Notes to company financial statements continued

for the year ended 30 June 2017

18 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Determination of fair values

Quoted market prices at reporting date have been used to determine the fair value of available-for-sale investments, whereas market-related discount rates have been used to determine the fair value of loans and receivables and interest-bearing borrowings. Where quoted market prices are not available, a valuation technique, most commonly discounted cash flows, was used. For other receivables and payables, the fair value was determined using discounted cash flow method at market-related interest rate. Carrying amounts approximate fair value for all other financial assets and liabilities.

Fair value hierarchy

The company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:
Level 1: quoted prices in an active market that are unadjusted for identical assets or liabilities;
Level 2: valuation techniques using inputs, which are directly or indirectly observable; and
Level 3: valuations based on data that is not observable (not applicable to the group).

The values of all other instruments recognised, but not subsequently measured at fair value, approximate fair value.

The following assets and liabilities were measured at level 1:

	2017 R'000	2016 R'000
Recurring fair value measurements, measured at level 1		
Assets measured at fair value, measure at level 1		
Available-for-sale investments	**229 501**	180 209
Assets and liabilities measured at amortised cost, measured at level 2		
Fair value of loans due to group companies	**1 114 367**	975 682
Fair value of loans due from group companies	**762 521**	628 309

19 CAPITAL MANAGEMENT

The company holds interests in companies that own mineral rights over resources with remaining lives which vary in accordance with current prices (refer "Mineral Resources and Reserves" of the 2017 integrated annual report). Decisions to exploit resources would be made at board level and only following the completion of a bankable study based on the current life of mine and estimated capital cost, operating cost and cost of finance, where required, so that the deposit can be mined on a sustainable basis to the end of its estimated life.

The board's policy is therefore to maintain a strong capital base so as to maintain stakeholder confidence and to sustain future development of the business. The company considers its capital to comprise total equity. The company may adjust its capital structure by way of issuing new shares and is dependent on its shareholders for additional capital as required. The company manages its capital structure in light of changes in economic conditions and the board of directors monitors the capital adequacy, solvency and liquidity of the company on a continuous basis.

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