NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 September 2019

13 Impairment testing of non-financial assets continued

13.4 Specific impairments in the current year

The table below reflects the detail of the respective impairments for the year, with the comparatives noted.

Group

(R'million)	2019	2018
Consumer Brands – goodwill and indefinite life intangible assets*	**(6,0)**	(144,3)
International and exports – property, plant and equipment	**–**	(63,2)
Consumer Brands food – property, plant and equipment**	**(97,8)**	(16,4)
Consumer Brands food – property, plant and equipment***	**6,5**	–
Grains – property, plant and equipment***	**2,2**	(3,7)
Other – property, plant and equipment	**–**	(20,0)
International and Exports – goodwill and indefinite life intangible assets****	**(212,0)**	–
Total	**(307,1)**	(247,6)

The impairments recognised in the current year are as a result of the annual impairment assessment performed on property, plant and equipment, goodwill and indefinite useful life intangible assets.

* *Impairment of Enterprise goodwill during the current year.*

** *Included in the Consumer Brands food segment is the impairment of value added meat products' (VAMP) property, plant and equipment which was evaluated and an impairment of R96,0 million was recorded. The impairment was due to the declining profits in the VAMP business during the current period. The five-year discounted cash flow model was compared to the valuation report (fair value less costs to sell) which resulted in a higher value and in terms of IAS 36, with the higher value being used in the impairment testing.*

*** *As part of the ongoing portfolio efficiency and capability analysis, prior years' impairment was reversed.*

**** *Impairment of the goodwill of the Davita business (R212,0 million). Davita is included in the Exports and International cash-generating unit. The impairment arose as a result of the consistent risks associated with key export markets, with lower sales projected for Nigeria and Mozambique, as well as lower sales forecast for the powdered seasoning brand, Benny. A five-year discounted cash flow model was used with the post-tax discount rate utilised for the purposes of impairment testing of 17,6% (2018: 17,9%). A +1%/-1% change in the post-tax discount rate would result in an approximately +/-R140,0 million change in the valuation. There is currently an ongoing legal dispute with a Nigerian distributor. The sales value in Nigeria in FY19 was R55,4 million.*

The impairments recognised in the prior year relate mainly to the Personal Care category within the HPCB business (R125,0 million) as well as the full impairment of the goodwill and the intangible assets of the Hercules business (R19,3 million). The impairments on property, plant and equipment in the prior year within International and Exports, Consumer Brands food and Grains were derived as a result of the ongoing portfolio analysis and category optimisation processes. These assets were fully impaired down to a recoverable amount of Rnil, being their value in use. This is also representative of fair value less cost to sell given the nature of these assets. Other impairments related to group infrastructure assets, which were identified as part of the ongoing portfolio efficiency and capability analysis.

13.5 Changes in key assumptions

The determined value in use of each cash-generating unit is sensitive to the discount rate. No reasonably probable change in any of the above key valuation assumptions would cause the carrying amount of cash-generating units to materially exceed their recoverable amounts, with the exception of the Crosse & Blackwell intangible asset, where a further 1% increase in the discount rate applied would result in an impairment of R4,3 million.

COMPANY			GROUP	
2019	2018	(R'million)	**2019**	2018
		14 Investments in associated companies		
		14.1 (For more detail, refer Annexure B)		
97,1	967,6	Listed, at cost	**601,6**	1 472,1
171,1	171,1	Unlisted, at cost less amounts written off*	**755,8**	755,8
		Share of accumulated other comprehensive income	**(439,4)**	152,1
		Share of accumulated profits since acquisition	**1 356,1**	2 530,2
268,2	1 138,7		**2 274,1**	4 910,2
		The trading results of the associate companies whose results are equity accounted in the consolidated financial statements are as follows:		
		Revenue (100%)	**22 478,8**	29 384,1
		Profit for the year (100%)	**1 310,0**	2 015,4

* *As part of the annual impairment assessment performed for all investments, using the methods and assumptions as noted in note 13.1, no impairment has been recognised in the current year.*

14 Investments in associated companies continued

14.2 Reconciliation of associates' income

Group (R'million)	Oceana	Empresas Carozzí	UAC Foods	National Foods Holdings Limited	Total
2019					
Income attributable to ordinary shareholders of Tiger Brands before abnormal items	**30,5**	**245,1**	**28,6**	**72,9**	**377,1**
Abnormal items	**–**	**–**	**(5,9)**	**–**	**(5,9)**
Income attributable to ordinary shareholders of Tiger Brands	**30,5**	**245,1**	**22,7**	**72,9**	**371,2**
Less: Total dividends					**(292,0)**
Total share of associated companies' income less dividends received					**79,2**
2018					
Income attributable to ordinary shareholders of Tiger Brands before abnormal items	415,5	240,9	17,4	52,9	726,7
Abnormal items	4,0	–	–	–	4,0
Income attributable to ordinary shareholders of Tiger Brands	419,5	240,9	17,4	52,9	730,7
Less: Total dividends					(192,6)
Total share of associated companies' income less dividends received					538,1

	GROUP	
(R'million)	**2019**	2018
14.3 Summarised statement of financial position of all associates		
The aggregate statement of financial position of all associates are summarised as follows (100%):		
Property, plant and equipment	**11 354,0**	12 937,7
Goodwill and intangible assets	**4 026,9**	8 096,7
Investments	**64,0**	405,5
Deferred taxation	**192,5**	226,3
Net current assets	**2 583,6**	4 980,2
Total assets	**18 221,0**	26 646,4
Long-term liabilities	**(5 012,3)**	(8 779,6)
Deferred taxation	**(2 031,9)**	(2 337,7)
Total shareholders' funds	**11 176,8**	15 529,1

14.4 The assessment criteria as noted in the accounting policies are performed annually. In 2018, Oceana Fishing Limited was a material associate of Tiger Brands and thus further disclosure is noted in Annexure B. All current associates did not meet the assessment criteria to be classified as a material associate and thus no further disclosure is provided in Annexure B.