Notes to the financial statements continued

for the year ended 30 June 2017

Company 2017 Rm's	Company 2016 Rm's		Group 2017 Rm's	Group 2016 Rm's
		15. INVESTMENTS (continued)		
		15.2 Investment in associates (continued)		
		The following tables illustrate the summarised financial information of the Group's investment in the Ezee Tile group, Ceramic Industries (Pty) Ltd and SER-Export s.p.a.:		
		Statement of financial position:		
		Non-current assets	**1 554**	1 345
		Current assets	**1 259**	1 275
		Non-current liabilities	**(83)**	(72)
		Current liabilities	**(477)**	(517)
		Equity	**2 253**	2 031
		Statement of comprehensive income:		
		Turnover	**3 744**	3 492
		Profit for the year	**445**	454
		Profit attributable to ordinary shareholders of Italtile Limited	**96**	96
		Reserve movements attributable to ordinary shareholders of Italtile Limited	**(7)**	8
		Less: Dividends	**(32)**	(21)
		Share of associated companies' income	**57**	83
		16. LONG-TERM FINANCIAL ASSETS		
189	133	Loan to Trusts		
		Lease premiums	**41**	15
		Non-current portion of property development loan	**60**	—
		Non-current portion of Executive Retention Plan payout	**49**	—
		Non-current portion of BBBEE-related advances	**26**	—
189	133		**176**	15
		In order to raise funds necessary to purchase BEE shares (refer to note 6), the Company has funded the Foundation Trust by way of a loan. The loan to the Foundation Trust is interest free. The loan is fully repayable by 2022.		
		Lease premiums are paid in advance on land leases that have a duration of between 35 and 50 years and is subsequently amortised on a straight-line basis.		
		The property development loan funding is the long-term portion of funding provided for property development at preferential rates fully repayable by June 2028. Short-term portion is included under sundry debtors.		
		The Executive Retention Plan payout is the long-term portion of the unvested retention payments to facilitate the purchase of Italtile Limited shares. Refer to note 6 for details.		
		The BBBEE-related advances is the long-term portion of supplier and enterprise development loans advanced to black-owned businesses. Repayment terms vary and interest is charged at preferential rates.		
		17. GOODWILL		
		Made up as follows:		
		– cost	**6**	6
		Net book value	**6**	6
		There has been no movement in the balance in the current and previous financial year. Management tests for impairment on an annual basis. No impairment indicators were identified during the financial year.		
		18. DEFERRED TAXATION		
		Deferred tax assets	**54**	20
		Deferred tax liabilities	**(24)**	(18)
			30	2

	Opening balance Rm's	Charged through profit and loss Rm's	Closing balance Rm's
18. DEFERRED TAXATION (continued)			
The deferred tax balance is made up as follows:			
2017			
Deferred tax asset:			
Accruals	**24**	**34**	**58**
Property, plant and equipment	**1**	**(1)**	**#**
Assessed loss	**#**	**#**	**#**
Deferred tax liability:			
Property, plant and equipment	**(20)**	**(8)**	**(28)**
Prepayments	**(3)**	**3**	**(#)**
Net deferred tax asset	**2**	**28**	**30**
2016			
Deferred tax asset:			
Accruals	21	3	24
Property, plant and equipment	#	1	1
Assessed loss	#	#	#
Deferred tax liability:			
Property, plant and equipment	(16)	(4)	(20)
Prepayments	(2)	(1)	(3)
Net deferred tax asset	3	(1)	2

Deferred tax assets and liabilities are only offset when the income tax relates to the same legal entity and fiscal authority.

The tax rate applied to South African entities is 28% (2017: 28%) for normal taxation.

 # Less than R1 million.