NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 30 June 2015

7. Investment in associate

Details of the group's associate at the end of the reporting period are as follows:

Name of associate	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the group	
			30 June 2015	30 June 2014
It's Called Advertising Proprietary Limited[1] (It's Called Advertising)	Graphic design and advertising company	South Africa	**40%**	40%

[1] *40% of It's Called Advertising is owned by Word4Word. Word4Word is a wholly owned subsidiary of Hyprop. Refer to note 5*

Summarised financial information of the group's associate is set out below:

Reconciliation to the statements of financial position

	GROUP June 2015 R000	GROUP June 2014 R000	COMPANY June 2015 R000	COMPANY June 2014 R000
It's Called Advertising				
Total assets	**2 592**	2 045		
Non-current assets	**142**	159		
Current assets	**2 450**	1 886		
Total liabilities	**555**	546		
Non-current liabilities				
Current liabilities	**555**	546		
Net assets	**2 037**	1 499		
Group's share of net assets of It's Called Advertising	**827**	600		
Investment in associate	**827**	600		
Reconciliation to the statements of comprehensive income				
It's Called Advertising				
Total revenue	**9 095**	7 618		
Total profit for the year	**1 631**	1 154		
Group's share of profits of It's Called Advertising	**652**	462		

8. Other investment

Details of the group's investment at the end of the reporting period are as follows:

Name of investment	Principal activity	Place of incorporation and operation	Proportion of ownership interest	
			30 June 2015	30 June 2014
AttAfrica SA Proprietary Limited (AttAfrica SA)	Provides asset management and consulting services to AttAfrica	South Africa	**37,5%**	

The acquisition date of the investment was 14 July 2014.

Although Hyprop has a 37,5% interest, it does not participate on the board of AttAfrica SA and does not have significant influence over the entity and therefore the investment is not an associate nor is it equity accounted.

8. Other investment continued

	GROUP June 2015 R000	GROUP June 2014 R000	COMPANY June 2015 R000	COMPANY June 2014 R000
Balance at beginning of year				
Acquired during the year	#		#	
Balance at end of year	#		#	

 # Amount less than R 1 000

No impairment was recognised during the current year.

	GROUP June 2015 R000	GROUP June 2014 R000	COMPANY June 2015 R000	COMPANY June 2014 R000
Statement of financial position – AttAfrica SA				
Total assets	474			
Non-current assets	95			
Current assets	379			
Total liabilities	244			
Non-current liabilities				
Current liabilities	244			
Net assets	230			
Group's share of net assets of AttAfrica SA	86			
Statement of comprehensive income – AttAfrica SA				
Total revenue	5 233			
Total profit for the year	229			
Group's share of profits of AttAfrica SA	86			

9. Goodwill

	GROUP June 2015 R000	GROUP June 2014 R000	COMPANY June 2015 R000	COMPANY June 2014 R000
Goodwill arising on acquisition				
Word4Word	4 280	12 059		
Impairment – current year	(4 280)	(7 779)		
Balance		4 280		

The group tests goodwill for impairments annually.

The recoverable amount of goodwill was determined based on its value in use by using the discounted cash flow method over three years.

- Budgets and forecasts were prepared by management of Word4Word.
- Due to changes in the operational structure of Word4Word and the loss of key contracts, its expenses exceed its income. Therefore it is estimated that the company may incur losses in the foreseeable future.
- Impairment testing, taking into account these developments, resulted in the further reduction of goodwill in 2015 to a recoverable amount of nil.
- Management is not currently aware of any probable changes that would necessitate changes in the key estimates.

Key assumptions used during this valuation process:

- Income decreased between 7% and 10% (2014 increased: 5%).
- Expenses increased between 6% and 7% (2014: 5%).
- Future cash flows were discounted at 18% (2014: 18%) which is a comparable rate for companies of this nature.