6 Operating expenses
– continued

	Group		Company	
	2017	Restated 2016	**2017**	Restated 2016
The estimated useful lives assigned to groups of property, plant and equipment are: *- continued*	**Years**		**Years**	
Data processing equipment and software	**1 to 10**	1 to 10	**5 to 10**	5 to 10
Telkom support services equipment	**1 to 20**	1 to 20	**1 to 20**	2 to 20
The expected useful lives assigned to intangible assets are:				
Software and licences	**2 to 11**	2 to 11	**5 to 10**	5 to 10
Trademarks, copyrights and other	**3 to 13**	3 to 13	**4 to 13**	4 to 13

As a result of the transformation programme, the group reassessed the useful lives of certain technologies to address the challenges within the competitive market and IP-based products and services. The reassessment of useful lives had the effect of increasing the depreciation and amortisation expense for the year ended 31 March 2017 by R325 million (2016: R192 million). Depreciation and amortisation for each year of the remaining useful lives of the individually reassessed equipment will be significantly lower.

7 Investment income

	Group		Company	
	2017 Rm	2016 Rm	**2017 Rm**	2016 Rm
	219	203	**522**	812
Interest income	**219**	203	**370**	180
Dividend income from subsidiaries	**–**	–	**152**	632

The company's interest income increased as a result of an increase in interest received from subsidiaries.

Interest income relates to interest earned from financial assets not measured at fair value through profit or loss. Interest is recognised on a time proportionate basis taking into account the principal amount outstanding and the effective interest rate.

Dividends from investments are recognised on the date that the group is entitled to the dividend.

The decrease in dividend income is due to the non-declaration of dividend by Acajou Investments (Pty) Ltd to Telkom company in the current financial year.

8 Finance charges and fair value movements

	Group		Company	
	2017 Rm	2016 Rm	**2017 Rm**	2016 Rm
	888	622	**801**	618
Finance charges on interest bearing debt*	**618**	521	**558**	489
Local debt	**771**	624	**711**	592
Less: Finance charges capitalised**	**(153)**	(103)	**(153)**	(103)
Foreign exchange and fair value movements	**270**	101	**243**	129
Foreign exchange (gains)/losses	**(145)**	428	**(169)**	457
Fair value adjustments	**415**	(327)	**412**	(328)
Capitalisation rate for borrowing costs (%)	**11.5**	11.5	**11.5**	11.5

Finance charges relate to interest expense on financial liabilities not measured at fair value through profit or loss.

The increase in foreign exchange and fair value movements was mainly as a result of hedges taken in a volatile economic environment partly offset by a higher fair value gain on revaluation of the underlying assets held by the cell captive.

** For interest bearing debt movement, refer to note 26.*
*** Finance charges on qualifying assets are capitalised to property, plant and equipment and intangible assets.*