Mellon Housing Initiative (Non-Profit Company)

(Registration Number: 2006/037539/08)

Financial Statements

for the year ended 31 December 2023

AUDIT • ADVISORY • TAX

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	To carry on the business of a community based business development project, and the construction of government subsidised houses for previously disadvantaged individuals
Directors	A. Brennan N. Mellon B. Mpulampula
Registered office	Mellon House Corner van Riebeeck (R102) & Station Road Blackheath 7580
Business address	Mellon House Corner van Riebeeck (R102) & Station Road Blackheath 7580
Postal address	PO Box 276 Blackheath 7581
Bankers	Standard Bank of South Africa Limited
Auditor	BDO South Africa Incorporated Registered Auditor
Secretary	G. Kleu
Company registration number	2006/037539/08
Level of assurance	These financial statements have been audited in compliance with Section 30(2)(b)(ii)(aa) of the Companies Act and as determined by the board.
Preparer	The financial statements were independently compiled by: Lisa Roodt CA(SA)

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The reports and statements set out below comprise the financial statements presented to the members:

Directors' Responsibilities and Approval

The directors are required by the Companies Act of South Africa, to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company 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 the IFRS for SMEs Accounting Standard. The external auditor is engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with the IFRS for SMEs Accounting Standard and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

The 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 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 company's cash flow forecast for the year from approval of this report and, in light of this review and the current financial position, They are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently auditing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditor and their report is presented on pages 6 to 8.

The financial statements set out on pages 9 to 23, which have been prepared on the going concern basis, were approved by the board of directors on 23 May 2024 and were signed on its behalf by:

A. Brennan

B. Mpulampula

23 May 2024

Directors' Report

The directors have pleasure in submitting their report on the financial statements of Mellon Housing Initiative (Non-Profit Company) for the year ended 31 December 2023.

1. Review of financial results and activities

The financial statements have been prepared in accordance with the IFRS for SMEs Accounting Standard and the requirements of the Companies Act of South Africa. The accounting policies have been applied consistently compared to the prior year.

The company is engaged to carry on the business of a community based business development project, and the construction of the government subsidised houses and educational facilities for previously disadvantaged individuals and operates in South Africa.

Mellon Housing Initiative has expanded its construction business to include the building and upgrading of education facilities, the training of teachers and implementation of education programs and will be trading as Mellon Educate South Africa for these endeavours.

The operating results and state of affairs of the company are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

There have been no material changes to the nature of the company's business from the prior year, other than the branch in Gauteng that has been closed as it is no longer viable in the area and the above mentioned move into education.

2. Directors

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

Directors	Nationality
A. Brennan	Irish
N. Mellon	Irish
B. Mpulampula	South African

There have been no changes to the directorate for the period under review.

3. Events after the reporting period

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

4. Going concern

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

Management has assessed the company's ability to continue as a going concern for the foreseeable future and is not aware of any factors beyond their period of assessment that may cast doubt on the company's ability to continue as a going concern. Management thus considers the use of the going concern principle to be appropriate in the preparation of the annual financial statements.

Mellon Housing Initiative has secured and commenced with construction projects which will run through 2023 and secured funding for the charity initiative to build 12 new Classrooms and 2 Grade R blocks at two schools through our partnership with the Western Cape Education department. We have tendered for and under negotiation for new projects which will start later this year and run well into 2024.

5. Auditors

BDO South Africa Incorporated continued in office in accordance with the Companies Act of South Africa.

Directors' Report

6. Secretary

The company secretary is G. Kleu.

Postal address

PO Box 276
Blackheath
7581

Business address

Mellon House
Corner van Riebeeck (R102) & Station Road
Blackheath
7580

Independent Auditor's Report

To the directors of

Mellon Housing Initiative (Non-Profit Company)

Opinion

We have audited the financial statements of Mellon Housing Initiative (Non-Profit Company) (the company) set out on pages 9 to 23, which comprise the statement of financial position as at 31 December 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Mellon Housing Initiative (Non-Profit Company) as at 31 December 2023 , and its financial performance and cash flows for the year then ended in accordance with the IFRS for SMEs Accounting Standard as issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa.

Basis of Opinion

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Mellon Housing Initiative (Non-Profit Company) Annual Financial Statements for the year ended 31 December 2023", which includes the Directors' Report as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with the IFRS for SMEs Accounting Standard as issued by the International Accounting Standards Board 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 the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes 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 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 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 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 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 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 company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

BDO South Africa Incorporated
BDO South Africa Incorporated (May 27, 2024 07:16 GMT+2)

BDO South Africa Incorporated
Registered Auditors

Fatima Rhoda
Director
Registered Auditor

27 May 2024

119-123 Hertzog Boulevard
Foreshore
Cape Town, 8001

Mellon Housing Initiative (Non-Profit Company)

(Registration number: 2006/037539/08)
Financial Statements for the year ended 31 December 2023

Statement of Financial Position as at 31 December 2023

Figures in Rand	Note(s)	2023	2022
Assets			
Non-Current Assets			
Property, plant and equipment	2	8 078 696	8 127 894
Current Assets			
Other financial assets	3	2 841 790	-
Inventories	4	628 817	940 881
Trade and other receivables	5	3 737 124	3 544 773
Gross amounts due from customers for contract work	6	7 572 407	5 746 369
Cash and cash equivalents	7	20 482 401	21 081 178
		35 262 539	**31 313 201**
Total Assets		**43 341 235**	**39 441 095**
Equity and Liabilities			
Equity			
Retained surplus		32 686 809	31 480 682
Liabilities			
Non-Current Liabilities			
Other financial liabilities	8	94 485	216 235
Current Liabilities			
Trade and other payables	9	2 046 935	2 684 706
Other financial liabilities	8	170 481	365 297
Deferred income	10	8 342 525	2 373 228
Gross amount due to customers for contract work	6	-	2 320 947
		10 559 941	**7 744 178**
Total Liabilities		**10 654 426**	**7 960 413**
Total Equity and Liabilities		**43 341 235**	**39 441 095**

Statement of Comprehensive Income

Figures in Rand	Note(s)	2023	2022
Revenue	11	55 904 250	71 879 425
Cost of sales	12	(49 753 676)	(62 862 959)
Gross surplus		**6 150 574**	**9 016 466**
Other income	13	20 438	37 100
Operating expenses		(6 530 754)	(6 457 764)
Operating surplus	14	**(359 742)**	**2 595 802**
Investment revenue	15	1 620 134	566 811
Finance costs	16	(54 265)	(74 242)
Surplus for the year		**1 206 127**	**3 088 371**
Other comprehensive income		-	-
Total comprehensive surplus for the year		**1 206 127**	**3 088 371**

Statement of Changes in Equity

Figures in Rand	Retained surplus	Total equity
Balance at 01 January 2022	**28 392 311**	**28 392 311**
Deficit for the year	3 088 371	3 088 371
Other comprehensive income	-	-
Total comprehensive deficit for the year	**3 088 371**	**3 088 371**
Balance at 01 January 2023	**31 480 682**	**31 480 682**
Surplus for the year	1 206 127	1 206 127
Other comprehensive income	-	-
Total comprehensive surplus for the year	**1 206 127**	**1 206 127**
Balance at 31 December 2023	**32 686 809**	**32 686 809**

Statement of Cash Flows

Figures in Rand	Note(s)	2023	2022
Cash flows from operating activities			
Cash generated from operations	17	1 479 210	4 701 661
Interest income		1 620 134	566 811
Finance costs		(54 265)	(74 242)
Net cash from operating activities		**3 045 079**	**5 194 230**
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(491 098)	(341 286)
Sale of property, plant and equipment	2	49 480	96 936
Other financial asset advanced	3	(2 841 790)	-
Net cash used in investing activities		**(3 283 408)**	**(244 350)**
Cash flows from financing activities			
Repayment of other financial liabilities		6 809	(158 779)
Instalment sale repayments		(367 257)	(412 852)
Net cash (used in)/from financing activities		**(360 448)**	**(571 631)**
Total cash movement for the year		**(598 777)**	**4 378 249**
Cash at the beginning of the year		21 081 178	16 702 929
Total cash at end of the year	7	**20 482 401**	**21 081 178**

Accounting Policies

1. Presentation of Annual Financial Statements

The financial statements have been prepared on a going concern basis in accordance with the IFRS for SMEs Accounting Standard, and the requirements of the Companies Act of South Africa. The financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

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

Key sources of estimation uncertainty

Trade receivables

The company assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the company makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Allowance for slow moving, damaged and obsolete inventory

An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operating deficit note.

Impairment testing

The company reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time.

Fixed assets

Management used their judgement and experience in determining residual values, estimating expected useful lives and identify the components of assets.

Sources of estimation uncertainties

Key assumptions have been made concerning the future and other key sources of estimation uncertainty at the reporting date, that could have a significant risk of causing a material adjustment to the carrying amount of the assets and liabilities within the next financial year.

Contract profit or loss recognition

Estimates are made of the total expected costs of individual contracts when applying the stage of completion method. In certain instances management is required to exercise judgement to determine whether the outcome of a contract can be reliably estimated.

1.2 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the company; and
- the cost of the item can be measured reliably.

Property, plant and equipmentis initially measured at cost.

1.2 Property, plant and equipment (continued)

Cost includes costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Land	Indefinite
Buildings	20 years
Plant and machinery	5 years
Furniture and fixtures	6 years
Motor vehicles	4 years
Office equipment	5 years
Computer equipment	3 years
Containers	5 years

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

Although buildings are a depreciable asset, they have not yet been depreciated as the residual value is considered to be in excess of the carrying value. At such point in time when the residual value decreases to below the carrying value, depreciation will resume over a useful life of 20 years.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period if there are indicators present that there has been a significant change from the previous estimate.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.3 Financial instruments

Classification

The company classifies financial assets and financial liabilities into the following categories:
- Financial instruments measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis.

Initial recognition and measurement

Financial instruments at amortised cost

These include loans, trade receivables and trade payables. Those debt instruments which are classified as current assets and liabilities are measured at the discounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If so, an impairment loss is recognised.

Accounting Policies

1.4 Inventories

Inventories are measured at the lower of cost and net realisable value on the first-in-first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

1.5 Construction contracts and receivables

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

Contracts in progress are stated at cost plus profit recognised to date, less cash received or receivable, less any provision for losses. The gross amounts due from customers, for which costs incurred plus recognised profits less recognised losses exceeds progress billings, and the gross amounts due to customers, for which progress billings exceed costs incurred plus recognised losses's, are disclosed on the face of the statement of financial position.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

1.6 Impairment of assets

The company assesses whether there is any indication that an asset may be impaired at the end of each reporting period. If any such indication exists, the company estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in profit or loss.

Accounting Policies

1.7 Employee benefits

Short-term employee benefits

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 cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

1.8 Revenue

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

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

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting period. Stage of completion is determined by establishing the extent the proportion that contract costs incurred for work performed to date bears to the estimated total contract costs.

Contract revenue comprises:

- the initial amount of revenue agreed in the contract; and
- variations in contract work, claims and incentive payments:
  - to the extent that it is probable that they will result in revenue; and
  - they are capable of being reliably measured.

Interest is recognised, in profit or loss, using the effective interest rate method.

Donations are recognised as revenue when receivable.

1.9 Cost of sales

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

Contract costs comprise:

- costs that relate directly to the specific contract;
- costs that are attributable to contract activity in general and can be allocated to the contract; and
- such other costs as are specifically chargeable to the customer under the terms of the contract.

1.10 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.11 Deferred income

Deferred income represents income received in advance for projects that were in progress at year end.

Notes to the Financial Statements

Figures in Rand	2023	2022

2. Property, plant and equipment

	2023			2022		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Land and buildings	6 400 753	-	6 400 753	6 400 753	-	6 400 753
Plant and machinery	3 239 814	(2 116 118)	1 123 696	2 993 867	(1 877 408)	1 116 459
Furniture and fixtures	678 057	(631 002)	47 055	674 931	(628 018)	46 913
Motor vehicles	716 147	(332 835)	383 312	716 147	(273 283)	442 864
Office equipment	44 774	(41 482)	3 292	72 195	(66 628)	5 567
Containers	268 675	(255 241)	13 434	268 675	(255 241)	13 434
Computer equipment	384 133	(276 979)	107 154	353 627	(251 723)	101 904
Total	**11 732 353**	**(3 653 657)**	**8 078 696**	**11 480 195**	**(3 352 301)**	**8 127 894**

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Depreciation	Closing balance
Land and buildings	6 400 753	-	-	-	6 400 753
Plant and machinery	1 116 459	411 291	(31 557)	(372 497)	1 123 696
Furniture and fixtures	46 913	3 126	-	(2 984)	47 055
Motor vehicles	442 864	-	-	(59 552)	383 312
Office equipment	5 567	-	(1 371)	(904)	3 292
Containers	13 434	-	-	-	13 434
Computer equipment	101 904	76 681	(10 504)	(60 927)	107 154
	8 127 894	**491 098**	**(43 432)**	**(496 864)**	**8 078 696**

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Depreciation	Closing balance
Land and buildings	6 400 753	-	-	-	6 400 753
Plant and machinery	1 212 802	160 499	(6 604)	(250 238)	1 116 459
Furniture and fixtures	37 766	10 396	-	(1 249)	46 913
Motor vehicles	424 794	110 000	(50 640)	(41 290)	442 864
Office equipment	8 699	-	(880)	(2 252)	5 567
Containers	13 434	-	-	-	13 434
Computer equipment	95 736	60 391	(4 570)	(49 653)	101 904
	8 193 984	**341 286**	**(62 694)**	**(344 682)**	**8 127 894**

Pledged as security

The following assets have been encumbered as security for the secured long-term borrowings Note 8:

	2023	2022
Plant and machinery	368 760	843 537

Details of properties

Comprising Erf 796, Rustdal

	2023	2022
- Purchase price: 17 September 2012	6 400 753	6 400 753

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

Notes to the Financial Statements

Figures in Rand	2023	2022

3. Other financial assets

At amortised cost		
Trugate Homes Proprietary Limited	2 841 790	-

The loan is unsecured, bears no interest and have no fixed terms of repayment.

Current assets		
At amortised cost	2 841 790	-

4. Inventories

Consumable materials	628 817	940 881

5. Trade and other receivables

Contract receivables	205 689	1 369 343
Contract retentions	2 736 688	1 725 912
Prepayments	252 350	18 189
Deposits	40 001	52 759
VAT	84 770	-
Sundry receivables	400 337	356 094
Staff loans	17 289	22 476
	3 737 124	**3 544 773**

6. Gross amounts due from customers for contract work

The balance represents costs incurred plus recognised profits less the sum of recognised losses's and progress billings in accordance with Section 23 Revenue.

Gross amounts due from customers for contract work		
Mannenberg "The Downs" Housing Project	1 367 205	3 527 627
Blompark Housing Project	1 428 946	1 530 794
Blitz 2023	1 005 909	-
Naphakade Primary School	3 203 192	-
Swartdam	495 798	616 591
Hawston Housing Project	71 357	71 357
	7 572 407	**5 746 369**

Gross amounts due to customers for contract work		
Blitz 2022	-	(1 246 154)
Naphakade Primary School Phase 2	-	(1 074 794)
	-	**(2 320 948)**

Notes to the Financial Statements

Figures in Rand	2023	2022

7. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	14 920	13 998
Bank balances	19 540 051	20 139 750
Bank balances kept for guarantees	927 430	927 430
	20 482 401	**21 081 178**

Guarantees		
Everite Buildings Product Proprietary Limited	150 000	150 000
The Hollard Insurance Company	777 430	777 430
	927 430	**927 430**

Securities

Pledge call deposit: unrestricted amount
Credit Agreement commercial: unrestricted amount

8. Other financial liabilities

Held at amortised cost		
Loan from Standard Bank Loan payable over a period of 4 to 5 years and at an effective interest rates of 11.2% to 12.95% (2022: 8.05% to 11.7%) per annum. These liabilities are secured by tangible assets as per note 2 with a carrying amount of R 368760 (2022: R 843 537).	264 966	581 532

Non-current liabilities		
At amortised cost	94 485	216 235
Current liabilities		
At amortised cost	170 481	365 297
	264 966	**581 532**

9. Trade and other payables

Trade payables	1 218 648	1 058 705
VAT	-	882 319
Sundry Payables	-	205 181
Accrued leave pay	238 410	221 810
Accruals	589 877	316 691
	2 046 935	**2 684 706**

10. Deferred income

Restricted Donations	8 342 525	2 373 228

The restricted donation received in the current year, relates to the donation received from the Equinox Trust and Langdale donation.

This is the only restricted donation received in the current year.

The donation received in the prior year, is a restrictive fund for the exclusive utilisation to fund the Literacy program over a period of 3 years. The amount represents income received in advance for projects that were in progress at the year end.

Notes to the Financial Statements

Figures in Rand	2023	2022

11. Revenue

Contract Revenue	27 050 018	49 032 530
Donations received in relation to Mellon Educate (refer to note 18)	16 897 917	14 507 388
Mellon Educate other income (refer to note 19)	11 956 315	8 339 507
	55 904 250	**71 879 425**

12. Cost of sales

Mellon Educate		
Mellon Educate Costs	25 588 201	19 200 125
	25 588 201	**19 200 125**
Construction contracts		
Construction costs	24 165 475	43 662 833
	24 165 475	**43 662 833**
	49 753 676	**62 862 958**

13. Other income

Profit and loss on sale of assets	20 438	37 100

14. Operating surplus

Operating surplus for the year is stated after accounting for the following:

Profit and loss on sale of property, plant and equipment	(20 438)	(37 100)
Depreciation on property, plant and equipment	496 864	344 682
Employee costs Mellon Housing Initiative	9 818 584	10 313 093
Employee costs Mellon Educate	5 410 104	3 901 612

15. Investment revenue

Interest revenue		
Bank and other cash	1 620 134	566 811

16. Finance costs

Bank overdraft	54 265	74 242

Notes to the Financial Statements

Figures in Rand	2023	2022

17. Cash generated from operations

Profit before taxation	1 206 127	3 088 371
Adjustments for:		
Depreciation and amortisation	496 864	344 682
Profit on sale of assets	(6 048)	(34 242)
Interest received	(1 620 134)	(566 811)
Finance costs	54 265	74 242
Other non-cash items	43 882	38 645
Changes in working capital:		
Inventories	312 064	(470 742)
Trade and other receivables	(192 351)	(35 741)
Gross amounts due from customers for contract work	(1 826 038)	1 570 491
Trade and other payables	(637 771)	207 829
Deferred income	5 969 297	(1 500 179)
Gross amount due to customers for contract work	(2 320 947)	1 985 116
	1 479 210	**4 701 661**

18. Donations received in relation to Mellon Educate South Africa

Mellon Housing Initiative is moving into the construction and improvement of education facilities and training of teachers and implementation of education programs and will be trading as Mellon Educate for these endeavours.

During the year donations were received from the following donors:

Mellon Township Limited t/a Mellon Educate	2 239 518	2 786 684
Langdale Afterschool Programme	-	75 217
Mellon Educate - United Kingdom	4 060 390	2 523 826
Mellon Educate - United Kingdom (Tom Gallagher)	-	4 215 454
Mellon Educate - United Kingdom (Equinox Trust)	4 753 148	3 470 290
Mellon Educate UK: Moffet Family	498 533	-
Various Volunteer Donations	-	16 390
Synergy Contact Centre (Pty) Ltd	-	229 500
Nutun CX (Pty) Ltd	2 446 767	-
Des Warner	2 000 000	-
Hayden F Quin	250 000	-
Golf day	-	1 152 000
Benerdikt/Katja/District 1841/Constance	490 478	-
Mike Butler	-	28 017
Other	159 083	10 010
	16 897 917	**14 507 388**

19. Other income in relation to Mellon Educate South Africa

WCED schools	11 602 922	6 330 907
Nutun CX (Pty) Ltd	330 543	-
Happy Valley School	4 388	5 339
Pick 'n Pay	12 497	2 000 000
Other	5 965	3 261
	11 956 315	**8 339 507**

20. Taxation

Mellon Housing Initiative has been approved as a public benefit organisation in terms of section 30 of the Income Tax Act and its receipts and accruals are exempt from income tax in terms of the partial tax exemption rules contained in section 10(1)(nC) of the Act. No taxation has been provided for in the 2023 annual financial statements as the company has no taxable income for the 2023 year of assessment.

Notes to the Financial Statements

Figures in Rand	2023	2022

21. Related parties

Relationships

Common directorships	Mellon Township Limited (N Mellon & A Brennan) Mellon Educate UK (A Brennan) Umthi Wolwazi Facilitation & Project Management (B Mpulampula)
Director	N Mellon
Director	A Brennan
Director	B Mpulampula

Related party balances and transactions with other related parties

Related party transactions

	2023	2022
Donations received from related parties		
Mellon Township Limited t/a Mellon Educate & Mellon Educate UK	9 233 106	4 958 545
Directors emoluments for services as executive directors		
Short-term employee benefits	919 772	867 406

22. Directors' remuneration

Executive

2023

	Emoluments	Total
B. Mpulampula	919 772	919 772

2022

	Emoluments	Total
B. Mpulampula	867 406	867 406

23. Going concern

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the 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 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 company.

Management has assessed the company's ability to continue as a going concern for the foreseeable future and it not aware of any factors beyond their period of assessment that may cash doubt on the company's ability to continue as a going concern. Management thus considers the use of the going concern principle to be appropriate in the preparation of the annual financial statements.

Mellon Housing Initiative has secured and commenced with construction projects which will run through 2023 and secured funding for the charity initiative to build 12 new Classrooms and 2 Grade R blocks at two schools through our partnership with the Western Cape Education department. We have tendered for and under negotiation for new projects which will start later this year and run well into 2024.

Notes to the Financial Statements

Figures in Rand	2023	2022

24. Events after the reporting period

The directors are not aware of any significant matter or circumstance arising since the end of the financial year, not otherwise dealt with in this report or the annual financial statements, which significantly affect the financial position of the company or the results of its operations to the date of these annual financial statements.

Detailed Income Statement

Figures in Rand	Note(s)	2023	2022
Revenue			
Contract revenue		27 050 018	49 032 530
Donations received in relation to Mellon Educate South Africa		16 897 917	14 507 388
Mellon Educate other income		11 956 315	8 339 507
	11	**55 904 250**	**71 879 425**
Cost of sales	12	**(49 753 676)**	**(62 862 959)**
Gross surplus		**6 150 574**	**9 016 466**
Other income			
Interest received	15	1 620 134	566 811
Gains on disposal of assets		20 438	37 100
		1 640 572	**603 911**
Expenses (Refer to page 25)		**(6 530 754)**	**(6 457 764)**
Operating surplus	14	**1 260 392**	**3 162 613**
Finance costs	16	(54 265)	(74 242)
Surplus for the year		**1 206 127**	**3 088 371**

Detailed Income Statement

Figures in Rand	Note(s)	2023	2022
Operating expenses			
Accounting fees		(5 412)	(1 208)
Advertising		-	(1 950)
Auditors remuneration		(145 923)	(130 261)
Bank charges		(58 075)	(62 593)
Cleaning		(5 792)	(4 988)
Computer expenses		(143 831)	(136 003)
Consulting and professional fees		(107 096)	(30 396)
Depreciation, amortisation and impairments		(108 538)	(61 487)
Employee costs		(4 958 696)	(5 209 707)
Entertainment		-	(3 474)
Hire		-	(582)
Insurance		(277 676)	(155 046)
Legal expenses		(2 639)	(2 560)
Loss on sale of assets		(14 390)	(2 858)
Motor vehicle expenses		(24 390)	(13 591)
Municipal expenses		(145 932)	(131 457)
Printing and stationery		(57 057)	(45 514)
Repairs and maintenance		(68 334)	(107 140)
Security		(52 328)	(28 884)
Staff welfare		(51 994)	(47 303)
Subscriptions		(198 811)	(157 347)
Telephone and fax		(97 360)	(98 765)
Travel - local		(2 633)	(14 672)
Travel - overseas		(1 878)	-
Yard expenses		(1 969)	(9 978)
		(6 530 754)	**(6 457 764)**