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 appropriate valuation techniques when 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 2023	Level 1	Level 2*	Level 3**	Total
Financial asset				
Trade receivable held at fair value through profit or loss	-	66,931	-	66,931
Long-term receivable	-	-	37,287	37,287
	-	**66,931**	**37,287**	**104,218**

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**

There were no transfers between fair value hierarchy levels in the current year.

*Based on quoted market metal prices and exchange rates
**Determined with a discounted cash flow model using risk-free ZAR interest rate, exchange rates and long-term forecast commodity prices.

Group
Reconciliation of level 3 financial assets
The table below sets out the reconciliation of financial assets that are measured at fair value based on inputs that are not based on observable market data (level 3):

Balance at 1 January 2023	**38,663**
Loss recognised in profit or loss	(1,377)
Balance at 31 December 2023	**37,285**