4. GOODWILL AND INTANGIBLE ASSETS

	Goodwill Rm	Customer lists and contracts Rm	Computer software Rm	Other intangibles Rm	Total Rm
At 30 June 2014					
Cost	**5 596**	**2 558**	**625**	**147**	**8 926**
Accumulated amortisation and impairment	**859**	**836**	**409**	**56**	**2 160**
	4 737	**1 722**	**216**	**91**	**6 766**
Net carrying value at beginning of year	**3 926**	**1 055**	**156**	**69**	**5 206**
Net acquisition of subsidiaries and businesses	**579**	**937**	**1**	**10**	**1 527**
Additions			**128**	**17**	**145**
Proceeds on disposal			**(3)**		**(3)**
Impairment charge	**(38)**		**(7)**		**(45)**
Amortisation		**(339)**	**(67)**	**(6)**	**(412)**
Profit on disposal			**(1)**		**(1)**
Reclassification			**3**		**3**
Currency adjustments	**270**	**69**	**6**	**1**	**346**
Net carrying value at end of year	**4 737**	**1 722**	**216**	**91**	**6 766**
At 30 June 2013					
Cost	4 747	1 509	497	124	6 877
Accumulated amortisation and impairment	821	454	341	55	1 671
	3 926	1 055	156	69	5 206
Net carrying value at beginning of year	3 238	799	95	102	4 234
Net acquisition of subsidiaries and businesses	331	288	9	20	648
Additions		7	105	4	116
Proceeds on disposal			(7)		(7)
Impairment charge	(139)	(1)	(2)		(142)
Amortisation		(257)	(56)	(6)	(319)
Profit on disposal			3		3
Reclassification		50	1	(51)	
Currency adjustments	496	169	9		674
Reclassification to assets classified as held for sale			(1)		(1)
Net carrying value at end of year	3 926	1 055	156	69	5 206

Expenditure on acquired trademarks, licenses, customer lists and computer software is amortised using the straight-line basis over their estimated useful lives between 2 to 10 years. Goodwill is not amortised, but is tested for impairment annually.

Refer to note 39.3 for details of new business combinations during the year.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS – continued
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4. GOODWILL AND INTANGIBLE ASSETS continued

Goodwill and indefinite life intangible assets

A summary of the goodwill and indefinite life intangible assets by cash generating unit and related assumptions applied for impairment testing purposes are as follows:

Cash-generating units (CGUs)	Indefinite life intangible assets* 2014 Rm	Goodwill 2014 Rm	Pre tax discount rate 2014 %	Terminal growth rate 2014 %
Logistics Africa				
CIC Holdings Ltd		468	16,6	6,0
Imperial Health Sciences		194	20,7	4,5
Eco Health Ltd		463	20,4	9,0
Logistics International				
Panopa Group		487	8,4	1,5
Neska Group		146	8,3	1,5
Reederei Group		759	9,0	1,5
Lehnkering Group		1 076	8,4	1,5
Lubcke Marine		58	7,8	1,5
Rijnaarde BV		87	8,4	1,5
Vehicle import, distribution and dealerships				
Uvundlu Investments (Pty) Ltd		56	19,2	4,5
E-Z-Go Golf Carts		55	16,6	4,5
Renault SA (Pty) Ltd	222	98	15,7	4,5
Vehicle retail, rental and after market parts				
Beekman Super Canopies (Pty) Ltd		76	20,1	4,5
Orwell Trucks Ltd		57	13,3	2,0
Midas (Pty) Ltd		202	16,0	4,5
	222	4 282		
Aggregate of immaterial indefinite life intangible assets and goodwill	45	455		
Carrying value	267	4 737		

* *Included as part of customer lists and contracts above.*

Goodwill impairment testing

Goodwill is allocated to the appropriate CGUs according to the type of business and where it operates. The CGUs represent the identifiable assets for which an active market exists and which generate independent cash flows for the Group.

External and internal factors surrounding the business operations play a role in determining an indication of impairment. In addition the carrying amount of goodwill is subject to an annual impairment test. Impairment tests are carried out on all goodwill balances within each CGU.

Impairment of goodwill arises when the recoverable amount of the CGU, including goodwill is less than the carrying value. The recoverable amount is determined as the greater of the fair value less costs to sell or the value in use. It is difficult to use the fair value less costs to sell as a reliable estimate is not easily obtainable in determining the recoverable amount. Therefore the value in use method is used to assess the goodwill for impairment.

Key assumptions used in value in use calculations

Cash flow projections

The value in use is calculated using the forecasted cash inflows and outflows which are expected to be derived from continuing use of the CGU and its ultimate disposal. Cash flow projections for financial forecasts are based on expected revenue, operating margins, working capital requirements and capital expenditure, which were approved by senior management.

The expected revenues were based on market share assumptions, volume growth and price increases. No significant change in market share was assumed during the forecasted period and is based on the average market share in the period immediately before the forecast period. Volume growth was based on average growth experienced in recent years. The exchange rates used in the cash flow projections were consistent with external sources of information.

Operating margins reflect past experience but adjusted for any expected changes for the individual CGU's.

These cash flow projections cover a five-year forecast period, which are then extrapolated into perpetuity using applicable terminal growth rates.

The key assumptions used in arriving at projected cash flows were as follows:

Logistics Africa – Revenue growth and the operating margins.
Logistics International – Market share assumptions and operating margins.
Vehicle import, distribution and dealerships – Volume growth, and exchange rates affecting the purchase price in relation to the vehicle selling price increases.
Vehicle retail, rental and after market parts – Market share assumptions and operating margins.

Growth rates

Growth rates applied during the five year forecasted period were determined based on future trends within the industry, geographic location and past experience within the operating divisions. Growth rates can fluctuate from year to year based on the assumptions used to determine these rates.

The Group used steady growth rates (terminal growth rates) to extrapolate revenues beyond the forecasted period, which were consistent with publicly available information relating to long-term average growth rates for each of the markets in which each of the respective CGUs operates.

Discount rates applied

The discount rates present the current market assessment of the risks for each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow projections. The discount rate calculations are derived from the CGU's weighted average cost of capital and takes into account both the cost of debt and the cost of equity.

The cost of equity was arrived at by using the capital asset pricing model (CAPM) which, where necessary, takes into account an equity risk premium and a small stock premium. The CAPM uses market betas of comparable entities in arriving at the cost of equity. The cost of debt is based on the interest-bearing borrowings the CGU is obliged to service.

The debt to equity ratio was determined by applying market value weights based on theoretical target gearing levels, giving consideration to industry averages and using data of comparable entities.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS – continued
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4. GOODWILL AND INTANGIBLE ASSETS continued

Goodwill impairments

During the current year the Group impaired goodwill amounting to R38 million (2013: R139 million) in the following operating segments. The goodwill impairment is included within exceptional items in profit or loss.

	2014 Rm	2013 Rm
Operating segment		
Logistics Africa	30	107
Vehicle retail, rental and after market parts	8	32
	38	139

The goodwill impairments are as a result of contracts lost and CGUs not achieving profit targets as originally estimated at the time of acquisition.

Change in key assumptions and conclusion

The directors believe that any reasonable possible change in the key assumptions on which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the CGU.

5. INVESTMENT IN ASSOCIATES AND JOINT VENTURES

	2014 Rm	2013 Rm
Listed shares at cost	282	221
Unlisted shares at cost	478	529
Share of post-acquisition equity	463	222
Carrying value of shares – equity accounted	1 223	972
Indebtedness by associates and joint ventures	195	345
– Less than one year	112	17
– More than one year	83	328
	1 418	1 317
Valuation of shares		
Listed shares at fair value (Level 1 in the fair value hierarchy)	882	664
Unrecognised share of losses of associates and joint ventures exceeding the Group's interest in the associate and joint venture		
Cumulative unrecognised losses at beginning of year	151	171
Utilisation of unrecognised losses during the year		(20)
Associate acquired as a subsidiary during the year	(151)	
Cumulative unrecognised losses at end of year		151

Details of the Group's material associates and joint ventures are reflected in note 39.5 on page 80.