

Statements of comprehensive income for the year ended 31 December 2009

	Notes	Group		Company	
		Audited 2009 R'000	Audited 2008 R'000	Audited 2009 R'000	Audited 2008 R'000
Revenue	4	1 375 997	1 197 793	–	–
Staff costs	5	(676 561)	(593 854)	(1 878)	(1 788)
Rent and occupancy costs		(103 573)	(85 759)	–	–
Other operating (expenses)/income		(318 181)	(271 865)	2 436	2 967
Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA)		277 682	246 315	558	1 179
Education		281 248	230 982	–	–
Resourcing		35 238	52 368	–	–
Central administration		(38 735)	(36 181)	558	1 179
Litigation costs		(69)	(854)	–	–
Depreciation and amortisation	5	(58 746)	(45 622)	–	–
Operating profit before interest	5	218 936	200 693	558	1 179
Net interest received		10 849	21 877	836	1 522
Interest received	6.1	11 005	22 949	836	1 522
Finance costs	6.2	(156)	(1 072)	–	–
Profit before taxation		229 785	222 570	1 394	2 701
Taxation	7	(69 584)	(67 123)	(238)	(704)
Profit for the year		160 201	155 447	1 156	1 997
Earnings per share					
Basic (cents)	8	40.1	40.2		
Diluted (cents)	8	40.1	40.0		

Statements of other comprehensive income for the year ended 31 December 2009

	Group		Company	
	Audited 2009 R'000	Audited 2008 R'000	Audited 2009 R'000	Audited 2008 R'000
Profit for the year	160 201	155 447	1 156	1 997
Other comprehensive (expenses)/income				
Cash flow hedge revaluation	(846)	816	–	–
(Loss)/gain arising during the year	(30)	816	–	–
Reclassification adjustment for amounts transferred to the initial carrying amount of hedged items	(816)	–	–	–
Total comprehensive income for the year	159 355	156 263	1 156	1 997

Statements of changes in equity for the year ended 31 December 2009

	Notes	Share capital R'000	Share premium R'000	Share option reserve R'000	Foreign exchange contract reserve R'000	Shares held by the Share Incentive Trust R'000	Retained earnings/ (accumu- lated loss) R'000	Attribu- table to equity holders R'000
GROUP								
Balance at 1 January 2008		3 937	253 764	14 133	–	(12 478)	155 568	414 924
Total comprehensive income for the year					816	–	155 447	156 263
Profit for the year							155 447	155 447
Other comprehensive income for the year					816			816
Share-based payment expense	5,14			1 496				1 496
Share awards granted						1 008		1 008
Broad-based scheme shares granted						221		221
Share options exercised				(1 038)		5 494		4 456
Capital distributions to shareholders	20.2		(69 473)					(69 473)
Balance at 31 December 2008		3 937	184 291	14 591	816	(5 755)	311 015	508 895
Total comprehensive income for the year					(846)	–	160 201	159 355
Profit for the year							160 201	160 201
Other comprehensive expenses for the year					(846)			(846)
Share-based payment expense	5,14			1 712				1 712
Shares issued for business acquisition	20	90	35 460					35 550
Share buy-back	20	(19)	(7 579)					(7 598)
Shares purchased by the Share Incentive Trust						(12 472)		(12 472)
Share awards granted						2 098		2 098
Broad-based scheme shares granted						468		468
Share options exercised				(7 434)		10 360		2 926
Capital distributions to shareholders	20.2		(80 341)					(80 341)
Balance at 31 December 2009		4 008	131 831	8 869	(30)	(5 301)	471 216	610 593
COMPANY								
Balance at 1 January 2008		3 937	253 764				(81 636)	176 065
Total comprehensive income for the year							1 997	1 997
Capital distributions to shareholders	20.2		(69 473)					(69 473)
Balance at 31 December 2008		3 937	184 291				(79 639)	108 589
Total comprehensive income for the year							1 156	1 156
Shares issued for business acquisition	20	90	35 460					35 550
Share buy-back	20	(19)	(7 579)					(7 598)
Capital distributions to shareholders	20.2		(80 341)					(80 341)
Balance at 31 December 2009		4 008	131 831				(78 483)	57 356

Statements of financial position as at 31 December 2009

		Group		Company	
		Audited 2009 R'000	Audited 2008 R'000	Audited 2009 R'000	Audited 2008 R'000
	Notes				
ASSETS					
Non-current assets					
Property, plant and equipment	10	636 507	560 127	2	2
Goodwill	11	80 909	38 359	–	–
Intangible assets	12	49 782	48 200	–	–
Investments in subsidiaries	13			160 988	160 988
Loan to Share Incentive Trust	14			4 900	–
Deferred taxation assets	15	20 719	18 572	1 286	1 524
		787 917	665 258	167 176	162 514
Current assets					
Loans to subsidiaries	13			6 515	6 515
Inventories	16	4 466	5 938	–	–
Trade and other receivables	17	84 886	72 393	5 177	4 654
Prepayments		11 828	10 798	–	–
Foreign exchange contract asset		–	816	–	–
Cash and cash equivalents	18	39 610	43 789	–	–
		140 790	133 734	11 692	11 169
Total assets		928 707	798 992	178 868	173 683
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	20.1	4 008	3 937	4 008	3 937
Share premium	20.2	131 831	184 291	131 831	184 291
Share option reserve		8 869	14 591	–	–
Foreign exchange contract reserve		(30)	816	–	–
Shares held by the Share Incentive Trust		(5 301)	(5 755)	–	–
Retained earnings/(accumulated loss)		471 216	311 015	(78 483)	(79 639)
Total equity		610 593	508 895	57 356	108 589
Non-current liabilities					
Loan from Share Incentive Trust	14			–	2 081
Vendor claims		–	11 981	–	–
		–	11 981	–	2 081
Current liabilities					
Trade and other payables	22	181 209	150 803	795	613
Taxation		35 685	39 405	–	–
Borrowings	21	–	3 852	–	–
Fees received in advance		100 556	83 582	–	–
Foreign exchange contract liability		30	–	–	–
Loans from subsidiaries	13			120 083	61 926
Shareholders for capital distribution		599	439	599	439
Shareholders for dividend		35	35	35	35
		318 114	278 116	121 512	63 013
Total liabilities		318 114	290 097	121 512	65 094
Total equity and liabilities		928 707	798 992	178 868	173 683

Statements of cash flows for the year ended 31 December 2009

	Notes	Group		Company	
		Audited 2009 R'000	Audited 2008 R'000	Audited 2009 R'000	Audited 2008 R'000
Cash flows from operating activities					
Cash generated from operations	26.1	284 161	251 492	558	1 179
Movement in working capital	26.2	30 630	(982)	(341)	(1 578)
Cash generated/(utilised) by operating activities		314 791	250 510	217	(399)
Net interest received		10 849	21 877	836	1 522
– interest received	6.1	11 005	22 949	836	1 522
– finance costs	6.2	(156)	(1 072)	–	–
Taxation (paid)/received	26.3	(75 451)	(49 042)	–	11
Capital distributions	26.4	(80 181)	(69 316)	(80 181)	(69 316)
Net cash inflow/(outflow) from operating activities		170 008	154 029	(79 128)	(68 182)
Cash flows from investing activities					
Additions to property, plant and equipment					
– to maintain operations	26.6	(42 229)	(34 612)	–	(2)
– to expand operations	26.7	(86 714)	(63 228)	–	–
Business combination cash flows					
– additions to property, plant and equipment	26.8	(2 464)	(63 618)	–	–
– additions to goodwill	11	(46 534)	(38 359)	–	–
– additions to intangible assets	12	(7 705)	(40 914)	–	–
– shares issued in respect of acquisition		35 550	–	35 550	–
Proceeds on disposal of property, plant and equipment		1 363	117	–	–
Effects of share options exercised on the share option reserve		(7 434)	(1 038)	–	–
Movement in shares held by The Share Incentive Trust and the loan to The Share Incentive Trust		454	6 723	(6 980)	5 685
Net cash (outflow)/inflow from investing activities		(155 713)	(234 929)	28 570	5 683
Cash flows from financing activities					
Share buy-back		(7 598)	–	(7 598)	–
Decrease in long-term interest bearing borrowings		(3 852)	(7 044)	–	–
Increase in net loans from subsidiaries		–	–	58 156	62 499
Vendor claims (paid)/raised		(7 023)	13 667	–	–
Net cash (outflow)/inflow from financing activities		(18 473)	6 623	50 558	62 499
Net decrease in cash and cash equivalents		(4 178)	(74 277)	–	–
Cash and cash equivalents at beginning of the year		43 789	118 061	–	–
Net foreign exchange difference on cash and cash equivalents		(1)	5	–	–
Cash and cash equivalents at end of the year	18	39 610	43 789	–	–

1. General information

ADvTECH Limited is a limited company incorporated in South Africa.

The principal business activities are the provision of education, training and staff placement within South Africa.

2. Adoption of new and revised standards

In the current year, the Group has adopted the following standards which are effective for annual reporting periods beginning on or after 1 January 2009:

- IFRS 1 'First-time Adoption of International Financial Reporting Standards'
- IFRS 2 'Share-based Payment'
- IFRS 7 'Financial Instruments: Disclosures'
- IFRS 8 'Operating segments'
- IAS 1 'Presentation of Financial Statements'
- IAS 23 'Borrowing Costs'
- IAS 27 'Consolidated and Separate Financial Statements'
- IAS 32 'Financial Instrument: Presentation'
- IFRIC 15 'Agreements for the Construction of Real Estate'
- IFRIC 16 'Hedges of a Net Investment in a foreign Operation'

These have no financial impact on the Group.

3. Significant accounting policies

3.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies Act of South Africa.

3.2 Basis of preparation

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments.

The principal accounting policies adopted are set out below. These were consistently applied in the previous year.

3.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination (see below) and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

3.4 Business combinations

The acquisition of subsidiaries and businesses is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 'Business Combinations' are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held-for-sale in accordance with IFRS 5 'Non-current assets held-for-sale and Discontinued operations', which are recognised and measured at fair value less costs to sell.

Goodwill arising on business combinations is accounted for as per note 3.5.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

3.5 Goodwill

Goodwill arising on the acquisition of a subsidiary or a jointly controlled entity represents the excess of the cost of acquisition over the Group's interest in the

net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit *pro rata* on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period. Goodwill is assessed at each balance sheet date for impairment.

On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition is recognised as goodwill. Goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

3.6 Non-current assets held-for-sale

Non-current assets and disposal groups are classified as held-for-sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held-for-sale are measured at the lower of the assets' previous carrying amount and fair value less costs to sell.

3.7 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, rebates and value added taxes.

Sale of goods is recognised when goods are delivered and title has passed.

Interest income is accrued on a time basis, by reference to the principal amount outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

3.8 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognised as an expense on a straight-line basis over the term of the lease.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expenses on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3.9 Foreign currencies

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in currency units, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the Group and individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss for the period.

3.10 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.11 Retirement benefit costs

The Group operates pension and provident funds to which employees from certain defined divisions belong. Both funds are defined contribution plans and do not require to be actuarially valued.

These plans are governed by the Pension Fund Act of 1956.

Current contributions to the pension and provident funds are expensed when they become payable.

The Group has no liabilities in respect of post retirement medical aid contributions or benefits.

3.12 Share-based payments

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period with a corresponding movement in the share reserve, based on the Group's estimate of the shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

Fair value is measured using the Bermudan Binomial model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

3.13 Taxation

Income taxation expense represents the sum of the taxation currently payable and deferred taxation.

Current taxation

The taxation currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current taxation is calculated using taxation rates that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation

Deferred taxation is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding taxation base used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred taxation liabilities are generally recognised for all taxable temporary differences and deferred taxation assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred taxation assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred taxation assets and liabilities are measured at the taxation rates that are expected to apply in the period in which the liability is settled or asset realised, based on taxation rates (and taxation laws) that have been enacted or substantively enacted by the balance sheet date. Deferred taxation is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred taxation is also dealt with in equity.

Deferred taxation assets and liabilities are offset when there is a legally enforceable right to set off current taxation assets against current taxation liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current taxation assets and liabilities on a net basis.

3.14 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment. Land is not depreciated. Depreciation is calculated on the straight-line basis at rates that will reduce the cost of the assets to estimated residual values over their expected useful lives.

The annual rates for this purpose are:

Buildings	2%
Computer equipment	33.3%
Computer software	33.3%
Furniture, fittings and equipment	10 – 20%
Motor vehicles	20%
Video equipment, courses and masters	33.3%
Leasehold improvements	Period of lease

Assets held under finance leases are depreciated over the shorter of their expected useful lives on the same basis as owned assets or the term of the lease.

The gain or loss arising on the disposal of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

Borrowing costs incurred relating to the development of properties and software are capitalised and included in the cost of these assets until completion, less any identified impairment loss. The capitalisation rate used to determine the borrowing cost capitalised is the prevailing average borrowing rate. Depreciation of these assets, on the same basis as other property and software assets, commences when the assets are ready for their intended use.

3.15 Intangible assets

Intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight-line basis over the estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

3.16 Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the

asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-taxation discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately as an expense, unless the relevant asset is carried at a revalued amount, in which case their impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.17 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

3.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

3.19 Share purchases

The ADvTECH Limited Share Incentive Trust purchases shares in the Company to be used for the settlement of its obligations under its share incentive schemes. When such purchases occur, these amounts are deducted from share capital.

3.20 Financial instruments

Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a partner to the contractual provisions of the instrument. They are measured initially at fair value, being the transaction price. The subsequent accounting treatment depends on the classification of an instrument as set out below:

Loans and receivables

Loans and receivables are measured at amortised cost using the effective interest method less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Cash and cash equivalents

Cash and cash equivalents are measured at fair value and comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Other financial liabilities

Loans and other payables are carried at amortised cost using the effective interest method if the time value of money is significant. Trade payables are generally carried at the original invoiced amount. Interest is recognised as an expense when incurred.

3.21 Derivative financial instruments

The Group enters into foreign exchange contracts to manage its foreign exchange risk.

Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently measured to their fair value at each balance sheet date. The resulting gain or loss is

recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

The Group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges) or hedges of net investments in foreign operations.

A derivative is presented as a non-current asset or non-current liability if the remaining maturity of the instrument is more than 12 months and it's not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

The Group designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges or hedges of net investments in foreign operations.

Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges. At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Note 19 sets out details of the derivatives used for hedging purposes. Movements in the hedging reserve in equity are also detailed in the statement of other comprehensive income.

Cash flow hedges

The effective portion of changes in the fair value of the derivatives that are designated and qualify as cash flow hedges is deferred in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts deferred in equity are recycled in profit or loss in the period when the hedged item is recognised in profit or loss, in the same line of the statement of comprehensive income as the recognised hedged

item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss deferred in equity at the time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in profit or loss.

3.22 Critical accounting judgements and key sources of estimation uncertainty

Valuation of equity compensation benefits

Management classifies its share-based payment scheme as an equity-settled scheme. In applying its judgement, management consulted with external expert advisers in the accounting and share-based payment advisory industry. The critical estimates as used in the Bermudan Binomial model are detailed in note 14 to the financial statements. This includes estimated option exercise behaviour, as well as anticipated forfeiture rates.

Impairment of assets

An assessment of impairment at a cash-generating unit level for fixed and intangible assets, as well as individual assessments of goodwill and financial assets (including related provisions), is performed at the end of each reporting period. Individual impairment assessments of assets are performed annually based on technical, economic and business circumstances.

Deferred taxation assets

Deferred taxation assets are recognised to the extent it is probable that taxable income will be available in future against which these can be utilised. Future taxable profits are estimates based on business plans which include estimates and assumptions regarding economic growth, interest, inflation, taxation rates and competitive forces.

Contingent liabilities

Management applies its judgement based on facts and advice it receives from its legal and other advisers in assessing if an obligation is probable, more likely than not or remote. This judgement is used to determine whether the potential obligation is recognised as a liability, disclosed as a contingent liability or ignored for financial statement purposes.

Purchase price allocation relating to business combinations

The Group exercised judgement in determining the purchase price allocation in respect of intangible assets and resulting goodwill relating to the business combinations (refer to note 28). The free cash flow method was used and the key assumptions involved were growth rates, discount rates and attrition rates.

3.23 Standards and interpretations not yet effective

At the date of the authorisation of these financial statements, the following standards and interpretations were in issue but not yet effective:

- IAS 24 Related Party Disclosures
- IAS 27 Consolidated and Separate Financial Statements
- IAS 28 Investments in Associates
- IAS 31 Interests in Joint Ventures
- IAS 32 Financial Instruments: Presentation
- IAS 39 Financial Instruments: Recognition and Measurement
- IFRS 1 First-time Adoption of International Financial Reporting Standards
- IFRS 2 Share-based Payment
- IFRS 3 Business Combinations
- IFRS 9 Financial Instruments
- IFRIC 17 Distributions of Non-cash Assets to Owners
- IFRIC 18 Transfers of Assets from Customers
- IFRIC 19 Instruments

None of the standards and interpretations that have been published, but not yet effective, are expected to have a significant impact on the amounts recorded in the financial statements.

	Group	
	Audited 2009 R'000	Audited 2008 R'000
4. Revenue		
Tuition fees	1 123 801	938 138
Placement fees	197 361	213 918
Sale of goods and services	57 086	48 425
Intra Group revenue	(2 251)	(2 688)
	1 375 997	1 197 793

		Group		Company	
	Notes	Audited 2009 R'000	Audited 2008 R'000	Audited 2009 R'000	Audited 2008 R'000
5. Operating profit before interest					
Operating profit before interest is stated after taking the following into account:					
Auditors' remuneration		3 947	3 710	357	207
– Current year audit fee		3 646	3 035	357	207
– Prior year under provision		162	249	–	–
– Other services		139	426	–	–
Amortisation of intangible assets	12	5 287	3 078	–	–
Depreciation	10	53 459	42 544	–	–
Owned					
– Land and buildings		4 092	4 819	–	–
– Computer equipment		19 268	14 168	–	–
– Computer software		1 623	1 146	–	–
– Furniture, fittings and equipment		12 687	10 944	–	–
– Motor vehicles		1 871	1 433	–	–
– Video equipment, courses and masters		435	118	–	–
– Leasehold improvements		13 483	9 916	–	–
Total depreciation and amortisation		58 746	45 622	–	–

		Group		Company	
	Note	Audited 2009 R'000	Audited 2008 R'000	Audited 2009 R'000	Audited 2008 R'000
5. Operating profit before interest					
<i>(continued)</i>					
Foreign exchange gains		–	(1 562)	–	–
Operating lease charges		73 877	57 793	–	–
– Premises		71 400	54 599	–	–
– Equipment		2 477	3 194	–	–
Professional fees		2 033	2 080	–	–
Loss on sale of property, plant and equipment		205	15	–	–
Loss on sale of investment		–	5	–	–
Directors' emoluments		6 078	13 853	1 350	1 195
– For services as directors		1 350	1 195	1 350	1 195
– For managerial and other services		4 728	12 658	–	–
Pension and provident fund contributions		35 796	28 992	–	–
Share-based payment expense	14	1 712	1 496	–	–
Staff costs		632 975	549 513	528	593
Total staff costs		676 561	593 854	1 878	1 788
Number of staff (at year end)		3 779	3 643	–	–
Number of staff covered by retirement plans (at year end)		2 674	1 894	–	–
6. Net interest received					
6.1 Interest received					
Call accounts		10 358	22 400	829	1 510
Current accounts		560	253	–	–
South African Revenue Services		–	5	–	5
Other		87	291	7	7
		11 005	22 949	836	1 522
6.2 Finance costs					
Borrowings		(134)	(926)	–	–
South African Revenue Services		(3)	–	–	–
Other		(19)	(146)	–	–
		(156)	(1 072)	–	–
Net interest received		10 849	21 877	836	1 522

	Note	Group		Company	
		Audited 2009 R'000	Audited 2008 R'000	Audited 2009 R'000	Audited 2008 R'000
7. Taxation					
7.1 Taxation expense comprises					
Current taxation – current year		72 414	59 821	–	–
– prior year over provision		(683)	(959)	–	(11)
Deferred taxation – current year	15	(1 992)	7 466	393	768
– prior year over provision	15	(155)	(130)	(155)	(130)
– expense resulting from a reduction in taxation rate	15	–	925	–	77
Total taxation expense		69 584	67 123	238	704

Estimated taxation losses for the Group and Company carried forward at year end were R4,6 million (2008: R6,0 million).

Deferred taxation assets have been raised for the full value of the estimated taxation losses in the Group and Company.

	Group	
	Audited 2009 R'000	Audited 2008 R'000
7.2 Reconciliation of taxation		
Profit before taxation	229 785	222 570
Taxation at 28%	64 340	62 320
Permanent differences	6 082	4 967
Disallowable expenditure – depreciation on buildings	3 956	3 196
Disallowable expenditure – other	2 126	1 776
Non-taxable income	–	(5)
Current taxation – prior year over provision	(683)	(959)
Deferred taxation – prior year over provision	(155)	(130)
– expense resulting from a reduction in taxation rate	–	925
Taxation expense recognised in profit	69 584	67 123

	Company	
	Audited 2009 R'000	Audited 2008 R'000
7. Taxation (continued)		
7.2 Reconciliation of taxation (continued)		
Profit before taxation	1 394	2 701
Taxation at 28%	390	756
Permanent differences – disallowable expenditure	3	1
Deferred taxation – prior year over provision	(155)	(130)
– expense resulting from a reduction in taxation rate	–	77
Taxation expense recognised in profit	238	704
	Group	
	Audited 2009 R'000	Audited 2008 R'000
8. Earnings per share		
The calculation of the basic and diluted earnings per share attributable to equity holders is based on the following data:		
Earnings		
Earnings for the purpose of basic and diluted earnings per share (profit for the year)	160 201	155 447
Number of shares		
Weighted average number of shares in issue at year end ('000)	401 002	393 665
Less: Weighted average number of shares held by the Share Incentive Trust ('000)	(1 553)	(7 196)
Weighted average number of shares for purposes of basic earnings per share ('000)	399 449	386 469
Effect of dilutive potential ordinary shares ('000)	246	2 584
Weighted average number of shares for purposes of diluted earnings per share ('000)	399 695	389 053
Earnings per share		
Basic (cents)	40.1	40.2
Diluted (cents)	40.1	40.0

	Group	
	Audited 2009 R'000	Audited 2008 R'000
9. Headline earnings per share		
Earnings		
Earnings attributable to equity holders	160 201	155 447
Items excluded from headline earnings per share	148	16
Loss on sale of investment	–	5
Loss on sale of property, plant and equipment	205	15
	205	20
Taxation effects of adjustments	(57)	(4)
Earnings for the purpose of headline earnings per share	160 349	155 463
Number of shares		
Weighted average number of shares in issue at year end ('000)	401 002	393 665
Less: Weighted average number of shares held by the Share Incentive Trust ('000)	(1 553)	(7 196)
Weighted average number of shares for purposes of basic earnings per share ('000)	399 449	386 469
Effect of dilutive potential ordinary shares ('000)	246	2 584
Weighted average number of shares for purposes of diluted earnings per share ('000)	399 695	389 053
Headline earnings per share		
Basic (cents)	40.1	40.2
Diluted (cents)	40.1	40.0

	Group Cost				
	1 Jan 2009 R'000	Additions R'000	Acquisitions through business combination R'000	Disposals R'000	31 Dec 2009 R'000
10. Property, plant and equipment					
Owned					
Land and buildings	380 224	51 094	–	–	431 318
Computer equipment	92 221	25 043	289	(1 016)	116 537
Computer software	27 266	25 216	–	(890)	51 592
Furniture, fittings and equipment	98 250	11 771	1 581	(128)	111 474
Motor vehicles	14 081	957	26	(330)	14 734
Video equipment, courses and masters	1 556	529	–	–	2 085
Leasehold improvements	151 063	14 333	568	(4 432)	161 532
	764 661	128 943	2 464	(6 796)	889 272
Leased					
Computer equipment	2 248	–	–	–	2 248
Motor vehicles	528	–	–	–	528
	2 776	–	–	–	2 776
	767 437	128 943	2 464	(6 796)	892 048

	Group Accumulated depreciation				31 Dec 2009 R'000
	1 Jan 2009 R'000	Depreciation R'000	Acquisitions through business combination R'000	Disposals R'000	
10. Property, plant and equipment <i>(continued)</i>					
Owned					
Land and buildings	26 640	4 092	–	–	30 732
Computer equipment	61 989	19 268	–	(718)	80 539
Computer software	7 333	1 623	–	(890)	8 066
Furniture, fittings and equipment	64 876	12 687	–	(46)	77 517
Motor vehicles	7 846	1 871	–	(199)	9 518
Video equipment, courses and masters	971	435	–	–	1 406
Leasehold improvements	34 879	13 483	–	(3 375)	44 987
	204 534	53 459	–	(5 228)	252 765
Leased					
Computer equipment	2 248	–	–	–	2 248
Motor vehicles	528	–	–	–	528
	2 776	–	–	–	2 776
	207 310	53 459	–	(5 228)	255 541

	Group Net book value	
	31 Dec 2009 R'000	31 Dec 2008 R'000
Owned		
Land and buildings	400 586	353 584
Computer equipment	35 998	30 232
Computer software	43 526	19 933
Furniture, fittings and equipment	33 957	33 374
Motor vehicles	5 216	6 235
Video equipment, courses and masters	679	585
Leasehold improvements	116 545	116 184
	636 507	560 127
Leased		
Computer equipment	–	–
Motor vehicles	–	–
	–	–
	636 507	560 127

Company Cost				
	1 Jan 2009 R'000	Additions R'000	Disposals R'000	31 Dec 2009 R'000
10. Property, plant and equipment (continued)				
Owned				
Computer equipment	11	–	–	11
Furniture, fittings and equipment	2	–	–	2
	13	–	–	13
Company Accumulated depreciation				
	1 Jan 2009 R'000	Depreciation R'000	Disposals R'000	31 Dec 2009 R'000
Owned				
Computer equipment	11	–	–	11
Furniture, fittings and equipment	–	–	–	–
	11	–	–	11
Company Net book value				
			31 Dec 2009 R'000	31 Dec 2008 R'000
Owned				
Computer equipment			–	–
Furniture, fittings and equipment			2	2
			2	2

Group and Company

The register of land and buildings is available for inspection at the Company's registered offices.

In the prior year land and buildings having a cost of R40,3 million were pledged as security for the mortgage bond (Refer to note 21). The mortgage has been settled in the current year and security released.

Included in land and building is an amount of R19,1 million (2008: R1,0 million) which relates to buildings that are still in progress.

Included in leasehold improvements is an amount of R0,7 million (2008: R9,5 million) which relates to improvements that are still in progress.

Included in computer software is an amount of R41,8 million (2008: R18,0 million) which relates to systems that are still under development.

The Group valued its fixed property during March 2007. The valuation was conducted by the Quadrant Property Group, a group of independent sworn valuers. Their valuation based on present land use came to R615,1 million, a premium of R331,6 million or 117% over book value as at December 2007.

Valuations are done on a triennial basis with the next valuation due in 2010.

	Group Cost					
	1 Jan 2008 R'000	Additions R'000	Acquisitions through business combinations R'000	Disposals R'000	Realloca- tion R'000	31 Dec 2008 R'000
10. Property, plant and equipment (continued)						
Owned						
Land and buildings	308 169	9 663	61 513	–	879	380 224
Computer equipment	65 247	26 569	554	(291)	142	92 221
Computer software	8 282	18 991	–	(7)	–	27 266
Furniture, fittings and equipment	81 599	15 454	1 025	(29)	201	98 250
Motor vehicles	10 666	2 978	526	(89)	–	14 081
Video equipment, courses and masters	1 274	282	–	–	–	1 556
Leasehold improvements	127 674	23 903	–	–	(514)	151 063
	602 911	97 840	63 618	(416)	708	764 661
Leased						
Computer equipment	2 248	–	–	–	–	2 248
Motor vehicles	528	–	–	–	–	528
	2 776	–	–	–	–	2 776
	605 687	97 840	63 618	(416)	708	767 437

Group Accumulated depreciation						
	1 Jan 2008 R'000	Depreciation R'000	Acquisitions through business combinations R'000	Disposals R'000	Realloca- tion R'000	31 Dec 2008 R'000
10. Property, plant and equipment (continued)						
Owned						
Land and buildings	24 640	4 819	–	–	(2 819)	26 640
Computer equipment	47 846	14 168	–	(167)	142	61 989
Computer software	6 194	1 146	–	(7)	–	7 333
Furniture, fittings and equipment	53 750	10 944	–	(19)	201	64 876
Motor vehicles	6 502	1 433	–	(89)	–	7 846
Video equipment, courses and masters	853	118	–	–	–	971
Leasehold improvements	21 779	9 916	–	–	3 184	34 879
	161 564	42 544	–	(282)	708	204 534
Leased						
Computer equipment	2 248	–	–	–	–	2 248
Motor vehicles	528	–	–	–	–	528
	2 776	–	–	–	–	2 776
	164 340	42 544	–	(282)	708	207 310
Group Net book value						
					31 Dec 2008 R'000	31 Dec 2007 R'000
Owned						
Land and buildings					353 584	283 529
Computer equipment					30 232	17 401
Computer software					19 933	2 088
Furniture, fittings and equipment					33 374	27 849
Motor vehicles					6 235	4 164
Video equipment, courses and masters					585	421
Leasehold improvements					116 184	105 895
					560 127	441 347
Leased						
Computer equipment					–	–
Motor vehicles					–	–
					560 127	441 347

	Company Cost			
	1 Jan 2008 R'000	Additions R'000	Disposals R'000	31 Dec 2008 R'000
10. Property, plant and equipment (continued)				
Owned				
Computer equipment	11	–	–	11
Furniture, fittings and equipment	–	2	–	2
	11	2	–	13
	Company Accumulated depreciation			
	1 Jan 2008 R'000	Depreciation R'000	Disposals R'000	31 Dec 2008 R'000
Owned				
Computer equipment	11	–	–	11
Furniture, fittings and equipment	–	–	–	–
	11	–	–	11
	Company Net book value			
			31 Dec 2008 R'000	31 Dec 2007 R'000
Owned				
Computer equipment			–	–
Furniture, fittings and equipment			2	–
			2	–

		Group	
	Note	Audited 2009 R'000	Audited 2008 R'000
11. Goodwill			
Cost			
Balance at beginning of the year		38 359	–
Additional amounts recognised from business combinations occurring during the year	28	46 534	38 359
Acquisition price adjustment*		(3 984)	–
Balance at end of the year		80 909	38 359
Accumulated impairment losses			
Balance at beginning of the year		–	–
Impairment losses recognised in the year		–	–
Balance at end of the year		–	–
Carrying amount			
At beginning of the year		38 359	–
At end of the year		80 909	38 359

*The purchase consideration of two acquisitions are based on an earnings-up method. These acquisitions have been accounted for in the prior year based on preliminary assessments of the earnings to be made. The purchase prices and resulting impact on the original allocated goodwill has been revised based on the latest forecasts.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

When testing goodwill for impairment, the recoverable amounts of the cash generating units (CGU) are determined using value-in-use calculations. The key assumptions for the value-in-use calculations are discount rates, growth rates and expected future cash flows. Management estimates discount rates using rates that reflect current market assumptions of the time value of money and the risks specific to the CGU. The growth rates are based on industry growth forecasts.

The Group prepares cash flow forecasts based on the CGU's budgeted results. A terminal value is calculated based on a conservative growth rate.

As the Group integrates the acquired customers into existing platforms as part of the business model the Group aggregates the CGU's into the core business segments and has used these segments as CGU's for the purpose of performing the value-in-use calculations.

The directors were satisfied that there were no impairment indicators.

				Group		
				Customer bases R'000	Brand values R'000	Total audited R'000
				Note		
12. Intangible assets						
Cost						
Balance at 1 January 2008				12 312	–	12 312
Additions through business combinations				25 562	15 352	40 914
Adjustment to preliminary purchase price				(295)	–	(295)
Balance at 1 January 2009				37 579	15 352	52 931
Additions through business combination			28	5 020	2 685	7 705
Adjustment to preliminary purchase price				(592)	(244)	(836)
At 31 December 2009				42 007	17 793	59 800
Accumulated amortisation						
Balance at 1 January 2008				1 653	–	1 653
Amortisation expense				2 694	384	3 078
Balance at 1 January 2009				4 347	384	4 731
Amortisation expense				4 546	741	5 287
At 31 December 2009				8 893	1 125	10 018
Carrying amount						
As at 31 December 2008				33 232	14 968	48 200
As at 31 December 2009				33 114	16 668	49 782

The following useful lives are used in the calculation of amortisation on a straight-line basis:

Customer bases 3 to 13.4 years

Brand values 5 to 10 years, indefinite life

The brand value of Trinityhouse has a life span in excess of twenty years and therefore an indefinite period of amortisation was selected. The carrying amount of this asset amounts to R10,8 million (2008: R10,8 million).

Company

	Issued share capital		Proportion held directly or indirectly		Interest of Holding Company				Principal activity
					Shares		Loans receivable/ (payable)		
	31 Dec 2009 R	31 Dec 2008 R	31 Dec 2009 %	31 Dec 2008 %	31 Dec 2009 R'000	31 Dec 2008 R'000	31 Dec 2009 R'000	31 Dec 2008 R'000	
13. Investments in and loans to and from subsidiaries									
Direct:									
The Independent Institute of Education (Pty) Ltd	2	2	100	100	101 228	101 228	(120 083)	(61 926)	1
ADvTECH Resource Holdings (Pty) Ltd	3 150 023	3 150 023	100	100	59 760	59 760			2
Indirect:									
Hamlora (Pty) Ltd (a)	10	10	100	100					5
ADvTECH Resourcing (Pty) Ltd	10	10	100	100			6 515	6 515	4
ADvTECH Training (Pty) Ltd	2	2	100	100					3
Bryan Hattingh Independent Services (Pty) Ltd	1	1	100	100					3
Business Learning Systems (Pty) Ltd	1 000	1 000	100	100					3
HC Leon (Pty) Ltd	100	100	100	100					3
Kapele Appointments (Pty) Ltd	100	100	70	70					4
Leartron (Pty) Ltd	922	922	100	100					3
Resource Development International (Pty) Ltd	200	200	100	100					3
Sight and Sound Education (Pty) Ltd	150	150	100	100					3
Strategic Connection (Pty) Ltd	100	100	100	100					3
Time Systems SA (Pty) Ltd	1 000	1 000	100	100					3
Triumph Holdings Ltd (b)	4	4	100	100					5
					160 988	160 988	(113 568)	(55 411)	

1 Independent provider of education

2 Investment Holding Company

3 Dormant Company

4 Recruitment, placement and temporary staffing Company

5 In the process of deregistration

Results of subsidiaries so far as they concern members of the Company: Aggregate profit after taxation R160,2 million (2008: R155,4 million). All companies are incorporated in the Republic of South Africa except as indicated (a) Australia (b) British Virgin Islands above.

The loans are interest free and there are no fixed terms of repayment. The inter-company loans do not carry any credit risk as the underlying entities are profitable and generate sufficient cash to meet their obligations.

14. ADVTECH share incentive scheme

Certain employees and directors are eligible to participate in the scheme. The option offer value is the closing price at which shares are traded on the JSE Limited on the trading day immediately preceding the offer date. Share options accepted by participants are exercisable at intervals of 2, 4 and 6 years after the offer date. On exercise of the options the participant pays the Share Incentive Trust an amount equal to the offer price multiplied by the number of options exercised. If a participant leaves the employ of the Group prior to exercising the options the options lapse. Variations to the vesting periods are possible with the written consent of the Remuneration Committee of the Board and the Trustees of the Trust.

The broad-based scheme allocates shares to all employees based on a predefined period of employment. This scheme will run for a period of five years.

Date options granted	Expiry date year ending	Exercise price of outstanding options (cents)	Weighted average estimated contractual life (years)	Fair value at grant date (cents)
4 April 2007	31 Dec 2013	270	2.7	115
22 August 2008	31 Dec 2014	375	2.5	124

	Number of share options	Weighted average exercise price (cents)	Number of share options	Weighted average exercise price (cents)
Reconciliation of options	2009		2008	
Options outstanding on 1 January	8 439 153	217	13 801 507	71
Add – Options granted during the year	–	–	3 610 000	375
Less – Exercised	(3 768 152)	75	(8 753 782)	52
– Lapsed	(136 001)	223	(218 572)	108
Options outstanding at 31 December	4 535 000	344	8 439 153	217

As at 31 December 2009 there were 30 (2008: 70) participants (including directors) in the ADVTECH share incentive scheme.

	Number of shares		Loan receivable/(payable) R'000	
Reconciliation of shares owned	2009	2008	2009	2008
Shares owned by the Trust as at 1 January	2 754 097	12 112 279	(2 081)	3 604
Add – Shares purchased by the Share Incentive Trust	3 000 000	–	12 472	–
Less – Share awards to staff 2007	–	–	–	50
– Share awards to staff 2008	–	(499 000)	13	(1 058)
– Share awards to staff 2009	(507 500)	–	(2 110)	–
– Broad based scheme shares transferred	(203 400)	(105 400)	(468)	(221)
– Options exercised during the year	(3 768 152)	(8 753 782)	(2 926)	(4 456)
Shares owned by the Trust at 31 December	1 275 045	2 754 097	4 900	(2 081)

All shares owned by the Trust have been allocated and will be transferred to participants as and when the exercise and payment of options are due. In the event that the Trust does not own sufficient shares to issue to participants, new shares will be issued from the unissued share capital of the Company, subject to continued shareholders' approval.

The loan receivable from/(payable to) the Share Trust is unsecured, interest free and has no fixed terms of repayment.

14. ADvTECH share incentive scheme (continued)

The fair values relating to the share option expense were calculated using the Bermudan Binomial model. The inputs into the model in respect of 2008 options granted were as follows:

Weighted average share price (cents)	395
Weighted average exercise price (cents)	52
Expected volatility	36%
Expected life	5.6 years
Risk free rate	10%
Expected dividend yield	5%

Expected volatility was determined calculating the historical volatility of the Company's share price over the previous six years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Group recognised total expenses of R1,7 million (2008: R1,5 million) related to share-based payment transactions during the year.

	Group		Company	
	Audited 2009 R'000	Audited 2008 R'000	Audited 2009 R'000	Audited 2008 R'000
15. Deferred taxation assets				
Opening deferred taxation assets	18 572	26 833	1 524	2 239
	1 992	(7 466)	(393)	(768)
Current year temporary differences	2 385	908	–	–
Utilisation of deferred taxation assets relating to taxation losses	(393)	(8 374)	(393)	(768)
Prior year over provision	155	130	155	130
Reduction in deferred taxation assets resulting from a reduction in taxation rate	–	(925)	–	(77)
Balance at end of the year	20 719	18 572	1 286	1 524
The balance comprises:				
Deferred and prepaid expenditure	(2 548)	(2 986)	–	–
Allowance for future expenditure (S24C)	(15 379)	(12 568)	–	–
Fees received in advance	21 641	18 058	–	–
Commercial building allowance	(634)	(120)	–	–
Provision for bad debts	8 823	8 547	–	–
Leave pay accrual	2 773	2 634	–	–
Trademarks	30	32	–	–
Estimated taxation losses carried forward	1 286	1 524	1 286	1 524
Other	4 727	3 451	–	–
	20 719	18 572	1 286	1 524

	Group		Company	
	Audited 2009 R'000	Audited 2008 R'000	Audited 2009 R'000	Audited 2008 R'000
15. Deferred taxation assets (continued)				
Deferred taxation accounted for in the statement of comprehensive income:				
Deferred and prepaid expenditure	438	(1 731)	–	–
Allowance for future expenditure (S24C)	(2 811)	(5 124)	–	–
Fees received in advance	3 583	6 411	–	–
Commercial building allowance	(514)	(120)	–	–
Provision for bad debts	276	489	–	–
Leave pay accrual	139	688	–	–
Amortisation of trademarks	(2)	(484)	–	–
Estimated taxation losses carried forward	(393)	(8 447)	(393)	(768)
Other	1 276	852	–	–
	1 992	(7 466)	(393)	(768)
16. Inventories				
Books	809	756	–	–
Promotional items	3 655	5 172	–	–
Other	2	10	–	–
	4 466	5 938	–	–
17. Trade and other receivables				
Amounts receivable from tuition fees	92 506	75 639	–	–
Amounts receivable for placement fees	18 774	24 645	–	–
Amounts receivable from the sale of goods and services	1 666	2 207	–	–
Trade receivables	112 946	102 491	–	–
Allowance for doubtful debts	(42 016)	(40 701)	–	–
	70 930	61 790	–	–
Other receivables	13 956	10 603	5 177	4 654
	84 886	72 393	5 177	4 654
There are no customers who individually represent more than 5% of the total balance of trade receivables net of allowance for doubtful debt.				
Other receivables of the Company consists of inter-company receivables. The inter-company receivables are unsecured, interest free and have no fixed terms of repayment.				
Ageing of past due trade receivables but not impaired				
30 days	12 137	14 732	–	–
60 days	9 578	8 736	–	–
90 days	6 180	5 751	–	–
120+ days	25 502	16 972	–	–
Total	53 397	46 191	–	–

	Group		Company	
	Audited 2009 R'000	Audited 2008 R'000	Audited 2009 R'000	Audited 2008 R'000
17. Trade and other receivables (continued)				
Movement in the allowance for doubtful debts				
Balance at beginning of the year	40 701	38 373	–	–
Impairment losses recognised on receivables	23 116	20 749	–	–
Impairment losses reversed	(21 801)	(18 421)	–	–
Balance at end of the year	42 016	40 701	–	–
The concentration of credit risk is limited due to the customer base being large and unrelated. This allowance has been determined by reference to past default experience.				
The directors consider that the carrying amount of trade and other receivables approximates their fair value.				
Ageing of impaired trade receivables				
30 days	229	121	–	–
60 days	217	997	–	–
90 days	666	851	–	–
120+ days	40 904	38 732	–	–
Total	42 016	40 701	–	–
18. Cash and cash equivalents				
Bank balances	39 349	43 550	–	–
Cash	261	239	–	–
	39 610	43 789	–	–

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying value of these assets approximates their fair value.

The carrying amounts of the Group's bank balances are denominated in the following currencies:

	Foreign currency	Foreign currency 2009 '000	Foreign currency 2008 '000	Rand 2009 R'000	Rand 2008 R'000
Bank balances	ZAR	–	–	39 312	43 531
Bank balances	Euro	3	1	37	19
				39 349	43 550

19. Foreign currency exposure

The Group has entered into the following forward exchange contracts to cover foreign commitments not yet due:

	Average contract rate		Foreign currency		Rand equivalent	
	2009	2008	2009 '000	2008 '000	2009 R'000	2008 R'000
Outstanding contracts						
Cash flow hedges						
<i>Buy US Dollars</i>						
Less than 3 months	–	8.5676	–	\$555	–	4 755
3 to 9 months	7.8129	8.9778	\$171	\$171	1 336	1 535
			\$171	\$726	1 336	6 290

Software licences and related support were acquired and the amounts are payable in US Dollars in the subsequent year. The Group has entered into forward foreign exchange contracts to hedge the exchange rate risk arising from these anticipated future transactions, which are designated as cash flow hedges.

Nature of monetary item	Foreign currency	Foreign currency 2009 '000	Foreign currency 2008 '000	Rand equivalent 2009 R'000	Rand equivalent 2008 R'000
Trade credit					
Trade credit	Australian Dollars	40	–	276	–

	Group		Company	
	Audited 2009 R'000	Audited 2008 R'000	Audited 2009 R'000	Audited 2008 R'000

20. Share capital and share premium

20.1 Share capital

Authorised

	Group	Company
500 000 000 shares of 1 cent each (2008: 500 000 000 shares of 1 cent each)	5 000	5 000
500 000 000 N shares of 0.01 cent each (2008: 500 000 000 N shares of 0.01 cent each)	50	50
	5 050	5 050

	Group and Company			
	Number of shares 2009 '000	Share capital 2009 R'000	Number of shares 2008 '000	Share capital 2008 R'000
Issued				
Balance at 1 January	393 665	3 937	393 665	3 937
Shares issued for business acquisition*	9 000	90	–	–
Shares acquired and cancelled	(1 827)	(19)	–	–
Balance at 31 December	400 838	4 008	393 665	3 937

*These shares were issued as part payment of the purchase price for the acquisition of Forbes Lever Baker. Refer to note 28 for additional information.

The unissued shares are under the control of the directors subject to the provisions of the Companies Act and the requirements of the JSE Limited.

	Group		Company	
	Audited 2009 R'000	Audited 2008 R'000	Audited 2009 R'000	Audited 2008 R'000
20. Share capital and share premium <i>(continued)</i>				
20.2 Share premium				
Balance at 1 January	184 291	253 764	184 291	253 764
Capital distributions to shareholders	(80 341)	(69 473)	(80 341)	(69 473)
Shares issued for business acquisition	35 460	–	35 460	–
Shares acquired and cancelled	(7 579)	–	(7 579)	–
Balance at 31 December	131 831	184 291	131 831	184 291
21. Borrowings				
Mortgage bond	–	3 852	–	–
The borrowings are repayable as follows:				
On demand or within one year	–	3 852	–	–
In the second year	–	–	–	–
	–	3 852	–	–
<i>Less: Amounts due for settlement within 12 months (shown under current liabilities)</i>	–	(3 852)	–	–
Amounts due for settlement after 12 months	–	–	–	–
The mortgage bond was repayable in monthly instalments of R0,7 million, with a fixed interest rate of 11.92% (2008: 11.92%). The loan was secured by security bonds over properties with a cost of R40,3 million in 2008 as referred to in note 10 and subsequent to repayment the security was released.				
22. Trade and other payables				
Trade payables and accruals	152 787	123 014	795	613
Leave pay accrual	9 904	9 409	–	–
Vendor claims	18 518	18 380	–	–
	181 209	150 803	795	613

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs.

The directors consider that the carrying amount of trade payables, including the leave pay accrual, approximates their fair value. The average credit period on purchases is two months. No interest is charged on trade payables for the first 60 days from date of invoice. The Group has financial risk management policies in place to ensure that payables are paid within the credit time frame.

	Group		Company	
	Audited 2009 R'000	Audited 2008 R'000	Audited 2009 R'000	Audited 2008 R'000
23. Commitments				
23.1 Capital commitments				
Capital expenditure approved by the directors:				
Contracted but not provided for	35 579	36 202	–	–
Not contracted for	87 035	121 320	–	–
	122 614	157 522	–	–
Capital commitments will be financed through existing facilities and working capital.				
23.2 Operating lease commitments				
Commitments under non-cancellable operating leases are as follows:				
Premises:				
Due within one year	73 444	56 364	–	–
Due within two to five years	176 494	173 318	–	–
Due thereafter	104 554	129 520	–	–
	354 492	359 202	–	–
Equipment:				
Due within one year	828	1 542	–	–
Due within two to five years	392	1 004	–	–
Due thereafter	619	1 162	–	–
	1 839	3 708	–	–
	356 331	362 910	–	–

The operating leases relate to premises and equipment with various lease terms, with an option to extend if required.

24. Financial instruments

Financial risk management objectives and policies

The Group's principal financial instruments comprise cash and cash equivalents, investments and various items such as trade receivables and payables that arise directly from operations. The main purpose of these instruments is to finance the Group's operations.

Capital risk management

The Group manages its capital to ensure that subsidiaries/divisions will be able to continue as going concerns while maximising the return to stakeholders through optimisation of the debt and equity balance. The Group's overall strategy remains unchanged.

The capital structure of the Group consists of cash and cash equivalents and equity, comprising issued capital, share premium, reserves and retained earnings.

Capital projects are timed to coincide with additional capacity required to ensure facilities are utilised on completion.

Liquidity risk

Cash balances are monitored daily and surplus funds are placed on short-term deposits.

Bank overdraft facilities available at 31 December 2009 amounted to R53,0 million (2008: R30,0 million), all of which expire within a year. These are considered more than adequate to finance operations.

24. Financial instruments (continued)

Credit risk

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are shown net of allowances for doubtful receivables. The Group has no concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies. Hence, exposure to exchange rate fluctuations arise. Material foreign exchange exposures are hedged with a corresponding foreign exchange contract. See note 19 for additional detail.

25. Contingent liabilities

In terms of the Group's banking arrangement the Company has issued to its bankers an unlimited suretyship on behalf of a wholly owned subsidiary for overdraft facilities, which at 31 December 2009 were not being utilised. The same circumstances were applicable at 31 December 2008.

		Group		Company	
Notes		Audited 2009 R'000	Audited 2008 R'000	Audited 2009 R'000	Audited 2008 R'000
26. Notes to the statement of cash flows					
26.1 Cash generated from operations					
		229 785	222 570	1 394	2 701
		6 273	5 161	–	–
		236 058	227 731	1 394	2 701
	Adjusted:	48 103	23 761	(836)	(1 522)
	Depreciation and amortisation	58 746	45 622	–	–
	Net interest received	(10 849)	(21 877)	(836)	(1 522)
	Net foreign exchange differences on cash and cash equivalents	1	(5)	–	–
	Other non-cash flow income statement items	205	21	–	–
		284 161	251 492	558	1 179
26.2 Movement in working capital					
	Decrease/(increase) in inventories	1 472	(2 695)	–	–
	Increase in trade and other receivables and prepayments	(13 523)	(25 133)	(523)	(393)
	Increase/(decrease) in trade and other payables	25 707	8 313	182	(1 185)
	Increase in fees received in advance	16 974	18 533	–	–
	Decrease/(increase) in working capital	30 630	(982)	(341)	(1 578)

	Notes	Group		Company	
		Audited 2009 R'000	Audited 2008 R'000	Audited 2009 R'000	Audited 2008 R'000
26. Notes to the statement of cash flows (continued)					
26.3 Taxation (paid)/received					
Balance at beginning of the year		(39 405)	(29 585)	–	–
Current charge	7.1	(71 731)	(58 862)	–	11
Balance at end of the year		35 685	39 405	–	–
Cash amount (paid)/received		(75 451)	(49 042)	–	11
26.4 Capital distributions					
Balance at beginning of the year		(439)	(282)	(439)	(282)
Declared during the year	20.2	(80 341)	(69 473)	(80 341)	(69 473)
Balance at end of the year		599	439	599	439
Cash amount paid		(80 181)	(69 316)	(80 181)	(69 316)
26.5 Dividend payments					
Balance at beginning of the year		(35)	(35)	(35)	(35)
Declared during the year		–	–	–	–
Balance at end of the year		35	35	35	35
Cash amount paid		–	–	–	–
26.6 Additions to property, plant and equipment to maintain operations					
Land and buildings		(7 424)	(3 216)	–	–
Computer equipment		(18 910)	(14 359)	–	–
Computer software		(1 499)	(736)	–	–
Furniture, fittings and equipment		(8 949)	(9 227)	–	(2)
Motor vehicles		(957)	(1 412)	–	–
Video equipment, courses and masters		(529)	(282)	–	–
Leasehold improvements		(3 961)	(5 380)	–	–
		(42 229)	(34 612)	–	(2)
26.7 Additions to property, plant and equipment to expand operations					
Land and buildings		(43 670)	(6 447)	–	–
Computer equipment		(6 133)	(12 210)	–	–
Computer software		(23 717)	(18 255)	–	–
Furniture, fittings and equipment		(2 822)	(6 227)	–	–
Motor vehicles		–	(1 566)	–	–
Leasehold improvements		(10 372)	(18 523)	–	–
		(86 714)	(63 228)	–	–

	Group		Company	
	Audited 2009 R'000	Audited 2008 R'000	Audited 2009 R'000	Audited 2008 R'000
26. Notes to the statement of cash flows (continued)				
26.8 Additions to property, plant and equipment through business acquisitions				
Land and buildings	–	(61 513)	–	–
Computer equipment	(289)	(554)	–	–
Furniture, fittings and equipment	(1 581)	(1 025)	–	–
Motor vehicles	(26)	(526)	–	–
Leasehold improvements	(568)	–	–	–
	(2 464)	(63 618)	–	–

27. Related party transactions

Group

The parent and ultimate controlling party of the Group is ADvTECH Limited.

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

Directors

Details regarding directors' remuneration, interest and share options are disclosed in the Directors' report.

Company

ADvTECH Limited performed certain administrative services for The Independent Institute of Education (Proprietary) Limited and for ADvTECH Resourcing (Proprietary) Limited for which management fees of R2,6 million (2008: R2,1 million) and R0,6 million (2008: R0,5 million) respectively were charged and paid, being an appropriate allocation of costs incurred by the relevant administrative departments.

	Audited 2009 R'000
28. Business combination	
Entity acquired:	
The Group did not acquire any liabilities in respect of the business acquisition. The purchase consideration has been allocated as indicated below:	
Forbes Lever Baker was acquired on 1 January 2009. The consideration is based on an earnings-up method. A preliminary estimation of R56,7 million has been made. The principal business activity is the provision of education.	
Non-current assets acquired	
Intangible assets	7 705
Goodwill	46 534
Property, plant and equipment	2 464
	56 703

Refer to notes 11 and 12 for adjustments made to the goodwill and intangible assets arising on acquisitions previously accounted for based on preliminary purchase price allocations.