WG Wearne Limited
(Registration number 1994/005983/06)

Consolidated and Separate Annual Financial Statements
for the year ended 28 February 2018

HLB CMA (South Africa) Incorporated
Registered Auditors

These consolidated and separate annual financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa.

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Mining, manufacturing, marketing and transport of crushed stone, sand and ready-mixed concrete
Directors	SJ Wearne AJ Badenhorst (appointed 01 March 2022) WP van der Merwe PF Mojona (appointed 25 January 2018) KC Maelane (appointed 06 September 2021)
Registered office and business address	1 Main Road Aureus Randfontein Gauteng 1759
Postal address	PO Box 192 Randfontein Gauteng 1760
Bankers	Nedbank Limited
Auditors	HLB CMA (South Africa) Incorporated Registered Auditors
Secretary	CL Middlemiss
Company registration number	1994/005983/06
Tax reference number	9004027604
Level of assurance	These consolidated and separate annual financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa.
Preparer	The consolidated and separate annual financial statements were independently compiled by: T Kritsiotis Chartered Accountant (SA) Fourteen94 Accounting and Business Services (Pty) Ltd

Contents

Audit Committee Report

This report is provided by the audit committee appointed in respect of the 2018 financial year of WG Wearne Limited.

1. Members of the Audit Committee

The members of the audit committee are all independent non-executive directors of the group and include:

Name	Qualification	Changes
PF Mojono (Chairman)	B.Eng Chemical Engineering	Appointed 25 January 2018
WP van der Merwe	Bcom (Hons) CA(SA)	
K Maelane		Appointed 6 September 2021

Former committee members

Name	Changes
TS Chauke	Resigned 27 July 2018
MM Patel	Resigned 30 September 2017
MBA Hoosen	Appointed 13 August 2019, resigned 24 June 2021

The committee is satisfied that the members thereof have the required knowledge and experience as set out in Section 94(5) of the Companies Act of South Africa and Regulation 42 of the Companies Regulation, 2011.

The Committee's charter promotes the overall effectiveness of corporate governance in accordance with the King IV Report. Further it provides for the monitoring of the group's compliance with disclosure requirements, relevant laws and regulations and its own code of conduct. The Audit Committee charter is reviewed annually.

2. Meetings held by the Audit Committee

The audit committee performs the duties laid upon it by Section 94(7) of the Companies Act of South Africa by holding meetings with the key role players on a regular basis and by the unrestricted access granted to the external auditors.

The committee held 4 scheduled meetings during 2018 and all the members of the committee attended all the meetings.

Special meetings are convened as required. The external auditors and executive management are invited to attend every meeting.

The Committee annually conducts a self-assessment and the board in addition evaluates the Committee, based on several factors including:

- Expertise
- Inquiring attitude, objectivity, and independence
- Judgement
- Understanding of the business
- Understanding of and commitment to the Committee's duties and responsibilities
- Willingness to devote the time needed to prepare for and participate in Committee deliberations
- Timely responses
- Attendance at meetings

The assurance provided by the Audit Committee serves to assist the board in fulfilling its disclosure obligations to report annually to shareholders on the effectiveness of the group's system of internal financial control and risk management procedures.

In terms of the Companies Act and the JSE Listings Requirements, the Audit Committee has considered and satisfied itself of the appropriateness of the expertise and experience of the CFO in office on 28 February 2018, namely Mr JJ Bierman. The Audit Committee has further satisfied itself that HLB CMA (South Africa) Incorporated, appointed on 6 July 2021 and Mr J du Toit, the designated auditor, are independent of the Group.

The members of the Audit Committee received and reviewed the JSE's Reports on proactive monitoring of financial statements issued on 11 February 2016 ("the 2015 report") as well as the report issued on 13 February 2017 ("the 2016 report").

The Committee members were all satisfied with the functioning of the Committee. The board was also satisfied that the Committee members collectively have sufficient academic qualifications or experience in economics, law, corporate governance, finance, accounting, commerce, industry, public affairs and human resource management as required by section 94(5) of the Companies Act, read with Regulation 42.

Audit Committee Report

3. External auditor

The committee satisfied itself through enquiry that the external auditors are independent as defined by the Companies Act of South Africa and as per the standards stipulated by the auditing profession. Requisite assurance was sought and provided by the Companies Act of South Africa that internal governance processes within the firm support and demonstrate the claim to independence.

The audit committee in consultation with executive management, agreed to the terms of the engagement. The audit fee for the external audit has been considered and approved taking into consideration such factors as the timing of the audit, the extent of the work required and the scope.

4. Internal control

The Audit Committee performed an assessment of the effectiveness of the group's system of internal control and risk management, including internal financial controls. This assessment conducted formed the basis for the Audit Committee's recommendation to the board that nothing has come to the attention of the Committee that would suggest that the prevailing internal controls are not, in all material aspects, effective. Subsequently, upon performance of the audit for the 2021 year, certain internal control deficiencies were identified and reported to management.

The Audit Committee recommended the annual financial statements for the year ended 28 February 2018, for approval to the board. The board has subsequently approved the annual financial statements which will be open for discussion at the forthcoming annual general meeting. The Audit Committee is satisfied that appropriate risk management processes are in place and has obtained combined assurance given by the external auditors and management.

5. Consolidated and Separate Annual Financial Statements

Following the review of the consolidated and separate annual financial statements the audit committee recommend board approval thereof.

On behalf of the audit committee

PT Mojono
Chairman Audit Committee

07 September 2022

Directors' Responsibilities and Approval

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

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

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated and separate annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the group's cash flow forecast and, in light of this review and the current financial position, they are satisfied that the group has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the group's consolidated and separate annual financial statements. The consolidated and separate annual financial statements have been examined by the group's external auditors and their report is presented on pages 12 to 15.

The consolidated and separate annual financial statements set out on pages 16 to 80, which have been prepared on the going concern basis, were approved by the board on 07 September 2022 and were signed on their behalf by:

Approval of financial statements

SJ Wearne

CEO Statement on Internal Financial Controls

The director, whose name is stated below, hereby confirms that:

(a) the consolidated and separate annual financial statements set out on pages 16 to 80, fairly present in all material respects the financial position, financial performance and cash flows of the group in terms of IFRS;

(b) no facts have been omitted or untrue statements made that would make the consolidated and separate annual financial statements false or misleading

(c) internal financial controls have been put in place to ensure that material information relating to the group and its subsidiaries have been provided to effectively prepare the consolidated and separate annual financial statements of the group; and

(d) the internal financial controls are adequate and effective and can be relied upon in compiling the consolidated and separate annual financial statements, having fulfilled my role and function within the combined assurance model pursuant to principle 15 of the King Code. Where I am not satisfied, I have disclosed to the audit committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action.

SJ Wearne
Chief Executive Officer

07 September 2022

Group Secretary's Certification

In terms of Section 88(2)(e) of the Companies Act of South Africa, I confirm in my capacity as Company Secretary of WG Wearne Limited, that to the best of my knowledge and belief, in respect of the year under review, that group has lodged with the Companies and Intellectual Property Commission all such returns and notices as are required of a public company in terms of the Companies Act of South Africa and that all such returns and notices appear true, correct and up to date.

CL Middlemiss
Company Secretary

07 September 2022

Directors' Report

The directors have pleasure in submitting their report on the consolidated and separate annual financial statements of WG Wearne Limited for the year ended 28 February 2018.

1. Nature of business

WG Wearne Limited was incorporated in South Africa. The principal activities of the company and its subsidiaries are the mining, manufacturing, marketing and transport of crushed stone, sand and ready-mixed concrete in the Gauteng, North West, Limpopo and KwaZulu-Natal Provinces, all of which are in the Republic of South Africa. Contracting services are also offered throughout the country.

There have been no material changes to the nature of the group's business from the prior year.

2. Review of financial results and activities

The consolidated and separate annual financial statements have been prepared in accordance with International Financial Reporting Standards, the Listings Requirements of the JSE Limited and the requirements of the Companies Act of South Africa. The accounting policies have been applied consistently compared to the prior year, except for the adoption of new or revised accounting standards as set out in note 2.

The current year performance saw the group make a basic headline loss per share of 5.20 cents (2017: 14.14 cents) and basic and diluted loss from continuing and discontinued operations of 11.35 cents (2017: 9.45 cents). The net asset value per share decreased to 4.96 cents (2017:13.24 cents).

Full details of the financial position, results of operations and cash flows of the group are set out in these consolidated and separate annual financial statements.

Comparative figures have been restated as outlined in note 39 of the annual financial statements.

3. Share capital

There have been no changes to the authorised or issued share capital during the year under review.

4. Dividends

The board of directors has resolved not to declare a dividend for the financial year ended 28 February 2018 (2017: Rnil).

5. Directorate

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

Directors	Designation	Changes
SJ Wearne	Executive	
AJ Badenhorst	Executive	Appointed 01 March 2022
WP van der Merwe	Non-executive Independent	
PF Mojona	Non-executive Independent	Appointed 25 January 2018
KC Maelane	Non-executive Independent	Appointed 06 September 2021
NS Janse van Rensburg	Executive	Appointed 1 February 2021, resigned 28 February 2022
JJ Bierman	Executive	Resigned 10 August 2018
TS Chauke	Non-executive Independent	Appointed 22 March 2017, resigned 27 July 2018
MM Patel	Executive	Resigned 30 September 2017
DA Oosthuizen	Executive	Appointed 01 September 2018, resigned 23 April 2019
MBA Hoosen	Non-executive	Appointed 13 August 2019, resigned 24 June 2021

Directors' Report

6. Directors' interests in shares

The directors of the company held interests in its issued ordinary shares, as set out below.

	2018 Indirect beneficial	2017 Indirect beneficial	2018 % Holding	2017 % Holding
SJ Wearne *	22 180 400	22 180 400	8.02 %	8.02 %
WP van der Merwe	3 400 000	3 400 000	1.23 %	1.23 %
	25 580 400	**25 580 400**	**9.25 %**	**9.25 %**

* SJ Wearne is also a beneficiary of the Samant Trust.

Beneficiaries of the Samant Trust hold 49,588,967 shares in the company

SJ Wearne has acquired an additional 1,000,000 shares on 7 August 2017, no other changes have occurred in director shareholding since year end up until the date of this report.

There have been no changes in beneficial interests that occurred between the end of the reporting period and the date of this report.

7. Directors' interests in contracts

During the financial year, no contracts were entered into which directors or officers of the group had an interest and which significantly affected the business of the group.

8. Property, plant and equipment

There was no change in the nature of the property, plant and equipment of the group or in the policy regarding their use.

9. Disposals

As part of the re-structuring plan developed in the 2017 financial year, the board, decided prior to year end 28 February 2017 to dispose of the Brandvlei Quarry as a going concern which was announced on SENS on 04 April 2017. Brandvlei's assets and liabilities were reclassified as a disposal group held for sale in the statement of financial position in 2017 and the remaining assets not yet sold in 2018. (Refer note 14.)

The company sold 50% of its share in subsidiary Wearne Quarries Natal (Pty) Ltd in October 2017. The subsidiary was dormant at the time. The remaining 50% was sold by WG Wearne Ltd to its subsidiary Wearne Aggregates (Pty) Ltd. (Refer note 6 and 7.)

10. Interests in subsidiaries and joint arrangements

Details of interests in subsidiary companies and joint arrangements are presented in the consolidated and separate annual financial statements in note 6 and 7.

There were no significant acquisitions during the year ended 28 February 2018.

11. Borrowing powers

In terms of the Memorandum of Incorporation, the borrowing powers of the group are unlimited. However all borrowings by the group are subject to board approval as required by the board delegation of authority. However, in terms of the Loan Agreement with the IDC the company shall not without prior written consent from the IDC lend an excess of R 5 million per calendar year except if such liabilities are incurred in the ordinary course of business.

Directors' Report

12. Special resolutions

At the company's Annual General Meeting held on 26 November 2021, the following special resolutions were passed:

- Non-executive directors' remuneration for the 2019, 2020, 2021 and 2022 year was approved by the shareholders;
- Authority was given to the Board of Directors to authorise the company to provide any direct or indirect financial assistance to any related or inter-related company of the group; and
- Authority was given to the Board of Directors to authorise the company to provide financial assistance in terms of Sections 44 of the Companies Act of South Africa, with the exclusion of providing financial assistance to any director or prescribed officer of the company, or a person related to such director or prescribed officer.

13. Litigation statement

The group is not currently involved in any such claims or lawsuits, which individually or in the aggregate, are expected to have a material adverse effect on the business or its assets.

14. Reportable irregularities

In terms of the Auditing Profession Act, No. 26 of 2005, section 45 – Duty to report on irregularities, the following irregularities occurred and have been reported to the Independent Regulatory Board for Auditors (IRBA) on 10 January 2022:

Contraventions of the VAT and Income Tax Acts:

Payments in respect of submitted VAT and EMP returns were not made to SARS. The group has submitted a formal compromise proposal to SARS to settle all outstanding liabilities and are awaiting feedback thereon.

Contraventions of the Companies Act:

The group failed to obtain special resolutions from shareholders authorising the provision of financial assistance to related parties and did not perform formal solvency and liquidity tests as required by section 45 of the Companies Act. At a general meeting held on 26 November 2021, special resolutions were passed by shareholders authorising the provision of financial assistance to related parties.

Contraventions of the Compensation for Occupational Injuries and Diseases Act:

The group failed to pay outstanding balances due to the Workmen's Compensation Fund in terms of the Compensation for Occupational Injuries and Diseases Act. The group is engaging with the Commissioner to agree on settlement of the outstanding balances.

Contraventions of the Pension Funds Act:

The group failed to pay pension and provident fund contributions to the respective pension and provident funds. The group settled the outstanding pension fund balances in July 2018 and received a payment holiday from 1 October 2017 until September 2018. The outstanding provident balances was settled in July 2019.

Directors' Report

15. Going concern

We draw attention to the fact that at 28 February 2018, the group had accumulated losses of R 215 million (2017: 185 million) and the company had accumulated losses of R 166 million (2017: 177 million).

The consolidated and separate annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Subsequent to 28 February 2018 the group sold the Muldersdrift Quarry business as a going concern for R9 million on 3 December 2019. A three year lease agreement for the land of the Muldersdrift Quarry was also signed. These funds was used to enter into a settlement agreement for the outstanding amount that was owed to ABSA bank .The settlement agreement was signed on 4 February 2020. An initial payment of R10 million was made together with monthly payments until the full balance was settled.

A sale of Letting Enterprise agreement to the value of R 32.5 million and a sale of Mining Right Agreement to the value of R8 million were also signed with tenant of the Property on 3 December 2019. The conditions precedent on these two agreements was unfortunately not met and the agreements were cancelled. The group is currently looking for a new buyer of the property and mining right which will become available when the current lease expires on 3 December 2022.

On 5 March 2021 a new consolidated five- year loan agreement was signed with the Industrial Development Corporation of South Africa. In terms of the new loan agreement the loan is repayable in monthly instalments with a bullet payment once the Muldersdrift property is sold.

The group has also submitted a compromise proposal to SARS regarding the outstanding debts owed to SARS. The outcome of the compromise proposal is subject to the sale of the Muldersdrift property. Currently SARS are waiting for the sale of the property to materialise.

All the above turnaround initiatives as well as further restructuring of the Ready Mixed Concrete business has led the directors to believe that company and group 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 and group. The ability of the company and group to continue as a going concern is dependent on a number of factors. The most significant of these is the on-going Nedbank invoice Discounting facility, as well as SARS acceptance of the compromise proposal.

16. Events after the reporting period

In addition to the subsequent events outlined in the aforementioned going concern paragraph 15, the following event occurred:

Covid-19

On the 23rd March 2020 a nationwide lockdown in South Africa was announced following the worldwide outbreak of the Covid-19 pandemic.

The directors have considered the ongoing and future economic impact and implications of Covid-19 to the company and group and are sufficiently satisfied that the company will continue as a going concern in the foreseeable future and that there is no impact on the fair value assessments of the financial instruments held by the company and group at 28 February 2018.

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

17. Auditors

HLB CMA (South Africa) Incorporated were appointed as auditors for the company and its major subsidiaries for 2018.

18. Secretary

The company secretary is Mrs CL Middlemiss.

19. Acknowledgements

Thanks and appreciation are extended to all of our shareholders, staff, suppliers and consumers for their continued support of the group.

CMA Office & Conference Park
2nd Road, Midrand, 1685
Private Bag X168
Halfway House, 1685
Tel: (011) 315 0215
www.hlbisouthafrica.co.za

Independent Auditor's Report

To the shareholders of WG Wearne Limited and its subsidiaries

Report on the Audit of the Annual Financial Statements

Qualified Opinion, including Disclaimer of Opinion on the Financial Performance and Cash Flows

We have audited the consolidated and separate annual financial statements of WG Wearne Limited and its subsidiaries (the Group) set out on pages 16 - 80, which comprise the statement of financial position as at 28 February 2018, 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 annual financial statements, including a summary of significant accounting policies.

We do not express an opinion on the financial performance and cash flows of the Group for the year ended 28 February 2018. Because of the significance of the matter described in the Basis for Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial performance and cash flows.

In our opinion, except for the possible effects of the matter described in the Basis for Opinion section of our report on the comparability of the current year's financial position with that of the prior year, the annual financial statements present fairly, in all material respects, the financial position of the Group as at 28 February 2018, in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Qualified Opinion, including Basis for Disclaimer of Opinion on the Financial Performance and Cash Flows

Qualification on Opening Balances

We were unable to obtain sufficient appropriate audit evidence to substantiate the balances included in the comparative figures. Included in the opening balances brought forward are certain current and non-current assets and liabilities, the existence, valuation, recoverability, and completeness of which could not be sufficiently verified.

Qualification on Non-Current Assets Held for Sale

The plant and equipment forming part of the disposal group of the Brandvlei Quarry have not been classified as held for sale and therefore the balance reflected in the Statement of Financial Position is not complete.

Disclaimer on Financial Performance and Cash Flows

We were unable to obtain sufficient appropriate audit evidence to substantiate the balances included in the comparative figures. Since opening balances enter into the determination of the financial performance and cash flows, we were unable to determine whether adjustments might have been necessary in respect of the movements in the statements of comprehensive income, the net cash flows from operating activities reported in the statement of cash flows and the changes in the equity reported in the statement of changes in equity.

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual Financial Statements section of our report. We are independent of the group in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of annual financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 37 to the annual financial statements, which indicates that the group incurred a net loss of R 31 million during the year ended 28 February 2018. The note states that these events or conditions, along with other matters as set forth in Note 37 to the annual financial statements, indicate that a material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

In addition to the matter described in the Basis for Opinion section and the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
1) Effects of COVID-19 COVID-19 effect on audit communication with management and those charged with governance.	By utilisation of technology for data transfers and alternative methods of communication for meetings, the audit was conducted remotely. Where physical presence at the audit client influenced the ability to obtain reasonable assurance with regards to certain assertions, alternative approaches were designed to obtain such reasonable assurance.
2) Internal Controls As per ISA315, understanding the entity and its environment, we were unable to obtain corroborative evidence to establish whether the internal controls have been implemented.	No reliance was placed on internal controls, instead a substantive and analytical audit approach was adopted.
3) Laws and regulations The entity did not comply with JSE listing requirements. In addition to the above, we also make note of the reportable irregularities which have been reported to the IRBA, as set out in the Report on Other Legal and Regulatory Requirements section of our audit report.	The non-compliance is being addressed by the entity, who have reached an agreement with the JSE to comply with all requirements in due course.
4) Property, plant and equipment Revaluation of property, plant and equipment not properly accounted for in the underlying accounting records of the entity.	The fixed asset register was re-drafted by the entity to comply with the Companies Act 71 of 2008 and to reflect the correct values. The accounting records were also amended accordingly.
5) Investments in subsidiaries Unaudited Noordvaal Crushers subsidiary included in the consolidated annual financial statements.	The trial balance of Noordvaal Crushers was reviewed and material account balances were verified to supporting documents.

Key audit matter	How our audit addressed the key audit matter
6) Opening balances Unable to obtain sufficient appropriate audit evidence regarding opening balances.	A modification to the Auditor's Opinion is expressed in accordance with ISA705 and the matter will be report to those charged with governance.
7) Journal entries There was a lack of sufficient appropriate audit evidence relating to certain journal entries. ISA 315 A147 stipulates that this is indicative of a significant deficiency in internal controls.	These journals entries were evaluated to determine to which accounts the journal entries were processed and if they appear reasonable based on the entities business and accounting function. The matter will also be reported to those charged with governance.
8) Non-Current Assets Held for Sale Plant and equipment forming part of the disposal group of the Brandvlei Quarry have not been classified as held for sale and therefore the balance reflected in the Statement of Financial Position is not complete.	A modification to the Auditor's Opinion is expressed in this regard.
9) Financial Performance and Cash Flows Sufficient appropriate audit evidence regarding opening balances could not be provided. Since opening balances enter into the determination of the financial performance and cash flows, we were unable to determine whether adjustments might have been necessary in respect of the movements in the statements of comprehensive income, the net cash flows from operating activities reported in the statement of cash flows and the changes in the equity reported in the statement of changes in equity.	A modification to the Auditor's Opinion is expressed in this regard.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "WG Wearne Limited separate and consolidated annual financial statements for the year ended 28 February 2018", which includes the Directors' Report and the Group Secretary's Certification as required by the Companies Act of South Africa. The other information does not include the annual financial statements and our auditor's report thereon.

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

The directors are responsible for the preparation and fair presentation of the annual financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual 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 International Standards on Auditing 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 annual financial statements.

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

- Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's 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 annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual 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.

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

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

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that HLB CMA South Africa Incorporated has been the auditor of WG Wearne Limited for 1 year.

In accordance with our responsibilities in terms of sections 44(2) and 44(3) of the Auditing Profession Act, we report that we have identified reportable irregularities in terms of the Auditing Profession Act. We have reported such matters to the Independent Regulatory Board for Auditors. The matter pertaining to the reportable irregularity has been described in the Directors' Report Note 14 to the annual financial statements.

HLB CMA South Africa Incorporated
Registered Auditors

Jeandre Du Toit
Director
07 September 2022

Statement of Financial Position as at 28 February 2018

		Group			Company		
Figures in Rand thousand	Note(s)	2018	2017 Restated	2016 Restated	2018	2017 Restated	2016 Restated
Assets							
Non-Current Assets							
Property, plant and equipment	4	257 801	259 146	325 247	162 518	160 419	217 451
Intangible assets	5	2 384	4 125	4 969	-	-	-
Investments in subsidiaries	6	-	-	-	3	3	2
Trade and other receivables	8	5 648	4 395	-	5 648	4 395	-
Investments at fair value	9	6 746	6 366	6 167	-	-	-
Deferred tax	10	-	1 851	4 851	-	-	-
		272 579	**275 883**	**341 234**	**168 169**	**164 817**	**217 453**
Current Assets							
Inventories	11	16 075	17 967	27 642	28	855	1 143
Loans to group companies	12	-	-	-	1 856	1 856	-
Trade and other receivables	8	35 111	51 684	48 195	6 496	22 074	10 509
Cash and cash equivalents	13	1 709	640	633	1 060	146	14
		52 895	**70 291**	**76 470**	**9 440**	**24 931**	**11 666**
Non-current assets held for sale and assets of disposal groups	14	3 746	7 877	21 291	3 746	6 642	-
Total Assets		**329 220**	**354 051**	**438 995**	**181 355**	**196 390**	**229 119**
Equity and Liabilities							
Equity							
Share capital	15	178 357	178 357	178 357	181 837	181 837	181 837
Reserves		49 951	41 664	52 703	21 083	3 296	21 699
Accumulated loss		(214 926)	(184 305)	(194 612)	(166 211)	(176 628)	(186 406)
		13 382	**35 716**	**36 448**	**36 709**	**8 505**	**17 130**
Liabilities							
Non-Current Liabilities							
Other financial liabilities	18	75 314	59 229	128 576	75 193	51 335	110 044
Deferred tax	10	11 939	18 881	16 423	1 468	-	-
Provisions	19	8 200	7 885	11 062	-	-	-
		95 453	**85 995**	**156 061**	**76 661**	**51 335**	**110 044**
Current Liabilities							
Trade and other payables	20	157 352	100 386	149 631	35 358	30 972	53 850
Other financial liabilities	18	39 505	108 971	56 681	30 588	94 177	42 173
Current tax payable		55	55	55	-	-	-
Bank overdraft	13	23 473	22 344	23 492	2 039	11 401	5 922
		220 385	**231 756**	**229 859**	**67 985**	**136 550**	**101 945**
Liabilities of disposal groups	14	-	584	16 627	-	-	-
Total Liabilities		**315 838**	**318 335**	**402 547**	**144 646**	**187 885**	**211 989**
Total Equity and Liabilities		**329 220**	**354 051**	**438 995**	**181 355**	**196 390**	**229 119**

Refer to note 39 for details of prior period restatements.

Statement of Profit or Loss and Other Comprehensive Income

		Group		Company	
Figures in Rand thousand	Note(s)	2018	2017 Restated	2018	2017 Restated
Continuing operations					
Revenue	21	339 387	389 440	122 437	116 728
Cost of sales	22	(267 625)	(343 838)	(85 566)	(77 940)
Gross profit		**71 762**	**45 602**	**36 871**	**38 788**
Other operating income and gains	23	29 670	23 658	41 883	15 992
Other operating expenses		(131 635)	(63 869)	(75 094)	(51 589)
Operating (loss) profit	24	**(30 203)**	**5 391**	**3 660**	**3 191**
Investment income	25	24 560	182	21 053	64
Finance costs	26	(31 917)	(25 867)	(15 958)	(13 949)
(Loss) profit before taxation		**(37 560)**	**(20 294)**	**8 755**	**(10 694)**
Taxation	27	6 632	(6 099)	1 662	(1 667)
(Loss) profit from continuing operations		**(30 928)**	**(26 393)**	**10 417**	**(12 361)**
Discontinued operations					
Profit from discontinued operations	14	307	909	-	-
(Loss) profit for the year		**(30 621)**	**(25 484)**	**10 417**	**(12 361)**
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Gains on property revaluation		11 056	34 135	24 704	5 189
Gains on valuation of investments in equity instruments		327	175	-	-
Income tax relating to items that will not be reclassified		(3 096)	(9 558)	(6 917)	(1 454)
Total items that will not be reclassified to profit or loss		**8 287**	**24 752**	**17 787**	**3 735**
Other comprehensive income for the year net of taxation		**8 287**	**24 752**	**17 787**	**3 735**
Total comprehensive (loss) income for the year		**(22 334)**	**(732)**	**28 204**	**(8 626)**
(Loss) profit attributable to:					
Owners of the parent:					
From continuing operations		(30 928)	(26 393)	10 417	(12 361)
From discontinued operations		307	909	-	-
		(30 621)	**(25 484)**	**10 417**	**(12 361)**
Basic and diluted earnings (loss) per share (c)					
Continuing operations		(11.46)	(9.79)	3.82	(4.53)
Discontinued operations		0.11	0.34	-	-
	35	**(11.35)**	**(9.45)**	**3.82**	**(4.53)**

Refer to note 39 for details of prior period restatements.

Statement of Changes in Equity

Figures in Rand thousand	Share capital	Share premium	Total share capital	Revaluation reserve	Reserve for valuation of investments	Total reserves	Accumulated loss	Total equity
Group								
Opening balance as previously reported	273	178 084	178 357	57 326	1 392	58 718	(194 842)	42 233
Adjustments								
Prior period error	-	-	-	(6 015)	-	(6 015)	230	(5 785)
Balance at 01 March 2016 - restated	**273**	**178 084**	**178 357**	**51 311**	**1 392**	**52 703**	**(194 612)**	**36 448**
Loss for the year - restated	-	-	-	-	-	-	(25 484)	(25 484)
Other comprehensive income - restated	-	-	-	24 577	175	24 752	-	24 752
Total comprehensive loss for the year - restated	-	-	-	**24 577**	**175**	**24 752**	**(25 484)**	**(732)**
Transfer between reserves - restated	-	-	-	(35 791)	-	(35 791)	35 791	-
Balance at 01 March 2017 - restated	**273**	**178 084**	**178 357**	**40 097**	**1 567**	**41 664**	**(184 305)**	**35 716**
Loss for the year	-	-	-	-	-	-	(30 621)	(30 621)
Other comprehensive income	-	-	-	7 960	327	8 287	-	8 287
Total comprehensive loss for the year	-	-	-	**7 960**	**327**	**8 287**	**(30 621)**	**(22 334)**
Balance at 28 February 2018	**273**	**178 084**	**178 357**	**48 057**	**1 894**	**49 951**	**(214 926)**	**13 382**
Note(s)	15	15	15	16	17			

Refer to note 39 for details of prior period restatements.

Statement of Changes in Equity

Figures in Rand thousand	Share capital	Share premium	Total share capital	Revaluation reserve	Reserve for valuation of investments	Total reserves	Accumulated loss	Total equity
Company								
Opening balance as previously reported	276	181 561	181 837	53 070	-	53 070	(186 271)	48 636
Adjustments								
Prior period error	-	-	-	(31 371)	-	(31 371)	(135)	(31 506)
Balance at 01 March 2016 as restated	**276**	**181 561**	**181 837**	**21 699**	**-**	**21 699**	**(186 406)**	**17 130**
Loss for the year - restated	-	-	-	-	-	-	(12 361)	(12 361)
Other comprehensive income	-	-	-	3 736	-	3 736	-	3 736
Total comprehensive loss for the year - restated	**-**	**-**	**-**	**3 736**	**-**	**3 736**	**(12 361)**	**(8 625)**
Transfer between reserves	-	-	-	(22 139)	-	(22 139)	22 139	-
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**-**	**(22 139)**	**-**	**(22 139)**	**22 139**	**-**
Balance at 01 March 2017 - restated	**276**	**181 561**	**181 837**	**3 296**	**-**	**3 296**	**(176 628)**	**8 505**
Loss for the year	-	-	-	-	-	-	10 417	10 417
Other comprehensive income	-	-	-	17 787	-	17 787	-	17 787
Total comprehensive loss for the year	**-**	**-**	**-**	**17 787**	**-**	**17 787**	**10 417**	**28 204**
Balance at 28 February 2018	**276**	**181 561**	**181 837**	**21 083**	**-**	**21 083**	**(166 211)**	**36 709**
Note(s)	15	15	15	16	17			

Refer to note 39 for details of prior period restatements.

Statement of Cash Flows

		Group		Company	
Figures in Rand thousand	Note(s)	2018	2017 restated	2018	2017 restated
Cash flows from operating activities					
Cash generated from (used in) operations	28	59 510	26 180	17 222	(10 464)
Interest income		570	129	270	64
Net cash from operating activities		**60 080**	**26 309**	**17 492**	**(10 400)**
Cash flows from investing activities					
Purchase of property, plant and equipment	4	(8 227)	(23 507)	(2 950)	(12 781)
Proceeds on sale of property, plant and equipment	4	9 094	66 849	2 970	39 674
Proceeds on sale of other intangible assets	5	711	-	-	-
Loans to group companies repaid		-	-	23 851	17 872
Dividends received		68	53	-	-
Net cash from investing activities		**1 646**	**43 395**	**23 871**	**44 765**
Cash flows from financing activities					
Proceeds from other financial liabilities	29	1 090	24 625	-	19 058
Repayment of other financial liabilities	29	(42 419)	(66 231)	(26 589)	(44 821)
Finance costs		(20 457)	(26 943)	(4 498)	(13 949)
Net cash from financing activities		**(61 786)**	**(68 549)**	**(31 087)**	**(39 712)**
Total cash movement for the year		**(60)**	**1 155**	**10 276**	**(5 347)**
Cash at the beginning of the year		(21 704)	(22 859)	(11 255)	(5 908)
Total cash at end of the year	13	**(21 764)**	**(21 704)**	**(979)**	**(11 255)**

Accounting Policies

1. Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate annual financial statements are set out below.

1.1 Basis of preparation

The consolidated and separate annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these consolidated and separate annual financial statements, the Listings Requirements of the JSE Limited and the Companies Act of South Africa of South Africa, as amended.

These consolidated and separate annual financial statements comply with the requirements of the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

The consolidated and separate annual financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Rands, which is the group and company's functional currency.

These accounting policies are consistent with the previous period, except for the changes set out in note 2.

1.2 Consolidation

Basis of consolidation

The consolidated and separate annual financial statements incorporate the annual financial statements of the company and all subsidiaries. Subsidiaries are entities (including structured entities) which are controlled by the group.

The group has control of an entity when it is exposed to or has rights to variable returns from involvement with the entity and it has the ability to affect those returns through use its power over the entity.

The results of subsidiaries are included in the consolidated and separate annual financial statements from the effective date of acquisition to the effective date of disposal.

All inter-company transactions, balances, and unrealised gains on transactions between group companies are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Investments in subsidiaries in the separate financial statements

In the company's separate financial statements, investments in subsidiaries are carried at cost less any accumulated impairment losses..

1.3 Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. A joint arrangement is either a joint operation or a joint venture.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The joint venture entered into by the group is detailed in note 7. The joint venture did not commence operations in the current year and was not significant to the group.

Investments in joint ventures in the separate financial statements

In the company's separate financial statements, investments in joint ventures are carried at cost less any accumulated impairment losses.

Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty

The preparation of consolidated and separate annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical judgements in applying accounting policies

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group to realise the net deferred tax assets recorded at the end of the reporting period could be impacted. Refer note 10 for further details.

Key sources of estimation uncertainty

Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer to the individual notes addressing financial assets.

Property, plant and equipment

Management applies judgement and estimates in assessing the appropriateness of the useful lives and residual values of property, plant and equipment at the end of each reporting period, and in doing so considers factors such as the condition of the asset, future anticipated use based on product demand and the feasibility of future maintenance costs as a consideration to alternatively replacing the asset. The details of useful lives are disclosed in policy note 1.5.

Significant judgement is required in the valuation classes of property, plant and equipment measured according to the revaluation model. In valuing these classes of assets the group makes use of independent experts. Information about the specific techniques and inputs of the various assets is disclosed in note 4.

Impairment of non-financial assets

The group assesses at each reporting date whether there is any indication that an asset may be impaired by applying internal and external impairment indicators. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets. Details of these assumptions have been applied in the relevant accounting policies and notes to the annual financial statements.

Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

Provisions

The group makes provision for decommissioning and quarry rehabilitation. Provisions are inherently based on assumptions and estimates using the best information available. Additional disclosure of these estimates of provisions are included in note 1.15 and 19.

Inventory

A significant portion of the group's inventory relates to aggregate that is held in stockpiles at various locations. The determination of the volume of a stockpile is complex and requires both a degree of judgement and estimation. Management utilises independent quantity surveyors in order to quantify the volume of aggregate on hand.

1.5 Property, plant and equipment

Property, plant and equipment are tangible assets which the group holds for its own use and which are expected to be used for more than one year.

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 group, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the group and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Major spare parts and stand by equipment which are expected to be used for more than one year are included in property, plant and equipment.

Property, plant and equipment carried according to the cost model

The following classes of property, plant and equipment are carried according to the cost model:

- Motor vehicles;
- Office equipment
- IT equipment; and
- Plant-under-construction (when applicable)

Subsequent to initial recognition, these classes of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Property, plant and equipment carried according to the revaluation model

The following classes of property, plant and equipment are carried according to the revaluation model:

- Land and buildings and
- Plant and machinery

Subsequent to initial recognition, these classes of property, plant and equipment are stated at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting year. Revalued amounts are fair market values based on appraisals prepared by external professional valuers.

The commercial land has been revalued based on fair value whereas quarrying land has been revalued using the value in use based on the life of quarry.

Accounting Policies

1.5 Property, plant and equipment (continued)

When an item of property, plant and equipment is revalued, the gross carrying amount is adjusted consistently with the revaluation of the carrying amount. The accumulated depreciation at that date is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

Any increase in an asset's carrying amount, as a result of a revaluation, is recognised in other comprehensive income and accumulated in the revaluation reserve in equity. The increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in profit or loss in the current year. The decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation reserve in respect of that asset. The decrease recognised in other comprehensive income reduces the amount accumulated in the revaluation reserve in equity.

The revaluation reserve related to a specific item of property, plant and equipment is transferred directly to retained income when the asset is derecognised.

The revaluation reserve related to a specific item of property, plant and equipment is transferred directly to retained income as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset, net of deferred tax.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Assets relating to quarry resources are classified as tangible assets and are capitalised to the cost of land. Stripping costs in the production phase of a quarry are capitalised to the cost of land and are depreciated over the expected useful life of the quarry.

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 group. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

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

Item	Depreciation method	Average useful life
Buildings	Straight line	20 - 50 years
Plant and machinery	Straight line	1 - 15 years
Motor vehicles	Straight line	5 - 10 years
Office equipment	Straight line	5 - 10 years
IT equipment	Straight line	2 - 3 years
Land: commercial land	Straight line	Indefinite
Land: quarry	Straight line	Life of quarry

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

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

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

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.

Accounting Policies

1.6 Intangible assets

An intangible asset is recognised when:
- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost and subsequently carried at cost less any accumulated amortisation and any impairment losses.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Mineral rights	Straight line	Period over which rights are granted

1.7 Financial instruments

Financial instruments held by the group are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Note 34 Financial instruments and risk management presents the financial instruments held by the group based on their specific classifications.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the group are presented below:

Financial assets at amortised cost

Classification

Trade and other receivables (note 8), loans to group companies (note 12) and cash and cash equivalents (note 13) are classified as financial assets subsequently measured at amortised cost.

They have been classified in this manner because the contractual terms of these financial assets give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the group's business model is to collect the contractual cash flows on these financial assets.

Recognition and measurement

Financial assets at amortised cost are recognised when the group becomes a party to the contractual provisions of the financial assets. The financial assets are measured, at initial recognition, at fair value plus transaction costs, if any. A trade receivable without a significant financing component is initially measured at the transaction price.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the financial assets initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Application of the effective interest method

For financial assets which contain a significant financing component, interest income is calculated using the effective interest method, and is included in profit or loss in investment income.

The application of the effective interest method to calculate interest income on a financial asset is dependent on the credit risk of the amount as follows:

- The effective interest rate is applied to the gross carrying amount of the financial asset, provided the financial asset is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.

1.7 Financial instruments (continued)

- If a financial asset is purchased or originated as credit-impaired, then a credit-adjusted effective interest rate is applied to the amortised cost in the determination of interest. This treatment does not change over the life of the financial asset, even if it is no longer credit-impaired.

- If a financial asset was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the financial asset in the determination of interest. If, in subsequent periods, the financial asset is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

Impairment

The group recognises a loss allowance for expected credit losses on all financial assets measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective amount.

The group measures the loss allowance for trade receivables and other receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables.

The group measures the loss allowance on loans to group companies and cash and cash equivalents by following the general approach. The loss allowance is measured at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition. If the credit risk on a loan has not increased significantly since initial recognition, then the loss allowance for that loan is measured at 12 month expected credit losses (12 month ECL).

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial asset. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial asset that are possible within 12 months after the reporting date.

In order to assess whether to apply lifetime ECL or 12 month ECL, in other words, whether or not there has been a significant increase in credit risk since initial recognition, the group considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than at evidence of a loan being credit impaired at the reporting date or of an actual default occurring.

Significant increase in credit risk

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring as at the date of initial recognition.

The group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the counterparties operate, as well as consideration of various external sources of actual and forecast economic information.

Irrespective of the outcome of the above assessment, the credit risk on a financial asset is always presumed to have increased significantly since initial recognition if the contractual payments are more than 30 days past due, unless the group has reasonable and supportable information that demonstrates otherwise.

The group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increases in credit risk before the amount becomes past due.

By contrast, if a financial asset is assessed to have a low credit risk at the reporting date, then it is assumed that the credit risk on the financial asset has not increased significantly since initial recognition. A financial asset is considered to have a low credit risk if there is a low risk of default based on the following definition of default.

Accounting Policies

1.7 Financial instruments (continued)

Definition of default

For purposes of internal credit risk management purposes, the group considers that a default event has occurred if there is either a breach of financial covenants by the counterparty, or if internal or external information indicates that the counterparty is unlikely to pay its creditors in full (without taking collateral into account).

Irrespective of the above analysis, the group considers that default has occurred when a payment for a financial asset is more than 90 days past due unless there is reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Write off policy

The group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the group 'recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default.

The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as afore-mentioned described. The exposure at default is the gross carrying amount of the financial asset at the reporting date.

Lifetime ECL is measured on a collective basis in cases where evidence of significant increases in credit risk are not yet available at the individual instrument level. Financial assets are then grouped in such a manner that they share similar credit risk characteristics, such as nature of the loan, external credit ratings (if available), industry of counterparty, etc.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the group has measured the loss allowance for a financial asset at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the group measures the loss allowance at an amount equal to 12 month ECL at the current reporting date, and visa versa.

The group makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality. Details of the provision matrix is presented in note 8.

An impairment gain or loss is recognised for all receivables in profit or loss with a corresponding adjustment to their carrying amount through a loss allowance account. The impairment loss is included in operating expenses in profit or loss as a movement in credit loss allowance.

Credit risk

Details of credit risk related to financial assets are included in the specific notes and the financial instruments and risk management (note 34).

Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount, which is based on their amortised cost.

Accounting Policies

1.7 Financial instruments (continued)

Investments in equity instruments

Classification

Investments in equity instruments are presented in note 9. They are classified as mandatorily at fair value through profit or loss. As an exception to this classification, the group may make an irrevocable election, on an instrument by instrument basis, and on initial recognition, to designate certain investments in equity instruments as at fair value through other comprehensive income.

Recognition and measurement

Investments in equity instruments are recognised when the group becomes a party to the contractual provisions of the instrument. The investments are measured, at initial recognition, at fair value. Transaction costs are added to the initial carrying amount for those investments which have been designated as at fair value through other comprehensive income. All other transaction costs are recognised in profit or loss.

Investments in equity instruments are subsequently measured at fair value with changes in fair value recognised either in profit or loss or in other comprehensive income (and accumulated in equity in the reserve for valuation of investments), depending on their classification.

Fair value gains or losses recognised on investments at fair value through profit or loss are included in other operating gains (losses) (note 24).

Dividends received on equity investments are recognised in profit or loss when the group's right to received the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in interest income (note 25).

Impairment

Investments in equity instruments are not subject to impairment provisions.

Financial liabilities at amortised cost

Classification

Trade and other payables (note 20), other financial liabilities (note 18) and bank overdrafts 13) are classified as financial liabilities and subsequently measured at amortised cost, except for VAT and amounts received in advance included in trade and other payables, which are not financial liabilities and are measured at cost.

Recognition and measurement

Financial liabilities are recognised when the group becomes a party to the contractual provisions. The financial liabilities are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (note 26).

Financial liabilities expose the group to liquidity risk and interest rate risk. Refer to note 34 for details of risk exposure and management thereof.

Accounting Policies

1.7 Financial instruments (continued)

Bank overdrafts

Bank overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Derecognition

Financial assets

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

The group derecognises financial liabilities when, and only when, the group obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Reclassification

Financial assets

The group only reclassifies affected financial assets if there is a change in the business model for managing financial assets. If a reclassification is necessary, it is applied prospectively from the reclassification date. Any previously stated gains, losses or interest are not restated.

The reclassification date is the beginning of the first reporting period following the change in business model which necessitates a reclassification.

Financial liabilities

Financial liabilities are not reclassified.

Financial instruments: IAS 39 comparatives

Classification

The group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date at which the group becomes a party to the contractual provisions of the instrument.

The group has the following non-derivative financial assets: loans and receivables and available-for sale financial assets.

A financial asset classified as available-for-sale that would have met the definition of loans and receivables may be reclassified to loans and receivables if the entity has the intention and ability to hold the asset for the foreseeable future or until maturity.

Loans to (from) group companies

These include loans to and from holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

Loans to group companies are classified as loans and receivables.

Loans from group companies are classified as financial liabilities measured at amortised cost.

Accounting Policies

1.7 Financial instruments (continued)

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Available-for-sale financial assets

The group's investments in equity securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognised in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognised, the cumulative gain or loss in other comprehensive income is transferred to profit or loss.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables comprise trade and other receivables. These include loans to and from holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

1.8 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

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

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

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

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

Accounting Policies

1.9 Leases

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

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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

There were no significant judgments and sources of estimation uncertainty in determining whether a contract is or contains a lease.

Group as lessee

The group has only entered into short-term leases of 12 months or less, or leases of low value assets. The group recognises these lease payments as an operating expense on a straight-line basis.

Company as lessor

The company leases premises to subsidiaries on a short-term lease basis, which are classified as operating leases.

Leases: IAS 17 comparatives

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases – lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

Accounting Policies

1.9 Leases (continued)

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.10 Inventories

Inventories are measured at the lower of cost and net realisable value.

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 is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

The determination of the volume of a stockpile on hand of aggregate is quantified through the use of independent quantity surveyors.

1.11 Non-current assets (disposal groups) held for sale

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

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

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as such.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in profit or loss.

1.12 Impairment of non-financial assets

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

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

Accounting Policies

1.12 Impairment of non-financial assets (continued)

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.13 Share capital and equity

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

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability in the period in which they are declared.

1.14 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.

Defined contribution plans

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

1.15 Provisions and contingencies

Provisions are recognised when:
- the group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

Decommissioning quarry rehabilitation:

Group companies are required to restore quarry and processing sites at the end of their useful lives to a condition acceptable to relevant authorities. A rehabilitation trust fund has been established at request of the regulatory authorities and annual contributions have been made to the trust as required, in order for the ultimate rehabilitation cost to be provided for at the end of the useful life of site.

Quantifying the future costs of these obligations is complex and requires various estimates to be made as well as interpretations of and decisions regarding regulatory requirements, particularly with respect to the degree of rehabilitation required, with reference to the sensitivity of the environmental area surrounding the sites. Consequently, the guidelines issued for quantifying the future rehabilitation cost of a site, as issued by the Department of Minerals and Energy, have been used to estimate future rehabilitation costs.

The expected costs of any decommissioning and rehabilitation programme, discounted to its net present value, are capitalised at the beginning of a project and amortised over the estimated remaining useful life of the quarry.

Accounting Policies

1.15 Provisions and contingencies (continued)

The quantification of future rehabilitation costs was done with input from the following independent experts:

- Survey of the Disturbed Mining Area - Pieter Jacobus Greyling (a Quantity Surveyor, member of Plato as Professional Mine Surveyor 1995, Member.PMS0122; and
- Environmental Sensitivity of Mine Areas - Henk Van Tonder a member of EA Environmental Services CC.

The current year rehabilitation costs were based on a rate per hectare based on the environmental sensitivity of the mine areas multiplied by the disturbed area of the mining operation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 31.

1.16 Revenue from contracts with customers

The group recognises revenue from the following major sources:

Sale of goods
- Ready mixed concrete
- Aggregate

Rendering of services
- Contracting services

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The consideration specified in the contract is the same as the transaction price. The group recognises revenue when the performance obligation relating to each specific contract has been satisfied. There are no performance obligations outstanding at the end of year. Management did not have to apply significant judgement in determining the performance obligations.

At the inception of a contract with a customer, the group assesses the goods or services promised in the contract and identifies as a performance obligation each promise to transfer to the customer either a good or service (or bundle of goods or services) that is distinct; or a series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customer.

Performance obligations are satisfied either at a point in time or over time. Where performance obligations are satisfied over time, the group recognises revenue for the services rendered by reference to the stage of completion of the transaction at reporting date. The group adopts an input method based on the costs incurred to date as a percentage of the total cost of the contract as a measure of the percentage of completion of the contract. Given the nature of the contracts completed over time, this method provides a faithful depiction of the transfer of goods and services for performance obligations satisfied over time.

The performance obligation with respect to the sale of goods is recognised when the group entity has delivered its products to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the product. Delivery does not occur until the products have been delivered to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed or the group has objective evidence that all criteria for acceptance have been satisfied. The performance obligation with respect to provision of services is recognised when the service has been provided to the customer.

When the group performs by transferring goods or services to a customer before the customer transfers any consideration, the amount receivable is disclosed separately as a contract asset. Similarly, if a customer transfers any consideration before the group transfers any corresponding goods or services, the amount received is disclosed separately as a contract liability. There were no contract assets or contract liabilities at year end.

Payments by customers are typically made in within 30 days of revenue being recognised. Where payments are deferred for a period beyond 12 months after revenue being recognised, a significant financing component is included in the contract. Revenue is recognised at the present value of the consideration receivable over the contract period with the balance of the consideration being recognised as finance income over time.

The transaction price is allocated to each performance obligation in a contract on a relative stand-alone selling price basis where contracts have more than one performance obligation. In some instances, the group provides multiple services to customers in a single contract. Where it is the intention of the group to provide an end to end solution, these are considered as an integrated set of activities and treated as a single performance obligation.

Accounting Policies

1.16 Revenue from contracts with customers (continued)

Disaggregation of revenue

The disaggregation of revenue from each category is presented in note 21 of the financial statements.

Revenue: IAS 18 comparative

Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts, volume rebates and value added taxes.

Revenue recognition criteria for the rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction shall be recognised by the reference to the stage of completion of the transaction at the reporting date.

1.17 Rental revenue

- the group will comply with the conditions attaching to them; and
- the grants will be received.

Rental income is recognised as revenue on a straight-line basis over the term of the relevant lease.

1.18 Investment income

Interest income

Income is recognised as interest accrues using the effective interest rate method (that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instruments to the net carrying amount of the financial asset).

Dividend income

Dividend income is recognised when the group's right to receive payment has been established.

1.19 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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.

1.20 Borrowing costs

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

1.21 Basic earnings per share and headline earnings per share

The group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders by the weighted average number of ordinary shares in issue during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares in issue for any dilutive effects. The presentation of headline earnings is not an IFRS requirement, but is required by the JSE Limited. The calculation of headline earnings is done in accordance with SAICA Circular 1/2021.

Accounting Policies

1.22 Segmental reporting

IFRS 8 requires an entity to report financial and descriptive information about its reportable segments, which are operating segments or aggregations of operating segments that meet specific criteria. Operating segments are components of an entity about which separate financial information is available that is evaluated regularly by the chief operating decision maker.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating-decision maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer that makes strategic decisions.

The basis of segmental reporting has been set out in note 36.

2. Changes in accounting policy

The consolidated and separate annual financial statements have been prepared in accordance with International Financial Reporting Standards on a basis consistent with the prior year except for the adoption of the following new or revised standards.

Application of IFRS 16 Leases

In the current year, the group has adopted IFRS 16 Leases (as issued by the IASB in January 2016) in advance of its effective date which is for years beginning on or after 1 January 2019. The date of initial application is 01 March 2017. IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases - Incentives and SIC 27 - Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability, except for short-term leases and leases of low value assets. Details of these new requirements are described in the accounting policy for leases.

IFRS 16 has been adopted by applying the modified retrospective approach, whereby the comparative figures are not restated.

The group undertook a review of all its leasing and financing arrangements in addition and in conjunction to the restatements as outlined in note 39, and concluded that there were no leases which required the recognition of a right-of-use asset or lease liability. Accordingly there has been no impact on the annual financial statements.

Application of IFRS 9 Financial Instruments

In the current year, the group has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRSs in advance of its effective date which is for years beginning on or after 1 January 2018. IFRS 9 replaces IAS 39 Financial Instruments and introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) impairment for financial assets and 3) general hedge accounting. Details of these new requirements are described in the accounting policy for Financial Instruments.

The date of initial application (i.e. the date on which the group has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 01 March 2017. Accordingly, the group has applied the requirements of IFRS 9 to instruments that have not been derecognised as at 01 March 2017 and has not applied the requirements to instruments that have already been derecognised as at 01 March 2017.

The group has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9, and has applied the modified retrospective approach.

Classification and measurement of financial assets

The directors reviewed and assessed the group's existing financial assets as at 01 March 2017 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the group's financial assets as regards to their classification and measurement.

Comparatives in relation to instruments that had not been derecognised as at 01 March 2017 have not been restated as the adoption was considered to have no significant impact on the comparative financial statements.

The adoption of this standard has resulted in more disclosure than would have previously been provided in the annual financial statements.

Loans and receivables

Loans and receivables under IAS 39 that were measured at amortised cost continue to be measured at amortised cost under IFRS 9.

2. Changes in accounting policy (continued)

Investments in equity instruments

The group's investments in equity instruments (neither held for trading nor a contingent consideration arising from a business combination) that were previously classified as available-for-sale financial assets and were measured at fair value at each reporting date under IAS 39 have been designated as at fair value through other comprehensive income. The change in fair value on these equity instruments continues to be accumulated in equity. However, the cumulative amount in equity is no longer reclassified to profit or loss on derecognition of the equity investments.

Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Specifically, IFRS 9 requires the group to recognise a loss allowance for expected credit losses on loans and receivables subsequently measured at amortised cost. In particular, IFRS 9 requires the group to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. On the other hand, if the credit risk on a financial instrument has not increased significantly since initial recognition, the group is required to measure the loss allowance for that financial instrument at an amount equal to 12 months expected credit losses. IFRS 9 also provides a simplified approach for measuring the loss allowance at an amount equal to lifetime expected credit losses for trade receivables.

As at 01 March 2017, the directors reviewed and assessed the group's existing financial assets and amounts due from customers for impairment using reasonable and supportable information that was available without undue cost or effort in accordance with the requirements of IFRS 9 to determine the credit risk of the respective items at the date they were initially recognised, and compared that to the credit risk as at 01 March 2016 and 01 March 2017. The directors concluded that there was no significant impact on the impairment of financial assets at either date.

The methods and assumptions used to assess the expected credit loss allowance has been outlined in note 8.

Classification and measurement of financial liabilities

The application of IFRS 9 has had no impact on the classification and measurement of the group's financial liabilities.

Application of IFRS 15 Revenue from contracts with customers

In the current year, the group has applied IFRS 15 Revenue from Contracts with Customers (as revised in April 2016) and the related consequential amendments to other IFRSs in advance of its effective date which is for years beginning on or after 1 January 2018. IFRS 15 replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue - Barter Transactions Involving Advertising Services.

IFRS 15 introduces a contract-based five step analysis of transactions to determine whether, how much and when revenue is recognised.

The group has applied IFRS 15 with an initial date of application of 1 March 2017. IFRS 15 has been adopted by applying the modified retrospective approach. The implementation of the new standard has not impacted the measurement and timing of the group's revenue recognition.

Notes to the Consolidated and Separate Annual Financial Statements

3. New Standards and Interpretations

3.1 Standards and interpretations effective and adopted in the current year

In the current year, the group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations.

There was no material impact on the future implementation of any of these standards.

Standard/ Interpretation:	Effective date: Years beginning on or after
• Amendments to IFRS 12: Annual Improvements to IFRS 2014 - 2016 cycle	01 January 2017
• Amendments to IAS 7: Disclosure initiative	01 January 2017
• Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses	01 January 2017

3.2 Standards and Interpretations early adopted

The group has chosen to early adopt the following standards and interpretations. Details of the adoption of these standards has been outlined in note 2.

Standard/ Interpretation:	Effective date: Years beginning on or after
• IFRS 16 Leases	01 January 2019
• IFRS 9 Financial Instruments	01 January 2018
• IFRS 15 Revenue from Contracts with Customers	01 January 2018
• Amendments to IFRS 15: Clarifications to IFRS 15 Revenue from Contracts with Customers	01 January 2018

Notes to the Consolidated and Separate Annual Financial Statements

3. New Standards and Interpretations (continued)

3.3 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and may be relevant to the group. The standards and interpretations are mandatory for the group's accounting periods beginning on or after 01 March 2018 or later periods. These standards will be implemented in the applicable year for which they are mandatory.

There is unlikely to be a material impact on the future implementation of any of these standards.

Standard/ Interpretation:	Effective date: Years beginning on or after
• Deferred tax related to assets and liabilities arising from a single transaction - Amendments to IAS 12	01 January 2023
• Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statement 2.	01 January 2023
• Definition of accounting estimates: Amendments to IAS 8	01 January 2023
• Classification of Liabilities as Current or Non-Current - Amendment to IAS 1	01 January 2023
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 1	01 January 2022
• Reference to the Conceptual Framework: Amendments to IFRS 3	01 January 2022
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 9	01 January 2022
• Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16	01 January 2022
• Onerous Contracts - Cost of Fulfilling a Contract: Amendments to IAS 37	01 January 2022
• Definition of a business - Amendments to IFRS 3	01 January 2020
• Presentation of Financial Statements: Disclosure initiative	01 January 2020
• Accounting Policies, Changes in Accounting Estimates and Errors: Disclosure initiative	01 January 2020
• Long-term Interests in Joint Ventures and Associates - Amendments to IAS 28	01 January 2019
• Amendments to IFRS 3 Business Combinations: Annual Improvements to IFRS 2015 - 2017 cycle	01 January 2019
• Amendments to IFRS 11 Joint Arrangements: Annual Improvements to IFRS 2015 - 2017 cycle	01 January 2019
• Amendments to IAS 12 Income Taxes: Annual Improvements to IFRS 2015 - 2017 cycle	01 January 2019
• Amendments to IAS 23 Borrowing Costs: Annual Improvements to IFRS 2015 - 2017 cycle	01 January 2019
• Uncertainty over Income Tax Treatments	01 January 2019
• Amendments to IAS 28: Annual Improvements to IFRS 2014 - 2016 cycle	01 January 2018
• Amendments to IFRS 1: Annual Improvements to IFRS 2014 - 2016 cycle	01 January 2018
• Foreign Currency Transactions and Advance Consideration	01 January 2018

Notes to the Consolidated and Separate Annual Financial Statements

Figures in Rand thousand

4. Property, plant and equipment

Group	2018			2017		
	Cost or revaluation	**Accumulated depreciation**	**Carrying value**	**Cost or revaluation**	**Accumulated depreciation**	**Carrying value**
Land and buildings	153 550	(667)	152 883	149 476	(1 019)	148 457
Plant and machinery	128 776	(43 028)	85 748	134 498	(43 878)	90 620
Motor vehicles	70 257	(51 817)	18 440	77 665	(58 730)	18 935
Office equipment	1 174	(1 003)	171	1 460	(1 177)	283
IT equipment	4 673	(4 114)	559	5 502	(4 651)	851
Total	**358 430**	**(100 629)**	**257 801**	**368 601**	**(109 455)**	**259 146**

Company	2018			2017		
	Cost or revaluation	**Accumulated depreciation**	**Carrying value**	**Cost or revaluation**	**Accumulated depreciation**	**Carrying value**
Land and buildings	117 668	(204)	117 464	110 964	(144)	110 820
Plant and machinery	71 571	(28 886)	42 685	84 245	(36 183)	48 062
Motor vehicles	4 720	(2 689)	2 031	4 191	(3 074)	1 117
Office equipment	192	(165)	27	270	(227)	43
IT equipment	2 906	(2 595)	311	3 208	(2 831)	377
Total	**197 057**	**(34 539)**	**162 518**	**202 878**	**(42 459)**	**160 419**

Notes to the Consolidated and Separate Annual Financial Statements

Figures in Rand thousand

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Group - 2018

	Opening balance	Additions	Disposals	Revaluations	Depreciation	Impairment loss	Impairment reversal	Total
Land and buildings	146 761	-	(306)	32 949	(75)	(46 489)	20 043	152 883
Plant and machinery	92 258	3 424	(3 730)	13 147	(19 064)	(287)	-	85 748
Motor vehicles	18 992	4 778	(1 471)	-	(3 859)	-	-	18 440
Office equipment	282	25	(23)	-	(113)	-	-	171
IT equipment	853	-	(182)	-	(112)	-	-	559
	259 146	**8 227**	**(5 712)**	**46 096**	**(23 223)**	**(46 776)**	**20 043**	**257 801**

Reconciliation of property, plant and equipment - Group - 2017

	Opening balance	Additions	Disposals	Classified as held for sale	Revaluations (reversal of revaluations)	Depreciation	Impairment loss	Impairment reversal	Total
Land and buildings	216 123	1 671	(36 612)	(6 642)	(24 703)	(3 076)	-	-	146 761
Plant and machinery	88 186	15 462	(8 597)	-	16 295	(17 025)	(2 063)	-	92 258
Motor vehicles	19 999	6 199	(1 995)	-	-	(5 211)	-	-	18 992
Office equipment	286	26	(1)	-	-	(43)	-	14	282
IT equipment	653	149	(4)	-	-	(83)	-	138	853
	325 247	**23 507**	**(47 209)**	**(6 642)**	**(8 408)**	**(25 438)**	**(2 063)**	**152**	**259 146**

Notes to the Consolidated and Separate Annual Financial Statements

Figures in Rand thousand

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Company - 2018

	Opening balance	Additions	Disposals	Revaluations	Depreciation	Impairment loss	Impairment reversal	Total
Land and buildings	110 820	-	(12)	31 957	(29)	(45 315)	20 043	117 464
Plant and machinery	48 062	1 607	(1 828)	7 781	(12 937)	-	-	42 685
Motor vehicles	1 117	1 343	(2)	-	(427)	-	-	2 031
Office equipment	43	-	(2)	-	(14)	-	-	27
IT equipment	377	-	(21)	-	(45)	-	-	311
	160 419	**2 950**	**(1 865)**	**39 738**	**(13 452)**	**(45 315)**	**20 043**	**162 518**

Reconciliation of property, plant and equipment - Company - 2017

	Opening balance	Additions	Disposals	Classified as held for sale	Revaluations (reversal of revaluations)	Depreciation	Impairment loss	Total
Buildings	177 507	57	(35 381)	(6 642)	(24 703)	(18)	-	110 820
Plant and machinery	39 067	12 032	(3 744)	-	8 522	(7 815)	-	48 062
Motor vehicles	425	692	-	-	-	-	-	1 117
Office equipment	58	-	-	-	-	(15)	-	43
IT equipment	394	-	(4)	-	-	(13)	-	377
	217 451	**12 781**	**(39 129)**	**(6 642)**	**(16 181)**	**(7 861)**	**-**	**160 419**

Notes to the Consolidated and Separate Annual Financial Statements

	Group		Company	
Figures in Rand thousand	2018	2017	2018	2017

4. Property, plant and equipment (continued)

Property, plant and equipment encumbered as security

The following assets have been encumbered as security for other financial liabilities (refer note 18):

Plant and machinery	60 490	55 069	41 662	55 069

Revaluations

Fair value of certain of the group`s property, plant and equipment is estimated based on appraisals performed by independent, professionally-qualified property valuers. The significant inputs and assumptions are developed in close consultation with management. The valuation processes and fair value changes are reviewed by the board of directors and audit committee at each reporting date.

The fair value measurement for the current year for the Muldersdrift property (R92.7m) was performed by Alfa Valuations (Pty) Ltd based on the replacement cost for buildings and the remaining minerals in-situ for the land. The fair value measurement for the other properties was performed by Frederick Senekal and was based on the comparative sales method for the land as if undeveloped and the depreciated square metre method for the buildings.

The fair value measurements for the prior year were performed by Consulting Asset and Technical Valuations CC, independent valuers not related to the group. The method of valuation was the going concern method. The valuator`s report showed a going concern value amount of R81.9 million which was considered reasonable for the property, plant and equipment.

The measurement of the fair value of the land and buildings is categorised in terms of IFRS 13 as a level 3 in that there are no observable inputs.

The carrying value of the revalued assets under the cost model would have been:

Land and buildings	117 870	117 200	117 103	110 000
Plant and machinery	64 759	55 069	29 545	26 226
	182 629	**172 269**	**146 648**	**136 226**

Registers with details of land and buildings are available for inspection by shareholders or their duly authorised representatives at the registered office of the company.

Figures in Rand thousand

5. Intangible assets

Group	2018			2017		
	Cost	**Accumulated amortisation**	**Carrying value**	**Cost**	**Accumulated amortisation**	**Carrying value**
Mineral rights	7 561	(5 177)	2 384	8 272	(4 147)	4 125

Reconciliation of intangible assets - Group - 2018

	Opening balance	**Disposals**	**Amortisation**	**Total**
Mineral rights	4 125	(711)	(1 030)	2 384

Reconciliation of intangible assets - Group - 2017

	Opening balance	**Amortisation**	**Total**
Mineral rights	4 969	(844)	4 125

Impairment assessment

There were no indicators of impairment in the current or prior year.

Notes to the Consolidated and Separate Annual Financial Statements

Figures in Rand thousand

6. Interests in subsidiaries

The following table lists the entities which are controlled directly by the company, and the carrying amounts of the investments in the company's separate financial statements.

Company

Name of company	% Voting power 2018	% Voting power 2017	% Holding 2018	% Holding 2017	Carrying amount 2018	Carrying amount 2017
Wearne Aggregates (Pty) Ltd	100.00 %	100.00 %	100.00 %	100.00 %	3 000	3 000
Wearne Ready Mixed Concrete (Pty) Ltd *	100.00 %	100.00 %	100.00 %	100.00 %	-	-
Wearne Precast (Pty) Ltd	100.00 %	100.00 %	100.00 %	100.00 %	3	3
Wearne Platkop Quarry (Pty) Ltd *	100.00 %	100.00 %	100.00 %	100.00 %	-	-
Wearne Quarries Freestate (Pty) Ltd *	100.00 %	100.00 %	100.00 %	100.00 %	-	-
Wearne Quarries Gauteng (Pty) Ltd *	100.00 %	100.00 %	100.00 %	100.00 %	-	-
Wearne Quarries Natal (Pty) Ltd *	- %	100.00 %	- %	100.00 %	-	-
Wearne Quarries Limpopo (Pty) Ltd *	100.00 %	100.00 %	100.00 %	100.00 %	-	-
Noordvaal Crushers (Pty) Ltd *	100.00 %	100.00 %	100.00 %	100.00 %	-	-
Wearne Share Incentive Trust *	100.00 %	100.00 %	100.00 %	100.00 %	-	-
					3 003	3 003
Impairment					(3 000)	(3 000)
					3	3

* Amounts less than R1 000

Activities of subsidiaries

Wearne Aggregates (Pty) Ltd owns and operates commercial quarries for the production and delivery of aggregates. Wearne Ready Mixed Concrete (Pty) Ltd is involved in the production and transport of ready mixed concrete. Noordvaal Crushers (Pty) Ltd owns property and mining rights but is currently not trading. All other subsidiaries are dormant.

All subsidiaries are incorporated in the Republic of South Africa.

Subsidiaries pledged as security

All subsidiaries are held as security for the facilities granted to group companies.

Restrictions relating to subsidiaries

Other than disclosed in note 13, there are no restrictions on the ability of the group to access or use the assets and liabilities of the subsidiaries. WG Wearne Limited and its subsidiaries did not repurchase any of their own shares during the period under review.

Impairments

It is management's policy to review each investment annually for impairment by assessing the carrying value of the investment against the fair value, less costs to sell and the value-in-use. The carrying amounts of subsidiaries are shown net of impairment losses.

Subsidiaries for which control was lost during the year

The company sold 50% of its share in subsidiary Wearne Quarries Natal (Pty) Ltd in October 2017 for R50, at which date the carrying value of the subsidiary was Rnil. The subsidiary was dormant at the time. The remaining 50% was sold by WG Wearne Ltd to its subsidiary WG Wearne Aggregates (Pty) Ltd for R50. The disposal resulted in a gain on loss of control for the group of R50 and R100 for the company.

Notes to the Consolidated and Separate Annual Financial Statements

	Group		Company	
Figures in Rand thousand	2018	2017	2018	2017

6. Interests in subsidiaries (continued)

The gain is not reflected in the annual financial statements due to the figures being presented in Rand thousand.

7. Joint arrangements

Joint ventures

Following the disposal by the group of 50% of the equity of Wearne Quarries Natal (Pty) Ltd (refer note 6), the subsidiary was classified as a joint arrangement. A joint venture agreement was entered into between Wearne Aggregates (Pty) Ltd and Right Gold Machinery (Pty) Ltd. Wearne Quarries Natal (Pty) Ltd did not trade in the current year. The carrying value of the joint venture was R50 at 28 February 2018.

8. Trade and other receivables

	Group 2018	Group 2017	Company 2018	Company 2017
Financial instruments:				
Trade receivables	33 074	48 200	5 451	20 060
Loss allowance	(402)	(1 926)	-	-
Trade receivables at amortised cost	32 672	46 274	5 451	20 060
Deposits	1 528	2 181	611	310
Other receivables	6 103	6 045	5 766	5 327
Non-financial instruments:				
Prepayments	456	1 579	316	772
Total trade and other receivables	**40 759**	**56 079**	**12 144**	**26 469**

Split between non-current and current portions

	Group 2018	Group 2017	Company 2018	Company 2017
Non-current assets: other receivables	5 648	4 395	5 648	4 395
Current assets	35 111	51 684	6 496	22 074
	40 759	**56 079**	**12 144**	**26 469**

Financial instrument and non-financial instrument components of trade and other receivables

	Group 2018	Group 2017	Company 2018	Company 2017
At amortised cost	40 303	54 500	11 828	25 697
Non-financial instruments	456	1 579	316	772
	40 759	**56 079**	**12 144**	**26 469**

Non-current other receivables

The non-current other receivable relates to a retention amount for Dankocom (Pty) Ltd (RF) which was received in December 2019 (2017: March 2018).

Trade and other receivables pledged as security

For detail regarding the cession of trade receivables as security for overdraft facilities provided to the group refer to note 13.

Exposure to credit risk

Trade receivables inherently expose the group to credit risk, being the risk that the group will incur financial loss if customers fail to make payments as they fall due.

Figures in Rand thousand

8. Trade and other receivables (continued)

Trade receivables comprise a widespread customer base. Each customer is analysed individually for credit worthiness before the group's standard payment and delivery terms and conditions are offered. The group's review includes external ratings, if they are available, and in some cases bank references as well as credit insurance approval. Sale limits are established for each customer in accordance with limits set by the board. Any sales exceeding those limits require approval from Management. Sales to retail customers are settled in cash. The groups exposure to credit risk on trade receivables is mitigated through its use of credit insurance. Refer to note 10 for details of on the quality and allowance for impairment of trade receivables.

Management assessed the credit risk of the Dankocom (Pty) Ltd (RF) retention receivable based on the conditions of the agreement and accordingly no credit loss allowance was considered to be required. The credit risk of the remaining current amounts of other receivables is not considered material to the company or group.

The average credit period on trade receivables is 30 days (2017: 30 days) No interest is charged on outstanding trade receivables. There were no trade receivables written off at year end (2017: Rnil) which were still subject to enforcement activities.

The estimation techniques applied under IFRS 9 were adopted in the current financial period. Trade receivables were previously impaired only when there was objective evidence that the asset was impaired. The impairment was calculated as the difference between the carrying amount and the present value of the expected future cash flows.

As at 28 February 2018 there was a concentration of credit risk in one trade receivable representing R8,13 million (2017: R14.1 million) of gross trade receivables. The were no overdue amounts for this trade receivable at 28 February 2018.

The group's historical credit loss experience does not show significantly different loss patterns for different customer segments. The provision for credit losses is therefore based on past due status without disaggregating into further risk profiles. The loss allowance provision is determined as follows:

Group	2018	2018	2017	2017
Expected credit loss rate:	**Estimated gross carrying amount at default**	**Loss allowance (Lifetime expected credit loss)**	**Estimated gross carrying amount at default**	**Loss allowance (Lifetime expected credit loss)**
Not past due: 0% (2017: 0%)	21 514	-	31 259	-
Less than 30 days past due: 0.4% (2017: 0%)	5 472	(22)	9 944	-
31 - 60 days past due: 1.31% (2017: 0%)	992	(13)	880	-
61 - 90 days past due: 3.63% (2017: 13.04%)	632	(23)	1 357	(177)
91 - 120 days past due: 6.37% (2017: 92.27%)	361	(23)	660	(609)
More than 120 days past due: 7.82% (2017: 45.89%)	4 103	(321)	2 484	(1 140)
Total	**33 074**	**(402)**	**46 584**	**(1 926)**

Company	2018	2018	2017	2017
Expected credit loss rate:	**Estimated gross carrying amount at default**	**Loss allowance (Lifetime expected credit loss)**	**Estimated gross carrying amount at default**	**Loss allowance (Lifetime expected credit loss)**
Not past due: 0% (2017: 0%)	5 164	-	14 167	-
Less than 30 days past due: 0% (2017: 0%)	50	-	5 835	-
31 - 60 days past due: 0% (2017: 0%)	27	-	32	-
61 - 90 days past due: 0% (2017: 0%)	15	-	-	-
91 - 120 days past due: 0% (2017: 0%)	13	-	-	-
More than 120 days past due: 0% (2017: 0%)	182	-	26	-
Total	**5 451**	**-**	**20 060**	**-**

Notes to the Consolidated and Separate Annual Financial Statements

	Group		Company	
Figures in Rand thousand	2018	2017	2018	2017

8. Trade and other receivables (continued)

Reconciliation of loss allowances

The following table shows the movement in the loss allowance (lifetime expected credit losses) for trade receivables:

Opening balance in accordance with IAS 39 Financial Instruments: Recognition and Measurement	**(1 926)**	**(3 462)**	-	-
Adjustments upon application of IFRS 9	-	-	-	-
Opening balance in accordance with IFRS 9	**(1 926)**	**(3 462)**	-	-
Provision raised on new trade receivables	(1 095)	(1 773)	-	-
Provisions reversed on settled trade receivables	2 619	3 309	-	-
Closing balance	**(402)**	**(1 926)**	-	-

Credit risk disclosures for comparatives under IAS 39

The following sections provide comparative information for trade and other receivables which have not been restated. The information is provided in accordance with IAS 39 Financial Instruments: Recognition and Measurement.

Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to historical information about counterparty default rates.

Trade and other receivables past due but not impaired

Trade and other receivables which are past due and not impaired by more than 3 months are still considered collectible in full. This is based on the historical payment history and analysis of the customer credit risk.

The ageing of amounts past due but not impaired is as follows:

Less than 3 months	-	1 124	-	32
3 to 6 months	-	1 049	-	-
Over 6 months	-	2 997	-	27

Trade and other receivables impaired

Group

As of 28 February 2017, trade and other receivables of R 1 926 107 were impaired and provided for.

Company

As of 28 February 2017, no trade and other receivables were impaired and provided for.

The ageing of the impairment allowance was as follows:

Less than 3 months	-	177	-	-
3 to 6 months	-	609	-	-
Over 6 months	-	1 140	-	-
	-	**1 926**	-	-

8. Trade and other receivables (continued)

Summary of the assumptions underpinning the group's ECL model for trade and other receivables

For trade receivables that do not contain a significant financing component, the loss allowance should be measured at initial recognition and throughout the life of the receivable at an amount equal to lifetime ECL.

As a practical expedient, a provision matrix may be used to estimate ECL for these financial instruments.

The group monitors the ageing of its receivables using the following buckets:

Current
Overdue 1 – 30 days
Overdue 31 – 60 days
Overdue 61 – 90 days
Overdue 91 – 120 days
More than 120 days overdue

The ageing of the receivables represents the overdue profile, meaning that payment terms are considered. For example, on an account with 60 days' payment terms, the current bucket will contain invoices that are 1 to 60 days old, but they are still not overdue.

Significant assumptions considered within the ECL model

The population of receivables within each portfolio is homogenous, ie the customers are of similar size and industry, the nature or invoices are similar etc.

The receivables do not contain significant financing components (eg they do not bear interest)

The model assumes that the amount of receivable is fully unrecoverable, meaning if it was not paid, the loss is 100% (in other words, LGD = 100%).

The model excludes negative receivables when calculating PDs. The ECL cannot be negative for any customer. If the balance on the account is negative, ECL will be equal to zero.

Calculating the ECL using a provision matrix

ECL formula: ECL = EAD x LGD x PD, where

EAD = Exposure at default – positive amount of current receivables in a particular bucket
LGD = Loss given default – percentage unrecoverable loss given the default occurs
PD = Probability of default

Probabilities of default are calculated a) as incremental receivables in the last bucket (over 120 days), and b) divided by cumulative amount of receivables in each bucket.

Adjusting for forward looking estimates

The adjustment for forward looking information is represented by a factor by which historical PD is multiplied to obtain final PD. The final PD should not exceed 100%. IFRS 9 – Financial instruments does not explicitly provide detailed context on how to calculate adjustments for forward looking information.

If economic conditions remain stable, we could assume that this adjustment is insignificant and therefore the calculated historical PDs are used in the formula without change.

Notes to the Consolidated and Separate Annual Financial Statements

	Group		Company	
Figures in Rand thousand	2018	2017	2018	2017

8. Trade and other receivables (continued)

Fair value of trade and other receivables

The fair value of trade and other receivables approximates their carrying amounts due to the short term nature thereof.

The impact of discounting the non-current other receivable is not considered significant to the company or group.

9. Investments at fair value

Investments held by the group which are measured at fair value, are as follows:

Equity investments at fair value through other comprehensive income:				
Unit trusts held by the Wearne Rehabilitation Trust: Stanlib Wealth Management Limited	6 746	6 366	-	-
	6 746	**6 366**	**-**	**-**

The investments in equity instruments have been designated, at initial recognition, as at fair value through other comprehensive income, due to the below-mentioned purpose of the investments.

The investments are not available for use by the group other than for the intended use of site rehabilitation in accordance with the directives of the Department of Minerals and Energy.

Credit risk

The credit risk of investments in equity instruments is managed by investing with well-established reputable investment companies.

Fair value information

The Stanlib Wealth Management Limited investment consists of unit trusts whose fair value is based on the quoted market prices. These financial assets are therefore classified as Level 2 in the IFRS 13 fair value hierarchy. The fair values are determined at the reporting date.

Notes to the Consolidated and Separate Annual Financial Statements

	Group		Company	
Figures in Rand thousand	2018	2017	2018	2017

10. Deferred tax

Deferred tax liability

Property, plant and equipment	(52 995)	(18 691)	(27 895)	-
Prepayments	(128)	(24)	(88)	-
Deposits paid	(171)	-	(171)	-
Total deferred tax liability	**(53 294)**	**(18 715)**	**(28 154)**	**-**

Deferred tax asset

Provisions	-	279	-	-
Leave pay	299	-	124	-
Accrued expenses	213	-	213	-
Expected credit loss allowance	85	-	-	-
Income received in advance	-	738	-	-
Deferred tax balance from temporary differences other than unused tax losses	597	1 017	337	-
Tax losses available for set off against future taxable income	40 758	668	26 349	-
	41 355	1 685	26 686	-
Total deferred tax asset	**41 355**	**1 685**	**26 686**	**-**

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position on an entity basis as follows:

Deferred tax liability	(11 939)	(18 881)	(1 468)	-
Deferred tax asset	-	1 851	-	-
Total net deferred tax liability	**(11 939)**	**(17 030)**	**(1 468)**	**-**

Notes to the Consolidated and Separate Annual Financial Statements

	Group		Company	
Figures in Rand thousand	2018	2017	2018	2017

10. Deferred tax (continued)

Reconciliation of deferred tax asset / (liability)

At beginning of year	(17 030)	(2 188)	-	-
Increases (decrease) in tax loss available for set off against future taxable income	40 090	(9 767)	26 349	-
Taxable / (deductible) temporary difference movement on:				
Property, plant and equipment	(34 304)	(4 487)	(27 895)	-
Prepayments	(104)	18	(88)	-
Deposits paid	(171)	-	(171)	-
Provisions	(279)	(454)	-	-
Leave pay	299	-	124	-
Accrued expenses	213	-	213	-
Credit loss allowances	85	-	-	-
Income received in advance	(738)	(152)	-	-
	(11 939)	**(17 030)**	**(1 468)**	**-**

Unrecognised deferred tax asset

Unused tax losses not recognised as deferred tax assets	-	206 202	-	-

11. Inventories

Raw materials, components	3 690	5 969	-	847
Finished goods	11 787	10 866	7	8
Diesel	598	1 132	21	-
	16 075	**17 967**	**28**	**855**

No allowance for obsolescence was provided as inventory does not deteriorate on site due to the nature of the inventory and product; as well as being held at cost which was lower than net realisable value at year end.

Notes to the Consolidated and Separate Annual Financial Statements

	Group		Company	
Figures in Rand thousand	2018	2017	2018	2017

12. Loans to group companies

Subsidiaries

Wearne Aggregates (Pty) Ltd	-	-	62 987	23 262
Wearne Precast (Pty) Ltd	-	-	11 373	11 495
Noordvaal Crushers (Pty) Ltd	-	-	1 856	1 856
Wearne Ready Mixed Concrete (Pty) Ltd	-	-	22 377	85 831
	-	-	98 593	122 444
Impairment of loans	-	-	(96 737)	(120 588)
	-	-	**1 856**	**1 856**

Special purpose entity

WG Wearne Share Incentive Trust	-	-	3 942	3 942
	-	-	3 942	3 942
Impairment of loan	-	-	(3 942)	(3 942)
	-	-	-	-
Total	-	-	**1 856**	**1 856**

Loans are unsecured, interest free and have no fixed terms of repayment.

Exposure to credit risk

In determining the expected credit losses, the company has taken into account the financial position and performance of the related entities. The loan receivable from Noordvaal Crushers (Pty) Ltd is considered to be recoverable based on the financial position and property held by the entity. Loans from all other related entities were impaired in full based on lifetime expected credit losses.

Reconciliation of loss allowances

Opening balance	-	-	(124 530)	(140 317)
Reversal of impairment of loans due to movement in gross carrying amount	-	-	23 851	15 787
Closing balance	-	-	**(100 679)**	**(124 530)**

Fair value of group loans receivable

The fair value of group loans receivable approximates their carrying amounts due to the short term nature thereof and the expected credit loss allowances raised.

Notes to the Consolidated and Separate Annual Financial Statements

	Group		Company	
Figures in Rand thousand	2018	2017	2018	2017

13. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	222	189	30	18
Bank balances	1 487	451	1 030	128
Invoice discounting facility	(23 473)	(22 344)	(2 039)	(11 401)
	(21 764)	**(21 704)**	**(979)**	**(11 255)**
Current assets	1 709	640	1 060	146
Current liabilities	(23 473)	(22 344)	(2 039)	(11 401)
	(21 764)	**(21 704)**	**(979)**	**(11 255)**

Credit quality of cash at bank and short-term deposits, excluding cash on hand

Credit risk exposure arising on cash and cash equivalents is managed by the company through dealing with well-established financial institutions with high credit ratings.

The credit quality of cash at bank and short-term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

Facilities and securities

The group has a loans covenant on its facilities with Nedbank which measure the debt service cover. The group was in breach of this loan covenants during the year. Although Nedbank has not waived the breach they were made aware of it and the situation is monitored on a monthly basis.

The group has a multi-optional facility with Nedbank Limited by way of overdraft, short term loan and factoring agreement with Nedbank Debtor Management letter of guarantee facility of R50 million (2017: R70 million). As security for the facility, the bank holds:

- Unrestricted first cession of all present and future book debts;
- Unlimited inter-linking suretyships including a cession of loan funds in favour of the bank between WG Wearne Limited and its subsidiary companies;
- Third covering mortgage bond over Portion 226,227,266,267,285 (second bond), 286 and 287 of the farm Rietfontein 189 IQ and Portion 57, 58 and 185 of the farm Rietvallei 180 IQ of R 10 000 000;
- Continuing covering mortgage bond for R 11 200 000 over the remaining extent of Portion 31 (a portion of Portion 1) of farm Middelvlei No. 225 Randfontein;
- Continued covering mortgage bond for R 90 000 of portion 56 of erf 247 Potch Industria;
- First covering mortgage bond for Portion 64 of Farm Roodepoort 744 of R 10 000 000; and
- A general notarial bond of R 15 000 000 registered over the moveable assets of Wearne Aggregates Proprietary Limited

Fair value of cash and cash equivalents

The fair value of cash and cash equivalents approximates the carrying value due to their short-term nature.

Notes to the Consolidated and Separate Annual Financial Statements

	Group		Company	
Figures in Rand thousand	2018	2017	2018	2017

14. Discontinued operations or disposal groups or non-current assets held for sale

Brandvlei quarry

The board made a decision prior to year end 28 February 2017 to dispose of the Brandvlei quarry as a going concern which was announced on SENS on 04 April 2017. Brandvlei's assets and liabilities have been classified as a disposal group held for sale in the current and prior year. The group will retain a 25% interest in the Brandvlei quarry.

The remeasurement of the disposal group as at 28 February 2018 was not considered material to the group.

Precast division

As part of the re-structuring plan developed in the 2016 financial year, the Precast Division (concrete manufactured products segment) was identified as non-core to the operations of the group and the transaction was the group's first step to divest of its non-core assets.

Consideration of R20 million for Plant and Equipment was received from the sale in 2017. In addition, raw materials and finished goods were disposed of at the lower of cost or net realisable value on 60 day terms after the deduction of advanced payments were received up to the effective date. All other assets and all the liabilities were excluded from the transaction.

The remeasurement of the disposal group to fair value up to the date of disposal was not considered material to the group.

Profit and loss

Revenue	2 773	14 553	-	-
Cost of sales	(2 100)	(10 071)	-	-
Gross profit	673	4 482	-	-
Other income	-	557	-	-
Other expenses	(366)	(2 791)	-	-
Finance costs	-	(1 339)	-	-
Net profit before tax	186	909	-	-
Net profit after tax	186	909	-	-
	307	**909**	**-**	**-**

Assets and liabilities

Assets of disposal groups				
Property, plant and equipment	3 746	14 459	3 746	6 642
Inventories	-	60	-	-
	3 746	**14 519**	**3 746**	**6 642**

Liabilities of disposal groups				
Provisions	-	584	-	-

Notes to the Consolidated and Separate Annual Financial Statements

	Group		Company	
Figures in Rand thousand	2018	2017	2018	2017

15. Share capital

Authorised				
500 000 000 Ordinary shares of 0.1 cents each	500 000	500 000	500 000	500 000

Unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.

Issued				
Ordinary	276	276	276	276
Share premium	181 561	181 561	181 561	181 561
Treasury shares	(3 480)	(3 480)	-	-
	178 357	**178 357**	**181 837**	**181 837**

The balance of ordinary shares issued as at year end 28 February 2018 was: 273 037 963 (2017: 273 037 963), excluding treasury shares of 0.1 cents each.

The group holds 3 355 250 (2017: 3 355 250) treasury shares through the WG Wearne Share Incentive Scheme.

The ordinary shares have 1 vote in respect of each share at any meeting of the shareholders of the holding company, the right to receive a dividend if declared, and the right to participate in the capital surplus on the winding up of the holding company.

16. Revaluation reserve

Revaluation reserves consist of non-distributable revaluation surpluses raised on classes of property, plant and equipment carried according to the revaluation model.

Reserves consist of:				
Land and buildings	58 498	33 515	19 371	1 642
Plant and machinery	13 860	22 175	9 911	6 723
Deferred tax	(24 301)	(15 593)	(8 199)	(5 069)
	48 057	**40 097**	**21 083**	**3 296**

17. Reserve for valuation of investments

The non-distributable consists of fair value adjustments on equity investments which have been classified at fair value through other comprehensive income (refer note 9). Under IAS 39, these were classified as available-for-sale instruments.

Reserves consist of:				
Fair value adjustment on equity investment	1 894	1 567	-	-

Notes to the Consolidated and Separate Annual Financial Statements

	Group		Company	
Figures in Rand thousand	2018	2017	2018	2017

18. Other financial liabilities

Held at amortised cost

Secured				
Revolving loan - ABSA Bank Limited	30 824	34 923	30 824	34 923
Unsecured				
IDC - Loan A	41 524	53 289	41 524	53 289
IDC - Loan B	12 424	15 463	12 424	15 463
Term loan - Wesbank	-	619	-	619
Instalment sale agreements				
ABSA Bank Limited	-	1 657	-	1 656
Wesbank	1 647	13 931	929	5 986
Nedbank Limited	9 287	19 076	5 733	11 696
FAW South Africa	4 766	7 362	-	-
Fleet Africa	11 994	18 240	11 994	18 240
ELB Equipment Holdings Limited	2 353	3 640	2 353	3 640
	114 819	**168 200**	**105 781**	**145 512**

Split between non-current and current portions

Non-current liabilities	75 314	59 229	75 193	51 335
Current liabilities	39 505	108 971	30 588	94 177
	114 819	**168 200**	**105 781**	**145 512**

Secured loans held at amortised cost:

There is no material difference between the fair value of the secured loans and their book value. The loans are secured by mortgage bonds and registered over certain of the group`s land and buildings. (Refer notes 4 and 13).

The ABSA Bank Limited revolving loan bears interest at prime plus 1.5% (11.75%) and is repayable at an average monthly instalment of R 952,529.

WG Wearne Limited has a fixed term loan and a revolving loan with ABSA, as security for these facilities the bank holds:

- First ranking mortgage bond in the amount of R 103 000 000 in favour of ABSA of the farm Rietfontein 189 IQ and portion 7 of farm Groenplaats 157 IQ;
- First ranking mortgage bond in the amount of R 4 600 000 of the farm Rietvlei 180 IQ;
- Second continuous covering mortgage bond in the amount of R 10 000 000 in favour of ABSA, Nedbank and Wesbank sharing pro-rata basis to the existing exposure;
- Special Notarial bonds over moveable assets purchased from De Bruyn Sandwerke Group registered in favour of WG Wearne Limited in the amount of R 17 645 000 dated 8 January 2007;
- Negative pledge over assets of WG Wearne Limited dated 17 November 2006
- Unlimited Cross sureties by all WG Wearne Limited subsidiaries, including cession of loan accounts for:
  - WG Wearne Limited;
  - Wearne Aggregates Proprietary Limited;
  - Noordvaal Crushers Proprietary Limited;
  - Cession of loan account dated 17 November 2006 in Noordvaal Crushers Proprietary Limited;

18. Other financial liabilities (continued)

- Cession of loan account dated 17 November 2006 in Wearne Aggregates Proprietary Limited; and
- 1st Charge over assets financed

- General cession of ABSA special/ notice/ call/ fixed deposit dated 17/11/2006
- Cession of Mining rights obtained from the De Bruyn Group
- Subordination of loan account in favour of all creditors dated 11/11/2009

Unsecured loans

The IDC A loan is interest free, with imputed interest calculated at 10.75%.

The IDC A loan is repayable beginning March 2015 in 48 monthly installments of R 650 000 per month for the first 12 months, R 1 250 000 for the following 24 months and R 1 987 000 for the remaining 12 months. IDC B loan bears interest at 9.5% per annum and is repayable at an average monthly instalment of R 431 000 for 20 months beginning May 2012. No payments were made to the IDC during the current year.

Instalment sale agreements

There is no material difference between the fair value of instalment sales creditors and their book value.

The instalment sale agreements are secured over property, plant and equipment with a carrying value in the group, excluding revaluations, of R 60 490 000 (2017: R 55 069 000).

The instalment sale agreements for ABSA, Wesbank, Nedbank Fleet Africa, Mercedes Benz and ELB bear interest between prime less 1% to prime plus 2.75% (prime 10.25% at year end) and are repayable at an average monthly instalment of R 3 952 172 commencing April 2013. FAW bears interest at 13.5% and is repayable at an average monthly instalment of R 349 254.

Wesbank Securities over term loan and instalment sale agreements:

Breach of covenants

The group was in breach of some of its loan covenants during the year and this resulted in certain long term liabilities being reclassified from non-current to current in compliance with the International Financial Reporting Standards (IAS 1) which requires an entity to classify a liability as current when the entity is in breach of a provision of a loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand even if the lender agreed, after the reporting period and before the authorisation of the financial statements for issue, not to demand payment as a consequence of the breach.

The IDC has indicated that it is unlikely that they will call up their loans within the next 12 months while Nedbank continues to monitor the breach on a monthly basis.

Refer to note 29 Changes in liabilities arising from financing activities for details of the movement in other financial liabilities during the reporting period.

Fair value of other financial liabilities

The carrying value of other financial liabilities approximates the fair value due to the terms being market related.

Notes to the Consolidated and Separate Annual Financial Statements

	Group		Company	
Figures in Rand thousand	2018	2017	2018	2017

19. Provisions

Reconciliation of provisions - Group - 2018

	Opening balance	Change in discount factor	Total
Environmental rehabilitation	7 885	315	8 200

Reconciliation of provisions - Group - 2017

	Opening balance	Held for sale	Disposals	Change in discount factor	Total
Environmental rehabilitation	11 062	(583)	(3 157)	563	7 885

The quantification of future rehabilitation costs was performed in accordance with policy note 1.15 with input from the following independent experts:

- Survey of the Disturbed Mining Area - Pieter Jacobus Greyling (a Quantity Surveyor, member of Plato as Professional Mine Surveyor 1995, Member.PMS0122; and
- Environmental Sensitivity of Mine Areas - Henk Van Tonder a member of EA Environmental Services CC.

The decrease reflected in the provision for the prior year relates to the disposal of the Bethlehem quarry.

20. Trade and other payables

	Group 2018	Group 2017	Company 2018	Company 2017
Financial instruments:				
Trade payables	82 425	41 126	11 356	5 169
Payroll accruals	30 937	15 540	7 828	2 833
Trade accruals	768	5 720	191	174
Accrued audit fees	592	647	592	647
Non-financial instruments:				
Amounts received in advance	-	7 884	-	7 884
VAT *	42 630	29 469	15 391	14 265
	157 352	**100 386**	**35 358**	**30 972**

Financial instrument and non-financial instrument components of trade and other payables

	Group 2018	Group 2017	Company 2018	Company 2017
At amortised cost	114 722	63 033	19 967	8 823
Non-financial instruments	42 630	37 353	15 391	22 149
	157 352	**100 386**	**35 358**	**30 972**

* Included in the VAT and payroll accruals liabilities are the arrears balance of R57 million which was included in the deferment agreement reached with SARS during the 2017 financial year.

SARS has agreed to a repayment plan of R300 000 per month for the first 12 months with the current PAYE and VAT payments being kept up to date.

Subsequent to year end the group fell in arrears by 4 months on the current PAYE and VAT liability.

Fair value of trade and other payables

The fair value of trade and other payables approximates their carrying amounts due to the short term nature thereof.

Notes to the Consolidated and Separate Annual Financial Statements

	Group		Company	
Figures in Rand thousand	2018	2017	2018	2017

21. Revenue

Revenue from contracts with customers				
Sale of goods	324 613	368 778	82 228	75 674
Rendering of services	14 774	20 651	31 296	28 400
Recoveries	-	-	2 922	4 764
	339 387	**389 429**	**116 446**	**108 838**
Revenue other than from contracts with customers				
Rental Income	-	-	5 991	7 880
	339 387	**389 429**	**122 437**	**116 718**

Disaggregation and timing of revenue from contracts with customers

The group disaggregates revenue from contracts customers as follows:

Sale of goods				
Aggregates - at a point in time	192 205	133 389	80 126	73 435
Ready mixed concrete - at a point in time	132 408	235 389	2 102	2 239
	324 613	**368 778**	**82 228**	**75 674**
Rendering of services				
Administration and management fees received - over time	-	-	31 296	28 400
Contracting services - over time	14 774	20 651	-	-
	14 774	**20 651**	**31 296**	**28 400**
Other revenue				
Recoveries - at a point in time	-	-	2 922	4 764
Total revenue from contracts with customers	**339 387**	**389 429**	**116 446**	**108 838**

22. Cost of sales

Sale of goods	267 625	318 405	85 566	70 379
Rendering of services	-	25 433	-	7 561

23. Other operating income and gains

Commissions received	19	22	5	4
Other rental income	680	830	1	286
Other recoveries	71	79	-	-
Profit on disposal of property, plant and equipment	3 382	19 640	1 105	545
Other income	3 951	1 551	1 049	673
Impairment reversal on property, plant and equipment	20 043	-	20 043	-
Movement in credit loss allowances - trade and other receivables	1 524	1 536	19 680	14 484
	29 670	**23 658**	**41 883**	**15 992**

Notes to the Consolidated and Separate Annual Financial Statements

	Group		Company	
Figures in Rand thousand	2018	2017	2018	2017

24. Operating profit (loss)

Operating (loss) profit for the year is stated after charging (crediting) the following, amongst others:

Auditor's remuneration - external				
Audit fees	2 014	892	2 031	840
Employee costs				
Salaries, wages, bonuses and other benefits	79 624	98 885	21 384	29 388
Retirement benefit plans: defined contribution expense	3 111	4 160	1 255	1 944
Termination benefits	1 138	181	261	46
Total employee costs	**83 873**	**103 226**	**22 900**	**31 378**
Less: Employee costs included in cost of sales and inventories	(33 102)	(39 851)	-	-
Total employee costs included in operating expenses	**50 771**	**63 375**	**22 900**	**31 378**
Leases				
Short-term leases	2 438	11 579	2 226	2 553
Total lease expenses	**2 438**	**11 579**	**2 226**	**2 553**
Depreciation and amortisation				
Depreciation of property, plant and equipment	23 223	25 438	13 452	7 861
Amortisation of intangible assets	1 030	844	-	-
Total depreciation and amortisation	**24 253**	**26 282**	**13 452**	**7 861**
Less: Depreciation included in cost of sales and inventories	(22 351)	(25 368)	(13 411)	(7 810)
Total depreciation and amortisation included in operating expenses	**1 902**	**914**	**41**	**51**
Impairment losses				
Property, plant and equipment	46 766	2 063	45 315	-

Notes to the Consolidated and Separate Annual Financial Statements

	Group		Company	
Figures in Rand thousand	2018	2017	2018	2017

25. Investment income

Dividend income				
Equity instruments at fair value through other comprehensive income:				
Listed investments - local	68	53	-	-
Total dividend income	**68**	**53**	**-**	**-**
Interest income				
Investments in financial assets:				
Bank and other cash	570	64	570	64
IDC loan - net interest received *	20 483	-	20 483	-
Other financial assets	-	65	-	-
Unwinding of discount on sales	3 439	-	-	-
Total interest income	**24 492**	**129**	**21 053**	**64**
Total investment income	**24 560**	**182**	**21 053**	**64**

* The net interest received on the IDC loans is as a result of the IDC writing off prior years' interest on the loans.

26. Finance costs

Bank overdraft and loans	18 727	7 921	10 927	3 511
Late payment of tax	5 602	8 415	598	7 010
Unwinding of discount on provisions	315	563	-	-
Trade payables	1 203	208	1 203	208
Instalment sales agreements	5 113	7 247	3 230	3 220
Other interest paid	957	1 513	-	-
Total finance costs	**31 917**	**25 867**	**15 958**	**13 949**

27. Taxation

Major components of the tax (income) expense

Deferred				
Originating and reversing temporary differences	(6 632)	6 099	(1 662)	1 667

Reconciliation of the tax expense

Reconciliation between applicable tax rate and average effective tax rate.

Applicable tax rate	(28.00)%	(28.00)%	28.00 %	(28.00)%
Penalties and interest	4.25 %	10.90 %	1.92 %	16.83 %
Donations not deductible	- %	0.88 %	- %	- %
Impairments	101.92 %	- %	80.90 %	- %
Reversal of impairments	(89.43)%	- %	(83.68)%	- %
Other non-deductible expenses	- %	- %	- %	11.17 %
Deferred tax not raised on tax losses	34.31 %	3.00 %	- %	- %
Prior period deferred tax not raised	(5.40)%	(16.83)%	(46.12)%	(15.59)%
	17.65 %	**(30.05)%**	**(18.98)%**	**(15.59)%**

Notes to the Consolidated and Separate Annual Financial Statements

	Group		Company	
Figures in Rand thousand	2018	2017	2018	2017

28. Cash (used in)/generated from operations

(Loss) profit before taxation	(37 560)	(20 294)	8 755	(10 694)
Adjustments for:				
Depreciation and amortisation	24 253	26 282	13 452	7 861
Dividends received	(68)	(53)	-	-
Interest income	(24 492)	(129)	(21 053)	(64)
Finance costs	31 917	25 867	15 958	13 949
Impairments of property, plant and equipment	46 766	2 063	45 315	-
Impairment reversals of loans to group companies	-	-	(19 680)	(14 484)
Reversal of impairments of property, plant and equipment	(20 043)	-	(20 043)	-
Changes in working capital:				
Inventories	1 892	9 675	9 675	288
Trade and other receivables	15 320	(3 489)	(3 489)	(11 565)
Trade and other payables	21 525	(13 742)	(11 668)	4 245
	59 510	**26 180**	**17 222**	**(10 464)**

Figures in Rand thousand

29. Changes in liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities - Group - 2018

	Opening balance	Interest accrued not paid	Interest written off	Total non-cash movements	Cash flows	Closing balance
Other financial liabilities	168 200	11 460	(24 602)	(13 142)	(40 239)	114 819

Reconciliation of liabilities arising from financing activities - Group - 2017

	Opening balance	Payment of prior year interest accrued	Total non-cash movements	Cash flows	Closing balance
Other financial liabilities	186 257	(1 076)	(1 076)	(16 981)	168 200

Reconciliation of liabilities arising from financing activities - Company - 2018

	Opening balance	Interest accrued not paid	Interest written off	Total non-cash movements	Cash flows	Closing balance
Other financial liabilities	145 512	11 460	(24 602)	(13 142)	(26 589)	105 781

Reconciliation of liabilities arising from financing activities - Company - 2017

	Opening balance	Cash flows	Closing balance
Other financial liabilities	152 217	(6 705)	145 512

30. Commitments

Capital expenditure

At 28 February 2018, the group does not have any significant commitments for capital expenditure (2017: R ni).

Short term leases

At 28 February 2018, the group does not have any commitments for short-term leases (2017: R ni).

31. Contingencies

There were no contingences as at 28 February 2018.

Notes to the Consolidated and Separate Annual Financial Statements

	Group		Company	
Figures in Rand thousand	2018	2017	2018	2017

32. Related parties

Relationships

Subsidiaries	Refer to note 6
Joint ventures	Refer to note 7
Entities controlled by directors	Senatla Structures (Pty) Ltd
Special purpose entities	WG Wearne Rehabilitation Trust
	WG Wearne Share Incentive Scheme

Related party balances

Loan accounts owing by subsidiaries				
Noordvaal Crushers (Pty) Ltd	-	-	1 856	1 856
Amounts included in Trade receivables regarding subsidiaries				
Wearne Aggregates (Pty) Ltd	-	-	-	4 247
Wearne Ready Mixed Concrete (Pty) Ltd	-	-	-	1 207
Wearne Precast (Pty) Ltd	-	-	-	8

Related party transactions

Revenue received from subsidiaries				
Wearne Aggregates (Pty) Ltd	-	-	33 905	44 080
Wearne Ready Mixed Concrete (Pty) Ltd	-	-	14 364	13 973
Wearne Precast (Pty) Ltd	-	-	-	1 107
Other income received from subsidiaries				
Wearne Ready Mixed Concrete (Pty) Ltd	-	-	70	-
Purchases from subsidiaries				
Wearne Aggregates (Pty) Ltd	-	-	(395)	(545)
Wearne Ready Mixed Concrete (Pty) Ltd	-	-	(77 883)	(33 839)
Purchases from other related parties				
Senatla Structures (Pty) Ltd	(39)	(41)	(39)	(41)
Expenses paid to subsidiaries				
Wearne Aggregates (Pty) Ltd	-	-	(90)	-

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions.

Figures in Rand thousand

33. Directors' emoluments

Executive

2018

Directors' emoluments	Basic salary	Expense allowances	Total
Services as director or prescribed officer			
SJ Wearne	1 763	24	1 787
JJ Bierman	979	6	985
	2 742	**30**	**2 772**

2017

Directors' emoluments	Basic salary	Expense allowances	Pension paid	Total
Services as director or prescribed officer				
SJ Wearne	1 399	364	-	1 763
JJ Bierman	82	-	-	82
MC Milazi	516	-	48	564
	1 997	**364**	**48**	**2 409**

Non-executive

2018

Directors' emoluments	Fees for services as director	Total
Services as director or prescribed officer		
WP van der Merwe	240	240
TS Chauke	200	200
MM Patel	140	140
	580	**580**

2017

Directors' emoluments	Fees for services as director	Total
Services as director or prescribed officer		
WP van der Merwe	206	206
MM Patel	240	240
	446	**446**

Notes to the Consolidated and Separate Annual Financial Statements

Figures in Rand thousand

34. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

Group - 2018

	Note(s)	Fair value through other comprehen-sive income - equity instruments	Amortised cost	Total	Fair value
Investments at fair value	9	6 746	-	6 746	6 746
Trade and other receivables	8	-	40 303	40 303	40 303
Cash and cash equivalents	13	-	1 709	1 709	1 709
		6 746	**42 012**	**48 758**	**48 758**

Group - 2017

	Note(s)	Available-for-sale	Amortised cost	Total	Fair value
Investments at fair value	9	6 366	-	6 366	6 366
Trade and other receivables	8	-	54 500	54 500	54 500
Cash and cash equivalents	13	-	640	640	640
		6 366	**55 140**	**61 506**	**61 506**

Company - 2018

	Note(s)	Amortised cost	Total	Fair value
Loans to group companies	12	1 856	1 856	1 856
Trade and other receivables	8	11 828	11 828	11 828
Cash and cash equivalents	13	1 060	1 060	1 060
		14 744	**14 744**	**14 744**

Company - 2017

	Note(s)	Amortised cost	Total	Fair value
Loans to group companies	12	1 856	1 856	1 856
Trade and other receivables	8	25 697	25 697	25 697
Cash and cash equivalents	13	146	146	146
		27 699	**27 699**	**27 699**

	Group		Company	
Figures in Rand thousand	2018	2017	2018	2017

34. Financial instruments and risk management (continued)

Categories of financial liabilities

Group - 2018

	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	20	114 722	114 722	114 722
Other financial liabilities	18	114 819	114 819	114 819
Bank overdraft	13	23 473	23 473	23 473
		253 014	**253 014**	**253 014**

Group - 2017

	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	20	63 033	63 033	63 033
Other financial liabilities	18	168 200	168 200	168 200
Bank overdraft	13	22 344	22 344	22 344
		253 577	**253 577**	**253 577**

Company - 2018

	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	20	19 967	19 967	19 967
Other financial liabilities	18	105 781	105 781	105 781
Bank overdraft	13	2 039	2 039	2 039
		127 787	**127 787**	**127 787**

Company - 2017

	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	20	8 823	8 823	8 823
Other financial liabilities	18	145 512	145 512	145 512
Bank overdraft	13	11 401	11 401	11 401
		165 736	**165 736**	**165 736**

Notes to the Consolidated and Separate Annual Financial Statements

		Group		Company	
Figures in Rand thousand		2018	2017	2018	2017

34. Financial instruments and risk management (continued)

Capital risk management

The group's objective when managing capital (which includes share capital, borrowings, working capital and cash and cash equivalents) is to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk and to safeguard the group's ability to continue as a going concern while taking advantage of strategic opportunities in order to maximise stakeholder returns sustainably. The board provides principals for overall risk management.

The group is not subject to any external capital requirements.

The group is currently aiming to reduce the debt to equity ratio.

The capital structure and gearing ratio of the group at the reporting date was as follows:

Loans from group companies		-	-	-	-
Other financial liabilities	18	114 819	168 200	105 781	145 512
Trade and other payables	20	157 352	100 386	35 358	30 972
Total borrowings		**272 171**	**268 586**	**141 139**	**176 484**
Bank overdraft	13	23 473	22 344	2 039	11 401
Net borrowings		**295 644**	**290 930**	**143 178**	**187 885**
Equity		13 385	35 717	36 714	(10 427)
Gearing ratio		2 209 %	815 %	390 %	(1 802)%

Figures in Rand thousand

34. Financial instruments and risk management (continued)

Financial risk management

Overview

The board of directors has approved strategies for the management of financial risks which are in line with the corporate objectives. These guidelines set up the short and long-term objective and actions to be taken in order to manage the financial risks that the group faces.

The major guidelines of the policy are the following:

- Minimise interest rate, currency and market risk for all kinds of transactions,
- All financial risk management activities are carried out and monitored at central level, and
- All financial risk management activities are carried out on a prudent and consistent basis, while following the best market practices.

The group`s activities expose it to a variety of financial risks. These risks include the following:

- Market risk (which includes interest rate risk, cash flow interest rate risk and price risk)
- Credit risk, and
- Liquidity risk

The group`s overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group`s financial performance.

The board provides policies covering specific areas such as interest rate risk, credit risk and investment of excess liquidity.

Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The group is exposed to credit risk on loans to group companies (note 12), trade and other receivables (note 8), investments at fair value (note 9) and cash and cash equivalents (note 13).

The management of credit risk is outlined in the individual notes.

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

Group		2018			2017		
		Gross carrying amount	**Credit loss allowance**	**Amortised cost**	**Gross carrying amount**	**Credit loss allowance**	**Amortised cost**
Investments at fair value	9	6 746	-	6 746	6 366	-	6 366
Trade and other receivables	8	41 161	(402)	40 759	58 005	(1 926)	56 079
Cash and cash equivalents	13	1 487	-	1 487	451	-	451
		49 394	**(402)**	**48 992**	**64 822**	**(1 926)**	**62 896**

Notes to the Consolidated and Separate Annual Financial Statements

Figures in Rand thousand

34. Financial instruments and risk management (continued)

Company		2018			2017		
		Gross carrying amount	**Credit loss allowance**	**Amortised cost**	**Gross carrying amount**	**Credit loss allowance**	**Amortised cost**
Loans to group companies	12	102 535	(100 679)	1 856	126 386	(124 530)	1 856
Trade and other receivables	8	12 144	-	12 144	26 469	-	26 469
Cash and cash equivalents	13	1 030	-	1 030	128	-	128
		115 709	**(100 679)**	**15 030**	**152 983**	**(124 530)**	**28 453**

Liquidity risk

The group is exposed to liquidity risk, which is the risk that the group will encounter difficulties in meeting its obligations as they become due.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities.

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

The group encountered significant cashflow pressures during the current year.

The maturity profile of contractual cash flows financial liabilities are presented in the following table. The cash flows are undiscounted contractual amounts.

Group - 2018

		Less than 1 year	**1 to 2 years**	**2 to 5 years**	**Total**	**Carrying amount**
Non-current liabilities						
Other financial liabilities	18	-	8 801	78 779	87 580	75 314
Current liabilities						
Trade and other payables	20	114 722	-	-	114 722	114 722
Other financial liabilities	18	24 295	-	-	24 295	39 505
Bank overdraft	13	23 473	-	-	23 473	23 473
		(162 490)	**(8 801)**	**(78 779)**	**(250 070)**	**(253 014)**

Notes to the Consolidated and Separate Annual Financial Statements

Figures in Rand thousand

34. Financial instruments and risk management (continued)

Group - 2017

		Less than 1 year	1 to 2 years	2 to 5 years	Total	Carrying amount
Non-current liabilities						
Other financial liabilities	18	-	28 175	19 710	47 885	59 229
Current liabilities						
Trade and other payables		63 033	-	-	63 033	63 033
Other financial liabilities	18	115 180	-	-	115 180	108 971
Bank overdraft	13	22 344	-	-	22 344	22 344
		(200 557)	**(28 175)**	**(19 710)**	**(248 442)**	**(253 577)**

Company - 2018

		Less than 1 year	1 to 2 years	2 to 5 years	Total	Carrying amount
Non-current liabilities						
Other financial liabilities	18	-	5 778	78 779	84 557	75 193
Current liabilities						
Trade and other payables		19 967	-	-	19 967	19 967
Other financial liabilities	18	18 831	-	-	18 831	30 588
Bank overdraft	13	2 039	-	-	2 039	2 039
		(40 837)	**(5 778)**	**(78 779)**	**(125 394)**	**(127 787)**

Company - 2017

		Less than 1 year	1 to 2 years	2 to 5 years	Total	Carrying amount
Non-current liabilities						
Other financial liabilities	18	-	23 933	9 285	33 218	49 905
Current liabilities						
Trade and other payables	20	8 823	-	-	8 823	8 823
Other financial liabilities	18	102 992	-	-	102 992	94 177
Bank overdraft	13	11 401	-	-	11 401	11 401
		(123 216)	**(23 933)**	**(9 285)**	**(156 434)**	**(164 306)**

34. Financial instruments and risk management (continued)

Interest rate risk

The group is exposed to interest rate risk due to interest-bearing liabilities at floating rates.

There have been no significant changes in the interest rate risk management policies and processes since the prior reporting period.

Interest rate sensitivity analysis

The following sensitivity analysis has been prepared using a sensitivity rate which is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. All other variables remain constant. The sensitivity analysis includes only financial instruments exposed to interest rate risk which were recognised at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

Group

At 28 February 2018, if the prime interest rate had been 1.00% per annum (2017:0.50% higher or lower during the period, with all other variables held constant, profit or loss for the year would have been R 826 697 (2017: R 458 072) lower or higher.

Company

At 28 February 2018, if the prime interest rate had been 1.00% per annum (2017: 0.50%) higher or lower during the period, with all other variables held constant, profit or loss for the year would have been R 761 623 (2017: R 329 372) lower or higher.

Price risk

The group is exposed to price risk on investments in equity instruments The risk is managed by dealing with a well-established fund manager and monitoring the performance of the instruments.

There have been no significant changes in the price risk management policies and processes since the prior reporting period.

Notes to the Consolidated and Separate Annual Financial Statements

	Group		Company	
Figures in Rand thousand	2018	2017	2018	2017

35. Earnings (loss) per share

Basic earnings (loss) reconciliation				
Earnings (loss) attributable to ordinary shareholders	(30 621)	(25 484)	10 417	(12 361)
Basic earnings (loss)	**(30 621)**	**(25 484)**	**10 417**	**(12 361)**

Headline earnings (loss) reconciliation				
Earnings (loss) attributable to ordinary shareholders	(30 621)	(25 484)	10 417	(12 361)
Gross adjustments				
IAS 16 Gain on the disposal of property, plant and equipment	(3 382)	(19 640)	(1 105)	(545)
IAS 16 Impairment of property, plant and equipment	46 489	2 063	45 315	-
IAS 16 Reversal of impairment of property, plant and equipment	(20 043)	-	(20 043)	-
Taxation adjustments				
IAS 16 Gain on the disposal of property, plant and equipment	947	5 499	309	153
IAS 16 Impairment of property, plant and equipment	(13 017)	(578)	(12 688)	-
IAS 16 Reversal of impairment of property, plant and equipment	5 612	-	5 612	-
Net adjustments				
IAS 16 Gain on the disposal of property, plant and equipment	(2 435)	(14 141)	(9 312)	(392)
IAS 16 Impairment of property, plant and equipment	33 472	1 485	32 627	-
IAS 16 Reversal of impairment of property, plant and equipment	(14 431)	-	(14 431)	-
Headline earnings (loss)	**(14 015)**	**(38 140)**	**19 301**	**(12 753)**

Number of shares				
Weighted average shares in issue	273 037 963	273 037 963	273 037 963	273 037 963
Treasury shares	(3 355 250)	(3 355 250)	-	-
	269 682 713	269 682 713	273 037 963	273 037 963

Basic and diluted basic earnings (loss) per share (cents)				
Continuing operations	(11.46)	(9.79)	3.82	(4.53)
Discontinued operations	0.11	0.34	-	-
	(11.35)	**(9.45)**	**3.82**	**(4.53)**

Headline and diluted headline earnings (loss) per share (cents)				
Continuing operations	(5.31)	(14.48)	7.07	(4.67)
Discontinued operations	0.11	0.34	-	-
	(5.20)	**(14.14)**	**7.07**	**(4.67)**

Notes to the Consolidated and Separate Annual Financial Statements

	Group		Company	
Figures in Rand thousand	2018	2017	2018	2017

36. Segmental information

The group's business segments and segmental information presented represent the primary basis of segment reporting. The segment reporting reflects the operating model of the group based on product lines and is consistent with the manner in which the business is managed and reported internally to the chief operating decision maker for the respective financial years. The segment reports exclude results from discontinued operations and non-current assets held for sale.

The basis on which the reporting segments have been separated is consistent with the prior year.

One customer represented 17.49% (2017: 11%) of group's revenues. There are no non-current assets belonging to the group that are domiciled outside of South Africa. There is no revenue from foreign countries.

2018

Segment	**Aggregates**	**Ready mixed**	**Shared services and contracting**	**Total continuing operations**
Total revenue	165 651	223 147	63 802	452 600
Internal revenue	(37 243)	(75 970)	-	(113 213)
External revenue	**128 408**	**147 177**	**63 802**	**339 387**
Cost of sales	(117 934)	(151 135)	1 444	(267 625)
Gross profit (loss)	**10 474**	**(3 958)**	**65 246**	**71 762**
Other income	775	44	28 851	29 670
Operating expenses	(16 584)	(15 178)	(99 873)	(131 635)
Operating loss	**(5 335)**	**(19 092)**	**(5 776)**	**(30 203)**
Investment income	-	-	24 560	24 560
Finance costs	(2 466)	(1)	(29 450)	(31 917)
Loss before tax from continuing operations	**(7 801)**	**(19 093)**	**(10 666)**	**(37 560)**
Profit from discontinued operations	307			

	Aggregates	**Ready mixed**	**Shared services and contracting**	**Total**
Depreciation and amortisation	(8 435)	(7 023)	(8 795)	(24 253)
Impairments	-	-	(46 766)	(46 766)
Impairment reversals	-	-	20 043	20 043
Property, plant and equipment and intangible assets	190 833	33 415	35 937	260 185
Total assets	**218 336**	**42 811**	**68 073**	**329 220**
Total liabilities	**(91 724)**	**(65 392)**	**(158 722)**	**(315 838)**

Notes to the Consolidated and Separate Annual Financial Statements

	Group		Company	
Figures in Rand thousand	2018	2017	2018	2017

36. Segmental information (continued)

2017

Segment	**Aggregates**	**Ready mixed**	**Shared services and contracting**	**Total continuing operations**
Total revenue	232 325	255 529	78 469	566 323
Internal revenue	(89 929)	(42 883)	(44 071)	(176 883)
External revenue	**142 396**	**212 646**	**34 398**	**389 440**
Operating profit (loss)	**7 706**	**7 995**	**(10 310)**	**5 391**
Property, plant and equipment and intangible assets	**225 988**	**21 683**	**15 600**	**263 271**

37. Going concern

We draw attention to the fact that at 28 February 2018, the group had accumulated losses of R 215 million (2017: 185 million) and the company had accumulated losses of R 166 million (2017: 177 million).

The consolidated and separate annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Subsequent to 28 February 2018 the group sold the Muldersdrift Quarry business as a going concern for R9 million on 3 December 2019. A three year lease agreement for the land of the Muldersdrift Quarry was also signed. These funds was used to enter into a settlement agreement for the outstanding amount that was owed to ABSA bank .The settlement agreement was signed on 4 February 2020. An initial payment of R10 million was made together with monthly payments until the full balance was settled.

A sale of Letting Enterprise agreement to the value of R 32.5 million and a sale of Mining Right Agreement to the value of R8 million were also signed with tenant of the Property on 3 December 2019. The conditions precedent on these two agreements was unfortunately not met and the agreements were cancelled. The group is currently looking for a new buyer of the property and mining right which will become available when the current lease expires on 3 December 2022.

On 5 March 2021 a new consolidated five- year loan agreement was signed with the Industrial Development Corporation of South Africa. In terms of the new loan agreement the loan is repayable in monthly instalments with a bullet payment once the Muldersdrift property is sold.

The group has also submitted a compromise proposal to SARS regarding the outstanding debts owed to SARS. The outcome of the compromise proposal is subject to the sale of the Muldersdrift property. Currently SARS are waiting for the sale of the property to materialise.

All the above turnaround initiatives as well as further restructuring of the Ready Mixed Concrete business has led the directors to believe that company and group 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 and group. The ability of the company and group to continue as a going concern is dependent on a number of factors. The most significant of these is the on-going Nedbank invoice Discounting facility, as well as SARS acceptance of the compromise proposal.

38. Events after the reporting period

In addition to the subsequent events outlined in the aforementioned going concern note 37, the following event occurred:

Covid-19

On the 23 March 2020 a nationwide lockdown in South Africa was announced following the worldwide outbreak of the Covid-19 pandemic.

The directors have considered the ongoing and future economic impact and implications of Covid-19 to the company and group and are sufficiently satisfied that the company will continue as a going concern in the foreseeable future and that there is no impact on the fair value assessments of the financial instruments held by the company and group at 28 February 2018.

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

Notes to the Consolidated and Separate Annual Financial Statements

	Group		Company	
Figures in Rand thousand	2018	2017	2018	2017

39. Prior period errors

The comparatives for the 2017 and 2016 financial years have been restated due to the following prior period errors:

- Incorrect reporting for financing of property, plant and equipment. These were incorrectly accounted for as operating leases under IAS 17 and should have been accounted for as other financial liabilities and property, plant and equipment. None of these financing arrangements was determined to be a finance lease under IAS 17 or a lease under IFRS 16.
- Property, plant and equipment was found to have been erroneously depreciated beyond the residual value or original cost.
- Intangible assets were incorrectly classified as property, plant and equipment.
- A property owned by a subsidiary was incorrectly reported as revalued in the company instead of only in the group.
- Revaluation reserves were not transferred to retained earnings on disposal of the related property, plant and equipment item.

The correction of the errors resulted in the following line item adjustments:

Group

	2017 Restated	2017 Previously reported	2017 Adjustment	2016 Restated	2016 Previously reported	2016 Adjustment
Statement of financial position						
Assets						
Property, plant and equipment	259 146	250 524	8 622	325 247	294 426	30 821
Intangible assets	4 125	-	4 125	4 969	-	4 969
Equity						
Reserves	41 664	53 573	(11 909)	52 703	58 717	(6 014)
Accumulated loss	(184 305)	(221 881)	37 576	(194 612)	(194 842)	230
Non-current liabilities						
Other financial liabilities	59 229	43 741	15 488	128 576	129 950	(1 374)
Deferred tax	18 881	9 497	7 616	16 423	7 039	9 384
Current liabilities						
Trade and other payables	100 386	138 178	(37 792)	149 631	116 067	33 564

	2017 Restated	2017 Previously reported	2017 Adjustment
Statement of profit or loss and other comprehensive income			
Revenue	389 440	389 429	11
Cost of sales	(343 838)	(347 633)	3 795
Other operating income and gains	23 658	23 026	632
Other operating expenses	(63 869)	(62 964)	(905)
Finance costs	(25 867)	(25 585)	(282)
Taxation	(6 099)	(5 268)	(831)
(Loss) profit for the year	(25 484)	(27 904)	2 420
Other comprehensive income (loss) for the year	24 752	(4 281)	29 033
Basic and diluted earnings (loss) per share (c)			
Continuing operations	(9.79)	(10.55)	0.76
Discontinued operations	0.34	0.33	0.01
	(9.45)	(10.22)	0.77

Notes to the Consolidated and Separate Annual Financial Statements

40. Shareholder analysis

Register date: 23 February 2018

Shareholder Spread			Number of Shareholders	%	No of Shares	%
	1	1 000	263	20.97%	115 497	0.04%
	1 001	10 000	528	42.11%	2 378 500	0.86%
	10 001	100 000	336	26.79%	12 717 688	4.60%
	100 001	1 000 000	93	7.42%	28 002 171	10.13%
	1 000 001	and over	34	2.71%	233 179 357	84.37%
		Totals	**1 254**	**100.00%**	**276 393 213**	**100.00%**

Distribution of Shareholders	Number of Shareholders	%	No of Shares	%
Banks/ Brokers	6	0.48%	648 645	0.23%
Close Corporations	19	1.52%	4 143 883	1.50%
Government	1	0.08%	41 458 982	15.00%
Individuals	1124	89.63%	94 308 686	34.12%
Other Corporations	7	0.56%	270 112	0.10%
Private Companies	36	2.87%	65 828 106	23.82%
Public Companies	1	0.08%	500 000	0.18%
Retirement Fund	1	0.08%	67 800	0.02%
Share Trust	1	0.08%	3 355 250	1.21%
Trusts	58	4.63%	65 811 749	23.81%
Totals	**1 254**	**100.00%**	**276 393 213**	**100.00%**

Public / Non-public Shareholders	Number of Shareholders	%	No of Shares	%
Non-Public Shareholders	5	0.40%	157 042 581	56.82%
Directors and associates of the company	1	0.08%	21 180 400	7.66%
Strategic Holdings	3	0.24%	132 506 931	47.94%
Share Trust	1	0.08%	3 355 250	1.21%
Public Shareholders	1249	99.60%	119 350 632	43.18%
Totals	**1 254**	**100.00%**	**276 393 213**	**100.00%**

Beneficial Shareholders Holding 3% or More	No of Shares	%
Samant Trust *	49 588 967	17.94%
Industrial Development Corporation	41 458 982	15.00%
Richtrau No 329 (Proprietary) Limited	41 458 982	15.00%
SJ Wearne (Director)	22 180 400	8.02%
Totals	**154 687 331**	**55.97%**

* SJ Wearne is also a beneficiary of the Samant Trust.