

Notes to the consolidated annual financial statements (continued)

For the year ended 31 March 2015

	Group		Company	
	2015 Rm	2014 Rm	2015 Rm	2014 Rm
29. Provisions				
Non-current employee-related				
<i>Annual leave</i>				
Balance at beginning of year	437	1 388	437	1 373
Charged to employee expenses	527	533	524	527
Transfer of provision due to the disposal of the iWayAfrica group	533	510	527	501
Transfer of provision due to the Trudon group classified as held for sale	28	78	28	78
Leave paid/utilised	–	(3)	–	–
	(31)	(52)	(31)	(52)
<i>Post-retirement medical aid (refer to note 31)</i>				
Balance at beginning of year	–	1 374	–	1 353
Transfer of provision due to the Trudon group classified as held for sale	1 374	5 328	1 353	5 305
Interest cost	(21)	–	–	–
Current service cost	276	468	276	468
Interest on plan asset	4	62	4	62
Actuarial loss/(gain)	(236)	(197)	(236)	(197)
Curtailment gain	423	(1 026)	423	(1 026)
Transfer from sinking fund to annuity policy	–	(2 403)	–	(2 403)
Settlement (gain)/loss	–	(85)	–	(85)
Contributions paid*	(221)	234	(221)	234
Transfer to employee benefits assets (refer to note 31)	(2 023)	(1 007)	(2 023)	(1 005)
	424	–	424	–
<i>Telephone rebates (refer to note 31)</i>				
Balance at beginning of year	471	375	471	375
Interest cost	375	422	375	422
Current service cost	33	31	33	31
Curtailment loss	3	4	3	4
Actuarial loss/(gain)	–	(1)	–	(1)
Benefits paid	88	(56)	88	(56)
	(28)	(25)	(28)	(25)
<i>Bonus</i>				
Balance at beginning of year	986	703	977	692
Transfer of provision due to the Trudon group classified as held for sale	703	787	692	772
Charged to employee expenses	(3)	–	–	–
Payments made	969	754	961	747
	(683)	(838)	(676)	(827)
<i>Termination packages and other benefits</i>				
	320	–	320	–
Less: Current portion of employee-related provisions	(1 867)	(1 597)	(1 855)	(1 574)
Annual leave	(526)	(533)	(524)	(527)
Post-retirement medical aid	–	(329)	–	(323)
Telephone rebates	(34)	(32)	(34)	(32)
Bonus	(987)	(703)	(977)	(692)
Termination packages and other benefits	(320)	–	(320)	–
Non-current non-employee-related				
Other	39	108	39	95
Less: Current portion of other provisions	341	839	341	826
Other	(302)	(731)	(302)	(731)
	(302)	(731)	(302)	(731)

*Includes an amount of R1 950 million (2014: R878 million) paid in terms of the settlement of the post-retirement medical aid liability.

Annual leave

In terms of Telkom's policy, employees are entitled to accumulate vested leave benefits not taken within a leave cycle, to a cap of 22 days (2014: 22 days) which must be taken within an 18-month (2014: 18-month) leave cycle. The leave cycle is reviewed annually and is in accordance with legislation.

Bonus

The bonus scheme consists of performance bonuses which are dependent on the achievement of certain financial and non-financial targets. The bonus is payable annually to all qualifying employees after the company's results have been made public.

Non-employee-related provisions

The decrease in non-employee-related provisions is due to the reclassification at 30 September 2014 of an amount of R304 million to trade and other receivables to more accurately reflect the substance of a transaction with a third party. The partial settlement of the fine imposed by the Competition Commission has also contributed to the decrease in the non-employee-related provision.

Other provisions contain provisions for certain legal matters that have been disclosed in the contingencies note (refer to note 39).

	Group		Company	
	2015 Rm	2014 Rm	2015 Rm	2014 Rm
30. Deferred revenue	2 189	2 300	2 186	2 297
Non-current deferred revenue	687	869	687	869
Current portion of deferred revenue	1 502	1 431	1 499	1 428

Included in deferred revenue is profit on the sale and leaseback of certain Telkom buildings of R42 million (2014: R53 million) and short term portion of R11 million (2014: R11 million). A profit of R11 million per annum is recognised in income on a straight-line basis, over the period of the lease ending 2019.

Refer to note 4 for the change in estimate in respect of the voice customer relationship period.

	Group		Company	
	2015 Rm	2014 Rm	2015 Rm	2014 Rm
31. Employee benefits	452	35	452	35
Telkom Pension Fund asset	28	35	28	35
Post-retirement medical aid recognition of net plan asset	424	—	424	—

The group provides benefits for all its permanent employees through the Telkom Pension Fund and the Telkom Retirement Fund. Membership of one of the funds is compulsory. In addition, certain retired employees receive medical aid benefits and a telephone rebate. The liabilities for all of the benefits are actuarially determined in accordance with accounting requirements each year. In addition, statutory funding valuations for the retirement and pension funds are performed at intervals not exceeding three years.

Actuarial valuations were performed by qualified actuaries to determine the benefit obligation, plan asset and service costs for the pension and retirement funds for each of the financial periods presented.