

Notes to the Group annual financial statements continued

For the year ended 31 May 2013

	Goodwill R'000	Trademarks R'000	Customer listing R'000
5. Intangible assets			
Year ended 31 May 2013			
Opening carrying amount	213 498	2 730	1 967
Additions	14 729	8	330
Disposals	(10 592)	(76)	—
Amortisation charge	—	(687)	(815)
Closing carrying amount	217 635	1 975	1 482
At 31 May 2013			
Cost	248 501	6 835	33 147
Accumulated amortisation	(4 746)	(4 860)	(31 665)
Accumulated impairments	(26 120)	—	—
Carrying amount	217 635	1 975	1 482
Year ended 31 May 2012			
Opening carrying amount	214 834	3 385	2 800
Additions	5 847	83	—
Disposals	(2 499)	(25)	—
Amortisation charge	—	(713)	(833)
Impairment charges	(4 684)	—	—
Closing carrying amount	213 498	2 730	1 967
At 31 May 2012			
Cost	239 618	6 918	32 817
Accumulated amortisation	—	(4 188)	(30 850)
Accumulated impairments	(26 120)	—	—
Carrying amount	213 498	2 730	1 967

* Included in the amortisation charge is an amount of R51 million (2012: R32 million) in respect of the purchased starter pack bases and post paid bases, which is charged to the changes in inventories of finished goods line in the statement of comprehensive income.

** This represents independently distributed starter pack bases and post paid bases purchased during the current and prior year. The remaining amortisation periods range between 43 months and 115 months.

The carrying amount of goodwill and intangible assets have been reduced to their recoverable amounts through recognition of an impairment loss when required.

Notes to the Group annual financial statements continued

For the year ended 31 May 2013

Distribution agreement R'000	Computer software R'000	Internally generated software R'000	Franchise fees R'000	Customer relationships R'000	Purchased starter pack bases and post paid bases** R'000	Total R'000
4 310	30 764	21 837	6 897	5 810	217 885	505 698
—	6 266	7 346	—	4 825	263 997	297 501
(2 841)	(172)	(70)	(4 500)	—	—	(18 251)
(746)	(11 308)	(7 444)	(786)	(5 846)	(51 298)*	(78 930)
723	25 550	21 669	1 611	4 789	430 584	706 018
11 806	72 010	57 636	3 118	131 348	526 169	1 090 570
(9 205)	(46 050)	(21 400)	(1 507)	(125 944)	(95 585)	(340 962)
(1 878)	(410)	(14 567)	—	(615)	—	(43 590)
723	25 550	21 669	1 611	4 789	430 584	706 018
5 670	30 165	25 030	2 132	19 813	129 684	433 513
—	11 754	2 606	5 400	—	120 593	146 283
—	—	—	—	—	—	(2 524)
(1 360)	(11 155)	(5 595)	(635)	(14 003)	(32 392)*	(66 686)
—	—	(204)	—	—	—	(4 888)
4 310	30 764	21 837	6 897	5 810	217 885	505 698
16 716	75 107	52 874	8 518	126 673	262 172	821 413
(10 528)	(43 933)	(16 470)	(1 621)	(120 248)	(44 287)	(272 125)
(1 878)	(410)	(14 567)	—	(615)	—	(43 590)
4 310	30 764	21 837	6 897	5 810	217 885	505 698

Notes to the Group annual financial statements continued

For the year ended 31 May 2013

5. Intangible assets (continued)

The cash-generating units to which goodwill is allocated are presented below:

	2013 R'000	2012 R'000
Blue Label Distribution Proprietary Limited	36 364	36 364
Blue Label Engage Proprietary Limited ³	2 742	—
Cellfind Proprietary Limited	21 406	21 406
Content Connect Africa Proprietary Limited ¹	—	4 745
Crown Cellular	62 113	62 113
Multiserv Proprietary Limited ²	—	5 847
Panacea Mobile Proprietary Limited ³	6 883	—
TicketPros Proprietary Limited ³	5 104	—
Datacel Group	83 023	83 023
	217 635	213 498

¹ In the prior year, a portion of the goodwill arising on the acquisition of Content Connect Africa Proprietary Limited was impaired due to the fair value less cost to sell being less than the carrying value. Content Connect Africa Proprietary Limited was disposed of in the current year (refer to note 27).

² Multiserv Proprietary Limited was acquired in the prior year (refer to note 28.1) and disposed of in the current year (refer to note 27).

³ Blue Label Engage Proprietary Limited, Panacea Mobile Proprietary Limited and TicketPros Proprietary Limited were acquired in the current year (refer to note 28.1).

Goodwill is allocated to cash-generating units (CGUs) for the purpose of impairment testing. The recoverable amount, which is the higher of fair value less cost to sell and value in use of CGUs, has been determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by the board of directors for the forthcoming year and forecasts for up to five years which are based on assumptions of the business, industry and economic growth. Cash flows beyond this period are extrapolated using terminal growth rates, which do not exceed the expected long-term economic growth rate.

Notes to the Group annual financial statements continued

For the year ended 31 May 2013

5. Intangible assets (continued)

The key assumptions used for the value-in-use calculations are as follows:

	2013		2012	
	Growth rate %	Discount rate %	Growth rate %	Discount rate %
Blue Label Distribution Proprietary Limited	4.20	14.79	4.20	15.97
Blue Label Engage Proprietary Limited	4.00	17.99	—	—
Cellfind Proprietary Limited	4.00	17.49	4.00	18.46
Crown Cellular	4.50	16.29	4.50	18.46
Multiserv Proprietary Limited	—	—	4.50	20.45
Panacea Mobile Proprietary Limited	4.00	17.49	—	—
TicketPros Proprietary Limited	4.20	14.79	—	—
Datacel Group	2.50	21.73	2.50	21.73

The discount rates used are pre-tax and reflect specific risks relating to the relevant companies. The growth rate is used to extrapolate cash flows beyond the budget period.

If one or more of the inputs were changed to a reasonable possible alternative assumption, there would be no further significant impairments that would have to be recognised.

The recoverable amount of Content Connect Africa Proprietary Limited was based on fair value less cost to sell. The fair value is based on indicative sales values for the respective businesses. Content Connect Africa Proprietary Limited was disposed of in the current year and SharedPhone International Proprietary Limited was disposed of in the prior year.

The valuation of the goodwill balances did not result in goodwill impairment charges for the year (2012: R4.7 million).

Refer to note 32 for details of impairments per segment.