Notes to the consolidated financial statements

for the year ended June 30

		2016 R'000	2015 R'000
30.	**COMMITMENTS**		
	Capital expenditure approved:		
	Contracted for	**568 683**	407 181
	Not contracted for	**939 434**	989 645
		1 508 117	1 396 826

Capital expenditure amounting to R1 459 million (2015: R1 312 million) is in respect of property, plant and equipment and the remaining balance is in respect of computer software. It is anticipated that capital expenditure will be financed out of existing cash resources.

31. CONTINGENT LIABILITIES

The group has outstanding legal and other claims arising out of its normal ongoing operating activities. None of these claims are significant.

32. FINANCIAL INSTRUMENTS

32.1 Risk management overview

The group has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk and market risk, including interest rate risk, currency risk and equity price risk.

This note presents information about the group's exposure to each of the aforementioned risks, the group's objectives, policies and processes for measuring and managing risk, and the group's management of capital. IFRS 7 requires certain disclosures by class of instrument which the group has determined would be the segments as disclosed in the segmental report.

The group's major financial risks are mitigated in the way that it operates firstly through diversification of geography and secondly through decentralisation of the business model. Bidcorp is an international group with operations in the United Kingdom, Europe, Asia, Australia, New Zealand, South America, Middle East and various southern African countries.

Bidcorp's philosophy has always been to empower management through a decentralised structure thereby making operational management responsible and accountable for the performance of its operations, including managing the financial risks of the operation. The operational management report to divisional management who in turn report to the Bidcorp board of directors. The divisional management is also held responsible for managing financial risks of the operations within its divisions. Operational management's remuneration is based on its operation's performance and divisional management based on its division's performance resulting in a decentralised and entrepreneurial environment.

Due to the diverse structure and decentralised management of the group, the group audit and risk committee has implemented guidelines of acceptable practices and basic procedures to be followed by divisional and operational management. The information provided below for each financial risk has been collated for disclosure based on the manner in which the business is managed and what is believed to be useful information for stakeholders.

The overall process of risk management in Bidcorp, which includes the related system of control, is the responsibility of the Bidcorp board of directors. The audit and risk committee is governed by a charter and reports regularly to the board of directors on its activities.