

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS

	2016 R'000	2015 R'000
12. DEFERRED TAX		
Balance at beginning of year	(69 763)	(13 088)
Change in tax rate of trusts	–	33
Disposal of business (note 1.1)	–	(424)
Movement through profit or loss – continuing operations	(2 529)	(56 206)
– discontinued operations	(172)	842
Exchange rate adjustments	(798)	(798)
Revaluations of foreign currency contracts (cash flow hedges) to fair value	5 411	(29)
Revaluation of available-for-sale asset to fair value	112	(93)
Balance at end of year	(67 739)	(69 763)
Analysis of deferred tax		
This balance comprises the following temporary differences:		
Trademarks	(30 099)	(23 960)
Property, plant and equipment	(133 327)	(137 325)
Pre-payments	(2 520)	(5 587)
Income received in advance	4 125	3 446
Provisions	54 371	56 412
Revaluations of foreign currency contracts (cash flow hedges) to fair value	5 578	1 449
Tax loss available for future use	33 453	34 750
Other	680	1 052
	(67 739)	(69 763)
Disclosed as follows:		
Deferred tax asset	8 129	12 091
Deferred tax liability	(75 868)	(81 854)

13. OTHER FINANCIAL ASSETS

13.1 LONG-TERM RECEIVABLE (AT AMORTISED COST)

Black Managers Share Trust (BMT)

Balance at beginning of year	88 191	136 191
Proceeds from sale	(11 961)	(41 664)
Impairment (Refer to Annexure G)	(4 135)	(6 336)
	72 095	88 191

The maturity of the receivable from the BMT depends on how beneficiaries exercise their options until 30 September 2024 when the scheme is due to end or when a beneficiary dies. The proceeds on sale during the current year is as a result of the capital contribution payments upon units being exercised after the lock-in period (R12.0 million). The impairment charge was as a result of the cost of the capital contribution exceeding the terminal amount (original capital contribution, increased by a notional return on the capital contribution and reduced by dividends distributed to the beneficiaries). Refer to Annexure B for further details.

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13. OTHER FINANCIAL ASSETS (continued)

13.2 INVESTMENT

Group Risk Holdings Proprietary Limited

Balance at beginning of year	2 915	2 764
Disposal of shares	–	(345)
Revaluation of investment through other comprehensive income	(700)	496
	2 215	2 915
	74 310	91 106

14. INVESTMENT IN JOINT VENTURES

The Group has a 49.9% share in Adcock Ingram Limited (India) and a 50% share in National Renal Care Proprietary Limited. The Group's interest in Adcock Ingram Limited (India) and National Renal Care Proprietary Limited is accounted for using the equity method in the consolidated financial statements and the carrying value of the investments is set out below.

Adcock Ingram Limited (India)	230 955	171 787
National Renal Care Proprietary Limited	123 184	107 348
	354 139	279 135

Refer to Annexure F for further details.

15. INVENTORIES

Raw materials	317 876	351 849
Work-in-progress	24 756	33 265
Finished goods	824 373	822 467
Inventory value, net of provisions	1 167 005	1 207 581
Inventories written down/(reversed) and recognised as an expense/(income) in profit or loss:		
Cost of sales	63 986	92 045
Non-trading expenses	–	(8 375)
	63 986	83 670
Continuing operations	63 986	83 670
Discontinued operations (note 2)	4 616	5 755
	68 602	89 425

Inventories are written off if aged, damaged, stolen or the likelihood of being sold is remote.
Inventories are written down to the lower of cost and net realisable value.