

Notes to the consolidated annual financial continued

29. Interest in subsidiaries continued

29.4 Vodacom Lesotho (Pty) Limited ('Vodacom Lesotho')

The Group holds a 80% interest in Vodacom Lesotho which operates and is incorporated in Lesotho. There are no restrictions on Vodacom Lesotho's ability to access or use assets, and settle liabilities of the Group.

Rm	2016	2015
Statement of financial position		
Non-current assets	694	580
Current assets	192	211
Total assets	886	791
Equity attributable to owners of the parent	(527)	(454)
Non-controlling interests ¹	(132)	(114)
Non-current liabilities	(17)	(12)
Current liabilities	(209)	(211)
Total equity and liabilities	(885)	(791)
Income statement		
Revenue	1 027	849
Net profit attributable to equity shareholders	232	174
Net profit attributable to non-controlling interests	58	44
Net profit	290	218
Statement of cash flows		
Net cash flows from operating activities	391	336
Net cash flows utilised in investing activities	(234)	(194)
Net cash flows utilised in financing activities	(199)	(99)
Net (decrease)/increase in cash and cash equivalents	(42)	43

Note:

1. Dividend paid to non-controlling interest amounted to R40 million (2015: R20 million).

30. Related parties

The Group's related parties are its parent, joint venture, associate, pension schemes (Note 27) and key management including directors (Note 30.3). Further details regarding the related party relationship with a non-executive director of the Group may be found in Note 17.1.4.8.

Rm	2016	2015
30.1 Balances with related parties		
Accounts receivable		
Vodafone Group Plc and subsidiaries	72	50
Other	17	10
Accounts payable		
Vodafone Group Plc and subsidiaries	(833)	(1 007)
Other	2	(1)
The outstanding balances listed above are unsecured and will be settled in cash in the ordinary course of business. No guarantees or provision for doubtful debts have been recognised.		
Borrowings		
Vodafone Investments Luxembourg s.a.r.l (Note 18)	24 256	21 201

Rm	2016	2015
30. Related parties continued		
30.2 Transactions with related parties		
Vodafone Group Plc and subsidiaries ¹	(10 560)	(9 912)
Revenue	202	73
Direct expenses	(173)	(277)
Secondment fees	(26)	(48)
Other operating expenses	(1 109)	(771)
Finance costs	(1 765)	(1 103)
Dividends declared	(7 689)	(7 786)
Other	(23)	(18)
Revenue	11	7
Direct expenses	(5)	(5)
Other operating expenses	(29)	(20)
Transactions with entities in which related parties have an interest	(23)	(20)

Note:

1. An amount of R189 million (2015: R228 million) relating to procurement costs was capitalised during the current year.

Rm	2016	2015
30.3 Key management personnel and directors' remuneration		
Key management		
Short-term employee benefits	(22)	(74)
Post-employment benefits ¹	(1)	(2)
Other long-term employee benefits	(1)	–
Share-based payments	(5)	(13)
Key management's remuneration incurred by the Group ³	(29) ⁵	(89)
Key management's remuneration incurred by Vodafone Group Plc ⁴	(1)	(5)
	(30)	(94)
Directors		
Executive directors	(52)	(36)
Short-term employee benefits	(35)	(22)
Post-employment benefits ²	(2)	(1)
Termination benefits	–	–
Share-based payments	(15)	(13)
Non-executive directors	(7)	(7)
Directors' fees	(7)	(7)
Directors' remuneration incurred by the Group	(59)	(43)
Directors' remuneration incurred by Vodafone Group Plc ⁴	(6)	(4)
	(65)	(47)

Note:

1. Included in 'Post-employment benefits' is an amount of RNil million (2015: R0.4 million) relating to contributions to provident funds made annually from bonus allocations.

2. Included in 'Post-employment benefits' is an amount of R0.6 million (2015: R0.7 million) relating to contributions to provident funds made annually from bonus allocations.

3. Includes key management personnel paid by subsidiaries.

4. Includes long-term employee benefits for MS Aziz Joosub: R4 million (2015: R4 million); T Streichert: R2 million (2015: R2 million) and V Mathur: R1 million (2015: RNil). Also included in the prior year is long-term employee benefits for N Gough of R1 million and PP Keshu Patel of R2 million.

5. Various role changes and the way the Executive Committee functions resulted in changes in the key management personnel of the Group. Further details may be found in the remuneration report.

Notes to the consolidated annual financial continued

30. Related parties continued

30.3 Key management personnel and directors' remuneration continued

Included in the aggregate remuneration above are the following individual remuneration payable by the Group (further details can be found in the remuneration report):

	Directors' fees	Salary	Retirement contributions	Other ¹
2016				
Executive directors				
MS Aziz Joosub	–	6 572 781	1 252 219	–
IP Dittrich ⁴	–	1 521 891	73 317	6 115 625
T Streichert ^{5,6}	–	3 640 835	596 666	2 332 316
Non-executive				
MP Moyo	2 066 667	–	–	–
DH Brown	840 002	–	–	–
HMG Dowidar ^{*,4}	173 334	–	–	–
M Joseph*	378 334	–	–	–
BP Mabelane	510 001	–	–	–
TM Mkgosi-Mwantembe	698 335	–	–	–
PJ Moleketi	730 001	–	–	–
JWL Otty*	378 334	–	–	–
M Pieters ^{*,5}	180 000	–	–	–
RAW Schellekens*	713 336	–	–	–
S Timuray*	625 002	–	–	–
	7 293 346	11 735 507	1 922 202	8 447 941
2016				
Key management personnel (Prescribed officers)				
V Jarana	–	3 587 834	324 666	–
R Kumalo ⁴	–	557 842	50 491	3 650 000
V Mathur ^{5,6}	–	1 868 011	102 487	1 596 528
G Motsa ⁷	–	2 637 928	399 572	–
	–	8 651 615	877 216	5 246 528

Notes:

* Fees due to these directors were paid to Vodafone Group Plc, the company by which the director is employed. No other payments were made to third parties in lieu of directors' fees.

- Includes relocation allowance, assignment allowance, acting allowance, employee gifts and exit benefits.
- Includes mobile phone benefit and subsistence allowance.
- STI payable in June 2016, for the year ended 31 March 2016.
- Resignations: R Kumalo: 31 May 2015; IP Dittrich: 31 July 2015; HMG Dowidar: 30 September 2015.
- Appointments: T Streichert: 1 August 2015; M Pieters: 1 October 2015; V Mathur: 16 November 2015.
- Remuneration paid/payable to Vodafone Group Plc.
- Does not meet the definition of key management personnel from 1 January 2016.

Expense allowances ²	Short-term incentives ('STI') ³	Remuneration report	Expensed over term	Actuals vs provisions	Long-term incentives and other	Total
3 600	13 968 000	21 796 600	–	(1 488 000)	13 727 582	34 036 182
1 600	–	7 712 433	–	–	1 138 982	8 851 415
5 424	4 098 908	10 674 149	–	(1 707 542)	–	8 966 607
–	–	2 066 667	–	–	–	2 066 667
–	–	840 002	–	–	–	840 002
–	–	173 334	–	–	–	173 334
–	–	378 334	–	–	–	378 334
–	–	510 001	–	–	–	510 001
–	–	698 335	–	–	–	698 335
–	–	730 001	–	–	–	730 001
–	–	378 334	–	–	–	378 334
–	–	180 000	–	–	–	180 000
–	–	713 336	–	–	–	713 336
–	–	625 002	–	–	–	625 002
10 624	18 066 908	47 476 528	–	(3 195 542)	14 866 564	59 147 550
6 180	5 031 480	8 950 160	–	(839 480)	3 496 805	11 607 485
800	–	4 259 133	–	–	724 619	4 983 752
–	1 143 844	4 710 870	–	(1 143 844)	–	3 567 026
4 290	–	3 041 790	–	3 379 800	2 344 565	8 766 155
11 270	6 175 324	20 961 953	–	1 396 476	6 565 989	28 924 418

Notes to the consolidated annual financial continued

30. Related parties continued

30.3 Key management personnel and directors' remuneration continued

Included in the aggregate remuneration above are the following individual remuneration payable by the Group (further details can be found in the remuneration report):

	Directors' fees	Salary	Retirement contributions	Other ^{1,7}
2015				
Executive directors				
MS Aziz Joosub	–	5 980 977	1 231 523	–
IP Dittrich	–	4 487 946	213 054	–
Non-executive directors				
MP Moyo	1 900 000	–	–	–
DH Brown	743 333	–	–	–
YZ Cuba ⁴	272 501	–	–	–
HMG Dowidar*	405 000	–	–	–
M Joseph*	455 000	–	–	–
BP Mabelane ⁵	163 334	–	–	–
TM Mokgosi-Mwantembe	650 000	–	–	–
PJ Moleketi	660 000	–	–	–
JWL Otty*	455 000	–	–	–
RAW Schellekens*	666 667	–	–	–
S Timuray*	685 000	–	–	–
	7 055 835	10 468 923	1 444 577	–

2015

Key management personnel (Prescribed officers)

YZ Cuba ⁵	–	1 700 383	153 784	4 450 000
ADJ Delport	–	3 399 990	641 260	–
N Gough ^{4,6}	–	3 031 893	–	2 367 094
GRM Hagel	–	3 315 179	–	600 000
V Jarana	–	3 291 609	295 891	–
PP Kesha Patel ^{4,6}	–	4 179 769	–	5 646 166
R Kumalo	–	3 303 089	296 911	–
M Makanjee	–	2 631 548	131 452	–
M Mbungela ⁵	–	2 061 238	322 095	–
M Nkeli ⁴	–	193 171	29 748	2 675 034
NC Nyoka	–	3 218 233	340 300	–
T Streichert ^{5,6}	–	3 445 202	–	2 076 445
	–	33 771 304	2 211 441	17 814 739

Notes:

* Fees due to these directors were paid to Vodafone Group Plc, the company by which the director is employed. No other payments were made to third parties in lieu of directors' fees.

1. Includes relocation allowance, assignment allowance, acting allowance, employee gifts and exit benefits.

2. Includes mobile phone benefit and subsistence allowance.

3. STI payable in June 2015, for the year ended 31 March 2015.

4. Resignations: M Nkeli 30 April 2014; YZ Cuba and N Gough: 31 October 2014; PP Kesha Patel: 31 March 2015.

5. Appointments: T Streichert: 1 April 2014; M Mbungela; 1 May 2014; YZ Cuba: 1 November 2014 and BP Mabelane: 1 December 2014.

6. Remuneration paid/payable to Vodafone Group Plc.

7. In the current year a sign-on arrangement/restraint of trade is included for YZ Cuba, which is expensed over a three-year period. In the prior year a sign-on arrangement/restraint of trade was included for IP Dittrich, which is expensed over a two-year period.

Expense allowances ²	Short-term incentives ('STI') ³	Remuneration report	Expensed over term ⁷	Actuals vs provisions	Long-term incentives and other	Total
4 800	3 715 700	10 933 000	–	2 854 300	9 643 301	23 430 601
4 800	1 541 316	6 247 116	104 167	2 733 684	3 720 843	12 805 810
–	–	1 900 000	–	–	–	1 900 000
–	–	743 333	–	–	–	743 333
–	–	272 501	–	–	–	272 501
–	–	405 000	–	–	–	405 000
–	–	455 000	–	–	–	455 000
–	–	163 334	–	–	–	163 334
–	–	650 000	–	–	–	650 000
–	–	660 000	–	–	–	660 000
–	–	455 000	–	–	–	455 000
–	–	666 667	–	–	–	666 667
–	–	685 000	–	–	–	685 000
9 600	5 257 016	24 235 951	104 167	5 587 984	13 364 144	43 292 246
–	688 823	6 992 990	(3 831 944)	701 802	860 531	4 723 379
–	1 919 169	5 960 419	–	1 155 831	1 989 670	9 105 920
–	924 502	6 323 489	–	1 079 209	–	7 402 698
–	1 486 670	5 401 849	–	(323 342)	1 319 628	6 398 135
4 800	1 545 812	5 138 112	–	1 191 688	3 006 301	9 336 101
–	1 598 516	11 424 451	–	1 285 706	–	12 710 157
4 800	655 620	4 260 420	–	2 081 880	2 203 425	8 545 725
3 228	1 040 200	3 806 428	–	1 059 800	945 997	5 812 225
4 400	1 062 490	3 450 223	–	725 010	1 682 058	5 857 291
–	–	2 897 953	–	–	331 458	3 229 411
4 643	1 685 124	5 248 300	–	1 014 876	1 880 038	8 143 214
–	1 408 439	6 930 086	–	1 217 724	–	8 147 810
21 871	14 015 365	67 834 720	(3 831 944)	11 190 184	14 219 106	89 412 066