3.6 Fair value measurement

Classes and categories of financial instruments and their fair values

The following table combines information about:

- classes of financial instruments based on their nature and characteristics;
- the carrying amounts of financial instruments;
- fair values of financial instruments (except financial instruments when carrying amount approximates their fair value); and
- fair value hierarchy levels of financial assets and financial liabilities for which fair value was disclosed.

		Financial assets	Financial liabilities	Fair value level		
	Notes	FVTPL – mandatorily measured R'000	FVTPL – mandatorily measured R'000	1	2	3
Surety loan receivable	3.5	**134 753**				**134 753**
SPV5 derivative liability	3.5		**—**			**—**
Class B Preference Shares	3.5		**(242 637)**			**(242 637)**
SPV1 derivative asset	3.5	**149 030**				**149 030**
Gramercy derivative asset	3.5	**223 437**				**223 437**
Escrow receivable	3.5	**32 375**				**32 375**

There have been no transfers in or out of level 3.

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined.

Sensitivity analysis of valuations using unobservable inputs

Financial asset/ liability	Valuation technique applied	Significant unobservable inputs applied	Range of unobservable inputs applied	Positive/ (negative) variance applied to parameters*	Potential effect on profit or loss and equity R'000
Class B Preference Share derivative liability	Cell C value-in-use discounted cash flow valuation	Moody's rating		Single Moody's rating down or up	2 066 / (1 636)
		Discount rate		1% / (1%)	36 021 / (42 767)
SPV1 derivative asset	Cell C value-in-use discounted cash flow valuation	Discount rate		(1%) / 1%	32 044 / (26 989)
Gramercy derivative asset	Cell C value-in-use discounted cash flow valuation	Discount rate		(1%) / 1%	48 304 / (40 684)
Escrow receivable	Discounting of post churn cash flows after taking into account the credit risk of the books sold	Probability of default of the debtors book sold	75 – 100% PD range	(10) / 10%	9 101 – (9 101)

* A significant parameter has been deemed to be one which may result in a charge to profit or loss, or a change in the fair value of the asset or liability by more than 10% of the underlying value of the affected item.

Credit risk of financial instruments designated at fair value

The following table represents the maximum exposure to credit risk of financial liabilities linked to the credit risk of another counterparty:

	Counterparty credit risk exposure	Maximum exposure to credit risk
Class A Preference Share	Cell C	208 079