FINANCIAL REVIEW CONTINUED

Notes to the condensed consolidated financial statements continued

for the year ended 30 September 2018

20. Trade and other payables

	2018 US$'000	2017 US$'000
Trade payables	18 363	14 958
Accrued expenses	8 314	9 922
Interest-bearing – accrued dividends	–	4 750
Leave pay accrual	3 738	1 932
Value added tax payable	794	192
Other payables – related parties (note 23)	2 175	123
Operating lease payable	–	18
Other payables	19	21
	33 403	31 916

The amounts above are payable within one year from the reporting period.

21. Business combination

Effective 1 October 2017, the acquisition of mining equipment, spares and consumables from MCC Contracts Proprietary Limited ('MCC'), the previous mining contractor of Tharisa Minerals Proprietary Limited, became unconditional. The transaction included the transfer of the employment of 876 personnel of MCC. In addition, Tharisa Minerals Proprietary Limited took cession and assignment of certain leases entered into by MCC.

The fair value of plant and equipment and inventories acquired was determined by an external independent valuator. The carrying values of trade and other receivables acquired and liabilities assumed were equal to their fair values on date of acquisition. The bargain purchase gain arose due to differences in the carrying values and fair values of plant and equipment.

The total cash consideration paid for the acquisition was ZAR279.5 million. No deferred consideration or contingent consideration exists.

The purchase consideration was funded by a bridge loan from Absa Bank Limited and an original equipment manufacturer finance facility from Caterpillar Financial Services Corporation (refer to note 19).

The fair values of the identifiable assets and liabilities of MCC as at the date of acquisition were:

	Fair value recognised on acquisition US$'000
Assets	
Property, plant and equipment (note 10)	29 879
Inventories	1 051
Trade and other receivables	150
	31 080
Liabilities	
Borrowings (note 19)	(7 003)
Provisions (note 18)	(133)
Trade and other payables	(220)
	(7 356)
Total identifiable net assets at fair value	23 724
Bargain purchase arising on acquisition	(1 884)
Purchase consideration transferred	21 840
Net cash flow on acquisition	21 840

Transaction costs of US$0.1 million relating to the acquisition were included in administrative expenses during the year ended 30 September 2018.