37. Related parties *(continued)*

Transactions with key management personnel *(continued)*

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

Certain directors of the Group are also non-executive directors of other public companies which may transact with the Group. The relevant directors do not believe they have significant influence over the financial or operational policies of those companies. Those companies are thus not regarded as related parties.

The following transactions were made on terms equivalent to those that prevail in arm's-length transactions between subsidiaries of the Group and key management personnel (as defined above) and/or organisations in which key management personnel have significant influence:

	2013 R'000	2011 R'000
Sales and services provided by the Group	1 573	1 661
Purchases	5 368	6 194
Outstanding amounts due to the Group at year-end included in respect of the share purchase scheme	31 056	52 023
Outstanding amounts due to the Group at year-end included in banking advances	700	–
Outstanding amounts due by the Group at year-end included in banking liabilities	99	7 578
Guarantees issued	–	–
Transactions with associates		
The following transactions were made on terms equivalent to those that prevail in arm's-length transactions between subsidiaries and associates of the Group:		
Sales and services provided by the Group	22 674	22 393
Purchases	52 794	143 014
Outstanding amounts due to the Group at year-end included in advances to associates	50 219	77 872
Outstanding amounts due to the Group at year-end included in trade receivables	6 329	8 018
Outstanding amounts due by the Group at year-end included in borrowings	7 853	7 853
Outstanding amounts due by the Group at year-end included in trade payables	173	27 898
Guarantees issued	166 000	56 000
Details of effective interest, investments and loans to associates are disclosed in note 17.		

38. Accounting estimates and judgements

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

Critical accounting policies

The audit committee is satisfied that the critical accounting policies are appropriate to the Group.

Key sources of uncertainty

Key sources of uncertainty relate to the liabilities of the benefit funds or related assets due to the surplus apportionment in terms of the Pensions Fund Act which have yet to be finalised and approved. Details relating to the current surpluses and deficits are included in note 28.

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 the property, plant and equipment 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. The properties held in Bidvest Properties segment 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.

38. Accounting estimates and judgements *(continued)*

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

Deferred taxation
Deferred taxation assets are recognised to the extent that 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.

Investments
The Group reflects its held-for-trade and available-for-sale investments at fair value. The directors' value of unlisted investments was determined using a combination of discounted cash flow, net asset value and price earnings methods. Investments held are of a long-term nature and uncertainty surrounds their valuation, which may result in a significant change in value.

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
Management identifies impairment of trade receivables on an ongoing basis. An impairment allowance in respect of doubtful debts is raised against trade receivables when their collectibility is considered to be doubtful. Management believes that the impairment adjustment is conservative and there are no significant trade receivables that are doubtful which have not been impaired or for which no allowance has been provided. 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 note 32 for further disclosure.

Post-retirement obligations
The Group provides retirement benefits for its permanent employees through pension funds with defined benefit and defined contribution categories. Actuarial valuations are based on assumptions which include the discount rate, inflation rate, salary increase rate, expected return on plan assets and the pension increase allowance rate.

39. Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair values, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Property, plant and equipment
The fair value of property, plant and equipment recognised as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The market values of other assets are based on the quoted market prices for similar items.

Intangible assets
The fair value of intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

Inventory
The fair value of inventory acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the efforts required to complete and sell the inventory.

Investments
Fair value of listed investments is calculated by reference to stock exchange quoted selling prices at the close of business on the statement of financial position date. Fair value of unlisted investments is determined by using appropriate valuation models (refer note 18).

Forward exchange contracts
The fair value of forward exchange contracts is based on their market prices.