

Notes to the group financial statements continued

for the year ended 31 December 2017

10 RELATED PARTIES

10.1 Related party transactions

Related party transactions constitute the transfer of resources, services or obligations between the group and a party related to the group, regardless of whether a price is charged. For the purposes of defining related party transactions with key management, key management has been defined as directors and the group's executive committee and includes close members of their families and entities controlled or jointly controlled by these individuals.

	2017 Rm	2016 Rm
Key management compensation		
Salaries and other short-term employee benefits	123	112
Post-employment benefits	7	5
Other benefits	26	61
Bonuses	113	47
Compensation for loss of office	–	4
Total	269	229

Details of directors' remuneration are disclosed in note 10.2 of the financial statements.

Subsidiaries

Details of investments in subsidiaries are disclosed in note 9.1 of the financial statements.

Changes in shareholding

There were no material transactions with non-controlling shareholders or changes in shareholding in any of the group's subsidiaries during the current or prior years (note 9.3).

Joint ventures and associates

Details of the group's investments in and share of results and dividend income from its joint ventures and associates are disclosed in note 9.2 of the financial statements.

Details of other transactions and balances with joint ventures and associates are set out below:

	Joint ventures		Associates	
	2017 Rm	2016 Rm	2017 Rm	2016 Rm
Balances outstanding at 31 December				
Trade and other payables owing to joint ventures/associates	233	216	156	145
Loan receivable from joint ventures/associates	5 426	11 884	1 357	5 013
Trade and other receivables from joint ventures/associates	773	696	250	242
Capital call commitments payable to joint ventures/associates	1 195	1 934	–	–
Transactions for the year ended 31 December				
Dividends declared by joint ventures/associates	1 764	3 284	213	205
Interest income	213	1 142	298	230
Capital call notices paid	892	1 098	–	–
Repayment of loan receivable from joint venture	6 509	6 478	–	–

Notes to the group financial statements continued

for the year ended 31 December 2017

10 RELATED PARTIES (continued)

10.1 Related party transactions (continued)

Transactions between members of the group

Scancom Limited (MTN Ghana) entered into operating lease agreements with Ghana Tower InterCo B.V. in prior years. The operating lease commitments amount to R8 446 million at 31 December 2017 (2016: R6 795 million). The expense recorded amounted to R627 million for the 2017 financial year (2016: R532 million). The rental amounts escalate every year by inflation and the initial term is 10 years, followed by four times five-year renewal periods.

MTN Uganda Limited entered into operating lease agreements with Uganda Tower InterCo B.V. in prior years. The operating lease commitments amount to R1 636 million at 31 December 2017 (2016: R2 187 million). The expense recorded amounted to R558 million for the 2017 financial year (2016: R432 million). The rental amounts escalate every year by inflation and the initial term is 10 years, followed by four times five-year renewal periods.

MTN Nigeria Communications Limited entered into operating lease agreements with INT Towers Limited in prior years, a wholly owned subsidiary of Nigeria Tower InterCo B.V. INT Towers Limited is no longer part of MTN Group from 31 January 2017, refer to note 9.2 and 2.3. The operating lease commitments amounted to R85 810 million as at 31 December 2016. The expense recorded amounted to R464 million for the 2017 financial year (2016: R4 254 million) representing one month's lease costs to January 2017. The initial term is 10 years (extended to 15 years in 2016), followed by four times five-year renewal periods.

Transactions with an entity associated with a director

On 28 December 2017, 14 750 000 MTN Zakhele Futhi shares, acquired by the group in terms of the 2016 MTN Zakhele Futhi underwrite option, were sold for a total consideration of R295 million. The shares were purchased by Main Street 1561 Proprietary Limited, a wholly owned company of PF Nhleko, non-executive chairman of MTN Group.

Shareholders

The principal shareholders of the company are disclosed in annexure 1, which is unaudited.

10.2 Emoluments, equity compensation and dealings in ordinary shares

Directors' emoluments and related payments

	Date appointed	Salaries R000	Post-employment benefits R000	Other benefits* R000	Bonuses R000	Sub-total R000	Share gains R000	Total R000
2017								
Executive directors								
RA Shuter [#]	13/03/2017	11 528	1 225	10 581	17 122	40 456	–	40 456
RT Mupita	03/04/2017	5 944	673	384	10 672	17 673	–	17 673
PF Nhleko ^{^^^⊗}	09/11/2015	19 950	–	–	22 477	42 427	–	42 427
Total		37 422	1 898	10 965	50 271	100 556	–	100 556

* Includes medical aid and unemployment insurance fund.

^^^ Fees paid to Captrust Investments Proprietary Limited.

⊗ Contractual service fees and bonus in accordance with the agreement between the group and Captrust Investments Proprietary Limited.

⊗ Executive director until 12/03/2017.

Other benefits include an amount paid in lieu of forfeited benefits from previous employer.