

Notes to the consolidated annual financial statements continued

28. Interest in subsidiaries continued**28.4 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	2018	2017
Statement of financial position		
Non-current assets	847	809
Current assets	339	284
Total assets	1 186	1 093
Equity attributable to owners of the parent	(660)	(596)
Non-controlling interests ¹	(165)	(149)
Non-current liabilities	(42)	(28)
Current liabilities	(319)	(320)
Total equity and liabilities	(1 186)	(1 093)
Income statement		
Revenue	1 255	1 116
Net profit attributable to equity shareholders	285	257
Net profit attributable to non-controlling interests	71	64
Net profit	356	321
Statement of cash flows		
Net cash flows from operating activities	491	503
Net cash flows utilised in investing activities	(243)	(201)
Net cash flows utilised in financing activities	(268)	(235)
Net (decrease)/increase in cash and cash equivalents	(20)	67

Note:

1. Dividend paid to non-controlling interest amounted to R55 million (2017: R47 million).

29. Related parties

The Group's related parties are its parent, joint venture, associate, pension schemes (Note 26) and key management including directors (Note 29.3). 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	2018	2017
29.1 Balances with related parties		
Accounts receivable		
Vodafone Group Plc and subsidiaries	110	78
Other	9	42
Accounts payable		
Vodafone Group Plc and subsidiaries	(1 039)	(1 031)
Other	(1)	(15)
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)	27 862	26 856



Rm	2018	2017
29. Related parties continued		
29.2 Transactions with related parties		
Vodafone Group Plc and subsidiaries ¹	(12 272)	(11 222)
Revenue	180	142
Direct expenses	(80)	(99)
Secondment fees	(7)	(20)
Other operating expenses	(1 501)	(1 222)
Finance costs	(2 325)	(2 334)
Dividends declared	(8 539)	(7 689)
Other	(43)	(38)
Revenue	5	13
Direct expenses	–	(1)
Other operating expenses	(48)	(50)
Transactions with entities in which related parties have an interest	(3)	(24)

Note:

1. An amount of R190 million (2017: R195 million) relating to procurement costs was capitalised during the current year.

29.3 Key management personnel and directors' remuneration

Rm	2018	2017
Key management¹		
Short-term employee benefits	–	(21)
Post-employment benefits	–	(1)
Other long-term employee benefits	–	(1)
Share-based payments	–	(2)
Key management's remuneration payable by the Group ²	–	(25)
Short-term incentives over provided by the Group	–	(1)
Key management's remuneration incurred by Vodafone Group Plc ³	–	(3)
	–	(29)
Directors		
Executive directors	(56)	(48)
Short-term employee benefits	(37)	(33)
Post-employment benefits ⁴	(1)	(1)
Share-based payments	(18)	(14)
Non-executive directors	(9)	(8)
Directors' fees	(9)	(8)
Directors' remuneration payable by the Group	(64)	(56)
Short-term incentives under provided by the Group	(2)	(3)
Directors' remuneration incurred by Vodafone Group Plc ³	(10)	(9)
	(76)	(68)

Notes:

1. Recent role and operational changes resulted in changes in the key management personnel of the Group.

2. Includes key management personnel paid by subsidiaries.

3. Includes long-term employee benefits for MS Aziz Joosub: R5 million (2017: R6 million); T Streichert: R5 million (2017: R3 million); V Mathur: RNil million (2017: R2 million).

4. Included in post-employment benefits is an amount of R0.6 million (2017: R0.7 million) relating to contributions to provident funds made annually from bonus allocations.

Notes to the consolidated annual financial statements continued

29. Related parties continued

29.3 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):

R	Directors' fees	Salary	Retirement contributions	Other ¹
2018				
Executive directors				
MS Aziz Joosub	–	9 623 300	826 700*	1 664 319
T Streichert ⁶	–	5 595 571	173 935	3 754 262
Non-executive directors				
PJ Moleketi ⁵	2 069 960	–	–	–
DH Brown	939 666	–	–	–
V Badrinath*	713 333	–	–	–
M Joseph*	455 000	–	–	–
BP Mabelane	636 000	–	–	–
SJ Macozoma ⁵	614 078	–	–	–
TM Mokgosi-Mwantembe	818 333	–	–	–
MP Moyo ⁴	686 290	–	–	–
JWL Otty*	455 000	–	–	–
M Pieters*	430 000	–	–	–
RAW Schellekens*	808 333	–	–	–
	8 625 993	15 218 871	1 000 635	5 418 581

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.

MS Aziz Joosub contributed an additional R556 500 to retirement funds from his short-term incentives.

1. Includes mainly assignment allowance, leave encashment and other benefits.

2. Includes mobile phone benefit and subsistence allowance.

3. STI payable in June 2018, for the year ended 31 March 2018.

4. Resignations: MP Moyo: 18 July 2017.

5. Appointments: PJ Moleketi: Appointed as chairman: 19 July 2017; SJ Macozoma: 19 July 2017.

6. Remuneration paid/payable to Vodafone Group Plc.



Expense allowances ²	Short-term incentives (STI) ³	Remuneration report	Expensed over term	Actuals vs provisions	Long-term incentives and other	Total
4 800	12 391 400	24 510 519	–	–	17 762 137	42 272 656
–	3 820 024	13 343 792	–	–	–	13 343 792
–	–	2 069 960	–	–	–	2 069 960
–	–	939 666	–	–	–	939 666
–	–	713 333	–	–	–	713 333
–	–	455 000	–	–	–	455 000
–	–	636 000	–	–	–	636 000
–	–	614 078	–	–	–	614 078
–	–	818 333	–	–	–	818 333
–	–	686 290	–	–	–	686 290
–	–	455 000	–	–	–	455 000
–	–	430 000	–	–	–	430 000
–	–	808 333	–	–	–	808 333
4 800	16 211 424	46 480 304	–	–	17 762 137	64 242 441

Notes to the consolidated annual financial statements continued

29. Related parties continued**29.3 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):

R	Directors' fees	Salary	Retirement contributions	Other ¹
2017				
Executive directors				
MS Aziz Joosub	–	9 200 500	799 500 [#]	493 867
T Streichert ⁶	–	5 506 821	186 044	3 262 685
Non-executive directors				
MP Moyo	2 233 334	–	–	–
DH Brown	929 668	–	–	–
V Badrinath ⁵	161 250	–	–	–
M Joseph*	405 000	–	–	–
BP Mabelane	625 000	–	–	–
TM Mokgosi-Mwantembe	811 667	–	–	–
PJ Moleketi	833 334	–	–	–
JWL Otty*	405 000	–	–	–
M Pieters*	380 000	–	–	–
RAW Schellekens*	751 668	–	–	–
S Timuray ⁴	497 084	–	–	–
	8 033 005	14 707 321	985 544	3 756 552
2017				
Key management personnel (Prescribed officers)				
V Jarana	–	4 126 785	373 215	–
NC Mabunda ⁵	–	1 998 268	218 399	2 190 000
V Mathur ⁶	–	4 359 778	254 066	3 655 247
	–	10 484 831	845 680	5 845 247

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.

[#] MS Aziz Joosub contributed an additional R721 875 to retirement funds from his short-term incentives.

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 2017, for the year ended 31 March 2017.

4. Resignations: S Timuray: 8 December 2016.

5. Appointments: NC Mabunda: 1 September 2016; V Badrinath: 8 December 2016.

6. Remuneration paid/payable to Vodafone Group Plc.



Expense allowances ²	Short-term incentives (STI) ³	Remuneration report	Expense over term	Long-term incentives and other	Total
4 800	10 860 000	21 358 667	–	14 290 569	35 649 236
4 800	3 672 756	12 633 106	–	–	12 633 106
–	–	2 233 334	–	–	2 233 334
–	–	929 668	–	–	929 668
–	–	161 250	–	–	161 250
–	–	405 000	–	–	405 000
–	–	625 000	–	–	625 000
–	–	811 667	–	–	811 667
–	–	833 334	–	–	833 334
–	–	405 000	–	–	405 000
–	–	380 000	–	–	380 000
–	–	751 668	–	–	751 668
–	–	497 084	–	–	497 084
9 600	14 532 756	42 024 778	–	14 290 569	56 315 347
4 800	3 592 485	8 097 285	–	2 616 817	10 714 102
2 400	1 538 810	5 947 877	(1 416 667)	–	4 531 210
–	1 875 795	10 144 886	–	–	10 144 886
7 200	7 007 090	24 190 048	(1 416 667)	2 616 817	25 390 198