is only accounted for upon transfer of control of the relevant services and goods to the customer.

The type of products within the Group for the Residential Development Segment is set out below:

Fully subsidised (Reconstruction and Development Programme ("RDP")/Breaking New Ground ("BNG"))
- Overall agreement between parties to construct a specified number of RDP units.
- Purchase order received from Government based on approved budget within the relevant department, based on gazetted prices for RDP 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.

Community Residential Units ("CRU")
- Overall agreement between parties to construct a specified number of CRU units.
- Purchase order received from Government based on approved budget within the relevant department, based Gazetted prices for 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.

Social Housing
- Overall agreement between third party social housing company to construct a specified number of social housing 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.

Bulk Purchaser
- Overall agreement between third parties to construct a specified number of units.
- Units specification is agreed upon between the parties within the contract.
- Payment terms differ based on specified conditions of the agreement and relevant funding arrangements.

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 are standard across the development.

Affordable Housing
- 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 freestanding unit based on terms of bond obtained by customer from the relevant financial institution.

High-end units
- Agreement entered into with parties for the purchase of property and the construction of a free standing dwelling or sectional title units.
- Specifications of unit agreed upon between parties.
- Payment upon transfer of the property or unit.
- Payment for construction of freestanding unit based on terms of bond obtained by customer from the relevant financial institution.

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.

23. 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 maintenance is recognised over a period of 10 to 19 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 within the Group for the Memorial Parks Segment is set out below:

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.

Memorial Parks burial services

- Agreement with the customer to provide internment 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 internment on the burial site.
- Payment is received with the payment of the burial right.
- Payment for subsequent internment services is received before interment service is rendered to customer.

Memorial Parks maintenance services

- Agreement with customer to render maintenance services on reserved grave sites.
- Services are 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.

Revenue Recognised for each type of contract is set out below:

Treatment under IAS 11/IAS 18	Accounting policy under IFRS 15
Fully subsidised (Reconstruction and Development Programme ("RDP")/breaking new ground ("BNG"))	
Individual contract with revenue recognised based on% completion (IAS 11)* *Estimated revenue is determined on the gazetted price per unit and the number of units ordered by Government.* *Revenue is recognised on a "percentage of completion" of the units based on the estimated cost to construct the units vs the cost incurred on the units. All costs incurred are expensed to cost of sales when incurred.*	**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 vs the cost incurred on the units. All costs incurred are expensed to cost of sales when incurred.*

23. Revenue (continued)

Revenue recognised for each type of contract is set out below: (continued)

Treatment under IAS 11/IAS 18	Accounting policy under IFRS 15
Community Residential Units ("CRU")	
Individual contract with revenue recognised based on% completion (IAS 11)* *Estimated revenue is determined on the gazetted price per unit and the number of units ordered by Government.* *Revenue is recognised on a "percentage of completion" of the units based on the estimated cost to construct the units vs the cost incurred on the units. All costs incurred are expensed to cost of sales when incurred.*	**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 vs the cost incurred on the units. All costs incurred are expensed to cost of sales when incurred.*
Social Housing	
Individual contract with revenue recognised based on% completion (IAS 11)* *Estimated revenue determined on the contract price per unit.* *Revenue is recognised on a "percentage of completion" of the units based on the estimated cost to construct the units vs the cost incurred on the units. All costs incurred are expensed to cost of sales when incurred.*	**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.*
Bulk Purchaser	
Individual contract with revenue recognised based on% completion (IAS 11)* *Estimated revenue determined on the contract price per unit.* *Revenue is recognised on a "percentage of completion" of the units based on the estimated cost to construct the units vs the cost incurred on the units. All costs incurred are expensed to cost of sales when incurred.*	**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.*

23. Revenue (continued)

Revenue recognised for each type of contract is set out below: (continued)

Treatment under IAS 11/IAS 18	Accounting policy under IFRS 15
Grassroots Affordable Peoples' Homes ("GAP")/Finance Linked Individual Subsidy Programme ("FLISP")	
Individual contract per customer with revenue recognised on transfer of completed unit (IAS 18)* *Sales price determined based on the agreement between parties.* *Revenue recognised upon transfer of the unit to the client.* *Cost incurred is capitalised to inventory and expensed to cost of sales upon transfer of the unit.*	**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.*
Affordable Housing	
Individual contract per customer with revenue recognised on transfer for the land to the customer (IAS 18) and based on% completion for the construction of the unit (IAS 11)* ***Sale of land*** *Sales price of property/land determined based on the agreement between parties.* *Revenue recognised 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.* ***Construction of unit*** *Estimated revenue for the construction of the dwelling based on the agreement between the parties.* *Revenue is recognised on a percentage of completion based on the estimated cost to construct the dwelling vs the cost incurred on the dwelling. All cost incurred is expensed to cost of sales when incurred.*	**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 vs 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.*

23. Revenue (continued)

Revenue recognised for each type of contract is set out below: (continued)

Treatment under IAS 11/IAS 18	Accounting policy under IFRS 15
High-end units	
Individual contract per customer with revenue recognised on transfer for the land to the customer (IAS 18) and based on% completion for the construction of the unit (IAS 11)*	**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 *Sales price of property determined based on the agreement between parties.* *Revenue 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/unit.*	***Sale of land – First performance obligation*** *Sales price of property/land determined based on the agreement between parties.* *Revenue 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 *Estimated revenue for the construction of the dwelling based on the agreement between the parties.* *Revenue is recognised on a percentage of completion based on the estimated cost to construct the dwelling vs the cost incurred on the dwelling. All cost incurred is expensed to cost of sales when incurred.*	***Construction of unit – Second performance obligation*** *Estimated revenue for the construction of the dwelling based on the agreement between the parties.* *Revenue for the construction 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 vs 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*** *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/unit.*

23. Revenue (continued)

Revenue recognised for each type of contract is set out below: (continued)

Treatment under IAS 11/IAS 18	Accounting policy under IFRS 15
Integrated residential developments (consisting of a mix of bulk, link and internal infrastructure together with a mix in unit typologies)	
Accounted for as a single, combined contract on% completion basis (IAS 11) *The revenue is based on the percentage of completion for the total project as a whole.* *All cost incurred on the project is expensed as cost of sales when incurred.* *Project estimates for revenue and cost of sales is based on the overall project feasibility.*	**Every contract with a customer to be recognised and accounted for individually (as per above)#** *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.*
Memorial Parks burial rights	
The sale of burial rights relates to revenue generated from the reservation of a grave site. Individual contract per customer with revenue recognised on transfer of burial right to the customer once full payment has been received (IAS 18).	*Individual contract treatment with revenue recognised at a point in time when the burial right has transferred to the customer.*
Memorial Parks burial services	
The burial services relates to the revenue generated from the interment services provided by the Group. Individual contract per customer with revenue recognised on transfer of burial services rendered to the customer (IAS 18).	*Individual contract treatment with revenue recognised at a point in time when the burial service has rendered to the customer.*
Memorial Parks maintenance services	
The maintenance services relate to the revenue generated from the memorial park maintenance provided by the Group for the reserved graves. Individual contract per customer with revenue recognised over the year of maintenance being provided (IAS 18)	*Individual contract treatment with revenue recognised over time as the maintenance services are being rendered for the customer.*

* *Based on an individual contract basis as if treated as a separate engagement and not part of an integrated development.*

\# *Exact treatment will be assessed based on the individual contract with the customer and the underlying terms and conditions that are unique to each contract. Revenue may in certain cases be recognised at a point in time rather than over time and may have more than one performance obligation as determined by IFRS 15. Each will be assessed on its own set of underlying facts and recognised according to the guidance contained in IFRS 15.*

for the year ended 28 February 2019

23. Revenue (continued)

	Group 2019	Group 2018	Company 2019	Company 2018
Sale of completed units	**4 866 583**	–	**–**	–
Construction contracts	**901 829 220**	1 668 642 800	**747 300 672**	1 668 642 800
Sale of developed land	**31 500 000**	–	**–**	–
Memorial parks burial rights	**9 538 317**	–	**–**	–
Memorial parks maintenance	**398 429**	–	**–**	–
Memorial parks burial services	**971 001**	–	**–**	–
	949 103 550	1 668 642 800	**747 300 672**	1 668 642 800
Disaggregated revenue				
Residential Property Development Segment				
Infrastructure	**440 224 268**		**373 640 684**	
Fully and partially subsidised units	**414 116 227**		**276 635 892**	
Non-subsidised units	**33 621 990**		**97 024 096**	
Serviced land sales	**50 233 318**		**–**	
	938 195 803		**747 300 672**	
Memorial Parks Segment				
Memorial parks burial rights	**9 538 317**		**–**	
Memorial parks maintenance	**398 429**		**–**	
Memorial parks burial services	**971 001**		**–**	
	10 907 747		**–**	
Total revenue	**949 103 550**		**747 300 672**	

24. Cost of sales

	Group 2019	Group 2018	Company 2019	Company 2018
Cost of completed units	**5 145 185**	–	**–**	–
Net realisable value adjustment on inventories	**54 452 744**	–	**–**	–
Sale of developed land	**32 817 095**	–	**–**	–
Construction costs	**764 138 916**	1 393 024 431	**800 230 990**	1 402 445 264
Memorial parks burial rights	**3 606 742**	–	**–**	–
Memorial parks maintenance	**36 527**	–	**–**	–
Memorial parks burial services	**381 155**	–	**–**	–
	860 578 364	1 393 024 431	**800 230 990**	1 402 445 264
Disaggregated cost of sales				
Infrastructure	**288 917 076**		**324 832 678**	
Fully and partially subsidised units	**424 908 199**		**379 329 487**	
Non-subsidised units	**89 090 979**		**96 068 825**	
Serviced land sales	**53 637 686**		**–**	
	856 553 940		**800 230 990**	
Memorial parks burial rights	**3 606 742**		**–**	
Memorial parks maintenance	**36 527**		**–**	
Memorial parks burial services	**381 155**		**–**	
	4 024 424		**–**	
Total cost of sales	**860 578 364**		**800 230 990**	

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

(CONTINUED)

for the year ended 28 February 2019

25. Other income

Accounting policy

(a) Dividend income is recognised when the right to receive payment is established.

(b) Rental income from operating leases is recognised on a straight-line basis over the lease term.

(c) Management fees are recognised on the date the services are performed.

	Group		Company	
	2019	2018	**2019**	2018
Bond commissions	**1 289 302**	833 772	**1 289 302**	833 772
Dividends received	**–**	–	**35 336 486**	–
Insurance refunds	**–**	27 200	**–**	27 200
Profit on sale of investment in joint venture	**–**	5 999 965	**–**	5 999 965
Management fees	**5 768 848**	10 348 295	**21 651 139**	15 265 318
SETA refunds and other income	**1 590 917**	236 865	**458 850**	236 865
	8 649 067	17 446 097	**58 735 777**	22 363 120

26. Expense by nature

	Group		Company	
	2019	2018	**2019**	2018
Administration and management fees	**3 175 000**	4 696 992	**3 175 000**	4 696 992
Advertising	**10 518 288**	10 445 360	**9 244 042**	10 445 360
Auditor's remuneration	**4 238 279**	2 228 127	**2 851 058**	2 186 788
Bank charges	**1 901 857**	947 822	**1 756 440**	941 510
Computer expenses	**4 542 370**	3 215 191	**4 536 095**	3 215 191
Net construction costs	**769 284 101**	1 393 024 431	**800 230 990**	1 402 445 264
Profit on disposal of property, plant and equipment	**–**	(170 024)	**–**	(170 024)
Depreciation on property, plant and equipment and amortisation on computer software	**1 169 097**	977 057	**1 072 850**	977 057
Developed land sale costs	**32 817 095**	–	**–**	–
Donations	**1 546 907**	535 250	**1 521 821**	535 250
Fines, penalties and interest	**1 543**	–	**–**	–
Insurance	**1 583 534**	764 553	**1 583 534**	764 553
Lease rentals on operating leases	**5 916 326**	6 056 465	**5 842 256**	6 056 465
Legal fees	**1 051 422**	245 523	**1 046 792**	245 523
Memorial park costs	**4 024 424**	–	**–**	–
Motor vehicle expenses	**910 780**	1 036 666	**830 966**	1 036 666
Net realisable value adjustment on inventories	**54 452 744**	–	**–**	–
Printing and stationery	**627 590**	692 808	**604 550**	692 808
Professional fees	**1 926 369**	5 691 469	**1 866 369**	5 691 469
Social corporate responsibilities	**3 662 642**	5 675 068	**3 475 326**	5 312 068
Total employee costs	**40 087 968**	28 487 494	**40 087 968**	28 487 494
Executive share scheme expense*	**(46 989 307)**	(22 279 162)	**(46 989 307)**	(22 279 162)
Employee costs	**87 718 933**	49 589 623	**87 718 933**	49 589 623
Share appreciation rights expense/(credit)	**(641 658)**	(569 902)	**(641 658)**	(569 902)
Share appreciation rights settlement expense	**–**	1 746 935	**–**	1 746 935
Sponsorships	**3 500**	–	**3 500**	–
Sundry expenses	**9 141 386**	5 975 318	**7 179 560**	5 964 208
Telephone and fax	**1 305 491**	1 181 468	**1 305 491**	1 181 468
Total cost of sales, administration expenses and other expenses	**953 888 713**	1 471 707 038	**888 214 608**	1 480 706 110

* *Refer to Note 34.*

27. Net impairment losses on financial and contract assets

	Group		Company	
	2019	2018	**2019**	2018
Trade receivables	**3 240 648**	–	**5 037 339**	–
Contract assets	**962 077**	–	**6 532 066**	–
Loans to group companies	**2 614 438**	–	**(803 149)**	–
	6 817 163	–	**10 766 256**	–

28. 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.

	Group		Company	
	2019	2018	**2019**	2018
Bank	**5 953 312**	5 619 129	**5 103 614**	5 619 135
Trade receivables	**1 012 868**	2 007 724	**846 234**	2 007 724
SARS	**636 409**	65 906	**566 603**	65 906
Related parties (SAR vendor finance)	**424 968**	731 240	**424 968**	731 240
Related parties	**51 838 030**	87 581 332	**112 066 701**	87 944 711
	59 865 587	96 005 331	**119 008 120**	96 368 716

29. Finance costs

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 period in which they are incurred.

	Group		Company	
	2019	2018	**2019**	2018
Bank	**4 086 232**	2 970 030	**4 086 315**	2 970 030
Related parties	**1 040 674**	3 854 078	**6 469 662**	3 854 078
Other payables	**17 470 261**	3 812 163	**13 832 402**	2 582 415
Interest-bearing borrowings	**111 677 607**	76 658 002	**111 677 607**	76 658 002

29. Finance costs (continued)

	Group		Company	
	2019	2018	**2019**	2018
Finance cost	**134 274 774**	87 294 273	**136 065 986**	86 064 526
Less: Amounts capitalised on qualifying assets (inventory)	**(22 165 471)**	(1 229 747)	**–**	–
Less: Amounts capitalised on qualifying assets (construction contracts)	**(54 291 729)**	–	**–**	–
Total finance cost recognised in statement of comprehensive income	**57 817 574**	86 064 526	**136 065 986**	86 064 526

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

30. 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 period 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 period for tax and accounting purposes (deferred tax).

	Group		Company	
	2019	2018	**2019**	2018
Major components of the income tax expense				
Current tax				
Local income tax – current period	**6 842 499**	939 827	**3 645 736**	–
Local income tax – recognised in current tax for prior periods	**–**	(31 739)	**–**	(31 739)
	6 842 499	908 088	**3 645 736**	(31 739)
Deferred				
Current year	**(49 214 415)**	61 911 423	**(88 667 419)**	61 810 024
Prior year over-provlsion	**2 178 021**	367 858	**95 411**	57 715
	(47 036 394)	62 279 281	**(88 572 008)**	61 867 739
	(40 193 895)	63 187 369	**(84 926 272)**	61 836 000
Reconciliation of income tax expense				
Applicable tax rate	**28%**	28%	**28%**	28%
Disallowable charges	**19.31%**	1.06%	**(1.24%)**	1.09%
Empowerment expenses	**13.46%**	0.71%	**(0.71%)**	0.72%
Fines and penalties – SARS	**2.35%**	0%	**0%**	0%
Professional fees	**3.50%**	0.35%	**(0.53%)**	0.37%
Non-taxable income	**0%**	0%	**8.99%**	(0%)
Dividends received from subsidiary	**0%**	0%	**8.99%**	(0%)
IFRS rate adjustments	**(297.82%)**	(0.80%)	**41.54%**	(0.87%)
Executive share scheme	**(268.33%)**	(0.86%)	**41.54%**	(0.87%)
Share of profit/(loss) of associates – net of tax	**(29.49%)**	0.06%	**0%**	0%

for the year ended 28 February 2019

30. Taxation (continued)

	Group 2019	Group 2018	Company 2019	Company 2018
Under-provision for deferred tax prior years	**12.79%**	0.16%	**(0.09%)**	0.03%
Over-provlsion for current tax prior years	**(0%)**	(0.01%)	**(0%)**	(0.01%)
Losses for which no deferred tax has been recognised	**1.68%**	(0%)	**(0%)**	(0%)
Capital gains tax	**(0%)**	(0.18%)	**(0%)**	(0.20%)
Effective tax rate	**(236.04%)**	28.23%	**77.20%**	28.03%

The estimated tax loss for the Group available for set off against future taxable income is R295 875 028 (2018: R31 811 885).

31. Cash generated from operations

	Group 2019	Group 2018	Company 2019	Company 2018
Profit before taxation	**17 028 362**	223 863 824	**(110 002 281)**	220 604 000
Adjustments for:				
Depreciation	**1 143 258**	943 194	**1 047 011**	943 194
(Profit)/loss on disposal of property, plant and equipment	**–**	(170 024)	**–**	(170 024)
Finance income	**(59 865 587)**	(96 005 331)	**(119 008 120)**	(96 368 716)
Finance cost	**57 817 574**	86 064 526	**136 065 986**	86 064 526
Executive share scheme expense*	**(46 989 307)**	(22 279 162)	**(46 989 307)**	(22 279 162)
Share appreciation rights settlement expense	**–**	1 746 935	**–**	1 746 935
Amortisation of intangible assets	**25 839**	33 863	**25 839**	33 863
Profit on sale of investment in joint venture	**–**	(5 999 965)	**–**	(5 999 965)
Share of profit of associate – net of tax	**(17 933 608)**	458 840	**–**	–
Other	**–**	25	**–**	25
Changes in working capital:				
Inventories	**48 032 790**	(15 214 277)	**–**	657 939
Trade and other receivables	**66 862 552**	(26 834 808)	**(105 920 344)**	(25 686 552)
Construction contracts	**176 779 812**	(230 108 799)	**60 666 995**	(230 140 650)
Trade and other payables	**26 261 400**	55 623 828	**177 542 037**	36 028 573
	269 163 084	(27 877 331)	**(6 572 184)**	(34 566 014)

32. Tax paid

	Group 2019	Group 2018	Company 2019	Company 2018
Balance at the beginning of the year	**12 150 493**	12 068 067	**11 971 185**	11 847 503
Current tax for the year	**(6 842 499)**	(908 088)	**(3 645 736)**	31 739
Increase in tax balance through predecessor accounting	**4 333 408**	–	**–**	–
Balance at the end of the year	**(19 665)**	(12 150 493)	**1 368 435**	(11 971 185)
	9 621 737	(990 514)	**9 693 884**	(91 943)

33. Commitments

Operating lease

The Group has bound itself to a rental agreement for the head office in Bryanston, Gauteng until August 2025. The amount payable in the following 12 months is R3 921 018, with an amount of R18 853 791 payable within two to five years. The lease agreement has an escalation clause of 7.5% effective in the month of September.

34. Share-based payments

Accounting policy

Share-based payments are remuneration payments to selected employees that take the form of award schemes in the Group. The Group's award schemes are all 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.

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

If the share-based payments vest immediately, the services received are recognised in full.

If the terms of a scheme are modified, at a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

Significant judgement and source of estimation uncertainty

Management used the binomial tree valuation method to determine the value of the share appreciation rights at issue date.

Group and Company

Share appreciation rights

The share appreciation rights ("SARs") which are granted to Directors and selected employees were divided into two main categories with various SAR issues within each category. The rights will vest if the share price at each vesting date exceeds the hurdle price. The hurdle price is the strike (allocation) price grown by CPI plus 2% per year over the vesting period. In the situation that the hurdle price is not achieved at the vesting date, 25% of the possible vested SARs will roll over to the next vesting date.

During the prior years, all Directors and selected employees who were previously granted SARs were given the option to either continue on the SAR scheme, agree a settlement value for their unvested SARS with the Group or modify their unvested SARs to the Calgro M3 Executive Share Scheme.

The cash-settled share appreciation rights scheme was amended following the respective elections of the participants which has been outlined below:

(1) One individual cancelled 50% of his unvested SARs and agreed new settlement terms. The remaining 50% of his unvested SARs is still on the scheme (Category 2 – Issue 4);
(2) Eight individuals converted 100% of the unvested SARs from the SAR scheme to the executive share scheme;
(3) Four individuals cancelled 100% of their unvested SARs and agreed new settlement terms

The details of the arrangement is described below:

	Category 2 Issue 4
Date of grant	30 September 2014
Number of instruments granted	600 000
Number of options settled	(300 000)
Strike price at grant date	7.78
Contractual life (option life)	53 months
Vesting conditions	If the price at each vesting date exceeds the hurdle price
Settlement	Cash

34. Share-based payments (continued)

	Group and Company 2019	2018
Share appreciation rights ("SARs") reconciliation		
SARs not vested	**300 000**	300 000

No SARs were exercised or vested during the year. The price at the last vesting date did not exceed the hurdle price.

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

	Group and Company 2019	2018
Expense		
Share appreciation rights expense/(credit)	**(641 658)**	(569 902)
Liability		
Share appreciation rights liabilities	**–**	1 406 351
Cash-settled share-based payment liability		
Reconciliation of SARs liability		
Opening balance	**1 406 351**	1 976 253
Participant remaining on SARs scheme		
Share-based payment charge for the year recognised in statement of comprehensive income	**(641 658)**	(569 902)
Payment made to the remaining employee on scheme	**(764 693)**	–
Closing balance at the end of the year	**–**	1 406 351

Calgro M3 Executive Share Scheme

The executive share scheme was approved by shareholders in July 2015 whereby 10 215 572 shares were made available to participants of the scheme at a subscription price of R4.08. Only individuals who were currently allocated SARs and elected to convert at least 75% of their unvested SARS into the new scheme were eligible to participate in the new scheme. 9 518 700 shares were granted to individuals and 696 872 shares were not taken up. The Calgro M3 Executive Share Scheme was considered to be a modification of the SAR scheme. Under the executive share scheme, participants were allocated shares in line with the scheme rules and were required to subscribe for these shares at R4.08 per share. There were no performance conditions related to this scheme other than the service years as outlined below.

Shares issued under the scheme may not be sold by participants until the release dates stipulated in the scheme rules as outlined below.

In terms of IFRS 2: *Share-based Payments*, the above scheme is considered to be cash-settled from the perspective of Calgro M3 Developments Limited and equity-settled from the perspective of Calgro M3 Holdings Limited.

The shares were considered to be deeply in the money, resulting in the equity-settled shares being valued at intrinsic value based on the 30-day volume weighted average market price of R19.27 at the grant date of 29 July 2015.

During the prior year, the following amendments were approved with respect to the Category 1 shares:
(1) Trading restriction 1 – 20 February 2018 (previously 1 March 2018);
(2) Trading restriction 2 – 20 February 2018 (previously 1 March 2019);
(3) Service period – two years (previously – three years).

These amendments resulted in the final release date of all Category 1 shares being amended to 20 February 2017.

In the current financial year the participants of the scheme and the Board of Directors took the decision to cancel the scheme effective 31 August 2018. All related financing of the scheme was cancelled with all participants who contributed towards the scheme being refunded. This also led to the reversal of the share-based payment liability recognised for a cash-settled scheme as per IFRS 2.

34. Share-based payments (continued)

Calgro M3 Executive Share Scheme (continued)

	Group and Company 2019	2018
Reconciliation of subscription price for shares issued:		
Opening balance receivable from participants	**7 706 659**	7 001 288
Additional vendor finance provided	**–**	1 000 000
Interest paid	**(72 000)**	(319 321)
Interest written off	**(1 463 308)**	–
Cancellation of executive share scheme vendor finance	**(6 596 320)**	–
Finance income on receivable	**424 969**	772 438
Subscription cancelled	**–**	(747 746)
Balance receivable/(payable) by Group included under Trade and other receivables/(payables)	**–**	7 706 659

	Number of shares granted	Service commence-ment date	50% trading restriction – release date 1	50% trading restriction – release date 2	Service period	Final release date	Value
Category 1	1 050 070	1 March 2015	20 February 2017	20 February 2017	2 years	20 February 2017	–
Category 2	2 787 490	1 March 2015	1 March 2019	1 March 2020	5 years	1 March 2020	18 777 642
Category 3	5 681 140	1 March 2015	1 March 2020	1 March 2021	6 years	1 March 2021	50 490 827
Total	9 518 700						69 268 469

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

	Group and Company 2019	2018
Expense		
Executive share scheme expense (Fair value adjustment up to 31 August 2018)	**1 369 090**	22 279 162
Reversal of the remainder of executive share scheme liability after cancellation through profit and loss	**45 620 217**	–
Liability		
Executive share scheme liability	**–**	(46 989 307)
Reconciliation of executive share scheme liability		
Opening balance	**(46 989 307)**	(69 268 469)
Share-based payment expense		
Share-based payment charge for the year recognised in statement of comprehensive income	**46 989 307**	22 279 162
Release of shares		
Shares released to employee during the current year	**–**	–
Closing balance	**–**	(46 989 307)

The spot price on 31 August 2018 was R9.95 (28 February 2018 R12.42). The strike price or the allocation price is the price at which the SAR scheme is granted to the employee and is used to calculate the benefit payable to the employee. A 30-day average spot price,measured 30 days prior to the vesting date was applied to calculate the strike price.

The volatility used in the valuation was 44.95% (2018: 76.45%). The ZAR zero coupon swap curve as at the valuation date was used as the risk-free rate.

for the year ended 28 February 2019

35. Employee costs

Accounting policy

Defined contribution plan

(a) A defined contribution plan is a pension plan under which the Group and Company pay fixed contributions into a separate entity. The Group and Company have 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 periods.

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

Short-term benefits

(b) 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.

Bonus plans

(c) The Group and Company recognise 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 and Company recognise a provision where contractually obliged or where there is a past practice that has created a constructive obligation. The Group and Company expect these liabilities to be settled within 12 months.

	Group		Company	
	2019	2018	**2019**	2018
Salary and wages	**101 687 963**	80 130 434	**101 687 963**	80 130 434
Executive share scheme expense	**(46 989 307)**	(22 279 162)	**(46 989 307)**	(22 279 162)
Directors' share-based payment expense/(income)	**(37 653 666)**	(12 837 164)	**(37 653 666)**	(12 837 164)
Employees' share-based payment expense/(income)	**(9 335 641)**	(9 441 998)	**(9 335 641)**	(9 441 998)
Share appreciation rights expense	**(641 658)**	(569 902)	**(641 658)**	(569 902)
Share appreciation rights settlement expense	**–**	1 746 935	**–**	1 746 935
Directors' emoluments*	**37 735 988**	16 000 595	**37 735 988**	16 000 595
Salary and wages	**91 792 986**	75 028 900	**91 792 986**	75 028 900
Less: Amounts allocated to qualifying assets (construction contracts)	**(51 705 018)**	(46 541 406)	**(51 705 018)**	(46 541 406)
Total employee costs and share appreciation rights settlement	**40 087 968**	28 487 494	**40 087 968**	28 487 494

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

36. Related parties

All subsidiaries are considered related parties to the Group and Company. Refer to Note 9 for a detailed list of all subsidiaries.

All associates are considered related parties to the Group and Company. Refer to Note 10 for a detailed list of all associates.

(a) Related-party balances

(i) Loans to/(from) group companies

During the period loans have been issued to/(received from) group companies, refer to Note 12 for details.

(ii) Receivables from group companies, joint ventures and associates of the holding company

During the period, the Group and Company obtained receivables from Group Companies and Joint Ventures and Associates of the Holding Company, refer to Note 16.

36. Related parties (continued)

(a) Related-party balances (continued)

(iii) Receivables from Directors relating to the executive share scheme

	Group		Company	
	2019	2018	**2019**	2018
MN Nkuhlu – vendor finance loan*	–	5 063 386	–	5 063 386
	–	5 063 386	–	5 063 386

* *These loans are unsecured, repayable in terms of a vendor finance agreement and bear interest at prime.*

(iv) Payables to Directors and prescribed officers with respect to the shares issued in terms of the Calgro M3 Executive Share Scheme (repayable only if these individuals do not complete their service year in terms of the scheme rules). The scheme was cancelled with amounts payable being repaid during the year.

	Company	
	2019	2018
WJ Lategan	–	(9 360 393)
W Williams	–	(4 426 047)
WA Joubert	–	(3 886 454)
MN Nkuhlu	–	(8 349 396)
	–	(26 022 290)

(v) Amounts repaid to Directors who obtained personal funding to fund their portion of the executive scheme including interest on the financed portion

	Company	
	2019	2018
WJ Lategan	**13 561 811**	–
W Williams	**6 412 678**	–
WA Joubert	**5 630 890**	–
MN Nkuhlu	**6 192 344**	–
	31 797 723	–

The above payments were made due to the cancellation of the executive share scheme.

(iv) Trade and other payables to related parties

	Group		Company	
	2019	2018	**2019**	2018
Deposits received – Afhco Calgro M3 Consortium Proprietary Limited	**155 209 633**	51 540 540	**155 135 133**	51 540 540
	155 209 633	51 540 540	**155 135 133**	51 540 540

(b) Related-party transactions

(i) Key management personnel compensation

	Group		Company	
	2019	2018	**2019**	2018
Employee benefits – Directors	**44 350 107**	16 000 595	**44 350 107**	16 000 595
	44 350 107	16 000 595	**44 350 107**	16 000 595

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

(CONTINUED)

for the year ended 28 February 2019

36. Related parties (continued)

(b) Related-party transactions (continued)

(ii) Transactions with group companies and joint ventures and associates of the holding company

	Group		Company	
	2019	2018	**2019**	2018
Finance income earned				
Calgro M3 Land Proprietary Limited	**–**	(6 663 348)	**(57 275 356)**	(6 663 348)
Calgro M3 Holdings Limited	**(3 932 536)**	(55 047 996)	**(3 740 716)**	(55 047 996)
Calgro M3 Memorial Parks Holding Proprietary Limited	**(3 356 376)**	(1 312 301)	**(2 125 020)**	(1 312 301)
Calgro M3 Memorial Parks Nasrec Proprietary Limited	**–**	–	**(1 254 218)**	–
Holm Jordaan GWA Proprietary Limited	**–**	–	**(73 088)**	–
Calgro M3 Educational Trust	**(70 773)**	–	**(70 772)**	–
Calgro M3 Memorial Parks Bloemfontein Proprietary Limited	**(4 118)**	–	**(4 118)**	–
Belhar Calgro M3 Development Company Proprietary Limited	**–**	(2 877 905)	**(493 766)**	(2 877 905)
Clidet No 1014 Proprietary Limited	**–**	(1 986 511)	**(1 882 354)**	(1 986 511)
PZR Pennyville Zamamphilo Relocation Proprietary Limited	**–**	–	**(196 033)**	(238 251)
Calgro M3 Procurement Services Proprietary Limited	**–**	–	**–**	(72 724)
Calgro M3 Contractors Proprietary Limited	**–**	–	**(25 303)**	(36 342)
Calgro M3 Rectification Proprietary Limited	**–**	–	**(56 181)**	(16 062)
Table View Properties Proprietary Limited	**(4 105)**	–	**–**	–
Fleurhof Ext 2 Proprietary Limited	**–**	(2 722 210)	**(2 700 251)**	(2 722 210)
Witpoortjie Calgro M3 Development Company Proprietary Limited	**(14 011 582)**	(10 298 636)	**(14 011 582)**	(10 298 636)
Calgro M3 Jabulani Proprietary Limited	**–**	(2 155 494)	**(1 132 554)**	(2 155 494)
Calgro M3 Real Estate Proprietary Limited	**(23 545 926)**	(2 379 768)	**(23 545 925)**	(2 379 768)
Sabre Homes Projects Proprietary Limited	**–**	(132 001)	**(314 586)**	(132 001)
CM3 Witkoppen Ext 131 Proprietary Limited	**–**	(141 892)	**(594 901)**	(141 892)
Safdev Tanganani Proprietary Limited	**(4 004 370)**	–	**–**	–
South Hills Development Company Proprietary Limited	**(2 908 244)**	(1 863 270)	**(2 569 977)**	(1 863 270)
	(51 838 030)	(87 581 332)	**(112 066 701)**	(87 944 711)
Finance costs incurred				
Calgro M3 Holdings Limited	**1 040 674**	–	**–**	–
Fleurhof Ext 2 Proprietary Limited	**–**	1 762 178	**1 663 074**	1 762 178
CTE Consulting Proprietary Limited	**–**	2 001 050	**1 861 980**	2 001 050
Calgro M3 Procurement Services Proprietary Limited	**–**	–	**197 167**	–
Calgro M3 Contractors Proprietary Limited	**–**	–	**4 503**	–
Calgro M3 Jabulani Proprietary Limited	**–**	–	**342 720**	–
Belhar Calgro M3 Development Company Proprietary Limited	**–**	–	**2 397 274**	–
Sabre Homes Projects Proprietary Limited	**–**	–	**272**	–
Holm Jordaan GWA Proprietary Limited	**–**	90 850	**2 672**	90 850
	1 040 674	3 854 078	**6 469 662**	3 854 078

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
(CONTINUED)

for the year ended 28 February 2019

36. Related parties (continued)

(b) Related-party transactions (continued)

(ii) *Transactions with group companies and joint ventures and associates of the holding company* (continued)

	Group		Company	
	2019	2018	**2019**	2018
Construction fees earned				
Calgro M3 Land Proprietary Limited	**–**	(45 642 943)	**(21 950 519)**	(45 642 943)
Fleurhof Ext 2 Proprietary Limited	**–**	(491 920 074)	**(240 868 134)**	(491 920 074)
PZR Pennyville Zamamphilo Relocation Proprietary Limited	**–**	–	**(8 633 679)**	–
Clidet No 1014 Proprietary Limited	**(752 870)**	(105 179 637)	**(752 870)**	(105 179 637)
Witpoortjie Calgro M3 Development Company Proprietary Limited	**(27 585 799)**	(47 569 021)	**(27 585 799)**	(47 569 021)
Calgro KuumBA Planning and Design Proprietary Limited	**–**	(4 263 295)	**–**	(4 263 295)
Calgro M3 Memorial Parks Proprietary Limited	**–**	(7 311 290)	**–**	(7 311 290)
Belhar Calgro M3 Development Company Proprietary Limited	**–**	(206 513 022)	**(44 996 052)**	(206 513 022)
Calgro M3 Jabulani Proprietary Limited	**–**	(4 560 508)	**(83 024 759)**	(4 560 508)
South Hills Development Company Proprietary Limited	**(394 484 331)**	(337 904 245)	**(394 484 331)**	(337 904 245)
	(422 823 000)	(1 250 864 035)	**(822 296 143)**	(1 250 864 035)
Management/cost recovered from fellow subsidiaries				
CTE Consulting Proprietary Limited	**–**	(2 909 136)	**(4 052 301)**	(2 909 136)
Holm Jordaan GWA Proprietary Limited	**–**	(3 272 032)	**(3 129 073)**	(3 272 032)
Calgro M3 Memorial Parks Holding Proprietary Limited	**(5 624 938)**	–	**(5 624 938)**	–
Calgro M3 Memorial Parks Nasrec Proprietary Limited	**–**	–	**(1 755 448)**	–
Calgro M3 Memorial Parks Bloemfontein Proprietary Limited	**(143 910)**	–	**(143 910)**	–
Calgro M3 Procurement Services Proprietary Limited	**–**	–	**(6 585 396)**	(5 076 751)
Calgro M3 Contractors Proprietary Limited	**–**	–	**(360 073)**	(445 313)
	(5 768 848)	(11 703 231)	**(21 651 139)**	(11 703 231)
Goods, services and professional fees procured by				
Calgro M3 Procurement Services Proprietary Limited	**–**	–	**323 653 002**	427 480 077
Calgro M3 Contractors Proprietary Limited	**–**	–	**574 895**	674 628
Holm Jordaan GWA Proprietary Limited	**–**	5 087 560	**1 745 221**	5 087 560
	–	5 087 560	**325 973 118**	433 242 265
Management fees incurred				
Calgro M3 Holdings Limited	**3 175 000**	4 696 992	**3 175 000**	4 696 992
	3 175 000	4 696 992	**3 175 000**	4 696 992

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
(CONTINUED)

for the year ended 28 February 2019

36. Related parties (continued)

(b) Related-party transactions (continued)

(iii) Shares issued to Directors and prescribed officers with respect to the Calgro M3 Executive Share scheme – Group and Company

	Share-based payment expense for 2019 FY*	Share-based payment expense for 2018 FY*	Number of shares granted	Grant date	50% trading restriction – release date 1	50% trading restriction – release date 2
Directors and prescribed officers						
BP Malherbe	–	–	1 050 069	1 March 2015	20 February 2017	20 February 2017
WJ Lategan	(13 544 277)	(4 617 615)	2 294 214	1 March 2015	1 March 2020	1 March 2021
W Williams	(6 404 390)	(2 183 429)	1 084 815	1 March 2015	1 March 2020	1 March 2021
WA Joubert	(5 623 611)	(1 917 233)	952 562	1 March 2015	1 March 2020	1 March 2021
MN Nkuhlu	(12 081 388)	(4 118 886)	2 046 421	1 March 2015	1 March 2020	1 March 2021
	(37 653 666)	(12 837 164)	7 428 082			

* *This amount relates to the share-based payment expense recognised in the statement of comprehensive income and is not a cash consideration paid to Directors. Refer to Note 34 for further details of share-based compensation benefits.*

Refer to Note 34 for further details on the Calgro M3 Executive Share Scheme.

37. Contingent assets and liabilities

There are no contingent assets or liabilities in the current year.

38. Directors' emoluments

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

	Remuneration and other benefits			
	Guaranteed remuneration	**Once-off payment**	**Short-term incentive**	**Total**
Group and Company – 2019				
WJ Lategan	**3 294 504**	**9 064 000**	**–**	**12 358 504**
FJ Steyn	**2 805 533**	**–**	**–**	**2 805 533**
DN Steyn	**2 637 081**	**–**	**–**	**2 637 081**
WA Joubert	**2 331 460**	**4 180 000**	**–**	**6 511 460**
MN Nkuhlu	**2 505 155**	**7 920 000**	**–**	**10 425 155**
UV Kissoon Singh	**1 562 653**	**–**	**277 500**	**1 840 153**
AJ Langson	**1 158 102**	**–**	**–**	**1 158 102**
	16 294 488	**21 164 000**	**277 500**	**37 735 988**
Group and Company – 2018				
WJ Lategan	3 024 523	–	–	3 024 523
FJ Steyn	2 658 248	–	–	2 658 248
DN Steyn	2 493 483	–	–	2 493 483
WA Joubert	2 063 279	–	–	2 063 279
W Williams	2 150 722	–	–	2 150 722
MN Nkuhlu	2 060 425	–	–	2 060 425
UV Kissoon Singh	1 249 915	–	300 000	1 549 915
	15 700 595	–	300 000	16 000 595

38. Directors' emoluments (continued)

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

	Date appointed as prescribed officer	Contract expiry
W Williams	3 January 2017	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	Once-off payment	Short-term incentive	Total
W Williams	2 434 119	4 180 000	–	6 614 119
	2 434 119	4 180 000	–	6 614 119

	Group and Company	
	2019	2018
Summary		
Executive Directors	**37 735 988**	16 000 595
Prescribed officers	**6 614 119**	–
	44 350 107	16 000 595

39. Going concern

The Directors believe that the Company and Group have adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis. The Directors are not aware of any new material changes that may adversely impact the Company and Group.

The Directors are not aware of any material non-compliance with statutory or regulatory requirements. The Board is not aware of any pending changes in litigation that may affect the Company and Group.

40. Events after the reporting period

On 15 March 2019, the final conditions were met to effect a transaction between the Calgro M3 Group of companies and Afhco Calgro M3 Consortium Proprietary Limited, Afhco Holdings Proprietary Limited, SA Retail Properties Proprietary Limited and SA Corporate Real Estate Limited where the following was agreed between the parties:

	Cash inflow/(outflow) impact for Calgro
1. Cancellation of the sale and development agreements for Scottsdene, Fleurhof and Belhar	–
2. The repurchase of units handed over to Afhco Calgro M3 Consortium Proprietary Limited for Scottsdene and Fleurhof	(159 962 337)
3. Purchase of 152 freestanding units from Afhco Calgro M3 Consortium Proprietary Limited on the South Hills Development	(163 551 707)
4. Repayment of the loan granted by the Calgro Group to Afhco Calgro M3 Consortium Proprietary Limited to purchase units	252 172 253
5. Repayment of deposits received from Afhco Calgro M3 Consortium Proprietary Limited for units being constructed	(155 135 133)
6. Sale of La Vie Nouvelle Frail Care Building to SA Retail Properties Proprietary Limited	98 544 614
7. Sale of shares held by the Calgro Group in Afhco Calgro M3 Consortium Proprietary Limited to Afhco Holdings Proprietary Limited	23 944 027
8. Cash settlement from Calgro for fees	(11 717)
9. Listed bond issued by Calgro M3 Developments Limited for the remaining balance owing to SA Corporate Real Estate Limited	(104 000 000)

This transaction is only effective in the 2020 financial year and has no impact on the 2019 financial statements.

GENERAL INFORMATION

for the year ended 28 February 2019

Calgro M3 Developments Limited and its Subsidiaries
Incorporated in the Republic of South Africa
Registration number 1996/017246/06
Share code: CGR
ISIN: ZAE000109203

Registered office
Calgro M3 Building
Ballyclare Office Park
33 Ballyclare Drive
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2024

Published
10 May 2019

Transfer secretaries
Computershare Investor Services

Bankers
First National Bank
Standard Bank
Nedbank

Auditors
PricewaterhouseCoopers Inc.

Sponsors
Grindrod Bank Limited

Secretary
I April

Directors

FJ Steyn	Executive
MN Nkuhlu	Executive
W Williams	Executive
WA Joubert	Executive
WJ Lategan	Executive
BP Malherbe	Non-Executive
GS Hauptfleisch	Independent Non-Executive
H Ntene	Independent Non-Executive
ME Gama	Independent Non-Executive
PF Radebe	Independent Non-Executive
RB Patmore	Independent Non-Executive

Preparer
The financial statements were internally compiled by M Esterhuizen 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 compliance with the applicable requirements of the Companies Act 71 of 2008.

Regulatory requirements relating to public companies
Calgro M3 Developments Limited and its subsidiaries are wholly owned subsidiaries of Calgro M3 Holdings Limited. These financial statements should be read in conjunction with the 2019 integrated annual report for Calgro M3 Holdings Limited as published on 10 May 2019. Also refer to the Calgro M3 website (http://www.calgrom3.com) for a detailed analysis of the King IV requirements.

The Company's ultimate holding company has appointed an Audit and Risk Committee which performs the functions required under section 94(7) of the Companies Act 71 of 2008 on behalf of Calgro M3 Developments Limited and its subsidiaries.

CALGRO M3

www.calgrom3.com