



ANGLO AMERICAN SA FINANCE LIMITED
(Incorporated in the Republic of South Africa)

Company registration number 2003/015144/06

AUDITED ANNUAL FINANCIAL STATEMENTS
For the year ended 31 December 2018

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COMPANY INFORMATION

Directors

C.C. Elliott

I.E. French Resigned 30 September 2018

C. Goosen

N.J. Mason-Gordon

S. Mayet

Registered office

44 Main Street
Johannesburg
2001

Tel +27 11 638 9111

Postal address

PO Box 61587
Marshalltown
2107

Internet address of Anglo American plc group

<http://www.angloamerican.com>

Administrative and technical advisors and secretaries

Anglo Operations Proprietary Limited

Auditors

Deloitte & Touche
Private Bag X6
Gallo Manor
South Africa
2052

Deloitte & Touche will continue in office in accordance with Section 90(6) of the South African Companies Act, No. 71 of 2008.

Preparation of Annual Financial Statements

The Annual Financial Statements were prepared under the supervision of Dominique Del Fabbro CA (SA), Financial Manager. The Annual Financial Statements were audited in compliance with the South African Companies Act, No. 71 of 2008.

COMPLIANCE STATEMENT BY THE COMPANY SECRETARY

In our capacity as the Company Secretary, we hereby certify to the best of our knowledge and belief that the Company has lodged with the Companies and Intellectual Property Commission all such returns as are required of a public company in terms of the South African Companies Act, No. 71 of 2008. Further, we certify that all such returns are true, correct and up to date in respect of the financial year ended 31 December 2018.

Anglo Operations Proprietary Limited
Secretaries

A handwritten signature in dark ink, appearing to be 'M. M. M.', is written over a faint, circular embossed stamp.

Company Secretary

JOHANNESBURG
26 March 2019

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDER OF ANGLO AMERICAN SA FINANCE LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Anglo American SA Finance Limited (AASAF) set out of pages 12 to 34, which comprise the balance sheet as at 31 December 2018, the income statement, statement of comprehensive income, the statement of changes in equity and the cash flows statement for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Anglo American SA Finance Limited as at 31 December 2018, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the entity in accordance with the Independent Regulatory Board for Auditors *Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT continued**Key Audit Matters**

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

Key audit matter	How the matter was addressed in the audit
Fair value hedge adjustment	
<p>There is complexity and judgement involved in the valuation of interest rate swaps due to movement in interest rates and resulting forecasted cash flows that may result in significant change in the value of the interest rate swaps and the fair value hedge adjustment as:</p> <ul style="list-style-type: none"> • The assumptions used in generating the curve to determine the discount rates may not be appropriate; • Valuation adjustments based on the risk profile of the counterparty as well as AASAF itself (incorrect credit default swap spreads used) on the fair value movements in the hedged item may be materially misstated; and • Complexity in the determination of the movements in fair value as a result of hedged risk. This is considered to be a key audit matter due to the significant level of complexity and judgement required by management in applying IFRS 9 <i>Financial Instruments</i> and the related audit effort required to adequately respond to the significant risk. <p>The bonds and fair value hedge are disclosed in notes 10, 11 and note 12 to the financial statements.</p>	<p>In evaluating the valuation of the interest rate swaps and bonds, we performed the following procedures:</p> <ul style="list-style-type: none"> • Independently determine whether the valuation adjustments on the hedging instruments (swaps) and hedged items (fixed rate bonds) are appropriately accounted for; • Independently assessing the determination of key inputs such as the curve used for discounting future cash flows; and • Independently determining, with the assistance of our valuation experts, the fair value movements of the hedged items and hedging instruments and compared our determined value to that of the directors. <p>We found the valuation of the interest rate swaps and the fair value hedge adjustment to be appropriate, reasonable, and correctly accounted for.</p> <p>The bonds and the fair value hedge are appropriately disclosed in notes 10, 11 and 12 in accordance with the applicable standard.</p>

Other Information

The directors are responsible for the other information. The other information comprises the Statutory Report, Report of the Audit and Risk Committee and the Compliance statement by the Company Secretary, as required by the Companies Act of South Africa, which we obtained prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon.

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

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

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

INDEPENDENT AUDITOR'S REPORT continued

Responsibilities of the directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

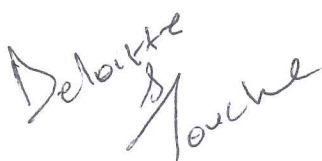
We also provide the Audit and Risk Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

INDEPENDENT AUDITOR'S REPORT continued

Report on Other Legal and Regulatory Requirements

In terms of the Independent Regulatory Board for Auditors (IRBA) Rule published in Government Gazette Number 39475 dated 04 December 2015, we report that Deloitte & Touche has been the auditor of Anglo American SA Finance Limited for 16 years.

A handwritten signature in dark ink, reading "Deloitte & Touche" in a cursive, stylized font.

Deloitte & Touche
Registered Auditor

Per: Zwelihle Nene

Partner

26 March 2019

Financial Institutions Services Team – FIST

Building 8

Deloitte Place

The Woodlands

Woodlands Drive

Woodmead Sandton

Docex 10 Johannesburg

Private Bag X6

Gallo Manor

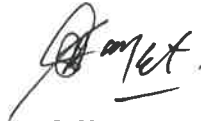
South Africa

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2018

The Annual Financial Statements were approved by the Board of Directors on 26 March 2019 and are signed on its behalf.

The business of the annual general meeting in respect of the past financial year will be dealt with at a meeting of members pursuant to Section 61(7)(b) of the South African Companies Act, No. 71 of 2008.



S. Mayet
Director



N.J. Mason-Gordon
Director

JOHANNESBURG
26 March 2019

STATUTORY REPORT

DIRECTORS' REPORT

The Directors have pleasure in submitting the Annual Financial Statements of Anglo American SA Finance Limited ('the Company') for the year ended 31 December 2018.

Nature of business

The main business of the Company is the lending of money to its subsidiaries (if any), its holding company, fellow subsidiaries of its holding company and joint venture entities or associates of its group of companies, and any related or inter-related companies of the foregoing.

Going concern

The financial position of the Company, its cash flows, liquidity position and borrowings are set out in the Annual Financial Statements which comprise the income statement, statement of comprehensive income, balance sheet, cash flow statement and statement of changes in equity.

The Annual Financial Statements are prepared on the basis of accounting policies applicable to a going concern. This basis presumes that the Company will continue to receive the support of its holding company and that the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

Directors' responsibilities in relation to financial statements

The Directors are required by the Companies Act of South Africa to prepare Annual Financial Statements, which fairly present the state of affairs of the Company as at the end of the financial year and of the profit or loss for that period, in conformity with International Financial Reporting Standards. The Annual Financial Statements are the responsibility of the Directors and it is the responsibility of the independent auditors to report on the fair presentation thereof.

To enable the Directors to meet these responsibilities, management sets standards and implements systems of internal control aimed at reducing the risk of error or loss in a cost effective manner. These controls include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties. They are monitored throughout the Company, and all employees are required to maintain the highest ethical standards in ensuring that the Company's business practices are conducted in a manner that in all reasonable circumstances is above reproach.

The Directors are of the opinion, based on the information and explanations given by management and the internal auditors that the internal accounting controls are adequate, so that the financial records may be relied on for preparing the Annual Financial Statements and maintaining accountability for assets and liabilities. The Directors believe that assets are protected and used as intended with appropriate authorisation. Nothing has come to the attention of the Directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the period under review.

In preparing the Annual Financial Statements, the Company has used appropriate accounting policies supported by reasonable and prudent judgements and estimates, and has complied with all applicable accounting standards. The Directors are of the opinion that the Annual Financial Statements fairly present the financial position of the Company as at 31 December 2018, and the results of their operations and cash flow information for the year then ended. The Directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Annual Financial Statements.

Auditor's responsibilities

The auditors are responsible for reporting on the fair presentation of the financial statements. Their report can be found on page 3.

Directorate

The names of the Directors of the Company in office at the date of the Annual Financial Statements appear on page 1.

The following changes were made to the composition of the Board of Directors of the Company from the beginning of the accounting period on 1 January 2018 to the date of this report:

I.E. French

Resigned 30 September 2018

Secretary

The Secretary of the Company is Anglo Operations Proprietary Limited and the registered address of the Company may be found on page 1.

STATUTORY REPORT continued**DIRECTORS' REPORT** continued**Share capital**

The authorised and issued share capital of the Company remains unchanged at 31 December 2018. Details of the Company's authorised and issued share capital are contained in the notes to the Annual Financial Statements.

Events occurring after end of year

There have been no reportable events since 31 December 2018 up to the date of the Company's Annual Financial Statements.

CORPORATE GOVERNANCE AND AUDIT AND RISK COMMITTEE

The Company is a wholly owned unlisted subsidiary of Anglo American South Africa Limited and ultimately a wholly owned subsidiary of Anglo American plc and aligns its corporate governance with its parent companies, details of which can be found in their annual reports. As a consequence of this alignment, Anglo American SA Finance Limited substantially adheres to the principles of the King IV Code of Corporate Governance relevant to its structure; the King IV Application Register is available on the below website:

<https://www.angloamerican.com/~media/Files/A/Anglo-American-PLC-V2/investors/aasaf/king-IV-application-register.pdf>

The Company issues listed debt off its South African Domestic Medium Term Note (DMTN) programme, a copy of which can be found on the following Anglo American website and the JSE website:

<http://www.angloamerican.com/investors/fixed-income-investors/aasaf-investor-downloads>
<https://www.jse.co.za/current-companies/companies-and-financial-instruments/issuer-profile?issuermasterid=2690>

REPORT OF THE AUDIT AND RISK COMMITTEE

This report is provided by the Audit and Risk Committee (the Committee) of Anglo American South Africa Limited appointed in respect of the 2018 financial year of the Company in compliance with section 94(7)(f) of the South African Companies Act, No. 71 of 2008.

The Committee is a committee of the Board of Directors of Anglo American South Africa Limited. In addition to having specific statutory responsibilities to the shareholders in terms of section 94 of the South African Companies Act, No. 71 of 2008, it assists the Board in discharging its duties in relation to the Company and makes recommendations to the Board regarding the safeguarding of assets, the operation of adequate systems, controls and reporting processes and the preparation of accurate financial reporting and financial statements in compliance with all applicable legal and regulatory requirements and accounting standards. The Committee further provides the Social, Ethics and Transformation (SET) Committee with a verbal report after each Committee meeting on matters relating to internal financial controls, internal audit, and corruption and fraud risks that fall within the Committee's terms of reference.

Composition

The appointed Committee comprises three independent Non-Executive Directors of Anglo American South Africa Limited. Collectively, the members possess the necessary skill and knowledge to equip the Committee to perform its functions. Its statutory duties and general activities are set out in its Board-approved terms of reference. During the year the Committee reviewed its terms of reference and workplan for the ensuing year and agreed that it fulfilled its statutory and regulatory obligations.

The Executive Head: Anglo American South Africa Limited, Head of Finance South Africa, the Company Secretary, Head: Business Assurance Services, Head: Finance and Performance Management and the external auditors attend by invitation to provide a co-ordinated approach to all assurance activities. The internal and external auditors have unrestricted access to the Committee. Both the internal and the external auditors have an opportunity to meet with the Committee's members without management being present.

Meetings

The Committee held two meetings during the year and attendance at these meetings is set out in the table below:

	29 March	27 September
Christopher Sunter (Chairman)	√	√
Koosum Kalyan	√	√
Rams Ramashia	√	√

√ Present

CORPORATE GOVERNANCE AND AUDIT AND RISK COMMITTEE continued

REPORT OF THE AUDIT AND RISK COMMITTEE continued

2018 in overview

The Committee has executed its duties and responsibilities during the financial year in accordance with its terms of reference as they relate to the Anglo American South Africa Limited Group's accounting, financial reporting practices and finance function, external audit, internal audit and internal control, integrated reporting, risk management and IT governance.

In respect of the external audit, during the year under review, the Committee, among other matters:

- nominated Deloitte & Touche and M. Rayfield as the external auditor and designated auditor of Anglo American South Africa Limited Group respectively to the shareholders for appointment as auditor for the financial year ended 31 December 2018, and ensured that the appointment complied with all applicable legal and regulatory requirements for the appointment of an auditor;
- nominated Deloitte & Touche and Z. Nene as the external auditor and designated auditor of Anglo American SA Finance Limited respectively to the shareholders for appointment as auditor for the financial year ended 31 December 2018, and ensured that the appointment complied with all applicable legal and regulatory requirements for the appointment of an auditor;
- approved the external audit engagement letter, the plan and the budgeted audit fees payable to the external auditor;
- reviewed the audit, evaluated the effectiveness of the auditor and its independence, and evaluated the external auditor's internal quality control procedures;
- obtained the annual written statement from the auditor that its independence was not impaired;
- determined the nature and extent of all non-audit services provided by the external auditor and preapproved all non-audit services undertaken;
- obtained assurance that no member of the external audit team had been employed by the Company or its subsidiaries during the year;
- obtained assurances from the external auditor that adequate accounting records were being maintained;
- considered whether any reportable irregularities had been identified and reported by the external auditors in terms of the Auditing Profession Act, No 26 of 2005 and determined that there were none; and
- approved the external auditor and the designated independent auditor for each of the Anglo American South Africa Limited Group's South African subsidiary companies including Anglo American SA Finance Limited taking into consideration the Company's HDSA policies.

In respect of the financial statements, the Committee, among other matters:

- confirmed the going concern as the basis of preparation of the interim and annual financial statements;
- reviewed compliance with the financial conditions of loan covenants and determined that the capital of the Company was adequate;
- examined and reviewed the interim and annual financial statements, and also all financial information disclosed to the public prior to submission and approval by the Board;
- ensured that the annual financial statements fairly present the financial position of the Company as at the end of the financial year, and also the results of operations and cash flows for the financial year, and considered the basis on which the Company was determined to be a going concern;
- considered accounting treatments, significant unusual transactions and accounting judgements;
- considered the appropriateness of the accounting policies adopted and changes thereto;
- reviewed the external auditor's audit report, including the Key Audit Matter;
- considered any areas of concerns identified, and reviewed any significant legal and tax matters that could have a material impact on the financial statements;
- met separately with management, external audit and internal audit; and
- reviewed the representation received from management confirming that the JSE's reports on the pro-active monitoring of financial statements have been taken into consideration in the preparation of the financial statements.

In respect of internal control and internal audit, including forensic audit, the Committee, among other matters:

- reviewed and approved the annual internal audit plan, and evaluated the independence, effectiveness and performance of the Internal Audit Department;
- considered the reports of the internal and external auditors on the Company's systems of internal control including financial controls, business-risk management and maintenance of effective internal control systems;
- received assurance that proper and adequate accounting records were maintained and that the systems safeguarded the assets against unauthorised use or disposal thereof;
- reviewed significant issues raised by the internal and forensic audit processes and the adequacy of corrective action in response to significant internal and forensic audit findings;
- assessed the adequacy of the performance of the internal audit function, and assessed the performance of the head of the internal audit function and the adequacy of the available internal audit resources and found them to be satisfactory; and
- based on the above, formed the opinion that there were no material breakdowns in internal control, including in financial controls, business risk management and the maintenance of effective material control systems.

CORPORATE GOVERNANCE AND AUDIT AND RISK COMMITTEE continued

REPORT OF THE AUDIT AND RISK COMMITTEE continued

2018 in overview continued

In respect of legal and regulatory requirements, to the extent that it may have an impact on the financial statements, the Committee:

- reviewed with management, legal matters that could have a material financial impact on the Company;
- reviewed with the Company's internal counsel, the adequacy and effectiveness of the Anglo American South Africa Limited Group's procedures to ensure compliance with legal and regulatory responsibilities;
- received a report pertaining to infringements of the Anglo American South Africa Limited Group business principles including complaints received via the Anglo American South Africa Limited Group's Whistleblowing facility line, including complaints or concerns regarding accounting matters, internal audit, internal accounting controls, contents of the financial statements, potential violations of the law and questionable accounting or auditing matters;
- considered reports provided by management, the internal auditor and the external auditor regarding compliance with legal and regulatory requirements; and
- reviewed the JSE's reports on the pro-active monitoring of financial statements for compliance with IFRS.

In respect of the coordination of assurance activities, the Committee:

- reviewed the work outputs of the external and internal auditors and concluded that these were adequate to address all significant financial risks facing the business; and
- considered the expertise, resources and experience of the Head of Finance and finance function.

Independence of external auditor

Deloitte & Touche has made the necessary representations to the Committee confirming that:

- the auditor does not, except as external auditor or in rendering permitted non-audit services, receive any remuneration or other benefit from the Company;
- the auditor's independence was not impaired by any consultancy, advisory or other work undertaken by the auditor;
- the auditor's independence was not prejudiced as a result of any previous appointment as auditor;
- the criteria specified for independence by the Independent Regulatory Board for Auditors and international regulatory bodies have been met; and
- the criteria specified in section 3.84(g)(iii) of the JSE Listing Requirements have been met.

In terms of the JSE Listing Requirements, we report that Deloitte & Touche has been the auditor of Anglo American SA Finance Limited for 16 years.

After taking the abovementioned factors into account, the Committee is satisfied that Deloitte & Touche is independent of the Company and has recommended to the Board that Deloitte & Touche should be reappointed for the 2019 financial year.

Head of Finance and finance function

The Committee has reviewed an internal assessment conducted on the skills, expertise and experience of Saleh Mayet, the Head of Finance, and is satisfied that he has the appropriate expertise and experience to meet his responsibilities in the position. The evaluation also considered the appropriateness of the expertise and adequacy of resources of the Finance function.

Based on the processes and assurances obtained, we believe that the Company's accounting practices are effective.

Conclusion

The Audit and Risk Committee is satisfied that it has considered and discharged its responsibilities in accordance with its terms of reference during the year under review.

On behalf of the Committee



C.L. Sunter
Audit and Risk Committee Chairman
26 March 2019

INCOME STATEMENT

for the year ended 31 December 2018

Rand	Note	2018	2017
Interest income	3	2 837 052 226	3 298 405 188
Commitment fee income		29 361 987	27 313 479
Interest expense	3	(2 143 099 660)	(2 524 559 324)
Commitment and guarantee fee expense		(116 146 731)	(128 587 683)
Net interest income		607 167 822	672 571 660
Net foreign exchange gain		584 513	14 100
Fair value hedge adjustment		1 219 175	806 848
Administration expenses		(15 400 563)	(9 698 417)
Provision for impairment		5 891 365	(7 021 175)
Profit before tax	4	599 462 312	656 673 016
Income tax expense	5	(158 663 993)	(185 834 374)
Profit for the financial year		440 798 319	470 838 642

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2018

Rand	2018	2017
Profit for the financial year	440 798 319	470 838 642
Total comprehensive income for the financial year	440 798 319	470 838 642

BALANCE SHEET
as at 31 December 2018

Rand	Note	2018	2017
ASSETS			
Non-current assets			
Loans to group companies	6	6 671 448 000	9 100 000 000
External loan receivable	7	—	—
Deferred tax assets	8	5 833 860	20 033 698
Derivative financial assets	12	6 303 046	23 423 208
Total non-current assets		6 683 584 906	9 143 456 906
Current assets			
Loans to group companies	6	4 446 551 808	7 751 585 566
Amounts due by group companies	11	53 814 710	254 171 016
Trade and other receivables	11	73 489 034	85 201 302
Derivative financial assets	12	3 824 154	6 190 428
Cash and cash equivalents	11	15 820 389 604	15 642 450 421
Total current assets		20 398 069 310	23 739 598 733
Total assets		27 081 654 216	32 883 055 639
LIABILITIES			
Current liabilities			
Deposits from group companies	9	(20 628 858 542)	(26 835 375 173)
Amounts due to group companies	11	(76 451 235)	(96 324 245)
Trade and other payables	11	(70 008 785)	(70 080 649)
Short term borrowings	10	(1 400 482 084)	—
Current tax liability	5	(5 064 908)	—
Derivative financial liabilities	12	—	(6 190 428)
Total current liabilities		(22 180 865 554)	(27 007 970 495)
Non-current liabilities			
Medium and long term borrowings	10	(1 056 542 054)	(2 471 636 855)
Total non-current liabilities		(1 056 542 054)	(2 471 636 855)
Total liabilities		(23 237 407 608)	(29 479 607 350)
Net assets		3 844 246 608	3 403 448 289
EQUITY			
Share capital	13	20 100	20 100
Share premium	13	2 909 979 900	2 909 979 900
Retained earnings		934 246 608	493 448 289
Total equity		3 844 246 608	3 403 448 289

CASH FLOW STATEMENT for the year ended 31 December 2018

Rand	Note	2018	2017
Cash flows from operating activities			
Profit before tax		599 462 312	656 673 016
Net finance income	3	(693 952 566)	(773 845 864)
Net foreign exchange gain		(584 513)	(14 100)
Fair value hedge adjustment		(1 219 175)	(806 848)
Provision for impairment		(5 891 365)	7 021 175
Fair value adjustment on derivatives		3 232 526	(29 325 321)
Decrease in operating receivables		11 712 268	4 566 247
Decrease in operating payables		(71 864)	(9 940 562)
Cash flows used in operations		(87 312 377)	(145 672 257)
Interest received		3 043 299 897	3 304 206 216
Interest paid		(2 175 781 699)	(2 482 980 217)
Income tax paid	5	(139 399 247)	–
Net cash flows from operating activities		640 806 574	675 553 742
Cash flows from investing activities			
Repayment of loans to group companies		11 311 617 679	2 350 348 886
Advances of loans to group companies		(5 578 031 921)	(562 847)
Net cash from investing activities		5 733 585 758	2 349 786 039
Cash flows (used in)/from financing activities			
Repayment of borrowings		–	(600 000 000)
Proceeds from deposits from group companies		963 258 309	2 890 442 963
Repayment of deposits from group companies		(7 169 774 940)	(595 771 818)
Net settlement on debt related interest rate swaps		10 063 482	5 404 061
Net cash (used in)/from financing activities		(6 196 453 149)	1 700 075 206
Net increase in cash and cash equivalents		177 939 183	4 725 414 987
Cash and cash equivalents at start of year		15 642 450 421	10 917 035 434
Net increase in cash and cash equivalents		177 939 183	4 725 414 987
Cash and cash equivalents at end of year		15 820 389 604	15 642 450 421

STATEMENT OF CHANGES IN EQUITY
for the year ended December 2018

Rand	Share capital	Share premium	Retained earnings	Total equity
At 1 January 2017	20 100	2 909 979 900	22 609 647	2 932 609 647
Total comprehensive income	—	—	470 838 642	470 838 642
At 1 January 2018	20 100	2 909 979 900	493 448 289	3 403 448 289
Effect of change in accounting policies due to adoption of IFRS 9 and IFRS 15	—	—	—	—
Total comprehensive income	—	—	440 798 319	440 798 319
At 31 December 2018	20 100	2 909 979 900	934 246 608	3 844 246 608

NOTES TO THE FINANCIAL STATEMENTS

1. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the course of preparing financial statements, management necessarily makes judgements and estimates that can have a significant impact on the financial statements. The most critical of these relate to impairment of financial assets at amortised cost and assessment of fair value. The use of inaccurate assumptions in assessments made for any of these estimates could result in a significant impact on financial results.

Impairment of financial assets at amortised cost

The Company's accounting policy for the impairment of financial assets at amortised cost is set out in Note 19(d). In applying the policy to financial assets at each reporting date, the Company exercises its judgement and makes estimates based on reasonable and supportable information that is available without undue cost or effort at the reporting date.

The Company is required to assess whether there has been a significant increase in credit risk of the counterparty since recognition of the asset, in order to determine the period over which the impairment provision needs to be calculated. The Company exercises its judgement in determining the outcome of this assessment after considering a number of factors, such as internal or external price indicators, regulatory, economic or technological factors that may affect the counterparties ability to repay its obligations and past due information.

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and estimating the inputs to the impairment calculation, based on each counterparty's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Fair value of financial instruments

Certain of the Company's financial instruments, principally derivatives, are required to be measured on the balance sheet at fair value. Where a quoted market price for an identical instrument is not available, a valuation model is used to calculate the fair value based on the net present value of the expected cash flows under the contract. Valuation assumptions are usually based on observable market data where available.

The valuations of financial instruments are adjusted for the risk that contractual cash flows will not be paid because of the risk of default by one of the parties. A credit valuation adjustment (CVA) is applied to the valuation of financial assets, reflecting the possibility of default by the counterparty. A debit valuation adjustment (DVA) is applied to the valuation of financial liabilities, reflecting the possibility that the Company may default on its obligations. These adjustments are calculated based on the expected net positive or negative exposure to the counterparty, and with reference to the counterparty's and the Company's spread at the balance sheet date.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies applied are consistent with those adopted and disclosed in the Company's financial statements for the year ended 31 December 2017, except for changes arising from the adoption of the following new accounting pronouncements which became effective in the current reporting period:

IFRS 9 Financial Instruments

IFRS 9 was issued in July 2014 and becomes effective for accounting periods beginning on or after 1 January 2018, which will be the date the Company transitions to IFRS 9. The impacts of adopting IFRS 9 on the Company's financial position is as follows:

- *Impairment:* The impact of the introduction of an 'expected credit loss' model for the assessment of impairment of financial assets held at amortised cost was nil to the Company's opening retained earnings.
- *Classification and measurement:* The measurement and accounting treatment of the Company's financial assets remains unchanged on application of the new standard with the exception of money market funds which are now classified as at fair value through profit and loss. There is no impact on the carrying value of cash and cash equivalents as a result of this reclassification.
- *Hedge accounting:* The Company has elected to adopt the IFRS 9 hedge accounting requirements from 1 January 2018. The adoption of the new standard would have had no effect on the amounts recognised in relation to hedging arrangements for the year ended 31 December 2017 and is expected to have no effect in future periods.

NOTES TO THE FINANCIAL STATEMENTS

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES continued

A number of other accounting pronouncements, principally amendments to existing standards, issued by the International Accounting Standards Board became effective on 1 January 2018 and were adopted by the Company. These pronouncements have not had a material impact on the accounting policies applied by the Company.

- IFRS 15 *Revenue from Contracts with Customers* became effective for the Company from 1 January 2018, replacing all previous revenue standards and interpretations. The application of the new standard had no effect on the financial results of the Company.

The Company has not early adopted any other amendment, standard or interpretation that has been issued but is not yet effective. It is expected that where applicable, these standards and amendments will be adopted on each respective effective date.

- IFRS 16 *Leases* became effective for the Company from 1 January 2019, replacing IAS 17 *Leases*. The application of the new standard will have no effect on the financial results of the Company.

3. NET FINANCE INCOME

See note 19a for the Company's accounting policy on net finance income.

Net finance income is presented net of hedges for respective interest bearing borrowings.

Rand	Note	2018	2017
Interest income			
Interest income from group companies	17	1 715 804 748	2 264 725 002
Interest income from cash and cash equivalents ⁽¹⁾		1 125 824 116	1 026 202 170
Other interest income		(4 576 638)	7 478 016
Total interest income		2 837 052 226	3 298 405 188
Interest expense			
Interest expense to group companies	17	(1 925 571 026)	(2 290 150 384)
Interest expense on bonds		(225 378 184)	(237 963 225)
Net settlement on debt related interest rate swaps		10 063 482	5 404 061
Other interest expense		(2 213 932)	(1 849 776)
Total interest expense		(2 143 099 660)	(2 524 559 324)
Net finance income		693 952 566	773 845 864

⁽¹⁾ Following the adoption of IFRS 9 *Financial Instruments* from 1 January 2018, the Company's cash and cash equivalents held in high grade money market funds have been reclassified from amortised cost to fair value through profit and loss. See note 11 for further details. Interest income from cash and cash equivalents includes interest income earned from money market funds of R185 332 718 (2017: R96 882 503).

4. PROFIT BEFORE TAX

Rand	Note	2018	2017
Profit before tax is stated after charging:			
Audit fees		(973 822)	(1 011 108)
Administration fees to Anglo Operations Proprietary Limited	17	(9 754 846)	(9 279 913)
Interest rate hedging			
Fair value movement on interest rate swaps		(14 181 504)	22 265 092
Fair value movement on hedged interest rate risk		15 400 679	(21 458 244)
Foreign exchange forward contracts			
Fair value through profit or loss		584 513	14 100

NOTES TO THE FINANCIAL STATEMENTS

5. INCOME TAX EXPENSE

See note 19b for the Company's accounting policy on tax.

Analysis of charge for the year

Rand	2018	2017
Current tax		
Payable in respect of the current year	148 003 737	–
Prior year adjustment	(3 539 582)	–
	144 464 155	–
Deferred tax		
Current year charge	19 869 838	185 834 374
Prior year adjustment	(5 670 000)	–
	14 199 838	185 834 374
Income tax expense	158 663 993	185 834 374

Effective tax rate

The effective tax rate for the year of 26.47% (2017: 28.30%) is lower (2017: higher) than the statutory rate of corporation tax in South Africa of 28% (2017: 28%).

Tax rate reconciliation

Percentage	2018	2017
Normal tax rate	28.00	28.00
Items non-deductible for tax purposes		
Prior year adjustment	(1.53)	–
Provision for impairments	–	0.30
Effective tax rate	26.47	28.30

Income tax paid

Rand	2018	2017
Current tax		
Balance at start of the year	–	–
Income tax charge	144 464 155	–
Balance at end of the year	(5 064 908)	–
Income tax paid	139 399 247	–

6. LOANS TO GROUP COMPANIES

See notes 19c and 19d for the Company's accounting policies on financial instruments.

Rand	2018	2017
Long term		
Anglo American Inyosi Coal Proprietary Limited	1 135 778 000	–
Rustenburg Platinum Mines Limited	5 535 670 000	9 100 000 000
	6 671 448 000	9 100 000 000
Short term		
Anglo American Inyosi Coal Proprietary Limited	–	6 139 249 679
Anglo Operations Proprietary Limited	4 441 647 968	–
Newshelf 480 Proprietary Limited	4 903 840	4 297 887
Rustenburg Platinum Mines Limited	–	1 608 038 000
	4 446 551 808	7 751 585 566
	11 117 999 808	16 851 585 566

NOTES TO THE FINANCIAL STATEMENTS

6. LOANS TO GROUP COMPANIES continued

The long term loan to Anglo American Inyosi Coal Proprietary Limited is unsecured and bears interest at a variable rate based on JIBAR. Interest is calculated monthly and payable according to the terms of the drawing. The loan has been provided under a committed facility maturing in 2023. Under the terms of the facility the Company has preferential ranking over all lenders in the event of the liquidation of Anglo American Inyosi Coal Proprietary Limited. The prior period loan was provided under a previous facility maturing in 2018.

The long term loan to Rustenburg Platinum Mines Limited is unsecured and bears interest at a variable rate based on JIBAR. Interest is calculated monthly and payable according to the terms of the drawing. The loan has been provided under a committed facility maturing in 2021. The short term loan is unsecured and bears interest at a market related interest rate. Interest is calculated monthly and payable according to the terms of the drawing. The loan has been provided under an uncommitted facility. The loans are guaranteed by Anglo American Platinum Limited.

The loans to Newshelf 480 Proprietary Limited and Anglo Operations Proprietary Limited are unsecured and bear interest at a variable rate based on the weighted average rate of the Company's external borrowings. The interest is calculated and payable monthly. The loans are repayable on demand.

A committed facility maturing in 2020 has been provided to De Beers Group Services Proprietary Limited which is undrawn as at 31 December 2018. The facility bears interest at a market related interest rate and is guaranteed by De Beers Consolidated Mines Proprietary Limited.

Detailed risk profiles of the above companies are disclosed in their individual financial statements. The Directors are of the opinion that there is no reason to doubt the recoverability of these loans. Refer note 18a.

7. EXTERNAL LOAN RECEIVABLE

See note 19c and 19d for the Company's accounting policies on financial instruments.

Rand	2018	2017
Long term		
Pamodzi Coal Proprietary Limited	54 000 000	59 891 365
Provision for impairment on external loan receivable	(54 000 000)	(59 891 365)
	—	—

The loan to Pamodzi Coal Proprietary Limited has no fixed terms of repayment and is secured by shares indirectly held in Anglo American Inyosi Coal Proprietary Limited, a fellow subsidiary company. An impairment was raised against the loan receivable based on the fair value of the security. No value has been ascribed to the security and consequently the expected credit loss has been recognised for the full contractual amount outstanding. The interest was calculated monthly based on variable market benchmark rates and is payable according to the specific terms of the loan.

Rand	2018	2017
Provision for impairment		
At 1 January	59 891 365	53 044 455
(Credited)/charged to the income statement – external loan receivable	(5 891 365)	6 846 910
At 31 December	54 000 000	59 891 365

NOTES TO THE FINANCIAL STATEMENTS

8. DEFERRED TAX ASSETS

See note 19b for the Company's accounting policy on tax.

The movement in net deferred tax assets during the year is as follows:

Rand	2018	2017
At 1 January	20 033 698	205 868 072
Charged to the income statement	(14 199 838)	(185 834 374)
At 31 December	5 833 860	20 033 698

The amount of deferred tax assets recognised in the balance sheet is as follows:

Rand	2018	2017
Tax losses	–	19 749 099
Derivatives	429 523	770 892
Other temporary differences	(265 663)	(486 293)
Provision for impairment	5 670 000	–
	5 833 860	20 033 698

The amount of deferred tax charged to the income statement is as follows:

Rand	2018	2017
Tax losses	(19 749 099)	(185 825 305)
Derivatives	(341 369)	(225 918)
Other temporary differences	220 630	216 849
Prior year adjustment	5 670 000	–
	(14 199 838)	(185 834 374)

The Company did not have any deductible temporary differences, unused tax losses or unused tax credits for which no deferred tax asset has been recognised.

9. DEPOSITS FROM GROUP COMPANIES

See note 19c for the Company's accounting policy on financial instruments.

Rand	2018	2017
Call deposits		
Anglo American South Africa Limited (holding company)	13 095 745 980	12 178 477 412
Anglo American EMEA Shared Services Proprietary Limited	148 763 908	151 881 034
Anglo American Inyosi Coal Proprietary Limited	–	2 201 635 543
Anglo American Properties Proprietary Limited	7 034 715	7 330 066
Anglo Operations Proprietary Limited	–	2 071 060 788
De Beers Group Services Proprietary Limited	1 929 502 000	3 255 698 000
Holdac Limited	77 475 737	39 232 587
Lansan Investment Holdings Proprietary Limited	–	6 470 132
Newsheff 480 Proprietary Limited	15 214 416	14 220 276
Sishen Iron Ore Company Proprietary Limited	5 338 000 000	6 899 000 000
Spectrem Air Proprietary Limited	17 121 786	10 369 335
	20 628 858 542	26 835 375 173

At 31 December 2018, the rate of interest paid on these deposits ranged between 6.60% and 7.07% (2017: 6.55% and 6.96%) per annum. Call deposits are reflected as current liabilities and are available on demand.

NOTES TO THE FINANCIAL STATEMENTS

10. BORROWINGS

See note 19f for the Company's accounting policy on bank borrowings.

The Company accesses borrowings mostly in capital markets through bonds issued under the South African Domestic Medium Term Note (DMTN) programme. The Company uses interest rate swaps where appropriate to ensure that the majority of the Company's borrowings are at a floating rate.

An analysis of borrowings, as presented on the balance sheet, is set out below:

	2018			
Rand	Short term borrowings	Medium and long term borrowings	Total borrowings	Contractual repayment at hedged rates
Unsecured				
Bonds issued under DMTN programme				
R1 400 million 9.27% bond due March 2019	1 400 482 084	–	1 400 482 084	1 400 000 000
R650 million 9.49% bond due April 2021	–	656 857 227	656 857 227	650 000 000
R400 million JIBAR+1.47% bond due April 2021	–	399 684 827	399 684 827	400 000 000
Total borrowings	1 400 482 084	1 056 542 054	2 457 024 138	2 450 000 000

	2017			
Rand	Short term borrowings	Medium and long term borrowings	Total borrowings	Contractual repayment at hedged rates
Unsecured				
Bonds issued under DMTN programme				
R1 400 million 9.27% bond due March 2019	–	1 407 132 317	1 407 132 317	1 400 000 000
R650 million 9.49% bond due April 2021	–	664 939 421	664 939 421	650 000 000
R400 million JIBAR+1.47% bond due April 2021	–	399 565 117	399 565 117	400 000 000
Total borrowings	–	2 471 636 855	2 471 636 855	2 450 000 000

Included in the value of the borrowings is a fair value hedge adjustment of R7 382 221 (2017: R23 373 614).

Facilities

The below facilities have been arranged with a number of financial institutions. The use of these facilities may give rise to interest rate risk due to changes in the market rates:

- Short term committed facilities of R2.7 billion (2017: R4.9 billion) with interest payable at a weighted average rate of JIBAR plus 1.40% (2017: 1.42%) per annum for a relative interest period.
- Long term committed facilities of R12.5 billion (2017: R12.5 billion) with interest payable at a weighted average rate of JIBAR plus 1.41% (2017: 1.55%) per annum for a relative interest period.

Commitment fees

Commitment fees are payable to financial institutions based on the undrawn amount on committed facilities.

Guarantees

Anglo American plc ("AA plc") has guaranteed the Company's due and punctual observance and performance of all the terms, conditions and covenants under the Company's DMTN programme (the 'programme') and certain facilities with external parties. In consideration for this guarantee, AA plc charges the Company a guarantee fee which amounts to 0.30% (2017: 0.30%) of the average value of amounts owing by the Company under the programme and such facilities for each quarter of a calendar year (or any part thereof). The guarantee fees are due and payable to AA plc quarterly.

Anglo American South Africa Limited ("AASA") has guaranteed the Company's due and punctual observance and performance of all the terms, conditions and covenants under facilities with various external parties. In consideration for this guarantee, AASA charges the Company a guarantee fee which amounts to 0.25% (2017: 0.25%) of the average value of the amounts advanced to the Company and owing by the Company under such agreement for each quarter of a calendar year (or any part thereof). No such amounts have been advanced by or are owing by the Company during the current financial year and as such no related fee has arisen.

NOTES TO THE FINANCIAL STATEMENTS

10. BORROWINGS continued

The Company had the following undrawn committed borrowing facilities at 31 December:

Rand	2018	2017
Expiry		
Within one year	2 200 000 000	4 400 000 000
Greater than one year, less than two years	2 200 000 000	2 200 000 000
Greater than two years, less than three years	10 800 000 000	10 800 000 000
	15 200 000 000	17 400 000 000

Capital risk management

The Company's objectives when managing capital, principally comprising equity, are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and, with cognisance of forecast future market conditions and structuring, to maintain an optimal capital structure to enable the business to operate effectively.

Market risk

Market risk is the risk that financial instrument fair values and related cash flows will fluctuate due to changes in market prices. The Company manages interest rate risks on borrowings and cash with the use of interest rate swaps in order to ensure that the majority of borrowings are at a floating rate. For more information regarding the Company's financial risk management see note 18.

The table below reflects the exposure of the Company's net cash to currency and interest rate risk.

	2018		
Rand	Financial assets/(liabilities)	Impact of interest derivatives	Total
Cash and cash equivalents	15 820 389 604	—	15 820 389 604
Floating rate financial assets ⁽¹⁾	11 171 814 518	—	11 171 814 518
Floating rate borrowings ⁽²⁾	(21 104 994 604)	(2 057 339 311)	(23 162 333 915)
Fixed rate borrowings	(2 057 339 311)	2 057 339 311	—
Non-interest bearing financial instruments ⁽³⁾	3 480 249	—	3 480 249
Derivatives hedging net debt ⁽⁴⁾	10 127 200	—	10 127 200
Impact of currency derivatives	—	—	—
Net financial assets	3 843 477 656	—	3 843 477 656

	2017		
Rand	Financial assets/(liabilities)	Impact of interest derivatives	Total
Cash and cash equivalents	15 642 450 421	—	15 642 450 421
Floating rate financial assets ⁽¹⁾	17 105 756 582	—	17 105 756 582
Floating rate borrowings ⁽²⁾	(27 331 264 535)	(2 072 071 738)	(29 403 336 273)
Fixed rate borrowings	(2 072 071 738)	2 072 071 738	—
Non-interest bearing financial instruments ⁽³⁾	15 120 653	—	15 120 653
Derivatives hedging net debt ⁽⁴⁾	23 423 208	—	23 423 208
Impact of currency derivatives	—	—	—
Net financial assets	3 383 414 591	—	3 383 414 591

⁽¹⁾ Floating rate financial assets comprise loans to group companies of R11 117 999 808 (2017: R16 851 585 566) and amounts due by group companies of R53 814 710 (2017: R254 171 016).

⁽²⁾ Floating rate borrowings comprise bonds of R399 684 827 (2017: R399 565 117), deposits from group companies of R20 628 858 542 (2017: R26 835 375 173) and amounts due to group companies of R76 451 235 (2017: R96 324 245).

⁽³⁾ Non-interest bearing financial instruments comprise trade and other receivables of R73 489 034 (2017: R85 201 302) and trade and other payables of R70 008 785 (2017: R70 080 649).

⁽⁴⁾ Derivatives hedging net debt represents the mark to market valuation of such derivatives after taking into account the effect of debit and credit valuation adjustments which decrease the valuation of derivative liabilities hedging net debt by R96 904 (2017: increase by R113 272).

Total net financial assets are denominated in South African Rands.

NOTES TO THE FINANCIAL STATEMENTS

11. FINANCIAL INSTRUMENTS

See notes 19c, 19d and 19e for the Company's accounting policies on financial instruments, impairment of financial assets and derivative financial instruments and hedge accounting.

The carrying amounts of financial assets and financial liabilities are as shown below. Where the carrying amount of a financial asset or liability does not approximate its fair value, this is also disclosed.

For financial assets and liabilities which are traded on an active market, such as listed debt instruments, fair value is determined by reference to market value. For non-traded financial assets and liabilities, fair value is calculated using discounted cash flows, considered to be reasonable and consistent with those that would be used by a market participant, and based on observable market data where available, unless carrying value is considered to approximate fair value.

All derivatives that have been designated into hedge relationships have been separately disclosed.

					2018
Rand	At fair value through profit and loss	Financial assets at amortised cost	Designated into hedges	Financial liabilities at amortised cost	Total
Financial assets					
Loans to group companies	–	11 117 999 808	–	–	11 117 999 808
Amounts due by group companies	–	53 814 710	–	–	53 814 710
Trade and other receivables	–	73 489 034	–	–	73 489 034
Derivative financial assets	–	–	10 127 200	–	10 127 200
Cash and cash equivalents ⁽¹⁾	3 000 000 000	12 820 389 604	–	–	15 820 389 604
	3 000 000 000	24 065 693 156	10 127 200	–	27 075 820 356
Financial liabilities					
Deposits from group companies	–	–	–	(20 628 858 542)	(20 628 858 542)
Amounts due to group companies	–	–	–	(76 451 235)	(76 451 235)
Trade and other payables ⁽²⁾	–	–	–	(70 008 785)	(70 008 785)
Borrowings ⁽³⁾	–	–	(2 057 339 311)	(399 684 827)	(2 457 024 138)
	–	–	(2 057 339 311)	(21 175 003 389)	(23 232 342 700)
Net financial assets	3 000 000 000	24 065 693 156	(2 047 212 111)	(21 175 003 389)	3 843 477 656

⁽¹⁾ Cash and cash equivalents in 2018 include R3 000 000 000 held in short-term money market funds. Following the adoption of IFRS 9 from 1 January 2018 these balances have been reclassified as at fair value through profit and loss and they are redeemed through the sale of units in the funds rather than solely through the recovery of principal and interest and is classified as Level 1. There is no impact on the carrying value of cash and cash equivalents as a result of this reclassification.

⁽²⁾ Included in trade and other payables is interest payable on borrowings of R56 689 031 (2017: R56 595 935).

⁽³⁾ The estimated fair value of borrowings designated into fair value hedges was R2 066 617 305 which is measured using a combination of actual trade data for the particular debt instrument and observable market benchmark prices, and consequently is classified as Level 2. The valuation adjustments considered are insignificant relative to the total carrying value.

NOTES TO THE FINANCIAL STATEMENTS

11. FINANCIAL INSTRUMENTS continued

	2017				
Rand	At fair value through profit and loss	Loans and receivables	Designated into hedges	Financial liabilities at amortised cost	Total
Financial assets					
Loans to group companies	–	16 851 585 566	–	–	16 851 585 566
Amounts due by group companies	–	254 171 016	–	–	254 171 016
Trade and other receivables	–	85 201 302	–	–	85 201 302
Derivative financial assets	6 190 428	–	23 423 208	–	29 613 636
Cash and cash equivalents ⁽¹⁾	–	15 642 450 421	–	–	15 642 450 421
	6 190 428	32 833 408 305	23 423 208	–	32 863 021 941
Financial liabilities					
Deposits from group companies	–	–	–	(26 835 375 173)	(26 835 375 173)
Amounts due to group companies	–	–	–	(96 324 245)	(96 324 245)
Trade and other payables ⁽²⁾	–	–	–	(70 080 649)	(70 080 649)
Derivative financial liabilities	(6 190 428)	–	–	–	(6 190 428)
Borrowings ⁽³⁾	–	–	(2 072 071 738)	(399 565 117)	(2 471 636 855)
	(6 190 428)	–	(2 072 071 738)	(27 401 345 184)	(29 479 607 350)
Net financial assets	–	32 833 408 305	(2 048 648 530)	(27 401 345 184)	3 383 414 591

⁽¹⁾ Cash and cash equivalents in 2017 include R2 000 000 000 held in short-term money market funds. Following the adoption of IFRS 9 from 1 January 2018 these balances have been reclassified as at fair value through profit and loss and they are redeemed through the sale of units in the funds rather than solely through the recovery of principal and interest. There is no impact on the carrying value of cash and cash equivalents as a result of this reclassification.

⁽²⁾ Included in trade and other payables is interest payable on borrowings of R56 595 935.

⁽³⁾ The estimated fair value of borrowings designated into fair value hedges was R2 059 987 030 which is measured using a combination of actual trade data for the particular debt instrument and observable market benchmark prices, and consequently is classified as Level 2.

Fair value hierarchy

An analysis of financial assets and liabilities carried at fair value is set out below:

Rand	2018	2017
Financial assets		
At fair value through profit and loss		
Cash and cash equivalents ⁽¹⁾	3 000 000 000	–
Other derivatives ⁽²⁾	–	6 190 428
Designated into hedges		
Derivatives hedging debt ⁽²⁾	10 127 200	23 423 208
	3 010 127 200	29 613 636
Financial liabilities		
At fair value through profit and loss		
Other derivatives ⁽²⁾	–	(6 190 428)
Designated into hedges		
Derivatives hedging debt ⁽²⁾	–	–
	–	(6 190 428)
Net assets carried at fair value	3 010 127 200	23 423 208

⁽¹⁾ Short-term money market funds are classified as Level 1 financial instruments and are valued using unadjusted quoted prices in active markets for identical financial instruments.

⁽²⁾ Derivatives are classified as level 2 financial instruments and are valued using a discounted cash flow technique. Future cash flows are projected using a forward curve and then discounted using a market-related curve over the contractual period. The rest date of each swaplet is determined in terms of the legal documents.

Valuation technique

Level 1: Valued using unadjusted quoted prices in active markets for identical financial instruments. This category includes listed equity shares.

Level 2: Valued using techniques based significantly on observable market data. Instruments in this category are valued using valuation techniques where all of the inputs that have a significant effect on the valuation are directly or indirectly based on observable market data.

Level 3: Instruments in this category have been valued using a valuation technique where at least one input (which could have a significant effect on the instrument's valuation) is not based on observable market data. Where inputs can be observed from market data without undue cost and effort, the observed input is used. Otherwise, management determines a reasonable estimate for the input.

There has been no transfer between fair value levels during the current or prior year.

NOTES TO THE FINANCIAL STATEMENTS

12. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES

See note 19e for the Company's accounting policy on derivatives.

The fair values of derivatives are separately recorded on the balance sheet within 'Derivative financial assets' and 'Derivative financial liabilities'. Derivatives are classified as current or non-current depending on the date of expected settlement of the derivative.

The Company utilises derivative instruments to manage certain market risk exposures. The Company does not use derivative financial instruments for speculative purposes, however it may choose not to designate certain derivatives as hedges for accounting purposes. Such derivatives are classified as 'at fair value through profit or loss' and fair value movements are recorded in the income statement.

The use of derivative instruments is subject to limits and the positions are regularly monitored and reported to senior management.

Fair value hedges

All of the interest rate swaps (taken out to swap the Company's fixed rate borrowings to floating rate, in accordance with the Company's policy) have been designated as fair value hedges. The carrying value of the hedged debt is adjusted at each balance sheet date to reflect the impact on its fair value of changes in market interest rates. Changes in the fair value of the hedged debt are offset against fair value changes in the interest rate swap and recognised in the income statement.

At fair value through profit and loss

The Company may choose not to designate certain derivatives as hedges. This may occur where gains and losses on both the derivative and hedged item naturally offset in the income statement. Fair value changes on these derivatives are recognised in the income statement as remeasurements and are classified as financing or operating depending on the nature of the associated hedged risk.

The fair value of the Company's open derivative position at 31 December, recorded within 'Derivative financial assets' and 'Derivative financial liabilities' is as follows:

Rand	2018		2017	
	Current	Non-current	Current	Non-current
Financial assets				
At fair value through profit and loss				
Other derivatives ⁽¹⁾	–	–	6 190 428	–
Designated into hedges				
Derivatives hedging debt ⁽²⁾	3 824 154	6 303 046	–	23 423 208
	3 824 154	6 303 046	6 190 428	23 423 208
Financial liabilities				
At fair value through profit and loss				
Other derivatives ⁽¹⁾	–	–	(6 190 428)	–
Designated into hedges				
Derivatives hedging debt ⁽²⁾	–	–	–	–
	–	–	(6 190 428)	–
Net assets carried at fair value	3 824 154	6 303 046	–	23 423 208

⁽¹⁾ Other derivatives primarily related to forward foreign currency contracts. The fair value of forward exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to the present value.

⁽²⁾ Relates to interest rate swaps. The fair value of interest rate swap contracts is calculated as the present value of the estimated future cash flows based on observable yield curves.

These marked to market valuations are not predictive of the future value of the hedged position, nor of the future impact on the profit of the Company. The valuations represent the cost of transferring all hedge contracts at year end, at market prices and rates available at the time. The Company is exposed in varying degrees to a variety of financial instrument related risks. For more information about these risks and the ways in which the Company manages them, see notes 10 and 18.

NOTES TO THE FINANCIAL STATEMENTS

13. SHARE CAPITAL AND SHARE PREMIUM

	2018		2017	
	Number of shares	Rand	Number of shares	Rand
Authorised:				
Ordinary shares of R1 each	50 000	50 000	50 000	50 000
Issued:				
Ordinary shares of R1 each	20 100	20 100	20 100	20 100
Share premium	–	2 909 979 900	–	2 909 979 900
	20 100	2 910 000 000	20 100	2 910 000 000

The remaining unissued shares are under the control of the Directors until the forthcoming board meeting.

14. COMMITMENTS FOR EXPENDITURE

As at 31 December 2018 the Company had no commitments for expenditure.

15. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Company had no contingent liabilities or contingent assets at 31 December 2018.

16. EVENTS OCCURRING AFTER END OF YEAR

There have been no reportable events since 31 December 2018 up to the date of the Annual Financial Statements.

17. RELATED PARTY TRANSACTIONS

The Company is incorporated in South Africa and is a wholly owned unlisted subsidiary of Anglo American South Africa Limited and ultimately a wholly owned subsidiary of Anglo American plc. The Company has a related party relationship with other members of the Anglo American plc group. Members of the Board are considered to be related parties. The Company, in the ordinary course of business, enter into various transactions with other members of the Anglo American plc group. These transactions are under terms that are no less favourable to the Company than those arranged with third parties.

Loans to group companies are disclosed in note 6 and deposits from group companies are disclosed in note 9. Interest received from group companies and interest paid to group companies are disclosed in note 3. Administration fees paid to a group company were R9 754 846 (2017: R9 279 913).

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

A guarantee fee, amounting to R7 350 000 (2017: R7 744 521), was due to Anglo American plc in respect of the year under review. As at 31 December 2018 an amount of R1 852 603 (2017: R1 852 603) was outstanding and is included in 'Trade and other payables' on the balance sheet.

A guarantee fee, amounting to nil (2017: nil), was due to Anglo American South Africa Limited in respect of the year under review.

A commitment fee, amounting to R24 640 000 (2017: R25 108 751), was earned from De Beers Group Services Proprietary Limited in respect of the year under review. As at 31 December 2018 an amount of nil (2017: nil) was outstanding and is included in 'Trade and other receivables' on the balance sheet.

A commitment fee, amounting to R5 475 334 (2017: R248 863), was earned from Rustenburg Platinum Mines Limited in respect of the year under review. As at 31 December 2018 an amount of R6 173 484 (2017: nil) was outstanding and is included in 'Trade and other receivables' on the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS**17. RELATED PARTY TRANSACTIONS** continued

A commitment fee, amounting to R964 724 (2017: nil), was earned from Anglo American Inyosi Coal Proprietary Limited in respect of the year under review. As at 31 December 2018 an amount of R964 724 (2017: nil) was outstanding and is included in 'Trade and other receivables' on the balance sheet.

The Company had the following material related party transactions during the year and balances as at 31 December:

				2018
Rand	Interest income	Interest expense	Amounts due by group companies	Amounts due to group companies
Anglo American South Africa Limited (holding company)	–	769 921 873	–	–
Anglo American EMEA Shared Services Proprietary Limited	–	9 444 501	–	–
Anglo American Inyosi Coal Proprietary Limited	638 805 352	285 961 019	2 587 978	22 874 039
Anglo American Properties Proprietary Limited	–	454 649	–	–
Anglo Operations Proprietary Limited	319 170 342	262 365 708	–	–
Anglo South Africa Capital Proprietary Limited	–	16 386 383	–	–
De Beers Group Services Proprietary Limited	–	177 440 356	–	11 956 651
Holdac Limited	–	6 000 882	–	–
Lansan Investment Holdings Proprietary Limited	–	137 537	–	–
Newshef 480 Proprietary Limited	411 845	1 029 085	–	92 036
Rustenburg Platinum Mines Limited	757 417 209	–	51 226 732	–
Sishen Iron Ore Company Proprietary Limited	–	395 477 631	–	41 454 290
Spectrem Air Proprietary Limited	–	951 402	–	74 219
	1 715 804 748	1 925 571 026	53 814 710	76 451 235

				2017
Rand	Interest income	Interest expense	Amounts due by group companies	Amounts due to group companies
Anglo American South Africa Limited (holding company)	–	880 760 549	–	–
Anglo American EMEA Shared Services Proprietary Limited	–	10 269 822	–	–
Anglo American Inyosi Coal Proprietary Limited	749 603 882	196 154 581	184 967 447	18 194 745
Anglo American Properties Proprietary Limited	–	1 550 544	–	–
Anglo Operations Proprietary Limited	446 506 969	421 187 392	–	–
De Beers Group Services Proprietary Limited	–	195 304 637	–	23 174 686
Holdac Limited	–	5 133 018	–	–
Lansan Investment Holdings Proprietary Limited	–	423 840	–	–
Newshef 480 Proprietary Limited	369 091	1 052 407	–	57 091
Rustenburg Platinum Mines Limited	1 068 245 060	–	69 203 569	–
Sishen Iron Ore Company Proprietary Limited	–	577 399 386	–	54 847 389
Spectrem Air Proprietary Limited	–	914 208	–	50 334
	2 264 725 002	2 290 150 384	254 171 016	96 324 245

NOTES TO THE FINANCIAL STATEMENTS

18. FINANCIAL RISK MANAGEMENT

The Board monitors risk management processes.

The types of risk exposure, the way in which such exposure is managed and quantification of the level of exposure in the balance sheet at 31 December is provided as follows (subcategorised into credit risk, commodity price risk, foreign exchange risk and interest rate risk). See note 10 for liquidity risk.

Market risks

a) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will cause a loss to the Company by failing to pay for its obligation. The Company's principal financial assets are cash, trade and other receivables, loans receivable and derivative financial instruments. The Company's maximum exposure to credit risk is limited to the carrying value of its financial assets. Financial assets are reviewed annually for impairment and all inter-group committed facilities are at arm's length. No items, other than that disclosed in note 7, were past due or considered to be impaired during the financial year.

The Company limits credit risk on liquid funds and derivative financial instruments through diversification of exposures with a range of financial institutions. Counterparty limits are set for each financial institution with reference to credit ratings assigned by Standard & Poor's, Moody's and Fitch Ratings.

The company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information.

A default on a financial asset is when the counterparty fails to make contractual payments within 60 days of when they fall due.

Financial assets are written off when there is no reasonable expectation of recovery. The company categorises a loan or receivable for write off when a debtor fails to make contractual payments greater than 120 days past due. Where loans or receivables have been written off, the company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

b) Commodity price risk

The Company's earnings are not exposed to movements in the prices of commodities.

c) Foreign exchange risk

Foreign exchange risk is a financial risk that exists when a financial transaction is denominated in a currency other than that of the base currency of the Company. The Company may use forward exchange contracts, currency swaps and option contracts to limit the effects of movements in exchange rates on foreign currency denominated assets and liabilities.

Analysis of foreign exchange risk associated with net financial assets and the impact of derivatives to hedge against this risk is included within note 10. The impact of derivatives to hedge against foreign exchange risk in 2018 is nil (2017: nil). Total net financial assets are denominated in South African Rands.

d) Interest rate risk

Interest rate risk arises due to fluctuations in interest rates which impact on the value of short term investments and financing activities. The Company is principally exposed to South African interest rates.

The Company's policy is to borrow funds at floating rates of interest given the link with economic output and therefore the correlation, over the longer term, with commodity prices. The Company uses interest rate swap contracts to manage its exposure to interest rate movements on its existing debt.

In respect of financial assets, the Company's policy is to invest cash at floating rates of interest and to maintain cash reserves in short term investments (less than one year) in order to maintain liquidity, while achieving a satisfactory return for shareholders.

Analysis of interest rate risk associated with net financial assets and the impact of derivatives to hedge against this risk is included within note 10.

NOTES TO THE FINANCIAL STATEMENTS

18. FINANCIAL RISK MANAGEMENT continued

e) Financial instrument sensitivities

Financial instruments affected by market risk include borrowings, deposits, derivative financial instruments, trade receivables and trade payables. The following analysis is intended to illustrate the sensitivity of the Company's financial instruments at 31 December to changes in foreign currencies and interest rates.

The following assumptions were made in calculating the sensitivity analysis:

- all income statement sensitivities also impact equity;
- for debt and other deposits carried at amortised cost, carrying value does not change as interest rates move;
- no sensitivity is provided for interest accruals as these are based on pre-agreed interest rates and therefore are not susceptible to further rate changes;
- changes in the carrying value of derivatives (from movements in interest rates) designated as cash flow hedges are assumed to be recorded fully within equity on the grounds of materiality;
- no sensitivity has been calculated on derivatives and related underlying instruments designated into fair value hedge relationships as these are assumed to materially offset one another;
- all hedge relationships are assumed to be fully effective on the grounds of materiality; and
- debt with a maturity of less than one year is floating rate, unless it is long term fixed rate debt in its final year.

No sensitivity for foreign exchange rate is presented as the Company does not have any net open positions in foreign currency at year end.

Using the above assumptions, the effect on the income statement and equity is R19 310 595 (2017: R16 043 304) for a 50 basis point move in South African interest rates.

The above sensitivities are calculated with reference to a single moment in time and are subject to change due to a number of factors including:

- fluctuating trade receivable and payable balances;
- derivative instruments and borrowings settled throughout the year;
- fluctuating cash balances; and
- changes in currency mix.

Each of the sensitivities is calculated in isolation, whilst in reality interest rates and foreign currencies do not move independently.

Capital management

The Board of Directors monitors the level of capital, which the Company defines as equity, comprising issued share capital and retained earnings. The Company manages its capital to ensure it will be able to continue as a going concern. In order to maintain or adjust this capital structure, the Company may issue new shares. There were no changes in the Company's approach to capital management during the year. The Company is not exposed to externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS

19. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in accordance with the requirements of the South African Companies Act, No. 71 of 2008. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain financial instruments. A summary of the principal Company accounting policies is set out below.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

The Company does not operate in operating segments.

19a. Revenue

Net interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Interest expense is recognised in the income statement in the period in which it is incurred based on the effective interest rate. The Company does not charge any monthly fees other than contractual interest rates.

Commitment fee income

Commitment fee income is accrued on a time basis, by reference to the undrawn committed facility value at an arm's length rate.

19b. Tax

The tax expense includes the current tax and deferred tax charge recognised in the income statement.

Current tax payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

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

The carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also taken directly to equity.

NOTES TO THE FINANCIAL STATEMENTS

19. ACCOUNTING POLICIES continued

19c. Financial instruments

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes party to the contractual provisions of the instrument. The Company's financial instruments consist primarily of cash and cash equivalents, trade and other receivables, loans receivable, borrowings, trade and other payables and certain other derivative instruments.

The Company classifies its financial instruments in the following categories:

- financial assets at fair value through profit or loss;
- financial assets at amortised cost which includes loans to group companies, external loan receivable, amounts due by group companies, trade and other receivables and cash and cash equivalents and are measured at amortised cost;
- money market fund investments which are held at fair value as they are redeemed through the sale of units in the funds and not solely through the recovery of principal and interest;
- financial liabilities at fair value through profit or loss; and
- other financial liabilities at amortised costs which includes borrowings, deposits from group companies, amounts due to group companies and trade and other payables.

The classification depends on the purpose for which the financial assets were acquired or financial liabilities were assumed. Management determines the classification at initial recognition.

19d. Impairment of financial assets (including receivables)

A financial asset not measured at fair value through profit or loss is assessed for impairment at each reporting date. The Company assesses on a forward looking basis the expected credit losses, defined as the difference between the contractual cash flows and the cash flows that are expected to be received, associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. A financial asset impairment provision is raised based on 12 month expected credit losses, unless there has been a significant increase in credit risk in which case the provision is based on lifetime expected credit losses.

The Company measures expected credit losses of a financial instrument in a way that reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money;
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions; and
- Expected credit losses are also assessed on financial commitments.

For trade receivables only, the simplified approach permitted by IFRS 9 is applied, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Losses are recognised in the income statement. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the income statement.

19e. Derivative financial instruments and hedge accounting

The Company does not use derivative financial instruments for speculative purposes.

All derivatives are held at fair value in the balance sheet within 'Derivative financial assets' or 'Derivative financial liabilities'.

In order to hedge its exposure to foreign exchange and interest rate risk, the Company enters into forward and swap contracts.

For an effective hedge of an exposure to changes in fair value, the hedged item is adjusted for changes in fair value attributable to the risk being hedged. The corresponding entry, along with gains or losses from remeasuring the associated derivative, is recognised in the income statement.

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

NOTES TO THE FINANCIAL STATEMENTS

19. ACCOUNTING POLICIES continued

19e. Derivative financial instruments and hedge accounting continued

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised, revoked, or no longer qualifies for hedge accounting.

Changes in the fair value of any derivative instruments that are not designated in a hedge relationship are recognised immediately in the income statement and are classified within other gains and losses (operating costs) or net finance costs depending on the type of risk to which the derivative relates.

19f. Cash and debt

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and on demand deposits, together with short term, highly liquid investments that are readily convertible to a known amount of cash and that are subject to an insignificant risk of changes in value. Bank overdrafts are shown within short term borrowings in current liabilities on the balance sheet. Cash and cash equivalents in the cash flow statement are shown net of overdrafts. Cash and cash equivalents are measured at amortised cost except for money market fund investments which are held at fair value as they are redeemed through the sale of units in the funds and not solely through the recovery of principal and interest.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified and accounted for as debt or equity according to the substance of the contractual arrangements entered into.

Bank borrowings

Interest bearing bank loans and overdrafts are initially recognised at fair value, net of directly attributable transaction costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs are recognised in the income statement using the effective interest method. They are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

19g. Derecognition of financial assets and financial liabilities

Financial assets are derecognised when the right to receive cash flows from the asset has expired, the right to receive cash flows has been retained but an obligation to on-pay them in full without material delay has been assumed or the right to receive cash flows has been transferred together with substantially all the risks and rewards of ownership.

Financial liabilities are derecognised when the associated obligation has been discharged, cancelled or has expired.

The difference between the carrying amount of the financial asset or liability derecognised and the consideration is recognised in profit or loss.

19h. Foreign currency transactions and translation

The Company's functional and presentation currency is South African Rand. Foreign currency transactions by the Company are recognised in the functional currency of the Company at the exchange rate ruling on the date of the transaction. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Gains and losses arising on retranslation are included in the income statement for the period and are classified as either operating or financing depending on the nature of the monetary item giving rise to them.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

20. GOING CONCERN

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus the going concern basis of accounting in preparing the financial statements continues to be adopted. Further details are contained in the Statutory report.

NOTES TO THE FINANCIAL STATEMENTS

21. DIRECTORS' REMUNERATION

Directors' emoluments comprise salaries and other benefits, performance bonus and incentive awards.

				2018
Rand	Services to the Company	Services to other group companies ⁽¹⁾	Amounts paid/payable to a pension scheme	Total
C.C. Elliott	—	11 688 412	430 978	12 119 390
S. Mayet	—	9 361 983	391 957	9 753 940
C. Goosen	—	8 621 253	351 112	8 972 365
N.J. Mason-Gordon	—	6 515 879	356 985	6 872 864
I.E. French	—	4 731 882	254 925	4 986 807
	—	40 919 409	1 785 957	42 705 366

⁽¹⁾ Includes Bonus Share Plan and Long Term Incentive Plan shares in Anglo American plc that have vested in the current year.

				2017
Rand	Services to the Company	Services to other group companies ⁽¹⁾	Amounts paid/payable to a pension scheme	Total
C.C. Elliott	—	8 728 434	482 491	9 210 925
I.E. French	—	4 473 031	308 766	4 781 797
C. Goosen	—	5 551 037	321 547	5 872 584
N.J. Mason-Gordon	—	5 394 977	313 474	5 708 451
S. Mayet	—	7 322 873	370 548	7 693 421
	—	31 470 352	1 796 826	33 267 178

⁽¹⁾ Includes Bonus Share Plan and Long Term Incentive Plan shares in Anglo American plc that have vested in the current year.