FINANCIAL REVIEW CONTINUED

Notes to the condensed consolidated financial statements continued

for the year ended 30 September 2018

13. Deferred tax continued

All of the above amounts have used the currently enacted income taxation rates of the respective tax jurisdictions the Group operates in. South African taxation losses normally expire within 12 months of the respective entities not trading. The deductible temporary timing differences do not expire under current taxation legislation. Deferred tax assets have only been recognised in terms of these items when it is probable that taxable profit will be available in the immediate future against which the respective entities can utilise the benefits therefrom.

The estimates used to assess the recoverability of recognised deferred tax assets include a forecast of the future taxable income and future cash flow projections based on a three-year period. The Group did not have tax losses and temporary differences for which deferred tax was not recognised.

14. Inventories

	2018 US$'000	2017 US$'000
Finished products	7 199	6 620
Ore stockpile	1 338	5 807
Consumables	14 623	8 399
	23 160	20 826
Impairment of consumables	(117)	(24)
Total carrying amount	23 043	20 802

Inventories are stated at the lower of cost or net realisable value. The Group impaired certain consumables and spares as the operational use became doubtful with no anticipated recoverable amount or value in use. The impaired consumables are allocated equally to the PGM and chrome operating segments (2017: 35.0% and 65.0% respectively to the PGM and chrome operating segments). There were no write-downs to net realisable value during the year (2017: no write-downs).

15. Trade and other receivables

	2018 US$'000	2017 US$'000
Trade receivables	38 645	55 602
PGM receivable	25 355	–
Total trade receivables	64 000	55 602
Other receivables – related parties (note 23)	417	59
Deposits, prepayments and other receivables	1 000	1 081
Accrued income	5 088	3 167
Value added tax receivable ('VAT')	14 577	9 327
Provision for royalty tax	1 120	1 138
	86 202	70 374

Notes to the condensed consolidated financial statements continued

for the year ended 30 September 2018

15. Trade and other receivables continued

Trade and other receivables of the Group are expected to be recoverable within one year from each reporting date. Trade receivables' terms vary from 0 to 120 days (2017: 0 to 120 days). No impairment of trade receivables was recognised during the year ended 30 September 2018 (2017: no impairment).

The Group applies a simplified approach to measure the loss allowance for trade receivables classified at amortised cost, using the lifetime expected loss provision. The expected credit loss on trade receivables is estimated using a provision matrix by reference to past default experience and credit rating if available, adjusted as appropriate for current observable data. The following table details the risk profile of trade receivables based on the Group's provision matrix.

	2018 US$'000	2017 US$'000
Current	61 674	43 677
Less than 90 days past due but not impaired	2 143	7 540
Greater than 90 days past due but not impaired	183	4 385
	64 000	55 602

Included in VAT is an amount of US$10.0 million (ZAR141.3 million) (2017: US$5.9 million (ZAR79.5 million)) that relates to diesel rebates receivable from the South African Revenue Service ('SARS') in respect of the mining operations. The Group received a letter of intent from SARS disputing the refundability of this amount. The Group is strongly of the view that it fully complies with all the regulations to be entitled to this refund and is opposing SARS's intent not to pay out this claim. The Group will take the necessary legal action to recover the amount due.

Based on current observable data, available credit quality information of clients and clients' past default experience, management believes that no impairment allowance (2017: no impairment allowance) is required in respect of the trade and other receivables as balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

16. Cash and cash equivalents

	2018 US$'000	2017 US$'000
Bank balances	55 433	39 983
Short-term bank deposits	11 358	9 759
	66 791	49 742

The amounts reflected above approximate fair value.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are generally call deposit accounts and earn interest at the respective short-term deposit rates.

At 30 September 2018, an amount of US$1.6 million (2017: US$1.6 million) was provided as security for a bank guarantee issued in favour of a trade creditor of a subsidiary of the Group and US$0.3 million (2017: US$0.3 million) was provided as security against certain credit facilities of the Group.