

Notes to the Group financial statements *continued*

for the year ended 31 December 2015

6 FINANCING STRUCTURE AND COMMITMENTS (continued)

6.4 Capital commitments

Commitments for the acquisition of property, plant and equipment and software:

	2015 Rm	2014 Rm
Capital expenditure authorised not yet incurred at the reporting date is as follows:		
– Contracted	12 501	10 034
– Not contracted	18 313	19 659
Total commitments for property, plant and equipment and software	30 814	29 693

Capital expenditure will be funded from operating cash flows, existing borrowing facilities and where necessary by raising additional facilities.

6.5 Operating lease commitments

Leases, where a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

Sub-lease income is recognised in profit or loss on a straight-line basis over the term of the lease.

In all significant operating lease arrangements in place during the year, the Group acted as the lessee.

Sale and leaseback

In sale and leaseback transactions that result in operating leases, where it is clear that the transaction is priced at fair value, any profit or loss is recognised on the effective date of the sale transaction. If the sale price is below fair value, any profit or loss is recognised on the effective date of the sale transaction except that, if a loss is compensated for by future lease payments at below market price, it is deferred and amortised in proportion to the lease payments over the period during which the asset is expected to be used. If the sale price is above fair value, the excess over fair value is deferred and amortised over the period for which the asset is expected to be used.

If the fair value, at the time of a sale and leaseback transaction, is less than the carrying amount of the asset, a loss equal to the amount of the difference between the carrying amount and fair value is recognised immediately in profit or loss.

The Group leases various premises and sites under non-cancellable/cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. Penalties are chargeable on certain leases should they be cancelled before the end of the agreement.

	2015 Rm	2014 Rm
The future aggregate minimum lease payments under non-cancellable operating lease arrangements are as follows:		
Not later than one year	7 373	4 280
Later than one year and no later than five years	30 363	16 203
Later than five years	30 696	13 973
	68 432	34 456