

Notes to the consolidated annual financial statements (continued)

For the year ended 31 March 2015

16. Investments

16.1 Investments in subsidiaries

Trudon (formerly known as TDS Directory Operations) Proprietary Limited

64.90 % shareholding at cost

Swiftnet Proprietary Limited

100 % shareholding at cost

Rossal No 65 Proprietary Limited

100 % shareholding at cost (R100)

Acajou Investments Proprietary Limited

100 % shareholding at cost (R100)

Intekom Proprietary Limited

100 % shareholding at cost

Q-Trunk Proprietary Limited*

100 % shareholding at cost

Impairment

Held-for-sale

Trudon (formerly known as TDS Directory Operations) Proprietary Limited**

64.90 % shareholding at cost

Cost

Company	
2015 Rm	2014 Rm
35	202
–	167
25	25
–	–
–	–
10	10
–	–
10	10
(10)	(10)
167	–
167	–

*In the process of deregistration.

**Refer to note 10.

Investments and loans key assumptions

Loans and investments are tested for impairment losses whenever there are impairment indicators, by comparing the recoverable amounts of the cash-generating units (CGU) with the carrying amounts of the investments and loans. At 31 March 2015 there were no impairment indicators.

For continuing operations the recoverable amount of a CGU is determined based on value in use calculations. Value in use is based on the discounted cash flow method.

Gross margin

The budgeted gross margin is based on past experience and management's future expectations of business performance.

Growth rates

The growth rates are determined based on the forward looking consumer price index, and reflect management's assessment of the long-term growth prospects of the sector in which the CGU operates.

Discount rates

The discount rates used are post-tax and reflect specific risks relating to the relevant cash-generating units.

Sensitivity to changes in assumptions

Management believes that no reasonably possible changes in the assumptions would cause the carrying amount of the cash-generating unit to exceed its recoverable amount in the short term.

	Group		Company	
	2015 Rm	2014 Rm	2015 Rm	2014 Rm
16.2 Other investments	2 231	2 759	2 227	2 755
At fair value through profit and loss	2 227	2 755	2 227	2 755
Cell captive preference shares	2 227	2 755	2 227	2 755
Available-for-sale				
<i>Unlisted investment</i>				
<i>Rascom</i>				
0.69 % interest in Regional African Satellite Communications Organisation, headquartered in Abidjan, Ivory Coast, at cost.	–	–	–	–
Cost	–	–	–	1
Impairment	–	–	–	(1)
Investment in associate	4	4	–	–
Equity investment in Number Portability Company	4	4	–	–

Cell captive investment in preference shares

The fair value through profit or loss investment is used to fund the post-retirement medical aid liability. These investments are made through a cell captive in which Telkom holds 100 % of the preference shares, and represent the fair value of the underlying investments of the cell captive. These are equity investments. The group withdrew R750 million from the cell captive in the current financial year. The withdrawal was used to partially subsidise the settlement of the post-retirement medical aid obligation of the post 1994 pensioners. Refer to note 31.

Investment in associate

The Number Portability Company (NPC) was incorporated in response to Regulations of 2005 that required a national centralised database of ported numbers for mobile numbers. The NPC was previously classified as a joint venture jointly controlled by Vodacom, MTN and Cell C. The investment has been classified as an associate in line with the requirements of the revised IAS 28 Investments in Associates and Joint Ventures and IFRS 11 Joint Arrangements. The year end of the associate, 31 December, is different to that of the group and the impact is not material.