

Notes to the Group annual financial statements continued

		2018 R'000	2017 R'000			
26	NOTES TO THE STATEMENTS OF CASH FLOWS (continued)					
26.9	MOVEMENT IN BORROWINGS					
Balance at beginning of year		251 908	500 000			
Non-cash items: Acquisition of business (note 1.1)		24 297	2 118			
Exchange rate adjustments		(28)	(82)			
Reclassification to disposal group held-for-sale		–	(7 822)			
Balance at end of year		–	(251 908)			
Cash movement in borrowings		276 177	242 306			
Disclosed as follows:						
Increase in borrowings		–	9 917			
Repayment of borrowings		(276 177)	(252 223)			
		(276 177)	(242 306)			
26.10	DECREASE IN OTHER FINANCIAL ASSETS					
Proceeds from sale of interest in Group Risk Holdings Proprietary Limited		–	318			
Decrease in Black Managers Share Trust		5 232	32 038			
		5 232	32 356			
27	CONTINGENT LIABILITIES					
The wholly-owned South African companies in the Group provide cross-sureties for the debt obligations (refer note 21) and overdraft facilities (refer note 17) in South Africa.						
28	COMMITMENTS AND CONTINGENCIES					
28.1	OPERATING LEASE COMMITMENTS					
The Group has entered into the following material lease agreements in South Africa for premises used as offices and distribution centres for pharmaceutical products. These leases represent more than 95% of the lease commitments of the Group.						
	Lease 1	Lease 2	Lease 3	Lease 4	Lease 5	Lease 6
	New Road	Durban	Cape Town	Port Elizabeth	Capital Hill Office Park	19 Louis Gradner Street, Cape Town (4th Floor)
Initial lease period (years)	10	12	10	5	2	5
Ending	30 November 2021	31 October 2022	31 August 2022	31 July 2022	31 May 2019	31 October 2020
Renewal option period (years)	10	10	5	5	N/A	N/A
Ending	30 November 2031	31 October 2032	31 August 2027	31 July 2027	N/A	N/A
Escalation %	7.3%	8.5%	7.0%	7.0%	8.0%	7.5%
				2018 R'000		2017 R'000
Future minimum rentals payable under all non-cancellable operating leases are as follows:						
Within one year				50 388		38 780
After one year but not more than five years				150 485		164 783
More than five years				1 455		6 572
				202 328		210 135

Notes to the Group annual financial statements continued

	2018 R'000	2017 R'000
28 COMMITMENTS AND CONTINGENCIES (continued)		
28.2 CAPITAL COMMITMENTS		
Commitments contracted for		
Within one year	32 932	72 202
Approved but not contracted for	63 258	128 281
Within one year	60 230	89 853
Between one and two years	3 028	38 428
	96 190	200 483
These commitments relate to property, plant and equipment		
28.3 GUARANTEES		
The Group has provided guarantees to the amount of R3.3 million at 30 June 2018 (June 2017: R2.8 million)		
29 RELATED PARTIES		
Related party transactions exist between the Company, subsidiaries, joint ventures, associate and key management. All purchasing and selling transactions with related parties are concluded at arm's length and are eliminated for Group purposes, where applicable.		
The following entities are considered to be related parties in the current and prior year due to their individual shareholding exceeding 20% and they have representation on the Adcock Ingram Holdings Limited Board of Directors, and therefore are considered to have significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the Group.		
The Bidvest Group Limited		
Purchase of services	56 747	42 481
Balance owing at reporting date	13 093	4 891
Payments to directors and key management are disclosed in notes 6.3 and 6.4.		