

Notes to consolidated financial statements continued

for the year ended 30 June 2017

	2017 R'000	2016 R'000
15 LONG-TERM PROVISIONS		
Environmental obligations		
Provision against cost of decommissioning assets	36 187	6 079
Balance at beginning of year	6 079	6 527
Provisions raised/(utilised) during the year	26 662	(1 400)
Unwinding of discount on the provision	3 446	952
Provision for cost of environmental restoration	43 865	16 696
Balance at beginning of year	16 696	10 588
Provisions raised during the year	22 956	4 563
Unwinding of discount on the provision	4 213	1 545
Employee benefit liability	47 626	—
Provision arising on acquisition of Dwarsrivier	56 478	—
Transfer between long and short-term provisions	(8 852)	—
Leave pay	—	—
Balance at beginning of year	—	1 318
Provisions utilised during the year	—	(1 318)
Balance at end of year	127 678	22 775
The inflation rates applied to estimate costs used in the discounted cash flow to determine the provision for environmental restoration vary between 6,30% and 8,25% (2016: 8,79% and 10,75%) and the nominal discount rates vary between 6,30% and 8,25% (2016: 8,79% and 10,75%).		
16 SHARE-BASED PAYMENT LIABILITY		
Carrying amount of the liability relating to the equity participation rights (EPRs) expense arising from cash-settled share-based payment transactions during the year, using the Monte Carlo valuation technique	7 242	5 779
EPRs are granted to certain non-managerial employees of the group in terms of the Assore Employee Trust (AET) share-based payment scheme. The number of EPRs allocated in a particular year is based on 10% of the employee's annual salary on the date of the allocation, relative to the Assore share price. The growth in the value of the EPRs and resultant cash payment is linked to the Assore share price on the date of the payment. This value is reduced by the outstanding balance of the notional debt allocated, which is calculated as the value of the Assore share price on the date that the EPRs were first allocated. The notional amount attracts interest at a rate linked to the prime rate, reduced by 22% of the value of the dividends declared on the Assore shares included in the EPR allocations. The EPRs vest after one year of service rendered by the employee and are settled after 10 years after the initial allocation date. At 30 June 2017, the fair value of the EPRs, utilising the Monte Carlo valuation technique, amounted to R11 678 103 (2016: R9 599 000). The number of EPRs that have vested to date amount to 173 179 (2016: 155 290), and have a combined intrinsic value of R2 770 456 (2016: R3 933 000). The decreased value is attributable to the determined decrease in fair value per EPR. The following assumptions were used in determining the fair value of the EPRs: – dividend yield, between 2,44% and 3,78% (2016: 2,39% and 2,47%) – expected volatility, between 41,64% and 44,95% (2016: 44,95% and 47,18%) – risk-free interest rate between 7,77% and 8,81% (2016: 8,00% and 8,38%)		