Notes to the financial statements continued

for the year ended 30 September 2014

36 Guarantees and contingent liabilities

	GROUP	
(R'million)	2014	Restated* 2013
Guarantees and contingent liabilities	70,8	78,8

* *The amounts have been restated due to the adoption of IAS 19R.*

Guarantees exist against the group for third-party obligations of R70,8 million at 30 September 2014 (2013: R78,8 million).

COMPANY

Guarantees exist against the company for the obligations of certain subsidiaries amounting to R55,0 million at 30 September 2014 (2013: R63,0 million).

Shares in Chocolaterie Confiserie Camerounaise SA (Chococam), acquired on 1 August 2008 have been pledged as security for the foreign loan utilised to acquire the subsidiary.

Refer to note 31.1.

37 Financial instruments

The group's objective in using financial instruments is to reduce the uncertainty over future cash flows arising principally as a result of commodity price, currency and interest rate fluctuations. The use of derivatives for the hedging of firm commitments against commodity price, foreign currency and interest rate exposures is permitted in accordance with group policies, which have been approved by the board of directors. Where significant finance is taken out, this is approved at board meetings.

The foreign exchange contracts outstanding at year end are marked to market at closing spot rate.

The group finances its operations through a combination of retained surpluses, bank borrowings and long-term loans.

The group borrows short-term funds with fixed or floating rates of interest through the holding company, Tiger Brands Limited.

The main risks arising from the group's financial instruments are, in order of priority, procurement risk, foreign currency risk, interest rate risk, liquidity risk and credit risk, as detailed below.

37.1 Procurement risk (commodity price risk)

Commodity price risk arises from the group being subject to raw material price fluctuations caused by supply conditions, weather, economic conditions and other factors. The strategic raw materials acquired by the group include wheat, maize, rice, oats and sorghum.

The group uses commodity futures and options contracts or other derivative instruments to reduce the volatility of commodity input prices of strategic raw materials. These derivative contracts are only taken out to match an underlying physical requirement for the raw material. The group does not write naked derivative contracts.

The group has developed a comprehensive risk management process to facilitate, control and to monitor these risks. The procurement of raw materials takes place in terms of specific mandates given by executive management. Position statements are prepared on a monthly basis and these are monitored by management and compared to the mandates.

The board has approved and monitors this risk management process, inclusive of documented treasury policies, counterparty limits, controlling and reporting structures.

37 Financial instruments continued

37.1 Procurement risk (commodity price risk) continued

At year end, the exposure to derivative contracts relating to strategic raw materials is as follows:

(R'million)	GROUP Derivative contracts expiring within 0 – 3 months Unrealised profit at 30 September	Hedged value
2014		
Maize and wheat		
Futures	(2,6)	62,7
2013 (restated)*		
Maize and wheat		
Futures	(2,0)	78,1

* *The amounts have been restated due to the adoption of IAS 19R.*

Commodity price sensitivity analysis

The following table details the group and company's sensitivity to a 10% increase and decrease in the price of wheat, rice, maize and sorghum.

The 10% stringency is the sensitivity rate used when reporting the commodity price risk internally to key management personnel and represents management's assessment of the possible change in the relevant commodity prices excluding the impact of hedge accounting.

(R'million)	GROUP Profit/(loss) after tax 2014	Restated* 2013
Milling and Baking + 10%	(216,9)	(188,6)
Milling and Baking – 10%	216,9	188,6
Other Grains + 10%	(98,7)	(107,9)
Other Grains – 10%	98,7	107,9
Other + 10%**	(49,6)	(30,6)
Other – 10%**	49,6	30,6
Total + 10%	(365,2)	(327,1)
Total – 10%	365,2	327,1

* *The amounts have been restated due to the adoption of IAS 19R.*
** *Other includes tomato paste, sugar, pork, soya and other sundry items.*

Commodity price sensitivity is not applicable to the company.

Notes to the financial statements continued

for the year ended 30 September 2014

37 Financial instruments continued

37.2 Foreign currency risk

The group enters into various types of foreign exchange contracts as part of the management of its foreign exchange exposures arising from its current and anticipated business activities.

As the group operates in various countries and undertakes transactions denominated in foreign currencies, exposures to foreign currency fluctuations arise. Exchange rate exposures on transactions are managed within approved policy parameters utilising forward exchange contracts or other derivative financial instruments in conjunction with external consultants who provide financial services to group companies, as well as contributing to the management of the financial risks relating to the group's operations.

The group does not hold foreign exchange contracts in respect of foreign borrowings, as its intention is to repay these from its foreign income stream or subsequent divestment of its interest in the operation. Foreign exchange differences relating to investments, net of their related borrowings, are reported as translation differences in the group's net other comprehensive income until the disposal of the net investment, at which time exchange differences are recognised as an income or expense.

Forward exchange contracts are mainly entered into to cover net import exposures, after setting off anticipated export proceeds on an individual currency basis. The fair value is determined using the applicable foreign exchange spot rates at 30 September 2014.

The exposure and concentration of foreign currency risk is included in the table below:

(R'million)	South African rand	United States dollar	Pound sterling	Euro	Nigerian naira	Other**	Total
GROUP							
2014							
Financial assets							
Accounts receivable	2 227,1	841,3	249,1	305,8	747,8	496,3	4 867,4
Cash and cash equivalents	309,7	266,7	8,5	110,2	233,7	231,5	1 160,3
Financial liabilities							
Borrowings***	(2 942,9)	(23,3)	–	–	(1 383,8)	(299,5)	(4 649,5)
Accounts payable	(3 614,6)	(93,7)	(92,0)	(64,5)	(937,7)	(303,7)	(5 106,2)
2013 (restated)*							
Financial assets							
Accounts receivable	2 990,3	247,2	17,7	32,7	522,3	389,7	4 199,9
Cash and cash equivalents	230,0	81,8	6,0	41,3	107,6	166,2	632,9
Financial liabilities							
Borrowings***	(3 099,8)	(21,8)	–	–	(1 679,1)	(302,2)	(5 102,9)
Accounts payable	(3 237,5)	(64,6)	(12,1)	(61,7)	(812,0)	(355,9)	(4 543,8)

* *The amounts have been restated due to the adoption of IAS 19R.*

** *Other includes the Australian dollar, Canadian dollar, Japanese yen, Swiss franc, New Zealand dollar, Cameroon franc and Kenyan shilling.*

*** *In 2014 R169,3 million (2013: R193,6 million) is held by the company.*

37 Financial instruments continued

37.2 Foreign currency risk continued

The following spot rates were used to translate financial instruments denominated in foreign currency:

	Assets	Liabilities	Average
GROUP			
2014			
US dollar	11,32	11,32	11,32
Pound sterling	18,35	18,36	18,35
Euro	14,27	14,28	14,28
2013 (restated)*			
US dollar	10,05	10,05	10,05
Pound sterling	16,22	16,23	16,23
Euro	13,59	13,61	13,60

** The amounts have been restated due to the adoption of IAS 19R.*

Forward exchange contracts outstanding at the reporting date all fall due within 12 months. A summary of forward exchange contract positions bought to settle group foreign liabilities and sold to settle group foreign assets is shown below:

	Foreign currency (in million)	Average rate	Rand (in million)
GROUP			
2014			
Foreign currency sold			
US dollar	10,9	11,3670	123,9
Pound sterling	1,0	18,6000	18,6
Euro	0,4	13,5000	5,4
Other currencies	–	–	9,0
Foreign currency purchased			
US dollar	28,5	11,3368	323,1
Pound sterling	5,7	18,4561	105,2
Euro	5,6	14,3750	80,5
Other currencies	–	–	2,6

Notes to the financial statements continued

for the year ended 30 September 2014

37 Financial instruments continued

37.2 Foreign currency risk continued

	Foreign currency (in million)	Average rate	Rand (in million)
GROUP			
2014			
Unhedged foreign currency monetary assets			
US dollar	16,5	11,3091	186,6
Pound sterling	0,8	17,5000	14,0
Euro	3,3	14,0909	46,5
Other currencies	–	–	11,6
Unhedged foreign currency monetary liabilities			
US dollar	(0,4)	10,0000	(4,0)
Pound sterling	–	18,3612	–
Euro	(0,1)	18,0000	(1,8)
Other currencies	–	–	(1,0)
2013 (restated)*			
Foreign currency sold			
US dollar	8,6	10,1047	86,9
Pound sterling	–	16,2536	0,6
Euro	0,4	12,5000	5,0
Other currencies			6,3
Foreign currency purchased			
US dollar	42,1	10,0855	424,6
Pound sterling	0,9	16,5556	14,9
Euro	8,5	13,7529	116,9
Other currencies			19,0
Unhedged foreign currency monetary assets			
US dollar	15,7	7,6624	120,3
Pound sterling	1,5	15,6667	23,5
Euro	4,9	11,5510	56,6
Other currencies			14,6
Unhedged foreign currency monetary liabilities			
US dollar	0,9	9,5556	8,6
Pound sterling	–	16,2255	0,3
Euro	0,1	16,0000	1,6
Other currencies			0,6

* *The amounts have been restated due to the adoption of IAS 19R.*

37 Financial instruments continued

37.2 Foreign currency risk continued

Cash flow hedges

At 30 September 2014, the group had foreign exchange contracts outstanding designated as hedges of future purchases from suppliers outside South Africa for which the group has firm commitments or highly probable forecast transactions.

A summary of these contracts are:

	Foreign currency (in million)	Average rate	Rand (in million)
GROUP			
2014			
Foreign currency bought			
US dollar	27,7	13,4765	373,3
Euro	4,9	14,5510	71,3
Pound sterling	3,9	18,6154	72,6
Other currencies	–	–	2,0
2013 (restated)*			
Foreign currency bought			
US dollar	25,1	9,9124	248,8
Euro	7,8	13,2692	103,5
Pound sterling	0,7	16,1429	11,3
Other currencies	–	–	18,2

* *The amounts have been restated due to the adoption of IAS 19R.*

The terms of the forward currency contracts have been negotiated to match the terms of the commitments.

The cash flow hedge of expected future purchases was assessed to be effective and an unrealised profit of R10,6 million (2013: R16,2 million) relating to the hedging instrument included in other comprehensive income.

Timing of cash flows relating to foreign currency is as follows:

	GROUP	
Foreign currency (in million)	1 – 6 months	7 – 12 months
US dollar	17,1	–
Euro	4,8	0,1
Pound sterling	3,6	0,4
Australian dollar	0,1	–
Japanese yen	13,2	–
Nigerian naira	–	–

These are expected to affect the income statement in the following year.

During the year, R22,9 million (2013: R80,4 million) was added to other comprehensive income and included in the cost or carrying amount of the non-financial asset or liability (highly probable forecast transactions).

There are no forecast transactions for which hedge accounting was previously used but is no longer expected to occur.

There are no ineffective hedges to be recognised in profit or loss.

Notes to the financial statements continued

for the year ended 30 September 2014

37 Financial instruments continued

37.2 Foreign currency risk continued

Foreign currency sensitivity

The following table details the group and company's sensitivity to a 10% weakening/strengthening in ZAR against the respective foreign currencies.

The sensitivity analysis includes only material outstanding foreign currency denominated monetary items as detailed in the table on page 218 and adjusts their translation at the reporting date for a 10% change in foreign currency rates. A positive number indicates an increase in profit or loss and other comprehensive income where ZAR weakens against the relevant currency.

(R'million)	Other comprehensive income 2014	Other comprehensive income Restated* 2013
GROUP		
USD + 10%	(18,8)	(117,1)
USD – 10%	18,8	117,1
EUR + 10%	(7,1)	0,4
EUR – 10%	7,1	(0,4)
Pound sterling + 10%	(7,3)	–
Pound sterling – 10%	7,3	–
Other + 10%	(4,1)	3,4
Other – 10%	4,1	(3,4)
Total + 10%	(37,3)	(113,3)
Total – 10%	37,3	113,3

(R'million)	Profit/loss after tax 2014	Profit/loss after tax Restated* 2013
COMPANY		
USD + 10%	8,4	8,0
USD – 10%	(8,4)	(8,0)
Other + 10%	5,4	11,0
Other – 10%	(5,4)	(11,0)
Total + 10%	13,8	19,0
Total – 10%	(13,8)	(19,0)

* *The amounts have been restated due to the adoption of IAS 19R.*

37 Financial instruments *continued*

37.3 Interest rate risk management

Interest rate risk results from the cash flow and financial performance uncertainty arising from interest rate fluctuations.

Financial assets and liabilities affected by interest rate fluctuations include bank and cash deposits, as well as bank borrowings. At the reporting date, the group's cash deposits were accessible immediately or had maturity dates up to six months.

The interest rates earned on these deposits closely approximate the market rates prevailing.

(R'million)	Fixed rate	Floating rate	Total	Average interest rate for the year (%)
GROUP				
The interest rate profile of the group's borrowings at 30 September 2014 and 30 September 2013 is reflected in note 31.				
2014				
Local currency denominated loans				
Loan repayable by 2015 (secured)	118,8		118,8	8,4
Loan repayable by 2015 (unsecured)	500,0		500,0	6,0
Other loans and capitalised finance leases (secured and unsecured)		7,0	7,0	8,8
	618,8	7,0	625,8	
Foreign currency denominated loans				
Loan repayable by 2018 (secured)**		169,3	169,3	6,8
Loan repayable by 2015 (unsecured)		17,3	17,3	8,0
Loan repayable by 2016 (secured)		5,4	5,4	4,0
Loan repayable by 2020 (secured)		39,0	39,0	12,0
Loan repayable by 2016 (secured)		178,8	178,8	14,8
Loan repayable by 2016 (secured)		226,5	226,5	15,0
Loan repayable by 2016 (unsecured)		29,1	29,1	16,3
Loan repayable by 2017 (secured)		185,9	185,9	15,0
Loan repayable by 2018 (secured)		16,0	16,0	7,0
Loan repayable by 2021 (secured)		69,1	69,1	7,0
Loan repayable by 2056 (secured)		1,1	1,1	–
		937,5	937,5	
Total	618,8	944,5	1 563,3	

** *Loans at a company level.*

Notes to the financial statements continued

for the year ended 30 September 2014

37 Financial instruments continued

37.3 Interest rate risk management continued

(R'million)	Fixed rate	Floating rate	Total	Average interest rate for the year (%)
GROUP				
2013 (restated)*				
Local currency denominated loans				
Loan repayable by 2015 (secured)	157,0		157,0	8,4
Loan repayable by 2015 (unsecured)	1 000,0		1 000,0	6,0
Other loans and capitalised finance leases (secured and unsecured)		11,6	11,6	8,0
Total	1 157,0	11,6	1 168,6	
Foreign currency denominated loans				
Loan repayable by 2013 (secured)**		193,6	193,6	6,8
Loan repayable by 2014 (secured)		–	–	18,0
Loan repayable by 2014 (unsecured)		15,6	15,6	8,0
Loan repayable by 2016 (secured)		7,6	7,6	4,0
Loan repayable by 2016 (secured)		29,5	29,5	12,0
Loan repayable by 2016 (secured)		247,8	247,8	14,8
Loan repayable by 2016 (secured)		422,0	422,0	15,0
Loan repayable by 2016 (unsecured)		34,5	34,5	11,1
Loan repayable by 2017 (secured)		236,4	236,4	15,0
Loan repayable by 2018 (secured)		18,9	18,9	7,0
Loan repayable by 2056 (secured)		1,6	1,6	–
		1 207,5	1 207,5	
Total	1 157,0	1 219,1	2 376,1	

* *The amounts have been restated due to the adoption of IAS 19R.*

** *Loans at a company level.*

Interest rate sensitivity

The sensitivity analysis addresses only the floating interest rate exposure emanating from the net cash position. The interest rate exposure has been calculated with the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period.

If interest rates had increased/(decreased) by 1% and all other variables were held constant, the profit for the year ended would increase/(decrease) as detailed in the table on page 225 due to the use of the variable interest rates applicable to the long-term borrowings and short-term borrowings. The fixed interest rate on the borrowings would not affect the financial performance. Any gain or loss would be unrealised and consequently the notional impact is not presented.

37 Financial instruments continued

37.3 Interest rate risk management continued

COMPANY 2014	COMPANY 2013	(R'million)	GROUP 2014	GROUP Restated* 2013
		Profit/(loss) after tax		
		ZAR borrowings		
		+ 1%	(35,2)	(32,3)
		– 1%	35,2	32,3
		Foreign borrowings		
(2,4)	(2,1)	+ 1%	(3,8)	(2,4)
2,4	2,1	– 1%	3,8	2,4
		Total		
(2,4)	(2,1)	+ 1%	(39,0)	(34,7)
2,4	2,1	– 1%	39,0	34,7

** The amounts have been restated due to the adoption of IAS 19R.*

37.4 Liquidity risk management

Liquidity risk arises from the seasonal fluctuations in short-term borrowing positions. A material and sustained shortfall in cash flows could undermine investor confidence and restrict the group's ability to raise funds.

The group manages its liquidity risk by monitoring weekly cash flows and ensuring that adequate cash is available or borrowing facilities maintained. In terms of the articles of association, the group's borrowing powers are unlimited.

Other than the major loans disclosed in note 31 to these annual financial statements which are contracted with various financial institutions, the group has no significant concentration of liquidity risk with any other single counterparty.

The group's liquidity exposure is represented by the aggregate balance of financial liabilities as indicated in the categorisation table in note 37.7.

Notes to the financial statements continued

for the year ended 30 September 2014

37 Financial instruments continued

37.4 Liquidity risk management continued

Contractual maturity for non-derivative financial liabilities

The following table details the group and company's remaining contractual maturity for non-derivative financial liabilities.

The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the group and company will be required to pay. The table includes both interest and principal cash flows. The "finance charge" column represents the possible future cash flows attributable to the instrument included in the maturity analysis, which are not included in the carrying amount of the financial liability.

(R'million)	Carrying amount	Finance charge	0 – 6 months	7 – 12 months	1 – 5 years	> 5 years
GROUP						
2014						
Trade and other payables	2 356,9	–	2 349,7	7,2	–	–
Borrowings (long and short term)**	1 563,9	(258,4)	863,0	375,2	583,2	0,8
Guarantees and future commitments not on the statement of financial position	–	–	411,5	8,2	–	–
Total	3 920,8	(258,4)	3 624,2	390,6	583,2	0,8
2013 (restated)*						
Trade and other payables	2 131,8	–	2 061,4	70,4	–	–
Borrowings (long and short term)**	2 376,1	(271,8)	660,4	512,4	1 473,6	1,4
Guarantees not on the statement of financial position	–	–	78,8	–	–	–
Total	4 507,9	(271,8)	2 800,6	582,8	1 473,6	1,4
COMPANY						
2014						
Borrowings (long and short term)	169,3	(35,4)	–	51,2	153,5	–
Intergroup loan accounts	490,1	(177,7)	–	–	667,8	–
Guarantees not on the statement of financial position	–	–	55,0	–	–	–
Total	659,4	(213,1)	55,0	51,2	821,3	–
2013						
Borrowings (long and short term)	193,6	–	–	33,0	160,6	–
Intergroup loan accounts	459,8	–	–	–	459,8	–
Guarantees not on the statement of financial position	–	–	63,0	–	–	–
Total	653,4	–	63,0	33,0	620,4	–

* *The amounts have been restated due to the adoption of IAS 19R.*

** *Excludes bank overdrafts of R3 086,2 million (2013: R2 726,8 million) and cash of R1 160,3 million (2013: R632,9 million). These are repayable on demand and subject to annual review.*

Refer to note 33.3 and 33.4 for disclosure relating to operating and finance lease commitments.

37 Financial instruments *continued*

37.5 Credit risk management

GROUP

Credit risk arises from the risk that a counterparty may default or not meet its obligations timeously.

The group limits its counterparty exposure arising from financial instruments by only dealing with well-established institutions of high credit standing.

Credit risk, in respect of the group's customer base, is controlled by the application of credit limits and credit monitoring procedures. Certain significant receivables are monitored on a daily basis. Where appropriate, credit guarantee insurance is obtained.

The group's credit exposure, in respect of its customer base, is represented by the net aggregate balance of amounts receivable. Concentrations of credit risk are disclosed in note 21.4.

Credit risk exposure at 30 September 2014 in respect of guarantees amounted to R70,8 million (2013: R78,8 million). Refer to note 36.

COMPANY

Credit risk exposure at 30 September 2014 relating to guarantees amounted to R55,0 million (2013: R63,0 million). Refer to note 36.

37.6 Capital management

The primary objective of the company and group's capital management is to ensure that they maintain a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The company and group manage their capital structure, calculated as equity plus net debt, and make adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the company and group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares or increase or decrease levels of debt. No changes were made in the objectives, policies or processes during the years ended 30 September 2014 and 30 September 2013.

The company and group monitor capital using a gearing ratio, which is net debt divided by total equity. The company and group target a long-term gearing ratio of 30% to 40%, except when major investments are made where this target may be exceeded.

	GROUP	
(R'million)	2014	Restated* 2013
Cash and cash equivalents	(1 160,3)	(632,9)
Long-term borrowings	627,4	1 452,7
Short-term borrowings	4 022,1	3 650,2
Net debt	3 489,2	4 470,0
Total equity	13 947,2	13 815,5
Total capital	17 436,4	18 285,5
Net debt to equity (%)	25,0	32,4

* *The amounts have been restated due to the adoption of IAS 19R.*

Annual financial statements

Notes to the financial statements continued

for the year ended 30 September 2014

37 Financial instruments continued

37.6 Capital management continued

(R'million)	COMPANY 2014	2013
Cash and cash equivalents	(270,0)	(64,8)
Long-term borrowings	131,8	160,6
Short-term borrowings	37,5	33,7
Net (cash)/debt	(100,7)	129,5
Total equity	9 548,8	10 155,3
Total capital	9 448,1	10 284,8
Net (cash)/debt to equity (%)	(1,1)	1,3

37.7 Categorisation of financial assets and liabilities

(R'million)	Loans and receivables Amortised cost	Financial assets available for sale Fair value	Other liabilities Amortised cost	Financial instruments at fair value through profit or loss	Non-financial items	Total book value
GROUP						
2014						
Assets	–	–	–	–	18 468,7	18 468,7
Other investments	46,9	303,1	–	–	–	350,0
Loans	5,6	–	–	–	–	5,6
Trade and other receivables	3 857,7	–	–	13,4	996,3	4 867,4
Cash and cash equivalents	1 160,3	–	–	–	–	1 160,3
Total	5 070,5	303,1	–	13,4	19 465,0	24 852,0
Shareholders' equity and liabilities	–	–	–	–	(15 760,9)	(15 760,9)
Long-term borrowings	–	–	(627,4)	–	–	(627,4)
Trade and other payables	–	–	(601,6)	(8,4)	(3 831,6)	(4 441,6)
Short-term borrowings	–	–	(4 022,1)	–	–	(4 022,1)
Total	–	–	(5 251,1)	(8,4)	(19 592,5)	(24 852,0)

37 Financial instruments continued

37.7 Categorisation of financial assets and liabilities continued

(R'million)	Loans and receivables Amortised cost	Financial assets available for sale Fair value	Other liabilities Amortised cost	Financial instruments at fair value through profit or loss	Non-financial items	Total book value
GROUP						
2013 (restated)*						
Assets	–	–	–	–	19 895,5	19 895,5
Other investments	85,2	420,3	–	–	–	505,5
Loans	7,2	–	–	–	–	7,2
Trade and other receivables	3 316,8	–	–	18,7	864,4	4 199,9
Cash and cash equivalents	632,9	–	–	–	–	632,9
Total	4 042,1	420,3	–	18,7	20 759,9	25 241,0
Shareholders' equity and liabilities	–	–	–	–	(16 151,0)	(16 151,0)
Long-term borrowings	–	–	(1 452,7)	–	–	(1 452,7)
Trade and other payables	–	–	(2 131,6)	(4,7)	(1 850,8)	(3 987,1)
Short-term borrowings	–	–	(3 650,2)	–	–	(3 650,2)
Total	–	–	(7 234,5)	(4,7)	(18 001,8)	(25 241,0)

* *The amounts have been restated due to the adoption of IAS 19R.*

Refer to the accounting policies for further details on the above classifications.

Notes to the financial statements continued

for the year ended 30 September 2014

37 Financial instruments continued

37.7 Categorisation of financial assets and liabilities continued

(R'million)	Loans and receivables Amortised cost	Financial assets available for sale Fair value	Other liabilities Amortised cost	Non-financial items	Total book value
COMPANY					
2014					
Assets	499,5	–	–	4 477,6	4 977,1
Other investments	1 981,6	8,5	–	–	1 990,1
Loans	2 916,3	–	–	–	2 916,3
Trade and other receivables	82,8	–	–	2,8	85,6
Cash and cash equivalents	270,0	–	–	–	270,0
Total	5 750,2	8,5	–	4 480,4	10 239,1
Shareholders' equity and liabilities	–	–	(490,1)	(9 550,6)	(10 040,7)
Long-term borrowings	–	–	(131,8)	–	(131,8)
Trade and other payables	–	–	(29,1)	–	(29,1)
Short-term borrowings	–	–	(37,5)	–	(37,5)
Total	–	–	(688,5)	(9 550,6)	(10 239,1)
2013					
Assets	653,9	–	–	5 324,4	5 978,3
Other investments	1 943,9	7,0	–	–	1 950,9
Loans	2 807,6	–	–	–	2 807,6
Trade and other receivables	45,0	–	–	–	45,0
Cash and cash equivalents	64,8	–	–	–	64,8
Total	5 515,2	7,0	–	5 324,4	10 846,6
Shareholders' equity and liabilities	–	–	(459,8)	(10 155,3)	(10 615,1)
Long-term borrowings	–	–	(160,6)	–	(160,6)
Trade and other payables	–	–	(37,2)	–	(37,2)
Short-term borrowings	–	–	(33,7)	–	(33,7)
Total	–	–	(691,3)	(10 155,3)	(10 846,6)

Refer to the accounting policies for further details on the above classifications.

37 Financial instruments *continued*

37.8 Fair value hierarchy

Financial instruments are normally held by the group until they close out in the normal course of business. The fair values of the group's financial instruments, which principally comprise put, call and future positions with SAFEX, forward exchange contracts and listed investments, approximate their carrying values. The maturity profile of these financial instruments fall due within 12 months. The maturity profile of the group's long-term liabilities is disclosed in note 31 of these annual financial statements.

There are no significant differences between carrying values and fair values of financial assets and liabilities, except for intercompany loans at a company level, which are eliminated on consolidation.

Trade and other receivables, investments and loans and trade and other payables carried on the statement of financial position approximate the fair values thereof except for amounts owed to/by subsidiaries where the fair value is R1,8 billion calculated, using the effective interest rate method linked to market related interest rates.

Long-term and short-term borrowings are measured at amortised cost using the effective interest rate method and the carrying amounts approximate their fair value.

The group used the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at 30 September, the group held the following financial instruments measured at fair value:

(R'million)	2014 Level 1	2014 Level 2	2014 Level 3**	2014 Total	Restated* 2013 Level 1	Restated* 2013 Level 2	Restated* 2013 Level 3**	Restated* 2013 Total
GROUP								
Assets measured at fair value								
Available-for-sale financial assets								
Other investments	292,7	2,3	8,1	303,1	411,6	8,7	–	420,3
Derivatives	–	13,4	–	13,4	–	18,7	–	18,7
Liabilities measured at fair value								
Derivatives	–	8,4	–	8,4	–	4,7	–	4,7

* *The amounts have been restated due to the adoption of IAS 19R.*

** *The value of the investment in group risk holdings is based on Tiger Brands' proportionate share of the net asset value of the company. There are no significant unobservable inputs that are used in the valuation and any changes in these inputs would not result in a fair value change.*

Notes to the financial statements continued

for the year ended 30 September 2014

37 Financial instruments continued

37.8 Fair value hierarchy continued

	2014				2013			
(R'million)	Level 1	Level 2	Level 3**	Total	Level 1	Level 2	Level 3**	Total
COMPANY								
Assets measured at fair value								
Available-for-sale financial assets								
Other investments	–	0,4	8,1	8,5	–	7,0	–	7,0
Derivatives	–	–	–	–	–	–	–	–
Liabilities measured at fair value								
Derivatives	–	–	–	–	–	–	–	–

*** The value of the investment in group risk holdings is based on Tiger Brands' proportionate share of the net asset value of the company. There are no significant unobservable inputs that are used in the valuation and any changes in these inputs would not result in a fair value change.*

38 Related-party disclosures

The board of directors of Tiger Brands Limited has given general declarations in terms of section 75 of the Companies Act on directors personal financial interests. These declarations indicate that certain directors hold positions of influence in other entities which are suppliers, service providers, customers and/or competitors of Tiger Brands Limited. Transactions conducted with these director-related customers and suppliers were on an arm's length basis.

The sales to and purchases from related parties are made at normal market prices. Outstanding balances at the year end are unsecured and settlement occurs in cash. For the year ended 30 September 2014, the group has not recorded any impairment of receivables relating to amounts owed by related parties (2013: Rnil). This assessment is undertaken at each financial year through examining the financial position of the related party and the market in which the related party operates.