

BLACK MOUNTAIN MINING PROPRIETARY LIMITED

**(Incorporated in the Republic of South Africa)
Company Registration number 2005/040096/07
AUDITED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2019**

A member of Vedanta Resources Limited

Black Mountain Mining Proprietary Limited

Company Registration number 2005/040096/07

GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Exploration, development, treatment, production and sale of zinc, lead, copper and associated minerals concentrates.
Directors	KK Rajagopal GR Arun Kumar M Snyman R Smit D Naidoo A J Trytsman (resigned 12 April 2019) NM Vegter (Alternate)
Registered office	Penge Road Aggeneys 8893
Postal address	Private Bag X01 Aggeneys 8893
Ultimate holding company	Vedanta Resources Ltd
Holding company	All of the shares in the company are held by THL Zinc Limited (69.6%), Exxaro Base Metals and Industrial Mineral Holdings Proprietary Limited (24.4%) and The Voorspoed Trust (6%).
Bankers	Standard Bank of South Africa Limited
Auditors	Ernst & Young Inc.
Company registration number	2005/040096/07
Tax reference number	9531/662/15/4
Preparer of annual financial statements	The annual financial statements have been prepared under the supervision of Emma Laubscher CA (SA) (Head of Financial Reporting).
Level of assurance	These financial statements have been audited in compliance with the Companies Act of South Africa 71 of 2008.
Published	9 May 2019

Black Mountain Mining Proprietary Limited

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DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required by the Companies Act of South Africa, 71 of 2008, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards.

The 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 company 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 company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the 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 company's cash flow forecast for the year to 31 March 2020 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on pages 5 - 6.

The annual financial statements set out on pages 7 to 49 have been prepared on the going concern basis, were approved by the board on the 7th of May 2019 and were signed on its behalf by:



D Naidoo
Director

Independent Auditor's Report

To the shareholders of Black Mountain Mining Proprietary Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Black Mountain Mining Proprietary Limited set out on pages 8 to 49, which comprise the statement of financial position as at 31 March 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Black Mountain Mining Proprietary Limited as at 31 March 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 (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code), and other independence requirements applicable to performing the audit of Black Mountain Mining Proprietary Limited. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code, and in accordance with other ethical requirements applicable to performing the audit of Black Mountain Mining Proprietary Limited. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Ernst & Young

Ernst & Young Inc.
Director – James Crawford Thomas
Registered Auditor
Chartered Accountant (SA)
9 May 2019

102 Rivonia Road
Sandton
Johannesburg

Black Mountain Mining Proprietary Limited

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DIRECTORS' REPORT

The Directors have pleasure in submitting the annual financial statements of the Company for the year ended 31 March 2019.

Nature of business and history

The Company is the holder of the new order mineral rights to the Broken Hill Deeps, Swartberg and Gamsberg ore bodies.

Broken Hill Deeps is currently the main mining operation with resources of 10.6mt and reserves of 5.6mt and an estimated remaining life of mine of 4 years. The mining operations began at Broken Hill in 1980 and concluded during 2006, when the development to the Deeps section was completed. Swartberg was mined on a small scale (average 25,800t/month) from 1995 but production was stopped in 2006 in an effort to get the Deeps Mine in full production. Mining from underground at Gamsberg was stopped in January 2013 and to replace this ore, and keeping the Black Mountain concentrator in full production, mining at Swartberg was re-started in 2013.

The Gamsberg ore body is a large undeveloped zinc deposit situated approximately 22km from Black Mountain. A pre-feasibility study was conducted on the ore body for 300 000 metal in concentrate ("MIC") in 2000 and in 2009 a pre-feasibility study for 400 000 MIC was commenced to determine the financial viability of developing the ore body to a full scale mine. The gaps in the initial pre-feasibility study were assessed and a technical and financial pre-feasibility study was completed in September 2013. Small scale mining at Gamsberg commenced in 2003 and concluded in 2013 with the onset of the above mentioned studies. The Project was officially approved by the Company's Board in November 2014 and then officially opened on 27 July 2016. In the 2016 financial year, the Company commenced pre-start mining and pre-stripping of the pit and construction of related housing infrastructure. In the 2017 financial year the Company commenced construction of the process plant, water line and MRSS and transmission line. First ore production was achieved during November 2018 with ramp up to full production in June 2019. The plant was capitalised on the 1st March 2019 after reaching a steady state of production during late February 2019.

Employee share scheme

On 1 April 2017 the Company sold shares to the Voorspoed Trust with an effective holding of 6% of the Company's issued share capital. The Voorspoed Trust was established to facilitate employee share ownership with the emphasis on employees who hold junior employment positions. Therefore, the beneficiaries of the Voorspoed Trust and the shares issued are employees in key positions whose Paterson level is C band and below.

On the 18th of April 2019, the directors declared a special dividend payable to the Voorspoed Trust as per the Scheme agreements, this will be paid via a distribution of R4 375.00 to each beneficiary of the Voorspoed Trust. The same special dividend was declared on the 24th April 2018 as per the Voorspoed Trust scheme.

Going concern

The Company's financial position, its cash flows, liquidity position and borrowings are set out in the annual financial statements, which comprise the statement of financial position, statement of profit or loss and comprehensive income and statement of cash flows. In addition, details of our policy on capital risk management are set out in note 16 to the financial statements.

Black Mountain Mining Proprietary Limited (BMM) realised a profit of R345.8 million for the year ended 31 March 2019 (31 March 2018: R964.7 million).

The Board is satisfied that BMM's forecasts and projections, taking account of reasonably possible changes in trading performance, show that BMM will be able to operate within the foreseeable future. The directors consider the going concern basis for preparing its financial statements to remain appropriate.

Dividends

Other than the special dividend declared to the Voorspoed Trust beneficiaries no other dividend was declared (2018:nil)

Borrowing powers

Please refer to note 18.1 for details of the company's loans and borrowings.

Share capital

The authorised share capital of the Company as at 31 March 2019 was R10 000 divided into 9 800 ordinary shares of no par value, 100 A ordinary shares of no par value and 100 B ordinary shares of no par value. There were 1 000 issued ordinary shares at 31 March 2019 (31 March 2018: 1 000), 32 each of A and B ordinary shares issued at 31 March 2019. As at 31 March 2019 TIL Zinc Limited, a non-resident company, held 69.6% of the issued ordinary shares, Exxaro Base Metals and Industrial Mineral Holdings Proprietary Limited held 24.4% and the Voorspoed Trust held 6% of all ordinary shares issued.

Auditors

Ernst & Young Inc. were appointed as auditors of Black Mountain Proprietary Limited; James Thomas is the designated audit partner for the 2019 financial year.

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Statement of financial position as at 31 March 2019

Rand '000	Notes	31 March 2019	31 March 2018
Intangible assets	5	33 182	33 182
Tangible assets	6	6 795 521	4 617 344
Other non-financial assets	7	-	242 534
Environmental rehabilitation trust	8	142 473	130 733
Financial asset investments	9	1	1
Total non-current assets		6 971 177	5 023 794
Inventories	10	252 698	100 121
Trade and other receivables	11	463 944	297 464
Current tax assets		11 698	11 698
Cash and cash equivalents	12	758 702	336 674
Total current assets		1 487 042	745 957
Total assets		8 458 219	5 769 751
Trade and other payables	13	852 608	609 912
Group company loans	18	-	787 158
Short term portion of long term loans	18.3	87 629	-
Total current liabilities		940 237	1 397 070
Interest-bearing loans and borrowings	18	788 664	-
Group company loans	18	1 898 829	-
Provisions	14	341 440	414 447
Deferred tax liabilities	23.2	1 055 703	916 054
Retirement benefit obligations	15	68 769	68 542
Share based payments	26	81 994	40 836
Total non-current liabilities		4 235 399	1 439 879
Total liabilities		5 175 636	2 836 949
Net assets		3 282 583	2 932 802
Equity			
Share capital	17	1	1
Retirement benefit reserve		23 829	19 888
Merger reserve		9 808	12 434
Retained earnings		3 248 945	2 900 479
Equity		3 282 583	2 932 802

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Statement of Total Comprehensive Income for the year ended 31 March 2019

Rand '000	Notes	31 March 2019	31 March 2018
Total revenue	19	2 786 525	3 348 335
Cost of sales		(1 830 827)	(1 392 999)
Gross profit		955 698	1 955 336
Other income		15 026	22 520
Selling and distribution costs		(240 480)	(189 756)
Administrative expenses		(312 548)	(434 152)
Operating profit	20	417 696	1 353 948
Finance income	22	118 736	17 561
Finance costs	22	(52 476)	(24 775)
Net finance income		66 260	(7 214)
Profit before tax		483 956	1 346 734
Income tax expense	23.1	(138 116)	(382 037)
Profit for the period		345 840	964 697

Other comprehensive income

Rand '000	31 March 2019	31 March 2018
Profit for the year	345 840	964 697
Actuarial gain/(loss) on post-retirement benefit schemes*	5 474	10 974
Deferred tax (raised)/ reversed *	(1 533)	(3 073)
Net income recognised directly in other comprehensive income *	3 941	7 901
Total comprehensive income for the period	349 781	972 598

* The actuarial gain/ (loss)and related deferred tax impact will not be reclassified subsequently to profit or loss

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Statement of changes in equity for the year ended 31 March 2019

Rand '000	Total share capital *	Retirement benefit obligation reserve **	Merger reserve	Retained earnings	Total Equity
Opening balance at 1 April 2018	1	19 888	12 434	2 900 479	2 932 802
Profit for the year	-	-	-	345 840	345 840
Other comprehensive income	-	3 941	-	-	3 941
Total comprehensive income for the year	-	3 941	-	345 840	349 781
Amortisation of merger reserve	-	-	(2 626)	2 626	-
Dividends paid*	-	-	-	-	-
Balance at 31 March 2019	1	23 829	9 808	3 248 945	3 282 583

Rand '000	Total share capital *	Retirement benefit obligation reserve **	Merger reserve	Retained earnings	Total Equity
Opening balance at 1 April 2017	1	11 987	15 685	1 932 531	1 960 204
Profit for the year	-	-	-	964 697	964 697
Other comprehensive income	-	7 901	-	-	7 901
Total comprehensive income for the year	-	7 901	-	964 697	972 598
Amortisation of merger reserve	-	-	(3 251)	3 251	-
Dividends paid***	-	-	-	-	-
Balance at 31 March 2018	1	19 888	12 434	2 900 479	2 932 802

* Share Capital is net of 64 A & B Ordinary shares issued to the Voorspoed Trust. The shares are considered as Treasury shares and as such eliminated to Rnil.

** The retirement benefit obligation reserve will not be reclassified subsequently to profit or loss.

*** On the 24th of April 2018, the directors declared a special dividend payable to the Voorspoed Trust totalling R3 478 125. The dividend was eliminated to Rnil on consolidation of the shareholding held by the Voorspoed Trust. Similarly a special dividend payable to the Voorspoed Trust was declared on the 19th April 2017 totalling R3 000 375.

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Statement of cash flows for the period ended 31 March 2019

Rand '000	Notes	31 March 2019	31 March 2018
Cash flows from operations			
Cash inflows from operations	24	768 027	1 114 637
Finance income	22	18 372	17 561
Finance costs	22	(14 538)	(1 314)
Net cash inflows from operating activities		<u>771 861</u>	<u>1 130 884</u>
Cash flows from investing activities			
Purchases of tangible assets		(2 342 511)	(2 462 823)
Proceeds on sale of tangible assets		561	381
Rental income		4 153	4 763
Net cash outflows from investing activities		<u>(2 337 797)</u>	<u>(2 457 679)</u>
Cash flows from financing activities			
Movements in loans and borrowings		876 293	-
Proceeds from group loans and borrowings		1 111 671	770 000
Contribution to rehabilitation fund		-	(567)
Net cash outflows from financing activities		<u>1 987 964</u>	<u>769 433</u>
Net increase in cash and cash equivalents		<u>422 028</u>	<u>(557 362)</u>
Cash and cash equivalents at start of year		<u>336 674</u>	<u>894 036</u>
Cash and cash equivalents at end of year		<u>758 702</u>	<u>336 674</u>

Notes to the annual financial statements
For the year ended 31 March 2019

1 Basis of preparation

The financial statements provide information about the financial position, results of operations and changes in financial position of the company. These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The financial statements have been prepared on a historical cost basis. The financial statements are presented in South African Rands (ZAR) and all values are rounded to the nearest thousand (Rand '000), except where otherwise indicated.

1.1 Basis of consolidation

The financial statements incorporate a consolidation of the financial statements of the company and entities controlled by the company, the Black Mountain Mining Rehabilitation Trust and the Voorspoed Trust collectively referred to as ("the Trust"). Control is achieved since the company has the power to govern the financial and operating policies of the Trusts so as to obtain benefits from its activities. Intra-group transactions, balances, income and expenses are eliminated on consolidation, where appropriate.

1.2 Foreign currency transactions

The company's consolidated financial statements are presented in ZAR, which is also the entity's functional currency. The company does not have any foreign operations.

Transactions in foreign currencies are initially recorded by each entity in the Group at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. All differences are taken to the statement of profit or loss and other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

2. Significant accounting judgements, estimates and assumptions

In the preparation of the financial statements, management is required to make estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates, which may be material to the financial statements within the next financial period.

Significant areas of accounting judgements, estimates and assumptions include:

- Useful economic life of assets (note 6);
- Ore resources estimates (note 2.1);
- Production start date (note 2.2);
- Impairment of assets (note 5);
- Restoration, rehabilitation and environmental costs provisions (note 14);
- Retirement benefits (note 15);
- Share based payments (note 26).

2.1 Ore resources estimates

Ore reserves and mineral resource estimates are estimates of the amount of ore that can be economically and legally extracted from the company's mining properties. Such reserves and mineral resource estimates and changes to these may impact the company's reported financial position and results, in the following way:

- The carrying value of mine properties, property, plant and equipment, and goodwill may be affected due to changes in estimated future cash flows.
- Depreciation and amortisation charges in the statement of profit or loss and other comprehensive income may change where such charges are determined using the LOM method, or where the useful life of the related assets change.
- Capitalised stripping costs recognised in the statement of financial position, as either part of mine properties or inventory or charged to profit or loss, may change due to changes in stripping ratios.
- Provisions for rehabilitation and environmental provisions may change where reserve estimate changes affect expectations about when such activities will occur and the associated cost of these activities.
- The recognition and carrying value of deferred income tax assets may change due to changes in the judgements regarding the existence of such assets and in estimates of the likely recovery of such assets.

Notes to the annual financial statements
For the year ended 31 March 2019

2. Significant accounting judgements, estimates and assumptions (continued)
2.1 Ore resources estimates (continued)

The company estimates its ore reserves and mineral resources (Life of Mine (LOM) plan) annually based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth, shape and grade of the ore body and suitable production techniques and recovery rates. Such an analysis requires complex geological judgements to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements and production costs, along with geological assumptions and judgements made in estimating the size and grade of the ore body.

2.2 Production start date

The company assesses the stage of each mine/plant under development/construction to determine when a mine/plant moves into the production phase, this being when the mine/plant is substantially complete and ready for its intended use. The criteria used to assess the start date are determined based on the unique nature of each mine/plant development/ construction project, such as the complexity of the project and its location. The company considers various relevant criteria to assess when the production phase is considered to have commenced. At this point, all related amounts are reclassified from 'Capital Work in Progress' to 'Mine development asset' or 'Plant and equipment'. Some of the criteria used to identify the production start date include, but are not limited to:

- Level of capital expenditure incurred compared with the original construction cost estimate
- Completion of a reasonable period of testing of the mine plant and equipment
- Ability to produce metal in saleable form (within specifications)
- Ability to sustain ongoing production of metal

When a mine development project moves into the production phase, the capitalisation of certain mine development costs ceases and costs are either regarded as forming part of the cost of inventory or expensed, except for costs that qualify for capitalisation relating to mining asset additions or improvements, underground mine development or mineable reserve development. It is also at this point that depreciation/amortisation commences.

3. Changes in accounting policies and disclosures

3.1 New and amended standards and interpretations

The company applied IFRS 15 and IFRS 9 for the first time from 1 April 2018. The nature and effect of these changes as a result of the adoption of these new standards are described below. Other than the changes described below, the accounting policies adopted are consistent with those of the previous financial year.

Several other amendments and interpretations applied for the first time in 2019, but did not have an impact on the consolidated financial statements of the company and, hence, have not been disclosed. The company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

3.1.1 IFRS 15 Revenue from Contracts with Customers

IFRS 15 and its related amendments supersede IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations. It applies to all revenue arising from contracts with its customers and became effective for annual periods beginning on or after 1 January 2018. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. It requires revenue to be recognised when (or as) control of a good or service transfers to a customer at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires enhanced and extensive disclosures about revenue to help investors better understand the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The company has adopted the modified transitional approach as permitted by the standard under which the comparative financial information is not restated. The accounting changes required by the standard do not have a material effect on the company financial statements and no transitional adjustment is recognised in retained earnings at April 1, 2018.

The effect of adopting IFRS 15 is set out below.

Notes to the annual financial statements
For the year ended 31 March 2019

3. Changes in accounting policies and disclosures (continued)
3.1 New and amended standards and interpretations (continued)
3.1.1 IFRS 15 Revenue from Contracts with Customers (continued)

Overall impact

The company's revenue from contracts with customers comprises four main streams being the sale of Zinc, Copper, Lead and Silver in concentrate. The company undertook a comprehensive analysis of the impact of the new revenue standard based on a review of the contractual terms of its principal revenue streams with the primary focus being to understand whether the timing and amount of revenue recognised could differ under IFRS 15. For the company's metal in concentrate sales not sold under CIF or CIP Incoterms (see "Freight/shipping services" commentary below for further discussion), the nature and timing of satisfaction of the performance obligations, and, hence, the amount and timing of revenue recognised under IFRS 15, is the same as that under IAS 18.

There were some differences noted in relation to the CIF/CIP arrangements mainly resulting in some reclassifications and impact on presentation – refer below for further discussion. See Note below for the company's IFRS 15 revenue recognition accounting policies.

Impact on statement of profit or loss and other comprehensive income

Metal concentrate

There were no changes identified with respect to the timing of revenue recognition in relation to metal in concentrate, as control transfers to customers at the date of shipment for CIF, the date it arrives at the port of destination warehouse for CIP, and in limited cases for local sales DAP where control is transferred at the customer's premises. All terms are consistent with the point in time when risks and rewards passed under IAS 18. However, there has been a change in the amount of revenue recognised for some metal in concentrate sales sold under CIF/CIP Incoterms where the company provides freight/shipping services. This is because these services are now considered to represent separate performance obligations which are satisfied at a different point in time from the metal in concentrate. Therefore, some of the transaction price that was previously all allocated to the metal in concentrate under IAS 18 is now required to be allocated to these new performance obligations under IFRS 15 (see "Freight/shipping services" commentary below for further discussion).

Provisionally priced commodity sales

The company has products which are provisionally priced at the date revenue is recognised. Revenue in respect of such contracts are recognised when control passes to the customer and is measured at the amount the entity expects to be entitled – being the estimate of the price expected to be received at the end of the measurement period. Post transfer of control of goods, subsequent movements in provisional pricing are accounted for in accordance with IFRS 9 "Financial Instruments" rather than IFRS 15 and therefore the IFRS 15 rules on variable consideration do not apply. These 'provisional pricing' adjustments i.e. the consideration received post transfer of control has been included in total revenue from operations on the face of the Consolidated Statement of Profit and loss. The accounting for revenue under IFRS 15 does not, therefore, represent a substantive change from the company's previous practice for recognising revenue from sales to customers.

Under IFRS 15, the accounting for this revenue will remain unchanged in that revenue will be recognised when control passes according to the trade terms and will be measured at the amount to which the company expects to be entitled. This will be the estimate of the price expected to be received at the end of the QP, i.e. the forward price. It will be the impact of the requirements of IFRS 9 that will lead to a change to the company's accounting (refer to the IFRS 9 discussion further below). The company will now present such movements after the date of sale in profit or loss as 'Fair value gains/losses' and there will be no impact on the disclosures relating to revenue from contracts with customers.

Freight/shipping services

The majority of the company's metal in concentrate sales are sold under CIF/CIP Incoterms, whereby the company is responsible for providing freight/shipping services after the date that it transfers control of the metal in concentrate to the customer. Under IAS 18, freight/shipping services were not accounted for as separate services. Instead, all of the revenue relating to the sale was recognised at the date of loading and presented as metal in concentrate revenue. Under IFRS 15, it has been concluded that the provision of these services represents separate performance obligations and the company acts as principal (see Note 19 for a discussion on the significant judgements relating to the principal versus agent assessment for these services).

Notes to the annual financial statements
For the year ended 31 March 2019

3. Changes in accounting policies and disclosures (continued)

3.1 New and amended standards and interpretations (continued)

3.1.1 IFRS 15 Revenue from Contracts with Customers (continued)

As a result, under IFRS 15, a portion of the transaction price is now required to be allocated to these performance obligations and will be recognised over time, on a gross basis, as the services are provided. In some instances, the company receives a portion of the transaction price in cash for each shipment at or near the date of shipment under a provisional invoice. Given this, a portion of the transaction price relating to these freight/shipping services is received in advance of the company providing these services. Such amounts have been recognised as a contract liability upon receipt under IFRS 15 and are then recognised as revenue over time as the services are provided (see Note 19 for further discussion on contract liabilities).

Given the nature of the company's commodity shipping profile, most of these services are completed in the same reporting period that control of the underlying metal in concentrate passes to the customer with only a very small percentage of shipments subject to these Incoterms being on the water over a reporting period end. The accounting changes required by the standard do not have a material effect on the company financial statements and no transitional adjustment is recognised in retained earnings at April 1, 2018.

3.1.2 IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The company has applied IFRS 9 retrospectively, with the initial application date of 1 April 2018 and has adjusted the comparative information for the period beginning 1 April 2017. There were no material impacts on the comparative balances. There was no impact on hedging as the company does not apply hedge accounting.

The effects of adopting IFRS 9 are set out below

Classification and measurement

Under IFRS 9, there is a change in the classification and measurement requirements relating to financial assets. Previously, there were four categories of financial assets: loans and receivables, fair value through profit or loss, held to maturity and available for sale. Under IFRS 9, financial assets are either classified as amortised cost, fair value through profit or loss or fair value through other comprehensive income.

For debt instruments, the classification is based on two criteria: the company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' (SPPI) on the principal amount outstanding. A financial asset can only be measured at amortised cost if both of the following are satisfied:

- Business model: the objective of the business model is to hold the financial asset for the collection of the contractual cash flows
- Contractual cash flows: the contractual cash flows under the instrument relate solely to payments of principal and interest

The assessment of the company's business model was made as of the date of initial application, 1 April 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 April 2018. The assessment of whether contractual cash flows on debt instruments are SPPI was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of IFRS 9 did not have a significant impact on the company).

Financial assets

The company continued measuring at fair value all financial assets previously held at fair value under IAS 39. The following are the changes in the classification of the company's financial assets:

- Trade receivables (not subject to provisional pricing), Other current financial assets (i.e., Other receivables) previously classified as Loans and receivables: these were assessed as being held to collect contractual cash flows and give rise to cash flows representing SPPI. These are now classified and measured as Debt instruments at amortised cost.

Notes to the annual financial statements
For the year ended 31 March 2019

3. Changes in accounting policies and disclosures (continued)
3.1 New and amended standards and interpretations (continued)
3.1.2 IFRS 9 Financial Instruments (continued)

• Trade receivables (subject to provisional pricing) and Quotational period derivatives: prior to the adoption of IFRS 9, the exposure of provisionally priced sales to commodity price movements over the QP, previously led to embedded derivatives (QP derivatives) being which was included in trade receivables and not accounted for separately. Under IFRS 9, embedded derivatives should not be separated from financial assets and therefore the accounting remains unchanged. Instead, the exposure of the trade receivable to future commodity price movements will cause the trade receivable to fail the SPPI test. Therefore, the entire receivable is now required to be measured at fair value through profit or loss, with subsequent changes in fair value recognised in the statement of profit or loss and other comprehensive income each period until final settlement. The company previously presented such fair value changes in Revenue but will now present them as 'fair value gains/losses'. There was an immaterial impact on the statement of financial performance and the statement of profit or loss and other comprehensive income arising from this change. In addition the company has assessed the impact of fair value gain and loss relating to provisionally priced invoices for the current and prior financial year and have noted this impact to be immaterial and thus there was no reclassification made in this regard. The impact on presentation and disclosure as a result of the adoption of IFRS 9 is as follows:

In summary, upon the adoption of IFRS 9, the company had the following required or elected reclassifications for financial assets:

As at 31 March 2018

	IAS 39 carrying value	IFRS 9 measurement category		Fair Value through OCI
		Fair value through profit or loss	Amortised cost	
Rand '000				
IAS 39 measurement category				
Loans and receivables				
Trade receivables (subject to provisional pricing)	92 845	-	92 845	-
Other receivables	197 890	-	197 890	-
		-	290 735	-

There is no material effect on the statement of profit or loss and other comprehensive income for year ended 31 March 2018 due to the adoption of IFRS 9

Financial liabilities

The company has not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the company's financial liabilities.

Other impacts

The change did not have material impact on the company's statement of cash flows.

Impairment

The adoption of IFRS 9 has changed the company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the company to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets in the scope of IFRS 15.

As all of the company's trade receivables (not subject to provisional pricing) and other current receivables which the company measures at amortised cost are short term (i.e., less than 12 months) and the company's credit rating and risk management policies in place, the change to a forward-looking ECL approach did not have a material impact on the amounts recognised in the financial statements.

Hedge accounting

The company has elected to adopt the new general hedge accounting model in IFRS 9. However, the changes introduced by IFRS 9 relating to hedge accounting currently have no impact, as the company does not apply hedge accounting.

Notes to the annual financial statements
For the year ended 31 March 2019

4. Summary of significant accounting policies

4.1 Financial instruments — Initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The company's financial instruments consist of investments, trade and other receivables, loans payable and trade and other payables.

4.1.1 Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through OCI, or fair value through profit or loss.

The classification of financial assets at initial recognition that are debt instruments depends on the financial asset's contractual cash flow characteristics and the company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the company has applied the practical expedient, the company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the company has applied the practical expedient for contracts that have a maturity of one year or less, are measured at the transaction price determined under IFRS 15. Refer to the revenue recognition accounting policy in Note 19.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

The company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Interest received is recognised as part of finance income in the statement of profit or loss and other comprehensive income. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The company's financial assets at amortised cost include trade receivables (not subject to provisional pricing) and other receivables. Refer below to 'Financial assets at fair value through profit or loss' for a discussion of trade receivables (subject to provisional pricing).

Notes to the annual financial statements
For the year ended 31 March 2019

4. Summary of significant accounting policies (continued)

4.1 Financial instruments — initial recognition and subsequent measurement (continued)

4.1.1 Financial assets (continued)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, e.g., derivative instruments, financial assets designated upon initial recognition at fair value through profit or loss, e.g., debt or equity instruments, or financial assets mandatorily required to be measured at fair value, i.e., where they fail the SPPI test. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that do not pass the SPPI test are required to be classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

A derivative embedded in a hybrid contract with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

As IFRS 9 now has the SPPI test for financial assets, the requirements relating to the separation of embedded derivatives is no longer needed for financial assets. An embedded derivative will often make a financial asset fail the SPPI test thereby requiring the instrument to be measured at fair value through profit or loss in its entirety. This is applicable to the company's trade receivables (subject to provisional pricing). These receivables relate to sales contracts where the selling price is determined after delivery to the customer, based on the market price at the relevant QP stipulated in the contract. This exposure to the commodity price causes such trade receivables to fail the SPPI test. As a result, these receivables are measured at fair value through profit or loss from the date of recognition of the corresponding sale, with subsequent movements being recognised in 'fair value gains/losses on provisionally priced trade receivables' in the statement of profit or loss and other comprehensive income.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to repay.

Notes to the annual financial statements
For the year ended 31 March 2019

4. Summary of significant accounting policies (continued)

4.1 Financial instruments — initial recognition and subsequent measurement (continued)

4.1.1 Financial assets (continued)

Impairment of financial assets

The company recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a

Impairment of financial assets

For trade receivables (not subject to provisional pricing) and other receivables due in less than 12 months, the company applies the simplified approach in calculating ECLs, as permitted by IFRS 9. Therefore, the company does not track changes in credit risk, but instead, recognises a loss allowance based on the financial asset's lifetime ECL at each reporting date. For any other financial assets carried at amortised cost (which are due in more than 12 months), the ECL is based on the 12-month ECL. The 12-month ECL is the proportion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment including forward-looking information.

The company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the company may also consider a financial asset to be in default when internal or external information indicates that the company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows and usually occurs when past due for more than one year and not subject to enforcement activity.

At each reporting date, the company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Refer Note 18 for further discussion on impairment assessments of financial assets.

4.1.2 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The company's financial liabilities include trade and other payables and loans and borrowings including bank overdrafts.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss and other comprehensive income.

Notes to the annual financial statements
For the year ended 31 March 2019

4. Summary of significant accounting policies (continued)

4.1 Financial instruments — initial recognition and subsequent measurement (continued)

4.1.2 Financial liabilities (continued)

Loans and borrowings and trade and other payables

After initial recognition, interest-bearing loans and borrowings and trade and other payables are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the liabilities are derecognised, as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss and other comprehensive income.

This category generally applies to interest-bearing loans and borrowings and trade and other payables. For more information, refer to Note 13 and Note 18.

Derecognition

A financial liability is derecognised when the associated obligation is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective

4.1.3. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

4.1.4. Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, but exclude any restricted cash. Restricted cash, such as the rehabilitation trust, is not available for use by the company and therefore is not considered highly liquid.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

The company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realised within 12 months after the reporting period,

Or

- Cash or cash equivalent, unless restricted from being exchanged or used, to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is current when either;

- It is expected to be settled in the normal operating cycle,
- It is held primarily for the purpose of trading,
- It is due to be settled within 12 months after the reporting period,

Or

- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Notes to the annual financial statements
For the year ended 31 March 2019

5. Intangible Assets

Rand '000	Goodwill	Total
At 1 April 2017	33 182	33 182
At 31 March 2018	33 182	33 182
At 31 March 2019	33 182	33 182

Goodwill arises on an acquisition of a business and is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

The company tests the total intangible and tangible assets for impairment annually. For the purposes of impairment testing, goodwill is allocated to each of the company's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination. The following cash generating units ("CGU") have been identified:

- Deeps & Swartberg mining operations; and
- Gamsberg Project.

The recoverable amounts of the CGU's are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding resource availability, the discount rates, growth rates, exchange rates and expected changes to commodity prices. Management estimates discount rates using pre-tax rates that reflect current market conditions of the time value of money and the risks specifically associated with the CGU's. Growth rates are based on industry growth forecasts. Changes in commodity prices are based on past practices and expectations of future changes in the market.

Key assumptions used in impairment calculations are:	31 March 2019	31 March 2018
Deeps & Swartberg mining operations		
- Average foreign Exchange rate (USD)	14.53	12.79
- Average zinc price (USD/t)	2 589	2 918
- Average lead price (USD/t)	2 111	2 280
- Average copper price (USD/t)	7 123	7 002
- Average silver price (USD/ounce)	18	19
- Discount rate	15.30%	13.00%
- Ore Resource (k/t)	7 207	6 874
Gamsberg Project		
- Average foreign Exchange rate (USD)	16.09	13.92
- Average zinc price (USD/t)	2 657	2 866
- Average lead price (USD/t)	2 163	
- Discount rate	16.30%	14.00%
- Ore Resource (k/t)	53 023	53 023
- Average zinc treatment charges (USD/t)	347	356

At 31 March 2019 and 31 March 2018, no impairment was necessary for intangible and tangible assets for both CGU's.

5.1 Accounting policy - intangible assets

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the statement of profit or loss and comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Notes to the annual financial statements
For the year ended 31 March 2019

6. Tangible assets

	Land and buildings	Mine development assets	Plant and equipment	Decommissioning cost	Capital work in progress	Total
Rand '000						
Cost						
At 1 April 2018	192 307	320 259	1 752 153	301 394	3 068 208	5 634 321
Additions	1 438	442 405	72 148	-	1 678 386	2 194 377
Transfers from advances paid to suppliers	-	-	-	-	242 534	242 534
Transfer from work in progress	422 307	1 343 039	3 157 960	-	(4 923 306)	-
Transfer from plant and equipment	-	321 635	(321 635)	-	-	-
Borrowing costs capitalized	-	-	-	-	115 297	115 297
Foreign exchange on loan capitalised	-	-	-	-	32 837	32 837
Disposals	-	-	(16 032)	-	-	(16 032)
Write-offs	-	-	-	-	-	-
Re-estimation – non cash flow	-	-	-	(104 602)	-	(104 602)
At 31 March 2019	616 052	2 427 338	4 644 594	196 792	213 956	8 098 732
Accumulated depreciation						
At 1 April 2018	44 657	-	946 529	25 791	-	1 016 977
Charge for the year	19 881	44 295	203 062	34 501	-	301 739
Disposals	-	-	(15 505)	-	-	(15 505)
Transfer from plant and equipment	-	279 366	(279 366)	-	-	-
At 31 March 2019	64 538	323 661	854 720	60 292	-	1 303 211
Net book value At 31 March 2019	551 514	2 103 677	3 789 874	136 500	213 956	6 795 521

The Gamsberg mine reached commercial production on 31 July 2018, R1.3 million was capitalised to Mining asset on this date.

On the 1 March 2019 the Gamsberg plant was capitalised. During the month of February 2019 the plant achieved a steady state of production and management was satisfied that it was operating as intended. R3.2 million was capitalised to plant and equipment on this date and depreciation of R29.8m relating to the mine development asset was recognized for the 31 March 2019 financial year.

	Land and buildings	Mine development assets	Plant and equipment	Decommissioning cost	Capital work in progress	Total
Rand '000						
Cost						
At 1 April 2017	86 615	1 168 963	1 566 825	88 595	-	2 910 998
Additions	105 692	2 117 570	239 561	-	-	2 462 823
Transfers from advances paid to suppliers	-	31 431	-	-	-	31 431
Borrowing costs capitalized	-	17 158	-	-	-	17 158
Disposals	-	-	(888)	-	-	(888)
Transfer to work in progress	-	(3 014 863)	(53 345)	-	3 068 208	-
Re-estimation – non cash flow	-	-	-	212 799	-	212 799
At 31 March 2018	192 307	320 259	1 752 153	301 394	3 068 208	5 634 321
Accumulated depreciation						
At 1 April 2017	36 137	-	790 298	18 340	-	844 775
Charge for the year	8 520	-	157 119	7 451	-	173 090
Disposals	-	-	(888)	-	-	(888)
Write-offs	-	-	-	-	-	-
At 31 March 2018	44 657	-	946 529	25 791	-	1 016 977
Net book value At 31 March 2018	147 650	320 259	805 624	275 603	3 068 208	4 617 344

Notes to the annual financial statements
For the year ended 31 March 2019

6. Tangible assets (continued)

6.1 Tangible assets - accounting policy

Mining Assets

The costs of mining properties and leases, which include the costs of acquiring and developing mining properties and mineral rights, are capitalised as property, plant and equipment under the heading 'Mine development assets' in the year in which they are incurred.

When a decision is taken that a mining property is viable for commercial production (i.e. when the company determines that the mining property will provide sufficient and sustainable returns relative to the risk and decides to proceed with the mine development), all further pre-production primary development expenditure other than land, buildings, plant and equipment is capitalised as part of the cost of the mining property until the mining property is capable of commercial production.

The stripping cost incurred during the production phase of a surface mine are deferred to the extent the current period stripping cost exceeds the average period stripping cost over the life of mine and is recognised as an asset if such cost provides a benefit in terms of improved access to ore in future periods and certain criteria are met.

When the benefit from the stripping costs are realised in the current period, the stripping costs are accounted for as the cost of inventory. If the costs of inventory produced and the stripping activity asset are not separately identifiable, a relevant production measure is used to allocate the production stripping costs between the inventory produced and the stripping activity asset. The company uses the expected volume of waste compared with the actual volume of waste extracted for a given value of ore/mineral production for the purpose of determining the cost of the stripping activity asset. Deferred stripping costs are included in mining properties within Property, plant and equipment and disclosed as a part of Mine development assets. After initial recognition, the stripping activity asset is depreciated on a unit of production method over the expected useful life of the identified component of the ore body.

In circumstances where a mining property is abandoned, the cumulative capitalised costs relating to the property are written off in the period in which it occurs i.e. when the company determines that the mining property will not provide sufficient and sustainable returns relative to the risks and the company decides not to proceed with the mine development.

Commercial reserves are proved and probable reserves as defined by the 'JORC' Code, 'MORC' Code or 'SAMREC' Code. Changes in the commercial reserves affecting unit of production calculations are dealt with prospectively over the revised remaining reserves.

Assets under construction

Assets in the course of construction are capitalised in the assets under construction account. At the point when an asset is capable of operating in the manner intended by management, the cost of construction is transferred to the appropriate category of property, plant and equipment. Costs (net of income) associated with the commissioning of an asset and any obligatory decommissioning costs are capitalised until the period of commissioning has been completed and the asset is ready for its intended use.

Other property, plant and equipment

The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, and any directly attributable costs of bringing an asset to working condition and location for its intended use. It also includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. All other expenses on existing property, plant and equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the income statement for the period during which such expenses are incurred.

Gains and losses on disposal of an item of property, plant and equipment computed as the difference between the net disposal proceeds and the carrying amount of the asset is included in the income statement when the asset is derecognised. Major inspection and overhaul expenditure is capitalised, if the recognition criteria are met.

Notes to the annual financial statements
For the year ended 31 March 2019

6. Tangible assets (continued)
6.1 Tangible assets - accounting policy (continued)

Depreciation and Amortisation

Mining properties and other assets in the course of development or construction, freehold land and goodwill are not depreciated or amortised.

Mining properties and plant and equipment are depreciated down to their residual values with reference to the expected units of production using the life of mine method based on proven and probable reserves. Depreciation is charged on new mining ventures from the date that the mining property is capable of commercial production. When there is little likelihood of a mineral right being exploited, or the value of the exploitable mineral right has diminished below cost, a write-down to the recoverable amount is charged

Buildings, vehicles, furniture and fittings and computer equipment are depreciated down to their estimated residual values at varying rates, on the straight-line basis over their estimated useful lives or the life of mine whichever is shorter. Estimated useful lives are as follows:

	<u>Depreciation rate</u>
Buildings	25 years
Vehicles	4 years
Computer equipment	3 years
Furniture and fittings	10 years

Residual values and useful economic lives are reviewed at least annually, with the effect of any changes in estimate accounted for on a prospective basis.

Impairment of tangible and intangible assets excluding goodwill

At each reporting period end, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment is recognised immediately as an expense.

Where an impairment subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment is recognised as income immediately.

6.2 Exploration Costs - accounting policy

Exploration and evaluation expenditure incurred is expensed as incurred.

6.3 Borrowing costs

Borrowing costs relating to assets under development during the year, which have been capitalised in 'Mine development asset' during the period, amounted to R115 million (2018: R17.2 million) at a weighted-average interest rate of 9.5% (2018: 9.5%).

Borrowing cost includes interest expense as per effective interest rate (EIR) and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly relating to the acquisition, construction or production of a qualifying capital project under construction are capitalised and added to the project cost during construction until such time that the assets are substantially ready for their intended use which is when they are capable of commercial production. Where funds are borrowed specifically to finance a project, the amount capitalised represents the actual borrowing costs incurred. Where surplus funds are available out of money borrowed specifically to finance a project, the income generated from such short-term investments is also capitalised to reduce the total capitalised borrowing cost.

Notes to the annual financial statements
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6.3 Borrowing costs (continued)

All other borrowing costs are recognised in the income statement in the period in which they are incurred. Capitalisation of interest on borrowings related to construction or development projects is ceased when substantially all the activities that are necessary to make the assets ready for their intended use are complete or when delays occur outside of the normal course of business.

EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial liability or a shorter period, where appropriate, to the amortised cost of a financial liability. When calculating the effective interest rate, the company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options).

Residual Values

Property, plant and equipment is depreciated over their useful lives taking into account residual values where appropriate. The actual lives of the assets and residuals are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, life-of-mine plan and maintenance programmes are taken into account. Residual value assessments take into account issues such as future market conditions, the remaining life of the asset and projected disposal values.

Life of mine

Estimated economically recoverable reserves are used in determining the depreciation and/or amortisation of mine-specific assets. This results in a depreciation/amortisation charge proportional to the depletion of the anticipated remaining life-of-mine production. The life of each item, which is assessed at least annually, has regard to both its physical life limitations and present assessments of economically recoverable reserves of the mine property at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure. The calculation of the units of production rate of depreciation/amortisation could be impacted to the extent that actual production in the future is different from current forecast production based on economically recoverable reserves, or if future capital expenditure estimates change. Changes to economically recoverable reserves could arise due to changes in the factors or assumptions used in estimating reserves, including:

- The effect on economically recoverable reserves of differences between actual commodity prices and commodity price assumptions
- Unforeseen operational issues

Changes in estimates are accounted for prospectively.

Stripping costs

Significant judgement is required to distinguish between development stripping and production stripping and to distinguish between the production stripping that relates to the extraction of inventory and that which relates to the creation of a stripping activity asset.

Judgement is also required to identify a suitable production measure to be used to allocate production stripping costs between inventory and any stripping activity assets. The company considers that the ratio of the expected volume of waste to be stripped for an expected volume of ore to be mined for a specific component of the ore body, is the most suitable production measure.

Furthermore, judgements and estimates are also used to apply the units of production method in determining the depreciable lives of the stripping activity assets.

7. Other non-financial assets

Rand '000	31 March 2019	31 March 2018
Opening balance	242 534	273 965
Advances paid to suppliers for capital projects	293 317	-
Transfers to tangible assets	<u>(535 851)</u>	<u>(31 431)</u>
Closing balance	<u>-</u>	<u>242 534</u>

Notes to the annual financial statements
For the year ended 31 March 2019

8. Environmental rehabilitation trust

The Black Mountain Mining Rehabilitation Trust was established to meet the company's decommissioning, restoration and environmental rehabilitation liabilities. Contributions are made as and when the need arises after obtaining approval/agreement of contributions required from the Department of Mineral Resources.

Rand '000	31 March 2019	31 March 2018
Opening balance	130 733	120 860
Contributions made during the year	-	567
Interest earned during the year	11 740	9 306
Closing balance	<u>142 473</u>	<u>130 733</u>

The balance comprises cash held in fixed deposits with interest rates of between 9.04% and 9.67%.

These funds are not available for the general purpose of the company. All income from these assets is reinvested to meet specific environment obligations. These obligations are included in environmental rehabilitation costs under long-term provisions.

Rand Merchant Bank a division of FirstRand Bank Limited has issued a guarantee for R26 301 698 million in favour of the Department of Mineral Resources ("DMR") as assurance that the company will honour its environmental rehabilitation obligations at the end of life of mine, a guarantee for R35 882 600 in favour of Eskom Holdings Limited and a guarantee for R1 200 000 in favour of Transnet.

9. Financial asset investments

Rand '000	31 March 2019 Available for sale	31 March 2018 Available for sale
Closing balance	<u>1</u>	<u>1</u>

The balance consists of an investment in The Rand Mutual Assurance company Limited.

10. Inventories

Rand '000	31 March 2019	31 March 2018
Raw materials and consumables	95 967	76 721
Provision for slow moving stocks	(10 055)	(12 071)
Net raw materials and consumables	85 912	64 650
Finished products	<u>166 786</u>	<u>35 471</u>
	<u>252 698</u>	<u>100 121</u>

Movement in provision for slow moving stocks

Rand '000	31 March 2019	Total
Opening balance	12 071	8 208
(Decrease)/increase	<u>(2 016)</u>	<u>3 863</u>
Closing balance	<u>10 055</u>	<u>12 071</u>

A percentage of the value of consumables that have not moved for two years is used to calculate the provision for slow moving stock. The percentage used was 75% (31 March 2018: 75%).

10.1 Inventories - accounting policy

Inventory and work-in-progress are valued at the lower of cost and net realisable value. The production cost of inventory includes an appropriate proportion of depreciation and production overheads. Cost is determined on the following bases:

- raw materials and consumables are valued at cost on a weighted average basis;
- finished products are valued at raw material cost, labour cost and a proportion of manufacturing overhead expenses; and
- metal concentrate stocks are included in finished products and are valued at average cost.

Notes to the annual financial statements
For the year ended 31 March 2019

10. Inventories (continued)

10.1 Inventories - accounting policy (continued)

Significant estimates and assumptions

Net realisable value tests are performed at each reporting date and represent the estimated future sales price of the product the entity expects to realise when the product is processed and sold, less estimated costs to complete production and bring the product to sale.

11. Trade and other receivables

Rand '000	31 March 2019	31 March 2018
Trade receivables	313 244	92 845
Prepayments and accrued income	55 451	46 030
Other debtors	65 171	151 860
Amounts owed by fellow subsidiaries	30 298	7 451
Provision for expected credit losses	(220)	(722)
Closing balance	<u>463 944</u>	<u>297 464</u>

Trade receivables are non-interest-bearing and are generally on terms of 30 to 90 days. Payment is due from customers on receipt of the provisional invoice and the bill of lading and is generally paid within 5 days of the customer receiving the documentation, which reduces the initial receivable recognised under IFRS 15.

The fair value of trade and other receivables is not materially different to the carrying values presented.

Impairment of trade and other receivables

A provision for expected credit losses has been raised in respect of other debtors. There are no trade receivable accounts which are past due as per the individual sales contracts at the reporting date. The outstanding trade receivable balances at 31 March 2019 was mainly due from 5 customers.

Movement in provision for expected credit losses

Rand '000	31 March 2019	31 March 2018
Opening balance	722	690
{Decrease}/increase	<u>(502)</u>	<u>32</u>
Closing balance	<u>220</u>	<u>722</u>

12. Cash and cash equivalents

Rand '000	31 March 2019	31 March 2018
Short term deposits	485 099	218 021
Cash at bank	273 600	118 647
Petty Cash	3	6
Closing balance	<u>758 702</u>	<u>336 674</u>

12.1 Cash and cash equivalents - accounting policy

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the company, and earn interest at the respective short-term deposit rates.

The company deposits cash surpluses only with major banks of high-quality credit standing.

At 31 March 2019, the company had available R58.6 million (2018: R150.2 million) of undrawn overdraft facilities in respect of which all conditions precedent had been met.

Notes to the annual financial statements
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13. Trade and other payables (continued)

Rand '000	31 March 2019	31 March 2018
Trade creditors	284 393	64 889
Contract Liabilities*	23 450	6 385
Amounts owed to group companies	7 435	5 690
Taxation and social security	10 484	10 150
Other creditors	129 012	178 204
Accruals	398 219	344 835
Royalty	(385)	(241)
Closing balance	<u>852 608</u>	<u>609 912</u>

The fair value of trade and other payables is not materially different to the carrying values presented. The average credit period is 30 days.

* The movement in contract liabilities from one period to the next depends on the value of deferred revenue relating to freight/shipping services that are still in the process of being provided at period end. If the ship has sailed at the period end then the shipping costs have been incurred. As there is no margin charged on shipping services and revenue on shipping cost is recognised at a net basis in accordance with IFRS 15 the contract liability will be nil for that shipment as the costs will net off the revenue. If however the terms of the contract are CIP and the ship has not sailed the shipping cost have not been incurred and thus cannot be netted off the revenue already received for the shipping services.

Amounts owed to group companies are disclosed in note 18, related party transactions.

14. Provisions

Rand '000	Environmental restoration	Decommissioning	Total
At 1 April 2018	115 177	299 270	414 447
Unwinding of discount	5 389	26 206	31 595
Re-estimation – non-cash flow	(10 697)	(93 905)	(104 602)
At 31 March 2019	<u>109 869</u>	<u>231 571</u>	<u>341 440</u>
	Environmental restoration	Decommissioning	Total
Rand '000			
At 1 April 2017	59 793	128 298	188 091
Unwinding of discount	4 138	9 419	13 557
Re-estimation – non-cash flow	51 246	161 553	212 799
At 31 March 2018	<u>115 177</u>	<u>299 270</u>	<u>414 447</u>

14.1 Provisions - accounting policy

Provisions are recognised when the company has a present obligation (legal or constructive) 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 amount of the obligation. Where the company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss and other comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as part of finance costs in the statement of profit or loss and other comprehensive income.

Notes to the annual financial statements
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14. Provisions (continued)
14.1 Provisions - accounting policy (continued)

Environmental restoration

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the development or ongoing production of a mine or oil fields. Such costs, discounted to net present value, are provided for and a corresponding amount is capitalised at the start of each project, as soon as the obligation to incur such costs arises. These costs are charged to the income statement over the life of the operation through the depreciation of the asset and the unwinding of the discount on the provision. The cost estimates are reviewed periodically and are adjusted to reflect known developments which may have an impact on the cost estimates or life of operations. The cost of the related asset is adjusted for changes in the provision due to factors such as updated cost estimates, changes to lives of operations, new disturbance and revisions to discount rates. The adjusted cost of the asset is depreciated prospectively over the lives of the assets to which they relate. The unwinding of the discount is shown as a finance cost in the income statement.

Costs for restoration of subsequent site damage which is caused on an ongoing basis during production are provided for at their net present value and charged to the income statement as extraction progresses. Where the costs of site restoration are not anticipated to be material, they are expensed as incurred.

The provisions for restoration, rehabilitation and environmental liabilities represent the management's best estimate of the costs which will be incurred in the future to meet the company's obligations under existing South African law and the terms of the company's mining and other licences and contractual arrangements. These amounts are calculated by considering discount rates within the range of 2% to 12%, and become payable on closure of mines and are expected to be incurred within the next 11 years. The discount rates at major units are in the range of 2% to 12%.

The company recognises the full cost of site restoration as a liability when the obligation to rectify environmental damage arises. An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the development or ongoing production from a producing field.

The Black Mountain rehabilitation trust was established to meet the costs of some of decommissioning, restoration and environmental rehabilitation liabilities. Annual contributions are made to the trust, where required, to fund the estimated cost of rehabilitation during and at the end of the life of the relevant mine.

Decommissioning

Provision is made for the present value of costs relating to the decommissioning of plant or other site preparation work. Estimates are based upon costs that are regularly reviewed and adjusted as appropriate for new circumstances. The estimates are compiled separately for the Deeps & Swartberg operations and for the Gamsberg operations. The current estimate was discounted at a real discount rate of 2.55% (2018: 1.25%) for Deeps & Swartberg operations and 4.04% (2018: 3.26%) for Gamsberg. These costs are expected to be incurred at the end of the life-of-mine which is currently estimated to be 31 March 2023 for the Deeps & Swartberg operations and 31 March 2030 for the Gamsberg operations.

15. Retirement benefits

15.1 Defined Contribution Plans

The company operates defined contribution schemes for its employees as well as post-retirement medical plans. For defined contribution schemes the amount charged to profit or loss is the contributions paid or payable during the year. The assets of the defined contribution plans are held separately in independently administered funds. The charge in respect of these plans is calculated on the basis of contribution payable by the company in the financial year.

The defined contribution pension cost represents the actual contributions payable by the company to the various plans. At 31 March 2019, there were no material outstanding/prepaid contributions and so no prepayment or accrual has been disclosed in the statement of financial position in relation to these plans.

Defined contribution plans are governed by the South African Pension Fund Act.

Notes to the annual financial statements
For the year ended 31 March 2019

15. Retirement benefits (continued)

15.2 Defined benefit Plans

The post-retirement medical arrangements provide health benefits to retired employees and certain dependants. Eligibility for cover is dependent upon certain criteria. These plans are unfunded. The post retirement medical plans is accounted for as a defined benefit plan.

The principal assumptions used to determine the actuarial present value of benefit obligations in terms of IAS 19 are detailed below (shown as weighted averages):

	Goodwill	31 March 2018
Average discount rate for plan liabilities	10.4%	9.5%
Average rate of inflation	6.8%	6.5%
Expected average increase in healthcare costs	8.3%	8.0%
Profit or loss		
The amounts recognised in profit or loss are as follows:		
R'000	31 March 2019	31 March 2018
Analysis of the amount charged to operating profit or loss:		
Employer contributions	(2 164)	(1 927)
Current service cost	<u>1 522</u>	<u>1 726</u>
Total within operating costs	<u>(642)</u>	<u>(201)</u>
Analysis of the amount charged to net finance costs:		
Interest cost on plan liabilities	6 343	6 813
Net charge to other net finance costs	6 343	6 813
Total charge to profit or loss	7 865	8 539
Movement analysis		
The change in the present value of defined benefit obligations are as follows:		
R'000	31 March 2019	31 March 2018
Opening balance	68 542	72 903
Current service cost	1 522	1 726
Interest costs	6 343	6 813
Actuarial (gains) losses in equity	(5 474)	(10 974)
Benefit paid	<u>(2 164)</u>	<u>(1 926)</u>
Closing balance	<u>68 769</u>	<u>68 542</u>

Assumed healthcare trend rates have a significant effect on the amounts recognised in profit or loss. A 1% change in assumed healthcare cost trend rates would have the following effects:

	31 March 2019	31 March 2019
Rand '000	1% increase	1% decrease
Effect on the sum of service cost and interest cost	1 321	(1 078)
Effect on defined benefit obligation	10 797	(8 802)
	31 March 2018	31 March 2018
Rand '000	Total	Total
	1% increase	1% decrease
Effect on the sum of service cost and interest cost	1 546	(1 247)
Effect on defined benefit obligation	11 515	(9 322)

Notes to the annual financial statements
For the year ended 31 March 2019

15. Retirement benefits (continued)
15.2 Defined benefit Plans (continued)

For post-retirement medical plans, full actuarial valuations are carried out every two years using the projected unit credit method and updates are performed for each financial year end. The average discount rate for the plans' liabilities is based on AA rated corporate bonds of a suitable duration and currency or, where there is no 'deep market' for such bonds, based on government bonds.

Actuarial gains and losses, which can arise from differences between expected and actual outcomes or changes in actuarial assumptions, are recognised immediately in equity. Any increase in the present value of plan liabilities expected to arise from employee service during the period is charged to operating profit. The expected return on the plan assets and the expected increase during the period in the present value of plan liabilities are included in investment income and interest expense.

Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised past service costs and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

16. Capital management

For the purpose of the company's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the company's capital management is to ensure the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and, with cognisance of forecast future market conditions and structuring, to maintain an optimal capital structure to reduce the cost of capital.

In order to achieve this overall objective, the company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to its interest-bearing loans and borrowings that form part of its capital structure requirements. Breaches in the financial covenants would permit the bank to immediately call interest-bearing loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowings in the current or prior period.

The company manages its capital structure and makes adjustments to it, in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the company adjusts the dividend payment to shareholders. No changes were made in the objectives, policies or processes during the years ended 31 March 2019 and 31 March 2018.

The company monitors capital using a gearing ratio, which is net debt divided by the aggregate of equity and net debt. The company includes in its net debt, interest-bearing loans and borrowings, trade and other payables, less cash and short-term deposits.

Rand '000	31 March 2019	31 March 2018
Interest-bearing loans and borrowings	876 293	787 158
Accounts payable, contract liabilities and accrued liabilities	852 608	609 912
Less cash and short-term deposits	<u>(758 702)</u>	<u>(336 674)</u>
Net debt	970 199	1 060 396
Equity	<u>3 282 583</u>	<u>2 932 802</u>
Capital and net debt	<u>4 252 782</u>	<u>3 993 198</u>
Gearing ratio	<u>23%</u>	<u>27%</u>

Notes to the annual financial statements
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17. Share capital

	31 March 2019		31 March 2018	
	Number of shares	Rand '000	Number of shares	Rand '000
Authorised:				
Ordinary shares of R1 each	10 000	10	10 000	10
Cumulative redeemable convertible preference shares of R1 each	5 000	5	5 000	5
Issued:				
Ordinary shares of R1 each	1 064	1	1 064	1
Ordinary - No Par Value Shares	36		36	

The remaining unissued shares are under the control of the Directors until the Annual General Meeting.

18. Financial Instruments

18.1 Interest-bearing loans and borrowings

Rand '000	Effective interest rate	Maturity	31 March 2019	31 March 2018
Loan from bank				
ICICI Bank (1)	3 Months Libor+1.55 %	30 June 2022	876 293	-
Loans from group companies				
Namzinc Proprietary Limited (2)	9.5%	30 June 2022	668 129	787 158
THL Zinc BV (3)	3 Months Libor+2.75 %	30 June 2022	1 230 700	-
			<u>2 775 122</u>	<u>787 158</u>

There are no current interest bearing borrowings (2018:0)

(1) ICICI Bank have advanced a term loan facility of USD 150 million to the company. The loan is payable in equal quarterly instalments from March 2020 to June 2022.

(2) Namzinc (Pty) Ltd advanced a loan of R1.3 billion to Black Mountain Mining (Pty) Ltd. The funding has a flexible draw down period. In the current year the term of the draw down period was changed from 24 months to 48 months to match the term of the ICICI loan.

(3) THL Zinc Holding B.V. advanced a loan facility of USD 200 million to the company. The loan is subordinated in favour of the loan to ICICI Bank. The loan is repayable on the earlier of the following dates:

- the first date on which (i) all of the debt payable by the company under the Facility Agreement has been repaid; and (ii) THL Zinc BV under the Facility Agreement are under no obligations to make any further credit or facility available to the company;
- the subordination agreement has been substituted and/or replaced by the company with other subordinated debt; or
- the last day of the Term.

18.2 Fair Values

Carrying value versus fair value

All non current liabilities carrying amounts are a reasonable approximation of fair value.

Management assessed that the fair values of cash and short-term deposits, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. Trade receivables subject to provisional pricing are already carried at fair value.

Fair value hierarchy

The fair value of the financial instruments is included at the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Management of the company have assessed that the fair values of cash and cash equivalents, trade receivables (not subject to provisional pricing), trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Notes to the annual financial statements
For the year ended 31 March 2019

18. Financial Instruments (continued)

18.2 Fair Values (continued)

Fair value hierarchy (continued)

The following methods and assumptions were used to estimate the fair values:

- Fair values of the company's interest-bearing borrowings and loans are determined by using discounted cash flow models that use discount rates that reflect the issuer's borrowing rate as at the end of the reporting period.

The company uses the following hierarchy for determining and disclosing the fair value of financial instruments which are measured at fair value by valuation technique:

- Level 1 - Unadjusted quoted prices for financial assets and financial liabilities traded in an active market
- Level 2 - Inputs other than quoted prices included in level 1 that are observable for the financial asset or
- Level 3 - Inputs for the financial asset or financial liability that are not based on observable market data.

All financial instruments measured at fair value use Level 2 valuation techniques in both years.

There have been no transfers between fair value levels during the reporting period.

Accounting policy - fair value measurement

The company measures financial instruments, such as provisionally priced trade receivables, at fair value at each reporting date. Also, from time to time, the fair values of non-financial assets and liabilities are required to be determined, e.g., when the entity acquires a business, or where an entity measures the recoverable amount of an asset or CGU at fair value less costs of disposal.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 Share based payments, leasing transactions that are within the scope of IAS 17 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 Inventories or value in use in IAS 36 Impairment of Assets.

The company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Significant estimates and assumptions

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, they are measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

When the fair values of non-financial assets/CGUs need to be determined, e.g., for the purposes of calculating FVLCD for impairment testing purposes, they are measured using valuation techniques including the DCF model.

Notes to the annual financial statements
For the year ended 31 March 2019

18. Financial Instruments (continued)

18.2 Fair Values (continued)

Significant estimates and assumptions (continued)

The company's principal financial liabilities, comprise accounts payable, bank loans and overdrafts and debentures. The main purpose of these financial instruments is to manage short-term cash flow and raise finance for the company's capital expenditure programme. The company's principal financial assets and provisionally priced trade receivables, comprise trade and other receivables and cash and short-term deposits that arise directly from its operations.

Risk exposures and responses

The company manages its exposure to key financial risks in accordance with its financial risk management policy. The objective of the policy is to support the delivery of the company's financial targets while protecting future financial security. The main risks that could adversely affect the company's financial assets, liabilities or future cash flows are market risks comprising: commodity price risk, cash flow interest rate risk and foreign currency risk; liquidity risk; and credit risk. Management reviews and agrees policies for managing each of these risks that are summarised below.

18.3.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks: commodity price risk, interest rate risk and foreign currency risk. Financial instruments affected by market risk include loans and borrowings, deposits, trade receivables, trade payables, accrued liabilities and derivative financial instruments.

The sensitivity analyses in the following sections relate to the positions as at 31 March 2019 and 2018, respectively.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed-to floating interest rates on the debt and derivatives, and the proportion of financial instruments in foreign currencies are all constant. The sensitivity analyses are intended to illustrate the sensitivity to changes in market variables on the company's financial instruments and show the impact on profit or loss and shareholders' equity, where applicable.

The analyses exclude the impact of movements in market variables on the carrying value of provisions.

The following assumptions have been made in calculating the sensitivity analyses:

- The statement of financial position sensitivity relates to derivatives and foreign currency-denominated trade receivables.
- The sensitivity of the relevant profit before tax item and/or equity is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2019 and 31 March 2018.
- The impact on equity is the same as the impact on profit before tax.

Commodity price risk

The company is exposed to the risk of fluctuations in prevailing market commodity prices on the mix of mineral products it produces which is mainly zinc, copper, lead and silver (metal in concentrate) which it sells into global markets. The market prices of the metals are the key drivers of the company's capacity to generate cash flow. The company is predominantly an unhedged producer to provide its shareholders with exposure to changes in the market price of metals. The company's policy is to manage these risks through the use of contract-based prices with customers. Most customer contracts are based on the average LME (London Metal Exchange) price in the month of shipment plus a premium.

Sales are invoiced at the agreed LME price between the company and the customer. No changes to the agreed LME price are made between the provisional and final invoice. Changes to the invoice relate only to the quantity and quality of the metal in concentrate after testing once the product is received by the customer. If the results of the tests are significantly different to the test carried out by the company a third test is then carried out by an independent laboratory before the invoice is finalised.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company's exposure to the risk of changes in market interest rates relates primarily to the company's long-term debt obligations with floating interest rates.

Notes to the annual financial statements
For the year ended 31 March 2019

18. Financial Instruments (continued)

18.3.1 Market risk (continued)

Interest rate risk (continued)

- Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans affected, based on the last two years' historical rates and economic forecasters' expectations of the company's profit before tax through the impact on floating rate borrowings and cash and cash equivalents (with all other variables held constant).

	Effect on profit before tax for the year ended 31 March 2019 increase/(decrease)	Effect on profit before tax for the year ended 31 March 2018 increase/(decrease)
Rand '000		
Increase/(Decrease) in interest rate		
+10% interest rate	4 196	3 753
-10% interest rate	(4 196)	(3 753)

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The company's exposure to the risk of changes in foreign exchange rates relates primarily to the company's operating activities (when revenues or expenses are denominated in currencies other than ZAR) and foreign denominated interest bearing borrowings. All sales are invoiced in USD. Revenues collected in USD are paid into a USD denominated bank account and is only converted to ZAR as and when funds are needed. Approximately 30% of the company's costs are denominated in currencies other than ZAR. 72% of interest bearing borrowings are denominated in USD.

- Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in the foreign exchange rate, with all other variables held constant, of the company's profit before tax due to changes in the carrying value of monetary assets and liabilities at reporting date:

	Effect on profit before tax for the year ended 31 March 2019	Effect on profit before tax for the year ended 31 March 2018
Rand '000		
Increase/(Decrease) in foreign exchange rate		
+10% US\$ to the Rand	(116 496)	975
-10% US\$ to the Rand	116 496	(975)
+10% INR to the Rand	(244)	87
-10% INR to the Rand	244	(87)
+10% EUR to Rand	-	88
-10% EUR to Rand	-	(88)

The company is exposed to mainly US Dollar currency. The company's policy is not to hedge such exposures as hedging is not deemed appropriate. The exposure of the company's financial assets and liabilities to currency risk is as follows:

Rand '000	31 March 2019	31 March 2018
Financial assets		
US\$	937 842	334 704
ZAR	427 277	324 053
GBP	128	-
Total financial assets	<u>1 365 247</u>	<u>658 757</u>
Rand '000	31 March 2019	31 March 2018
Financial Liabilities		
US\$	2 102 805	10 345
INR	2 435	856
EUR	-	879
ZAR	<u>1 437 296</u>	<u>566 854</u>
Total financial liabilities	<u>3 542 536</u>	<u>578 934</u>

Notes to the annual financial statements
For the year ended 31 March 2019

18. Financial Instruments(continued)

18.3.2 Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The company monitors its risk of a shortage of funds by monitoring its debt rating and the maturity dates of existing debt and other payables.

The company ensures that there are sufficient committed loan facilities in order to meet short-term business requirements, after taking into account cash flows from operations and the company's holding of cash and cash equivalents, as well as any distribution restrictions that exist.

At 31 March 2019, the company had available R58.6 million (2018: R150.2 million) of undrawn overdraft facilities in respect of which all conditions precedent had been met.

The table below summarises the maturity profile of the company's financial liabilities based on contractual

Rand '000	On demand	< 1 year	1 - 2 years	2 - 5 years	>5 years	Total
At 31 March 2019						
Group company loans	-	-	-	1 898 829	-	1 898 829
Other interest bearing liabilities	-	87 629	701 032	87 632	-	876 293
Trade and other payables*	-	865 460	-	-	-	865 460
	-	953 089	701 032	1 986 461	-	3 640 582
At 31 March 2018						
Group company loans	-	(787 158)	-	-	-	(787 158)
Other interest bearing liabilities	-	-	-	-	-	-
Trade and other payables*	-	(578 938)	-	-	-	(578 938)
	-	(1 366 096)	-	-	-	(1 366 096)

* This excludes contract liabilities as they are not financial liabilities.

18.3.3 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The company trades only with recognised creditworthy third parties. It is the company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures, which are based on an extensive credit rating scorecard, short-term liquidity and financial position. Individual credit limits are defined in accordance with this assessment. In addition, outstanding receivable balances are regularly monitored on an ongoing basis, with the result that the company's exposure to credit-impaired balances and bad debts is not significant.

At 31 March 2019, the accounts receivable balance made up only eight customers (2018: six customers). There were no customers (2018: one customer) with a balance greater than US\$10 million.

An impairment analysis is performed at each reporting date to measure expected credit losses. There were no expected credit losses arising from trade receivables at 31 March 2019 (2018: nil). The only expected credit loss relates to other receivables with respect to rental income received on a building on site leased to a number of store owners.

With respect to credit risk arising from the other financial assets of the company, which comprise cash and short term deposits the company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The company limits its counterparty credit risk on these assets by dealing only with financial institutions of high credit standing.

Notes to the annual financial statements
For the year ended 31 March 2019

18. Financial Instruments(continued)
18.3.3 Credit risk (continued)

Credit risk from balances with banks and financial institutions is managed by the company's treasury department in accordance with the company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the company's management on an regular basis, and may be updated throughout the year subject to appropriate approval. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

The company's maximum exposure to credit risk for the components of the statement of financial position at 31 March 2019 and 2018 is the carrying amounts as per the statement of financial position.

18.4 Changes in liabilities arising from financing activities

	1 April 2018	Repayment	Increase in loans	Movement between current and non-current	31 March 2019
Rand '000					
Current interest-bearing loans and borrowings	787 158	{ 460 000}	340 971	{ 668 129}	-
Non-current interest bearing loans and borrowings	-	-	2 106 993	668 129	2 775 122
Total liabilities from financing activities	787 158	{ 460 000}	2 447 964	-	2 775 122

	1 April 2017	Repayment	Increase in loans	Movement between current and non-current	31 March 2018
Rand '000					
Current interest-bearing loans and borrowings	-	-	787 158	-	787 158
Non-current interest bearing loans and borrowings	-	-	-	-	-
Total liabilities from financing activities	-	-	787 158	-	787 158

The 'Other' column includes the effect of reclassification of non-current portion of interest-bearing loans and borrowings to current due to the passage of time, the effect of accrued but not yet paid interest on interest-bearing loans and borrowings and various other adjustments.

The 'Other' column includes the effect of reclassification of non-current portion of interest-bearing loans and borrowings to current due to the passage of time, the effect of accrued but not yet paid interest on interest-bearing loans and borrowings and various other adjustments.

19. Revenue from contracts with customers

Rand '000	31 March 2019	31 March 2018
Type of goods		
Zinc	1 008 520	992 943
Copper	933 000	1 445 606
Lead	465 712	416 904
Silver	195 127	326 032
Freight/Shipping services	184 166	166 850
Total revenue from contracts with customers	2 786 525	3 348 335

All revenue from Zinc, Copper, Lead and Silver is recognised at a point in time when control transfers and revenue from freight/shipping services is recognised over time as the services are provided.

Notes to the annual financial statements
For the year ended 31 March 2019

19. Revenue from contracts with customers (continued)

19.1 Accounting policy - revenue from contracts with customers

The company is principally engaged in the business of producing Zinc/Copper/Lead/Silver concentrate and in some instances, provides freight/shipping services. Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer which usually is on delivery of the goods to the shipping agent at an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. Revenue is recognised net of discounts, volume rebates, outgoing sales taxes/ goods and service tax and other indirect taxes excluding excise duty. Revenues from sale of by-products are included in revenue.

Revenue from freight and insurance services is recognised over the period during which services are rendered.

19.2 Contract balances

19.2.1 Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. The company does not have any contract assets as performance and a right to consideration occurs within a short period of time and all rights to consideration are unconditional.

Trade receivables

A receivable represents the company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

19.2.2 Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the company performs under the contract.

	31 March 2019	31 March 2018
Amount of revenue recognised during the year included in contract liabilities at the beginning of the year:		
Freight/Shipping services	6 385	-

19.3 Metal concentrate sales

For most metal in concentrate sales, the enforceable contract is each purchase order, which is an individual, short-term contract.

For the company's metal in concentrate sales not sold under CIF/CIP Incoterms, the performance obligations are the delivery of the concentrate. Most of the company's metal in concentrate sales are sold under CIF and CIP Incoterms, whereby control of the goods transfers once the goods are transferred on to the ship or delivered to the warehouse at the port of origin, however the company is also responsible for providing freight/shipping services to the port of destination. In these situations, the freight/shipping services also represent separate performance obligations.

The majority of the company's sales of metal in concentrate allow for price adjustments based on the average market price over the relevant quotational period stipulated in the contract. These are referred to as provisional pricing arrangements and are such that the selling price for metal in concentrate is based on prevailing spot prices on a specified future date after shipment to the customer. Adjustments to the sales price occur based on movements in quoted market prices up to the end of the quotational period. The period between provisional invoicing and the end of the quotational period can be between one and three months.

Revenue is recognised when control passes to the customer, which occurs at a point in time when the metal in concentrate is physically transferred onto a vessel, train, conveyor or other delivery mechanism. The revenue is measured at the amount to which the company expects to be entitled, being the estimate of the price expected to be received at the end of the quotational period, i.e., the forward price, and a corresponding trade receivable is recognised. For those arrangements subject to CIF/CIP shipping terms, a portion of the transaction price is allocated to the separate freight/shipping services provided.

Notes to the annual financial statements
For the year ended 31 March 2019

19. Revenue from contracts with customers (continued)
19.3 Metal concentrate sales (continued)

For these provisional pricing arrangements, any future changes that occur over the quotational period are embedded within the provisionally priced trade receivables and are, therefore, within the scope of IFRS 9 and not within the scope of IFRS 15. Given the exposure to the commodity price, these provisionally priced trade receivables will fail the cash flow characteristics test within IFRS 9 and will be required to be measured at fair value through profit or loss up from initial recognition and until the date of settlement. These subsequent changes in fair value are recognised in the statement of profit or loss and other comprehensive income each period and presented separately from revenue from contracts with customers as part of 'Fair value gains/losses on provisionally priced trade receivables'. Changes in fair value over, and until the end of, the quotational period, are estimated by reference to updated forward market prices for the metals as well as taking into account relevant other fair value considerations as set out in IFRS 13, including interest rate and credit risk adjustments.

As noted above, as the enforceable contract for most arrangements is the purchase order, the transaction price is determined at the date of each sale (i.e., for each separate contract) and, therefore, there is no future variability within scope of IFRS 15 and no further remaining performance obligations under those contracts.

19.4 Freight/shipping services

As noted above, a proportion of the company's metal in concentrate sales are sold under CIF/CIP Incoterms, whereby the company is responsible for providing freight/shipping services (as principal) after the date that the company transfers control of the metal in concentrate to its customers. The company, therefore, has separate performance obligations for freight/shipping services which are provided solely to facilitate sale of the commodities it produces.

Other Incoterms commonly used by the company are Delivered at Place (DAP) where control of the goods passes when the product is delivered to the agreed destination. For arrangements which have these Incoterms, the only performance obligations are the provision of the product at the point where control passes.

For CIF and CIP arrangements, the transaction price (as determined above) is allocated to the metal in concentrate and freight/shipping services using the relative stand-alone selling price method. Under these arrangements, a portion of consideration may be received from the customer in cash at, or around, the date of shipment under a provisional invoice. Therefore, some of the upfront consideration that relates to the freight/shipping services yet to be provided, is deferred. It is then recognised as revenue over time using an output method (being days of shipping/transportation elapsed) to measure progress towards complete satisfaction of the service as this best represents the company's performance. This is on the basis that the customer simultaneously receives and consumes the benefits provided by the company as the services are being provided. The costs associated with these freight/shipping services are also recognised over the same period of time as incurred.

Payment for part of the freight/shipping costs may occur in advance of the services being provided (and is therefore recognised as a contract liability). The final portion is paid once the services have been completed. The period of time between receipt of these upfront amounts and the satisfaction of the freight/shipping services is usually no more than one month. Given the quantum of these amounts and the short time frame between receipt of cash and satisfaction of the performance obligation, the company has applied the practical expedient to not adjust the promised consideration for the effects of a significant financing component as the period between the transfer of the promised good or service to a customer and when the customer pays for that good or service is one year or less.

19.5 Significant judgements, estimates and assumptions

Identification of the enforceable contract

For all metal in concentrate sales, while there are master services agreements with key customers that set out the general terms and conditions governing any sales that occur, they do not contain any minimum volumes, i.e., the customer is not required to buy any concentrate. The customer is only obliged to purchase metal in concentrate when it places a purchase order for each shipment. Also, there are no terms which link separate purchase orders. For example, there are no rebates or discounts provided if a customer buys more than a specified amount each year, and there are no penalties that impact overall sales during a period. Therefore, for these arrangements, the enforceable contract has been determined to be each purchase order.

Notes to the annual financial statements
For the year ended 31 March 2019

19. Revenue from contracts with customers (continued)
19.5 Significant judgements, estimates and assumptions

Identification of performance obligations for arrangements subject to CIF/CIP Incoterms

The majority of the company's metal in concentrate sales subject to CIF/CFR Incoterms, whereby the company is responsible for providing freight/shipping services. The freight/shipping services are a promise to transfer services in the future and are part of the negotiated exchange between the company and the customer. The company determined that both the metal in concentrate and the freight/shipping services are capable of being distinct as the customer can benefit from both products on their own. The company also determined that the promises to transfer the metal in concentrate and the freight/shipping services are distinct within the context of the contract. The metal in concentrate and the freight/shipping services are not inputs to a combined item in the contract. The company is not providing a significant integration service, because the presence of the metal in concentrate and the freight/shipping services together in this contract do not result in any additional or combined functionality and neither the metal in concentrate nor the freight/shipping services modify or customise the other. In addition, the metal in concentrate and the freight/shipping services are not highly interdependent or highly interrelated, because the company would be able to transfer the metal in concentrate even if the customer did not want the freight/shipping services. Consequently, the company allocated a portion of the transaction price to the metal in concentrate and the freight/shipping services based on relative stand-alone selling prices.

Principal versus agent considerations – freight/shipping services

As noted above, in some arrangements subject to CIF/CFR Incoterms, the company is responsible for providing freight/shipping services. While the company does not actually provide nor operate the vessels, trucks or trains, the company has determined that it is principal in these arrangements because it has concluded it controls the specified services before they are provided to the customer. This is on the basis that the company obtains control of a right to freight/shipping services after entering into the contract with the customer, but before those services are provided to the customer. The terms of the company's contract with the service provider give the company the ability to direct the service provider to provide the specified services on the company's behalf.

In addition, the company has concluded that the following indicators provide evidence that it controls the freight/shipping services before they are provided to the customer:

- The company is primarily responsible for fulfilling the promise to provide freight/shipping services. Although the company has hired a service provider to perform the services promised to the customer, it is the company itself that is responsible for ensuring that the services are performed and are acceptable to the customer (i.e., the company is responsible for fulfilment of the promise in the contract, regardless of whether the company performs the services itself or engages a third-party service provider to perform the services).
- The company has discretion in setting the price for the services to the customer as this is negotiated directly with the customer.

Application of the variable consideration constraint

For the company's long-term contracts that are subject to market-based prices, i.e., there is variable consideration, the company has assessed that at contract inception, this variable consideration will generally be significantly constrained. This is on the basis that the ultimate price they will receive will depend on a range of factors that are highly susceptible to factors outside the company's influence and include:

- Actions of third parties: the exact date that each shipment occurs (this is relevant because this is the date the market price is determined, or for provisionally priced sales, the date from which the QP commences)
- Volatile commodity market: the price to be received in the future is then based on market-based prices for highly liquid commodities.

The company's estimates of variable consideration and any disclosures provided in relation to the allocation of that variable consideration to unsatisfied performance obligations, are immaterial. In addition, the company applies the variable consideration allocation exception when allocating the future consideration to future performance obligations.

Determining the timing of satisfaction of freight/shipping services

The company concluded that revenue for freight/shipping services is to be recognised over time because the customer simultaneously receives and consumes the benefits provided by the company. The fact that another entity would not need to re-perform the freight/shipping services that the company has provided to date demonstrates that the customer simultaneously receives and consumes the benefits of the company's performance as it performs. The company determined that the input method is the best method for measuring progress of the freight/shipping services because there is a direct relationship between the company's effort (i.e., time elapsed) and the transfer of service to the customer. The company recognises revenue on the basis of the time elapsed relative to the total expected time to complete the service.

Notes to the annual financial statements
For the year ended 31 March 2019

20. Operating profit is calculated after crediting/(charging):

	31 March 2019	31 March 2018
Rental income	4 153	4 763
Other income	10 838	17 375
Profit/(loss) on sale of fixed assets	34	381
Depreciation of tangible assets	(301 739)	(173 090)
Employee costs	(539 189)	(506 440)
Share based payment expense	(40 278)	(43 262)
Rentals under operating leases	(5 757)	(4 556)
Auditors' remuneration:	(3 374)	(3 377)
Decrease/(increase) in obsolesce provision	598	(3 863)
Provision for doubtful debts	502	(32)
Royalty	(9 513)	39 135
Net foreign exchange losses	(196 831)	-

21. Key management compensation

31 March 2019

(R'000)	Directors' fees*	Short-Term benefits			Post Retirement Benefits		Total remuneration
		Salaries	Bonus	Allowances	Pension Contributions	Share scheme	
	-	6 473	1 791	787	942	820	10 813
	-	2 613	942	493	380	2 317	6 745
Executive Directors	-	9 086	2 733	1 280	1 322	3 137	17 558
	-	2 334	677	228	-	913	4 152
Prescribed Officer	-	2 334	677	228	-	913	4 152
Senior Management	-	47 047	16 190	7 824	4 786	10 284	86 131
Total: Directors, prescribed officer and senior management	-	58 467	19 600	9 332	6 108	14 334	107 841

31 March 2018

(R'000)	Directors' fees*	Short-Term benefits			Post Retirement Benefits		Total remuneration
		Salaries	Bonus	Allowances	Pension Contributions	Share scheme	
	-	5 221	1 267	364	963	-	7 815
	-	2 566	859	71	437	-	3 933
Executive Directors	-	7 787	2 126	435	1 400	-	11 748
	-	2 156	622	-	87	270	3 135
Prescribed Officer	-	2 156	622	-	87	270	3 135
Senior Management	-	24 339	7 570	1 198	3 406	3 382	39 895
Total: Directors, prescribed officer and senior management	-	34 282	10 318	1 633	4 893	3 652	54 778

* The company does not compensate directors for their participation in board activities

Notes to the annual financial statements
For the year ended 31 March 2019

22. Net finance income

Rand '000	31 March 2019	31 March 2018
22.1 Finance income		
Growth in environmental rehabilitation trust	11 740	9 307
Foreign exchange gains on balances held in foreign currencies	100 364	-
Finance income on bank deposits	6 632	8 254
	<u>118 736</u>	<u>17 561</u>
22.2 Finance costs		
Unwinding of discount on provisions	31 595	13 557
Interest on post-employment benefit arrangements	6 343	6 813
Foreign exchange losses on balances held in foreign currencies	-	3 091
Interest paid to related parties	10 516	-
Interest on overdrafts	4 022	1 314
	<u>52 476</u>	<u>24 775</u>
Net finance income / (expense)	<u>66 260</u>	<u>(7 214)</u>

23. Income tax

23.1 Income tax expense

The major components of income tax expense for the years ended 31 March 2019 and 2018 are:

Rand '000	31 March 2019	31 March 2018
Current income tax		
Payable in respect of the current year	-	-
Adjustments in respect of current income tax of previous years	(1 533)	(3 696)
Total current taxation	<u>(1 533)</u>	<u>(3 696)</u>
Deferred taxation		
Relating to origination and reversal of temporary differences	139 649	385 732
Income tax expense recognised in profit or loss	<u>138 116</u>	<u>382 036</u>

23.1.1 Factors affecting tax charge for the year

The current tax charge is R nil due to allowances on capital expenditure incurred on the Gamsberg Project.

Rand '000	31 March 2019	31 March 2018
Profit on ordinary activities before tax	483 956	1 346 734
Tax on profit on ordinary activities calculated at 28%	135 508	377 086
Tax effects of:		
Expenses not deductible for tax purposes	7 444	4 721
Non-taxable income	(3 303)	(2 765)
Current tax liability prior year recognised	(1 533)	(3 696)
Utilisation of prior year tax losses	-	6 690
Tax charge for the year	<u>138 116</u>	<u>382 036</u>

Notes to the annual financial statements
For the year ended 31 March 2019

23. Income tax (continued)

23.1 Income tax expense (continued)

23.1.2 Tax rate reconciliation

A reconciliation between tax expense and the accounting profit multiplied by the domestic tax rate for the years ended 31 March 2019 and 2018 is, as follows:

	31 March 2019	31 March 2018
	%	%
Standard tax rate	28.00	28.00
Non-deductible expenses	0.86	0.15
Adjustment in respect of prior years tax	-0.32	-0.28
Utilisation of prior year tax losses	-	0.50
Effective rate	<u>28.54</u>	<u>28.37</u>

23.1.3 Income tax expense - accounting policy

The tax expense represents the sum of the current tax charge and the movement in deferred tax.

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised directly in other comprehensive income or equity is recognised in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations where applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

23.2 Deferred income tax

Deferred income tax at 31 March relates to the following:

Rand '000	31 March 2019	31 March 2018
Opening balance	916 054	527 249
Charged to profit or loss	138 116	385 732
Debited to equity	<u>1 533</u>	<u>3 073</u>
Closing balance	<u>1 055 703</u>	<u>916 054</u>

The amount of deferred taxation provided in the accounts is as follows:

Rand '000	31 March 2019	31 March 2018
Liabilities:		
Actuarial gain on post-retirement medical arrangements	9 267	7 734
Capital allowances in excess of depreciation	1 181 167	983 647
Provisions	(98 315)	(74 555)
Share based payments	(22 958)	(11 434)
Accumulated losses	(25 909)	(1 895)
Other timing differences	<u>12 451</u>	<u>12 557</u>
Closing balance	<u>1 055 703</u>	<u>916 054</u>

23.2.1 Deferred tax - accounting policy

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are recognised for all taxable temporary differences, except where the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit (tax loss).

Notes to the annual financial statements
For the year ended 31 March 2019

23. Income tax (continued)

23.2.1 Deferred tax - accounting policy (continued)

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of an asset or liability in a transaction that affects neither the tax profit nor accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will be available to allow the deferred tax asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also taken directly to equity.

The company offsets deferred tax assets and deferred tax liabilities if, and only if, it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

23.2.2 Significant judgements, estimates and assumptions

Judgement is required to determine which arrangements are considered to be a tax on income as opposed to an operating cost. Judgement is also required to determine whether deferred tax assets are recognised in the statement of financial position. Deferred tax assets, including those arising from unutilised tax losses, require the company to assess the likelihood that it will generate sufficient taxable earnings in future periods, in order to utilise recognised deferred tax assets. Judgement is also required in respect of the application of existing tax laws.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These estimates of future taxable income are based on forecast cash flows from operations (which are impacted by production and sales volumes, commodity prices, reserves, operating costs, closure and rehabilitation costs, capital expenditure, dividends and other capital management transactions). To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the company to realise the net deferred tax assets recorded at the reporting date could be impacted.

In addition, future changes in tax laws could limit the ability of the company to obtain tax deductions in future periods.

23.3 VAT

Revenues, expenses, assets and liabilities are recognised net of the amount of VAT except:

- Where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of VAT included

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Notes to the annual financial statements
For the year ended 31 March 2019

24. Cash flow analysis

a) Reconciliation of profit before tax to cash inflows from operations

Rand '000	31 March 2019	31 March 2018
Profit before tax	483 956	1346 734
Depreciation and amortisation	301 739	173 090
Net finance (income)/costs	(66 260)	7 214
Foreign exchange (gain)/loss	100 364	(3 091)
Increase in the share based payment liability	41 158	40 836
Movement in the rehabilitation trust	(11 740)	(9 307)
Movement in retirement benefit obligations	227	(4 360)
Actuarial gains/(losses)	5 474	10 974
Interest on post-employment benefit arrangements	(6 343)	(6 814)
Rental income	(4 153)	(4 763)
Profit on sale of tangible assets	(34)	(380)
(Increase)/ decrease in inventories	(152 577)	202 365
(Increase)/ decrease in operating debtors	(166 480)	(224 212)
Increase/(decrease) in operating creditors	242 696	(413 649)
Cash inflows from operations	<u>768 027</u>	<u>1 114 637</u>

b) Income tax paid

Rand '000	31 March 2019	31 March 2018
Opening balance	11 698	8 002
Charge for the year	1 533	-
Refunds from SARS	-	3 696
Closing balance	<u>(11 698)</u>	<u>(11 698)</u>
Tax paid	-	-

c) Dividend paid

There were no dividends paid (2018: Nil).

25. Related party transactions

The company in the ordinary course of business enters into sales and service transactions with fellow subsidiaries and associates and others in the Vedanta Resources Ltd. These transactions are under terms that are no more favourable than those arranged with third parties.

Black Mountain Mining Proprietary Limited
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25. Related party transactions (continued)

The following balances were outstanding/receivable from group companies at year end:
 Rand'000

	Nature of transactions	31 March 2019	31 March 2018
Interest Bearing Loans			
Namzinc Proprietary Limited		668 129	787 158
THL Zinc BV		<u>1 230 700</u>	<u>-</u>
		<u>1 898 829</u>	<u>787 158</u>
Please refer to note 18 for more information on the terms and condition of these loans.			
Balance payable			
Vedanta Resources Ltd	a	4 999	3 215
Vedanta Limited*	c	1 902	2 209
Hindustan Zinc Limited	a	461	266
Balco	a	<u>73</u>	<u>-</u>
		<u>7 435</u>	<u>5 690</u>
Balance receivable			
Namzinc Proprietary Limited	a	3 384	-
CMTPL	a	51	42
Skorpion Zinc Proprietary Limited	a and b	-	1 902
KCM Mine Proprietary Limited	a	26 735	5 013
Sesa GOA	a	-	381
Vedanta Limited*	a	<u>128</u>	<u>113</u>
		<u>30 298</u>	<u>7 451</u>

* SESA Sterlite Limited changed its name to Vedanta Limited

(a) Expenses paid on behalf of group companies and or on behalf of the company by group companies and recharged at cost paid.

(b) Administration fees recovered from Skorpion Zinc Proprietary Limited for the period were R35 734 836 (31 March 2018: R24 234 986).

(c) The share based expenses for the period for certain employee shares or rights over shares in a Group company are administered by Vedanta Sterlite Limited and the total expense for the year is R2 877 794 (31 March 2018: R6 199 141).

Remuneration and benefits of key management personnel are disclosed in note 21.

Outstanding balances (Other than the interest bearing loans) at the year-end are unsecured and interest-free and settlement occurs in cash and are presented as part of trade receivables and trade payables as appropriate. There have been no guarantees provided or received for any related party receivables or payables. An assessment of the expected credit losses relating to related party receivables is undertaken upon initial recognition and each financial year by examining the financial position of the related party and the market in which the related party operates applying the general approach of the ECL impairment model of IFRS 9.

26. Share-based payments obligations

Rand '000	31 March 2019	31 March 2018
BMM cash settled scheme	71 759	35 879
Vedanta cash settled scheme	<u>10 235</u>	<u>4 957</u>
	<u>81 994</u>	<u>40 836</u>

On 1 April 2017 the company issued shares to the Voorspoed Trust with an effective holding of 6% of the company's issued share capital. The Voorspoed Trust was established to facilitate employee share ownership with the emphasis on employees who hold junior employment positions. Therefore, the beneficiaries of the Voorspoed Trust and the shares issued are employees in key positions whose Paterson level is C band and below.

26. Share-based payments obligations (continued)

The company measures the fair value of the services received based on the fair value of the liability. The fair value of the award is remeasured at each reporting date and on settlement of the liability. The ultimate cost of a cash-settled award is the cash paid to the participants of the ESOP scheme, which is the fair value at settlement date. Until the award is settled, the company presents the cash-settled award as a liability with changes in the measurement of the liability being reflected in the statement of profit or loss and other comprehensive income.

BMM cash settled scheme

On 1 April 2017 the company issued A and B ordinary shares to the Voorspoed Trust with an effective holding of 6% of the company's issued share capital.

The Scheme is accounted for as a cash settled scheme in accordance with International Financial Reporting Standard (IFRS) 2, which requires the liability to be accrued for over the vesting period of the shares, 5 years and 7 years for 50% of each tranche.

The company measures the fair value of the services received based on the fair value of the liability. The fair value of the award is remeasured at each reporting date and on settlement of the liability using the Black Scholes Option Pricing Model. The ultimate cost of a cash-settled award is the cash that will be paid to the participants of the ESOP scheme, which is the fair value at settlement date. Until the award is settled, the company presents the cash-settled award as a liability with changes in the measurement of the liability being reflected in the statement of profit or loss and other comprehensive income.

The following tables list the inputs to the models used for the scheme for the ended 31 March 2019

- Dividend yield: 0
- Expected volatility: 35%
- Risk-free interest rate: 8.31%
- Time to expiry: 5 years
- Option value: A shares R68.97, B shares R63.10
- Model used: Black Scholes

Vedanta Limited cash settled scheme

The share based expenses for the period for certain employee shares or rights over shares in a Group company are administered by SESA Sterlite Limited. Details of the share scheme are disclosed in the Vedanta Limited annual financial statements.

26.1 Share-based payments obligations - accounting policy

Certain employees (including Executive Directors) of the Group receive part of their remuneration in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

Equity-settled transactions

The cost of equity-settled transactions with employees is measured at fair value at the date at which they are granted. The fair value of share awards with market-related vesting conditions are determined by an external valuer and the fair value at the grant date is expensed on a straight-line basis over the vesting period based on the Group's estimate of shares that will ultimately vest. The estimate of the number of awards likely to vest is reviewed at each balance sheet date up to the vesting date at which point the estimate is adjusted to reflect the current expectations. No adjustment is made to the fair value after the vesting date even if the awards are forfeited or not exercised.

Cash-settled transactions

A liability is recognised for the fair value of cash-settled transactions. The fair value is measured initially and at each reporting date up to and including the settlement date, with changes in fair value recognised in employee benefits expense. The fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The fair value is determined using a Black Scholes model, further details of which are given above.

27. Operating leases

At 31 March 2019, the company had outstanding commitments under non-cancellable operating leases.

Rand '000	31 March 2019	31 March 2018
Expiry date:		
Within one year	3 548	2 982
Two to five years	2 146	856
	<u>5 694</u>	<u>3 838</u>

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For the year ended 31 March 2019

28. Capital commitments

Rand '000	31 March 2019	31 March 2018
Contracted but not provided	361 977	1 877 712
Authorised but not yet completed	47 357	1 713 174
	<u>409 334</u>	<u>3 590 886</u>

These commitments will be funded from both internal cash resources and project finance.

29. Contingent liabilities and assets

Provision is made for all liabilities that are expected to materialise.

29.1 The company is still in discussions with the Transnet National Port Authorities concerning ground contamination at Saldanha. The amount of the liability can only be determined when a thorough investigation has been completed. The investigation can only commence once the company ceases loading and warehousing activities on the termination of the lease contract.

29.2 The South African Revenue Services (SARS) concluded the audit for the Royalty Tax for the 2010, 2012 and 2013 tax years with significant refunds paid to the company. However, the refund excluded the amount for the deduction of selling and distribution costs, an estimated R66 million. The company filed a notice of objection to the Assessment by SARS during December 2016; the matter is expected to take a lengthy period to resolve with several key Companies in the Mining Industry taking SARS to task on similar Assessments.

29.3 During April 2017 SARS issued tax assessments for the 2013-2015 tax years disallowing certain deductions. The company lodged an appeal Against this assessment and the case was referred for Alternative Dispute Resolution. As at 31 March 2019, the company is still in the process of disputing the SARS assessment. The company expects to succeed in challenging the reassessment and as such no provision has been made in the financial statements.

30. Material events after year-end

The directors are not aware of any fact or circumstances which occurred between the date of the financial statements and the date of this report which might influence an assessment of the group's company's state of affairs.

31. Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the company's financial statements that the company reasonably expects will have an impact on its disclosures, financial position or performance when applied at a future date, are disclosed below. The company intends to adopt these standards when they become effective. Of the other standards and interpretations that are issued, but not yet effective, as these are not expected to impact the company, they have not been listed.

New/Revised International Financial Reporting Standards		Effective for annual periods beginning on or
IFRS 16	<p>Leases IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17.</p>	1 January 2019
IFRIC Interpretation 23	<p>Taxation The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.</p>	1 January 2019

Notes to the annual financial statements
 For the year ended 31 March 2019

32. Standards issued but not yet effective (continued)

New/Revised International Financial Reporting Standards		Effective for annual periods beginning on or
Definition of a Business - Amendments to IFRS 3	<p>Business combinations The amendments clarify that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. They also clarify that a business can exist without including all of the inputs and processes needed to create outputs.</p>	1 January 2020
Definition of Material - Amendments to IAS 1 and IAS 8	<p>IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors Aligning the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'</p>	1 January 2020
Plan Amendment, Curtailment or Settlement - Amendments to IAS 19	<p>Employee Benefits The amendments to IAS 19 Employee Benefits address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period.</p>	1 January 2019