Annual financial statements

for the year ended 31 March 2015

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

SUMMARISED COMPANY FINANCIAL STATEMENTS

DIRECTORS' STATEMENT OF RESPONSIBILITY

The directors are responsible for the preparation, integrity and fair presentation of the consolidated annual financial statements of Vodacom Group Limited, its subsidiaries, joint venture, associate and special purpose entities ('the Group').

The consolidated annual financial statements have been audited by the independent accounting firm PricewaterhouseCoopers Inc. which was given unrestricted access to all financial records and related data, including minutes of meetings of shareholders, the Board and committees of the Board. The directors believe that all representations made to the independent auditors during their audit were valid and appropriate. The report of the auditors is presented on the next page.

The consolidated annual financial statements for the year ended 31 March 2015 presented on pages 3 to 92 have been prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB'), the Financial Reporting Guides as issued by the South African Institute of Chartered Accountants ('SAICA') Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements and the requirements of the Companies Act of 2008, as amended. They are based on appropriate accounting policies which have been consistently applied and which are supported by reasonable and prudent judgements, including judgements involving estimations. The going concern basis has been adopted in preparing the consolidated annual financial statements. The directors have no reason to believe that the Group will not be a going concern in the foreseeable future based on forecasts and available cash resources.

The directors are also responsible for the Group's system of internal controls. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the consolidated annual financial statements and to adequately safeguard, verify and maintain accountability of assets. These controls are monitored throughout the Group by management and employees with the necessary segregation of authority and duties. Processes are in place to monitor internal controls, to identify material breakdowns and implement timely corrective action.

The consolidated annual financial statements were approved by the Board on 29 May 2015 and are signed on its behalf by:

MP Moyo
Chairman

MS Aziz Joosub
Chief Executive Officer

IP Dittrich
Chief Financial Officer

CERTIFICATE BY THE COMPANY SECRETARY

In terms of section 88(2)(e) of the Companies Act of 2008, as amended, I certify that, to the best of my knowledge and belief, Vodacom Group Limited has lodged with the Registrar of Companies for the financial year ended 31 March 2015, all such returns and notices as are required of a public company in terms of the Companies Act of 2008, as amended, and that all such returns and notices are true, correct and up to date.

SF Linford
Company Secretary

29 May 2015

INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

To the shareholders of Vodacom Group Limited

We have audited the consolidated financial statements of Vodacom Group Limited ('the Group') set out on pages 13 to 92, which comprise the consolidated statement of financial position as at 31 March 2015, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The Group's directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2015, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the consolidated financial statements for the year ended 31 March 2015, we have read the Directors' report, report of the Audit, Risk and Compliance Committee and the certificate by the Company Secretary for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: D.B. von Hoesslin
Registered Auditor
Pretoria
29 May 2015

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH

Nature of business

Vodacom Group Limited ('the Company') is an investment holding company. Its principal subsidiaries are engaged in the provision of a wide range of communications products and services including but not limited to voice, messaging, converged services, broadband and data connectivity.

There have been no material changes to the nature of the Group's business from the prior year.

Financial results

Earnings attributable to equity holders of the Group for the year ended 31 March 2015 were R12 672 million (2014: R13 243 million; 2013: R12 991 million) representing basic earnings per share of 864 cents (2014: 903 cents; 2013: 887 cents).

Full details on the financial position and results of the Group are set out in these consolidated annual financial statements.

Dividends

Dividend distribution

An ordinary dividend of R11 978 million (2014: R12 275 million; 2013: R11 978 million) was declared for the year. Details of the final dividend are included under 'Events after the reporting period' in this directors' report.

Rm	2015	2014	2013
Declared 16 May 2012 and paid 25 June 2012	–	–	6 696
Declared 7 November 2012 and paid 3 December 2012	–	–	5 282
Declared 16 May 2013 and paid 1 July 2013	–	6 398	–
Declared 8 November 2013 and paid 2 December 2013	–	5 877	–
Declared 16 May 2014 and paid 30 June 2014	6 398	–	–
Declared 7 November 2014 and paid 1 December 2014	5 580	–	–
	11 978	12 275	11 978

Dividend policy

The Company intends to pay as much of its after tax profits as will be available after retaining such sums and repaying such borrowings owing to third parties as shall be necessary to meet the requirements reflected in the budget and business plan, taking into account monies required for investment opportunities. However, there is no assurance that a dividend will be paid in respect of any financial period and any future dividends will be dependent upon the operating results, financial condition, investment strategy, capital requirements and other factors. It is envisaged that interim dividends will be paid in December and final dividends in July of each year. There is no fixed date on which entitlement to dividends arises and the date of payment will be determined by the Board or shareholders at the time of declaration, subject to the JSE Listings Requirements.

The dividend policy to pay out at least 90% (2014 and 2013: at least 90%) of headline earnings per share, remains unchanged. The Company declared dividends of 775 cents (2014: 825 cents; 2013: 785 cents) per share for the year ended 31 March 2015, in line with the Group's policy of at least 90% (2014 and 2013: at least 90%) of headline earnings for the year ended 31 March 2015.

Net current liability position

The Group is in a net current liability position, however, management believes that based on its operating cash flows, the Group will be able to meet its obligations as they fall due and that it is in compliance with all covenants contained in material borrowing agreements. The Group uses bank facilities and the normal operating cycle to manage short-term liquidity.

Depending on market conditions, the Group will continue to seek longer-term funding opportunities which will reduce the net current liability position and extend the debt maturity profile of the Group.

Share capital

The authorised and issued share capital are as follows:

- Authorised – 4 000 000 000 ordinary shares of no par value; and
- Issued – 1 487 954 000 ordinary shares of no par value amounting to R100.

Full details of the authorised and issued share capital of the Company are contained in Note 16.

DIRECTORS' REPORT continued

Share capital continued

Repurchase of shares

Shareholders approved a special resolution granting a general authority for the repurchase of ordinary shares by the Group, to a maximum of 5.0% (2014 and 2013: 5.0%) of shares in issue, at the annual general meeting held on Thursday 17 July 2014, subject to the JSE Listings Requirements and the provisions of the Companies Act of 2008, as amended. Any shares that may be repurchased for the time being shall be in connection with awards made in the normal course in respect of the Group's forfeitable share plan. Approval to renew this general authority will be sought at the forthcoming annual general meeting on Thursday 16 July 2015.

Treasury shares are held by Wheatfields Investments 276 (Pty) Limited ('Wheatfields'), a wholly-owned subsidiary and do not carry any voting rights.

Forfeitable share plan ('FSP')

During the year the Group allocated 1 529 808 (2014: 1 861 447; 2013: 1 680 373) shares to eligible employees under its FSP and 48 210 (2014: 1 847 972; 2013: 26 166) restricted shares. Further details may be found in the 'Remuneration report' included in the integrated report as well as in Note 17.

Shareholder analysis

The Group's shareholder analysis as at 31 March 2015 was as follows:

Shareholder spread	Number of shareholdings	%	Number of shares	%
1 – 100 shares	12 208	21.54	549 906	0.04
101 – 1000 shares	34 857	61.51	12 829 178	0.86
1 001 – 10 000 shares	8 342	14.72	23 946 929	1.61
10 001 – 50 000 shares	902	1.59	19 210 314	1.29
50 001 – 100 000 shares	157	0.28	11 311 437	0.76
100 001 – 1 000 000 shares	165	0.29	54 855 573	3.69
1 000 001 shares and above	40	0.07	1 365 250 663	91.75
	56 671	100	1 487 954 000	100
Distribution of shareholders				
Holding companies	1	0.00	967 170 100	65.00
Organs of state	8	0.01	210 627 810	14.16
Custodians	190	0.33	123 022 665	8.27
Retirement benefit funds	322	0.57	61 504 940	4.13
Collective investment schemes	328	0.58	37 292 967	2.51
Individuals	49 273	86.95	36 002 401	2.42
Private companies[1]	680	1.20	19 343 880	1.30
Trusts	4 765	8.41	11 307 754	0.76
Insurance companies	217	0.38	9 930 800	0.67
Public companies	20	0.04	5 491 854	0.37
Stockbrokers and nominees	19	0.03	2 280 957	0.15
Scrip lending	15	0.03	1 387 430	0.09
Foundations and charitable funds	153	0.27	908 524	0.06
Close corporations	289	0.51	524 264	0.03
Other corporations	104	0.18	560 068	0.04
Medical aid funds	26	0.05	273 301	0.02
Hedge funds	10	0.02	111 088	0.01
Investment partnerships	239	0.42	181 263	0.01
Treasury	1	0.00	30 163	0.00
Unclaimed assets	11	0.02	1 771	0.00
	56 671	100	1 487 954 000	100

Note:
1. Includes treasury shares held by wholly-owned subsidiary, Wheatfields.

Share capital continued

Shareholder analysis continued

Non-public and public shareholders	**Number of shareholdings**	**%**	**Number of shares**	**%**
Non-public shareholders	41	0.06	1 191 214 899	80.05
Directors, prescribed officers and associates	36	0.06	1 555 346	0.10
Treasury	1	0.00	30 163	0.00
Wholly-owned subsidiaries	2	0.00	15 421 231	1.04
Strategic holdings (more than 10.0%)	1	0.00	207 038 059	13.91
Holding company	1	0.00	967 170 100	65.00
Public shareholders	56 630	99.94	296 739 101	19.95
	56 671	100	1 487 954 000	100
Geographical holdings by owner				
United Kingdom	134	0.23	40 253 843	2.72
South Africa[1]	56 133	99.05	1 352 607 997	90.90
United States	90	0.16	74 606 048	5.01
Europe	100	0.18	15 991 823	1.07
Other	214	0.38	4 494 289	0.30
	56 671	100	1 487 954 000	100

Beneficial shareholders holding 5% or more of the issued capital	**Total shareholding**	**% of shares in issue**
Vodafone Investments SA (Pty) Limited	967 170 100	65.00
South African government	207 038 059	13.91
	1 174 208 159	78.91

Share price performance	**2015**	**2014**	**2013**
Opening price 1 April	**R129.99**	R109.90	R108.15
Closing price 31 March	**R132.69**	R129.99	R109.90
Closing high for the year	**R139.20**	R134.00	R129.60
Closing low for the year	**R121.63**	R101.55	R90.05
Number of shares in issue	**1 487 954 000**	1 487 954 000	1 487 954 000
Volume traded during the year	**404 346 967**	517 988 114	519 000 013
Ratio of volume traded to shares issued (%)	**27.17**	34.81	34.88

Note:

1. Direct shareholding held by Vodafone Investments SA (Pty) Limited, a South African entity, with the ultimate shareholder being Vodafone Group Plc, registered in the United Kingdom.

DIRECTORS' REPORT continued

Borrowings

Vodafone Investments Luxembourg s.a.r.l.

During the year, loans with nominal values of R2 576 million and R8 000 million were raised to finance capital expenditure, the additional 17.2% interest in Vodacom Tanzania Limited, working capital requirements and to refinance existing short-term borrowings. The loans bear interest payable quarterly at three-month JIBAR plus 1.20% and 1.50% respectively. They are both unsecured. The loans have a five-year term and are ultimately repayable on 25 April 2019 and 26 November 2019 respectively. A loan with a nominal value of R3 000 million matured during the year and was refinanced. The repayment term was extended from the original repayment date of 23 November 2014 to 24 November 2017 and the new interest rate is three-month JIBAR plus 1.15%.

Standard Bank of South Africa Limited

During the year, loans with nominal values of US$35 million and US$40 million were raised in favour of Vodacom Congo (RDC) SA to finance capital expenditure and working capital requirements and to repay short-term borrowings. The loans bear interest payable quarterly at three-month LIBOR plus 2.45% and LIBOR plus approximately 3.10% respectively. Both have a five-year term and are ultimately repayable on 2 October 2019 and 12 December 2019 respectively. The Group has issued guarantees for these borrowings (Note 25.3).

Capital expenditure and commitments

Details of the Group's capital expenditure are set out in Notes 9 and 10, and commitments are set out in Note 24.

Holding company and ultimate holding company

The Group is ultimately controlled by Vodafone Group Plc which owns 65.0% of the issued shares through Vodafone Investments SA (Pty) Limited.

Vodafone Group Plc is incorporated and domiciled in the United Kingdom.

Directorate and secretary

Movements in the directorate during the year under review:

Appointments

1 December 2014	BP Mabelane

Resignations

31 October 2014	YZ Cuba

In terms of the Company's memorandum of incorporation, Ms BP Mabelane, having been appointed since the last annual general meeting of the Company, retires at the forthcoming annual general meeting to be held on Thursday 16 July 2015. In terms of the memorandum of incorporation, Messrs DH Brown, IP Dittrich and M Joseph retire by rotation. All retiring directors are eligible and available for re-election. Their profiles appear in the 'Notice of annual general meeting' included in the integrated report.

As at the date of this report, the directors of the Company were as follows:

Independent non-executive

MP Moyo (Chairman), DH Brown, BP Mabelane, TM Mokgosi-Mwantembe, PJ Moleketi.

Non-executive

HMG Dowidar @, M Joseph *, JWL Otty ^, RAW Schellekens •, S Timuray ~.

Executive

MS Aziz Joosub (Chief Executive Officer), IP Dittrich (Chief Financial Officer).

The Company Secretary is SF Linford and her business and postal address appear on the 'Corporate information sheet' included in the integrated report.

@ Egyptian, * American, ^ British, • Dutch, ~ Turkish,

Interests of directors and prescribed officers

	Direct	Indirect	Direct	Indirect
	2015		2014	
Executive directors				
MS Aziz Joosub	676 103	–	500 669	–
IP Dittrich	107 163	–	89 356	–
Independent non-executive directors				
MP Moyo	250	3 645	250	3 645
PJ Moleketi	643	480	643	480
Prescribed officers				
YZ Cuba (appointed 1 November 2014)	54 562	–	–	–
ADJ Delport	176 054	–	175 140	–
GRM Hagel	27 493	–	–	–
V Jarana	125 125	–	153 853	–
R Kumalo (resigned 31 May 2015)	111 179	–	157 569	–
MM Mbungela (appointed 1 May 2014)	109 214	–	–	–
M Nkeli (resigned 30 April 2014)	23 500	–	42 440	–
NC Nyoka	116 536	–	109 875	–
M Makanjee	23 399	–	17 023	–
	1 551 221	4 125	1 246 818	4 125

There have been no changes in beneficial interests that occurred between the end of the reporting period and the date of this report.

DIRECTORS' REPORT continued

Regulatory matters

Mobile termination rates ('MTRs')

The Independent Communications Authority of South Africa ('Icasa') promulgated final MTR regulations on 30 September 2014. The MTRs are 20 cents per minute for the periods 1 October 2014 to 30 September 2015, 16 cents per minute for the periods 1 October 2015 to 30 September 2016 and 13 cents per minute for the periods 1 October 2016 to 30 September 2017, for Vodacom and MTN, with asymmetrical rates for smaller mobile service providers at 31 cents, 24 cents and 19 cents per minute, for the aforementioned periods.

On 15 December 2014 Cell C (Pty) Limited ('Cell C') filed an application with the High Court of South Africa to review the call termination rates. The Group subsequently opposed Cell C's application. The matter is still to be heard.

General annual licence fees regulations 2012

Icasa published regulations to amend the annual licence fees regulations on 2 April 2014. The notice amends the definition of 'licenced service' in order to align it to the definition of licenced services as contained in the Electronic Communications Act of 2005 ('EC Act'). In terms of the amendment, Icasa disallows any exclusions and or deduction of revenue and or expenses in the computation of licence fees. The amendment resulted in an increase in the Group's licence fee liability in the current financial year.

Universal service obligations ('USOs')

On 4 June 2014 Icasa issued the amended USOs, specifically with reference to school connectivity, effective from 1 April 2014.

Radio frequency spectrum regulations

On 30 March 2015 Icasa published final radio frequency spectrum regulations. The regulation set the pre-qualification criteria at Level 4 under the B-BBEE Codes of Good Practice or 30% equity ownership by historically disadvantaged persons under the EC Act. In addition, for spectrum licence applications, spectrum sharing is now permitted on a commercial basis subject to regulatory approval. Icasa may also require a licensee to share an assigned frequency with other licensees.

Audit, Risk and Compliance Committee ('ARC Committee')

The ARC Committee discharged all of those functions delegated to it in terms of its mandate, section 94(7) of the Companies Act of 2008, as amended and the JSE Listings Requirements. Further details on the role and function of the ARC Committee may be found in the 'Risk management report' included in the integrated report.

The auditors' business and postal address appear on the 'Corporate information' sheet included in the integrated report.

Competence, appropriateness and experience of the Company Secretary

In compliance with JSE Listings Requirements, the Board has considered and is satisfied that Ms Sandi Linford, the company secretary, is competent, has the relevant qualifications and experience and maintains an arm's length relationship with the Board. In evaluating these qualities, the Board has considered the prescribed duties and responsibilities of a company secretary which includes the Companies Act of 2008, as amended, JSE Listings Requirements and governance requirements as set out in King III.

Other significant matters

Vodacom Congo (RDC) SA ('Vodacom Congo')

The Group obtained a favourable outcome against Congolese Wireless Network s.a.r.l ('CWN') on 6 September 2013 in the arbitration proceedings before the International Chamber of Commerce ('ICC') arbitral tribunal. The Group is appealing against the order of court obtained by CWN in the Kinshasa/Matete Commercial Court, denying the Group the ability to enforce the ICC arbitral award in the DRC. The Group is in ongoing discussions with the shareholders of CWN with the purpose of finding an amicable settlement to this matter.

Competition Commission complaint lodged by Cell C

The Group received a complaint from the Competition Commission in which it is alleged that the Group's South African segment has abused their market dominance in contravention of Section 8(a), 8(c) and 8(d) (i) of the Competition Act of 1998. The Competition Commission is investigating the complaint and the Group has complied with information requests in this regard.

Acquisition of a further 17.2% interest in Vodacom Tanzania Limited ('VTL')

The Group entered into an agreement in terms of which it has acquired an additional 17.2% interest in VTL, resulting in the Group increasing its interest in VTL from 65.0% to 82.2%. The effective date of the transaction was 29 April 2014. The Group reclassified the cash outflow disclosed as investing activities for the period ended 30 September 2014 to financing activities for the year ended 31 March 2015.

Proposed acquisition of Neotel (Pty) Limited ('Neotel')

The transaction remains subject to the fulfilment of a number of conditions precedent, foremost of which, are the regulatory approvals.

Events after the reporting period

Final dividend

A final dividend of R5 952 million (400 cents per ordinary share) for the year ended 31 March 2015, was declared on Thursday 14 May 2015, payable on Monday 29 June 2015 to shareholders recorded in the register at the close of business on Friday 26 June 2015. The net dividend after taking into account dividend withholding tax for those shareholders not exempt from dividend withholding tax is 340.00000 cents per share.

Other matters

The Board is not aware of any matter or circumstance arising since the end of the reporting period, not otherwise dealt with in the consolidated annual financial statements, which significantly affects the financial position of the Group as at 31 March 2015 or the results of its operations or cash flows for the year then ended.

Auditors

During the current year, PricewaterhouseCoopers Inc. ('PwC') were appointed as the Group's auditors. At the annual general meeting on Thursday 16 July 2015, shareholders will be requested to appoint PwC as the Group's auditors for the 2016 financial year and it will be noted that Mr DB von Hoesslin will be the individual registered auditor who will undertake the audit.

REPORT OF THE AUDIT, RISK AND COMPLIANCE COMMITTEE

FOR THE YEAR ENDED 31 MARCH

Mandate and terms of reference

The Group's Audit, Risk and Compliance Committee ('ARC Committee') operates within a Board approved mandate and terms of reference. In line with the Companies Act of 2008, as amended, the members of the Committee were appointed at the annual general meeting that was held on Thursday 17 July 2014.

The ARC Committee's responsibilities include the following:

- Reviewing the Group's consolidated interim results, preliminary results, integrated report and annual financial statements;
- Monitoring compliance with statutory and the JSE Listings Requirements;
- Reporting to the Board on the quality and acceptability of the Group's accounting policies and practices, including, without limitation, critical accounting policies and practices;
- Providing oversight of the integrated reporting process;
- Considering the appointment and/or termination of the external auditors, including their audit fee, independence and objectivity and determining the nature and extent of any non-audit services;
- Approving the internal audit plan for the year;
- Receiving and dealing appropriately with any complaints, internally and externally, relating either to the accounting practices and internal audit or to the content or auditing of all entities within the Group's annual financial statements or related matters;
- Reviewing and monitoring the management and reporting of tax-related matters;
- Monitoring the risk management function and processes and assessing the Group's most significant risks;
- Monitoring the technology governance framework and associated risks; and
- Monitoring the effectiveness of the processes to create awareness and develop an understanding of relevant legislation and regulation to ensure compliance by management.

Membership

Members: DH Brown (Chairman), BP Mabelane, PJ Moleketi

Priscillah Mabelane was appointed to the ARC Committee on 1 December 2014 following the resignation of Yolanda Cuba on 31 October 2014 when she assumed an executive role within the Company. The Chief Executive Officer and Chief Financial Officer, as well as the head of internal audit, the Chief Risk Officer and the external auditors, attend ARC Committee meetings by invitation. The primary role of the ARC Committee is to ensure the integrity of the financial reporting and the audit process and that a sound risk management and internal control system is maintained. In pursuing these objectives the ARC Committee oversees relations with the external auditors and reviews the effectiveness of the internal audit function.

The internal and external auditors have unlimited access to the Chairman of the ARC Committee. The internal audit department reports directly to the ARC Committee and is also responsible to the Chief Financial Officer on day-to-day administrative matters.

Four ARC Committee meetings and one teleconference are scheduled per financial year. Additional committee meetings may be convened when necessary.

Attendance for the year ended March 2015 was as follows:

Name of director	9 May 2014	29 May 2014 Telecon	5 Sep 2014	5 Nov 2014	23 Mar 2015
DH Brown	✓	✓	✓	✓	✓
YZ Cuba[1]	✓	✓	✓	–	–
BP Mabelane[2]	–	–	–	–	✓
PJ Moleketi	✓	X	✓	✓	✓

Notes:
1. YZ Cuba resigned 31 October 2014.
2. BP Mabelane appointed 1 December 2014.

Statutory duties

The ARC Committee discharged all of those functions delegated to it in terms of its mandate, section 94(7) of the Companies Act of 2008, as amended, ('the Act') and the JSE Listings Requirements as listed below:

- Considered and satisfied itself that the external auditors are independent;
- Nominated the external auditors for appointment for the 2015 financial year;
- Determined the fees paid to the external auditors for the 2015 financial year;
- Reviewed the nature of non-audit services that were provided by the external auditors during the year;
- Confirmed the payment of non-audit services which the external auditors performed during the year under review;
- Approved the internal audit plan for the year;
- Monitoring and providing oversight of the internal audit function;
- Held separate meetings with management and the external auditors to discuss any reserved matters;
- Ensured the ARC Committee complied with the membership criteria as set out in the Act;
- Considered the appropriateness and experience of the Chief Financial Officer as required by the JSE Listings Requirements;
- Reviewed the consolidated and Company annual financial statements of Vodacom Group Limited;
- Reviewed the appropriateness of any amendments to accounting policies and internal financial controls; and
- Reviewed the integrated reporting process.

Internal control

Internal controls comprise systematic measures, policies, procedures and business rules adopted by management to provide reasonable assurance in safeguarding assets, prevention and detection of error, accuracy and completeness of accounting records, and reliability of annual financial statements of all entities within the Group. The internal audit function is governed by the Internal Audit Charter as approved by the ARC Committee. The internal audit function serves management and the Board by performing independent evaluations of the adequacy and effectiveness of the Group's internal controls, financial reporting mechanisms and records, information systems and operations. An external quality review was performed on the internal audit function by Ernst & Young during the current year. The function achieved a rating indicating compliance to the standards set by the Institute of Internal Auditors.

Vodafone Group Plc ('Vodafone') is required to comply with Section 404 of the Sarbanes-Oxley Act ('SOX') due to its listing on the NASDAQ stock exchange. With combined efforts between the Group and Vodafone, specific processes were identified that had to be brought in line with SOX requirements as part of the Group's South African SOX compliance efforts. To be SOX compliant, the processes, systems and controls identified were reviewed for adequacy and tested to prove the effectiveness and ongoing operation thereof. Management has concluded that these internal controls over financial reporting as at 31 March 2015 were effective.

Risk management

Reviews of the Group's risk management, enterprise risk management programmes, business continuity and forensic services are performed by the Group's Risk Management Committee which reports to the ARC Committee through the Chief Risk Officer. Critical and high strategic risks which are ranked in relation to a scale from catastrophic to negligible are presented annually to the ARC Committee and are then reported to and considered by the Board. Further details of the Group's key risks are reported in the 'Risk management report' included in the integrated report and online at **www.vodacom.com**.

From 1 April 2014 to 31 March 2015, the Group's forensic services department investigated over 11 700 cases of which approximately 11 300 related to external cases and 400 internal cases. These cases were reported through various channels including, but not limited to, direct reports received from customers, service providers, online reports, referrals from business and external whistleblowing. Over the same period, 57 reports were received via the whistle-blowing line.

REPORT OF THE AUDIT, RISK AND COMPLIANCE COMMITTEE continued

Combined assurance

The combined assurance model aims to optimise the assurance coverage attained from management (first line of defence), internal assurance providers (second line of defence) and independent assurance providers (third line of defence) in mitigating the risk areas affecting the Group.

The Group has adopted a combined assurance model which identifies the key risk areas affecting the Group and maps the level of assurance being provided by the different lines of defence to mitigate these risks. This model is being rolled out into the business to further improve the co-ordination of the various assurance activities and the assessment of the levels of assurance provided.

Effectiveness of the finance function

In terms of King III, the ARC Committee should satisfy itself as to the expertise, resources and experience of the Group's finance function. The ARC Committee has concluded that the finance function is adequately resourced with technically competent individuals and is effective.

Effectiveness of the risk management function

In terms of King III, the ARC Committee should satisfy itself that the following areas have been appropriately addressed by itself:

- Financial reporting risk;
- Internal financial controls;
- Fraud risk as it relates to financial reporting; and
- IT risk as it relates to financial reporting.

The ARC Committee has satisfied themselves that the above mentioned areas have been appropriately addressed.

Appropriateness and experience of Chief Financial Officer

The ARC Committee confirms that it is satisfied with Mr IP Dittrich, the current Chief Financial Officer, who possesses the appropriate expertise and experience to meet the responsibilities of this position.

Non-audit function

Per the Group's policy for non-audit services, the external auditors may only be considered as a supplier for such service where:

- There is no other alternative supplier for these services; or
- Where there is no other commercially viable alternative; or
- Where the non-audit service is related to and would add value to the external audit.

The total amount of fees earned during the year by the external auditors in respect of non-audit services was R798 311 (2014: R525 264; 2013: R486 919).

Integrated report

The ARC Committee has overseen the integrated reporting process, reviewed the report and has recommended the 2015 integrated report and consolidated annual financial statements for approval by the Board on 29 May 2015.

Committee effectiveness

An evaluation of the ARC Committee was conducted during the year. Overall consensus was that the ARC Committee was working well, and that its members have the required level of financial expertise and demonstrate uniform clarity over the purpose and workings of the ARC Committee.

DH Brown
Chairman
Audit, Risk and Compliance Committee

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH

Rm	Notes	2015	2014	2013
Revenue	1	**77 333**	75 711	69 917
Direct expenses		**(33 422)**	(32 866)	(30 385)
Staff expenses		**(4 836)**	(4 563)	(4 349)
Publicity expenses		**(2 008)**	(2 095)	(1 960)
Other operating expenses		**(10 118)**	(8 779)	(7 948)
Broad-based black economic empowerment income/(charge)		**47**	(232)	–
Depreciation and amortisation	9,10	**(7 581)**	(6 785)	(6 364)
Impairment losses	2	**–**	–	(14)
(Loss)/profit from associate and joint venture		**(180)**	3	–
Operating profit	3	**19 235**	20 394	18 897
Profit on disposal of subsidiary		**–**	–	224
Finance income	4	**346**	333	117
Finance costs	5	**(1 737)**	(1 051)	(927)
Net gain/(loss) on remeasurement and disposal of financial instruments	6	**7**	(91)	123
Profit before tax		**17 851**	19 585	18 434
Taxation	7	**(5 341)**	(5 918)	(5 210)
Net profit		**12 510**	13 667	13 224
Attributable to:				
Equity shareholders		**12 672**	13 243	12 991
Non-controlling interests		**(162)**	424	233
		12 510	13 667	13 224

Cents	Notes	2015	2014	2013
Basic earnings per share	8	**864**	903	887
Diluted earnings per share	8	**845**	902	885

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH

Rm	Note	2015	2014	2013
Net profit		**12 510**	13 667	13 224
Other comprehensive income[1]	7	**278**	820	815
Foreign currency translation differences, net of tax		**279**	794	823
(Loss)/gain on hedging instruments in cash flow hedges, net of tax		**(1)**	26	(8)
Total comprehensive income		**12 788**	14 487	14 039
Attributable to:				
Equity shareholders		**13 259**	14 165	13 982
Non-controlling interests		**(471)**	322	57
		12 788	14 487	14 039

Note:

1. Other comprehensive income can subsequently be recognised in profit or loss on the disposal of foreign operations and/or when the hedged item is recognised in profit or loss.

CONSOLIDATED
STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH

Rm	Notes	2015	2014	2013
Assets				
Non-current assets		**45 954**	37 954	34 434
Property, plant and equipment	9	**35 959**	30 802	27 741
Intangible assets	10	**7 603**	5 369	5 332
Financial assets	11	**605**	141	198
Investment in associate	12	**306**	367	–
Investment in joint venture		**4**	3	–
Trade and other receivables	14	**763**	659	196
Finance lease receivables	15	**696**	591	726
Deferred tax	7	**18**	22	241
Current assets		**25 353**	22 787	21 157
Financial assets	11	**2 016**	1 822	1 170
Inventory	13	**1 189**	1 069	861
Trade and other receivables	14	**11 559**	11 557	10 971
Non-current assets held for sale	12	**94**	569	–
Finance lease receivables	15	**1 122**	1 284	1 437
Tax receivable		**123**	359	190
Cash and cash equivalents	23	**9 250**	6 127	6 528
Total assets		**71 307**	60 741	55 591
Equity and liabilities				
Fully paid share capital	16	*****	*	*
Treasury shares	16	**(1 606)**	(1 589)	(1 389)
Retained earnings		**23 378**	22 506	21 342
Other reserves	17	**290**	2 140	847
Equity attributable to owners of the parent		**22 062**	23 057	20 800
Non-controlling interests		**(419)**	686	416
Total equity		**21 643**	23 743	21 216
Non-current liabilities		**23 050**	12 010	9 620
Borrowings	18	**20 308**	9 683	7 881
Trade and other payables	19	**759**	472	222
Provisions	20	**225**	263	536
Deferred tax	7	**1 758**	1 592	981
Current liabilities		**26 614**	24 988	24 755
Borrowings	18	**5 351**	4 067	6 290
Trade and other payables	19	**20 589**	20 357	17 780
Provisions	20	**91**	169	283
Tax payable		**182**	38	46
Dividends payable		**21**	22	16
Bank overdrafts	23	**380**	335	340
Total equity and liabilities		**71 307**	60 741	55 591

Note:
* Fully paid share capital of R100.

CONSOLIDATED
STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH

Rm	Notes	Fully paid share capital	Treasury shares	Share-based payment reserve[1]	Retained earnings
1 April 2012		*	(1 530)	1 847	20 121
Total comprehensive income		–	–	–	12 991
Net profit		–	–	–	12 991
Other comprehensive income	7	–	–	–	
Dividends	8	–	–	–	(11 770)
Repurchase and sale of shares	16	–	(124)	–	–
Share-based payment vesting		–	268	(268)	–
Restricted share plan[3]		–	(3)	3	–
Share-based payment expense	8,17	–	–	146	–
31 March 2013		*	(1 389)	1 728	21 342
Total comprehensive income		–	–	–	13 243
Net profit		–	–	–	13 243
Other comprehensive income	7	–	–	–	–
Dividends	8	–	–	–	(12 098)
Repurchase and sale of shares	16	–	(358)	–	–
Share-based payment vesting		–	158	(158)	–
Restricted share plan[3]		–	–	207	–
Share-based payment – deferred tax		–	–	17	–
Share-based payment expense	8,17	–	–	320	–
Transfer from contingency reserve	17	–	–	–	19
Acquisition of additional interest in subsidiary		–	–	–	–
31 March 2014		*	(1 589)	2 114	22 506
Total comprehensive income		–	–	–	12 672
Net profit		–	–	–	12 672
Other comprehensive income	7	–	–	–	–
Dividends	8	–	–	–	(11 800)
Repurchase and sale of shares	16	–	(177)	–	–
Share-based payment vesting		–	160	(160)	–
Restricted share plan[3]		–	–	4	–
Share-based payment – deferred tax		–	–	(4)	–
Share-based payment expense	8,17	–	–	103	–
Reclassification of BBBEE reserve to liability		–	–	(322)	–
Changes in subsidiary holdings		–	–	–	–
31 March 2015		*	(1 606)	1 735	23 378

Notes:
1. Includes the forfeitable share plan reserve of negative R36 million (2014: R32 million; 2013; R101 million), the broad-based black economic empowerment reserve of R1 562 million (2014: R1 877 million; 2013: R1 624 million) and the restricted share plan reserve of R209 million (2014: R205 million; 2013: R3 million).
2. Includes foreign exchange gains of R269 million (2014: R380 million; 2013: R456 million), net of tax, relating to foreign-denominated loans to subsidiaries classified as part of the net investments in these foreign operations.
3. Refer to Note 17.2.2.

* Fully paid share capital of R100.

			Other comprehensive income				
Other reserve	Change of interests in subsidiaries	Profit on sale of treasury share	Foreign currency translation reserve	Cash flow hedge reserve	Equity attributable to owners of the parent	Non-controlling interests	Total equity
19	347	7	(2 260)	(21)	18 530	400	18 930
–	–	–	999	(8)	13 982	57	14 039
–	–	–	–	–	12 991	233	13 224
–	–	–	999[2]	(8)	991	(176)	815
–	–	–	–	–	(11 770)	(41)	(11 811)
–	–	36	–	–	(88)	–	(88)
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
–	–	–	–	–	146	–	146
19	347	43	(1 261)	(29)	20 800	416	21 216
–	–	–	896	26	14 165	322	14 487
–	–	–	–	–	13 243	424	13 667
–	–	–	896[2]	26	922	(102)	820
–	–	–	–	–	(12 098)	(48)	(12 146)
–	–	20	–	–	(338)	–	(338)
–	–	–	–	–	–	–	–
–	–	–	–	–	207	–	207
–	–	–	–	–	17	–	17
–	–	–	–	–	320	–	320
(19)	–	–	–	–	–	–	–
–	(16)	–	–	–	(16)	(4)	(20)
–	**331**	**63**	**(365)**	**(3)**	**23 057**	**686**	**23 743**
–	**–**	**–**	**588**	**(1)**	**13 259**	**(471)**	**12 788**
–	**–**	**–**	**–**	**–**	**12 672**	**(162)**	**12 510**
–	**–**	**–**	**588[2]**	**(1)**	**587**	**(309)**	**278**
–	**–**	**–**	**–**	**–**	**(11 800)**	**(109)**	**(11 909)**
–	**–**	**5**	**–**	**–**	**(172)**	**–**	**(172)**
–	**–**	**–**	**–**	**–**	**–**	**–**	**–**
–	**–**	**–**	**–**	**–**	**4**	**–**	**4**
–	**–**	**–**	**–**	**–**	**(4)**	**–**	**(4)**
–	**–**	**–**	**–**	**–**	**103**	**–**	**103**
–	**–**	**–**	**–**	**–**	**(322)**	**–**	**(322)**
–	**(2 063)**	**–**	**–**	**–**	**(2 063)**	**(525)**	**(2 588)**
–	**1 732**	**68**	**223**	**(4)**	**22 062**	**(419)**	**21 643**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH

Rm	Notes	2015	2014	2013
Cash flows from operating activities				
Cash receipts from customers		76 656	77 157	70 171
Cash paid to suppliers and employees		(50 458)	(48 256)	(44 851)
Cash generated from operations	21	26 198	28 901	25 320
Tax paid		(4 979)	(5 298)	(5 323)
Net cash flows from operating activities		21 219	23 603	19 997
Cash flows from investing activities				
Additions to property, plant and equipment and intangible assets		(12 810)	(9 878)	(7 792)
Proceeds on disposal of property, plant and equipment and intangible assets		528	343	506
Business combinations and disposal of interests in subsidiaries, net of cash acquired	22	(1 018)	–	357
Finance income received		598	405	108
Loans granted and equity investments		172	(22)	–
Other investing activities[1]		(601)	(223)	(333)
Net cash flows utilised in investing activities		(13 131)	(9 375)	(7 154)
Cash flows from financing activities				
Borrowings incurred		11 424	4 551	3 000
Borrowings repaid		(63)	(5 502)	(425)
Finance costs paid		(1 751)	(1 284)	(766)
Dividends paid – equity shareholders		(11 800)	(12 093)	(11 776)
Dividends paid – non-controlling interests		(109)	(48)	(41)
Repurchase and sale of shares		(168)	(343)	(88)
Acquisition of additional interest in subsidiary	28	(2 576)	–	–
Net cash flows utilised in financing activities		(5 043)	(14 719)	(10 096)
Net increase/(decrease) in cash and cash equivalents		3 045	(491)	2 747
Cash and cash equivalents at the beginning of the year		5 792	6 188	3 372
Effect of foreign exchange rate changes		33	95	69
Cash and cash equivalents at the end of the year	23	8 870	5 792	6 188

Note:
1. Consists mainly of the movement in cash restricted deposits as a result of m-pesa related activities.

NOTES
TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH

Basis of preparation

The consolidated annual financial statements of the Group have been prepared in accordance with IFRS as issued by the IASB and comply with the SAICA Financial Reporting Guides as issued by the SAICA Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements and the requirements of the Companies Act of 2008, as amended.

The preparation of the consolidated annual financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the reporting date and the reported amounts of revenue and expenses during the reporting period. For a discussion on the Group's critical accounting judgements, see 'Critical accounting judgements' on pages 31 to 34. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The consolidated annual financial statements are presented in South African rand, which is the parent company's functional and presentation currency.

The significant accounting policies are consistent in all material respects with those applied in the previous year.

Significant accounting policies

Accounting convention

The consolidated annual financial statements are prepared on a historical cost basis, except for certain financial instruments which are measured at fair value or at amortised cost.

Consolidation

Basis of consolidation

The consolidated annual financial statements incorporate the annual financial statements of Vodacom Group Limited, its subsidiaries, joint arrangement, associate and structured entities up to 31 March 2015.

Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition 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 by the Group to the former owners of the acquiree, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the Group's previously held equity interest in the acquiree, if any, over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed.

Where applicable, the consideration transferred includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Changes in fair value that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Changes in fair value that do not qualify as measurement period adjustments are adjusted prospectively, with the corresponding gain or loss being recognised in profit or loss.

Components of non-controlling interests that are current ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured at the acquisition date at either:
- Fair value; or
- The non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The choice of measurement basis is made on an acquisition-by-acquisition basis.

All other components of non-controlling interests are measured at their acquisition-date fair values, unless another measurement basis is required by IFRS.

The difference between the proceeds and the carrying amount of the net assets and liabilities disposed of, adjusted for any related carrying amount of goodwill, is recognised as the profit or loss on disposal of subsidiaries. The same principle applies to a joint arrangement.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

Consolidation continued

Accounting for subsidiaries

A subsidiary is an entity controlled by the Group. Control is achieved where the Group has all of the following:

- Power over the investee;
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power to affect its returns.

The results of subsidiaries are included in profit or loss from the effective date of acquisition up to the effective date of disposal. Where necessary, adjustments are made to the financial statements of subsidiaries to align their accounting policies with those of the Group.

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

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interest's share of changes in equity since the date of the combination. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Transactions with non-controlling interests

In transactions with non-controlling interests that do not result in a change in control, the difference between the fair value of the consideration paid or received and the amount by which the non-controlling interest is adjusted is recognised in equity. Where control is lost, any interest retained by the Group is remeasured to fair value. The profit or loss on disposal is calculated as the difference between:

- The aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- The previous carrying amounts of the assets, including goodwill, and liabilities of the subsidiary, reduced by any non-controlling interests.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The results, assets and liabilities of associates or joint ventures are incorporated in the consolidated annual financial statements from the date on which the Group has significant influence or joint control, respectively up to the date on which the Group ceases to have such influence, using the equity method of accounting.

Under the equity method, investments in associates or joint ventures are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of the investment. Losses of an associate or joint venture in excess of the Group's interest in that associate are not recognised. Additional losses are provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

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 associate or joint venture recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment.

The Group's share of intra-group unrealised profits or losses, between Group companies, joint ventures and associate entities are eliminated upon equity accounting of the entities.

Intangible assets

The following are the main categories of intangible assets:

Intangible assets with an indefinite useful life

Goodwill is initially recognised at cost and subsequently stated at cost less accumulated impairment losses, if any. Goodwill is not amortised, but is tested for impairment on an annual basis.

Goodwill is held in the currency of the acquired entity and translated to the closing rate at each reporting date.

Intangible assets with finite useful lives

Intangible assets with finite useful lives are stated at cost, less accumulated amortisation and accumulated impairment losses, if any.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life, and commences when the intangible asset is available for use and ceases at the earlier of the date the asset is classified as held for sale or the date it is derecognised.

Useful lives and amortisation methods are reviewed on an annual basis, with the effect of any changes in estimate accounted for on a prospective basis.

The Group's intangible assets with finite useful lives are as follows:
- Licences;
- Trademarks, patents and other;
- Customer bases; and
- Computer software.

Expenditure incurred to develop, maintain and renew internally generated trademarks and patents is recognised as an expense in the period it is incurred.

Computer software that is not considered to form an integral part of any hardware equipment is recorded as an intangible asset.

The difference between the proceeds and the carrying amount of an intangible asset is recognised as the profit or loss on disposal.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses, if any. Land is not depreciated and is stated at cost less accumulated impairment losses, if any.

Land and buildings in which the Group occupies more than 25.0% of the floor space or for which the primary purpose is the service and connection of customers are classified as property, plant and equipment.

Assets in the course of construction are carried at cost, less any impairment loss. Depreciation of these assets commences when the assets are ready for their intended use.

The cost of property, plant and equipment includes directly attributable costs incurred in the acquisition and installation of such assets, as well as the present value of the estimated cost of dismantling, removal or site restoration costs if applicable, so as to bring the assets to the location and condition necessary for them to be capable of operating in the manner intended by management.

The cost of small parts that do not meet the definition of property, plant and equipment, as well as repairs and maintenance costs are recognised in profit or loss as incurred.

Depreciation is recognised in profit or loss on a straight-line basis over the shorter of the lease term or the estimated useful life and ceases at the earlier of the date the asset is classified as held for sale or the date it is derecognised. Depreciation is not ceased when assets are idle.

Useful lives, residual values and depreciation methods are reviewed on an annual basis with the effect of any changes in estimate accounted for on a prospective basis.

Property, plant and equipment acquired in exchange for non-monetary assets is measured at fair value unless the exchange transaction lacks commercial substance or the fair value of neither the asset received nor the asset given up is reliably measurable. If the acquired item is not measured at fair value, its cost is measured at the carrying amount of the asset given up.

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

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

Impairment of assets

An impairment loss is recognised immediately in profit or loss if the recoverable amount of an asset is less than its carrying amount. Recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows from continuing use and ultimate disposal of the asset are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Assets that do not generate cash inflows largely independent of those from other assets are grouped at the lowest levels for which there are separately identifiable cash flows, known as cash-generating units. 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 cash-generating 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.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, limited to the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior periods. A reversal of an impairment loss is recognised immediately in profit or loss. Goodwill impairment losses are not reversed.

Assets with an indefinite useful life and intangible assets not yet available for use

Goodwill and intangible assets not yet available for use are tested annually for impairment and when events or changes in circumstances indicate that the carrying amounts may not be recoverable.

Property, plant and equipment and intangible assets with finite useful lives

The Group annually reviews the carrying amounts of its property, plant and equipment and intangible assets with finite useful lives in order to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amounts of the assets are estimated in order to determine the extent, if any, of the impairment loss.

Revenue recognition

Revenue is recognised to the extent the Group has delivered goods or rendered services under an agreement, provided the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Group. Revenue is measured at the fair value of the consideration received or receivable, exclusive of sales taxes and discounts.

The Group principally obtains revenue from providing the following telecommunication services: access charges, airtime usage, messaging, interconnect fees, data services and information provision, connection fees and the sale of equipment. Products and services may be sold separately or in bundled packages.

Revenue for access charges, airtime usage and messaging by contract customers is recognised as services are performed. Unbilled revenue resulting from services already provided are accrued at the end of each period and unearned revenue from services to be provided in future periods are deferred. Revenue from the sale of prepaid credit is deferred until such time as the customer uses the airtime, or the credit expires.

Revenue from interconnect fees is recognised on a usage basis.

Revenue from data services and information provision is recognised when the Group has performed the related service.

Customer connection revenue is recognised together with the related equipment revenue to the extent that the aggregate equipment and connection revenue does not exceed the fair value of the equipment delivered to the customer. Any customer connection revenue not recognised together with related equipment revenue is deferred and recognised over the period in which services are expected to be provided to the customer.

Revenue from the sale of equipment is recognised when the equipment is delivered to the end-customer and the sale is considered complete. For equipment sales made to intermediaries, revenue is recognised if the significant risks and rewards of ownership are transferred and the intermediary has no general right of return. If the significant risks and rewards of ownership are not transferred, revenue recognition is deferred until sale of the equipment to an end-customer by the intermediary or the expiry of the right of return.

Revenue recognition continued

In revenue arrangements including more than one deliverable, the arrangements are divided into separate units of accounting. Deliverables are considered separate units of accounting if the following two conditions are met:

- The deliverable has value to the customer on a stand-alone basis; and
- There is evidence of the fair value of the undelivered item.

The arrangement consideration is allocated to each separate unit of accounting based on its relative fair value on a stand-alone basis as a percentage of the aggregated fair value of the individual deliverables. Revenue allocated to deliverables is restricted to the amount that is receivable without the delivery of additional goods or services. This restriction typically applies to revenue recognised for devices provided to customers, including handsets.

Other income

Dividends from investments are recognised when the Group's right to receive payment has been established.

Interest is recognised on a time proportion basis with reference to the principal amount receivable and the effective interest rate applicable.

Presentation: gross versus net

Where the Group's role in a transaction is that of principal, revenue is recognised on a gross basis. This requires revenue to comprise the gross value of the transaction billed to the customer, after trade discounts, with any related administrative fees charged as an operating cost.

Where the Group's role in a transaction is that of an agent, revenue is recognised on a net basis, with revenue representing the margin earned.

Commissions

Intermediaries are given cash incentives by the Group to connect new customers and upgrade existing customers.

For intermediaries who do not purchase products and services from the Group, such cash incentives are accounted for as an expense. Cash incentives to intermediaries who purchase products and services from the Group are also accounted for as an expense if:

- The Group receives an identifiable benefit in exchange for the cash incentive that is separable from sales transactions to that intermediary; and
- The Group can reliably estimate the fair value of that benefit.

Cash incentives that do not meet these criteria are recognised as a reduction of the related revenue.

Cash incentives for products delivered to customers are expensed as incurred and those paid for services delivered to customers are expensed over the period that the related revenue is recognised.

Distribution incentives paid to service providers and dealers for exclusivity are deferred and expensed over the contractual relationship period.

Inventory

Inventory is stated at the lower of cost and net realisable value. Cost is determined by the first-in, first-out method and comprises direct materials and those overheads that have been incurred in bringing the inventories to their present location and condition.

Leases

Lease classification

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

A lease of land and buildings is classified by considering the land and buildings elements separately. Minimum lease payments are allocated between the land and buildings elements in proportion to the relative fair values of the leasehold interest in the land and buildings elements of the lease at inception of the lease.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

Leases continued

Group as lessee

Finance leases

Assets held under finance leases are recognised at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments as determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in profit or loss.

In sale and leaseback transactions that result in finance leases any profit or loss is deferred and amortised over the lease term.

Operating leases

Operating lease payments, including benefits received and receivable as an incentive to enter into the lease, are expensed on a straight-line basis over the lease term. Early termination penalties are expensed in the period in which the termination occurs.

In sale and leaseback transactions that result in operating leases and the transaction is priced at fair value, any profit or loss is recognised on the effective date of the sale. If the sale price is below fair value, any profit or loss is recognised on the effective date of the sale except that, if a loss is compensated for by future lease payments at below market price, it is deferred and amortised in proportion to the lease payments over the period during which the asset is expected to be used. If the sale price is above fair value, the excess over fair value is deferred and amortised over the period for which the asset is expected to be used. If the fair value at the time of a sale and leaseback transaction is less than the carrying amount of the asset, a loss equal to the amount of the difference between the carrying amount and fair value is recognised immediately.

Group as lessor

Finance leases

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Operating leases

Operating lease income is recognised in profit or loss on a straight-line basis over the lease term. Leased assets are included under property, plant and equipment and depreciated in accordance with its accounting policy.

Foreign currencies

Transactions and balances

The consolidated annual financial statements are presented in South African rand, which is the parent company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded at the foreign exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the respective functional currency of the entity at the rates prevailing at the reporting date. Exchange differences on the settlement or translation of monetary assets and liabilities identified as being part of operating activities are included in operating profit, while exchange differences on the settlement or translation of monetary assets and liabilities which are not considered as being part of operating activities are included in net loss on remeasurement and disposal of financial instruments in profit or loss in the period in which they arise.

Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items measured at historical cost in a foreign currency are not retranslated. When a gain or loss on a non-monetary item is recognised directly in other comprehensive income, any exchange component of that gain or loss is recognised directly in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Foreign currencies continued

Foreign operations

For the purpose of presenting consolidated annual financial statements, the assets and liabilities of entities with a functional currency other than rand are expressed in rand using exchange rates prevailing on the reporting date. Income and expense items and cash flows are translated at the foreign exchange rates on the transaction dates or the average exchange rates for the period and exchange differences arising are recognised directly in other comprehensive income. On disposal of a foreign operation, the cumulative amount previously recognised in other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated accordingly.

Exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, being monetary items receivable from or payable to foreign entities for which settlement is neither planned nor likely to occur in the foreseeable future, are recognised in other comprehensive income. Taxation on the foreign currency translation reserve relates only to monetary items that form part of the Group's net investment in foreign operations.

Expenses

Expenses are recognised as they are incurred. Prepaid expenses are deferred and recognised in periods to which they relate.

Restraint of trade payments are made to limit an executive's post-employment activities and are expensed as incurred.

Employee benefits

Post-employment benefits

The Group contributes to defined contribution funds for the benefit of employees and these contributions are expensed as they fall due. The Group is not liable for contributions to the medical aid of retired employees.

Short-term and long-term benefits

The cost of all short-term employee benefits, such as salaries, employee entitlements to leave pay, bonuses, medical aid and other contributions, are expensed in the period in which the employee renders the related service.

Long-term employee benefits payable to eligible employees are expensed in the period in which the employee renders the related service.

Deferred compensation benefits

Employees of wholly-owned subsidiaries, including executive directors were, up to 31 March 2009, eligible for compensation benefits under a deferred bonus incentive scheme. The benefit was recorded at the present value of the expected future cash outflows.

Share-based payments

The Group has share-based payment compensation plans for certain eligible employees.

Equity-settled share-based payments

Equity-settled shared-based payments are measured at the grant date fair value of the equity instruments granted, and are expensed on a straight-line basis over the vesting period, with a corresponding increase in equity. The annual expense is based on the Group's estimate of the shares that will eventually vest, adjusted for the effect of non-market vesting conditions.

Cash-settled share-based payments

Cash-settled share-based payment liabilities are initially measured at fair value and subsequently remeasured to fair value at each reporting date as well as at the date of settlement, with any changes in fair value recognised in profit or loss. The expense is recognised on a straight-line basis over the vesting period, with a corresponding increase in the liability.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

Broad-based black economic empowerment ('BBBEE') transaction

Where equity instruments are issued to a BBBEE partner at less than fair value, these are accounted for as share-based payments.

The difference between the fair value of the equity instruments issued and the consideration received is accounted for as an expense in profit or loss on the transaction date, with a corresponding increase in equity. No service or other conditions exist for BBBEE partners. A restriction on the BBBEE partner to transfer the equity instrument subsequent to its vesting is not treated as a vesting condition, but is factored into the fair value determination of the instrument.

Taxation

Taxation represents the sum of current tax and deferred tax.

Tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to other comprehensive income or directly to equity, in which case the tax is also recognised directly in other comprehensive income or in equity.

Tax assets and liabilities are offset when there is a legally enforceable right to set off tax assets against tax liabilities and when they either relate to income taxes levied by the same tax authority on either the same taxable entity or on different taxable entities which intend to settle the tax assets and liabilities on a net basis.

Current tax

Current tax payable or receivable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because some items of income or expense are taxable or deductible in different years or may never be taxable or deductible. The Group's liability for current tax is calculated using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable in the future arising from temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. It is accounted for using the liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that the deductible temporary difference will reverse in the foreseeable future and taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition, other than in a business combination, of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred tax liabilities are not recognised to the extent they arise from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates and joint arrangements, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset for the carry forward of unused tax losses and tax credits is only recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses and tax credits can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and adjusted to reflect changes in the probability that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at tax rates that are expected to apply in the period when the liability is settled or the asset realised, based on tax rates that have been enacted or substantively enacted by the reporting date.

Exchange differences arising from the translation of foreign tax assets and liabilities of foreign entities, where the functional currency is different to the local currency, are classified as a deferred tax expense or income.

Financial instruments

Financial assets and liabilities, in respect of financial instruments, are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

All financial assets and liabilities are initially measured at fair value, including transaction costs except for those classified as at fair value through profit or loss which are initially measured at fair value, excluding transaction costs.

The fair value of a financial instrument on initial recognition is normally the transaction price unless the fair value is evident from observable market data.

Financial assets, excluding derivative financial instruments

Financial assets are recognised and derecognised on trade date where the purchase or sale of the financial asset is under a contract whose terms require delivery of the instrument within the timeframe established by the market concerned.

Subsequent to initial recognition, these instruments are measured as follows:

- Financial assets at fair value through profit or loss and available-for-sale are subsequently stated at fair value. Where securities are held for trading, gains and losses arising from changes in fair value are included in profit or loss. For available-for-sale financial assets, gains and losses arising from changes in fair value are recognised directly in other comprehensive income, until the security is disposed of, it is determined to be impaired or the equity interest is increased, resulting in the asset no longer being accounted for as an available-for-sale financial asset, at which time the cumulative gain or loss previously recognised in other comprehensive income is reclassified to profit or loss. The net gain or loss recognised in profit or loss incorporates any gains or losses on remeasurement transferred from other comprehensive income to profit or loss, dividends and finance income on the financial asset.
- Loans receivable are subsequently stated at amortised cost using the effective interest rate method, less any impairment losses. The terms of loans granted are renegotiated on a case-by-case basis if circumstances required renegotiation.
- Trade receivables (excluding assets created by statutory requirements, prepayments, deferred cost and operating lease receivables) do not carry any interest and are subsequently reduced by appropriate allowances for estimated irrecoverable amounts.
- Other receivables are subsequently stated at their nominal values.
- Finance lease receivables are subsequently stated at amortised cost using the effective interest rate method, less any impairment losses.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each reporting date.

Certain categories of financial assets, such as trade receivables, that are assessed not to be impaired individually, are subsequently assessed for impairment on a collective basis.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, with the exception of trade and other receivables, the amount of the impairment loss is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. For trade and other receivables, the amount of the impairment loss is the irrecoverable amount estimated by management.

The carrying amount is reduced directly by the impairment loss, with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed, either directly or by adjusting the allowance account, through profit or loss. The carrying amount of the financial asset at the date the impairment loss is reversed will not exceed what the amortised cost would have been had the impairment loss not been recognised.

Available-for-sale financial assets

Where there is objective evidence that a decline in the fair value of an available-for-sale financial asset that has been recognised directly in other comprehensive income is as a result of impairment, the cumulative loss is removed from other comprehensive income and recognised as an impairment loss in profit or loss. The amount of the cumulative loss removed is the difference between the acquisition cost and current fair value, less any impairment loss previously recognised in profit or loss.

A reversal of previously recognised impairment losses on available-for-sale equity investments is recognised directly in other comprehensive income.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

Financial instruments continued

Financial liabilities, excluding derivative financial instruments, and equity instruments

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the applicable definitions. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities and includes no obligation to deliver cash or other financial asset.

Equity instruments issued by the Group are recorded at the proceeds received, net of direct issuance costs. Own equity instruments that are reacquired (treasury shares) are recognised at cost, including transaction costs, and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in equity.

Subsequent to initial recognition, these instruments are measured as follows:

- Borrowings are subsequently stated at amortised cost, using the effective interest rate method. Any difference between the proceeds net of transaction costs and the settlement or redemption of borrowings is recognised over the term of the borrowings.
- Trade and other payables (excluding liabilities created by statutory requirements, revenue charged in advance, deferred revenue and reduced subscriptions) as well as dividends payable are not interest bearing and are subsequently stated at their nominal values.

Derivative financial instruments

The Group's activities expose it to the financial risks of changes in foreign exchange rates and interest rates. The Group's principal derivative financial instruments are option contracts, interest rate swaps and foreign exchange forward contracts.

The use of derivative financial instruments is governed by the Group's policies approved by the Board, which provide written principles consistent with the Group's risk management strategy. The Group does not use derivative financial instruments for speculative purposes.

Derivative financial instruments are initially measured at fair value on contract date and are subsequently remeasured to fair value at each reporting date. Changes in fair value are recorded in profit or loss as they arise unless the derivative is designated and effective as a hedging instrument, in which event the timing of recognition in profit or loss depends on the nature of the hedge relationship. Changes in values of all derivatives of a financing nature are included within net gain/(loss) on remeasurement and disposal of financial instruments in profit or loss.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives unless the risks and characteristics are closely related to those host contracts and the host contracts are carried at fair value with changes in fair value recognised in profit or loss.

Derivatives are classified as current assets or current liabilities if the remaining maturity of the instruments is less than 12 months and is expected to be realised or settled within 12 months.

Hedge accounting

The Group designates certain interest rate swaps as cash flow hedges to hedge its exposure to variability in cash flows that is attributable to changes in interest rates.

The effective portion of changes in the fair value of the designated interest rate swaps is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss and included in net gain/(loss) on remeasurement and disposal of financial instruments.

Amounts previously recognised in other comprehensive income are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss.

Similarly, the Group designates certain foreign exchange forward contracts as fair value hedges to hedge its exposure to variability in fair value that is attributable to changes in foreign exchange rates.

Financial instruments continued

Hedge accounting continued

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are immediately recognised in profit and loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. For unrecognised firm commitments, the change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in profit or loss and included in the line item relating to the hedging instrument. The initial carrying amount of the asset or liability that results from the entity meeting the firm commitment is adjusted to include the cumulative change in the fair value of the firm commitment attributable to the hedged risk that was recognised in the statement of financial position. For recognised hedged assets or liabilities, the change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in profit or loss in the line item relating to the hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting.

Offset

Where a legally enforceable right of offset exists for recognised financial assets and liabilities, and there is an intention to settle the liability and realise the asset simultaneously, or to settle on a net basis, all related financial effects are offset.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, net of bank overdrafts, all of which are available for use by the Group unless otherwise stated.

Cash on hand is initially recognised at fair value and subsequently stated at its face value.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate of the amount of the obligation can be made. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect of the time value of money is material.

Operating segments

The Group discloses its operating segments according to the entity components regularly reviewed by the Group Executive Committee. The components comprise of operating segments located in South Africa and internationally.

Segment information is prepared in conformity with the measure that is reported to the Group Executive Committee and has been reconciled to the consolidated annual financial statements. The measure reported by the Group is in accordance with the significant accounting policies adopted for preparing and presenting the consolidated annual financial statements.

The segment assets and liabilities comprise all assets and liabilities of the different segments that are employed by the segment and that either are directly attributable to the segment, or can be allocated to the segment on a reasonable basis.

Capital expenditure in property, plant and equipment and intangible assets has been allocated to the segments to which it relates.

Non-current assets held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

Comparatives

Refer to Note 24 for restatement of operating lease commitment disclosure.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

New accounting pronouncements

Accounting pronouncements adopted

On 1 April 2014, the Group adopted the following new accounting policies to comply with amendments to IFRS:

- IAS 32: Financial Instruments: Presentation – Offsetting financial assets and financial liabilities;
- IAS 39: Financial Instruments: Recognition and measurement – Novation of derivatives and continuation of hedge accounting;
- IFRIC 21: Levies; and
- Improvements to IFRS 2010 to 2012 cycle were adopted by the Group, except for an amendment to IFRS 8: Operating Segments, which will be adopted on 1 April 2015.

These changes have no material impact on the results, financial position or cash flows of the Group.

New accounting pronouncements not yet adopted

The Group has not yet adopted the following pronouncements, which have been issued by the IASB. The Group does not currently believe the adoption of these pronouncements, except for IFRS 15: Revenue from Contracts with Customers, will have a material impact on its results, financial position or cash flows.

- Amendments to IAS 19: Defined Benefit Plans: Employee Contributions, effective for annual periods beginning on or after 1 July 2014;
- Improvements to IFRS 2010 to 2012 cycle, the amendments to IFRS 8: Operating Segments, which is effective for annual periods beginning on or after 1 April 2014;
- Improvements to IFRS 2011 to 2013 cycle, effective for annual periods beginning on or after 1 July 2014;
- Amendments to IAS 10: Events after the Reporting Period and IAS 28: Investments in Associates and Joint Ventures, sale or contribution of assets between an investor and its associate or joint venture, effective for annual periods beginning on or after 1 January 2016;
- Amendments to IFRS 11: Joint Arrangements, accounting for acquisitions of interests in joint operations, which is effective for annual periods beginning on or after 1 January 2016;
- Amendments to IAS 16: Property, Plant and Equipment and IAS 38: Intangible Assets, clarification of acceptable methods of depreciation and amortisation, effective for annual periods beginning on or after 1 January 2016;
- Amendments to IAS 27: Separate Financial Statements, equity method in separate financial statements, effective for annual periods beginning on or after 1 January 2016;
- Improvements to IFRS 2012 to 2014 cycle, effective for annual periods beginning on or after 1 January 2016;
- Amendments to IAS 1: Presentation of financial statements, effective for annual periods beginning on or after 1 January 2016;
- IFRS 15: Revenue from Contracts with Customers, which is effective for annual periods beginning on or after 1 January 2017. IFRS 15 will have a material impact on the Group's reporting of revenue and costs:
  - IFRS 15 will require the Group to identify deliverables in contracts with customers that qualify as "performance obligations". The transaction price receivable from customers must be allocated between the Group's performance obligations under the contracts on a relative standalone selling price basis. Currently revenue allocated to deliverables is restricted to the amount that is receivable without the delivery of additional goods or services; this restriction will no longer be applied under IFRS 15. The primary impact on revenue reporting will be that when the Group sells subsidised devices together with airtime service agreements to customers, revenue allocated to equipment and recognised when control of the device passes to the customer will increase and revenue recognised as services are delivered will reduce;
  - Under IFRS 15, certain incremental costs incurred in acquiring a contract with a customer will be deferred on the balance sheet and amortised as revenue is recognised under the related contract; this will generally lead to the later recognition of charges for some commissions payable to third party dealers and employees; and
  - Certain costs incurred in fulfilling customer contracts will be deferred on the balance sheet under IFRS 15 and recognised as related revenue is recognised under the related contract. Such deferred costs are likely to relate to the provision of deliverables to customers that do not qualify as performance obligations and for which revenue is not recognised; currently such costs are generally expensed as incurred.
- Phase I of IFRS 9: Financial Instruments was issued in November 2009 and has subsequently been updated and amended. The standard introduces changes to the classification and measurement of financial assets, removes the restriction on electing to measure certain financial liabilities at fair value through the income statement from initial recognition and requires changes to the presentation of gains and losses relating to fair value changes. The changes to recognition and measurement of financial instruments and changes to hedge accounting rules are not currently considered likely to have any major impact on the Group's current accounting treatment or hedging activities. The standard is effective for annual periods beginning on or after 1 January 2018.

Critical accounting judgements including those involving estimations

The Group prepares its consolidated annual financial statements in accordance with IFRS as issued by the IASB, the application of which often requires management to make judgements when formulating the Group's financial position and results. Judgements, including those involving estimations, made in the process of applying the Group's accounting policies are discussed below. Management considers these judgements to have a material effect on the consolidated annual financial statements.

The determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience, current and expected economic conditions. Although estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from these estimates. Accounting estimates and the underlying assumptions are reviewed on an ongoing basis.

The discussion below should also be read in conjunction with the Group's disclosure of 'Significant accounting policies', which is provided on page 19.

Management has presented its critical accounting judgements and associated disclosures to the Board.

Impairment reviews

Management undertakes an annual impairment test for goodwill and intangible assets not yet available for use. For assets with finite useful lives, impairment testing is performed if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Impairment testing is an area involving management judgement, requiring assessment as to whether the carrying amounts of assets can be supported by the higher of their fair value less costs of disposal and value in use.

The Group uses parties with the requisite expertise to determine its assets' fair value less costs of disposal.

Value in use is calculated as the net present value of future cash flows derived from assets using cash flow projections which have been discounted at appropriate discount rates. In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters including management's expectations of:

- Growth in EBITDA, calculated as earnings before interest, taxation, depreciation, amortisation, impairment losses, BBBEE charge, profit/(loss) on disposal of property, plant and equipment, intangible assets and investment properties;
- Timing and quantum of future capital expenditure;
- Long-term growth rates; and
- The selection of appropriate discount rates to reflect the risks involved.

Details of the basis for determining values assigned to key assumptions are provided in Note 2.

The Group prepares and annually approves formal five-year management plans for its operations, which are used in the value in use calculations.

Changing the assumptions selected by management, in particular the discount rate and growth rate assumptions used in the cash flow projections, could significantly affect the Group's impairment evaluation and consequently its results.

The Group's review includes a sensitivity analysis of the key assumptions related to the cash flow projections as disclosed in Note 2.

Revenue recognition and presentation

Revenue arrangements including more than one deliverable

In revenue arrangements including more than one deliverable, the deliverables are assigned to one or more separate units of accounting and the arrangement consideration is allocated to each unit of accounting based on its relative fair value.

Determining the fair value of each deliverable can require complex estimates due to the nature of the goods and services provided. The Group generally determines the fair value of individual elements based on prices at which the deliverable is regularly sold on a stand-alone basis, after considering volume discounts where appropriate.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

Revenue recognition and presentation continued

Presentation: gross versus net

Determining whether the Group is acting as a principal or as an agent requires judgement and consideration of all relevant facts and circumstances. When deciding the most appropriate basis for presenting the revenue or related costs, both the legal form and substance of the agreement between the Group and its business partners are reviewed to determine each party's respective role in the transaction.

Taxation

The Group's tax charge on ordinary activities is the sum of the current income and deferred tax charges. The calculation of the Group's total taxation charge necessarily involves judgements, including those involving estimations, in respect of certain items whose tax treatment cannot be finalised until resolution has been reached with the relevant tax authority or, as appropriate, through a formal legal process. The resolution of some of these items may give rise to material profits, losses and/or cash flows.

The complexity of the Group's structure, considering its geographic presence, makes the degree of judgement more challenging. The resolution of issues is not always within the Group's control and it is often dependent on the efficiency of the legal processes in the relevant tax jurisdictions in which the Group operates. Issues can, and often do, take many years to resolve. Payments in respect of tax liabilities for an accounting period result from payments on account and on the final resolution of open items. As a result, there can be substantial differences between the taxation charge in the consolidated income statement and tax payments.

Significant items on which the Group has exercised judgement include various matters disclosed in Note 25; disclosed amounts are based on the Group's best estimates. Due to the inherent uncertainty surrounding the outcome of these items, eventual resolution could differ from the accounting estimates and therefore impact the Group's results and cash flows.

Recognition of deferred tax assets

The recognition of deferred tax assets is based upon whether it is probable that taxable profits will be available in the future, against which the deductible temporary differences can be utilised. Management therefore exercises judgement in assessing the future financial performance of the particular entity or tax group in which the deferred tax asset is to be recognised.

Fair values

The determination of the fair value of assets and liabilities often requires complex estimations and is based, to a considerable extent, on management's judgement.

Business combinations

The amount of goodwill initially recognised as a result of a business combination is dependent on the allocation of the consideration transferred to the fair value of the identifiable assets acquired and the liabilities assumed.

The Group uses external parties with the requisite expertise to determine the acquisition-date fair values of certain identifiable assets acquired.

The fair value of assets is determined by discounting estimated future net cash flows generated by the assets, where no active market for the assets exists. The use of different discount rates as well as assumptions for the expectation of future cash flows would change the valuation of the asset.

Allocation of the consideration transferred affects the Group's results as property, plant and equipment as well as intangible assets with finite useful lives are respectively depreciated and amortised, whereas land and goodwill are not. This could result in differing depreciation and amortisation charges based on the allocation.

Financial instruments

The fair value of financial instruments, excluding derivative instruments, not traded in active, liquid and organised financial markets is determined using a variety of valuation methods and assumptions that are based on market conditions and risks existing at the reporting date, including independent appraisals and discounted cash flow methods.

BBBEE transaction

The fair value of the BBBEE transaction was measured using the Monte-Carlo option pricing valuation model. Refer to Note 17 for assumptions used.

Fair values continued

Forfeitable share plan

The share-based payment expense relating to awards of performance shares to the Group's executive directors and selected employees is based on the achievement of financial performance and customer targets. The probability of these financial performance targets being achieved is estimated using the Monte-Carlo simulation model. Please refer to Note 17 for details of the forfeitable share plan.

Intangible assets with finite useful lives

Intangible assets with finite useful lives include licences, customer bases, computer software, trademarks, patents and other. These assets arise from both separate purchases and from acquisitions as part of business combinations.

The relative size of the Group's intangible assets with finite useful lives makes the judgements surrounding the estimated useful lives critical to the Group's financial position and performance.

At 31 March 2015, intangible assets with finite useful lives amounted to R5 299 million (2014: R3 513 million; 2013: R3 477 million) and represented 7.4% (2014: 5.8%; 2013: 6.3%) of the Group's total assets.

Estimation of useful lives

The useful lives used to amortise intangible assets relate to the future performance of the assets acquired and management's judgement of the period over which economic benefits will be derived from the assets. The residual values of intangible assets are assumed to be zero.

The basis for determining the useful lives for the various categories of intangible assets is as follows:

Licences

The estimated useful life is, generally, the term of the licence, unless there is a presumption of renewal at a negligible cost. The licence term reflects the period over which the Group will receive economic benefits. For technology-specific licences with a presumption of renewal at a negligible cost, the estimated useful life reflects the Group's expectation of the period over which the Group will continue to receive economic benefits from the licence.

Trademarks, patents and other

The estimated useful life represents management's view of the expected period over which the Group will receive economic benefits from the trademarks, patents and other intangible assets.

Customer bases

The estimated useful life principally reflects management's view of the average economic life of the customer base and is assessed by reference to, *inter alia,* customer churn rates or obtained through an independent actuarial valuation. An increase in churn rates may lead to a reduction in the estimated useful life and an increase in the amortisation charge.

Computer software

For computer software licences, the useful life represents management's view of the expected period over which the Group will receive benefits from the software, but not exceeding the licence term. For unique software products controlled by the Group, the life is based on historical experience with similar products as well as anticipation of future events, which may impact the life, such as changes in technology.

The estimated useful lives of intangible assets with finite useful lives are as follows:

Years	2015	2014	2013
Licences	**8 – 30**	8 – 30	8 – 30
Trademarks, patents and other	**5 – 13**	5 – 13	5 – 13
Customer bases	**2 – 9**	2 – 9	2 – 9
Computer software	**3 – 10**	3 – 10	3 – 10

Historically, changes in useful lives have not resulted in material changes to the Group's amortisation charge.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

Property, plant and equipment

Property, plant and equipment also represent a significant proportion of the Group's asset base, being 50.4% (2014: 50.7%; 2013: 49.9%) of the Group's total assets. Therefore, the estimates and assumptions made to determine their carrying amounts and related depreciation are critical to the Group's financial position and performance.

Estimation of useful lives and residual values

The charge in respect of periodic depreciation is derived after estimating an asset's expected useful life and the expected residual value. Increasing an asset's expected life or its residual value would result in a reduced depreciation charge in the consolidated income statement.

The Group assesses the residual value of every item of property, plant and equipment annually. In determining residual values, the Group uses historical sales and management's best estimate for residual values below 10.0% of cost and third-party confirmation for those above 10.0% of cost. Management has determined that there is no active market for the following assets within the network infrastructure and equipment category: radio, transmission, switching, SIM centres and community services, and therefore these assets have no residual value. At the end of the useful life, the value of the asset is expected to be nil or insignificant in respect of the abovementioned assets.

The estimation of useful lives is based on certain indicators such as historical experience with similar assets as well as anticipation of future events, which may impact the lives, such as changes in technology. The useful lives will also depend on the future performance of the assets as well as management's judgement of the period over which economic benefits will be derived from the assets.

Network infrastructure is only depreciated over a period that extends beyond the expiry of the associated licence under which the operator provides telecommunications services if there is a reasonable expectation of renewal or an alternative future use for the asset.

The estimated useful lives of depreciable property, plant and equipment are as follows:

Years	2015	2014	2013
Buildings, included in land and buildings	15 – 50	15 – 50	15 – 50
Leasehold improvements, included in land and buildings	Shorter of lease term and 50	Shorter of lease term and 50	Shorter of lease term and 50
Network infrastructure and equipment	5 – 25	5 – 25	5 – 25
Other assets	1 – 25	1 – 25	1 – 25

Historically, changes in useful lives and residual values have not resulted in material changes to the Group's depreciation charge.

Provisions and contingent liabilities

The Group exercises judgements in measuring and recognising provisions and the exposure to contingent liabilities related to pending litigation or other outstanding claims subject to negotiated settlement, mediation, arbitration or government regulation, as well as other contingent liabilities (Note 25). Judgements, including those involving estimations, are necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement.

Foreign operations

The Group exercises judgements in determining whether monetary items receivable from or payable to foreign entities form part of the Group's net investment in foreign operations. Judgements, including those involving estimations, are necessary in assessing whether settlement of the monetary items receivable or payable is likely to occur in the foreseeable future. Included in other comprehensive income are exchange gains of R269 million (2014: R380 million; 2013: R456 million) net of tax, relating to foreign-denominated loans to subsidiaries classified as net investments in foreign operations.

1. Segment analysis

The Group's reportable segments are business units that offer comparable business products and services, which are separately managed since the mobile telecommunication and data communication businesses are located in South Africa and other countries.

The Group has three reportable segments being Corporate, South Africa and International. The segments offer a variety of telecommunication and data communication services and products.

Corporate comprises the holding companies of the Group which do not relate to specific operating segments.

South Africa comprises the segment information relating to the South African-based cellular network, service provider and other business segments.

International comprises the segment information relating to the non-South African-based cellular networks in Tanzania, Mozambique, Lesotho and the Democratic Republic of Congo as well as the operations of Vodacom International Limited, Vodacom Business Africa and for prior years, Gateway Carrier Services.

Rm	2015	2014	2013
Reconciliation of segment results			
EBITDA	**26 905**	27 314	25 253
Depreciation, amortisation and impairment losses	**(7 581)**	(6 785)	(6 378)
Broad-based black economic empowerment charge income/(charge)	**47**	(232)	–
(Loss)/profit from associate and joint venture	**(180)**	3	–
Other	**44**	94	22
Operating profit	**19 235**	20 394	18 897
Profit on disposal of subsidiary	**–**	–	224
Net finance charges	**(1 384)**	(809)	(687)
Finance income	**346**	333	117
Finance costs	**(1 737)**	(1 051)	(927)
Net profit/(loss) on remeasurement and disposal of financial instruments	**7**	(91)	123
Profit before tax	**17 851**	19 585	18 434
Taxation	**(5 341)**	(5 918)	(5 210)
Net profit	**12 510**	13 667	13 224

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

1. Segment analysis continued

Rm	Corporate	South Africa	International	Eliminations	Total
2015					
Segment revenue (including inter-segment)	114	62 037	15 747	(565)	77 333
Total segment revenue	–	63 285	16 097	–	79 382
Intra-segment revenue	114	(1 248)	(350)	(565)	(2 049)
Inter-segment revenue	(114)	(327)	(124)	565	–
External customer segment revenue[1,2]	–	61 710	15 623	–	77 333
EBITDA	(36)	22 837	4 104	–	26 905
Net finance income/(charges)	9 661	(1 186)	(473)	(9 386)	(1 384)
Taxation	(220)	(4 621)	(622)	122	(5 341)
Other material non-cash items included in segment profit/(loss):					
Depreciation and amortisation	(3)	(5 161)	(2 429)	12	(7 581)
Total assets					
Reportable segment assets	22 682	46 354	21 861	(19 590)	71 307
Included in reportable segment assets:					
Additions to property, plant and equipment and intangible assets	5	8 724	4 680	–	13 409
Non-current assets other than financial instruments and deferred taxation	58	29 629	13 774	1 386	44 847
Total liabilities					
Reportable segment liabilities	(8 637)	(39 112)	(14 438)	12 523	(49 664)

Note:

1. The Group changed its estimate regarding revenue recognition of un-recharged vouchers in South Africa from a fixed period after the vouchers were sold, to a period that based on evidence, more reasonably and objectively reflects the performance period of the Group. The One-Off impact of the change amounted to an adjustment of R325 million to revenue for the year.

1. **Segment analysis** continued

Rm	Corporate	South Africa	International	Eliminations	Total
2014					
Segment revenue (including inter-segment)	93	61 806	14 356	(544)	75 711
Total segment revenue	–	63 043	14 646	–	77 689
Intra-segment revenue	93	(1 237)	(290)	(544)	(1 978)
Inter-segment revenue	(93)	(323)	(128)	544	–
External customer segment revenue	–	61 483	14 228	–	75 711
EBITDA	(56)	23 087	4 256	27	27 314
Net finance income/(charges)	12 621	(1 264)	145	(12 311)	(809)
Taxation	(256)	(4 942)	(866)	146	(5 918)
Other material non-cash items included in segment profit/(loss):					
Depreciation and amortisation	(1)	(4 765)	(2 039)	20	(6 785)
Total assets					
Reportable segment assets	19 082	37 929	18 787	(15 057)	60 741
Included in reportable segment assets:					
Additions to property, plant and equipment and intangible assets	3	6 858	3 964	(2)	10 823
Non-current assets other than financial instruments and deferred taxation	9	24 902	10 822	1 371	37 104
Total liabilities					
Reportable segment liabilities	(2 393)	(32 547)	(12 305)	10 247	(36 998)
2013					
Segment revenue (including inter-segment)	578	58 607	11 583	(851)	69 917
Total segment revenue	578	59 754	12 073	–	72 405
Intra-segment revenue	–	(1 147)	(490)	(851)	(2 488)
Inter-segment revenue	(548)	(143)	(160)	851	–
External customer segment revenue	30	58 464	11 423	–	69 917
EBITDA	84	22 408	2 739	22	25 253
Net finance income/(charges)	16 624	(607)	(135)	(16 569)	(687)
Taxation	(31)	(4 844)	(493)	158	(5 210)
Other material non-cash items included in segment profit/(loss):					
Depreciation and amortisation	(7)	(4 750)	(1 590)	(17)	(6 364)
Impairment (losses)/reversals	–	(35)	21	–	(14)
Total assets					
Reportable segment assets	19 562	35 360	15 035	(14 366)	55 591
Included in reportable segment assets:					
Additions to property, plant and equipment and intangible assets	453	6 967	2 987	(828)	9 579
Non-current assets other than financial instruments and deferred taxation	11	23 217	9 417	1 350	33 995
Total liabilities					
Reportable segment liabilities	(3 050)	(30 126)	(11 049)	9 850	(34 375)

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

Rm	2015	2014	2013
2. Impairment			
Impairment (losses)/reversals			
Impairment losses recognised are as follows:			
Property, plant and equipment (Note 9)	–	–	21
Available-for-sale financial asset carried at cost (Note 11.4)	–	–	(35)
	–	–	(14)

In 2013, the value in use of the Group's Mozambique cash-generating unit increased due to improved operating performance and economic growth in Mozambique, resulting in the reversal of previous impairment losses of R21 million for property, plant and equipment.

The impairment, in 2013, of available-for-sale financial assets carried at cost was mainly due to weak business performance in the underlying entities.

Goodwill impairment testing

Rm	2015	2014	2013
Carrying amount of goodwill is as follows:			
Vodacom (Pty) Limited	2 185	1 739	1 739
Other[1]	119	117	116
	2 304	1 856	1 855

The recoverable amounts of all cash-generating units are based on value in use calculations.

Note:

1. This constitutes the aggregate carrying amount of goodwill allocated across multiple cash-generating units of which the amounts so allocated to each cash-generating unit is insignificant compared to the total carrying amount of goodwill.

2. Impairment continued

Goodwill impairment testing continued

Key assumptions used in value in use calculations

The key assumptions, applicable to all cash-generating units, on which management has based all its cash flow projections for the period covered by the most recent five-year forecasts are:

KEY ASSUMPTIONS	Basis for determining values assigned to key assumptions
Forecast capital expenditure	The cash flow forecasts for capital expenditure are based on past experience, benchmarks in similar markets and include the ongoing normal capital expenditure required to roll out networks to provide enhanced voice and data products and services and to meet the population coverage requirements in terms of licences, where required. Capital expenditure includes cash outflows for the purchase of property, plant and equipment and computer software.
Forecast EBITDA	Forecast EBITDA has been based on past experience adjusted for the following: › voice and messaging revenue which is expected to benefit from increased usage from new and existing customers, the introduction of new services and traffic moving from fixed networks to mobile networks, though these factors will be partially offset by increased competitor activity, which may result in price declines and the trend of falling termination rates; › non-messaging data revenue which is expected to continue to grow strongly as the penetration of third generation ('3G') and long term evolution ('LTE') enabled devices rises and new products and services are introduced; and › margins which are expected to be impacted by negative factors such as an increase in the cost of acquiring and retaining customers in increasingly competitive markets and the expectation of further termination rate cuts by regulators and by positive factors such as the efficiencies expected from the implementation of Group initiatives.
Long-term growth rate	For businesses where the five-year management plans are used for the Group's value in use calculations, a long-term growth rate into perpetuity has been determined as the lower of: › average of the long-term nominal GDP rate and CPI growth rate for the country of operation; and › the five-year compound annual growth rate in EBITDA estimated by management.
Risk adjusted discount rate used in adjusted present value calculations	The discount rate applied to the cash flows of each of the Group's operations is based on the risk-free rate for 10-year bonds issued by the government in the respective market, if available, and, where possible, adjusted for a risk premium to reflect both the increased risk of investing in equities and the systematic risk of the specific Group operating company. In making this adjustment, inputs required are the equity market risk premium (that is the increased return required over and above a risk-free rate by an investor who is investing in the market as a whole), the risk adjusted beta, applied to reflect the risk of the specific Group operating company relative to the market as a whole and where necessary, a company specific risk premium. In determining the risk adjusted discount rate, management has applied an adjustment for the systematic risk to each of the Group's operations determined using an average of the betas of comparable listed mobile telecommunications companies and, where available and appropriate, across a specific territory. Management has used a forward-looking equity market risk premium that takes into consideration both studies by independent economists, the average equity market risk premium over the past 10 years and the market risk premiums typically used by investment banks in evaluating acquisition proposals.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

2. Impairment continued

Goodwill impairment testing continued

%	Vodacom (Pty) Limited
31 March 2015	
Long-term growth rate	**3.6**
Risk adjusted discount rate	**10.9**
31 March 2014	
Long-term growth rate	4.0
Risk adjusted discount rate	12.8
31 March 2013	
Long-term growth rate	4.0
Risk adjusted discount rate	12.9

Sensitivity to changes in key assumptions

Vodacom (Pty) Limited is the only cash-generating unit for which the carrying amount of goodwill allocated to that unit is significant in comparison with the Group's total carrying amount of goodwill.

Management believes that no reasonable possible change in any of the aforementioned key assumptions would cause the carrying amount of any cash-generating unit to which a significant amount of goodwill has been allocated, to exceed its recoverable amount.

Rm	2015	2014	2013
3. Operating profit			
The operating profit has been arrived at after crediting/(charging):			
Net profit on disposal of property, plant and equipment and intangible assets	**110**	147	22
Auditor's remuneration – audit fees	**(26)**	(22)	(22)
Auditor's remuneration – other services	**(1)**	(1)	(1)
Professional fees for consultancy services	**(321)**	(248)	(288)
Operating lease rentals	**(2 914)**	(2 192)	(2 016)
Network infrastructure	**(2 423)**	(2 185)	(1 765)
Other	**(491)**	(7)	(251)
Bad debts	**(697)**	(435)	(129)
Inventory written off	**(9)**	(5)	(23)
Net foreign exchange (losses)/gains	**(174)**	88	(195)

Direct expenses include customer acquisition- and retention-related expenses, interconnect expenses, commissions, converged solutions expenses and various other direct expenses. Other operating expenses include network operational expenses and all administrative expenses.

Rm	2015	2014	2013
4. Finance income			
Interest income			
Banks	175	130	70
Loans receivable	8	22	18
Tax authorities	–	1	1
Other	163	180	28
	346	333	117

Interest income on financial assets not at fair value through profit or loss amounted to R334 million (2014: R303 million; 2013: R88 million).

Rm	2015	2014	2013
5. Finance costs			
Interest expense			
Borrowings	(1 505)	(1 001)	(887)
Tax authorities	(1)	(15)	–
Other	(231)	(35)	(40)
	(1 737)	(1 051)	(927)

Interest expense on financial liabilities not at fair value through profit or loss amounted to R1 640 million (2014: R952 million; 2013: R862 million).

Rm	2015	2014	2013
6. Net gain/(loss) on remeasurement and disposal of financial instruments			
Net gain/(loss) on derivatives	40	(288)	113
Net (loss)/gain on translation of foreign denominated assets and liabilities	(17)	28	40
Remeasurement of loans receivable[1]	(15)	169	(30)
Financial assets at fair value through profit or loss	(1)	–	–
	7	(91)	123

Note:

1. R29 million (2014: R21 million; 2013: R30 million) of the remeasurement of loans receivable relates to the negative remeasurement of South African-based loans receivable and RNil million (2014: R190 million; 2013: RNil million) positive remeasurement to non-South African-based loans receivable.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

Rm	2015	2014	2013
7. Taxation			
7.1 Income tax expense			
South African current tax	(4 721)	(4 593)	(4 929)
Current year	(4 721)	(4 581)	(4 913)
Adjustments in respect of prior years	–	(12)	(16)
Foreign current tax	(822)	(601)	(408)
Current year	(536)	(435)	(236)
Adjustments in respect of prior years	(99)	(2)	23
Withholding tax	(187)	(164)	(195)
Current year	(188)	(161)	(133)
Adjustments in respect of prior years	1	(3)	(62)
Total current tax	(5 543)	(5 194)	(5 337)
Deferred tax on origination and reversal of temporary differences:			
South African deferred tax	42	(463)	185
Current year	5	(451)	235
Adjustments in respect of prior years	37	(12)	(50)
Foreign deferred tax	160	(261)	(58)
Current year	(107)	(165)	(37)
Adjustments in respect of prior years	267	(96)	(21)
Total deferred tax	202	(724)	127
Total income tax expense	(5 341)	(5 918)	(5 210)
Components of deferred tax charged to profit or loss			
Capital allowances	416	(164)	(96)
Foreign exchange	4	26	(14)
Tax losses	(184)	(188)	(66)
Provisions and deferred income	(12)	(307)	138
Other	(22)	(91)	165
	202	(724)	127

Rm	2015	2014	2013
7. Taxation continued			
7.1 Income tax expense continued			
Factors affecting tax expense for the year			
The table below discloses the differences between the expected income tax expense at the South African statutory tax rate and the Group's total income tax expense:			
Expected income tax expense on profit before tax at the South African statutory tax rate	**(4 998)**	(5 484)	(5 161)
Adjusted for:			
Non-deductible interest expenditure	**(165)**	(127)	(97)
Non-deductible BBBEE expenditure	**(4)**	(95)	(8)
Withholding tax	**(141)**	(136)	(116)
Other disallowed expenses	**(33)**	(76)	172
Total income tax expense	**(5 341)**	(5 918)	(5 210)

The South African statutory tax rate is 28.0% for all reporting periods. The Group's effective tax rate is 29.9% (2014: 30.2%; 2013: 28.3%) and in the prior year the increase was mainly due to an increase in non-deductible expenditure (including BBBEE costs) and the utilisation of tax losses in the prior year for which no deferred tax asset was recognised in the past.

Rm	2015	2014	2013
7.2 Other comprehensive income, net of tax			
Foreign currency translation differences, net of tax	**279**	794	823
Foreign currency translation differences	**379**	937	993
Taxation	**(100)**	(143)	(170)
(Loss)/gain on hedging instruments in cash flow hedges, net of tax	**(1)**	26	(8)
(Loss)/gain on hedging instruments in cash flow hedges	**(1)**	38	(11)
Taxation	**–**	(12)	3
Other comprehensive income, net of tax	**278**	820	815

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

	Rm	2015	2014	2013
7.	**Taxation** continued			
7.3	**Tax credited charged directly to other comprehensive income**			
	Current tax	–	(72)	(47)
	Deferred tax	(100)	(83)	(120)
		(100)	(155)	(167)
7.4	**Deferred tax**			
	Analysed in the statement of financial position, after offset of balances within companies, as follows:			
	Deferred tax assets	18	22	241
	Deferred tax liabilities	(1 758)	(1 592)	(981)
		(1 740)	(1 570)	(740)
	Components			
	Gross deferred tax assets and liabilities, before offset of balances within companies, are as follows:			
	Capital allowances	(2 593)	(2 688)	(2 248)
	Deferred tax liabilities	(2 593)	(2 688)	(2 248)
	Foreign exchange	(184)	(91)	(15)
	Deferred tax assets	29	2	–
	Deferred tax liabilities	(213)	(93)	(15)
	Tax losses	–	180	322
	Deferred tax assets	–	180	322
	Provisions and deferred income	1 157	1 136	1 473
	Deferred tax assets	1 157	1 136	1 473
	Other	(120)	(107)	(272)
	Deferred taxation assets	9	53	41
	Deferred taxation liabilities	(129)	(160)	(313)
		(1 740)	(1 570)	(740)
	Reconciliation of net deferred tax balance			
	1 April	(1 570)	(740)	(704)
	Foreign currency translation differences	1	(40)	(40)
	Credited/(charged) to profit or loss	202	(724)	127
	Charged directly to other comprehensive income	(100)	(83)	(125)
	(Charged)/credited directly to equity	(36)	17	–
	Business combinations and disposal of subsidiaries	(237)	–	2
	31 March	(1 740)	(1 570)	(740)

Rm	2015	2014	2013
7. Taxation continued			
7.5 Factors affecting the tax charge in future years			
Total estimated tax losses	2 268	2 389	2 758
Utilised to reduce net temporary differences	–	(561)	(1 010)
Estimated unused tax losses	2 268	1 828	1 748
Tax credits	–	170	630

If the estimated unused tax losses are applied, the available R726 million (2014: R576 million; 2013: R530 million) would result in the current year's R1 740 million net deferred tax liability reducing to R1 014 million (2014: R1 570 million net deferred tax liability reducing to R994 million; 2013: R740 million net deferred tax liability to be a R210 million net deferred tax asset), if sufficient future taxable profits will be available against which the unused tax losses can be utilised.

The gross amounts and expiry dates of deductible temporary differences, estimated unused tax losses and unused tax credits, for which no deferred tax asset is recognised, are as follows:

Rm	0 – 1 year	2 – 5 years	Unlimited	Total
2015				
Deductible temporary differences	–	1	3 082	3 083
Estimated unused tax losses[1]	–	111	2 157	2 268
Unused tax credits	–	–	–	–
2014				
Deductible temporary differences	–	2 438	9	2 447
Estimated unused tax losses	–	1 095	733	1 828
Unused tax credits	170	–	–	170
2013				
Deductible temporary differences	–	1 742	7	1 749
Estimated unused tax losses	–	852	896	1 748
Unused tax credits	630	–	–	630

Note:
1. Effective 1 January 2015 tax losses of Vodacom Congo (RDC) SA are no longer subject to expiry. The utilisation of the tax losses is however limited to 70% of the taxable income for years of assessment on or after 31 December 2015.

Cents	2015	2014	2013
8. Earnings and dividends per share			
Basic earnings per share	864	903	887
Diluted earnings per share	845	902	885
Headline earnings per share	860	896	872
Diluted headline earnings per share	840	894	870
Dividends per share[1]	805	825	805

Note:
1. The Group declared a final dividend after the reporting period (Note 27).

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

8 Earnings and dividends per share continued

8.1 Earnings per share

Earnings per share calculations are based on earnings and the weighted average number of ordinary shares outstanding as set out below:

	Rm	2015	2014	2013
8.1.1	**Diluted earnings reconciliation**			
	Earnings attributable to equity shareholders for basic earnings per share	12 672	13 243	12 991
	Adjusted for:			
	Dilutive effect of potential ordinary shares in subsidiary	(268)	–	–
	Earnings for diluted earnings per share	12 404	13 243	12 991
8.1.2	**Headline earnings reconciliation**			
	Earnings, attributable to equity shareholders, for basic earnings per share	12 672	13 243	12 991
	Adjusted for:			
	Profit on disposal of subsidiary	–	–	(224)
	Net profit on disposal of property, plant and equipment and intangible assets (Note 3)	(68)	(110)	(15)
	Net profit on disposal of property, plant and equipment and intangible assets (Note 3)	(110)	(147)	(22)
	Tax and non-controlling interest impact	42	37	7
	Impairment losses (Note 2)	–	–	18
	Impairment losses (Note 2)	–	–	14
	Tax and non-controlling interest impact	–	–	4
	Headline earnings for headline earnings per share[1]	12 604	13 133	12 770
	Dilutive effect of potential ordinary shares in subsidiary	(268)	–	–
	Headline earnings for diluted headline earnings per share	12 336	13 133	12 770

Note:
1. This disclosure is a requirement of the JSE Limited and is not a recognised measure under IFRS. It has been calculated in accordance with Circular 2/2013 as issued by SAICA.

	Shares	2015	2014	2013
8.1.3	**Reconciliation of weighted average number of ordinary shares outstanding**			
	For basic and headline earnings per share	1 466 400 489	1 466 056 191	1 463 804 093
	Diluted earnings and diluted headline earnings per share	2 021 143	2 336 900	3 730 229
	For diluted earnings and diluted headline earnings per share[1]	1 468 421 632	1 468 393 091	1 467 534 322

Note:
1. Includes shares held under the forfeitable share plan (Note 17.2.1).

8.2 Dividends per share

Vodacom Group Limited acquired 1 578 018 shares in the market during the year at an average price of R131.30 per share. Dividends per share calculations are based on a declared dividend of R11 978 million (2014: R12 275 million; 2013: R11 978 million) and shares of 1 487 954 000 for all reporting periods. R50 million (2014: R46 million; 2013: R78 million) of the dividend declared was offset against the forfeitable share plan reserve, R5 million (2014: R4 million; 2013: R6 million) expensed as staff expenses and R124 million (2014: R127 million; 2013: R124 million) paid to Wheatfields, a wholly-owned subsidiary holding treasury shares on behalf of the Group.

Rm	Land and buildings	Network infrastructure and equipment	Other assets	Total
9. Property, plant and equipment				
1 April 2012	2 610	21 395	362	24 367
Cost	3 757	49 564	1 081	54 402
Accumulated depreciation and impairment losses	(1 147)	(28 169)	(719)	(30 035)
Additions	415	7 809	120	8 344
Disposals	(11)	(672)	(18)	(701)
Foreign currency translation differences	27	1 100	19	1 146
Depreciation	(295)	(4 764)	(110)	(5 169)
Disposal of subsidiary (Note 22)	–	(180)	(1)	(181)
Impairment losses reversed (Note 2)	–	21	–	21
Net transfer to intangible assets (Note 10)	–	(76)	(2)	(78)
Category and other transfers	(12)	3	1	(8)
31 March 2013	2 734	24 636	371	27 741
Cost	4 193	55 548	1 184	60 925
Accumulated depreciation and impairment losses	(1 459)	(30 912)	(813)	(33 184)
Additions	416	9 000	188	9 604
Disposals	(4)	(613)	(7)	(624)
Foreign currency translation differences	23	958	14	995
Depreciation	(200)	(5 176)	(118)	(5 494)
Net transfer to intangible assets (Note 10)	–	(6)	–	(6)
Transfer to non-current assets held for sale (Note 12)	–	(1 385)	(1)	(1 386)
Category and other transfers	–	(29)	1	(28)
31 March 2014	**2 969**	**27 385**	**448**	**30 802**
Cost	**4 644**	**56 347**	**1 294**	**62 285**
Accumulated depreciation and impairment losses	**(1 675)**	**(28 962)**	**(846)**	**(31 483)**
Additions	**459**	**10 548**	**302**	**11 309**
Disposals	**(4)**	**(208)**	**(10)**	**(222)**
Foreign currency translation differences	**17**	**368**	**10**	**395**
Depreciation	**(226)**	**(5 963)**	**(145)**	**(6 334)**
Net transfer to intangible assets (Note 10)	**(45)**	**(72)**	**47**	**(70)**
Transfer to non-current assets held for sale (Note 12)	**(5)**	**(21)**	**–**	**(26)**
Category and other transfers	**–**	**100**	**5**	**105**
31 March 2015	**3 165**	**32 137**	**657**	**35 959**
Cost	**5 078**	**62 955**	**1 592**	**69 625**
Accumulated depreciation and impairment losses	**(1 913)**	**(30 818)**	**(935)**	**(33 666)**

The carrying amount of network infrastructure and equipment includes R1 327 million (2014: R1 178 million; 2013: R872 million) in relation to assets held under finance leases (Note 18).

The Group's South African operations pledged certain of its property, plant and equipment with a carrying amount of R1 327 million (2014: R1 178 million; 2013: R872 million) as security against borrowings with a fair value of R1 322 million (2014: R1 112 million; 2013: R862 million) (Note 18). The respective pledges are limited to the carrying amount of the borrowings. In 2013, Vodacom Tanzania Limited pledged its property, plant and equipment with a carrying amount of R4 077 million and its intangible assets with a carrying amount of R138 million, in the form of an asset debenture, as security against borrowings with a fair value of R382 million (Note 18).

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

9. Property, plant and equipment continued

Included in the carrying amount of network infrastructure and equipment and other assets are assets in the course of construction, which are not depreciated, with a cost of R748 million (2014: R797 million; 2013: R499 million) and RNil (2014: RNil; 2013: R16 million) respectively.

In the current year, staff expenses of R646 million (2014: R490 million; 2013: R310 million) were capitalised.

10. Intangible assets

Rm	Goodwill	Licences	Trademark, patents and other	Customer bases	Computer software	Total
1 April 2012	1 854	316	162	123	2 668	5 123
Cost	6 839	594	454	2 413	6 635	16 935
Accumulated amortisation and impairment losses	(4 985)	(278)	(292)	(2 290)	(3 967)	(11 812)
Additions	–	123	–	–	1 112	1 235
Foreign currency translation differences	1	38	5	–	58	102
Amortisation	–	(44)	(28)	(46)	(1 077)	(1 195)
Disposal of subsidiary (Note 22)	–	–	–	–	(11)	(11)
Transfer from property, plant and equipment (Note 9)	–	–	–	–	78	78
31 March 2013	1 855	433	139	77	2 828	5 332
Cost	6 795	781	459	1 381	7 402	16 818
Accumulated amortisation and impairment losses	(4 940)	(348)	(320)	(1 304)	(4 574)	(11 486)
Additions	–	44	–	–	1 175	1 219
Foreign currency translation differences	1	38	5	–	60	104
Amortisation	–	(76)	(28)	(32)	(1 155)	(1 291)
Transfer to non-current assets held for sale	–	–	–	–	(1)	(1)
Transfer from property, plant and equipment (Note 9)	–	–	–	–	6	6
31 March 2014	**1 856**	**439**	**116**	**45**	**2 913**	**5 369**
Cost	**7 383**	**891**	**466**	**1 411**	**8 614**	**18 765**
Accumulated amortisation and impairment losses	**(5 527)**	**(452)**	**(350)**	**(1 366)**	**(5 701)**	**(13 396)**
Additions	**4**	**26**	**–**	**34**	**2 036**	**2 100**
Disposals	**–**	**–**	**–**	**–**	**–**	**–**
Business combination (Note 22)	**442**	**–**	**–**	**800**	**–**	**1 242**
Foreign currency translation differences	**2**	**29**	**–**	**–**	**60**	**91**
Amortisation	**–**	**(78)**	**(26)**	**(63)**	**(1 080)**	**(1 247)**
Transfer from property, plant and equipment (Note 9)	**–**	**–**	**–**	**–**	**70**	**70**
Category and other transfers	**–**	**–**	**–**	**–**	**(22)**	**(22)**
31 March 2015	**2 304**	**416**	**90**	**816**	**3 977**	**7 603**
Cost	**8 613**	**970**	**465**	**2 293**	**10 585**	**22 926**
Accumulated amortisation and impairment losses	**(6 309)**	**(554)**	**(375)**	**(1 477)**	**(6 608)**	**(15 323)**

Refer to Note 9 for details of intangible assets pledged as security against borrowings in prior years.

Included in the carrying amount of computer software are assets in the course of development, which are not amortised, with a cost of R89 million (2014 and 2013: RNil).

Rm	2015	2014	2013
11. Financial assets			
Non-current			
Loans receivable (Note 11.1)	393	79	134
Financial assets at fair value through profit or loss, designated (Note 11.3)	173	–	–
Available-for-sale financial assets (Note 11.4)	39	62	64
	605	141	198
Current			
Loans receivable (Note 11.1)	–	406	50
Financial assets at fair value through profit or loss, classified as held for trading (Note 11.2)	73	224	93
Cash held in restricted deposits (Note 11.5)	1 943	1 192	1 027
	2 016	1 822	1 170
11.1 Loans receivable			
Mirambo Limited	–	406	173
The loan with a nominal value of US$14.9 million was repaid in the current year, bore interest at LIBOR plus 5.0%, was collateralised by cession over all shareholder distributions and a pledge over 10.0% (2014 and 2013: 10.0%) of Mirambo Limited's shares in Vodacom Tanzania Limited.			
Helios Towers Tanzania Limited	296	63	–
The loan with a nominal value of US$22 million (2014: US$6 million), bears interest at 15.0%, is unsecured and is repayable on 31 December 2019.			
Other loans receivable	97	16	11
	393	485	184
11.2 Financial assets at fair value through profit or loss, classified as held for trading			
Money market investments	–	104	93
Unit trust investments	73	120	–
	73	224	93
Fair value of money market and unit trust investments are determined with reference to quoted market prices.			
11.3 Financial assets at fair value through profit or loss, designated			
Equity linked notes	173	–	–
Fair value of the equity linked notes are derived from quoted market prices.			
11.4 Available-for-sale financial assets			
Unlisted equity investments	39	62	64
The carrying amount of available-for-sale financial assets carried at cost, approximates its fair value. A register with details of the entities and the percentages of share capital and voting power, if different, held in each unlisted investment is available for inspection at the Group's registered office.			
11.5 Cash held in restricted deposits	1 943	1 192	1 027

The carrying amount approximates fair value and is mainly represented by cash from m-pesa activities which is held in accounts with reputable financial institutions.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

12. Investment in associate

As at 31 March 2015, the Group held an 23.45% (2014: 18.24%) equity interest in Helios Towers Tanzania Limited ('Helios'), an independent telecommunications tower operator. This holding was acquired as part of a sale and leaseback transaction of Vodacom Tanzania Limited's telecommunications towers to HTT Infraco Limited ('HTT'), a subsidiary of Helios. As at 31 March 2015, ownership of the majority of the sites sold had been transferred to HTT, with the balance expected to change ownership in the next financial year. The assets have been reclassified as 'non-current assets held for sale', which are reported under the International reportable segment (Note 1). The final holding in Helios, once all sites have transferred, will be 24.5%. Helios principally operates and is incorporated in Tanzania. The investment is equity accounted. There were no distributions made during the current year. Refer to Note 11 for details on loans granted to Helios.

Rm	2015	2014	2013
Investment at cost	306	367	–
Dividends received from associate	–	–	–
The year end of Helios is 31 December and its summarised financial information for the year ended 31 December 2013 (2014: 31 December 2012) were as follows[1]:			
Assets	2 616	2 140	–
Liabilities	(3 283)	(1 167)	–
Revenue	566	317	–
Net loss	(163)	(331)	–

Note:
1. The financial information provided represents 100% of the results of the associate.

The Group's associate had no contingent liabilities.

There are no significant restrictions on the liability of the associate to transfer funds to the Group in the form of cash dividends or repayment of loans other than the fact that the associate may not declare and/or pay any dividends or make any capital distribution to shareholders without the prior written consent of the existing shareholders.

Rm	2015	2014	2013
13. Inventory			
Goods held for resale	1 189	1 069	861
Inventory valuation allowance included above	(105)	(85)	(85)

The cost of inventories recognised as an expense during the period amounts to R12 088 million (2014: R9 264 million; 2013: R7 687 million).

Rm	2015	2014	2013
14. Trade and other receivables			
Trade receivables	8 017	8 738	8 436
Prepayments	1 620	1 392	1 325
Accrued income	1 915	1 277	709
Value-added tax	40	53	219
Derivative financial assets	124	53	18
Other	606	703	460
	12 322	12 216	11 167
Timing			
Current	11 559	11 557	10 971
Non-current	763	659	196
	12 322	12 216	11 167
Doubtful receivable allowance included above:			
The Group's trade receivables are stated after allowances for doubtful receivables based on management's assessment of creditworthiness, an analysis of which is as follows:			
1 April	(319)	(251)	(214)
Foreign currency translation differences	(19)	(28)	(28)
Disposal of subsidiary	–	–	3
Charged to profit or loss	(534)	(56)	(134)
Utilised	44	16	122
31 March	(828)	(319)	(251)
Trade receivables are carried at cost which normally approximates fair value due to short-term maturity. Generally no interest is charged on trade receivables.			
Included within derivative financial assets:			
At fair value through profit or loss, classified as held for trading:			
Foreign exchange forward contracts	–	–	18
Fair value hedges:			
Foreign exchange forward contracts	100	23	–
Firm commitment asset – fair value hedge	24	30	–
	124	53	18

The fair value of foreign exchange forward contracts is determined with reference to quoted market prices for similar instruments, being the mid forward rates as at the reporting date. The fair value of interest rate swaps is determined by means of a discounted cash flow method, where the discount rates and forward floating interest rates, the latter used to determine future floating cash flows, are derived from a zero coupon yield curve as at the reporting date. During the prior year the Group designated certain forward exchange contract's as fair value hedges to hedge its exposure to variability in the fair value that is attributable to changes in foreign exchange rates.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

15. Finance lease receivables

The Group provides terminal equipment to customers at an additional contractual charge. The interest rate implicit in these leases is between zero and 15.5% (2014: zero and 13.8%; 2013: zero and 15.5%) per annum.

Rm	Within one year	Between one and five years	After five years	Total
2015				
Future minimum lease payments receivable	**1 308**	**743**	**7**	**2 058**
Unearned finance income	**(186)**	**(53)**	**(1)**	**(240)**
Present value of minimum lease payments receivable	**1 122**	**690**	**6**	**1 818**
2014				
Future minimum lease payments receivable	1 429	612	13	2 054
Unearned finance income	(145)	(32)	(2)	(179)
Present value of minimum lease payments receivable	1 284	580	11	1 875
2013				
Future minimum lease payments receivable	1 687	780	-	2 467
Unearned finance income	(250)	(54)	-	(304)
Present value of minimum lease payments receivable	1 437	726	-	2 163

Rm	2015	2014	2013
16. Share capital			
Authorised			
4 000 000 000 ordinary shares with no par value			
Issued			
Fully paid share capital			
1 487 954 000 ordinary shares with no par value	*	*	*
Treasury shares			
21 321 726 (2014: 21 779 006; 2013: 21 355 767) ordinary shares with no par value	1 606	1 589	1 389
	1 606	1 589	1 389

Shares	2015	2014	2013
Movements in the number of ordinary shares outstanding:			
1 April	1 466 174 994	1 466 598 233	1 463 171 408
Statutory shares in issue	1 487 954 000	1 487 954 000	1 487 954 000
Treasury shares	(21 779 006)	(21 355 767)	(24 782 592)
Repurchase of shares[1]	(1 578 018)	(3 709 419)	(1 680 373)
Forfeited shares sold	280 516	709 439	884 342
Vesting of shares	1 754 782	2 576 741	4 222 856
31 March	1 466 632 274	1 466 174 994	1 466 598 233
Statutory shares in issue	1 487 954 000	1 487 954 000	1 487 954 000
Treasury shares	(21 321 726)	(21 779 006)	(21 355 767)
Treasury shares held by:			
Vodacom Group Limited	5 900 495	6 357 775	4 153 709
Subsidiaries	15 421 231	15 421 231	17 202 058
	21 321 726	21 779 006	21 355 767

The unissued share capital is under the control of the current shareholders and the directors do not have the authority to issue any unissued shares.

Notes:

* Fully paid share capital of R100.

1. Forfeitable and restricted shares held by employees are treated as treasury shares for accounting in terms of IAS 32: Financial Instruments: Presentation, since shares awarded under the forfeitable share plan have not fully vested for the purposes of IFRS 2: Share-based Payment until the potential forfeiture period has expired (Note 17).

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

17. Other reserves

17.1 Contingency reserve

In terms of the Short-term Insurance Act of 1998 the Group's cell captive partner, Centriq Insurance Company Limited, was required to recognise a contingency reserve equal to 10.0% of premiums written less approved reinsurance, as defined in the aforementioned act. This reserve could be utilised only with the prior permission of the Registrar of Short-term Insurance. During the prior year the reserve was released to retained earnings as this is no longer a requirement.

17.2 Share-based payment reserve

The following equity-settled share-based payment expense is recognised in profit or loss in terms of IFRS 2: Share-based Payment:

Rm	2015	2014	2013
Share plans (Notes 17.2.1 to 17.2.3)	(130)	(113)	(195)
BBBEE staff expense (Note 17.2.4)	(13)	(95)	(29)
BBBEE charge (Note 17.2.4)	47	(232)	–
	(96)	(440)	(224)

17.2.1 Forfeitable share plan reserve

This share-based payment arrangement is accounted for as an equity-settled share-based payment transaction.

Under the FSP, awards of performance shares are granted to executive directors and selected employees of the Group. The vesting of these shares is subject to continued employment, and is conditional upon achievement of performance targets, measured over a three-year period, for directors, senior management and other selected employees.

	Weighted average fair value at grant date R	Number of shares	Weighted average fair value at grant date R	Number of shares	Weighted average fair value at grant date R	Number of shares
	2015	2015	2014	2014	2013	2013
Share awards						
Movements in non-vested shares:						
1 April	101.83	4 524 493	79.90	5 782 676	65.75	9 319 120
Granted	131.28	1 529 808	111.82	1 861 447	103.15	1 680 373
Forfeited	110.30	(292 470)	84.24	(587 868)	74.39	(993 961)
Vested	86.50	(1 478 013)	63.19	(2 531 762)	59.23	(4 222 856)
31 March	117.06	4 283 818	101.83	4 524 493	79.90	5 782 676
Ordinary shares available for utilisation:						
Opening balance		69 475 510		68 217 327		64 680 880
Granted		(1 529 808)		(1 861 447)		(1 680 373)
Forfeited		292 470		587 868		993 961
Vested		1 478 013		2 531 762		4 222 859
31 March		69 716 185		69 475 510		68 217 327

The fair value of the share awards on grant date were measured using the quoted market price of a Vodacom Group Limited share without adjusting for expected dividends and non-market performance conditions. Market conditions are adjusted for.

17. Other reserves continued

17.2 Share-based payment reserve continued

17.2.2 Restricted share plan

This share-based payment arrangement is accounted for as an equity-settled share-based payment transaction.

Executives who have a conditional benefit in terms of their previous service contract have the option to convert a portion or all of their benefit to restricted shares for the purpose of meeting the shareholding guidelines. These shares are subject to the same conditions as those of the underlying conditional benefit.

	Weighted average fair value at grant date R	Number of shares	Weighted average fair value at grant date R	Number of shares	Weighted average fair value at grant date R	Number of shares
	2015	**2015**	**2014**	**2014**	**2013**	**2013**
Share awards						
Movements in non-vested shares:						
1 April	**111.71**	**1 829 159**	117.93	26 166	–	–
Granted	**131.99**	**48 210**	111.59	1 847 972	117.93	26 166
Forfeited	**110.66**	**(19 123)**	–	–	–	–
Vested	**111.75**	**(276 769)**	110.17	(44 979)	–	–
31 March	**112.93**	**1 581 477**	111.71	1 829 159	117.93	26 166

The fair value of the share awards on grant date were measured using the quoted market price of a Vodacom Group Limited share without adjusting for expected dividends and performance conditions, as these are non-market conditions.

17.2.3 Vodafone performance share plan reserve

This share-based payment arrangement is accounted for as an equity-settled share-based payment transaction.

Under this plan, awards of shares are granted to executive directors and prescribed officers of the Group. During the current year 384 782 shares were granted and no shares vested. The vesting of these shares is subject to continued employment, and, for some awards, is conditional upon achievement of performance targets, measured over a three-year period. A charge is recognised based on the fair value of the award on the grant date.

17.2.4 Broad-based black economic empowerment reserve

This share-based payment arrangement is accounted for as an equity-settled share-based payment transaction.

In October 2008 the Group's shareholders approved a BBBEE transaction which entailed the issue and allotment of ordinary shares and 'A' ordinary shares representing, in aggregate, 6.25% of Vodacom (Pty) Limited's ('Vodacom SA') issued share capital to eligible employees who are permanent employees of Vodacom Group Limited and any of its wholly-owned South African subsidiaries from time to time, as well as Vodacom SA and its wholly-owned South African subsidiaries, including employees of the said entities who are on secondment outside of South Africa ('Employees'), broad-based black South African public ('Black Public'), black business partners ('Business Partners') and broad-based strategic partners ('Strategic Partners'). The transaction was introduced to assist the Group in meeting its empowerment objectives for its South African operations.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

17. Other reserves continued

17.2 Share-based payment reserve continued

17.2.4 Broad-based black economic empowerment reserve continued

Components of the transaction	Notes	Percentage allocated %	Transaction value Rm	Cumulative share-based payment expense Rm	Cash received Rm	Weighted average remaining life Years
Employees: YeboYethu Employee Participation Trust ('the Trust')	17.2.4.1	1.56	1 875	(418)	–	1.5
Black Public and Business Partners: YeboYethu Limited	17.2.4.2	1.88	2 250	(575)	360	1.5
Strategic Partner: Royal Bafokeng Holdings (Pty) Limited	17.2.4.3	1.97	2 366	(648)	378	1.5
Strategic Partner: Thebe Investment Corporation (Pty) Limited	17.2.4.3	0.84	1 009	(276)	162	1.5
		6.25	7 500	(1 917)	900	

17.2.4.1 Employees

The Trust, an employee share ownership plan, was established for the benefit of all eligible employees. The Trust holds 'A' ordinary shares in Vodacom SA through its interest in YeboYethu Limited[1]. The 'A' ordinary shares are a separate class of shares in Vodacom SA, ranking *pari passu* with the ordinary shares except that they do not entitle the holder to dividends in cash until a notional loan is repaid.

Employees participated in the transaction by being allocated units in the Trust based on a varying percentage of their guaranteed total cost of employment per annum taking into account their employment level and racial and gender classification. Altogether 75.0% of the Trust units were allocated to the employees on or about 1 October 2008 and 25.0% was reserved for future allocations to future employees. Of the 75.0% of allocated units, 74.8% was taken up by employees in 2008. In the current financial year, 0.9% (2014: 2.0%; 2013: 2.9%) was allocated to new employees that joined the Group between 1 September 2013 and 31 August 2014.

The units vest annually on 1 September in five equal tranches and can be converted into YeboYethu Limited shares effective 1 March 2019.

17.2.4.2 Black Public and Business Partners

The Black Public and Business Partners hold ordinary and 'A' ordinary shares in Vodacom SA through YeboYethu Limited.

For the first five years the Black Public and Business Partners will not be entitled to sell their ordinary and 'A' ordinary shares in Vodacom SA. After the fifth anniversary until the expiry of the 10 year lock-in period they will be entitled to sell or transfer these shares to approved BBBEE parties. After the expiry of the 10 year lock-in period the Black Public and Business Partners will be entitled to freely trade the ordinary and 'A' ordinary shares. The over-the-counter ('OTC') trading commenced on 3 February 2014.

17.2.4.3 Strategic Partners: Royal Bafokeng Holdings (Pty) Limited and Thebe Investment Corporation (Pty) Limited

The two Strategic Partners respectively hold ordinary and 'A' ordinary shares in Vodacom SA through two wholly-owned ring-fenced private companies named Lisinfo 209 Investments (Pty) Limited[1] and Main Street 661 (Pty) Limited[1].

The Strategic Partners will not be able to trade their shares during the first seven years of the 10 year lock-in period. After the seventh anniversary and until the expiry of the lock-in period, the Strategic Partners will be entitled to trade their shares subject to Vodacom SA having a first pre-emptive right to repurchase, and other Strategic Partners, if introduced with Vodacom SA's approval, having a second ranking pre-emptive right to purchase the shares. If none of the parties exercise their right, the Strategic Partners will be entitled to sell their shares to any other party with similar or higher BBBEE rating than themselves, subject to Vodacom SA approval. After the expiry of the 10 year lock-in period the Strategic Partners will be entitled to freely trade their shares.

Note:
1. Consolidated by the Group as a structured entity in terms of IFRS 10: Consolidated Financial Statements, as issued by the IASB.

17. Other reserves continued

17.2 Share-based payment reserve continued

17.2.4 Broad-based black economic empowerment reserve continued

17.2.4.4 Funding

Funding for the Trust units and for discounts given on the 'A' ordinary shares was provided by Vodacom SA on a notional funding basis. In terms of the original notional vendor finance structure, the notional funding earned notional interest at a 10.0% notional nominal annual rate compounded semi-annually ('NACS'). To simplify the matter, the notional interest is now calculated using an equivalent converted notional nominal annual rate compounded daily of 9.8% which in the absence of any cash flow would yield the same result. The change from NACS was approved by the shareholders of Vodacom SA on 2 March 2010. Refer to Note 17.2.4.7 for the modification note.

The BBBEE participants receive a notional dividend on the 'A' ordinary shares, which is used as a notional payment against the notional loan. A market condition has been included in the grant of the share rights through the repurchase feature, since the growth in the market value of Vodacom SA's shares impact the variable number of shares to be repurchased. This market condition has been taken into account when estimating the fair value of the share rights granted. If the notional loan has not been fully repaid by the notional dividends, Vodacom SA has the legal right and option to repurchase a variable number of shares from the BBBEE participants at par value. The variable number of shares will be calculated based on a specified formula which takes into account the outstanding balance of the notional loan and the underlying value of the shares held in Vodacom SA. This repurchase feature is a mechanism to redeem any outstanding notional loan balances and since there is no obligation on Vodacom SA to repurchase any shares, it does not render the share-based payment to be cash-settled, nor does it impact the vesting rights.

The notional funding closing balance for employees amounted to R1 669 million (2014: R1 650 million; 2013: R1 672 million), for Black Public and Business Partners R1 470 million (2014: R1 483 million; 2013: R1 540 million) and for Strategic Partners R2 205 million (2014: R2 225 million; 2013: R2 310 million).

17.2.4.5 Share rights

	2015	2014	2013
Movements in non-vested share rights:			
1 April	285 782 839	285 015 543	285 650 648
Granted	535 560	1 514 049	2 111 057
Forfeited	(306 080)	(746 753)	(2 746 162)
31 March	286 012 319	285 782 839	285 015 543
Vesting period of share rights granted:			
Vested	284 814 468	282 743 075	270 684 306
Within one year	1 197 851	2 071 393	12 058 768
Between one and five years	–	968 371	2 272 469
	286 012 319	285 782 839	285 015 543

Unallocated share rights amount to 13 987 681 (2014: 14 217 161; 2013: 14 984 456). No share rights are currently exercisable through the notional funding mechanism. Since the funded portion of the fair value is repaid through notional dividends on the 'A' ordinary shares issued, the exercise price at the date the share rights become exercisable can vary depending to what extent the notional amounts outstanding have been recouped.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

17. Other reserves continued

17.2 Share-based payment reserve continued

17.2.4 Broad-based black economic empowerment reserve continued

17.2.4.6 BBBEE valuation

BBBEE credentials are not separable and cannot be valued other than by reference to the fair value of the equity instruments granted. The share-based payment expense was calculated using the Monte-Carlo option pricing model, which is reflective of the underlying characteristics of the BBBEE transaction, using the following assumptions at grant dates:

	Employees: 2015 issue	Employees: 2014 issue	Employees: 2013 issue	Black Public and Business Partners	Strategic Partners
Exercise price	–	–	–	R25	R25
Risk-free rate (%)[1]	5.5 – 7.1	5.5 – 7.9	4.8 – 5.4	8.9 – 11.7	8.9 – 11.7
Expected volatility (%)[2]	22.0	23.0	22.0	30.0	30.0
Vesting period (years)	1	2	3	–	–
Contractual life (years)	1	2	3	7	7

Notes:

1. Determined from the bootstrapped zero-coupon perfect-fit swap curve, sourced from the Bond Exchange of South Africa.
2. Determined using the historical share prices of Vodafone Group Plc, data sourced from Bloomberg, Telkom SA Limited (pre 18 May 2009), MTN Group Limited and Vodacom Group Limited, data sourced from McGregor BFA.

17.2.4.7 BBBEE modification

During the prior financial year the terms and conditions of the notional loan were amended (refer Note 17.2.4.4). Effective 1 April 2015, the notional interest decreased from 9.8% to 8.0% and the notional term was extended to 30 September 2018. The trading commencement date for employees changed from 1 March 2016 to 1 March 2019.

To compensate for the reduced liquidity as a result of the extended terms of the units, the Group will provide employees with the option to subscribe for an interest free loan, repayable 1 March 2019. The employee will pledge the interest held in units as security for the interest free loan. It is proposed that the value of the interest free loan available to the employees will be 50% of the amount which the Group determines as a bona fide estimate of what the after taxation value of the borrower's participation rights would have been at the original vesting date, had the notional loan period not been extended. If an employee elects to receive the funding, the Group will pay the employee the fringe benefit taxation that is levied on the employee arising from the interest free loans. The same will apply if the Group decides to waive the loan.

The above resulted in the modification of the original instrument granted.

17.2.4.8 Innovator trust

In terms of the original BBBEE deal, the BBBEE shareholders were granted options in substance in YeboYethu and vested on the grant date but are only considered to be exercised on the date the vendor financing provided by the Group to YeboYethu is fully repaid, which has not yet occurred. During the year, the Innovator Trust, a consolidated structured entity, acquired shares from the existing BBBEE shareholders through the over-the-counter ('OTC') trading platform of YeboYethu. The objectives of the Innovator Trust include facilitating enterprise development.

The ability of the Innovator Trust to purchase YeboYethu shares provides the Group with a choice of settlement to the BBBEE shareholders, for up to 34% of the YeboYethu shares. The Group can either settle the award in YeboYethu shares or repurchase the equity instruments and thereby settle the transaction in cash. With the first purchase of YeboYethu shares by the Innovator Trust, the Group created a past practice of settling the awards in cash and recognised its present obligation to settle in cash as a deduction from equity amounting to R322 million. The cash-settled liability will be measured at fair value through profit and loss at each reporting date and on settlement.

Rm	2015	2014	2013
18. Borrowings			
In terms of the memorandum of incorporation of Vodacom Group Limited, the borrowing powers of the Company are unlimited.			
Non-current			
Interest bearing borrowings (Note 18.1)	20 308	9 683	7 881
Current			
Interest bearing borrowings (Note 18.1)	4 915	3 631	5 854
Non-interest bearing borrowings (Note 18.2)	436	436	436
	5 351	4 067	6 290
18.1 Interest bearing borrowings			
Domestic medium-term note programme	–	–	753
During 2012, the Group established and registered a domestic medium-term note programme on the interest rate market of the JSE Limited, under which notes including commercial paper may be issued by the Group from time to time. The maximum aggregate nominal amount of all notes outstanding may not exceed R10 000 million. During the prior year the unsecured three month commercial paper with a nominal value of R750 million, bearing interest at three month JIBAR plus 0.10%, was settled on 8 October 2013.			
Vodafone Investments Luxembourg s.a.r.l.	21 201	10 532	6 024
During the current year, two additional loans, with a combined nominal value of R10 576 million were raised. The loans with a combined nominal value of R21, 076 million were mainly utilised to refinance existing borrowings, capital expenditure and working capital requirements, while R2 576 million was utilised to finance an additional investment in a subsidiary. The terms of the loans vary between three and seven years. The loans are unsecured and bear interest payable quarterly between JIBAR plus 1.15% and 1.50% and are ultimately repayable between 22 March 2016 and 28 September 2020. The loan that was repayable on 23 November 2014 was refinanced and the repayment date was extended to 24 November 2017 with a new interest rate of three-month JIBAR plus 1.15%.			
Dark Fibre Africa (Pty) Limited and Link Africa (Pty) Limited	1 395	1 229	898
The Group leases access transmission links under finance leases. These leases bear interest at a fixed interest rate of 6.71% and lease payments are made monthly over a lease term of 15 years per link. The finance lease liability is secured by the lessor's title to the leased assets (Note 9).			
The Standard Bank of South Africa Limited	911	–	–
During the year loans with nominal values of US$35 million and US$40 million were raised in favour of Vodacom Congo (RDC) SA to finance capital expenditure and working capital requirements and to repay short-term debt. The loans bear interest payable quarterly at three-month LIBOR plus 2.45% and LIBOR plus approximately 3.10% respectively, have a five-year term and are ultimately repayable on 2 October 2019 and 12 December 2019 respectively. The Group has issued guarantees for these borrowings (Note 25).			
Balance carried forward	23 507	11 761	7 675

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

	Rm	2015	2014	2013
18.	**Borrowings** continued			
18.1	**Interest bearing borrowings** continued			
	Balance brought forward	23 507	11 761	7 675
	Citibank syndicated loans	–	–	382
	These loans with nominal values of US$23 million (2014 and 2013: US$23 million) and TZS28 872 million (2014 and 2013: TZS28 872 million) were utilised to refinance existing borrowings, for capital expenditure and for general corporate requirements. They bore interest, payable quarterly, at LIBOR plus 2.0% to 3.5% on the US$ denominated borrowings and the reference treasury bill rate plus 2.25% to 3.0% on the TZS denominated borrowings. The loans were repayable in equal bi-annual instalments with the last instalment paid on 16 December 2013. The loans were secured by an asset debenture, granted by Vodacom Tanzania Limited, and a mortgage over certain property (Notes 9 and 10).			
	Nedbank Limited and Absa Bank Limited	–	–	3 736
	The loan with a nominal value of R3 750 million was utilised to refinance existing borrowings, for capital expenditure and working capital requirements. It bore interest, payable quarterly, at JIBAR plus 1.5%, was repaid on 30 September 2013 and was unsecured (Note 30.4.1.2).			
	Momentum Group Limited and Futuregrowth Asset Management (Pty) Limited	–	–	450
	The loan with a nominal value of R450 million was utilised to refinance existing borrowings, for capital expenditure and working capital requirements. It bore interest, payable quarterly, at JIBAR plus 1.5%, was repaid on 30 September 2013 and was unsecured.			
	Old Mutual Specialised Financing (Pty) Limited and Minervois Trading No. 2 (Pty) Limited	999	1 002	1 000
	The loan with a nominal value of R1 000 million was utilised to refinance existing borrowings, for capital expenditure and working capital requirements. It bears interest, payable quarterly, at JIBAR plus 1.8%, is repayable on 30 September 2015 and is unsecured (Note 30.4.1.2).			
	Balance carried forward	24 506	12 763	13 243

Rm	2015	2014	2013
18. Borrowings continued			
18.1 Interest bearing borrowings continued			
Balance brought forward	24 506	12 763	13 243
Mirambo Limited	11	9	7
The loan with a nominal value of US$18 million was provided to Vodacom Tanzania Limited. In the prior year the nominal value of the loan was converted to equity. The remaining portion of the loan bears interest, payable quarterly, at LIBOR plus 5.0%. The loan shall be repaid in the next financial year.			
Congolese Wireless Network s.a.r.l.	706	542	466
The loan with a nominal value of US$37 million, forms part of the capital structure of Vodacom Congo (RDC) SA, bears interest at 4.0% per annum and is repayable at the discretion of the shareholders and simultaneously in proportion to their shareholding.			
Other loans	–	–	19
	25 223	13 314	13 735

The aggregate fair value, if determinable, of interest bearing borrowings with a carrying amount of R24 517 million (2014: R12 772 million; 2013: R13 262 million) amounts to R24 280 million (2014: R12 490 million; 2013: R13 320 million) and was determined by using the discounted cash flow method, with a discount rate based on market-related interest rates. The discount rate varied between 6.3% and 8.8% (2014: 6.9% and 8.9%; 2013: 6.6% and 7.7%) for rand-denominated borrowings and between 2.7% and 4.9% for foreign-denominated borrowings.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

18. Borrowings continued

18.1 Interest bearing borrowings continued

Maturity of finance lease liabilities:

Rm	0 – 1 year	2 – 5 years	5+ years
2015			
Future minimum lease payments payable	166	662	1 257
Future finance costs	(92)	(314)	(284)
Present value of minimum lease payments payable	74	348	973
2014			
Future minimum lease payments payable	140	560	1 165
Future finance costs	(81)	(279)	(276)
Present value of minimum lease payments payable	59	281	889
2013			
Future minimum lease payments payable	100	399	885
Future finance costs	(59)	(206)	(220)
Present value of minimum lease payments payable	41	193	665

Interest rate and currency of interest bearing borrowings:

Rm	Total	Floating rate	Fixed rate
2015			
Currency			
South African rand	23 595	21 201	2 394
United States dollar	1 628	921	707
	25 223	22 122	3 101
2014			
Currency			
South African rand	12 763	7 511	5 252
United States dollar	551	9	542
	13 314	7 520	5 794
2013			
Currency			
South African rand	12 861	8 217	4 644
Tanzanian shilling	165	165	–
United States dollar	709	225	484
	13 735	8 607	5 128

Rm	2015	2014	2013
18.2 Non-interest bearing borrowings			
Royal Bafokeng Holdings (Pty) Limited	436	436	436
	436	436	436

Due to the absence of repayment dates, fair value is not determinable.

19. Trade and other payables

Rm	2015	2014	2013
Trade payables	7 918	6 894	7 060
Capital expenditure creditors	4 088	3 693	3 050
Value added tax	1 175	1 058	905
Accruals	3 962	5 108	2 192
Deferred revenue	3 332	3 513	4 387
Derivative financial liabilities	95	146	43
Other	778	417	365
	21 348	20 829	18 002
Timing			
Current	20 589	20 357	17 780
Non-current	759	472	222
	21 348	20 829	18 002

Trade payables are carried at cost which normally approximates fair value due to short-term maturity.

Rm	2015	2014	2013
Included within derivative financial liabilities:			
At fair value through profit or loss, classified as held for trading:			
Foreign exchange forward contracts	–	3	3
Cash flow hedges:			
Interest rate swaps	6	4	40
Fair value hedges:			
Foreign exchange forward contracts	43	115	–
Firm commitment liability – fair value hedge	46	24	–
	95	146	43

The fair value of foreign exchange forward contracts is determined with reference to quoted market prices for similar instruments, being the mid forward rates as at the reporting dates. During the prior year the Group designated certain foreign exchange forward contracts as fair value hedges to hedge its exposure to variability in the fair value that is attributable to changes in foreign exchange rates.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

20. Provisions

Rm	Employee benefits provisions	Other provisions	Total
1 April 2012	555	351	906
Provision created	20	61	81
Provision utilised	(103)	(63)	(166)
Disposal of subsidiary	(12)	–	(12)
Unwinding of interest	–	10	10
31 March 2013	460	359	819
Provision utilised	(311)	(86)	(397)
Unwinding of interest	–	10	10
31 March 2014	**149**	**283**	**432**
Provision created	**2**	**26**	**28**
Provision utilised	**(92)**	**(63)**	**(155)**
Unwinding of interest	**–**	**11**	**11**
31 March 2015	**59**	**257**	**316**

Rm	2015	2014	2013
Timing			
Current	**91**	169	283
Non-current	**225**	263	536
	316	432	819

20.1 Employee benefits provisions

Deferred bonus incentive provision

The provision was fully utilised during the current year. The value of entitlements were determined based upon the audited consolidated annual financial statements of the Group. Since 2009 the Group no longer issues any entitlements and all past entitlements continued to increase in value, based on defined profit increase, until 31 March 2014.

Other employee benefits provision

The provision is measured based on contractually agreed terms and increases as the employee renders the related service. The provision is utilised when eligible employees terminate their service as set out in the agreement.

Rm	2015	2014	2013
1 April	**65**	329	384
Current service cost	**3**	5	20
Total benefit payments	**(10)**	(62)	(63)
Restricted share plan (Note 17.2.2)	**(23)**	(207)	–
Disposal of subsidiary (Note 22)	**–**	–	(12)
31 March	**35**	65	329

20.2 Other provisions

Other provisions include provisions for asset retirement obligations. In the course of the Group's activities, a number of sites and other assets are utilised which are expected to have costs associated with exiting and ceasing their use. The associated cash outflows are generally expected to occur at the dates of exit of the assets to which they relate, which are long-term and short-term in nature.

Rm	2015	2014	2013
21. Cash generated from operations			
Operating profit	19 235	20 394	18 897
Adjusted for:			
Depreciation and amortisation (Notes 9 and 10)	7 581	6 785	6 364
Net profit on disposal of property, plant and equipment and intangible assets (Note 3)	(110)	(147)	(22)
Impairment losses (Note 2)	–	–	14
Bad debt	697	435	263
Share-based payment	96	439	224
Other non-cash flow items	181	(3)	–
Cash flows from operations before working capital changes	27 680	27 903	25 740
(Increase)/decrease in inventory	(113)	(190)	14
(Increase)/decrease in trade and other receivables	(466)	369	(1 296)
(Decrease)/increase in trade and other payables and provisions	(903)	819	862
Cash generated from operations	26 198	28 901	25 320
22. Business combinations and disposal of interests in subsidiaries			
Aggregate net cash consideration paid			
Consideration transferred (including directly attributable costs)	(1 018)	–	272
	(1 018)	–	272
Net cash and cash equivalents disposed	–	–	85
	(1 018)	–	357

22.1 Business combinations

Nashua Mobile (Pty) Limited ('Nashua')

Effective 11 November 2014, the Group acquired its Nashua Mobile customer base from Nashua. The acquired customer base was valued using the multi excess earning method ('MEEM'). The MEEM is an income approach to fair value measurement often used when two or more assets work together to generate a cash-flow stream. The MEEM seeks to isolate the cash-flow stream attributable to a specific intangible asset being valued from the asset grouping's overall cash-flow stream.

Rm	2015	2014	2013
Final fair value of net identifiable asset acquired	(576)	–	–
Customer base	(800)	–	–
Deferred tax	224	–	–
Goodwill[1]	(442)	–	–
Consideration transferred	(1 018)	–	–

Note:

1. Goodwill represents future synergies and is allocated to the Group's South Africa cash-generating unit.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

22. Business combinations and disposal of interests in subsidiaries continued

22.2 Disposal of subsidiary

During 2013, the Group sold its investment, supplier agreements and assets in Gateway Carrier Services[1], which formed part of the Group's International reportable segment, for US$35 million. The profit on sale is disclosed as profit on sale of subsidiary.

Rm	2015	2014	2013
Net assets disposed	–	–	43
Foreign exchange	–	–	5
Profit on sale of subsidiary	–	–	224
Consideration received	–	–	272
Bank overdraft	–	–	85
	–	–	357

Note:
1. Gateway Communications (Pty) Limited, Gateway Communications SA (Belgium), Gateway Communications UK Limited, Gateway Communications Mozambique Limitada and Gateway Communications SAS (France), as well as the customer contracts of Gateway Communications Africa (UK) Limited.

23. Cash and cash equivalents

Rm	2015	2014	2013
Bank and cash balances	9 250	6 127	6 528
Bank overdrafts[1]	(380)	(335)	(340)
	8 870	5 792	6 188

The carrying amount of cash and cash equivalents normally approximates its fair value due to short-term maturity.

Note:
1. Bank overdrafts, excluding those classified as financing activities in the statement of cash flows, are regarded as part of the Group's integral cash management system.

Rm	2015	2014	2013
24. Commitments			
24.1 Capital commitments			
Capital expenditure contracted for but not yet incurred	2 205	2 390	3 254

Capital commitments for property, plant and equipment and computer software will be financed through internal cash generation, extended supplier credit and bank credit.

24.2 Operating lease commitments			
Future minimum lease payments under non-cancellable operating leases comprise:			
Within one year	1 525	1 218*	992
Between one and five years	4 407	4 019*	3 134
After five years	4 706	4 385*	2 937
	10 638	9 622*	7 063

Operating leases include leases of certain transmission and data lines, offices, distribution outlets, sites, buildings, office equipment and motor vehicles. The remaining lease terms vary between one and 15 years (2014 and 2013: one year and 20 years) with escalation clauses that vary from an annual fixed escalation rate between 2.0% and 10.0% (2014 and 2013: 2.0% and 10.0%) per annum or an annual variable consumer price index rate. Various options to renew exist.

The total of future minimum sublease payments expected to be received under non-cancellable subleases is R2 446 million (2014: R919 million; 2013: R905 million).

* Restated: Commitments with regards to the future minimum lease payments under the sale and leaseback of towers from HTT, which were not included in the commitments for 31 March 2014, have been restated as follows:

Rm	Previously reported	Adjustment	Restated
Within one year	1 045	173	1 218
Between one and five years	3 244	775	4 019
After five years	2 644	1 741	4 385
	6 933	2 689	9 622

24.3 Other commitments

Other commitments include commitments for purchases of handsets and other goods and services. Also included are retention incentives, activation bonuses and activation commissions.

As at 31 March 2015, purchase commitments amount to R12 678 million (2014: R6 904 million; 2013: R6 583 million). R5 643 million of the R12 678 million commitment as at 31 March 2015, relate to payments due within 12 months.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

25. Contingent liabilities

25.1 Unresolved tax matters

The Group is regularly subject to an evaluation, by tax authorities, of its direct and indirect tax filings. The consequence of such reviews is that disputes can arise with tax authorities over the interpretation or application of certain tax rules applicable to the Group's business. These disputes may not necessarily be resolved in a manner that is favourable to the Group. Additionally, the resolution of the disputes could result in an obligation to the Group.

The Group has discussions with relevant tax authorities on specific matters regarding the application and interpretation of tax legislation affecting the Group and the industry in which it operates. All reliable assessments of tax exposure identified have been quantified and accounted for as appropriate.

The Group has considered all matters in dispute with tax authorities and has accounted for any exposure identified, if required.

25.2 Various legal contingencies

The Group is currently involved in various legal proceedings and has, in consultation with its legal counsel, assessed the outcome of these proceedings. Following this assessment, the Group's management has determined that no provision is required in respect of these legal proceedings as at 31 March 2015. Litigations, current or pending, are not likely to have a material adverse effect on the Group.

25.3 Guarantees

The Group issued various guarantees, relating to external financial obligations of its subsidiaries, which amounted to R113 million (2014: R93 million; 2013: R65 million).

Foreign denominated guarantees amounting to R911 million (2014 and 2013: RNil) were issued in support of Vodacom Congo (RDC) SA.

Vodacom (Pty) Limited provides a guarantee for borrowings entered into by Vodacom Group Limited. At 31 March 2015, and in prior years, none of the borrowings under guarantee were utilised.

26. Post-employment benefits

The Group operates a number of pension plans for the benefit of all its employees throughout the Group, which vary depending on the conditions and practices in the countries concerned. The Group's pension plans are provided through defined contribution schemes. Defined contribution schemes offer employees individual funds that are converted into benefits at the time of retirement. Current contributions to the defined contribution schemes amounted to R247 million (2014: R223 million; 2013: R204 million). South African funds are governed in terms of the Pension Funds Act of 1956. The assets in the funds are held in separate accounts and funds are raised through payments from employees and the Group.

27. Events after the reporting period

Dividend declared after the reporting period and not recognised as a liability

A final dividend of R5 952 million (400 cents per ordinary share) was declared for the year ended 31 March 2015, payable on Monday 29 June 2015 to shareholders recorded in the register at the close of business on Friday 26 June 2015. The net dividend after taking into account dividend withholding tax for those shareholders not exempt from dividend withholding tax is 340.00000 cents per share.

28. Interest in subsidiaries

Information disclosed below are for subsidiaries of the Group that have material non-controlling interests.

28.1 Vodacom Tanzania Limited ('VTL')

The Group holds a 82.2%[1] (2014 and 2013: 65%) interest in VTL which operates and is incorporated in Tanzania. There are no restrictions on VTL's ability to access or use assets, and settle liabilities of the Group.

Rm	2015	2014	2013
Statement of financial position			
Non-current assets	5 245	4 479	4 235
Current assets	3 691	3 449	2 271
Total assets	8 936	7 928	6 506
Equity attributable to owners of the parent	(3 050)	(2 150)	(1 419)
Non-controlling interests	(669)	(1 123)	(733)
Current liabilities	(5 008)	(4 164)	(3 930)
Non-current liabilities	(209)	(491)	(424)
Total equity and liabilities	(8 936)	(7 928)	(6 506)
Income statement			
Revenue	5 880	5 764	4 127
Net profit attributable to equity shareholders	329	537	434
Net profit attributable to non-controlling interests	86	290	227
Net profit	415	827	661
Statement of cash flows			
Net cash flows from operating activities	1 848	2 105	1 501
Net cash flows utilised in investing activities	(1 287)	(1 729)	(916)
Net cash flows utilised in financing activities	–	(453)	(413)
Net increase/(decrease) in cash and cash equivalents	561	(77)	172

Note:

1. Effective 29 April 2014 the Group acquired an additional 17.2% interest, increasing its shareholding to 82.2%, for a total purchase consideration of R2 576 million. This was accounted for as a transaction with non-controlling interests.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

28. Interest in subsidiaries continued

28.2 Vodacom Congo (RDC) SA ('Vodacom Congo')

The Group holds a 51% (2014 and 2013: 51%) interest in Vodacom Congo which operates and is incorporated in The Democratic Republic of Congo. There are no restrictions on Vodacom Congo's ability to access or use assets, and settle liabilities of the Group.

Rm	2015	2014	2013
Statement of financial position			
Non-current assets	4 372	3 205	2 458
Current assets	1 344	1 631	1 014
Total assets	5 716	4 836	3 472
Equity attributable to owners of the parent	3 752	3 049	2 883
Non-controlling interests	1 557	881	722
Current liabilities	(10 053)	(8 734)	(7 039)
Non-current liabilities	(972)	(32)	(38)
Total equity and liabilities	(5 716)	(4 836)	(3 472)
Income statement			
Revenue	4 321	3 853	2 742
Net (loss)/profit attributable to equity shareholders	(380)	84	(49)
Net (loss)/profit attributable to non-controlling interests	(364)	81	(47)
Net (loss)/profit	(744)	165	(96)
Statement of cash flows			
Net cash flows from operating activities	776	1 057	748
Net cash flows utilised in investing activities	(1 736)	(755)	(445)
Net cash flows from/(utilised) in financing activities	782	(73)	(53)
Net (decrease)/increase in cash and cash equivalents	(178)	229	250

28. Interest in subsidiaries continued

28.3 VM, SA

The Group holds a 85% (2014 and 2013: 85%) interest in VM, SA which operates and is incorporated in Mozambique. There are no restrictions on VM, SA's ability to access or use assets, and settle liabilities of the Group.

Rm	2015	2014	2013
Statement of financial position			
Non-current assets	3 757	2 876	2 074
Current assets	969	887	872
Total assets	4 726	3 763	2 946
Equity attributable to owners of the parent	(2 837)	(2 682)	(2 361)
Non-controlling interests	49	77	133
Current liabilities	(1 734)	(1 146)	(710)
Non-current liabilities	(204)	(12)	(8)
Total equity and liabilities	(4 726)	(3 763)	(2 946)
Income statement			
Revenue	3 283	2 757	1 944
Net profit attributable to equity shareholders	202	105	77
Net profit attributable to non-controlling interests	36	19	13
Net profit	238	124	90
Statement of cash flows			
Net cash flows from operating activities	1 233	1 082	465
Net cash flows utilised in investing activities	(1 698)	(1 034)	(478)
Net cash flows from financing activities	431	–	7
Net (decrease)/increase in cash and cash equivalents	(34)	48	(6)

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

28 Interest in subsidiaries continued

28.4 Vodacom Lesotho (Pty) Ltd ('Vodacom Lesotho')

The Group holds a 80% (2014 and 2013: 80%) interest in Vodacom Lesotho which operates and is incorporated in Lesotho. There are no restrictions on Vodacom Lesotho's ability to access or use assets, and settle liabilities of the Group.

Rm	2015	2014	2013
Statement of financial position			
Non-current assets	580	488	376
Current assets	211	152	156
Total assets	791	640	532
Equity attributable to owners of the parent	(454)	(359)	(305)
Non-controlling interests[1]	(114)	(90)	(76)
Current liabilities	(211)	(174)	(136)
Non-current liabilities	(12)	(17)	(15)
Total equity and liabilities	(791)	(640)	(532)
Income statement			
Revenue	849	708	660
Net profit attributable to equity shareholders	174	112	155
Net profit attributable to non-controlling interests	44	28	39
Net profit	218	140	194
Statement of cash flows			
Net cash flows from operating activities	336	236	225
Net cash flows utilised in investing activities	(194)	(184)	(72)
Net cash flows utilised in financing activities	(99)	(72)	(162)
Net increase/(decrease) in cash and cash equivalents	43	(20)	(9)

Note:
1. Dividend paid to non-controlling interest amounted to R20 million (2014: R14 million; 2013: R31 million).

29. Related parties

The Group's related parties are its parent, joint venture, associate, pension schemes (Note 26) and key management including directors (Note 29.3).

Rm	2015	2014	2013
29.1 Balances with related parties			
Accounts receivable			
Vodafone Group Plc and subsidiaries	50	221	115
Other	10	29	26
Accounts payable			
Vodafone Group Plc and subsidiaries	(1 007)	(544)	(207)
Other	(1)	(17)	1
The outstanding balances listed above are unsecured and will be settled in cash in the ordinary course of business. No guarantees or provision for doubtful debts have been recognised.			
Borrowings			
Vodafone Investments Luxembourg s.a.r.l (Note 18)	21 201	10 532	6 024

Rm	2015	2014	2013
29. Related parties continued			
29.2 Transactions with related parties			
Vodafone Group Plc and subsidiaries[1]	(8 809)	(9 067)	(8 819)
Revenue	73	40	178
Direct expenses	(277)	(327)	(156)
Secondment fees	(48)	(15)	(7)
Other operating expenses	(771)	(786)	(1 048)
Dividends declared	(7 786)	(7 979)	(7 786)
Other	(18)	(2)	7
Revenue	7	7	17
Direct expenses	(5)	–	(3)
Other operating expenses	(20)	(9)	(7)
Transactions with entities in which related parties have an interest	(20)	(4)	2

Note:
1. An amount of R228 million (2014: R180 million; 2013: RNil) relating to procurement costs was capitalised during the current year.

Rm	2015	2014	2013
29.3 Key management personnel and directors' remuneration			
Key management	(89)[3]	(65)[3]	(88)[2]
Short-term employee benefits	(74)	(52)	(53)
Post-employment benefits[1]	(2)	(3)	(2)
Other long-term employee benefits	–	(1)	(5)
Share-based payments	(13)	(9)	(28)
Directors			
Executive directors	(36)	(30)	(63)
Short-term employee benefits	(22)	(22)	(40)
Post-employment benefits[2]	(1)	(1)	(1)
Other long-term employee benefits	–	(1)	(6)
Share-based payments	(13)	(6)	(16)
Non-executive directors	(7)	(6)	(6)
Directors' fees	(7)	(6)	(6)
Directors' remuneration paid and accrued by:	(43)	(36)	(69)
Vodacom Group Limited	(43)	(36)	(53)
Subsidiaries	–	–	(16)

Notes:
1. Included in 'Post-employment benefits' is an amount of R0.4 million (2014: R1 million; 2013: R0.3 million) relating to contributions to provident funds made annually from bonus allocations.
2. Included in 'Post-employment benefits' is an amount of R0.7 million (2014: R0.4 million; 2013: R1 million) relating to contributions to provident funds made annually from bonus allocations.
3. Includes key management personnel paid by subsidiaries.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

29. Related parties continued

29.3 Key management personnel and directors' remuneration continued

Included in the aggregate remuneration above are the following individual remuneration (further details can be found in the remuneration report):

R	Directors' fees	Salary	Retirement contributions	Other[1,7]
2015				
Executive directors				
MS Aziz Joosub	–	5 980 977	1 231 523	–
IP Dittrich	–	4 487 946	213 054	–
Non-executive directors				
MP Moyo	1 900 000	–	–	–
DH Brown	743 333	–	–	–
YZ Cuba[4]	272 501	–	–	–
HMG Dowidar*	405 000	–	–	–
M Joseph*	455 000	–	–	–
BP Mabelane[5]	163 334	–	–	–
TM Mokgosi-Mwantembe	650 000	–	–	–
PJ Moleketi	660 000	–	–	–
JWL Otty*	455 000	–	–	–
RAW Schellekens*	666 667	–	–	–
S Timuray*	685 000	–	–	–
	7 055 835	10 468 923	1 444 577	–

R	Directors' fees	Salary	Retirement contributions	Other[1,7]
2015				
Key management personnel (Prescribed officers)				
YZ Cuba[5]	–	1 700 383	153 784	4 450 000
ADJ Delport	–	3 399 990	641 260	–
N Gough[4]	–	3 031 893	–	2 367 094
GRM Hagel	–	3 315 179	–	600 000
V Jarana	–	3 291 609	295 891	–
PP Kesha Patel[4,6]	–	4 179 769	–	5 646 166
R Kumalo	–	3 303 089	296 911	–
M Makanjee	–	2 631 548	131 452	–
M Mbungela[5]	–	2 061 238	322 095	–
M Nkeli[4]	–	193 171	29 748	2 675 034
NC Nyoka	–	3 218 233	340 300	–
T Streichert[5,6]	–	3 445 202	–	2 076 445
	–	33 771 304	2 211 441	17 814 739

Notes:

* Fees due to these directors were paid to Vodafone Group Plc, the company by which the director is employed. No other payments were made to third parties in lieu of directors' fees.

1. Includes relocation allowance, assignment allowance, acting allowance, employee gifts and exit benefits.
2. Includes mobile phone benefit and subsistence allowance.
3. STI payable in June 2015, for the year ended March 2015.
4. Resignations: M Nkeli 30 April 2014; YZ Cuba and N Gough: 31 October 2014; PP Kesha Patel: 31 March 2015.
5. Appointments: T Streichert: 1 April 2014; M Mbungela: 1 May 2014; YZ Cuba: 1 November 2014 and BP Mabelane: 1 December 2014.
6. Remuneration paid/payable to Vodafone Group Plc.
7. In the current year a sign-on arrangement/restraint of trade is included for YZ Cuba, which is expensed over a three-year period. In the prior year a sign-on arrangement/restraint of trade was included for IP Dittrich, which is expensed over a two-year period.

Expense allowances[2]	Short-term incentives ('STI')[3]	Remuneration report	Expensed over term[7]	Actuals vs provisions	Long-term incentives and other	Total
4 800	3 715 700	10 933 000	–	2 854 300	9 643 301	23 430 601
4 800	1 541 316	6 247 116	104 167	2 733 684	3 720 843	12 805 810
–	–	1 900 000	–	–	–	1 900 000
–	–	743 333	–	–	–	743 333
–	–	272 501	–	–	–	272 501
–	–	405 000	–	–	–	405 000
–	–	455 000	–	–	–	455 000
–	–	163 334	–	–	–	163 334
–	–	650 000	–	–	–	650 000
–	–	660 000	–	–	–	660 000
–	–	455 000	–	–	–	455 000
–	–	666 667	–	–	–	666 667
–	–	685 000	–	–	–	685 000
9 600	5 257 016	24 235 951	104 167	5 587 984	13 364 144	43 292 246
–	688 823	6 992 990	(3 831 944)	701 802	860 531	4 723 379
–	1 919 169	5 960 419	–	1 155 831	1 989 670	9 105 920
–	924 502	6 323 489	–	1 079 209	–	7 402 698
–	1 486 670	5 401 849	–	(323 342)	1 319 628	6 398 135
4 800	1 545 812	5 138 112	–	1 191 688	3 006 301	9 336 101
–	1 598 516	11 424 451	–	1 285 706	–	12 710 157
4 800	655 620	4 260 420	–	2 081 880	2 203 425	8 545 725
3 228	1 040 200	3 806 428	–	1 059 800	945 997	5 812 225
4 400	1 062 490	3 450 223	–	725 010	1 682 058	5 857 291
–	–	2 897 953	–	–	331 458	3 229 411
4 643	1 685 124	5 248 300	–	1 014 876	1 880 038	8 143 214
–	1 408 439	6 930 086	–	1 217 724	–	8 147 810
21 871	14 015 365	67 834 720	(3 831 944)	11 190 184	14 219 106	89 412 066

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

29. Related parties continued

29.3 Key management personnel and directors' remuneration continued

Included in the aggregate directors' remuneration above are the following individual director's remuneration (further details can be found in the remuneration report):

	Directors' fees	Salary	Retirement contributions	Other[1]
2014				
Executive directors				
MS Aziz Joosub	–	5 935 617	951 883	–
IP Dittrich	–	4 313 776	201 724	–
Non-executive directors				
MP Moyo	1 666 667	–	–	–
DH Brown	708 322	–	–	–
M Joseph*	373 334	–	–	–
A Kekana[4]	158 147	–	–	–
TM Mokgosi-Mwantembe	588 335	–	–	–
PJ Moleketi	636 668	–	–	–
JWL Otty*	398 334	–	–	–
NJ Read*[4]	480 894	–	–	–
RAW Schellekens*	633 335	–	–	–
S Timuray*[5]	353 721	–	–	–
YZ Cuba[5]	316 371	–	–	–
HMG Dowidar*[5]	47 054	–	–	–
	6 361 182	10 249 393	1 153 607	–
2014				
Key management personnel (Prescribed officers)				
ADJ Delport	–	3 513 846	314 154	–
J Dennelind[4]	–	1 659 716	–	–
N Gough[6]	–	4 627 954	–	1 630 610
V Jarana	–	3 063 859	273 527	–
R Kumalo	–	3 115 394	278 106	–
PP Kesha Patel[6]	–	3 707 951	–	884 278
GRM Hagel[5]	–	850 564	–	3 016 703
M Nkeli[4]	–	1 936 934	728 216	–
NC Nyoka	–	2 601 558	803 540	–
M Makanjee	–	2 502 908	123 592	–
	–	27 580 684	2 521 135	5 531 591

Notes:

* Fees due to these directors were paid to Vodafone Group Plc, the company by which the director is employed. No other payments were made to third parties in lieu of directors' fees.

1. Includes relocation allowance, assignment allowance, acting allowance, employee gifts and exit benefits.
2. Includes mobile phone benefit and subsistence allowance.
3. STI paid in June 2014, for the year ended March 2014.
4. Resignations: J Dennelind: 30 June 2013; A Kekana: 18 July 2013; N Read: 5 February 2014 and M Nkeli: 30 April 2014.
5. Appointments: YZ Cuba: 18 July 2013; GRM Hagel: 1 February 2014 and HMG Dowidar: 5 February 2014.
6. Remuneration paid/payable to Vodafone Group Plc.

Expense allowances²	Short-term incentives ('STI')³	Remuneration report	Expensed over term	STI actual vs provision	Long-term incentives and other	Total
4 800	6 088 200	12 980 500	–	937 208	4 124 764	18 042 472
4 800	3 021 898	7 542 198	500 000	430 660	2 654 537	11 127 395
–	–	1 666 667	–	–	–	1 666 667
–	–	708 322	–	–	–	708 322
–	–	373 334	–	–	–	373 334
–	–	158 147	–	–	–	158 147
–	–	588 335	–	–	–	588 335
–	–	636 668	–	–	–	636 668
–	–	398 334	–	–	–	398 334
–	–	480 894	–	–	–	480 894
–	–	633 335	–	–	–	633 335
–	–	353 721	–	–	–	353 721
–	–	316 371	–	–	–	316 371
–	–	47 054	–	–	–	47 054
9 600	9 110 098	26 883 880	500 000	1 367 868	6 779 301	35 531 049
–	2 484 577	6 312 577	–	203 530	2 327 297	8 843 404
1 200	–	1 660 916	–	3 382 237	(2 147 926)	2 895 227
–	1 950 407	8 208 971	–	(705 623)	–	7 503 348
4 800	1 877 677	5 219 863	–	487 023	3 324 632	9 031 518
4 800	1 063 053	4 461 353	–	397 860	2 782 205	7 641 418
–	2 186 450	6 778 679	–	(449 346)	–	6 329 333
–	510 117	4 377 384	–	(510 117)	–	3 867 267
–	1 540 186	4 205 336	–	322 568	1 195 211	5 723 115
4 536	2 047 044	5 456 678	–	341 393	2 055 086	7 853 157
2 137	1 239 863	3 868 500	–	606 852	547 441	5 022 793
17 473	14 899 374	50 550 257	–	4 076 377	10 083 946	64 710 580

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

29. Related parties continued

29.3 Key management personnel and directors' remuneration continued

Included in the aggregate directors' remuneration above are the following individual director's remuneration (further details can be found in the remuneration report):

	Directors' fees	Salary	Retirement contributions	Other[1]
2013				
Executive directors				
PJ Uys[4]	–	2 827 875	319 773	7 157 500
SN Maseko[4]	–	884 580	136 959	9 548 585
IP Dittrich[5]	–	3 329 970	156 184	1 000 000
MS Aziz Joosub[5]	–	3 525 422	305 604	317 522
Non-executive directors				
MP Moyo	1 566 667	–	–	–
P Bertoluzzo*[4]	122 500	–	–	–
DH Brown	531 666	–	–	–
M Joseph*	293 333	–	–	–
A Kekana	516 666	–	–	–
TM Mokgosi-Mwantembe	557 917	–	–	–
PJ Moleketi	579 999	–	–	–
JWL Otty*[5]	170 883	–	–	–
NJ Read*	478 333	–	–	–
RAW Schellekens*	571 666	–	–	–
S Timuray*[5]	170 883	–	–	–
K Witts*[4]	122 500	–	–	–
	5 683 013	10 567 847	918 520	18 023 607

	Directors' fees	Salary	Retirement contributions	Other[1]
2013				
Key management personnel (Prescribed officers)				
ADJ Delport	–	3 367 057	305 693	–
J Dennelind	–	5 186 504	–	–
N Gough[6]	–	3 783 209	–	1 407 491
V Jarana	–	2 844 038	253 996	–
R Kumalo	–	2 931 254	261 746	–
PP Kesha Patel[6]	–	2 338 549	–	721 763
M Nkeli	–	2 256 576	347 549	–
NC Nyoka	–	2 962 978	315 522	–
M Makanjee	–	2 024 977	100 023	780 000
	–	27 695 142	1 584 529	2 909 254

Notes:

* Fees due to these directors were paid to Vodafone Group Plc, the company by which the director is employed. No other payments were made to third parties in lieu of directors' fees.

1. Includes relocation allowance, assignment allowance, acting allowance, sign-on bonuses and employee gifts.
2. Includes mobile phone benefit and subsistence allowance.
3. STI paid in June 2013, for the year ended March 2013.
4. Resignations: SN Maseko: 14 June 2012; P Bertoluzzo: 6 September 2012; K Witts: 6 September 2012; PJ Uys: 6 September 2012.
5. Appointments: IP Dittrich: 15 June 2012; MS Aziz Joosub: 6 September 2012; JWL Otty: 6 September 2012; S Timuray: 6 September 2012.
6. Remuneration paid/payable to Vodafone Group Plc.

Expense allowances[2]	Short-term incentives ('STI')[3]	Remuneration report	Expensed over term	STI actual vs provision	Long-term incentives and other	Total
10 049	5 457 487	15 772 684	–	(2 541 069)	11 060 483	24 292 098
–	–	10 570 124	–	4 879 878	–	15 450 002
9 979	1 905 429	6 401 562	(602 778)	(203 443)	1 888 499	7 483 840
2 745	5 125 500	9 276 793	–	(1 537 994)	8 815 334	16 554 133
–	–	1 566 667	–	–	–	1 566 667
–	–	122 500	–	–	–	122 500
–	–	531 666	–	–	–	531 666
–	–	293 333	–	–	–	293 333
–	–	516 666	–	–	–	516 666
–	–	557 917	–	–	–	557 917
–	–	579 999	–	–	–	579 999
–	–	170 883	–	–	–	170 883
–	–	478 333	–	–	–	478 333
–	–	571 666	–	–	–	571 666
–	–	170 883	–	–	–	170 883
–	–	122 500	–	–	–	122 500
22 773	12 488 416	47 704 176	(602 778)	597 372	21 764 316	69 463 086
6 557	1 364 882	5 044 189	–	456 820	7 847 407	13 348 416
52 620	6 649 543	11 888 667	–	499 846	2 553 179	14 941 692
–	1 084 575	6 275 275	–	–	–	6 275 275
12 797	1 156 513	4 267 344	–	387 079	6 773 318	11 427 741
36 962	2 577 072	5 807 034	–	412 425	7 228 686	13 448 145
–	1 224 729	4 285 041	–	3 373 333	–	7 658 374
9 879	774 204	3 388 208	–	509 021	1 249 338	5 146 567
11 716	1 279 288	4 569 504	–	346 864	6 989 535	11 905 903
6 725	858 330	3 770 055	(455 000)	383 265	291 145	3 989 465
137 256	16 969 136	49 295 317	(455 000)	6 368 653	32 932 608	88 141 578

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

Rm	2015	2014	2013
30. Financial instruments and risk management			
30.1 Net (losses)/gains on financial instruments			
Net (losses)/gains on financial instruments analysed by category are as follows:			
Financial assets and liabilities at fair value through profit or loss, classified as held for trading	**42**	(289)	115
Loans and receivables	**312**	526	123
Available-for-sale financial assets	**2**	11	9
Financial liabilities measured at amortised cost	**(1 639)**	(955)	(857)
Net losses attributable to financial instruments	**(1 284)**	(707)	(610)
30.2 Carrying amounts of financial instruments			
Carrying amounts of financial instruments analysed by category, are as follows:			
Financial assets measured at amortised cost[1]	**21 294**	17 374	17 173
Financial assets at fair value through profit or loss	**246**	223	111
Available-for-sale financial assets (Note 11.4)	**39**	62	64
Derivatives designated as fair value hedging instruments (Note 14 and 19)	**34**	(86)	–
Derivatives designated as cash flow hedging instruments (Note 14 and 19)	**(6)**	(4)	(40)
Financial liabilities measured at amortised cost	**(40 747)**	(28 523)	(25 765)
Financial liabilities at fair value through profit or loss, classified as held for trading (Note 19)	**–**	(3)	(3)
	(19 059)	(10 957)	(8 460)

Note:
1. Included in the current and prior years' amounts are cash held in restricted deposits.

Rm	2015	2014	2013
30.3 Fair value hierarchy			
The table below sets out the valuation basis of financial instruments measured at fair value:			
Level one[1]			
Financial assets and liabilities at fair value through profit or loss, classified as held for trading			
Unit trust investments (Note 11)	**73**	120	–
Level two[2]			
Financial assets and liabilities at fair value through profit or loss, classified as held for trading and designated			
Money market investments (Note 11)	**–**	104	93
Derivative financial assets (Note 14)	**–**	–	18
Derivative financial liabilities (Note 19)	**–**	(3)	(3)
Derivatives designated as fair value hedging instruments			
Derivative financial assets (Note 14)	**124**	53	–
Derivative financial liabilities (Note 19)	**(89)**	(139)	–
Derivatives designated as cash flow hedging instruments			
Derivative financial liabilities (Note 19)	**(6)**	(4)	(40)
Level three[3]			
Financial assets and liabilities at fair value through profit or loss, classified as held for trading and designated			
Equity linked notes (Note 11)	**173**	–	–
	275	131	68

Notes:
1. Level one classification is used when the valuation is determined using quoted prices in an active market.
2. Level two classification is used when valuation inputs used to determine fair value are observable for the asset/(liability), either directly as prices or indirectly when derived from prices.
3. Level three classification is used when unobservable valuation inputs are used to determine the fair value for the asset/(liability).

30. Financial instruments and risk management continued

30.4 Financial risk management

The Group's normal operations, its sources of finance and changing market conditions expose it to various financial risks, which highlights the importance of financial risk management as an element of control. Principal financial risks faced by the Group are foreign currency, interest rate, equity price, credit, liquidity and insurance risk.

The Group's treasury function provides a centralised service to the Group for co-ordinating access to domestic and international financial markets and the managing of foreign currency, interest rate and liquidity risk. The aforementioned risks are managed, subject to the limitations of the local markets in which the various Group companies operate and the South African Reserve Bank Regulations. Treasury operations are conducted within a framework of policies and guidelines authorised and reviewed annually by the Board.

The Group uses a number of derivative instruments that are transacted for foreign currency and interest rate risk management purposes only. There has been no significant change during the reporting period, or since the end of the reporting period, to the types of financial risks faced by the Group, the measures used to measure them or the objectives, policies and processes for managing them.

30.4.1 Market risk management

The Group's activities expose it to the risks of fluctuations in foreign currency exchange rates (Note 30.4.1.1), interest rates (Note 30.4.1.2) and equity prices (Note 30.4.1.3).

Market risk exposures are measured using sensitivity analyses, which show how profit post tax or equity post tax would have been affected by changes in the relevant risk variable that were reasonably possible at the reporting date. Sensitivity analyses are for illustrative purposes only as, in practice, market rates rarely change in isolation. Details of changes in the methods and assumptions used in preparing the sensitivity analyses are disclosed in the respective sensitivity analyses.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

30. Financial instruments and risk management continued

30.4 Financial risk management continued

30.4.1 Market risk management continued

30.4.1.1 Foreign currency risk management

Various monetary items exist in currencies other than the functional currencies of the entities within the Group. The tables below disclose the net currency exposure (net carrying amount of foreign-denominated monetary assets/(liabilities) expressed in the presentation currency of the Group) per functional currency. The Group is mainly exposed to the euro and United States dollar and to a lesser extent to the Congolese franc, pound sterling, Swiss franc, Australian dollar, Tanzanian shilling, Mozambican metical, Mauritian rupee, Lesotho maloti, Nigerian naira, Zambian kwacha and South African rand which is combined as 'Other'.

Rm	Euro	United States dollar	Other
2015			
Functional currency			
South African rand	**(144)**	**(1 175)**	**(8)**
United States dollar	**(3)**	**–**	**(2)**
Tanzanian shilling	**(156)**	**(56)**	**(12)**
Mozambican metical	**(43)**	**59**	**(35)**
	(346)	**(1 172)**	**(57)**
2014			
Functional currency			
South African rand	(501)	(672)	(26)
United States dollar	(5)	–	297
Tanzanian shilling	(80)	(257)	(7)
Mozambican metical	(164)	73	(36)
	(750)	(856)	228
2013			
Functional currency			
South African rand	262	(412)	(4)
United States dollar	(3)	–	162
Tanzanian shilling	(186)	(141)	(1)
Mozambican metical	(74)	–	(27)
	(1)	(553)	130

The Group's South African operations manage its exposure to fluctuations in foreign currency exchange rates by entering into foreign exchange forward contracts for foreign-denominated transactions above certain monetary levels. The contracts are entered into for specific transactions and are matched with anticipated future cash flows, in foreign currencies, primarily for the purchase of capital equipment and to a lesser extent operating expenditure. The Group's policy is generally that entities within the Group borrow funds denominated in their respective functional currencies, however, in those instances where funds are borrowed in foreign-denominated currencies and a forward market exists, exposure to fluctuations in foreign currency exchange rates are managed by entering into foreign exchange forward contracts.

30. Financial instruments and risk management continued

30.4 Financial risk management continued

30.4.1 Market risk management continued

30.4.1.1 Foreign currency risk management continued

The tables below provide a currency split of the Group's net derivative financial assets and liabilities relating to material open foreign exchange forward contracts at the reporting date:

Rm	2015	2014	2013
Forward contracts to buy foreign currency			
Euro[1]	(16)	(23)	10
Pound sterling[2]	(3)	2	–
United States dollar[3]	86	(83)	5
Net derivative financial asset/(liability)	67	(104)	15

Notes:
Foreign contract values amount to:
1. €49 million (2014: €77 million; 2013: €33 million).
2. £7 million (2014: £3 million; 2013: £Nil).
3. US$305 million (2014: US$188 million; 2013: US$48 million).

Rm	2015	2014	2013
Forward contracts to sell foreign currency			
Euro[1]	1	11	–
Pound sterling[2]	1	(1)	–
United States dollar[3]	(11)	1	–
Net derivative financial (liability)/asset	(10)	11	–

Notes:
Foreign contract values amount to:
1. €51 million (2014: €26 million; 2013: €5 million).
2. £4 million (2014: £2 million; 2013: £Nil).
3. US$47 million (2014: US$5 million; 2013: US$Nil).

Of the R57 million net asset (2014: R93 million net liability; 2013: R15 million net asset), R100 million (2014: R23 million; 2013: R18 million) is reported in trade and other receivables and R43 million (2014: R118 million; 2013: R3 million) in trade and other payables.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

30. Financial instruments and risk management continued

30.4 Financial risk management continued

30.4.1 Market risk management continued

30.4.1.1 Foreign currency risk management continued

Foreign currency sensitivity analysis

The analysis below, expressed in the Group's presentation currency, discloses the Group's sensitivity to the specified percentage change in the functional currencies against the relevant foreign currencies exposed to. Management's assessment of a reasonable possible change in prevailing non-African and African foreign currency exchange rates is based on estimated interest rate differentials.

The analysis includes outstanding foreign-denominated monetary items only and adjusts their translations, at the reporting date, to the relevant functional currencies with the specified percentage change.

A positive number indicates an increase and a negative number a decrease in profit post tax, where the functional currencies are expected to strengthen against the relevant foreign currencies. For the same percentage weakening the impact would be equal and opposite.

	Euro	United States dollar	Other
2015			
Functional currency			
South African rand (%)	**12.1**	**4.1**	**2.1 – 9.7**
United States dollar (%)	**16.9**	**–**	**0.2 – 13.4**
Tanzanian shilling (%)	**17.2**	**0.2**	**1.3 – 15.7**
Mozambican metical (%)	**1.3**	**13.4**	**2.3 – 13.6**
Profit post tax (Rm)	**(8)**	**(61)**	**2**
2014			
Functional currency			
South African rand (%)	1.7	0.1	0.7 – 6.4
United States dollar (%)	1.8	–	0.1 – 6.5
Tanzanian shilling (%)	4.6	6.5	3.2 – 7.6
Mozambican metical (%)	2.8	1.0	1.0 – 4.2
Profit post tax (Rm)	22	17	3
2013			
Functional currency			
South African rand (%)	2.6	0.6	3.7 – 12.7
United States dollar (%)	2.0	–	0.1 – 13.3
Tanzanian shilling (%)	15.5	13.3	6.6 – 17.0
Mozambican metical (%)	1.8	0.1	2.8 – 11.8
Profit post tax (Rm)	12	15	1

30. Financial instruments and risk management continued

30.4 Financial risk management continued

30.4.1 Market risk management continued

30.4.1.1 Foreign currency risk management continued

Closing exchange rates used at the reporting date are as follows:

	Euro	Pound sterling	United States dollar
2015			
Functional currency			
South African rand	**13.0**	**18.0**	**12.1**
United States dollar	**1.1**	**1.5**	**–**
Tanzanian shilling	**1 988.3**	**2 750.8**	**1 853.3**
Mozambican metical	**39.5**	**54.7**	**36.8**
2014			
Functional currency			
South African rand	14.5	17.6	10.5
United States dollar	1.4	1.7	–
Tanzanian shilling	2 256.1	2 731.9	1 637.7
Mozambican metical	43.2	53.4	31.4
2013			
Functional currency			
South African rand	11.8	14.1	9.2
United States dollar	1.3	1.5	–
Tanzanian shilling	2 063.8	2 466.1	1 617.7
Mozambican metical	39.4	46.5	30.8

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

30. Financial instruments and risk management continued

30.4 Financial risk management continued

30.4.1 Market risk management continued

30.4.1.2 Interest rate risk management

The Group is exposed to fair value and cash flow interest rate risk as a result of its fixed and floating rate loans receivable, borrowings, finance lease receivables, interest rate swaps and bank balances. The Group's interest rate profile can be summarised as follows:

Rm	2015	2014	2013
Financial assets			
Fixed rate financial assets	**5 199**	3 879	3 545
Floating rate financial assets	**8 107**	5 840	6 433
	13 306	9 719	9 978
Financial liabilities			
Fixed rate financial liabilities	**(2 184)**	(2 956)	(5 303)
Floating rate financial liabilities	**(23 424)**	(10 697)	(8 807)
	(25 608)	(13 653)	(14 110)

The floating rates which the Group is exposed to, is the South African prime, South African BA, JIBAR, South African money market, LIBOR, Lesotho prime and Tanzanian reference treasury bill rates.

The Group's policy is to maintain an appropriate mix between fixed and floating rate instruments. The Group specifically manages its exposure to interest rate risk relating to interest bearing borrowings through a target ratio of fixed and variable rate borrowings. To achieve this ratio the Group may borrow at fixed rates or enter into approved derivative financial instruments. The target ratio is a third fixed, a third floating and a third managed, being either fixed or floating.

At the reporting date the Group had one open interest rate swap agreement, settled on a net basis. Details of this interest rate swap designated as hedging instruments in cash flow hedging arrangements and utilised to swap a portion of the Group's floating interest bearing borrowings to fixed:

	Swap three[2]
Floating interest rate	**JIBAR + 1.8%**
Fixed interest rate	**7.1% NACQ**
Notional principal amount (Rm)	**1 000**
Termination date	**30 September 2015**

During the prior year two interest rate swap agreements terminated, all settled on a net basis. Details of these interest rate swaps designated as hedging instruments and utilised to swap a portion of the Group's floating interest bearing borrowings to fixed:

	Swap one[1]	Swap two[1]
Floating interest rate	JIBAR + 1.5%	JIBAR + 1.5%
Fixed interest rate	6.3% NACQ	6.4% NACQ
Notional principal amount (Rm)	1 000	1 000
Termination date	30 September 2013	30 September 2013

Notes:
1. Swaps one and two relate to the interest bearing borrowings from Nedbank Limited and Absa Bank Limited (Note 18).
2. Swap three relates to the interest bearing borrowings from Old Mutual Specialised Financing (Pty) Limited and Minervois Trading No. 2 (Pty) Limited (Note 18).

30. Financial instruments and risk management continued

30.4 Financial risk management continued

30.4.1 Market risk management continued

30.4.1.2 Interest rate risk management continued

The fair value of interest rate swaps is calculated by means of a discounted cash flow method and with reference to the notional principal amounts and fixed interest rates as disclosed above and the following ranges of forward floating interest rates, as determined with reference to the applicable zero coupon yield curve as at 31 March.

%	2015	2014	2013
Swaps one and two	n/a	n/a	5.13
Swap three	6.11	5.73 – 7.47	5.13 – 6.01

Interest rate sensitivity analysis

The analysis below, expressed in the Group's presentation currency, discloses the Group's sensitivity to the specified basis point change in the market interest rates exposed to. Management's assessment of a reasonable possible change in market interest rates are based on economic forecasts as published by Bloomberg.

The analysis includes both derivative and non-derivative instruments at the reporting date and in the case of floating rate instruments, the analysis is prepared assuming the amount outstanding at the reporting date was outstanding for the whole year.

A negative number indicates a decrease in profit post tax if interest rates were higher by the specified basis points. If interest rates were lower by the specified basis points, the impact would be equal and opposite. There would be no material impact on equity.

	2015	2014	2013
South African prime, South African BA, JIBAR and South African money market rates			
Basis point increase	75	100	50
Profit post tax (Rm)	(83)	(47)	(25)

A reasonable possible change in the remaining interest rates exposed to, being LIBOR, EURIBOR, Lesotho prime and Tanzanian reference treasury bill rates, would have no material impact on profit post tax.

30.4.1.3 Equity price risk

The Group is only exposed to equity price risk to a small extent and therefore a reasonable possible change in equity prices will not have a material impact on profit post tax.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

30. Financial instruments and risk management continued

30.4 Financial risk management continued

30.4.2 Credit risk management

Loans receivable, investments, trade and other receivables, derivatives, finance lease receivables, cash and cash equivalents, and financial guarantees granted potentially expose the Group to credit risk.

The carrying amounts of financial assets, which are net of impairment losses, represent the Group's maximum exposure to credit risk, with the exception of financial guarantees granted where the amount the Group could be required to pay or fund, if called on, represents the Group's maximum exposure. The Group considers its maximum exposure per geographical class, without taking into account any collateral and financial guarantees, to be as follows:

Rm	2015	2014	2013
South Africa	16 861	12 810	13 414
Non-South African	4 759	4 505	4 208
	21 620	17 315	17 622

In addition, the Group holds cash in restricted deposits of R1 943 million (2014: R1 192 million; 2013: R1 027 million) as a result of its m-pesa activities, which cash is held in accounts with reputable financial institutions.

The Group's policy is to deal with creditworthy counterparties only and to obtain sufficient collateral, where appropriate, to mitigate the risk of financial loss from counterparty defaults.

The Group only transacts with counterparties rated the equivalent of investment grade and above. This information is supplied by independent rating agencies or credit bureaus, where available. If not available, other publicly available financial information, the financial standing of counterparties, the Group's own trading records or the Group's internal grading system is used for rating the credit quality of counterparties. Contractual arrangements are entered into with network operator customers as determined by regulatory requirements and industry norms. Credit exposure is further controlled by defining credit limits per counterparty which are reviewed and approved by the credit risk department. The Group's exposure and credit ratings of counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. In determining the recoverability of trade receivables, the Group considers changes in credit quality.

The Group's largest customer represents 16.1% (2014: 15.4%; 2013:17.9%) of the total trade receivable balance. With the exception of the aforementioned, the credit risk for trade, finance lease and other receivables is generally limited due to the customer base being large and unrelated in conjunction with stringent credit approval processes. Due to this management believes there is no further provision required in excess of the normal provision for doubtful receivables. Credit risk is limited for loans receivable due to collateral held and for cash and cash equivalents as they are placed with high credit quality financial institutions. Credit risk relating to investments and derivatives is minimised by limiting the counterparties to major local and international banks, which are closely monitored, and the Group does not expect to incur any losses as a result of non-performance by these counterparties.

The average legally agreed credit period on trade receivables is between 30 and 60 days, for all reporting periods, for the South African operations and between 30 and 85 days, for all reporting periods, for the non-South African operations.

The Group holds collateral to the value of R3 438 million (2014: R2 197 million; 2013: R1 423 million) over certain trade and other receivables, which is made up of demand guarantees from financial institutions, exercisable on overdue invoices. Collateral held over loans receivable is disclosed in Note 11.

30. Financial instruments and risk management continued

30.4 Financial risk management continued

30.4.2 Credit risk management continued

The table below discloses the credit quality of the trade receivables of the Group's South African-based operations which are neither past due nor impaired:

%	2015	2014	2013
High[1]	0.4	1.0	1.0
Medium[2]	7.8	–	–
Low[3]	91.8	99.0	99.0
	100.0	100.0	100.0

Notes:

1. High: probability of default in payments exists and possible delinquency scenario.
2. Medium: probability of financial difficulties exists resulting in arrears.
3. Low: no default in payment occurred or anticipated.

The tables below disclose an analysis of the age of financial assets that are past due but not impaired:

Rm	2015	2014	2013
South Africa			
1 – 30 days past due	188	90	142
31 – 60 days past due	228	110	86
61 – 120 days past due	209	157	94
121 days to 12 months past due	217	99	71
More than 12 months past due	16	170	49
	858	626	442
Non-South African			
1 – 30 days past due	384	134	279
31 – 60 days past due	161	114	102
61 – 120 days past due	948	676	365
121 days to 12 months past due	17	16	17
More than 12 months past due	1	1	12
	1 511	941	775

The Group holds collateral, in the form of guarantees and deposits, with a fair value of RNil (2014: RNil million; 2013: R0.3 million), over South African-based financial assets that are past due but not impaired.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

30. Financial instruments and risk management continued

30.4 Financial risk management continued

30.4.3 Liquidity risk management

The tables below disclose the maturity profile of the Group's non-derivative financial liabilities and those financial assets used for managing liquidity risk. The amounts disclosed are the future undiscounted contractual cash (outflows)/inflows which therefore differ from both the carrying amount and the fair value. The tables have been drawn up based on the earliest date on which the Group can be required to settle or can require settlement and include both estimated interest and principal cash flows. Estimated interest for floating interest rate financial liabilities is calculated with reference to the applicable zero coupon yield curves, at the reporting date, as published by Bloomberg.

Rm	0 – 1 year	2 years	3 years	4 years	5 years	5 + years	Total
2015							
Financial liabilities							
Interest bearing borrowings	(5 802)	(1 624)	(4 619)	(4 360)	(12 384)	(2 825)	(31 614)
Non-interest bearing borrowings	(436)	–	–	–	–	–	(436)
Trade and other payables	(14 631)	(81)	–	–	–	–	(14 712)
Bank overdrafts	(380)	–	–	–	–	–	(380)
	(21 249)	(1 705)	(4 619)	(4 360)	(12 384)	(2 825)	(47 142)
Financial assets							
Trade and other receivables	9 789	–	–	–	–	–	9 789
Cash and cash equivalents	9 250	–	–	–	–	–	9 250
	19 039	–	–	–	–	–	19 039
2014							
Financial liabilities							
Interest bearing borrowings	(4 460)	(4 763)	(507)	(525)	(3 412)	(2 878)	(16 545)
Non-interest bearing borrowings	(436)	–	–	–	–	–	(436)
Trade and other payables	(14 362)	–	–	–	–	–	(14 362)
Bank overdrafts	(335)	–	–	–	–	–	(335)
	(19 593)	(4 763)	(507)	(525)	(3 412)	(2 878)	(31 678)
Financial assets							
Trade and other receivables	9 606	91	–	–	–	–	9 697
Cash and cash equivalents	6 127	–	–	–	–	–	6 127
	15 733	91	–	–	–	–	15 824
2013							
Financial liabilities							
Interest bearing borrowings	(11 522)	(4 635)	(4 331)	(100)	(100)	(974)	(21 662)
Non-interest bearing borrowings	(436)	–	–	–	–	–	(436)
Trade and other payables	(11 327)	(3)	–	–	–	–	(11 330)
Bank overdrafts	(340)	–	–	–	–	–	(340)
	(23 625)	(4 638)	(4 331)	(100)	(100)	(974)	(33 768)
Financial assets							
Trade and other receivables	9 386	58	–	–	–	–	9 444
Cash and cash equivalents	6 528	–	–	–	–	–	6 528
	15 914	58	–	–	–	–	15 972

30. Financial instruments and risk management continued

30.4 Financial risk management continued

30.4.3 Liquidity risk management continued

The tables below disclose the maturity profile of the Group's derivative financial assets and liabilities which include foreign exchange forward contracts and interest rate swaps. The amounts disclosed are the future undiscounted contractual cash (outflows)/inflows, however, for those derivative financial instruments for which gross settlement has been agreed, the cash outflows are matched in part by cash inflows, which are not reported in the tables below and if reported, the cash flows presented would be substantially lower. In the case of the interest rate swaps, where the amounts payable or receivable are not fixed, the amounts are calculated with reference to the applicable zero coupon yield curves at the reporting date.

Rm	0 – 1 year	2 years	3 years	4 years	5 years	5 + years	Not determinable	Total
2015								
Net settled	**(281)**	**–**	**–**	**–**	**–**	**–**	**–**	**(281)**
Gross settled								
Payable	**(3 289)**	**–**	**–**	**–**	**–**	**–**	**–**	**(3 289)**
	(3 570)	**–**	**–**	**–**	**–**	**–**	**–**	**(3 570)**
2014								
Net settled	(195)	(3)	–	–	–	–	–	(198)
Gross settled								
Payable	(2 609)	–	–	–	–	–	–	(2 609)
	(2 804)	(3)	–	–	–	–	–	(2 807)
2013								
Net settled	(32)	(15)	(5)	–	–	–	–	(52)
Gross settled								
Payable	(714)	–	–	–	–	–	–	(714)
	(746)	(15)	(5)	–	–	–	–	(766)

The Group ensures that adequate funds are available to meet its expected and unexpected financial commitments through undrawn borrowing facilities and access to the debt capital market via its recently listed domestic medium-term note programme.
At the reporting date the Group had undrawn rand-denominated borrowing facilities of R3 188 million (2014: R3 968 million; 2013: R4 667 million) and undrawn foreign-denominated borrowing facilities of US$58 million (2014: US$31 million; 2013: US$30 million), MZN375 million (2014: MZN118 million; 2013: MZN558 million); LSL4 million (2014: LSL7 million; 2013: LSL14 million) and NGN200 million (2014: NGN200 million; 2013: NGN121 million) available to manage its liquidity. The Group uses bank facilities and the normal operating cycle to manage short-term liquidity. The Group raises funds in bank markets and ensures a reasonable balance is maintained between the period over which assets generate funds and the period over which the respective assets are funded to manage long-term liquidity. Liquidity on long-term borrowings is managed by maintaining a varied maturity profile thereby minimising refinancing risk.

30.4.4 Insurance risk management

The Group is exposed to insurance risk as a result of its asset base as well as its customer commitments and value added services rendered. The Group is adequately covered in terms of its insurance risk profile. The annual financial statements of Vodacom Insurance Company (RF) Limited and Vodacom Life Assurance Company (RF) Limited are available at the registered office of the Group and contain further details of the value-added services and insurance risk.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

30. Financial instruments and risk management continued

30.5 Capital risk management

The Group finances its operations through a mixture of cash generated from operations, retained earnings, bank and other long-term borrowings. These borrowings together with surplus cash may be loaned internally or contributed as equity to certain subsidiaries.

The capital structure of the Group consists of net debt and equity. The Group manages its capital to ensure that entities within the Group will be able to continue as going concerns while maximising return to shareholders. Capital is monitored on the basis of net debt to EBITDA.

Net debt comprises interest bearing borrowings, non-interest bearing borrowings, derivative financial instruments, bank and cash balances, bank overdrafts and financial guarantees.

EBITDA comprises earnings before interest, taxation, depreciation, amortisation, impairment losses, BBBEE charge, profit/loss on disposal of property, plant and equipment, intangible assets, subsidiaries and investment properties.

The Group's strategy is to maintain a net debt to EBITDA multiple of less than two. The Group's overall strategy remains unchanged from prior reporting periods. This internal ratio establishes levels of debt that the Group should not exceed other than for relatively short periods of time and it is reviewed on a semi-annual basis to ensure it is being met. The Group complied with this ratio throughout the year.

The Group is not subject to externally imposed capital requirements.

The following table summarises the capital of the Group:

Rm	2015	2014	2013
Bank and cash balances	9 250	6 127	6 528
Bank overdrafts	(380)	(335)	(340)
Borrowings and derivative financial instruments	(25 630)	(13 844)	(14 195)
Net debt	(16 760)	(8 052)	(8 007)
Equity	(21 643)	(23 743)	(21 216)
Capital	(38 403)	(31 795)	(29 223)
EBITDA and the net debt to EBITDA multiple at the reporting date is as follows:			
EBITDA	(26 905)	(27 314)	(25 253)
Net debt/EBITDA (times)	(0.6)	(0.3)	(0.3)

30.6 Option agreements and similar arrangements

30.6.1 VM, SA

Empresa Moçambicana de Telecommunicaçòes SA ('Emotel'), Intelec Holdings Limitada ('Intelec') and Whatana Investments Limitada ('Whatana') each held a call option to acquire shares equivalent to their respective equity interests in VM, SA. The options were exercised on 26 August 2014 and, subject to certain suspensive conditions, the option was classified as an equity instrument at initial recognition.

INDEPENDENT AUDITOR'S REPORT
ON THE SUMMARISED COMPANY FINANCIAL STATEMENTS

To the shareholders of Vodacom Group Limited

The accompanying summarised financial statements of Vodacom Group Limited (the 'Company'), set out on pages 94 to 102 of the Consolidated Annual Financial Statements, which comprise the summarised statement of financial position of the Company standing alone as at 31 March 2015, and the summarised income statement, summarised statement of comprehensive income, summarised statement of changes in equity and summarised statement of cash flows for the year then ended, and related notes, are derived from the audited financial statements of the Company for the year ended 31 March 2015. We expressed an unmodified audit opinion on those financial statements in our report dated 29 May 2015. Our auditor's report on the audited financial statements contained an 'other matter' paragraph: 'Other reports required by the Companies Act' (refer below).

The summarised financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summarised financial statements, therefore, is not a substitute for reading the audited financial statements of Vodacom Group Limited.

Directors' responsibility for the summarised company financial statements

The directors are responsible for the preparation of a summarised version of the audited financial statements in accordance with the JSE Limited's ('JSE') requirements for summarised financial statements, set out in the 'Basis of preparation' paragraph in the summarised financial statements, and the requirements of the Companies Act of South Africa as applicable to summarised financial statements, and for such internal control as the directors determine is necessary to enable the preparation of summarised financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the summarised financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, Engagements to Report on Summary Financial Statements.

Opinion

In our opinion, the summarised financial statements derived from the audited financial statements of the Company standing alone for the year ended 31 March 2015 are consistent, in all material respects, with those financial statements, in accordance with the JSE's requirements for summarised financial statements, set out in the 'Basis of preparation' paragraph in the summarised financial statements, and the requirements of the Companies Act of South Africa as applicable to summarised financial statements.

Other reports required by the Companies Act

The 'Other reports required by the Companies Act' paragraph in our audit report dated 29 May 2015 states that as part of our audit of the financial statements for the year ended 31 March 2015, we have read the Directors' report and the certificate by the Company Secretary for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. The paragraph also states that, based on reading these reports, we have not identified material inconsistencies between these reports and the audited financial statements. The paragraph furthermore states that we have not audited these reports and accordingly do not express an opinion on these reports. The paragraph does not have an effect on the summarised financial statements or our opinion thereon.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: D.B. von Hoesslin
Registered Auditor
Pretoria
29 May 2015

SUMMARISED COMPANY INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH

Rm	Notes	2015	2014	2013
Revenue		**602**	537	576
Staff expenses		**(333)**	(309)	(334)
Other operating (expenses)/income		**(312)**	(299)	164
Depreciation and amortisation		**(3)**	(1)	(7)
Impairment (loss)/reversal	1	**(436)**	(32)	540
Operating (loss)/profit		**(482)**	(104)	939
Finance income		**10 517**	12 907	16 406
Finance costs		**(529)**	(259)	(350)
Net loss on remeasurement and disposal of financial instruments	2	**(96)**	(181)	(219)
Profit before tax		**9 410**	12 363	16 776
Taxation		**(207)**	(246)	(12)
Net profit		**9 203**	12 117	16 764

SUMMARISED COMPANY STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH

Rm	2015	2014	2013
Net profit	**9 203**	12 117	16 764
Total comprehensive income	**9 203**	12 117	16 764

SUMMARISED COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH

Rm	Notes	2015	2014	2013
Assets				
Non-current assets		**12 464**	8 848	8 714
Property, plant and equipment		**5**	6	11
Intangible assets		**5**	3	–
Investments in subsidiaries	4	**10 173**	7 170	7 168
Financial assets	5	**1 926**	1 355	1 218
Trade and other receivables	6	**49**	–	–
Finance lease receivables		**306**	314	317
Current assets		**8 163**	8 219	9 086
Financial assets	5	**–**	587	774
Trade and other receivables	6	**1 969**	3 868	3 502
Finance lease receivables		**18**	16	13
Cash and cash equivalents		**6 176**	3 748	4 797
Total assets		**20 627**	17 067	17 800
Equity and liabilities				
Fully paid share capital	7	*****	*	*
Treasury shares	7	**(683)**	(667)	(379)
Retained earnings		**12 990**	15 711	15 827
Other reserves	8	**310**	374	123
Total equity		**12 617**	15 418	15 571
Non-current liabilities		**2 962**	268	211
Borrowings	9	**2 576**	–	–
Trade and other payables	10	**117**	100	74
Provisions		**5**	5	123
Deferred tax		**264**	163	14
Current liabilities		**5 048**	1 381	2 018
Borrowings	9	**33**	–	753
Trade and other payables	10	**4 953**	1 337	1 202
Provisions		**1**	9	30
Tax payable		**43**	17	18
Dividends payable		**18**	18	15
Total equity and liabilities		**20 627**	17 067	17 800

Note:

* Fully paid share capital of R100.

SUMMARISED COMPANY
STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH

Rm	Notes	Fully paid share capital	Treasury shares	Share-based payment reserve	Retained earnings	Profit on sale of treasury shares	Total equity
1 April 2012		*	(321)	106	10 995	6	10 786
Total comprehensive income		–	–	–	16 764	–	16 764
Dividends	3	–	–	–	(11 932)	–	(11 932)
Share-based payment vesting		–	92	(92)	–	–	–
Advanced distribution received		–	–	69	–	–	69
Restricted share plan		–	(3)	3	–	–	–
Repurchase of shares	7	–	(147)	–	–	21	(126)
Share-based payment expense	8	–	–	10	–	–	10
31 March 2013		*	(379)	96	15 827	27	15 571
Total comprehensive income		–	–	–	12 117	–	12 117
Dividends	3	–	–	–	(12 233)	–	(12 233)
Share-based payment vesting		–	72	(72)	–	–	–
Advanced distribution received		–	–	81	–	–	81
Restricted share plan		–	–	207	–	–	207
Share-based payment- deferred tax		–	–	17	–	–	17
Repurchase and sale of shares	7	–	(360)	–	–	18	(342)
31 March 2014		*	(667)	329	15 711	45	15 418
Total comprehensive income		–	–	–	9 203	–	9 203
Dividends	3	–	–	–	(11 924)	–	(11 924)
Share-based payment vesting		–	160	(160)	–	–	–
Advanced distribution received		–	–	100	–	–	100
Restricted share plan		–	–	4	–	–	4
Share-based payment- deferred tax		–	–	(4)	–	–	(4)
Repurchase and sale of shares	7	–	(176)	–	–	5	(171)
Share-based payment expense	7	–	–	(9)	–	–	(9)
31 March 2015		*	(683)	260	12 990	50	12 617

SUMMARISED COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH

Rm	2015	2014	2013
Cash flows from operating activities			
Cash receipts from customers	551	650	556
Cash paid to suppliers and employees	(862)	(742)	(474)
Cash (utilised in)/generated from operations	(311)	(92)	82
Tax (paid)/refund	(63)	(64)	35
Net cash (utilised in)/from operating activities	(374)	(156)	117
Cash flows from investing activities			
Additions to property, plant and equipment and intangible assets	(6)	(11)	(141)
Proceeds on disposal of property, plant and equipment and intangible assets	1	2	773
Finance income received	94	105	336
Dividends received	9 691	12 210	15 793
Loans granted and equity investments	(3 167)	(32)	(71)
Net cash flows from investing activities	6 613	12 274	16 690
Cash flows from financing activities			
Borrowings incurred	2 576	750	–
Borrowings repaid	–	(1 557)	–
Finance costs paid	(191)	(93)	(345)
Dividends paid – equity shareholders	(11 923)	(12 229)	(11 923)
Repurchase and sale of shares	(58)	(115)	(46)
Intercompany money market movement	5 785	77	(2 246)
Net cash flows utilised in financing activities	(3 811)	(13 167)	(14 560)
Net increase/(decrease) in cash and cash equivalents	2 428	(1 049)	2 247
Cash and cash equivalents at the beginning of the year	3 748	4 797	2 550
Cash and cash equivalents at the end of the year	6 176	3 748	4 797

NOTES TO THE SUMMARISED COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH

Basis of preparation

These summarised financial statements of the Company have been prepared in accordance with the recognition and measurement criteria of IFRS and the information required by International Accounting Standard 34: Interim Financial Reporting as issued by the IASB, the Financial Reporting Guides as issued by the SAICA Accounting Practices Committee, the Financial Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements and the Companies Act of 2008, as amended. They have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value or at amortised cost, and are presented in South African rand, the Company's functional and presentation currency.

The significant accounting policies and methods of computation are consistent in all material respects with those applied in the previous period. The Group's critical accounting judgements, including those involving estimates, are disclosed on pages 31 to 34 of the consolidated annual financial statements of which the Company's critical accounting judgements, including those involving estimates form a part.

	Rm	2015	2014	2013
1.	**Impairment (loss)/reversal**			
	Investments in subsidiaries	(436)	(32)	540

Impairment losses for the current year were mainly recognised against the Vodacom International Limited investment of R34 million (2014: R32 million; 2013: R31 million), the investment in the Vodacom Business Africa segment of R172 million (2014 and 2013: RNil) and the investment in Vodacom Congo (RDC) SA of R222 million (2014: RNil and 2013: R173 million). There was no reversal of previously recognised impairment losses in the current year (2014: RNil; 2013: R743 million). The recoverable amounts of the equity investments in the Vodacom Business Africa segment are based on value in use calculations and the discount rate used in the value in use calculations is 19.7% (2014: 16.9%; 2013: 19.4%).

2. Net loss on remeasurement and disposal of financial instruments

Included in net loss on remeasurement and disposal of financial instruments are impairment losses of R567 million (2014: R595 million; 2013: R713 million) relating to loans and other receivables from subsidiaries as well as net gains on remeasurement of foreign-denominated assets and liabilities of R470 million (2014: R415 million; 2013: R491 million).

3. Dividends

Refer to the directors' report in the consolidated annual financial statements for details of dividends.

Rm	2015	2014	2013
4. Investments in subsidiaries			
Vodacom (Pty) Limited	2 260	2 258	2 256
Vodacom UK Limited	489	489	489
Vodacom International Limited	3 079	2 633	2 632
VM, SA	1 324	1 324	1 324
Vodacom Tanzania Limited	3 021	445	445
Other	–	21	22
	10 173	7 170	7 168
5. Financial assets			
Loans receivable from subsidiaries			
Non-current			
Vodacom Tanzania Limited	1 524	1 355	1 218
Wheatfields Investments 276 (Pty) Limited	402	–	–
	1 926	1 355	1 218
Current			
Wheatfields Investments 276 (Pty) Limited	–	527	654
Other	–	60	120
	–	587	774
6. Trade and other receivables			
Money market lendings to subsidiaries	1 742	3 581	3 369
Amounts owed by subsidiaries	105	233	97
Prepayments	145	44	24
Other	26	10	12
Total trade and other receivables	2 018	3 868	3 502
Timing			
Current	1 969	3 868	3 502
Non-current	49	–	–
	2 018	3 868	3 502

NOTES TO THE SUMMARISED COMPANY FINANCIAL STATEMENTS continued

	Rm	2015	2014	2013
7.	**Share capital**			
	Authorised			
	4 000 000 000 ordinary shares with no par value			
	Issued			
	Fully paid share capital			
	1 487 954 000 ordinary shares with no par value	*	*	*
	Treasury shares			
	5 900 495 (2014: 6 357 774; 2013: 4 153 709) ordinary shares with no par value	(683)[1]	(667)[1]	(379)
		(683)	(667)	(379)

Shares	2015	2014	2013
Movements in the number of ordinary shares outstanding:			
1 April	1 481 596 226	1 483 800 291	1 483 631 752
Statutory shares in issue	1 487 954 000	1 487 954 000	1 487 954 000
Treasury shares (held by the Company)	(6 357 774)	(4 153 709)	(4 322 248)
Share movements	457 279	(2 204 065)	168 539
31 March	1 482 053 505	1 481 596 226	1 483 800 291
Statutory shares in issue	1 487 954 000	1 487 954 000	1 487 954 000
Treasury shares (held by the Company)	(5 900 495)	(6 357 774)	(4 153 709)

The unissued share capital is under the control of the current shareholders and the directors do not have the authority to issue any unissued shares.

Notes:

1. The Group acquired 1 529 808 (2014: 1 861 447; 2013: 1 680 373) shares as part of the current year forfeitable share plan allocation, of which 558 478 (2014: 680 015; 2013: 796 267) shares were acquired by the Company for participants employed by the Company and Vodacom Lesotho (Pty) Limited. The Group also acquired 48 210 shares as part of the restricted share buy-in, of which no shares were acquired by the Company for participants employed by the Company. Refer to Note 16, 17.2.1 and Note 17.2.2 of the consolidated annual financial statements for further details.

* Fully paid share capital of R100.

8. Other reserves

Forfeitable share plan ('FSP') reserve

The Company granted 558 478 (2014: 680 015; 2013: 796 267) forfeitable shares at a weighted average grant date fair value of R127.69 (2014: R111.71; 2013: R100.68), of which 185 257 (2014: 209 970; 2013: 634 199) shares were forfeited and 378 216 (2014: 806 883; 2013: 1 394 587) vested during the year. The expense recognised amounted to R24 million (2014: R39 million; 2013: R52 million). R52 million (2014: R39 million; 2013: R42 million) of the dividend declared was offset against the FSP reserve. Refer to Note 17.2.1 of the consolidated annual financial statements for further details with regards to the scheme.

The Company is responsible to procure the settlement of the benefits in terms of the FSP to the participants employed by its subsidiaries participating in the scheme ('Employer Companies') on award date. The Employer Companies have the obligation to reimburse the Company for such settlement upon the award being made. The up-front reimbursement received from the Employer Companies is treated as an advance distribution received and deferred as a liability (Note 10), which is amortised to zero over the vesting period as the IFRS 2 reserve is recognised. The staff costs relating to the Employer Companies' employees are expensed by each of the individual Employer Companies.

Rm	Notes	2015	2014	2013
9. Borrowings				
Non-current				
Interest bearing borrowings (Note 9.1)		2 576	–	–
Current				
Interest bearing borrowings (Note 9.1)		33	–	753
		2 609	–	753
9.1 Interest bearing borrowings				
Vodafone Investments Luxembourg s.a.r.l		2 609	–	–
Domestic medium-term note programme		–	–	753
		2 609	–	753
Refer to Note 18 of the consolidated annual financial statements for further details.				
10. Trade and other payables				
Money market deposits from subsidiaries		4 292	630	683
Amounts owed to subsidiaries		155	376	113
Advance distribution received from subsidiaries	8	204	209	139
Financial guarantee fee		203	–	–
Other		216	222	341
Total trade and other payables		5 070	1 437	1 276
Timing				
Current		4 953	1 337	1 202
Non-current		117	100	74
		5 070	1 437	1 276
11. Commitments				
Funding		1 083	2 177	370
Other		90	1	21
		1 173	2 178	391

Funding commitments relate to the funding of subsidiaries. Other consists of capital commitments for property, plant and equipment and computer software and will be financed through internal cash generation and bank credit.

12. Contingencies

The Company is currently involved in various legal proceedings and has, in consultation with its legal counsel, assessed the outcome of these proceedings. Following this assessment, the Company's management has determined that no provision is required in respect of these legal proceedings as at 31 March 2015. Litigations, current or pending, are not likely to have a material adverse effect on the Company.

13. Events after the reporting period

Refer to Note 27 of the consolidated annual financial statements for details of events after the reporting period.

NOTES TO THE SUMMARISED COMPANY FINANCIAL STATEMENTS continued

14. Related parties

The Company's related parties are its parent, subsidiaries, joint venture, associate, pension schemes and key management including directors.

14.1 Balances with related parties

Refer to Notes 4, 5, 6, 9 and 10 for details of balances with related parties. These outstanding balances are unsecured and will be settled in cash in the ordinary course of business.

	Rm	2015	2014	2013
14.2	**Transactions with related parties**			
	Vodafone Group Plc and subsidiaries	(7 762)	(7 964)	(7 756)
	Revenue	–	–	21
	Other operating expenses	23	15	9
	Dividends declared	(7 786)	(7 979)	(7 786)
	Subsidiaries	10 486	12 930	16 481
	Revenue[1]	567	537	553
	Other operating expenses	(62)	(59)	(55)
	Finance income	728	585	570
	Finance costs	(314)	(216)	(256)
	Dividends declared	(124)	(127)	(124)
	Dividends received	9 691	12 210	15 793

14.3 Key management personnel and directors' remuneration

Refer to Note 29.3 of the consolidated annual financial statements for details of directors' and key management personnel remuneration.

Note:

1. Revenue consists of mainly administration fees charged to subsidiaries.

ADDENDUM A

As at 31 March

Interest in material subsidiaries

The information discloses interests in subsidiaries material to the financial position of Vodacom Group Limited. The interest in ordinary share capital is representative of the voting power except for 'B' ordinary shares where each share entitles the holder to two votes.

RSA – Republic of South Africa; UK – United Kingdom; LES – Lesotho; TZN – Tanzania; MZ – Mozambique; DRC – The Democratic Republic of Congo; MAU – Mauritius; NGR – Nigeria and GUE – Guernsey.

	Country of incorporation	Issued share capital 2015	Issued share capital 2014	Issued share capital 2013	% Interest in issued share capital 2015	% Interest in issued share capital 2014	% Interest in issued share capital 2013
Subsidiaries							
Cellular network operators							
Direct							
Vodacom (Pty) Limited	RSA						
Ordinary share capital[1]		**R45 180**	R45 180	R45 180	**100**	100	100
'A' ordinary share capital[1]		**R2 820**	R2 820	R2 820	**100**	100	100
Vodacom Tanzania Limited	TZN						
Ordinary share capital		**TZS84 000 010 000**	TZS84 000 010 000	TZS84 000 010 000	**82.2**	65.0	65.0
Indirect							
Vodacom Lesotho (Pty) Limited	LES						
Ordinary share capital		**LSL4 180**	LSL4 180	LSL4 180	**80.0**	80.0	80.0
VM, SA	MZ						
Ordinary share capital		**MZN1 380 000 000**	MZN1 380 000 000	MZN1 380 000 000	**85.0**	85.0	85.0
Preference share capital[2]		**MZN12 612 064 858**	MZN12 612 064 858	MZN12 612 064 858	**100**	100	100
Vodacom Congo (RDC) SA	DRC						
Ordinary share capital		**US$1 000 000**	US$1 000 000	US$1 000 000	**51.0**	51.0	51.0
Service providers							
Interconnect service providers via satellite							
Direct							
Vodacom UK Limited	UK						
'B' ordinary share capital		**US$1**	US$1	US$1	**100**	100	100
Preference share capital		**US$710 999 999**	US$710 999 999	US$710 999 999	**100**	100	100
Vodacom Business Africa Group Services Limited[3]	UK						
Ordinary share capital		**£49 567 569**	£49 567 569	£49 567 569	**100**	100	100
Preference share capital		**US$15 790 572**	US$6 033 344	–	**100**	100	–
Indirect							
Vodacom UK Limited	UK						
'A' ordinary share capital		**US$100**	US$100	US$100	**100**	100	100
Vodacom Business Nigeria Limited[4]	NGR						
Ordinary share capital		**NGN5 000 000**	NGN5 000 000	NGN5 000 000	**100**	100	100
Preference share capital		**NGN7 262 273 299**	NGN7 262 273 299	–	**100**	100	–
Other							
Direct							
Vodacom International[5] Limited	MAU						
Ordinary share capital		**US$100**	US$100	US$100	**100**	100	100
Preference share capital		**US$720 633 569**	US$676 964 640	US$673 779 414	**100**	100	100

Notes:
1. 6.25% held indirectly through structured entities which are consolidated in terms of IFRS 10: Consolidated Financial Statements as part of the broad-based black economic empowerment transaction (Note 17.2).
2. 37.03% held directly through Vodacom Group Limited.
3. Group functions previously performed by VBA International Limited are now being performed by Vodacom Business Africa Group Services Limited. The former is therefore no longer considered a material subsidiary.
4. Formerly Vodacom Business Africa (Nigeria) Limited.
5. Indirect holding as at 31 March 2013.

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