8. INTANGIBLE ASSETS

	Note	Goodwill R'000	Intellectual property R'000	Computer software R'000	Internally developed computer software R'000	Customer relationships R'000	Brands R'000	Total R'000
Opening carrying amount at 1 July 2015		**398 123**	**11 303**	**151 359**	**145 961**	**30 645**	**7 096**	**744 487**
Take on balance		**–**	**–**	**607**	**–**	**–**	**–**	**607**
Purchase Price Allocation	4	**473 954**	**–**	**–**	**–**	**89 485**	**–**	**563 439***
Additions		**–**	**–**	**66 823**	**98 039**	**–**	**–**	**164 862**
Disposals		**–**	**–**	**(390)**	**–**	**–**	**–**	**(390)**
Amortisation charge for the year		**–**	**(841)**	**(28 339)**	**(28 979)**	**(19 271)**	**(1 902)**	**(79 332)**
Impairment		**–**	**–**	**(4 858)**	**–**	**–**	**–**	**(4 858)**
Carrying value at 30 June 2016		**872 077**	**10 462**	**185 202**	**215 021**	**100 859**	**5 194**	**1 388 815**
Opening carrying amount at 1 July 2014		398 123	12 144	38 513	101 704	43 670	8 998	603 152
Additions		–	–	130 993	59 081	–	–	190 074
Amortisation charge for the year		–	(841)	(18 142)	(14 824)	(13 025)	(1 902)	(48 734)
Reclassification		–	–	(5)	–	–	–	(5)
Carrying value at 30 June 2015		398 123	11 303	151 359	145 961	30 645	7 096	744 487
Carrying value at 30 June 2016 comprises:								
Cost		**898 849**	**24 935**	**264 361**	**287 830**	**241 378**	**22 938**	**1 740 291**
Accumulated impairment		**(23 100)**	**(14 473)**	**(4 858)**	**–**	**(23 980)**	**(3 200)**	**(69 611)**
Accumulated amortisation		**–**	**–**	**(74 301)**	**(72 809)**	**(116 539)**	**(14 544)**	**(278 193)**
Adjustment to goodwill**		**(3 672)**	**–**	**–**	**–**	**–**	**–**	**(3 672)**
Carrying value at 30 June 2016		**872 077**	**10 462**	**185 202**	**215 021**	**100 859**	**5 194**	**1 388 815**

* *The recognition of goodwill (R474 million) and customer relationships (R89 million) is as a result of the WAD acquisition that was effective 1 August 2015.*

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

	Group June 2016 R'000	Group June 2015 R'000	Company June 2016 R'000	Company June 2015 R'000
Goodwill	**872 077**	398 123	**–**	–
Computer software	**96 581**	59 610	**–**	–
FICO (computer software)	**88 620**	91 749	**–**	–
Nexus (internally developed computer software)	**118 297**	83 816	**–**	–
Gexus (internally developed computer software)	**41 313**	34 545	**–**	–
Development costs (internally developed computer software)	**55 412**	27 600	**–**	–
Intellectual Property	**10 462**	11 303	**–**	–
Customer relationships	**100 859**	30 645	**–**	–
Brand	**5 194**	7 096	**–**	–
	1 388 815	744 487	**–**	–

8. INTANGIBLE ASSETS continued

A summary per cash generating unit (CGU) of the goodwill allocation is presented below:

	Group		Company	
	June 2016 R'000	June 2015 R'000	**June 2016 R'000**	June 2015 R'000
Healthcare Administration SA CGU				
Medscheme – healthcare administration	**265 262**	265 262	**–**	–
Medscheme – health risk management	**89 298**	89 298	**–**	–
Aid for Aids Management (Pty) Limited – healthcare administration	**23 490**	23 490	**–**	–
Allegra (Pty) Limited – healthcare IT support	**1 268**	1 268	**–**	–
Bonitas Marketing – healthcare marketing support	**835**	835	**–**	–
Klinikka (Pty) Ltd – medical equipment supplier	**2 435**	2 435	**–**	–
Healthcare Africa CGU				
Medscheme Mauritius Limited – local administration	**4 969**	4 969	**–**	–
Medscheme Mauritius Limited – International administration	**10 566**	10 566	**–**	–
Healthcare Retail SA CGU				
Pharmacy Direct, Curasana and Glen Eden	**473 954**	–	**–**	–
	872 077	398 123	**–**	–

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 determination of the discount rate are as follows:

- Prime rate (risk free rate) 10.5% as at 30 June 2016.
- A market risk premium of 5.8% is justified as the overall risk is to the downside.

(Please note that the inputs above were adjusted for geographical and entity specific risk).

The table below indicates the variables used in the determination of the discounted cash flows for the separate business units.

	Risk adjustment factor	WACC[1]	Forecast Period[2]	Average Growth Rate[3]
Medscheme – healthcare administration	1.0	13.2	10 years	6.00%
Medscheme – health risk management	1.0	13.2	10 years	6.00%
Aid for Aids Management (Pty) Limited – healthcare administration	1.1	14.52	10 years	7.00%
Allegra (Pty) Limited – healthcare IT support	1.2	15.84	10 years	6.00%
Bonitas Marketing – healthcare marketing support	1.1	14.52	10 years	6.00%
Klinikka (Pty) Ltd – medical equipment supplier	0.6	14.38	10 years	6.00%
Medscheme Mauritius Limited – local administration	1.11	15.18	10 years	7.00%
Medscheme Mauritius Limited – International administration	1.11	15.18	10 years	7.00%
Pharmacy Direct, Curasana and Glen Eden	0.6	14.38	10 years	5.00%

Note 1: All companies within the Group approximate the Group's WACC. As the Group is debt free, the WACC will approximate the return on equity.
Note 2: Based on the long tenure of current contracts with our clients which span more than 20 years with the Group. A forecast period of 10 years is considered reasonable.
Note 3: Growth rates are based on current consumer price indicators and membership growth.

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

Below is the movement of goodwill for each cash generating unit:

2016	Opening	Addition	Disposal	Impairment	Closing
Medscheme – healthcare administration	**265 262**	–	–	–	**265 262**
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**
Bonitas Marketing – healthcare marketing support	**835**	–	–	–	**835**
Pharmacy Direct, Curasana and Glen Eden	–	**473 954**	–	–	**473 954**
Klinikka (Pty) Ltd – medical equipment supplier	**2 435**	–	–	–	**2 435**
	398 123	**473 954**	–	–	**872 077**
2015					
Medscheme – healthcare administration	265 262	–	–	–	265 262
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
Bonitas Marketing – healthcare marketing support	835	–	–	–	835
Klinikka (Pty) Ltd – medical equipment supplier	2 435	–	–	–	2 435
	398 123	–	–	–	398 123

9. FINANCIAL INSTRUMENTS

FINANCIAL INSTRUMENTS BY CATEGORY

Group financial assets	Financial assets at amortised cost	Financial assets at fair value through profit and loss	Available for sale financial assets*	Total
June 2016				
Trade and other receivables	**365 004**	–	–	**365 004**
Financial assets at fair value	–	**305 355**	**18 444**	**323 799**
Cash and cash equivalent	**373 068**	–	–	**373 068**
June 2015				
Trade and other receivables	228 884	–	–	228 884
Financial assets at fair value	–	–	18 444	18 444
Cash and cash equivalent	334 051	–	–	334 051

* *In the prior year Afrocentric Health Solutions Limited (the Kenya Investment), an associate, transferred its insurance book to AAR Insurance Holdings (Pty) Ltd ("AAR"). In return, AAR issued 3% of its shares to Afrocentric Health Solutions Limited which was subsequently declared as a dividend in specie to Medscheme Holdings (Pty) Ltd. This investment was subsequently classified as an available for sale financial asset (refer to note 9.5).*