Notes to the financial statements continued

for the year ended 31 March 2024

10. Employee benefits continued

10.2 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 latest actuarial valuation performed at 31 March 2024 indicates that the pension fund is in a surplus position of R30 million (31 March 2023: R30 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, currency, interest rate and market risks.

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

	Group		Company	
The Telkom Pension Fund	**31 March 2024 Rm**	31 March 2023 Rm	**31 March 2024 Rm**	31 March 2023 Rm
The net periodic pension costs include the following components:				
Interest cost on projected benefit obligations	**6**	6	**6**	6
Service cost on projected benefit obligations	**1**	1	**1**	1
Interest on plan assets after asset restriction	**(10)**	(14)	**(10)**	(14)
Curtailment	**(8)**	–	**(8)**	–
Net periodic pension expense recognised in profit or loss	**(11)**	(7)	**(11)**	(7)
The net periodic other comprehensive income includes the following components:				
Actuarial gain from financial assumption changes	**1**	2	**1**	2
Actuarial (gain)/loss due to demographic assumption changes	**(1)**	116	**(1)**	116
Asset ceiling in terms of IAS 19.64	**1**	(10)	**1**	(10)
Net periodic pension income recognised in other comprehensive income	**1**	108	**1**	108
Cumulative actuarial gain	**36**	35	**36**	35
The status of the pension plan obligation is as follows:				
At the beginning of the year	**51**	47	**51**	47
Interest cost	**6**	6	**6**	6
Current service cost	**1**	1	**1**	1
Benefits paid	**(1)**	–	**(1)**	–
Actuarial gain	**(3)**	(3)	**(3)**	(3)
Curtailment	**(7)**	–	**(7)**	–
Benefit obligation at the end of the year	**47**	51	**47**	51

Notes to the financial statements continued

for the year ended 31 March 2024

10. Employee benefits continued

10.2 The Telkom Pension Fund continued

	Group		Company	
	31 March 2024 Rm	31 March 2023 Rm	31 March 2024 Rm	31 March 2023 Rm
Plan assets at fair value:				
At the beginning of the year	81	193	81	193
Interest on plan assets	10	22	10	22
Benefits paid	(1)	–	(1)	–
Transfer of Employer Surplus Account (ESA) to TRF	–	(115)	–	(115)
Actuarial loss	(3)	(19)	(3)	(19)
Curtailment	(10)	–	(10)	–
Plan assets at the end of the year	77	81	77	81
Present value of funded obligation	47	51	47	51
Fair value of plan assets	(77)	(81)	(77)	(81)
Fund surplus	(30)	(30)	(30)	(30)
Asset ceiling in terms of IAS 19.64	13	13	13	13
Recognised net asset	(17)	(17)	(17)	(17)
Interest on plan assets after asset restriction	2	8	2	8
Actuarial loss on plan assets	(3)	(19)	(3)	(19)
Actual return on plan assets	(1)	(11)	(1)	(11)
Plan assets balance comprises:				
Cash and cash equivalents	2	3	2	3
Equity securities	30	35	30	35
Property	2	2	2	2
Bonds	11	15	11	15
Commodities	1	1	1	1
Foreign investments	31	25	31	25
Total	77	81	77	81

Funding arrangements

The Telkom Pension Fund invests its funds in South Africa and internationally. Two fund managers invest in South Africa and globally through their balanced funds. The Telkom Pension Fund is a closed defined benefit fund which no new employees can join.

There is no material investment in Telkom shares included in the Telkom Pension Fund asset.

	Group		Company	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023
Funding level per statutory actuarial valuation (%)	100	100	100	100
The number of employees registered under the Telkom Pension Fund	14	18	14	18
The fund portfolio consists of the following percentages:				
Cash (%)	3	3	3	3
Equities (%)	39	44	39	44
Property (%)	2	3	2	3
Bonds (%)	15	18	15	18
Commodities (%)	1	1	1	1
Foreign investments (%)	40	31	40	31
Funding level per statutory actuarial valuation (%)	**100**	**100**	**100**	**100**

The total estimated contributions to be paid to the pension fund by the employer for the year ending 31 March 2025 is R0.4 million.