29. COMMITMENTS AND CONTINGENCIES continued

Contingencies

The Group stands as guarantor in respect of certain operating leases, instalment sale agreements and mortgage bonds concluded by subsidiaries and also pro rata in relation to the Group's interest in joint ventures.

The Group has issued various guarantees as security for leases and construction projects to the value of R25 million (2019: R123 million).

Certain subsidiary companies have issued letters of support to other fellow subsidiary companies, when required.

Disposal of Max Healthcare

As part of the conditions in the share purchase agreement (SPA) signed during the 2019 financial year, Life Healthcare indemnified the purchaser (Radiant Life Care Private Limited) from and against, any and all losses incurred or suffered by the purchaser in relation to claims set out in the SPA. The value of the contingent liability is limited to a maximum exposure of R206 million to Life Healthcare (excluding tax payable in respect of any indemnification payments). In the event, where tax is payable on the indemnification payment, the tax liability will be payable equally by Life Healthcare and the purchaser. The liability for Life Healthcare with respect to the payment of the specific indemnity tax shall be in addition to the liability of R206 million. The contingent liability is valid for a period of three years from the closing date (ie until 21 June 2022). No changes arose during the year ended 30 September 2020.

30. EVENTS AFTER THE REPORTING PERIOD

No event which is material to the understanding of this report has occurred between year-end and the date of the annual financial statements, other than:

Cash dividend declaration

The board of directors has decided, considering the current trading conditions and in order to preserve cash, not to declare or pay a final dividend for the year.

Disposal of 100% of shares in Scanmed S.A

The Group in November 2020 received an offer to dispose of its Polish operation, Scanmed to Abris Capital Partners, a central European private equity fund manager. The related agreements were signed on 24 November 2020 and the transaction is subject to regulatory approvals. The disposal consideration will be settled in cash and Life Healthcare will receive approximately PLN199 million (R806 million). The Group considered it prudent and appropriate to impair the carrying value at 30 September 2020 to reflect the fair value less costs to sell. The impairment for the year ended 30 September 2020, relating to Scanmed, is R793 million.

31. RISK MANAGEMENT

Overall risk management programme

The Group's overall financial risk management programme focuses, inter alia, on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group does not apply formal hedge accounting but uses derivative financial instruments to hedge interest and foreign currency risk exposures. Financial risk management is carried out by a central treasury department (treasury) under policies approved by the investment committee. Treasury identifies, evaluates and economically hedges financial risks in close cooperation with the Group's operating units. The Group has written principles for overall financial risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Capital risk management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to provide for sufficient capital expansion. The capital structure of the Group consists of debt, which includes the interest-bearing borrowings disclosed in note 20, cash and cash equivalents disclosed in note 15 and equity as disclosed in the statement of financial position. Preference shares are included in interest-bearing borrowings.

The Group's investment committee reviews the capital structure on a quarterly basis. the Group uses the net debt to normalised EBITDA ratio, as defined in the debt agreements, to measure the funding requirements in the form of debt or equity. The Group has a target net debt to normalised EBITDA ratio of 3.00 times. Due to the impact of the pandemic the target ratio might possibly be exceeded in the short term.

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for the year ended 30 September 2020

31. RISK MANAGEMENT continued

Capital risk management continued

The ratio is calculated as net debt divided by normalised EBITDA. Net debt is calculated as total interest-bearing borrowings (including current interest-bearing and non-current interest-bearing borrowings) plus guarantees (if applicable) plus bank overdrafts less cash and cash equivalents. International's net debt is calculated using average exchange rates for the year (as agreed with the lenders). Normalised EBITDA is defined as earnings before interest, tax, depreciation and amortisation, adjusted for non-recurring items and including the EBITDA of new acquisitions for that part of the year when it was not owned by the Group. The ratio excludes net debt and normalised EBITDA of any special purpose vehicles (SPV) as described in the debt agreements. Only one entity within the Group meets the definition of a SPV. Lenders have confirmed that the impact of IFRS 16 *Leases* can be excluded from covenant calculations.

In order to maintain or adjust the capital structure, the Group may adjust the amount of distributions paid to shareholders, return capital to shareholders, issue new shares, issue new debt, refinancing existing debt or sell assets to manage the debt level.

There have been no changes to what the Group manages as capital and the strategy for capital maintenance.

Given the significant uncertainty caused by the pandemic the Group pre-emptively negotiated amended bank covenants for the periods ended 30 September 2020 and 31 March 2021.

	2020	2019
Total interest cover ratio (times)	**5.81**	5.63
Net debt to normalised EBITDA ratio	**2.96**	1.96
The Group has externally imposed debt covenants in place as part of the terms of the current debt structures.		
The covenants imposed arising from preference shares, syndicated and bilateral term loans are as follows:		
A minimum of total interest cover ratio (times)[1]	**3.75**	4.00
A maximum of net debt to normalised EBITDA ratio[1]	**4.00**	3.50

[1] *Bank covenants for 31 March 2021:*
- *A minimum of total interest cover ratio of 3.25 times*
- *A maximum of net debt to normalised EBITDA ratio of 4.50 times*

Financial risk

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk and cash flow interest rate risk), credit risk, liquidity risk and fair value risk.

Market risk

Foreign exchange risk

Risk exposure	The Group interacts with international suppliers and is exposed to foreign exchange risk arising from various currency exposures. The foreign currency transactions are mainly denominated in: ■ Pound sterling; ■ European euro; and ■ US dollar. The Group's presentation currency is the South African rand, but as it operates internationally with investments in foreign operations, it is exposed to a number of currencies, of which the exposure to the Botswana pula (BWP), pound sterling (GBP), US dollar (USD), European euro (EUR) and Polish zloty (PLN) are the most significant.
How the risk arises	Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency and from net investments in foreign operations. These transactions include certain inter-company loans which expose the Group to foreign exchange risk.

31. RISK MANAGEMENT continued

Market risk continued

Foreign exchange risk continued

Objectives, policies and processes for managing the risk and methods used to measure risk	The Group has set up a policy to require Group companies to manage their foreign exchange risk against their functional currency. The Group's treasury risk management principle is to hedge material cash flows where the local cash flow impact is in excess of 5 million (2019: 5 million) functional currency denomination. The Group companies are required to economically hedge their foreign exchange risk exposure in consultation with treasury. To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the Group use forward contracts and options, transacted with commercial banks on an all-inclusive price in the companies' functional currency. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies, as and when it is required. At 30 September 2020, foreign denominated borrowings to the equivalent of R10 491 million existed (2019: R7 800 million). The Group reviews its foreign currency exposure, including commitments, on an ongoing basis.
Concentration of risk	The Group has investments in foreign operations in Botswana, the United Kingdom, Italy, Spain, Switzerland, northern Europe, Ireland and Poland. The net assets of the Botswana, United Kingdom, Italy, Spain, Switzerland, northern Europe, Ireland and Polish investments are exposed to foreign currency translation risk as the companies are subsidiaries of the Group.

Foreign currency exposure at statement of financial position date:

Rand millions

	2020					2019				
	BWP	**GBP**	**EUR**	**USD**	**PLN**	BWP	GBP	EUR	CHF[1]	PLN
Non-current assets	**203**	**18 324**	**2 508**	**846**	**1 733**	196	16 027	1 405	750	2 002
Current assets	**468**	**1 454**	**1 280**	**96**	**426**	410	1 006	1 081	17	411
Current liabilities	**(61)**	**(1 428)**	**(1 505)**	**(69)**	**(732)**	(59)	(1 783)	(1 338)	(89)	(268)
Non-current liabilities	**(191)**	**(6 143)**	**(4 251)**	**(51)**	**(527)**	(154)	(4 233)	(3 017)	–	(672)
Exposure on external balances	**419**	**12 207**	**(1 968)**	**822**	**900**	393	11 017	(1 869)	678	1 473
Net exposure on balances between Group companies	**–**	**3 581**	**(3 097)**	**(330)**	**(154)**	(3)	1 829	(2 579)	869	(119)
Total net exposure	**419**	**15 788**	**(5 065)**	**492**	**746**	390	12 846	(4 448)	1 547	1 354

Foreign currency in millions

	2020					2019				
	BWP	**GBP**	**EUR**	**USD**	**PLN**	BWP	GBP	EUR	CHF[1]	PLN
Non-current assets	**138**	**840**	**126**	**50**	**394**	142	858	85	49	528
Current assets	**317**	**67**	**64**	**6**	**97**	297	54	65	1	108
Current liabilities	**(41)**	**(65)**	**(76)**	**(4)**	**(166)**	(43)	(95)	(81)	(6)	(71)
Non-current liabilities	**(129)**	**(282)**	**(214)**	**(3)**	**(120)**	(112)	(227)	(182)	–	(177)
Exposure on external balances	**285**	**560**	**(100)**	**49**	**205**	284	590	(113)	44	388
Net exposure on balances between Group companies	**–**	**164**	**(156)**	**(19)**	**(35)**	(2)	98	(155)	57	(31)
Total net exposure	**285**	**724**	**(256)**	**30**	**170**	282	688	(268)	101	357

[1] *Functional currency of entity changed to US dollar.*

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for the year ended 30 September 2020

31. RISK MANAGEMENT continued

Market risk continued

Foreign exchange risk continued

Sensitivities analysis

The table below analyses the impact on the Group's FCTR. The analysis is based on the assumption that the South African rand had strengthened/weakened by 10% against the GBP, EUR and PLN with all other variables held constant.

	2020 R'm	2019 R'm
Impact on movement in FCTR in other comprehensive income		
Rand strengthened	**(3 195)**	(1 090)
Rand weakened	**3 195**	1 090

The tables below analyse the impact on the Group's revenue, operating profit and post-tax profit. The analysis is based on the assumption that the South African rand had strengthened/weakened by 10% against the foreign currency with all other variables held constant.

	Rand strengthened		**Rand weakened**	
	2020 R'm	2019 R'm	**2020 R'm**	2019 R'm
Impact on revenue				
BWP	**(58)**	(60)	**58**	60
GBP	**(317)**	(271)	**317**	271
EUR	**(306)**	(286)	**306**	286
USD	**(36)**	(27)	**36**	27
PLN	**(155)**	(136)	**155**	136
Impact on operating profit/(loss)				
BWP	**(7)**	(16)	**7**	16
GBP (loss position)	**13**	5	**(13)**	(5)
EUR	**(32)**	(46)	**32**	46
USD (loss position)	**10**	12	**(10)**	(12)
PLN	**(5)**	(1)	**5**	1
Impact on profit/(loss) after tax				
BWP	**(4)**	(11)	**4**	11
GBP (loss position)	**38**	12	**(38)**	(12)
EUR	**(18)**	(26)	**18**	26
USD (loss position)	**11**	10	**(11)**	(10)
PLN (loss position)	**85**	21	**(85)**	(21)
Exchange rates used for conversion of foreign denominated items				
Assets and liabilities				
BWP			**1.48**	1.38
GBP			**21.81**	18.68
EUR			**19.86**	16.59
USD			**16.94**	15.18
CHF			**n/a**	15.27
PLN			**4.40**	3.79
Income/expense items				
BWP			**1.43**	1.35
GBP			**20.69**	18.34
EUR			**18.19**	16.22
USD			**16.13**	14.42
PLN			**4.12**	3.77

31. RISK MANAGEMENT continued

Financial risk continued

Market risk continued

Interest rate risk

Risk exposure	Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates economically expose the Group to fair value interest rate risk. Refer note 20.
How the risk arises	The Group's interest rate risk primarily arises from a mix of short- and long-term borrowings. The Group's income and operating cash flows are substantially independent of changes in market interest rates.
Objectives, policies and processes for managing the risk and methods used to measure risk	The Group manages its interest rate exposure in total and mainly borrows or invests at Group level, unless it is more appropriate to do so at subsidiary level. Based on the various scenarios, the Group manages its cash flow interest rate risk by using interest rate collars, caps or swaps. Such interest rate hedges have the economic effect of capping the exposure to floating rates to a maximum rate. Generally, the Group raises long-term borrowings at floating rates and then hedges floating rates to a known maximum exposure. Under the interest rate collars, caps or swaps, the Group agrees with other parties to exchange, at specified intervals (primarily quarterly), the difference between the hedge and the floating rate interest amounts calculated by reference to the agreed notional amounts. Swaps are entered into to fix interest rates from floating rates.
Concentration of risk	Group policy is to hedge a maximum of 80% of its borrowings (excluding lease liabilities) and to hedge a quantum of borrowings (excluded lease liabilities) to ensure the profit or loss impact of a 1% movement in interest rates on unhedged borrowings (excluding lease liabilities) is less than 2.0% of the previous 12-month Group normalised EBITDA. At 30 September 2020, 24% of the Group debt (excluding lease liabilities) was hedged (2019: 42%). Refer to note 23 for the current interest rate hedges in place.

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Group calculates the impact on profit or loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing borrowings positions.

	2020 R'm	2019 R'm
Impact on post-tax profit		
1% increase	**(86)**	(81)
1% decrease	**100**	123

The simulation is done on a quarterly basis to verify that the maximum loss potential is within the Group's limits. The Group's debt is partially hedged by interest rate swap contracts. The interest rate swap contracts hedge R2.6 billion (2019: R5.3 billion) of the Group's net debt (excluding lease liabilities) of R11 064 million (2019: R11 289 million).

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for the year ended 30 September 2020

31. RISK MANAGEMENT continued

Financial risk continued

Liquidity risk

Risk exposure	Those financial liabilities of the Group with contractual cash flows and maturity dates are exposed to liquidity risk.
How the risk arises	Liquidity risk arises should the Group not be able to meet its obligations as they become due.
Objectives, policies and processes for managing the risk and methods used to measure risk	Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed banking facilities and the ability to close out market positions. The Group's liquidity risk is mitigated by the availability of funds to cover future commitments. The Group manages liquidity risk through an ongoing review of future commitments and banking facilities. Due to the dynamic nature of the underlying businesses, treasury maintains flexibility in funding by maintaining availability under committed credit lines. The Group has sufficient available bank facilities that can be utilised to service short-term commitments. Refer note 20. To ensure the Group has sufficient cash reserves during the pandemic, in addition to securing additional bank facilities, management has implemented a number of mitigating actions and cash preservation levers across the Group's operations. Cash flow forecasts are prepared and utilised facilities are monitored on a daily basis. Longer-term cash flow forecasts are updated quarterly. **Refinancing of debt** The Group successfully refinanced its term debt in the international operations during March 2020 and thereby extended the debt maturities that were due from November 2020 out to 2023 and 2025. The Group maintains a varied maturity profile for non-current interest-bearing borrowings in line with forecast profitability and cash flow. Acceptable profitability and gearing levels at the time of refinancing will meet lenders credit criteria and mitigate refinancing risk. The Group ensures that a reasonable balance is maintained between the period over which assets generate funds and the period over which the assets are funded. The Group maintains relationships with a broad range of financial institutions to avoid concentration risk and safeguard the availability of liquidity at all times. To further avoid market concentration risk, the Group diversifies its funding sources between traditional bank markets and debt capital markets, enabling it to target different lenders at different points in their credit cycles. The Group also diversifies its funding geographically to reach lenders familiar in those regions. Amortising debt is budgeted to be repaid from cash resources or refinanced with available short-term facilities. The Group reviews maturities at least 12 months in advance and ensures that adequate cash resources and/or committed banking facilities will be in place and available at least 6 months before a significant refinancing date.
Concentration of risk	The table on page 79 analyses the Group's financial liabilities into relevant maturity groupings, based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

31. RISK MANAGEMENT continued

Financial risk continued

Liquidity risk continued

	Southern Africa		Alliance Medical		Poland	
	2020 R'm	2019 R'm	**2020 R'm**	2019 R'm	**2020 R'm**	2019 R'm
Interest-bearing borrowings[1]	**3 300**	5 398	**9 191**	7 998	**412**	1 339
Less than 1 year	**1 285**	1 752	**245**	1 469	**411**	73
Between 1 and 5 years	**2 015**	3 227	**8 939**	6 505	**1**	1 266
Over 5 years	**–**	419	**7**	24	**–**	–
Lease liabilities[1]	**1 223**	–	**1 655**	–	**657**	–
Less than 1 year	**171**	–	**409**	–	**79**	–
Between 1 and 5 years	**631**	–	**772**	–	**476**	–
Over 5 years	**421**	–	**474**	–	**102**	–
Trade and other payables	**1 592**	1 800	**2 058**	1 882	**191**	118
Less than 1 year	**1 592**	1 800	**2 003**	1 794	**171**	116
Between 1 and 5 years	**–**	–	**55**	88	**20**	2
Contingent consideration liabilities	**–**	–	**1 358**	1 225	**11**	33
Less than 1 year	**–**	–	**–**	4	**11**	33
Between 1 and 5 years	**–**	–	**1**	4	**–**	–
Over 5 years	**–**	–	**1 357**	1 217	**–**	–
Derivative financial instruments	**38**	13	**15**	17	**–**	–
Less than 1 year	**12**	3	**15**	–	**–**	–
Between 1 and 5 years	**26**	10	**–**	17	**–**	–
Total	**6 153**	7 211	**14 277**	11 122	**1 271**	1 490

[1] *Finance lease liabilities have been presented within Interest-bearing borrowings in the prior year.*

The table below analyses the Group's derivative financial instruments which will be settled on a gross basis into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Outflow	
	2020 R'm	2019 R'm
Trading derivatives (foreign exchange contracts and interest rate swap contracts)		
Less than 1 year	**(27)**	(3)
Between 1 and 5 years	**(26)**	(27)
Total	**(53)**	(30)

NOTES TO CONSOLIDATED ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 September 2020

31. RISK MANAGEMENT continued

Financial risk continued

Credit risk

Risk exposure	Credit risk arises mainly from cash and cash equivalents, trade and other receivables and other assets. Trade receivables comprise a widespread customer base.
How the risk arises	Credit risk is the risk of financial loss due to counterparties to financial instruments not meeting their contractual obligations.
Objectives, policies and processes for managing the risk and methods used to measure risk	Credit risk is managed using Group policies within the territories it arises. The Group deposits surplus cash with major banks with high-quality credit standing and maintains an appropriate spread of cash deposits between various financial institutions to limit the exposure to any one counterparty. For banks and financial institutions, only independently rated parties with a minimum Moody rating "Ba1" for South African banks are accepted. For both Alliance Medical and Poland, counterparty risk is managed through the active monitoring and management of counterparties with which Alliance Medical and Poland transact. The Group evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. If there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set for patients without medical aid insurance. Services to customers without medical aid insurance are settled in cash or using major credit cards on discharge date as far as possible. Credit guarantee insurance is not purchased. In certain Alliance Medical territories, use is made of invoice factoring facilities which are on a non-recourse basis, further reducing the credit risk from individual customers.
Concentration of risk	The maximum exposures to credit risk at the reporting date are cash and cash equivalents as well as the carrying value of each class of trade and other receivables and other assets. The Group does not hold any collateral as security. The Group is exposed to a number of guarantees for the overdraft facilities of Group companies. Refer to note 29 for additional details.
Maximum exposure to credit risk by class of financial instrument	Financial assets exposed to credit risk at year-end were as follows:

	2020 R'm	2019 R'm
Trade and other receivables	**3 814**	3 747
Cash and cash equivalents	**2 279**	1 544
Other assets	**125**	87

31. RISK MANAGEMENT continued

Financial risk continued

Credit risk continued

The cash and cash equivalents carrying amount is denominated in the following currencies:

	2020 R'm	2019 R'm
South African rand	**466**	546
Botswana pula	**252**	180
Pound sterling	**926**	288
European euro	**450**	430
Polish zloty	**163**	90
United States dollar	**20**	8
Swiss franc	**2**	2
Balance at 30 September	**2 279**	1 544

Overdraft facilities within the Group are secured by means of cross sureties by Group companies.

The credit quality of cash at bank and short-term money market instruments is:

Southern Africa[1]	**465**	544
Botswana[2]	**252**	180
Alliance Medical[3]	**1 398**	730
Poland[4]	**163**	86
Cash on hand	**1**	4
	2 279	1 544

[1] *The counterparties have a South African Moody's Ratings of Ba1 (2019: Baa3).*
[2] *The counterparties have a Botswana Standard & Poor rating of BBB+ (2019: A-).*
[3] *The counterparties have a minimum Fitch credit rating of BB+ (2019: BBB-).*
[4] *The counterparties have a minimum Polish Fitch rating of B- (2019: B).*

Trade and other receivables

An impairment analysis is performed at each reporting date using a provision matrix to measure ECLs. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (mainly by customer type).

The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off when the Group has exhausted all options regarding the debt. Refer Annexure A – significant accounting policies (section 1.11 financial instruments).

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in this note. The Group does not hold collateral as security.

NOTES TO CONSOLIDATED ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 September 2020

31. RISK MANAGEMENT continued

Financial risk continued

Credit risk continued

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

R'm	Current	31 – 60 days	61 – 90 days	91 – 180 days	>180 days	Total
2020						
Private patients	**376**	**132**	**66**	**115**	**214**	**903**
Medical aids	**1 128**	**117**	**104**	**93**	**15**	**1 457**
Government and public healthcare facilities	**443**	**181**	**151**	**55**	**426**	**1 256**
Trade receivables	**1 947**	**430**	**321**	**263**	**655**	**3 616**
Expected credit loss (R'm)	**63**	**29**	**13**	**6**	**292**	**403**
Weighted average ECL rate	**3.2%**	**6.7%**	**4.0%**	**2.3%**	**44.6%**	
2019						
Private patients	310	118	49	108	196	781
Medical aids	1 101	141	97	66	127	1 532
Government and public healthcare facilities	482	92	59	66	320	1 019
Trade receivables	1 893	351	205	240	643	3 332
Expected credit loss (R'm)	1	1	1	2	215	220
Weighted average ECL rate	0.1%	0.3%	0.5%	0.8%	33.4%	

Financial risk

Fair value

The derivative assets and liabilities used for hedging, as presented in the statement of financial position, are the financial assets and liabilities that are measured at fair value.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active and for unlisted securities, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Group's financial instruments held at fair value, are measured subsequent to their initial recognition and are grouped into levels 1 to 3 based on the extent to which the fair values are observable. All of the resulting fair value estimates for the derivatives used for hedging are included in level 2. The contingent considerations and fair value measurements of CGUs (where recoverable amounts were determined based on fair value less cost to sell) are included in level 3. The fair value of interest rate swaps is calculated as the mark-to-market valuation, which represents the mid-market value of the instrument as determined by the financial institution at 30 September 2020.

The fair value of forward exchange contracts is determined using forward exchange rates at the statement of financial position date, with the resulting value discounted back to the present value, as determined by the financial institution at 30 September 2020.

There were no transfers between levels 1, 2 and 3 during the year.