

Notes to the financial statements continued

for the year ended 31 March 2020

37. Commitments continued

	Group finance lease commitments			
	Total Rm	<1 year Rm	1 - 5 years Rm	>5 years Rm
2020				
Equipment				
Minimum lease payments	18	15	3	–
Finance charges	(1)	(1)	–	–
Finance lease obligation	17	14	3	–
2019				
Equipment				
Minimum lease payments	162	66	96	–
Finance charges	(3)	(2)	(1)	–
Finance lease obligation	159	64	95	–

Company finance lease commitments

Telkom Company has no finance lease commitments as at 31 March 2020 or 31 March 2019.

Finance leases

There are no major restrictions imposed by lease arrangements.

38. Contingencies

Contingent Liabilities

Other than the disclosures below, there have been no significant movement or new matters noted on the contingent positions as reported in the 31 March 2019 financial statements.

Financial guarantees

The total exposure on the financial guarantee relating to BCX Nigeria amounts to R46 million as at 31 March 2020. An amount of R13 million has been accounted for in other financial liabilities based on an expected credit loss valuation that was performed to quantify the potential exposure. Refer to note 22. The total exposure of the financial guarantee will be triggered if BCX Nigeria is unable to meet its obligations in terms of the repayment agreement. To date, no default event (with regards to the repayment agreement) have taken place. No other material contingent liabilities related to financial guarantees have been identified for the year ended 31 March 2020.

High Court

Phutuma Networks (Pty) Ltd (Phutuma)

In August 2009, Phutuma served a summons on Telkom, claiming for damages, in the amount of R5.5 billion, arising from a tender published by Telkom in November 2007. The High Court granted absolution from the instance, in Telkom's favour. The Supreme Court of Appeal (SCA) had initially dismissed Phutuma's application for leave to appeal in October 2014. On 4 November 2014, the SCA rescinded its order granted in October 2014. In early 2015, the SCA referred the application for leave to appeal back to the full bench of the North Gauteng High Court. The leave to appeal was heard in September 2016 and was upheld. The matter now needs to be re-enrolled for trial.

Tax Matters

As noted in the prior year consolidated annual financial statements, Telkom had appealed against the Tax Court judgement received on the dispute between Telkom and South African Revenue Services (SARS) relating to the tax treatment of the loss that arose in the 2012 financial year on the sale of a foreign subsidiary. The appeal was heard by the Supreme Court of Appeal on 4 March 2020 and the judgement was handed down on 25 March 2020 against Telkom and, as such, a liability was recognised for the amount payable to SARS at 31 March 2020. However, Telkom has applied to the Constitutional Court for leave to appeal the judgement. An asset will only be recognised once the matter has been resolved and if it favors Telkom.