Notes to the consolidated annual financial statements – continued

for the year ended 31 March 2017

15 Investments	Company	
	2017 Rm	2016 Rm
15.1 Investments in subsidiaries	**6 201**	3 274
Trudon (formerly known as TDS Directory Operations) Proprietary Limited		
64.90% shareholding at cost	**167**	167
Swiftnet Proprietary Limited		
100% shareholding at cost	**25**	25
Rossal No 65 Proprietary Limited		
100% shareholding at cost (R100)	**–**	–
Acajou Investments Proprietary Limited		
100% shareholding at cost (R100)	**–**	–
Intekom Proprietary Limited*		
100% shareholding at cost	**10**	10
Business Connexion Group Limited (BCX)	**5 999**	3 072
100% shareholding at cost	**2 654**	2 654
Loan, preference shares and other facilities	**3 345**	418

Investments and loans key assumptions

Loans and investments are tested for impairment whenever there are impairment indicators, by comparing the recoverable amounts of the cash-generating units (CGU) to the carrying amounts of the investments and loans. At 31 March 2017 there were no impairment indicators.

For continuing operations the recoverable amount of a CGU is determined based on value in use calculations. Value in use is based on the discounted cash flow method.

Loans to BCX

1 An interest bearing loan of R433 million was to assist BCX in acquiring the Cybernest business unit.

The loan accrues interest at a prevailing six-months JIBAR rate plus 200 basis points.

The loan term is five years, payable in equal bi-annual repayments commencing after first anniversary following the effecive date.

2 Telkom also holds preference shares to the value of R2 686 million in BCX at a fixed interest rate of 13.5% over a 15-year period.

3 The other loan of R226 million to BCX relates to the repayment of the RMB loan as well as a revolving facility to assist BCX with working capital requirements. These loans accrue interest at rates linked to the three-month and one-month JIBAR with variables of 1.9% and 2.1% respectively.

** Deregistration in progress*

15 Investments – continued

	Group		Company	
	2017 Rm	2016 Rm	**2017 Rm**	2016 Rm
15.2.1 Non-current other investments	**40**	2 318	**140**	2 335
At fair value through profit and loss	**–**	2 235	**–**	2 235
Cell captive preference shares	**–**	2 235	**–**	2 235
Unlisted investment				
FutureMakers Fund	**11**	13	**140**	100
FutureMakers Fund	**21**	13	**150**	100
Impairment	**(10)**	–	**(10)**	–
Investment in associate	**5**	4	**–**	–
Equity investment in Number Portability company	**5**	4	**–**	–
BCX group interests	**24**	66		
Associates	**2**	26	**–**	–
Joint ventures	**22**	40	**–**	–
15.2.2 Current other investments				
At fair value through profit and loss	**2 388**	–	**2 388**	–
Cell captive preference shares	**2 388**	–	**2 388**	–

Cell captive investment in preference shares
The fair value through profit or loss investment is used to fund the post-retirement medical aid liability. These investments are made through a cell captive in which Telkom holds 100% of the preference shares, and represents the fair value of the underlying investments of the cell captive. These are equity investments.

The cell captive preference shares were classified as current asset in the current financial year as it is highly probable that it will be liquidated in the short term.

FutureMakers Fund
This fund is an Enterprise and Supplier Development (ESD) programme. In partnership with Identity FutureFund (Pty) Ltd, the fund was created in terms of the Department of Trade and Industry's Code of Good Practice on Black Economic Empowerment 2007, as amended and specifically in terms of the Information and Technology Charter.

Telkom company holds the investment at cost. Telkom group consolidates the fund and holds the investments within the fund at fair value.

In the current financial year Telkom company contributed an additional R50 million to the FutureMakers Fund. The increase in the fair value relates to the capitalisation of interest.

Investment in associate
The Number Portability company (NPC) was incorporated in response to Regulations of 2005 that required a national centralised database of ported numbers for mobile numbers. The investment has been classified as an associate in line with the requirements of the revised IAS 28 Investments in Associates and Joint Ventures and IFRS 11 Joint Arrangements. The year end of the associate, 31 December, is different to that of the company and the impact is not material.