

Notes to the consolidated financial statements

for the year ended June 30

1. BASIS OF PREPARATION

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), in compliance with the JSE Listings Requirements, the interpretations adopted by the International Accounting Standards Board (IASB), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, and the requirements of the Companies Act of South Africa 2008.

The preparation of the consolidated and separate financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Although 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), the actual outcome may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made in the application of IFRS that have had an effect on the financial statements and estimates with a risk of adjustment in the next year are set out in note 3.

The consolidated financial statements as at and for the year ended June 30 2018 comprise the company, its subsidiaries and equity accounted investees (together referred to as the “group” or “consolidated” and separately “separate” or “company”).

The accounting policies have been applied consistently to all years presented in the consolidated and separate financial statements. The accounting policies are the same for the consolidated and separate financial statements, unless specifically stated otherwise. The financial statements are presented in South African rand, which is the group’s presentation currency. All financial information has been rounded to the nearest thousand unless stated otherwise.

The group adopted the amendments to IAS 7 *Statements of Cash Flows* and IAS 12 *Income Taxes* during the year. The adoption of these amendments did not result in any changes in the company’s accounting policies and had no effect on the results of the group. The adoption of the amendments to IAS 7 requires additional disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. This includes providing a reconciliation between the opening and closing balances for liabilities arising from borrowings. The group has included the additional disclosure resulting from adoption of this amendment in note 10.3.

The consolidated and separate financial statements were approved by the board of directors on August 21 2018.

2. BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the company and its subsidiaries. Subsidiaries are entities controlled by the group. Control is achieved when the company has the power over an investee, is exposed to or has rights to variable returns from its involvement with an investee and has the ability to use its power to affect its returns.

The company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of these three elements. When the company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The company considers all relevant facts and circumstances in assessing whether or not the company’s voting rights in an investee are sufficient to give it power, including the size of the company’s holding of voting rights relative to the size and dispersion of holdings of the other vote holders; potential voting rights held by the company, other vote holders or other parties; rights arising from other contractual arrangements; and any additional facts and circumstances that indicate that the company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders’ meetings.

Consolidation of a subsidiary begins when the company obtains control over the subsidiary and ceases when the company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the company gains control until the date when the company ceases to control the subsidiary. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with the group’s significant accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the group are eliminated on consolidation.

Changes in the group’s interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the group’s interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the company.