Figures in Rand thousand

28. Fair value estimation

A number of the Group's accounting policies and disclosures require the measurement of fair values. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Refer to note 1.20 for the accounting policy and valuation of these financial instruments.

The Group's assets and liabilities that are measured at fair value are classified into different levels based on the extent that quoted prices are used in the calculation of fair value and the levels have been defined as follows:

- level 1: fair value based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- level 2: fair value based on inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); or
- level 3: fair value based on inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the fair value measurement hierarchy of the Group's assets and liabilities measured at fair value:

Group 2022	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial asset				
Trade receivable held at fair value through profit or loss	-	233,407	-	233,407
Long-term receivable	-	-	38,663	38,663
	-	**233,407**	**38,663**	**272,070**

Group 2021	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial asset				
Trade receivable held at fair value through profit or loss*	-	239,304	-	239,304
Long-term receivable	-	-	13,444	13,444
	-	**239,304**	**13,444**	**252,748**

* The prior year trade and other receivables carried at amortised cost incorrectly included R214m, which should have been included in fair value through profit or loss. The prior year disclosure has been corrected in note 11 and 27.4. This error has no other impact on the financial statements or disclosures.

29. Capital management

The Board's policy is to maintain a strong capital base in order to maintain investor, debt providers and the market confidence in the business. The Group's objective when managing capital is to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk and to safeguard the Group's ability to continue as a going concern while taking advantage of strategic opportunities in order to maximise stakeholder returns sustainably.

The strong capital base should ensure that any organic or acquisitive growth in the business is sustainable and provides a cushion for the cyclical nature of the resources business.

The Board has actively pursued a policy of debt reduction and its objective is to maintain its net gearing level to a maximum of 25% versus total assets. This ratio is calculated taking into account interest-bearing debt excluding cash balances divided by total assets. At 31 December 2022 year end, the gearing level was 0% (31 December 2021: 0%).

As the required gearing level has been achieved, the Board will focus on balancing the requirements to pay dividends, while at the same time ensuring that there is sufficient capital in the business to see the Company through the continued global economic uncertainty, to fund working capital, to fund capital expenditure requirements and to fund other growth opportunities in the business.

When analysing growth opportunities, the Board seeks to obtain a minimum internal rate of return of 20%.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.