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BUILDING BLOCKS FOR GROWTH

ANNUAL
FINANCIAL
STATEMENTS

SEPHAKU
HOLDINGS LTD

CORPORATE INFORMATION

Country of incorporation and domicile	South Africa	
Nature of business and principal activities	Construction materials company	
Directors	B Williams	Chairperson – independent non-executive director
	MM Ngoasheng	Independent non-executive director
	MJ Janse van Rensburg	Independent non-executive director
	B Bulo	Independent non-executive director
	Dr L Mohuba	Non-executive director
	NR Crafford-Lazarus	Chief executive officer and financial director
	PF Fourie	Non-executive director
Registered office	Southdowns Office Park First floor, Block A Cnr Karee and John Vorster Streets Irene, X54 0062	
Website	www.sephakuholdings.com	
Postal address	PO Box 7651 Centurion 0046	
Bankers	Nedbank	
Auditors	BDO South Africa Inc Chartered Accountants (SA) Registered Auditors	
Company secretary	Acorim Proprietary Limited Telephone: +27 11 325 6363 Email: sephaku@acorim.co.za	
Company registration number	2005/003306/06	
Transfer secretaries	Computershare Investor Services Proprietary Limited Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg 2196 PO Box 61051, Marshalltown 2107 Telephone: +27 11 370 5000	
JSE sponsor	QuestCo Corporate Advisory Proprietary Limited Telephone: +27 11 011 9200	
Investor relations officer	Sakhile Ndlovu Email: info@sepman.co.za Telephone: +27 12 612 0210	
Métier Mixed Concrete (wholly owned subsidiary)	Physical address: Romead Business Park, 23 Malone Road, Maxmead 3610 Postal address: Postnet Suite #546, Private Bag x4, Kloof 3640 Telephone: +27 31 716 3600/0861 638437 Website: www.metiersa.co.za	
Dangote Cement South Africa (associate)	Physical address: Southdowns Office Park, Block A, Ground Floor Cnr Karee and John Vorster Streets, Irene, X54 0062 Postal address: PO Box 68149, Highveld 0169 Telephone: +27 12 684 6300 Website: www.sephakucement.co.za	

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

The annual financial statements have been audited by BDO South Africa Inc in compliance with the applicable requirements of the Companies Act, 71 of 2008, as amended (Companies Act) and have been prepared under the supervision of NR Crafford-Lazarus, CA(SA).

Issued

31 July 2020

AUDIT AND RISK COMMITTEE REPORT

The information below constitutes the report of the audit and risk committee (the committee) for the 2020 financial year of Sephaku Holdings Limited (SepHold) and its subsidiaries. This report is in compliance with the Companies Act and the King IV Report on Corporate Governance™ for South Africa, 2016 (King IV)* recommendations.

1. MANDATE AND TERMS OF REFERENCE

The committee acts according to a formal mandate and terms of reference that have been approved by the board of directors of SepHold. The committee has executed its duties during the past financial year according to this mandate and terms of reference, and has discharged its responsibilities contained therein. The terms of reference are reviewed each year. The committee is satisfied that the members thereof have the required knowledge and experience as set out in section 94(5) of the Companies Act and Regulation 42 of the Companies Regulation, 2011.

2. COMPOSITION AND ATTENDANCE AT MEETINGS

For the financial year the committee comprised of MJ Janse van Rensburg (chairperson), B Bulo and B Williams, each of whom are independent non-executive directors. There was no change to the committee members during the year under review. In addition, the chief executive officer and financial director are permanent invitees to meetings. The committee performs the duties laid upon it by section 94(7) of the Companies Act by holding meetings at least three times per annum and special committee meetings are convened as required.

The external auditors attended and reported at all meetings of the committee. The external auditors have unrestricted access to the committee.

Full details of the attendance and dates of the meetings have been disclosed in the corporate governance section of the integrated annual report.

3. STATUTORY DUTIES

The committee's roles and responsibilities include its statutory duties as per the Companies Act and the responsibilities assigned to it by the board, which are reviewed annually.

The committee has performed the following statutory duties:

- nominated and recommended the appointment of BDO South Africa Inc as the external auditor of SepHold, with J Barradas as the lead engagement partner. BDO South Africa Inc is, in the opinion of the committee, independent of the company;
- reviewed and agreed to the fees to be paid to the external auditor and their terms of engagement in consultation with executive management;
- ensured that the appointment of the external auditor complies with the Companies Act and any other legislation relating to the appointment of auditor;
- determined the nature and extent of allowable non-audit services and pre-approved any proposed agreement with the external auditor for the provision of non-audit services to SepHold;
- received no complaints relating to the accounting practices, the auditing or content of annual financial statements, and the internal financial controls of SepHold;
- considered and, when appropriate, made recommendations to the board on internal financial controls, accounting policies, records and reporting;
- ensured, on an annual basis, that the financial director has the appropriate expertise and experience;
- ensured that the company has established appropriate financial reporting procedures and that those procedures are operating; and
- ensured suitability of the appointment of external auditors and the designated individual partner, specifically taking into account any information pursuant to paragraph 22.15(h) of the JSE Limited Listings Requirements (JSE Listings Requirements).

4. EXTERNAL AUDITOR

The committee has satisfied itself that the external auditor, BDO South Africa Inc, is independent of SepHold, as defined by the Companies Act and other relevant legislation. Requisite assurance was sought and provided by the auditor that internal governance processes within the audit firm support and demonstrate its claim to independence. Further, the approval of all non-audit-related services are governed by an appropriate approval framework.

The committee agreed to the engagement letter, terms, audit plan and budgeted audit fees for the financial year ended 31 March 2020. This was done after consultation with executive management taking into consideration such factors as the timing of the audit, the extent of work required and the scope.

The external auditor is invited to and attends all committee meetings. Findings by the external auditor arising from his annual statutory audit is tabled and presented at a committee meeting following the audit. The external auditor has expressed an unqualified opinion on the annual financial statements for the year ended 31 March 2020. This will be presented at the annual general meeting.

SepHold has satisfied itself that BDO South Africa Inc and J Barradas appear on the JSE's list of accredited auditors and their advisors. The committee also acted according to the section 22 requirements of the JSE listing requirements and the updated auditor approval process per paragraph 3.84(g) (iii) in requesting from the audit firm (and if necessary consulting with the audit firm on) the information detailed in paragraph 22.15(h) in their assessment of the suitability for appointment of their current or a prospective audit firm and designated individual partner both when they are appointed for the first time and thereafter annually for every re-appointment as well as for an applicant issuer prior to listing.

5. INTERNAL FINANCIAL CONTROLS

The committee has reviewed:

- the effectiveness of the risk management, controls and governance processes, including receiving assurance from management and external audit;
- significant issues raised by the external audit process; and
- policies and procedures for preventing and detecting fraud.

The committee believes that internal financial controls are effective and form a basis for the preparation of reliable annual financial statements. No findings have come to the attention of the committee to indicate that any material breakdown in internal financial controls has occurred during the financial year.

6. ANNUAL FINANCIAL STATEMENTS

The committee reviews the annual financial statements, preliminary results announcements, interim financial information and integrated annual report – this culminates in a recommendation to the board to approve them. The annual financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS), the JSE Listings Requirements and the requirements of the Companies Act.

7. GOING CONCERN

The committee reviewed a documented assessment by management of the going concern premise of SepHold. Based on this assessment, the committee agrees with management's assessment that SepHold will be a going concern in the foreseeable future.

8. EXPERTISE AND EXPERIENCE OF FINANCIAL DIRECTOR AND THE FINANCE FUNCTION

The committee has satisfied itself that the financial director of SepHold, Mr. NR Crafford-Lazarus, has appropriate expertise and experience to meet his responsibilities in that position as required in terms of the JSE Listings Requirements.

The committee also satisfied itself of the appropriateness of the expertise and adequacy of resources of the finance function of the company.

9. DUTIES ASSIGNED BY THE BOARD

The duties and responsibilities of the members of the committee are set out in the committee's terms of reference which are approved by the board. The committee fulfils an oversight role regarding SepHold's integrated annual report and the reporting process, including the system of internal financial control.

The committee is satisfied that it has complied in all material respects, with its legal, regulatory and other responsibilities during the year, which includes consideration of the JSE's findings contained in the latest monitoring report when preparing the annual financial statements for the year under review.

10. INTERNAL AUDIT

Due to the nature and size of the head office, the accounting function is structured to accommodate current requirements and as such, the committee does not believe that an internal audit function is viable at this stage. The committee believes that new appointments should strengthen the accounting function and improve control through the division of duties. As such, this is better suited to the company's needs than the performance of an internal audit function. On an operational level, Dangote Cement South Africa Proprietary Limited (SepCem) has a functional internal audit department that reports to the SepCem audit committee on which SepHold is also represented. The internal audit function for Métier Mixed Concrete Proprietary Limited (Métier) is currently outsourced.

11. RISK MANAGEMENT

The committee is responsible for the following:

- Recommending to the board SepHold's risk appetite
- Monitoring the emerging risk profile of SepHold on a regular basis and reporting its findings to the board
- Receiving and reviewing reports that assess the nature and extent of the risks facing SepHold
- Ensuring steps are taken by executive management to embed risk management practices within the day-to-day operations of the business
- Monitoring the level of available capital and reporting to the board on the adequacy of the available capital relative to the emerging risk profile of SepHold
- Ensuring that risk and capital management policies, processes and practices are adopted in SepHold and reviewing the adequacy and effectiveness of the risk-type control frameworks and policies

12. RECOMMENDATION OF THE ANNUAL FINANCIAL STATEMENTS FOR APPROVAL BY THE BOARD

The committee met with BDO South Africa Inc prior to the commencement of the audit to discuss the potential key audit matters. The independent auditor's report on pages 5 to 7 details the following key audit matters:

- Goodwill impairment (group)
- Investment in subsidiary (company)

The committee is satisfied that the key audit matters were adequately and appropriately addressed in the content of the audit.

The committee held a meeting on 24 July 2020 at which time they reviewed and recommended the annual financial statements for approval by the board of directors.

On behalf of the audit and risk committee

MJ Janse van Rensburg
Chairperson

24 July 2020

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF SEPHAKU HOLDINGS LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

OPINION

We have audited the consolidated and separate financial statements of Sephaku Holdings Limited (the group and company), as set out on pages 14 to 56, which comprise the consolidated and separate statements of financial position as at 31 March 2020, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and the notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Sephaku Holdings Limited as at 31 March 2020, and its consolidated and separate financial performance and consolidated and separate 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 Consolidated and Separate Financial Statements section of our report. We are independent of the group and company in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors *Code of Professional Conduct for Registered Auditors* (Revised January 2018), parts 1 and 3 of the *Independent Regulatory Board of Auditors' Code of Professional Conduct for Registered Auditors* (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants* (including *International Independence Standards*) respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

Key audit matter	How our audit addressed the key audit matter
Consolidated financial statements: **Assessment of goodwill for impairment** At 31 March 2020, the group has goodwill with a carrying value of R223 421 981 recognised on the acquisition of the subsidiary, Métier Mixed Concrete Proprietary Limited, in previous periods. In terms of IAS 36 *Impairment of Assets,* management is required to perform an impairment test on goodwill at least annually, and is furthermore required to perform an impairment test, if indicators of impairment are identified. As disclosed in note 1.2 and note 5 to the financial statements, goodwill is assessed using discounted cash flow model which include a number of key judgements and estimates, the most significant being the growth rates and discount rates applied to forecasted cash flows. This model is required to calculate recoverable amounts of cash-generating units that the goodwill relates to as well as forecasting future cash flows and applying an appropriate discount rate, inherently involves a high degree of estimation and judgement by management. We have determined this to be a key audit matter due to the significance of the balance judgement required by management in preparing a "value-in-use" calculation to perform the impairment test.	In considering the appropriateness of management's judgement used in the testing of goodwill for impairment, we performed the following audit procedures with the assistance of internal valuation specialists: • Reviewed the design and implementation of key controls around the assessment of goodwill for impairment. • Assessed the model for compliance with IAS 36 *Impairment of Assets.* • Verified the mathematical accuracy and methodology appropriateness of the underlying model and calculations. • Verified the accuracy and relevance of the input data provided by management based on our knowledge of the business and industry. • Evaluated the cash flow projections and the process by which they were developed, compared the cash flows to the latest board-approved budgets taking the impact of COVID-19 into account, and assessed the historical accuracy and reasonableness of the budgeting process. • Challenged the key growth rate assumptions by comparing them to historical results taking the impact of COVID-19 into account, economic and industry forecasts, and assessing the discount rate by reference to the cost of capital of the group. • Performed a sensitivity analysis of the key assumptions in the model, considered the potential impact of reasonably possible downside changes in these key assumptions. As part of our audit we also considered the adequacy and completeness of the group's disclosures in note 1.2 and note 5 in terms of IFRS, about those assumptions to which the outcome of the impairment test is most sensitive to the determination of the recoverable amount.

Key audit matter	How our audit addressed the key audit matter
Separate financial statements: **Investment in subsidiary (notes 1.2 and 7)** At 31 March 2020, the company has an investment in a subsidiary. The cost of the investment amounts to R299 378 028. In accordance with IFRS, IAS 36 *Impairment of Assets*, the company shall assess at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indicator exists the entity shall assess the recoverable amount. As disclosed in note 7 to the financial statements, reduced profitability and general economic downturn in the construction industry were identified as indicators of impairment in the current financial period. However, no impairment was necessary. We have determined this is a key audit matter due to the significance of the balance and the judgement required by management in preparing a "value-in-use" calculation to perform the impairment test. Forecasting future cash flows and applying an appropriate discount rate, inherently involves a high degree of estimation and judgement by management.	In considering the appropriateness of management's judgement used in the testing of the investment of subsidiary for impairment, we performed the following audit procedures with the assistance of internal valuation specialists: • Assessed the indicators of impairment identified by management. • Critically assessed the model for compliance with IAS 36 *Impairment of Assets.* • Verified the mathematical accuracy and methodology appropriateness of the underlying model and calculations. • Checked the accuracy and relevance of the input data provided by management based on our knowledge of the business and industry. • Evaluated the cash flow projections and the process by which they were developed, compared the cash flows to the latest board approved budgets taking the impact of COVID-19 into account, and assessed the historical accuracy and reasonableness of the budgeting process. • Assessed the key growth rate assumptions by comparing them to historical results, economic and industry forecasts, and assessing the discount rate by reference to the cost of capital of the group. • Performed a sensitivity analyses of the key assumptions in the model, considered the potential impact of reasonably possible downside changes in these key assumptions. • Assessed the adequacy of the disclosures in the financial statements in accordance with International Financial Reporting Standards.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the directors' report, the audit and risk committee's report and the company secretary's certificate as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the integrated annual report, which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, 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 CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

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

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group's and 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 group and/or the company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate 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 consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and 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 group's and 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 consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and/or the company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette 39475 dated 4 December 2015, we report that BDO South Africa Incorporated has been the auditor of Sephaku Holdings Limited for 2 years.

BDO South Africa Inc.

BDO South Africa Incorporated
Registered Auditors

J Barradas
Director
Registered Auditor

31 July 2020

Wanderers Office Park
52 Corlett Drive
Illovo, 2196

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required in terms of the Companies Act 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 group and 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 IFRS. The external auditor is engaged to express an independent opinion on the financial statements.

The annual financial statements are prepared in accordance with IFRS and are based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

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

The directors have reviewed the group's and company's cash flow forecast for the year to 31 March 2021 and, in light of this review and the current financial position, they are satisfied that the group has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements have been prepared on the going concern basis, since the directors have every reason to believe that the corporation has adequate resources in place to continue in operation for the foreseeable future.

The external auditor is responsible for independently auditing and reporting on the group's and company's financial statements. The financial statements have been examined by the group's external auditor and their report is presented on pages 5 to 7.

The annual financial statements, set out on page 14 to 56, were approved by the board on 31 July 2020 and were signed on their behalf by:

NR Crafford-Lazarus
Chief executive officer and financial director

B Williams
Chairperson – independent non-executive director

Centurion, South Africa

31 July 2020

CERTIFICATE BY COMPANY SECRETARY

In terms of section 88(2)(e) of the Companies Act, I declare that to the best of my knowledge, for the year ended 31 March 2020, Sephaku Holdings Limited has lodged with the Companies and Intellectual Property Commission all such returns as are required of a public company in terms of the Companies Act and that such returns are true, correct and up to date.

Acorim

Acorim Proprietary Limited
Company secretary

Centurion, South Africa

31 July 2020

DIRECTORS' REPORT

The directors submit their report for the year ended 31 March 2020.

1. REVIEW OF ACTIVITIES

Main business and operations

SepHold offers investors a portfolio of assets focused on the building and construction materials industry. SepHold's investment portfolio comprises a 100% subsidiary, Métier, and a 36% associate, SepCem, which are collectively referred to as the group.

As a subsidiary of Dangote Cement PLC (DCP), SepCem has a 31 December year-end. The equity-accounted profit included in this report relates to SepCem's results in the period 1 January 2019 to 31 December 2019.

Group

Head office expenses reduction

The initiative to reduce head office expenses introduced in September 2018, resulted in a 28% decrease in expenses year-on-year (y-o-y) to R16,6 million (2019: R22,9 million). This was due to the reduction in the CEO's salary, headcount and various non-cash expenses.

Rights issue

Shareholders are referred to the announcements on the rights offer on 13 December 2019, 17 to 23 January 2020 and 17 February 2020. Informed by the constrained trading conditions, resulting in, among other things, reduced profitability, the SepHold board of directors approved the implementation of a partially underwritten, renounceable rights offer (the rights offer) to raise approximately R37,5 million to decrease Métier's net debt levels, through an increase in the cash balance. The reduced net debt levels were necessary to ensure Métier's compliance with debt covenants imposed by the lenders.

The rights offer closed 14 February 2020 with a total of 47% (21,9 million) Rights Offer shares subscribed for an approximate value of R17,8 million. The balance of 24,3 million rights offer shares were allocated to Safika according to the underwriting agreement. Following the issue of the rights offer shares, the number of SepHold shares in issue are 254 486 436.

Métier Mixed Concrete (Métier)

Sales volumes

The concrete sector performance is closely linked to the highly cyclical construction industry. The longer the period of business cycle contraction, the more the infrastructure investment declines. By March, South Africa had experienced over 70 months of a downturn in the business cycle, the longest on record. This prevailing environment resulted in intense competition in both Gauteng and KwaZulu-Natal markets and profitability was under pressure. The annual sales volumes decreased by 14% with KwaZulu-Natal recording the highest decline. The annual decrease in the Gauteng region was lower mainly due to the ramp-up volumes from the plants that commenced production in the past 24 months.

Debt management

Métier continued to service its bank debt according to the repayment terms during the period. However, the reduced profitability levels resulted in severe pressure on the debt to EBITDA covenant by December 2019.

Métier's term loan principal was reduced to R2 million (FY 2019: R41 million) in line with the payment profile in the period under review. The R100 million revolving credit facility balance was R92 million on 31 March 2020 (FY 2019: R81 million) and was refinanced on 15 April 2020. This loan was converted to a R90 million amortising facility and bears interest at the three-month JIBAR rate plus a margin of 5.25% and is repayable in varying instalments with the final payment to be made 31 March 2023.

Lenders have agreed to suspend the repayment of capital on the loan until December 2020. Interest payment will be serviced from 1 March through to December 2020. From January 2021 both capital and interest will be paid on a monthly basis.

1. REVIEW OF ACTIVITIES (CONTINUED)

Dangote Cement South Africa (SepCem)

Sales volume

Cement demand was largely constrained with a significant decline observed in the rural consumer markets that have been a driving force for bagged cement demand since 2018. Increased competition from blenders and importers in a low demand environment negatively impacted the cement sector, including SepCem during the year.

The cement industry's application for a safeguard tariff from the International Trade Administration Commission of South Africa has progressed well and, if successful, will result in the imposition of a non-country-specific flat tariff on all imported cement. The industry's motivation for the tariffs is the higher cost of doing business in South Africa due to stringent legislative requirements and high regulatory standards compared to the importing countries.

Revenue and profitability

SepCem's revenue decreased to R2,18 billion (2018: R2,29 billion) due to the volume decline. The profit margins were impacted by lower volumes and above-inflation cost increases in inputs such as coal, electricity and fuel. To improve profitability, SepCem has made significant progress towards developing initiatives to mitigate against the escalating costs including establishing an alternative source for competitively priced coal.

The profit after tax was R1,3 million compared to R128,7 million in 2018 which was significantly higher due to an R81,7 million credit granted in terms of the section 12L tax incentive for energy savings during the 2017 tax period.

Debt management

By 31 December 2019 SepCem had repaid more than R1 billion of the project loan capital resulting in a balance of R1,37 billion and a net bank debt of R873 million. The total debt service in the financial year was R453 million, including interest payments of R178 million.

The debt facility is guaranteed by SepCem's major shareholder, DCP on an interest that is based on the preceding three-month JIBAR, plus a margin of 4.5% (2018: 4.5%) which equated to 11.29% (2018: 11.55%) per annum. The DCP quasi-equity loan was at R521 million by December 2019 at an interest of JIBAR plus 4%, which is accrued and capitalised against the loan.

The COVID-19 lockdown will reduce EBITDA levels thereby impacting SepCem's ability to service debt for the current year. The associate has engaged the lenders to waive capital payments for the balance of 2020 and receive interest only.

Outlook

Overall, building materials demand will remain subdued as indicated by the 12.7% y-o-y decline in building plans passed data for 2019 from Statistics SA exacerbated by the impact of COVID-19 on the economy.

2. GOING CONCERN

Various cost-saving initiatives have been identified by both operating companies and are in the process of being implemented. This range from reduction in fleet and employment cost across all the operating plants to negotiations with all suppliers of premises and raw materials. With the impact of COVID-19 on the cash resources of both operating companies where overheads were incurred during periods of total lockdown and operating at 50% during level 5 and 4 respectively, both companies concluded negotiations with the banks to service interest, but not capital for the second half of calendar 2020. These savings will assist the group companies to meet their bank debt commitments in the face of the expected reduction in volumes during the current year due to the impact of the government-enforced lockdown. The repayment profile agreed on the Métier outstanding debt is also substantially reduced from what was paid over the last five years.

3. EVENTS AFTER THE REPORTING PERIOD

COVID-19 marginally impacted group performance for the period under review because the national lockdown was implemented during the final week of the financial year from 27 March 2020. During the alert level 5 lockdown from 27 March to 30 April 2020, the group entities complied fully with the government directive and closed all operations to safeguard the health of all employees. The executive management and critical employees worked from home during alert level 5. Métier and SepCem resumed full operations at alert level 3 from 1 June 2020. The pandemic is expected to have a much more significant impact on group performance in the year ending 31 March 2021.

4. AUTHORISED AND ISSUED STATED CAPITAL

There were no changes in the authorised stated capital of the company during the year under review.

In total, 46 270 261 (2019: 1 873 354) shares were issued during the year.

All the authorised and issued shares have no par value.

Refer to note 20 to the annual financial statements for further details on authorised and issued stated capital.

5. BORROWING LIMITATIONS

In terms of the memorandum of incorporation of the company, the directors may exercise all the powers of the company to borrow money, as they consider appropriate. The memorandum of incorporation authorises unlimited borrowing powers.

6. SHARE INCENTIVE SCHEME

There were no share options issued during the year. Refer to note 21 to the annual financial statements for details about share-based payments.

7. NON-CURRENT ASSETS

Details of major changes in the nature of the non-current assets of the group during the year were as follows:

- Additions to property, plant and equipment of the group amounted to R12 373 059 (2019: R19 945 026),
- The land and building, Erf 398 Randjespark Ext 121, was classified to held-for-sale assets.

Refer to notes 4 and 19 of the annual financial statements for further details.

8. DIVIDENDS

No dividends were declared or paid to shareholders during the year.

9. DIRECTORS

The directors of the company during the year and to the date of this report are as follows:

Name	Position	Changes
B Williams	Chairperson – independent non-executive director	
MM Ngoasheng	Independent non-executive director	
MJ Janse van Rensburg	Independent non-executive director	
Dr L Mohuba	Non-executive director	Appointed 1 January 2020 as non-executive director, previously CEO
B Bulo	Independent non-executive director	
NR Crafford-Lazarus	Chief executive officer and financial director	
PF Fourie	Non-executive director	
J Pitt	Alternate director to MM Ngoasheng	Resigned 13 June 2019
KJ Capes	Executive director	Appointed 1 April 2020

10. SECRETARY

The secretary of the company is Acorim Proprietary Limited (Acorim) of:

Business address	13th Floor, Illovo Point 68 Melville Road Illovo Sandton 2196
Postal address	PO Box 41480 Craighall 2024

The company secretary provides the board with guidance in respect of the discharge of directors' duties and their responsibilities, and regarding legislation, regulatory and governance procedures and requirements. The board has access to, and is aware of, the responsibilities and duties of the company secretary and has committed itself to ensure that the company secretary is afforded the support required to perform its duties.

The company secretary acts as secretary to board-appointed committees. The board is satisfied that Acorim, represented by Amy Parker, has the required knowledge, skill and discipline to perform the functions and duties of the company secretary. The board has concluded that Acorim maintains an arms-length relationship with the company and its board.

No Acorim employees are directors of the company, nor do they have any other interests or relations that may affect independence. In making this assessment, the board considered the independence of Acorim directors, shareholders and employees, as well as Acorim's collective qualifications and track record.

11. SUBSIDIARIES

Name of subsidiary	Net loss after tax 2020	Net income after tax 2019
Métier Mixed Concrete Proprietary Limited	**(11 223 299)**	9 456 371
Sephaku Investment Holdings Proprietary Limited	**(130)**	–

Details of the company's investment in subsidiaries are set out in note 7 to the annual financial statements.

12. SPECIAL RESOLUTIONS

No special resolutions of material interest or of a substantive nature were passed by the company's subsidiaries during the reporting period.

13. SHAREHOLDERS' INFORMATION

An analysis of shareholders and the respective percentage shareholdings appear in the shareholders' analysis section on page 57.

Beneficial shareholdings of directors, directors' associates and prescribed officers:

	2020			2019		
Director/prescribed officer	**Direct**	**Indirect**	**Associates**	Direct	Indirect	Associates
Dr L Mohuba	**87 202**	**8 363 767**	**40 000**	87 202	8 363 767	40 000
NR Crafford-Lazarus	**2 986 984**	**–**	**–**	2 362 078	–	–
RR Matjiu*	**–**	**–**	**–**	1 615 923	–	–
K Capes**	**10 600 000**	**–**	**–**	5 598 056	–	–
PF Fourie***	**–**	**5 203 059**	**–**	–	5 203 059	–
	13 674 186	**13 566 826**	**40 000**	9 663 259	13 566 826	40 000

* *Director resigned during the prior year.*

** *Re-appointed as executive director on 1 April 2020.*

*** *These shares are pledged as security.*

There have been no changes in the beneficial interests of the directors, directors' associates and prescribed officers in the stated capital between the end of the financial year and the date of approval of these annual financial statements.

13. SHAREHOLDERS' INFORMATION (CONTINUED)

Directors' interest in share options:

2020	Opening balance number of share options	Exercise price	Options expired	Date expired	Market price on exercise date	Options vested at year-end	Closing balance number of share options
Dr L Mohuba							
Granted 29/06/2012	**750 000**	**R1.90**	**(750 000)**	**29/06/2019**	**–**	**–**	**–**
Granted 10/12/2014	**400 000**	**R6.80**	**–**		**–**	**400 000**	**400 000**
Granted 31/03/2016	**400 000**	**R4.40**	**–**		**–**	**266 667**	**400 000**
Granted 01/07/2017	**475 000**	**R3.00**	**–**		**–**	**157 333**	**475 000**
NR Crafford-Lazarus							
Granted 29/06/2012	**750 000**	**R1.90**	**(750 000)**	**29/06/2019**	**–**	**–**	**–**
Granted 31/08/2012	**750 000**	**R1.90**	**(750 000)**	**31/08/2019**	**–**	**–**	**–**
Granted 10/12/2014	**375 000**	**R6.80**	**–**		**–**	**375 000**	**375 000**
Granted 31/03/2016	**400 000**	**R4.40**	**–**		**–**	**266 667**	**400 000**
Granted 01/07/2017	**475 000**	**R3.00**	**–**		**–**	**157 333**	**475 000**
	4 775 000		**(2 250 000)**			**1 623 000**	**2 525 000**

2019	Opening balance number of share options	Exercise price	Options expired	Date expired	Market price on exercise date	Options vested at year-end	Closing balance number of share options
Dr L Mohuba							
Granted 29/06/2012	750 000	R1.90	–		–	750 000	750 000
Granted 10/12/2014	400 000	R6.80	–		–	266 667	400 000
Granted 31/03/2016	400 000	R4.40	–		–	133 333	400 000
Granted 01/07/2017	475 000	R3.00	–		–	–	475 000
NR Crafford-Lazarus							
Granted 29/06/2012	750 000	R1.90	–		–	750 000	750 000
Granted 31/08/2012	750 000	R1.90	–		–	750 000	750 000
Granted 10/12/2014	375 000	R6.80	–		–	250 000	375 000
Granted 31/03/2016	400 000	R4.40	–		–	133 333	400 000
Granted 01/07/2017	475 000	R3.00	–		–	–	475 000
RR Matjiu*							
Granted 29/06/2012	300 000	R1.90	–		–	300 000	300 000
Granted 10/12/2014	125 000	R6.80	–		–	83 333	125 000
Granted 31/03/2016	100 000	R4.40	–		–	33 334	100 000
	5 300 000					3 450 000	5 300 000

* *Director resigned during the prior year.*

Refer to note 21 for more details on share options and the vesting conditions.

STATEMENTS OF FINANCIAL POSITION

as at 31 March 2020

	Notes	Group 2020 R	Group 2019 R	Company 2020 R	Company 2019 R
ASSETS					
Non-Current Assets					
Investment property	3	**–**	–	**–**	18 503 897
Property, plant and equipment	4	**124 271 483**	147 059 791	**27 394**	91 166
Goodwill	5	**223 421 981**	223 421 981	**–**	–
Intangible asset	6	**–**	573 510	**–**	–
Investments in subsidiaries	7	**–**	–	**299 378 029**	299 378 029
Investment in joint ventures	8	**120 552**	120 552	**–**	–
Investment in associate	9	**812 678 672**	812 201 874	**683 689 159**	683 689 159
Other financial assets	11	**10 761 735**	10 918 381	**10 761 735**	10 918 381
Right-of-use assets	14	**42 138 008**	–	**–**	–
Operating lease asset		**–**	–	**–**	1 469 511
Other investments	15	**2 000 000**	2 000 000	**2 000 000**	2 000 000
		1 215 392 431	1 196 296 089	**995 856 317**	1 016 050 143
Current Assets					
Inventories	16	**16 763 507**	18 154 356	**–**	–
Loans to group companies	10	**–**	–	**10 379**	10 249
Current tax receivable		**1 643 331**	1 175 731	**–**	–
Trade and other receivables	17	**79 070 855**	100 849 007	**520 190**	215 424
Cash and cash equivalents	18	**6 381 459**	2 823 868	**4 380 684**	–
		103 859 152	123 002 962	**4 911 253**	225 673
Non-current assets held for sale	19	**18 503 897**	–	**20 205 192**	–
Total Assets		**1 337 755 480**	1 319 299 051	**1 020 972 762**	1 016 275 816
EQUITY AND LIABILITIES					
Equity					
Stated capital	20	**682 782 720**	648 003 095	**682 782 720**	648 003 095
Reserves		**10 643 889**	14 351 157	**10 643 889**	14 351 157
Retained income		**407 339 227**	422 969 425	**201 563 489**	202 917 164
		1 100 765 836	1 085 323 677	**894 990 098**	865 271 416
Liabilities					
Non-Current Liabilities					
Loans from group companies	10	**–**	–	**–**	11 936 886
Other financial liabilities	22	**71 846 168**	81 014 556	**–**	–
Lease liabilities	23	**45 497 397**	–	**–**	–
Deferred income	24	**199 670**	877 557	**–**	–
Deferred taxation	13	**15 848 539**	21 772 407	**–**	–
		133 391 774	103 664 520	**–**	11 936 886
Current Liabilities					
Loans from group companies	10	**–**	–	**124 041 874**	130 891 608
Other financial liabilities	22	**21 640 732**	40 721 110	**–**	–
Lease liabilities	23	**7 974 561**	–	**–**	–
Operating lease liability		**–**	4 085 158	**–**	–
Trade and other payables	25	**71 672 558**	80 096 267	**1 940 790**	3 445 474
Deferred income	24	**677 887**	677 887	**–**	–
Bank overdraft	18	**1 632 132**	4 730 432	**–**	4 730 432
		103 597 870	130 310 854	**125 982 664**	139 067 514
Total Liabilities		**236 989 644**	233 975 374	**125 982 664**	151 004 400
Total Equity and Liabilities		**1 337 755 480**	1 319 299 051	**1 020 972 762**	1 016 275 816
Net asset value per share (cents)	43	**432.54**	521.25		
Tangible net asset value per share (cents)	43	**344.75**	413.75		

STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 31 March 2020

	Notes	Group 2020 R	Group 2019 R	Company 2020 R	Company 2019 R
Revenue	27	**727 040 453**	835 823 568	**8 400 000**	8 400 000
Rental income from investment property		**–**	–	**3 673 869**	3 673 869
Cost of sales	28	**(448 827 639)**	(515 275 407)	**–**	–
Gross profit		**278 212 814**	320 548 161	**12 073 869**	12 073 869
Other operating income	29	**994 265**	2 999 418	**682 407**	1 303 264
Operating expenses		**(283 773 403)**	(308 852 077)	**(17 411 654)**	(21 965 642)
Operating (loss)/profit	30	**(4 566 324)**	14 695 502	**(4 655 378)**	(8 588 509)
Investment income	31	**882 879**	2 532 411	**1 502**	1 459
Profit from equity-accounted investment	9	**476 798**	46 331 599	**–**	–
Finance costs	32	**(18 712 646)**	(16 489 095)	**(1 983 637)**	(1 508 606)
(Loss)/profit before taxation		**(21 919 293)**	47 070 417	**(6 637 513)**	(10 095 656)
Taxation	33	**4 546 657**	(3 029 811)	**–**	–
(Loss)/profit for the year		**(17 372 636)**	44 040 606	**(6 637 513)**	(10 095 656)
Total comprehensive (loss)/income for the year		**(17 372 636)**	44 040 606	**(6 637 513)**	(10 095 656)
Total comprehensive (loss)/income attributable to:					
Equity holders of the parent		**(17 372 636)**	44 040 606	**(6 637 513)**	(10 095 656)
		(17 372 636)	44 040 606	**(6 637 513)**	(10 095 656)
Basic (loss)/earnings per share (cents)	43	**(8.12)**	21.21		
Diluted (loss)/earnings per share (cents)	43	**(8.12)**	21.19		

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 March 2020

Group	Stated capital R	Equity-based share option reserve R	Retained income R	Total equity R
Balance at 31 March 2018	644 443 723	12 025 844	378 928 819	1 035 398 386
Profit for the year	–	–	44 040 606	44 040 606
Total comprehensive income for the year	–	–	44 040 606	44 040 606
Issue of shares	3 559 372	–	–	3 559 372
Employees' share option scheme	–	2 325 313	–	2 325 313
Balance at 31 March 2019	648 003 095	14 351 157	422 969 425	1 085 323 677
Impact of IFRS 16 adoption			**(3 541 400)**	**(3 541 400)**
Loss for the year	**–**	**–**	**(17 372 636)**	**(17 372 636)**
Other comprehensive income for the year	**–**	**–**	**–**	**–**
Total comprehensive income for the year	**–**	**–**	**(20 914 036)**	**(20 914 036)**
Issue of shares	**37 478 911**	**–**	**–**	**37 478 911**
Rights issue expenses capitalised	**(2 699 286)**	**–**	**–**	**(2 699 286)**
Employees' share option scheme	**–**	**(3 707 268)**	**5 283 838**	**1 576 570**
Balance at 31 March 2020	**682 782 720**	**10 643 889**	**407 339 227**	**1 100 765 836**
Notes	20	21	2.1	

Company	Stated capital R	Equity-based share option reserve R	Retained income R	Total equity R
Balance at 31 March 2018	644 443 723	12 025 844	213 012 820	869 482 387
Profit for the year	–	–	(10 095 656)	(10 095 656)
Total comprehensive profit for the year	–	–	(10 095 656)	(10 095 656)
Issue of shares	3 559 372	–	–	3 559 372
Employees' share option scheme	–	2 325 313	–	2 325 313
Balance at 31 March 2019	648 003 095	14 351 157	202 917 164	865 271 416
Loss for the year	**–**	**–**	**(6 637 513)**	**(6 637 513)**
Total comprehensive income for the year	**–**	**–**	**–**	**–**
Total comprehensive loss for the year	**–**	**–**	**(6 637 513)**	**(6 637 513)**
Issue of shares	**34 779 625**	**–**	**–**	**34 779 625**
Employees' share option scheme	**–**	**(3 707 268)**	**5 283 838**	**1 576 570**
Balance at 31 March 2020	**682 782 720**	**10 643 889**	**201 563 489**	**894 990 098**
Notes	20	21		

STATEMENTS OF CASH FLOWS

for the year ended 31 March 2020

	Notes	Group 2020 R	Group 2019 R	Company 2020 R	Company 2019 R
Cash flows from operating activities					
Cash generated from/(used in) operations	34	**34 647 822**	66 574 487	**(5 056 268)**	(6 468 173)
Interest income		**882 879**	2 532 411	**1 502**	1 459
Finance costs	32	**(10 831 740)**	(16 200 978)	**(1 983 637)**	(185 506)
Taxation paid	35	**(467 600)**	(3 763 466)	**–**	–
Net cash from/(used in) operating activities		**24 231 361**	49 142 454	**(7 038 403)**	(6 652 220)
Cash flows from investing activities					
Purchase of property, plant and equipment	4	**(12 373 063)**	(19 945 027)	**–**	(41 590)
Disposal of property, plant and equipment	4	**2 459 119**	3 668 768	**–**	–
Loans repaid		**156 645**	1 100 000	**156 645**	1 100 000
Net cash (used in)/from investing activities		**(9 757 299)**	(15 176 259)	**156 645**	1 058 410
Cash flows from financing activities					
Proceeds on share issue	20	**34 779 624**	–	**34 779 624**	–
Repayment of other financial liabilities	36	**(30 286 588)**	(39 687 472)	**(18 786 750)**	–
Payments of principal on leases	23	**(6 468 123)**	–	**–**	–
Payments of interest on leases	23	**(5 843 084)**	–	**–**	–
Advances of loans (to)/from group companies		**–**	–	**–**	525 394
Net cash (used in)/from financing activities		**(7 818 171)**	(39 687 472)	**15 992 874**	525 394
Total cash and cash equivalents movement for the year		**6 655 891**	(5 721 277)	**9 111 116**	(5 068 416)
Cash and cash equivalents at the beginning of the year		**(1 906 564)**	3 814 713	**(4 730 432)**	337 984
Total cash and cash equivalents at end of the year	18	**4 749 327**	(1 906 564)	**4 380 684**	(4 730 432)

ACCOUNTING POLICIES

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements have been prepared in accordance with IFRS of the International Accounting Standards Board (IASB), the Companies Act, the JSE Listings Requirements and the South African Institute for Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee, and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African rand. Accounting policies that refer to "consolidated or group", apply equally to the company financial statements where relevant.

As a result of the adoption of the new and amended standards and interpretations in issue that were effective for the first time in the current reporting period, a number of new policies were introduced. However, the adoption of certain of these new and amended standards and interpretations seem to have a material impact on the annual financial statements in the current period. Refer to note 2.1 for details of standards adopted and their impact on the current period.

The accounting policies are in terms of IFRS and are consistent with the previous year, except for the change in the new or revised accounting standards and interpretations of those standards that were adopted.

1.1 Consolidation

Basis of consolidation

The group consolidates its subsidiaries. The group's interest in its associate is accounted for using the equity method of accounting. Accounting policies are applied consistently in all group companies.

The results of the subsidiaries are included for the duration of the period in which the group exercised control over the subsidiaries.

Business combinations are accounted for using the acquisition method as the acquisition date – ie, when control is transferred to SepHold. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

All intra-group transactions, balances, income and expenses relating to subsidiaries are eliminated in full on consolidation.

Investment in associates and joint ventures

An investment in an associate/a joint venture is accounted for using the equity method. Under the equity method, investments in associates/joint ventures are carried in the consolidated statement of financial position at cost, adjusted for post-acquisition changes in the group's share of net assets of the associate/joint venture, less any impairment losses.

The group recognises its share of losses of the associate/joint ventures to the extent of the group's net investment in the associate/joint venture.

The group's share of unrealised intra-company gains are eliminated upon consolidation, and the group's share of intra-company losses is also eliminated provided they do not provide evidence that the asset transferred is impaired.

The group's share of post-acquisition profits or losses, other comprehensive income and movements in equity of the associate are included in the group's profit or loss, other comprehensive income and equity reserves respectively.

1.2 Significant judgements and sources of estimation uncertainty

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

Trade and other receivables

The group makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. The group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix. During the current year, the majority of the group's trade debtors were insured which had an impact on the calculation of the expected credit loss.

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (CONTINUED)

1.2 Significant judgements and sources of estimation uncertainty (continued)

Loans receivable

Definition of default

- The loans are considered to be in default when there is evidence that the borrower is in significant financial difficulty such that it will have insufficient funds to repay the loan on demand. This is assessed based on a number of factors including various liquidity and solvency ratios.

Significant increase in credit risk (SICR) assessment

- This assessment is performed qualitatively by reference to the borrower's cash flow and liquid asset position. The risk that the borrower will default on a demand loan depends on whether the borrower has sufficient cash or other liquid assets to repay the loan immediately (meaning that the risk of default is very low, possibly close to 0%) or it will not (meaning that the risk of default is very high, possibly close to 100%).

Credit impaired indicators

- The loans are considered to be credit impaired if they meet the definition of a defaulted loan.

Options granted

Management used the Black-Scholes model and the Binomial valuation model as specified in note 21 to determine the fair value of the options at issue date. Additional details regarding the estimates are included in note 21. No new options were granted during the current period.

Impairment testing of goodwill and investment in subsidiaries

The recoverable amount of the cash-generating unit (Métier) has been determined on a value-in-use calculation, using cash flow projections which cover a three-year period and a terminal value calculation. This was also tested against projected EBITDA multiples as a control.

The following assumptions have been applied when reviewing goodwill in calculating the terminal value, as specific budget numbers were used for the three-year forecast. This consisted of a best estimate for FY 2021 with a slight improvement for FY 2022 not expecting lockdown restrictions as experienced under level 4 or 5. FY 2023 will see a return to 2019 volume levels in the calculation:

- A growth rate of 5.24% (2019: 5.24%) was applied and cash flows were discounted at a pre-tax rate of 16.50% (2019: 17.93%), which is the estimated cost of capital as it relates to Métier. The discount rate is slightly higher than last year due to the increase in the SA risk-free rate during the period. This was off-set by the lowering of the SA borrowing costs on the other hand.
- Asset values were based on the carrying amounts for the financial period.
- Future profits were estimated using historical information and approved three year budgets.
- Sales growth/gross margins were based on historical achievement and estimated future prospects being extremely volatile in the recovery of a post-COVID-19 economy.
- Costs were assumed to grow in line with expansion and expected inflation.
- Cash flows have been extended into perpetuity at the growth rates noted above as management has no reason to believe the company will not continue past the budget period.

Management performed the impairment tests at both 31 March and 30 June 2020. Due to the announcement of the COVID-19 lockdown just before year-end as well as the ratings downgrade, South Africa's risk-free rate jumped by about 2% overnight and remained at that level for about two months. If the rates of that period were used, there would be indications that an impairment of about R25 million should be considered. However, by 30 June 2020 rates normalised and a review of the impairment indicates that some headroom of R25 million supported the decision not to impair at this point in time. This will be reviewed every six months under the current economic circumstances.

Estimation of useful lives and residual values

The estimation of the useful lives of assets is based on historic performance as well as expectations about future use, and therefore requires a significant degree of judgement to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes (refer to accounting policy 1.4 property, plant and equipment). Residual value assessments consider issues such as future market conditions, the remaining lives of the assets and projected disposal values.

The useful life of the intangible asset is assessed, at a minimum, on an annual basis, or when there are indicators present that there is a change from the previous estimate. Estimates of the useful life of the intangible asset are based on the remaining customer contractual period of nil months (2019: 3 months). The contract was completed during September 2019.

1.3 Investment property

Investment property is held at fair value.

The fair value of the investment property is assessed based on the value of similar properties in the area.

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (CONTINUED)

1.4 Property, plant and equipment

Property, plant and equipment is initially measured at cost.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

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

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value. Depreciation of an asset commences when the asset is available for use as intended by management.

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

Item	Average useful life
Land	*
Buildings	30 years
Plant and machinery	10 – 15 years
Furniture and fixtures	6 years
Motor vehicles	5 – 8 years
Office equipment	5 years
Computer equipment	3 – 6 years

* *Land is not depreciated as it has an indefinite useful life.*

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period.

The depreciation charge for each period is recognised in profit or loss.

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

1.5 Intangible asset

Intangible assets acquired in a business combination are initially recognised at fair value.

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

Due to the Métier acquisition during the 2013 period the Vulindlela Development Association customer contract was signed for a five-year period. This contract was extended on 31 December 2013 to a seven-year period. On 25 June 2016, the contract was further extended to an eight-year contract period, this resulted in a change in accounting estimate. Amortisation is provided to write down the Vulindlela Development Association customer contract classified as an intangible asset on a straight-line basis over the contractual period. Any amendments to the contract period are accounted for as a change in accounting estimate in line with IAS 8. The residual value for the contract is nil. During the current year the contract came to an end.

1.6 Investments in subsidiaries

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

1.7 Investment in joint ventures

Company annual financial statements
In the company's separate annual financial statements, an investment in a joint venture is carried at cost less any accumulated impairment.

1.8 Investment in associate

Company annual financial statements
In the company's separate financial statements, an investment in an associate is carried at cost less any accumulated impairment.

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (CONTINUED)

1.9 Financial instruments

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

Broadly, the classification possibilities, which are adopted by the group, as applicable, are as follows:

Financial assets which are equity instruments:

- Mandatorily at fair value through profit or loss; or
- Designated as at fair value through other comprehensive income. (This designation is not available to equity instruments which are held for trading or which are contingent consideration in a business combination).

Financial assets which are debt instruments:

- Amortised cost (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows); or
- Fair value through other comprehensive income (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is achieved by both collecting contractual cash flows and selling the instruments); or
- Mandatorily at fair value through profit or loss (This classification automatically applies to all debt instruments which do not qualify as at amortised cost or at fair value through other comprehensive income); or
- Designated at fair value through profit or loss (This classification option can only be applied when it eliminates or significantly reduces an accounting mismatch).

Financial liabilities:

- Amortised cost; or
- Mandatorily at fair value through profit or loss (This applies to contingent consideration in a business combination or to liabilities which are held for trading); or
- Designated at fair value through profit or loss (This classification option can be applied when it eliminates or significantly reduces an accounting mismatch; the liability forms part of a group of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through profit or loss).

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

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

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets are classified into the following categories:

- Amortised cost;
- Fair value through profit or loss (FVTPL); and
- Fair value through other comprehensive income (FVOCI).

In the periods presented the group does not have any financial assets categorised as FVOCI.

The classification is determined by both:

- the entity's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- They are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- The contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method.

Discounting is omitted where the effect of discounting is immaterial. The group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (CONTINUED)

1.9 Financial instruments (continued)

Fair value determination
If the market for a financial asset is not active (and for unlisted securities), the group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Impairment of financial assets
The impairment requirements use more forward-looking information to recognise expected credit losses – the expected credit loss (ECL) model.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (Stage 1);
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (Stage 2); and
- Stage 3 would cover financial assets that have objective evidence of impairment at the reporting date. 12-month expected credit losses are recognised for the first category while lifetime expected credit losses are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument. For amounts due to the group, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are considered indicators of impairment.

Trade and other receivables
The group makes use of a simplified approach in accounting for trade and other receivables, as well as contract assets, and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the group uses its historical experience external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The group assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics and they have been grouped based on the days past due. Refer to note 17 for a detailed analysis of how the impairment requirements of IFRS 9 are applied.

Classification and measurement of financial liabilities
The group's financial liabilities include borrowings and trade and other payables. Financial liabilities are initially measured at fair value and, where applicable, adjusted for transaction costs.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method.

All interest-related charges are included within finance costs or finance income.

Trade and other payables
Trade and other payables are classified as financial liabilities at amortised cost.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Cash and cash equivalents are classified as financial instruments at carrying amount which is deemed to be fair value.

Bank overdraft and other financial liabilities
Any difference between the proceeds (net of transaction costs) and the settlement or redemption of other financial liabilities is recognised over the term of the other financial liabilities in accordance with the group's accounting policy for borrowing costs.

Other financial liabilities are classified as financial liabilities at amortised cost.

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (CONTINUED)

1.10 Taxation

Current taxation assets and liabilities

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

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

Deferred taxation assets and liabilities

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

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

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

Taxation expenses

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

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

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

1.11 Leases

The group and company have applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated.

Lessee IFRS 16 current year

At inception of a contract, the group and company assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the group assess whether:

- the contract involves the use of an identified asset – this may be specified explicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive right, then the asset is not identified;
- the group and company have the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- the group and company have the right to direct the use of the asset. The group and company have this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the group and company have the right to direct the use of the asset if either;
  - the group and company have the right to operate the asset; or
  - the group and company designed the asset in a way that predetermines how and for what purpose it will be used.

The group recognises right-of-use assets and lease liabilities at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-to-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the prime interest rate as published by the South African Reserve Bank on date of contract closure. Looking forward, if the group were to seek funding it is anticipated that it will be at a rate equal to the prime interest rate.

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (CONTINUED)

1.11 Leases (continued)

Lessee IFRS 16 current year (continued)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
  - the exercise price under a purchase option that the group and company are reasonably certain to exercise, lease payments in an optional renewal period if the group and company are reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the group and company are reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the group's and company's estimate of the amount expected to be payable under a residual value guarantee, or if the group or company change their assessment of whether it will exercise a purchase, extension or terminate option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The group and company have elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets, including IT and office equipment. The group and company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Impact on prior years

The group and company applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 April 2019.

At transition, lease liabilities were measured at present value of the remaining lease payments, discounted at the incremental borrowing rate at the date of initial application. Right-of-use assets were measured at an amount equal to the lease liabilities at initial recognition or at the carrying value for the remainder of the lease period.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the group has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

Operating leases – lessor

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

Income for leases is disclosed under other income in profit or loss.

Operating leases – lessee IAS 17 prior year

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

1.12 Inventories

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

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

Slow-moving stock assessed to be impaired or obsolete is written down. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (CONTINUED)

1.13 Impairment of assets

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

Irrespective of whether there is any indication of impairment, the group annually tests goodwill acquired in a business combination for impairment.

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

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

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

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit; and
- then, to the other assets of the unit, pro rata, on the basis of the carrying amount of each asset in the unit.

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

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

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss.

1.14 Share-based payments

Services received or acquired in a share-based payment transaction are recognised when the services are received. A corresponding increase in equity is recognised if the services were received in an equity-settled share-based payment transaction.

When the services received or acquired in a share-based payment transaction do not qualify for recognition as assets, they are recognised as expenses.

Since the fair values of the services received are employee services, their value and the corresponding increase in equity are measured, indirectly, by reference to the fair value of the equity instruments granted.

If the share-based payments granted do not vest until the counterparty completes a specified period of service, the group accounts for those services as they are rendered by the counterparty during the vesting period (or on a straight-line basis over the vesting period).

If the share-based payments vest immediately, the services received are recognised in full in profit or loss.

For all equity-settled share-based payment transactions, management assesses, at each reporting period, the number of options expected to vest until vesting. Changes in the estimated number of options expected to vest will be accounted for as part of the cost recognised in each period with the corresponding adjustment taken to equity.

For equity-settled share-based payment transactions, the fair values of the options are determined on grant date and are not subsequently adjusted.

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (CONTINUED)

1.15 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits (those payable within 12 months after the service is rendered, such as paid vacation leave, sick leave, bonuses, and non-monetary benefits such as medical care) is recognised in the period in which the services are rendered and is not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

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

1.16 Government grants

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs, is recognised as income in the period in which it becomes receivable.

Government grants related to assets, including non-monetary grants at fair value, are presented in the statement of financial position by setting up the grant as deferred income. These grants are recognised as deferred income, and released to operating profit over the average useful lives of the assets, which are seven years.

Grants related to income are separately presented as a credit in profit or loss.

1.17 Revenue from contracts with customers IFRS 15

Revenue arises mainly from the sale of a variety of standard and specialised high-value concrete products to the construction industry. To determine whether to recognise revenue, the group follows a five-step process:

- identifying the contract with a customer;
- identifying the performance obligations;
- determining the transaction price;
- allocating the transaction price to the performance obligations; and
- recognising revenue when the obligation performance is satisfied.

The group often enters into transactions involving a range of the group's products and services. The main source of revenue being the manufacture and supply of quality ready-mixed concrete products for the residential, commercial and industrial markets in South Africa. In all cases, the total transaction price for a contract is allocated among the various performance obligations based on their relative standalone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Sale of concrete products is recognised at a point in time and management services are recognised over time.

The group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the group satisfies a performance obligation before it receives the consideration, the group recognises either a contract asset or a receivable in its statement of financial position.

Service fees included in the price of the product are recognised as revenue over the period during which the service is rendered.

1.18 Borrowing costs

Borrowing costs of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs not directly attributable to the acquisition, construction or production of a qualifying asset are expensed.

1.19 Operating segments

Operating segments are reported on in a manner consistent with internal reporting provided to the chief operating decision maker.

Business segments for management purposes are determined based on the commodities regarded as key to the company's business model and which are actively managed by the company.

The chief operating decision maker, who is responsible for allocating resources and assessing performance of the reportable operating segment, has been identified as the executive board members of the group.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2. NEW STANDARDS AND INTERPRETATIONS

2.1 Standards and interpretations effective and adopted in the current year

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

Standard/interpretation:	**Effective date: Years beginning on or after**
• IFRS 16 *Leases*	1 January 2019
• Amendments to IFRIC 23 *Uncertainty over Income Tax Treatments*	1 January 2019
• Amendments to IAS 28 *Long-term Interests in Associates and Joint Ventures*	1 January 2019

Effects of changes in accounting policies

IFRS 16 Leases

IFRS 16 is a new standard that replaces IAS 17 *Leases*, and introduces a single lessee accounting model. The main changes arising from the adoption of IFRS 16 which are likely to impact on the group are as follows:

Company as lessee:

- Lessees are required to recognise a right-of-use asset and a lease liability for all leases, except short-term leases or leases where the underlying asset has a low value, which are expensed on a straight-line or other systematic basis.
- The cost of the right-of-use asset includes, where appropriate, the initial amount of the lease liability; lease payments made prior to commencement of the lease less incentives received; initial direct costs of the lessee; and an estimate for any provision for dismantling, restoration and removal related to the underlying asset.
- The lease liability takes into consideration, where appropriate, fixed and variable lease payments; residual value guarantees to be made by the lessee; exercise price of purchase options; and payments of penalties for terminating the lease.
- The right-of-use asset is subsequently measured on the cost model at cost less accumulated depreciation and impairment and adjusted for any remeasurement of the lease liability. However, right-of-use assets are measured at fair value when they meet the definition of investment property and all other investment property is accounted for on the fair value model. If a right-of-use asset relates to a class of property, plant and equipment which is measured on the revaluation model, then that right-of-use asset may be measured on the revaluation model.
- The lease liability is subsequently increased by interest, reduced by lease payments and remeasured for re-assessments or modifications.
- Remeasurements of lease liabilities are affected against right-of-use assets, unless the assets have been reduced to nil, in which case further adjustments are recognised in profit or loss.
- The lease liability is remeasured by discounting revised payments at a revised rate when there is a change in the lease term or a change in the assessment of an option to purchase the underlying asset.
- The lease liability is remeasured by discounting revised lease payments at the original discount rate when there is a change in the amounts expected to be paid in a residual value guarantee or when there is a change in future payments because of a change in index or rate used to determine those payments.
- Certain lease modifications are accounted for as separate leases. When lease modifications which decrease the scope of the lease are not required to be accounted for as separate leases, then the lessee remeasures the lease liability by decreasing the carrying amount of the right of lease asset to reflect the full or partial termination of the lease. Any gain or loss relating to the full or partial termination of the lease is recognised in profit or loss. For all other lease modifications which are not required to be accounted for as separate leases, the lessee remeasures the lease liability by making a corresponding adjustment to the right-of-use asset.
- Right-of-use assets and lease liabilities should be presented separately from the other assets and liabilities. If not, then the line item in which they are included must be disclosed. This does not apply to right-of-use assets meeting the definition of investment property which must be presented within investment property. IFRS 16 contains different disclosure requirements compared to IAS 17 *Leases*.

2. NEW STANDARDS AND INTERPRETATIONS (CONTINUED)

2.1 Standards and interpretations effective and adopted in the current year (continued)

The new disclosure as a result of the adoption of IFRS 16 *Leases* are presented on note 14 Right-of-use assets and note 23 Lease liabilities. The table below shows the impact of IFRS 16 on the group on initial application 1 April 2019:

	31 March 2019 Closing balance R	IFRS 16 impact R	1 April 2019 Opening balance R
Assets			
Right-of-use assets	–	49 419 047	49 419 047
Equity			
Retained earnings	(422 969 425)	3 541 400	(419 428 025)
Liabilities			
Lease liabilities	–	(58 309 595)	(58 309 595)
Operating lease liability	(4 085 158)	3 971 938	(113 220)
Deferred taxation	(21 772 407)	1 377 210	(20 395 197)

Financial impact after the adoption of IFRS 16

	2020 R
Statement of Comprehensive Income	
Rental	**12 422 956**
Depreciation	**(8 912 820)**
Interest	**(5 843 084)**
Net effect on profit/(loss)	**(2 332 948)**
Statement of Financial Position	
Assets	
Opening balance	**49 419 047**
Right-of-use assets	**1 629 015**
Accumulated depreciation	**(8 912 820)**
	42 135 242
Liabilities	
Opening balance	**(58 309 595)**
Lease liabilities	**(1 630 486)**
Repayment	**6 478 685**
	(53 461 396)
Equity	
Retained earnings	**(418 050 815)**
Loss for the year IFRS 16 impact	**2 332 948**
	(415 717 867)

Amendments to IFRIC 23 *Uncertainty over Income Tax Treatments*

The interpretation explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment.

The amendments in IFRIC 23 did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Amendments to IAS 28 *Long-term Interests in Associates and Joint Ventures*

The entity applies IFRS 9 *Financial Instruments* to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

The amendments are to be applied retrospectively for fiscal years beginning on or after 1 January 2019. The impact of this amendment was not material on the group's current and prior periods since the associate is equity accounted and the joint venture is not equity accounted as the company is dormant.

2. NEW STANDARDS AND INTERPRETATIONS (CONTINUED)

2.2 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the group's accounting periods beginning on or after 1 April 2020 or later periods but are not relevant to its operations:

Standard/Interpretation:	Effective date: Years beginning on or after	Expected impact:
Amendments to references to the conceptual framework in IFRS standards	1 January 2020	Unlikely there will be a material impact
Amendments to IFRS 3 *Definition of Business*	1 January 2020	Unlikely there will be a material impact
Amendments to IAS 1 and IAS 8 *Definition of Material*	1 January 2020	Unlikely there will be a material impact

3. INVESTMENT PROPERTY

	2020			2019		
Company	**Cost R**	**Accumulated fair value adjustment R**	**Fair value R**	Cost R	Accumulated fair value adjustment R	Fair value R
Investment property	**–**	**–**	**–**	18 503 897	–	18 503 897

Reconciliation of investment property

	2020			2019		
Company	**Opening balance R**	**Classified as held for sale R**	**Total R**	Opening balance R	Additions R	Total R
Investment property	**18 503 897**	**(18 503 897)**	**–**	18 427 525	76 372	18 503 897

The investment property was transferred to assets held for sale during the year under review. SepHold entered into a sale agreement with Ikarus Investments Proprietary Limited at a similar value as the carrying value.

Pledged as security

The land was pledged as security during the prior year for the R2 million ABSA overdraft facility of SepHold (refer to note 22).

Other disclosures

During the prior financial year and up to the point when it met the held for sale criteria the investment property was leased out under an operating lease to Métier. The addendum to the initial operating lease contract commenced on 31 March 2016 and was for a period of 10 years which may be renewed for a further five-year period. The rentals payable were subject to an increase of 4% per annum as Métier is directly responsible for expenditure that is subject to inflation. Since the investment property is owner-occupied on group level, it has been reclassified to property, plant and equipment for consolidation purposes.

	Group		**Company**	
	2020 R	2019 R	**2020 R**	2019 R
Total straightlined rental income from investment property	**–**	–	**–**	3 673 869
Details of property				
Erf 398 Randjespark Ext 121				
– Purchase price: 10 December 2013	**–**	–	**–**	4 017 750
– Additions since purchase	**–**	–	**–**	76 372
– Capitalised expenditure	**–**	–	**–**	14 409 775
	–	–	**–**	18 503 897

4. PROPERTY, PLANT AND EQUIPMENT

Group	2020 Cost/valuation R	2020 Accumulated depreciation R	2020 Carrying value R	2019 Cost/valuation R	2019 Accumulated depreciation R	2019 Carrying value R
Land	**2 666 309**	**–**	**2 666 309**	6 736 296	–	6 736 296
Buildings	**–**	**–**	**–**	14 433 910	–	14 433 910
Plant and machinery	**106 040 845**	**(46 872 987)**	**59 167 858**	104 028 558	(42 816 497)	61 212 061
Furniture and fixtures	**1 004 537**	**(788 416)**	**216 121**	1 004 537	(698 840)	305 697
Motor vehicles	**160 629 860**	**(99 137 250)**	**61 492 610**	160 496 265	(97 126 349)	63 369 916
Office equipment	**24 966**	**(22 872)**	**2 094**	24 966	(19 278)	5 688
Computer equipment	**4 140 123**	**(3 413 632)**	**726 491**	4 077 141	(3 080 918)	996 223
Total	**274 506 640**	**(150 235 157)**	**124 271 483**	290 801 673	(143 741 882)	147 059 791

Company	2020 Cost/valuation R	2020 Accumulated depreciation R	2020 Carrying value R	2019 Cost/valuation R	2019 Accumulated depreciation R	2019 Carrying value R
Furniture and fixtures	**143 177**	**(128 897)**	**14 280**	143 177	(105 034)	38 143
Office equipment	**24 966**	**(22 872)**	**2 094**	24 966	(19 278)	5 688
Computer equipment	**183 300**	**(172 280)**	**11 020**	183 300	(135 965)	47 335
Total	**351 443**	**(324 049)**	**27 394**	351 443	(260 277)	91 166

Reconciliation of property, plant and equipment

Group	Opening balance R	Additions R	Disposals R	Classified as held for sale R	Depreciation R	Total R
2020						
Land	**6 736 296**	**–**	**–**	**(4 069 987)**	**–**	**2 666 309**
Buildings	**14 433 910**	**–**	**–**	**(14 433 910)**	**–**	**–**
Plant and machinery	**61 212 061**	**3 644 778**	**(505 437)**	**–**	**(5 183 544)**	**59 167 858**
Furniture and fixtures	**305 697**	**–**	**–**	**–**	**(89 576)**	**216 121**
Motor vehicles	**63 369 916**	**8 469 750**	**(2 381 178)**	**–**	**(7 965 878)**	**61 492 610**
Office equipment	**5 688**	**–**	**–**	**–**	**(3 594)**	**2 094**
Computer equipment	**996 223**	**258 531**	**(14 535)**	**–**	**(513 728)**	**726 491**
	147 059 791	**12 373 059**	**(2 901 150)**	**(18 503 897)**	**(13 756 320)**	**124 271 483**

Reconciliation of property, plant and equipment

Group	Opening balance R	Additions R	Disposals R	Depreciation R	Total R
2019					
Land	6 736 296	–	–	–	6 736 296
Buildings	14 357 537	76 373	–	–	14 433 910
Plant and machinery	53 996 777	12 008 167	(66 532)	(4 726 351)	61 212 061
Furniture and fixtures	375 616	35 556	–	(105 475)	305 697
Motor vehicles	67 543 665	6 948 743	(3 210 854)	(7 911 638)	63 369 916
Office equipment	10 681	–	–	(4 993)	5 688
Computer equipment	644 538	876 187	(5 134)	(519 368)	996 223
	143 665 110	19 945 026	(3 282 520)	(13 267 825)	147 059 791

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Reconciliation of property, plant and equipment

Company	**Opening balance R**	**Depreciation R**	**Total R**
2020			
Furniture and fixtures	**38 143**	**(23 863)**	**14 280**
Office equipment	**5 688**	**(3 594)**	**2 094**
Computer equipment	**47 335**	**(36 315)**	**11 020**
	91 166	**(63 772)**	**27 394**

Company	Opening balance R	Additions R	Depreciation R	Total R
2019				
Furniture and fixtures	62 006	–	(23 863)	38 143
Office equipment	10 681	–	(4 993)	5 688
Computer equipment	30 411	41 590	(24 666)	47 335
	103 098	41 590	(53 522)	91 166

During the financial year land with a value of R4 069 987 and buildings of R14 433 910 transferred to held for sale assets. Construction of the building, was completed during FY 2017. There were additional expenditure during the prior year of R76 373. The residual value of the building is considered to be in excess of the cost thereof, as such no depreciation was recognised on the building prior to the classification to held for sale. Refer to note 19 for further details.

Pledged as security

All movable assets are pledged as security for other financial liabilities as per note 22.

	Group		**Company**	
	2020 R	2019 R	**2020 R**	2019 R
Details of land and buildings				
Portion 0 of Erf 233, Phoenix Industrial Park				
– Purchase price: 12 June 2009	**2 400 000**	2 400 000	**–**	–
– Capitalised expenditure	**266 309**	266 309	**–**	–
	2 666 309	2 666 309	**–**	–
Erf 398 Randjespark Ext 121				
– Purchase price: 10 December 2013	**–**	4 017 750	**–**	–
– Capitalised expenditure (land)	**–**	52 237	**–**	–
– Capitalised expenditure (building)	**–**	14 433 910	**–**	–
	–	18 503 897	**–**	–

5. GOODWILL

Group	2020 Cost R	2020 Accumulated impairment R	2020 Carrying value R	2019 Cost R	2019 Accumulated impairment R	2019 Carrying value R
Goodwill on acquisition of subsidiary	**223 421 981**	**–**	**223 421 981**	223 421 981	–	223 421 981

Reconciliation of goodwill

Group	2020 Opening balance R	2020 Total R	2019 Opening balance R	2019 Total R
Goodwill	**223 421 981**	**223 421 981**	223 421 981	223 421 981

Impairment testing

In accordance with IAS 36 *Impairment of Assets*, goodwill is reviewed annually for impairment, or more frequently if there is an indication that goodwill might be impaired. The decline in profitability of Métier over the last two to three years focused the attention on the goodwill assessment. Management believes that trading results are representative of the cycle in which construction and a number of other industries currently find themselves in. It is also envisaged that this might still continue for a period of up to 18 months. Based on this a three-year forward-looking model was used in assessing the current position. The company assets and key employees are all well positioned to return to prior levels of turnover and profitability once the cycle recovers. Substantial cost cutting and restructuring took place across the operations to ensure that the company is best positioned to face the challenges during and post COVID-19.

Based on the results of the impairment test performed, no impairment is required. Refer to accounting policy 1.2 *Impairment testing of goodwill and investments in subsidiaries* for inputs used for the impairment test.

6. INTANGIBLE ASSET

Group	2020 Cost/valuation R	2020 Accumulated amortisation R	2020 Carrying value R	2019 Cost/valuation R	2019 Accumulated amortisation R	2019 Carrying value R
Customer contract	**20 438 713**	**(20 438 713)**	**–**	20 438 713	(19 865 203)	573 510

Reconciliation of intangible asset

Group	2020 Opening balance R	2020 Amortisation R	2020 Total R	2019 Opening balance R	2019 Amortisation R	2019 Total R
Customer contract	**573 510**	**(573 510)**	**–**	2 867 551	(2 294 041)	573 510

Amortisation and change in accounting estimate

The intangible asset was fully amortised during the year under review.

7. INVESTMENTS IN SUBSIDIARIES

Company

Name of company	% holding 2020	Cost R	Accumulated impairment R	Carrying amount 2020 R
Sephaku Investment Holdings Proprietary Limited	**100.00**	**1**	**–**	**1**
Métier Mixed Concrete Proprietary Limited	**100.00**	**299 378 028**	**–**	**299 378 028**
		299 378 029	**–**	**299 378 029**

Name of company	% holding 2019	Cost R	Accumulated impairment R	Carrying amount 2019 R
Sephaku Investment Holdings Proprietary Limited	100.00	1	–	1
Métier Mixed Concrete Proprietary Limited	100.00	299 378 028	–	299 378 028
		299 378 029	–	299 378 029

Subsidiaries are shown at carrying amounts, net of impairment. All the subsidiaries are registered and operate within South Africa. Reduced profitability and general economic downturn in the construction industry were identified as indicators of impairment. The same assumptions were applied as with the test for goodwill impairment in the performance of an impairment test on the investment. During the implementation of the government-enforced lockdown levels 5 and 4, Métier concluded a substantial restructuring of the business cutting costs on all levels, including employees and reducing fleet to improve transport utilisation. The post-level 4 structure supports management's view that this can quickly be turned around if infrastructure spend picks up and, also bearing in mind that debt is reducing by R36 million per year. Therefore, no impairment was necessary.

8. JOINT ARRANGEMENTS

Joint ventures

The following table lists all of the joint ventures in the group:

Group

Name of company	% ownership interest 2020	% ownership interest 2019	Carrying amount 2020 R	Carrying amount 2019 R
Cato Ridge Quarry Proprietary Limited	**50.00**	50.00	**120 552**	120 552

SepHold, on behalf of the group, entered into a joint venture agreement during the prior year. Umhlali Quarry Proprietary Limited transferred 50% of their interest in Cato Ridge Quarry Proprietary Limited as per the signed quarry agreement. The percentage ownership interest is equal to the percentage voting rights in this case. There were no additional costs incurred during the year under review. There is no equity accounting since the company is dormant.

9. INVESTMENT IN ASSOCIATE

Sephaku Holdings Limited has a 36% ownership interest in Dangote Cement South Africa Proprietary Limited. The associate is unlisted and is registered and operates within South Africa.

Summary of group's interest in associate	2020 R	2019 R
Company level: Cost of investment in associate	**635 117 284**	635 117 284
Proportional increase in investment	**48 571 875**	48 571 875
Equity-accounted earnings – prior years	**127 305 052**	80 973 453
Equity-accounted earnings – current year	**476 798**	46 331 599
Revaluation reserve relating to land of associate – written back due to change in accounting policy	**1 207 663**	1 207 663
Group level: Carrying value of investment in associate	**812 678 672**	812 201 874

Due to the fact that the debt service ratio was 1.225 during the 2017 year instead of the required 1.3, negotiations were entered into with Nedbank to reshape the payment profile. This was successfully completed during the second half of 2017 and required a further R95 million contribution by shareholders. DCP made this contribution and in terms of the relationship agreement, SepHold will have to contribute 36% of this on demand or face dilution of approximately 1.2 percentage points. The shareholders are still in agreement with regards to the postponement of the timing of the repayment or dilution. SepHold has a potential liability of R34,2 million or a dilution in investment.

SepCem started the previous financial year with a cash balance of R500 million and was in the process of agreeing a prepayment of R200 million on its bank debt in order to get relief of R25 million per payment on the next eight scheduled payments. Just before the payment was made, the government-enforced lockdown due to COVID-19 commenced and the overhead costs during this period required all these excess funds. It is envisaged that the impact of COVID-19 on SepCem could be a reduction in EBITDA levels that would not be able to service debt for the current year. The lenders have been approached to waive capital payments for the balance of 2020 and receive interest only, but this was only to be considered if shareholders made a contribution of R125 million. DCP undertook to make this contribution and shareholders have agreed to treat this as a shareholders' loan.

Impairment testing

During the COVID-19 lockdown SepCem generated four likely scenarios of the way forward. Results seen from level 3 indicate that scenario two is the most likely outcome of a post COVID-19 recovery. This scenario was used for impairment testing of the associate. No impairment would be required if this forecast is achieved. The net asset value of the associate is R1 619 823 998 (2019: R1 624 828 550) as indicated below.

Summarised financial information of Dangote Cement South Africa Proprietary Limited and its subsidiaries

	2020* R	2019* R
Non-current assets	**3 137 728 002**	3 277 241 222
Current assets	**985 419 948**	896 605 658
Total assets	**4 123 147 950**	4 173 846 880
Total equity	**1 619 823 998**	1 624 828 550
Non-current liabilities	**(1 544 718 955)**	(1 903 059 030)
Current liabilities	**(958 604 997)**	(645 959 300)
Total liabilities	**(2 503 323 952)**	(2 549 018 330)
Revenue for the period	**2 184 713 377**	2 292 157 090
Cost of sales	**(1 838 460 514)**	(1 852 356 625)
Gross profit	**346 252 863**	439 800 465
Operating profit	**178 680 758**	280 615 454
Investment income	**26 641 729**	26 492 846
Finance costs	**(234 675 157)**	(250 658 856)
(Loss)/profit before taxation	**(29 352 670)**	56 449 444
Taxation income	**30 677 092**	72 248 404
Profit after taxation for the period	**1 324 422**	128 697 848
Total comprehensive income for the period	**1 324 422**	128 697 848

* *SepCem has a December year-end so as to agree with DCP's year-end. In line with the requirements of IAS 28, the year-end results of SepCem as at 31 December 2019 have been included in these financial statements.*

	Group		Company	
	2020 R	2019 R	**2020 R**	2019 R

10. LOANS TO/(FROM) GROUP COMPANIES

	Group 2020 R	Group 2019 R	Company 2020 R	Company 2019 R
Subsidiary				
Métier Mixed Concrete Proprietary Limited The loan was settled in full during the current year. During the prior year the loan was unsecured, with interest at a fixed rate of 8% effective 31 March 2016, and would have been repaid over ten years in equal monthly instalments.	**–**	–	**–**	(17 303 100)
Métier Mixed Concrete Proprietary Limited The loan is unsecured, interest free and is repayable on demand. SepHold plans to settle a variable amount on a monthly basis during the new financial year.	**–**	–	**(124 041 874)**	(125 000 000)
Métier Mixed Concrete Proprietary Limited The loan was repaid in full during the current year. During the prior year the loan was unsecured and interest free.	**–**	–	**–**	(525 394)
Sephaku Investment Holdings Proprietary Limited The loan is unsecured, interest free and is repayable on demand with a 12-month notice period. If there is an expected credit loss allowance it is assumed immaterial.	**–**	–	**10 379**	10 249
	–	–	**(124 031 495)**	(142 818 245)

The fair values of the loans are substantially the same as the carrying amounts reflected on the statement of financial position.

	Group 2020 R	Group 2019 R	Company 2020 R	Company 2019 R
Current assets	**–**	–	**10 379**	10 249
Non-current liabilities	**–**	–	**–**	(11 936 886)
Current liabilities	**–**	–	**(124 041 874)**	(130 891 608)
Total	**–**	–	**(124 031 495)**	(142 818 245)

	Group		Company	
	2020 R	2019 R	**2020 R**	2019 R

11. OTHER FINANCIAL ASSETS

	Group 2020 R	Group 2019 R	Company 2020 R	Company 2019 R
Other long-term financial assets				
Union Atlantic Minerals Limited	**1 073 054**	1 073 054	**1 073 054**	1 073 054
Cross Company Management Proprietary Limited (CCM)	**9 688 681**	9 845 327	**9 688 681**	9 845 327
These loans are unsecured, bear no interest and are repayable on demand.				
The CCM loan is in default as there is not sufficient cash in the company to repay the loan on demand. However, the loan is supported by shares in companies that were funded through the application of funds made available. Management has assessed the value of these underlying shares and are satisfied that the loan would be recoverable in full in the foreseeable future.				
	10 761 735	10 918 381	**10 761 735**	10 918 381
Non-current assets				
At amortised cost	**10 761 735**	10 918 381	**10 761 735**	10 918 381

The maximum exposure to credit risk at the reporting date is the carrying value of each class of loan mentioned above.

12. FINANCIAL ASSETS BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

Group	Assets at amortised cost R	Assets at fair value R	Non-financial instruments* R	Total R
2020				
Other financial assets	**10 761 735**	**–**	**–**	**10 761 735**
Trade and other receivables	**78 265 448**	**–**	**805 407**	**79 070 855**
Cash and cash equivalents	**6 381 459**	**–**	**–**	**6 381 459**
Other investments	**–**	**2 000 000**	**–**	**2 000 000**
	95 408 642	**2 000 000**	**805 407**	**98 214 049**
2019				
Other financial assets	10 918 381	–	–	10 918 381
Trade and other receivables	100 266 577	–	582 430	100 849 007
Cash and cash equivalents	2 823 868	–	–	2 823 868
Other investments	–	2 000 000	–	2 000 000
	114 008 826	2 000 000	582 430	116 591 256

* *Non-financial instruments of the group consist of pre-payments R637 599 (2019: R539 175) and value added taxation R167 808 (2019: R43 255).*

Company	Assets at amortised cost R	Assets at fair value R	Non-financial instruments R	Total R
2020				
Loans to group companies	**10 379**	**–**	**–**	**10 379**
Other financial assets	**10 761 735**	**–**	**–**	**10 761 735**
Trade and other receivables	**–**	**–**	**520 190**	**520 190**
Cash and cash equivalents	**4 380 684**	**–**	**–**	**4 380 684**
Other investments	**–**	**2 000 000**	**–**	**2 000 000**
	15 152 798	**2 000 000**	**520 190**	**17 672 988**
2019				
Loans to group companies	10 249	–	–	10 249
Other financial assets	10 918 381	–	–	10 918 381
Trade and other receivables	–	–	215 424	215 424
Other investments	–	2 000 000	–	2 000 000
	10 928 630	2 000 000	215 424	13 144 054

13. DEFERRED TAXATION

	Group 2020 R	Group 2019 R	Company 2020 R	Company 2019 R
Deferred taxation (liability)/asset				
Property, plant and equipment	**(26 797 978)**	(25 405 780)	**–**	–
Income received in advance and section 24C allowances	**959 098**	1 104 649	**–**	–
Lease liabilities	**14 534 609**	–	**–**	–
Expected credit loss allowance	**481 130**	345 464	**–**	–
Accrual for leave pay	**448 224**	450 502	**–**	–
Right-of-use assets	**(10 765 895)**	–	**–**	–
Accrual for management bonus	**–**	338 034	**–**	–
Intangible assets	**–**	(160 583)	**–**	–
Operating lease accrual	**–**	1 555 307	**–**	–
Provision for voluntary severance package	**62 806**	–	**–**	–
Total deferred taxation liability	**(21 078 006)**	(21 772 407)	**–**	–
Tax loss available for set-off against future expenses	**5 229 467**	–	**–**	–
Total net deferred taxation liability	**(15 848 539)**	(21 772 407)	**–**	–
Reconciliation of deferred taxation (liability)/asset				
At beginning of the year	**(21 772 407)**	(21 022 839)	**–**	–
Originating temporary difference on property, plant and equipment	**(1 392 199)**	(1 162 151)	**–**	–
Originating temporary difference on income received in advance and section 24C allowance	**(145 552)**	518 574	**–**	–
Originating temporary difference on accrual for leave pay	**(2 275)**	26 705	**–**	–
Originating temporary difference on expected credit loss allowance	**135 665**	(914 536)	**–**	–
Right-of-use assets	**2 500 875**	–	**–**	–
Lease liability	**(1 811 073)**	–	**–**	–
Increase in tax loss available for set-off against future taxable income	**5 229 467**	–	**–**	–
Reversing temporary difference on accrual for management bonus	**(338 034)**	37 541	**–**	–
Originating temporary difference on intangible assets	**160 583**	642 331	**–**	–
Originating temporary difference on operating lease accrual	**1 523 605**	101 968	**–**	–
Provision for voluntary severance package	**62 806**	–	**–**	–
	(15 848 539)	(21 772 407)	**–**	–
Unrecognised deferred taxation asset				
Relating to unrecognised taxation losses	**122 276 564**	116 546 728	**122 276 564**	116 546 728

	Cost R	Accumulated depreciation R	Carrying value R
14. RIGHT-OF-USE ASSETS			
Net carrying amounts of right-of-use assets			
Land	**35 602 562**	**(6 307 547)**	**29 295 015**
Buildings	**14 766 859**	**(2 271 824)**	**12 495 035**
Motor vehicles	**678 641**	**(330 683)**	**347 958**
	51 048 062	**(8 910 054)**	**42 138 008**

	Opening balance R	Additions R	Depreciation R	Total R
Reconciliation of right-of-use assets – Group 2020				
Land	**34 652 188**	**950 374**	**(6 307 547)**	**29 295 015**
Buildings	**14 766 859**	**–**	**(2 271 824)**	**12 495 035**
Motor vehicles	**–**	**678 641**	**(330 683)**	**347 958**
	49 419 047	**1 629 015**	**(8 910 054)**	**42 138 008**

The group entered into leasing arrangements for certain of its assets, including land, buildings, motor vehicles and equipment.

The average lease terms are seven years and the average effective borrowing rate was 10.25% per annum.

The company adopted IFRS 16 for the first time in the current financial period. Comparative figures have been accounted for in accordance with IAS 17 and accordingly, any assets recognised under finance leases in accordance with IAS 17 for the comparative have been recognised as part of property, plant and equipment. The information presented in this note for right-of-use assets therefore only includes the current period.

Depreciation recognised on each class of right-of-use assets, are presented above. It includes depreciation which has been expensed in the total depreciation charge in operating loss or profit (note 30).

For the disclosure on interest expenses and the maturity analysis of the lease liabilities refer to note 23.

	Group		Company	
	2020 R	2019 R	**2020 R**	2019 R
15. OTHER INVESTMENT				
Union Atlantic Minerals Limited	**2 000 000**	2 000 000	**2 000 000**	2 000 000

During the prior year Union Atlantic Minerals Limited issued 50 000 000 shares at R0.04 per share to CCM on behalf of SepHold. This was due to the delegation agreement on 28 April 2016 with African Nickel Holdings Proprietary Limited and Incubex Minerals Limited to settle the African Nickel Holdings Proprietary Limited debt of R2 000 000. SepHold uses the CCM stockbrokers' account as a nominee account for its shareholding.

The table below analyses assets carried at fair value. The different levels are defined as follows:

Level 1 represents those assets which are measured using unadjusted quoted prices for identical assets.

Level 2 applies inputs other than quoted prices that are observable for the assets either directly (as prices) or indirectly (derived from prices).

Level 3 applies inputs which are not based on observable market data.

	Group		Company	
	2020 R	2019 R	**2020 R**	2019 R
Level 3				
Union Atlantic Minerals Limited	**2 000 000**	2 000 000	**2 000 000**	2 000 000

There is no available information regarding the share price of the shares in Union Atlantic Minerals Limited. The last price before suspension of trade on the stock exchange of R0,04 per share was used as the fair value. The company still owns prospecting rights on which prospecting was done and are in a position to extract value from these. Until the suspension is lifted, which is the focus of current management, it remains difficult to assess what value the market will place on these shares.

	Group		Company	
	2020 R	2019 R	**2020 R**	2019 R
16. INVENTORIES				
Raw materials, components	**9 021 741**	10 096 633	**–**	–
Diesel	**2 330 735**	2 654 126	**–**	–
Production supplies	**182 886**	153 693	**–**	–
Spare parts	**5 228 145**	5 249 904	**–**	–
	16 763 507	18 154 356	**–**	–

Inventory pledged as security

Inventory is pledged as security for other financial liabilities as per note 22.

	Group		Company	
	2020 R	2019 R	**2020 R**	2019 R
17. TRADE AND OTHER RECEIVABLES				
Financial instruments:				
Trade receivables	**76 544 544**	98 546 425	**23 753**	3 141
Deposits	**1 720 904**	1 720 152	**46 538**	46 538
Non-financial instruments:				
Pre-payments	**637 599**	539 175	**282 091**	122 490
Value added taxation	**167 808**	43 255	**167 808**	43 255
	79 070 855	100 849 007	**520 190**	215 424

All amounts are short term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

Trade and other receivables pledged as security

Trade and other receivables of Métier of R78 550 664 (2019: R100 633 583) are pledged as security for other financial liabilities as per note 22.

Exposure to credit risk

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

In order to mitigate the risk of financial loss from defaults, the group only deals with reputable customers with consistent payment histories. Sufficient collateral or guarantees are also obtained when appropriate. Each customer is analysed individually for creditworthiness before terms and conditions are offered. Statistical credit scoring models are used to analyse customers. These models make use of information submitted by the customers as well as external bureau data (where available). Customer credit limits are in place and are reviewed and approved by credit management committees. The exposure to credit risk and the creditworthiness of customers, is continuously monitored.

There were no significant changes in the credit risk management policies and processes since the prior reporting period.

Insurance of debtors was obtained from Credit Guarantee Insurance Corporation (CGIC) during the current and prior financial year and contributed favourably in the assessment of credit risk exposure under IFRS 9.

A loss allowance is recognised for all trade receivables, in accordance with IFRS 9 *Financial Instruments*, and is monitored at the end of each reporting period. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation. Trade receivables which have been written off are not subject to enforcement activities.

The group measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. The expected credit loss was reached after taking into account the fact that the debtors are insured, thus it has resulted in a decrease in the expected credit loss percentage from the period past due of more than 60 days. These lifetime expected credit losses are estimated using a provision matrix, which is presented overleaf. The provision matrix has been developed by making use of past default experience of debtors but also incorporates forward-looking information and general economic conditions of the industry as at the reporting date.

17. TRADE AND OTHER RECEIVABLES (CONTINUED)

Exposure to credit risk (continued)

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

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

The loss allowance provision is determined as follows:

	Current R	More than 30 days past due R	More than 60 days past due R	More than 90 days past due R	More than 120 days past due R	Total R
At 31 March 2020 the lifetime expected loss provision for trade receivables is as follows:						
Gross carrying amount	**48 141 295**	**25 389 702**	**1 444 185**	**1 068 288**	**2 532 561**	**78 576 031**
Less: Insured debtors	**36 076 066**	**20 142 504**	**1 012 428**	**804 449**	**1 521 959**	**59 557 406**
Gross carrying value uninsured trade receivables	**12 065 229**	**5 247 198**	**431 757**	**263 839**	**1 010 603**	**19 018 656**
Less: Specific allowance	**714 083**	**862 047**	**314 789**	**195 625**	**548 222**	**2 634 766**
	11 351 146	**4 385 151**	**116 968**	**68 244**	**462 380**	**16 383 860**
Expected credit loss rate	**0.70%**	**2.83%**	**3.66%**	**3.91%**	**4.19%**	
Lifetime expected credit loss (excluding value added taxation)	**78 917**	**123 892**	**4 276**	**2 669**	**19 351**	**229 105**
Total expected credit loss (including specific allowance)						**2 863 871**
At 31 March 2019 the lifetime expected credit loss provision for trade receivables is as follows:						
Gross carrying amount	67 158 551	26 785 468	1 865 894	772 420	3 609 164	100 191 496
Less: Insured debtors	42 186 182	23 012 122	724 284	263 659	168 693	66 354 940
Gross carrying value uninsured trade receivables	24 972 369	3 773 346	1 141 609	508 761	3 440 471	33 836 556
Less: Specific allowance	–	–	–	–	1 189 051	1 189 051
	24 972 369	3 773 346	1 141 609	508 761	2 251 420	32 647 505
Expected credit loss rate	0.48%	0.89%	4.11%	9.38%	14.02%	
Lifetime expected credit loss (excluding value added taxation)	104 232	29 202	40 800	41 497	274 478	490 209
Total expected credit loss (including specific allowance)						1 679 260

Management assessed the recoverability of trade receivables after the end of June 2020 and concluded that the outstanding uninsured amount is substantially less than the expected credit loss allowance as at year-end.

Trade and other receivables – allowance for expected credit losses

As at 31 March 2020, trade and other receivables of R2 863 871 (2019: R1 679 260) were provided for.

	Group	
	2020 **R**	2019 R
Reconciliation of allowance for expected credit losses of trade and other receivables		
Opening balance	**1 679 260**	6 000 000
Amounts written off as uncollectible	**(2 039 751)**	(4 594 014)
Provision for impairment	**3 224 362**	273 274
Closing balance	**2 863 871**	1 679 260

Fair value of trade and other receivables

The fair value of trade and other receivables approximates their carrying amounts.

	Group		Company	
	2020 R	2019 R	**2020 R**	2019 R

18. CASH AND CASH EQUIVALENTS

	2020 R	2019 R	**2020 R**	2019 R
Cash and cash equivalents consist of:				
Cash on hand	**120 500**	114 000	**–**	–
Bank balances	**6 260 959**	2 709 868	**4 380 684**	–
Bank overdraft	**(1 632 132)**	(4 730 432)	**–**	(4 730 432)
	4 749 327	(1 906 564)	**4 380 684**	(4 730 432)
Current assets	**6 381 459**	2 823 868	**4 380 684**	–
Current liabilities	**(1 632 132)**	(4 730 432)	**–**	(4 730 432)
	4 749 327	(1 906 564)	**4 380 684**	(4 730 432)

The fair values of cash and cash equivalents are considered to be equal to the carrying value.

Métier has an available Standard Bank overdraft facility and a general short-term banking facility of R21 990 000 in total.

	2020 R	2019 R	**2020 R**	2019 R
The total amount of undrawn overdraft and term loan facilities available for future operating activities and commitments	**20 357 868**	29 259 568	**–**	7 269 568

Credit facilities are secured as per note 22.

19. ASSETS HELD FOR SALE

SepHold entered into a sale agreement with Ikarus Investments Proprietary Limited for the property Erf 398 Randjespark Ext 121 for a sale value of R18 500 000. All guarantees and suretyship including the board resolution approving the sale were submitted to the transfer attorneys. Due to COVID-19 the lodging of the transfer documents was delayed. However, it was submitted at the opening of level 3 to the Deeds office and was registered on 29 July. The land and building were pledged as security for the R2 million ABSA overdraft facility of SepHold, but was settled before year-end.

The assets and liabilities of the disposal group are set out below:

	Group		Company	
	2020 R	2019 R	**2020 R**	2019 R
Non-current assets held for sale				
Property, plant and equipment	**18 503 897**	–	**–**	–
Investment property	**–**	–	**18 503 897**	–
Operating lease asset	**–**	–	**1 701 295**	–
	18 503 897	–	**20 205 192**	–

	Group		Company	
	2020 **R**	2019 R	**2020** **R**	2019 R

20. STATED CAPITAL

Authorised

1 000 000 000 Ordinary shares with no par value

Issued – Ordinary shares with no par value

	Group 2020 R	Group 2019 R	Company 2020 R	Company 2019 R
208 216 175 (2019: 206 342 821) shares at beginning of period	**648 003 095**	644 443 723	**648 003 095**	644 443 723
46 270 261 (2019: 1 873 354) shares issued during the period	**37 478 911**	3 559 372	**37 478 911**	3 559 372
Rights issue expenses capitalised	**(2 699 286)**	–	**(2 699 286)**	–
254 486 436 (2019: 208 216 175) shares at the end of the period	**682 782 720**	648 003 095	**682 782 720**	648 003 095

The total number of 46 270 261 shares for a value of R0,81 per share, issued during the current year related to the rights offer. The company distributed a circular to the company's shareholders dated 27 January 2020 relating to the partially underwritten, renounceable rights offer to raise funds. The rights offer closed on Friday, 14 February 2020 and the directors announced that 43% of the rights offer shares, as well as excess applications for 4%, were subscribed for. The remainder of the shares were allocated to the underwriter as per the underwriting agreement (53%). This resulted in an amount of R37 478 911 being raised and R2 699 287 worth of expenses incurred, which were capitalised.

The unissued ordinary shares are under the control of the directors.

21. SHARE-BASED PAYMENTS

	Number	Weighted exercise price R	Total value R
Share options granted on 29 June 2012	3 500 000	1,90	6 650 000
Outstanding at 31 March 2019	2 623 354		
Expired in 2020	(2 623 354)		
Outstanding at 31 March 2020	–		
Share options granted on 31 August 2012	1 500 000	1,90	2 850 000
Outstanding at 31 March 2019	750 000		
Expired in 2020	(750 000)		
Outstanding at 31 March 2020	–		
Share options granted on 10 December 2014	1 565 000	6,80	10 642 000
Outstanding at 31 March 2019	1 465 000		
Exercised in 2020	–		
Outstanding at 31 March 2020	1 465 000		
Share options granted on 31 March 2016	1 630 000	4,40	7 172 000
Exercised in 2019	–		
Outstanding at 31 March 2019	1 630 000		
Outstanding at 31 March 2020	1 630 000		
Share options granted on 30 June 2017	1 905 000	3,00	5 715 000
Exercised in 2019	–		
Outstanding at 31 March 2019	1 905 000		
Outstanding at 31 March 2020	1 905 000		
Total share options outstanding at 31 March 2019	8 373 354		
Total share options outstanding at 31 March 2020	5 000 000		
Total share options exercisable at 31 March 2019	4 893 354		
Total share options exercisable at 31 March 2020	3 186 667		

21. SHARE-BASED PAYMENTS (CONTINUED)

Information on options granted on 29 June and 31 August 2012

On 29 June and 31 August 2012, 3,5 million and 1,5 million American-style share options with an exercise price of R1,90 per share were granted, all of which expired during the year. These options vested over a five-year period on the anniversary of the grant of the third, fourth and fifth year and expired on 29 June and 31 August 2019. No option premium was paid on the date of the grant.

As the options have expired, an amount of R5 283 838 was transferred from the equity-based share option reserve to retained income in the current period.

Information on options granted on 10 December 2014

On 10 December 2014, 1 565 000 American-style share options with an exercise price of R6,80 per share were granted of which 1 465 000 are still outstanding at year-end. These options vest over a five-year period on the anniversary of the grant of the third, fourth and fifth year and expire on 10 December 2021. No option premium was paid on the date of the grant.

Information on options granted on 31 March 2016

On 31 March 2016, 1 630 000 American-style share options with an exercise price of R4,40 per share were granted all of which are still outstanding at year-end. These options vest over a five-year period on the anniversary of the grant of the third, fourth and fifth year and expire on 31 March 2023. No option premium was paid on the date of the grant.

Information on options granted on 1 July 2017

On 1 July 2017, 1 905 000 American-style share options with an exercise price of R3,00 per share were granted all of which are still outstanding at year-end. These options vest over a five-year period on the anniversary of the grant of the third, fourth and fifth year and expire on 1 July 2024. No option premium was paid on the date of the grant.

General share options information

At the start of the 2015 financial year, five million share options were available for distribution under the share option scheme. These share options were distributed as follows:

- 1 565 000 share options granted on 10 December 2014;
- 1 630 000 share options granted on 31 March 2016;
- (100 000) share options returned due to resignation during 2017; and
- 1 905 000 share options granted on 1 July 2017.

A total staff cost of R1 576 570 (2019: R2 325 313) related to equity-settled share-based payments transactions were recognised in 2020 of which R912 348 (2019: R1 432 470) relate to directors and key management personnel.

Refer to the directors' report for the directors' interest in share options.

	Group		Company	
	2020 R	2019 R	**2020 R**	2019 R

22. OTHER FINANCIAL LIABILITIES

Held at amortised cost

	2020 R	2019 R	**2020 R**	2019 R
Standard Bank – Facility A	**1 898 861**	40 721 110	**–**	–
This loan bears interest at the variable JIBAR plus a margin of 3.49%, which is currently 10.475% and is repayable in variable instalments with the final payment made 15 April 2020. The instalments are repayable monthly over a period of three years and include payments of the interest and capital portions.				
Standard Bank – Facility B	**91 588 039**	81 466 301	**–**	–
As at year-end, the loan was subject to interest at the variable JIBAR plus a margin of 4%. The loan was subsequently converted after year-end to a R90 million amortising facility and bears interest at the three-month JIBAR plus a margin of 5.25%, which is currently 9.16% and is repayable in varying instalments with the final payment being made 31 March 2023. Lenders have agreed to suspend the repayment of capital on the loan until December 2020. Interest payment will be serviced from 1 March through to December 2020. From January 2021 both capital and interest will be paid on a monthly basis.				
Capitalised transaction costs	**–**	(451 745)	**–**	–
Transaction costs of the above loans are capitalised and released to operating expenses over the term of the loan.				
	93 486 900	121 735 666	**–**	–

The Standard Bank loans are secured as follows:

- General notarial bond granted by Métier in favour of the debt guarantor (a Finance SPV) over all its movable assets, including inventory
- Pledge and cession by SepHold in favour of the debt guarantor, in which SepHold *inter alia* pledges and cedes *in securitatem debiti* to the debt guarantor all its shares in and claims against the borrower
- Cession of insurances by Métier in favour of the debt guarantor, in terms of which Métier cedes *in securitatem debiti* to the debt guarantor all of its right, title and interest in and to all insurances over its assets
- Cession of debts by Métier in favour of the debt guarantor, in terms of which Métier cedes *in securitatem debiti* to the debt guarantor, all of its right, title and interest in and to all of its debtors
- Special notarial bond by Métier in favour of the debt guarantor over specified movable assets
- The deed of security over the domain name www.metiersa.co.za entered into between Métier (as cedent) and the debt guarantor (as cessionary) and any notices or acknowledgements required thereunder, in terms of which Métier cedes *in securitatem debiti* to the debt guarantor all of its right, title and interest in and to the domain name.

Total term lending facilities are R90 000 000 (2019: R120 721 110).

	2020 R	2019 R	**2020 R**	2019 R
Non-current liabilities				
At amortised cost	**71 846 168**	81 014 556	**–**	–
Current liabilities				
At amortised cost	**21 640 732**	40 721 110	**–**	–
	93 486 900	121 735 666	**–**	–

The fair values of these financial liabilities are substantially the same as the carrying amounts reflected on the statement of financial position as they bear interest at market-related rates.

23. LEASE LIABILITIES

	Group 2020 R	Group 2019 R	Company 2020 R	Company 2019 R
Minimum lease payments due				
– Within one year	**13 109 039**	–	**–**	–
– In second to fifth year inclusive	**57 003 207**	–	**–**	–
– Later than five years	**1 165 500**	–	**–**	–
	71 277 746	–	**–**	–
Less: Future finance costs	**(17 805 788)**	–	**–**	–
Present value of minimum lease payments	**53 471 958**	–	**–**	–

	Opening balance R	New lease liabilities R	Finance costs R	Repayments R	Closing balance R
Reconciliation of lease liabilities – 2020					
Lease liabilities	**58 309 595**	**1 630 486**	**5 843 084**	**(12 311 207)**	**53 471 958**

	Group 2020 R	Group 2019 R	Company 2020 R	Company 2019 R
Non-current liabilities	**45 497 397**	–	**–**	–
Current liabilities	**7 974 561**	–	**–**	–
	53 471 958	–	**–**	–

It is group policy to lease several assets, including buildings, land, plant and computer equipment under finance leases.

The average lease term is seven years.

The group adopted IFRS 16 for the first time in the current financial period. Comparative figures have been accounted for in accordance with IAS 17. Refer to note 37 for further details. Future finance charges on lease liabilities are presented above. The current year's finance costs of R5 843 084 have been included in the total finance costs as per note 32.

24. DEFERRED INCOME

No government grants relating to assets were received during 2020. These grants are recognised as deferred income, and released to operating profit over the average useful lives of the assets, which are seven years. The total recognised in operating profit for 2020 amounts to R677 887 (2019: R677 887).

	Group 2020 R	Group 2019 R	Company 2020 R	Company 2019 R
Movement for the period:				
Opening balance	**1 555 444**	2 233 331	**–**	–
Received during the year	**–**	–	**–**	–
Amortisation	**(677 887)**	(677 887)	**–**	–
Closing balance	**877 557**	1 555 444	**–**	–
Non-current liabilities	**199 670**	877 557	**–**	–
Current liabilities	**677 887**	677 887	**–**	–
	877 557	1 555 444	**–**	–

	Group		Company	
	2020 R	2019 R	**2020 R**	2019 R

25. TRADE AND OTHER PAYABLES

	2020 R	2019 R	**2020 R**	2019 R
Financial instruments:				
Trade payables	**56 282 940**	60 078 529	**800 112**	2 040 511
Credit cards	**5 218**	10 569	**5 218**	10 569
Other payables	**–**	1 468 327	**–**	–
Accrued expenses	**2 041 792**	3 870 580	**365 484**	178 358
Sundry suppliers	**2 637 651**	1 114 591	**–**	–
Accrued audit fees	**490 300**	445 000	**490 299**	445 000
Non-financial instruments:				
Accrual for salary-related expenses	**279 677**	196 103	**279 677**	196 103
Accrued bonus	**–**	1 782 196	**–**	574 933
Deposits received	**8 951 054**	10 559 161	**–**	–
Value added taxation	**983 926**	571 211	**–**	–
	71 672 558	80 096 267	**1 940 790**	3 445 474

Fair value of trade and other payables

The fair values of trade and other payables are substantially the same as the carrying amounts reflected on the statement of financial position, as the financial instruments are short term in nature.

26. FINANCIAL LIABILITIES BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

Group	Financial liabilities at amortised cost R	Non-financial instruments* R	Total R
2020			
Other financial liabilities	**93 486 900**	**–**	**93 486 900**
Trade and other payables	**61 457 902**	**10 214 657**	**71 672 559**
Bank overdraft	**1 632 132**	**–**	**1 632 132**
Lease liabilities	**53 471 958**	**–**	**53 471 958**
	210 048 892	**10 214 657**	**220 263 549**
2019			
Other financial liabilities	121 735 666	–	121 735 666
Trade and other payables	66 987 596	13 108 671	80 096 267
Bank overdraft	4 730 432	–	4 730 432
	193 453 694	13 108 671	206 562 365

* *Non-financial instruments for the group consists of accrued bonus Rnil (2019: R1 782 196), value added taxation R983 926 (2019: R571 211), deposits received R8 589 256 (2019:R10 559 161) and accrual for salary-related expenses R279 677 (2019: R196 103).*

Company	Financial liabilities at amortised cost R	Non-financial instruments R	Total R
2020			
Loans from group companies	**124 041 874**	**–**	**124 041 874**
Trade and other payables	**1 661 114**	**279 677**	**1 940 791**
	125 702 988	**279 677**	**125 982 665**
2019			
Loans from group companies	142 828 494	–	142 828 494
Trade and other payables	2 674 438	771 036	3 445 474
Bank overdraft	4 730 432	–	4 730 432
	150 233 364	771 036	151 004 400

	Group	Company

	2020 R	2019 R	2020 R	2019 R
27. REVENUE				
Goods transferred at a point in time	**727 040 453**	835 823 568	**–**	–
Services transferred over time	**–**	–	**8 400 000**	8 400 000
	727 040 453	835 823 568	**8 400 000**	8 400 000
28. COST OF SALES				
Raw materials consumed net of rebates	**448 827 639**	515 275 407	**–**	–
29. OTHER OPERATING INCOME				
Discount received	**7 650**	51 741	**–**	–
Recoveries from subsidiary	**–**	–	**682 407**	1 303 264
(Loss)/profit on sale of assets	**(442 032)**	386 248	**–**	–
Government grants	**677 887**	677 887	**–**	–
Other sundry income	**750 760**	1 883 542	**–**	–
	994 265	2 999 418	**682 407**	1 303 264
30. OPERATING (LOSS)/PROFIT				
Operating (loss)/profit for the period is stated after accounting for the following:				
Income from subsidiary				
Administration and management fees	**–**	–	**8 400 000**	8 400 000
Operating lease charges				
Lease rentals on operating lease	**(1 260 799)**	(15 795 329)	**(231 785)**	(364 173)
(Loss)/profit on sale of property, plant and equipment	**(442 032)**	386 248	**–**	–
Amortisation on intangible assets	**(573 510)**	(2 294 041)	**–**	–
Depreciation on property, plant and equipment	**(13 756 320)**	(13 267 825)	**(63 772)**	(53 522)
Depreciation on right-of-use assets	**(8 910 054)**	–	**–**	–
Employee costs	**(92 977 668)**	(96 481 118)	**(13 400 488)**	(16 319 067)
Auditors' remuneration	**(1 477 850)**	(867 931)	**(469 650)**	(457 931)
31. INVESTMENT REVENUE				
Interest revenue				
Bank	**457 661**	1 126 838	**1 502**	1 459
Interest on customer accounts	**425 218**	1 405 573	**–**	–
	882 879	2 532 411	**1 502**	1 459
32. FINANCE COSTS				
Group companies	**–**	–	**1 207 380**	1 323 100
Shareholders	**211 316**	–	**211 316**	–
Lease liabilities	**5 843 084**	–	**–**	–
Bank	**564 941**	177 807	**564 941**	177 807
Other financial liabilities	**11 641 560**	15 769 195	**–**	7 699
Capitalised transaction costs	**451 745**	542 093	**–**	–
	18 712 646	16 489 095	**1 983 637**	1 508 606

	Group		Company	
	2020 **R**	2019 R	**2020** **R**	2019 R

33. TAXATION

Major components of the taxation expense

	Group 2020 R	Group 2019 R	Company 2020 R	Company 2019 R
Current				
Local income taxation – current period	**–**	2 280 244	**–**	–
Deferred				
Originating and reversing temporary differences	**(4 546 657)**	749 567	**–**	–
	(4 546 657)	3 029 811	**–**	–

Reconciliation of the taxation expense

	Group 2020 R	Group 2019 R	Company 2020 R	Company 2019 R
Reconciliation between accounting profit and taxation expense				
(Loss)/profit before taxation	**(21 919 293)**	47 070 417	**(6 637 513)**	(10 095 656)
Taxation at the applicable taxation rate of 28%	**(6 137 402)**	13 179 717	**(1 858 504)**	(2 826 784)
Taxation effect of adjustments on taxable income				
Deferred taxation – prior period	**9 726**	–	**–**	–
IFRS 16 movement	**(183 743)**	–	**–**	–
Non-deductible items and exempt income	**–**	(34 456)	**–**	–
Taxable temporary difference not recognised as deferred tax liability	**(309 364)**	(195 496)	**(309 364)**	(195 496)
Deferred taxation not raised on assessed taxation loss	**1 718 258**	2 371 192	**1 718 222**	2 371 192
Interest and penalties in respect of taxes	**8 206**	–	**8 206**	–
Profit from equity-accounted investments	**(133 502)**	(12 972 849)	**–**	–
Fines	**2 537**	8 775	**–**	–
Donations	**35 607**	59 862	**–**	–
Government grant	**(189 808)**	(189 808)	**–**	–
Share options	**441 440**	651 088	**441 440**	651 088
Capitalised finance and transaction costs	**126 488**	151 786	**–**	–
Prior year lease accrual	**64 900**	–	**–**	–
	(4 546 657)	3 029 811	**–**	–

No provision has been made by the company for 2020 or 2019 taxation as the company has no taxable income. The estimated taxation loss available for set-off against future taxable income for the company is R123 381 434 (2019: R117 244 927).

34. CASH GENERATED FROM/(USED IN) OPERATIONS

	Group 2020 R	Group 2019 R	Company 2020 R	Company 2019 R
(Loss)/profit for the year	**(21 919 293)**	47 070 417	**(6 637 513)**	(10 095 656)
Adjustments for:				
Depreciation and amortisation	**23 239 883**	15 561 866	**63 772**	53 522
Loss/(profit) on sale of non-current assets	**442 032**	(386 248)	**–**	–
Profit from equity-accounted investments	**(476 798)**	(46 331 599)	**–**	–
Interest received	**(882 879)**	(2 532 411)	**(1 502)**	(1 459)
Finance costs	**12 869 562**	16 489 095	**1 983 637**	1 508 606
Lease liabilities finance costs	**5 843 084**	–	**–**	–
Movements in operating lease assets and accruals	**(111 748)**	(5 684)	**(231 785)**	(369 857)
Deferred income	**(677 887)**	(677 887)	**–**	–
Share options recorded against salary expense	**1 576 571**	2 325 313	**1 576 571**	2 325 313
Changes in working capital:				
Inventories	**1 625 045**	(1 324 919)	**–**	–
Trade and other receivables	**21 701 344**	32 482 508	**(306 982)**	110 830
Trade and other payables	**(8 581 094)**	3 904 036	**(1 502 466)**	528
	34 647 822	66 574 487	**(5 056 268)**	(6 468 173)

35. TAXATION PAID

	Group 2020 R	Group 2019 R	Company 2020 R	Company 2019 R
Balance at the beginning of the year	**1 175 731**	(307 491)	**–**	–
Current taxation for the period recognised in profit or loss	**–**	(2 280 244)	**–**	–
Balance at end of the period	**(1 643 331)**	(1 175 731)	**–**	–
	(467 600)	(3 763 466)	**–**	–

36. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The changes in the group's liabilities arising from financing activities can be classified as follows:

Reconciliation of liabilities arising from financing activities	Opening balance R	Imputed and accrued interest R	Total non-cash movements R	Cash flows R	Closing balance R
2020					
Other financial liabilities measured at amortised cost	**121 735 666**	**2 037 822**	**2 037 822**	**(30 286 588)**	**93 486 900**
2019					
Other financial liabilities measured at amortised cost	161 135 021	288 117	288 117	(39 687 472)	121 735 666

37. COMMITMENTS

	Group		Company	
	2020 R	2019 R	**2020 R**	2019 R
Operating leases – as lessee (expense) (IAS 17)				
Minimum lease payments due by Métier Mixed Concrete Proprietary Limited				
– Within one year	**–**	12 859 336	**–**	–
– In second to fifth year inclusive	**–**	39 152 404	**–**	–
– Later than five years	**–**	13 209 487	**–**	–
	–	65 221 227	**–**	–

During the prior year the operating lease payments represent rentals payable by Métier for certain of its plant sites. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years per lease. The average escalation rate per lease is 9% per annum. No contingent rent is payable. For the current year all leases are recognised as lease liabilities in accordance with IFRS 16 (refer to note 23).

	Group		Company	
	2020 R	2019 R	**2020 R**	2019 R
Minimum lease payments due by Sephaku Holdings Limited to Dangote Cement South Africa Proprietary Limited				
– Within one year	**26 669**	24 866	**26 669**	24 866
– In second to fifth year inclusive	**–**	–	**–**	–
	26 669	24 866	**26 669**	24 866

Operating lease payments represent rentals payable by SepHold for its offices. The lease expired on 31 July 2018 and was renewed on 1 August 2018 on a month-to-month basis, but no longer than 31 July 2021. The escalation rate for the current lease is 7.25% per annum. No contingent rent is payable.

	Group		Company	
	2020 R	2019 R	**2020 R**	2019 R
Operating leases – as lessor (income) (IAS 17)				
Minimum lease payments receivable				
– Within one year	**–**	–	**(3 579 767)**	(3 442 084)
– In second to fifth year inclusive	**–**	–	**(15 809 407)**	(15 201 353)
– Later than five years	**–**	–	**(4 355 334)**	(8 543 155)
	–	–	**(23 744 508)**	(27 186 592)

The investment property has been acquired by SepHold and is leased out under an operating lease to Métier. Since the property is owner-occupied on group level, it has been reclassified to property, plant and equipment for consolidation purposes in the prior year. The property is held for sale in the current year. The addendum to the initial operating lease contract commenced 31 March 2016 and is for a period of 10 years which may be renewed for a further five-year period. The rentals payable are subject to an increase of 4% per annum.

38. RELATED PARTIES

Relationships

Subsidiaries	Refer to note 7
Associate	Refer to note 9
Shareholder with significant influence	Dangote Industries Limited
Companies with common shareholders	Incubex Minerals Limited SepFluor Limited
Directors	B Williams MM Ngoasheng MJ Janse van Rensburg B Bulo Dr L Mohuba NR Crafford-Lazarus PF Fourie J Pitt (resigned 13 June 2019)
Prescribed officer (also executive director of Métier Mixed Concrete Proprietary Limited)	WJ du Toit
Key management personnel of the group	Refer to directors as listed above. Also includes one prescribed officer.
Companies with common directors	Cross Company Management Proprietary Limited African Nickel Limited Cato Ridge Quarry Proprietary Limited Union Atlantic Minerals Limited

	Group		Company	
	2020 **R**	2019 R	**2020** **R**	2019 R
Related party balances				
Loan accounts – Owing by/(to) related parties				
Métier Mixed Concrete Proprietary Limited	**–**	–	**(124 041 874)**	(142 828 494)
Cross Company Management Proprietary Limited	**9 688 681**	9 845 327	**9 688 681**	9 845 327
Sephaku Investment Holdings Proprietary Limited	**–**	–	**10 379**	10 249
Union Atlantic Minerals Limited	**1 073 054**	1 073 054	**1 073 054**	1 073 054
Amounts included in trade receivables/(trade payables) regarding related parties				
Dangote Cement South Africa Proprietary Limited	**(10 027 849)**	(3 247 449)	**25 966**	–
Related party transactions				
Purchases from related parties				
Dangote Cement South Africa Proprietary Limited	**74 966 979**	86 018 809	**–**	–
Rent paid to/(received from) related parties				
Plazatique Corp 27 CC	**–**	1 156 696	**–**	–
WKRD Properties Proprietary Limited	**–**	737 907	**–**	–
Métier Mixed Concrete Proprietary Limited	**–**	–	**(3 442 084)**	(3 309 696)
Dangote Cement South Africa Proprietary Limited	**312 945**	299 900	**312 945**	299 900
Fees paid to/(received from) related parties for management services, overheads and salaries				
Dangote Cement South Africa Proprietary Limited	**–**	–	**(472 231)**	–
Métier Mixed Concrete Proprietary Limited	**–**	–	**(8 400 000)**	(8 400 000)
Consulting fees paid to (received from) related parties				
Plazatique Corp 27 CC	**–**	200 000	**–**	–
Utilities paid to/(received from) related parties				
Plazatique Corp 27 CC	**–**	519 217	**–**	–
WKRD Properties Proprietary Limited	**–**	788 419	**–**	–
Métier Mixed Concrete Proprietary Limited	**–**	–	**(682 407)**	(1 303 264)
Dangote Cement South Africa Proprietary Limited	**–**	–	**(45 500)**	–
Administration feed paid to/(received from) related parties				
WKRD Properties Proprietary Limited	**–**	7 800	**–**	–
Interest paid to related parties	**–**	–	**–**	–
Métier Mixed Concrete Proprietary Limited	**–**	–	**1 207 380**	1 323 100

39. DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS

Executive

	Remuneration R	Prior year performance bonuses* R	Travel allowances R	Pension fund R	IFRS 2 staff cost relating to share-based payments vesting expense (non-cash) R	Total R
2020						
Dr L Mohuba	**2 157 148**	**300 000**	**–**	**92 852**	**298 112**	**2 848 112**
NR Crafford-Lazarus	**4 012 017**	**418 000**	**150 000**	**147 151**	**392 836**	**5 120 004**
	6 169 165	**718 000**	**150 000**	**240 003**	**690 948**	**7 968 116**
2019						
Dr L Mohuba	2 895 366	760 000	–	123 802	593 140	4 372 308
NR Crafford-Lazarus	3 349 200	760 000	150 000	123 802	581 136	4 964 138
KJ Capes**	720 000	—	–	–	–	720 000
	6 964 566	1 520 000	150 000	247 604	1 174 276	10 056 446

* *The bonus paid in FY 2020 relates to the FY 2019 performance and the bonus paid in FY 2019 was based on the FY 2018 performance.*

** *KJ Capes was re-appointed as an executive director of SepHold on 1 April 2020. He has been on a consultancy contract with the group as a business development expert to identify viable expansion opportunities. He received no remuneration during the period under review. To date he has been working on the aggregate join venture (Cato Ridge).*

Non-executive

	Fees for services as director R	Remuneration R	Performance bonus R	IFRS 2 staff cost relating to share-based payments vesting expense (non-cash) R	Total R
2020					
B Williams	**440 000**	**–**	**–**	**–**	**440 000**
MM Ngoasheng	**335 000**	**–**	**–**	**–**	**335 000**
MJ Janse van Rensburg	**335 000**	**–**	**–**	**–**	**335 000**
B Bulo	**335 000**	**–**	**–**	**–**	**335 000**
Dr L Mohuba*	**83 750**	**–**	**–**	**99 371**	**183 121**
PF Fourie	**–**	**5 594 213**	**1 947 514**	**–**	**7 541 727**
	1 528 750	**5 594 213**	**1 947 514**	**99 371**	**9 169 848**
2019					
B Williams	440 000	–	–	–	440 000
PM Makwana**	167 500	–	–	–	167 500
MM Ngoasheng	335 000	–	–	–	335 000
MJ Janse van Rensburg	335 000	–	–	–	335 000
B Bulo	335 000	–	–	–	335 000
RR Matjiu***	–	–	–	111 910	111 910
PF Fourie	–	4 415 351	1 758 559	–	6 173 910
	1 612 500	4 415 351	1 758 559	111 910	7 898 320

* *Non-executive director for Q4 pro rata fees. Dr L Mohuba stepped down as chief executive officer of the company on 31 December 2019 and was appointed non-executive director in January 2020.*

** *Resigned 1 October 2018. His director fees for services were paid pro rata for six months.*

*** *Resigned 12 November 2018.*

Refer to shareholders information in the directors' report for directors' interest in share options.

PF Fourie is a non-executive director of SepHold and an executive director of SepCem. All remuneration paid to him by the associate company, SepCem, has therefore also been disclosed above.

39. DIRECTORS' AND PRESCRIBED OFFICER'S EMOLUMENTS (CONTINUED)

Service contracts

None of the non-executive directors of the company have written service contracts with the company. Directors are employed by the board and rotate in terms of the memorandum of incorporation.

Other prescribed officers

	Remuneration R	Performance bonus R	Travel allowance R	Pension fund R	IFRS 2 staff cost relating to share-based payments vesting expense (non-cash) R	Total R
2020						
WJ du Toit	**1 873 758**	**230 046**	**25 200**	**177 223**	**122 029**	**2 428 256**
2019						
WJ du Toit	1 761 567	242 769	25 200	166 692	146 383	2 342 611

WJ du Toit is a prescribed officer of SepHold and an executive director of Métier. All remuneration paid to him by the subsidiary company has therefore also been disclosed.

40. RISK MANAGEMENT

Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure.

The capital structure of the group consists of cash and cash equivalents disclosed in note 18, borrowings disclosed in note 22 and equity as disclosed in the statement of financial position.

There are no externally imposed capital requirements.

There have been no changes to what the group manages as capital, the strategy for capital maintenance, or externally imposed capital requirements from the previous year.

Liquidity risk

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

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The tables that follow analyse the group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Group	Less than 1 year R	Between 1 and 2 years R	Between 2 and 5 years R
2020			
Other financial liabilities	**21 640 732**	**13 311 073**	**58 535 095**
Trade and other payables	**60 423 545**	**–**	**–**
Bank overdraft	**1 632 132**	**–**	**–**
2019			
Other financial liabilities	50 327 445	81 834 460	–
Trade and other payables	66 987 596	–	–
Bank overdraft	4 730 432	–	–

40. RISK MANAGEMENT (CONTINUED)

Company	**Less than 1 year R**	**Between 1 and 2 years R**	**Between 2 and 5 years R**	**Over 5 years R**
2020				
Loans from group company	**124 041 874**	**–**	**–**	**–**
Trade and other payables	**1 940 791**	**–**	**–**	**–**
2019				
Loans from group companies	130 891 608	1 350 553	4 762 216	5 824 117
Trade and other payables	2 528 653	–	–	
Bank overdraft	4 730 432	–	–	

Interest rate risk

The company and the group are exposed to interest rate risk through their variable rate cash balances, as well as their other financial liabilities. Surplus cash flows exposed to interest rate risk are placed with institutions and facilities which yield the highest rate of return.

An interest rate sensitivity analysis is set out below. The analysis indicates the financial assets and liabilities are sensitive to interest rate fluctuations and the profit or loss and taxation effects of possible changes in interest rates to which the financial assets are linked.

At 31 March 2020, if interest rates on cash and cash equivalents had been 1% higher/lower with all other variables held constant, pre-taxation profit of the group for the year would have been R91 532 (2019: R225 368) higher/lower, mainly as a result of higher/lower interest income on funds invested on call. The resulting taxation effect would have been R25 629 (2019: R63 103).

At 31 March 2020, if interest rates on cash and cash equivalents had been 1% higher/lower with all other variables held constant, pre-taxation profit of the company for the year would have been R300 (2019: R292) higher/lower, mainly as a result of higher/lower interest income on funds invested on call. The resulting taxation effect would have been Rnil.

At 31 March 2020, if interest rates on borrowings had been 1% higher/lower with all other variables held constant, pre-taxation profit of the group would have been R1 933 104 (2019: R1 576 920) lower/higher, as a result of higher/lower interest expense on floating rate borrowings. The resulting taxation effect would have been R541 269 (2019: R441 537).

At 31 March 2020, if interest rates on borrowings had been 1% higher/lower with all other variables held constant, pre-taxation profit of the company would have been R198 364 (2019: R150 860) lower/higher, as a result of higher/lower interest expense on floating rate borrowings. The resulting taxation effect would have been Rnil.

Cash flow interest rate risk

Financial instrument	Current interest rate %	Due in less than a year R	Due in one to five years R
Cash in current banking institutions	8.75	1 632 132	–
Floating rate financial liabilities – Facility A	10.48	1 898 861	–
Floating rate financial liabilities – Facility B	9.16	19 741 871	71 846 168

Credit risk

Credit risk is managed on a group basis. Credit risk consists of cash deposits, cash equivalents, other financial assets, trade and loans receivable, loan commitments and financial guarantees. The company only deposits cash with major banks with high-quality credit standing and limits exposure to any one counterparty.

The credit risk is managed on a group basis based on the group's credit risk management policies and procedures. Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Credit risk for exposures, other than those arising on cash and cash equivalents, are managed by making use of credit approvals, limits and monitoring. The company only deals with reputable counterparties with consistent payment histories. Sufficient collateral or guarantees are also obtained when necessary. Each counterparty is analysed individually for creditworthiness before terms and conditions are offered. The analysis involves making use of information submitted by the counterparties as well as external bureau data (where available). Counterparty credit limits are in place and are reviewed and approved by credit management committees. The exposure to credit risk and the creditworthiness of counterparties is continuously monitored.

Trade receivables consist of a large number of customers in various industries. Due to a number of hardships experienced in the construction industry over the past year, management increased is risk management efforts on trade receivables by obtaining risk cover from CGIC for insurable customers.

40. RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

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

Credit loss allowances for expected credit losses are recognised for all debt instruments, but excluding those measured at fair value through profit or loss. Credit loss allowances are also recognised for loan commitments and financial guarantee contracts.

In order to calculate credit loss allowances, management determine whether the loss allowances should be calculated on a 12-month or on a lifetime expected credit loss basis. This determination depends on whether there has been a significant increase in the credit risk since initial recognition. If there has been a significant increase in credit risk, then the loss allowance is calculated based on lifetime expected credit losses. If not, then the loss allowance is based on 12-month expected credit losses. This determination is made at the end of each financial period. Thus the basis of the loss allowance for a specific financial asset could change year-on-year.

Management applies the principle that if a financial asset's credit risk is low at year-end, then, by implication, the credit risk has not increased significantly since initial recognition. In all such cases, the loss allowance is based on 12-month expected credit losses. Credit risk is assessed as low if there is a low risk of default (where default is defined as occurring when amounts are 90 days past due). When determining the risk of default, management considers information such as payment history to date, industry in which the customer is employed, period for which the customer has been employed, external credit references etc.

In any event, if amounts are 30 days past due, then the credit risk is assumed to have increased significantly since initial recognition. Credit risk is not assessed to be low simply because of the value of collateral associated with a financial instrument. If the instrument would not have a low credit risk in the absence of collateral, then the credit risk is not considered low when taking the collateral into account. Trade receivable and contract assets which do not contain a significant financing component are the exceptions and are discussed below.

For trade receivables and contract assets which do not contain a significant financing component, the loss allowance is determined as the lifetime expected credit losses of the instruments. For all other trade receivables IFRS 9 permits the determination of the credit loss allowance by either determining whether there was a significant increase in credit risk since initial recognition or by always making use of lifetime expected credit losses. Management has chosen as an accounting policy, to make use of lifetime expected credit losses. Therefore, management does not make the annual assessment of whether the credit risk has increased significantly since initial recognition for trade receivables, contract assets or lease receivables.

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

	2020			2019		
	Gross carrying amount R	**Credit loss allowance R**	**Amortised cost /fair value R**	Gross carrying amount R	Credit loss allowance R	Amortised cost /fair value R
Trade and other receivables	**82 215 398**	**(2 863 871)**	**79 351 527**	100 849 007	(1 679 260)	99 169 747
Cash and cash equivalents	**6 381 459**	**–**	**6 381 459**	2 823 868	–	2 823 868
	88 596 857	**(2 863 871)**	**82 093 619**	103 672 875	(1 679 260)	101 993 615

The carrying amount of financial assets represents the maximum exposure to credit risk.

Financial assets exposed to credit risk are as follows:

	Group		**Company**	
	2020 R	2019 R	**2020 R**	2019 R
Financial instrument				
Loans to group companies	**–**	–	**10 379**	10 249
Other financial assets	**10 761 735**	10 918 381	**10 761 735**	10 918 381
Trade and other receivables	**76 544 544**	98 546 425	**–**	–
Cash and cash equivalents	**6 381 459**	2 824 838	**–**	–
Long-term loans	**2 000 000**	2 000 000	**–**	–

41. GOING CONCERN

Various cost-saving initiatives have been identified by both operating companies and are in the process of being implemented. This range from reduction in fleet and employment cost across all the operating plants to negotiations with all suppliers of premises and raw materials. With the impact of COVID-19 on the cash resources of both operating companies where overheads were incurred during periods of total lockdown and operating at 50% during level 5 and 4 respectively, both companies concluded negotiations with the banks to service interest, but not capital for the second half of calendar 2020. These savings will assist the group companies to meet their bank debt commitments in the face of the expected reduction in volumes during the current year due to the impact of the government-enforced lockdown. The repayment profile agreed on the Métier outstanding debt is also substantially reduced from what was paid over the last five years.

42. EVENTS AFTER THE REPORTING PERIOD

COVID-19 marginally impacted group performance for the period under review because the national lockdown was implemented during the final week of the financial year from 27 March 2020. During the alert level 5 lockdown from 27 March to 30 April 2020, the group entities complied fully with the government directive and closed all operations to safeguard the health of all employees. The executive management and critical employees worked from home during alert level 5. Métier and SepCem resumed full operations at alert level 3 from 1 June 2020. The pandemic is expected to have a much more significant impact on group performance in the year ending 31 March 2021.

43. NET ASSET VALUE PER SHARE AND EARNINGS PER SHARE

	Group	
	2020 R	2019 R
Net asset value and tangible net asset value per share		
Total assets	**1 337 755 480**	1 319 299 051
Total liabilities	**(236 989 644)**	(233 975 374)
Net asset value attributable to equity holders of parent	**1 100 765 836**	1 085 323 677
Goodwill	**(223 421 981)**	(223 421 981)
Intangible assets	**–**	(573 510)
Deferred tax raised on intangible assets	**–**	160 583
Tangible net asset value	**877 343 855**	861 488 769
Shares in issue	**254 486 436**	208 216 175
Net asset value per share (cents)	**432.54**	521.25
Tangible net asset value per share (cents)	**344.75**	413.75
Earnings, diluted earnings and headline earnings per share		
Reconciliation of basic (loss)/earnings to diluted (loss)/earnings and headline (loss)/earnings:		
Basic (loss)/profit and diluted (loss)/profit from total operations attributable to equity holders of parent	**(17 372 636)**	44 040 606
Loss/(profit) on sale of property, plant and equipment	**442 032**	(386 248)
Total taxation effect of adjustments	**(123 769)**	108 150
Headline (loss)/earnings and diluted headline earnings attributable to equity holders of parent	**(17 054 373)**	43 762 508
Basic weighted average number of shares	**214 047 496**	207 610 543
Dilutive effect of share options	**–**	261 498
Diluted weighted average number of shares	**214 047 496**	207 872 041
Basic (loss)/earnings per share (cents)	**(8.12)**	21.21
Diluted (loss)/earnings per share (cents)	**(8.12)**	21.19
Headline (loss)/earnings per share (cents)	**(7.97)**	21.08
Diluted headline (loss)/earnings per share (cents)	**(7.97)**	21.05

44. SEGMENT INFORMATION

	Ready-mixed concrete R	Head office R	Group totals R
2020			
Segment revenue – external revenue	**727 040 453**	**–**	**727 040 453**
Segment cost of sales	**(448 827 639)**	**–**	**(448 827 639)**
Segment expenses	**(267 152 926)**	**(16 620 477)**	**(283 773 403)**
Profit from equity-accounted investment	**–**	**476 798**	**476 798**
(Loss) on sale of property, plant and equipment	**(442 032)**	**–**	**(442 032)**
Segment (loss) after taxation	**(614 783)**	**(16 757 853)**	**(17 372 636)**
Taxation	**4 386 074**	**160 583**	**4 546 657**
Interest received	**881 377**	**1 502**	**882 879**
Interest paid	**(17 936 389)**	**(776 257)**	**(18 712 646)**
Depreciation and amortisation	**(22 602 601)**	**(673 282)**	**(23 239 883)**
Segment assets	**265 340 375**	**1 072 415 105**	**1 337 755 480**
Investment in associate included in the above total segment assets	**–**	**812 678 672**	**812 678 672**
Capital expenditure included in segment assets	**12 373 063**	**–**	**12 373 063**
Segment liabilities	**(235 048 871)**	**(1 940 773)**	**(236 989 644)**
2019			
Segment revenue – external revenue	835 823 569	–	835 823 569
Segment cost of sales	(515 275 407)	–	(515 275 407)
Segment expenses	(285 895 661)	(22 956 416)	(308 852 077)
Profit from equity-accounted investment	–	46 331 599	46 331 599
Profit on sale of property, plant and equipment	386 248	–	386 248
Segment profit after taxation	21 530 240	22 510 366	44 040 606
Taxation	(3 672 142)	642 331	(3 029 811)
Interest received	2 530 952	1 459	2 532 411
Interest paid	(16 303 589)	(185 506)	(16 489 095)
Depreciation and amortisation	(13 214 303)	(2 347 562)	(15 561 865)
Segment assets	251 252 272	1 068 046 779	1 319 299 051
Investment in associate included in above total segment assets	–	812 201 874	812 201 874
Capital expenditure included in segment assets	19 827 063	117 963	19 945 026
Segment liabilities	(225 638 902)	(8 336 472)	(233 975 374)

The only commodity actively managed by Métier is ready-mixed concrete.

The group does not rely on any single external customer or group of entities under common control for 10% or more of the group's revenue.

SepCem is an associate of SepHold. No segment report has been presented for cement (the commodity) as the amounts attributable to cement (the commodity) have been included in the head office segment.

SHAREHOLDERS' ANALYSIS

SEPHAKU HOLDINGS LIMITED

Ordinary shares as at 31 March 2020

Number of ordinary shares issued during the financial year:	**254 486 436**
Total holders:	**1 730**

Issued capital

Type of shares	Number of shareholders	% of shareholders	Number of shares
Certificated shares	**131**	**7.57**	**27 853 035**
Dematerialised shares	**1 599**	**92.43**	**226 633 401**
Total issued capital	**1 730**	**100.00**	**254 486 436**

Shareholders holding greater than 5% of the issued share capital at year-end	Number of shares	%
Safika Resources Proprietary Limited (Dematerialised)	**30 734 981**	**12.08**
Citiclient Nominees No8 NY GW	**27 061 078**	**10.63**
Safika Resources Proprietary Limited (Certificated)	**19 043 228**	**7.48**

Range of shareholdings

Share range	Number of shareholders	% of shareholders	Number of shares
1 – 1 000	**711**	**41.10**	**196 431**
1 001 – 10 000	**527**	**30.46**	**2 095 530**
10 001 – 50 000	**244**	**14.10**	**6 063 337**
50 001 – 100 000	**84**	**4.86**	**5 954 829**
100 001 – 500 000	**102**	**5.90**	**23 450 045**
500 001 – 1 000 000	**25**	**1.44**	**17 075 456**
1 000 001 shares and over	**37**	**2.14**	**199 650 898**
Total	**1 730**	**100.00**	**254 486 526**

Breakdown by domicile

Domicile	Number of shareholders	% of shareholders	Number of shares
Resident shareholders	**25**	**1.45**	**41 910 759**
Non-resident shareholders	**1 705**	**98.55**	**212 575 677**
Total	**1 730**	**100.00**	**254 486 436**

Public and non-public shareholders	Shares held	%	Number of shareholders
Public	**227 205 424**	**89.28**	**1 724**
Non-public	**27 281 012**	**10.72**	**6**
– Directors' direct holdings	**13 674 186**	**5.37**	**3**
– Directors' indirect holdings	**13 566 826**	**5.33**	**2**
– Directors' associates	**40 000**	**0.02**	**1**
	254 486 436	**100.00**	**1 730**

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