2. GROUP COMPOSITION continued

2.4 Acquisition of subsidiaries

	Glocell Distribution Proprietary Limited R'000	AV Technology Limited R'000	WiConnect Proprietary Limited R'000
	Distributor of airtime, starter packs and mobile phones through its retail outlets and to wholesale customers in South Africa, including postpaid and prepaid contracts	Owner of system that offers Mobile Network Operators the ability to advance airtime, data and mobile money to subscribers in Africa	Owner of retail stores trading in cellular handsets, tablets and related accessories, as well as SIM cards, postpaid and prepaid contracts
Date acquired	30 June 2018	1 August 2018	31 July 2018
% acquired	48%	60%	100%
At 31 May 2019			
Assets	171 068	33 316	223 397
Liabilities	(268 580)	(2 425)	(279 984)
Revenue since acquisition	3 623 772	35 013	200 359
Profit after tax since acquisition	13 444	27 215	12 766

The fair value of the net assets approximated the assets acquired on acquisition date.

	Glocell Distribution Proprietary Limited R'000	AV Technology Limited R'000	WiConnect Proprietary Limited R'000	Total R'000
Cash and cash equivalents	5 978	65 442	10 605	82 025
Property, plant and equipment	5 733	—	39 251	44 984
Intangible assets	52 364	78 059	—	130 423
Receivables	37 023	10 039	29 659	76 721
Inventories	19 754	—	34 255	54 009
Borrowings	—	—	(104 529)	(104 529)
Deferred tax	(6 300)	(21 733)	6 880	(21 153)
Payables	(84 097)	(73 658)	(56 709)	(214 464)
Financial guarantee contract	(125 000)	—	—	(125 000)
Fair value of subsidiaries acquired	(94 545)	58 149	(40 588)	(76 984)
Non-controlling interests	49 163	(23 260)	—	25 903
Fair value of net (liabilities)/assets acquired	(45 382)	34 889	(40 588)	(51 081)
Goodwill	218 780	49 298	45 588	313 666
Total purchase consideration	173 398	84 187	5 000	262 585
Receivable balances capitalised as consideration*	(173 398)	—	—	(173 398)
Settled in cash	—	84 187	5 000	89 187
Less: Cash and cash equivalents in subsidiary	(5 978)	(65 442)	(10 605)	(82 025)
Cash flow on acquisition	(5 978)	18 745	(5 605)	7 162

** Of the balance capitalised, R112.3 million was included in trade receivables and R58.1 million in loans receivable at 31 May 2018.*

2. GROUP COMPOSITION continued

2.4 Acquisition of subsidiaries continued

Had the acquisition of the subsidiaries taken place at the beginning of the financial year, it would have contributed to revenue and net profit after tax as follows:

	Glocell Distribution Proprietary Limited R'000	AV Technology Limited R'000	WiConnect Proprietary Limited R'000	Total R'000
Revenue	3 847 391	5 101 713	249 958	9 199 062
Net profit/(loss) after tax	17 460	3 483 979	(2 781)	3 498 658

Glocell Distribution Proprietary Limited (Glocell) was purchased with the objective of affording the Group access to new channels for the supply and distribution of airtime, mobile devices and contracts.

Management has applied its judgement in concluding that the Prepaid Company Proprietary Limited (TPC), a wholly owned subsidiary of Blue Label Telecoms Limited, has control of Glocell due to the fact that TPC controls all distributions made by Glocell to its shareholders, the application of all free cash, the incurral of any debt by Glocell other than in the ordinary course of its business, the sale of any of Glocell's assets and any loans granted by Glocell.

In most business acquisitions, there is a part of the cost that is not capable of being attributed in accounting terms to identifiable assets and liabilities acquired and is therefore recognised as goodwill. In the case of the acquisition of Glocell, this goodwill is underpinned by a number of elements, which individually cannot be quantified. Most significant among these is the opportunity that the distribution network affords the Group.

AV Technology Limited (AV Technology) was purchased with the objective of affording the Group the ability to advance airtime, data and mobile money services to mobile network subscribers in Africa.

In most business acquisitions, there is a part of the cost that is not capable of being attributed in accounting terms to identifiable assets and liabilities acquired and is therefore recognised as goodwill. In the case of the acquisition of AV Technology, this goodwill is underpinned by a number of elements, which individually cannot be quantified. Most significant among these is the opportunity that the utilisation of Prepaid Airtime Advance System, in Africa, affords the Group.

WiConnect Proprietary Limited (WiConnect) was purchased with the objective of affording the Group access to new channels for the supply and distribution of airtime, mobile devices and contracts.

In most business acquisitions, there is a part of the cost that is not capable of being attributed in accounting terms to identifiable assets and liabilities acquired and is therefore recognised as goodwill. In the case of the acquisition of WiConnect, this goodwill is underpinned by a number of elements, which individually cannot be quantified. Most significant among these is the opportunity that the distribution network affords the Group.

The non-controlling interests recognised as part of these acquisitions have been measured at the non-controlling interests' proportionate share of the identifiable net assets as at the acquisition date.