8. Intangible assets

	Goodwill R'000	Intellectual property R'000	Computer software R'000	Internally generated computer software R'000	Customer relationships R'000	Brands R'000	Total R'000
Group							
Opening carrying amount at 1 July 2013	**422 289**	**4 564**	**31 283**	**81 862**	**77 406**	**10 901**	**628 305**
Additions	**2 696**	**9 634**	**16 142**	**34 721**	**–**	**–**	**63 193**
Disposals	**–**	**–**	**(77)**	**–**	**–**	**–**	**(77)**
Amortisation charge for the year		**(2 054)**	**(11 152)**	**(12 582)**	**(16 216)**	**(1 903)**	**(43 907)**
Impairment (note 2 and 4)	**(23 100)**	**–**			**(17 520)**	**–**	**(40 620)**
Reclassification	**–**	**–**	**2 317**	**(2 297)**	**–**	**–**	**20**
Adjustment to goodwill	**(3 762)**	**–**	**–**		**–**	**–**	**(3 762)***
Carrying value at 30 June 2014	**398 123**	**12 144**	**38 513**	**101 704**	**43 670**	**8 998**	**603 152**
Opening carrying amount at 1 July 2012	438 386	7 483	26 889	57 830	67 651	12 803	611 042
Additions	35 185		9 481	30 273	27 562	–	102 501
Reversals/reclassifications	(51 282)	–	6 142				(45 140)
Amortisation charge for the year	–	(2 919)	(11 229)	(6 241)	(17 807)	(1 902)	(40 098)
Carrying value at 30 June 2013	422 289	4 564	31 283	81 862	77 406	10 901	628 305
Carrying value at 30 June 2014 comprises:							
Cost	**424 985**	**24 935**	**66 328**	**130 710**	**151 893**	**22 938**	**821 789**
Accumulated impairment	**(23 100)**	**–**	**–**	**–**	**(23 980)**	**(3 200)**	**(50 280)**
Accumulated amortisation	**–**	**(12 791)**	**(27 815)**	**(29 006)**	**(84 243)**	**(10 740)**	**(164 595)**
Adjustment to goodwill	**(3 762)**	**–**	**–**	**–**	**–**	**–**	**(3 762)***
Carrying value at 30 June 2014	**398 123**	**12 144**	**38 513**	**101 704**	**43 670**	**8 998**	**603 152**

**The adjustment to goodwill relates to the change in estimates on the initial purchase acquisition of Sapling Trade and Invest (Proprietary) Limited.*

8. **Intangible assets** (continued)

	Group June 2014 R'000	Group June 2013 R'000	Company June 2014 R'000	Company June 2013 R'000
Goodwill	**398 123**	422 289	**–**	–
Computer software	**38 513**	31 283	**–**	–
Development costs	**101 704**	81 862	**–**	–
Intellectual property	**12 144**	4 564	**–**	–
Customer relationships	**43 670**	77 406	**–**	–
Brand	**8 998**	10 901	**–**	–
	603 152	628 305	**–**	–

A summary per cash-generating unit of the goodwill allocation is presented below:

	Group June 2014 R'000	Group June 2013 R'000	Company June 2014 R'000	Company June 2013 R'000
Medscheme – healthcare administration	**265 262**	265 001	**–**	–
Medscheme – health risk management	**89 298**	89 298	**–**	–
Aid for Aids Management (Pty) Limited – healthcare administration	**23 490**	23 490	**–**	–
Medscheme Mauritius Limited – local administration	**4 969**	4 969	**–**	–
Medscheme Mauritius Limited – International administration	**10 566**	10 566	**–**	–
Allegra (Pty) Limited – healthcare IT support	**1 268**	1 268	**–**	–
Sapling Trade and Invest – healthcare IT support	**–**	26 862	**–**	–
Bonitas Marketing – healthcare marketing support	**835**	835	**–**	–
Klinnika (Pty) Ltd – medical equipment supplier	**2 435**	–	**–**	–
	398 123	422 289	**–**	–

Management determines the recoverable amount of cash-generating units as being the higher of net selling price or value in use. In the absence of an active market, value in use is used to determine the recoverable amount. A traditional method of discounting management's best estimate of future cash flows attributable to the cash-generating unit has been applied to determine the value in use. A growth rate has been applied to cash flow streams to take into account the effect of inflation.

Assumptions used in the calculation of the discount rate are as follows:

- R157 (maturing in 2015) is yielding 6.7% as at 30 June 2014
- A market risk premium of 5.8% is justified as the overall risk is to the downside. CPI growth for 2015 is forecast to be 5.8%.
- Beta of 0.6 is appropriate

The net present value of these forecasts support the carrying value of the goodwill indicated above.