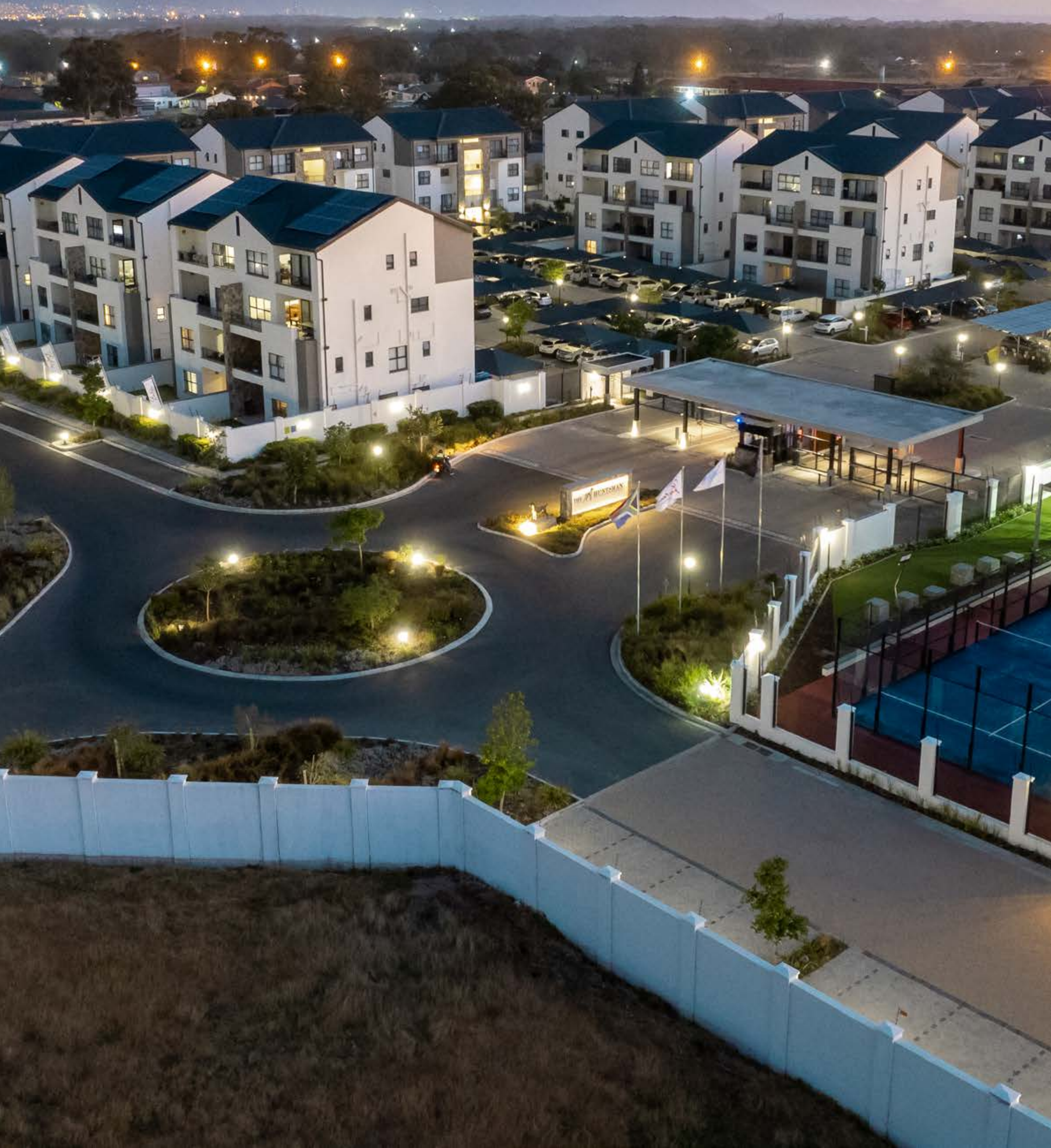
Balwin PROPERTIES

AUDITED CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2022

(Registration number 2003/028851/06)



GENERAL INFORMATION

Country of incorporation and domicile
South Africa

Nature of business and principal activities
Residential property development and sale of sectional title apartments and related activities

Directors
SV Brookes
JS Bigham
H Saven
KW Mzondeki
R Zekry
A Shapiro
ARK Kukama
T Mokgosi-Mwantembe
O Amosun
J Scher

Prescribed officers
U Gschnaidtner
RN Gray

Business and registered office address
Block 1, Townsend Office Park
1 Townsend Avenue
Bedfordview
2007

Auditor
BDO South Africa
Registered Auditor

Company secretary
FluidRock Co Sec Proprietary Limited

Preparer
The consolidated and separate annual financial statements have been compiled under the supervision of:
JS Bigham (Chief financial officer) CA(SA)

Date of approval of annual financial statements
16 May 2022

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

LEVEL OF ASSURANCE

These consolidated and separate Annual Financial Statements have been prepared and audited in compliance with the applicable requirements of the Companies Act of South Africa, 2008 ("the Companies Act").

DIRECTORS' RESPONSIBILITY STATEMENT AND APPROVAL OF CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

The Directors are required in terms of the Companies Act to maintain adequate accounting records and are responsible for the content and integrity of the consolidated and separate Annual Financial Statements and related financial information included in this report. It is their responsibility to ensure that the consolidated and separate Annual Financial Statements fairly present the state of affairs of the Group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditor is engaged to express an independent opinion on the consolidated and separate financial statements.

The consolidated and separate Annual Financial Statements have been consistently prepared in accordance with International Financial Reporting Standards ("IFRS") and its interpretations adopted by the Independent Accounting Standards Board, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the requirements of the Companies Act, No. 71 of 2008, as amended, of South Africa ("Companies Act") and the JSE Listings Requirements.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board 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 all employees are required to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Group is on identifying, assessing, managing and monitoring all known forms of risk across the Group. While operating risk cannot be fully eliminated, the Group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated and separate Annual 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's cash flow forecast for the 12 months to May 2023 and, in light of this review and the current financial position, they are satisfied that the Group has or had 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's consolidated and separate financial statements. The consolidated and separate financial statements have been examined by the Group's external auditors and their report is presented on pages 12 to 15.

The consolidated and separate Annual Financial Statements set out on pages 16 to 70, which have been prepared on the going-concern basis, were approved by the Board on 16 May 2022 and were signed on their behalf by:

SV Brookes
Chief executive officer

JS Bigham
Chief financial officer

CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER RESPONSIBILITY STATEMENT

The directors, whose names are stated below, hereby confirm that:

- the Annual Financial Statements set out on pages 16 to 70, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;
- no facts have been omitted or untrue statements made that would make the Annual Financial Statements false or misleading;
- internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer; and
- the internal financial controls are adequate and effective and can be relied upon in compiling the Annual Financial Statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King Code. Where we are not satisfied, we have disclosed to the audit committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action.

We confirm that no fraudulent activities involving directors were experienced in the Group during the year.

SV Brookes
Chief executive officer

JS Bigham
Chief financial officer

COMPANY SECRETARY'S CERTIFICATION

In terms of section 88(2)(e) of the Companies Act, No. 71 of 2008 as amended, we certify that to the best of our knowledge and belief, the Balwin Group has in respect of the financial year reported upon, lodged with the Companies and Intellectual Property Commission all returns required of a public Group in terms of the Companies Act, No. 71 of 2008 and that all such returns are true, correct and up to date.

Ronelle Kleyn
On behalf of: FluidRock Co Sec Proprietary Limited

16 May 2022

AUDIT AND RISK COMMITTEE REPORT

The audit and risk committee ("the committee") has pleasure in submitting this report, which has been approved by the Board and has been prepared in accordance with section 94(7)(f) of the Companies Act, No. 71 of 2008 of South Africa ("the Act") and incorporating the recommendations of the Report on Corporate Governance for South Africa, 2016 ("King IV").

The committee assists the Board in its responsibilities covering the:

- internal and external audit process for the Group taking into account the significant risks;
- adequacy and functioning of the Group's internal controls;
- integrity of financial reporting; and
- risk management and information technology.

The members confirm that the committee has performed all the duties required in terms of section 94(7)(f) of the Act.

Owing to the size of the Company, the functions of an audit committee and risk committee have been combined to be directed by a single audit and risk committee and the internal audit function is outsourced to KPMG.

Committee composition

The committee comprises four Non-Executive Directors and all members act independently as described in the Act.

The Chief executive officer, Chief financial officer, key finance management, the external auditor and the internal auditor attend meetings by invitation. The Chairman of the Board attends the meetings but has no vote. The Board is satisfied that the independence, experience and qualifications of each member enables them to fulfil the committee's mandate. In addition to the quarterly meetings, the committee meets at least once a year with the Company's internal and external auditors, without management being present.

The committee comprised the following members:

Director	Appointed	Experience	Meeting attendance
Tomi Amosun CA(SA)	May 2017	Over 15 years of real estate, listed equity and private equity experience	3/3 meetings
Kholeka Mzondeki BCom, FCCA (UK), Diploma Investment Management	September 2015	Over 20 years experience in governance, strategy development and financial management	3/3 meetings
Arnold Shapiro BBus Sci (Finance Hons)	October 2016	Over 30 years of asset management, portfolio management and general management experience	3/3 meetings
Duncan Westcott CA(SA)	October 2019 Passed away August 2021	30 years as an accountant and auditor, followed by 10 years outside the profession working in industry and commerce on various financial and related non-executive tasks	1/1 meetings

The committee is deeply saddened by the passing of Mr Duncan Westcott who played a key role in the committee as an independent Non-Executive Director. Duncan will be fondly remembered for his immense contribution to the committee.

The committee collectively has the necessary financial knowledge, skills and experience to execute their duties effectively. The committee is pleased to report to shareholders on the progress against its key focus areas for the 2022 financial year.

FOCUS AREAS OF THE COMMITTEE

The key areas of focus in the year under review were as follows:

Focus area	Progress
Monitoring and management of financial reporting and governance	The committee continues to review the financial reporting of the Group to ensure the disclosures are in line with reporting frameworks. Furthermore, the committee reviews relevant governance policies on an annual basis in accordance with the committee work plan and ensures that the committee keeps abreast of legislative and regulatory changes. The committee continues to ensure that the recommendations provided by the internal auditors are implemented timeously.
Balance sheet management and financial sustainability in a continued uncertain trading environment	The committee actively engaged with management to identify the key components of the balance sheet and how such components affect the Group's covenants. Management reported quarterly on its current covenants levels as well provided covenant and cash forecasts which were thoroughly interrogated by the committee.
Embedment of the combined assurance and continued proactive engagement with the internal and external audit functions	The committee oversees the internal and external audit reviews. The committee tasks management with acting on the findings of such reviews and regular feedback is provided to the committee. In accordance with the committee's responsibilities as per section 22.15(h) of the JSE Listings Requirements, the committee reviews and considers the information reported by the external auditor in respect of all aspects impacting the quality of audit performed.
Continued overview on IT systems and policies	The committee reviewed and approved various IT Governance policies in the current financial year. The committee further requested internal audit to review such policies against the internal standards. The overall feedback received from the internal audit was positive.

Planned areas of focus for the 2023 financial year are as follows:

- Monitoring and management of the Internal Financial Controls of the Group;
- Assessment of the effectiveness of the audit committee and consideration an appointment of an independent Non-Executive Director to the committee due to an arising vacancy;
- Continued overview on IT systems and policies; and
- Providing additional oversight and monitoring of treasury risks through the reporting of the treasury committee.

ROLES OF THE AUDIT COMMITTEE

The terms of reference of the committee have been updated and approved by the Board, setting out its duties and responsibilities as prescribed in the Act and King IV and incorporating additional duties delegated by the Board.

The committee:

- fulfils the duties that are assigned to it by the Act and other legislation, including the statutory audit committee functions required for subsidiary companies;
- assists the Board in overseeing the quality and integrity of the Group's integrated reporting process, including the financial statements and announcements in respect of the financial results;
- ensures that an effective control environment is maintained in the Group;
- reviewed and adopted a combined assurance model;
- provides the chief financial officer, external auditor and the internal auditor with unrestricted access to the committee and its Chairman as is required in relation to any matter falling within the ambit of the committee;
- meets with the external auditor, senior management and executive directors as the committee may elect;
- meets separately with the internal and external auditors without other executive Board members and the Company's chief financial officer being present;
- reviews and recommends to the Board the interim financial results and Annual Financial Statements;
- oversees the activities of, and ensures coordination between, the activities of the internal and external auditors;
- receives and deals with any complaints concerning accounting practices, internal audit or the content and audit of its financial statements or related matters;
- oversees and ensures the appropriateness of the delegation of authority of the business;
- conducts annual reviews of the audit and risk committee's workplan and terms of reference;
- assesses the performance and effectiveness of the audit and risk committee and its members;
- monitors the results of the calls made to the fraud hotline, which is managed independently from management; and
- assesses the effectiveness of the finance department and skills and experience of the chief financial officer.

EXECUTION OF FUNCTIONS DURING THE YEAR

The committee is satisfied that, for the 2022 financial year, it has performed all the functions required to be performed by an audit and risk committee as set out in the Act and the committee's terms of reference.

External audit

The committee among other matters:

- reappointed BDO as the external auditor and the independent auditor of each material subsidiary Company;
- reviewed the audit effectiveness and evaluated the external auditor's internal quality control procedures and engaged on any adverse findings;
- obtained an annual confirmation from the auditor that their independence was not impaired;
- satisfied themselves with the quality of the external auditor;
- maintained a policy setting out the categories of non-audit services that the external auditor may and may not provide;
- approved the non-audit services performed by BDO in the current year;
- approved the external audit engagement letter, the plan and the budgeted audit fees payable to the external auditor;
- considered whether any reportable irregularities were identified and reported by the external auditor in terms of the Auditing Profession Act, No. 26 of 2005; and
- considered any reported control weaknesses, management's response for their improvement and assessed their impact on the general control environment.

This is the second year in which BDO has performed the external audit function. The committee is satisfied that BDO is independent of the Group after taking the following factors into account:

- representations made by BDO to the committee;
- the auditor does not, except as external auditor or in rendering permitted non-audit services, receive any remuneration or other benefit from the Company;
- the auditors' independence was not impaired by any consultancy, advisory or other work undertaken by the auditor; and
- the criteria specified for independence by the Independent Regulatory Board for Auditors and international regulatory bodies.

INTERNAL AUDIT

The committee:

- reviewed and approved the internal audit charter and annual audit plan and evaluated the independence, effectiveness and performance of the internal audit department and compliance with its charter;
- satisfied themselves that the quality, experience and expertise of the internal audit function and the chief audit executive is appropriate;
- considered the reports of the internal auditor on the Group's system of internal control including financial controls, business risk management and maintenance of effective internal control systems; and
- reviewed significant issues raised by the internal audit processes and the adequacy of corrective action in response to significant internal audit findings.

ADEQUACY AND FUNCTIONING OF THE GROUP'S INTERNAL CONTROLS

The committee reviewed the effectiveness of the design and implementation of controls with respect to the plans and work outputs of the external and internal auditors and concluded that these were adequate to address all significant financial risks facing the business.

As noted above, it also reviewed the reporting around the adequacy of the internal controls together with the effectiveness of the combined assurance provided and based on this concluded that there had been no material breakdowns in internal control, including financial controls, business risk management and the maintenance of effective material control systems.

FINANCIAL REPORTING

The committee ensures that the financial reporting to stakeholders fairly presents the state of affairs of the Group. This covers the consolidated and separate Annual Financial Statements, integrated report, interim and preliminary reporting.

The committee among other matters:

- confirmed the going concern as the basis of preparation of the interim and consolidated and separate Annual Financial Statements;
- reviewed compliance with the financial conditions of loan covenants and determined that the capital of the Company was adequate;
- examined and reviewed the interim and consolidated and separate Annual Financial Statements, as well as all financial information disclosed prior to the submission to the Board for their approval and then for disclosure to stakeholders;
- ensured that the consolidated and separate Annual Financial Statements fairly present the financial position of the Group and of the Company as at the end of the financial year and the results of operations and cash flows for the financial year and considered the basis on which the Company and the Group was determined to be a going concern;
- reviewed the cash flow forecasting performed to stress test the cash flows of the Group with respect to the assumptions and implications surrounding inflationary pressures;
- considered the appropriateness of the disclosure included in the consolidated and separate Annual Financial Statements;
- considered the impact of the JSE Proactive Monitoring report released in November 2021 on the disclosures of Group and Company financial statements to ensure they are adequate;
- reviewed and had oversight of the responses to the JSE Proactive Monitoring letter as sent by the JSE on 11 November 2021;
- considered the appropriateness of the accounting policies adopted and changes thereto;
- reviewed the external auditor's audit report and key audit matters included;
- reviewed the representation letter relating to the consolidated and separate Annual Financial Statements which was signed by management;
- considered any concerns identified and reviewed any significant legal and tax matters that could have a material impact on the financial statements; and
- considered accounting treatments, significant unusual transactions and accounting judgements.

SIGNIFICANT AREAS OF JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTIES

In arriving at the figures disclosed in the consolidated and separate Annual Financial Statements there are many areas where judgement is needed. These are outlined in note 1.2 to the consolidated and separate Annual Financial Statements. The committee has looked at the quantum of the assets and liabilities on the statements of financial position and other items that require significant judgement and decided to note the following:

Assumptions and estimation uncertainties:

- Recognition of cost of constructed residential apartments sold.
- Net realisable value of developments under construction.
- Preparation of cash flow forecasts.
- Valuation of the IFRS 2 BEE share option.

RISK MANAGEMENT AND INFORMATION TECHNOLOGY (IT) GOVERNANCE

The committee:

- ensured that intellectual property contained in information systems are protected;
- ensured that adequate business arrangements are in place for disaster recovery;
- ensured that all personal information is treated by the Company as an important business asset and is safeguarded as per POPI Act;
- approved the IT governance framework; and
- reviewed the Group's policies on risk assessment and risk management, including fraud risks and IT risks pertaining to financial reporting and the going concern assessment, and found them to be sound.

LEGAL AND REGULATORY REQUIREMENTS

To the extent that these may have an impact on the consolidated and separate Annual Financial Statements, the committee:

- reviewed legal matters that could have a material impact on the Group and considered whether any provisions or disclosures are required under the International Accounting Standard 37: *Provisions, Contingent Liabilities and Contingent Assets ("IAS 37")*;
- reviewed the adequacy and effectiveness of the Group's procedures, including its risk management framework, to ensure compliance with legal and regulatory responsibilities;
- monitored complaints received via the Group's whistleblowing service. No complaints were reported; and
- considered reports provided by management, internal audit and the external auditor regarding compliance with legal and regulatory requirements.

EXPERTISE AND EXPERIENCE OF CHIEF FINANCIAL OFFICER AND THE FINANCIAL FUNCTION

As required by 3.84(g) of the JSE Limited Listings Requirements, the committee has satisfied itself that the chief financial officer, Jonathan Bigham, has the appropriate expertise and experience. In addition, the committee satisfied itself that the composition, experience and skills set of the finance function met the Group's requirements.

ELECTION OF COMMITTEE MEMBERS

Pursuant to the provisions of section 94(2) of the Companies Act, which requires a public Company to elect an audit committee at each annual general meeting, it is proposed in the notice of annual general meeting that the committee members are available for re-appointment until the next annual general meeting in 2023. Ms Mzondeki will not be making herself available for re-election at the annual general meeting. The nomination process to fill the vacancy on the Board and the audit and risk committee due to her retirement at the annual general meeting is under way, through the remuneration and nominations committee.

EVALUATION OF THE COMMITTEE

In line with King IV and the Board charter, a formal evaluation of the Board and its committees is conducted every second year. Accordingly, the Board evaluation will be undertaken in the 2023 financial year.

CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

Following the review by the committee of the consolidated and separate Annual Financial Statements of Balwin Properties Limited for the year ended 28 February 2022, the committee is of the view that in all material aspects they comply with the relevant provisions of the Act and International Financial Reporting Standards and fairly present the consolidated and separate financial positions at that date and the results of operations and cash flows for the year then ended.

Kholeka Mzondeki
Chairperson
Audit and risk committee

16 May 2022

DIRECTORS' REPORT

The directors have pleasure in submitting their report on the activities of Balwin Properties Limited (referred to as "the Company") and its subsidiaries (altogether referred to as "the Group" or "consolidated") for the year ended 28 February 2022.

1. REVIEW OF FINANCIAL RESULTS AND ACTIVITIES

Balwin is a specialist, national large-scale residential property developer focused on turnkey development and sale of sectional title apartments in the low-to-middle market segments.

The Group recorded total comprehensive income for the year ended 28 February 2022 of R361.2 million (2021: R336.4 million). Further details of the Group's and Company's results and activities are commented on in detail in the accompanying financial statements.

2. STATE OF AFFAIRS

All matters material to the appreciation of the Group's and Company's affairs and the results are disclosed in the accompanying financial statements and do not require further comment or explanation.

All profits and losses are attributable to the main activities of the Group.

3. SHARE CAPITAL

	Number of shares	
Authorised	**2022**	2021
Ordinary shares	**1 000 000 000**	1 000 000 000

			Number of shares	
Issued	**2022 R'000**	2021 R'000	**2022**	2021
Accounting shares – ordinary shares	**492 347**	663 079	**469 821 820**	469 254 734
BEE shares	**171 878**	–	**47 219 260**	–
Statutory shares	**664 225**	663 079	**517 041 080**	469 254 734

There have been no changes to the authorised share capital during the year under review. Treasury shares were issued in the current year in terms of the existing long-term incentive scheme. Refer to note 22 for details. Shares were issued in relation to the BEE transaction as approved by the shareholders. Refer to note 15 for details.

4. DIRECTORATE

The directors in office at the date of this report are as follows:

	Designation	Changes
Directors		
SV Brookes	Chief executive officer	
J Weltman	Chief financial officer	Resigned 31 March 2022
JS Bigham	Chief financial officer	Appointed 1 April 2022
ARK Kukama	Non-Executive Director	Appointed 19 October 2021
H Saven	Independent Non-Executive Director	
R Zekry	Independent Non-Executive Director	
O Amosun	Independent Non-Executive Director	
T Mokgosi-Mwantembe	Independent Non-Executive Director	
KW Mzondeki	Independent Non-Executive Director	
A Shapiro	Independent Non-Executive Director	
D Westcott	Independent Non-Executive Director	Passed away 19 August 2021
J Scher	Independent Non-Executive Director	
Prescribed officers		
RN Gray	Managing director	
U Gschnaidtner	Chief projects officer	

5. DIVIDENDS

A dividend of R114.9 million was declared and paid during the 2022 financial year (2021: R92.5 million).

6. INDEPENDENT AUDITOR

BDO South Africa continued in office as auditors for the Company and its subsidiaries for the financial year ended 28 February 2022.

At the Annual General Meeting, the shareholders will be requested to reappoint BDO South Africa, together with Paul Badrick as the designated auditor, as the external audit firm of the Company for the 2023 financial year.

7. COMPANY SECRETARY

The Company Secretary is FluidRock Co Sec Proprietary Limited.

Business address: Block 5, Suite 201
Monument Office Park
Pretoria
0181

8. GOING CONCERN

The directors have reviewed the Group and Company's cash flow forecasts up to the period ending May 2023 and, in light of this review and the current financial position, the directors believe that the Group and Company has adequate financial resources to continue in operation for the foreseeable future and accordingly the consolidated and separate Annual Financial Statements have been prepared on a going concern basis.

The directors have satisfied themselves that the Group and Company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the Group and Company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Group and Company. Please refer to note 42 for further information.

9. EVENTS AFTER THE REPORTING PERIOD

Subsequent to year end, a wholly owned subsidiary of Balwin, Balwin Corlett Proprietary Limited concluded a sale agreement to purchase the new head office of Balwin, located in Corlett Drive, Johannesburg, for a purchase price of R125.8 million. The purchase represents a material non-adjusting event.

The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report.

10. DATE OF AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The consolidated and separate Annual Financial Statements have been authorised for issue by the directors on 16 May 2022.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Balwin Properties Limited

OPINION

We have audited the consolidated and separate financial statements of Balwin Properties Limited (the Group and Company) set out on pages 16 to 70, which comprise the consolidated and separate statements of financial position as at 28 February 2022, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Balwin Properties Limited as at 28 February 2022, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

BASIS FOR OPINION

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

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
Recognition of cost of sales (Consolidated and separate financial statements)	
The cost of sales recognised upon sale of residential units is calculated by apportioning the total forecasted costs of the respective development, to the square meterage of the unit disposed as a percentage of the total square meterage of the development. Significant judgement and estimates are required by the directors in determining the total forecasted costs of completion. This is determined based on significant assumptions in determining the estimated future costs and the development plan for the respective developments. Management's expert, being the quantity surveyor, determines the forecasted costs. Due to significance of the cost of sales total to the consolidated and separate financial statements, combined with the significant judgements and assumptions associated with determining the forecasted costs, this is considered a matter of most significance in our audit of the consolidated and separate financial statements of the current year. The accounting policy for the recognition of costs of sales is disclosed under note 1.2 to the consolidated and separate financial statements, on page 21, and the actual cost of sales is disclosed in the consolidated and separate statement of profit or loss and other comprehensive income.	Our audit procedures incorporated a combination of substantive procedures, and tests of the Group and Company's controls relating to the forecasting of the costs necessary to complete the developments. Our procedures included the following: • We assessed the design and implementation of relevant controls relating to the forecasting of the total costs per development, and tested its operating effectiveness. Our work in this regard included: – Attended a property budget meeting where the forecasts per development were discussed and approved by the committee. – Obtained and inspected the development forecasts and considered whether these were reviewed and approved by the directors. • We performed an assessment of management's expert in order to evaluate their competence, capabilities and objectivity, and ability to forecast the costs appropriately. • We assessed the assumptions included in the forecasts used to determine the total cost to complete each development under construction. In this regard we assessed whether the correct quantities were included in the system based on the development plans, and whether it was included at the correct costs. • For developments which concluded during the year we assessed and compared the total actual development costs to the initial forecasted development costs in order to assess the Group and Company's forecasting ability. • We created an independent expectation of actual cost of sales in the current year based on prior year cost of sales recognised per square meter, and compare this to actual cost of sales recognised in the current year. • We performed a number of substantive analytical procedures in order to assess the reasonability of the forecasts as well as of the cost of sales recognised. • We performed reasonability tests on the forecast costs based on the percentage of units sold and compared this to the total cost of sales recognised for that development during the year. We obtained reasons for any significant differences and did not note any further aspect in this regard which required further investigation.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the document titled "Balwin Properties Limited Audited Consolidated and Separate Annual Financial Statements for the year ended 28 February 2022", which includes the Directors' Report, the Audit and Risk Committee's Report and the Company Secretary's Certification as required by the Companies Act of South Africa. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going-concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that BDO South Africa Incorporated has been the auditor of Balwin Properties Limited for 2 years.

BDO South Africa Inc.

BDO South Africa Incorporated
Registered Auditors

Paul Badrick
Director
Registered Auditor

16 May 2022

Wanderers Office Park
52 Corlett Drive
Illovo, 2196

STATEMENTS OF FINANCIAL POSITION

As at 28 February 2022

	Notes	Group 2022 R'000	Group 2021 R'000	Company 2022 R'000	Company 2021 R'000
Assets					
Non-Current Assets					
Property, plant and equipment	3	**259 397**	99 810	**197 384**	49 894
Intangible assets	4	**16 702**	15 256	**15 540**	14 491
Investments in subsidiaries	5	**–**	–	*****	*
Investment in associate	6	**5 572**	2 067	**5 572**	2 067
Loans to external parties	7	**10 264**	11 658	**10 264**	11 658
		291 935	128 791	**228 760**	78 110
Current Assets					
Developments under construction	8	**4 819 472**	4 121 257	**4 819 472**	4 121 257
Loans to related parties	9	**14 112**	14 112	**16 377**	24 418
Current tax receivable		**–**	5 865	**–**	5 865
Trade and other receivables	10	**757 277**	695 034	**745 471**	685 912
Development loans receivable	11	**20 402**	68 181	**20 402**	68 181
Restricted cash	12	**1 086**	31 390	**1 086**	31 390
Cash and cash equivalents	13	**665 636**	336 533	**661 460**	331 256
		6 277 985	5 272 372	**6 264 268**	5 268 279
Non-current assets held for sale	14	**26 061**	–	**26 061**	–
Total Assets		**6 595 981**	5 401 163	**6 519 089**	5 346 389
Equity and Liabilities					
Equity					
Share capital	15	**664 225**	663 079	**664 225**	663 079
Share-based payment reserve	22	**67 448**	6 778	**67 448**	6 778
Retained income		**2 783 746**	2 532 804	**2 776 506**	2 530 450
		3 515 419	3 202 661	**3 508 179**	3 200 307
Non-controlling interest		**504**	(41)	**–**	–
Total Equity		**3 515 923**	3 202 620	**3 508 179**	3 200 307
Liabilities					
Non-Current Liabilities					
Development loans and facilities	16	**721 512**	225 605	**721 512**	225 605
Lease liabilities	17	**123 418**	2 170	**123 418**	2 170
Deferred taxation	18	**238 540**	159 659	**238 607**	160 687
		1 083 470	387 434	**1 083 537**	388 462
Current Liabilities					
Development loans and facilities	16	**1 819 098**	1 675 884	**1 754 098**	1 625 884
Lease liabilities	17	**2 741**	753	**2 741**	753
Trade and other payables	19	**123 290**	104 896	**119 264**	101 697
Current tax payable		**15 236**	–	**15 337**	–
Employee benefits	20	**36 223**	29 576	**35 933**	29 286
		1 996 588	1 811 109	**1 927 373**	1 757 620
Total Liabilities		**3 080 058**	2 198 543	**3 010 910**	2 146 082
Total Equity and Liabilities		**6 595 981**	5 401 163	**6 519 089**	5 346 389

* *Denotes a value of less than R1 000.*

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 28 February 2022

		Group		Company	
	Notes	**2022 R'000**	2021 R'000	**2022 R'000**	2021 R'000
Revenue	21	**3 125 269**	2 700 574	**3 089 310**	2 675 222
Cost of sales		**(2 292 713)**	(1 979 598)	**(2 286 524)**	(1 975 927)
Gross profit		**832 556**	720 976	**802 786**	699 295
Other income	23	**16 236**	6 652	**14 400**	4 793
IFRS 2 BEE charge	15	**(34 115)**	–	**(34 115)**	–
Operating expenses		**(301 631)**	(265 178)	**(280 972)**	(248 626)
Operating profit	24	**513 046**	462 450	**502 099**	455 462
Investment income	25	**33 371**	16 936	**33 298**	16 873
Finance costs	26	**(31 077)**	(14 079)	**(27 657)**	(12 509)
Share of profit of associate	6	**3 505**	1 744	**3 505**	1 744
Profit before taxation		**518 845**	467 051	**511 245**	461 570
Taxation	27	**(155 721)**	(130 686)	**(153 552)**	(129 871)
Profit for the year		**363 124**	336 365	**357 693**	331 699
Total comprehensive income for the year		**363 124**	336 365	**357 693**	331 699
Profit attributable to:					
Owners of the parent		**362 579**	336 156	**357 693**	331 699
Non-controlling interest	5	**545**	209	**–**	–
		363 124	336 365	**357 693**	331 699
Total comprehensive income attributable to:					
Owners of the parent		**362 579**	336 156	**357 693**	331 699
Non-controlling interest		**545**	209	**–**	–
		363 124	336 365	**357 693**	331 699
Basic and diluted earnings per share					
Basic (cents)	35	**77.24**	71.67		
Diluted (cents)	35	**77.01**	71.19		

STATEMENTS OF CHANGES IN EQUITY

For the year ended 28 February 2022

	Group					
	Share capital R'000	Share-based payment reserve R'000	Retained income R'000	Total attributable to equity holders of the group R'000	Non-controlling interest R'000	Total equity R'000
Balance at 1 March 2020	**652 978**	**9 900**	**2 288 762**	**2 951 640**	**(250)**	**2 951 390**
Profit for the year	–	–	336 156	336 156	209	336 365
Other comprehensive income	–	–	–	–	–	–
Total comprehensive income for the year	**–**	**–**	**336 156**	**336 156**	**209**	**336 365**
Issue of shares from treasury	10 101	(10 101)	–	–	–	–
Share-based payment	–	6 979	–	6 979	–	6 979
Dividends paid	–	–	(92 550)	(92 550)	–	(92 550)
Dividends received from treasury shares	–	–	436	436	–	436
Balance at 1 March 2021	**663 079**	**6 778**	**2 532 804**	**3 202 661**	**(41)**	**3 202 620**
Profit for the year	–	–	362 579	362 579	545	363 124
Other comprehensive income	–	–	–	–	–	–
Total comprehensive income for the year	**–**	**–**	**362 579**	**362 579**	**545**	**363 124**
Issue of shares from treasury	1 146	(1 146)	–	–	–	–
Share-based payment	–	41 816	–	41 816	–	41 816
BEE share option premium received	–	20 000	–	20 000	–	20 000
Dividends paid	–	–	(114 932)	(114 932)	–	(114 932)
Dividends received from treasury shares	–	–	3 295	3 295	–	3 295
Balance at 28 February 2022	**664 225**	**67 448**	**2 783 746**	**3 515 419**	**504**	**3 515 923**
Note	15	22				

STATEMENTS OF CHANGES IN EQUITY CONTINUED

For the year ended 28 February 2022

	Company					
	Share capital R'000	Share-based payment reserve R'000	Retained income R'000	Total attributable to equity holders of the group R'000	Non-controlling interest R'000	Total equity R'000
Balance at 1 March 2020	**652 978**	**9 900**	**2 290 865**	**2 953 743**	**–**	**2 953 743**
Profit for the year	–	–	331 699	331 699	–	331 699
Other comprehensive income	–	–	–	–	–	–
Total comprehensive income for the year	**–**	**–**	**331 699**	**331 699**	**–**	**331 699**
Issue of shares from treasury	10 101	(10 101)	–	–	–	–
Share-based payment	–	6 979	–	6 979	–	6 979
Dividends paid	–	–	(92 550)	(92 550)	–	(92 550)
Dividends received from treasury shares	–	–	436	436	–	436
Balance at 1 March 2021	**663 079**	**6 778**	**2 530 450**	**3 200 307**	**–**	**3 200 307**
Profit for the year	–	–	357 693	357 693	–	357 693
Other comprehensive income	–	–	–	–	–	–
Total comprehensive income for the year	**–**	**–**	**357 693**	**357 693**	**–**	**357 693**
Issue of shares from treasury	1 146	(1 146)	–	–	–	–
Share-based payment	–	41 816	–	41 816	–	41 816
BEE share option premium received	–	20 000	–	20 000	–	20 000
Dividends paid	–	–	(114 932)	(114 932)	–	(114 932)
Dividends received from treasury shares	–	–	3 295	3 295	–	3 295
Balance at 28 February 2022	**664 225**	**67 448**	**2 776 506**	**3 508 179**	**–**	**3 508 179**
Note	15	22				

STATEMENTS OF CASH FLOWS

For the year ended 28 February 2022

		Group		Company	
	Notes	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Cash flows from operating activities					
Cash used in operations	28	**(10 243)**	(400 703)	**(27 400)**	(411 282)
Investment income		**33 371**	16 936	**33 298**	16 873
Finance costs paid		**(108 498)**	(40 111)	**(105 078)**	(38 541)
Taxation paid	30	**(55 739)**	(60 962)	**(54 430)**	(60 962)
Net cash used in operating activities		**(141 109)**	(484 840)	**(153 610)**	(493 912)
Cash flows from investing activities					
Purchase of property, plant and equipment	3	**(79 659)**	(25 597)	**(59 835)**	(5 826)
Proceeds on sale of property, plant and equipment		**312**	592	**312**	383
Purchase of intangible assets	4	**(14 253)**	(7 235)	**(13 516)**	(6 466)
Proceeds on disposal of other intangible assets		**18 219**	–	**18 219**	–
Loans to group companies repaid		**–**	–	**8 041**	38 250
Loans advanced to external parties		**–**	(11 658)	**–**	(11 658)
Net cash (used in)/generated from investing activities		**(75 381)**	(43 898)	**(46 779)**	14 683
Cash flows from financing activities					
IFRS 2 BEE share option premium received	15	**20 000**	–	**20 000**	–
Development loans repaid		**(1 919 746)**	(1 092 247)	**(1 934 746)**	(1 092 247)
Development loans raised and utilised		**2 040 641**	1 429 710	**2 040 641**	1 379 710
Investment loans and general banking facilities repaid		**(544 006)**	(158 280)	**(544 006)**	(158 280)
Investment loans and general banking facilities raised and utilised		**1 062 232**	302 610	**1 062 232**	302 610
Payment on lease liabilities		**(1 891)**	(940)	**(1 891)**	(940)
Dividends paid		**(114 932)**	(92 550)	**(114 932)**	(92 550)
Dividends received from treasury shares		**3 295**	436	**3 295**	436
Net cash generated from financing activities		**545 593**	388 739	**530 593**	338 739
Total cash and cash equivalents movement for the year		**329 103**	(139 999)	**330 204**	(140 490)
Cash and cash equivalents at the beginning of the year		**336 533**	476 532	**331 256**	471 746
Total cash and cash equivalents at end of the year	13	**665 636**	336 533	**661 460**	331 256

ACCOUNTING POLICIES

For the year ended 28 February 2022

1. PRESENTATION OF CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

The consolidated and separate financial statements, comprising Balwin Properties Limited (referred to as "the Company") and its subsidiaries (altogether referred to as "the Group" or "consolidated"), incorporate the following principal accounting policies, set out below. In these accounting policies "the Group" refers to both the Group and Company.

The principal accounting policies, set out below have been applied consistently for all periods presented in the Annual Financial Statements and have been consistently applied by the Group, unless otherwise stated.

The consolidated and separate Annual Financial Statements have been consistently prepared in accordance with International Financial Reporting Standards ("IFRS") and its interpretations adopted by the Independent Accounting Standards Board, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the requirements of the Companies Act 2008 of South Africa ("the Companies Act") and the JSE Listings Requirements.

The consolidated and separate Annual Financial Statements have been prepared on the historic cost convention, and incorporate the principal accounting policies set out below. They are presented in South African Rands, which is also the functional currency of the Company, and are rounded to the nearest R'000.

This report was internally compiled under the supervision of Jonathan Bigham CA(SA), the Chief financial officer. These financial statements have been audited in compliance with all applicable requirements of the Companies Act and were authorised for issue on 16 May 2022.

1.1 CONSOLIDATION

Basis of consolidation

The consolidated and separate financial statements incorporate the financial statements of the Company and its subsidiaries. A subsidiary is an entity (including structured entities) that is controlled by the Group.

The Group has control of an entity when it is exposed to or has rights to variable returns from involvement with the entity and it has the ability to affect those returns through use of its power over the entity. The results of the subsidiary is included in the consolidated and separate financial statements from the effective date of acquisition (being the date on which control commences) to the effective date of disposal (being the date on which control ceases).

The accounting policies of the subsidiaries are consistent with those of the holding Company. Where necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies in line with those of the Group. All inter-Company transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the Group's interest therein, and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interest.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions and are recognised directly in the Statements of changes in equity.

1.2 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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 are inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the Annual Financial Statements. There is no use of significant judgement in the preparation of the financial statements. Significant sources of estimation uncertainty include:

ASSUMPTIONS AND ESTIMATION UNCERTAINTIES

Recognition of cost of constructed residential apartments sold

The Group uses certain assumptions and key factors in the management of, and reporting for, the recognition of the cost of constructed residential apartments sold. The assumptions are material and relate to the estimation of the forecasted total project cost of the respective developments. These assessments include a degree of inherent uncertainty when estimating these costs. These costs are allocated to the apartments on a participation quotient methodology upon recognising the revenue upon the sale. The estimation of the total project cost is performed by an in-house qualified quantity surveyors and are subject to monthly review. All project forecasts are presented to the executive directors for approval at regular intervals throughout the year.

Net realisable value of developments under construction

The Group conducts regular reviews of the net realisable value of its developments under construction. The reviews were conducted on a development by development basis, using methodologies that incorporate project revenues and development costs, and based on management's assessment of market conditions existing at the date of review.

1.2 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY CONTINUED

Preparation of cash flow forecasts

The application of judgement is inherent in the preparation of cash flow forecasts which are used by the Group in support of the going concern assumption.

The forecasts are based on the expected cash flows arising from the approved development programme of the Company which is approved by the executive directors. The apartments included in the cash flow forecasts are included on a stepped inclusionary basis per each phase of each development. The inclusion rates are based on a balance of historic information and current sales trends and are applied specifically to the relevant phase. The construction-related costs are forecasted by the in-house qualified quantity surveyors. Funding is based on existing and forecasted bank terms based on the existing funding principles of the Group and according to the construction timelines per the development schedule. All funding and land repayments are forecasted per the terms of the respective agreements.

The 12-month cash flows are presented to the Board for approval quarterly.

Valuation of the IFRS 2 BEE share option

During the current year, the Group issued 10% of its shares to a BEE SPV in accordance with the BEE transaction which was approved by the shareholders on 6 September 2021. The subscription price of the shares was determined based on the volume weighted average price ("VWAP") for the 30 trading days immediately preceding the date on which last conditions precedent was fulfilled. The shares were issued at a R20 million premium which was paid in cash by the BEE SPV whilst the balance of the subscription price was financed through a notional loan. The shares are treated as an in-substance share option in terms of IFRS 2 *Share-based Payment*. The shares will only be treated as issued once the notional loan is settled and the 10-year lock-in period has expired.

The Black-Scholes model was used in determining the fair value of the share option on grant date. Certain assumptions were used as inputs to the valuation which involve estimation, most notably the expected volatility. Refer to note 15 for further details.

1.3 PROPERTY, PLANT AND EQUIPMENT

It is the Group's policy to hold property, plant and equipment at cost less accumulated depreciation, subject to the requirement to test assets for impairment. Depreciation on property, plant and equipment is provided using the straight-line method to write off the cost less any estimated residual value, over the estimated useful lives on the following basis:

Item	Depreciation method	Average useful life
Buildings	**Straight-line**	**20 years**
Plant and machinery	**Straight-line**	**4 years**
Furniture and fixtures	**Straight-line**	**6 years**
Motor vehicles	**Straight-line**	**5 years**
Office equipment	**Straight-line**	**5 years**
Computer equipment	**Straight-line**	**3 to 5 years**
Leasehold improvements	**Straight-line**	**40 years**

The useful lives are for the current and comparative period.

The right-of-use asset is depreciated over the shorter of its useful life or the term of the lease. Accordingly, the lease of the Western Cape office building is depreciated over five years. Whilst the lease relating to the new Johannesburg head office is depreciated over 40 years, which represents the useful life of the underlying asset. The useful life takes into account the renewal and purchase option within the lease.

No depreciation is provided on freehold land that is not used for development purposes. All land that is held for the purposes of development is accounted for as developments under construction. Refer to note 1.10 for further detail. The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset. The depreciation charge on items of property, plant and equipment that are directly attributable to the construction of residential apartments are capitalised to developments under construction.

An impairment loss is recognised in profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. Any reversal of a previous impairment is limited so that the increased value does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Any gain or loss arising from the disposal of an item of property, plant and equipment is included in profit or loss when the item is derecognised.

1.4 INTANGIBLE ASSETS

Intangible assets are initially recognised at cost and are subsequently measured at cost less any accumulated amortisation and any impairment losses. Intangible assets are amortised on a straight-line basis over their useful life and subjected to an annual assessment of impairment, or more regularly should an indicator of impairment exist during the year.

The useful life and amortisation method of the intangible assets are reviewed on an annual basis. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Item	Depreciation method	Average useful life
Licences	Straight-line	10 years
Solar infrastructure contributions	Straight-line	15 years
Computer software	Straight-line	3 years

The useful lives are for the current and comparative period.

1.5 LEASES

The Group assesses whether a contract is, or contains a lease, at the inception of the contract.

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.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the Group has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

Group as lessee

The Group has two leases in place which relate to the Western Cape office building lease as well new head office building situated in Gauteng.

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the Group is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist).

However, as an exception to the preceding paragraph, the Group has elected not to separate the non-lease components for leases of land and buildings.

Details of leasing arrangements where the Group is a lessee are presented in note 17 Lease liabilities (Group as lessee).

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the Group under residual value guarantees;
- the exercise price of purchase options, if the Group is reasonably certain to exercise the option;
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses.

1.5 LEASES CONTINUED

Lease liability continued
The lease liability is presented as a separate line item on the Statements of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs (note 26).

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:

- there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change in the assessment of whether the Group will exercise a purchase, termination or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change to the lease payments due to a change in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- there has been a change in expected payment under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate; and
- a lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Right-of-use assets
Right-of-use assets are presented within property, plant and equipment and classified within assets of the same category. Lease payments included in the measurement of the right-of-use asset comprise the following:

- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the Group incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of a lease.

For right-of-use assets which are depreciated over their useful lives, the useful lives are determined consistently with items of the same class of property, plant and equipment. Refer to the accounting policy for property, plant and equipment for details of useful lives (note 1.3).

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

1.6 INVESTMENTS IN SUBSIDIARIES

In the Company's separate financial statements, the investments in subsidiaries are carried at cost, being the aggregate of the fair value of the subsidiary on the date of acquisition plus any costs directly attributable to the purchase thereof less any accumulated impairment losses.

1.7 INVESTMENT IN ASSOCIATE

Associates are all entities over which the Group has significant influence but not control. The Group's interests in associates are accounted for using the equity method in both the Group and Company financial statements.

On initial recognition the investment in an associate is recognised at cost and subsequently the carrying amount is increased or decreased to recognise the Group's share of the net assets of the associate after date of acquisition. The Group's share of the associate's profit or loss is recognised in profit or loss, outside of operating profit and represents profit or loss after tax of the associate. Where there has been a change recognised directly in other comprehensive income or equity of the associate the Group recognises its share of any changes and discloses this, where applicable, in the Group statement of other comprehensive income or Group statement of changes in equity. Distributions received from the associate reduce the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interests in the associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate.

1.8 FINANCIAL INSTRUMENTS

Classification, measurement and derecognition
There has been no change in the classification and measurement of the Group's financial assets and financial liabilities nor have any financial instruments been derecognised in the current or prior periods.

Impairment model
The Group followed the expected credit loss model in recognising any impairment of financial assets. The expected credit loss ("ECL") model requires the Group to account for ECLs and changes in those ECLs at each reporting date to reflect changes in credit risk since initial recognition of the financial assets.

CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES
Financial assets
The Group classifies its financial assets on the basis of its business model for managing the financial assets and their contractual cash flow characteristics. The Group's financial assets are measured at amortised cost.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account in the determination of the expected credit loss based on a provisional matrix:

- Country credit risk – country credit risk was assessed using the Coface Credit risk assessment map and by applying a risk rating based on the country rating;
- Customer default risk – each financial asset is assessed by considering the risk of default or liquidation by reference to available financial information including budgets and forecasts where possible or from information obtained either internally or from external sources that provides an indication of liquidity concerns of the customer;
- Customer risk – customer risk is assessed on an individual basis by considering payment history and relationships with customers;
- Government institution exposure – due to the nature of the operations, the Group has to incur costs in terms of contributions made for bulk services on behalf of local municipalities which gives rise to exposure to credit from government institutions. Contributions relating to bulk services is managed very carefully and incorporates the assistance of independent external professionals and thus based on its profile, a separate risk rating has been applied to these financial assets; and
- Size of financial asset – the value of each financial asset in relation to the total value of financial assets is considered in terms of a risk rating matrix. The risk rating matrix applies a bigger risk rating to the larger value financial assets.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk.

Based on historical experience the Group considers information developed internally or obtained from external sources which indicates that the debtor is unlikely to pay creditors, including the Group to constitute an event of default for internal credit risk management purposes.

1.8 FINANCIAL INSTRUMENTS CONTINUED

Financial assets continued
The measurement of ECLs is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account. The amounts are written off when they are deemed by management to be unrecoverable.

Financial liabilities
The Group classifies their financial liabilities at amortised cost.

Initial recognition and measurement of financial instruments
Financial instruments are recognised when the Group becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are measured at fair value on initial recognition.

For financial assets and financial liabilities that are not at fair value through profit or loss, transactions costs are included in the initial measurement of the instrument. Transaction costs are amortised using the effective interest method.

Subsequent measurement
Financial assets and financial liabilities are subsequently measured in accordance with the initial classification category.

Financial assets and financial liabilities are subsequently measured at amortised cost using the effective interest method.

Derecognition
Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial liabilities are derecognised when their contractual obligation is discharged or cancelled, or expire. Financial liabilities are also derecognised when their terms are modified and the cash flows of the modified liabilities are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Impairment of financial assets
The Group recognises a loss allowance for ECLs on instruments that are measured at amortised cost. The amount of ECLs is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. Considering the nature of the financial assets in the Group, the Group measures the loss allowance at an amount equal to lifetime ECL on its trade and other receivables using the simplified approach. The Group further applies the general approach to calculate ECLs on its loans to external and related parties and assesses at the reporting date whether there has been a significant increase in credit risk of the borrower since initial recognition. 12-month ECLs represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. Where there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECLs.

The Group recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contracted cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

Based on the nature of the Group's operations whereby the apartments are either sold for a cash consideration or where pre-approved bank finance is in place, there is limited judgement applied in determining any expected credit loss with respect to trade receivables. Loans to related parties are assessed for recoverability based on review of financial forecasts of the underlying Company. Consideration is given to the nature of items included in other receivables in order to support the recoverability of the financial asset.

Loan to external parties
Loans to external parties are initially recognised at their face value which is deemed to approximate their fair value due to the impact of financing being immaterial. The loans are subsequently adjusted for any repayments received.

Loans to related parties
The loans to the related parties are recognised initially at fair value plus direct transactional costs and are subsequently measured at amortised cost.

1.8 FINANCIAL INSTRUMENTS CONTINUED

Trade and other receivables
Trade and other receivables are initially recognised at the transaction, and are subsequently measured at amortised cost using the effective interest method. The Group holds trade receivables with the objective to collect contractual cash flows. The receivables relating to the apartments handed over but not yet registered create an unconditional right to the funds receivable. The amounts receivable relates purely to a timing difference between handover of the apartment and the subsequent registration thereof in the deeds office.

Trade and other payables
Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently measured at amortised cost which approximates fair value.

Development loans and facilities
Development loans and facilities payable and receivable are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of the loans are recognised over the term of the loan in accordance with the Group's accounting policy for borrowing costs.

Write-off
The gross carrying amounts of financial assets is written off when the Group has no reasonable expectation of recovering the financial asset in its entirety or a portion thereof. The Group expects no significant recovery from amounts written off.

1.9 TAX

Current tax assets and liabilities
Current tax liabilities/(assets) for the current and prior periods are measured at the amount expected to be paid to/(recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities
Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- The initial recognition of goodwill;
- The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- Investments in subsidiaries and joint arrangements where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

When there is uncertainty concerning the Group's filing position regarding the tax bases of assets or liabilities, the taxability of certain transactions or other tax-related assumptions, then the Group:

- Considers whether uncertain tax treatments should be considered separately, or together as a Group, based on which approach provides better predictions of the resolution;
- Determines if it is probable that the tax authorities will accept the uncertain tax treatment; and If it is not probable that the uncertain tax treatment will be accepted, measure the tax uncertainty based on the most likely amount or expected value, depending on whichever method better predicts the resolution of the uncertainty. This measurement is required to be based on the assumption that each of the tax authorities will examine amounts they have a right to examine and have full knowledge of all related information when making those examinations.

1.9 TAX CONTINUED

Deferred tax assets and liabilities continued
Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- The same taxable Group Company; or
- Different Group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

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

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income; or
- an over/under provision of tax may be recorded in the current period but relate to the prior period. This may occur where the final tax which had been assessed by SARS is different to that of the initial recording in the prior year financial statements.

1.10 DEVELOPMENTS UNDER CONSTRUCTION

Developments under construction comprise the cost of the land, development rights and construction-related expenditure which comprises direct materials, labour costs, site overheads, associated professional charges and other attributable overheads. Developments under construction are stated at the lower of cost and net realisable value.

Cost includes all of the expenditure which is directly attributable to the acquisition of the land or construction of residential estates/apartments, including the capitalisation of borrowing costs that are incurred on the development loans. The construction of residential estates/apartments is a qualifying asset in terms of IAS 23, *Borrowing costs*, and accordingly borrowing costs are capitalised to the extent that they are directly attributable to the acquisition and construction of the estate/apartment. Refer to the accounting policy in note 1.18 for further detail on borrowing costs.

Although the operating cycle for developments under construction is considered to be longer than 12 months due to the fact that they are held primarily for the purposes of trading and are expected to be realised in the entity's normal operating cycle, the asset is classified as current in accordance with the presentation requirements of IAS 1 *Presentation of Financial Statements*. The operating cycle is normally between one to five years.

1.11 IMPAIRMENT OF NON-FINANCIAL ASSETS

The Group assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists then the assets recoverable amount is estimated.

If the recoverable amount of an 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 immediately in profit or loss.

The Group assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated and the expense recorded in profit or loss. Any subsequent reversal of impairments is recorded as a credit in operating expenses in profit or loss.

1.12 NON-CURRENT ASSETS HELD FOR SALE

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal Group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

A non-current asset is not depreciated while it is classified as held for sale.

1.13 SHARE CAPITAL AND EQUITY

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

Ordinary shares are recognised at par value and classified as "share capital" in equity. Any amounts received from the issue of shares in excess of par value is classified as "share premium" in equity.

Treasury shares

Ordinary shares in Balwin Properties Limited which have been acquired by the Group in terms of an approved share repurchase programme, are classified as treasury shares. The cost of these shares is deducted from equity and the number of shares is deducted from the weighted average number of shares. When treasury shares are sold or re-issued the amount received is recognised as an increase in equity and the resulting surplus or deficit over the cost of these shares on the transaction is transferred to or from distributable reserves.

The Group treats shares issued as part of the BEE transaction as treasury shares. This is due to the risk and rewards associated with the ownership of the shares not yet transferred, and thus being treated as the grant of an in-substance option.

1.14 EMPLOYEE BENEFITS

SHORT-TERM EMPLOYEE BENEFITS AND PROVISIONS

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

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

The expected costs of bonus payments and leave pay are recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance. The respective costs are disclosed as employee benefits in the financial statements.

1.15 REVENUE

Revenue from contracts with customers

The Group recognises revenue from the following major sources:

- Revenue from the sale of developed residential apartments;
- Revenue from the sale of undeveloped land;
- Bond commission; and
- Rental of electronic communication.

Other revenue

The Group recognises other revenue from:

- Donation income.

Donation income is recognised in profit or loss when the Group's right to receive payment has been established. This represents the date on which control is transferred. Donations are received by The Balwin Foundation NPC.

Revenue is recognised at a point in time on the following basis:

- Given the nature of the core operations of the Company, revenue from the sale of apartments is based on a contract with the customer. The only performance obligation pertains to the successful handover of the apartment to the buyer which will only take place provided that financial guarantees are in place or the registration of the apartment in the deeds office. This represents the date on which control of the apartment transfers to the customer. Payment is due to the Company upon the registration of the apartment, or, if earlier, the handover date. The transaction price is defined per the sales agreement.
- From time to time, the Company disposes of land on which it does not intend to develop. Revenue on the sale of land is recognised on the transfer of the property. The transaction price is stipulated per the sales agreement. There has been no sale of undeveloped land in the current and prior year.
- The Company earns bond commission from contractual commission arrangements with bond granters based on the underlying value of the funding procured. Balwin has an in-house bond origination department that co-ordinates and facilitates mortgages on behalf of financial institutions. The performance obligation is satisfied upon the registration of the bond, which represents the timing of the transfer of control.

1.15 REVENUE CONTINUED

Other revenue continued

Revenue is recognised over time on the following basis:

- Revenue derived from the rental of electronic communication is determined on a contractual basis between Balwin Fibre Proprietary Limited and the respective internet service provider. The contracts between Balwin Fibre Proprietary Limited and the internet service providers are on a month-to-month basis and can be terminated by either party by giving one months' notice. Revenue is recognised over time as the services are provided. A fixed fee is charged to the internet service provider for each fibre line used. The Group applies the practical expedient to recognise revenue at the amount to which it has a right to invoice, which corresponds directly to the value to the customer of the Group's performance completed to date.

IFRS 15 uses the terms "contract asset" and "contract liability" to describe what might more commonly be known as "accrued revenue" and "deferred revenue" The Group only has contract liabilities as the Group's rights to considerations due are unconditional.

The Group shall present the contract as a contract liability when it receives a pre-payment from a customer subject to all performance obligations being fulfilled. A contract liability is the Group's obligation to transfer the apartment to a customer for which the Group has received consideration.

Revenue is recognised at the amount of the transaction price that is allocated to each performance obligation.
The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

The Group has determined that its contracts with customers do not contain a significant financing component.

1.16 OTHER INCOME

Other income includes other items of income not derived from the main activities of the Group. Interest income is recognised as interest accrues using the effective interest method.

1.17 OCCUPATIONAL INTEREST

Occupational interest represents the occupational rental collected from apartments handed over not yet registered. Refer to note 25.

1.18 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition and construction of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The construction of residential estates/apartments is a qualifying asset in terms of IAS 23. The amount of borrowing costs eligible for capitalisation is determined based on the actual borrowing costs on development loans specifically borrowed for the purpose of the acquisition and construction of the estate/apartment less any temporary investment of those borrowings.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred; and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted. Capitalisation ceases when substantially all the activities necessary to prepare the residential estate for its intended use or sale are complete.
All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.19 TRANSLATION OF FOREIGN CURRENCIES

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction and translated at the end of the reporting period at the appropriate rate of conversion. Any exchange differences are recognised in profit or loss in the period in which they arise.

1.20 SHARE-BASED PAYMENTS

Old Scheme

The Group issued equity settled options to qualifying interested investors on listing. Equity settled Share-based payments are measured at fair value on grant date. The fair value determined at the grant date of the equity settled Share-based payments is expensed on grant date due to the options vesting immediately. Fair value is measured by use of a modified Black-Scholes model. The assumptions used in the model are based on management's best estimate, for the effects of non-transferability, exercise restrictions, volatility and behavioural considerations.

New Scheme

The Group issued equity-settled options to executives and senior management as part of the long-term incentive program. Allowance is made for the offer of rights in the form of bonus shares, performance shares and/or retention shares. Equity-settled Share-based payments are measured at fair value on grant date. The fair value determined at the grant date of the equity settled Share-based payments is expensed on a straight-line basis over the vesting period and a corresponding Share-based payment reserve is recognised in the statement of financial position. The options were priced using a 30-day volume weighted average share price.

1.21 EXPENSES

Expenses, other than those specifically dealt with in another accounting policy, are recognised in profit or loss when as incurred.

1.22 SEGMENTAL REPORTING

The geographical segments of the South African operations as well as the operational segments of the residential property development and rental of electronic communication have been identified as segments in the Group as they provide services within different economic environments or based on different nature of operations. The environments are subject to risks and returns that differ from the respective segments. No segmental reporting disclosure is prepared as this is not considered useful to the users of the financial statements based on the quantitative thresholds of the identified segments.

1.23 EARNINGS PER SHARE

The calculation of earnings per share is based on profit for the period attributable to ordinary shareholders and the weighted average number of ordinary shares in issue during the period. Headline earnings per share are calculated in accordance with Circular 1/2021 issued by the South African Institute of Chartered Accountants.

1.24 DIVIDENDS

Dividends are accounted for on the date of declaration and are not accrued as a liability in the financial statements until declared.

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

For the year ended 28 February 2022

2. NEW STANDARDS AND INTERPRETATIONS

2.1 STANDARDS AND INTERPRETATIONS EFFECTIVE AND ADOPTED IN THE CURRENT YEAR

In the current year, the Group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations. The below standards and interpretations adopted in the current year did not have a material impact on the Group:

Standard/Interpretation:	Effective date: Years beginning on or after
• COVID-19-Related Rent Concessions: Amendment to IFRS 16	**1 April 2021**

2.2 STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

The Group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Group's accounting periods beginning on or after 1 March 2022 or later periods:

Standard/Interpretation:	Effective date: Years beginning on or after
• Deferred tax related to assets and liabilities arising from a single transaction: Amendments to IAS 12	**1 January 2023**
• Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statement 2	**1 January 2023**
• Definition of accounting estimates: Amendments to IAS 8	**1 January 2023**
• Classification of Liabilities as Current or Non-Current: Amendment to IAS 1	**1 January 2023**
• Reference to the Conceptual Framework: Amendments to IFRS 3	**1 January 2022**
• Annual Improvement to IFRS Standards 2018–2020: Amendments to IFRS 9	**1 January 2022**

The directors anticipate that all of the amendments of the above Standards and Interpretations where applicable will be adopted in the consolidated and separate financial statements of the period in which they become effective. The impact of the Standards and Interpretations on the financial statements of the Group in the period of initial application is not considered to have a material impact on the Group.

3. PROPERTY, PLANT AND EQUIPMENT

	Group					
	2022			2021		
	Cost R'000	Accumulated depreciation R'000	Carrying value R'000	Cost R'000	Accumulated depreciation R'000	Carrying value R'000
Land and buildings	**9 157**	**(1 886)**	**7 271**	44 676	(9 430)	35 246
Leasehold improvements	**54 756**	**–**	**54 756**	–	–	–
Plant and machinery	**81 987**	**(20 273)**	**61 714**	71 666	(21 910)	49 756
Furniture and fixtures	**5 536**	**(4 251)**	**1 285**	5 192	(3 567)	1 625
Motor vehicles	**19 346**	**(13 037)**	**6 309**	16 957	(10 955)	6 002
Office equipment	**3 344**	**(3 003)**	**341**	3 305	(2 600)	705
Computer equipment	**12 921**	**(8 922)**	**3 999**	10 799	(6 842)	3 957
Right-of-use asset – office building	**129 104**	**(5 382)**	**123 722**	3 977	(1 458)	2 519
Total	**316 151**	**(56 754)**	**259 397**	156 572	(56 762)	99 810

	Company					
	2022			2021		
	Cost R'000	Accumulated depreciation R'000	Carrying value R'000	Cost R'000	Accumulated depreciation R'000	Carrying value R'000
Land and buildings	**9 037**	**(1 879)**	**7 158**	44 626	(9 426)	35 200
Leasehold improvements	**54 756**	**–**	**54 756**	–	–	–
Plant and machinery	**2 769**	**(2 302)**	**467**	11 769	(11 334)	435
Furniture and fixtures	**5 163**	**(4 107)**	**1 056**	4 926	(3 470)	1 456
Motor vehicles	**18 343**	**(12 417)**	**5 926**	16 241	(10 536)	5 705
Office equipment	**3 334**	**(2 996)**	**338**	3 295	(2 595)	700
Computer equipment	**12 717**	**(8 756)**	**3 961**	10 600	(6 721)	3 879
Right-of-use asset – office building	**129 104**	**(5 382)**	**123 722**	3 977	(1 458)	2 519
Total	**235 223**	**(37 839)**	**197 384**	95 434	(45 540)	49 894

3. PROPERTY, PLANT AND EQUIPMENT CONTINUED

Reconciliation of property, plant and equipment

	Group						
	2022						
	Opening balance R'000	Additions R'000	New leases R'000	Disposals R'000	Classified as held for sale R'000	Depreciation R'000	Closing balance R'000
Land and buildings	**35 246**	**70**	**–**	**–**	**(26 061)**	**(1 984)**	**7 271**
Leasehold improvements*	**–**	**54 756**	**–**	**–**	**–**	**–**	**54 756**
Plant and machinery	**49 756**	**19 518**	**–**	**–**	**–**	**(7 560)**	**61 714**
Furniture and fixtures	**1 625**	**346**	**–**	**–**	**–**	**(686)**	**1 285**
Motor vehicles	**6 002**	**2 691**	**–**	**(30)**	**–**	**(2 354)**	**6 309**
Office equipment	**705**	**40**	**–**	**–**	**–**	**(404)**	**341**
Computer equipment	**3 957**	**2 238**	**–**	**(47)**	**–**	**(2 149)**	**3 999**
Right-of-use asset – office building	**2 519**	**–**	**125 127**	**–**	**–**	**(3 924)**	**123 722**
	99 810	**79 659**	**125 127**	**(77)**	**(26 061)**	**(19 061)**	**259 397**

** Depreciation on the leasehold improvements will commence when the head office building is available for use, which is expected to be July 2022.*

	Group						
	2021						
	Opening balance R'000	Additions R'000	New leases R'000	Disposals R'000	Classified as held for sale R'000	Depreciation R'000	Closing balance R'000
Land and buildings	37 229	–	–	–	–	(1 983)	35 246
Plant and machinery	37 733	20 204	–	(194)	–	(7 987)	49 756
Furniture and fixtures	2 188	209	–	(15)	–	(757)	1 625
Motor vehicles	5 871	2 539	–	–	–	(2 408)	6 002
Office equipment	1 125	49	–	–	–	(469)	705
Computer equipment	3 194	2 596	–	(36)	–	(1 797)	3 957
Right-of-use asset – office building	3 314	–	–	–	–	(795)	2 519
	90 654	25 597	–	(245)	–	(16 196)	99 810

3. PROPERTY, PLANT AND EQUIPMENT CONTINUED

Reconciliation of property, plant and equipment continued

	Company						
	2022						
	Opening balance R'000	Additions R'000	New leases R'000	Disposals R'000	Classified as held for sale R'000	Depreciation R'000	Closing balance R'000
Land and buildings	**35 200**	–	–	–	**(26 061)**	**(1 981)**	**7 158**
Leasehold improvements*	–	**54 756**	–	–	–	–	**54 756**
Plant and machinery	**435**	**185**	–	–	–	**(153)**	**467**
Furniture and fixtures	**1 456**	**237**	–	–	–	**(637)**	**1 056**
Motor vehicles	**5 705**	**2 404**	–	**(30)**	–	**(2 153)**	**5 926**
Office equipment	**700**	**40**	–	–	–	**(402)**	**338**
Computer equipment	**3 879**	**2 213**	–	**(47)**	–	**(2 084)**	**3 961**
Right-of-use asset – office building	**2 519**	–	**125 127**	–	–	**(3 924)**	**123 722**
Total	**49 894**	**59 835**	**125 127**	**(77)**	**(26 061)**	**(11 334)**	**197 384**

** Depreciation on the leasehold improvements will commence when the head office building is available for use, which is expected to be July 2022.*

	Company						
	2021						
	Opening balance R'000	Additions R'000	New leases R'000	Disposals R'000	Classified as held for sale R'000	Depreciation R'000	Closing balance R'000
Land and buildings	37 181	–	–	–	–	(1 981)	35 200
Plant and machinery	2 190	509	–	–	–	(2 264)	435
Furniture and fixtures	1 983	184	–	–	–	(711)	1 456
Motor vehicles	5 431	2 539	–	–	–	(2 265)	5 705
Office equipment	1 119	49	–	–	–	(468)	700
Computer equipment	3 100	2 545	–	(36)	–	(1 730)	3 879
Right-of-use asset – office building	3 314	–	–	–	–	(795)	2 519
Total	54 318	5 826	–	(36)	–	(10 214)	49 894

The depreciation charge on items of property, plant and equipment that are directly attributable to the construction of residential apartments are capitalised to developments under construction. In the current year, R0.2 million was capitalised (2021: R2.3 million).

3. PROPERTY, PLANT AND EQUIPMENT CONTINUED

	Group		Company	
Details of properties	**2022 R'000**	2021 R'000	**2022 R'000**	2021 R'000
Property 1				
Block 1 Townsend Office Park, Erf 2979 Bedfordview Extension 59 Township, Gauteng				
– Purchase price: 23 February 2013	**20 310**	20 310	**20 310**	20 310
– Additions since purchase or valuation	**1 993**	1 993	**1 993**	1 993
– Classified as held for sale	**(22 303)**	–	**(22 303)**	–
	–	22 303	**–**	22 303
Property 2				
Unit 2 and 3 Townsend Office Park, Erf 2979 Bedfordview Extension 59 Township, Gauteng				
– Purchase price: 27 February 2018	**10 600**	10 600	**10 600**	10 600
– Additions since purchase or valuation	**2 686**	2 686	**2 686**	2 686
– Classified as held for sale	**(13 286)**	–	**(13 286)**	–
	–	13 286	**–**	13 286
Property 3				
Unit 5 and 6 Corporate Park, 11 Senembe Crescent, La Lucia Ridge				
– Purchase price: 13 June 2017	**9 037**	9 037	**9 037**	9 037

Registers with details of land and buildings are available for inspection by shareholders or their duly authorised representatives at the registered office of the company. A mortgage is registered over Block 1, Townsend Office Park, Erf 2979, Bedfordview. No other item of property, plant and equipment acts as security.

4. INTANGIBLE ASSETS

	Group					
	2022			2021		
	Cost R'000	Accumulated amortisation R'000	Carrying value R'000	Cost R'000	Accumulated amortisation R'000	Carrying value R'000
Licences	**31**	**(12)**	**19**	31	(9)	22
Computer software	**9 387**	**(1 499)**	**7 888**	836	(71)	765
Solar infrastructure contributions	**9 527**	**(732)**	**8 795**	15 964	(1 495)	14 469
Total	**18 945**	**(2 243)**	**16 702**	16 831	(1 575)	15 256

	Company					
	2022			2021		
	Cost R'000	Accumulated amortisation R'000	Carrying value R'000	Cost R'000	Accumulated amortisation R'000	Carrying value R'000
Licences	**31**	**(12)**	**19**	31	(9)	22
Computer software	**7 792**	**(1 066)**	**6 726**	–	–	–
Solar infrastructure contributions	**9 527**	**(732)**	**8 795**	15 964	(1 495)	14 469
Total	**17 350**	**(1 810)**	**15 540**	15 995	(1 504)	14 491

Reconciliation of intangible assets

	Group				
	2022				
	Opening balance R'000	Additions R'000	Disposals R'000	Amortisation R'000	Closing balance R'000
Licences	**22**	**–**	**–**	**(3)**	**19**
Computer software	**765**	**8 811**	**(281)**	**(1 407)**	**7 888**
Solar infrastructure contributions	**14 469**	**5 442**	**(9 873)**	**(1 243)**	**8 795**
Total	**15 256**	**14 253**	**(10 154)**	**(2 653)**	**16 702**
	2021				
Licences	25	–	–	(3)	22
Computer software	56	769	–	(60)	765
Solar infrastructure contributions	8 968	6 466	–	(965)	14 469
Total	9 049	7 235	–	(1 028)	15 256

4. INTANGIBLE ASSETS CONTINUED

	Company				
	2022				
	Opening balance R'000	Additions R'000	Disposals R'000	Amortisation R'000	Closing balance R'000
Licences	**22**	**–**	**–**	**(3)**	**19**
Computer software	**–**	**8 074**	**(281)**	**(1 067)**	**6 726**
Solar infrastructure contributions	**14 469**	**5 442**	**(9 873)**	**(1 243)**	**8 795**
Total	**14 491**	**13 516**	**(10 154)**	**(2 313)**	**15 540**
	2021				
Licences	25	–	–	(3)	22
Solar infrastructure contributions	8 968	6 466	–	(965)	14 469
Total	8 993	6 466	–	(968)	14 491

Balwin Properties Limited holds a licence allowing for the provision of electronic communication services. The licence fee is amortised over the period of the licence. The licence has a useful life of 10 years and can be renewed at the end of the period. The remaining useful life of the licences is 6 years (2021: 7 years) at year end. The licence has been granted to Balwin Properties Limited, however, the terms of the licence allow the subsidiaries of Balwin Properties Limited to provide all or any services together with all or any other rights granted to it under the licence.

The company contributes to the capital solar infrastructure costs of Smart PV Proprietary Limited, a company engaged in the installation of solar which generates renewable energy. Balwin have contractual rights to participate in 33% of the net revenue of this company. Despite its net revenue share in Smart PV Proprietary Limited, Balwin neither holds equity instruments in nor has any Board representation on Smart PV Proprietary Limited. The purpose of the capital contributions enables Balwin to procure exclusive right of solar power in the respective developments for the duration of the contract. The capital contributions are amortised over the shorter of the useful life of the infrastructure or the term of the contract period being 15 years.

5. INVESTMENTS IN SUBSIDIARIES

Balwin Properties Limited holds the following investments in subsidiaries:

Name of company	Country of incorporation	Year end	Company % holding 2022	Company % holding 2021	Company Carrying amount 2022 R'000	Company Carrying amount 2021 R'000
Balwin Fibre Proprietary Limited	South Africa	February	**90**	90	*	*
Waltiq Proprietary Limited	South Africa	February	**100**	100	*	*
Unlocked Properties 16 Proprietary Limited	South Africa	February	**100**	100	*	*
Balwin Annuity Proprietary Limited	South Africa	February	^	–	–	–
Balwin ICT Proprietary Limited	South Africa	February	^	–	*	–
Balwin Education Proprietary Limited	South Africa	February	^	–	–	–
Balwin Education PropCo Proprietary Limited	South Africa	February	^	–	–	–
Balwin Education Operations Proprietary Limited	South Africa	February	^	–	–	–
Balwin Commercial Proprietary Limited	South Africa	February	^	–	–	–
Balwin Corlett Proprietary Limited	South Africa	February	^	–	–	–
Balwin WC Office Proprietary Limited	South Africa	February	^	–	–	–
Balwin KZN Office Proprietary Limited	South Africa	February	^	–	–	–
Balwin Property Management Proprietary Limited	South Africa	February	^	–	–	–
Balwin Lifestyle Proprietary Limited	South Africa	February	^	–	–	–
Balwin Lifestyle Operations Proprietary Limited	South Africa	February	^	–	–	–
Balwin Energy Proprietary Limited	South Africa	February	^	–	–	–
Balwin Facilities Management Proprietary Limited	South Africa	February	^	–	–	–
Balwin Bonds and Resales Proprietary Limited	South Africa	February	^	–	–	–
Balwin Financial Services Proprietary Limited	South Africa	February	^	–	–	–
					–	–

* *Denotes a value of less than R1 000.*
^ *The share certificates are not yet registered as at year end as these are all newly incorporated entities. However, Balwin is the ultimate controlling party as all the directors appointed are employees of Balwin.*

5. INVESTMENTS IN SUBSIDIARIES CONTINUED

Nature of business of subsidiaries

Waltiq Proprietary Limited and Unlocked Properties 16 Proprietary Limited were both purchased in order to acquire the subsidiary's existing contract for the future purchase of land. It is the intention of management to deregister both subsidiaries in the near future.

Balwin Fibre Proprietary Limited is a network infrastructure provider of electronic communication services.

Included in the consolidated financial statements of the Group are the results of The Balwin Foundation NPC, a non-profit company incorporated and domiciled in South Africa. Although not a subsidiary, The Balwin Foundation NPC has been consolidated as it is considered to be controlled by the Group as its directors are all employees of Balwin. The Balwin Foundation NPC supports and empowers the younger generation and previously disadvantaged to gain greater knowledge and skills through technical vocational education and training of industry-related trades.

The directors consider the carrying value of the investments in subsidiaries to approximate their fair value. There are no significant restrictions on the ability to access assets and or settle the liabilities of the subsidiaries.

Subsidiaries with non-controlling interests

	Balwin Fibre	
Summarised statement of financial position	**2022 R'000**	2021 R'000
Assets		
Non-current assets	**62 980**	51 609
Current assets	**12 316**	10 115
Total assets	**75 296**	61 724
Liabilities		
Current liabilities	**72 338**	64 339
Total liabilities	**72 338**	64 339
Total net assets/(liabilities)	**2 958**	(2 615)
Summarised statement of profit or loss and other comprehensive income		
Revenue	**31 883**	21 817
Other income and expenses	**(24 263)**	(18 910)
Profit before tax	**7 620**	2 907
Tax expense	**(2 169)**	(814)
Profit for the year	**5 451**	2 093
Other comprehensive income	**–**	–
Total comprehensive profit	**5 451**	2 093
Profit allocated to non-controlling interest	**545**	209

Balwin Fibre paid no dividends to the non-controlling shareholder during the year. The non-controlling shareholder's share of equity amounted to R0.5 million (2021: deficit of R41 082) at the reporting date and its share of profit for the year amounted to R0.5 million (2021: R0.2 million).

6. INVESTMENT IN ASSOCIATE

Balwin Properties Limited holds the following investment in associate:

				Group and Company			
Name of company	Principal activity	Country of incorporation	Year end	**% ownership interest 2022**	% ownership interest 2021	**Carrying amount 2022 R'000**	Carrying amount 2021 R'000
Balwin Rentals Proprietary Limited	Property Investment	South Africa	August	**25**	25	**5 572**	2 067
The Corlett Drive Trust	Property Investment	South Africa	February	**50**	–	*****	

* *During the current year, the Group acquired a 50% beneficial interest in The Corlett Drive Trust ("the Trust"). The investment is accounted for as an associate as the Group has significant influence. As at the reporting date, the share of profit amounted to a loss of R647 614, which is exceeds the cost of the investment of R100. This resulted in the investment being impaired to Rnil and no liability was recognised as the Group does not have an obligation to fund the operations of the Trust.*

Pursuant to the shareholders agreement, the Company has the right to cast 25% of the votes at shareholder meetings of Balwin Rentals Proprietary Limited. The percentage ownership interest is equal to the percentage voting rights in all cases. Balwin Rentals Proprietary Limited acquires investment properties to derive rental income.

The directors consider the carrying value of the investment in associate to approximate their fair value. There are no significant restrictions on the ability of the associate to transfer funds in the form of dividends or to repay loans made by the entity.

Summarised financial information of associate

	Balwin Rentals	
Summarised statement of financial position	**2022 R'000**	**2021 R'000**
Assets		
Non-current	**139 904**	155 662
Current	**2 547**	1 086
Total assets	**142 451**	156 748
Liabilities		
Non-current	**114 573**	144 886
Current	**5 590**	3 596
Total liabilities	**120 163**	148 482
Total net assets	**22 288**	8 266

6. INVESTMENTS IN ASSOCIATE CONTINUED

	Balwin Rentals	
Summarised statement of profit or loss and other comprehensive income	**2022 R'000**	2021 R'000
Revenue	**28 663**	22 442
Cost of sales and expenses	**(10 062)**	(13 097)
Profit before taxation	**18 601**	9 345
Taxation	**(4 579)**	(2 479)
Total comprehensive income for the year	**14 022**	6 866
Reconciliation of net assets to equity accounted investment in associate		
Interest in associates at percentage ownership	**5 572**	2 067
Carrying value of investment in associate	**5 572**	2 067
Investment in associate at beginning of year	**2 067**	323
Share of profit of associate	**3 505**	1 716
Prior period profits not accounted for	**–**	28
Investment in associate at end of year	**5 572**	2 067

No dividends were received during the current or prior year.

The financial year end of Balwin Rentals Proprietary Limited is August. The most recent audited financial statements available is 31 August 2021. As the difference between the end of the reporting period of the associate and the Company is more than three months, the management accounts as at February 2022 have been used as the basis of the investment in the associate.

7. LOANS TO EXTERNAL PARTIES

	Group		Company	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Enterprise development loans	**10 264**	11 658	**10 264**	11 658

The Group has granted enterprise development loans to selected external parties. The loans are repayable five years from the initial advance of the funding and do not bear interest. The directors consider the carrying amounts of the loans to approximate their fair values.

8. DEVELOPMENTS UNDER CONSTRUCTION

	Group		Company	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Developments under construction	**4 819 472**	4 121 257	**4 819 472**	4 121 257
Developments under construction include the following:				
Cost of construction	**2 093 496**	1 635 145	**2 093 496**	1 635 145
Land and land contribution costs	**2 203 439**	2 014 029	**2 203 439**	2 014 029
Development rights	**522 537**	472 083	**522 537**	472 083
	4 819 472	4 121 257	**4 819 472**	4 121 257

Development rights pertains to the rights assigned to Balwin, including all the rights to use the Polofields and the Waterfall Fields properties for the purpose of undertaking the developments located on those land parcels. Balwin does not hold title of the land located at Waterfall but rather the development rights.

8. DEVELOPMENTS UNDER CONSTRUCTION CONTINUED

The cost of developments under construction recognised as an expense in cost of sales during the current year was R2 292.7 million (2021: R1 979.6 million). Costs previously capitalised to developments under construction written off in the current year amount to R3.1 million (2021: Rnil). The carrying amount of land which acts as security for development loans advanced is R1 520.7 million (2021: R1 175.5 million).

A mortgage bond is in place over certain portions of land which acts as security for the development loans advanced (refer to note 16).

At year end, the following mortgage bonds were registered:

	Value of mortgage bond	
Land	**2022 R'000**	2021 R'000
Remaining Extent of Portion 14 Farm 197 Olivedale	–	200 000
First covering mortgage bond Erf 20030 Somerset West	–	200 000
Erf 20252 Somerset West	**300 000**	300 000
Remainder of Erf 4484, Ballitoville, Registration Division FU, KwaZulu-Natal	**600 000**	600 000
Portion 1 of Erf 4656 Ballitoville, Kwadukuza	**228 695**	228 695
Portion 21 of Erf 27, Cornubia, Registration Division FU, KwaZulu-Natal	**360 000**	360 000
Portion 1 of Holding 20, Holdings 21, 22, 23, 24, 25, 26, 27; Holding 34, Linbro Park Agricultural Holdings	**269 262**	269 262
Portion 537 (a portion of 378) of the Farm Driefontein Number 85 (now known as Lilianton Extension 9 Township, Erven 585 and 586 Lilianton Extension 9)	**300 000**	300 000
Erf 10092 Macassar	**220 000**	220 000
Retention of a first covering notarial deed of lease over Portion 822 (a portion of portion 62) of the Farm Waterval	**400 000**	400 000
Erf 1714, 1749, 1750 and 2113 Sitari, City of Cape Town	**150 000**	150 000
Remaining Extent of Erf 1 Sandown	**300 000**	300 000
Erf 2 and Erf 2 of Jukskei View Extension 128	**250 000**	250 000
Erf 1737 Zwartkoppies Extension 45 in extent 531653 hectares	**300 000**	300 000
Portion 6 Farm Zwartkoppies 364 JR and Erven 1741–1743 Zwartkoppies Extension 47	–	100 000
Portions 3, 4 and 6 of Erf 3465, Proposed RE of Erf 3457, Proposed RE of Erf 3434 and Erf 3456 all of Umhlanga Rocks	**500 000**	500 000
Holding 92, 102, 103, 104, 105 and 106 Crowthorne Agricultural Holdings	**187 256**	187 256
Erf 140, 141, 149 and Linbro Park , Extension 169, City of Johannesburg	**220 243**	220 243
Remaining Extent of Portion 1077 of the Farm Rietfontein 375	**200 000**	409 000
Erf 36555 Milnerton and Erf 38435 Milnerton and Erf 2 Richmond Park	–	250 000
The lease area over portion 865 (a portion of portion 1) of Farm Waterval 5, Registration Division I.R., Gauteng	**600 000**	600 000
Erf 17 41 Zwartkoppies Extension 47	**125 000**	–
Erf 17 40 Zwartkoppies Extension 46, Erf 17 45 Zwartkoppies Extension 47 and Remaining Extent of Portion 241 (a portion of portion 6) of the Farm Zwartkoppies 364	**375 000**	–
Portion 14 of Farm Melish No. 205 Cape	**62 500**	–
Portion 62 (portion of Portion 1) of the farm Rietfontein 375	**261 600**	
Holdings 103 to 105 Linbro Park & Portion 250 (portion of Portion 13) of the farm Modderfontein 35	**300 000**	
Erf 5123 Strand, corner Gustrouw Road and Sir Lowry's Pass Road, in the City of Cape Town, Province of the Western Cape	**180 000**	–
Portion 133 of the Farm Rietvlei 101, Registration Division IR, Gauteng	**250 000**	–
Erf 587 & 588 Lilianton Ext 10 and Erven 589 & 590 Lilianton Ext 11	**125 000**	–
Ptn 3 of the Farm Melish 205	**62 500**	–
Rem of Farm 211 Cape Town	**62 500**	–
Erven 72, 73, 74, 75, 76, 77 & 78 Atlantic Hills	**187 500**	–
	7 377 056	6 344 456

Refer to note 16 for the Development loans and facilities.

9. LOANS TO RELATED PARTIES

	Group		Company	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Subsidiaries				
Balwin Fibre Proprietary Limited	**–**	–	**2 265**	10 306
Associates				
Balwin Rentals Proprietary Limited	**14 112**	14 112	**14 112**	14 112
Split between non-current and current portions				
Non-current assets	**–**	–	**–**	–
Current assets	**14 112**	14 112	**16 377**	24 418
	14 112	14 112	**16 377**	24 418

The loan to Balwin Fibre Proprietary Limited is unsecured, interest free and has no fixed repayment terms. The full loan to Balwin Fibre Proprietary Limited has been subordinated to other creditors until such time as the Company's assets fairly valued exceed its liabilities in order to provide the Company with financial support during its start-up phase. Management reviews the forecasts of Balwin Fibre Proprietary Limited and closely tracks the progress of the subsidiary. Management assess whether the loan is in default based on the entity's financial position as at year end, including the entity's solvency and liquidity. Where the financial ratios have deteriorated and the entity's balance sheet and income statement (including forecasts) do not provide comfort on the entity's ability to settle its short- and long-term commitments, the loan is considered to be in default. The business growth leverages off the development programme of the Group. As such, due to the growth of the Property business, the initial capital requirements of Balwin Fibre Proprietary Limited have proven to be high. Based on management's review of the forecast of the business and the history of payments received, the loan is considered recoverable. The Group recognises ECLs based on the general approach taking into account whether there has been a significant increase in credit risk since the initial recognition of the loan. The Group considers credit risk to have increased significantly where the entity's financial position indicate a deterioration in the key financial ratios used to measure the entity's ability to settle its liabilities as they become due.

The loan to Balwin Rentals Proprietary Limited pertains to a shareholder loan in terms of the sales agreement between the parties whereby a vendor loan is advanced by the Company and serves as security for the sales transaction (refer to note 31). The loan is interest free and has no fixed repayment terms. Management reviews the financial results and management accounts of the entity regularly. Management assesses whether the loan is in default based on the entity's solvency and liquidity ratios as at year end. Where the financial ratios have deteriorated and forecasts reviewed do not provide comfort over the entity's ability to meet its short- and long-term commitments, the loan is considered to be in default. The entity does not have a history of defaulting on its external and internal interCompany loans. Management is satisfied that the expected credit loss on the loan is immaterial. The Group recognises ECL based on the general approach taking into account whether there has been a significant increase in credit risk since the initial recognition of the loan. The Group considers credit risk to have increased significantly where the entity's financial position indicate a deterioration in the key financial ratios used to measure the entity's ability to settle its liabilities as they become due.

The loans to related parties are assessed on a regular basis and careful consideration is given to the forecasts of the business. Management has applied the same expected credit loss categories as identified in note 1.8.

The carrying amount of the loans to related parties approximate their fair value.

10. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Financial instruments:				
Trade receivables	**692 749**	613 996	**683 100**	608 632
Amounts due from transferring attorneys	**2 237**	860	**2 237**	860
Amounts due from body corporates	**4 117**	2 425	**4 117**	2 425
Amounts due from councils and municipalities	**21 989**	52 626	**21 828**	52 624
Other receivables	**13 908**	9 456	**13 405**	6 946
Deposits	**25 756**	6 078	**25 756**	6 078
Allowance for estimated credit losses	**(5 069)**	(3 406)	**(4 972)**	(3 401)
Non-financial instruments:				
Value added taxation receivable	**–**	11 888	**–**	11 748
Prepayments	**1 590**	1 111	**–**	–
Total trade and other receivables	**757 277**	695 034	**745 471**	685 912
Financial instrument and non-financial instrument components of trade and other receivables				
At amortised cost	**755 687**	682 035	**745 471**	674 164
Non-financial instruments	**1 590**	12 999	**–**	11 748
	757 277	695 034	**745 471**	685 912

Trade receivables in the Company relates to sales where registration of the apartment has not yet occurred, however, revenue has been recognised as the apartment has been handed over to the purchaser and the financial guarantees are in place for the full purchase price.

Amounts owing from transferring attorneys relate to the proceeds and releases that become due to the Company upon the registration of apartments. These amounts are settled by the transferring attorney on registration and the balance represents the registrations that take place on the final day of the financial year.

Amounts due from body corporates pertains to financial assistance provided by the Company to support the liquidity of the body corporate. The amounts are repayable to the Group when the body corporate is able to settle the obligation giving consideration to its own solvency and liquidity position. Balwin continues to provide financial oversight to the body corporate to ensure this position is attained in order for the loan to be settled. No interest is levied on the amount due, unless the body corporate is deemed to be in a position to settle the debt and does not do so. Interest levied to body corporates in the current and prior years is insignificant.

Amounts due from councils and municipalities pertain to costs incurred for contributions made for bulk services on behalf of the local municipality. The contributions are settled in full by council upon the performance by the developer of specified development-related activities.

Trade and other receivables are assessed on a regular basis and provided for based on the expected credit loss categories as identified in note 1.8. Based on the nature of the operations of the Group the credit risk associated with trade and other receivables is remote.

The directors consider the carrying amount of trade and other receivables to approximate their fair value due to the nature of the financial instrument.

Exposure to credit risk
Trade receivables inherently expose the Group to credit risk, being the risk that the Group will incur financial loss if parties with an obligation to the Group fail to make payments as they fall due.

An allowance of R5.1 million for credit losses have been raised (2021: R4.4 million) based on the simplified approach.

11. DEVELOPMENT LOANS RECEIVABLE

Development loans receivable are presented at amortised cost, which is net of any loss allowance. There was no loss allowance recognised in the current year (2021: Rnil).

	Group		Company	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Development loans	**20 402**	68 181	**20 402**	68 181

The development loans represents the oversettlement of the development loan liability to the financial institution by the transferring attorney upon the registration of the apartments which acted as security for the development loan obligation. The development loans bear interest at prime linked rates and are expected to be repaid within a short time period and are therefore classified as current. Refer to note 16 for detail on the development loan obligation.

Due to the nature of the development loans receivable, the cash flows are reported on a net basis in the statement of cash flows. This is due to the fact that oversettlement of the repayment represents an activity of the transferring attorney and considering the short-term maturity of the receipts.

The directors consider the carrying amount of other financial assets to approximate their fair value. Due to the nature of the financial asset, the exposure to estimated credit losses is insignificant.

12. RESTRICTED CASH

	Group		Company	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Restricted cash	**1 086**	31 390	**1 086**	31 390

Restricted cash represents guarantees invested in ring-fenced call accounts in favour of third parties. The carrying amount of restricted cash balances approximate their fair value.

13. CASH AND CASH EQUIVALENTS

	Group		Company	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Cash and cash equivalents consist of:				
Cash on hand	–	1	–	1
Bank balances	**665 636**	336 532	**661 460**	331 255
	665 636	**336 533**	**661 460**	**331 256**

The carrying amount of cash and cash equivalents approximate their fair value.

14. NON-CURRENT ASSETS HELD FOR SALE

In February 2022, management committed to a plan to sell its head office building situated at Townsend Office Park. The disposal is as a result of a new lease entered into in the current year for office space located in Corlett Drive, where the new head office for the Group will be situated. As at year end, no buyer has been located, however, the building is sufficiently advertised and will be sold post-year end. Management is confident that the sale will take place within 12 months after year end.

An independent valuation was obtained from Reality Arena CC, and the fair value of the building was determined to be R27.5 million. Management believes the costs to sell to be minimal, therefore, the fair value approximates the fair value less costs to sell.

	Group		Company	
Assets and liabilities	**2022 R'000**	2021 R'000	**2022 R'000**	2021 R'000
Non-current assets held for sale				
Property, plant and equipment	**26 061**	–	**26 061**	–

15. SHARE CAPITAL

	Group		Company	
	2022 Number of shares	2021 Number of shares	**2022 Number of shares**	2021 Number of shares
Authorised				
Ordinary shares ('000)	**1 000 000**	1 000 000	**1 000 000**	1 000 000
Reconciliation of number of ordinary shares issued:				
Opening balance	**469 254 734**	467 632 380	**469 254 734**	467 632 380
Treasury shares issued to settle long-term incentive scheme	**567 086**	3 899 674	**567 086**	3 899 674
Issued shares converted to treasury shares on expiry of long-term incentive scheme	**–**	(2 277 320)	**–**	(2 277 320)
Closing balance	**469 821 820**	469 254 734	**469 821 820**	469 254 734
Reconciliation of number of BEE ordinary shares issued:				
Opening balance	**–**	–	**–**	–
BEE share options outstanding*	**47 219 260**		**47 219 260**	
Closing balance	**47 219 260**		**47 219 260**	

* *On the 6 September 2021, the shareholders approved the BEE transaction in which the Group issued 10% of its shares to a BEE SPV. The BEE SPV subscribed for 47 219 260 ordinary shares in the issued share capital of the Company. The subscription price payable for the subscription shares was the Volume Weighted Average Price ("VWAP") of the Company's ordinary shares on the exchange operated by the JSE less 20%, for the 30 trading days immediately preceding the date on which the last of the conditions precedent has been fulfilled (6 September 2021).*

The issue of shares to the BEE SPV is treated as an in-substance option which is within the scope of IFRS 2: Share-based payment. The fair value of the option at grant date was R57.9 million. The Black-Scholes model has been used to determine the fair value of the option, based appropriate assumptions which include:
- *Term of the options*
- *Current/spot price*
- *Exercise/strike price*
- *Risk-free rate*
- *Volatility;*
- *Dividend yield*

The subscription price paid by the BEE SPV of R20 million is a premium paid by the BEE SPV to acquire the in-substance option. The premium reduces the IFRS 2 expense to be recognised. The BEE SPV is subject to a lock-in period of 10 years after which the risk and rewards of ownership of the shares will transfer to the BEE SPV. These shares have been treated as treasury shares. Further details of the transaction can be found on the circular issued on 26 July 2021.

	Group		Company	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Issued				
Ordinary shares	**670 206**	670 206	**670 206**	670 206
BEE shares	**171 878**	–	**171 878**	–
Treasury shares	**(177 859)**	(7 127)	**(177 859)**	(7 127)
	664 225	663 079	**664 225**	663 079

The unissued shares are under the control of the directors until the next annual general meeting. The shares have no par value.

16. DEVELOPMENT LOANS AND FACILITIES

	Group		Company	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Development loans	**1 588 404**	1 548 879	**1 588 404**	1 548 879
General banking facility	**675 180**	132 358	**675 180**	132 358
Investment loan facility	**277 026**	220 252	**212 026**	170 252
	2 540 610	1 901 489	**2 475 610**	1 851 489

Development loans	Average nominal interest rate %	Maturity date	Group 2022 R'000	Company 2022 R'000
Non-current				
Portimix Proprietary Limited	8.00	Between June 2023 and June 2025	**15 934**	**15 934**
Century Property Developments Proprietary Limited	Prime	November 2027	**147 594**	**147 594**
			163 528	**163 528**
Current				
Absa Bank Limited	Prime less 0.25%	Between March 2022 and February 2023	**166 414**	**166 414**
Absa Bank Limited	Prime	Between March 2022 and February 2023	**316 744**	**316 744**
Century Property Developments Proprietary Limited	Prime	February 2023	**9 782**	**9 782**
First National Bank Limited	Prime less 0.5%	Between March 2022 and February 2023	**142 213**	**142 213**
First National Bank Limited	Prime	Between March 2022 and February 2023	**86 094**	**86 094**
Investec Bank Limited	Prime less 0.25%	Between March 2022 and February 2023	**24 440**	**24 440**
Investec Bank Limited	Prime	Between March 2022 and February 2023	**165 746**	**165 746**
National Housing Finance Corporation Limited	Prime	Between March 2022 and February 2023	**69 124**	**69 124**
Nedbank Limited	Prime	Between March 2022 and February 2023	**266 754**	**266 754**
Nedbank Limited	JIBAR 3MTH plus 2.89%	Between March 2022 and February 2023	**126 622**	**126 622**
Nedbank Limited	JIBAR 3MTH plus 2.94%	Between March 2022 and February 2023	**41 252**	**41 252**
Nedbank Limited	JIBAR 3MTH plus 2.97%	Between March 2022 and February 2023	**9 691**	**9 691**
			1 424 876	**1 424 876**
Total development loans			**1 588 404**	**1 588 404**

16. DEVELOPMENT LOANS AND FACILITIES CONTINUED

Investment loans and general banking facilities	Average nominal interest rate %	Maturity date	Group 2022 R'000	Company 2022 R'000
Non-current loans				
Stanlib Asset Management Proprietary Limited	JIBAR 3MTH plus 4.75%	July 2024	**497 763**	**497 763**
Sanlam Investment Management Proprietary Limited	JIBAR 3MTH plus 4%	January 2025	**60 222**	**60 222**
			557 985	**557 985**
Current loans				
Nedbank Limited	Prime	March 2022	**117 195**	**117 195**
Absa Bank Limited	Prime	March 2022	**173 755**	**173 755**
Absa Bank Limited	Prime less 1.7%	No fixed terms of repayment	**65 000**	**–**
Investec Bank Limited	Prime	Between March 2022 and February 2023	**38 271**	**38 271**
			394 221	**329 221**
Total investment loans and general banking facilities			**952 206**	**887 206**
Total development loans and facilities			**2 540 610**	**2 475 610**

Development loans	Average nominal interest rate %	Maturity date	Group 2021 R'000	Company 2021 R'000
Non-current loans				
Portimix Proprietary Limited	8.00	Between June 2022 and June 2025	108 536	108 536
Century Property Developments Proprietary Limited	Prime	November 2027	117 069	117 069
			225 605	225 605
Current loans				
Absa Bank Limited	Prime less 0.25%	Between March 2021 and February 2022	462 880	462 880
Nedbank Limited	Prime	Between March 2021 and February 2022	332 456	332 456
Investec Bank Limited	Prime less 0.25%	Between March 2021 and February 2022	390 055	390 055
Portimix Proprietary Limited	8.00	June 2021	87 447	87 447
Century Property Developments Proprietary Limited	Prime	February 2022	29 669	29 669
National Housing Finance Corporation Limited	Prime	Between March 2021 and February 2022	20 767	20 767
			1 323 274	1 323 274
Total development loans			1 548 879	1 548 879
Investment loans and general banking facilities				
Nedbank Limited	Prime	March 2021	132 358	132 358
Absa Bank Limited	Prime	March 2021	170 252	170 252
Absa Bank Limited	Prime less 1.7%	No fixed terms of repayment	50 000	–
Total investment loans and general banking facilities			352 610	302 610
Total development loans and facilities			1 901 489	1 851 489

Please refer to note 34 for the maturity groupings of the financial liabilities of the Group.

16. DEVELOPMENT LOANS AND FACILITIES CONTINUED

	Group		Company	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Split between non-current and current portions				
Non-current liabilities	**721 512**	225 605	**721 512**	225 605
Current liabilities	**1 819 098**	1 675 884	**1 754 098**	1 625 884
	2 540 610	1 901 489	**2 475 610**	1 851 489

Development loans include funding provided for top-structure funding as well as land and infrastructure loans. Top-structure funding payable to the financial institutions is secured by a pre-defined level of pre-sold apartments for which financial guarantees are in place. Land and infrastructure loans are secured by bonds registered over the land. Development loans are settled through the registration of the apartments that act as security.

The development loans payable to Portimix Proprietary Limited and Century Property Developments Proprietary Limited have long-term repayment terms with fixed maturity dates. The loans reflect the discounted contractual cash flows and have been discounted at the average lending rate of the Group at inception of the respective transactions.

Investment loans and general banking facilities classified as current pertain to short-term bridging loan facilities and are secured by completed apartments not yet registered.

Investment loans and general banking facilities classified as non-current pertain to long-term unsecured funding.

The carrying amount of development loans and facilities approximate their fair value. Refer to note 8 for disclosure of the mortgage bonds acting as security for the loans. No breaches or funding or default on payments were incurred during the year.

17. LEASE LIABILITIES

The Company entered into a lease agreement for the rental of office space in the Gauteng and the Western Cape region (2021: Western Cape region). Subsequent to year end the building in the Gauteng region was purchased.

The lease relating to the Gauteng head office is for a period of 10 years and includes a renewal option for a further five years. The lease term has been determined to be 15 years as management is reasonably certain that it will exercise the renewal option.

Management uses the incremental borrowing rate in calculating the right-of-use asset and lease liability at initial recognition. The lease term for each lease takes into account any renewal option to the extent that management believes the option will be exercised. Refer to note 1.5 for the Group's accounting policy.

The maturity analysis of lease liabilities is as follows:

	Group		Company	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Within one year	**10 980**	1 006	**10 980**	1 006
Two to five years	**35 092**	2 421	**35 092**	2 421
More than five years	**154 507**	–	**154 507**	–
	200 579	3 427	**200 579**	3 427
Less finance charges component	**(74 420)**	(504)	**(74 420)**	(504)
	126 159	2 923	**126 159**	2 923
Non-current liabilities	**123 418**	2 170	**123 418**	2 170
Current liabilities	**2 741**	753	**2 741**	753
	126 159	2 923	**126 159**	2 923
Reconciliation of lease liabilities				
Opening balance	**2 923**	3 544	**2 923**	3 544
New leases	**125 127**	–	**125 127**	–
Interest accrued	**8 414**	319	**8 414**	319
Repayment of lease liabilities	**(10 305)**	(940)	**(10 305)**	(940)
Closing balance	**126 159**	2 923	**126 159**	2 923
Amount recognised in profit or loss				
Interest on lease liabilities	**8 414**	319	**8 414**	319
Depreciation on right-of-use asset – office building	**3 923**	795	**3 923**	795
	12 337	1 114	**12 337**	1 114

18. DEFERRED TAXATION

	Group		Company	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Deferred taxation asset/(liability)				
Deferred taxation on deferred revenue	**–**	–	**10**	–
Deferred taxation on employee benefits and allowances	**12 466**	8 275	**12 399**	8 200
Developments under construction allowance	**(251 688)**	(169 000)	**(251 688)**	(169 000)
Deferred taxation on available taxation losses	**–**	943	**–**	–
Right-of-use assets and liabilities	**682**	113	**682**	113
Total deferred taxation liability	**(238 540)**	(159 659)	**(238 607)**	(160 687)
Reconciliation of deferred taxation liability				
At beginning of year	**(159 659)**	(99 882)	**(160 687)**	(101 725)
Deferred taxation on deferred revenue	**(10)**	1	**–**	–
Deferred taxation on employee benefits and allowances	**4 191**	1 931	**4 199**	1 916
Deferred taxation on developments under construction allowance	**(82 688)**	(53 183)	**(82 688)**	(53 183)
Donations not deductible	**–**	(1 664)	**–**	(1 664)
Deferred taxation on available taxation losses	**(943)**	(6 911)	**–**	(6 080)
Right-of-use assets and liabilities	**569**	49	**569**	49
At the end of the year	**(238 540)**	(159 659)	**(238 607)**	(160 687)

Deferred taxation has been calculated at the standard corporate taxation rate as at the reporting date as management expect to recover the carrying value of assets through use. Deferred taxation assets are raised after due consideration of future taxable income.

In the prior year a deferred taxation asset was recognised for Balwin Fibre Proprietary Limited as a result of their assessed loss positions. Balwin Fibre Proprietary Limited reported an assessed loss of R3.4 million which has been utilised in full in the current year.

The Company utilised its carried forward assessed loss of R21.7 million in full in the prior year.

19. TRADE AND OTHER PAYABLES

	Group		Company	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Financial instruments:				
Trade payables	**63 074**	79 745	**59 366**	76 010
Other accruals	**19 871**	8 315	**19 626**	8 851
Commission and incentive accruals	**11 014**	8 996	**11 014**	8 996
Non-financial instruments:				
Payroll accruals	**8 887**	7 840	**8 887**	7 840
Value added taxation payable	**20 444**	–	**20 371**	–
	123 290	104 896	**119 264**	101 697

The directors consider the carrying amounts of the trade and other payables to approximate their fair values due to the nature of the financial instrument.

20. EMPLOYEE BENEFITS

Reconciliation of employee benefits

	Group							
	2022				2021			
	Opening balance R'000	Additions R'000	Utilised during the year R'000	Closing balance R'000	Opening balance R'000	Additions R'000	Utilised during the year R'000	Closing balance R'000
Leave pay	**6 017**	**13 896**	**(14 079)**	**5 834**	5 153	11 698	(10 834)	6 017
Bonus	**23 559**	**31 959**	**(25 129)**	**30 389**	16 822	36 001	(29 264)	23 559
	29 576	**45 855**	**(39 208)**	**36 223**	21 975	47 699	(40 098)	29 576

	Company							
	2022				2021			
	Opening balance R'000	Additions R'000	Utilised during the year R'000	Closing balance R'000	Opening balance R'000	Additions R'000	Utilised during the year R'000	Closing balance R'000
Leave pay	**5 865**	**13 788**	**(13 963)**	**5 690**	5 078	11 621	(10 834)	5 865
Bonus	**23 421**	**31 721**	**(24 899)**	**30 243**	16 649	25 641	(18 869)	23 421
	29 286	**45 509**	**(38 862)**	**35 933**	21 727	37 262	(29 703)	29 286

The leave pay accrual is based on the number of leave days due calculated at the employees' cost to Company.

The bonus accrual relates to a bonus payable to employees based on the approved short-term incentive scheme of the Group.

21. REVENUE

	Group		Company	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Revenue from contracts with customers				
Revenue from sale of apartments	**3 073 506**	2 659 330	**3 073 506**	2 659 330
Bond commission	**15 804**	15 892	**15 804**	15 892
Rental of electronic communication	**31 883**	21 819	**–**	–
	3 121 193	2 697 041	**3 089 310**	2 675 222
Revenue other than from contracts with customers				
Donation income	**4 076**	3 533	**–**	–
	3 125 269	2 700 574	**3 089 310**	2 675 222

Revenue from sale of apartments and bond commission is recognised at a point in time. Revenue from the rental of electronic communication is recognised over time.

Revenue is derived principally from the sale of apartments, recognised once the control has transferred to the buyer. Revenue is measured based on consideration specified in the agreement with the customer and excludes amounts collected on behalf of third parties. Revenue from the sale of apartments is recorded net of any sales incentives. There is no significant judgement applied in determining revenue from contracts with customers.

21. REVENUE CONTINUED

Revenue from the sale of apartments is disaggregated on a regional basis as well per each development brand. The disaggregation is shown below:

	Group		Company	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Disclosure of disaggregated revenue from sale of apartments by region				
Johannesburg	**1 561 133**	1 326 323	**1 561 133**	1 326 323
Tshwane	**290 448**	281 926	**290 448**	281 926
Western Cape	**896 259**	749 735	**896 259**	749 735
KwaZulu-Natal	**325 666**	301 346	**325 666**	301 346
	3 073 506	2 659 330	**3 073 506**	2 659 330
Disclosure of disaggregated revenue from sale of apartments by collection				
Classic Collection	**1 992 279**	1 959 826	**1 992 279**	1 959 826
Green Collection	**583 239**	386 030	**583 239**	386 030
Signature Collection	**497 988**	313 474	**497 988**	313 474
	3 073 506	2 659 330	**3 073 506**	2 659 330

22. SHARE-BASED PAYMENTS

Old Scheme

The full scheme expired in the prior year and all shares were forfeited by the interested investors as reconciled below:

	2022	2021
Share options	**–**	2 277 320
Opening balance	**–**	–
Shares awarded during the year	**–**	
Shares forfeited during the year	**–**	(2 277 320)
Shares exercised during the year	**–**	–
Closing balance	**–**	–

New Scheme

As a substitute for the old share scheme, Balwin introduced a new share option scheme for executive and management of the Group. In terms of the rules of Balwin's Conditional Share Plan ("the Share Plan"), as approved by the shareholders at the annual general meeting, allowance is made for the offer of rights in the form of bonus shares, performance shares and/or retention shares under the following allocation conditions:

Bonus shares – Bonus shares are awarded annually, to the extent that a short-term incentive ("STI") was payable, at a ratio of a 1:1 match to the actual STI paid in terms of the immediately preceding financial year. The bonus shares are linked to short- term incentive performance and, as such, no prospective performance conditions are applicable. These awards are subject to continued employment over the three year vesting period only.

Performance shares – Performance shares are awarded subject to the discretion of the remuneration committee and specific performance conditions will be attached to the award. Any performance condition attached to performance shares shall be objective and representative of a fair measure of performance.

Retention shares – Retention shares are only awarded in special circumstances with the aim to attract and retain specific and sought after talent, subject to the discretion of the remuneration and nomination committee. These shares are subject to continued employment only.

In the current financial year, bonus shares were allocated to senior management personnel as based on the STI of the participating employees priced at the 30-day volume weighted average share price. No performance or retention shares were issued.

22. SHARE-BASED PAYMENTS CONTINUED

Total expenses of R7.7 million (2021: R7.0 million) related to share-based payments transactions that were recognised in the period. The following equity-settled share-based payment arrangements relating to the bonus share scheme, which is the only active scheme in existence during the current year:

Share options (Bonus shares)	Number of shares	Award date	Vesting date	Fair value at award date
Bonus shares – 2018	639 414	26 February 2019	30 June 2021	R2.54
Bonus shares – 2019	2 505 401	31 July 2019	30 June 2022	R2.70
Bonus shares – 2020	3 089 145	31 July 2020	30 June 2023	R2.60
Bonus shares – 2021	3 522 329	1 July 2021	30 June 2024	R4.23
	9 756 289			

	Group		Company	
	2022 Number of shares	2021 Number of shares	**2022 Number of shares**	2021 Number of shares
Reconciliation of share options outstanding:				
Opening balance	**6 113 907**	7 187 298	**6 113 907**	7 187 298
Shares awarded during the year	**3 522 329**	3 089 145	**3 522 329**	3 089 145
Shares forfeited during the year	**(637 670)**	(187 755)	**(637 670)**	(187 755)
Shares exercised during the year	**(567 086)**	(3 974 781)	**(567 086)**	(3 974 781)
Closing balance	**8 431 480**	6 113 907	**8 431 480**	6 113 907

	Group		Company	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Reconciliation of Share-based payment reserve:				
Opening balance	**6 778**	9 900	**6 778**	9 900
Bonus shares awarded during the year	**8 330**	7 515	**8 330**	7 515
IFRS BEE charge	**34 115**	–	**34 115**	–
BEE premium received	**20 000**	–	**20 000**	–
Shares forfeited during the year	**(629)**	(536)	**(629)**	(536)
Shares exercised during the year	**(1 146)**	(10 101)	**(1 146)**	(10 101)
Closing balance	**67 448**	6 778	**67 448**	6 778

23. OTHER INCOME

	Group		Company	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Rental income	**630**	2 739	**630**	2 739
Municipal recoveries	**177**	184	**177**	184
Profit on exchange differences	**–**	338	**–**	338
Profit on sale of property, plant and equipment	**235**	347	**235**	347
Profit on sale of intangible assets	**8 065**	–	**8 065**	–
Income from advertising	**1 490**	–	**1 490**	–
Net revenue share from Smart PV Proprietary Limited	**3 803**	1 185	**3 803**	1 185
Other income	**1 836**	1 859	**–**	–
	16 236	6 652	**14 400**	4 793

24. OPERATING PROFIT

Operating profit for the year is stated after charging the following, amongst others:

	Group		Company	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Expenses by nature				
Employee costs	**85 014**	74 496	**81 253**	71 007
Depreciation and amortisation	**21 561**	14 924	**13 494**	8 882
Consulting fees	**17 385**	14 282	**17 154**	14 273
Legal fees	**820**	1 264	**820**	1 251
IFRS 2 BEE charge	**34 115**	–	**34 115**	–
Share-based payment expense	**7 701**	6 979	**7 701**	6 979
Sales and internal commission	**49 954**	33 640	**49 954**	33 640
Directors non-executive remuneration	**4 364**	4 097	**4 364**	4 097
Directors management fees and remuneration	**17 480**	19 422	**17 480**	19 422
Auditor's remuneration – external				
Audit fees	**1 220**	1 258	**1 220**	1 234
Non-audit services	**17**	30	**–**	30
	1 237	1 288	**1 220**	1 264
Auditor's remuneration – internal	**639**	691	**639**	691

25. INVESTMENT INCOME

	Group		Company	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Bank	**8 964**	8 990	**8 891**	8 927
Occupational interest	**21 448**	4 951	**21 448**	4 951
Other investment income	**2 959**	2 995	**2 959**	2 955
	33 371	16 936	**33 298**	16 833

26. FINANCE COSTS

	Group		Company	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Development loans	**135 009**	72 208	**135 009**	72 208
Lease liability interest	**8 414**	319	**8 414**	319
Bank	**22 461**	10 660	**19 041**	9 090
Tax authorities	**7**	3 055	**7**	3 055
Other	**195**	45	**195**	45
Capitalised interest on developments under construction	**(135 009)**	(72 208)	**(135 009)**	(72 208)
Total finance costs	**31 077**	14 079	**27 657**	12 509

Finance costs paid includes interest on development loans of R77.4 million (2021: R26.4 million) which was paid during the year in both the Group and Company.

27. TAXATION

Major components of the taxation expense		Group 2022 R'000	Group 2021 R'000	Company 2022 R'000	Company 2021 R'000
Current					
Current taxation – current year		**76 840**	70 909	**75 632**	70 909
Deferred					
Deferred taxation – current year		**78 881**	59 777	**77 920**	58 962
		155 721	130 686	**153 552**	129 871
Reconciliation of the taxation					
Reconciliation between applicable tax rate and average effective tax rate.					
Applicable tax rate	(%)	**28.00**	28.00	**28.00**	28.00
Disallowable charges*	(%)	**2.27**	0.03	**2.31**	0.19
Non-taxable income**	(%)	**(0.26)**	(0.10)	**(0.28)**	(0.10)
	(%)	**30.01**	27.93	**30.03**	28.09

* *Disallowable charges include non-deductible expenses in the form of donations, interest charged by SARS, penalties and fines.*
** *Non-taxable income include dividends received and profits from associates.*

28. CASH USED IN OPERATIONS

	Group 2022 R'000	Group 2021 R'000	Company 2022 R'000	Company 2021 R'000
Profit before taxation	**518 845**	467 051	**511 245**	461 570
Adjustments for:				
Depreciation and amortisation	**21 561**	17 224	**13 494**	11 182
Profit on sale of property, plant and equipment	**(235)**	(347)	**(235)**	(347)
Profit on sale of intangible assets	**(8 065)**	–	**(8 065)**	–
Profit on foreign exchange	–	(338)	–	(338)
Investment income	**(33 371)**	(16 936)	**(33 298)**	(16 873)
Finance costs	**31 077**	14 079	**27 657**	12 509
Share of profit of associate	**(3 505)**	(1 744)	**(3 505)**	(1 744)
Movements in employee benefits	**6 647**	7 601	**6 647**	7 559
Share-based payment	**7 701**	6 979	**7 701**	6 979
IFRS 2 BEE charge	**34 115**	–	**34 115**	–
Net movement in loans to external parties	**1 394**	–	**1 394**	–
Changes in working capital:				
Increase in developments under construction	**(620 641)**	(724 596)	**(620 641)**	(724 596)
Increase in trade and other receivables	**(62 243)**	(97 826)	**(59 559)**	(94 313)
Decrease/(increase) in restricted cash	**30 304**	(31 390)	**30 304**	(31 390)
Decrease/(increase) in development loans receivable	**47 779**	(34 103)	**47 779**	(34 103)
Increase/(decrease) in trade and other payables	**18 394**	(6 357)	**17 567**	(7 377)
	(10 243)	(400 703)	**(27 400)**	(411 282)

29. RECONCILIATION OF MOVEMENTS OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Group			
	2022			
	Development loans and facilities R'000	Lease liabilities R'000	Share-based payment reserve R'000	Retained earnings R'000
Balance at 1 March 2021	1 901 489	2 923	6 778	2 532 804
Proceeds from development loans	3 102 873	–	–	–
Repayment of borrowings	(2 463 752)	–	–	–
New leases	–	125 127	–	–
Payment of lease liabilities	–	(10 305)	–	–
Interest expense	–	8 414	–	–
BEE share option premium received	–	–	20 000	–
Dividend paid	–	–	–	(114 932)
Dividend received from treasury	–	–	–	3 295
Profit for the year	–	–	–	362 579
IFRS 2 Share-based payment expense – Bonus shares	–	–	7 701	–
IFRS 2 BEE charge	–	–	34 115	–
Share options vested	–	–	(1 146)	–
Balance at 28 February 2022	2 540 610	126 159	67 448	2 783 746

	Company			
	2022			
	Development loans and facilities R'000	Lease liabilities R'000	Share-based payment reserve R'000	Retained earnings R'000
Balance at 1 March 2021	1 851 489	2 923	6 778	2 530 450
Proceeds from development loans	3 102 873	–	–	–
Repayment of borrowings	(2 478 752)	–	–	–
New leases	–	125 127	–	–
Payment of lease liabilities	–	(10 305)	–	–
Interest expense	–	8 414	–	–
BEE share option premium received	–	–	20 000	–
Dividend paid	–	–	–	(114 932)
Dividend received from treasury	–	–	–	3 295
Profit for the year	–	–	–	357 693
IFRS 2 Share-based payment expense – Bonus shares	–	–	7 701	–
IFRS 2 BEE charge	–	–	34 115	–
Share options vested	–	–	(1 146)	–
Balance at 28 February 2022	2 475 610	126 159	67 448	2 776 506

29. RECONCILIATION OF MOVEMENTS OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES CONTINUED

	Group		Company	
	2021			
	Development loans and facilities R'000	Lease liabilities R'000	Development loans and facilities R'000	Lease liabilities R'000
Balance at 1 March 2020	1 419 696	3 544	1 419 696	3 544
Proceeds from development loans	1 732 320	–	1 682 320	–
Repayment of borrowings	(1 250 527)	–	(1 250 527)	–
Payment of lease liabilities	–	(940)	–	(940)
Interest expense	–	319	–	319
Balance at 28 February 2021	1 901 489	2 923	1 851 489	2 923

30. TAXATION PAID

	Group		Company	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Balance at beginning of the year	**5 865**	15 812	**5 865**	15 812
Current taxation relating to current year	**(76 840)**	(70 909)	**(75 632)**	(70 909)
Balance at end of the year	**15 236**	(5 865)	**15 337**	(5 865)
	(55 739)	(60 962)	**(54 430)**	(60 962)

31. RELATED PARTIES

Relationships

Subsidiaries	Refer to note 5
Associates	Refer to note 6
Members of key management	Refer to the director's report for a list of directors and prescribed officers

Balwin Properties Limited, in the ordinary course of business, entered into various sales transactions with its key management personnel. The effect of these transactions is included in the financial performance and results of the Group. Terms and conditions of these transactions are determined on an arm's-length basis and are approved by the Board.

	Group		Company	
Related party balances	**2022 R'000**	2021 R'000	**2022 R'000**	2021 R'000
Loan accounts – Owing (to)/by related parties				
Subsidiary				
Balwin Fibre Proprietary Limited#	**–**	–	**2 265**	10 306
Associate				
Balwin Rentals Proprietary Limited$	**14 112**	14 112	**14 112**	14 112
Amounts receivable from related party				
Company				
Legaro Property Development Proprietary Limited*	**19 012**	22 366	**19 012**	22 366

The loan is unsecured, interest free and has no fixed terms of repayment. Refer note 9 for detail.
$ *The loan has no fixed repayment terms. Refer to note 9 for detail.*
* *Spouse of SV Brookes has significant influence over the entity and is a member of the key management. The balance is receivables earns interest at prime and is repayable by 31 December 2022.*

31. RELATED PARTIES CONTINUED

	Group		Company	
Related party transactions	**2022 R'000**	2021 R'000	**2022 R'000**	2021 R'000
Sale of apartments to related parties				
Directors and companies				
Lucille Properties Proprietary Limited*	**45 537**	18 298	**45 537**	18 298
Shelby Prop Investments Proprietary Limited**	**3 304**	6 516	**3 304**	6 516
Rental guarantee payments				
Associate				
Balwin Rentals Proprietary Limited	**1 379**	–	**1 379**	–
Property rental management fee received				
Directors and prescribed officers				
RN Gray	**143**	225	**143**	225
J Weltman	**5**	8	**5**	8
U Gschnaidtner	**15**	25	**15**	25
SV Brookes	**467**	412	**467**	412
A property rental management fee is paid by key management of Balwin for the management of their property investment portfolio. The fee charged is on an arm's-length basis and the underlying agreement is approved by the Board annually.				
Right-of-use asset rental				
Associate				
The Corlett Drive Trust	**8 525**	–	**8 525**	–
Rental paid to related parties				
Directors, prescribed officers and companies				
Volker Properties Proprietary Limited*	**1 208**	485	**1 208**	485
Lucille Properties Proprietary Limited*	**386**	12	**386**	12
Balwin Rentals Proprietary Limited	**662**	1 837	**662**	1 837
SV Brookes	**–**	1 290	**–**	1 290
RN Gray	**–**	234	**–**	234
Shelby Prop Investments Proprietary Limited**	**912**	338	**912**	338
M Brookes	**29**	–	**29**	-
J Weltman	**2**	49	**2**	49
Rental is paid to related parties for the use of apartments owned by them. The apartments are mostly used by the Group for marketing purposes for use as show apartments.				
Donations paid to related party				
Subsidiary				
Balwin Foundation NPC	**–**	–	**4 659**	5 092
Compensation to directors and other key management				
Short-term employee benefits	**38 232**	34 574	**38 232**	34 574
Post-employment benefits	**1 136**	1 113	**1 136**	1 113
Share-based payment	**5 573**	4 791	**5 573**	4 791
	44 941	40 478	**44 941**	40 478

* *The entity is controlled by SV Brookes*
** *The entity is controlled by RN Gray*

32. DIRECTORS' AND PRESCRIBED OFFICER'S EMOLUMENTS

Executive

	Basic salary R'000	Bonus R'000	Medical aid R'000	Provident fund R'000	Travel allowance incentive expense* R'000	Long-term R'000	Total R'000
2022							
SV Brookes	**5 864**	**4 576**	**198**	**341**	**120**	**1 976**	**13 075**
J Weltman **	**3 838**	**–**	**198**	**225**	**120**	**887**	**5 268**
	9 702	**4 576**	**396**	**566**	**240**	**2 863**	**18 343**
2021							
SV Brookes	5 525	3 270	191	334	120	1 741	11 181
J Weltman	3 613	1 451	191	221	120	709	6 305
	9 138	4 721	382	555	240	2 450	17 486

* *The long-term incentive expense reflects the cost that has been expensed by the Company*
** *The director resigned 31 March 2022*

Non-executive

All emoluments disclosed below relates to their remuneration derived for services performed in their capacity as Non-Executive Directors. No bonuses or any contributions were paid to Non-Executive Directors.

	2022 R'000	2021 R'000
H Saven	**951**	897
K Mzondeki	**554**	522
R Zekry	**475**	449
A Shapiro	**669**	631
O Amosun	**503**	475
T Mkgosi-Mwantembe	**512**	452
J Scher	**337**	318
D Westcott (passed away 19 August 2021)	**181**	353
ARK Kukama (appointed 19 October 2021)	**180**	–
	4 362	4 097

32. DIRECTORS' AND PRESCRIBED OFFICER'S EMOLUMENTS CONTINUED

Prescribed officers

2022

	Basic salary R'000	Bonus and variable remuneration^ R'000	Medical aid R'000	Provident fund R'000	Travel allowance R'000	Long-term incentive expense* R'000	Total R'000
U Gschnaidtner	**4 667**	**9 506**	**108**	**273**	**120**	**1 200**	**15 874**
RN Gray	**5 104**	**3 477**	**216**	**297**	**120**	**1 510**	**10 724**
	9 771	**12 983**	**324**	**570**	**240**	**2 710**	**26 598**

2021

	Basic salary R'000	Bonus and variable remuneration^ R'000	Medical aid R'000	Provident fund R'000	Travel allowance R'000	Long-term incentive expense* R'000	Total R'000
U Gschnaidtner	4 396	7 841	104	267	120	1 066	13 794
RN Gray	4 808	2 496	208	291	120	1 275	9 198
	9 204	10 337	312	558	240	2 341	22 992

^ *The variable remuneration is based upon the employment contract.*

* *The long-term incentive expense reflects the cost that has been expensed by the Company*

Directors' interest

The following shares are owned by directors and prescribed officers:

	2022 Number of shares	2022 % holding	2021 Number of shares	2021 % holding
SV Brookes	**170 374 031**	**32.8**	170 374 031	36.1
RN Gray*	**48 083 066**	**9.3**	48 083 066	10.2
U Gschnaidtner	**10 150 788**	**2.0**	10 150 788	2.2
R Zekry	**3 633 269**	**0.7**	3 633 269	0.8
J Weltman	**–**	**–**	233 142	0.1
O Amosun	**9 390**	**–**	9 390	–
	232 250 544	**44.8**	232 483 686	49.4

* *It was noted that the prior year shares only included those held directly by the director and incorrectly excluded shares held by his associates. This error is not material and falls outside the practice note 3/17 in that the restatement does not require notification to the JSE.*

There has been no movement in directors interest from year end to date of approval of the financial statements.

32. DIRECTORS' AND PRESCRIBED OFFICER'S EMOLUMENTS CONTINUED

Director's share options

Bonus shares were awarded to the directors and prescribed officer in terms of the Group's Conditional Share Plan, refer to Note 22. These awards are linked to short-term incentive performance and have no prospective performance conditions or strike prices attached. These awards are subject to continued employment only.

The following share options were awarded to directors but not yet vested at year end:

	2022			
	Opening balance	Granted during the year	Settled/ lapsed during the year	Closing balance
SV Brookes	**1 377 426**	**773 248**	**–**	**2 150 674**
RN Gray	**1 052 916**	**590 338**	**–**	**1 643 254**
J Weltman	**621 960**	**343 066**	**–**	**965 026**
U Gschnaidtner	**843 098**	**462 236**	**–**	**1 305 334**
	3 895 400	**2 168 888**	**–**	**6 064 288**

	2021			
	Opening balance	Granted during the year	Settled/ lapsed during the year	Closing balance
SV Brookes	1 835 511	762 071	(1 220 156)	1 377 426
RN Gray	1 313 600	584 520	(845 204)	1 052 916
J Weltman	706 782	346 924	(431 746)	621 960
U Gschnaidtner	1 126 285	459 809	(742 996)	843 098
	4 982 178	2 153 324	(3 240 102)	3 895 400

* *It was noted that the prior year share options which vested were incorrectly not adjusted for which resulted in the closing balance being overstated for each director. This error is not material and falls outside the practice note 3/17 in that the restatement does not require notification to the JSE.*

33. MAJOR SHAREHOLDERS

Registered shareholders owning more than 5% of issued shares:

	2022		2021	
	Number of issued shares	Percentage of shares held	Number of issued shares	Percentage of shares held
Volker Holdings Proprietary Limited**	**170 374 031**	**32.8**	170 374 031	36.1
Rodna Investments Proprietary Limited***	**48 083 066**	**9.3**	48 083 066	10.2
Tatovect Proprietary Limited	**47 219 260**	**9.1**	–	–
GRE Africa Limited	**37 482 225**	**7.2**	36 418 425	7.7
Nedbank Group	**27 000 000**	**5.2**	–	–
Pershing	*	*	32 618 871	6.9
Klipfontein Heights Proprietary Limited****	*	*	23 929 009	5.1
Non-public shareholders	**234 657 012**	**45.2**	235 316 799	49.8
Public shareholders	**284 754 840**	**54.8**	236 875 793	50.2

As at 28 February 2022 there were 19 184 (2021: 9 561) public shareholders.

* *No shareholding is disclosed due to the 5% requirement not being met.*
** *The entity is controlled by SV Brookes.*
*** *The entity is controlled by RN Gray. It was noted that the prior year shares only included those held directly by the director and incorrectly excluded shares held by his associates. This error is not material and falls outside the practice note 3/17 in that the restatement does not require notification to the JSE.*
**** *The entity's shareholding diluted subsequent to the BEE transaction and not as a result of any trading.*

34. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Categories of financial instruments	Group 2022 R'000	Group 2021 R'000	Company 2022 R'000	Company 2021 R'000
Categories of financial assets				
Financial assets at amortised cost				
Development loans receivable	**20 402**	68 181	**20 402**	68 181
Loans to related parties	**14 112**	14 112	**16 377**	24 418
Loans to external parties	**10 264**	11 658	**10 264**	11 658
Trade and other receivables	**755 687**	682 035	**745 471**	674 164
Restricted cash	**1 086**	31 390	**1 086**	31 390
Cash and cash equivalents	**665 636**	336 533	**661 460**	331 256
	1 467 187	1 143 909	**1 455 060**	1 141 067
Categories of financial liabilities				
Financial liabilities at amortised cost				
Development loans and facilities	**(2 540 610)**	(1 901 489)	**(2 475 610)**	(1 851 489)
Trade and other payables	**(93 959)**	(97 056)	**(90 006)**	(93 857)
	(2 634 569)	(1 998 545)	**(2 565 616)**	(1 945 346)

The directors consider the carrying value of the financial assets and liabilities listed above to approximate its fair value.

Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The maximum gearing ratio has been set at 50% (2021: 50%) by the directors. Developments under construction is financed on a phase-by-phase basis. Development finance is obtained through secured pre-sales and is repaid on registration of the phase being financed.

The capital structure of the Group consists of debt, which includes the development finance disclosed in Note 16, cash and cash equivalents disclosed in note 13, and equity as disclosed in the statement of financial position. Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio.

FINANCIAL RISK MANAGEMENT

Overview

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

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. Given the nature of the operations of the Group, credit risk on the sale of apartments not yet registered is mitigated through the fact that the financial guarantees are in place in full prior to the handover of the apartment. As such, credit risk arises principally from the Group's receivables from loans, amounts due from body corporates and transferring attorneys, municipal debtors, development loans due from financial institutions and cash and cash equivalents.

Credit risk is managed on a Group basis.

Development loans receivables

Development loans represents over settlement of the development loan facility by the transferring attorney to the financial institution. The loans are expected to be recovered from the respective financial institution within 12 months after year end and have been classified as current. The Group considers the development loans receivable to be subject to a minimal exposure to credit risk due to funding on the development loans facilities being acquired from major banks and financial institutions which are rated AA+ based on the Fitch ratings.

34. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT CONTINUED

Loans to related parties
Loans to related parties are actively reviewed and managed on a monthly basis through the review of forecasts and cash flow, to assess the recoverability of loans to related parties.

Furthermore, the Group monitors changes in credit risk by tracking the financial statements of the related party and assessing liquidity and solvency of the respective entity. In certain instances, loans to related parties are subordinated until such time as the Company's assets fairly valued exceed its liabilities fairly valued.

Loans to external parties
Loans to external parties comprise of enterprise development loans made to external parties. The Group monitors changes in credit risk by inspecting the financial results of the external parties after each six-month period. Where results indicate that the liquidity and solvency position of the external party has deteriorated since the previous six-month period, the Group considers credit risk to have significantly increased and recognises lifetime ECLs.

Trade and other receivables
Trade and other receivables relates to sales where registration has not yet transferred, however, revenue has been recognised as the apartment has been handed over to the purchaser and financial guarantees are in place for the full purchase price. Amounts owing by the transfer attorneys relates to cash received from registrations which has not yet been transferred to the Group. Due to the nature of the trade and other receivables the credit risk is limited.

The Group uses the simplified approach and recognises lifetime ECLs on its trade and other receivables.

Cash and cash equivalents
Cash and cash equivalents are held with major banks and financial institutions which are rated AA+ based on the Fitch ratings. The Group considers cash and cash equivalents to be subject to a limited exposure to credit risk.

There has been no write-off of any financial assets in the current year (2021: Rnil) other than the expected credit loss allowance raised.

The maximum exposure to credit risk is presented in the table below:

	Group		Company	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Financial instruments				
Development loans receivable	**20 402**	68 181	**20 402**	68 181
Loans to related parties	**14 112**	14 112	**16 377**	24 418
Loans to external parties	**10 264**	11 658	**10 264**	11 658
Trade and other receivables	**755 687**	682 035	**745 471**	674 164
Cash and cash equivalents	**665 636**	336 533	**661 460**	331 256
	1 466 101	1 112 519	**1 453 974**	1 109 677
The movement in the expected credit loss allowance:				
Balance at the beginning of the year	**(4 361)**	(955)	**(4 356)**	(955)
Lifetime loss allowance recognised in the current year	**(1 663)**	(3 406)	**(1 571)**	(3 401)
(Trade and other receivables) – refer to note 10				
Lifetime loss allowance reversed in the current year	**955**	–	**562**	–
Balance at the end of the year	**(5 069)**	(4 361)	**(5 365)**	(4 356)

Liquidity risk
Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

The Group's risk to liquidity is a result of the funds available to cover future commitments. The Group manages liquidity risk through an ongoing review of future commitments and credit facilities.

Development finance is obtained from major financial institutions based on secured pre-sales of residential apartment on a phase-by-phase basis. Development finance is repaid upon registration of a specific phase being financed. The phase-by-phase approach to funding reduces the risk of accumulating excessive debt which impacts liquidity. The business operates within pre-defined risk tolerance levels set at a 50% debt to equity ratio.

34. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT CONTINUED

The table below analyses the Group's financial liabilities into relevant maturity Groupings based on the remaining period at the statement of financial position 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 and as such the impact of discounting is not significant:

	Group					
	2022					
	Less than 1 year R'000	1 to 2 years R'000	2 to 5 years R'000	Over 5 years R'000	Total R'000	Carrying amount R'000
Trade and other payables	**93 959**	**–**	**–**	**–**	**93 959**	**93 959**
Development loans	**1 425 447**	**134 140**	**109 709**	**37 540**	**1 706 836**	**1 588 404**
Facilities	**317 798**	**46 865**	**670 894**	**–**	**1 035 557**	**952 206**
	1 837 204	**181 005**	**780 603**	**37 540**	**2 836 352**	**2 634 569**
	2021					
	Less than 1 year R'000	1 to 2 years R'000	2 to 5 years R'000	Over 5 years R'000	Total R'000	Carrying amount R'000
Trade and other payables	97 056	–	–	–	97 056	97 056
Development loans	1 560 073	30 855	262 174	73 637	1 926 739	1 323 274
Facilities	352 610	–	–	–	352 610	352 610
	2 009 739	30 855	262 174	73 637	2 376 405	1 772 940

	Company					
	2022					
	Less than 1 year R'000	1 to 2 years R'000	2 to 5 years R'000	Over 5 years R'000	Total R'000	Carrying amount R'000
Trade and other payables	**90 006**	**–**	**–**	**–**	**90 006**	**90 006**
Development loans	**1 425 447**	**134 140**	**109 709**	**37 540**	**1 706 836**	**1 588 404**
Facilities	**252 798**	**46 865**	**670 894**	**–**	**970 557**	**887 206**
	1 768 251	**181 005**	**780 603**	**37 540**	**2 767 399**	**2 565 616**
	2021					
	Less than 1 year R'000	1 to 2 years R'000	2 to 5 years R'000	Over 5 years R'000	Total R'000	Carrying amount R'000
Trade and other payables	93 857	–	–	–	93 857	93 857
Development loans	1 560 073	30 855	262 174	73 637	1 926 739	1 323 274
Facilities	302 610	–	–	–	302 610	302 610
	1 956 540	30 855	262 174	73 637	2 323 206	1 719 741

Foreign currency risk

Foreign currency risk arises from fluctuations in foreign currencies for imported products.

The Group's exposure to foreign exchange risk is limited due to the fact that no operations have taken place in the foreign subsidiary in the current or prior periods. The foreign subsidiary was liquidated in the prior year.

The Group does not hedge foreign exchange fluctuations.

Interest rate risk

The Group's interest rate risk arises from long- and short-term borrowings, cash and cash equivalents, restricted cash and development loans receivable. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

34. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT CONTINUED

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Group calculates the impact on profit or loss of a defined interest rate movement. Interest rate risk is higher for land debt than development finance. Development finance is short-term funding in nature and therefore there is no significant exposure to variations in interest rates.

The scenarios are run only for financial instruments that represent the major interest-bearing positions. Based on the simulations performed, the impact on post-tax profit of a 1% movement would be a maximum increase and opposite decrease of R18.4 million (2021: R14.5 million) for the Group and R17.8 million (2021: R14.0 million) for the Company. The sensitivity analysis is prepared using a sensitivity rate which is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

	Group		Company	
Interest rate sensitivity analysis	**2022 R'000**	2021 R'000	**2022 R'000**	2021 R'000
Interest-bearing instruments comprise:				
Loans to related parties	**14 112**	14 112	**16 377**	24 572
Development loans receivable	**20 402**	68 181	**20 402**	68 181
Cash and cash equivalents	**665 636**	336 533	**661 460**	331 256
Development loans payable	**(2 540 610)**	(1 901 489)	**(2 475 610)**	(1 851 489)
Restricted cash	**1 086**	31 390	**1 086**	31 390
	(1 839 374)	(1 451 273)	**(1 776 285)**	(1 396 090)
Interest rate sensitivity				
Loans to related parties	**141**	141	**164**	246
Development loans receivable	**204**	682	**204**	682
Cash and cash equivalents	**6 656**	3 365	**6 615**	3 313
Development loans payable	**(25 406)**	(19 015)	**(24 756)**	(18 515)
Restricted cash	**11**	314	**11**	314
	(18 394)	(14 513)	**(17 762)**	(13 960)

35. BASIC, HEADLINE AND DILUTED EARNINGS PER SHARE

		Group		Company	
		2022	2021	**2022**	2021
Basic	(cents)	**77.24**	71.67	**–**	–
Headline	(cents)	**75.88**	71.47	**–**	–
Core headline earnings per share*	(cents)	**83.15**	71.47	**–**	–
Diluted earnings	(cents)	**77.01**	71.19	**–**	–
Diluted headline earnings	(cents)	**75.65**	70.99	**–**	–
Tangible net asset value per share**	(cents)	**745.45**	679.57	**744.05**	679.24
Net asset value per share***	(cents)	**749.01**	682.83	**747.36**	682.33
Weighted average shares in issue		**469 412 246**	469 023 886	**469 412 246**	469 023 886
Net asset value	(R'000)	**3 515 923**	3 202 620	**3 508 179**	3 200 307
Tangible net asset value	(R'000)	**3 499 221**	3 187 155	**3 492 639**	3 185 816
Reconciliation of profit for the year to headline earnings					
Basic earnings	(R'000)	**362 579**	336 156	**–**	–
Profit on disposal of property, plant and equipment and intangible assets	(R'000)	**(8 300)**	(347)	**–**	–
Tax effect of above item	(R'000)	**1 910**	–	**–**	–
Remeasurements included in equity-accounted earnings from associates	(R'000)	**–**	(617)	**–**	–
Headline earnings	(R'000)	**356 189**	335 192	**–**	–
IFRS 2 BEE charge	(R'000)	**34 115**	–	**–**	–
Core headline earnings	(R'000)	**390 304**	335 192	**–**	–
Weighted average number of shares					
Weighted average number of shares in issue		**469 412 246**	469 023 886	**469 412 246**	469 023 886
Potential dilutive impact of share options		**1 404 631**	3 168 706	**1 404 631**	3 168 706
Weighted average diluted shares in issue		**470 816 877**	472 192 592	**470 816 877**	472 192 592

* *Core headline earnings is a non-IFRS measure calculated as headline earnings for the period excluding certain non-operating items. Headline earnings in the current financial year was adjusted for a IFRS 2 BEE charge to arrive at the core headline earnings figure. No adjustments were required to the prior year's headline earnings.*

** *Calculated as the net asset value less intangible assets divided by the weighted average shares in issue.*

*** *Calculated as the net asset value divided by the weighted average shares in issue.*

36. DIVIDENDS PER SHARE

	Group		Company	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Shares in issue	**469 821 820**	**469 254 734**	**469 821 820**	**469 254 734**
Dividends declared	**114 931 677**	**92 549 748**	**114 931 677**	**92 549 748**
Dividends per share (cents)	**24.46**	**19.72**	**24.46**	**19.72**

37. FAIR VALUE INFORMATION

Fair value hierarchy

The table below analyses assets and liabilities carried at fair value. The different levels are defined as follows:

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the Group can access at measurement date.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

No changes have been made to the valuation techniques.

The fair values of financial instruments that are not traded in an active market are determined using standard valuation techniques. These valuation techniques maximise the use of observable market data where available and rely as little as possible on Group-specific estimates. The Group does not hold any financial assets or financial liabilities that are classified as level 2 or level 3. There were no transfers between Levels 1, 2 and 3 during the year.

38. SEGMENTAL REPORTING

The operating segments within the Group have been identified based on the nature of their operations. Accordingly, the following segments have been identified:

Nature of operations

- Residential property developer sales to market
- Supplier of electronic communication services

Giving consideration to the quantitative thresholds of operating segments based on the nature of operations, it is not considered useful to the users of the Annual Financial Statements to separately disclose the above identified segments.

39. CONTINGENT LIABILITIES

The Group had no contingent liabilities at 28 February 2022 (2021: Rnil).

40. COMMITMENTS

	Group		Company	
Authorised capital expenditure	**2022 R'000**	2021 R'000	**2022 R'000**	2021 R'000
Already contracted for but not provided for				
Land (Unconditional)	**146 532**	370 138	**146 532**	370 138
Land (Conditional)	**317 625**	340 129	**317 625**	330 129
Infrastructure (Unconditional)	**12 810**	–	**12 810**	–

This committed expenditure relates to land purchased for development and committed infrastructure costs that have been funded. The land commitments will be financed by available retained profits, external funding and existing cash resources.

41. EVENTS AFTER THE REPORTING PERIOD

Subsequent to year end, a wholly-owned subsidiary of Balwin, Balwin Corlett Proprietary Limited, concluded a sale agreement to purchase the new head office of Balwin, located in Corlett Drive, Johannesburg, for a purchase price of R125.8 million. The purchase represents a material non-adjusting event.

The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report.

42. GOING CONCERN

The directors have reviewed the Group and Company's cash flow forecasts up to the period ending May 2023 and, in light of this review and the current financial position, the directors believe that the Group and Company has adequate financial resources to continue in operation for the foreseeable future. Accordingly, the consolidated and separate Annual Financial Statements have been prepared on a going concern basis.

The Group has performed cash flow forecasting to support the going concern assumption of the Group. In preparing the cash flow forecast, the terms of the existing debt covenants have been reviewed and are expected to be complied with in full.

The cash flow forecast is based upon the development programme of the business as approved by the executives. The development programme guides the potential for cash inflows from the sale and registration of apartments and drives the construction-related costs incurred in order to deliver the apartments to the market. It is this relationship between the rate of construction and the rate of sales that is paramount to the success of the business model and the ability of the Group to effectively manage its cash resources. Accordingly, the cash flow forecasting of the Group is dynamic and is actively managed to ensure optimum cash management.

The Group has benefited from strong sales in the year which has resulted in 2 962 apartments being forward sold into future financial years.

The directors have satisfied themselves that the Group and Company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the Group and Company.

The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Group and Company.

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