	Goodwill R'000	Trademarks R'000	Customer listing R'000
5. INTANGIBLE ASSETS			
Year ended 31 May 2014			
Opening carrying amount	**217 635**	**1 975**	**1 482**
Additions	**—**	**—**	**159**
Acquisition of subsidiary	**205 749**	**—**	**—**
Disposals	**—**	**—**	**—**
Amortisation charge	**—**	**(677)**	**(610)**
Impairment charges	**—**	**—**	**—**
Closing carrying amount	**423 384**	**1 298**	**1 031**
At 31 May 2014			
Cost	**454 250**	**6 835**	**33 306**
Accumulated amortisation	**(4 746)**	**(5 537)**	**(32 275)**
Accumulated impairments	**(26 120)**	**—**	**—**
Carrying amount	**423 384**	**1 298**	**1 031**
Year ended 31 May 2013			
Opening carrying amount	213 498	2 730	1 967
Additions	—	8	330
Acquisition of subsidiary	14 729	—	—
Disposals	(10 592)	(76)	—
Amortisation charge	—	(687)	(815)
Impairment charges	—	—	—
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

* *Included in the amortisation charge is an amount of R70 million (2013: R51 million) in respect of the purchased starter pack bases and postpaid bases, which is charged to the changes in inventories of finished goods line in the statement of comprehensive income.*

** *The postpaid base acquired included a warranty clause pertaining to the initial performance of the base. During the year, the Group was entitled to a warranty refund on the initial cost of the base, which is disclosed as a reduction in the cost of the asset.*

*** *This represents independently distributed starter pack bases and postpaid bases purchased during the prior year. The remaining amortisation periods range between 31 months and 103 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 2014

Distribution agreement R'000	Computer software R'000	Internally generated software development costs R'000	Franchise fees R'000	Customer relationships R'000	Purchased starter pack bases and postpaid bases*** R'000	Total R'000
723	**25 550**	**21 669**	**1 611**	**4 789**	**430 584**	**706 018**
89 359	**10 306**	**2 954**	**—**	**—**	**(15 501)****	**87 277**
101 174	**24**	**2 979**	**—**	**—**	**—**	**309 926**
—	**—**	**(1 210)**	**—**	**—**	**—**	**(1 210)**
(10 999)	**(3 452)**	**(9 095)**	**(260)**	**(90)**	**(69 821)***	**(95 004)**
—	**(77)**	**(797)**	**—**	**(199)**	**—**	**(1 073)**
180 257	**32 351**	**16 500**	**1 351**	**4 500**	**345 262**	**1 005 934**
202 339	**82 078**	**44 881**	**3 118**	**131 023**	**510 668**	**1 468 498**
(20 204)	**(49 240)**	**(13 814)**	**(1 767)**	**(125 709)**	**(165 406)**	**(418 698)**
(1 878)	**(487)**	**(14 567)**	**—**	**(814)**	**—**	**(43 866)**
180 257	**32 351**	**16 500**	**1 351**	**4 500**	**345 262**	**1 005 934**
4 310	30 764	21 837	6 897	5 810	217 885	505 698
—	6 262	1 219	—	325	263 997	272 141
—	4	6 127	—	4 500	—	25 360
(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. INTANGIBLE ASSETS

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

	2014 R'000	2013 R'000
Blue Label Distribution Proprietary Limited	**36 364**	36 364
Blue Label Engage Proprietary Limited	**2 742**	2 742
Cellfind Proprietary Limited	**21 406**	21 406
Retail Mobile Credit Specialists Proprietary Limited[1]	**205 749**	—
Crown Cellular[2]	**62 113**	62 113
Panacea Mobile Proprietary Limited	**6 883**	6 883
TicketPros Proprietary Limited	**5 104**	5 104
Datacel Group	**83 023**	83 023
	423 384	217 635

[1] *Retail Mobile Credit Specialists Proprietary Limited was acquired in the current year (refer to note 26.1).*

[2] *Crown Cellular Proprietary Limited was deregistered and the business divisionalised into The Prepaid Company Proprietary Limited.*

Goodwill is allocated to cash-generating units for the purpose of impairment testing.

The recoverable amount, which is the higher of fair value less cost to sell and the 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.

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

	2014		2013	
	Growth rate %	**Discount rate %**	Growth rate %	Discount rate %
Blue Label Distribution Proprietary Limited	**4.20**	**15.28**	4.20	14.79
Blue Label Engage Proprietary Limited	**4.00**	**18.92**	4.00	17.99
Cellfind Proprietary Limited	**4.00**	**18.42**	4.00	17.49
Retail Mobile Credit Specialists Proprietary Limited	**4.20**	**15.28**	—	—
Crown Cellular	**4.50**	**16.78**	4.50	16.29
Panacea Mobile Proprietary Limited	**4.00**	**18.42**	4.00	17.49
TicketPros Proprietary Limited	**4.20**	**15.28**	4.20	14.79
Datacel Group	**2.50**	**21.42**	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.

For Blue Label Distribution Proprietary Limited and Blue Label Engage Proprietary Limited if one or more of the inputs were changed to a reasonable possible alternative assumption, there would be no impairments that would have to be recognised.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS CONTINUED

For the year ended 31 May 2014

5. INTANGIBLE ASSETS (continued)

For the remaining balances of goodwill, the discount rate used when calculating the value-in-use calculations would need to be increased by the following amounts before any impairments would need to be recognised:

	Increase in discount rate %
Cellfind Proprietary Limited	0.90
Retail Mobile Credit Specialists Proprietary Limited	7.10
Crown Cellular	21.40
Panacea Mobile Proprietary Limited	7.60
TicketPros Proprietary Limited	26.20
Datacel Group	4.50

The valuation of the goodwill balances did not result in goodwill impairment charges for the year (2013: nil).

	2014 R'000	2013 R'000
6. INVESTMENTS IN AND LOANS TO ASSOCIATES AND JOINT VENTURES		
Cost and share of reserves at the beginning of the year	**396 721**	224 551
Acquisition of associates and joint ventures	**89 316**	138 174
Share of losses from associates and joint ventures	**(56 873)**	(47 326)
Share of results after tax	**(53 558)**	(43 150)
Amortisation of intangible assets	**(4 604)**	(5 800)
Deferred tax on intangible assets amortisation	**1 289**	1 624
Foreign currency translation reserve	**26 099**	79 722
Equity compensation benefit	**164**	77
Dividends received	**(11 118)**	(750)
Disposal of joint ventures	**—**	2 273
Cost and share of reserves at the end of the year	**444 309**	396 721
Loans at the beginning of the year	**127 441**	132 920
Loans granted to associates and joint ventures	**99 217**	94 161
Disposal of joint ventures	**—**	(1 110)
Loans impaired	**—**	(2 039)
Loan granted to joint venture capitalised**	**(89 316)**	(112 822)
Unrealised foreign exchange profit on loans to associates and joint ventures	**16 458**	16 331
Loans at the end of the year	**153 800**	127 441
Closing net book value	**598 109**	524 162

*** On 10 September 2013, a loan of R85.8 million was advanced to Blue Label Mexico S.A. de C.V. (BLM). This loan was capitalised on 18 December 2013. The difference of R3.5 million relates to foreign exchange movements.*