COMBINED HISTORICAL FINANCIAL INFORMATION OF THE UNICORN MINING SERVICES INVESTMENT GROUP FOR THE FINANCIAL YEARS ENDED 30 JUNE 2019, 30 JUNE 2018 AND 30 JUNE 2017

INTRODUCTION

This report on the combined historical financial information of the Unicorn Mining Services Investment ("UMSI") Group of companies ("UMSI group") performing crane hire, drilling and blasting services and opencast mining services to the mining industry in South Africa which should be read in conjunction with the Circular to Unicorn Capital Partners Limited ("Unicorn") shareholders dated 11 March 2020 prepared in connection with the disposal of the UMSI Group of companies. (For a list of these companies refer to note 1).

The combined historical financial information of the UMSI group for the years ended 30 June 2019, 2018 and 2017 set out below has been prepared based on and more fully described in the basis of preparation set out in Note 1 to the combined historical financial information of the UMSI group.

The combined historical financial information of the UMSI group was prepared in accordance with International Financial Reporting Standards (IFRS), and the requirements of the JSE Limited Listing Requirements and are the responsibility of the Directors of Unicorn.

The Independent Reporting Accountant's audit report on the combined historical financial information of the UMSI group for the year ended 30 June 2019 and the Independent Reporting Accountant's review report for the years ended 30 June 2018 and 2017 are included in Annexure 4A and Annexure 5B respectively to the Circular issued to shareholders of Unicorn on 11 March 2020.

Commentary

Strategic overview

Unicorn holds a 52% shareholding in Unicorn Mining Services Investments Proprietary Limited ("UMSICO") as well as preference shares amounting to R400 million (2018:R 400 million) (2017: R600 million. The remaining 48% is held by a Black Economic Empowerment company, Beagle Investments Proprietary Limited. Beagle acquired the 48% during 2019. The preference shares and accrued interest amounting to R122 million (2018: R160 million ; 2017: R201 million) are repayable before any dividends can be declared to minorities.

UMSI group consist of the following:

JEF Drill and Blast Proprietary Limited ("JEF"), a specialised drilling and blasting entity offering a complete blasting solution for opencast mine blasting requirements.

Ritchie Crane Hire Proprietary Limited ("Ritchie") utilises a large fleet of heavy duty mobile cranes with capacities that range from 25 to 220 tonnes for the provision of craneage services and Caston Plans Sales Proprietary Limited, a company managed by Ritchie.

Sentula Coal Proprietary Limited ("Sentula Coal") provide stockpile management services. During 2018 and 2017 Sentula Coal subcontracted opencast mining contracts to opencast mining contractors.

Benicon Opencast Mining Proprietary Limited ("Benicon Opencast") and Classic Challenge Trading Proprietary Limited ("CCT") which provided the discontinued opencast mining operation companies. A decision was made in 2016 to exit contract mining altogether. The last pieces of yellow equipment was sold in October 2017 and the last major opencast contract was exited at the end of March 2018.

Results from operations

Turnover decreased from R911 million during 2017 to R 430 million in 2019 mainly as a result of closing down the opencast mining and earthmoving operations of the group.

Ritchie has gone from strength to strength over the past three years, increasing turnover from R91 million in 2017 to R 131 million in 2019, delivering its best performance in its history in 2019. A critical element of its success has been ongoing investment in new cranes while consistently increasing crane utilisation rates. Management was able to successfully translate this into strong growth in revenue, while maintaining profit margins and return- on- assets.

JEF Drill and Blast (JEF), has gone through a tumultuous four years since 2016. Industry disruptions, a drastic decline in drilling rates as well as significant pressure on its key clients in the coal mining industry had required a complete rethink of its business model. It required significant restructuring and repositioning, which still has some way to go. JEF has, however, sustained positive EBITDA throughout, which provides it with substantial operating leverage once drilling rates start rising again. We are confident that JEF is on the right track. JEF's revenue decreased from R286 million in 2017 to R 283 million in 2019.

Profit from operating activities were mainly generated by Ritchie and JEF over the period, with opencast mining operations not contributing to profitability of the group.

Following a group capital restructuring during 2018, UMSICO repurchased R200 million preference shares from Unicorn at face value, resulting in a reversal of an interest accrual of R80 million relating to unpaid accrued interest on the preference shares.

Finance cost mainly consist of accrued interest on preference shares payable to Unicorn as well as interest on loans from Unicorn.

The profit generated from discontinued operations of R294 million during 2019 mainly relate to the write off of an intercompany loan owing by Benicon Opencast to Unicorn amounting to R284 million.

Financial position

Property plant and equipment decreased by R42 million between 2017 and 2018 mainly as a result of the disposal of the remaining opencast mining equipment. The increase of R13 million from 2018 to 2019 is mainly as a result of JEF acquiring their premise during 2019 for a purchase price of R22 million.

Following the unwinding of trade debtors relating to the opencast mining operations during 2018, current assets decreased from R203 million in 2017 to R122 million in 2018.

Current liabilities decreased by R280 million between 2017 and 2018 mainly as a result of the capital restructuring reducing trade and other payables by R80 million and the intercompany loan forgiveness amounting to R284 million.

Unicorn Mining Services Investment Group

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June

Figures in R `000	Notes	Audited 2019	Reviewed 2018	Reviewed 2017
Revenue	7	430 437	826 317	911 110
Cost of sales		(341 263)	(715 766)	(853 125)
Gross profit / (loss)		**89 174**	**110 551**	**57 985**
Other income		390	1 408	946
Administrative expenses		(44 454)	(49 981)	(43 562)
Profit / (loss) from operating activities	8	**45 110**	**61 978**	**15 369**
Net (loss)/profit on disposal of assets		(1 556)	939	2 417
Insurance recovery		643	6 129	-
Impairment of property, plant and equipment		-	-	(11 535)
Impairment of investment		-	-	(16 961)
Net impairment of trade receivables		(3 572)	-	-
Reversal of impairment/(Impairment) of preference dividends receivable		-	79 923	-
Operating profit		**40 625**	**148 969**	**(10 710)**
Finance income	10	9 931	1 542	1 312
Finance costs	10	(50 178)	(56 688)	(50 914)
Profit / (loss) before tax		**378**	**93 823**	**(60 312)**
Income tax expense - continuing operations	11	(7 093)	(10 532)	(5 208)
(Loss) / profit from continuing operations		**(6 715)**	**83 291**	**(65 520)**
(Loss) / profit from discontinued operations	12	(885)	293 913	(24 327)
(Loss)/profit for the year		**(7 600)**	**377 204**	**(89 847)**
(Loss)/profit for the year attributable to:				
Owners of Parent		(7 600)	377 204	(89 847)
- continuing operations		(6 715)	83 291	(65 520)
- discontinued operations		(885)	293 913	(24 327)
Non- controlling interest		-	-	-
- continuing operations		-	-	-
- discontinued operations		-	-	-
		(7 600)	**377 204**	**(89 847)**

The notes set out on pages 8 to 45 are an integral part of the combined historical financial information.

Unicorn Mining Services Investment Group

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June

Figures in R `000	Notes	Audited 2019	Reviewed 2018	Reviewed 2017
Profit / (loss) for the year		(7 600)	377 204	(89 847)
Other comprehensive income net of tax				
Total other comprehensive income net of tax		**-**	**-**	**-**
Total comprehensive income / (loss) for the year		**(7 600)**	**377 204**	**(89 847)**
Comprehensive income, attributable to owners of parent		(7 600)	377 204	(89 847)
- continuing operations		(6 715)	83 291	(65 520)
- discontinuing operations		(885)	293 913	(24 327)
Comprehensive income, attributable to non- controlling interests		-	-	-
- continuing operations		-	-	-
- discontinuing operations		-	-	-
		(7 600)	**377 204**	**(89 847)**

The notes set out on pages 8 to 45 are an integral part of the combined historical financial information.

Unicorn Mining Services Investment Group

Statement of Financial Position

As at 30 June

Figures in R `000	Notes	Audited 2019	Reviewed 2018	Reviewed 2017
Assets				
Non- current assets		**612 508**	**599 386**	**640 826**
Property, plant and equipment	14	261 374	248 252	289 692
Goodwill	15	37 427	37 427	37 427
Investment in subsidiary	16	313 707	313 707	313 707
Current assets		**121 396**	**130 857**	**203 130**
Inventories	17	15 898	13 474	11 288
Trade and other receivables	18	102 368	107 470	153 875
Current tax assets	11	-	-	1 864
Loan to group company	26	-	8 133	30 698
Cash and cash equivalents	19	3 130	1 780	5 405
Non- current assets or disposal groups classified as held- for- sale	20	-	-	4 937
Total assets		**733 904**	**730 243**	**848 893**
Equity and liabilities				
Equity		**(322 530)**	**(314 930)**	**(692 134)**
Issued capital	21	21 904	21 904	21 904
Accumulated loss		(344 434)	(336 834)	(731 670)
Reserves		-	-	17 632
Liabilities				
Non- current liabilities		**459 876**	**475 152**	**690 836**
Deferred tax liabilities	11	36 333	39 176	40 901
Finance lease obligations	22	23 543	35 976	49 935
Redeemable preference shares	25	400 000	400 000	600 000
Current liabilities		**596 558**	**570 021**	**850 191**
Trade and other payables	23	190 986	229 193	340 646
Current tax liabilities	11	51 351	47 290	38 242
Finance lease obligations	22	28 420	29 810	26 227
Loans from group companies	26	303 101	228 503	432 730
Deferred income	24	-	-	12 000
Bank overdraft	19	22 700	35 225	346
Total liabilities		**1 056 434**	**1 045 173**	**1 541 027**
Total equity and liabilities		**733 904**	**730 243**	**848 893**

The notes set out on pages 8 to 45 are an integral part of the combined historical financial information.

Unicorn Mining Services Investment Group

Statement of Changes in Equity

Figures in R `000	Share capital	Share based payment reserve	Accumulated loss	Total
Balance at 1 July 2016	21 904	17 632	(641 823)	(602 287)
Changes in equity				
Loss for the year	-	-	(89 847)	(89 847)
Total comprehensive loss for the year	-	-	(89 847)	(89 847)
Balance at 30 June 2017	**21 904**	**17 632**	**(731 670)**	**(692 134)**
Balance at 1 July 2017	21 904	17 632	(731 670)	(692 134)
Changes in equity				
Profit for the year	-	-	377 204	377 204
Total comprehensive loss for the year	-	-	377 204	377 204
Lapsing of BEE option on Unicorn Mining Services Proprietary Limited	-	(17 632)	17 632	-
Balance at 30 June 2018	**21 904**	**-**	**(336 834)**	**(314 930)**
Balance at 1 July 2018	21 904	-	(336 834)	(314 930)
Changes in equity				
Loss for the year	-	-	(7 600)	(7 600)
Total comprehensive loss for the year	-	-	(7 600)	(7 600)
Balance at 30 June 2019	**21 904**	**-**	**(344 434)**	**(322 530)**
Notes	**21**			

The notes set out on pages 8 to 45 are an integral part of the combined historical financial information.

Unicorn Mining Services Investment Group

Statement of Cash Flows

For the year end 30 June

Figures in R `000	Notes	Audited 2019	Reviewed 2018	Reviewed 2017
Net cash flows from operating activities	27.1	**93 947**	**88 494**	**(16 826)**
Interest paid		(11 000)	(8 934)	(5 125)
Income taxes paid	27.3	(8 562)	(4 269)	(2 400)
Net cash flows from / (used in) operating activities		**74 385**	**75 291**	**(24 351)**
Cash flows (used in) / from investing activities				
Interest received		137	688	181
Proceeds from sales of property, plant and equipment		702	8 292	14 259
Proceeds from disposal of held- for- sale assets		-	4 937	97 422
Purchase of property, plant and equipment	14	(31 497)	(3 625)	(12 634)
Cash flows (used in) / from investing activities		**(30 658)**	**10 292**	**99 228**
Cash flows used in financing activities				
Repayment of finance lease liabilities		(29 596)	(27 827)	(27 125)
Loans received from group companies		(256)	(96 260)	(66 568)
Cash flows used in financing activities		**(29 852)**	**(124 087)**	**(93 693)**
Net increase / (decrease) in cash and cash equivalents		**13 875**	**(38 504)**	**(18 816)**
Cash and cash equivalents at beginning of the year		(33 445)	5 059	23 875
Cash and cash equivalents at end of the year	**19**	**(19 570)**	**(33 445)**	**5 059**

The notes set out on pages 8 to 45 are an integral part of the combined historical financial information.

1. Accounting framework

Description of the business

The combined historical financial information of the UMSI group consists of Unicorn's Crane Hire, Drilling and blasting and opencast mining and earthmoving operations, representing the activities, assets and liabilities of the underlying businesses.

The UMSI group were historically conducted through separate legal entities; the combination of these operations is referred to as the UMSI group in the combined historical financial information.

The UMSI group historically did not exist as a reporting group and no separate consolidated financial statements were therefore prepared for the UMSI group. For the purpose of presenting the historical performance of the UMSI group for the proposed disposal of the UMSI group by Unicorn, combined historical financial information for the three years ended 30 June 2019, 2018 and 2017, has been prepared.

The following companies form part of the UMSI group:

Company	Nature of operations	Unicorn's direct/ indirect statutory shareholding as at 30 June 2019	Unicorn's direct/ indirect statutory shareholding as at 30 June 2018	Unicorn's direct/ indirect statutory shareholding as at 30 June 2017
Unicorn Mining Services Investments Proprietary Limited	Investment holding company	52.00%	83.00%	83.00%
Ritchie Crane Hire Proprietary Limited	Mobile crane hire	52.00%	83.00%	83.00%
Caston Plant Sales Proprietary Limited	Mobile crane hire	52.00%	100.00%	100.00%
JEF Drill and Blast Proprietary Limited	Drilling and blasting for the opencast mining industry	52.00%	83.00%	83.00%
Sentula Coal Proprietary Limited	Stockpile management	52.00%	51.00%	51.00%
Benicon Opencast Proprietary Limited	Discontinued opencast mining services	52.00%	83.00%	83.00%
Classic Challenge Trading Proprietary Limited	Discontinued opencast mining services	52.00%	83.00%	83.00%

In terms of the proposed disposal, Unicorn will dispose of 51% of its shareholding and shareholder Claims in UMSI group. These entities have historically been under common control of Unicorn and common management and the economic activities of these entities are bound together.

These entities (collectively the group or the UMSI group) represent the reporting entity of the combined historical financial information.

2. Basis of preparation

(i) IFRS compliance

The UMSI group did not historically constitute a combined legal group. The combined historical financial information of the UMSI group is prepared by aggregating the historical financial information of the entities listed above as at and for the years ended 30 June 2019, 2018 and 2017 (the Reporting Periods).

The combined historical financial information of the UMSI group is presented in accordance with, and complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and effective at the time of preparing the combined historical financial information of the UMSI group, the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council and the JSE Listings Requirements.

The combined historical financial information is prepared using the historical cost basis except for the revaluation of certain financial instruments which are measured at fair- value.

Basis of preparation continued...

IFRS does not specifically provide guidance for the preparation of combined historical financial information, and accordingly in preparing the combined historical financial information, certain accounting conventions commonly used in the preparation of combined historical financial information for inclusion in circulars, have been applied in accordance with IAS 8, which are discussed in more detail below.

The combined historical financial information has consequently been prepared as a combination of the historic financial information recognised in the Unicorn consolidated financial statements related to the UMSI group.

The assets of the UMSI group recognised include goodwill recognised in the financial statements and the underlying subsidiary financial statements. There is no further goodwill recognised in the UMSI group in the Unicorn consolidated financial statements.

The combined historical financial information for the years ended 30 June 2019, 2018 and 2017, has been prepared for the purpose of presenting, as far as practically possible, the financial position, results of operations and cash flows of the UMSI group on a standalone basis.

The combined historical financial information is presented in South African Rand (ZAR), rounded to thousands.

The combined historical financial information was authorised for issue by the board of directors of Unicorn on 11 March 2020.

Separate company historical financial information has not been prepared due to the UMSI group not constituting a combined legal group for the historical reporting periods.

(ii) Limitations inherent to combined historical financial information

As the combined historical financial information of the UMSI group has been prepared on a combined basis, they may not be indicative of the future performance of the UMSI group and do not necessarily reflect what its results of operations, financial position and cash flows would have been had the UMSI group operated as an independent entity during the periods presented.

(iii) Basis of combination

The following principles were applied in the preparation of the combined historical financial information:

Equity

Share capital and earnings per share

As the UMSI group did not historically constitute a combined legal group, the share capital and retained earnings of the combined entities were aggregated by adding all the share capital of the individual entities.

The information on earnings per share for the UMSI group pursuant to IAS 33 has not been presented, as no capital structure has been presented in the combined historical financial information.

Other reserves

Other reserves have been separately presented and comprise the aggregated share based payment reserve of the entities included in the combined historical financial information of the UMSI group. This category of equity has been separately presented because it will be recycled to profit and loss in future periods.

Allocation of central costs

All entities within the UMSI group performed their own management and corporate functions and operated independently from the Unicorn Group. Accordingly, all corporate expenses (including payroll, finance, legal, rent etc.) and management fees have been historically recognised in the statutory financial statements of the entities comprising the UMSI group.

Basis of preparation continued...

Goodwill

The goodwill included in the combined historical financial information are those that arose when the individual companies acquired operations as a going concern. During the Reporting Periods presented, goodwill was tested for impairment at an individual company level, being the cash- generating units used at that time by Unicorn to monitor goodwill. This was determined to also be the appropriate level for testing of goodwill impairment for the UMSI group.

Intercompany and related party transactions and balances

Transactions and balances with Unicorn and Unicorn Group companies have been disclosed as related party transactions and balances in the combined historical financial information. All intergroup transactions, balances and unrealised gains and losses on transactions between entities comprising the UMSI group are eliminated.

Directors' remuneration has been excluded due to the UMSI group not constituting a combined legal group for the historical Reporting Periods and not having a separate board of directors.

Segments

Segment reporting has not been included in the combined historical financial information because the UMSI group equity and debt instruments are not currently, or planned to be traded on a public market in the future.

Income statement presentation

The UMSI group has disclosed a mixed nature of presentation for its income statement, as it opted to specifically present the impairments and loss on disposal of assets on the face of the income statement.

Functional and presentation currency

Transactions included in the financial statements of each of the UMSI group are measured using the currency of the primary economic environment in which they operate (the functional currency). The combined historical financial information is presented in South African rand, which is the presentation currency and functional currency of the majority of the companies within the UMSI group.

Use of estimates and judgements

The preparation of financial statements in conformity with IFRS required management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.
The use of estimates and judgements are disclosed in note 6.

Going concern

The group made a net loss of R 7,6 million (2018: a net profit of R 377,2 million; 2017: a net loss of R 89,8 million) and as at that date the group's current liabilities exceeded it current assets by R 475 million (2018: R439 million; 2017: R 647 million.)

The intergroup loans included in current liabilities amounts to R303 million (2018: R 228 million; 2017: R 364 million). Intergroup loans to the value of R 39,6 million (2018: R 34 million; 2017: R 21,3 million) have been subordinated in favour of other creditors (refer to note 16).

The net liabilities recorded in Benicon amount to R 58,7 million (2018: R 59,5 million and 2017: R 372,6 million). The net liabilities recorded in CCT amount to R 32,5 million (2018: R 21,9 million and 2017: R 25,0 million). These companies are no longer operational and there is no recourse to any of the group companies.

Basis of preparation continued...

The preference dividend interest accrual amounting to R 121,7 million (2018: 159,8 million; 2017: R200,8 million) is only payable to Unicorn Capital Partners out of surplus cashflow. The preference share loan to Unicorn Capital Partners amounting to R400 million (2018: R400 million, 2017: R 600 million) is not due and payable within the next 12 months.

The directors and management have prepared a 1 year cash flow forecast based on reasonable and supportable assumptions. The forecast indicates that the company is expected to trade profitably and generate sufficient cash flows to enable it to settle its obligations in the normal course of business. The company continues to enjoy the full support of Unicorn Capital Partners Limited. On the basis of the current financial projections and facilities available to the company, the directors and management have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and should be able to generate future profits.

Accordingly, the financial statements have been prepared on the going concern basis. The basis presumes that funds will be available to finance future operations and that the realisation of assets and liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Subsequent events

The Unicorn consolidated financial statements, from which the combined historical financial information was derived, were authorised for issue on 30 September 2019.

Subsequent events have been considered from 30 June 2019 up to the date that the combined historical financial information was authorised for issuance.

Refer to note 33.

3. Restatement of comparative information

Prior years financial information was not restated as a result of the changes in the group’s accounting policies due to the adoption of IFRS 9 and IFRS 15.

4. Recent accounting developments

4.1 New, amended and revised standards adopted by the UMSI group during the 2019 financial year

UMSI group have applied the following new, amended and revised standards, for the first time for the annual reporting period commencing on 1 July 2018:

- IFRS 9: Financial instruments; and
- IFRS 15: Revenue from contracts with customers.

The adoption of the IFRS 9 and IFRS 15 amendments resulted in a change in accounting policy as disclosed in note 35, but did not have a significant impact on the current or prior periods.

4.2 New, amended and revised standards not yet adopted by the UMSI group

New standards, amendments to standards and interpretations to existing standards that are not effective and have not been early adopted by the UMSI group.

The following standards, amendments and interpretations have been published but are not effective for 30 June 2019 and the UMSI group have not early adopted them:

- IFRS 16: Leases – A new standard that replaces IAS 17: Leases. This standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

  The UMSI group have reviewed the lease arrangements over the last year in light of the new lease accounting rules in IFRS 16.

  As at 30 June 2019, the companies have no non- cancellable operating lease commitments. Short- term and low value leases will be recognised on a straight- line basis as an expense in profit or loss.

  The companies activities as a lessor are not material and hence the companies does not expect any significant impact on the financial statements.

  The standard will be applied from 1 July 2019 and the simplified transition approach will be applied. The comparative amounts for the year prior to first time adoption will not be restated.

Recent accounting developments continued...

- IFRIC 23: Uncertainty over income tax treatments – The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. The standard becomes effective for year ends commencing on or after 1 January 2019. Management will assess the existing models against the specific guidance in the interpretation and consider the impact on income tax accounting. Management does not foresee that this amendment will have an impact on the financial statements.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable transactions.

5. Group accounting policies

Accounting policies are included in the relevant notes to the combined historical financial statements. The accounting policies below are applied throughout the financial statements.

Impairment of non- financial assets

The carrying amount of the UMSI group's assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is an indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash- generating unit exceeds its recoverable amount. Assets with an indefinite useful life – for example, goodwill is not subject to amortisation and is tested annually for impairment.

The recoverable amount of an asset or cash- generating unit is the greater of its value in use and its fair value less the cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre- tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash- generating unit to which the asset belongs.

Other non- financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. When the carrying value of an asset exceeds its recoverable amount, the asset is written down accordingly. Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash- generating unit.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash- generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash- generating unit, and then to reduce the carrying amounts of the other assets in the cash- generating unit on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment had been recognised.

Impairment charges are disclosed separately on the Statement of profit or loss.

6. Critical accounting estimates and judgements

The UMSI group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed in the notes as follows:

- Useful lives and impairment assessment of property, plant and equipment – note 14.
- Estimated impairment of goodwill – note 15.
- Inventories – note 17.
- Trade and other receivables – note 18.
- Income taxes – note 11.
- Impairment assessments on investments in subsidiaries and loans to subsidiaries – note 16.

Figures in R `000	Audited 2019	Reviewed 2018	Reviewed 2017

7. Revenue

The UMSI group derive their revenue from opencast contract mining, rehabilitation, earthworks, overburden drilling and blasting and crane hire services.

Rendering of services	430 437	826 317	911 110

Revenue for the year ended 30 June 2019	**Opencast mining and earthmoving**	**Overburden drilling and blasting**	**Mobile crane hire**	**Total**
Segment revenue	16 949	283 464	132 478	432 891
Inter- segment revenue	-	-	(2 454)	(2 454)
Revenue from external customers	**16 949**	**283 464**	**130 024**	**430 437**
Revenue per market				
Mining houses	16 949	121 896	92 216	231 061
Mining contractors	-	160 750	3 633	164 383
Parastatals	-	-	3 894	3 894
Construction entities	-	-	20 673	20 673
Other customers	-	818	9 608	10 426
	16 949	**283 464**	**130 024**	**430 437**
Revenue for the year ended 30 June 2018				
Segment revenue	380 287	333 782	114 691	828 760
Inter- segment revenue	-	-	(2 443)	(2 443)
Revenue from external customers	**380 287**	**333 782**	**112 248**	**826 317**
Revenue per market				
Mining houses	380 287	227 741	79 368	687 396
Mining contractors	-	105 733	2 322	108 055
Parastatals	-	-	3 506	3 506
Construction entities	-	-	17 095	17 095
Other markets	-	308	9 957	10 265
	380 287	**333 782**	**112 248**	**826 317**
Revenue for the year ended 30 June 2017				
Revenue	542 394	286 533	91 131	920 058
Inter- segment revenue	-	(9 003)	55	(8 948)
Revenue from external customers	**542 394**	**277 530**	**91 186**	**911 110**

The companies within the operations are diversified and not exposed to concentration risk.

Accounting policy

The UMSI group generate revenue for the rendering of mining services at an agreed transaction price billed on a monthly basis, based on the services rendered which is measured and signed off by both parties on a monthly basis.

In terms of IFRS 15, revenue is recognised at the point when control over goods and services are transferred to customers. Revenue for services provided are recognised on a monthly basis for actual services performed, measured and as approved and authorised by the customer.

Revenue is recognised at the agreed transaction price when or as the performance obligation is satisfied by transferring the goods or services to its customers.

Figures in R `000	Audited 2019	Reviewed 2018	Reviewed 2017

Revenue continued...

The UMSI group does not adjust the promised amount of consideration for the effects of financing at contract inception as the customer pays for goods and services within 90 days.

Opencast contract mining revenue is based on the bulk volume extracted or moved.

Drilling and blasting revenue is based on volume of material blasted or metres drilled and the customer receives the benefit of drilling and blasting as these services are completed. Surveys of work performed are used to determine the extent to which the underlying performance obligations are satisfied.

Crane hire revenue is derived from providing craneage services on an hourly basis and the transaction price is specified in the contract.

Previously in terms of IAS 18, revenue from sale of services was measured at the fair value of the consideration received or receivable. The UMSI group only recognised revenue when the amount of revenue was measured and when it was probable that future economic benefits would flow to the UMSI group. The invoiced values of goods sold and services rendered excludes value added tax, discounts and other non-operating income.

Intergroup transactions are not eliminated between continuing and discontinued operations as the arrangement will not continue in the future.

8. Profit / (loss) from operating activities

	Audited 2019	Reviewed 2018	Reviewed 2017
Income			
Profit on disposal of plant and equipment	425	2 192	2 586
Bad debts recovered	5	4	-
Insurance recovery	643	6 129	-
Expenses			
Bad debts written off	314	3 644	-
Depreciation	30 696	34 364	38 047
Management fee paid to Unicorn Capital Partners Limited	8 532	13 071	9 191
Contribution to socio- economic and enterprise development	544	352	337
Loss on disposal of plant and equipment	1 980	1 799	169
Scrapping of assets	694	80	860
Impairment of plant and equipment	-	-	11 535
Impairment of investment	-	-	16 961
Impairment of trade receivables	481	(59)	385
Auditors remuneration	637	955	643
Auditors remuneration - fees	637	755	643
Auditors remuneration - consulting	-	200	-
Personnel expenses			
- Salaries and wages	168 844	227 178	248 411
- Provident fund	7 494	7 646	6 752

Accounting policy

(i) Defined contribution plans

Provision is made for retirement benefits for eligible employees by way of a provident fund. The fund is a defined contribution plan under which amounts to be paid to employees as retirement benefits are determined by contributions to the fund.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments are available.

Figures in R `000	Audited 2019	Reviewed 2018	Reviewed 2017

Profit / (loss) from operating activities continued...

(ii) Short- term employee benefits

The cost of all short- term employee benefits is recognised during the year in which the employee renders the related service. The accruals for employee entitlements to remuneration and annual leave represent the amount which the UMSI group has a present obligation to pay as a result of the employee's services provided to the reporting date. The accruals have been calculated at undiscounted amounts based on current remuneration rates.

9. Share- based payments

Long- term incentive plan

Selected executives and employees of Unicorn and its subsidiaries will receive a conditional right to receive a cash award ("LTIP award") equal to the market value of a number of notional Unicorn's issued ordinary shares on the date that the award becomes unconditional. This LTIP award is settled in cash.

		Number of grants	
Outstanding at the beginning of the year	3 025	9 590	19 825
Awards lapsed	(1 405)	(1 405)	(4 865)
Forfeited awards	-	(5 160)	(5 370)
Outstanding at the end of the year	**1 620**	**3 025**	**9 590**
Exercisable at the end of the year	-	-	-
Average remaining life	24 months	36 months	48 months

There were no awards made during the 2019 or 2018 financial year. LTIPs are settled at the vesting date based on the market value of the company's share price determined by reference to 30- day VWAP. Conditions for vesting are established by the Board. In order for the 2019 tranche to vest the group needed to show a positive economic value added ("EVA") with a return on equity ("ROE") of 15%. This was not met. The vesting conditions are still to be determined for the 2020 tranche. Vesting conditions also require that the participant remains in the company's employment at the maturity of the respective tranche.

Accounting policy

Cash- settled share- based payments are measured at fair value. The liability is remeasured at each balance sheet date until the date of settlement.

The fair value of the amount payable to employees in respect of the long- term incentive plan which is settled in cash, is recognised as an expense with an increase in liabilities, over the period that the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognised in profit or loss.

10. Finance income/expense

Finance income

Financial institutions	86	-	-
South African Revenue Services	-	33	115
Interest received from related parties	9 794	-	319
Interest received from Unicorn Capital Partners Limited	-	855	857
Debtors	30	574	-
Other	21	80	21
Disclosed as revenue	-	-	-
Total finance income	**9 931**	**1 542**	**1 312**

Figures in R `000	Audited 2019	Reviewed 2018	Reviewed 2017
Finance income/expense continued...			
Finance costs			
Finance lease obligations	6 770	7 725	3 126
Loans from Unicorn Capital Partners Limited	13 127	8 531	7 901
Intercompany advances	-	-	105
Dividends payable	26 000	39 000	39 000
South African Revenue Services	469	72	15
Bank overdraft	3 666	1 127	4
Suppliers	118	142	106
Other	28	91	657
Total finance costs	**50 178**	**56 688**	**50 914**
Net finance expense	**(40 247)**	**(55 146)**	**(49 602)**

Accounting policy

Finance income comprises interest income received on funds invested that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance expenses comprise interest expense on borrowings that are recognised in profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

11. Taxation

Current tax	**9 936**	**11 757**	**3 652**
Current year	9 936	11 757	3 652
Securities transfer tax	**-**	**500**	**-**
Deferred tax	**(2 843)**	**(1 725)**	**1 556**
Originating and reversing temporary differences	(2 843)	(1 725)	1 517
Arising from prior period adjustments	-	-	39
Taxation	**7 093**	**10 532**	**5 208**
Reconciliation of effective tax rate			
(Loss) / profit before tax from continuing operations	378	93 823	(60 312)
Taxation	(7 093)	(10 532)	(5 208)
Profit from continuing operations	**(6 715)**	**83 291**	**(65 520)**

Figures in R `000	Audited 2019	Reviewed 2018	Reviewed 2017
Taxation continued...			
Income tax calculated at 28.0%	106	26 270	(16 887)
Tax effect of			
Non deductible expenses			
- Dividends paid	7 280	10 920	10 920
- Other	658	201	71
Assessed losses utilised	(296)	(482)	(439)
Non taxable income	-	(239)	(240)
Securities transfer tax	-	500	-
Capital gains tax	33	(2)	(75)
Prior year adjustment	-	-	7
Elimination of intergroup discontinued operations		(4 362)	2 312
Impairment of intergroup investment	-	-	4 749
Impairment of dividend accrual	-	(22 379)	-
Current year losses and temporary difference for which no deferred tax asset was recognised	36	105	4 790
Reversal of prior year deferred tax liability	(856)	-	-
Other	132	-	-
Income tax expense recognised in profit	**7 093**	**10 532**	**5 208**
Effective tax rate	1876.46%	11.23%	- 8.64%

The tax rate used for the 2019 reconciliation above is the corporate tax rate of 28% (2018: 28%) payable by corporate entities in South Africa on taxable profits under law in that jurisdiction.

Deferred tax

Balance at the beginning of the year	39 176	40 901	42 755
Movement for the year - continuing operations	(2 843)	(1 725)	1 556
Movement for the year - discontinued operations	-	-	(3 410)
Balance at the end of the year	**36 333**	**39 176**	**40 901**
Deferred tax liabilities:			
- Deferred tax liability to be settled after more than 12 months	33 749	35 550	39 590
- Deferred tax liability to be settled within 12 months	2 584	3 626	1 311
	36 333	39 176	40 901
Net deferred tax liabilities	**36 333**	**39 176**	**40 901**

During the June 2018 financial year, Benicon and Classic Challenge Trading withdrew objections on long outstanding tax matters, after confirmation was obtained from SARS as to the exact quantum. These matters related to the treatment of mining versus non- mining allowances claimed.

Figures in R `000

Taxation continued...

Reconciliation of deferred tax movements

Movement in temporary differences during the 2019 financial year are:

	Opening balance 1 July 2018	Recognised in income statement	Closing balance June 2019
Accelerated wear and tear	42 886	(1 317)	41 569
Provisions	(3 980)	(732)	(4 712)
Assessed losses	(9 337)	(856)	(10 193)
Prepayments	270	35	305
Deferred tax asset not raised	9 337	-	9 337
Amounts received in advance	-	(71)	(71)
Doubtful debt allowance	-	98	98
	39 176	(2 843)	36 333

Movement in temporary differences during the 2018 financial year were:

	Opening balance 1 July 2017	Recognised in income statement	Closing balance June 2018
Accelerated wear and tear	43 409	(523)	42 886
Provisions	(3 107)	(873)	(3 980)
Assessed losses	(9 230)	(107)	(9 337)
Prepayments	488	(218)	270
Deferred tax asset not raised	9 341	(4)	9 337
Tax loss	-	-	-
	40 901	(1 725)	39 176

Movement in temporary differences during the 2017 financial year were:

	Opening balance 1 July 2016	Recognised in income statement	Closing balance June 2017
Accelerated wear and tear	57 102	(13 693)	43 409
Provisions	(2 174)	(933)	(3 107)
Assessed losses	(11 084)	1 854	(9 230)
Lease liability	1 349	(1 349)	-
Prepayments	-	488	488
Deferred tax asset not raised	-	9 341	9 341
Tax loss	(1 439)	1 439	-
Other	(999)	999	-
	42 755	(1 854)	40 901

Deferred income tax assets are recognised for tax loss carry forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. Deferred tax assets are expected to realise through profits.

Due to historical losses in operating companies the UMSI group are not significantly exposed to uncertain tax positions. Additional deferred tax assets are only raised if certainty exists that these assets will realise within the next year. The unrecognised portion of assessed losses in these companies is first reduced with taxable income generated. Additional deferred tax assets are only raised if certainty exists that these assets will realise within the next year.

Current income tax calculations are performed on a prudent basis resulting in the UMSI group not being significantly exposed to uncertain tax positions. Historical tax disputes have been fully provided for in the results.

Figures in R `000	Audited 2019	Reviewed 2018	Reviewed 2017

Taxation continued...

Unrecognised deferred tax

Deferred tax assets have not been recognised in respect of tax losses amounting to R53 million (2018: R46,5 million and 2017: R65,8 million) as it is not probable that future profit will be available against which the UMSI group can utilise the benefits therefrom in the foreseeable future.

Current tax liabilities

Relating to operating entities	(8 853)	(7 427)	(1 080)
Relating to non- operating entities	(42 498)	(39 863)	(37 162)
- Benicon Opencast Mining	(10 250)	(9 609)	(8 951)
- Classic Challenge Trading	(32 248)	(30 254)	(28 211)
Total current tax liability	**(51 351)**	**(47 290)**	**(38 242)**

The tax liabilities recorded in the non- operating entities relate to SARS' opinion that the companies did not perform mining activities and subsequently did not qualify for mining capital allowances claimed during the 2008 to 2011 period.

These companies are no longer operational as they were part of the opencast mining operations which was wound down. There is no recourse to Unicorn or any of its' subsidiaries.

Accounting policy

Income tax comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination or items recognised directly in equity or other comprehensive income.

Current taxation is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary differences are not provided for:

- the initial recognition of goodwill;
- the initial recognition of assets and liabilities that affect neither the accounting nor taxable profit; and
- impairments relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

A deferred tax asset is recognised only to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the temporary differences when they reverse based on the laws that have been enacted or substantively been enacted by the reporting date.

Deferred tax assets and liabilities are offset when the group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable entity; or
- different group entities which intend either to settle current tax assets and liabilities on a net basis; or
- to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

The group provides for disputes with revenue authorities based on assessments issued by the authorities including interest and penalties once the disputes arise.

Figures in R `000	Audited 2019	Reviewed 2018	Reviewed 2017

Taxation continued...

Critical accounting estimates and judgements

The group is subject to income tax in several jurisdictions and significant judgement is required in determining the provision for income taxes. During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the group recognises tax liabilities based on estimates of whether additional taxes and interest will be due. The group believes that its accruals for tax liabilities are adequate for all open audit years based on its assessment of many factors including past experience and interpretations of tax law. This assessment relies on estimates and assumptions and may involve a series of complex judgements about future events. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact the income tax expense in the period in which such determination is made.

12. Discontinued Operation

Unicorn completed the process of closing down its contract mining operations namely, Benicon Opencast and CCT in the 2016 financial year and the companies have been presented as discontinued operations.

Financial performance and cash flow information relating to these discontinued operations for the period is set out below:

	2019	2018	2017
Revenue	-	-	86 427
Cost of sales	(168)	8 589	(110 306)
Gross loss	**(168)**	**8 589**	**(23 879)**
Other income	1 751	101	1 160
Administration expenses	(132)	(801)	(6 879)
Loss from operations	**1 451**	**7 889**	**(29 598)**
Impairment of assets held- for- sale	**-**	-	(3 258)
Unicorn loan write- off	-	284 000	-
Impairment of other receivable	-	(176)	-
Impairment of plant and equipment	-	-	(16 972)
Net profit on disposal of assets	-	3 996	2 181
Profit on disposal of assets held- for- sale	-	695	27 782
Operating profit/loss	**1 451**	**296 404**	**(19 865)**
Net finance expense	(2 336)	(2 491)	(7 872)
(Loss)/(profit) before income tax	**(885)**	**293 913**	**(27 737)**
Income tax	-	-	3 410
(Loss)/(profit) for the year	**(885)**	**293 913**	**(24 327)**
Loss attributable to:	**(885)**	**293 913**	**(24 327)**
- Equity holders of the company	(885)	293 913	(24 327)
- Non controlling interest	-	-	-
Cash flows attributable to operating activities	2 017	14 922	(76 988)
Cash flows attributable to investing activities	302	11 350	152 866
Cash flows attributable to financing activities	(2 313)	(27 166)	(90 470)
	6	**(894)**	**(14 592)**

Accounting policy

A discontinued operation is a component of the group’s business, the operations and cash flows of which can be clearly distinguished from the rest of the group and which:

- represents a separate major line of business or geographic area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to resell.

If the criteria is met, the operation is classified as discontinued operations in profit or loss and the comparative amounts restated for all periods presented. No restatement of the statement of financial position comparative amounts is done.

Figures in R `000	Audited 2019	Reviewed 2018	Reviewed 2017

13. Headline earnings per share

Headline and diluted earnings/(loss) per share (cents)	**(0.52)**	**31.62**	**(7.69)**
- continuing operations (cents)	(0.44)	6.73	(4.76)
- discontinuing operations (cents)	(0.08)	24.89	(2.93)
Shares in issue at the end of the year	1 162 010	1 162 010	1 162 010

Headline earnings per share has been calculated in accordance with the SAICA circular 4/2018 entitled 'Headline Earnings' which forms part of the Listings Requirements of the JSE Limited.

Unicorn Capital Partners Limited's number of shares in issue have been used to calculate headline earnings.

The following adjustments are made to arrive at the headline profit/(loss):

Year ended 30 June 2019	**Continuing**	**Discontinuing**	**Group**
Net profit\(loss) for the year attributable to the equity holders of the parent:	(6 715)	(885)	(7 600)
Net profit on disposal of plant and equipment	1 556	-	1 556
Tax effect on profit on disposal of plant and equipment	5	-	5
Compensation from third parties for items of plant and equipment that were destroyed	(643)	-	(643)
Tax effect on compensation from third parties for items of plant and equipment that were destroyed	130	-	130
Scrapping of assets	693	-	693
Tax effect on scrapping of assets	(194)	-	(194)
Earnings used in the calculation of headline earnings per share	**(5 168)**	**(885)**	**(6 053)**

Year ended 30 June 2018	**Continuing**	**Discontinuing**	**Group**
Net profit\(loss) for the year attributable to the equity holders of the parent:	83 291	293 913	377 204
Net profit on disposal of plant and equipment	(939)	(3 996)	(4 935)
Tax effect on profit on disposal of plant and equipment	(263)	-	(263)
Compensation from third parties for items of plant and equipment that were destroyed	(6 129)	-	(6 129)
Tax effect on compensation from third parties for items of plant and equipment that were destroyed	1 716	-	1 716
Scrapping of assets	798	-	798
Tax effect on scrapping of assets	(224)	-	(224)
Profit on disposal of assets held- for- sale	-	(695)	(695)
Earnings used in the calculation of headline earnings per share	**78 250**	**289 222**	**367 472**

Year ended 30 June 2017	**Continuing**	**Discontinuing**	**Group**
Net profit\(loss) for the year attributable to the equity holders of the parent:	(65 520)	(24 327)	(89 847)
Net profit on disposal of plant and equipment	(2 417)	(587)	(3 004)
Tax effect on profit on disposal of plant and equipment	458	-	458
Scrapping of assets	860	-	860
Tax effect on scrapping of assets	(241)	-	(241)
Impairment of plant and equipment	11 535	16 972	28 507
Tax effect on impairment of plant and equipment	-	-	-
Impairment of assets held- for- sale	-	3 258	3 258
Tax effect on impairment of plant and equipment	-	-	-
Profit on disposal of assets held- for- sale	-	(29 376)	(29 376)
Tax effect on profit on disposal of plant and equipment	-	-	-
Earnings used in the calculation of headline earnings per share	**(55 325)**	**(34 060)**	**(89 385)**

Figures in R `000

Headline earnings per share continued...

Accounting policy

Earnings per share is derived by dividing attributable earnings by the weighted average number of shares. Appropriate adjustments are made in calculating headline earnings per share.

14. Property, plant and equipment

Reconciliation for the year ended - 30 June 2019	Land and buildings	Plant and equipment	Motor vehicles	Furniture, fittings and equipment	Total
Balance at 1 July 2018					
At cost	-	442 149	37 137	4 511	**483 797**
Accumulated depreciation	-	(209 922)	(22 361)	(3 262)	**(235 545)**
Net book value	**-**	**232 227**	**14 776**	**1 249**	**248 252**
Movements for the year ended - 30 June 2019					
Additions	23 000	22 200	1 503	573	**47 276**
Depreciation	-	(27 320)	(2 936)	(440)	**(30 696)**
Disposals	-	(2 062)	(185)	(12)	**(2 259)**
Scrapping of assets	-	(34)	(632)	(27)	**(693)**
Transfer to inventory	-	(506)	-	-	**(506)**
Property, plant and equipment at the end of year	**23 000**	**224 505**	**12 526**	**1 343**	**261 374**
Closing balance at 30 June 2019					
At cost	23 000	442 905	36 042	5 175	**507 122**
Accumulated depreciation	-	(218 400)	(23 516)	(3 832)	**(245 748)**
Net book value	**23 000**	**224 505**	**12 526**	**1 343**	**261 374**
Reconciliation for the year ended - 30 June 2018					
Balance at 1 July 2017					
At cost	-	515 690	49 395	4 987	**570 072**
Accumulated depreciation	-	(247 654)	(28 916)	(3 810)	**(280 380)**
Net book value	**-**	**268 036**	**20 479**	**1 177**	**289 692**
Movements for the year ended - 30 June 2018					
Additions	-	14 784	5 664	631	**21 079**
Depreciation	-	(30 553)	(3 390)	(500)	**(34 443)**
Disposals	-	(17 948)	(7 977)	22	**(25 903)**
Scrapping of assets	-	-	-	(81)	**(81)**
Transfer to inventory	-	(2 092)	-	-	**(2 092)**
Property, plant and equipment at the end of year	**-**	**232 227**	**14 776**	**1 249**	**248 252**
Closing balance at 30 June 2018					
At cost	-	442 149	37 137	4 511	**483 797**
Accumulated depreciation	-	(209 922)	(22 361)	(3 262)	**(235 545)**
Net book value	**-**	**232 227**	**14 776**	**1 249**	**248 252**

Figures in R `000

Property, plant and equipment continued...

Reconciliation for the year ended - 30 June 2017	Land and buildings	Plant and equipment	Motor vehicles	Furniture, fittings and equipment	Total
Balance at 1 July 2016					
At cost	5 330	656 623	37 819	4 779	**704 551**
Accumulated depreciation	-	(371 347)	(28 183)	(3 464)	**(402 994)**
Net book value	**5 330**	**285 276**	**9 636**	**1 315**	**301 557**
Movements for the year ended - 30 June 2017					
Additions	-	120 562	20 383	834	**141 779**
Depreciation	-	(35 944)	(6 415)	(459)	**(42 818)**
Disposals	-	(7 526)	(875)	(13)	**(8 414)**
Scrapping of assets	-	(759)	(100)	-	**(859)**
Transfer to inventory	-	(2 852)	-	-	**(2 852)**
Transfer to held- for- sale	(4 503)	(64 742)	(839)	(109)	**(70 193)**
Impairment of assets	(827)	(25 979)	(1 311)	(391)	**(28 508)**
Property, plant and equipment at the end of year	**-**	**268 036**	**20 479**	**1 177**	**289 692**
Closing balance at 30 June 2017					
At cost	-	515 690	49 395	4 987	**570 072**
Accumulated depreciation	-	(247 654)	(28 916)	(3 810)	**(280 380)**
Net book value	**-**	**268 036**	**20 479**	**1 177**	**289 692**

Assets whose title is restricted and pledged as security

Information pertaining to non- current assets pledged as security by the group are disclosed in note 22.

Impairment losses

There were no impairment losses recognised during the current or previous year under review.

The following impairments were recognised in the 2017 financial year:

Plant with a carrying value of R31,3 million was impaired by R11,5 million in Sentula Coal Proprietary Limited. This impairment was raised due to certain machines being operationally uneconomical and technologically obsolete for redeployment.

Plant with a carrying value of R3,3 million (2016: R172,1 million) was impaired by R1,9 million (2016: R108,2 million) in Benicon Opencast Mining Proprietary Limited. This impairment was raised due to certain machines being operationally uneconomical and technologically obsolete for redeployment.

Furthermore, assets with a carrying value of R7,7 million (2016: R59 million) were classified as held- for- sale. These assets were carried at the current market rates and no impairment was deemed necessary. In the 2016 financial year assets were impaired by R19 million to their current market value before being classified as held- for- sale. These assets have been disposed of during the current financial year.

Plant and equipment with a carrying value of R77,5 million (2016: R18,3 million) was impaired by R15 million (2016: R8,6 million) in Classic Challenge Trading Proprietary Limited, before being classified as held- for- sale as a result of closure of Classic Challenge Trading. The majority of these assets were disposed of during the year under review.

Property, plant and equipment continued...

Accounting policy

(i) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self- constructed assets includes the cost of materials and direct labour and any costs directly attributable to bringing the asset to a working condition for its intended use and the costs of dismantling and removing the items and restoring the site on which they are located.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment and depreciated separately.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are presented on the face of the statement of profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item, if it is probable that future economic benefits within the part will flow to the group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of day- to- day servicing of the property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in profit or loss on a systematic basis over the estimated useful lives of each part of an item of property, plant and equipment (except assets depreciated using the units of production method), since this most clearly reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives. If it is reasonably certain that the group will obtain ownership by the end of the lease term, the assets are depreciated over their useful life. Land is not depreciated.

Residual value is the amount that the entity could recover for the asset at the reporting date if the asset was already of the age and in the condition that it will be in when the entity expects to dispose of it. The estimated residual value is based on similar assets that have reached the end of their useful lives at the date that the estimate has been made. If the residual value of an asset increases to an amount equal to or in excess of the asset’s carry value, then the asset’s depreciation charge will be zero. Depreciation will resume when the asset’s residual value falls below the asset’s carrying value.

A change in the useful life, in the unit of production method or in the residual value of an asset will result in a change in estimate and will only be applied prospectively.

The estimated useful lives for the current and comparative periods are as follows:

• buildings		50 years
• plant and equipment		
	- drilling and blasting rigs	5 – 7 years
	- mobile	8 – 16 years
	- other assets	3 – 5 years
• motor vehicles		5 years
• furniture, fittings and equipment		3 – 10 years

Depreciation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

Figures in R `000	Audited 2019	Reviewed 2018	Reviewed 2017

Property, plant and equipment continued...

Critical accounting estimates and judgements

As described above, the estimated useful lives of property, plant and equipment are reassessed at the end of each annual reporting period. The group depreciates/amortises its assets over their estimated useful lives, as disclosed in the above accounting policy. The actual lives of these assets can vary depending on a variety of factors, including technological innovation and maintenance programmes. Changes in estimates can result in variations in the carrying value and amounts charged to profit or loss in specific periods.

Property, plant and equipment is considered for impairment if there are impairment indicators indicating that an impairment may be necessary. In reaching such a decision the economic viability of the asset itself or where it is a component of a larger economic unit, the viability of that unit itself and other indicators are considered.

If an indication of a possible impairment exists for an economic unit of assets, the future cash flows expected to be generated by the assets are projected, taking into account the expected return of these assets over the expected useful lives. The present value of these cash flows is determined by using an appropriate discount rate. If the present value compared to the current net asset value is lower, the assets are impaired to the present value.

If an indication of a possible impairment exists for an individual asset due to its condition or technological innovation, the individual asset is assessed for impairment based on the future use of the asset. Individual assets are impaired to a carrying value with reference to a similar asset being disposed of in the open market.

15. Goodwill

Goodwill arose from the business acquisitions during the 2007 and 2008 financial years.

Cost	372 692	372 692	372 692
Accumulated impairment losses	(335 265)	(335 265)	(335 265)
Carrying value at the end of the year	**37 427**	**37 427**	**37 427**

Goodwill is allocated as follows:			
JEF	19 687	19 687	19 687
Ritchie	17 740	17 740	17 740
Carrying value at the end of the year	**37 427**	**37 427**	**37 427**

The recoverable amounts of the cash- generating units (CGUs) are determined from value- in- use calculations. The key assumptions for the value- in use calculations are those regarding the discount rates, growth rates and expected revenue and cost projections during the period. These calculations are based on financial budgets approved by management covering a five- year period. Cash flows beyond the five- year period are estimated based on the operations remaining stable in the future without applying a growth rate for future periods. Management estimates discount rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. Changes in revenue and cost projections are based on long- term inflation expectations.

JEF Drill and Blast is included in the overburden and drilling segment and Ritchie Crane Hire is included in the crane hire segment.

Budgeted future cash flow projections were discounted at the pre- tax rate of 18.7% (2018: 18.6% and 2017: 16.14%) for JEF Drill and Blast and 16.6% (2018: 16.6% and 2017: 16.14%) for Ritchie Crane Hire. An increase in the discount rate of 10% or a decrease of 20% in the expected cash flow generation or any other reasonable possible change in key assumptions on which the recoverable amount is based, would not cause the carrying amount of the operations to exceed the recoverable amount.

Figures in R `000

Goodwill continued...

Accounting policy

Initial measurement

The group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of the non- controlling interests of the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount of the identifiable assets and liabilities assumed.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash- generating units, or groups of cash- generating units that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value- in- use and fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Critical accounting estimates and judgements

The group annually tests whether goodwill has suffered any impairment, in accordance with the accounting policy. The recoverable amounts of cash- generating units have been determined based on value- in- use calculations. These calculations require an estimation of the future cash flows expected to arise from the cash- generating unit and a suitable discount rate in order to calculate present value.

16. Investment in subsidiary, joint venture or associate

Information on subsidiaries

a) Details of the group's material subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Nature of business	Issued share capital	Effective Interest 2019	Effective Interest 2018	Effective interest 2017
Unicorn Mining Services Investments Proprietary Limited*					
- Benicon Opencast Mining Proprietary Limited	D	120	52.00%	83.00%	83.00%
- Classic Challenge Trading Proprietary Limited	D	120	52.00%	83.00%	83.00%
- JEF Drill and Blast Proprietary Limited	B	100	52.00%	83.00%	83.00%
- Ritchie Crane Hire Proprietary Limited	C	100	52.00%	83.00%	83.00%
- Sentula Coal Proprietary Limited	A	100	52.00%	-	-
- Caston Plant Sales Proprietary Limited	C	100	52.00%	100.00%	100.00%
Sentula Coal Proprietary Limited	A	100	-	51.00%	51.00%
Caston Plant Sales Proprietary Limited	C	100	-	100.00%	100.00%

A - Opencast Mining and coal stockpile services

B - Drilling and blasting

C - Crane hire

D - non operating entities

E - Holding company

*Sentula Contracting Proprietary Limited's name was changed during the 2018 financial year to Unicorn Mining Services Investments Proprietary Limited.

Figures in R `000	Audited 2019	Reviewed 2018	Reviewed 2017

Investment in subsidiary, joint venture or associate continued...

b) Carrying value of intergroup investments and loans

		Investments	
Name of subsidiary			
Sentula Coal Proprietary Limited	-	-	-
Benicon Opencast Mining Proprietary Limited	-	-	-
Classic Challenge Trading Proprietary Limited	-	-	-
JEF Drill and Blast Proprietary Limited	183 155	183 155	183 155
Ritchie Crane Hire Proprietary Limited	130 552	130 552	130 552
Caston Plant Sales Proprietary Limited	-	-	-
Reflected as non current assets	**313 707**	**313 707**	**313 707**

Investments in subsidiaries are carried at amortised cost less impairment. In performing impairment assessments on investments in subsidiaries and loans to subsidiaries estimates and judgements are used in assessing the indicators for impairment or reversals of impairments as well as the detailed cash flow forecast utilised in the assessments.

All subsidiary undertakings are included in the combined historical financial information. The proportion of the voting rights in the subsidiary undertakings held directly by the parent do not differ from the proportion of ordinary shares held.

All subsidiaries listed above are incorporated in South Africa, which is also their principal place of business.

The consolidated entries to account for Investments in subsidiaries has not been accounted for as these are combined historical financial information.

Unicorn Mining Services Investments, JEF Drill and Blast and Ritchie Crane Hire are indebted to Unicorn for an amount of R73 million (June 2018: R118,7 million) relating to preference shares and R214 million (June 2018: R50 million) relating to loans. In order to unlock shareholder value the companies will need to repay the loans.

Restrictions

There are no significant restrictions on the subsidiaries to transfer funds to Unicorn in the form of cash dividends, or to repay loans and advances made by Unicorn.

Unicorn Capital Partners Limited has subordinated its claims against the following subsidiaries in favour of all other creditors:

- Caston Proprietary Limited – to an amount of R20 million (2018: R20 million and 2017: R21,3 million)
- Sentula Coal Proprietary Limited – to an amount of R14 million (2018: R14 million and 2017: R Nil)
- JEF Drill and Blast Proprietary Limited - to an amount of R5.6 million (2018: R Nil and 2017: R Nil)

The directors valuation of the above subsidiaries approximates the cost as disclosed in this note. The loans to subsidiaries bear variable interest rates and the terms of the loans range from demand to 48 months.

17. Inventories

Consumables and spares	16 743	13 919	11 821
Impairment of stock	(845)	(445)	(533)
	15 898	**13 474**	**11 288**
The cost of inventories recognised as an expense and included in cost of sales amounted to:	52 613	52 791	37 038

Inventory amounting to R 400 241 was written of during the year in JEF Drill and Blast. There were no inventory write- offs during the 2018 and 2017 financial years.

Figures in R `000	Audited 2019	Reviewed 2018	Reviewed 2017

Inventories continued...

Accounting policy

Inventories are consumables and spares held in the ordinary course of business consumed in the production process or in the rendering of services in the mining operations. Finished goods are products available for sale in the coal operations.

Inventories are measured at the lower of cost and net realisable value using the first- in first- out method. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Critical accounting estimates and judgements

The group reviews the net realisable value of, and demand for, its inventory on a quarterly basis to provide assurance that recorded inventory is stated at the lower of cost or net realisable value. Factors that could impact estimated demand and selling prices include the timing and success of future technological innovations, competitor actions, supplier prices and economic trends.

18. Trade and other receivables

Trade receivables	101 660	99 242	97 855
Trade receivables impairment	(9 812)	(6 209)	(3 811)
Trade receivables - net of impairment	91 848	93 033	94 044
Related party trade receivables	126	548	673
Other receivables	10 155	11 840	58 516
Other receivables impairment	-	-	-
Other receivables - net of impairment	9 977	11 662	58 516
Work in progress	7 388	8 417	8 378
Accrued revenue	-	1 632	48 660
Deposits	-	-	427
Other receivables	2 589	1 613	1 051
	101 951	**105 243**	**153 233**
Value added tax	417	2 227	642
Total trade and other receivables	**102 368**	**107 470**	**153 875**

Movements in impairment of trade and other receivables are as follows:

At the beginning of the year	6 209	3 811	2 843
Impairment raised	3 752	4 066	968
Impairment loss utilised	(149)	(1 668)	-
At end of year	**9 812**	**6 209**	**3 811**

The external trade receivables of JEF are pledged as security to Standard Bank for the overdraft facility referred to in note 19.

The external trade receivables of Ritchie are pledged as security to Nedbank for the overdraft facility referred to in note 19.

The group's exposure to credit and currency risks and impairment losses related to trade and other receivables are disclosed in note 31.

19. Cash and cash equivalents

Cash on hand	19	9	10
Balances with banks	1 453	728	5 395
Short term deposits	1 658	1 043	-
Cash and cash equivalents included in current assets	**3 130**	**1 780**	**5 405**
Bank overdrafts	(22 700)	(35 225)	(346)
Net cash and cash equivalents	**(19 570)**	**(33 445)**	**5 059**

Figures in R `000

Cash and cash equivalents continued...

During the year, Ritchie obtained a R15 million reducing overdraft facility from Nedbank, reducing by R1 million monthly commencing on 1 October 2018 until reduced to R5 million. The overdraft bears interest at prime plus 0,5%. This facility was utilised to settle Ritchie's overdraft facility of R 25 million at Standard Bank obtained in the previous financial year. At the end of June 2019, the overdraft facility was temporarily increased to R 11 million and was reduced on 12 July 2019 to R7 million whereafter R1 million repayments re- commence on 1 August 2019 until the overdraft is reduced to R5 million.

During the previous year, Unicorn Capital Partners Limited settled the general short- term banking facility of R60 million held at Standard Bank. Agreements were concluded with Standard bank whereby facilities totalling R40 million were made available to JEF Drill and Blast and Ritchie Crane Hire. The facilities all bear interest at a rate of prime plus a margin of 2,75%. The facilities fall due for review annually in June.

The Standard bank overdraft facilities are secured as follows:

JEF Drill and Blast – R25 million facility secured by:

A guarantee limited to R25 million by Unicorn; unrestricted cession of book debts; a negative pledge; unrestricted cession of contract monies; a notarial bond of R25 million over all moveable assets; and unrestricted cession of material damage insurance policy and SASRIA cover over all moveable assets.

The Ritchie Crane Hire R11 million Nedbank overdraft facility is secured as follows:

A security cession of all present and future debtors; and a security cession of the loan account by Unicorn

Accounting policy relating to notes 18 and 19

Financial assets are recognised in the statement of financial position when the group has become a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are set off and the net amount presented in the statement of financial position, when the group has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets

The following financial assets are applicable to the group:

- cash; and
- a contractual right to receive cash or another financial asset from another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

All the financial assets of the group are recognised at amortised costs.

The group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial assets in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the group is recognised as a separate asset or liability.

Trade receivables are measured at initial recognition at fair value plus transaction costs. They are subsequently measured at amortised cost using the effective interest rate method, less allowance for expected credit losses. A simplified approach is applied to trade receivables in calculating expected credit losses. Instead of tracking changes in credit risk, a loss allowance is recognised based on lifetime expected credit losses at each reporting date. A provision matrix was established that is based on the company's historical credit loss experience, adjusted for forward- looking factors specific to the debtors and the economic environment.

Trade and other receivables are classified as debt instruments and loan commitments at amortised cost.

Up to 30 June 2018, trade receivables were initially recognised at fair value plus transaction costs that are directly attributable to the acquisition. They were subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade receivables was established when there was objective evidence that the company would not be able to collect all amounts due according to the original terms of the receivables."

Figures in R `000	Audited 2019	Reviewed 2018	Reviewed 2017

Cash and cash equivalents continued...

Trade and other receivables were classified as loans and receivables up to 30 June 2018.

Cash and cash equivalents form part of financial assets and include cash on hand, deposits held on call with banks, other short- term highly liquid investments with original maturities immediately available and bank overdrafts. Bank overdrafts held at the same financial institution are set off against favourable bank balances reflected in current assets.

These balances are initially recognised at fair value taking into account transaction costs and subsequently measured at amortised cost, using the effective interest method.

All short- term cash investments are invested with a major financial institution in order to manage credit risk.

20. Non- current assets and liabilities held- for- sale

Due to the closure of Classic Challenge Trading during the year ended 30 June 2017, assets with a carrying value of R 77,5 million were classified as held- for- sale. These assets were impaired by R 15 million to their current market value of R 62,5 million before being classified as held- for- sale. The majority of these assets were disposed of before 30 June 2017 as they were no longer being utilised. These assets were sold during the year through auction and direct buyers.

The movement in property, plant and equipment held- for- sale in 2017 financial year is detailed below:

	2019	2018	2017
Carrying value at the beginning of the year	-	4 937	59 003
Transferred from plant and equipment	-	-	37 504
Disposals	-	(4 937)	(88 198)
Impairments	-	-	(3 258)
Depreciation	-	-	(114)
Carrying value at the end of the year	**-**	**-**	**4 937**

Accounting policy

Non- current assets that are expected to be recovered primarily through sale or distribution rather than through continuing use, are assets classified as held- for- sale or distribution. Immediately before classification as held- for- sale or distribution, the assets are remeasured in accordance with the group's accounting policies. Thereafter generally the assets are measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held- for- sale or distribution and subsequent gains and losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment classified as held- for- sale are amortised and depreciated respectively.

21. Issued capital

Authorised share capital

	2019	2018	2017
- Benicon Opencast Mining Proprietary Limited	2 000	2 000	2 000
- Classic Challenge Trading Proprietary Limited	4 000	4 000	4 000
- JEF Drill and Blast Proprietary Limited	1 000	1 000	1 000
- Ritchie Crane Hire Proprietary Limited	1 000	1 000	1 000
- Sentula Coal Proprietary Limited	1 000	1 000	1 000
- Caston Plant Sales Proprietary Limited	1 000	1 000	1 000
- Unicorn Mining Services Investments Proprietary Limited	10 000	10 000	10 000

Figures in R `000	Audited 2019	Reviewed 2018	Reviewed 2017
Issued capital continued...			
Issued share capital ('000)			
- Benicon Opencast Mining Proprietary Limited	120	120	120
- Classic Challenge Trading Proprietary Limited	120	120	120
- JEF Drill and Blast Proprietary Limited	100	100	100
- Ritchie Crane Hire Proprietary Limited	100	100	100
- Sentula Coal Proprietary Limited	101	101	101
- Caston Plant Sales Proprietary Limited	120	120	120
- Unicorn Mining Services Investments Proprietary Limited	4 000	4 000	4 000
Number of shares in issue	**4 661**	**4 661**	**4 661**

The directors have not been granted the general authority to issue ordinary shares for cash, without the consent of the shareholders.
All shares issued by the company are fully paid.

22. Finance lease obligations

Minimum lease payments due			
- Within one year	32 696	35 916	32 899
- in second to fifth year inclusive	26 174	40 490	56 078
	58 870	**76 406**	**88 977**
Less: Future finance charges on finance lease liabilities	(6 906)	(10 620)	(12 815)
Present value of finance lease liabilities	**51 964**	**65 786**	**76 162**
- Advance Fire Suppression Technology (Pty Ltd	7 813	17 575	26 575
- Atlas Copco	12 499	19 257	11 628
- Capital Acceptances	8 832	11 610	-
- Toyota Financial Services	4 585	6 002	6 138
- Nedbank Finance	16 310	6 237	9 160
- Pinpoint Finance	-	2 108	4 910
- Genet	-	-	1 710
- Barloworld	-	-	15 217
- Standard Bank Vehicle Asset Finance	1 925	2 997	824
The present value of finance lease liabilities is as follows:			
- Within one year	28 420	29 810	26 227
- in second to fifth year inclusive	23 543	35 976	49 935
	51 963	**65 786**	**76 162**
Non- current portion of finance lease obligation	23 543	35 976	49 935
Current portion of finance lease obligation	28 420	29 810	26 227
	51 963	**65 786**	**76 162**

Interest rates are linked to a variable rate at the contract date. All leases have fixed repayment terms.

The group obligations under the Advance Fire Suppression Technologies Proprietary Limited finance lease is secured by the lessor's title of the financial asset, which has a carrying amount of R21,1 million (June 2018: R22,4 million; June 2017: R26,2 million). The lease term is 42 months and the effective borrowing rate is 12.68% (June 2018: 12,68%; June 2017: 12.68%). The final repayment date is 30 November 2019.

The group obligations under the Atlas Copco lease is secured by the lessor's title of the financial asset, which has a carrying amount of R18,7 million (June 2018: R21,3 million; June 2017: R12 million). The lease term is four years and the effective borrowing rate is 10.47% (June 2018: 10,47%; June 2017: 12.67%). The final repayment date is June 2020.

Figures in R `000	Audited 2019	Reviewed 2018	Reviewed 2017

Finance lease obligations continued...

The group's obligations under the Standard Bank vehicle asset finance are secured by the lessors' title of the financial assets, which have a carrying amount of R2,8 million (June 2018: R3,6 million; June 2017: R1,3 million). The effective average interest rate applicable to these liabilities is 8,68% (June 2018: 10.49%; June 2017: 10,248%) and is a prime linked facility.

The group obligations under the Toyota Financial Services are secured by the lessor's title of the financial asset, which has a carrying amount of R6,8 million (June 2018: R7,9 million; June 2017: R7,2 million). The lease term is four years and the effective borrowing rate is 10,25% (June 2018: 10.24%; June 2017: 9.966%).

The group obligations under the Nedbank Limited lease is secured by the lessor's title of the financial asset, which has a carrying amount of R21,4 million (June 2018: R8,9 million; June 2017: R9,4 million). The lease term is four years and the effective borrowing rate is 10,5% (June 2018: 11,13%; June 2017: 11.63%). The final repayment date is 1 November 2022.

The group obligations under Capital Acceptances Proprietary Limited lease is secured by the lessor's title of the financial asset, which has a carrying amount of R16,4 million (June 2018: R16,8 million) . The lease term is four years and the effective borrowing rate is 16.01% (June 2018: 15.76%). The final repayment date is 30 November 2021.

The group's obligation under the finance lease in favour of Pinpoint Finance Proprietary Limited was settled during the year.

The group's obligation under the finance lease in favour of Barloword Equipment, a division of Barloworld South Africa Proprietary Limited was terminated during the 2017 financial year, as the assets were returned as they were no longer required as a result of the closure of Classic Challenge Trading.

The group's obligations under the Genet Mining Proprietary Limited lease was settled during the 2018 financial year.

Accounting policy

Where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the group (a "finance lease"), the asset is treated as if it had been purchased outright. The amount initially recognised as an asset is the lower of the fair value of the leased asset and the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Lease payments are analysed between capital and interest.

23. Trade and other payables

Trade creditors	48 191	41 962	42 929
Related party trade payables	40	6 942	12 256
Other payables	129 731	169 196	270 246
- Provision for rehabilitation backlog	1 748	1 748	13 988
- Accrual for salary related payments	3 397	3 689	5 903
- Accrual for preference dividend	121 679	159 847	200 770
- Sentula Coal accrual for subcontracting costs	-	-	44 483
- Other	2 907	3 912	5 102
	177 962	**218 100**	**325 431**
Accrual for employee incentives and leave pay	7 654	8 816	14 013
Value added tax	5 370	2 277	1 202
Total trade and other payables	**190 986**	**229 193**	**340 646**

Accounting policy relating to notes 22 and 23

Financial liabilities are recognised in the statement of financial position when the group has become a party to the contractual provisions of the instruments.

Financial liabilities are classified according to the substance of the contractual arrangement entered into and the purpose for which the asset was acquired and include the following:

Figures in R `000	Audited 2019	Reviewed 2018	Reviewed 2017

Trade and other payables continued...

Bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest- bearing liabilities are subsequently measured at amortised cost using the effective interest method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest while the liability is outstanding.

Trade payables and other short- term monetary financial liabilities are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

The group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

24. Deferred income

Carrying value at the beginning of the year	-	12 000	46 331
Amounts recognised through profit or loss	-	(12 000)	(46 331)
Income received in advance	-	-	12 000
Carrying value at the end of the year	**-**	**-**	**12 000**

Income received in advance in June 2017, related to an advance payment from Anglo Coal Proprietary Limited for the Umlalazi North opencast mining contract. Revenue released as part of the advance payment was recognised in six equal monthly instalments commencing from July 2017. The final recognition date was December 2017.

Income received in advance in June 2016, related to an advance payment from Anglo Coal Proprietary Limited for the Umlalazi North box cut and Zibulo. Revenue released as part of the advance payment was recognised in five equal monthly instalments commencing from August 2016. The final recognition date was December 2016.

25. Redeemable preference shares

Redeemable preference shares	400 000	400 000	600 000

On 30 June 2018, Unicorn Capital Partners Limited entered into a repurchase of shares agreement with Unicorn Mining Services and repurchased 200 000 cumulative preference shares for a consideration amount of R 200 000 000.

The cummulative redeemable preference shares in the company with a value of R 1000 each accrues interest at a dividend rate of 6.5% per annum.

The redemption of the preference shares and dividends are only payable out of surplus cash flows of Unicorn Mining Services Investments Proprietary Limited following the year the cashflows were generated.

The preference shares is carried at amortised cost. An impairment test is performed annually and any difference is recognised as an impairment in the statement of profit or loss.

Figures in R `000	Audited 2019	Reviewed 2018	Reviewed 2017

26. Loans from group companies

The following loans are owing (to)/from Unicorn Capital Partners Limited

Ritchie Crane Hire Proprietary Limited	(115 467)	(19 895)	16 011
Caston Plant Sales Proprietary Limited	(21 788)	(21 788)	(21 788)
Classic Challenge Trading Proprietary Limited	-	8 133	272
Unicorn Mining Services Investments	-	(94 855)	14 313
JEF Drill & Blast Proprietary Limited	(117 764)	(30 220)	(31 102)
Sentula Coal Proprietary Limited	(16 031)	(18 248)	(38 424)
Benicon Opencast Proprietary Limited	(32 051)	(42 497)	(341 416)
	(303 101)	**(219 370)**	**(402 134)**

Unicorn Mining Services Investments has the following related parties loans			
- Shanike	-	-	78
- The Sentula Employee Trust	-	-	12
- The Sentula Empowerment Trust	-	-	12
	-	**-**	**102**

Sentula Coal has the following related parties loans			
- Geosearch Proprietary Limited	-	(1 000)	-

Current assets	-	8 133	30 698
Current liabilities	(303 101)	(228 503)	(432 730)
Total amount owing to related parties	**(303 101)**	**(220 370)**	**(402 032)**

The terms of the loans from Unicorn Capital Partners Limited are as follows:

Ritchie Crane Hire: The loan is unsecured, interest free and there are no fixed repayment terms.

Caston Plant Sales: The loan is unsecured, interest free and there are no fixed repayment terms.

Classic Challenge Trading: The loan was repaid during the current financial year.

Unicorn Mining Services Investments: The loan is unsecured, interest free and there are no fixed repayment terms.

JEF Drill and Blast: Unicorn Capital makes funds available to JEF to fund working capital requirements. The effective average interest rate applicable to the unsecured loan is prime. There are no fixed repayment terms.

Certain of the loans have been subordinated as disclosed in note 16.

Figures in R `000	Audited 2019	Reviewed 2018	Reviewed 2017

27. Cash flow information

27.1 Cash flows from operating activities

Loss / (profit) for the year	**(7 600)**	**377 204**	**(89 847)**
Adjustments for:			
Income tax expense	7 093	10 532	1 798
Finance income	(10 233)	(1 759)	(1 335)
Finance costs	52 813	59 396	58 821
- Accrued	26 813	20 396	19 821
- Preference dividend accrual	26 000	39 000	39 000
Depreciation expense	30 697	34 442	42 931
Profit on disposal of plant and equipment	1 556	(4 390)	(5 845)
Profit on disposal of assets held- for- sale	-	-	(26 535)
Impairment of plant and equipment	-	-	28 507
Impairment of assets held- for- sale			3 258
Scrapping of assets	693	80	860
Impairment of trade receivable	3 571	3 649	386
Impairment of other receivable	-	177	-
Intergroup loan write- off	-	(284 000)	-
Impairment of intergroup dividends accrued	-	(79 923)	
Impairment of intergroup investments, loans and receivables	-	-	16 961
Reversal of impairment of intergroup loans		-	
Discount received		(982)	
Cash flows form/(utilised in) operating activities before changes in working capital in provisions	78 590	114 426	29 960
Change in inventories	(1 918)	(95)	3 085
Change in trade and other receivables	14 507	41 483	89 829
Change in trade and other payables	2 768	(55 320)	(105 369)
Change in deferred revenue	-	(12 000)	(34 331)
Net cash flows from operations	**93 947**	**88 494**	**(16 826)**

27.2 Net debt reconciliation

Net cash/ debt is represented by the following items on the statement of financial position:

Cash and cash equivalents (excluding bank overdraft)	3 130	1 780	5 405
Borrowings repayable within one year (including bank overdraft)	(354 221)	(293 538)	(459 303)
Borrowings repayable after one year	(23 543)	(35 976)	(49 935)
Net debt	**(374 634)**	**(327 734)**	**(503 833)**
Cash and cash equivalents	3 130	1 780	5 405
Gross debt - variable interest rates	(377 764)	(329 514)	(509 238)
Net debt	**(374 634)**	**(327 734)**	**(503 833)**

Analysis in movement in net cash/debt:

Figures in R `000	Audited 2019	Reviewed 2018	Reviewed 2017

Cash flow information continued...

R'000	Cash and cash equivalents	Finance leases	Loans from Group	Total
Net debt as at 30 June 2016	23 875	(24 141)	(483 562)	(483 828)
Cashflows	(18 816)	-	66 568	47 752
Repayments	-	27 125	-	27 125
Finance lease additions	-	(79 145)	-	(79 145)
Intercompany trade settlements	-	-	24 431	24 431
Net interest capitalised	-	-	(9 469)	(9 469)
Net debt as at 30 June 2017	5 059	(76 161)	(402 032)	(473 134)
Cashflows	(38 504)	-	96 260	57 756
Repurchase of preference shares	-	-	(200 000)	(200 000)
Loan write off			284 000	284 000
Repayments	-	27 827	-	27 827
Finance lease additions	-	(17 451)	-	(17 451)
Intercompany trade settlements	-	-	8 862	8 862
Net interest capitalised	-	-	(7 460)	(7 460)
Net debt as at 30 June 2018	**(33 445)**	**(65 785)**	**(220 370)**	**(319 600)**
Cashflows	13 875	-	256	14 131
New advances	-	-	-	-
Repayments	-	29 596	-	29 596
Finance lease additions	-	(15 774)	-	(15 774)
Intercompany trade settlements	-	-	(5 995)	(5 995)
Net interest capitalised	-	-	(12 825)	(12 825)
Settlement of preference dividend	-	-	(64 167)	(64 167)
Net debt as at 30 June 2019	**(19 570)**	**(51 963)**	**(303 101)**	**(374 634)**

27.3 Income tax paid

Balance at the beginning of the year	47 290	36 379	32 253
Amounts recognised in profit or loss	9 936	11 757	3 652
Securities transfer tax payable	-	500	-
SARS interest and penalties	2 687	2 923	2 874
Balance at the end of the year	(51 351)	(47 290)	(36 379)
	8 562	4 269	2 400

28. Commitments

28.1 Capital commitments

Capital expenditure authorised by directors contracted for in respect of plant and equipment	-	-	-
Capital expenditure authorised by the directors not contracted for in respect of			
- New replacement	19 900	31 900	-
- Refurbishment	12 500	12 000	730

The capital expenditure will be financed through vehicle asset finance, vendor finance and working capital.

Figures in R `000	Audited 2019	Reviewed 2018	Reviewed 2017

Commitments continued...

28.2 Operating lease commitments

The group leases various offices under non- cancellable operating leases expiring within 3 to 5 years. The lease agreements are entered into on market- related terms and conditions and are subject to annual market- related escalation rates. Property lease agreements are subject to a lease extension option.

Commitments for minimum lease payments are payable as follows:			
- within one year	1 322	2 818	4 226
- later than one but not later than five years	-	-	13 812
	1 322	**2 818**	**18 038**

Accounting policy

Payments made under operating leases are recognised as an expense on a straight- line basis over the period of the lease.

29. Contingent liabilities

To the best of our knowledge and belief there are no other contingent liabilities to third parties not set out or referred to in this report which may materially affect the financial position of the group.

Accounting policy

A contingent liability is:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non- occurrence of one or more uncertain future events not wholly within the control of the group;
- or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised as liabilities.

30. Contingent assets

To the best of our knowledge and belief there are no other contingent assets not set out or referred to in this report which may materially affect the financial position of the group.

Accounting policy

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group. Contingent assets are not recognised as assets.

31. Financial risk management

31.1 Risk management activities

In the normal course of its operations, the Unicorn's subsidiaries are exposed to interest rate, liquidity and credit risk. This note describes the group's objectives, policies and processes for managing those risks and methods used to measure them. In order to manage these risks, the group has developed a comprehensive risk management process to facilitate control and monitoring. The Board has overall responsibility for the determination of the group's risk management objectives and policies and, while retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to Unicorn's executive directors and subsidiary finance functions. Each operating subsidiary has a chief financial officer and a chief executive officer who monitor and manage the financial risks relating to the operations of the operating subsidiary. Unicorn's executive directors, through representation on the boards of the subsidiaries and monthly meeting with management of subsidiaries, assist in monitoring and addressing these risks. These risks include market risk (including fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

Figures in R `000

Financial risk management continued...

Unicorn and its subsidiaries do not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

31.2 Credit risk

Credit risk is the risk of financial loss to the subsidiaries if a customer or a counterparty fails to meet its contractual obligations. Subsidiaries are mainly exposed to credit risk from credit sales and this risk is mitigated by dealing with creditworthy counterparties and a few major clients. It is our individual subsidiaries policy to assess the credit risk of new customers before entering into a contract and this is monitored on an ongoing basis.

The group has banking relationships with Standard Bank and Nedbank. Standard Bank and Nedbank are deemed to be a credible financial institutions. Their financial stability does not pose a threat to the group.

Credit risk at Unicorn mainly consists of the company’s exposure to subsidiaries through loans to these subsidiaries. Unicorn manages this exposure through executive directors’ involvement in subsidiary operations which include monitoring the financial performance on a monthly basis.

There has been no significant changes to the credit risk management policies since the prior reporting period.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Trade receivables	18	91 848	93 033	94 044
Related party trade receivables	18	126	548 -	673
Other receivables	18	9 977	11 662	58 516
Trade and other receivables		101 951	105 243	153 233
Cash and cash equivalents	19	3 130	1 780	5 405
Loans to subsidiaries	16	-	8 133	30 698
		105 081	**115 156**	**189 336**

The maximum exposure to credit risk for trade and other receivables at the reporting date by type of geographic region was:

South Africa	101 951	105 243	153 233
	101 951	**105 243**	**153 233**

The maximum exposure to credit risk for trade and other receivables at the reporting date by type of counterparty was:

Mining houses	47 508	55 431	103 807
Mining subcontractors	42 035	36 459	34 551
Parastatals	1 127	1 879	937
Crane hire entities	95	90	302
Construction entities	4 618	2 558	2 664
Related party trade receivables	126	548	673
Related party - work in progress	2 811	4 733	3 450
Other	3 631	3 545	6 849
	101 951	**105 243**	**153 233**

Financial risk management continued...

The ageing of trade receivables at the reporting date per operating segment was:

Year ended 30 June 2019	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
Opencast mining and earthmoving	1 610	1 072	53	-	**2 735**
Overburden drilling and blasting	28 832	14 750	9 037	714	**53 333**
Mobile crane hire	13 919	10 746	6 915	4 200	**35 780**
	44 361	**26 568**	**16 005**	**4 914**	**91 848**

Year ended 30 June 2018 (R'000)	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
Opencast mining and earthmoving	3 656	73	-	420	**4 149**
Overburden drilling and blasting	29 006	17 742	4 337	3 113	**54 198**
Mobile crane hire	11 849	10 298	8 909	3 630	**34 686**
	44 511	**28 113**	**13 246**	**7 163**	**93 033**

Year ended 30 June 2017 (R'000)	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
Opencast mining and earthmoving	17 531	2 275	534	864	**21 204**
Overburden drilling and blasting	29 655	13 141	3 945	-	**46 741**
Mobile crane hire	11 131	6 188	7 583	1 197	**26 099**
	58 317	**21 604**	**12 062**	**2 061**	**94 044**

Impairment of trade and other receivables

IFRS 9 - Financial Instruments is applied when calculating the loss allowance recognised for all trade receivables, which is reviewed at the end of each reporting period. Furthermore, overdue trade receivables that have no expectation of recovery are written off.

In accordance with IFRS 9, the group applies the simplified approach in determining the loss allowance for trade and other receivables. This loss allowance is determined as the lifetime expected credit losses on trade receivables.

These lifetime expected credit losses are estimated using a provision matrix, which is presented below

The provision matrix has been developed based on the payment profiles of sales over a 36 month period before 1 July 2018 and the historical credit losses experienced within this period. The historic loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. Forward looking information utilised mainly consisted of the physical volume of mining production of Coal Index movement subsequent to year end, and other general macro- economic factors.

Due to the adoption of IFRS 9, these estimation techniques have been applied for the first time in the current financial period. Previously, trade receivables were only impaired when there was evidence of non- recoverability. The impairment was based on the difference between the carrying amount and the present value of the expected future cash flows.

The loss allowance as at 30 June 2019 (on adoption of IFRS 9 on 1 July 2018) was determined as follows:

Expected credit loss rates:

Year ended 30 June 2019	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
Gross carrying amount - trade receivables	44 564	26 778	16 368	13 950	**101 660**
Expected credit losses	203	211	363	9 035	**9 812**
Expected credit loss percentage	0.46%	0.79%	2.22%	64.77%	**9.65%**
Net carrying amount - trade receivables	**44 361**	**26 567**	**16 005**	**4 915**	**91 848**

Figures in R `000	Audited 2019	Reviewed 2018	Reviewed 2017

Financial risk management continued...

In determining the recoverability of prepayments and other receivables, the group considers any change in the credit quality of the receivables from the date credit was initially granted up to the reporting date and there has been no significant increase in the credit risk. Consequently, there is no expected credit losses and hence no material provision for impairments has been raised.

31.3 Interest rate risk

At the reporting date the interest rate profile of the group's interest- bearing financial instruments was:

	2019	2018	2017
Financial assets	**1 453**	**728**	**5 395**
- Funds held at financial institutions	1 453	728	5 395
Financial liabilities	**(531 458)**	**(516 479)**	**(740 942)**
Non- current liabilities			
- Finance lease obligations	(23 543)	(35 976)	(49 935)
- Redeemable preference shares	(400 000)	(400 000)	(600 000)
Current liabilities			
- Finance lease obligations	(28 420)	(29 810)	(26 227)
- Loans from group companies	(56 795)	(15 468)	(64 434)
- Bank overdraft	(22 700)	(35 225)	(346)
Net financial liabilities	**(530 005)**	**(515 751)**	**(735 547)**

Subsidiaries are exposed to interest rate risk from borrowings at variable rates. Fluctuations in interest rates impact on the value of the short- term investments and financing activities giving rise to interest rate risk. In the ordinary course of business, subsidiaries receive cash proceeds from its operations and are required to fund working capital and capital expenditure requirements. Unicorn considers on a monthly basis, whether surplus funds generated by subsidiaries should be withdrawn from the subsidiaries for the repayment of loans owing to Unicorn or whether these funds should be re- invested in the subsidiary’s operations.

The interest bearing intergroup loans have been included in the table above.

Neither Unicorn nor the subsidiaries hedge against interest risk.

Contractual arrangement for committed borrowing facilities are maintained with two banking counterparts to meet the company’s funding requirements.

Cash flow sensitivity analysis for variable rate instruments

A sensitivity analysis is performed by assuming that the amount of the assets and liabilities outstanding at the reporting date was outstanding for the whole year. A 200 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management’s assessment of a reasonable and possible change in interest rates.

Figures in R `000

31.4 Liquidity risk

Liquidity risk arises from management of working capital and the finance charges and principal repayments on debt instruments at subsidiary level. It is the risk that the individual subsidiaries will encounter difficulty in meeting its financial obligations as they fall due. The group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. The group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowings facilities by continuously monitoring forecast and actual cash flows of our subsidiaries. Unicorn deploys surplus cash to subsidiaries when required and justified.

The following tables detail the group's remaining contractual maturity for its non- derivative financial liabilities. These tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the group can be required to pay.

Year ended 30 June 2019 - Group	**Weighted average effective interest rate**	**Less than one month**	**One to three months**	**Three months to one year**	**One to five years**	**Total**
Finance leases	11.74%	6 284	8 521	17 891	26 174	58 870
Bank overdraft	12.75%	-	-	22 700	-	22 700
Trade and other payables	0.00%	26 125	14 972	15 187	121 679	177 963
Loans from group companies	3.80%	-	-	303 101	-	303 101
Redeemable preference shares	6.50%	-	-	-	400 000	400 000
Year ended 30 June 2018 - Group						
Finance leases	12.47%	2 985	8 102	24 829	40 490	76 406
Bank overdraft	11.94%	-	-	35 225	-	35 225
Loans from group companies	4.60%	-	-	228 503	-	228 503
Redeemable preference shares	6.50%	-	-	-	400 000	400 000
Trade and other payables	0.00%	24 383	26 127	7 744	159 847	218 101
Year ended 30 June 2017 - Group						
Finance leases	12.14%	2 518	7 276	23 104	56 079	88 977
Loans from group companies	4.80%	-	-	432 730	-	432 730
Redeemable preference shares	6.50%	-	-	-	600 000	600 000
Trade and other payables	0.00%	71 770	23 476	6 869	223 316	325 431

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Figures in R `000

31.5 Fair value

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values as market- related rates are charged on financial assets and financial liabilities.

31.6 Capital management

The UMSI group manages their capital structure on a standalone ring- fenced basis. Debt capacity at company level is evaluated on a monthly basis to ensure that the company will be able to continue as a going concern.

The capital structure of the UMSI group consists of debt, which includes loans to/from Unicorn, cash and cash equivalents, liabilities and equity, comprising issued share capital, reserve and retained earnings as disclosed.

There are no external capital requirements imposed on the UMSI group.

32. Related parties

32.1 Subsidiary related party transactions and balances

For the year ended 30 June 2019 (R'000)	Capital Expenditure	Revenue	Expenses	Finance income\ expense	Amounts owed to/(from)
Unicorn Capital Partners Limited	-	-	9 641	3 031	(5)
Geosearch Proprietary Limited	23 000	-	1 467	-	55
Nkomati Anthracite Proprietary Limited	-	(325)	-	-	-
Buenti Drilling Proprietary Limited	-	(368)	-	-	71
	23 000	(693)	11 108	3 031	121

For the year ended 30 June 2018 (R'000)	Capital Expenditure	Revenue	Expenses	Finance income\ expense	Amounts owed to/(from)
Unicorn Capital Partners Limited	-	-	14 098	8 314	(8)
Geosearch Proprietary Limited	-	-	2 810	-	(7 862)
Nkomati Anthracite Proprietary Limited	-	(395)	-	-	462
Buenti Drilling Proprietary Limited	-	(368)	-	-	-
	-	(763)	16 908	8 314	(7 408)

For the year ended 30 June 2017 (R'000)	Capital Expenditure	Revenue	Expenses	Finance income\ expense	Amounts owed to/(from)
Unicorn Capital Partners Limited	-	-	6 097	5 043	(7 831)
Geosearch Proprietary Limited	-	(1 176)	8 888	-	(4 275)
Benicon Sales Proprietary Limited	-	-	487	-	-
Nkomati Anthracite Proprietary Limited	(600)	(26 545)	-	-	462
	(600)	(27 721)	15 472	5 043	(11 644)

All loans to and from subsidiaries are disclosed in note 26.

32.2 Key management personnel compensation

Key management personnel compensation comprised:

Short term employee benefits of subsidiary CEO's and CFO's	7 060	7 462	6 676

Figures in R `000

33. Events after the reporting date

Subsequent to year end, Ritchie Crane Hire Pty Ltd raised debt of R60 million through a sale and leaseback of selected cranes from Investec Bank Limited.

The debt is repayable in monthly fixed instalments over a period of three years at an interest rate of Prime + 2%.

R25 million of the debt was utilised for the early settlement of Nedbank instalment sale agreements and R35 million to reduce debt owing to its ultimate holding company, Unicorn Capital Partners Limited.

The directors are not aware of any subsequent events that occurred between the year end and date of authorisation of the historical financial information that require any adjustments or additional disclosure to the combined historical financial information.

34. Change in accounting policies

The group adopted IFRS 9 - Financial Instruments (IFRS 9) and IFRS 15 - Revenue from contracts with customers (IFRS 15) with a transition date of 1 July 2018 which resulted in a change of accounting policy for financial instruments and revenue recognition.

IFRS 15 - Revenue

The group has applied IFRS 15 - Revenue from contract with customers with effect 1 July 2018. IFRS 15: Revenue from Contracts with Customers replaces IAS 11: Construction Contracts, IAS 18: Revenue recognition and related interpretations. The group has applied the five-step approach introduced in IFRS 15 to recognise revenue.

The Group generates revenue from the sale of anthracite and rendering of services billed on a monthly basis. Previously in terms of IAS 18, revenue from the sale of anthracite is recognised when risk and rewards were transferred and revenue from sale of services was recognised on a percentage completion basis on a monthly basis. Under IFRS 15, revenue is recognised at the point when control over goods and services are transferred to customers. Revenue on services provided over a period of time will be recognised according to the Group’s progress on transferring promised goods or services to customers. Services performed, as approved by the customer, are billed on a monthly basis for actual services performed during the month.

The adoption of this new standard has not had a material impact on the financial statements from a quantitive perspective. The disclosure of revenue has been enhanced to introduce the new disclosure requirements of IFRS 15 and to provide the users with comprehensive information about the nature, amount and timing of the revenue.

IFRS 9 - Financial instruments

The Group has adopted IFRS 9: Financial instruments with effect from 1 July 2018. The requirements of IFRS 9 represent a significant change from IAS 39: Financial Instruments: Recognition and Measurement.

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit and loss (FVTPL). The standard eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

• *Fair value of financial assets and liabilities*

Current assets and liabilities carrying value is determined to approximate fair value due to their short- term nature at the end of each reporting period. The non- current borrowings are held at amortised cost based on the underlying interest rate at prime plus a margin.

• *Reclassifications of financial instruments on adoption of IFRS 9*

The following table sets out the changes in the measurement categories for each class of the group and company's financial assets and financial liabilities as at 1 July 2018.

Figures in R `000

Change in accounting policies continued...

Financial assets - Group	Measurement category under IAS 39	Measurement category under IFRS 9	Original carrying amount	New carrying amount
Trade and other receivables excluding non- financial assets (Note 18)	Loans and receivables	At amortised cost	107 470	107 470
Cash and cash equivalents (Note 19)	Loans and receivables	At amortised cost	1 780	1 780
Loans to group companies	Loans and receivables	At amortised cost	8 133	8 133
Total financial assets			**117 383**	**117 383**

Financial liabilities - Group	Measurement category under IAS 39	Measurement category under IFRS 9	Original carrying amount	New carrying amount
Redeemable preference shares	At amortised cost	At amortised cost	400 000	400 000
Finance lease obligation (Note 22)	At amortised cost	At amortised cost	65 786	65 786
Loans from group companies	At amortised cost	At amortised cost	228 503	228 503
Trade and other payables excluding non- financial liabilities (Note 23)	At amortised cost	At amortised cost	218 100	218 100
Bank overdraft (Note 19)	At amortised cost	At amortised cost	35 225	35 225
Total financial liabilities			**947 614**	**947 614**

The reclassifications of the financial instruments on adoption of IFRS 9 did not result in any changes to measurements.

• *Expected credit losses*

IFRS 9 replaces the ‘incurred loss’ model in IAS 39 with an ’expected credit loss’ model. The new model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI. This results in credit losses being recognised earlier than previously recognised under IAS 39. An assessment was performed to determine the expected credit loss of financial assets. The Group’s principal financial assets mainly relate to trade receivables with its customers. The majority of the Group’s sales relate to services rendered on a monthly basis or the sale of anthracite, the majority of which are short cycled receivables that are settled between 7 and 90 days. The Group’s customers are mainly with large international or privately- owned mining houses or other recognised entities. Historically, the Group has not suffered significant credit losses due to the non- payment of trade receivables. In instances where customers have been unable to settle their outstanding receivable, appropriate allowance have been made in respect of the outstanding receivables immediately upon identifications of a potential credit issue.

Loans to subsidiaries are considered to be in default when there is evidence that the subsidiary is in 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.

A significant increase in credit risk assessment is performed qualitatively by reference to the subsidiary's cash flow and liquid asset portion. The risk that the subsidiary will default on an on- demand loan depends on whether it has sufficient cash or other liquid assets to repay the loan immediately, resulting in the risk of default being assessed as either low (possibly close to 0%) or high (possibly close to 100%).

A loan is considered to be credit impaired if it meets the definition of a defaulted loan.

In terms of the new impairment requirements of IRFS 9, the company uses forward- looking information to recognise expected credit losses (ECLs) on loans receivable, resulting in ECLs of R71,7 million being recognised on specific amounts owing from subsidiaries during the current year. These loans were considered to have a higher credit risk profile and were therefore provided for on a one- on one basis. The remaining loans to subsidiaries do not expose the company to significant credit risk and therefore no expected credit losses were recognised on these loans.

The Group has also adopted consequential amendments to IAS 1: Presentation of Financial Statements which requires an impairment of financial assets to be presented in a separate line in the statement of profit or loss and OCI. Previously the impairment of trade receivables was included in administrative expenses.

Figures in R `000	Audited 2019	Reviewed 2018	Reviewed 2017

35. Directors remuneration

June 2019	Basic	Travel, petrol, motor vehicle allowance	Provident fund & medical aid	Bonus	Vested 2016 long term grant	Total
JC Badenhorst*	3 545	140	-	1 580	1 367	6 632
JC Lemmer*	2 760	51	-	1 236	1 074	5 121
DJ Jacobs**	2 120	48	-	2 275	-	4 443
CJ Cornelissen**	1 058	258	95	441	-	1 852
EJ Laubscher**	1 115	-	975	-	-	2 090
WS Greyling (resigned 20 November 2018)***	654	99	22	-	-	775
	10 598	**497**	**1 070**	**5 532**	**2 441**	**20 138**

June 2018	Basic	Travel, petrol, motor vehicle allowance	Provident fund & medical aid	Bonus	Total
JC Badenhorst*	3 360	140	-	-	3 500
JC Lemmer*	2 627	51	-	-	2 678
DJ Jacobs**	2 000	48	-	1 722	3 770
CJ Cornelissen**	1 089	180	87	339	1 695
EJ Laubscher**	1 067	-	738	-	1 805
WS Greyling (appointed 1 October 2017)***	1 421	77	133	-	1 631
JCT Beyers (resigned 26 July 2017)***	293	-	23	-	316
K Setumo (resigned 9 October 2018)*****	751	179	-	-	930
	12 608	**675**	**981**	**2 061**	**16 325**

June 2017	Basic	Travel, petrol, motor vehicle allowance	Provident fund & medical aid	Bonus	Total
JC Badenhorst*	3 200	132	-	-	3 332
JC Lemmer*	2 514	48	-	-	2 562
DJ Jacobs**	1 768	169	-	160	2 097
CJ Cornelissen**	1 045	180	87	161	1 473
EJ Laubscher (appointed 10 November 2016)**	668	-	-	60	728
WS Greyling (appointed 1 October 2017)***	939	317	-	-	1 256
JCT Beyers (resigned 26 July 2017)***	1 925	491	184	-	2 600
JP Minaar (resigned 1 March 2017)***	454	98	39	-	591
WA Hepburn (appointed 9 February 2017, resigned 8 June 2017)****	457	96	-	-	553
K Setumo (resigned 9 October 2018)*****	730	179	-	-	909
	13 700	**1 710**	**310**	**381**	**16 101**

** - These directors are paid by Unicorn Capital Partners Limited*

*** - These directors are paid by Ritchie Crane Hire Proptrietary Limited*

**** - These directors are paid by JEF Drill and Blast Proptrietary Limited*

***** - This director was paid by Classic Challenge Trading Proprietary Limited*

****** - This director was paid by a fellow subsidiary*