	Interest rate swap	
	2024 R'000	2023 R'000
Opening balance	**12 914**	20 224
Change in value of the hedging instrument recognised in other comprehensive income	**(9)**	8 693
Interest settlements	**(12 905)**	(16 003)
Closing balance	**—**	12 914
Amounts included in non-current portion of financial assets at fair value through other comprehensive income	**—**	—
Amounts included in current portion of financial assets at fair value through other comprehensive income	**—**	12 914

3.8 Leases

The Group leases various offices and warehouses. Rental contracts are typically concluded for fixed periods of one to five years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Lease liabilities are initially measured at the present value of the lease payments discounted using the interest rate implicit in the lease. Lease payments include fixed payments and variable lease payments that depend on an index or rate.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. To determine this rate, the Group, where possible, uses recent third-party financing received, adjusted to reflect changes in circumstances and financing conditions since financing was obtained.

Payments associated with short-term leases (12 months or less) and leases of low-value assets (less than R50 000) are recognised on a straight-line basis as an expense in profit or loss.

The fair value of the lease liabilities approximates their carrying amounts.

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

3.8 Leases continued

Critical accounting judgements and assumptions

The term of a lease includes periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option. The Group did not take into account renewals in the majority of leases as there is material uncertainty as to whether the option to renew will be exercised. Material uncertainty arises in cases where BLT is not locked into renewals, alternative leasing arrangements are available and there is no firm commitment or formal decision to renew.

	Office space R'000	Warehouse space R'000	Total R'000
Lease liabilities			
Year ended 31 May 2024			
Opening balance	**32 210**	**491**	**32 701**
Increase in liabilities	**28 872**	**4 301**	**33 173**
Interest expense	**3 905**	**178**	**4 083**
Repayments	**(16 140)**	**(645)**	**(16 785)**
Termination of leases	**(2 277)**	**—**	**(2 277)**
Closing balance	**46 570**	**4 325**	**50 895**
Included in non-current liabilities	**24 327**	**3 098**	**27 425**
Included in current liabilities	**22 243**	**1 227**	**23 470**
Year ended 31 May 2023			
Opening balance	44 931	1 951	46 882
Increase in liabilities	24 409	—	24 409
Interest expense	3 725	90	3 815
Repayments	(40 482)	(1 550)	(42 032)
Lease modifications	(373)	—	(373)
Closing balance	32 210	491	32 701
Included in non-current liabilities	23 462	—	23 462
Included in current liabilities	8 748	491	9 239