# NOTES TO CONSOLIDATED ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 September 2020

## 10. PROPERTY, PLANT AND EQUIPMENT continued

**Additional information on leases**

| | 2020 R'm |
|---|---|
| **Right-of-use assets** | |
| Land and buildings | **2 083** |
| Medical equipment | **921** |
| Motor vehicles and other equipment | **73** |
| | **3 077** |
| **Depreciation charge of right-of-use assets** | |
| Land and buildings | **(223)** |
| Medical equipment | **(123)** |
| Motor vehicles and other equipment | **(21)** |
| | **(367)** |

- The total cash outflow for leases in 2020 – refer note 20
- Interest on lease liabilities – refer to note 5
- Lease expenses recognised in profit or loss – refer to note 6
- Lease liabilities – refer to note 20

**Fixed asset register**

A register containing the information required by Regulation 25(3) of the Companies Regulations, 2011 is available for inspection at the registered office of the Company.

## 11. INTANGIBLE ASSETS

| | Computer software R'm | Goodwill R'm | Customer relations R'm | Brand name R'm | Intel-lectual property R'm | Hospital licences R'm | Other intan-gible assets R'm | Total R'm |
|---|---|---|---|---|---|---|---|---|
| **Carrying value at 1 October 2019** | **305** | **13 140** | **2 804** | **118** | **439** | **129** | **34** | **16 969** |
| Additions | **99** | **–** | **–** | **–** | **37** | **–** | **–** | **136** |
| Arising on acquisition of subsidiaries | **–** | **12** | **–** | **–** | **–** | **–** | **–** | **12** |
| Disposals or scrappings | **(1)** | **–** | **–** | **–** | **–** | **–** | **–** | **(1)** |
| Transfer | **2** | **–** | **–** | **–** | **(2)** | **–** | **–** | **–** |
| Amortisation | **(77)** | **–** | **(459)** | **(14)** | **(20)** | **(34)** | **–** | **(604)** |
| Borrowing costs capitalised | **1** | **–** | **–** | **–** | **–** | **–** | **–** | **1** |
| Impairment loss[1] | **(5)** | **(793)** | **–** | **–** | **–** | **–** | **–** | **(798)** |
| Effect of foreign currency movement | **12** | **1 956** | **440** | **19** | **91** | **–** | **5** | **2 523** |
| **Carrying value at 30 September 2020** | **336** | **14 315** | **2 785** | **123** | **545** | **95** | **39** | **18 238** |
| Comprising: | | | | | | | | |
| Cost | **822** | **15 849** | **5 417** | **176** | **593** | **829** | **39** | **23 725** |
| Accumulated amortisation and impairment losses | **(486)** | **(1 534)** | **(2 632)** | **(53)** | **(48)** | **(734)** | **–** | **(5 487)** |
| | **336** | **14 315** | **2 785** | **123** | **545** | **95** | **39** | **18 238** |

[1] *Refer page 41, footnotes 1 and 2.*

## 11. INTANGIBLE ASSETS continued

| | Computer software R'm | Goodwill R'm | Customer relations R'm | Brand name R'm | Intel-lectual property R'm | Hospital licences R'm | Other intan-gible assets R'm | Total R'm |
|---|---|---|---|---|---|---|---|---|
| **Carrying value at 1 October 2018** | 353 | 12 991 | 3 148 | 113 | 263 | 182 | 34 | 17 084 |
| Additions | 72 | – | – | – | 90 | – | – | 162 |
| Arising on acquisition of subsidiaries | – | 134 | 71 | 15 | – | – | – | 220 |
| Adjustments relating to prior year acquisitions | – | (92) | – | – | 93 | – | – | 1 |
| Amortisation | (62) | – | (441) | (12) | (18) | (53) | – | (586) |
| Borrowing costs capitalised | 2 | – | – | – | – | – | – | 2 |
| Impairment loss[1, 2] | (61) | – | – | – | – | – | – | (61) |
| Effect of foreign currency movement | 1 | 107 | 26 | 2 | 11 | – | – | 147 |
| **Carrying value at 30 September 2019** | 305 | 13 140 | 2 804 | 118 | 439 | 129 | 34 | 16 969 |
| Comprising: | | | | | | | | |
| Cost | 685 | 13 781 | 4 765 | 150 | 463 | 829 | 34 | 20 707 |
| Accumulated amortisation and impairment losses | (380) | (641) | (1 961) | (32) | (24) | (700) | – | (3 738) |
| | 305 | 13 140 | 2 804 | 118 | 439 | 129 | 34 | 16 969 |

***Impairment in southern Africa***

*[1] Software development costs of R5 million (2019: R39 million), that did not meet business requirements were fully impaired.*

***Impairment in Poland***

*[2] The Group restarted the Scanmed disposal process during September 2020, and received an offer during November 2020 to dispose of its Polish operation. With the receipt of the offer, the Group considered it prudent and appropriate to impair the carrying value at 30 September 2020. The impairment for the year amounted to R793 million, which was allocated to the assets disclosed below. Refer 1.2.2 – critical accounting estimates and assumptions. An impairment of R125 million was recognised in the prior year.*

| | ***2020 R'm*** | *2019 R'm* |
|---|---|---|
| *Goodwill* | ***793*** | *–* |
| *Fixed property leased (refer note 10)* | ***–*** | *103* |
| *Computer software* | ***–*** | *22* |

| | **2020 R'm** | 2019 R'm |
|---|---|---|
| **Goodwill impairment testing** | | |
| Goodwill has been allocated to the CGUs[3] for impairment testing as follows: | | |
| **Southern Africa** | | |
| Hospitals and complementary services | **1 031** | 1 031 |
| Healthcare services | **234** | 234 |
| **International** | | |
| Diagnostic services | **12 596** | 10 758 |
| Healthcare services | **266** | 960 |
| **Growth initiatives** | **188** | 157 |
| | **14 315** | 13 140 |

*[3] Each operating unit is a CGU but due to the magnitude it has been disclosed in aggregate. CGUs are defined as individual hospitals and healthcare services operating units, Alliance Medical Group, and as individual operating units acquired subsequently.*