Notes to the financial statements continued

for the year ended 31 March 2024

10. Employee benefits continued

10.3 The Telkom Retirement Fund continued

	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 pensioners registered under the Telkom Retirement Fund	**12 912**	12 654	**12 912**	12 654
The number of in-service employees entitled to retire in the Telkom Retirement Fund	**9 773**	10 915	**9 773**	10 915
The fund portfolio consists of the following percentages:				
Equities (%)	**11**	14	**11**	14
Property (%)	**7**	5	**7**	5
Bonds (%)	**41**	42	**41**	42
Africa (%)	**7**	7	**7**	7
Cash (%)	**10**	8	**10**	8
Foreign investments (%)	**24**	24	**24**	24
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 2025 is R538 million.

10.4 Medical benefits

Telkom makes certain contributions to medical aid 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 3.4.4. 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 6.5. 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' liabilities 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 2024.

The medical aid plan exposes the Group to actuarial risks, such as longevity, currency, interest rate and market risks.

Notes to the financial statements continued

for the year ended 31 March 2024

10. Employee benefits continued

10.4 Medical benefits continued

	Group		Company	
Medical aid	31 March 2024 Rm	31 March 2023 Rm	31 March 2024 Rm	31 March 2023 Rm
Benefit obligation:				
At the beginning of the year	1 386	1 523	1 364	1 501
Interest cost	154	158	154	158
Service cost	1	1	1	1
Actuarial gain	(99)	(116)	(99)	(116)
Curtailment loss	(1)	5	(1)	5
Benefits paid from plan assets	(179)	(185)	(179)	(185)
Benefit obligation at the end of the year	1 262	1 386	1 240	1 364
Plan assets at fair value:				
At the beginning of the year	2 516	3 050	2 516	3 050
Interest on plan assets	299	338	299	338
Benefits paid from plan assets	(179)	(185)	(179)	(185)
Employer contributions refund	–	(543)	–	(543)
Actuarial loss	(108)	(144)	(108)	(144)
Plan assets at the end of the year	2 528	2 516	2 528	2 516
Present value of funded obligation	1 262	1 386	1 240	1 364
Fair value of plan assets	(2 528)	(2 516)	(2 528)	(2 516)
Fund surplus	(1 266)	(1 130)	(1 288)	(1 152)
Liability as disclosed in the statement of financial position (refer to note 6.5)	7	8	–	–
Asset as disclosed in the statement of financial position	(1 273)	(1 138)	(1 288)	(1 152)
The net periodic other comprehensive income includes the following components:				
Actuarial loss due to financial assumptions changes	(57)	(81)	(57)	(81)
Actuarial gain/(loss) due to experience adjustments	37	(3)	37	(3)
Actuarial gain due to demographic assumptions changes	48	36	48	36
Net periodic pension income/(expense) recognised in other comprehensive income	28	(48)	28	(48)
Cumulative actuarial loss	(1 576)	(1 604)	(1 582)	(1 610)
Plan assets at fair value:				
Interest on plan assets	299	338	299	338
Actuarial loss on plan assets	(108)	(144)	(108)	(144)
Actual return on plan assets	191	194	191	194
Plan asset balance comprises:				
Cash and cash equivalents	55	63	55	63
Equity securities	1 203	1 095	1 203	1 095
Bonds	1 217	1 288	1 217	1 288
Foreign investments	53	70	53	70
Total	2 528	2 516	2 528	2 516

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

Notes to the financial statements continued

for the year ended 31 March 2024

10. Employee benefits continued

10.4 Medical benefits continued

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 are 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.

	Group		Company	
	31 March 2024 Rm	31 March 2023 Rm	**31 March 2024 Rm**	31 March 2023 Rm
Included in the fair value of plan assets are:				
Telkom shares	**0.5**	0.7	**0.5**	0.7
The fund portfolio consists of the following percentages:				
Cash and money market investments (%)	**2**	2	**2**	2
Equities (%)	**47**	44	**47**	44
Bonds (%)	**49**	51	**49**	51
Foreign investments (%)	**2**	3	**2**	3
Total	**100**	100	**100**	100

The total estimated contributions to be paid to the post-retirement medical aid by the employer for the year ending 31 March 2025 is Rnil as the liability is currently significantly over funded.

10.5 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 2024. Eligible employees must be employed by Telkom until retirement age to qualify for the telephone rebates. The scheme is a defined benefit plan.

The telephone rebate benefit exposes the Group to actuarial risks, such as longevity, currency, interest rate and market risks.

The status of the telephone rebate liability is disclosed below:

	Group		Company	
Telephone rebates	**31 March 2024 Rm**	31 March 2023 Rm	**31 March 2024 Rm**	31 March 2023 Rm
Benefit obligation:				
At the beginning of the year	**356**	377	**356**	377
Current service cost	**1**	2	**1**	2
Interest cost	**39**	39	**39**	39
Actuarial gain	**(49)**	(32)	**(49)**	(32)
Curtailment loss	**(1)**	(4)	**(1)**	(4)
Benefits paid	**(30)**	(26)	**(30)**	(26)
Liability as disclosed in the statement of financial position (refer to note 6.5)	**316**	356	**316**	356
The net periodic other comprehensive income includes the following components:				
Actuarial gain due to financial assumptions changes	**38**	18	**38**	18
Actuarial gain due to experience adjustments	**12**	17	**12**	17
Actuarial loss due to demographic assumptions changes	**(1)**	(3)	**(1)**	(3)
Net periodic pension income recognised in other comprehensive income	**49**	32	**49**	32
Cumulative actuarial loss	**185**	136	**185**	136
Number of members	**3 664**	4 183	**3 664**	4 183
Number of pensioners	**13 746**	13 596	**13 746**	13 596