25. Share-based compensation reserve

	Group		Company	
	2015 Rm	2014 Rm	**2015 Rm**	2014 Rm
Telkom's shareholders approved the Telkom Employee Share Plan at the September 2013 Annual General Meeting. The scheme covers both operational and management employees and is aimed at giving shares to Telkom employees, at a Rnil exercise price, at the end of the vesting period. Although the number of shares awarded to employees was communicated at the grant date, the ultimate number of shares that vest may differ based on certain performance conditions being met. Refer to note 31.				
The fund has been created but the related compensation expense will be recognised over the vesting period of shares granted.				
The movement within the share-based compensation reserve is:				
Balance at beginning of year	**11**	–	**11**	–
Net increase in equity	**115**	11	**115**	11
Employee cost	**115**	11	**115**	11
Balance at end of year	**126**	11	**126**	11

26. Non-distributable reserves

	Group		Company	
	2015 Rm	2014 Rm	**2015 Rm**	2014 Rm
	1 507	2 580	**786**	1 859
Opening balance	**2 580**	2 164	**1 859**	1 569
Movement during the year	**(1 073)**	416	**(1 073)**	290
Foreign currency translation reserve	**–**	4	**–**	–
Recycling of foreign currency translation reserve in profit and loss	**–**	122	**–**	–
Transfer of treasury shares	**(775)**	–	**(775)**	–
Realised gains of the cell captive reserve	**(519)**	(53)	**(519)**	(53)
Revaluation of the cell captive reserve	**221**	343	**221**	343
The balance comprises:	**1 507**	2 580	**786**	1 859
Cell captive reserve	**2 282**	2 580	**1 561**	1 859
Shares held by subsidiaries and in escrow	**(775)**	–	**(775)**	–

The group has a cell captive preference share investment to fund Telkom's post-retirement medical aid liability.

The fair value gains from the cell captive are recognised in profit or loss. The fair value gains are transferred to the non-distributable reserves until the date that the investment and the corresponding fair value gains are realised. On this date the fair value gains are transferred back to retained earnings.

The reserve also represents amounts paid by Telkom to subsidiaries, Rossal No 65 Proprietary Limited and Acajou Investments Proprietary Limited, for the acquisition of Telkom's shares to be utilised in terms of the Telkom Employee Share Plan.

Notes to the consolidated annual financial statements (continued)

For the year ended 31 March 2015

26. Non-distributable reserves (continued)

Fair value of ordinary shares in Telkom are held as follows:

26. Non-distributable reserves	2015 Number of shares	2015 Rm	2014 Number of shares	2014 Rm
Escrow	**6 558 915**	**519**	–	–
Rossal No 65 Proprietary Limited	**2 046 528**	**162**	2 046 528	69
Acajou Investments Proprietary Limited	**1 584 641**	**126**	8 143 556	274
Total	**10 190 084**	**807**	10 190 084	343

All shares will be allocated to employees as part of the new employee share plan.

27. Non-controlling interest	Group 2015 Rm	Group 2014 Rm
	363	377
Balance at beginning of year	**377**	379
Share of earnings	**105**	121
Dividend declared	**(119)**	(123)

The non-controlling interest relates to the minority shareholders of Trudon.

28. Interest-bearing debt	Group 2015 Rm	Group 2014 Rm	Company 2015 Rm	Company 2014 Rm
Non-current interest-bearing debt	**3 244**	3 775	**3 244**	3 775
Total interest-bearing debt (refer to note 15)	**4 856**	4 096	**4 856**	4 094
Gross interest-bearing debt	**4 966**	4 228	**4 966**	4 228
Discount on debt instruments issued	**(761)**	(870)	**(761)**	(870)
Finance leases	**651**	738	**651**	736
Less: Current portion of interest-bearing debt	**(1 612)**	(321)	**(1 612)**	(319)
Local debt	**(1 260)**	–	**(1 260)**	–
Bond	**(1 160)**	–	**(1 160)**	–
Other loans	**(100)**	–	**(100)**	–
Foreign debt	**(239)**	(236)	**(239)**	(236)
Finance leases	**(113)**	(85)	**(113)**	(83)