



WG Wearne Limited

(Registration number 1994/005983/06)

**Consolidated and Separate Annual Financial Statements
for the year ended 28 February 2019**

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.

WG Wearne Limited

(Registration number 1994/005983/06)

Consolidated and Separate Annual Financial Statements for the year ended 28 February 2019

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

WG Wearne Limited

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Audit Committee Report

This report is provided by the audit committee appointed in respect of the 2019 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	B.Com (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 2019 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 2019, namely DA Oosthuizen. 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.

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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

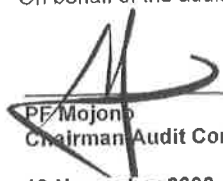
The Audit Committee performed an assessment of the effectiveness of the group's system of internal control and risk management, including internal financial controls. This assessment conducted formed the basis for the Audit Committee's recommendation to the board that nothing has come to the attention 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 2019, 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:


PF Mojono
Chairman Audit Committee

18 November 2022

WG Wearne Limited

(Registration number 1994/005983/06)

Consolidated and Separate Annual Financial Statements for the year ended 28 February 2019

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 79, which have been prepared on the going concern basis, were approved by the board on 18 November 2022 and were signed on their behalf by:

Approval of financial statements



SJ Wearne

WG Wearne Limited

(Registration number 1994/005983/06)

Consolidated and Separate Annual Financial Statements for the year ended 28 February 2019

CEO Statement on Internal Financial Controls

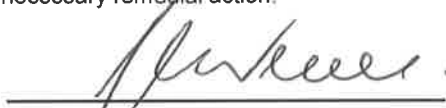
The director, whose name is stated below, hereby confirms that:

(a) the consolidated and separate annual financial statements set out on pages 16 to 79, 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

18 November 2022

WG Wearne Limited

(Registration number 1994/005983/06)

Consolidated and Separate Annual Financial Statements for the year ended 28 February 2019

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

18 November 2022

WG Wearne Limited

(Registration number 1994/005983/06)

Consolidated and Separate Annual Financial Statements for the year ended 28 February 2019

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 2019.

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.

The current year performance saw the group make a basic headline loss per share of 7.73 cents (2018: 5.20 cents) and basic and diluted loss from continuing and discontinued operations of 7.20 cents (2018: 11.35 cents). The net asset value per share decreased to negative 2.18 cents (2018: 4.96 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.

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 2019 (2018: 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
DA Oosthuizen	Executive	Appointed 01 September 2018, resigned 23 April 2019
MBA Hoosen	Non-executive	Appointed 13 August 2019, resigned 24 June 2021

WG Wearne Limited

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Consolidated and Separate Annual Financial Statements for the year ended 28 February 2019

Directors' Report

6. Directors' interests in shares

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

	2019 Indirect beneficial	2018 Indirect beneficial	2019 % Holding	2018 % 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

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

The group disposed of the remaining Brandvlei assets and liabilities which were classified as a disposal group held for sale in the statement of financial position. (Refer note 14.)

10. Interests in subsidiaries, associates and joint arrangements

Details of interests in subsidiary companies, associates and joint arrangements are presented in the consolidated and separate annual financial statements in notes 5, 6 and 7.

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.

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.

WG Wearne Limited

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Consolidated and Separate Annual Financial Statements for the year ended 28 February 2019

Directors' Report

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 24th May 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. 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.

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.

15. Going concern

We draw attention to the fact that at 28 February 2019, the group had accumulated losses of R 231 million (2018: 215 million) and the company had accumulated losses of R 170 million (2018: 166 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 2019 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 were 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 the 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.

WG Wearne Limited

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Directors' Report

15. Going concern (continued)

All the aforementioned 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 events occurred:

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 2019.

On the 24 February 2021, the Minister of Finance announced a number of tax policy proposals, including a reduction in the corporate tax rate from 28% to 27%. This will affect the group in the 2024 financial year and may affect deferred tax from the 2021 financial year onwards.

Stable electricity supply remains a challenge of which the impact has increased due to ongoing loadshedding implemented by Eskom, negatively affecting the ability to operate plants effectively, and increased costs resulting from the use of generators where possible.

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 2019.

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.



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Independent Auditor's Report

To the shareholders of WG Wearne Limited and its subsidiaries

Report on the Audit of the Annual Financial Statements

Opinion

We have audited the consolidated and separate annual financial statements of WG Wearne Limited and its subsidiaries (the Group) set out on pages 16 to 79, which comprise the statement of financial position as at 28 February 2019, 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.

In our opinion, the financial statements present fairly, in all material respects, the financial position of WG Wearne Limited as at 28 February 2019, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. 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 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 R19 million during the year ended 28 February 2019. 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.



IRBA Practice no.:
912476
SAICA Practice no.:
30701993

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 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
<p>1) Effects of COVID-19</p> <p>COVID-19 effect on audit communication with management and those charged with governance.</p>	<p>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.</p>
<p>2) Internal Controls</p> <p>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.</p>	<p>No reliance was placed on internal controls, instead a substantive and analytical audit approach was adopted.</p>
<p>3) Laws and regulations</p> <p>The entity did not comply with JSE listing requirements.</p> <p>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.</p>	<p>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.</p>
<p>4) Property, plant and equipment</p> <p>Revaluation of property, plant and equipment not properly accounted for in the underlying accounting records of the entity.</p>	<p>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.</p>
<p>5) Investments in subsidiaries</p> <p>Unaudited Noordvaal Crushers subsidiary included in the consolidated annual financial statements.</p>	<p>Non-compliance with the Companies Act and Income Tax Act identified, as compulsory financial statements were not drafted, and income tax returns not submitted. The trial balance of Noordvaal Crushers was reviewed and material account balances were verified to supporting documents.</p>

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 2019", 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated annual financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the 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 2 years.

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 matters pertaining to the reportable irregularities have been described in the Directors' Report Note 14 to the annual financial statements.

HLB CMA South Africa Incorporated
Registered Auditors



Jeandre Du Toit
Director
18 November 2022

WG Wearne Limited

(Registration number 1994/005983/06)

Consolidated and Separate Annual Financial Statements for the year ended 28 February 2019

Statement of Financial Position as at 28 February 2019

Figures in Rand thousand	Note(s)	Group		Company	
		2019	2018	2019	2018
Assets					
Non-Current Assets					
Property, plant and equipment	3	236,738	257,801	150,285	162,518
Intangible assets	4	1,741	2,384	-	-
Investments in subsidiaries	5	-	-	-	3
Investment in associate	7	1,027	-	-	-
Trade and other receivables	8	-	5,648	-	5,648
Investments at fair value	9	6,752	6,746	-	-
		246,258	272,579	150,285	168,169
Current Assets					
Inventories	11	13,538	16,075	11	28
Loans to group companies	12	221	-	1,856	1,856
Trade and other receivables	8	30,213	35,111	9,896	6,496
Cash and cash equivalents	13	533	1,709	63	1,060
		44,505	52,895	11,826	9,440
Non-current assets held for sale and assets of disposal groups	14	-	3,746	-	3,746
Total Assets		290,763	329,220	162,111	181,355
Equity and Liabilities					
Equity					
Share capital	15	178,357	178,357	181,837	181,837
Reserves		47,272	49,951	18,706	21,083
Accumulated loss		(231,513)	(214,926)	(170,014)	(166,211)
		(5,884)	13,382	30,529	36,709
Liabilities					
Non-Current Liabilities					
Investments in joint ventures	6	282	-	-	-
Other financial liabilities	18	16,005	75,314	16,005	75,193
Deferred tax	10	16,395	11,939	1,120	1,468
Provisions	19	8,559	8,200	-	-
		41,241	95,453	17,125	76,661
Current Liabilities					
Trade and other payables	20	168,682	157,352	41,297	35,358
Other financial liabilities	18	84,927	60,866	72,036	30,588
Current tax payable		55	55	-	-
Bank overdraft	13	1,742	2,112	1,124	2,039
		255,406	220,385	114,457	67,985
Total Liabilities		296,647	315,838	131,582	144,646
Total Equity and Liabilities		290,763	329,220	162,111	181,355

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Statement of Profit or Loss and Other Comprehensive Income

Figures in Rand thousand	Note(s)	Group		Company	
		2019	2018	2019	2018
Continuing operations					
Revenue	21	269,662	339,387	33,938	122,437
Cost of sales	22	(212,959)	(267,625)	(5,463)	(85,566)
Gross profit		56,703	71,762	28,475	36,871
Other operating income and gains	23	5,991	29,670	1,073	41,883
Other operating expenses		(55,585)	(131,635)	(27,005)	(75,094)
Operating profit (loss)	24	7,109	(30,203)	2,543	3,660
Investment income	25	2,582	24,560	1,076	21,053
Finance costs	26	(25,808)	(31,917)	(10,406)	(15,958)
Share of losses on joint venture		(282)	-	-	-
Share of losses on associate		(136)	-	-	-
(Loss) profit before taxation		(16,535)	(37,560)	(6,787)	8,755
Taxation	27	(4,456)	6,632	348	1,662
(Loss) profit from continuing operations		(20,991)	(30,928)	(6,439)	10,417
Discontinued operations					
Profit from discontinued operations	14	1,584	307	254	-
(Loss) profit for the year		(19,407)	(30,621)	(6,185)	10,417
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Gains on property revaluation		-	11,056	-	24,704
(Losses) gains on valuation of investments in equity instruments		(93)	327	-	-
Share of other comprehensive income of associate		234	-	-	-
Income tax relating to items that will not be reclassified		-	(3,096)	-	(6,917)
Total items that will not be reclassified to profit or loss		141	8,287	-	17,787
Other comprehensive income for the year net of taxation		141	8,287	-	17,787
Total comprehensive (loss) income for the year		(19,266)	(22,334)	(6,185)	28,204
(Loss) profit attributable to:					
Owners of the parent:					
From continuing operations		(20,991)	(30,928)	(6,439)	10,417
From discontinued operations		1,584	307	254	-
		(19,407)	(30,621)	(6,185)	10,417
Basic and diluted earnings (loss) per share (c)					
Continuing operations		(7.79)	(11.46)	(2.36)	3.82
Discontinued operations		0.59	0.11	0.09	-
	35	(7.20)	(11.35)	(2.27)	3.82

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Statement of Changes in Equity

Group	Share capital	Share premium	Total share capital	Revaluation reserve	Reserve for valuation of investments	Total reserves	Accumulated loss	Total equity
Figures in Rand thousand								
Balance at 01 March 2017	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 01 March 2018	273	178,084	178,357	48,057	1,894	49,951	(214,926)	13,382
Loss for the year	-	-	-	-	-	-	(19,407)	(19,407)
Other comprehensive (loss) income	-	-	-	-	(93)	(93)	234	141
Total comprehensive loss for the year	-	-	-	-	(93)	(93)	(19,173)	(19,266)
Transfer between reserves	-	-	-	(2,586)	-	(2,586)	2,586	-
Balance at 28 February 2019	273	178,084	178,357	45,471	1,801	47,272	(231,513)	(5,884)
Note(s)	15	15	15	16	17			

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Statement of Changes in Equity

Figures in Rand thousand

Company	Share capital	Share premium	Total share capital	Revaluation reserve	Total reserves	Accumulated loss	Total equity
Balance at 01 March 2017	276	181,561	181,837	3,296	3,296	(176,628)	8,505
Profit for the year	-	-	-	-	-	10,417	10,417
Other comprehensive income	-	-	-	17,787	17,787	-	17,787
Total comprehensive income for the year	-	-	-	17,787	17,787	10,417	28,204
Balance at 01 March 2018	276	181,561	181,837	21,083	21,083	(163,829)	39,091
Loss for the year	-	-	-	-	-	(6,185)	(6,185)
Other comprehensive loss	-	-	-	(2,377)	(2,377)	-	(2,377)
Total comprehensive loss for the year	-	-	-	(2,377)	(2,377)	(6,185)	(8,562)
Balance at 28 February 2019	276	181,561	181,837	18,706	18,706	(170,014)	30,529
Note(s)	15	15	15	16			

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Statement of Cash Flows

Figures in Rand thousand	Note(s)	Group		Company	
		2019	2018	2019	2018
Cash flows from operating activities					
Cash generated from (used in) operations	28	45,941	58,420	23,590	17,222
Interest income		353	570	353	270
Cash flows discontinued operations		(699)	-	-	-
Net cash from operating activities		45,595	58,990	23,943	17,492
Cash flows from investing activities					
Purchase of property, plant and equipment	3	(5,166)	(8,227)	(49)	(2,950)
Proceeds on sale of property, plant and equipment	3	12,930	9,094	2,101	2,970
Proceeds on sale of other intangible assets	4	-	711	-	-
Loans to group companies repaid		-	-	-	23,851
Loans advanced to group companies		(221)	-	(1,931)	-
Cash flows of discontinued operations		7,000	-	4,000	-
Dividends received		112	68	-	-
Net cash from investing activities		14,655	1,646	4,121	23,871
Cash flows from financing activities					
Proceeds from other financial liabilities	29	14,289	1,090	13,000	-
Repayment of other financial liabilities	29	(48,113)	(30,759)	(29,316)	(26,589)
Finance costs		(27,232)	(20,457)	(11,830)	(4,498)
Net cash from financing activities		(61,056)	(50,126)	(28,146)	(31,087)
Total cash movement for the year		(806)	10,510	(82)	10,276
Cash at the beginning of the year		(403)	(10,913)	(979)	(11,255)
Total cash at end of the year	13	(1,209)	(403)	(1,061)	(979)

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Consolidated and Separate Annual Financial Statements for the year ended 28 February 2019

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.

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 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.

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Accounting Policies

1.3 Joint arrangements (continued)

Joint ventures

An interest in a joint venture is accounted for using the equity method. Under the equity method, interests in joint ventures are carried in the statement of financial position at cost adjusted for post acquisition changes in the company's share of net assets of the joint venture, less any impairment losses.

The group's share of post-acquisition profit or loss is recognised in profit or loss, and its share of movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. Losses in a joint venture in excess of the group's interest in that joint venture, including any other unsecured receivables, are recognised only to the extent that the group has incurred a legal or constructive obligation to make payments on behalf of the joint venture.

Profits or losses on transactions between the group and a joint venture are eliminated to the extent of the group's interest therein. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of joint ventures have been changed where necessary to ensure consistency with the policies adopted by 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.

1.4 Investment in associate

An associate is an entity over which the group has significant influence and which is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. It generally accompanies a shareholding of between 20% and 50% of the voting rights.

Investments in associates are accounted for using the equity method, except when the investment is classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, investments in associates are carried in the Statement of Financial Position at cost adjusted for post-acquisition changes in the group's share of net assets of the associate, less any impairment losses.

The group's share of post-acquisition profit or loss is recognised in profit or loss, and its share of movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. Losses in an associate in excess of the group's interest in that associate, including any other unsecured receivables, are recognised only to the extent that the group has incurred a legal or constructive obligation to make payments on behalf of the associate.

Any goodwill on acquisition of an associate is included in the carrying amount of the investment, however, a gain on acquisition is recognised immediately in profit or loss.

Profits or losses on transactions between the group and an associate are eliminated to the extent of the group's interest therein. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed, where necessary, to ensure consistency with the policies adopted by the group.

When the group reduces its level of significant influence or loses significant influence, the group proportionately reclassifies the related items which were previously accumulated in equity through other comprehensive income to profit or loss as a reclassification adjustment. In such cases, if an investment remains, that investment is measured to fair value, with the fair value adjustment being recognised in profit or loss as part of the gain or loss on disposal.

1.5 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.

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Accounting Policies

1.5 Investment in associate (continued)

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 1.6.

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 3.

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.

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 1.16 and 19.

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Accounting Policies

1.5 Investment in associate (continued)

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.

1.6 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. For valuation of quarries, and considering the locality, the present use as open cast sand and stone mines is considered to be the highest and best use of the properties. Accordingly, the value in use is deemed to be the most appropriate valuation method and has been consistently applied in valuations of all similar properties.

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.

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Accounting Policies

1.6 Property, plant and equipment (continued)

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.

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Accounting Policies

1.7 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

1.8 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.

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Accounting Policies

1.8 Financial instruments (continued)

- 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 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, other receivables 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 construction-related industries in which the counterparties operate, as well as consideration of various external sources of actual and forecast economic information such as the Producer and Consumer Price Indexes, actual and forecast economic growth rates and changes in unemployment rates. For the current reporting period the forecast increase in the Consumer Price Index of 2,5% was applied as a Forward Looking Indicator to adjust the anticipated default rate.

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 can identify 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 have been low defaults historically and where no adverse Forward-Looking Indicators have been identified or, as in the case of short-term Trade Receivables these are considered to be less significant given the time horizon.

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1.8 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.

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Accounting Policies

1.8 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 receive 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.

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Accounting Policies

1.8 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.

1.9 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.

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Accounting Policies

1.9 Tax (continued)

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 to the extent that it is probable that future taxable profit will be available against which the unused tax losses 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.

1.10 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.

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1.11 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.

1.12 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.

1.13 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.

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.

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Accounting Policies

1.14 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.

1.15 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.

1.16 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.

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

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Accounting Policies

1.17 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.

Disaggregation of revenue

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

1.18 Rental revenue

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

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Accounting Policies

1.19 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.

1.20 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.

1.21 Borrowing costs

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

1.22 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.

1.23 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.

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Notes to the Consolidated and Separate Annual Financial Statements

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

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

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 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

2.2 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and may be relevant to the group. The standards and interpretations are mandatory for the group's accounting periods beginning on or after 01 March 2019 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

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Figures in Rand thousand

3. Property, plant and equipment

Group	2019			2018		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Land and buildings	154,480	(742)	153,738	153,550	(667)	152,883
Plant and machinery	118,773	(52,423)	66,350	128,776	(43,028)	85,748
Motor vehicles	65,474	(49,489)	15,985	70,257	(51,817)	18,440
Office equipment	1,174	(1,044)	130	1,174	(1,003)	171
IT equipment	4,685	(4,150)	535	4,673	(4,114)	559
Total	344,586	(107,848)	236,738	358,430	(100,629)	257,801

Company	2019			2018		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Land and buildings	117,668	(234)	117,434	117,668	(204)	117,464
Plant and machinery	64,504	(33,596)	30,908	71,571	(28,886)	42,685
Motor vehicles	4,720	(3,132)	1,588	4,720	(2,689)	2,031
Office equipment	192	(170)	22	192	(165)	27
IT equipment	2,955	(2,622)	333	2,906	(2,595)	311
Total	190,039	(39,754)	150,285	197,057	(34,539)	162,518

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3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Group - 2019

	Opening balance	Additions	Disposals	Depreciation	Total
Land and buildings	152,883	929	-	(74)	153,738
Plant and machinery	85,748	2,909	(9,682)	(12,625)	66,350
Motor vehicles	18,440	1,279	(676)	(3,058)	15,985
Office equipment	171	-	-	(41)	130
IT equipment	559	49	-	(73)	535
	257,801	5,166	(10,358)	(15,871)	236,738

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

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3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Company - 2019

	Opening balance	Additions	Disposals	Depreciation	Total
Land and buildings	117,464	-	-	(30)	117,434
Plant and machinery	42,685	-	(3,865)	(7,912)	30,908
Motor vehicles	2,031	-	-	(443)	1,588
Office equipment	27	-	-	(5)	22
IT equipment	311	49	-	(27)	333
	162,518	49	(3,865)	(8,417)	150,285

Reconciliation of property, plant and equipment - Company - 2018

	Opening balance	Additions	Disposals	Revaluations	Depreciation	Impairment loss	Impairment reversal	Total
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

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	2019	2018	2019	2018

3. 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	45,380	60,490	32,474	41,662
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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 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 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 unobservable inputs used in the valuation of property comprising quarries were comparable values of similar properties and the in-situ value calculation of the minerals still to be mined (sand and rock) based on the available estimated reserve and historical extraction rates. The main sensitivities relating to the unobservable inputs are changes in supply and demand for comparable properties and changes in supply and demand for the minerals mined.

The highest and best use was considered in the valuation of properties.

There was no valuation performed for the current year as management did not consider there to be any significant indicators that the value may have changed. This assessment is based on the nature and type of assets, the value of commodities mined, the observed stable nature of commercial property values and the current economic and operating environment.

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

Land and buildings	118,560	117,870	117,837	117,103
Plant and machinery	46,591	64,759	20,206	29,545
	165,151	182,629	138,043	146,648

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.

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4. Intangible assets

Group	2019			2018		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Mineral rights	7,561	(5,820)	1,741	7,561	(5,177)	2,384

Reconciliation of intangible assets - Group - 2019

	Opening balance	Amortisation	Total
Mineral rights	2,384	(643)	1,741

Reconciliation of intangible assets - Group - 2018

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

Impairment assessment

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

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5. 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 2019	% Voting power 2018	% Holding 2019	% Holding 2018	Carrying amount 2019	Carrying amount 2018
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 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					(3,003)	(3,000)
					-	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 and recommenced trading in the current year. 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 prior 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 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.

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

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6. Joint arrangements

Joint ventures

Following the disposal by the group of 50% of the equity of Wearne Quarries Natal (Pty) Ltd (refer note 5), 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 commenced trading in the current year. The group's share of losses in the joint venture have been recognised as the group has a legal obligation to make payments on behalf of the joint venture.

The carrying value of the joint venture was R50 at 28 February 2018.

Group

Name of company	Held by	% ownership interest	% ownership interest	Carrying amount	Carrying amount
		2019	2018	2019	2018
Wearne Quarries Natal (Pty) Ltd	Wearne Aggregates (Pty) Ltd	50.00 %	50.00 %	(282)	-

Summarised financial information

Summarised Statement of Profit or Loss and Other Comprehensive Income

	Wearne Quarries Natal (Pty) Ltd
	2019
Revenue	16,484
Cost of sales	(13,631)
Gross profit	2,853
Other income	1
Operating expenses	(3,961)
Operating loss	(1,107)
Finance costs	(66)
Loss before tax	(1,173)
Tax expense	610
Loss from continuing operations	(563)
Other comprehensive income	-
Total comprehensive loss	(563)

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6. Joint arrangements (continued)

Summarised Statement of Financial Position

	Wearne Quarries Natal (Pty) Ltd
	2019
Assets	
Non-current	3,640
Current	
Cash and cash equivalents	805
Other current assets	8,181
Total current assets	8,986
Liabilities	
Non-current	
Non-current financial liabilities	2,797
Total non-current liabilities	2,797
Current	
Current financial liabilities	10,392
Total current liabilities	10,392
Total net assets	(563)
Reconciliation of net assets to equity accounted investments in joint ventures	
Interest in joint venture at percentage ownership	(282)
Carrying value of investment in joint venture	(282)
Investment at beginning of period	-
Share of losses	(282)
Investment at end of period	(282)

Restrictions relating to joint ventures

There are no restrictions on the ability of the group to access or use the assets and liabilities of the joint venture within the terms of the joint venture agreement.

Joint ventures pledged as security

The joint ventures has not been pledged as security.

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7. Investment in associate

The group acquired 25% of the Brandvlei Sands (Pty) Ltd in May 2018. The percentage ownership interest is equal to the percentage voting rights. Brandvlei Sands (Pty) Ltd is incorporated in South Africa, which is its principal place of business.

The company mines and washes natural occurring sand from its own resources and produces high quality plaster sand for the building and construction industries.

Group

Name of company	Held by	% ownership interest 2019	% ownership interest 2018	Carrying amount 2019	Carrying amount 2018
Brandvlei Sands (Pty) Ltd	Wearne Aggregates (Pty) Ltd	25.00 %	- %	1,027	-

Summarised financial information

Summarised Statement of Profit or Loss and Other Comprehensive Income

	Brandvlei Sands (Pty) Ltd
	2019
Revenue	6,228
Cost of sales	(2,542)
Gross profit	3,686
Operating expenses	(3,806)
Operating loss	(120)
Finance costs	(428)
Loss before tax	(548)
Tax expense	-
Loss from continuing operations	(548)
Other comprehensive income	939
Total comprehensive income	391

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Figures in Rand thousand

7. Investment in associate (continued)

Summarised Statement of Financial Position

	Brandvlei Sands (Pty) Ltd
	2019
Assets	
Non-current	8,778
Current	890
Total assets	9,668
Liabilities	
Non-current	8,824
Current	663
Total liabilities	9,487
Total net assets	181

Reconciliation of net assets to equity accounted investments in associates

	Brandvlei Sands (Pty) Ltd
	2019
Interest in associates at percentage ownership	45
Goodwill	982
Carrying value of investment in associate	1,027
Investment at beginning of period	929
Share of losses	(136)
Share of other comprehensive income	234
Investment at end of period	1,027

Restrictions relating to associates

Brandvlei Sands (Pty) Ltd is unable to declare any dividends until it has repaid loans from shareholders. Loans from shareholders were R2,697,736 at 28 February 2019.

Associates pledged as security

Associates have not been pledged as security.

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Figures in Rand thousand	Group		Company	
	2019	2018	2019	2018
8. Trade and other receivables				
Financial instruments:				
Trade receivables	23,033	33,073	3,463	5,451
Loss allowance	(406)	(403)	-	-
Trade receivables at amortised cost	22,627	32,670	3,463	5,451
Deposits	1,649	1,528	685	611
Other receivables	5,937	6,103	5,748	5,766
Non-financial instruments:				
Prepayments	-	456	-	316
Total trade and other receivables	30,213	40,757	9,896	12,144
Split between non-current and current portions				
Non-current assets	-	5,648	-	5,648
Current assets	30,213	35,109	9,896	6,496
	30,213	40,757	9,896	12,144
Financial instrument and non-financial instrument components of trade and other receivables				
At amortised cost	30,213	40,303	9,896	11,828
Non-financial instruments	-	456	-	316
	30,213	40,759	9,896	12,144

Non-current other receivables

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

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.

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 (2018: 30 days) No interest is charged on outstanding trade receivables. There were no trade receivables written off at year end (2018: Rnil) which were still subject to enforcement activities.

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8. Trade and other receivables (continued)

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 2019 there was a concentration of credit risk in two trade receivables representing R2.6 million and R2.3 million of gross trade receivables. There were overdue amounts in 30 to 60 days of R1.9 million relating to these trade receivables. As at 28 February 2018 there was a concentration of credit risk in one trade receivable representing R8.13 million of gross trade receivables. There 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	2019	2019	2018	2018
	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)
Expected credit loss rate:				
Not past due: 0% (2018: 0%)	11,766	-	21,514	-
Less than 30 days past due: 2.03% (2018: 0.40%)	3,233	(65)	5,472	(22)
31 - 60 days past due: 1.19% (2018: 1.31%)	2,928	(35)	992	(13)
61 - 90 days past due: 12.42% (2018: 3.63%)	834	(104)	632	(23)
91 - 120 days past due: 21.30% (2018: 6.37%)	296	(63)	361	(23)
More than 120 days past due: 3.50% (2018: 7.82%)	3,976	(139)	4,103	(321)
Total	23,033	(406)	33,074	(402)
Company	2019	2019	2018	2018
	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)
Expected credit loss rate:				
Not past due: 0% (2018: 0%)	2,967	-	5,164	-
Less than 30 days past due: 0% (2018: 0%)	273	-	50	-
31 - 60 days past due: 0% (2018: 0%)	132	-	27	-
61 - 90 days past due: 0% (2018: 0%)	-	-	15	-
91 - 120 days past due: 0% (2018: 0%)	-	-	13	-
More than 120 days past due: 0% (2018: 0%)	91	-	182	-
Total	3,463	-	5,451	-

The expected credit loss allowance was not considered material for the company in the current and prior year.

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Figures in Rand thousand	Group		Company	
	2019	2018	2019	2018

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	(402)	(1,926)	-	-
Provision raised on new trade receivables	(406)	(1,095)	-	-
Provisions reversed on settled trade receivables	402	2,619	-	-
Closing balance	(406)	(402)	-	-

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 receivable is fully unrecoverable, meaning if it was not paid, the loss is 100%.

Calculating the ECL using a provision matrix

For short-term trade receivables, the determination of forward-looking macroeconomic scenarios is considered to be less significant given that over the credit risk exposure period a significant change in economic conditions may be unlikely, and historical loss rates are considered an appropriate basis for the estimate of expected future losses. The group has elected to apply the provision matrix for trade receivables without a significant financing component, and measures the impairment allowance at an amount equal to lifetime ECL. Lifetime ECL is assessed by applying the relevant loss rates to the trade receivable balances outstanding, taking into consideration the current aging and an analysis of the historical aging of trade receivables.

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 was not considered significant to the company or group in the prior year.

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	2019	2018	2019	2018

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:	6,752	6,746	-	-
Stanlib Wealth Management Limited				
	6,752	6,746	-	-

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.

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	2019	2018	2019	2018
10. Deferred tax				
Deferred tax liability				
Property, plant and equipment	(42,891)	(52,995)	(20,906)	(27,895)
Prepayments	-	(128)	-	(88)
Deposits paid	(192)	(171)	(192)	(171)
Total deferred tax liability	(43,083)	(53,294)	(21,098)	(28,154)
Deferred tax asset				
Leave pay	301	299	80	124
Accrued expenses	183	213	182	213
Expected credit loss allowance	85	85	-	-
Deferred tax balance from temporary differences other than unused tax losses	569	597	262	337
Tax losses available for set off against future taxable income	26,119	40,758	19,716	26,349
Total deferred tax asset	26,688	41,355	19,978	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	(16,395)	(11,939)	(1,120)	(28,154)
Deferred tax asset	-	-	-	26,686
Total net deferred tax (liability) asset	(16,395)	(11,939)	(1,120)	(1,468)
Reconciliation of deferred tax asset / (liability)				
At beginning of year	(11,939)	(17,030)	(1,468)	-
Increases (decrease) in tax loss available for set off against future taxable income	(14,639)	40,090	(6,633)	26,349
Taxable / (deductible) temporary difference movement on:				
Property, plant and equipment	10,104	(34,304)	6,989	(27,895)
Prepayments	128	(104)	88	(88)
Deposits paid	(21)	(171)	(21)	(171)
Provisions	-	(279)	-	-
Leave pay	2	299	(44)	124
Accrued expenses	(30)	213	(31)	213
Credit loss allowance	-	85	-	-
Income received in advance	-	(738)	-	-
	(16,395)	(11,939)	(1,120)	(1,468)
11. Inventories				
Raw materials, components	2,653	3,689	-	-
Finished goods	10,813	11,787	7	7
Diesel	72	598	4	21
	13,538	16,074	11	28

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.

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	2019	2018	2019	2018
12. Loans to group companies				
Subsidiaries				
Wearne Aggregates (Pty) Ltd	-	-	77,897	62,987
Wearne Precast (Pty) Ltd	-	-	-	11,373
Noordvaal Crushers (Pty) Ltd	-	-	1,856	1,856
Wearne Ready Mixed Concrete (Pty) Ltd	-	-	9,398	22,377
	-	-	89,151	98,593
Impairment of loans	-	-	(87,295)	(96,737)
	-	-	1,856	1,856
Joint ventures				
Wearne Quarries Natal (Pty) Ltd	221	-	-	-
Special purpose entity				
WG Wearne Share Incentive Trust	-	-	3,942	3,942
	-	-	3,942	3,942
Impairment of loan	-	-	(3,942)	(3,942)
	-	-	-	-
Total	221	-	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 value of the property held by the entity. The loan receivable from Wearne Quarries Natal (Pty) Ltd is considered recoverable based on the financial outlook for the company. Loans from all other related entities were impaired in full based on lifetime expected credit losses.

Reconciliation of loss allowances

Opening balance	-	-	(100,679)	(124,530)
(Increase in) reversal of impairment of loans due to movement in gross carrying amount	-	-	(1,931)	23,851
Write off of loan	-	-	11,373	-
Closing balance	-	-	(91,237)	(100,679)

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.

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	2019	2018	2019	2018
13. Cash and cash equivalents				
Cash and cash equivalents consist of:				
Cash on hand	196	222	-	30
Bank balances	337	1,487	63	1,030
Bank overdraft	(1,742)	(2,112)	(1,124)	(2,039)
	(1,209)	(403)	(1,061)	(979)
Current assets	533	1,709	63	1,060
Current liabilities	(1,742)	(2,112)	(1,124)	(2,039)
	(1,209)	(403)	(1,061)	(979)

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 these 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 R40 million (2018: R50 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

The group facility is limited to a maximum of R6 000 000 for Wearne Quarries Natal (Pty) Ltd.

The invoice discounting facility is disclosed in note 18 Other financial liabilities.

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.

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	2019	2018	2019	2018

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

Brandvlei quarry

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. The remaining assets and liabilities were classified as a disposal group held for sale in the prior year. The group has retained a 25% interest in the Brandvlei quarry through an investment in associate (refer note 7).

The remeasurement of the disposal group to date of disposal and as at 28 February 2019 was not considered material to the group based on the quantitative value.

Profit and loss

Revenue	-	2,773	-	-
Cost of sales	(699)	(2,100)	-	-
Gross profit	-	673	-	-
Other income	2,283	-	254	-
Other expenses	-	(366)	-	-
Net profit before tax	1,584	307	254	-
Tax	-	-	-	-
Net profit after tax	1,584	307	254	-

Assets and liabilities

Assets of disposal groups

Property, plant and equipment	-	3,746	-	-
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15. Share capital

Authorised

500 000 000 Ordinary shares of 0.1 cents each	500,000	500,000	500,000	500,000
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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 2019 was: 273 037 963 (2018: 273 037 963), excluding treasury shares of 0.1 cents each.

The group holds 3 355 250 (2018: 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.

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	2019	2018	2019	2018

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	58,498	19,371	19,371
Plant and machinery	10,268	13,860	6,609	9,911
Deferred tax	(23,295)	(24,301)	(7,274)	(8,199)
	45,471	48,057	18,706	21,083

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).

Reserves consist of:

Fair value adjustment on equity instruments	1,801	1,894	-	-
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18. Other financial liabilities

Held at amortised cost

Secured

Revolving loan - ABSA Bank Limited	16,467	30,824	16,467	30,824
Invoice discounting facility - ABSA Bank Limited	9,868	21,361	-	-

Unsecured

IDC - Loan A	41,524	41,524	41,524	41,524
IDC - Loan B	12,424	12,424	12,424	12,424
IDC - Loan C	832	-	832	-
IDC - Loan D	11,232	-	11,232	-

Instalment sale agreements

Wesbank	-	1,647	-	929
Nedbank Limited	-	9,287	-	5,733
FAW South Africa	3,023	4,766	-	-
Fleet Africa	4,896	11,994	4,896	11,994
ELB Equipment Holdings Limited	666	2,353	666	2,353
	100,932	136,180	88,041	105,781

Split between non-current and current portions

Non-current liabilities	16,005	75,314	16,005	75,193
Current liabilities	84,927	60,866	72,036	30,588
	100,932	136,180	88,041	105,781

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 3 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.

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	2019	2018	2019	2018

18. Other financial liabilities (continued)

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;
 - 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

The security for the invoice discounting facility is included in cash and cash equivalents note 13.

Unsecured loans

The IDC A loan is interest free and 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 is interest free repayable at an average monthly instalment of R 431 000 for 20 months beginning May 2012. The IDC C and D loans bear no interest. The C loan is repayable on demand and the D loan repayable in 12 equal monthly instalments commencing 30 March 2019.

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 45 380 000 (2018: R 60 490 000).

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% and are repayable at an average monthly instalment of R1 689 457 (2018: R 3 952 172) commencing April 2013. FAW bears interest at 13.5% and is repayable at an average monthly instalment of R286 757 (2018: R 349 254).

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	2019	2018	2019	2018

18. Other financial liabilities (continued)

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.

19. Provisions

Reconciliation of provisions - Group - 2019

	Opening balance	Change in discount factor	Total
Environmental rehabilitation	8,200	359	8,559

Reconciliation of provisions - Group - 2018

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

The quantification of future rehabilitation costs was performed in accordance with policy note 1.16 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 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.

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	2019	2018	2019	2018
20. Trade and other payables				
Financial instruments:				
Trade payables	63,609	82,425	8,754	11,356
Payroll accruals *	42,702	30,937	9,686	7,828
Trade accruals	755	768	165	191
Accrued audit fees	487	592	487	592
Non-financial instruments:				
VAT *	61,129	42,630	22,205	15,391
	168,682	157,352	41,297	35,358

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

At amortised cost	107,553	114,722	19,092	19,967
Non-financial instruments	61,129	42,630	22,205	15,391
	168,682	157,352	41,297	35,358

* Included in the VAT and payroll accruals liabilities are the arrears balance of R89.7 million (2018: R57 million) which was included in the deferment agreement reached with SARS during the 2017 financial year.

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.

21. Revenue

Revenue from contracts with customers				
Sale of goods	261,299	324,613	5,205	82,228
Rendering of services	8,363	14,774	21,687	31,296
Recoveries	-	-	1,505	2,922
	269,662	339,387	28,397	116,446
Revenue other than from contracts with customers				
Rental Income	-	-	5,541	5,991
	269,662	339,387	33,938	122,437

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	2019	2018	2019	2018
21. Revenue (continued)				
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	123,062	192,205	2,899	80,126
Ready mixed concrete - at a point in time	138,237	132,408	2,306	2,102
	261,299	324,613	5,205	82,228
Rendering of services				
Administration and management fees received - over time	-	-	21,687	31,296
Contracting services - over time	8,363	14,774	-	-
	8,363	14,774	21,687	31,296
Other revenue				
Recoveries - at a point in time	-	-	1,505	2,922
Total revenue from contracts with customers	269,662	339,387	28,397	116,446
22. Cost of sales				
Sale of goods	212,959	267,625	5,463	85,566
23. Other operating income and gains				
Commissions received	15	19	5	5
Other rental income	788	680	-	1
Other recoveries	547	71	-	-
Profit on disposal of property, plant and equipment	1,475	3,382	-	1,105
Other income	3,166	3,951	1,068	1,049
Impairment reversal on property, plant and equipment	-	20,043	-	20,043
Movement in credit loss allowances - trade and other receivables	-	1,524	-	-
Movement in credit loss allowances - loans receivable	-	-	-	19,680
	5,991	29,670	1,073	41,883

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Figures in Rand thousand	Group		Company	
	2019	2018	2019	2018
24. Operating profit (loss)				
Operating profit (loss) for the year is stated after charging the following, amongst others:				
Auditor's remuneration - external				
Audit fees	720	2,014	720	2,031
Employee costs				
Salaries, wages, bonuses and other benefits	66,442	79,624	13,685	21,384
Retirement benefit plans: defined contribution expense	(170)	3,114	(24)	1,255
Termination benefits	417	1,138	26	261
Total employee costs	66,689	83,876	13,687	22,900
Less: Employee costs included in cost of sales and inventories	(28,864)	(33,102)	-	-
Total employee costs included in operating expenses	37,825	50,774	13,687	22,900
Leases				
Short-term leases - equipment	1,934	2,363	1,607	2,226
Total lease expenses	1,934	2,363	1,607	2,226
Depreciation and amortisation				
Depreciation of property, plant and equipment	15,871	23,223	8,417	13,452
Amortisation of intangible assets	644	1,030	-	-
Total depreciation and amortisation	16,515	24,253	8,417	13,452
Less: Depreciation included in cost of sales and inventories	(15,756)	(22,351)	(8,385)	(13,411)
Total depreciation and amortisation included in operating expenses	759	1,902	32	41
Impairment losses				
Property, plant and equipment	-	46,766	-	45,315
Movement in credit loss allowances				
Loans to group companies	4	-	1,931	-
Other				
Loss on disposal of property, plant and equipment	1,764	-	1,764	-
Loan to group company written off	-	-	11,373	-

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Figures in Rand thousand	Group		Company	
	2019	2018	2019	2018
25. Investment income				
Dividend income				
Equity instruments at fair value through other comprehensive income:				
Listed investments - local	112	68	-	-
Total dividend income	112	68	-	-
Interest income				
Investments in financial assets:				
Bank and other cash	353	570	353	570
IDC loan - net interest received *	723	20,483	723	20,483
Unwinding of discount on sales	1,394	3,439	-	-
Total interest income	2,470	24,492	1,076	21,053
Total investment income	2,582	24,560	1,076	21,053

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

26. Finance costs

Bank overdraft and loans	10,952	18,727	3,794	10,927
Late payment of tax	9,808	5,602	5,052	598
Unwinding of discount on provisions	359	315	-	-
Trade payables	1,155	1,203	1,155	1,203
Instalment sales agreements	2,331	5,113	405	3,230
Other interest paid	1,203	957	-	-
Total finance costs	25,808	31,917	10,406	15,958

27. Taxation

Major components of the tax expense (income)

Deferred				
Originating and reversing temporary differences	4,456	(6,632)	(348)	(1,662)

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	18.54 %	4.25 %	21.66 %	1.92 %
Donations	0.43 %	- %	0.15 %	- %
Impairments	- %	101.92 %	- %	80.90 %
Reversal of impairments	- %	(89.43)%	- %	(83.68)%
Share of equity accounted losses	(0.71)%	- %	- %	- %
Deferred tax not raised on tax losses	39.54 %	34.31 %	0.86 %	- %
Prior period deferred tax not raised	- %	(5.40)%	- %	(46.12)%
	29.80 %	17.65 %	(5.33)%	(18.98)%

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	2019	2018	2019	2018
28. Cash generated from operations				
Loss before taxation	(16,535)	(37,560)	(6,787)	8,755
Adjustments for:				
Depreciation and amortisation	16,515	24,253	8,417	13,452
Net losses on disposal on property, plant and equipment	289	-	1,764	-
Losses on equity accounted investments	418	-	-	-
Dividends received	(112)	(68)	-	-
Interest income	(2,470)	(24,492)	(1,076)	(21,053)
Finance costs	25,808	31,917	10,406	15,958
Impairments of property, plant and equipment	-	46,766	-	45,315
Reversal of impairments of loans to group companies	-	-	-	(19,680)
Impairments of loans to group companies	-	-	1,934	-
Reversal of impairments of property, plant and equipment	-	(20,043)	-	(20,043)
Changes in working capital:				
Inventories	2,537	1,892	17	9,675
Trade and other receivables	4,898	15,320	2,248	(3,489)
Trade and other payables	14,593	20,435	6,667	(11,668)
	45,941	58,420	23,590	17,222

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Figures in Rand thousand

29. Changes in liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities - Group - 2019

	Opening balance	Payment of prior year interest accrued	Total non-cash movements	Cash flows	Closing balance
Other financial liabilities	136,180	(1,424)	(1,424)	(33,824)	100,932

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	178,991	11,460	(24,602)	(13,142)	(29,669)	136,180

Reconciliation of liabilities arising from financing activities - Company - 2019

	Opening balance	Payment of prior year interest accrued	Total non-cash movements	Cash flows	Closing balance
Other financial liabilities	105,781	(1,424)	(1,424)	(16,316)	88,041

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

30. Commitments

Capital expenditure

At 28 February 2019, the group does not have any significant commitments for capital expenditure (2018: R nil).

Short term leases

At 28 February 2019, the group does not have any commitments for short-term leases (2018: R nil).

31. Contingencies

There were no contingences as at 28 February 2019.

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	2019	2018	2019	2018
32. Related parties				
Relationships				
Subsidiaries	Refer to note 5			
Joint ventures	Refer to note 6			
Associates	Refer to note 7			
Entities controlled by directors	Senatla Structures (Pty) Ltd			
Related party balances				
Loan accounts owing by subsidiaries				
Noordvaal Crushers (Pty) Ltd	-	-	1,856	1,856
Loan accounts owing by joint ventures				
Wearne Quarries Natal (Pty) Ltd	221	-	-	-
Amounts included in trade receivables regarding subsidiaries				
Wearne Ready Mixed Concrete (Pty) Ltd	-	-	1,339	-
Amounts included in trade receivables regarding joint ventures				
Wearne Quarries Natal (Pty) Ltd	-	-	565	-
Related party transactions				
Revenue received from subsidiaries				
Wearne Aggregates (Pty) Ltd	-	-	18,286	33,905
Wearne Ready Mixed Concrete (Pty) Ltd	-	-	16,210	14,364
Other income received from subsidiaries				
Wearne Ready Mixed Concrete (Pty) Ltd	-	-	-	70
Purchases from subsidiaries				
Wearne Aggregates (Pty) Ltd	-	-	-	(395)
Wearne Ready Mixed Concrete (Pty) Ltd	-	-	-	(77,883)
Purchases from other related parties				
Senatla Structures (Pty) Ltd	-	(39)	-	(39)
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.

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Figures in Rand thousand

33. Directors' emoluments

Executive

2019

Directors' emoluments	Basic salary	Expense allowances	Total
Services as director or prescribed officer			
SJ Wearne	1,763	106	1,869
JJ Bierman	605	5	610
DA Oosthuizen	448	-	448
	2,816	111	2,927

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

Non-executive

2019

Directors' emoluments	Fees for services as director	Total
Services as director or prescribed officer		
WP van der Merwe	240	240
PF Mojona	183	183
TS Chauke	200	200
	623	623

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

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Figures in Rand thousand

34. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

Group - 2019

	Note(s)	Fair value through other comprehensive income - equity instruments	Amortised cost	Total	Fair value
Loans to group companies	12	-	221	221	221
Investments at fair value	9	6,752	-	6,752	6,752
Trade and other receivables	8	-	30,213	30,213	30,213
Cash and cash equivalents	13	-	533	533	533
		6,752	30,967	37,719	37,719

Group - 2018

	Note(s)	Fair value through other comprehensive income - equity instruments	Amortised cost	Total	Fair value
Loans to group companies	12	-	1,856	1,856	1,856
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	43,868	50,614	50,614

Company - 2019

	Note(s)	Amortised cost	Total	Fair value
Loans to group companies	12	1,856	1,856	1,856
Trade and other receivables	8	9,896	9,896	9,896
Cash and cash equivalents	13	63	63	63
		11,815	11,815	11,815

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

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Figures in Rand thousand

34. Financial instruments and risk management (continued)

Categories of financial liabilities

Group - 2019

	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	20	107,553	107,553	107,553
Other financial liabilities	18	100,932	100,932	100,932
Bank overdraft	13	1,742	1,742	1,742
		210,227	210,227	210,227

Group - 2018

	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	20	114,722	114,722	114,722
Other financial liabilities	18	136,180	136,180	136,180
Bank overdraft	13	2,112	2,112	2,112
		253,014	253,014	253,014

Company - 2019

	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	20	19,092	19,092	19,092
Other financial liabilities	18	88,041	88,041	88,041
Bank overdraft	13	1,124	1,124	1,124
		108,257	108,257	108,257

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

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Figures in Rand thousand	Group		Company	
	2019	2018	2019	2018

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:

Borrowings	18	100,932	136,180	88,041	105,781
Trade and other payables	20	168,682	157,352	41,296	35,358
Total borrowings		269,614	293,532	129,337	141,139
Bank overdraft	13	1,742	2,112	1,124	2,039
Net borrowings		271,356	295,644	130,461	143,178
Equity		(5,843)	13,385	30,529	36,714
Gearing ratio		(4,644)%	2,209 %	427 %	390 %

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.

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34. Financial instruments and risk management (continued)

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		2019			2018		
		Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Loans to group companies	12	221	-	221	-	-	
Investments at fair value	9	6,746	-	6,746	6,366	6,366	
Trade and other receivables	8	30,619	(406)	30,213	41,160	40,757	
Cash and cash equivalents	13	337	-	337	1,487	1,487	
		37,923	(406)	37,517	49,013	(403)	
						48,610	

Company		2019			2018		
		Gross carrying amount	Credit loss allowance	Amortised cost	Gross carrying amount	Credit loss allowance	Amortised cost
Loans to group companies	12	93,093	(91,237)	1,856	102,535	(100,679)	
Trade and other receivables	8	9,896	-	9,896	12,144	-	
Cash and cash equivalents	13	63	-	63	1,030	-	
		103,052	(91,237)	11,815	115,709	(100,679)	
						15,030	

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34. Financial instruments and risk management (continued)

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 - 2019

		Less than 1 year	1 to 2 years	2 to 5 years	Total	Carrying amount
Non-current liabilities						
Other financial liabilities	18	-	12,005	12,953	24,958	16,005
Current liabilities						
Trade and other payables	20	107,553	-	-	107,553	107,553
Other financial liabilities	18	96,307	-	-	96,307	84,927
Bank overdraft	13	11,610	-	-	11,610	1,742
		215,470	8,801	12,953	240,428	210,227

Group - 2018

		Less than 1 year	1 to 2 years	2 to 5 years	Total	Carrying amount
Non-current liabilities						
Other financial liabilities	18	-	14,189	68,166	82,355	75,314
Current liabilities						
Trade and other payables	20	114,722	-	-	114,722	114,722
Other financial liabilities	18	67,924	-	-	67,924	60,866
Bank overdraft	13	23,473	-	-	23,473	23,473
		162,490	14,189	68,166	288,474	274,375

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34. Financial instruments and risk management (continued)

Company - 2019

		Less than 1 year	1 to 2 years	2 to 5 years	Total	Carrying amount
Non-current liabilities						
Other financial liabilities	18	-	12,005	12,953	24,958	16,005
Current liabilities						
Trade and other payables		19,092	-	-	19,092	19,092
Other financial liabilities	18	86,439	-	-	86,439	72,036
Bank overdraft	13	1,124	-	-	1,124	1,124
		106,655	12,005	78,779	131,613	108,257

Company - 2018

		Less than 1 year	1 to 2 years	2 to 5 years	Total	Carrying amount
Non-current liabilities						
Other financial liabilities	18	-	12,005	66,900	78,905	75,193
Current liabilities						
Trade and other payables	20	19,967	-	-	19,967	19,967
Other financial liabilities	18	32,491	-	-	32,491	30,588
Bank overdraft	13	2,039	-	-	2,039	2,039
		54,497	12,005	78,779	133,402	127,787

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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 2019, if the prime interest rate had been 1.00% per annum (2018: 1.00% higher or lower during the period, with all other variables held constant, profit or loss for the year would have been R 655,661 (2018: R 826,697) lower or higher.

Company

At 28 February 2019, if the prime interest rate had been 1.00% per annum (2018: 1.00%) higher or lower during the period, with all other variables held constant, profit or loss for the year would have been R 633,895 (2018: R 761,623) 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.

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Figures in Rand thousand	Group		Company	
	2019	2018	2019	2018
35. Earnings (loss) per share				
Basic earnings (loss) reconciliation				
Earnings (loss) attributable to ordinary shareholders	(19,407)	(30,621)	(6,185)	10,417
Basic earnings (loss)	(19,407)	(30,621)	(6,185)	10,417
Headline earnings (loss) reconciliation				
Earnings (loss) attributable to ordinary shareholders	(19,407)	(30,621)	(6,185)	10,417
Gross adjustments				
IAS 16 Gain on the disposal of property, plant and equipment	(1,475)	(3,382)	-	(1,105)
IAS 16 Loss on the disposal of property, plant and equipment	1,764	-	1,764	-
IAS 16 Gain on the disposal of property, plant and equipment included in discontinued operations	(2,283)	-	(254)	-
IAS 16 Impairment of property, plant and equipment	-	46,489	-	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	1,052	947	71	309
IAS 16 Loss on the disposal of property, plant and equipment	(494)	-	(494)	-
IAS 16 Impairment of property, plant and equipment	-	(13,017)	-	(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	(2,706)	(2,435)	(183)	(9,312)
IAS 16 Loss on the disposal of property, plant and equipment	1,270	-	1,270	-
IAS 16 Impairment of property, plant and equipment	-	33,472	-	32,627
IAS 16 Reversal of impairment of property, plant and equipment	-	(14,431)	-	(14,431)
Headline earnings (loss)	(20,843)	(14,015)	(5,098)	19,301
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	(7.79)	(11.46)	(2.36)	3.82
Discontinued operations	0.59	0.11	0.09	-
	(7.20)	(11.35)	(2.27)	3.82
Headline and diluted headline earnings (loss) per share (cents)				
Continuing operations	(8.58)	(5.31)	(1.96)	7.07
Discontinued operations	0.85	0.11	0.09	-
	(7.73)	(5.20)	(1.87)	7.07

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36. Segmental information

The group's business segments and segmental information presented represent the primary basis of segment reporting. The segment reporting is based on the main product lines of the group, 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.

No single customer represented more than 10% of the group's revenue in 2019. In 2018 one customer represented 17.49% 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.

2019

Segment	Aggregates	Ready mixed	Shared services and contracting	Total continuing operations
Total revenue	166,762	130,122	34,578	331,462
Internal revenue	(26,131)	(1,091)	(34,578)	(61,800)
External revenue	140,631	129,031	-	269,662
Cost of sales	(94,390)	(111,417)	(7,152)	(212,959)
Gross profit (loss)	46,241	17,614	(7,152)	56,703
Other income	2,402	487	3,102	5,991
Operating expenses	(33,340)	(16,720)	(5,525)	(55,585)
Share of losses on joint venture	(282)	-	-	(282)
Share of losses on associate	(136)	-	-	(136)
Operating loss	14,885	1,381	(9,575)	6,691
Investment income	-	-	2,582	2,582
Finance costs	(2,351)	(459)	(22,998)	(25,808)
Loss before tax from continuing operations	12,534	922	(29,991)	(16,535)
Profit from discontinued operations	1,584			
	Aggregates	Ready mixed	Shared services and contracting	Total
Depreciation and amortisation	(8,575)	(3,441)	(4,499)	(16,515)
Property, plant and equipment and intangible assets	170,546	41,045	26,888	238,479
Total assets	92,497	40,783	157,540	290,820
Total liabilities	(99,280)	(65,804)	(131,579)	(296,663)

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36. Segmental information (continued)

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)

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37. Going concern

The directors believe that the company and group has adequate financial resources to continue in operation for the foreseeable future and accordingly the consolidated and separate annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company and group is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements.

We draw attention to the fact that at 28 February 2019, the group had accumulated losses of R 231 million (2018: 215 million) and the company had accumulated losses of R 170 million (2018: 166 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 2019 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 aforementioned 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.

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38. Events after the reporting period

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

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 2019.

On the 24 February 2021, the Minister of Finance announced a number of tax policy proposals, including a reduction in the corporate tax rate from 28% to 27%. This will affect the group in the 2024 financial year and may affect deferred tax from the 2021 financial year onwards.

Stable electricity supply remains a challenge of which the impact has increased due to ongoing loadshedding implemented by Eskom, negatively affecting the ability to operate plants effectively, and increased costs resulting from the use of generators where possible.

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

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39. Shareholder analysis

Register date: 28 February 2019

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.

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40. Comparative figures

The invoice discounting facility has been reclassified from cash and cash equivalents to other financial liabilities as the facility is not repayable on demand.

The effect of the reclassification is as follows:

	Group 2021 Comparative presented	Group 2021 Previously presented	Reclassification
Statement of Financial Position			
Bank overdraft (note 13)	2,112	23,473	(21,361)
Other financial liabilities (note 18)	136,180	114,819	21,361