

NOTES TO THE FINANCIAL STATEMENTS

1. PROPERTY, PLANT AND EQUIPMENT (Rmillion)

	Total	Land, improvements and buildings	Cane roots	Plant and equipment	Vehicles and other	Capitalised leases	Capital work in progress
Consolidated							
Carrying value at beginning of year	13 688	3 569	2 617	4 703	2 040	49	710
Additions	2 061	41	887	416	104	1	612
Disposals	(49)	(5)	(39)	(1)	(3)	(1)	
Depreciation	(1 001)	(86)	(498)	(300)	(115)	(2)	
Transfer to intangible assets	(12)		(11)		(1)		
Transfers		37		89	37	(9)	(154)
Currency alignment	(765)	(304)	(133)	(148)	(143)	(2)	(35)
Carrying value at end of year	13 922	3 252	2 823	4 759	1 919	36	1 133

Comprising:

31 March 2018

At cost	21 236	4 202	4 220	8 342	3 278	61	1 133
Accumulated depreciation	7 314	950	1 397	3 583	1 359	25	
	13 922	3 252	2 823	4 759	1 919	36	1 133

31 March 2017

At cost	20 391	4 516	3 613	8 087	3 401	64	710
Accumulated depreciation	6 703	947	996	3 384	1 361	15	
	13 688	3 569	2 617	4 703	2 040	49	710

Company

Carrying value at beginning of year	4 856	502	1 259	2 316	184	2	593
Additions	1 001	7	323	395	23	1	252
Disposals	(45)	(4)	(39)	(1)	(1)		
Depreciation	(402)	(9)	(151)	(213)	(28)	(1)	
Transfer to intangible assets	(12)		(11)		(1)		
Inter-company transfer	(33)				(7)		(26)
Transfers				41	32		(73)
Carrying value at end of year	5 365	496	1 381	2 538	202	2	746

Comprising:

31 March 2018

At cost	8 851	658	1 793	5 106	541	7	746
Accumulated depreciation	3 486	162	412	2 568	339	5	
	5 365	496	1 381	2 538	202	2	746

31 March 2017

At cost	7 967	655	1 532	4 680	501	6	593
Accumulated depreciation	3 111	153	273	2 364	317	4	
	4 856	502	1 259	2 316	184	2	593

Plant and machinery of Mozambique subsidiaries with a book value of R438 million (2017: R367 million) are encumbered as security for the secured long-term borrowings and certain short-term borrowings of R6 million (2017: nil).

The register of land and buildings is available for inspection at the company's registered office.

2. LONG-TERM RECEIVABLE (Rmillion)

	Consolidated		Company	
	2018	2017	2018	2017
Employer surplus account (note 31)	751	689	751	689
Less current portion	(70)	(70)	(70)	(70)
Carrying value at end of year	681	619	681	619

The carrying value of the long-term receivable approximates fair value.

3. GOODWILL (Rmillion)

	Consolidated	
	2018	2017
Carrying value at beginning of year	382	438
Currency alignment	(36)	(56)
Carrying value at end of year	346	382

The carrying value is attributable to the cash-generating units as follows:

Zimbabwe operations	265	298
Mozambique operations	31	33
Botswana operation	42	43
Namibia operation	8	8
	346	382

Goodwill is attributable to the Mozambique and Zimbabwe sugar operations and a Botswana and a Namibian subsidiary. Goodwill is tested annually for impairment. The recoverable amount of goodwill was determined from the "value in use" discounted cash flow model. The value in use cash flow projections, which cover a period of four years, are based on the most recent budgets and forecasts approved by management and the extrapolation of cash flows which incorporate growth rates consistent with the average long-term growth trends of the market. The discount rates used in the cash flow models range between 11,6% and 15,9%. In the packing operations in Namibia and Botswana, sales growth rates of between 1% and 2% have been used while in the sugar production operations in Zimbabwe and Mozambique a return to production levels closer to capacity has been assumed post the drought. As at 31 March 2018, the carrying value of goodwill was considered not to require impairment. Based on the sensitivity calculations performed any reasonably possible changes in key assumptions would not cause the recoverable amounts to fall below the carrying values.

4. INTANGIBLE ASSETS (Rmillion)

	Consolidated		Company	
	2018	2017	2018	2017
Cost:				
At beginning of year	439	278	394	250
Additions	106	166	79	144
Transfer from property, plant and equipment	12		12	
Disposals	(3)		(3)	
Inter-company transfer			(125)	
Currency alignment	(15)	(5)		
At end of year	539	439	357	394
Accumulated amortisation:				
At beginning of year	73	66	69	61
Charge for the year	23	8	17	8
Disposals	(3)		(3)	
Currency alignment	(1)	(1)		
At end of year	92	73	83	69
Carrying value at end of year	447	366	274	325
The carrying value comprises:				
Software	418	36	245	35
Patents and licences	3	18	3	18
Cane supply agreements	10		10	
Capital work in progress	16	312	16	272
	447	366	274	325

5. INVESTMENTS (Rmillion)

	Consolidated		Company	
	2018	2017	2018	2017
Unlisted shares	24	27		
Loans	1	1		
Carrying value of investments (Directors' valuation)	25	28		

The carrying value of investments approximates fair value.

A schedule of unlisted investments is available for inspection at the company's registered office.

6. SUBSIDIARIES AND JOINT OPERATIONS (Rmillion)

	Company	
	2018	2017
Shares at cost, less amounts written off	5 471	5 471
Indebtedness by	641	92
	6 112	5 563
Indebtedness to (included in accounts payable)	(77)	(413)
	6 035	5 150

Details of principal subsidiary companies and the joint operation are included in note 26.

7. INVENTORIES (Rmillion)

	Consolidated		Company	
	2018	2017	2018	2017
Raw materials	482	386	377	379
Work in progress	15	21	15	20
Finished goods	321	634	231	228
Consumables	908	790	223	226
Development properties	1 229	1 005		
Livestock and game	117	113		
	3 072	2 949	846	853

Included in raw materials is an amount of R319 million (2017: R274 million) that relates to the constructive obligation that has been recognised on maize procurement contracts.

8. GROWING CROPS (Rmillion)

	Consolidated		Company	
	2018	2017	2018	2017
Carrying value of standing cane at beginning of year	2 549	2 914	707	465
Gain/(loss) arising from physical growth and price changes	267	88	(41)	178
Increase due to increased area under cane	103	68	98	68
Decrease due to reduced area under cane		(13)		(1)
Decrease due to land sales		(3)		(3)
Currency alignment	(164)	(505)		
Carrying value at end of year	2 755	2 549	764	707

In terms of IAS 41: Agriculture, sugarcane growing crops, comprising standing cane, is accounted for as a biological asset and is measured and recognised at fair value. Changes in the fair value are included in profit or loss. The fair value of standing cane is determined by estimating the growth of the cane, the yield, sucrose content, selling prices (including specifics such as European Union exports), less costs to harvest and transport, over-the-weighbridge costs and costs into the market as at 31 March 2018. In the tables that follow, the disclosures provided for South Africa relate to the Company.

Standing Cane	2018					2017
	South Africa	Swaziland	Zimbabwe	Mozambique	Total	
Hectares for harvest	34 902	3 798	27 912	23 206	89 818	88 159
Standing cane value (Rand per hectare)	21 881	38 207	39 057	32 574	30 672	28 913
Yield (tons cane per hectare)	60	121	98	86	81	76
Average maturity of cane at 31 March (%)	80	71	63	66	69	64
Statement of financial position (Rmillion)						
Carrying value	764	145	1 090	756	2 755	2 549

The IAS 41 fair value change included in profit or loss for the year ended 31 March 2018 is set out below and the fair value measurement disclosures are included in note 25.

Rmillion	2018	2017	Rmillion	2018	2017
Carrying value at beginning of year	2 549	2 914	South Africa	57	245
Change in fair value	370	143	Swaziland	25	2
Land sales		(3)	Zimbabwe	200	(244)
Currency alignment	(164)	(505)	Mozambique	88	140
Carrying value at end of year	2 755	2 549	Change in fair value	370	143

9. DERIVATIVE INSTRUMENTS (Rmillion)

	Consolidated		Company	
	2018	2017	2018	2017
The fair value of derivative instruments at year end was:				
Forward exchange contracts - hedge accounted	6		6	
Forward exchange contracts - not hedge accounted	1		1	
Futures contracts - hedge accounted	(8)	(9)	(8)	(9)
	(1)	(9)	(1)	(9)
Summarised as:				
Derivative assets	7		7	
Derivative liabilities	(8)	(9)	(8)	(9)
	(1)	(9)	(1)	(9)

Further details on derivative instruments are set out in note 25.

10. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, cash on deposit and cash advanced, repayable on demand and excludes bank overdrafts. The carrying value of cash and cash equivalents approximates fair value.

11. SHARE CAPITAL (Rmillion)

	Consolidated		Company	
	2018	2017	2018	2017
Authorised:				
150 000 000 ordinary shares of R1,00 each	150	150	150	150
Issued and fully paid:				
135 112 506 ordinary shares of R1,00 each	135	135	135	135

Under control of the directors in terms of a shareholders' resolution: 6 755 625 shares (2017: 6 755 625 shares).

Details of the employee share incentive schemes are set out on pages 87 to 92 of the Remuneration Report.

