

Notes to the consolidated financial statements continued

for the year ended 30 June 2019

29 CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The categorisation of each class of financial asset and liability in terms of IFRS 9: *Financial Instruments* (2018: IAS 39: *Financial Instruments: Recognition and Measurement*) is included below:

	In terms of IFRS 9			
	Financial assets measured at fair value through other comprehensive income R'000	Financial assets measured at fair value through profit or loss R'000	Financial assets at amortised cost R'000	Financial liabilities at amortised cost R'000
2019				
Financial assets				
Financial assets measured at fair value through other comprehensive income	317 795	—	—	317 795
Financial assets measured at fair value through profit and loss	—	3 354	—	3 354
Long-term loan	—	—	9 320	9 320
Trade and other receivables	—	—	1 677 280	1 677 280
Cash resources	—	—	10 395 268	10 395 268
	317 795	3 354	12 081 868	12 403 017
Financial liabilities				
Trade and other payables				2 087 945
Taxation				14 907
Overdrafts				1 391 564
				3 494 416

The classification of financial assets and liabilities is included below:

	In terms of IAS 39		
	Available-for-sale investments R'000	Loans and receivables R'000	Liabilities at amortised cost R'000
2018			
Financial assets			
Listed and unlisted investments	269 571	—	269 571
Long-term loan	—	6 000	6 000
Trade and other receivables	—	1 222 327	1 222 327
Cash resources	—	8 449 797	8 449 797
	269 571	9 678 124	9 947 695
Financial liabilities			
Trade and other payables			2 039 587
Taxation			24 059
Overdrafts			584 472
			2 648 118

Determination of fair values

Listed investments disclosed as financial assets measured at fair value through other comprehensive income and unlisted investments disclosed as financial assets measured at fair value through profit or loss (2018: Listed and unlisted investments) are valued using quoted market prices. The values of other investments and forward exchange contracts are determined using directly observable inputs. The carrying amounts of all other financial assets and liabilities approximate their fair values.

29 CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

Fair value hierarchy

The group uses the following hierarchy for determining and disclosing the fair value inputs of financial instruments:

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.

The values of all other instruments recognised, but not subsequently measured at fair value, approximate fair value. The following assets, all measured at level 1, were required to be recorded at fair value as follows:

	2019 R'000	2018 R'000
Financial assets measured at fair value through other comprehensive income (2018: Available-for-sale listed investments)	317 795	262 003
Financial assets measured at fair value through profit or loss (2018: Available-for-sale unlisted investments)	3 354	7 568
	321 149	269 571

30 CAPITAL MANAGEMENT

The board's policy regarding capital management is to maintain a strong capital base so as to maintain stakeholder confidence and to sustain future development of the business. The group considers its capital to comprise total equity and borrowing facilities. The group 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 group on a continuous basis.

The group holds mineral rights over resources with remaining lives which fluctuate in accordance with current commodity prices. Decisions to exploit resources would be made at board level and only following the completion of a bankable feasibility study based on the current life of mine and estimated capital cost, operating cost and cost of finance, where required, to ensure that as far as possible the deposit can be mined on a sustainable basis to the end of its estimated life.

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

31 COMMITMENTS

At year-end, the group had the following commitments:

	2019 R'000	2018 R'000
Capital		
Expenditure authorised and contracted for	357 213	229 906
Expenditure authorised but not contracted for	38 693	102 583
	395 906	332 489
Operating lease commitments		
Future minimum rentals payable under non-cancellable operating leases over premises and equipment which are payable as follows:		
Within one year	1 366	1 310
After one year but not more than five years	3 275	3 149
The group's commitments will be met by future anticipated cash flows	4 641	4 459
32 CONTINGENT LIABILITIES		
Guarantees issued		
Guarantees issued by holding company to bankers to secure short-term export facility [#]	180 000	180 000
Cash-covered guarantees issued by bankers to the Department of Mineral Resources for rehabilitation required on the group's mines (refer note 9)	52 660	70 660
Performance guarantees issued to third parties by subsidiary companies	21 244	21 244
Financial guarantee issued to third party by subsidiary company	105 913	87 893
	359 817	359 797

[#] The facility is primarily utilised for and on behalf of Assmang in which the group holds a 50% interest and which in turn has provided a back-to-back guarantee against any claims made by bankers in terms of this facility. The facility was unused at year-end