

13. Property, Plant and Equipment

	Freehold land and buildings* £m	Short leasehold buildings £m	Motor vehicles £m	Plant and fixtures* £m	Total £m
Cost					
At 1 July 2018	39.4	4.2	0.5	40.0	84.1
Additions	2.5	–	–	9.0	11.5
Acquired through business combinations (Restated*)	4.6	–	0.2	1.9	6.7
Disposals	–	–	(0.1)	(2.1)	(2.2)
Foreign exchange adjustments	0.4	–	(0.2)	0.5	0.7
At 30 June 2019 and 1 July 2019 (Restated*)	46.9	4.2	0.4	49.3	100.8
Additions	0.1	3.4	2.0	8.4	13.9
Acquired through business combinations	1.9	0.1	–	1.4	3.4
Changes in accounting policy	–	9.2	3.1	0.4	12.7
Disposals	–	–	(0.2)	(1.4)	(1.6)
Foreign exchange adjustments	(0.8)	0.1	(0.1)	(0.6)	(1.4)
At 30 June 2020	48.1	17.0	5.2	57.5	127.8
Accumulated Depreciation					
At 1 July 2018	13.2	2.7	0.3	22.6	38.8
Charge for the year	1.2	0.3	0.1	4.1	5.7
Disposals	–	–	(0.1)	(2.1)	(2.2)
Foreign exchange adjustments	0.1	–	(0.1)	0.1	0.1
At 30 June 2019 and 1 July 2019	14.5	3.0	0.2	24.7	42.4
Charge for the year	1.6	1.9	1.7	4.7	9.9
Disposals	–	–	(0.1)	(1.3)	(1.4)
Foreign exchange adjustments	0.1	0.1	–	0.3	0.5
At 30 June 2020	16.2	5.0	1.8	28.4	51.4
Net book value					
At 30 June 2020	31.9	12.0	3.4	29.1	76.4
At 30 June 2019 (Restated*)	32.4	1.2	0.2	24.6	58.4
Net book value of right-of-use-assets					
At 30 June 2020	–	11.2	3.4	0.3	14.9
At 30 June 2019	–	–	–	–	–
				2020	2019
				£m	£m
Contracted capital commitments				1.1	0.8
Assets in the course of construction included above				5.8	4.7

* Restated as detailed in note 31 Acquisitions.

14. Impairment Reviews

Goodwill and indefinite life assets are tested for impairment annually, or more frequently if there are indications that amounts might be impaired. The impairment tests involve determining the recoverable amount of the relevant asset or cash generating unit, which corresponds to the higher of the fair value less costs to sell or its value in use. In the Group's case, the recoverable amount is based on the value in use calculations.

Intangible assets that are being amortised are reviewed for indicators of impairment annually, and in the event that impairment indicators exist, a full value in use calculation is performed. A review was performed to establish that the carrying value of individual products capitalised are reflective of the projected cash flow generation and that no impairment indicators exist. No impairment was recognised on these assets.

Value in use calculations are performed by forecasting the future cash flows attributable to the asset being tested (or the relevant cash generating unit in respect of goodwill). The forecast cash flows are discounted at an appropriate rate as described below.

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continued

14. Impairment Reviews continued

The cash flow forecasts are derived as follows:

- The latest available Board approved business plan for the first two years;
- The business plan is extrapolated by applying a growth rate for years three, four and five of 3.0% (2019: 3.0 %) for Dechra Veterinary Products EU and Dechra Veterinary Products NA and 9.5% (2019: 11.0%) for Dechra Veterinary Products International; and
- Thereafter, a terminal value is calculated based on year five cash flows, and assuming a long term growth rate of 0% (2019: 0%) for Dechra Veterinary Products EU and Dechra Veterinary Products NA and 1.2% (2019: 1.5%) for Dechra Veterinary Products International.

The projections covered a period of five years as we believe this to be the most appropriate timescale over which to review and consider annual performances before applying a fixed terminal value.

Value in use calculations were performed at 30 June 2020 for the following assets:

	2020			
	Goodwill carrying value £m	Indefinite life assets carrying value £m	Total value £m	Pre-tax discount rate %
Cash generating unit				
Dechra Veterinary Products EU	172.2	0.9	173.1	9.8
Dechra Veterinary Products NA	63.4	–	63.4	10.7
Dechra Veterinary Products International	18.2	–	18.2	13.8
	253.8	0.9	254.7	

	Restated* 2019			
	Goodwill carrying value £m	Indefinite life assets carrying value £m	Total value £m	Pre-tax discount rate %
Cash generating unit				
Dechra Veterinary Products EU	163.0	0.9	163.9	12.4
Dechra Veterinary Products NA	54.9	–	54.9	12.5
Dechra Veterinary Products International	27.8	–	27.8	17.1
	245.7	0.9	246.6	

* Restated as detailed in note 31 Acquisitions.

Key Assumptions

The key assumptions implicit in the impairment review are those regarding the Board approved business plan, medium and long term growth rates and the discount rate.

The Board approved business plan incorporates a number of key input assumptions, most notably regarding market growth expectations, the competitive and legislative environments, lifecycle management, selling prices, product margins and direct costs. The assumptions applied in the business plan are based on past experience and the Group's expectation of future market changes and, where applicable, are consistent with external sources of information.

The medium and long term growth rates used (as set out above) reflect an estimate of expected future growth in the Group's markets, are no higher than those implicit in the Group's strategic planning process, and do not exceed the long term growth rates in the countries in which each CGU operates.

The pre-tax discount rates have been estimated using a market participant rate, which is adjusted after consideration of market information, and risk adjusted dependent upon the specific circumstances of each asset or cash generating unit.

Sensitivity Analysis

We have performed sensitivity analyses around the key assumptions and have concluded that no reasonable changes in key assumptions would cause the recoverable amount to be less than the carrying value.