

# Notes to the Annual Financial Statements (continued)

for the year ended 29 February 2004

## 11. PROPERTY AND EQUIPMENT - GROUP ONLY (continued)

	Group	
	2004 R'000	2003 R'000
<b>NET BOOK VALUE</b>		
Land	463	463
Buildings	1 988	2 107
Motor vehicles	396	353
Furniture and fittings	1 454	1 539
Computer equipment	6 772	7 168
Office equipment	574	664
Leasehold improvements	291	534
Software	1 799	1 363
<b>Total</b>	<b>13 737</b>	<b>14 191</b>

Land comprises portion one of stand one, Highveld, Gauteng with buildings thereon at the original costs plus additions.

	R'000
Original cost of buildings	1 774
Additions made in 2001	532
Additions made in 2002	131
Additions made in 2003	181
	<b>2 618</b>

## 12. INTANGIBLE ASSETS

	Group		Company	
	2004 R'000	2003 R'000	2004 R'000	2003 R'000
<b>Goodwill</b>				
Opening balance	37 191	16 658	(1 120)	(2 240)
Goodwill at acquisition	49 570	21 360	(2 240)	(2 240)
Amortised to the beginning of the year	(12 379)	(4 702)	1 120	-
Goodwill on new acquisitions during the year	4 066	30 256	-	-
Non-achievement of profit warranties				
- shares	-	(1 042)	-	-
- cash	-	(1 004)	-	-
Amortisation recognised during the year	(8 672)	(7 677)	1 120	1 120
Closing balance	32 585	37 191	-	(1 120)
Goodwill at acquisition	53 636	49 570	(2 240)	(2 240)
Amortised to the end of the year	(21 051)	(12 379)	2 240	1 120

The group acquired the business of Dirigible IT (Proprietary) Limited (previously Promotional Ventures (Proprietary) Limited) during the year for consideration in cash and shares of R4 066 000.

## 13. INVESTMENT IN SUBSIDIARIES - COMPANY ONLY

	Company	
	2004	2003
Shares at cost	22 313	22 313
Net amount owing by subsidiary companies	38 689	31 929
	<b>61 002</b>	<b>54 242</b>

(Refer to the Annexure for information relating to subsidiaries)

## 14. INVESTMENT IN ASSOCIATE - GROUP ONLY

	Group	
	2004 R'000	2003 R'000
Percentage holding (%)	49	49
Number of shares held (shares)	49	49
Opening carrying value	917	123
Share of associate income - current year	286	794
Loans receivable	30	-
<b>Closing carrying value</b>	<b>1 233</b>	<b>917</b>
<b>Investment in associate comprises the following:</b>		
- cost	123	123
- share in distributable reserves	1 110	794
<b>Closing carrying value</b>	<b>1 233</b>	<b>917</b>
Directors' valuation of share in associate	2 200	2 200

The associate company is Vukani Technologies (Proprietary) Limited, a computer consumables company, which was established in 1997 as a black empowerment initiative and is incorporated in South Africa. (Refer to the Annexure for information relating to the associate.)

## 15. ADVANCE PAYMENTS - GROUP ONLY

Premier Foods Limited	3 050	5 527
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The advance payments represent rental payments for computer equipment that are deferred in anticipation of future revenue in terms of an outsourcing agreement. A portion of the outsourcing revenue was allocated to reduce the advance payments at an imputed fixed interest rate of 16% per annum over 35 months until 30 November 2004 to Rnil.

## 16. DEFERRED TAXATION - GROUP ONLY

Trademarks	2 100	2 625
Provisions, prepayments and fair value adjustments	1 842	200
Difference in rates of depreciation of property and equipment	(2)	671
Calculated taxation loss	-	1 801
Deferred revenue on contracts	5 113	5 799
	<b>9 053</b>	<b>11 096</b>
<b>Movements in Deferred Taxation</b>		
Opening balance	11 096	9 072
Movements in:		
Trademarks	(525)	(525)
Provisions, prepayments and fair value adjustments	1 642	(996)
Difference in rates of depreciation of property and equipment	(673)	(180)
Calculated taxation loss	(1 801)	(2 441)
Deferred revenue on contracts	(686)	6 166
Closing balance	9 053	11 096

There has been no setting off of deferred taxation assets or liabilities between group companies