27 Provisions
– continued

	Group		Company	
	2017 Rm	2016 Rm	**2017 Rm**	2016 Rm
Non-current non-employee related	**55**	66	**10**	9
Other	**179**	208	**49**	81
***Less:* Current portion of other provisions**	**(124)**	(142)	**(39)**	(72)
Other	**(124)**	(142)	**(39)**	(72)

Annual leave

In terms of the group's policy, employees are entitled to accumulate vested leave benefits not taken within a leave cycle, to a cap of 22-25 days (2016: 22- 25 days) which must be taken within a 12-18 month (2016: 12-18 month) leave cycle. The leave cycle is reviewed annually and is in accordance with legislation.

Bonus

The bonus scheme consists of performance bonuses which are dependent on the achievement of certain financial and non-financial targets. The bonus is payable annually to all qualifying employees after the company's results have been made public, with a 14th cheque for a certain group of employees.

Non-employee related provisions

Non-current other provisions and R16 million of current other provisions are site restoration costs. The remaining balance of current other provisions contains certain provisions for legal matters that have been disclosed in the contingencies note (refer to note 37).

28 Deferred revenue

	Group		Company	
	2017 Rm	2016 Rm	**2017 Rm**	2016 Rm
Deferred revenue	**2 099**	2 364	**2 027**	2 113
Non-current deferred revenue	**529**	656	**529**	656
Current portion of deferred revenue	**1 570**	1 708	**1 498**	1 457

The deferred revenue mainly consists of deferred cards including World Call, installation fees, unused voice and data bundles as well as unredeemed vouchers. The decrease in the group's short-term portion of deferred revenue is due to the inclusion of BCX.

29 Employee benefits

	Group		Company	
	2017 Rm	2016 Rm	**2017 Rm**	2016 Rm
Non-current assets	**635**	846	**635**	846
Telkom Pension Fund asset	**23**	114	**23**	114
Post-retirement medical aid recognition of net plan asset	**612**	732	**612**	732

The group provides benefits for its permanent employees through the Telkom Pension Fund and the Telkom Retirement Fund. Membership of one of the funds is compulsory. In addition, certain retired employees receive medical aid benefits and a telephone rebate. The liabilities for all of the benefits are actuarially determined in accordance with accounting requirements each year. In addition, statutory funding valuations for the retirement and pension funds are performed at intervals not exceeding three years.

Actuarial valuations were performed by qualified actuaries to determine the benefit obligation, plan asset and service costs for the pension and retirement funds for each of the financial periods presented.

Notes to the consolidated annual financial statements – continued

for the year ended 31 March 2017

29 Employee benefits – continued

The Telkom Pension Fund

The Telkom Pension Fund is a defined benefit fund that was created in terms of the Post Office Amendment Act 85 of 1991. The Telkom Pension Fund consists only of active members.

The latest actuarial valuation performed at 31 March 2017 indicates that the pension fund is in a surplus position of R104 million (2016: R191 million). The recognition of the surplus is limited due to the application of the asset limitation criteria in IAS 19 Employee Benefits. The Telkom Pension Fund is closed to new members. The pension plan exposes the group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market risk.

The funded status of the Telkom Pension Fund is disclosed below.

	Group		Company	
	2017 Rm	2016 Rm	2017 Rm	2016 Rm
The Telkom Pension Fund				
The net periodic pension costs include the following components:				
Interest cost on projected benefit obligations	10	10	10	10
Service cost on projected benefit obligations	3	3	3	3
Interest on plan assets after asset restriction	(21)	(12)	(21)	(12)
Net periodic pension gain recognised in profit and loss	(8)	1	(8)	1
The net periodic other comprehensive income includes the following components:				
Actuarial gain from financial assumption changes	–	–	–	–
Asset ceiling in terms of IAS 19.64	6	86	6	86
Net periodic pension expense recognised in other comprehensive income	6	86	6	86
Cumulative actuarial gain	(79)	(84)	(79)	(84)
Pension fund contributions	(1)	(1)	(1)	(1)
The status of the pension plan obligation is as follows:				
At beginning of year	130	140	130	140
Interest cost	10	10	10	10
Current service cost	3	3	3	3
Employee contributions	1	1	1	1
Benefits paid	(50)	(18)	(50)	(18)
Actuarial (gain)	(2)	(6)	(2)	(6)
Benefit obligation at end of year	92	130	92	130
Plan assets at fair value:				
At beginning of year	320	320	320	320
Interest on plan assets	28	23	28	23
Benefits paid	(50)	(18)	(50)	(18)
Contributions	1	1	1	1
Transferred to Telkom Retirement Fund	(96)	–	(96)	–
Actuarial (loss)	(7)	(6)	(7)	(6)
Plan assets at end of year	196	320	196	320
Present value of funded obligation	92	130	92	130
Fair value of plan assets	(196)	(320)	(196)	(320)
Fund surplus	(104)	(190)	(104)	(190)
Asset ceiling in terms of IAS 19.64	82	76	82	76
Recognised net asset	(22)	(114)	(22)	(114)
Interest on plan assets after asset restriction	21	12	21	12
Actuarial (loss) on plan assets	(7)	(6)	(7)	(6)
Actual return on plan assets	14	6	14	6

29 Employee benefits – continued	Group 2017 Rm	Group 2016 Rm	Company 2017 Rm	Company 2016 Rm
The Telkom Pension Fund - continued				
Plan assets balance comprises of:				
Cash	**12**	48	**12**	48
Equity	**84**	125	**84**	125
Property	**8**	7	**8**	7
Bonds	**35**	51	**35**	51
Commodities	**6**	6	**6**	6
Foreign investments	**51**	83	**51**	83
Total	**196**	320	**196**	320
Sensitivity analysis				
Increasing discount rate by 0.5%	**(3)**	(4)	**(3)**	(4)
Decreasing discount rate by 0.5%	**3**	5	**3**	5

Funding arrangements

The Telkom Pension Fund investment strategy has been implemented through the appointment of two asset managers with global balanced mandates. Within these mandates the manager is responsible for and has sole discretion of determining the asset allocation, i.e. the mix of the various asset classes used, based on their investment views. In addition a small additional allocation to a specialist manager in the Africa Equity and SA Cash asset classes was added to further diversify the portfolio and to provide return enhancement. The Telkom Pension Fund's total asset allocation is thus derived by combining the two balanced asset managers' portfolios with the Africa and additional cash allocation.

Principal actuarial assumptions were as follows:

Assumptions regarding future mortality are based on mortality tables. The current longevities underlying the values of the liabilities in the defined benefit plan are as follows:

	Group 2017	Group 2016	Company 2017	Company 2016
Males over 65	**16.5**	16.4	**16.5**	16.4
Females over 65	**20.6**	20.5	**20.6**	20.5
Discount rate (%)	**9.7**	9.5	**9.7**	9.5
Interest on plan assets (%)	**9.7**	9.5	**9.7**	9.5
Salary inflation rate (%)	**8.0**	7.9	**8.0**	7.9
Pension increase allowance (%)	**4.5**	4.5	**4.5**	4.5
The overall long-term expected interest on assets is 9.7%. This is based on the new IAS19R net interest requirement.				
The assumed rates of mortality are determined by reference to the SA85-90 (Light) ultimate table, as published by the Actuarial Society of South Africa, for pre-retirement purposes and the PA(90) ultimate table, minus one year age rating as published by the Institute and Faculty of Actuaries in London and Scotland, for retirement purposes.				
Funding level per statutory actuarial valuation (%)	**100**	100	**100**	100
The number of employees registered under the Telkom Pension Fund	**35**	46	**35**	46
The fund portfolio consists of the following percentages:				
Cash (%)	**6**	15	**6**	15
Equities (%)	**43**	39	**43**	39
Property (%)	**4**	2	**4**	2
Bonds (%)	**18**	16	**18**	16
Commodities (%)	**3**	2	**3**	2
Foreign Investments (%)	**26**	26	**26**	26
Total	**100**	100	**100**	100

The total estimated contributions to be paid to the pension fund by the employer for the year ending 31 March 2018 is R1 million.

Notes to the consolidated annual financial statements – continued

for the year ended 31 March 2017

29 Employee benefits – continued

The Telkom Retirement Fund

The Telkom Retirement Fund was established on 1 July 1995 as a hybrid defined benefit and defined contribution plan. Existing employees were given the option to either remain in the Telkom Pension Fund or to be transferred to the Telkom Retirement Fund. All pensioners of the Telkom Pension Fund and employees who retired after 1 July 1995 were transferred to the Telkom Retirement Fund. Upon transfer the government ceased to guarantee the deficit in the Telkom Retirement Fund. Subsequent to 1 July 1995 further transfers of existing employees occurred. As from 1 September 2009 all new appointments will belong to the Telkom Retirement Fund but will not be able to retire from the Telkom Retirement Fund at retirement age. These members would be required to purchase their pensions from an insurance company.

The pensioner pool of the Telkom Retirement Fund only consists of pensioners and is funded through a liability driven investment strategy (LDI). Pensioner increases are subject to affordability, targeting between 70% and 100% of CPI.

Telkom guarantees any actuarial shortfall of the pensioner pool in the retirement fund. This liability is initially funded through assets of the retirement fund.

The Telkom Retirement Fund is governed by the Pension Funds Act 24 of 1956. In terms of section 37A of this Act, the pension benefits payable to the pensioners cannot be reduced. If therefore the present value of the funded obligation were to exceed the fair value of plan assets, Telkom would be required to fund the statutory deficit.

The funded status of the Telkom Retirement Fund is disclosed below:

	Group		Company	
	2017 Rm	2016 Rm	**2017 Rm**	2016 Rm
The net periodic retirement costs include the following components:				
Interest cost on projected benefit obligations	**3 554**	3 103	**3 554**	3 103
Interest on plan assets	**(3 461)**	(3 067)	**(3 461)**	(3 067)
Net periodic pension expense recognised in profit and loss	**93**	36	**93**	36
The net periodic other comprehensive income includes the following components:				
Actuarial gain/(loss) due to financial assumptions	**312**	(339)	**312**	(339)
Acturial (loss)/gain due to demographic assumptions	**(136)**	182	**(136)**	182
Net periodic pension expense recognised in other comprehensive income	**176**	(157)	**176**	(157)
Cumulative actuarial loss	**(1 365)**	(1 541)	**(1 365)**	(1 541)
Retirement fund contributions	**–**	–	**–**	–
Benefit obligation:				
At beginning of year	**39 527**	43 463	**39 527**	43 463
Interest cost	**3 554**	3 103	**3 554**	3 103
Current service cost	**512**	660	**512**	660
Employee contributions	**331**	322	**331**	322
Benefits paid	**(2 021)**	(7 305)	**(2 021)**	(7 305)
Transfers in	**51**	4	**51**	4
Curtailment (gain)/loss	**(1 462)**	159	**(1 462)**	159
Actuarial (gain)	**(2 088)**	(879)	**(2 088)**	(879)
Benefit obligation at end of year for defined benefit plan	**38 404**	39 527	**38 404**	39 527

29 Employee benefits – continued

	Group 2017 Rm	Group 2016 Rm	Company 2017 Rm	Company 2016 Rm
The Telkom Retirement Fund - continued				
Plan assets at fair value:				
At beginning of year	**38 253**	42 651	**38 253**	42 651
Interest on plan assets	**3 461**	3 067	**3 461**	3 067
Asset transfer to TRF	**96**	–	**96**	–
Employer contributions	**481**	551	**481**	551
Employee contributions	**280**	322	**280**	322
Benefits paid	**(2 021)**	(7 305)	**(2 021)**	(7 305)
Curtailment loss	**(1 436)**	–	**(1 436)**	–
Transfers in	**51**	4	**51**	4
Actuarial (loss)	**(1 912)**	(1 037)	**(1 912)**	(1 037)
Plan assets at end of year	**37 253**	38 253	**37 253**	38 253
Present value of funded obligation	**38 404**	39 527	**38 404**	39 527
Fair value of plan assets	**37 253**	38 253	**37 253**	38 253
Net liability	**(1 151)**	(1 274)	**(1 151)**	(1 274)
Interest on plan assets	**3 461**	3 067	**3 461**	3 067
Actuarial (loss) on plan assets	**(1 912)**	(1 037)	**(1 912)**	(1 037)
Actual return on plan assets	**1 549**	2 030	**1 549**	2 030
Plan asset balance comprises of:				
Equities	**11 921**	12 623	**11 921**	12 623
Property	**1 490**	1 530	**1 490**	1 530
Bonds	**10 431**	11 094	**10 431**	11 094
Africa				
Cash	**1 490**	1 530	**1 490**	1 530
Foreign investments	**9 313**	8 416	**9 313**	8 416
Total	**37 253**	38 253	**37 253**	38 253

Funding arrangements

The Telkom Retirement Fund Pensioner portfolio's strategic asset allocation (SAA) is determined by an asset liability model (ALM) based on the Fund's unique liabilities, as determined by its member data and Fund rules. The SAA is a reflection of the Fund's targeted post-retirement interest rate (PRI), and the investment strategy is built around the target of providing consistent annual pension increases of between 70% to 100% of CPI.

	Group 2017 Rm	Group 2016 Rm	Company 2017 Rm	Company 2016 Rm
Included in the fair value of plan assets is:				
Telkom shares	**16**	12	**16**	12

The Telkom Retirement Fund invests its funds in South Africa and internationally. Twelve fund managers invests in South Africa and five of these managers specialise in trades with bonds on behalf of the Retirement Fund.

Notes to the consolidated annual financial statements – continued

for the year ended 31 March 2017

29 Employee benefits – continued	Group 2017	Group 2016	Company 2017	Company 2016
The Telkom Retirement Fund - continued				
Principal actuarial assumptions were as follows:				
Assumptions regarding future mortality are based on mortality tables. The current longevities underlying the values of the liabilities in the defined benefit plan are as follows:				
Males over 65	**16.5**	16.4	**16.5**	16.4
Females over 65	**20.6**	20.5	**20.6**	20.5
Discount rate (%)	**9.7**	9.5	**9.7**	9.5
Interest on plan assets (%)	**9.7**	9.5	**9.7**	9.5
Pension increase allowance (%)	**7.0**	6.9	**7.0**	6.9
The assumed rates of mortality are determined by reference to the SA85-90 (Light) ultimate table, as published by the Actuarial Society of South Africa, for pre-retirement purposes and the PA(90) Ultimate table, minus one year age rating as published by the Institute and Faculty of Actuaries in London and Scotland, for retirement purposes.				
Funding level per statutory actuarial valuation (%)	**100**	100	**100**	100
The number of pensioners registered under the Telkom Retirement Fund	**12 887**	12 053	**12 887**	12 053
The number of in-service employees entitled to retire in the Telkom Retirement Fund	**12 809**	12 508	**12 809**	12 508
The fund portfolio consists of the following percentages:				
Equities (%)	**32**	33	**32**	33
Property (%)	**4**	4	**4**	4
Bonds (%)	**28**	29	**28**	29
Africa (%)	**7**	8	**7**	8
Cash (%)	**4**	4	**4**	4
Foreign investments (%)	**25**	22	**25**	22
Total	**100**	100	**100**	100

The total estimated contributions to be paid to the Telkom Retirement Fund by the employer for the year ending 31 March 2018 is R510 million.

29 Employee benefits – continued

Medical benefits

Telkom makes certain contributions to medical funds in respect of current and retired employees. The scheme is a defined benefit plan. The expense in respect of current employees' medical aid is disclosed in note 6.3. The amounts due in respect of post-retirement medical benefits to current and retired employees have been actuarially determined and provided for as set out in note 27. Telkom has terminated future post-retirement medical benefits in respect of employees joining after 1 July 2000.

There are three major categories of members entitled to the post-retirement medical aid: pensioners who retired before 1994 ('Pre-94'); those who retired after 2013; and the in-service members. The pensioners retiring post 2013 and the in-service members' liability are subject to a rand cap, which increases as per the board's approval.

Eligible employees must be employed by Telkom until retirement age to qualify for the post-retirement medical aid benefit. The most recent actuarial valuation of the benefit was performed as at 31 March 2017.

Telkom has allocated certain investments to fund this liability as set out in note 15.2. The annuity policy of the cell captive investment is the medical plan asset. The group is entitled to a refund of the full surplus in the annuity policy once all the beneficiaries have been paid. As such the group has recognised the full asset.

29 Employee benefits – continued	Group		Company	
	2017 Rm	2016 Rm	**2017 Rm**	2016 Rm
Medical benefits - continued				
Medical aid				
Benefit obligation:				
At beginning of year	**2 298**	2 412	**2 270**	2 391
Acquisition of BCX	**–**	4	**–**	–
Interest cost	**205**	185	**205**	183
Service cost	**2**	6	**2**	5
Actuarial (gain)	**(2)**	(129)	**(2)**	(129)
Curtailment loss*	**–**	48	**–**	48
Settlement gain*	**–**	(19)	**–**	(19)
Benefits paid from plan assets	**(176)**	(171)	**(176)**	(171)
Contributions paid by Telkom*	**(39)**	(38)	**(39)**	(38)
Benefit obligation at end of year	**2 288**	2 298	**2 260**	2 270
Plan assets at fair value:				
At beginning of year	**3 002**	2 815	**3 002**	2 815
Interest on plan assets	**276**	216	**276**	216
Benefits paid from plan assets	**(176)**	(171)	**(176)**	(171)
Actuarial (loss)/gain	**(230)**	142	**(230)**	142
Plan assets at end of year	**2 872**	3 002	**2 872**	3 002
Present value of funded obligation	**2 288**	2 298	**2 260**	2 270
Fair value of plan assets	**(2 872)**	(3 002)	**(2 872)**	(3 002)
	(584)	(704)	**(612)**	(732)
Liability as disclosed in the statement of financial position (refer to note 27)	**28**	28	**–**	–
Asset as disclosed in the statement of financial position	**(612)**	(732)	**(612)**	(732)
The net periodic other comprehensive income includes the following components:				
Acturial gain due to financial assumptions	**2**	128	**2**	128
Actuarial (loss)/gain due to demographic assumptions	**(230)**	143	**(230)**	143
Net periodic pension expense and income recognised in other comprehensive income	**(228)**	271	**(228)**	271
Cumulative actuarial loss	**(1 880)**	(1 652)	**(1 880)**	(1 652)
Plan assets at fair value:				
Interest on plan assets	**276**	216	**276**	216
Actuarial (loss)/gain on plan assets	**(230)**	142	**(230)**	142
Actual return on plan assets	**46**	358	**46**	358
Plan asset balance comprises of:				
Cash and cash equivalents	**201**	180	**201**	180
Equity securities	**1 235**	1 231	**1 235**	1 231
Bonds	**574**	540	**574**	540
Foreign investments	**862**	1 051	**862**	1 051
Total	**2 872**	3 002	**2 872**	3 002

All equity securities and government bonds have quoted prices in active markets.

Funding arrangements

The general funding arrangements from the plan assets is to maximise long-term capital growth and long-term total return on Telkom's portfolio. The portfolios are managed as a segregated portfolio which includes international investments. The investment objective is to provide an absolute return, measured over a 36-month period, in excess of CPI-X plus 5% per annum. The funding arrangements of the plan assets is driven by designated asset managers to manage Telkom's portfolios by applying a flexible approach, which includes holding equities, property fixed income or money market assets as part of the investment strategy, in variable weightings, at any point in time.

** Refer to note 27.*

Notes to the consolidated annual financial statements – continued

for the year ended 31 March 2017

29 Employee benefits – continued	Group		Company	
	2017	2016	**2017**	2016
Medical benefits - continued				
Principal actuarial assumptions were as follows:				
Assumptions regarding future mortality are based on mortality tables. The current longevities underlying the values of the liabilities in the defined benefit plan are as follows:				
Males over 65	**16.5**	16.4	**16.5**	16.4
Females over 65	**20.6**	20.5	**20.6**	20.5
Discount rate (%)	**9.7**	9.5	**9.7**	9.5
Interest on plan assets (%)	**9.7**	9.5	**9.7**	9.5
Salary inflation rate (%)	**7.0**	6.9	**7.0**	6.9
Medical inflation rate (%)	**9.0**	8.9	**9.0**	8.9
The assumed rates of mortality are determined by reference to the SA85-90 (Light) ultimate table, as published by the Actuarial Society of South Africa, for pre-retirement purposes and the PA(90) ultimate table, minus one year age rating as published by the Institute and Faculty of Actuaries in London and Scotland, for retirement purposes.				
Contractual retirement age	**65**	65	**65**	65
Average retirement age	**60**	60	**60**	60
Number of in-service members	**879**	944	**879**	944
Number of pensioners	**4 218**	4 460	**4 218**	4 460

Group and company

The valuation results are sensitive to changes in the underlying assumptions. The following table provides an indication of the impact of changing the significant assumptions above:

	Current assumption	Decrease	Increase
	Rm	Rm	Rm
2017			
Medical cost inflation rate	**9.0%**	**(1%)**	**1%**
Benefit obligation	**2 260**	**(130)**	**147**
Percentage change		**(5.8%)**	**6.5%**
Service cost and interest cost FY2018	**207**	**(13)**	**14**
Percentage change		**(6.3%)**	**6.8%**
Discount rate	**9.7%**	**(0.5%)**	**0.5%**
Benefit obligation	**2 260**	**90**	**(84)**
Percentage change		**4.0%**	**(3.7%)**
Service cost and interest cost FY2018	**207**	**11**	**(12)**
Percentage change		**5.3%**	**(5.8%)**
Post-retirement mortality rate			
Benefit obligation	**2 260**	**104**	**(101)**
Percentage change		**4.6%**	**(4.5%)**
Service cost and interest cost FY2018	**207**	**10**	**(10)**
Percentage change		**4.8%**	**(4.8%)**

29 Employee benefits – continued

	Current assumption Rm	Decrease Rm	Increase Rm
Medical benefits - continued			
2016			
Medical cost inflation rate	8.9%	(1%)	1%
Benefit obligation	2 270	(133)	151
Percentage change		(5.9%)	6.6%
Service cost and interest cost FY2017	188	(13)	14
Percentage change		(6.9%)	7.4%
Discount rate	9.5%	(0.5%)	0.5%
Benefit obligation	2 270	93	(86)
Percentage change		4.1%	3.8%
Service cost and interest cost FY2017	188	12	(13)
Percentage change		6.4%	(6.9%)
Post-retirement mortality rate	PA(90) Ultimate-1	(10%)	10%
Benefit obligation	2 270	(101)	103
Percentage change		(4.4%)	4.5%
Service cost and interest cost FY2017	188	(10)	10
Percentage change		(5.3%)	5.3%

	Group		Company	
	2017	2016	**2017**	2016
The fund portfolio consists of the following percentages:				
Equities	**43**	41	**43**	41
Bonds	**20**	18	**20**	18
Cash and money market investments	**7**	6	**7**	6
Foreign investments	**30**	35	**30**	35
Total	**100**	100	**100**	100

Notes to the consolidated annual financial statements – continued

for the year ended 31 March 2017

29 Employee benefits – continued

Telephone rebates

Telkom provides telephone rebates to its pensioners who joined prior to 1 August 2009. The most recent actuarial valuation was performed as at 31 March 2017. Eligible employees must be employed by Telkom until retirement age to qualify for the telephone rebates. The scheme is a defined benefit plan.

The status of the telephone rebate liability is disclosed below:

	Group		Company	
	2017 Rm	2016 Rm	**2017 Rm**	2016 Rm
Benefit obligation:				
At beginning of year	**410**	471	**410**	471
Current service cost	**3**	4	**3**	4
Interest cost	**37**	34	**37**	34
Actuarial (gain)	**(18)**	(74)	**(18)**	(74)
Curtailment loss	**–**	2	**–**	2
Benefits paid	**(28)**	(27)	**(28)**	(27)
Liability as disclosed in the statement of financial position (refer to note 27)	**404**	410	**404**	410
The net periodic other comprehensive income includes the following components:				
Acturial gain/(loss) due to demographic assumptions	**1**	(9)	**1**	(9)
Actuarial gain due to financial assumptions	**17**	84	**17**	84
Net periodic pension income recognised in other comprehensive income	**18**	75	**18**	75
Cumulative actuarial gain	**18**	118	**18**	118
Sensitivity analysis				
Increase in discount rate by 0.5%	**(17)**	(17)	**(17)**	(17)
Decrease in discount rate by 0.5%	**16**	18	**16**	18
Principal actuarial assumptions were as follows:				
Assumptions regarding future mortality are based on mortality tables. The current longevities underlying the values of the liabilities in the defined benefit plan are as follows:				
Males over 65	**16.5**	16.4	**16.5**	16.4
Females over 65	**20.6**	20.5	**20.6**	20.5
Discount rate (%)	**9.7**	9.5	**9.7**	9.5
Contractual retirement age	**65**	65	**65**	65
Average retirement age	**60**	60	**60**	60
The assumed rates of mortality are determined by reference to the standard published mortality table PA (90) Ultimate standard tables, as published by the Institute and Faculty of Actuaries in London and Scotland, rated down one year to value the pensioners.				
Number of members	**9 235**	9 902	**9 235**	9 902
Number of pensioners	**12 722**	12 605	**12 722**	12 605

29 Employee benefits – continued

Telkom Share Plan

Telkom's shareholders approved the Telkom Forfeitable Share Plan (FSP) and the Additional Share Award (ASA) at the September 2013 Annual General Meeting. The fourth grants have occurred under this plan at 31 March 2017.

The FSP is made up of Long-term incentive plan (LTIP) and the Employee Share Ownership Plan (ESOP).

In the FSP employees acquire shareholder rights immediately on the forfeitable shares (these include dividends and voting rights).

The grant and vesting timelines for the Telkom LTIP are as follows:

Vesting financial year	Grant financial year			
	2014	2015	2016	2017
2017 Financial year	50%	–	–	–
2018 Financial year	30%	50%	–	–
2019 Financial year	20%	30%	50%	–
2020 Financial year	–	20%	30%	50%
2021 Financial year	–	–	20%	30%
2022 Financial year	–	–	–	20%

The grant and vesting timelines for the Telkom ESOP are as follows:

Vesting financial year	Grant financial year			
	2014	2015	2016	2017
2017 Financial year	100%	–	–	–
2018 Financial year	–	100%	–	–
2019 Financial year	–	–	100%	–
2020 Financial year	–	–	–	100%

Certain BCX employees were granted shares in terms of a BCX share plan. Based on the BCX group achieving the performance condition, the shares will vest between 2018 and 2021 financial year.

Certain Trudon employees were granted shares in terms of a Trudon share plan. Based on Trudon achieving the performance condition, the shares will vest between 2020 and 2022 financial year.

In order for the vesting to occur the targets (including performance conditions) must be met. The targets are measured in each financial year after the grant date. In calculating the expense it is assumed that the probability of meeting the conditions is 100%.

The weighted average remaining vesting period for the shares outstanding as at 31 March 2017 is 1.64 years (2016: 1.8 years).

	Group		Company	
	2017	2016	2017	2016
The following table illustrates the movement of the maximum number of shares that were granted to employees for the 2016 and 2017 grant:				
Beginning of the year	8 876 772	10 936 829	8 876 772	10 936 829
Vested shares during the year	(1 502 627)	(1 015 347)	(1 502 627)	(1 015 347)
Forfeited shares during the year	(3 515 502)	(5 634 646)	(3 429 367)	(5 634 646)
Granted during the year	6 166 137	4 589 936	4 886 087	4 589 936
Outstanding at end of the year	10 024 780	8 876 772	8 830 865	8 876 772

The fair value of the shares granted have been calculated by an actuary using the Black-Scholes-Merton model and the following values at grant date.

Notes to the consolidated annual financial statements – continued

for the year ended 31 March 2017

29 Employee benefits – continued	Group and company					
	BCX	Trudon	Grant 4	Grant 3	Grant 2	Grant 1
Telkom Share Plan - continued						
Market share price (R)	70.82	55.50	65.00	64.31	76.11	27.30
Dividend yield (%)	–	–	–	–	–	–
Share price volatility	35% p.a	35% p.a	35% p.a	35% p.a	35% p.a	35% p.a
Future risk free interest rate	8.5% p.a	8.5% p.a	8.5% p.a	8% p.a	6.7% p.a	8.5% p.a

	Group		Company	
	2017	2016	**2017**	2016
The principal assumptions used in calculating the expected number of shares that will vest are as follows:				
Employee turnover (%)	**2.19**	2.66	**2.19**	2.66
Meeting specified performance criteria (%)	**100**	100	**100**	100

The key performance indicators for the first grant are free cash flow targets and net promoter score targets. The second grant key indicators are headline earnings per share, free cash flow, return on equity and total shareholder return.

30 Trade and other payables	Group		Company	
	2017 Rm	2016 Rm	**2017 Rm**	2016 Rm
	7 516	7 134	**8 657**	6 820
Trade payables	**3 870**	3 873	**3 383**	3 359
Finance cost accrued	**60**	54	**60**	54
Accruals and other payables	**3 586**	3 207	**5 214**	3 407

Accruals and other payables mainly represent amounts payable for goods received, net of value added tax obligations and licence fees.

Telkom's standard payment terms of trade payables is at the end of the following month following the date of the receipt of the invoice. This averages to 45 days.

Included in the current and prior year balance is the refund from SARS of R854 million including interest. Refer to note 37.