

Notes to the consolidated annual financial statements (continued)

For the year ended 31 March 2015

13. Property, plant and equipment								
Group	2015			2014				
	Cost Rm	Accumulated depreciation and write-offs Rm	Carrying value Rm	Cost Rm	Accumulated depreciation and write-offs Rm	Carrying value before impairment Rm	Impairment Rm	Carrying value Rm
Freehold land and buildings	6 406	(4 320)	2 086	6 515	(4 205)	2 310	–	2 310
Leasehold buildings	432	(360)	72	551	(460)	91	–	91
Network equipment	68 298	(50 205)	18 093	65 798	(47 725)	18 073	–	18 073
Support equipment	4 552	(3 460)	1 092	4 303	(2 957)	1 346	(392)	954
Furniture and office equipment	239	(200)	39	301	(243)	58	–	58
Data processing equipment and software	4 579	(3 657)	922	4 634	(3 675)	959	–	959
Under construction	1 929	–	1 929	2 530	–	2 530	–	2 530
Other	537	(383)	154	552	(404)	148	–	148
	86 972	(62 585)	24 387	85 184	(59 669)	25 515	(392)	25 123

Company	2015			2014				
	Cost Rm	Accumulated depreciation and write-offs Rm	Carrying value Rm	Cost Rm	Accumulated depreciation and write-offs Rm	Carrying value before impairment Rm	Impairment Rm	Carrying value Rm
Freehold land and buildings	6 406	(4 320)	2 086	6 515	(4 205)	2 310	–	2 310
Leasehold buildings	432	(360)	72	432	(341)	91	–	91
Network equipment	68 181	(50 148)	18 033	65 514	(47 626)	17 888	–	17 888
Support equipment	4 550	(3 459)	1 091	4 302	(2 956)	1 346	(392)	954
Furniture and office equipment	236	(198)	38	281	(230)	51	–	51
Data processing equipment and software	4 573	(3 653)	920	4 452	(3 586)	866	–	866
Under construction	1 929	–	1 929	2 652	–	2 652	–	2 652
Other	536	(382)	154	550	(401)	149	–	149
	86 843	(62 520)	24 323	84 698	(59 345)	25 353	(392)	24 961

Fully depreciated assets with a cost of R989 million (2014: R3 679 million) were derecognised in the current financial year. This has reduced both the cost price and accumulated depreciation of property, plant and equipment.

The company capital expenditure under property, plant and equipment relates to expansions of R1 354 million and maintenance of R2 663 million (2014 expansions: R2 109 million and maintenance: R3 559 million).

A total of 62 properties (2014: 55 properties) were held for sale as at the end of the current financial year. These assets have a total net book value of R4.9 million (2014: R4.4 million) with a total market value of R159.6 million (2014: R251.9 million) as at the end of the current financial year. The accumulated depreciation on these assets is R9.8 million (2014: R11.4 million). These properties are being sold because they do not form part of the group's core business.

Property, plant and equipment with a carrying value of R58 million (2014: R73 million) has been pledged as security. Details of the loans are disclosed in note 28.

The carrying amounts of property, plant and equipment can be reconciled as follows:

Group	Carrying value at beginning of year Rm	Additions Rm	Transfer to disposal group Rm	Transfers* Rm	Disposals Rm	Depreciation Rm	Write-offs Rm	Carrying value before impairment Rm	Impairment** Rm	Carrying value at end of year Rm
2015										
Freehold land and buildings	2 310	138	–	(118)	(7)	(205)	(32)	2 086	–	2 086
Leasehold buildings	91	–	(1)	1	–	(19)	–	72	–	72
Network equipment	18 073	2 243	–	1 633	(9)	(3 747)	(100)	18 093	–	18 093
Support equipment	954	214	–	147	–	(219)	(4)	1 092	–	1 092
Furniture and office equipment	58	1	(6)	7	–	(18)	(3)	39	–	39
Data processing equipment and software	959	230	(90)	82	–	(256)	(3)	922	–	922
Under construction	2 530	1 201	–	(1 799)	–	–	(3)	1 929	–	1 929
Other	148	11	–	33	–	(36)	(2)	154	–	154
	25 123	4 038	(97)	(14)	(16)	(4 500)	(147)	24 387	–	24 387
2014										
Freehold land and buildings	2 398	135	–	13	–	(231)	(5)	2 310	–	2 310
Leasehold buildings	113	(3)	–	–	–	(19)	–	91	–	91
Network equipment	18 511	2 796	–	728	(17)	(3 880)	(65)	18 073	–	18 073
Support equipment	1 089	229	–	225	–	(189)	(8)	1 346	(392)	954
Furniture and office equipment	42	3	–	37	–	(22)	(2)	58	–	58
Data processing equipment and software	820	183	–	212	–	(247)	(9)	959	–	959
Under construction	1 812	2 330	–	(1 543)	–	–	(69)	2 530	–	2 530
Other	96	22	–	60	–	(29)	(1)	148	–	148
	24 881	5 695	–	(268)	(17)	(4 617)	(159)	25 515	(392)	25 123

Notes to the consolidated annual financial statements (continued)

For the year ended 31 March 2015

13. Property, plant and equipment (continued)

The carrying amounts of property, plant and equipment can be reconciled as follows:

Company	Carrying value at beginning of year Rm	Additions Rm	Transfers* Rm	Disposals Rm	Depreciation Rm	Write-offs Rm	Carrying value before impairment Rm	Impairment** Rm	Carrying value at end of year Rm
2015									
Freehold land and buildings	2 310	138	(118)	(7)	(205)	(32)	2 086	–	2 086
Leasehold buildings	91	–	–	–	(19)	–	72	–	72
Network equipment	17 888	2 225	1 757	(8)	(3 729)	(100)	18 033	–	18 033
Support equipment	954	213	146	–	(218)	(4)	1 091	–	1 091
Furniture and office equipment	51	1	7	–	(18)	(3)	38	–	38
Data processing equipment and software	866	229	83	–	(255)	(3)	920	–	920
Under construction	2 652	1 201	(1 921)	–	–	(3)	1 929	–	1 929
Other	149	11	32	–	(36)	(2)	154	–	154
	24 961	4 018	(14)	(15)	(4 480)	(147)	24 323	–	24 323
2014									
Freehold land and buildings	2 398	135	13	–	(231)	(5)	2 310	–	2 310
Leasehold buildings	113	(3)	–	–	(19)	–	91	–	91
Network equipment	18 327	2 772	733	(16)	(3 863)	(65)	17 888	–	17 888
Support equipment	1 089	229	225	–	(189)	(8)	1 346	(392)	954
Furniture and office equipment	36	1	37	–	(21)	(2)	51	–	51
Data processing equipment and software	719	182	212	–	(238)	(9)	866	–	866
Under construction	1 939	2 330	(1 548)	–	–	(69)	2 652	–	2 652
Other	95	22	60	–	(27)	(1)	149	–	149
	24 716	5 668	(268)	(16)	(4 588)	(159)	25 353	(392)	24 961

The group does not have temporarily idle property, plant and equipment.

47 % of capital expenditure relates to the expansion of existing networks and services. 29 % of capital expenditure contributed to the new next generation network programme. The balance of 24 % capital expenditure is mainly attributable to investment in submarine cable systems, network evolution initiatives, sustainment programmes, IT and OSS systems and property upgrade and growth projects.

An extensive build programme that provides capacity for growth in services, focusing on next generation network and mobile technologies, is expected to continue over the next few years.

An amount of R7.9 million (2014: R15.9 million) under property, plant and equipment disposals relates to the sale of customer premises equipment in terms of a finance lease.

Changes to the estimated useful lives on property, plant and equipment were necessary due to the transformation programme and the group policies and procedures, resulting in an increase in the depreciation by a further R257 million (2014: R1 193 million).

*The group and company has a process of determining whether an asset which incorporates both a tangible and an intangible element, should be recognised as tangible or intangible assets, based on management's judgement and on facts available and the significance of each element to the total value of the asset. Assets with a carrying value to the net amount of R14 million (2014: R268 million) for company and group were reclassified from property, plant and equipment to intangible assets in the current year.

**The amount impaired for support equipment relates to assets transferred from inventory to property, plant and equipment. The assets relate to an asset class previously impaired and thus had to be assessed for impairment in the prior financial year. As there are no future cash flows related to these assets, the recoverable amount based on value in use was assessed as Rnil and the assets were impaired.