13 INTANGIBLE ASSETS continued

The pre-tax nominal discount rates applied are as follows:

Significant cash-generating units (CGUs)	Geographical location	Currency	2020 %	2019 %
Equipment Russia	Russia	USD	**13.3%**	12.0%
Equipment South Africa	South Africa	ZAR	**17.7%**	18.0%
BZAMM	Rest of Africa	USD	**18.3%**	16.8%
Other	South Africa	ZAR	**15.8%**	14.6%

Long-term growth rates applied to extrapolate cash flows are as follows:

Significant cash-generating units (CGUs)	Geographical location	Currency	2020 %	2019 %
Equipment Russia	Russia	USD	**1.9%**	2.1%
Equipment South Africa	South Africa	ZAR	**4.7%**	5.0%
BZAMM	Rest of Africa	USD	**1.8%**	2.0%
Other	South Africa	ZAR	**4.7%**	5.0%

As at 30 September 2020, management have performed sufficient sensitivity analysis to conclude that a reasonably possible change in key assumptions would not cause the carrying amount of the Group's individual cash-generating units to exceed their recoverable amount (value in use).

14 INVESTMENT IN ASSOCIATES AND JOINT VENTURES

	(Loss)/income from associates and joint ventures		Carrying value of the investment	
	2020 Rm	2019 Rm	2020 Rm	2019 Rm
Associates	**47**	(15)	**745**	693
Joint ventures	**(95)**	246	**1 403**	1 560
Total per income statement/statement of financial position	**(48)**	231	**2 148**	2 253

Impairment of investments arises when the recoverable amount of the Investment is less than the carrying value. The recoverable amount is determined as the greater of the fair value less costs to sell or the value in use. For the purposes of assessing the above Investments for impairment, the recoverable amount was based on the fair value less costs to sell method.

With the outbreak of the COVID-19 global pandemic, the resulting global economic downturn and the credit rating downgrade of South Africa to sub-investment grade all investments in associates and joint ventures were assessed for impairment at 30 September 2020 which resulted in the below mentioned impairments.

Impairments recognised in the year	Geographical location	Reportable segment	2020 Rm	2019 Rm
BHBW South Africa (Pty) Limited	South Africa	Equipment and Handling	**187**	
BHBW Zambia Limited	Zambia	Equipment and Handling	**7**	**16**
Barloworld Maponya (Pty) Limited*	South Africa	Automotive	**16**	**9**
Total			**210**	**25**

* The impairment of loan in Barloworld Maponya (Pty) Ltd in the current year is recognised in operating expenses.

14 INVESTMENT IN ASSOCIATES AND JOINT VENTURES continued

The following key assumptions have been used in determining the fair value less costs to sell of each investment at 30 September 2020:

	Bartrac Equipment Limited	BHBW South Africa (Pty) Limited	NMI Durban South Motors (Pty) Ltd*
Pre-tax nominal discount rate	19.7%	17.4%	15.3%
Terminal growth rate	1.9%	4.7%	4.7%

* It should be noted that the investment in NMI Durban South Motors (Pty) Ltd was impaired by R124 million at 31 March 2020 but has subsequently been reversed after it was concluded that since the economy transitioned to level 3 lockdown with dealerships allowed to resume operations, an improvement in vehicle sales was experienced. As a result of the extensive planning prior to the relaxation of restrictions, supported by our existing infrastructure the dealership was in a position to commence trading as soon as restrictions were eased. This readiness, coupled with the sufficient availability of vehicles, enabled successfully trade since the restrictions have tapered off.

Reasons for impairment are as follows:

BHBW South Africa (Pty) Ltd
Projections indicate the Company will continue to make losses through 2020 and 2021 impacted by the COVID-19 crisis and the related economic downturn. The impairment recognised is a reflection of projected cash flows in the current market environment. The discount rate increased in the period under review, further impacting on the valuation.

The sensitivity of management's assumptions as applied in the valuation is demonstrated below. Specifically, the sensitivity analysis indicates the point at which the headroom over the carrying value is reduced to zero (break even). Each sensitivity has been performed independently and not cumulatively across all assumptions.

As at 30 September 2020, management have performed sufficient sensitivity analysis to conclude that a reasonably possible change in key assumptions would not cause the carrying amount of the Group's individual CGUs to exceed their recoverable amount (fair value less costs to sell) (other than for those investments that were impaired in the year).

The pre-tax nominal discount rates (discount rate) breakeven sensitivity	**BHBW South Africa (Pty) Limited**
Discount rate base case	17.4%
Discount rate breakeven level^	18.3%

^ Level of discount rate at which Headroom is R0.

Long-term growth breakeven sensitivity	**BHBW South Africa (Pty) Limited**
Base case long-term growth rate	4.7%
Long-term growth rate breakeven level*	3.3%

* Long-term growth rate can drop to below 0% before investment is fully impaired.

DETAILS OF MATERIAL JOINT VENTURES

Details of material joint ventures at the end of the reporting period are as follows:

Name of joint venture	**Principal activity**	**Place of incorporation**	**Proportion of ownership interest and voting rights held by the Group**	
			2020	**2019**
Bartrac Equipment Limited	Caterpillar dealer	Mauritius	**50%**	50%

14 INVESTMENT IN ASSOCIATES AND JOINT VENTURES continued

The joint venture operates in Mauritius and the DRC.

Summarised financial information in respect of the Group's material joint venture is set out below, the summarised financial information represents amounts shown in the joint venture's financial statements prepared in accordance with IFRS.

Bartrac Equipment Limited	2020 Rm	2019 Rm
Statement of financial position		
Cash and cash equivalents	**401**	79
Total current assets (excluding cash and cash equivalents)	**1 621**	2 222
Non-current assets	**1 389**	1 112
Total current liabilities	**506**	676
Total non-current liabilities	**205**	205
Net asset value	**2 700**	2 532
Barloworld share of net asset value	**1 350**	1 266
Income statement		
Revenue	**2 966**	4 506
Depreciation and amortisation	**(103)**	(122)
Interest income		40
Interest expense	**(24)**	
Income tax expense	**(83)**	68
(Loss)/net profit after tax	**(82)**	536

Reconciliation of the carrying amount of the interest in Bartrac recognised in the consolidated financial statements	2020 Rm	2019 Rm
Original cost	**38**	38
Equity accounted earnings to date	**1 550**	1 591
Dividends	**(719)**	(719)
Foreign Currency Translation	**481**	356
Carrying amount of the Group's interest in Bartrac Equipment Limited	**1 350**	1 266

Name of Joint Venture	Principal activity	Place of incorporation	Proportion of ownership interest and voting rights held by the Group 2020	2019
BHBW South Africa (Proprietary) Limited	Supply of Agricultural and Materials Handling goods and services	South Africa	**50%**	50%

Summarised financial information in respect of the Group's material joint venture is set out below, the summarised financial information represents amounts shown in the joint venture's financial statements prepared in accordance with IFRS.

Notes to the consolidated annual financial statements CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER

14 INVESTMENT IN ASSOCIATES AND JOINT VENTURES continued

BHBW South Africa (Proprietary) Limited	2020 Rm	2019 Rm
Statement of financial position		
Total current assets	**639**	948
Non-current assets	**428**	300
Current financial liabilities (excluding trade and other payables and provisions)	**41**	388
Total current liabilities	**603**	654
Total non-current liabilities		13
Net asset value	**464**	581
Barloworld share of net asset value	**232**	290
Income statement		
Revenue	**1 193**	1 256
Depreciation and amortisation	**69**	16
Interest expense	**37**	28
Income tax expense	**(2)**	(10)
Net loss after tax	**(116)**	(32)

Reconciliation of the carrying amount of the interest in BHBW South Africa (Proprietary) Limited recognised in the consolidated financial statements	2020 Rm	2019 Rm
Original cost	**301**	301
Equity accounted (loss)/earnings to date	**(69)**	(11)
Impairment recognised	**(187)**	
Carrying amount of the Group's interest in BHBW South Africa (Proprietary) Limited	**45**	290

Aggregate information of other joint ventures that are not individually material:	2020 Rm	2019 Rm
Group's share of loss	**4**	(6)

Reconciliation of income statement/ statement of financial position	(Loss)/income from joint venture		Carrying value of the investment	
	2020 Rm	2019 Rm	2020 Rm	2019 Rm
Bartrac Equipment Limited and BHBW South Africa (Proprietary) Limited	**(99)**	252	**1 395**	1 556
Aggregate loss/carrying value of non-material joint ventures	**4**	(6)	**8**	4
Total income and carrying value of joint ventures	**(95)**	246	**1 403**	1 560

DETAILS OF MATERIAL ASSOCIATES

Name of associates	Principal activity	Place of incorporation	Proportion of ownership interest and voting rights held by the Group 2020	2019
NMI Durban South Motors (Pty) Ltd	Sale and servicing of motor vehicles and sale of parts	South Africa	**50%**	50%

Summarised financial information in respect of the Group's material associates is set out below, the summarised financial information represents amounts shown in the associate's financial statements prepared in accordance with IFRS.

The Group accounts for NMI Durban South Motors (Pty Ltd using the equity accounting method as Barloworld has the power to participants in the financial and operating policy decision of the investee but in control or joint control of these policies.

Although Barloworld has 50% interest, joint control does not exist because the remaining 50% investment in NMI Durban South Motors (Pty) Ltd is held by two parties.

NMI Durban South Motors (Pty) Ltd	2020 Rm	2019 Rm
Statement of financial position		
Cash and cash equivalents	**209**	126
Total current assets (excluding cash and cash equivalents)	**780**	978
Non-current assets	**1 400**	1 389
Current financial liabilities (excluding trade and other payables and provisions)	**31**	7
Total current liabilities	**873**	979
Non-current financial liabilities (excluding trade and other payables and provisions)	**59**	143
Total non-current liabilities	**206**	301
Net asset value*	**1 310**	1 213
Barloworld share of net asset value excluding goodwill	**656**	607
Goodwill	**10**	10
Barloworld share of net asset value including goodwill	**666**	617
Income statement		
Revenue	**3 644**	320
Depreciation and amortisation	**(43)**	2
Interest income	**2**	2
Income tax expense or income	**(11)**	3
Net profit after tax	**110**	8

* The prior year total current assets was adjusted by R126 million due to a duplication of the cash and cash equivalents and the net asset value was adjusted by R195 million for the at acquisition fair value adjustments.

Notes to the consolidated annual financial statements CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER

14 INVESTMENT IN ASSOCIATES AND JOINT VENTURES continued

Reconciliation of the carrying amount of the interest in NMI Durban South Motors (Pty) Ltd recognised in the consolidated financial statements	2020 Rm	2019 Rm
Original cost	**451**	451
Goodwill	**212**	212
Equity accounted earnings to date	**56**	4
Adoption on 1 October 2019 upon transition to IFRS 16 Standard^	**(3)**	
Dividends	**(50)**	(50)
Carrying amount of the Group's interest in NMI Durban South Motors (Pty) Ltd	**666**	**617**

^ Refer to note 37 related to changes in accounting policies

Aggregate information of other associate that are not individually material:	2020 Rm	2019 Rm
Group's share of loss	**(5)**	(19)

Reconciliation of income statement/ statement of financial position	Income/(loss) from associate		Carrying value of the investment	
	2020 Rm	2019 Rm	2020 Rm	2019 Rm
NMI Durban South Motors (Pty) Ltd	**55**	4	**666**	617
Aggregate (loss)/carrying value of other non-material associates#	**(8)**	(19)	**79**	76
Total (loss)/income and carrying value of associates	**47**	(15)	**745**	693

Included in the carrying value of associates, that are not individually material, is Menlyn Main Towers (Pty) Ltd, in which Barloworld has a 50% shareholding , Irene Khaya Property Investment (Pty) Ltd, in which Barloworld also has a 50% shareholding and Optron (Pty) Ltd in which Barloworld has a 20% shareholding. These entities are not jointly controlled and as such are classified as associates.

All of the associates and joint ventures are incorporated and operational in South Africa, except:

Name of the Associate/Joint Ventures	Principal Activity	Place of incorporation	Year-end
Barzem Enterprises (Pty) Limited	Caterpillar dealer	Zimbabwe	31 August*
Bartrac Equipment Limited	Caterpillar dealer	Mauritius	31 December*
Africa United Equipment	Liaison Office	Hong Kong	31 December*

* The different year ends of the associates and joint ventures listed above have been agreed to based on the tax year ends of the jurisdictions in which these businesses operate and/or to coincide with our partners' financial year ends and do not have a material impact on the results.

There are no restrictions on the ability of the Group's joint ventures and associates to transfer funds to the Group in the form of cash dividends or to repay loans or advances owing to the Group.

The Group has no commitments arising from its involvement with joint ventures and associates.

Financial liabilities arising from the issuance of guarantees over obligations of the joint ventures and associates are disclosed in credit risk note 34.2.d. The Group considers the probability of loss arising from these guarantees as remote as the financial position of these investments is considered sufficient to repay debts as and when they are due and payable.