35. RELATED PARTIES

Identification of related parties

The group has a related-party relationship with its subsidiaries and associates. Key management personnel has been defined as the executive and non-executive directors of the company. The definition of key management includes the close members of family of key management personnel and any other entity over which key management exercises control. Close members of family are those family members who may be expected to influence or be influenced by that individual in their dealings with the group. They may include the individual's domestic partner and children, the children of the individual's domestic partner, and dependants of the individual or the individual's domestic partner.

Transactions with key management personnel

Directors' remuneration in total, paid by a subsidiary, is included in note 3. Details pertaining to executive and non-executive directors' compensation are set out in the directors' report.

The group encourages its employees to purchase food products from group companies. These transactions are generally conducted on terms similar to those entered into with third parties, although in some cases nominal discounts are granted. Transactions with key management personnel are conducted on similar terms. No abnormal or non-commercial credit terms are allowed, and no impairments were recognised in relation to any transactions with key management personnel during the year, nor have they resulted in any non-performing debts at the year-end.

Similar policies are applied to key management personnel at subsidiary level who are not defined as key management personnel at the group level.

Transactions with related parties

	2017 R'000	2016 R'000
Outstanding advances due at year-end by associates (note 17)	**101 098**	37 696
Total value of revenue received from associates	**11 462**	7 656
Amounts due by associates included in trade receivables	**804**	962
Total value of inventory purchased from associates	**911 657**	889 989
Total value of services purchased from associates	**661**	6 576
Amounts due to associates included in trade payables	**96 724**	98 111
Total value of revenue received from jointly controlled entity	**555**	–
Property rental income from jointly controlled entity	**2 526**	–

Details of effective interest, investments and loans to associates are disclosed in note 17.

36. ACCOUNTING ESTIMATES AND JUDGEMENTS

The board of directors has considered the group's accounting policies, key sources of uncertainty and areas where accounting judgements were required in applying the group's accounting policies.

Accounting policies

The group audit and risk committee is satisfied that the accounting policies are appropriate to the group.

Notes to the consolidated financial statements

for the year ended June 30

36. ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

Critical accounting judgements in applying the group's accounting policies

Judgements made in the application of IFRS that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Property, plant and equipment

The residual values of these assets are reviewed annually after considering future market conditions, the remaining life of the asset and projected disposal values. The estimation of the useful lives is based on historic performance as well as expectation about future use and, therefore, requires a degree of judgement to be applied. The depreciation rates represent management's current best estimate of the useful lives of the assets. All properties are accounted for as own use assets and are thus held at cost less depreciation. Market indicators reflect that these properties could realise more than their carrying values if disposed of.

Goodwill and intangible assets

The group has assessed the carrying value of goodwill and intangible assets to determine whether any of the amounts have been impaired. The carrying values were assessed using a combination of price earnings and discounted cash flow methods and the actual results and forecasts for future years.

Deferred taxation

Deferred taxation assets are recognised to the extent it is probable that the taxable income will be available against which they can be utilised. Future taxable profits are estimated based on business plans which include estimates and assumptions regarding economic growth, interest, inflation and taxation rates and competitive forces.

Inventories

Impairment allowances are raised against inventory when it is considered that the amount realisable from such inventory's sale is considered to be less than its carrying amount. The impairment allowances are made with reference to an inventory age analysis.

Trade receivables and other receivables

Management identifies possible impairment of trade receivables on an ongoing basis. An impairment allowance in respect of doubtful debts is raised against the receivable when their collectibility is considered to be doubtful. Management believes that the impairment adjustment is conservative and there are no significant receivables that are doubtful and have not been impaired or provided for. In determining whether a particular receivable could be doubtful, the age, customer current financial status and disputes with the customer are taken into consideration.

Provisions

Refer to note 30 for disclosure on the onerous contracts, provision for cost of dismantling and site restoration and customer loyalty programmes.

Puttable non-controlling interest liabilities

The group has entered into put arrangements where non-controlling interests are entitled to sell certain of their holdings in subsidiaries to the group at future contracted dates. The puttable non-controlling interest liability is calculated as the present value of the expected redemption value, discounted from the expected redemption date to the reporting date. There are two main assumptions used in the calculation of the liability; the expected redemption value at the expected redemption date and the discount rate used to discount the expected redemption value to the reporting date.

The discount rate is derived from an applicable government bond yield curve in the country in which the subsidiary operates, and is applied over the number of years between the reporting date and the redemption date, plus an appropriate credit spread.