Notes to the financial statements continued

for the year ended 31 March 2021

6. Expenses continued

6.8 Depreciation, amortisation, impairments and write-offs of non-financial assets continued

During the year, the Group reassessed the useful lives on various technologies. The reassessment takes into account the Group's current capex strategy and changes in the technological environment. The reassessment of useful lives decreased the depreciation expense by R110 million and increased the amortisation expense by R66 million (31 March 2020: depreciation expense decreased by R272 million and the amortisation expense decreased by R17 million) at a company level and decreased the depreciation expense by R120 million and increased the amortisation expense by R62 million (31 March 2020: depreciation expense decreased by R284 million and the amortisation expense decreased by R23 million) at a group level. Refer to note 2.5.15 and note 2.5.13 for the related accounting policies.

7. Investment income

	Group		Company	
	31 March 2021 Rm	31 March 2020 Rm	31 March 2021 Rm	31 March 2020 Rm
Investment income	188	79	1 643	2 610
Interest income	188	79	134	691
Dividend income from subsidiaries	–	–	1 509	1 919

Interest income relates to interest earned from financial assets (cash and cash equivalents and loans at amortised cost) measured at amortised cost. Interest is recognised on a time proportionate basis, taking into account the principal amount outstanding and the effective interest rate.

8. Net finance charges, hedging costs and fair value movements

	Group		Company	
	31 March 2021 Rm	31 March 2020 Rm	31 March 2021 Rm	31 March 2020 Rm
Net finance charges, hedging costs and fair value movements	(1 527)	(1 803)	(1 747)	(2 219)
Net finance charges	(1 249)	(1 570)	(1 496)	(1 989)
Finance charges on lease liabilities	(445)	(368)	(560)	(555)
Net finance charges on local debt*	(835)	(1 254)	(967)	(1 486)
Less: Finance charges capitalised**	31	52	31	52
Foreign exchange, fair value movements and costs of hedging	(278)	(233)	(251)	(230)
Foreign exchange gain/(loss)	829	(549)	870	(562)
Cost of hedging	(153)	(205)	(153)	(205)
Fair value adjustments	(954)	521	(968)	537
Capitalisation rate for borrowing costs (%)	7.1	9.8	7.1	9.8

* *For interest-bearing debt movement, refer to note 26.*
** *Finance charges on general borrowings are capitalised to qualifying assets (PPE and intangible assets).*

Finance charges relate to interest expense on financial liabilities measured at amortised cost.

Finance charges on local and foreign debt decreased from R1 570 million in March 2020 to R1 251 million in March 2021, mainly due to reduced interest rates as a result of the COVID-19 pandemic. Included in finance charges, as at 31 March 2021, is an amount of R29 million relating to interest on the SARS liability.