	2017 R'000	2016 R'000
31. COMMITMENTS		
Capital expenditure approved:		
Contracted for	**675 164**	568 683
Not contracted for	**873 494**	939 434
	1 548 658	1 508 117

Capital expenditure amounting to R1 516 million (2016: R1 459 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.

32. CONTINGENT LIABILITIES

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

33. FINANCIAL INSTRUMENTS

33.1 Risk management overview

The group has exposure to the following risks from its use of financial instruments: credit risk; liquidity risk; foreign currency risk; interest rate 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. Bid Corporation Limited (Bidcorp) is an international group with operations in 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 their operations, including managing the financial risks of the operation. The operational management report to the CE who in turn reports to the Bidcorp board of directors. Operational management's remuneration is based on their operation'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 the Bidcorp group, which includes the related system of control, is the responsibility of the Bidcorp board of directors. The Bidcorp group audit and risk committee is governed by a charter and reports regularly to the board of directors on its activities.

The Bidcorp group audit and risk committee's (GARC) primary risk responsibilities include:

- review of the group's risk policies and approach to risk management;
- to consider all material risks to which the group is exposed, ensuring that the requisite risk management culture, policies and systems are progressively implemented and functioning effectively;
- management is accountable to the board for implementing and monitoring the processes of risk management and integrating this into day-to-day activities; they confirm these processes through the completion of the quarterly Bidcorp management representation letter submitted to the Bidcorp GARC;
- performance of ongoing monitoring of the enterprise-wide risk assessment process to ensure risks and opportunities are adequately identified, evaluated and managed at the appropriate level in each business, and that the individual and joint impact of risks identified on the group is considered;
- to review legal matters that could have a material impact on the group, as well as considering the adequacy and effectiveness of the group's procedures to ensure compliance with legal and regulatory responsibilities; and
- consideration of reports provided by management, internal assurance providers and the independent auditors regarding compliance with legal and regulatory requirements.

Notes to the consolidated financial statements
for the year ended June 30

33. FINANCIAL INSTRUMENTS *(continued)*

33.1 Risk management overview *(continued)*

Due to the breadth of the geographical spread of the Bidcorp operations, Bidcorp has adopted a globally relevant risk management strategy. This strategy has been communicated to, and implementation thereof delegated, to the respective local management teams. Bidcorp believes using a common group framework for the management of risk creates a shared foundation from which a view of the global risk universe is developed, but embraces the locally relevant risks faced by each business. The Bidcorp group risk management policies are established to identify and analyse the risks faced by the group, to set appropriate guidance and parameters within which risks are to be reported to the Bidcorp GARC. Bidcorp continues to grow and develop a robust and constructive control environment in which all employees understand their roles and responsibilities.

Each business reports to one of four divisional audit and risk committee's (DARC), which subscribes to the same philosophies and practices as the Bidcorp GARC. The DARCs report quarterly to the Bidcorp GARC. The DARCs oversee how operational management monitors compliance with the Bidcorp group policies and guidelines in respect of the financial reporting process, the system of internal control, the management of financial risks, the audit process (both internal and external) and code of ethics. The DARCs are assisted in their oversight role by Bidcorp internal audit. Internal audit undertakes both regular and ad hoc reviews of financial and operational risk management controls and procedures, the results of which are quarterly reported to the respective DARC and consolidated for quarterly reporting to the Bidcorp GARC.

33.2 Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the group's receivables from customers, investments and guarantees.

The Bidcorp group audit and risk committee has implemented a "delegation of authority matrix" which provides guidelines to the divisions as to the level of authorisation required for various types of transactions.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the group's maximum exposure to credit risk after taking into account the value of any collateral obtained.

The carrying values, net of impairment allowances, amount to R12 631 million (2016: R13 945 million) for trade receivables (refer to note 21), and R114 million (2016: R754 million) for investments (refer to note 18).

The impairment allowance account in respect of trade receivables is used to record impairment losses unless the group is satisfied that no recovery of the amount owing is possible; at that point, the amount which is considered irrecoverable is written off directly against the respective assets.

Impairments of investments classified as available-for-sale or held-for-trading are written off against the investment directly and an impairment allowance account is not utilised.

The group has a general credit policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. In accordance with the decentralised structure, operational management is responsible for implementation of policies to meet the above objective. This includes credit policies under which new customers are analysed for creditworthiness before the operation's standard payment and delivery terms and conditions are offered, determining whether collateral is required, and if so the type of collateral to be obtained, and setting of credit limits for individual customers based on their references and credit ratings. Many operations in the group have a policy of taking out credit insurance to cover a portion of their risk. Operational management is also held responsible for monitoring the operations' credit exposure.

33.2.1 Trade receivables

Trade receivables consist of a large number of customers spread across diverse markets and geographical areas. Ongoing credit evaluation is performed by operational management on the financial condition of the operations' customers.

The group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. It was noted that the group's largest exposure to a single customer group, across multiple geographies is R595 million (2016: R556 million). Management, in the various geographies, has assessed the recoverability of these amounts due in their geographies, and believes that the amounts due and not impaired are recoverable in full.

33. FINANCIAL INSTRUMENTS *(continued)*

33.2 Credit risk *(continued)*

33.2.1 Trade receivables (continued)

The total number of debtors per reporting division was obtained and the average turnover per trade debtor was calculated for each reporting division. Based on the average turnover per trade debtor in comparison to the group's total revenue for the year, there was no significant concentration of credit risk to any single trade debtor. The concentration of credit risk is therefore limited due to the customer base being large and independent.

As a function of the decentralised structure, each operation establishes an impairment allowance that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified.

The review of the impairment allowances in respect of trade and other receivables is monitored under the oversight of the divisional audit and risk committees, and ultimately the Bidcorp group audit and risk committee. The operations' average credit period depend on the local trends as well as the creditworthiness of their customers. The majority of the customers are given credit terms ranging from cash on delivery to 60 days from statement. The largest impairment raised for a specific trade receivable was obtained for each reporting operation and calculated as a percentage of the group's total impairment allowance. It was determined that such percentage did not exceed 2,0% (2016: 2,3%) of the total allowance raised at year-end.

	2017 R'000	2016 R'000
Movement in impairment allowance in respect of trade receivables		
Balance at July 1	**548 531**	377 288
Allowances raised during the year	**169 453**	256 832
Australasia	**8 715**	33 650
United Kingdom	**31 930**	18 070
Europe	**72 361**	147 440
Emerging Markets	**56 447**	57 672
Bad debts written off during the year	**(133 858)**	(150 467)
Australasia	**(21 677)**	(28 750)
United Kingdom	**(28 000)**	(19 236)
Europe	**(72 162)**	(80 616)
Emerging Markets	**(12 019)**	(21 865)
Acquisition of businesses	**48 988**	2 243
Australasia	**390**	–
United Kingdom	**2 516**	2 243
Europe	**46 082**	–
Transfer as a result of unbundling		
Emerging Markets	**–**	39 698
On disposal of business	**(7 173)**	(403)
Emerging Markets	**(7 173)**	(383)
Bidvest Services	**–**	(20)
Allowances reversed during the year	**(41 662)**	(47 835)
United Kingdom	**(853)**	(3 846)
Europe	**(8 961)**	(3 462)
Emerging Markets	**(31 848)**	(40 527)
Exchange rate adjustments	**(53 202)**	71 175
Balance at June 30	**531 077**	548 531

Notes to the consolidated financial statements
for the year ended June 30

33. FINANCIAL INSTRUMENTS *(continued)*

33.2 Credit risk *(continued)*

33.2.1 Trade receivables *(continued)*

Ageing of trade receivables at June 30

	2017			2016		
	Gross trade receivables R'000	**Impairment allowance R'000**	**Net trade receivables R'000**	Gross trade receivables R'000	Impairment allowance R'000	Net trade receivables R'000
Not past due	**11 031 756**	**(31 144)**	**11 000 612**	12 441 211	(25 585)	12 415 626
Australasia	**1 944 550**	**(8 999)**	**1 935 551**	2 384 621	(9 526)	2 375 095
United Kingdom	**3 696 187**	**–**	**3 696 187**	4 406 945	–	4 406 945
Europe	**3 459 790**	**(14 597)**	**3 445 193**	3 531 335	(6 557)	3 524 778
Emerging Markets	**1 931 229**	**(7 548)**	**1 923 681**	2 118 310	(9 502)	2 108 808
Past due 0 – 30 days	**1 152 741**	**(23 366)**	**1 129 375**	1 074 017	(40 283)	1 033 734
Australasia	**185 550**	**(10 857)**	**174 693**	189 850	(28 561)	161 289
United Kingdom	**232 413**	**–**	**232 413**	293 106	–	293 106
Europe	**446 406**	**(10 791)**	**435 615**	339 458	(7 348)	332 110
Emerging Markets	**288 372**	**(1 718)**	**286 654**	251 603	(4 374)	247 229
31 – 180 days	**720 911**	**(269 023)**	**451 888**	718 233	(280 620)	437 613
Australasia	**50 341**	**(22 782)**	**27 559**	51 367	(37 439)	13 928
United Kingdom	**99 028**	**(16 712)**	**82 316**	112 206	(28 013)	84 193
Europe	**328 210**	**(168 997)**	**159 213**	375 545	(167 901)	207 644
Emerging Markets	**243 332**	**(60 532)**	**182 800**	179 115	(47 267)	131 848
181 + days	**256 217**	**(207 544)**	**48 673**	259 876	(202 043)	57 833
Australasia	**29 356**	**(24 901)**	**4 455**	16 632	(12 922)	3 710
United Kingdom	**51 918**	**(23 085)**	**28 833**	55 400	(19 256)	36 144
Europe	**139 048**	**(139 048)**	**–**	141 180	(139 107)	2 073
Emerging Markets	**35 895**	**(20 510)**	**15 385**	46 664	(30 758)	15 906
Total	**13 161 625**	**(531 077)**	**12 630 548**	14 493 337	(548 531)	13 944 806

33. FINANCIAL INSTRUMENTS *(continued)*

33.2 Credit risk *(continued)*

33.2.1 Trade receivables (continued)

Collateral held on past due amounts

	2017		2016	
	Fair value of collateral held R'000	**Trade receivables net of impairment allowance R'000**	Fair value of collateral held R'000	Trade receivables net of impairment allowance R'000
Cover by credit insurance				
Australasia	**79 773**	**79 773**	79 397	79 397
United Kingdom	**49 054**	**49 054**	44 919	44 919
Europe	**146 268**	**146 268**	82 781	140 153
Emerging Markets	**104 812**	**76 863**	117 353	38 604
Total	**379 907**	**351 958**	324 450	303 073

In certain instances the group's operations reserve the right to collect inventory sold when the outstanding debt is not settled by the customer. The collateral detailed above is in addition to these aforementioned measures taken to reduce credit risk in respect of trade receivables.

33.2.2 Investments, interest in associates and investment in jointly controlled entity

The classes for investments are listed held-for-trading, unlisted held-for-trading and unlisted available-for-sale. Refer to note 18 for the carrying amounts for each of these categories. The group manages its credit risk for investments by investing in reputable instruments.

However, there was an impairment loss of R43,4 million (2016: R119,1 million) that was recognised in respect of investments which related to Icelandic Water Holdings ehf.

There were no impairments noted in relation to the interest in associates and investment in jointly controlled entity.

33.2.3 Cash and cash equivalents

The credit risk on cash and cash equivalents is addressed by utilising financial institutions of good standing for investment and cash management purposes.

33.3 Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

The group manages its borrowings centrally for each of the segments. The divisions within each segment are therefore not responsible for the management of liquidity risk but rather senior management for each of these segments is responsible for implementing procedures to manage the regional liquidity risk.

Notes to the consolidated financial statements

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33. FINANCIAL INSTRUMENTS *(continued)*

33.3 Liquidity risk *(continued)*

33.3.1 Contractual maturities of financial liabilities, including interest payments

		Undiscounted contractual cash flows					
	Carrying amount R'000	Total R'000	6 months or less R'000	6 – 12 months R'000	1 – 2 years R'000	2 – 5 years R'000	More than 5 years R'000
2017							
Vendors for acquisition	**461 851**	**461 851**	**–**	**379 474**	**82 377**	**–**	**–**
Puttable non-controlling liabilities (refer to note 27)	**1 195 196**	**1 198 212**	**1 077 168**	**–**	**–**	**121 044**	**–**
Borrowings (refer to note 25)							
Loans secured by mortgage bonds over fixed property	**54 651**	**65 885**	**4 773**	**4 764**	**9 455**	**14 521**	**32 372**
Loans secured by lien over certain property, plant and equipment in terms of financial leases and suspensive sale agreements	**441 679**	**456 537**	**60 848**	**60 716**	**142 049**	**172 693**	**20 231**
Unsecured loans	**7 561 133**	**7 846 404**	**2 018 555**	**981 260**	**358 525**	**4 467 287**	**20 777**
	8 057 463	**8 368 826**	**2 084 176**	**1 046 740**	**510 029**	**4 654 501**	**73 380**
Trade and other payables (refer to note 29)							
Trade and other payables (excluding forward exchange contracts)	**19 120 881**	**19 120 881**	**19 120 881**	**–**	**–**	**–**	**–**
2016							
Puttable non-controlling liabilities (refer to note 27)	1 168 921	1 172 267	–	–	1 172 267	–	–
Borrowings (refer to note 25)							
Loans secured by mortgage bonds over fixed property	78 436	84 520	6 576	5 340	10 667	25 039	36 898
Loans secured by lien over certain property, plant and equipment in terms of financial leases and suspensive sale agreements	284 365	305 365	45 050	44 042	112 980	87 091	16 202
Unsecured loans	6 825 353	7 739 753	3 852 089	318 760	629 621	1 041 348	1 897 935
	7 188 154	8 129 638	3 903 715	368 142	753 268	1 153 478	1 951 035
Trade and other payables (refer to note 29)							
Trade and other payables (excluding forward exchange contracts)	21 493 850	21 493 850	21 493 850	–	–	–	–

The expected maturity of financial liabilities is not expected to differ from the contractual maturities as disclosed above.

There were no defaults or breaches of any of the borrowing terms or conditions.

33. FINANCIAL INSTRUMENTS *(continued)*

33.3 Liquidity risk *(continued)*

33.3.2 Trade payables by class

	2017 R'000	2016 R'000
Trade payables		
Bidfood	**16 633 069**	17 369 810
Australasia	**3 075 160**	3 342 044
United Kingdom	**6 588 164**	7 588 240
Europe	**5 261 360**	4 583 444
Emerging markets	**1 708 385**	1 856 082
Corporate	**16 536**	–
	16 649 605	17 369 810

33.3.3 Undrawn facilities

The group has the following undrawn facilities at its disposal to further reduce liquidity risk:

	2017 R'000	2016 R'000
Unsecured bank overdraft facility, reviewed annually and payable on 360 days notice	**1 136 613**	1 303 748
Utilised	**562**	–
Unutilised	**1 136 051**	1 303 748
Unsecured loan facility with various maturity dates through to 2024 and which may be extended by mutual agreement	**9 444 210**	7 720 157
Utilised	**7 425 044**	5 792 166
Unutilised	**2 019 166**	1 927 991
Secured loan facilities with various maturity dates through to 2031 and which may be extended by mutual agreement	**403 527**	1 397 034
Utilised	**243 033**	1 195 823
Unutilised	**160 494**	201 211
Other banking facilities	**607 789**	755 731
Utilised	**229 226**	183 270
Unutilised	**378 563**	572 461
Total facilities	**11 592 139**	11 176 670
Utilised	**7 897 865**	7 171 259
Unutilised	**3 694 274**	4 005 411

33.4 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will affect the group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Notes to the consolidated financial statements
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33. FINANCIAL INSTRUMENTS *(continued)*

33.4 Market risk *(continued)*

33.4.1 Foreign currency risk

The group's financial instruments are not significantly exposed to currency risk for the reasons provided below. A sensitivity analysis has therefore not been performed.

Borrowings are matched to the same foreign currency as the division raising the loan thereby limiting the divisions' exposure to changes in a foreign currency which differs to their functional currency. Interest on borrowings is denominated in currencies that match the cash flows generated by the underlying divisions of the group thereby providing an economic hedge for each class of borrowing.

The group incurs currency risk as a result of purchases and sales which are denominated in a currency other than the group entities' functional reporting currency. It is group policy that group entities hedge all trade receivables and trade payables denominated in a foreign currency which differs to its functional currency. At any point in time the entities also take out economic hedges over their estimated foreign currency exposure resulting from sales and purchases. The group entities hedge their foreign currency risk exposure either by taking out forward exchange contracts (FECs) or alternatively by purchasing in advance the foreign currency which will be required to settle the trade payables. Most of the forward exchange contracts have maturities of less than one year after the reporting date. Where necessary, the forward exchange contracts are rolled over at maturity. It is the group's policy not to trade in derivative financial instruments for speculative purposes.

Changes in the fair value of forward exchange contracts that economically hedge monetary assets and liabilities in foreign currencies (in relation to the operations' functional currency) and for which no hedge accounting is applied are recognised in the statement of profit or loss. Both the changes in fair value of the forward exchange contracts and the foreign exchange gains and losses relating to the monetary items are recognised in operating profit (refer note 3).

The periods in which the cash flows associated with the forward exchange contracts are expected to occur are detailed below under the heading "settlement". The periods in which the cash flows are expected to impact the income statement are believed to be in the same timeframe as when the actual cash flows occur.

		Contract value	
	Settlement	Foreign amount '000	Rand amount '000
2017			
In respect of forward exchange contracts relating to foreign liabilities as at June 30 2017			
US dollar	July to September 2017	**(7 054)**	**(93 510)**
Euro	July to September 2017	**(3 786)**	**(60 118)**
Australian dollar	July 2017	**(384)**	**(3 719)**
			(157 347)
In respect of forward exchange contracts relating to foreign assets as at June 30 2017			
US dollar	January 2018	**17 044**	**221 409**
Euro	January 2018	**705**	**10 069**
			231 478

33. FINANCIAL INSTRUMENTS *(continued)*

33.4 Market risk *(continued)*

33.4.1 Foreign currency risk (continued)

	Settlement	Contract value Foreign amount '000	Contract value Rand amount '000
2017			
In respect of forward exchange contracts relating to goods and services ordered not accounted for as at June 30 2017			
US dollar	July to December 2017	**(13 975)**	**(184 368)**
Australian dollar	July to September 2017	**(1 919)**	**(18 737)**
Norwegian krone	July to September 2017	**(5 336)**	**(8 280)**
Euro	July to November 2017	**(202)**	**(3 048)**
			(214 433)
2016			
In respect of forward exchange contracts relating to foreign liabilities as at June 30 2016			
US dollar	July 2016 to August 2016	(3 513)	(53 332)
Euro	July 2016 to September 2016	(8 110)	(135 592)
Australian dollar	July 2016	(20)	(225)
Sterling	July 2016	–	(10)
			(189 159)
In respect of forward exchange contracts relating to foreign assets as at June 30 2016			
US dollar	July to November 2016	6 719	97 127
Norwegian krone	July to October 2016	14 569	26 530
Euro	July to November 2016	1 270	20 613
			144 270
In respect of forward exchange contracts relating to goods and services ordered not accounted for as at June 30 2016			
US dollar	July to May 2017	(12 540)	(180 485)
Australian dollar	July to August 2016	(576)	(6 519)
Euro	July to October 2016	(1 200)	(19 173)
			(206 177)

Notes to the consolidated financial statements
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33. FINANCIAL INSTRUMENTS *(continued)*

33.4 Market risk *(continued)*

33.4.2 Interest rate risk

The group is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. This risk is managed by maintaining an appropriate mix between fixed and floating borrowings and by the use of interest rate swap contracts. Investments in equity securities accounted for as held-for-trading financial assets and trade receivables and payables are not exposed to interest rate risk.

At the reporting date the interest rate profile of the group's interest-bearing financial instruments was:

	2017 R'000	2016 R'000
Fixed rate instruments		
Financial liabilities		
Borrowings	**(4 024 490)**	(3 128 722)
Financial assets		
Derivative instruments in designated hedge accounting relationships	**1 652**	–
Variable rate instruments		
Financial assets		
Cash and cash equivalents	**6 348 049**	5 509 505
Financial liabilities		
Borrowings	**(4 032 973)**	(4 059 432)
Puttable non-controlling interest liabilities	**(1 195 196)**	(1 168 921)

The group's exposure to interest rates on financial assets and liabilities are detailed in the various notes within the financial statements.

The variable rates are influenced by movements in the prime borrowing rates.

Sensitivity analysis

Group borrowings have been categorised by geographical location and the percentage change used for each category has been selected based on what could reasonably be expected as a change in interest rates within that region based on historical movements in interest rates within that particular region.

This sensitivity analysis has been prepared using the average borrowings for the financial year as the actual borrowings at June 30 are not representative of the borrowings during the year. These analyses assume that all other variables, in particular foreign currency rates, remain constant. The analyses are performed on the same basis as 2016. A decrease in interest rates would have an equal and opposite effect on profit after taxation as detailed below.

	2017		2016	
	Increase in interest rates %	**Decrease in profit after taxation R'000**	Increase in interest rates %	Decrease in profit after taxation R'000
Southern Africa and other Emerging Markets	**0,50**	**11 537**	0,50	6 360
United Kingdom and Europe	**0,25**	**3 400**	0,25	9 955
Australasia	**0,25**	**8 809**	0,25	7 352
		23 746		23 667

33. FINANCIAL INSTRUMENTS *(continued)*

33.4 Market risk *(continued)*

33.4.3 Equity price risk

Equity price risk arises from investments classified as held-for-trading and available-for-sale (refer to note 18). Unlisted investments comprise unlisted shares and loans which are classified as held-for-trading or available-for-sale, and are valued at fair value using a price earnings (PE) model.

33.5 Fair values

The carrying amounts of all financial assets and liabilities approximate their fair values, with the exception of borrowings which have been accounted for at amortised cost. The fair value of borrowings, together with the carrying amounts shown in the statement of financial position, classified by class (being geographical location), are as follows:

	2017		2016	
	Carrying amount R'000	**Fair value R'000**	Carrying amount R'000	Fair value R'000
Borrowings (refer to note 25)				
Southern Africa and other Emerging Markets	**2 325 575**	**2 325 575**	2 136 266	2 136 156
Loans secured by lien over certain property, plant and equipment in terms of financial leases and suspensive sale agreements	**6 679**	**6 679**	5 349	5 349
Unsecured loans	**2 318 896**	**2 318 896**	2 130 917	2 130 807
United Kingdom and Europe	**4 812 145**	**4 763 022**	3 914 356	3 885 383
Loans secured by mortgage bonds over fixed property	**54 651**	**54 651**	78 436	78 436
Loans secured by lien over certain property, plant and equipment in terms of financial leases and suspensive sale agreements	**435 000**	**435 000**	279 016	279 016
Unsecured loans	**4 322 494**	**4 273 371**	3 556 904	3 527 931
Australasia				
Unsecured loans	**919 743**	**919 743**	1 137 532	1 137 532
	8 057 463	**8 008 340**	7 188 154	7 159 071
Unrecognised gain	**49 123**		29 083	

The methods used to estimate the fair values of financial instruments are discussed in note 37. The interest rates used to discount cash flows, in order to determine fair values, are based on market-related rates at June 30 2017 plus an adequate constant credit spread, and range from 0,0% to 19,8% (2016: 0,0% to 18,2%).

Fair value hierarchy

When measuring the fair value of an asset or a liability, the group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques categorised as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the consolidated financial statements
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33. FINANCIAL INSTRUMENTS *(continued)*

33.5 Fair values *(continued)*

Fair value hierarchy *(continued)*

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Non-current assets (liabilities)			Current assets (liabilities)		
R'000	**Puttable non-controlling interests**	**Investments**	**Vendors for acquisition**	**Puttable non-controlling interests**	**Vendors for acquisition**	**Total**
June 30 2017						
Financial assets measured at fair value	**–**	**54 504**	**–**	**–**	**–**	**54 504**
Financial liabilities measured at fair value	**(118 028)**	**–**	**(82 377)**	**(1 077 168)**	**(379 474)**	**(1 657 047)**
June 30 2016						
Financial assets measured at fair value	–	511 122	–	–	–	511 122
Financial liabilities measured at fair value	(1 168 921)	–	–	–	(513 308)	(1 682 229)

	Total	**Level 1**	**Level 2**	**Level 3**
June 30 2017				
Financial assets measured at fair value	**54 504**	**–**	**1 848**	**52 656**
Financial liabilities measured at fair value	**(1 657 047)**	**–**	**–**	**(1 657 047)**
June 30 2016				
Financial assets measured at fair value	511 122	501 293	2 054	7 775
Financial liabilities measured at fair value	(1 682 229)	–	–	(1 682 229)

Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring the puttable non-controlling interests and vendors for acquisition fair values at June 30.

Valuation technique	**Significant unobservable inputs**	**Inter-relationship between significant unobservable inputs and fair value measurement**
The expected payments are determined by considering the possible scenarios of forecast EBITDA, the amount to be paid under each scenario and the probability of each scenario. The valuation models consider the present value of expected payment, discounted using a risk-adjusted discount rate.	■ EBITDA growth rates: 10 – 23% (2016: 10% – 23%) ■ EBITDA multiples: 4,8x – 7x (2016: 4,8x – 7x) ■ Risk-adjusted discount rate: 1,99% – 5,0% (2016: 1,99% – 5,0%)	The estimated fair value would increase (decrease) if: ■ the EBITDA were higher (lower); or ■ the risk-adjusted discount rate was lower (higher).

34. CAPITAL MANAGEMENT

The board of directors' policy is to maintain a strong capital base so as to sustain future development of the businesses so that it can continue to provide benefits to its shareholders.

There were no changes in the group's approach to capital management during the year.