Mellon Housing Initiative (Non-Profit Company)

(Registration number 2006/037539/08)

Financial statements
for the year ended 31 December 2025

Mellon Housing Initiative (Non-Profit Company)
(Registration number: 2006/037539/08)
Financial Statements for the year ended 31 December 2025

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 273 Blackheath 7581
Bankers	Standard Bank of South Africa Limited
Auditor	BDO South Africa Incorporated Chartered Accountants (SA) Registered Auditors
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)
Issued	30 June 2026

Index

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

Mellon Housing Initiative (Non-Profit Company)

(Registration number: 2006/037539/08)
Financial Statements for the year ended 31 December 2025

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 as issued by the International Accounting Standards Board. 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 as issued by the International Accounting Standards Board 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 directors set 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 the date of issue of the financial statements and, in the 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 page 6 - 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 30 June 2026 and were signed on its behalf by:

Signature area

N. Mellon	B. Mpulampula

Signed at BLACKHEATH on 30 JUNE 2026

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 2025.

1. Review of financial results and activities

The financial statements have been prepared in accordance with IFRS for SMEs Accounting Standard as issued by the International Accounting Standards Board 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.

Mellon Housing Initiative is a non-profit company.

The operating results and state of affairs of the company are fully set out in the attached 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.

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 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 financial statements.

Mellon Housing Initiative has secured and commenced with construction projects which will run through 2026 and secured funding for the charity initiative. We have secured multi year funding from Individuals and corporates to continue funding our Literacy hubs located across 17 schools and plan to expand this by another 2 schools in 2026.

5. Auditors

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

Directors' Report

6. Liquidity and solvency

The directors have performed the required liquidity and solvency tests required by the Companies Act of South Africa.

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119 – 123 Hertzog
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Cape Town, 8000

Independent Auditor's Report

To the shareholder of

Mellon Housing Initiative (NPC)

Opinion

We have audited the financial statements of Mellon Housing Initiative (NPC) (the company) set out on pages 9 to 23, which comprise the statement of financial position as at 31 December 2025, 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 (NPC) as at 31 December 2025, and its financial performance and cash flows for the year then ended in accordance with IFRS for SMEs Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the 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 (NPC) Annual Financial Statements for the year ended 31 December 2025", which includes the Directors' Report as required by the Companies Act of South Africa and the supplementary information on the pages 24 to 25. 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.

BDO South Africa Incorporated
Registration number: 1995/002310/21
Practice number: 905526
VAT number: 4910148685

Chief Executive Officer: LD Mokoena

A full list of all company directors is available on www.bdo.co.za

The company's principal place of business is at The Wanderers Office Park, 52 Corlett Drive, Illovo, Johannesburg where a list of directors' names is available for inspection. BDO South Africa Incorporated, a South African personal liability company, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

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 IFRS for SMEs Accounting Standards 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 director determine is necessary to enable the preparation of 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 director 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 director.
- 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 director 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 (Jul 3, 2026 16:36:26 GMT+2)

BDO South Africa Incorporated
Registered Auditors

Stephan Cillié
Director
Registered Auditor

3 July 2026

119-123 Hertzog Boulevard
Foreshore
Cape Town, 8001

Statement of Financial Position as at 31 December 2025

Figures in Rand	Note(s)	2025	2024
Assets			
Non-Current Assets			
Property, plant and equipment	2	7 823 866	7 653 999
Investment in subsidiary	3	100	100
		7 823 966	**7 654 099**
Current Assets			
Related party loan	4	4 999 085	8 445 278
Inventories	5	727 693	1 572 819
Trade and other receivables	6	13 925 527	4 102 499
Gross amounts due from customers for contract work	7	255 221	4 561 687
Cash and cash equivalents	8	20 493 564	15 313 451
		40 401 090	**33 995 734**
Total Assets		**48 225 056**	**41 649 833**
Equity and Liabilities			
Equity			
Retained income		37 005 842	33 705 058
Liabilities			
Non-Current Liabilities			
Financial liabilities	9	236 922	32 969
Current Liabilities			
Financial liabilities	9	135 569	85 569
Trade and other payables	10	3 275 847	3 663 128
Contract liabilities	11	1 430 565	-
Deferred income	12	6 140 311	4 163 109
		10 982 292	**7 911 806**
Total Liabilities		**11 219 214**	**7 944 775**
Total Equity and Liabilities		**48 225 056**	**41 649 833**

Statement of Comprehensive Income

Figures in Rand	Note(s)	2025	2024
Revenue	13	68 806 383	61 222 224
Cost of sales	14	(61 026 395)	(56 408 062)
Gross surplus		**7 779 988**	**4 814 162**
Other income	15	97 219	-
Operating expenses	16	(5 756 522)	(5 476 769)
Operating deficit		**2 120 685**	**(662 607)**
Investment revenue	17	1 209 581	1 736 025
Finance costs	18	(29 482)	(55 169)
Surplus for the year		**3 300 784**	**1 018 249**

Statement of Changes in Equity

Figures in Rand	Retained surplus	Total equity
Balance at 01 January 2023	**32 686 809**	**32 686 809**
Surplus for the year	1 018 249	1 018 249
Total comprehensive surplus for the year	**1 018 249**	**1 018 249**
Balance at 01 January 2024	**33 705 058**	**33 705 058**
Surplus for the year	3 300 784	3 300 784
Total comprehensive surplus for the year	**3 300 784**	**3 300 784**
Balance at 31 December 2025	**37 005 842**	**37 005 842**

Statement of Cash Flows

Figures in Rand	Note(s)	2025	2024
Cash flows from operating activities			
Cash generated from (used in) operations	19	3 223 690	(3 734 253)
Interest income		1 209 581	1 736 025
Finance costs		(29 482)	(55 169)
Net cash from operating activities		**4 403 789**	**(2 053 397)**
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(954 262)	(67 750)
Proceeds from sale of property, plant and equipment	2	394 633	80 645
Repayments of related party loans		(3 962 000)	(2 957 900)
Proceeds from related party loans		5 044 000	-
Net cash from investing activities		**522 371**	**(2 945 005)**
Cash flows from financing activities			
Instalment sale advance		460 722	-
Instalment sale repayments		(206 769)	(170 548)
Net cash from financing activities		**253 953**	**(170 548)**
Total cash movement for the year		**5 180 113**	**(5 168 950)**
Cash and cash equivalents at the beginning of the year		15 313 451	20 482 401
Total cash at end of the year	8	**20 493 564**	**15 313 451**

Accounting Policies

1. Basis of preparation and summary of material accounting policies

The financial statements have been prepared on a going concern basis in accordance with the IFRS for SMEs Accounting Standard as issued by the International Accounting Standards Board, and 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 financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Significant judgements include:

Key sources of estimation uncertainty

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.

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.

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

Property, plant and equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one period.

Property, plant and equipment is initially measured at cost.

Accounting Policies

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 is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company.

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

Item	Depreciation method	Average useful life
Land		Indefinite
Buildings	Straight line	20 years
Plant and machinery	Straight line	5 years
Furniture and fixtures	Straight line	6 years
Motor vehicles	Straight line	4 years
Office equipment	Straight line	5 years
IT equipment	Straight line	3 years
Containers	Straight line	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.

Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount.

When indicators are present that the useful lives and residual values of items of property, plant and equipment have changed since the most recent annual reporting date, they are reassessed. Any changes are accounted for prospectively as a change in accounting estimate.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.3 Financial instruments

Initial measurement

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Accounting Policies

1.3 Financial instruments (continued)

Financial instruments at amortised cost

These include loans, trade receivables and trade payables. They are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted 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 there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

1.4 Inventories

Inventories are measured at the lower of cost and estimated selling price less costs to complete and sell, on the first-in, first-out (FIFO) basis.

1.5 Gross amounts due from contract work

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 at each reporting date whether there is any indication that an asset may be impaired.

If there is any such indication, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

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.

1.7 Share capital and equity

Equity instruments issued by the company are recognised at the proceeds received, net of direct issue costs.

Accounting Policies

1.8 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 leave pay 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.

1.9 Revenue

Revenue is recognised to the extent that the company has transferred the significant risks and rewards of ownership of goods to the buyer, or has rendered services under an agreement provided the amount of revenue can be measured reliably and it is probable that economic benefits associated with the transaction will flow to the company. Revenue is measured at the fair value of the consideration received or receivable, excluding sales taxes and discounts.

Service revenue is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The Stage of completion is determined by surveys of work performed. 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.

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

Donations are recognised as revenue when receivable.

1.10 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.

1.11 Borrowing costs

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

1.12 Deferred income

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

Amounts received in advance from government departments in relation to tender contracts are recognised as deferred income when the funds are received before the related contractual obligations have been satisfied. Revenue is recognised only when the company has performed the agreed services or completed the related contract activities in accordance with the terms of the tender agreement and the applicable revenue recognition requirements.

Deferred income is initially recognised as a liability in the statement of financial position and is released to profit or loss on a systematic basis as performance obligations are fulfilled, services are rendered, or contractual milestones are achieved.

Where government funding is received subject to specific conditions, the funding remains recognised as deferred income until those conditions have been substantially met. Any portion of funding relating to future periods remains deferred at the reporting date.

Notes to the Financial Statements

Figures in Rand	2025	2024

2. Property, plant and equipment

	2025			2024		
	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	3 263 837	(2 540 859)	722 978	3 229 722	(2 406 212)	823 510
Furniture and fixtures	689 672	(639 927)	49 745	687 586	(635 263)	52 323
Motor vehicles	779 100	(245 404)	533 696	606 147	(336 235)	269 912
Office equipment	57 934	(44 130)	13 804	44 774	(42 385)	2 389
IT equipment	756 349	(666 893)	89 456	419 032	(327 354)	91 678
Containers	268 675	(255 241)	13 434	268 675	(255 241)	13 434
Total	**12 216 320**	**(4 392 454)**	**7 823 866**	**11 656 689**	**(4 002 690)**	**7 653 999**

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Disposals	Depreciation	Closing balance
Land and buildings	6 400 753	-	-	-	6 400 753
Plant and machinery	823 510	231 068	(196 953)	(134 647)	722 978
Furniture and fixtures	52 323	2 086	-	(4 664)	49 745
Motor vehicles	269 912	340 376	(167 423)	90 831	533 696
Office equipment	2 389	13 159	-	(1 744)	13 804
IT equipment	91 678	367 573	(30 257)	(339 538)	89 456
Containers	13 434	-	-	-	13 434
	7 653 999	**954 262**	**(394 633)**	**(389 762)**	**7 823 866**

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Depreciation	Closing balance
Land and buildings	6 400 753	-	-	-	6 400 753
Plant and machinery	1 123 696	11 703	(1 320)	(310 569)	823 510
Furniture and fixtures	47 055	9 530	-	(4 262)	52 323
Motor vehicles	383 312	-	(94 297)	(19 103)	269 912
Office equipment	3 292	-	-	(903)	2 389
IT equipment	107 154	46 517	(581)	(61 412)	91 678
Containers	13 434	-	-	-	13 434
	8 078 696	**67 750**	**(96 198)**	**(396 249)**	**7 653 999**

Property, plant and equipment pledged as security

The following assets have been pledged as security for the secured long-term borrowings 9:

	2025	2024
Plant and machinery	533 082	223 440

Details of land and buildings

Comprising Erf 796, Rustdal

	2025	2024
- Purchase price: 17 September 2012	6 400 753	6 400 753

Management has determined that the fair value of land and buildings at the reporting date was R11 263 000. Fair value was determined using recent market price for similar properties.

Notes to the Financial Statements

Figures in Rand	2025	2024

2. Property, plant and equipment (continued)

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.

3. Investment in subsidiary

Name of subsidiary	% holding 2025	% holding 2024	Carrying amount 2025	Carrying amount 2024
Trugate Homes Proprietary Limited	100.00 %	100.00 %	100	100

The carrying amount of the subsidiary are shown gross of impairment losses.

4. Related party loan

	2025	2024
At amortised cost		
Trugate Homes Proprietary Limited	4 999 085	8 445 278

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

	2025	2024
Current assets		
At amortised cost	4 999 085	8 445 278

5. Inventories

	2025	2024
Consumable materials	727 693	1 572 819

Consumable materials comprise of building and construction materials, tools and other items used in the construction process.

6. Trade and other receivables

	2025	2024
Trade receivables	10 481 688	960 145
Contract retentions	3 028 348	2 740 047
Deposits	137 617	130 127
VAT	-	81 349
Staff loans	9 198	-
Interest receivables	268 676	190 831
	13 925 527	**4 102 499**

7. Gross amounts due from customers

	2025	2024
Current assets	255 221	4 561 687

	2025	2024
Gross amounts due from customers		
Mannenberg "The Downs" Housing Project	-	595 186
Blompark Housing Project	-	462 210
Trugate Homes	-	2 329
Chuma Primary School	-	1 059 306
Blitz 2024	38 605	1 415 371
TY Blitz 2025	216 616	98 029
Gugulethu Infill Housing Projects	-	929 356
	255 221	**4 561 787**

Notes to the Financial Statements

Figures in Rand	2025	2024

8. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	21 613	21 581
Bank balances	18 840 057	13 659 976
Bank balances kept for guarantees	1 631 894	1 631 894
	20 493 564	**15 313 451**

Guarantees

Everite Buildings Product Proprietary Limited	150 000	150 000
The Hollard Insurance Company	1 481 894	1 481 894
	1 631 894	**1 631 894**

The company has provided guarantees through its bankers in the ordinary course of business as security for the performance of construction contracts. The guarantees are expected to be released upon successful completion of the related contracts.

Securities

Pledge call deposit: Unrestricted pledge of Standard Bank call deposit investment account(s).
Credit Agreement commercial: No additional securities required. Collateral remains unchanged at 20% per guarantee.

9. Financial liabilities

At amortised cost

Standard Bank of South Africa	372 491	118 538

Loan payable over a period of 4 to 5 years and at an effective interest rate of 11.95% to 12.95% (2024: 10.95% to 11.95%) per annum. The loan is secured by tangible assets as per note 2 with a carrying amount of R 533 082 (2024: R 223 440).

Non-current liabilities		
At amortised cost	236 922	32 969
Current liabilities		
At amortised cost	135 569	85 569
	372 491	**118 538**

10. Trade and other payables

Trade payables	1 807 067	3 265 158
VAT	231 561	-
Accrued leave pay	247 879	291 429
Accruals	989 340	102 435
Staff loans	-	4 106
	3 275 847	**3 663 128**

11. Contract liabilities

Contract costs	1 430 565	-

Contract liabilities represents costs on construction contracts for work not yet completed at the reporting date. Contract liabilities includes attributable overheads directly related to contract activities.

Notes to the Financial Statements

Figures in Rand	2025	2024

12. Deferred income

Amplify5 (Pty) Ltd	88 591	-
Longdale	188 791	268 791
M Slack	15 373	-
Mary Oppenheimer Daughters	3 401 592	-
Mellon Educate - United Kingdom (Equinox Trust)	1 896 199	3 359 840
Mellon Educate UK: Moffet Family	234 478	234 478
Mellon Township Limited t/a Mellon Educate	300 000	300 000
Nutun CX (Pty) Ltd	1	-
Other	15 286	-
Restricted Donations	**6 140 311**	**4 163 109**

Net deferred income

Current liabilities	6 140 311	4 163 109

The restricted donations was received from various donors.

The balance of restricted donations received in the prior year, is held as restriced funds for expenditure in future periods for purposes as determined by the donor.

13. Revenue

Mellon Housing	23 206 840	26 904 360
Donations received in relation to Mellon Educate (refer to note 20)	31 827 113	21 690 008
Mellon Education	13 772 430	12 627 856
	68 806 383	**61 222 224**

14. Cost of sales

Mellon Educate		
Mellon Education	40 521 163	32 664 416

Education costs consist of books, teaching materials and literacy programs.

Mellon Housing		
Construction costs	20 505 232	23 743 646
	61 026 395	**56 408 062**

Construction costs consist of labour, materials, equipment and other indirect costs necessary for project completion.

15. Other income

Profit on sale of assets	97 219	-

Notes to the Financial Statements

Figures in Rand	2025	2024

16. Operating expenses

Operating expenses include the following expenses:

Depreciation on property, plant and equipment	389 762	396 249
Employee costs Mellon Housing Initiative	6 223 961	8 263 414
Employee costs Mellon Educate	9 742 561	7 829 760

17. Investment revenue

Interest revenue		
Bank	1 209 581	1 736 025

18. Finance costs

Bank	29 482	55 169

19. Cash generated from (used in) operations

Net profit before taxation	3 300 784	1 018 249
Adjustments for:		
Depreciation and amortisation	389 762	372 674
Other non-cash items	2 364 194	(2 582 340)
Investment income	(1 209 581)	(1 736 025)
Finance costs	29 482	55 169
Changes in working capital:		
(Increase) decrease in inventories	845 126	(944 002)
(Increase) decrease in trade and other receivables	(9 823 028)	690 512
Increase (decrease) in contract liabilities	1 430 565	-
(Increase) decrease in gross amounts due from customers for contract work	4 306 466	3 010 620
Increase (decrease) in trade and other payables	(387 282)	1 520 071
Increase (decrease) in deferred income	1 977 202	(5 139 181)
	3 223 690	**(3 734 253)**

20. 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	6 338 696	5 819 423
Mellon Educate - United Kingdom	10 688 451	8 470 511
Mellon Educate - United Kingdom (Tom Gallagher)	-	973 570
Mellon Educate - United Kingdom (Equinox Trust)	-	1 303 413
Mellon Educate UK: Moffet Family	-	929 974
Mellon Educate - Ireland (McGettingan)	-	284 034
Mellon Educate - Ireland (Saint Cobain)	739 751	-
Mary Oppenheimer Daughters	8 006 715	-
Nutun CX (Pty) Ltd	2 760 855	3 398 138
Amplify5 (Pty) Ltd	2 012 500	335 815
Trencon Construction	833 333	-
M Klausmeyer	-	32 000
M Slack	350 000	-
Other	96 812	143 130
	31 827 113	**21 690 008**

Notes to the Financial Statements

Figures in Rand	2025	2024

21. Other income in relation to Mellon Educate South Africa

WCED schools	13 772 430	12 544 610
Happy Valley School	-	3 246
Other	-	80 000
	13 772 430	**12 627 856**

22. 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 2026 financial statements as the company has no taxable income for the 2026 year of assessment.

23. Related parties

Relationships

Subsidiary	Trugate Homes Proprietary Limited
Common directorships	Mellon Township Limited (N Mellon & A Brennan) Mellon Educate UK (A Brennan) Umthi Wolwazi Facilitation & Project Management (B Mpulampula)
Directors	N Mellon A Brennan B Mpulampula

Related party balances and transactions with other related parties

Related party balances

Loan accounts - Owing (to) by related parties		
Trugate Homes Proprietary Limited	4 999 085	8 445 278

Related party transactions

Interest paid to (received from) related parties		
Trugate Homes Proprietary Limited	(97 356)	(363 327)
Administration fees paid to (received from) related parties		
Trugate Homes Proprietary Limited	3 092 859	943 138
Donations received from related parties		
Mellon Township Limited t/a Mellon Educate & Mellon Educate UK	17 027 148	13 200 588
Directors emoluments for services as executive directors		
Short-term employee benefits	988 693	962 146

Notes to the Financial Statements

24. Directors' and prescribed officer's remuneration

Executive

2025

Directors' emoluments	Emoluments	Bonuses and performance related payments	Expense allowances	Company contributions	Directors fees	Total
Services as director or prescribed officer						
A. Brennan	-	-	-	-	-	-
N. Mellon	-	-	-	-	-	-
B. Mpulampula	646 833	29 724	91 500	100 636	120 000	988 693
	646 833	**29 724**	**91 500**	**100 636**	**120 000**	**988 693**

2024

Directors' emoluments	Basic salary	Bonuses and performance related payments	Expense allowances	Compensa-tion for loss of office	Directors fees	Total
Services as director or prescribed officer						
A. Brennan	-	-	-	-	-	-
N. Mellon	-	-	-	-	-	-
B. Mpulampula	620 420	14 401	113 000	94 325	120 000	962 146
	620 420	**14 401**	**113 000**	**94 325**	**120 000**	**962 146**

25. 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 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 financial statements.

Mellon Housing Initiative has secured and commenced with construction projects which will run through 2026 and secured funding for the charity initiative. We have secured multi year funding from Individuals and corporates to continue funding our Literacy hubs located across 17 schools and plan to expand this by another 2 schools in 2026.

26. 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 financial statements, which significantly affect the financial position of the company or the results of its operations to the date of these financial statements.

Detailed Income Statement

Figures in Rand	Note(s)	2025	2024
Revenue			
Contract revenue		23 206 840	26 904 360
Donations received in relation to Mellon Educate South Africa		31 827 113	21 690 008
Mellon Educate other income		13 772 430	12 627 856
	13	**68 806 383**	**61 222 224**
Cost of sales	14	**(61 026 395)**	**(56 408 062)**
Gross profit		**7 779 988**	**4 814 162**
Other income	15	**97 219**	**-**
Expenses (Refer to page 25)		**(5 756 522)**	**(5 476 769)**
Operating profit (loss)		**2 120 685**	**(662 607)**
Investment income	17	1 209 581	1 736 025
Finance costs	18	(29 482)	(55 169)
		1 180 099	**1 680 856**
Profit for the year		**3 300 784**	**1 018 249**

Detailed Income Statement

Figures in Rand	Note(s)	2025	2024
Operating expenses			
Accounting fees		(950)	(6 165)
Auditors remuneration		(118 547)	(111 896)
Bank charges		(41 245)	(34 615)
Cleaning		(4 236)	(4 855)
Computer expenses		(97 779)	(90 842)
Consulting and professional fees		(137 357)	(62 662)
Depreciation, amortisation and impairments		(74 224)	(88 699)
Employee costs		(4 648 668)	(4 334 194)
Insurance		(143 091)	(244 804)
Legal expenses		-	(3 504)
Loss on sale of assets		(4 182)	(1 256)
Motor vehicle expenses		(13 448)	(14 772)
Municipal expenses		(108 222)	(106 751)
Postage		(161)	-
Printing and stationery		(45 648)	(44 544)
Repairs and maintenance		(35 282)	(41 469)
Security		(21 383)	(15 639)
Staff welfare		(37 111)	(31 195)
Subscriptions		(171 982)	(157 951)
Telephone and fax		(51 006)	(72 247)
Yard expenses		(2 000)	(8 709)
		(5 756 522)	**(5 476 769)**