

Notes to the financial statements continued

for the year ended 30 June 2018

31. Related-party transactions

Group

The Group is controlled by Rallen (Pty) Ltd which owns 57,06% (2017: 55,96%) of its issued share capital. The Group purchases product from its subsidiaries (previously associates), Ceramic Industries (Pty) Ltd and the Ezee Tile group (see note 14.2).

Other related parties listed are related due to the sharing of key management personnel.

Outstanding balances at year end are unsecured, interest-free and settlement occurs in cash on 30-day terms. There have been no guarantees provided or received for any related-party receivables or payables. For the year ended 30 June 2018, the Group has not made any provision for doubtful debts relating to amounts owed by related parties (2017: Rnil) nor incurred any bad debt expense in the current year (2017: Rnil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Details of related-party transactions are as follows:

Related party	Nature of transactions	Aggregate value of transactions		Balances owing at year end	
		2018 Rm's	2017 Rm's	2018 Rm's	2017 Rm's
Ceramic Industries (Pty) Ltd	Inventory purchases	1 018	898	70	51
Ezee Tile group	Inventory purchases	264	269	16	20

Key management personnel and prescribed officers comprise only the executive Board and directors of Ceramic. Remuneration paid to key management personnel of the Group is provided below. Nil balances were owing at year end (2017: nil).

Directors' shareholding

The directors' interest in the stated share capital of the Company as at 30 June 2018 is as follows:

	Beneficial direct	Beneficial indirect	Total	% held	Non-beneficial direct	Non-beneficial indirect	Total	% held
At 30 June 2018								
Director								
G A M Ravazzotti	7 186 731	443 434 655	450 621 386	34,79	—	—	—	—
S du Toit	—	29 125	29 125	0,00	—	—	—	—
J N Potgieter	4 597 257	—	4 597 257	0,35	—	—	—	—
B G Wood	1 683 587	—	1 683 587	0,13	—	—	—	—
N P Khoza	—	864 304	864 304	0,07	—	—	—	—
At 30 June 2017								
Director								
G A M Ravazzotti	3 637 088	345 980 215	349 617 303	33,83	—	—	—	—
S I Gama#	200 000	—	200 000	0,02	—	—	—	—
S du Toit	—	23 873	23 873	0,00	—	—	—	—
J N Potgieter	4 000 000	—	4 000 000	0,39	—	—	—	—
B G Wood	1 804 197	—	1 804 197	0,17	—	—	—	—

Beneficial interest in BEE Special Purpose Entity. Resigned on 29 January 2018.

Directors' participation in share incentive schemes

Directors' holdings under the Share Appreciation Rights Scheme are set out in the table below:

Director	Awards held at 1 July 2017	Awarded during the year	Vested and exercised during the year	Forfeited during the year	Awards held at 30 June 2018
J N Potgieter	4 000 000	—	(750 000)	—	3 250 000
B G Wood	2 587 500	—	(150 000)	—	2 437 500
T T A Mhlanga*	—	500 000	—	—	500 000

*Appointed on 11 May 2018.

31. Related-party transactions (continued)

Directors' holdings under the Executive Retention Plan are set out in the table below:

Director	Awards held at 1 July 2017	Awarded during the year	Vested and exercised during the year	Forfeited/ cancelled during the year	Awards held at 30 June 2018
J N Potgieter	4 000 000	—	—	—	4 000 000
B G Wood	1 500 000	—	—	—	1 500 000

Prescribed officers' holdings under the Ceramic Industries Retention Scheme are set out in the table below:

Prescribed officers	Awards held at 1 July 2017	Awarded during the year	Vested and exercised during the year	Forfeited during the year	Awards held at 30 June 2018
L Foxcroft	207 069	—	—	—	207 069
T Molefakgotla	165 656	—	—	—	165 656

Refer to note 6 for further details pertaining to these schemes.

Directors remuneration

All figures in R000's	Salary	Bonus performance- related payments	Provident fund and medical contributions	Gain on share scheme awards	Other	Total 2018	Total 2017
Executive directors							
N Booth#	—	—	—	—	—	—	11 046
J N Potgieter	2 660	—	440	17 522	316	20 938	15 491
B G Wood	2 112	—	338	5 356	163	7 969	10 626
T T A Mhlanga*	1 471	106	233	—	178	1 988	—
2018	6 243	106	1 011	22 878	657	30 895	
2017	6 308	2 329	1 028	25 883	1 615		37 163

Retired 28 February 2017.

* Appointed on 11 May 2018.

All figures in R000's	Base salary	Short-term* incentives	Provident fund and medical contributions	Gain on share scheme awards†	Other	Total 2018	Total 2017
Prescribed officers#							
L Foxcroft	2 709	2 379	662	8 619	1 009	15 378	—
T Molefakgotla	1 541	1 190	368	6 895	670	10 664	—
2018	4 250	3 569	1 030	15 514	1 679	26 042	
2017	—	—	—	—	—		—

* Relates to previous financial years.

Emoluments for full financial year (July 2017 to June 2018).

† IFRS 2 expense recognised for Executive Share Scheme Awards.

Notes to the financial statements continued

for the year ended 30 June 2018

31. Related-party transactions (continued)

All figures in R000's	Board fees	Other	Total 2018	Total 2017
Non-executive directors				
G A M Ravazzotti	1 610	—	1 610	1 359
S I Gama ^o	117	—	117	236
S M du Toit	772	—	772	752
A Zannoni*	—	—	—	69
S G Pretorius	453	—	453	479
N Medupe	416	—	416	320
M V Mtetwa [#]	244	—	244	94
N P Khoza ⁺	28	—	28	—
2018	3 640	—	3 640	
2017	3 309	—		3 309
Aggregate emoluments of directors who served during the year			60 577	40 472

* Retired on 25 November 2016.

Appointed on 28 January 2017.

^o Resigned on 29 January 2018.

⁺ Appointed on 11 May 2018.

Company

The Company owns 100% of the issued share capital of Italtile Ceramics (Pty) Ltd and receives dividends and management fees from its subsidiary.

The Company receives preference share dividends from Four Arrow Investments 256 (Pty) Ltd. This is a special purpose entity set up as part of the BEE transaction. Previously, the Italtile Foundation Trust acquired the Italtile Limited shares which were held by Arrow Creek Investments 74 (Pty) Ltd – the transaction was funded by an interest free loan from Italtile Limited (refer to note 6 for further details).

The Company receives interest from the loan to the Italtile Empowerment Trust. This entity was set up by the Board as part of the BEE transaction.

All related-party transactions are concluded at arm's length with the exception of the Foundation Trust loan which is interest free. There have been no guarantees provided or received for any related-party receivables or payables. For the year ended 30 June 2018, the Company has not made any provision for doubtful debts relating to amounts owed by related parties (2017: Rnil) nor incurred any bad debt expense in the current year (2017: Rnil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Details of related-party transactions are as follows:

Related party	Nature of transactions	Aggregate value of transactions		Balances owing at year end	
		2018 Rm's	2017 Rm's	2018 Rm's	2017 Rm's
Four Arrows Investments 256 (Pty) Limited	Preference share dividends	5	11	—	125
Italtile Empowerment Trust	Interest	—	—	102	68
Italtile Ceramics (Pty) Ltd	Dividends and management fees	166	336	3 654	545
Italtile Foundation Trust	Interest free loan	—	—	121	121

Refer to notes 6, 15 and 19 for further disclosure relating to terms of balances owing at year end.

Key management personnel and prescribed officers comprise only the executive Board members. Remuneration paid to key management personnel of the Company is provided above. No balances were owing at year end (2017: nil).