

Health Promotions

Health promotions were done in the form of health talks. KZN and Wits Regions also did health promotions, while the other regions were unable to do health promotions due to COVID-19 regulations.

Regions	Number of health Promotion events
Eastern Region	0
Central	0
Head Office	0
KZN	4
North Region	0
Western region	4
Wits	13
TOTAL	21

Engagement with Labour

In 2019 the stakeholders signed a two-year wage agreement for the 2019/20FY and 2020/2021FY. The implementation of the increase for 2020/21FY was not implemented fully as per the agreement due to financial constraints. This resulted in back pay being owed to employees and is still due.

During the 2021/2022 FY the SA Post Office was not in a position to offer a salary increase. The company is in continuous engagements with all stakeholders on its financial position. One of the recognised trade unions referred a dispute regarding the increases to the CCMA.

Essential Services

The Labour Court issued a judgment in respect of the SA Post Office's application on essential services. The judgement in summary indicated the following:

- The service identified is in fact an essential service.
- The SA Post Office is an organisation that carries out an essential service and therefore can invoke the provisions of the applicable legislation
- Employees identified in the SA Post Office's affidavit are considered as prevented from striking because they provide an essential service
- Employees identified in the order will constitute the

providers of the minimum service until such time that the parties agree on a different minimum services agreement

- The process of identification of employees that will constitute the workforce for essential services is ongoing and not yet completed
- The matter was remitted to the CCMA essential services committee and the SA Post Office attended several meetings to attempt to reach consensus on the number of employees that must be declared as rendering essential services
- The company submitted the numbers required to perform essential services
- After several meetings with the Essential Services Committee, the parties made final submissions
- The company is awaiting the outcome of the determination as at end March 2022

Recruitment and Appointments

Recruitment and Selection continuous to strive to ensure that the right skills are available at the right place at the right time and that the best fit candidate is attracted and appointed.

Owing to a moratorium on the filling of vacant positions during the period, no vacant positions were filled owing to the organisation's financial challenges. However, during the period, an essential need to fill vacant executive positions was identified. The process began in the 4th quarter of the period with Supply Chain assisting in facilitating the process. Six executive search providers have been contracted to assist with the recruitment of Executives. It is expected that this process will continue and be finalised in the next financial year owing to the financial position of the organisation.

Approval was granted to advertise the Senior Executive positions for business continuity amid the moratorium. HR partnered with various search companies to proceed with the Executive positions, as these positions are critical for stabilising the company.

The strategic workforce plan initiatives in this area cannot be fully realised as Board and Ministerial approval are required and the financial situation of the company does not allow for appointments.



Critical vacancies

The following critical vacancies were identified:

Critical Vacancies	Number of vacancies	Status of applications concluded	Status
Group Exec	CFO	In process	Not filled
	CTO		
	Human Resources		
	Commercial		
	Logistics		
	Governance & Regulatory		
	General Manager		
General Manager	Office of the CEO		
Senior Manager	HR: Wellness		
Senior Manager	Strategy		
Managers	Assistant		
	Company		
	Secretary x3		

Government Project and Job Creation SASSA Project

During the period there were no new developments apart from the payment of the R350 SRD grants.

Digital Terrestrial Television (DTT)

Staff Establishment

The SA Post Office staff establishment was 16 738 on 31 March 2020, 15 826 by 31 March 2021 and 14 460 on 31 March 2022. The 9.43% staff decrease during the year under review was as a result of the voluntary severance packages and natural attrition.

Employment changes

Salary band	Employment at the beginning of the period	Appointments	Terminations	Internal movements/appointments	Employment at the end of the period
top management	22	2	6	0	18
Senior Management	172	0	21	0	151
Specialists	303	0	25	0	276
Skilled	2 633	0	352	0	2280
Semi-skilled	11 876	0	852	0	11027
Unskilled	820	0	112	0	708
TOTAL	15 826	2	1 368	0	14 460

Distribution Project

The DTT analogue switch off was systematically implemented in the following provinces:

Free State, Northern Cape, Northwest, Mpumalanga and Limpopo. Western Cape, Gauteng, Kwa Zulu-Natal and Eastern Cape. Areas in which 68% of the country's population live have not been switched off as yet.

The analogue switch off was scheduled for 31 March 2022 for the entire country. Media Monitoring Africa and the SOS Save Our Public Broadcasting group opposed the switch off in court, and the ruling was that the switch-off be extended to 30 June 2022.

Though the ruling had extended the migration by three months from 31 March to the end of June 2022, the court ruled in favour of the Department of Communications' commitment to switch off analogue television signals.

The SA Post Office transported set-top boxes from the various warehouses to the relevant four provinces for Sentech-appointed installers to proceed with the installation process and provided training where necessary.



Human Resources Oversight Statistics

Human Resources Initiatives

Strategic Workforce Plan

The strategic workforce plan is a dynamic, continuous work in progress is informed by various initiatives regarding the SA Post Office of tomorrow strategy.

The plan consists of a demographic analysis of employees on managerial and non-managerial levels. Post Office skills and competencies were matched to future skills and competencies informed by the strategy of 2030, 4th industrial revolution information and industry benchmarks.

Attrition rate

At the end of March 2022 the SA Post Office had 14 459 permanent employees and one non-permanent employee. The attrition rate is at 9.43%.

Demographic Analysis

A strategic workforce plan has been developed to document and understand the gaps of the SA Post Office future talent demands in relation to the workforce and as guideline to staff optimisation.

An extract of the high-level analysis is included below to create some context for staff optimisation.

The workforce demographics are as follows:

- Employees that will retire within the next 5 years are 683 at an estimated cost of R127m
- The average age for the employees is 46 years which means that SA Post Office has an ageing workforce
- Employees have an average of 15 years of service

Ageing workforce and years of service

The SA Post Office has an ageing workforce which means that several generations are working together with different values and expectations.

Due to the ageing workforce, employees have longer years of service and therefore mentoring and coaching is to be implemented to ensure that skills are transferred from older to younger employees.

Employee Wellness assisted ageing employees with the transition to retirement by offering financial planning and counselling sessions. It is also critical to reskill older workers especially in using technology. Wellness programmes for the ageing workforce also becomes critical.

Employment Equity

Employment equity targets are based on the economically active population as set out by Statistics SA. The SA Post Office strives to recruit, promote and employ categories as set out by these standards.

The current financial position of the organisation presents challenges to reach the set targets by preventing the upskilling of current employees, recruit and employ youth and suitable candidates from the previously disadvantaged groups. The moratorium on appointments has also had an impact on the achievement of the national targets.



SA Post Office Personnel Strength as at March 2022

Personnel Complement

Category Personnel	African		Coloured		Indians		White	
	Male	Female	Male	Female	Male	Female	Male	Female
National EAP Target	43,1%	36,2%	5,2%	4,3%	1,7%	0,9%	4,9%	3,8%
Top Management								
Total	7	5	2	0	1	0	5	0
	35,00%	25,00%	10,00%	0,00%	5,00%	0,00%	25,00%	0,00%
Under / (Over Representation)	8,07%	11,18%	(4,84%)	4,32%	(3,33%)	0,93%	(20,10%)	3,78%
	2	2	-1	1	-1	0	-1	1

The figures are reflecting an over representation of the Indian, Coloured and White males. Opportunities exist for the appointment /development of African female, and Coloured females.

Senior Management

Total	20	11	1	1	5	1	11	4
	37,04%	20,37%	1,85%	1,85%	9,26%	1,85%	20,37%	7,41%
Under / (Over Representation)	6,03%	15,81%	3,30%	2,46%	(7,59%)	(0,92%)	(15,47%)	(3,63%)
	3	9	2	1	-4	-0	-8	-2

White males and females, Indian males and females should be guarded for appointment. There is an opportunity for African males and females as well as Coloured males and females. Appointments and development should be considered when the opportunity arises.

Professional Specialist

Total	77	42	10	7	12	3	27	16
	39,69%	21,65%	5,15%	3,61%	6,19%	1,55%	13,92%	8,25%
Under / (Over Representation)	3,38%	14,53%	0,00%	0,71%	(4,51%)	(0,62%)	(9,02%)	(4,47%)
	7	28	0	1	(9)	(1)	(17)	(9)

White males and females, Indian males should be guarded for appointment. There is an opportunity for African males and females as well as Coloured females. Appointments and development should be considered when the opportunity arises.

Technical And Academic

Total	723	1 028	140	161	84	48	161	178
	28,66%	40,75%	5,55%	6,38%	3,33%	1,90%	6,38%	7,06%
Under / (Over Representation)	14,41%	(4,56%)	(0,39%)	(2,07%)	(1,66%)	(0,97%)	(1,48%)	(3,28%)
	364	-115	-10	-52	-42	-25	-37	-83

Opportunities exist for the appointment /development of African males. The other groups over represented at this level.

Semi-Skilled

Total	4 769	4 202	729	441	188	67	230	314
	43,59%	38,41%	6,66%	4,03%	1,72%	0,61%	2,10%	2,87%
Under / (Over Representation)	(0,53%)	(2,23%)	(1,51%)	0,28%	(0,05%)	0,32%	2,80%	0,91%
	-58	-244	-165	31	-5	35	306	100

African male and female, Coloured and Indian male are over represented. Opportunities exist for the appointment /development of Coloured and Indian females as well as white males and females.

Unskilled

Total	167	445	32	74	2	0	3	5
	22,94%	61,13%	4,40%	10,16%	0,27%	0,00%	0,41%	0,69%
Under / (Over Representation)	20,13%	(24,95%)	0,76%	(5,85%)	1,40%	0,93%	4,49%	3,09%
	147	-182	6	-43	10	7	33	23



SA Post Office Personnel Strength as at March 2022								
Personnel Complement								
Category Personnel	African		Coloured		Indians		White	
	Male	Female	Male	Female	Male	Female	Male	Female
African and Coloured females are over represented. Opportunities exist for the appointment /development of African and Coloured males as well as Indian male/female and white male/female.								
All Permanent Employees								
Total	5 763	5 733	914	684	292	119	437	517
	39,86%	39,65%	6,32%	4,73%	2,02%	0,82%	3,02%	3,58%
Under / (Over Representation)	3,21%	(3,47%)	(1,17%)	(0,41%)	(0,35%)	0,11%	1,88%	0,20%
	464	-502	-169	-60	-50	15	272	30
Overall African females, Coloured male and female, Indian males and white females are over represented. Opportunities exist for the appointment / development of African males, Indian females and white males at the appropriate levels.								
Non-Permanent Employees								
Total	1	0	0	0	0	0	0	0
	100,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%
Under / (Over Representation)	(56,93%)	36,18%	5,16%	4,32%	1,67%	0,93%	4,90%	3,78%
	-1	0	0	0	0	0	0	0
All Employees								
Total	5 764	5 733	914	684	292	119	437	517
Percentage representation	39,86%	39,65%	6,32%	4,73%	2,02%	0,82%	3,02%	3,58%
Under / (Over Representation)	3,20%	(3,47%)	(1,17%)	(0,41%)	(0,35%)	0,11%	1,88%	0,20%
	463	-501	-168	-60	-50	15	272	30
Data Source: The EAP targets as reflected in the 2019 QLFS 2rd Quarter ,2019, household-based sample survey conducted by Statistics South Africa (Stats SA). The EAP targets used is the National targets as a company must reflect the national target in it's HEAD OFFICE irrespect of where it is situated.								

Talent and Succession Management

The Talent and Succession Management Policy and Procedure has been completed. Employees are placed (on request from either business or individuals) in various departments across regions, for secondment and exposure in their relevant field of study or qualifications obtained. Progress is monitored and, as no positions are currently being filled, these employees return to their respective section/s upon completion of the program (6 to 12 months).

Learning and Development

Learning and Development strives to develop human capital aligned to the strategic intent of the Organisation, as well as the requirements of its stakeholders. Various development programs were identified and delivered which was included in the workplace skills plan and annual training report and

was submitted to Services SETA during 2021/2022 FY. No mandatory grants were received from SETA due to skill levies not having been paid.

Various skills development and compliance related initiatives were planned to support the business strategy. Due to the Covid 19 Pandemic, additional initiatives and a different way of training had to be implemented. Focus was thus placed on training staff in the branches by means of power half hour training sessions. The Zoom platform was also used to train and communicate with staff.

Training interventions that were delivered included:

- Awareness on HR Policies
- Communication skills
- Delivery management
- DTT training



- FAIS/FICA/Anti Money Laundering refresher training was conducted at all branches
- Protection of Personal Information Act (POPIA)
- South African Post Office of tomorrow strategy

A total number of 7 891 employees were trained.

Course Name	Central	Eastern	Head Office	KZN	North Region	Western	Wits	Grand Total
Awareness FAIS		57	2		1		96	156
Awareness/ Workshops Personal Development	17		2				28	47
Awareness: HR Policies	5		1				196	202
Communications for Employees	5		1				258	264
Communications for Supervisors							35	35
Confidentiality In The Workspace							165	165
Counter Productivity							37	37
Covid 19 Training							17	17
Customer Services 1		2						2
Delivery Management for Mail Delivery Staff							217	217
Digital Literacy (Module 1 - 5)				1				1
Digital Terrestrial Television (DTT)	2	18	1	2	45	251	42	361
Digital Terrestrial Television (DTT) Refresher	14	7	2		219	584	63	889
Digital Terrestrial Television Awareness (DTT)		77	1	60	2	6	13	159
Disciplinary Skills		7						7
Discipline And Grievances: 1-Disciplinary Procedure			2	1	19			22
Discipline and Grievances: 7-Absenteeism			2	1	19			22
DL1: Computer Basics	5				36		2	43
EAP Supervisory Training			2	1	19			22
eNaTIS: Motor Vehicle Licensing Practical Training	2			8	30		5	45
eNaTIS: Motor Vehicle Licensing System	4				8			12
eNaTIS: Motor Vehicle Licensing System Online	18			8				26
eNaTIS: Renewals (Supervisors)					5		1	6
eNaTIS: Renewals (Tellers)	8	10	2	1	19		26	66
FICA: Financial Intelligence Centre Act	145	309	1	4	410	608	35	1512
Financial Compliance							41	41
International Postal System (IPS): Dispatch Mail Items at a Registered Letter Section and Parcel	6			26	47		13	92
International Postal System (IPS): Receive Mail Items at a Registered Letter Section and Parcel	6			36	47		12	101



Course Name	Central	Eastern	Head Office	KZN	North Region	Western	Wits	Grand Total
International Postal System (IPS): Tracking a domestic item using IPS	6						9	15
International Postal System (IPS):Dispatch loose loaded items at an RLS or Parcel section to Retail	6							6
International Postal System (IPS):Reprint a manifest or bag neck label using IPS	6						9	15
International Postal System Management (IPS) Awareness					36		2	38
Mentoring and Coaching						8		8
Motorcycle Training		7		12	27	1	69	116
mySAP: Education Module - Ad Hoc Report Extract (PA30 IT0022)	2	2	1	1			1	7
mySAP: Education Module - Maintain Skills Data (PA30 IT0022)	2	1	1	1		2	1	8
OHSA: Representative's Training	7		2			22	98	129
POPI :Protection Of Personal Information Act	582	16	14	229	598	579	209	2227
Quality Circle Teams			2	10				12
Retirement Planning							10	10
Root Cause Analysis							12	12
SAP Branch Managers Guide		2					8	10
SA Post Office and SASSA Reviewed Service Level Agreement	3		1		324		4	332
SA Post Office of tomorrow Strategy Awareness	28		1		289	3	32	353
SASSA: Awareness (Module 1)					23			23
Teller Training (OTJ)							1	1
Grand Total	879	515	41	402	2223	2064	1767	7891



Staff verification project

The main purpose of the staff verification project was to support the HR process and key performance area of continuous staff reconciliation and payroll management.

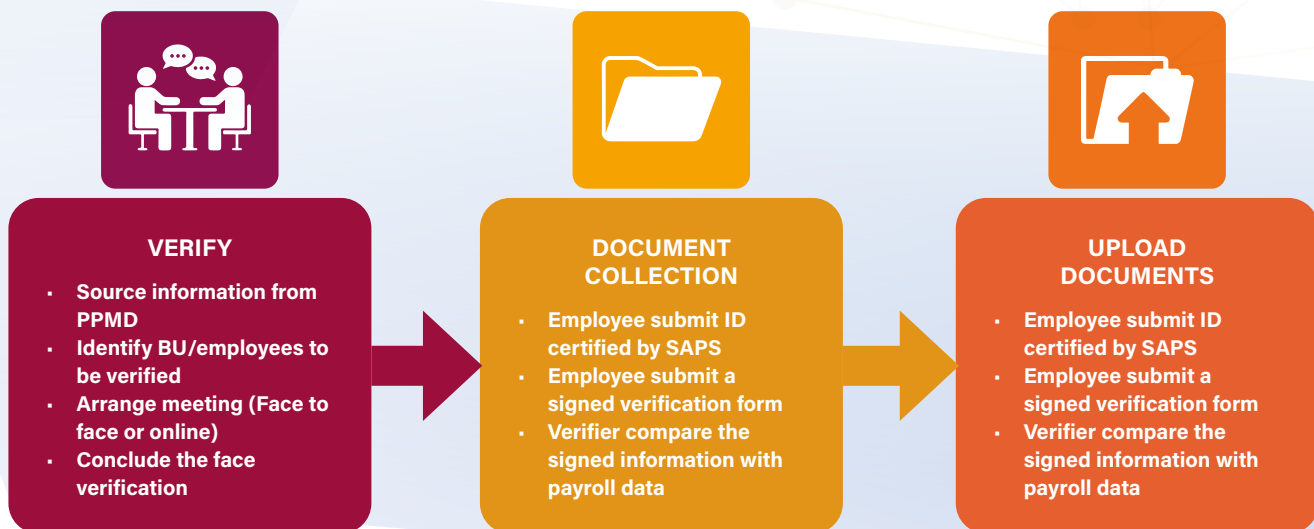
Organised Labour raised concerns of ghost employees and requested the auditing of all staff. Consequently the CEO gave a directive to HR to start the project. HR was mandated to start up the project internally using the HR personnel.

Committees and monitoring team were established in each

region, including Head Office, and the CEO approved the protocol and process to be followed for the project.

Payroll Personnel Master Data (PPMD) is a document that contains all employed employees that are paid from the SA Post Office payroll. Each responsible Senior Manager was issued with the PPMD for the relevant region as a source document for the process. All employees were verified against the PPMD by verifiers appointed by the relevant Senior Manager.

The process that was followed:



Employee Relations

Due to the SA Post Office's inability to comply with legislative requirements such as statutory payments, lack of payment of salary increases, OSHA compliance and general tools of the trade, the relationship is currently under strain.

Engagement Process

During 2019, stakeholders signed a two-year wage agreement for 2019/20 FY and 2020/2021 FY. As part of the agreement, parties agreed to appoint Permanent Part-Time Employees (PPTE's) during the two-year period. It was agreed that 80% of the PPTE's would be employed on a full time basis by the end of the 2019 financial year and the balance of the 20% would be appointed in the 2020/21 FY. The 20% has been converted in the 2020/21 FY.

The implementation of the increase for 2020/21 FY was not done as per agreement and was only implemented in January

2021 and March 2021 respectively. This resulted in back pay being owed to employees and which is still due.

The rest of the agreement has been implemented with the exception of the Risk Evaluation and Mitigation Strategy (REMS), which is receiving attention.

The SA Post Office engages regularly with organised labour on several platforms.

Case Management

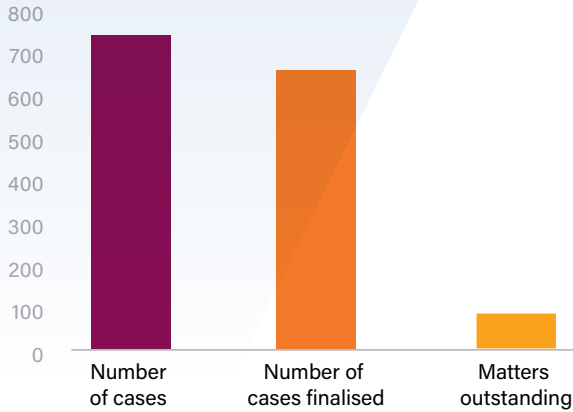
Management of labour related cases has been relatively stable and was consistently applied. The most common types of misconduct are:

- Absenteeism
- Fraud
- Gross Negligence; and
- Failure to notify the company of absence



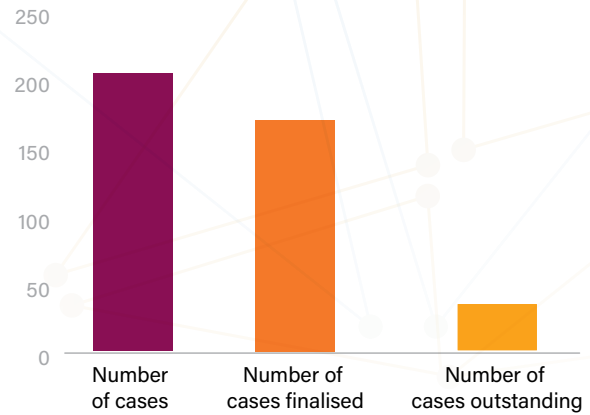
Progressive discipline as guided by employment legislation is applied and the sanctions handed down are commensurate with the seriousness of the misconduct.

Misconduct Cases



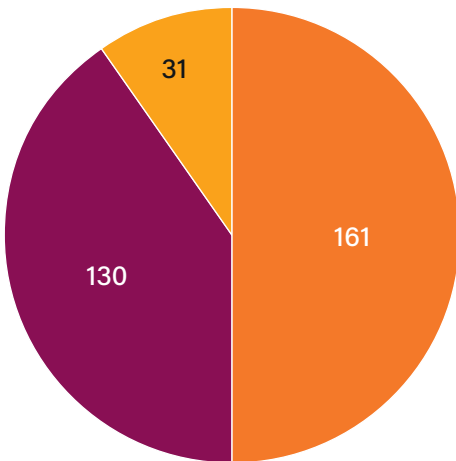
Most grievances were received for unfair labour practice and victimisation.

Suspensions



83.2% of cases have been addressed. The total number of suspensions recorded for the year was 203.

Grievances



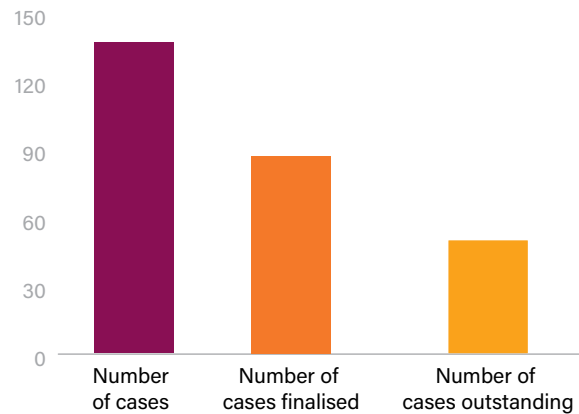
- Number of cases outstanding
- Number cases finalised
- Number of cases

80.7% of all grievances were finalised.

The nature of the grievances related to:

- Abuse of power
- Deformation/ False accusations
- Divulged information
- Exploitation
- Favouritism
- Fraudulent deductions
- Harassment/Intimidation
- Insults/vulgar language
- Poor management
- Unfair labour practice
- Unlawful instructions

CCMA Cases



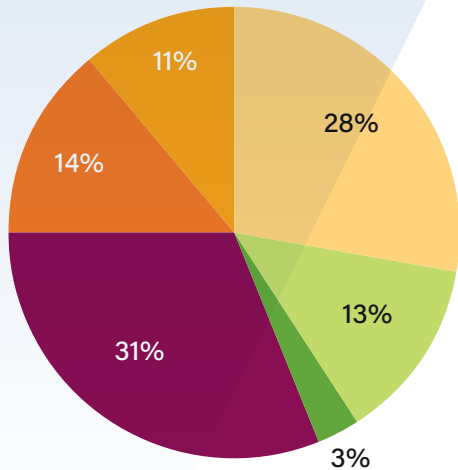
A total number of 137 cases were recorded. A total of 50 cases are pending conclusion and 87 cases were finalised at the CCMA. Resulting in 63.5% CCMA cases being finalised.

The nature of disputes relates to:

- Severance packages
- Unfair dismissal
- Unfair conduct
- Failure to pay a claim
- Unfair suspension/disciplinary enquiry
- Failure to reinstate
- Dismissal related to incapacity
- Non-renewal of contract
- Organisational rights
- Salary shortage



CCMA Finalised Outcomes 2021-22



- Abandoned
- Dismissed Cases
- Withdrawn/closed
- Settlement
- In Favour - Applicant
- In Favour - Company

Cases settled and reasons:

- In one case it was found to be an unfair dismissal
- One case reflected Unfair conduct related to acting allowance paid
- One case refers to 191(1) [191(5)(a)] - Dismissal related to misconduct

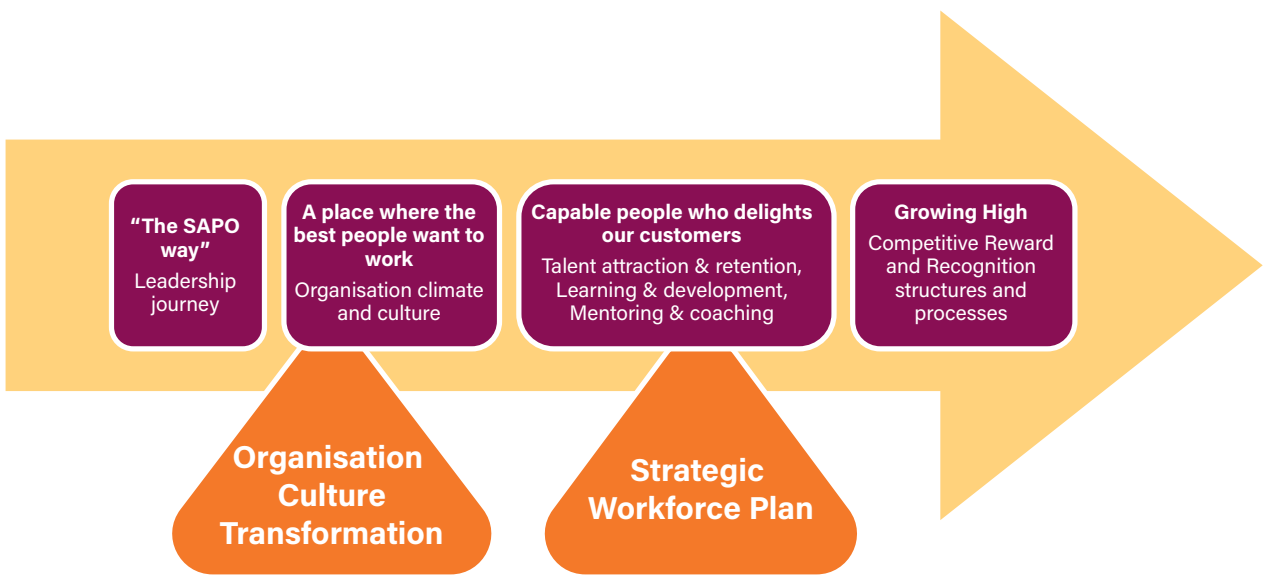
Incapacity

Three cases were reported. Two cases were finalised and one case is pending.

Conclusion

The purpose of the Human Resources strategy is to ensure that SA Post Office has a capable, competent and agile performing workforce to assist with the implementation and realisation of the Post Office of tomorrow strategy.

The diagram below reflects the Human Resources strategic objectives with underpinning enablers.



In Memoriam

We extend our heartfelt condolences to the families, friends and colleagues who lost their lives during

2021-2022

the past year. Your valued service to SA Post Office is deeply appreciated.

Central Region

Ramolekane John Tshabadira, Mail Processor, Service Period: 2012/09/01 to 2022/03/17

Vuyelwa Adelina Sholoko, Teller, Service Period: 2013/02/04 to 2022/02/19

Seitiso Mirriam Lebotse, Administrative Officer, Service Period: 1992/04/22 to 2021/12/28

Abednego Morobane, Postman, Service Period: 2012/09/01 to 2021/12/19

Seitebogeng Hilda Montshonyane, Teller, Service Period: 1991/05/21 to 2021/12/07

Mbulanheni Joseph Mamuliki, Area Controller, Service Period: 1996/05/01 to 2021/08/03

Thabisile Alinah Radebe, Postal Assistant, Service Period: 2013/09/01 to 2021/07/05

Diketso Benjamin Rulufu, Transport Assistant, Service Period: 2007/06/01 to 2021/06/26

Boitumelo Lesejane, Teller, Service Period: 2012/09/01 to 2021/06/23

Mapule Ellen Shibane, Teller, Service Period: 2012/09/01 to 2021/06/12

Johannes Rabaji Seate, Postman, Service Period: 2012/09/01 to 2021/05/22

Peter Melamu Malotle, Driver, Service Period: 1998/10/21 to 2021/05/15

Mothoemang Maria Ntetha, Postal Assistant, Service Period: 2013/08/01 to 2021/05/09

Jacobus Casparus Venter, Branch Manager, Service Period: 1987/12/01 to 2021/04/19

Philistus Mmule Nkgabutle, Teller, Service Period: 2006/12/01 to 2021/04/09

Kgosipheko Tys Mahure, Postman, Service Period: 2012/09/01 to 2021/04/05

Eastern Region

Bukelwa Gqoboka, Branch Manager, Service Period: 2012/12/27 to 2022/03/29

Zola Theo Vena, Postman, Service Period: 2012/09/01 to 2022/03/10

Bulelwa Tutu Shirley Xoxani, Teller, Service Period: 1989/08/07 to 2022/01/16

Silyebi Mpalala, Data Controller, Service Period: 1988/10/18 to 2021/12/17

Waldemar Jonck, Fleet Admin, Service Period: 2001/03/01 to 2021/12/16

Frans Jonkers, Postman, Service Period: 2012/09/01 to 2021/11/10

torie Jordaan, Mail Processor, Service Period: 1992/04/27 to 2021/10/14

Henry Frederick Stevens, Loader/Sorter, Service Period: 2001/03/01 to 2021/09/21

Margaret Misiwe Yawa, Postal Assistant, Service Period: 2013/01/25 to 2021/09/20

Noziphiwo Queenie Magxaki, Teller, Service Period: 2012/09/01 to 2021/09/11

Virginia Matyityi, Process Supervisor, Service Period: 1997/04/01 to 2021/09/08

Busisa Kula, Teller, Service Period: 2010/10/01 to 2021/09/05

Orchid Ermine Oates, Teller, Service Period: 1990/10/08 to 2021/08/29

Nandipha Ndalasi, Teller, Service Period: 2012/08/01 to 2021/08/10

Nolinda Fani, Teller, Service Period: 2019/02/01 to 2021/07/15

Thamsanqa Martin Vani, Postman, Service Period: 1988/12/01 to 2021/07/13

Thozamile Boy-Boy Pongolo, Postal Assistant, Service Period: 1995/11/02 to 2021/06/12

Gauteng Region

Noah Temane, Postman, Service Period: 1994/02/01 to 2022/02/23

Bheki Wilson Msibi, Mail Processor, Service Period: 1998/11/01 to 2022/02/21

Aluwani Debbie Netshimbolimbo, Operations Officer, Service Period: 2012/09/01 to 2022/02/08

Nkosamabele Tshangela, Driver Assistant, Service Period: 2002/06/01 to 2022/01/29

Johanna Motuba, Mail Processor, Service Period: 2014/05/14 to 2022/01/27

Sephaphi Jackson Lediga, Postman, Service Period: 1984/01/03 to 2022/01/26

Wellington Leeuw, Postman, Service Period: 1996/08/01 to 2022/01/14

Nomusa Gladys Mtonga, Branch Manager, Service Period: 1999/04/01 to 2022/01/13

David Oupa Motupa, Mail Processor, Service Period: 2012/09/01 to 2022/01/04

Nandipa Tracey Nuse, Mail Processor, Service Period: 2013/09/03 to 2021/12/31

Donny Masemola, Postman, Service Period: 2012/09/01 to 2021/12/27

Anna Francina Jacoba Zorgman, Branch Manager, Service Period: 1989/01/03 to 2021/12/23

Jacob Geelbooib Kabini, Postal Assistant, Service Period: 1989/08/03 to 2021/12/23

Mashego Philemon Mohlala, Postman, Service Period: 1996/07/01 to 2021/12/23

Jabulane Gabriel Hlongwane, Branch Manager, Service Period: 1995/12/04 to 2021/12/21

Vusumuzi Thomas Tshabalala, Postman, Service Period: 2012/09/01 to 2021/12/13

Sello Petrus Mashigo, Postman, Service Period: 2012/04/04 to 2021/12/01

Darius Lebepe, Postman, Service Period: 2012/04/04 to 2021/11/26

Thabo Kakudi, Mail Processor, Service Period: 2012/09/01 to 2021/11/07

Kagiso Tshetlanyane, Postman, Service Period: 2012/04/04 to 2021/10/28

Thandi Adelaide Dineka, Mail Processor, Service Period: 2012/05/23 to 2021/10/26

Xoliswa Rolinyati, Teller, Service Period: 1996/08/01 to 2021/10/19

Nomadlozi Esther Mtimkulu, Mail Processor, Service Period: 2013/09/03 to 2021/10/11

Sifiso Richard Kunene, Postman, Service Period: 2012/09/01 to 2021/09/27

Nelisiwe Theophilus Lusithi, Postman, Service Period: 2012/04/04 to 2021/09/13

Mfanuwele Phanel Sibisi, Driver, Service Period: 1987/08/04 to 2021/09/10

Monyai Esiah Motsapi, Teller, Service Period: 2014/09/01 to 2021/09/09

Montshiwa Godfrey Molepo, Branch Manager, Service Period: 1998/11/01 to 2021/08/18

Mmatjati Daphney Mashiloane, Mail Processor, Service Period: 2012/09/01 to 2021/08/16

Mthusendlini Levar Gumede, Mail Processor, Service Period: 1983/03/02 to 2021/08/13

Noluthando Alicia Dyariwe, Teller, Service Period: 2012/12/03 to 2021/08/13

Ntombikayise Radebe, Mail Processor, Service Period: 2014/05/14 to 2021/08/07

Helen Noziphele Mbuqe, Teller, Service Period: 1998/08/03 to 2021/07/29

Barbara Nomsa Ngcomba, Branch Manager, Service Period: 1997/09/01 to 2021/07/29



In Memoriam

2021-2022

Johanna Yekelile Mashinini,
Quality Officer,
Service Period:
1996/04/01 to
2021/07/25

Mtholeni Bongani Mhlongo,
Assistant Quality
Controller, Service
Period: 2014/05/14
to 2021/07/20

Sontaga Meshack Matlou,
Postman, Service
Period: 2012/09/01
to 2021/07/19

Mbongeni Sakhile Mnomiya,
Mail Processor,
Service Period:
2014/05/15 to
2021/07/17

Sarel Johannes Robbertse,
Mail Processor,
Service Period:
1987/09/14 to
2021/07/16

Jocenter Matsiliso Tsotetsi,
Postal Assistant,
Service Period:
1994/09/20 to
2021/07/15

Christoffel Geyer,
Teller, Service
Period: 1986/01/02
to 2021/07/12

Solly Sithole,
Mail Processor,
Service Period:
2014/05/15 to
2021/07/11

Johannes Jurgens Francois Holtz,
Postman, Service
Period: 1989/01/24
to 2021/07/08

Elias Makakatlele Matlala,
Revenue Protection
Officer, Service
Period: 1998/11/01 to
2021/07/08

Elias Lenzi Bam,
Postman, Service
Period: 2012/04/04
to 2021/07/05

Mogomotsi Kenneth Sekgaile,
Postman, Service
Period: 1999/07/26
to 2021/07/05

Richard Jan Jiyana,
Driver,
Service Period:
2012/09/01 to
2021/06/22

Phutiane Elia Letsoalo,
Postman, Service
Period: 2012/09/01
to 2021/06/19

Petrus Ngwanamodzema,
Mail Processor,
Service Period:
2014/05/14 to
2021/06/17

Keakokile Keakohile,
Mail Processor,
Service Period:
1998/11/01 to
2021/06/09

Maxwell Mashigo,
Postman,
Service Period:
1996/07/01 to
2021/05/20

Rathipe Peter Bokaba,
Container Driver,
Service Period:
2001/03/01 to
2021/05/16

Simon Mvunyelwe Mahlangu,
Transport Assistant,
Service Period:
2012/09/01 to
2021/04/13

Head Office

Amos Ngwenya,
Manager, Service
Period: 1996/08/28
to, 2021/07/14

Daylan Naidoo,
Manager, Service
Period: 1995/01/01
to, 2021/07/01

KwaZulu Region

Nontandazo Mzobe,
Mail Processor,
Service Period:
2012/09/01 to
2022/02/28

Martin John Balladon,
Teller, Service
Period: 1984/02/01
to 2022/01/07

Thelani Bafana Khuzwayo,
Transport Assistant,
Service Period:
1982/08/25 to
2021/11/07

Rabia Krishna,
Chief Administrative
Officer, Service
Period: 1995/03/01
to 2021/09/21

Patrick Dumisani Khusi,
Postal Assistant,
Service Period:
2012/09/01 to
2021/09/06

Jabulisile Mthembu,
Branch Manager,
Service Period:
2000/02/28 to
2021/08/31

Sanele Innocent Jila,
Postman, Service
Period: 2012/09/01
to 2021/08/26

Fredeck Sibusiso Gumede,
Postman, Service
Period: 2012/09/01
to 2021/06/19

Shadrack Thulane Zondi,
Branch Manager,
Service Period:
1989/01/03 to
2021/05/30

Prettygirl Ncambile Masondo,
Branch Manager,
Service Period:
2008/09/01 to
2021/04/17

North Region

Livhuwani Calvin Nethononda,
Postman, Service
Period: 2012/09/01
to 2022/02/18

Sejeng Ernestina Rammala,
Postman, Service
Period: 2012/09/01
to 2021/12/24

Malesele Peter Ledwaba,
Loader/Sorter,
Service Period:
2002/06/01 to
2021/10/06

Eidleen Mapimele Mashamba,
Teller, Service
Period: 2006/09/01
to 2021/10/06

Kabelo Ruth Ramokolo,
Postman, Service
Period: 2012/09/01
to 2021/09/29

Renette Gower,
Secretary, Service
Period: 2011/07/11 to
2021/08/22

Elizabeth Mahlatse Sebe,
Branch Manager,
Service Period:
2008/08/01 to
2021/08/18

Honours Nkuna,
Investigation
Officer, Service
Period: 2013/01/01
to 2021/08/14

Masingita Mabunda,
Teller, Service
Period: 2018/05/28
to 2021/08/05

Refilwe Prisca Nqambayi,
Postal Assistant,
Service Period:
2013/06/01 to
2021/07/20

Letty Thandi Mnguni,
Branch Manager,
Service Period:
1995/06/01 to
2021/07/16

Maria Lahliwe Nkoana,
Mail Processor,
Service Period:
2005/11/01 to
2021/07/14

Mmakoba Melida Mojapelo,
Teller, Service
Period: 2012/07/01
to 2021/07/04

Nditsheni Nancy Mphaphuli,
Postman, Service
Period: 2012/09/01
to 2021/07/01

Maria Jabulile Malomane,
Teller, Service
Period: 2007/09/01
to 2021/05/29

Mamahlako Emily Machacha,
Postman, Service
Period: 2012/09/01
to 2021/05/21

Maggie Kgetlepu Kuto,
Postman, Service
Period: 2012/09/01
to 2021/04/12

Northern Region

Alfred Fiki Skosana,
Operational Internal
Auditor, Service
Period: 1990/12/10
to 2021/09/2

Western Cape

Christopher Isaac Regue,
Mail Processor,
Service Period:
2012/09/24 to
2021/08/28

Izak Barend Du Plessis,
Mail Processor,
Service Period:
1983/01/17 to
2021/06/17

Western Region

Ockert Andries Swanepoel,
Postal Assistant,
Service Period:
1995/01/01 to
2022/03/04

Xolile Ncayiyana,
Postman, Service
Period: 2012/09/25
to 2022/01/06

Serefa Elizabeth Viljoen,
Postal
Assistant, Service
Period: 2013/11/01
to 2021/10/23

Piet Andries Harmse,
Transport Assistant,
Service Period:
1988/06/20 to
2021/09/20

Jeanetta Andrews,
Transport
Assistant, Service
Period: 2012/09/25
to 2021/09/10

Fundiswa Tuis,
Branch Manager,
Service Period:
2012/04/01 to
2021/08/02

Elfrieda Bothma,
Chief Administrative
Officer, Service
Period: 1989/01/03
to 2021/07/22

Angelo Sinclair Bonze,
Mail Processor,
Service Period:
1993/08/02 to
2021/07/17

Velile Donald Zonyane,
Container Driver,
Service Period:
2001/01/01 to
2021/04/26

Cornelia Pule,
Postman, Service
Period: 2012/09/01
to 2021/04/16

Joseph Conradie,
Postman,
Service Period:
2012/09/25 to
2021/04/16

Thuso Arnold Ramakatsa,
Postman, Service
Period: 2012/09/01
to 2021/04/09

Witwatersrand

Erika Sophia Ehlers,
Account Manager,
Service Period:
1986/01/02 to
2021/07/29



Part E: Financial Information

“Learn from yesterday, live for today, hope for tomorrow. The important thing is not to stop questioning”

Albert Luthuli



Card transaction



Report of the Auditor-General to Parliament on South African Post Office SOC Limited

Report on the audit of the consolidated and separate financial statements

Disclaimer of opinion

1. I was engaged to audit the consolidated and separate financial statements of the South African Post Office (SOC) Limited and its subsidiaries set out on pages 107 to 230, which comprise the consolidated and separate statement of financial position as at 31 March 2022, the consolidated and separate statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies
2. I do not express an opinion on the financial statements of the public entity. Because of the significance of the matters described in the basis for disclaimer of opinion section of this auditor's report, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated and separate financial statements.

Basis for disclaimer of opinion

Going concern

3. As indicated in the consolidated and separate financial statements, the group and company incurred losses of R2 181 243 000 and R2 193 971 000, respectively, for the year ended 31 March 2022. Furthermore, at that date, total liabilities exceeded total assets by R4 081 666 000 and R4 098 659 000 while current liabilities exceeded their current assets by R6 513 340 000 and R6 505 305 000 for the group and company, respectively. The group and company was further unable to pay their debts as and when they were due. The group and the company were commercially and technically insolvent.
4. Note 49 further indicates multiple factors that impact on the assessment of the group and the company's ability to continue as a going concern. However, the group and the company did not adequately disclose in note 49 to the consolidated and separate financial statements, all the principle events and conditions that may cast significant doubt on the group and company's ability to continue as a going concern, management's evaluation

of its significance, and management plan to mitigate the effect of these events as required by IAS 1, *Presentation of financial statements*.

5. Additionally, supporting information, including a cash flow forecast, together with management assumptions to support the appropriateness of the financial statements being prepared using the going concern basis of accounting, have not been provided. Therefore, I was unable to obtain sufficient appropriate audit evidence to confirm the reasonableness of the cash flow forecast and the related assumptions, conditions and events to support management's assessment of the group and company's viability in the foreseeable future. I was unable to confirm the going concern assessment by alternative means. Consequently, I was unable to confirm or dispel whether it is appropriate to prepare the consolidated and separate financial statements using the going concern assumption.

Right-of-use assets and lease liability

6. The group did not account for the right-of-use assets and lease liability in accordance with IFRS 16, *leases*, as contractual amounts were used in the valuation instead of the actual payments. In addition, the escalation rate to the lease amount was not taken into account. Consequently, right-of use assets and lease liabilities were understated by R195 233 773 (2021: R228 847 027) and R132 829 223 (2021: R190 774 279), respectively in note 4 to the consolidated and separate financial statements. Additionally, there was an impact on the accumulated depreciation and on the finance cost in the consolidated and separate financial statements.

Funds collected on behalf of third parties

7. I was unable to obtain sufficient appropriate audit evidence that funds collected on behalf of third parties had been properly accounted for due to the inadequate status of accounting records. I was unable to confirm the funds collected on behalf of third parties by alternative means. Consequently, I was unable to determine whether any adjustment were necessary to funds collected on behalf of third parties stated at R467 893 000 (2021: R376 924 000) in note 27, to the consolidated and separate financial statements.

Report of the Auditor-General to Parliament on South African Post Office SOC Limited

Trade and other receivables

8. I was unable to obtain sufficient appropriate audit evidence for uncleared control accounts and other receivables included in trade and other receivables due to a lack of proper record keeping and reconciliation of control accounts by the group. I was unable to confirm these uncleared control accounts and other receivables by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to uncleared control accounts and other receivables stated at R1 478 151 000 (2021: R1 164 390 000) and R1 477 936 000 (2021: R1 164 162 000) in note 14, to the consolidated and separate financial statements respectively.

Trade and other payables

9. I was unable to obtain sufficient appropriate audit evidence that the postbank payable - daily settlement had been properly accounted for due to the status of accounting records. I was unable to confirm by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to postbank payables- daily settlement stated at R1 992 606 000 (2021: R2 996 687 000) in note 23 to the consolidated and separate financial statements.
10. I was unable to obtain sufficient appropriate audit evidence for trade payables and due to the poor status of the accounting records. I could not confirm the trade and other payables by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to trade payables from exchange transaction stated at R1 304 432 000 (2021: R799 153 000) and R1 263 150 000 (2021: R758 250 000) in note 23 to the consolidated and separate financial statements respectively.

Non-current assets held for sale

11. The group did not recognise properties as a non-current asset held for sale in the consolidated and separate financial statements even though these properties met the requirements of IFRS 5, *non-current assets held for sale and discontinued operations*. Consequently, non-cur-

rent assets held for sale are understated. I was unable to determine the full extent of the understatement in note 17 as it was impracticable to do so.

Financial service revenue

12. I was unable to obtain sufficient appropriate audit evidence that financial services revenue had been properly accounted for, due to the failure of the related information systems which support the financial reporting. I was unable to confirm financial service revenue by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to financial service revenue stated at R1 256 295 000 (2021: R1 417 961 000) in note 29 to the consolidated and separate financial statements.

Other operating expenses

13. During 2021, I was unable to obtain sufficient appropriate audit evidence that management had properly accounted for other operating expenses, due to the status of the accounting records and to confirm the expenditure by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the corresponding figure of other operating expenses stated at R1 979 290 000 and R1 972 420 000. My audit opinion on the financial statements for the period ended 31 March 2021 was modified accordingly. My opinion on the current year financial statements was also modified because of the possible effect of this matter on the comparability of the other operating expenditure for the current period.

Accumulated loss

14. The entity did not account for accumulated loss in accordance with IAS 1, *presentation of financial statements*, due to unsupported adjustments processed to the accumulated loss. As the entity did not maintain adequate records of the adjustments of the accumulated loss, I was not able to determine the full extent of the errors in the accumulated loss as it was impracticable to do so.

Report of the Auditor-General to Parliament on South African Post Office SOC Limited

Cash and cash equivalents

15. The group did not present other cash and cash equivalents accordance with IAS 1, *presentation of financial statements*, as cash-in-transit was incorrectly accounted for as cash and cash equivalents. In addition, the group incorrectly classified other cash and cash equivalents as other receivables. Consequently, other cash and cash equivalents was understated by R76 497 300 and other receivables was overstated by R76 497 300 in note 16, to the consolidated and separate financial statements.

Related parties

16. The group did not recognise related party transactions and balances at the correct amount in accordance with IAS 24, *related party disclosures*. The amounts disclosed did not agree to the supporting schedules. As a result, the related party transactions and balances disclosed in note 41 to the consolidated and separate financial statement were understated by R761 620 215.

Comparative figures and prior period errors

17. The group did not disclose comparative figures and prior period errors in accordance with IAS 8, *accounting policies, changes in accounting estimates and errors*. This was due to unsupported adjustments processed to the comparative figures and prior period errors. I was not able to determine the full extent of the errors in the comparative figures and prior period errors as it was impracticable to do so.

Fruitless and wasteful expenditure

18. I was unable to obtain sufficient appropriate audit evidence relating to the write off of fruitless and wasteful expenditure as approved policies and procedures were not in place. In addition, I was unable to confirm that the group followed appropriate investigation and recovery processes as required by the relevant framework due to non-submission of

information to support the write-off. I was unable to confirm the fruitless and wasteful expenditure written-off by alternative means. Consequently, I was unable to determine whether any further adjustment were necessary to the fruitless and wasteful expenditure disclosure, stated at R131 553 000 and R125 327 000 in note 50 to the consolidated and separate financial statements.

Emphasis of matters

19. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Loan to group companies

20. As disclosed in note 9 to the financial statements, material impairment of R703 996 000 were incurred as a result of the impairment of the loan to the Courier and Freight Group (Pty) Ltd.

Material losses due to criminal conduct

21. As disclosed in note 52 to the financial statements, material losses due to criminal conduct were incurred as a result of fraud and theft.

Other financial assets

22. As disclosed in note 10 to the financial statements, an amount of R861 000 000 of growth funds were withdrawn from the PRMA investment, in order to finance a portion of the company's current obligations.

Contingent liabilities

23. With reference to note 48 to the consolidated and separate financial statements, the SAPO group is a defendant in number of lawsuits. The ultimate outcome of the matters cannot presently be determined and the uncertain part of the litigation claim has been disclosed in the consolidated and separate financial statements

Responsibilities of the accounting

Report of the Auditor-General to Parliament on South African Post Office SOC Limited

authority for the financial statements

24. The board of directors, which constitutes the accounting authority is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with the International Financial Reporting Standards (IFRS) and the requirements of the requirements of the Public Finance Management Act 1 of 1999 (PFMA), the Companies Act of South Africa 71 of 2008 (Companies Act), and for such internal control as the accounting authority determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.
25. In preparing the consolidated and separate financial statements, the accounting authority is responsible for assessing the public entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the consolidated and separate financial statements

26. My responsibility is to conduct an audit of the consolidated and separate financial statements in accordance with the International Standards on Auditing and to issue an auditor's report. However, because of the matters described in the basis for disclaimer of opinion section of this auditor's report, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.
27. I am independent of the group in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code), as well as the other ethical requirements that relevant to my audit of the consolidated and separate financial statements in South Africa. I have fulfilled my

other ethical responsibilities in accordance with these requirements and the IESBA code.

Report on the audit of the annual performance report

Introduction and scope

28. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected objectives presented in the annual performance report. I was engaged to perform procedures to identify findings but not to gather evidence to express assurance.
29. I was engaged to evaluate the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected objectives presented in the public entity's annual performance report for the year ended 31 March 2022:

Objectives	Pages in annual performance report
Strategic Objective 4 – Efficient systems and processes	29

30. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
31. The material findings on the usefulness and reliability of the performance information of the selected strategic objectives are as follows:

Report of the Auditor-General to Parliament on South African Post Office SOC Limited

Strategic Objective 4 – Efficient systems and processes

Key performance indicator 4.1 - Achieve the regulated Mail Delivery standard

32. The method of calculation for achieving the planned indicator was not clearly defined as the required level of performance did not cover the financial year.

Key performance indicator 4.2 - Maintain system availability uptime at online Post Office branches

33. I was unable to obtain sufficient appropriate audit evidence for the achievement of 97.82% reported against target 98, 00% in the annual performance report, and due to the lack of accurate and complete records. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievement.

Key performance indicator 4.3 - Rollout of IPS equipment

34. I was unable to obtain sufficient appropriate audit evidence for the achievement of 50% reported against target 100% in the annual performance report, due to the lack of accurate and complete records. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievement.

Report on the audit of compliance with legislation

Introduction and scope

35. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the public entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

36. The material findings on compliance with specific matters in key legislation are as follows:

Annual financial statements, performance and annual report

37. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records, as required by section 55(1)(a) and (b) of the PFMA.

38. Material misstatements of liabilities, assets and expenses identified by the auditors in the submitted financial statements were corrected and the supporting records were provided subsequently but the uncorrected material misstatement and supporting records that could not be provided resulted in the financial statements receiving a disclaimer of opinion.

Strategic planning and performance management

39. The corporate plan submitted to the director-general of the Department of Communications and Digital Technologies designated by the executive authority did not include the affairs of the subsidiaries listed below as required by the section 52(b) of the PFMA:

- The Courier and Freight Group (Pty) Ltd
- The Document Exchange (Pty) Ltd
- SAPOs Properties (East Rand) (Pty) Ltd
- SAPOs Properties (Bloemfontein) (Pty) Ltd
- SAPOs Properties (Cape Town) (Pty) Ltd
- SAPOs Properties (Port Elizabeth) (Pty) Ltd
- SAPOs Properties (Rossburgh) (Pty) Ltd

Expenditure management

40. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R611 708 000 as disclosed in note 51 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA. The entity went and procured services relating to Dignity services which are part of the SAPO requirements during the SASSA grant payments.

41. Effective steps were not taken to prevent fruitless and wasteful expenditure, as required by section 51(1)(b)(ii) of the PFMA. As reported in the basis for disclaimer of opinion the value of R242 637 000 disclosed in note 50 of the financial statements does not reflect the full extent of the fruitless and wasteful expenditure incurred.

Report of the Auditor-General to Parliament on South African Post Office SOC Limited

Consequence Management

42. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure as required by section 51(1)(e)(iii) of the PFMA. This was because investigations into irregular expenditure were not performed.
43. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred fruitless and wasteful expenditure as required by section 51(1)(e)(iii) of the PFMA. This was because investigations into fruitless and wasteful expenditure were not performed.
44. I was unable to obtain sufficient appropriate audit evidence that allegations of fraud at the retails which exceeded R100 000 were reported to the SAPS, as required by section 34(1) of the PRECCA.

Procurement and contract management

45. Some of the goods and services were not procured through a procurement process which is fair, equitable, transparent and competitive, as required by section 51(1) (a) (iii) of the PFMA. Similar non-compliance was also reported in the prior year. This non-compliance was identified in the procurement processes for the splitting on appointment of service providers rendering dignity services during the SASSA grant pay-outs.

Internal control deficiencies

46. I considered internal control relevant to my audit of the consolidated and separate financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the disclaimer of opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.
47. The accounting authority did not exercise adequate oversight on the financial statements and the annual performance report before submitting them for audit. We identified material misstatements to the

financial statements and annual performance report submitted for audit. This is due to lack of a balance skills set and capacity on the part of the leadership in ensuring that financial statements submitted for audit were in compliance with all the relevant standards of International Financial Reporting Standards (IFRS) and a performance management system was in place to ensure reported performance information is supported by accurate, complete and valid evidence as per the requirements of the FMPPPI.

48. Management made significant use of clearing accounts that are not regularly reviewed and reconciled. Where supporting listings were made available, management had not always acted to ensure that long-outstanding items were reconciled and cleared. The use of manual reconciliations coupled with a lack of assurance processes not implemented in time to ensure that information was accurate and complete, resulted in a number of limitations and errors being experienced and identified.
49. The public entity did not have a proper record management system to maintain information and support the reported performance in the annual performance report. This included information that related to the collection, collation, verification, storing and reporting of actual performance information. This extended to supply chain management where there was no proper record keeping due to improper hand over processes being conducted when staff resigns. There remains a lack of accountability in terms of record keeping throughout these divisions.
50. As the majority of financial management controls are automated and monitoring takes place mostly on reports generated by the IT systems, good IT controls and skills are fundamental to enabling robust financial and performance management, including in-year monitoring. However, the design and implementation of formal controls over information technology systems were not adequate to ensure the reliability, accuracy and availability of the data processed in these systems, resulting in weak IT controls. The weak IT control environment was due to the use of legacy IT infrastructure. This was exacerbated by budget constraint, corporate wide moratorium on recruitment and procurement as well as inadequate planning and investment in IT infrastructure.

Report of the Auditor-General to Parliament on South African Post Office SOC Limited

51. Leadership did not act on a timely basis on the internal audit units recommendations or reports, thus negatively affecting its effectiveness as an assurance provider to the leadership of the entity. Timeframes in place for the preparation and internal review of the financial statements are not adequate as no reviews were performed on the draft financial statements by the internal audit unit due to time constraints.
52. The matters above, as they relate to the basis for the disclaimer of opinion, findings on the annual performance report and findings on compliance with legislation, will be summarised in the auditor's report as follows:
53. The entity experienced instability in leadership as a result of a number of suspensions and resignations in key leadership positions. Instability in leadership has contributed to the overall decline in the internal control environment.

Material irregularities

In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit and on the status of the material irregularities reported in the previous year's auditor's report.

Material irregularities in progress

54. I identified material irregularities during the audit and notified the accounting authority, as required by material irregularity regulation 3(2). By the date of this auditor's report, I had not yet completed the process of evaluating the response from the accounting authority. This material irregularity will be included in the next year's auditor's report.

Status of previously reported material irregularities

Lack of implementation of effective controls on the SASSA beneficiary payment system (IGPS)

55. In the 2019-20 financial year, SAPO SOC Ltd did not implement effective controls and risk management processes on the grant payment system, resulting in

various internal control deficiencies relating to the management of the integrated grant payment system (IGPS) used to manage the SASSA grant beneficiary payments, as required by PFMA section 51(1)(a)(i).

56. I notified the acting accounting authority (AA) of the material irregularity on 12 November 2020, and provided them with an opportunity to respond. The AA responded on the 16 February 2021 and indicated that they are not the appropriate AA, and therefore cannot take any action as an agreement was reached to transfer ownership of the IGPS system from SAPO to Postbank SOC Ltd effective from 08 January 2021 in line with transfer of the Postbank division from the group to its own stand-alone entity which is not consolidated.
57. The written representation received was further assessed against the requirements of section 51(1)(a)(i) of the PFMA and an assessment of the responses to the internal control deficiencies identified contained indicators of fraud were prevalent in the internal control deficiencies identified.
58. I therefore referred the material irregularity to the Directorate for Priority Crime Investigation (DPCI) on 15 November 2021 for investigation as provided for in section 5(1A) of the PAA
59. Progress report received from DPCI dated 14 July 2022 indicated that SAPO terminated the contract of a service provider (card manufacturer and supplier) and further reported them to National Treasury as an unfit and dishonest service providers.
60. The DPCI status report also indicated that SAPO and Post Bank covered the losses incurred due to the Fraud or Theft in relation to the SASSA Bank cards that was suffered by SASSA and or SASSA beneficiaries.

Auditor-General

Pretoria • 31 July 2022



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Director's Responsibility and Approval

The directors are required in terms of the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the separate and consolidated annual financial statements and related financial information included in this report. It is their responsibility to ensure that the separate and consolidated annual financial statements fairly present the state of affairs of the group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the financial statements.

The separate and consolidated annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly

defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the separate and consolidated annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The separate and consolidated annual financial statements set out on pages 107 to 230, which have been prepared on the going concern basis, were approved by the directors on 29 July 2022 and were signed on their behalf by:


Approval of financial statements



Chief Executive Officer

Nomkhita Mona

29 July 2022



Acting Deputy Chairperson of the Board

SLM Majombozi

29 July 2022

Directors' Report

The directors have pleasure in submitting their report on the separate and consolidated annual financial statements of the South African Post Office (SOC) Limited and its subsidiaries for the year ended 31 March 2022.

1. Incorporation

The Company was incorporated on 30 September 1991 and obtained its certificate to commence business on the same day. The Company's registered address is 497 Sophie de Bruyn street, Pretoria, 0001.

2. Ultimate holding entity

The group's ultimate holding entity is the South African Government which is represented by the Department of Communication and Digital Technologies.

3. Nature of business

The South African Post Office was incorporated in South Africa with interests in the communication and services industry. The activities of the Group are undertaken through the company and its principal subsidiaries.

The Group operates principally in South Africa. The business of the Group is:

- The provision of universal, accessible, reliable and affordable postal services to the people of the Republic of South Africa in terms of the SA Post Office Act No. 22 of 2011 (as amended) and the Postal Services Act No. 124 of 1998 (as amended);
- to provide an infrastructure for the movement of paper and electronic documents between members in various industries and become the preferred delivery partner in the judicial system; and
- to provide courier, freight and related logistical services to citizens and business, within and beyond the South African boundaries.
- to provide agency services.

The business of the Group is conducted through its operations as well as its operating subsidiaries within logistics, namely the Courier and Freight Group (CFG) and Document Exchange (DOCEX). These divisions and subsidiaries are responsible for all the trading activities of the Group, which are conducted through the mail distribution network as well as the infrastructure of service points available throughout the country. The main support divisions in the Group are: Strategic Planning, Finance and Supply Chain Management, Human Resources, Information Technology, Internal Audit, Property Management, Commercial, and Governance and Compliance.

Directors' Report

4. Directorate

Directors	Office	Designation	Changes
Ms NP Mona	Group Chief Executive Officer	Executive	Appointed Thursday, 01 April 2021
Mr L Govender	Acting Group Chief Financial Officer	Executive	Appointed Friday, 01 January 2021
Ms Z Ntsikeni	Acting Group Operations Officer	Executive	Appointed Thursday, 01 April 2021 Resigned Friday, 31 December 2021
Mr SLM Majombozi	Acting Deputy Chairperson	Non-executive	Appointed Wednesday, 02 September 2020
Ms NP Ngonyama	Other	Non-executive	Appointed Friday, 25 October 2019
Mr ET Lekgau	Other	Non-executive	Appointed Thursday, 01 September 2020 Resigned Monday, 14 February 2022
Mr ST Nkese	Other	Non-executive	Appointed Friday, 25 October 2019
Ms S Phillip	Other	Non-executive	Appointed Friday, 04 September 2020 Resigned Sunday, 08 August 2021
Ms CM van der Sandt	Acting Chairperson	Non-executive	Appointed Friday, 07 August 2020 Resigned Wednesday, 05 January 2022
Mr TJ Ntetho	Other	Non-executive	Appointed Tuesday, 01 June 2021
Ms YLM Manzini	Other	Non-executive	Appointed Thursday, 03 September 2020
Ms N Pietersen	Other	Non-executive	Appointed Tuesday, 01 September 2020 Resigned Thursday, 27 January 2022
Ms MH Martin	Stamp Advisory Member	Other	Appointed Sunday, 01 February 2009 Deceased Sunday, 22 May 2022
Mr DJ Wigston	Stamp Advisory Member	Other	Appointed Saturday, 01 March 2008
Prof G Younge	Stamp Advisory Member	Other	Appointed Saturday, 01 March 2008

Directors' Report

5. Directors' interests in contracts

During the financial year, no contracts were entered into which directors or officers of the Group had an interest and which significantly affected the business of the Group.

6. Certification by Company Secretary

I, Dawood Dada, Company Secretary, herewith certify that the company has filed required returns and notices in terms of the Companies Act, and all such returns and notices appear to be true, correct and up to date.



Mr Dawood Dada

Group Company Secretary (ACIS)

South African Post Office SOC Limited

Cnr Sophie de Bruyn and Jeff Masemola Streets

Landline: (012) 407 7741

Cell: 0814475810

7. Auditors

The Shareholder reappointed the Auditor-General of South Africa as auditor for the Company and its subsidiaries at the Company's previous Annual General Meeting.

8. Review of financial results and activities

The financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS'), the Public Finance Management Act ('PFMA') and the requirements of the Companies Act of South Africa.

The accounting policies have been applied consistently compared to the prior year.

The operating environment remained challenging for the SA Post Office during the current financial year.

The group recorded a net loss after tax for the year ended 31 March 2022 of R(2 181) million (2021: R(2 352) million) and a negative net asset value of R (4 082) million (2021: R(2 037) million)

Group revenue increased by 0.22% from R 3 026 million in the prior year to R 3 033 million for the year ended 31 March 2022. The mail revenue continued to be depressed driven mainly by the decline in mail volumes, logistics volumes and loss of customers. The mail revenue business represents 56% of total company revenues.

9. Property, plant and equipment, and investment property

There was no significant change in the nature of the property, plant and equipment of the group or in the policy regarding their use.

At 31 March 2022 the group's investment property and plant and equipment and investment property amounted to R2 658 million (2021: R2 615 million), of which R10.5 million (2021: R15.7 million) was added in the current year through additions.

There were no significant asset disposals or significant asset write-offs in the period.

The group has commitments in respect of contracts placed for capital expenditure to the amount of R44 million (2021: R49 million). Refer to note 47 for details.

10. Dividends

The Company's dividend policy is to consider an interim and a final dividend in respect of each financial year. At its discretion, the board of directors may consider a special dividend, where appropriate. Depending on the perceived need to retain funds for expansion or operating purposes, the board of directors may pass on the payment of dividends. Given the current constrained cash flows of the Company, the board of directors has not declared a dividend by the SA Post Office during the financial year ended 31 March 2022 (2021: R0).

11. Monitoring of fruitless, wasteful and irregular expenditure

Financial Misconduct Framework (FMC) has been established and mandated through the group's financial misconduct policy to regulate, monitor and report on all fruitless, wasteful and irregular expenditure and institute management consequences that need to be implemented.

Directors' Report

All identified fruitless and wasteful expenditure for the group under investigation as at 31 March 2022 amount to an accumulated balance of R132 million of fruitless and wasteful expenditure (2021: R537 million). Refer to note 50 for more detail.

All identified irregular expenditure for the group under investigation as at 31 March 2022 amount to an accumulated balance of R2 439 million of irregular expenditure (2021: R1 827 million). Refer to note 51 for more detail.

12. Insurance and risk management

The company follows a policy of reviewing the risks relating to assets and possible liabilities arising from business transactions with its insurers on an annual basis. Wherever possible assets are automatically included. There is also a continuous asset risk control program, which is carried out in conjunction with the company's insurance brokers. All risks are considered to be adequately covered, except for political risks, in the case of which as much cover as is reasonably available has been arranged.

13. Special resolutions

No special resolutions, the nature of which might be significant to the shareholder in their appreciation of the state of affairs of the company were made during the period covered by this report.

14. Events after the reporting period

A non-adjusting event occurred after year-end. The Company issued instructions for withdrawals from the PRMA portfolio totaling R502 728 984. The intention of the withdrawal was to move the funds from Other financial assets to a Call account.

The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report.

15. Going concern

The directors believe that, the company will have adequate financial resources to continue in operation for the foreseeable future accordingly, the annual financial statements have been prepared on a going concern basis. The SA Post Office is a State-Owned Company with the mandate to achieve the priorities of Government in providing universal access and

affordable postal and financial services to all areas, including rural areas and small towns within the Republic of South Africa. The Post Office infrastructure and Post Office branch network exists to render these Universal Postal Services that all citizens are entitled to.

In determining the appropriate basis of preparation of the financial statement, management are required to consider whether the group will continue in operational in the foreseeable future.

Material uncertainty

The conditions noted below resulted in a material uncertainty that might cast significant doubt on SAPO's ability to continue as a going concern:

- The Group recognised recurring operating losses of R2 181 million and R2 352 million for the years ended 31 March 2022 and 31 March 2021 respectively, as disclosed in the statement of comprehensive income.
- As at the reporting date, the Group was in net liability financial position, with total liabilities exceeding total assets by R4 082million (2021: R2 037 million) and current liabilities exceeding current assets by R6 657 million (2021: R4 988 million). This is reflected adversely in key financial ratios including the Group's gearing ratio, which stood at 1.65% (2021: 1.25%) on the reporting date.
- Instances of late payments to commercial and statutory creditors have occurred, and the ability of the Group to comply with loan agreements is constrained.
- Pending legal or regulatory proceedings against the Company exist that, if successful, may result in claims the Company is unlikely to have the means to meet.
- The Group experienced negative operating cash flows in the current financial year. These circumstances are projected to persist in over the next twelve months.
- The Group has experienced loss of key management without replacement.

Mitigating conditions: Shareholder's Intent

The SA Post Office is a State-Owned Company with the mandate to achieve the priorities of Government in providing universal access and affordable postal and financial services to all areas within the Republic of South Africa, including rural localities and small towns. SAPO's ongoing mandate to distribute social grants on behalf of SASSA is indicative

Directors' Report

of government's view of SAPO's role as integral to fulfilling the delivery of such government services in the foreseeable future.

SAPO's current duties include the provision of significant government services (such as distribution of grants and the delivery of Digital Terrestrial Television set-top boxes) that have social impact. In catering for communities low-income and rural that are underserved by commercial operators, SAPO's activities also alleviate critical market failures that, given their nature, are largely beyond the reach of the private sector to address.

Management current understanding of SAPO's status is that there is no intention from the Department/Ministry (as shareholder representative) and the Board to liquidate SAPO or to cease its operations. The support of the shareholder for SAPO to continue operating is demonstrated by the fact that National Treasury has granted, in the 2021 financial year, MTEF Funding of R1,6 billion allocated to fund the public service mandate for the 2022/23 to 2024/25 financial years. This indicates that the shareholder intends for SAPO to continue to render its legislative mandates at least until 31st March 2025.

Strategic Initiatives

Embodied in the 2022/23 – 2024/25 Corporate Plan is the company's modernization strategy. The strategy defines the path SAPO is following to repurpose as an e-commerce and logistics company that is anchored by technology and innovation to turn around its fortunes. Implementation of this strategy is guided by SAPO's Corporate Implementation Plan for 2022/23 and is currently underway.

The strategy plots SAPO a path to profitability by the 2024 financial year, on the strength of revenue growth initiatives

such as new service lines (e.g. hybrid mail and the recently launched motor vehicle license renewal e-service), and optimisation of existing operations (e.g. consolidation of the current courier and parcel business).

In addition, SAPO has also adopted a cost reduction strategy that is expected to yield an average of R1 100 million in each of the three upcoming years.

Based on the above, management is of the opinion that the going concern assumption adopted is appropriate under the circumstances.

16. Litigation statement

The company becomes involved from time to time in various claims and lawsuits incidental to the ordinary course of business. Refer to note 48 for more details regarding these.

Except for those mentioned in note 48: Contingencies, there are no further legal or arbitration proceeds which have had a material effect on the company's financial position.

17. Date of authorisation for issue of financial statements

The separate and consolidated annual financial statements have been authorised for issue by the Board of Directors on Friday, 29 July 2022.

18. Acknowledgements

Thanks and appreciation is extended to all of the SA Post Office's shareholders, staff, suppliers and consumers for their continued support of the group.

Statement of Financial Position as at 31 March 2022

Figures in Rand thousand	Note(s)	Group			Company		
		2022	2021 Restated *	2020 Restated *	2022	2021 Restated *	2020 Restated *
Assets							
Non-Current Assets							
Property, plant and equipment	3	2 405 262	2 307 708	1 990 892	2 404 949	2 305 066	1 987 947
Right-of-use assets	4	279 753	634 783	728 684	270 935	624 379	721 518
Investment property	5	252 737	307 566	308 871	179 526	224 897	220 208
Heritage assets	6	46 247	46 247	46 247	46 247	46 247	46 247
Intangible assets	7	2 953	1 595	18 007	2 953	1 595	18 007
Investments in subsidiaries	8	-	-	-	31 933	31 933	31 933
Other financial assets	10	489 688	1 018 006	805 684	489 688	1 018 006	805 684
Operating lease asset	11	1 862	3 118	7 720	1 862	3 076	7 593
Retirement benefit asset	12	47 201	44 672	42 411	47 201	44 672	42 411
Deferred tax	21	5 130	6 147	879	-	-	-
		3 530 833	4 369 842	3 949 395	3 475 294	4 299 871	3 881 548
Current Assets							
Inventories	13	47 243	56 797	79 218	46 848	56 690	79 090
Loans to group companies	9	-	-	-	-	-	-
Trade and other receivables	14	1 818 391	1 774 170	1 368 726	1 810 346	1 764 345	1 359 313
Other financial assets	10	143 774	362 013	337 472	143 774	362 013	337 472
Operating lease asset	11	105	3 266	2 072	436	3 516	2 002
Prepayments	15	2 418	2 384	2 376	2 418	2 384	2 376
Current tax receivable		1 976	76	69	-	-	-
Cash and cash equivalents	16	605 642	1 649 308	1 578 828	580 174	1 624 947	1 554 805
		2 619 549	3 848 014	3 368 761	2 583 996	3 813 895	3 335 058
Non-current assets held for sale	17	144 367	-	-	126 767	-	-
Total Assets		6 294 749	8 217 856	7 318 156	6 186 057	8 113 766	7 216 606
Equity and Liabilities							
Equity							
Share capital	18	8 164 116	8 164 116	8 164 116	8 164 116	8 164 116	8 164 116
Reserves		2 048 821	1 826 101	1 504 431	2 048 821	1 826 101	1 504 431
Accumulated loss		(14 294 603)	(12 027 591)	(9 683 362)	(14 311 596)	(12 039 666)	(9 689 149)
		(4 081 666)	(2 037 374)	(14 815)	(4 098 659)	(2 049 449)	(20 602)

Statement of Financial Position as at 31 March 2022

Figures in Rand thousand	Note(s)	Group			Company		
		2022	2021 Restated *	2020 Restated *	2022	2021 Restated *	2020 Restated *
Liabilities							
Non-Current Liabilities							
Financial liabilities at amortised cost	24	-	-	152 097	-	-	152 097
Lease liabilities	4	134 607	355 414	603 628	123 968	343 632	595 518
Retirement benefit obligation	12	875 891	938 349	917 716	875 891	938 349	917 716
Deferred tax	21	19 324	18 761	18 736	-	-	-
Provisions	22	69 337	106 588	251 626	68 789	105 468	250 172
		1 099 159	1 419 112	1 943 803	1 068 648	1 387 449	1 915 503
Current Liabilities							
Trade and other payables	23	7 765 775	7 137 819	3 892 382	7 712 385	7 087 232	3 835 792
Financial liabilities at amortised cost	24	24 969	152 097	161 338	24 969	152 097	161 338
Borrowings	20	207 897	202 750	196 127	207 897	202 750	196 127
Lease liabilities	4	219 664	251 886	127 512	219 664	251 886	127 512
Retirement benefit obligation	12	136 124	151 608	154 048	136 124	151 608	154 048
Contract liabilities	25	1 954	2 220	2 112	-	-	-
Deferred income	26	81 639	119 116	169 540	77 074	112 482	162 780
Current tax payable		-	68	188	-	-	-
Provisions	22	312 524	289 396	262 208	311 245	288 553	260 395
Deposits from the public		7	-	-	7	-	-
Funds collected on behalf of third parties	27	467 893	376 924	170 405	467 893	376 924	170 405
Government grants	28	58 810	152 234	253 308	58 810	152 234	253 308
		9 277 256	8 836 118	5 389 168	9 216 068	8 775 766	5 321 705
Total Liabilities		10 376 415	10 255 230	7 332 971	10 284 716	10 163 215	7 237 208
Total Equity and Liabilities		6 294 749	8 217 856	7 318 156	6 186 057	8 113 766	7 216 606

Statement of Profit or Loss and Other Comprehensive Income

Figures in Rand thousand	Note(s)	Group		Company	
		2022	2021 Restated *	2022	2021 Restated *
Revenue	29	3 032 614	3 025 819	2 997 308	2 991 232
Other operating income	30	781 186	756 007	773 318	751 595
Other operating gains (losses)	31	(63 614)	(14 662)	(71 758)	(8 667)
Other operating expenses	32	(1 853 356)	(1 979 290)	(1 845 535)	(1 972 420)
Employee costs	33	(3 666 052)	(3 744 520)	(3 646 457)	(3 724 890)
Transport cost		(95 414)	(88 218)	(88 507)	(83 083)
Depreciation, amortisation and impairment losses	34	(515 768)	(453 246)	(513 757)	(450 986)
Operating loss		(2 380 404)	(2 498 110)	(2 395 388)	(2 497 219)
Investment income	35	1 071 754	804 955	1 070 903	804 395
Finance costs	36	(982 942)	(882 372)	(981 687)	(879 756)
Other non-operating gains (losses)	37	112 201	219 833	112 201	219 833
Loss before taxation		(2 179 391)	(2 355 694)	(2 193 971)	(2 352 747)
Taxation	38	(1 852)	3 820	-	-
Loss for the year		(2 181 243)	(2 351 874)	(2 193 971)	(2 352 747)
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Remeasurements on net defined benefit liability/asset		(224 482)	(156 279)	(224 751)	(156 119)
Gains on property revaluation		221 326	322 180	226 373	322 180
Gains (losses) on other financial assets adjustments	10	(3 653)	4 537	(3 653)	4 537
Total items that will not be reclassified to profit or loss		(6 809)	170 438	(2 031)	170 598
Other comprehensive income for the year net of taxation		(6 809)	170 438	(2 031)	170 598
Total comprehensive loss for the year		(2 188 052)	(2 181 436)	(2 196 002)	(2 182 149)
Loss attributable to:					
Owners of the parent:					
From continuing operations		(2 181 243)	(2 351 874)	(2 193 971)	(2 352 747)

Statement of Changes in Equity

Figures in Rand thousand	Share capital	Revaluation reserve	Mark-to-market reserve	Total reserves	Accumulated loss	Total equity
Group						
Opening balance as previously reported	8 164 116	1 464 255	40 176	1 504 431	(9 708 437)	(39 890)
Adjustments						
Prior year adjustments	-	-	-	-	25 075	25 075
Balance at 01 April 2020 as restated	8 164 116	1 464 255	40 176	1 504 431	(9 683 362)	(14 815)
Loss for the year	-	-	-	-	(2 351 874)	(2 351 874)
Other comprehensive income	-	322 180	4 537	326 717	(156 279)	170 438
Total comprehensive Loss for the year	-	322 180	4 537	326 717	(2 508 153)	(2 181 436)
Prior year adjustments	-	(5 047)	-	(5 047)	163 924	158 877
Total contributions by and distributions to owners of company recognised directly in equity	-	(5 047)	-	(5 047)	163 924	158 877
Opening balance as previously reported	8 164 116	1 459 208	44 713	1 503 921	(12 198 892)	(2 530 855)
Adjustments						
Prior year adjustments	-	322 180	-	322 180	171 301	493 481
Balance at 01 April 2021 as restated	8 164 116	1 781 388	44 713	1 826 101	(12 027 591)	(2 037 374)
Loss for the year	-	-	-	-	(2 181 243)	(2 181 243)
Other comprehensive income	-	221 326	(3 653)	217 673	(224 482)	(6 809)
Total comprehensive Loss for the year	-	221 326	(3 653)	217 673	(2 405 725)	(2 188 052)
Prior year adjustments	-	-	-	-	143 760	143 760
Transfer to retained income	-	5 047	-	5 047	(5 047)	-
Total contributions by and distributions to owners of company recognised directly in equity	-	5 047	-	5 047	138 713	143 760
Balance at 31 March 2022	8 164 116	2 007 761	41 060	2 048 821	(14 294 603)	(4 081 666)
Note(s)	18		19			

Statement of Changes in Equity

Figures in Rand thousand	Share capital	Revaluation reserve	Mark-to-market reserve	Total reserves	Accumulated loss	Total equity
Company						
Opening balance as previously reported	8 164 116	1 464 255	40 176	1 504 431	(9 715 138)	(46 591)
Adjustments						
Prior year adjustments	-	-	-	-	25 989	25 989
Balance at 01 April 2020 as restated	8 164 116	1 464 255	40 176	1 504 431	(9 689 149)	(20 602)
Loss for the year	-	-	-	-	(2 352 747)	(2 352 747)
Other comprehensive income	-	322 180	4 537	326 717	(156 119)	170 598
Total comprehensive Loss for the year	-	322 180	4 537	326 717	(2 508 866)	(2 182 149)
Prior year adjustments	-	(5 047)	-	(5 047)	158 349	153 302
Total contributions by and distributions to owners of company recognised directly in equity	-	(5 047)	-	(5 047)	158 349	153 302
Opening balance as previously reported	8 164 116	1 459 208	44 713	1 503 921	(12 203 133)	(2 535 096)
Adjustments						
Prior year adjustments	-	322 180	-	322 180	163 467	485 647
Balance at 01 April 2021 as restated	8 164 116	1 781 388	44 713	1 826 101	(12 039 666)	(2 049 449)
Loss for the year	-	-	-	-	(2 193 971)	(2 193 971)
Other comprehensive income	-	226 373	(3 653)	222 720	(224 751)	(2 031)
Total comprehensive Loss for the year	-	226 373	(3 653)	222 720	(2 418 722)	(2 196 002)
Prior year adjustments	-	-	-	-	146 792	146 792
Total contributions by and distributions to owners of company recognised directly in equity	-	-	-	-	146 792	146 792
Balance at 31 March 2022	8 164 116	2 007 761	41 060	2 048 821	(14 311 596)	(4 098 659)
Note(s)	18					
The accounting policies on pages 113 to 135 and the notes on pages 138 to 231 form an integral part of the financial statements						
* The translation deficit represents the cumulative position of translation gains and losses arising from the conversion of the net assets of the foreign subsidiary companies, and also the long-term loan to a subsidiary company, to the reporting currency.						

Statement of Cash Flows

Figures in Rand thousand	Note(s)	Group		Company	
		2022	2021	2022	2021
Cash flows from operating activities					
Cash receipts from customers		3 720 551	3 108 905	3 546 904	3 227 397
Cash paid to suppliers and employees		(4 996 779)	(2 458 053)	(4 930 056)	(2 578 753)
Cash generated from/(used in) operations	39	(1 276 228)	650 852	(1 383 152)	648 644
Interest income		-	-	-	-
Finance costs		-	-	-	-
Tax paid	40	(3 820)	(1 547)	-	-
Net cash from operating activities		(1 280 048)	649 305	(1 383 152)	648 644
Cash flows from investing activities					
Disposal (purchase) of property, plant and equipment	3	(118 083)	(20 659)	(17 609)	(20 659)
Disposal (purchase) of other intangible assets	7	(246)	-	(246)	-
Disposal of financial assets at fair value		855 105	(12 493)	855 105	(12 493)
Interest Income		77 180	31 431	76 329	30 871
Dividends received		15 500	17 484	15 500	17 484
Net cash from investing activities		829 456	15 763	929 079	15 203
Cash flows from financing activities					
Proceeds from (repayment of) financial liabilities at amortised cost		(127 128)	(161 338)	(127 128)	(161 338)
Proceeds from (repayment of) lease liabilities		(341 532)	(321 741)	(339 183)	(323 282)
Finance costs		(124 414)	(111 509)	(124 389)	(109 085)
Net cash from financing activities		(593 074)	(594 588)	(590 700)	(593 705)
Total cash movement for the year		(1 043 666)	70 480	(1 044 773)	70 142
Cash at the beginning of the year		1 649 308	1 578 828	1 624 947	1 554 805
Total cash at end of the year	16	605 642	1 649 308	580 174	1 624 947

Accounting Policies

1. Summary of significant accounting policies

South African Post Office (SOC) Limited is a Company incorporated in South Africa. Its parent and ultimate holding entity is the South African Government represented by the Department of Communication and Digital Technologies. The address of its registered office and place of business are disclosed in the director's report. The principal activities of the Company and its subsidiaries are also described in the directors' report.

The company's annual financial statements have been prepared in accordance with International Financial Reporting Standards, and the requirements of the Public Finance Management Act and the Companies Act of South Africa.

The accounting policies applied in preparation of these annual financial statements are consistent in all material respects with those applied in the prior year, unless explicitly stated otherwise as changes in accounting policies. No standards were adopted before the effective date during the financial reporting period ended 31 March 2022.

The financial statements are presented in South African Rands (ZAR), the functional currency of the Company. All amounts are rounded to the nearest thousand, except when otherwise indicated. They are prepared on the historical cost basis, except for heritage assets, investment properties and certain financial instruments at fair value.

The annual financial statements were prepared under the supervision of Mr L Govender, Acting Chief Financial Officer.

1.1 Basis of preparation

The consolidated and separate financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations issued and effective at the time of preparing these financial statements and the Companies Act of South Africa, as amended.

These financial statements comply with the requirements of the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

The financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Rands, which is the group and company's functional currency.

These accounting policies are consistent with the previous period.

1.2 Financial statement preparation

Basis of consolidation

Subsidiaries

The consolidated annual financial statements incorporate the annual financial statements of the company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- Has power over the investee
- Is exposed, or has rights, to variable returns from its involvement with the investee and
- Has the ability to use its power to affect its return

The company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other voting holders;
- Potential voting rights held by the company, other vote holder or other parties;
- Rights arising from other contractual arrangements, and
- Any additional facts and circumstances that indicate that the company has, or does have, the current ability to direct the relevant activities at the time that decisions need to be made.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the

Accounting Policies

Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the annual financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Fair value considerations

The consolidated annual financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and /or disclosure purposes in these consolidated annual financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on

the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 input are quoted process (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted process included within Level 1, that are observable for the asset or liability either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

Current non-current distinction

All assets and all liabilities are classified and presented as either current or non-current unless they are presented in order of their liquidity. The term 'current' is defined for:

- (a) assets, as an asset that is:
 - i. expected to be realised in, or is intended for sale or consumption in, the entity's normal operating cycle;
 - ii. held primarily for the purpose of being traded;
 - iii. expected to be realised within 12 months after the reporting period; or
 - iv. cash or a cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period;
- (b) liabilities, as a liability that:
 - i. is expected to be settled in the entity's normal operating cycle;
 - ii. is held primarily for the purpose of being traded;
 - iii. is due to be settled within 12 months after the reporting period; or
 - iv. the entity does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current assets include inventories and trade receivables that are sold, consumed or realised as part of the normal operating cycle and current liabilities include those liabilities that form part of the working capital used in a normal operating cycle

Accounting Policies

of the entity, for example trade payables and accruals for employee benefits expense.

The principal accounting policies are set out below.

Business combinations

The group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity.

Any contingent consideration is included in the cost of the business combination at fair value as at the date of acquisition. Subsequent changes to the assets, liability or equity which arise as a result of the contingent consideration are not affected against goodwill, unless they are valid measurement period adjustments. Otherwise, all subsequent changes to the fair value of contingent consideration that is deemed to be an asset or liability is recognised in either profit or loss or in other comprehensive income, in accordance with relevant IFRS's. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The acquiree's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3 Business combinations are recognised at their fair values at acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current assets Held For Sale and Discontinued Operations, which are recognised at fair value less costs to sell.

Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at acquisition date.

On acquisition, the acquiree's assets and liabilities are reassessed in terms of classification and are reclassified where the classification is inappropriate for group purposes. This excludes lease agreements and insurance contracts, whose classification remains as per their inception date.

1.3 Significant judgements and sources of estimation uncertainty

In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the amounts represented in the consolidated financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the consolidated financial statements. Significant judgements include:

Loans and receivables

The Group assesses its loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the Group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Financial assets through other comprehensive income (OCI)

The Group follows the guidance of IFRS 9 to determine when a financial asset is impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

Allowance for slow moving, damaged and obsolete stock

The allowance for stock write-off at the lower of cost or net realisable value requires the use of estimates to determine the selling price and direct cost to sell.

Fair value estimation

Accounting Policies

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.

Other items that are subject to fair value as a significant judgement and source of estimation and uncertainty include property, plant and equipment, and investment property. Further detail on the valuation of these items is provided in notes 3 and 5 respectively.

Impairment testing of non-financial assets

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair value less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that assumptions may change which may then impact estimations and may then require a material adjustment to the carrying value of non-financial assets.

The Group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable.

Provisions

Provisions were raised and management determined an estimate based on available information.

Provisions and contingent liabilities

Management's judgement is required when recognising and measuring provisions and when measuring contingent liabilities. The probability that an outflow of economic resources will be required to settle the obligation must be assessed and a reliable estimate must be made of the amount of the obligation. Provisions are measured at management's best estimate of the expenditure required to settle the obligation and discounted where the effect of discounting is material.

The discount rate used is the rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability, all of which require management's judgement. The Group is required to recognise provisions for legal contingencies when the occurrence of the contingency is probable and the amount of the loss can be reasonably estimated. Liabilities provided for legal matters require judgements regarding projected outcomes and ranges of losses based on historical experience and recommendations of legal counsel. Litigation is however unpredictable and actual costs incurred could differ materially from those estimated at the reporting date.

Provision for expected credit losses of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns based on product type (Bulk Mail, Agency Services, Speed Services, Motor Vehicle Licenses, Franking, Business Reply Services, Other trade, Truebill, Trust Centre).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss

Accounting Policies

experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 14.

Expected manner of realisation for deferred tax

Deferred tax is provided for on the fair value adjustments of investment properties based on the expected manner of recovery, i.e. sale or use. This manner of recovery affects the rate used to determine the deferred tax liability.

Taxation

Judgement is required when determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Group recognises the net future tax benefit related to deferred tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred tax assets requires the Group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

All capital assets are utilised through use except for land that is utilised through the sales tax rate.

Deferred income

Judgement is required when determining the deferred revenue due to the stage of completion of the revenue contract at year end. There are many transactions and calculations for which the ultimate deferred revenue determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated deferred income based on the stage

of completion. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact the profit or loss and deferred income liability in the period in which such determination is made.

Post-employment benefit obligations

In determining the value to be placed on these post-employment benefits, various assumptions in respect of various economic and demographic factors have been made. In order to have consistency between the benefits, the same assumptions for all benefits have been applied where relevant. In assessing the appropriateness of the assumptions used it is important to consider the assumptions as a whole rather than in isolation. In particular, the relationship between the assumptions for the discount rate and the rate of increase in benefits is important.

IAS 19 Employee Benefits (IAS19) requires that realistic assumptions be applied in the valuation and that this should be determined with reference to the yields on corporate stock of similar duration to the liabilities. The standard further indicates that if the corporate bond market is neither sufficiently deep nor liquid, reference should be made to the yields on government stock. For the purpose of this valuation, account has been taken of the yields on South African government stock as reflected in the yield curve of the Bond Exchange of South Africa. The basic inflation assumption has also been determined by reference to the inflation rate implied in the market by the difference between the yield on nominal and inflation linked government stock.

The demographic assumptions (e.g. mortality, withdrawal rates, etc.) have been based on standard actuarial tables and other assumption rates that are generally used in the market place for the valuation of liabilities of this nature. Allowance has been made for AIDS related deaths in respect of the long service and leave encashment benefits, but not the PRMA benefits, using the Actuarial Society of South Africa AIDS model.

The results of the valuation are highly dependent on the choice of assumptions and the relationship between them. Therefore, in order to assist the user in interpretation of the valuation, results show the impact on the liabilities of a number of different assumptions.

Actuarial valuations are performed on an annual basis.

Accounting Policies

Site restoration and dismantling cost

Decommissioning costs expected to be incurred upon the termination or conclusion of lease agreements have been capitalised in terms of the relevant lease agreements. It is uncertain whether these leases will be extended or terminated earlier and this creates uncertainty regarding the amount and timing of the cash flows. There are no expected reimbursements for the costs that will be incurred.

Estimation of useful lives and residual values

Property, plant and equipment are depreciated over their useful lives taking into account the residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programs are taken into account. Residual value assessment consider issues such as future market conditions, the remaining lives of the assets and the projected disposal values.

Intangible assets are amortised on a straight line basis over their estimated useful lives. The amortisation methods and remaining useful lives are reviewed at least annually. The estimation of the useful lives of intangible assets is based on historic performance as well as expectations about future use and therefore requires a significant degree of judgement.

1.4 Heritage assets

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations. Heritage assets lie in contrast with property, plant and equipment, which are tangible items that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes.

In the absence of an IFRS that specifically applies to a transaction, other event or condition, management develops an accounting policy in terms of IAS 8, which permits management to consider the most recent pronouncements of other standard-setting bodies that use a similar conceptual framework to develop accounting standards, to the extent that these do not conflict with the requirements in IFRSs dealing with similar and related issues, and key definitions and concepts within the Conceptual Framework for Financial Reporting.

It is on this basis that the accounting treatment for heritage assets is informed by the requirements of GRAP 103 (Heritage Assets), issued by the Accounting Standards Board (South Africa).

In terms of the ICASA license agreement, the South African Post Office (SOC) Limited is required to own a museum which contains assets of a historical nature, including stamps, paintings, artifacts and machinery. Heritage Assets are recognised when

- it is probable that future economic benefits associated with the asset will flow to the entity; and
- the fair value or cost of the asset can be measured reliably.

Heritage assets which qualify for recognition as an asset are initially measured at cost.

Where heritage assets were acquired for no cost or nominal cost, its cost is measured at fair value on the date of acquisition.

A non-exchange transaction is a transaction where an entity receives or gives value to another entity without directly giving or receiving an approximate equal value in exchange. Examples include gifts, fines and grants.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

An inflow of resources from a non-exchange transaction recognised as a heritage asset will be recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow (which is the case when a stipulation is a condition).

Costs of day-to-day servicing i.e. repairs and maintenance are expensed, only costs incurred to enhance or restore an asset to preserve its indefinite useful life can be capitalised if they meet the recognition criteria.

Heritage assets are subsequently measured at the revalued amount less accumulated impairment losses.

Heritage assets have indefinite useful lives and are not depreciated.

Revaluations are made with sufficient regularity such that

Accounting Policies

the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited to other comprehensive income and accumulated in the revaluation surplus in equity. The increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in profit or loss in the current period. The decrease is debited in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

Service potential is the capacity to provide services that contribute to achieving the Group's objectives. Service potential enables an entity to achieve its objectives without necessarily generating net cash inflows.

An asset is derecognised when it is disposed of or when no future economic benefits or service potential is expected. Any gain or loss is recognised in profit or loss. The revaluation surplus included in equity in respect of a heritage assets may be transferred directly to retained earnings when it is derecognised.

A heritage asset is not depreciated but the entity assess at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the entity estimates the recoverable amount or the recoverable service amount of the heritage asset.

In assessing whether there is an indication that an asset may be impaired, the Group has considered, as a minimum, the following indications:

External sources of information:

(a) During the period, a heritage asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.

(b) The absence of an active market for a revalued heritage asset.

Internal sources of information:

(a) Evidence is available of physical damage or deterioration of a heritage asset.

(b) A decision to halt the construction of the heritage asset before it is complete or in a usable form.

1.5 Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the enterprise, and the cost of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Fair value

Subsequent to initial measurement investment property is measured at fair value, which reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net profit or loss for the period in which it arises.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use.

Investment property is derecognised either when it has been disposed of or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the

Accounting Policies

carrying amount of the asset is recognised in profit or loss in the period of derecognition.

1.6 Property, plant and equipment

Property, plant and equipment are tangible assets which the Group holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost including any cost directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating as intended by management. Land is not depreciated. Where any item comprises of major components with different useful lives, these major components are accounted for as separate items.

Expenditure incurred subsequently for major services, additions to, or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the group and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Major spare parts and stand by equipment which are expected to be used for more than one year are included in property, plant and equipment.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses except for land and buildings.

Land and buildings are subsequently stated at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent

accumulated impairment losses.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

On revaluation, the carrying amount of the asset is adjusted to the revalued amount. At the date of revaluation, the accumulated depreciation is eliminated against the gross carrying amount of the asset. The amount of the adjustment of accumulated depreciation forms part of the increase or decrease in carrying amount.

When an asset's carrying amount is increased as a result of a revaluation, the increase is recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. However, the increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

When an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in profit or loss. However, the decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognised in other comprehensive income reduces the amount accumulated in equity under the heading of revaluation surplus.

The revaluation reserve in equity related to a specific item of property, plant and equipment is transferred directly to retained income when the asset is derecognised.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the Group. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The assumptions regarding estimated useful lives of items of property, plant and equipment at acquisition have been assessed as follows:

Accounting Policies

Item	Depreciation method	Average useful life
Assets under construction	Straight line	Not depreciated until asset is complete and in use
Buildings	Straight line	30 - 100 years
Data processing equipment	Straight line	3 - 8 years
Furniture and fixtures	Straight line	3 - 12 years
Land	Straight line	Indefinite
Leasehold improvements	Straight line	Term of the lease
Motor vehicles	Straight line	3 - 20 years
Machinery and equipment	Straight line	3 - 20 years

As the company re-assesses the useful lives of its assets each year, the remaining useful lives of some assets may be extended beyond or reduced beneath the initial estimates made at acquisition. Such extensions or reductions to individual assets are then updated and reflected within the fixed asset register.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. Any gain or loss arising from the derecognition of an item of property, plant and equipment is determined as

the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the group holds for rentals to others and subsequently routinely sells as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. These assets are not accounted for as non-current assets held for sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

1.7 Site restoration and dismantling cost

Where the Company has an obligation to dismantle, remove and restore items of property, plant and equipment, such obligations are referred to as decommissioning, restoration and similar liabilities. The cost of these items of property, plant and equipment include the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period, for purposes other than to produce inventories during that period. These assets are individually considered and depreciated over their expected lease term, usually indicated by the actual lease contract.

The related asset is measured using the cost model:

- changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in profit or loss; and

Accounting Policies

- if the adjustment results in an addition to the cost of an asset, the entity considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the asset is tested for impairment by estimating its recoverable amount, and any impairment loss is recognised in profit or loss.

1.8 Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Neither the Group or the Company has intangible assets with indefinite useful lives.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it

will be available for use or sale.

- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Expenditure on research activities is recognised as an expense in the period in which it is incurred. The amortisation period and the amortisation method for intangible assets are reviewed regularly

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Intangible assets under development	Not amortised until asset is complete and in use
Software	2 - 8 years
Software - personal computers	1 - 3 years

1.9 Interests in subsidiaries

Company annual financial statements

In the Company's separate annual financial statements, investments in subsidiaries are carried at cost less any accumulated impairment.

The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the select entity; plus
- any costs directly attributable to the purchase of the subsidiary.

1.10 Financial instruments

Financial instruments held by the Group and Company

Accounting Policies

are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the Group and Company, as applicable, are as follows:

Financial assets which are equity instruments:

- Mandatorily at fair value through profit or loss; or
- Designated as at fair value through other comprehensive income. (This designation is not available to equity instruments which are held for trading or which are contingent consideration in a business combination).

Financial assets which are debt instruments:

- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows);
- Fair value through other comprehensive income. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is achieved by both collecting contractual cash flows and selling the instruments); or

Derivatives which are not part of a hedging relationship:

- Mandatorily at fair value through profit or loss.

Financial liabilities:

- Amortised cost; or
- Mandatorily at fair value through profit or loss. (This applies to contingent consideration in a business combination or to liabilities which are held for trading); or

Note 44 Risk management presents the financial instruments held by the Group and Company based on their specific classifications.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular

way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the Group and Company are presented below:

Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions note 1.3
- Trade receivables note 14

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial

Accounting Policies

asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Loans to (from) group companies

Initial recognition and classification

Intragroup loans and receivables/(payables) are classified as financial assets/(financial liabilities). These include loans to and from subsidiaries and are recognised initially at fair value plus/(minus) direct transaction costs.

Subsequent measurement

Intragroup loans and receivables/(payables) are subsequently measured at amortised cost.

They have been classified in this manner because the contractual terms of these loans give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the group's business model is to collect the contractual cash flows on these loans.

Financial liabilities at amortised cost

Initial recognition and classification

Financial liabilities at amortised cost consist of the advance payment received from SASSA. This advance is initially measured at fair value plus/(minus) direct transaction costs.

Subsequent measurement

Financial liabilities at amortised cost are subsequently measured at a fair value equal to a similar liability valued at a market interest rate.

The advance has been classified in this manner because the contractual terms of these advance give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the group's business model is to repay the contractual cash flows on these advance.

The difference in the fair value of the advance and the actual payments received is subsequently recognised as a

government grant on year end.

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, Value Added Tax and prepayments, are classified as financial assets subsequently measured at amortised cost (Note 14).

It has been classified in this manner because the contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the Group and Company's business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement

Trade and other receivables are recognised when the Group and Company becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Trade and other payables

Classification

Trade and other payables, excluding Value Added Tax and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the Group and Company becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the

Accounting Policies

amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs.

Trade and other payables expose the Group and Company to liquidity risk and possibly to interest rate risk. Refer to Note 44 for details of risk exposure and management thereof.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at amortised cost.

Borrowings

Initial recognition and classification

The loan represents an internal, inter-divisional, balance that was converted to a company-level liability as a consequence of the separation of Postbank from SAPO. This loan is initially measured at fair value plus/(minus) direct transaction costs.

Subsequent measurement

Borrowings are subsequently measured at amortised cost using a publicly quoted market interest rate. Interest is calculated on an effective rate basis, on the principal amount of the loan, using a three term NRD rate.

The loan is considered to be current in nature because the company has no contractual right to unilaterally defer settlement of the liability for at least twelve months after the reporting period.

1.11 Taxation

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

- the initial recognition of an asset or liability in a transaction which:
 - is not a business combination; and
 - at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries and branches, except to the extent that both of the following conditions are satisfied:

- the parent, investor or venturer is able to control the timing of the reversal of the temporary difference; and
- it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that:

- is not a business combination; and
- at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences arising from investments in subsidiaries, branches and associates, to the extent that it is probable that:

Accounting Policies

- the temporary difference will reverse in the foreseeable future; and
- taxable profit will be available against which the temporary difference can be utilised.

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.12 Leases

Group as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the group is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the group recognises the lease payments as an operating expense (note 32) on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits

from the leased asset are consumed.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist).

Details of leasing arrangements where the group is a lessee are presented in note 4, Leases (group as lessee).

Lease liability

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- lease payments in an optional renewal period if the group is reasonably certain to exercise an extension option; and

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses (note 4).

The lease liability is presented as a separate line item on the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs (note 36).

The group remeasures the lease liability, when applicable, in accordance with the following table:

Accounting Policies

Lease liability remeasurement scenario	Lease liability remeasurement methodology
Change to the lease term.	Discounting the revised lease payments using a revised discount rate.
Change in the assessment of whether the group will exercise a purchase, termination or extension option.	Discounting the revised lease payments using a revised discount rate.
Change to the lease payments as a result of a change in an index or a rate.	Discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
Change in expected payment under a residual value guarantee.	Discounting the revised lease payments using the initial discount rate.
Lease contract has been modified and the lease modification is not accounted for as a separate lease.	Discounting the revised payments using a revised discount rate.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Right-of-use assets

Lease payments included in the measurement of the lease liability comprise the following:

- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the group incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

When the group incurs an obligation for the costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying assets to the condition required by the terms and conditions of the lease, a provision is recognised in the Statement of Financial Position in note 22 Provisions.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of a lease.

For right-of-use assets which are depreciated over their useful lives, the useful lives are presented in the following table:

Item	Depreciation method	Average useful life
Buildings	Straight line	Lease term
Motor vehicles	Straight line	Lease term
IT equipment	Straight line	Lease term
Computer software	Straight line	Lease term
Site restoration	Straight line	Lease term

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of a right-of-use asset with a cost that

is significant in relation to the total cost of the asset is depreciated separately.

The depreciation charge for each year is recognised in profit or loss.

Accounting Policies

Group as lessor

Leases for which the group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Lease classification is made at inception and is only reassessed if there is a lease modification.

Operating leases

Lease payments from operating leases are recognised on a straight-line basis over the term of the relevant lease, or on another systematic basis if that basis is more representative of the pattern in which the benefits from the use of the underlying asset are diminished. Operating lease income is included in other operating income (note 30).

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and are expensed over the lease term on the same basis as the lease income.

Modifications made to operating leases are accounted for as a new lease from the effective date of the modification. Any prepaid or accrued lease payments relating to the original lease are treated as part of the lease payments of the new lease.

1.13 Inventories

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

The cost of inventories includes the purchase price and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories

are recognised as an expense in the period the write-down or loss occurs.

The amount of any reversal of any write-down of inventories - books, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories - booklets, envelopes and stamps recognised as an expense in the period in which the reversal occurs.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.14 Non-current assets (disposal groups) held for sale or distribution to owners

A non-current asset or disposal group is classified as held-for-sale if its carrying amount will be recovered primarily through a sale transaction instead of through continuing use.

Assets held for sale are measured at the lower of the carrying value and fair value less costs to sell. Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

1.15 Impairment of non-financial assets

The Group assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its

Accounting Policies

recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.16 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

1.17 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

A defined contribution plan is a pension plan under which the Group pays fixed contributions. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Contributions are recognised as an expense as incurred.

Defined benefit plans

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. Defined benefit schemes are funded through payments to trustee-administered funds, determined by periodic actuarial calculations.

The benefit costs and obligations under the defined benefit funds are determined separately for each fund using the projected unit credit method.

The service cost and net interest on the net defined benefit liability or asset are recognised in profit or loss.

Where the benefits of a plan are amended or curtailed, the change in the present value of the net defined benefit obligation relating to past service by the employees is recognised in profit or loss in the period of the amendment.

Past service costs are recognised immediately.

Remeasurements of the net defined benefit liability or asset, comprising actuarial gains and losses, the effect of changes in the asset ceiling where applicable, and the return on the plan assets other than interest are recognised in other comprehensive income and transferred to equity in the period in which they arise.

The post-benefit obligation recognised in the statement of financial position represents the present value of the defined benefit obligation less the fair value of any plan assets. An asset resulting from this calculation is recognised only to the extent of any economic benefits available to the SAPO in the form of refunds or reductions in the future contributions (asset ceiling).

Accounting Policies

Actuarial gains or determined through annual actuarial valuations by independent consulting actuaries using the projected unit credit method and remeasurements recognised as stated above.

1.18 Funds collected on behalf of third parties

Funds collected on behalf of third parties consist of funds collected on behalf of third party clients from the customers of the company. This funds is paid over to the third party client within the 24 hours after collection from the customers.

This amounts are initially and subsequently recognised at the gross amount collected from the customers, and does not incur interest for the period the monies are held in the bank account of the company

1.19 Provisions and contingent liabilities

Provisions are recognised when:

- the Group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision. A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

Management applies its judgment to the fact of patterns and advice it receives from its attorneys, advocates and other advisors in assessing if an obligation is probable, more likely than not, or remote. This judgment application is used to determine if the obligation is recognised as a liability or disclosed as a contingent liability.

Contingent assets and contingent liabilities are not recognised.

1.20 Government grants

Government grants are recognised when there is reasonable assurance that:

- the Group will comply with the conditions attaching to them; and
- the grants will be received.

These are included in subsidy received in advance until they are utilised.

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate for.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income of the period in which it becomes receivable.

Government grants related to assets, including non-monetary

Accounting Policies

grants at fair value, are presented in the statement of financial position by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

Grants related to income are deducted from the related expense.

1.21 Comparatives

During the financial year the Group elected to present the costs recognised in the statement of profit and loss in the format of the management results as this is considered to provide more reliable and relevant information. The comparative figures were also adjusted accordingly.

1.22 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

In circumstances where the group receives or pays an amount in foreign currency in advance of a transaction, the transaction date for purposes of determining the exchange rate to use on initial recognition of the related asset, income or expense is the date on which the group initially recognised the non-monetary item arising on payment or receipt of the advance consideration.

If there are multiple payments or receipts in advance, group determines a date of transaction for each payment or receipt

of advance consideration.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

1.23 IFRS 15 Revenue from contracts with customers

Revenue recognition

Revenue from contracts with customers is applied using a single model which is a five step-Model. The five-step model consist of the following steps:

- Identify the contract(s) with a customer
- Identify the separate performance obligations (PO) in the contract
- Determine the transaction price
- Allocate the transaction price to the separate performance obligations (PO)
- Recognise revenue when the entity satisfies a performance obligations (PO)

Revenue is recognised when (or as) the entity satisfies a performance obligation by transferring a promised good or services (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

An entity transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:

Accounting Policies

a) the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs;

b) the entity's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or

c) the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If a performance obligation is not satisfied over time in accordance with the above, an entity satisfies the performance obligation at a point in time.

Measurement

When (or as) a performance obligation is satisfied, SA Post Office recognise as revenue the amount of the transaction price (which excludes estimates of variable consideration that are constrained) that is allocated to that performance obligation.

Bulk mail revenue

Bulk-mail is a mail sorting and delivery service offered to customers with large mailing lists such as retail clothing companies. Bulk-mail revenue also include bulk parcels. Revenue from bulk-mail services is recognised at a point in time upon delivery of the mail to its destination (Postbox or physical address). The time of delivery is based on our mail delivery performance statistics. Bulk-mail revenue also includes collection services that is recognized at a point in time after collection.

Franking mail revenue

Franking refers to any devices, markings, or combinations thereof (franks) applied to mails of any class which qualifies them to be postally serviced. Franking mail revenue is recognized at a point in time when the mail is delivered to its destination. The time of delivery is based on our mail delivery performance statistics. Franking mail revenue also include license fees. License revenue is recognised at a point in time when SAPO and the customer becomes parties to a contract because the over time criteria are not met.

Hybrid mail revenue

Hybrid mail involves digital data being transformed into physical letter items at distribution print centres located as close as possible to the final delivery addresses. Hybrid mail revenue is recognised at a point in time when the mail is delivered to its destination (Postbox or physical address).

Photocopy, scan, printing and fax revenue

Revenue is recognised at a point in time when the promised goods/services (making photocopies, printing, scanning documents and faxing documents) are transferred to the customer.

Box revenue

These are amounts paid by customers for the rental of private post boxes (2nd postal addresses). The key deposit amount is recognised as a refund liability because it is refundable upon cancellation by the customer. Revenue is recognised on an accrual basis over the rented period. Box revenue also include the sale of locks which is recognized at a point in time when keys are transferred to customers.

Registered and domestic letters revenue

Registered letters are postal services in which a receipt is issued to the sender of a mail and the mail's destination address is recorded in a register. Upon its delivery, the recipient's signatures are taken on a form as proof of delivery to the specified addressee. Domestic letters will be delivered without any signature or receipt taken by the recipient and cannot be tracked. In case the addressee is not found, the mail is returned to the sender. Registered and domestic letter revenue is recognised at a point in time when the letter is delivered to its destination. The time of delivery is based on our mail delivery performance statistics.

Agency revenue

Agency revenue is commission due to SAPO for collecting money on behalf of 3rd parties. Revenue from rendering of agency services is recognised at a point in time when funds collected are transferred to the customers.

Sale of philatelic products

Philatelic products are stamps or any other product issued

Accounting Policies

during the year to commemorate special events in the country. Revenue is recognised at a point in time when the promised goods/services (sale of philatelic products) revenue are transferred to the customer. Philately revenue also includes the sale of stamps used for postal services which is recognized at a point in time when letters reach their destination. The time of delivery is based on our mail delivery performance statistics.

Retail revenue

Retail revenue includes sale of airtime, scanning services and other products. Revenue is recognised at a point in time when the promised goods/services are transferred to the customer.

Courier service revenue

Courier services refers to parcel/mail delivery. Revenue from courier services is recognised at a point in time when the parcel/mail is delivered to its destination. The time of delivery is based on our mail delivery performance statistics.

Expedited Mail Service (EMS) revenue

Expedited Mail Service is an international priority mail service that provides a fast and reliable door to door service for the dispatch of urgent goods such as tender documents, business papers, merchandise and samples. EMS revenue is recognised at a point in time upon delivery of the parcel to its intended destination. The time of delivery is based on our mail delivery performance statistics.

Terminal and transit dues (International revenue)

Terminal dues are amounts due to SA Post Office Limited for mail received from foreign postal administrators whose destination is South Africa. Transit dues are amounts due from international postal administrators for international mail which passes through SA Post Office Ltd in transit to its destination out of South Africa. Revenue from terminal and transit dues is recognised once the mail has been delivered to its destination in the case of terminal dues, and once it has been sent off to its next stop with regard to the latter. The time of delivery is based on our mail delivery performance statistics.

Stamps and envelope revenue

Stamp and envelope revenue is the sale of stamps and

envelopes that will be used by customers when they post letters. Revenue from sale of stamps and envelopes is recognised at a point in time when the mail is delivered to its destination. The time of delivery is based on our mail delivery performance statistics.

Service charges

Service charges income is the revenue taken in by Postbank from account-related charges to customers. These charges often relates to charges in respect of personal current account and they include monthly charges for the provision of an account. Therefore revenue from service charges is recognised at a point in time (transactional fees) when the customer makes use of the account and over time (normal provision of an account) when the bank account is kept active.

Delivery address check revenue

This is the commission received from the postal address management service suppliers. The Postal Address Management Service Suppliers (PAMSS) is a group of companies who offer address quality checking services to customers on behalf of the entity. Revenue from licenses is recognised at a point in time when SAPO and customer become party to a contract. The license does not limit the number of records customers should perform quality checks on. For Commission and certification administration revenue, the performance obligation is satisfied at a point in time when SAPO provides the PAMSS(Client) with the certification to confirm that address quality checks were performed.

Business reply service revenue

With the BRS, businesses can offer their customer or prospective customers the incentive to reply without having to pay postage. Revenue from licenses will be recognised at a point in time when SAPO and customer become parties to a contract because the over time criteria are not met. The license does not limit the number of letters customers send to their addressees. BRS revenue also includes sale of envelopes for addressee to reply to customers. Revenue from the sale of envelopes is recognised at a point in time when envelopes are sold to customers.

Subscription fees

Subscription fee revenue is recognised on an accrual basis over the contract period.

Accounting Policies

Bar code roll revenue

Revenue is recognised at a point in time when the promised goods are transferred to the customer.

Secure mail revenue

This service provides a water-tight and cost effective security for credit cards, retail cards, share certificates, cellphones or any other item of value using advanced technology. Secure mail revenue is recognised at a point in time when the mail/parcel is delivered to its destination. The time of delivery is based on our mail delivery performance statistics.

Revenue included in Other operating income

Other rental income

Contractual rental income from operating leases is recognised in profit or loss on a straight-line basis over the lease term.

Other recoveries

Other recovery income is recognised in profit or loss when the group becomes entitled to the income or when it is virtually certain that the conditions required to be fulfilled before payment is received, will be fulfilled.

1.24 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including:

- a) this Act; or
- b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- c) the National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):
 - Irregular expenditure that was incurred and identified during the current financial year, and which was condoned before year end, and/or before finalisation of the financial statements must be updated appropriately in the irregular expenditure register. In such an instance, no further action would be required, with the exception

of updating the note in the financial statements.

- Irregular expenditure incurred and identified during the current financial year, awaiting condonement at year end, must be recorded in the irregular expenditure register. No further action is required, except to update the financial statement note.
- Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.
- Irregular expenditure that was incurred and identified during the current financial year, and which was not condoned by the National Treasury, or the relevant authority must be recorded appropriately in the irregular expenditure register. If an individual is proved to be liable for an irregular expenditure, a debt account is created, and such debt is deemed to be legally recoverable from the individual. Immediate steps are taken to recover the amount. If recovery is not possible, the accounting officer or Accounting Authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register is also updated accordingly. Where the irregular expenditure has not been condoned and no person is liable by law, the expenditure related thereto must remain allocated to the relevant program/ expenditure item, to be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.25 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.26 Material losses due to criminal conduct

Material losses due to criminal conduct means losses incurred due to crime and incidents relating to general commercial

Accounting Policies

fraud, commercial general account fraud, commercial account fraud relating to SASSA transactions, commercial theft, violent armed robbery, violent business burglary and postal crime.

All expenditure relating to material losses due to criminal conduct is initially recognized as other receivables and then investigated. Once investigations are complete and it is determined that the loss cannot be recovered from any third party it is recognized as an expense.

The threshold for Material Losses due to criminal conduct is set at R30 million for a single incident as per the SAPO Materiality Framework.

1.27 Related parties

The Group operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are

required to perform such functions. All executive managers and individuals in the Board of Directors are regarded as key management.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the entity.

1.28 Investment income

The Group's investment income include:

- Interest income;
- Dividend income;

Interest income on financial assets at amortised cost and financial assets at FVOCI calculated using the effective interest method is recognised in profit or loss as part of investment income and include interest earned on cash and cash equivalents and the Expected Return on Assets of Post Retirement Benefit Assets.

Dividends are received from financial assets measured at fair value through profit or loss (FVPL) Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

Notes to the Financial Statements

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

The following standards and interpretations have been published and are mandatory for the group's accounting periods from the current financial year

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
<p>Covid-19-Related Rent Concessions beyond 30 June 2021: Amendment to IFRS 16 Leases.</p> <p>The amendment permitted lessees, as a practical expedient, not to assess whether particular rent concessions occurring as a direct consequence of the Covid-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications. The amendment did not affect lessors.</p>	01 April 2021	The impact of the standard is not material.
<p>Property, Plant and Equipment – Proceeds before Intended Use (Amendments to IAS 16)</p> <p>The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.</p>	01 January 2022	The impact of the standard is not material.
<p>Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)</p> <p>The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).</p>	01 January 2022	The impact of the standard is not material.
<p>Reference to the Conceptual Framework (Amendments to IFRS 3)</p> <p>The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.</p>	01 January 2022	The impact of the standard is not material.

Notes to the Financial Statements

2.2 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 01 April 2022 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
<p>Definition of Accounting Estimates - Amendments to IAS 8</p> <p>In February 2021, the IASB issued Definition of Accounting Estimates, which amended IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.</p> <p>The amendments introduced the definition of accounting estimates and included other amendments to IAS 8 to help entities distinguish changes in accounting estimates from changes in accounting policies.</p>	01 January 2023	Unlikely there will be a material impact
<p>Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)</p> <p>In February 2021, the IASB issued Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2). The amendments provide guidance and to help entities apply materiality judgements to accounting policy disclosures, and distinguish changes in accounting estimates from changes in accounting policies.</p>	01 January 2023	Unlikely there will be a material impact
<p>Classification of Liabilities as Current or Non-Current - Amendment to IAS 1</p> <p>In January 2020 the International Accounting Standards Board issued amendments to IAS 1 Presentation of Financial Statements that clarify its requirements for the presentation of liabilities in the statement of financial position.</p>	01 January 2023	Unlikely there will be a material impact

2.3 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the group's accounting periods beginning on or after 01 April 2022 or later periods but are not relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
<p>Definition of Accounting Estimates - Amendments to IAS 8</p> <p>In February 2021, the IASB issued Definition of Accounting Estimates, which amended IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.</p> <p>The amendments introduced the definition of accounting estimates and included other amendments to IAS 8 to help entities distinguish changes in accounting estimates from changes in accounting policies.</p>	01 January 2023	Unlikely there will be a material impact

Notes to the Financial Statements

3. Property, plant and equipment

Group	2022			2021		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Land	589 231	-	589 231	612 908	-	612 908
Buildings	2 014 366	(303 188)	1 711 178	1 796 517	(216 305)	1 580 212
Machinery and equipment	351 501	(311 477)	40 024	383 857	(340 225)	43 632
Furniture and fittings	53 887	(41 432)	12 455	57 303	(42 705)	14 598
Motor vehicles	42 520	(17 037)	25 483	66 502	(34 056)	32 446
Data processing equipment	413 360	(394 749)	18 611	405 054	(392 265)	12 789
Leasehold improvements	266 918	(261 563)	5 355	297 362	(289 164)	8 198
Assets under construction	2 925	-	2 925	2 925	-	2 925
Total	3 734 708	(1 329 446)	2 405 262	3 622 428	(1 314 720)	2 307 708

Company	2022			2021		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Land	589 231	-	589 231	612 908	-	612 908
Buildings	2 014 366	(303 188)	1 711 178	1 796 517	(216 305)	1 580 212
Machinery and equipment	351 501	(311 477)	40 024	358 306	(314 723)	43 583
Furniture and fittings	53 072	(40 626)	12 446	54 663	(40 088)	14 575
Motor vehicles	42 370	(16 899)	25 471	45 479	(15 289)	30 190
Data processing equipment	410 949	(392 629)	18 320	391 859	(379 383)	12 476
Leasehold improvements	266 339	(260 985)	5 354	296 770	(288 573)	8 197
Assets under construction	2 925	-	2 925	2 925	-	2 925
Total	3 730 753	(1 325 804)	2 404 949	3 559 427	(1 254 361)	2 305 066

Notes to the Financial Statements

Reconciliation of property, plant and equipment - Group - 2022

	Opening balance	Additions	Retire-ments	Classified as held for sale	Revalua-tions	Other movements	Deprecia-tion	Total
Land	612 908	-	-	(24 302)	16 482	(15 857)	-	589 231
Buildings	1 580 212	370	-	(11 410)	209 891	520	(68 405)	1 711 178
Machinery and equipment	43 632	8 774	(2 192)	-	-	(485)	(9 705)	40 024
Furniture and fittings	14 598	52	(201)	-	(8)	-	(1 986)	12 455
Motor vehicles	32 446	872	(4 359)	-	-	-	(3 476)	25 483
Data processing equipment	12 789	441	(757)	-	-	26 064	(19 926)	18 611
Leasehold improvements	8 198	-	(456)	-	-	-	(2 387)	5 355
Assets under construction	2 925	-	-	-	-	-	-	2 925
	2 307 708	10 509	(7 965)	(35 712)	226 365	10 242	(105 885)	2 405 262

Reconciliation of property, plant and equipment - Group - 2021

	Opening balance	Additions	Retire-ments	Revalua-tions	Other movements	Deprecia-tion	Total
Land	609 065	-	-	(12 014)	15 857	-	612 908
Buildings	1 219 374	997	-	334 193	78 665	(53 017)	1 580 212
Machinery and equipment	51 378	4 606	(1 339)	-	(132)	(10 881)	43 632
Furniture and fittings	16 635	244	(195)	-	-	(2 086)	14 598
Motor vehicles	42 352	-	(6 142)	-	-	(3 764)	32 446
Data processing equipment	38 423	9 634	(5 235)	-	(7 622)	(22 411)	12 789
Leasehold improvements	10 945	-	(180)	-	-	(2 567)	8 198
Assets under construction	2 721	204	-	-	-	-	2 925
	1 990 893	15 685	(13 091)	322 179	86 768	(94 726)	2 307 708

Notes to the Financial Statements

Reconciliation of property, plant and equipment - Company - 2022

	Opening balance	Additions	Retire-ments	Classified as held for sale	Revalua-tions	Other movements	Deprecia-tion	Total
Land	612 908	-	-	(24 302)	16 482	(15 857)	-	589 231
Buildings	1 580 212	370	-	(11 410)	209 891	520	(68 405)	1 711 178
Machinery and equipment	43 583	8 774	(2 186)	-	-	(479)	(9 668)	40 024
Furniture and fittings	14 575	52	(201)	-	-	-	(1 980)	12 446
Motor vehicles	30 190	872	(2 117)	-	-	-	(3 474)	25 471
Data processing equipment	12 476	208	(726)	-	-	26 064	(19 702)	18 320
Leasehold improvements	8 197	-	(456)	-	-	-	(2 387)	5 354
Assets under construction	2 925	-	-	-	-	-	-	2 925
	2 305 066	10 276	(5 686)	(35 712)	226 373	10 248	(105 616)	2 404 949

Reconciliation of property, plant and equipment - Company - 2021

	Opening balance	Additions	Retire-ments	Revalua-tions	Other movements	Deprecia-tion	Total
Land	609 065	-	-	(12 014)	15 857	-	612 908
Buildings	1 219 374	997	-	334 193	78 665	(53 017)	1 580 212
Machinery and equipment	51 266	4 606	(1 339)	-	(132)	(10 818)	43 583
Furniture and fittings	16 604	244	(197)	-	-	(2 076)	14 575
Motor vehicles	40 095	-	(6 141)	-	-	(3 764)	30 190
Data processing equipment	37 880	9 634	(5 235)	-	(7 622)	(22 181)	12 476
Leasehold improvements	10 942	-	(179)	-	-	(2 566)	8 197
Assets under construction	2 721	204	-	-	-	-	2 925
	1 987 947	15 685	(13 091)	322 179	86 768	(94 422)	2 305 066

Notes to the Financial Statements

Property, plant and equipment encumbered as security

No property, plant and equipment has been pledged as security for liabilities.

Borrowing costs capitalised

There were no borrowing costs that required capitalisation during the period.

Revaluation of property, plant and equipment

Valuation

Property plant and equipment (PPE) Land and Buildings were externally valued in 2017. Since 2017, there has been no further external valuation, nor internal re-valuation exercise performed.

In 2022 the decision was taken to perform an internal revaluation of PPE land and buildings, utilising the techniques and methodologies applied by the external valuers in 2017.

The external valuations were performed by the following Independent valuers whom are unrelated to the group: Messrs Valuations & Appraisals KZN (Pty) Ltd, Messrs LRM Developer CC , Messrs Pardey and Lutuli International Valuation Services CC, and Messrs Marble Sharp /Equity. These service providers are all members of the South African Institute of Valuers, with the appropriate qualifications and experience to determine the fair value of properties, in their relevant location.

Re-valuation

Internal re-valuations are to be performed in the years in between independent valuations. Here the fair values as determined by independent valuers are re-assessed / valued and adjusted annually by an internal team, to reflect the highest and best use for the properties.

The re-valuation adjustments to the value of properties are based on the following methodology:

1. The income capitalisation approach, being the dominant valuation approach applied in 2017 was utilised to re-value the PPE properties.
2. PPE properties to which this approach was applied to in 2017 were selected, and internal re-valuations re-performed. Properties were re-valued by applying

a cumulative roll-on basis since 2017 to arrive at a revaluation for each of the intervening years.

3. Wherever PPE properties are related, being comprised of both the land and the building thereupon, they are ordinarily re-valued as one single property unit, with any movement in valuation being apportioned to the building, with the land valuation maintained.
4. Where the fair value adjustments are based upon the same methodology as the external valuations, being income capitalisation, the fair value is deemed to be a level 2 input.

Valuation inputs

Fair value hierarchy categorises inputs to valuation techniques into three levels. The highest priority is given to Level 1 inputs and the lowest priority to Level 3 inputs, maximising the use of Level 1 inputs and minimising the use of Level 3 inputs.

Fair value hierarchy of property, plant and equipment

Fair value hierarchy categorises inputs to valuation techniques into three levels. The highest priority is given to Level 1 inputs and the lowest priority to Level 3 inputs, maximising the use of Level 1 inputs and minimising the use of Level 3 inputs.

The fair value hierarchy applied by the company is a combination between Level 2 and Level 3 inputs. Where the fair value adjustments are based upon the same methodology as the external valuations, mostly income capitalisation, the fair value is deemed to be a level 2 input. Where fair value adjustments are based upon the comparative sales approach, the inputs are also deemed to be Level 2, since the value of the properties are based on similar, observable market prices. Where neither approach can be applied and the values are maintained between external valuations, these are classified as Level 3 since there are no observable inputs.

The company applies appropriate valuation inputs as follows:

Level 1 Inputs

There was no application for quoted prices in active markets for identical assets where available.

Level 2 Inputs

The company applies observable inputs for investment properties directly. These include market capitalisation rates, market rental escalations, market operating cost escalations,

Notes to the Financial Statements

and accepted maintenance percentages. Other inputs are applied indirectly. These include market corroborated inputs such as selling prices of similar properties, in similar locations, and comparable prices per square meter.

Level 3 Inputs

The company's fair value measurements are derived from valuation techniques that include inputs for the asset or

liability that are not based on observable market data (unobservable inputs).

The group has no restrictions on the realisability if its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

Level 2 Inputs were applied as follows:

Valuation techniques	Significant unobservable inputs utilised, sourced from market practitioners	Range				
		2022	2021	2020	2019	2018
Income capitalisation	Rental escalation	0.2%	4.1%	4.2%	4.2%	5.0%
	Operational cost escalations per annum	7.0%	7.2%	7.7%	7.5%	7.6%
	Market capitalisation rates	9.5%	10.7%	10.8%	10.6%	10.2%
	Allowances for backlog repairs and maintenance as percentage of estimated rentals	10.0%	10.0%	10.0%	10.0%	10.0%
	Consumer price index - 12 month rolling	5.7%	3.1%	4.1%	4.4%	3.8%

4. Right-of-use assets

Group	2022			2021		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Buildings	387 955	(258 397)	129 558	378 346	(164 395)	213 951
Vehicles	303 765	(300 195)	3 570	303 765	(255 823)	47 942
IT Equipment	467 149	(341 990)	125 159	427 560	(175 112)	252 448
Site restoration	150 075	(128 609)	21 466	150 777	(30 335)	120 442
	1 308 944	(1 029 191)	279 753	1 260 448	(625 665)	634 783

Company	2022			2021		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Buildings	373 720	(252 979)	120 740	364 266	(160 719)	203 547
Vehicles	303 765	(300 195)	3 570	303 765	(255 823)	47 942
IT Equipment	467 149	(341 990)	125 159	427 560	(175 112)	252 448
Site restoration	150 075	(128 609)	21 466	150 777	(30 335)	120 442
	1 294 709	(1 023 773)	270 935	1 246 368	(621 989)	624 379

Notes to the Financial Statements

Group - Reconciliation as at 31 March 2022	Opening balance	Additions	Depreciation	Remeasurement	Closing balance
Buildings	213 951	9 609	(94 003)	-	129 558
Vehicles	47 942	-	(44 372)	-	3 570
IT equipment	252 448	39 588	(166 878)	-	125 159
Site restoration	120 442	-	(98 274)	(702)	21 466
	634 783	49 197	(403 527)	(702)	279 753

Group - Reconciliation as at 31 March 2021	Opening balance	Additions	Depreciation	Remeasurement	Total
Buildings	271 895	32 300	(90 244)	-	213 951
Vehicles	161 662	-	(116 287)	2 567	47 942
IT equipment	231 596	166 290	(145 437)	-	252 448
Site restoration	63 531	-	-	56 912	120 442
	728 684	198 590	(351 968)	59 479	634 783

Company - Reconciliation as at 31 March 2022	Opening balance	Additions	Depreciation	Remeasurement	Closing Balance
Buildings	203 547	9 454	(92 261)	-	120 740
Vehicles	47 942	-	(44 372)	-	3 570
IT Equipment	252 448	39 588	(166 878)	-	125 159
Site restoration	120 442	-	(98 274)	(702)	21 466
	624 379	49 042	(401 785)	(702)	270 935

Company - Reconciliation as at 31 March 2021	Opening balance	Additions	Depreciation	Remeasurement	Closing balance
Buildings	264 729	27 088	(88 270)	-	203 547
Vehicles	161 662	-	(116 287)	2 567	47 942
IT Equipment	231 596	166 290	(145 437)	-	252 448
Site restoration	63 531	-	-	56 912	120 442
	721 518	193 378	(349 994)	59 479	624 379

Right of use assets consist of:

Buildings: Various buildings in different regions

Vehicles: Avis Fleet and Fleet Africa

IT Equipment: Telkom hardware (SOW 9, SOW 11 and SOW 14)

Notes to the Financial Statements

Other Disclosures

Figures in Rand thousand	Group		Company	
	2022	2021	2022	2021
Interest expense on lease liabilities	39 306	62 563	38 255	61 508
Gain/(Loss) with remeasurement of leases	-	175	-	175
Short term leases	6 212	4 260	6 212	4 260
Lease liabilities				
The maturity analysis of lease liabilities is as follows:				
Within one year	234 495	346 016	234 495	339 559
Two to five years	139 895	296 624	128 205	290 244
More than five years	10 804	36 899	10 804	36 899
	385 194	679 539	373 504	666 702
Less finance charges component	(30 923)	(72 238)	(29 872)	(71 184)
	354 271	607 301	343 632	595 518
Non-current liabilities	134 607	355 415	123 968	343 632
Current liabilities	219 664	251 886	219 664	251 886
	354 271	607 301	343 632	595 518

Buildings: These leases are for Post Office branches and offices, that is leased for a period between 2 - 10 years, at an incremental borrowing rate of 8.6% during the year.

Vehicles: The leases are for the lease of vehicles, varying for a period between 1 - 4 years, at an implicit interest rate of 6%. The interest rate is consistently applied, since the contracts is considered to be materially the same. The Avis Fleet contracts were renewed during 2022 to continue on a month to month basis, and was consequently derecognised during the current financial year.

IT Equipment and software: The lease is for a period of 60 months from commission date, but only for 40 months from inception date. This consequently resulted in abortive cost liabilities for 20 month difference in the termination of the contracts. An implicit interest rate of 5.5% is consistently applied for these contracts.

All leases have fixed repayments and no arrangements have been entered into for contingent rent.

Notes to the Financial Statements

Figures in Rand thousand	Group		Company	
	2022	2021	2022	2021
Reconciliation of lease liability				
Opening balance	607 301	731 140	595 518	723 030
Additions	49 180	198 207	49 042	193 377
Remeasurement	-	2 391	-	2 391
Repayment	(341 516)	(387 000)	(339 183)	(384 788)
Interest charged	39 306	62 563	38 255	61 508
	354 271	607 301	343 632	595 518

5. Investment property

Group	2022	2021
	Fair value	Fair value
Investment property	252 737	307 566

Company	2022	2021
	Fair value	Fair value
Investment property	179 526	224 897

Reconciliation of investment property - Group - 2022

	Opening balance	Classified as held for sale	Fair value adjustments	Total
Investment property	307 566	(108 655)	53 826	252 737

Reconciliation of investment property - Group - 2021

	Opening balance	Fair value adjustments	Total
Investment property	308 871	(1 305)	307 566

Reconciliation of investment property - Company - 2022

	Opening balance	Classified as held for sale	Fair value adjustments	Total
Investment property	224 897	(91 055)	45 684	179 526

Reconciliation of investment property - Company - 2021

	Opening balance	Fair value adjustments	Total
Investment property	220 208	4 689	224 897

Notes to the Financial Statements

Pledged as security

No investment property has been pledged as security.

Fair value of investment property Valuation

External valuations are performed with sufficient regularity as deemed appropriate by management. Here independent property valuers determine the fair values of investment properties.

The most recent external valuations were performed by independent valuer(s) on 31 March 2017, by the following Independent valuers whom are unrelated to the group: Messrs Valuations & Appraisals KZN (Pty) Ltd, Messrs LRM Developer CC, Messrs Pardey and Lutuli International Valuation Services CC, and Messrs Marble Sharp/Equity. These service providers are all members of the South African Institute of Valuers, with the appropriate qualifications to determine the fair value of properties, in the relevant locations.

Re-valuation

Internal re-valuations are performed in the years in between independent valuations. Here the fair values as determined by independent valuers are re-assessed/valued and adjusted annually by an internal team, to reflect the highest and best use for the properties.

As there is no requirement per IFRS to value investment properties every 5 years, once a formal valuation is performed, an entity may apply the valuer's methods internally (re-valuation) and adjust on an ongoing basis. Should material changes arise in the inputs into the re-valuation then independent valuers would be utilised.

The re-valuation adjustments to the value of properties are based on the following methodology:

1. SAPO utilises re-valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.
2. For properties where independent valuations were performed, the same methodology and assumptions used by the independent valuer(s) are continually applied. The general approach followed by the independent valuers with regards to their valuations was the Income Capitalisation approach.

3. For properties where no formal valuation report is available for the property, or the Income-Capitalization approach cannot be reliably applied, the Comparative-Sales approach is applied to determine comparable market prices for similar properties currently on sale.
4. For a small number of properties where there are independent valuation reports, but insufficient revenue to apply income capitalisation, as well as insufficient comparative sales information, then the value of these properties are not adjusted between valuations.

Valuation inputs

Fair value hierarchy categorises inputs to valuation techniques into three levels. The highest priority is given to Level 1 inputs and the lowest priority to Level 3 inputs, maximising the use of Level 1 inputs and minimising the use of Level 3 inputs.

Fair value hierarchy of investment property

Fair value hierarchy categorises inputs to valuation techniques into three levels. The highest priority is given to Level 1 inputs and the lowest priority to Level 3 inputs, maximising the use of Level 1 inputs and minimising the use of Level 3 inputs.

The fair value hierarchy applied by the company is a combination between Level 2 and Level 3 inputs. Where the fair value adjustments are based upon the same methodology as the external valuations, mostly income capitalisation, the fair value is deemed to be a level 2 input. Where fair value adjustments are based upon the comparative sales approach, the inputs are also deemed to be Level 2, since the value of the properties are based on similar, observable market prices. Where neither approach can be applied and the values are maintained between external valuations, these are classified as Level 3 since there are no observable inputs.

The company applies appropriate valuation inputs as follows:

Level 1 Inputs

There was no application for quoted prices in active markets for identical assets where available.

Level 2 Inputs

The company applies observable inputs for investment properties directly. These include market capitalisation rates, market rental escalations, market operating cost escalations, and accepted maintenance percentages. Other inputs are applied indirectly. These include market corroborated inputs such as selling prices of similar properties, in similar locations, and comparable prices per square meter.

Notes to the Financial Statements

Level 3 Inputs

The company's fair value measurements are derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The group has no restrictions on the realisability if its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

Level 2 Inputs were applied as follows:

Valuation techniques	Significant unobservable inputs utilised, sourced from the market practitioners	Range	
		2022	2021
Level 2 Direct inputs		Percentage	Percentage
Income Capitalisation	Rental escalations per annum	0.20%	4.10%
	Operational cost escalations per annum	7.00%	7.20%
	Capitalisation rates	9.50%	10.70%
	Allowances for backlog repairs and maintenance as percentage of estimated rentals	10.00%	10.00%
Level 2 Indirect input		R/m2	R/m2
Comparative Market value	Sales prices per square meter for similar locations	R124 - R2 472	R163 - R3 357

Valuation of investment properties

Figures in Rand thousand	Group		Company	
	2022	2021	2022	2021
Level 2				
Direct inputs				
- Buildings	74 071	115 171	74 071	115 171
- Land	40 703	46 829	40 703	46 829
Indirect inputs				
- Buildings	25 237	25 461	-	-
- Land	91 011	99 150	40 081	38 988
Total level 2	231 022	286 611	154 855	200 988
Level 3				
- Buildings	14 001	14 001	14 001	14 001
- Land	7 714	6 954	10 670	9 907
Total level 3	21 715	20 955	24 671	23 908
Fair value of investment property	252 737	307 566	179 526	224 897

Notes to the Financial Statements

Where SAPO occupies less than that fifty percent of the building/land, it is classified as Investment property. All the investment properties are considered to be used for operations, and therefore none are classified as held-for-sale assets.

Wherever investment properties are related, being comprised of both the land and the building thereupon, they are ordinarily re-valued as one single property unit, with any movement in valuation being apportioned to the building, as the proportional increase/decrease allocation to either is not suitably determinable.

Figures in Rand thousand	Group		Company	
	2022	2021	2022	2021
Investment property operating amounts recognised in profit or loss for the year				
Rental income from investment property	13 107	12 870	10 740	10 864
Direct operating expenses from rental generating property	(11 625)	(12 280)	(10 804)	(10 099)
Direct operating expenses from non-rental generating property	(5 891)	(5 823)	(5 891)	(5 823)
Profit (loss) from investment property	(4 409)	(5 233)	(5 955)	(5 058)

Investment properties classified as non-current assets held-for-sale

Investment properties classified as held-for-sale during the year, are those for which sales were concluded by year-end, however the consideration for these properties will be received in full once the properties are fully transferred to their purchasers. The company is still liable to pay the rates and taxes for properties classified as held-for-sale, until

the properties are occupied, or the transfer is registered, whichever comes first.

The property held in SAPOS Properties (Rossburgh) (Pty) Ltd is related to the discontinuance of its operations, effective 1 March 2022. An offer to purchase was signed and the registration of the investment property is currently in progress.

Notes to the Financial Statements

6. Heritage assets

Group	2022			2021		
	Valuation	Accumulated depreciation	Carrying value	Valuation	Accumulated depreciation	Carrying value
Work of art	7 697	-	7 697	7 697	-	7 697
Stamps	36 348	-	36 348	36 348	-	36 348
Documents	259	-	259	259	-	259
Philatelic stationery	510	-	510	510	-	510
Other assets	1 433	-	1 433	1 433	-	1 433
Total	46 247	-	46 247	46 247	-	46 247

Company	2022			2021		
	Valuation	Accumulated depreciation	Carrying value	Valuation	Accumulated depreciation	Carrying value
Work of art	7 697	-	7 697	7 697	-	7 697
Stamps	36 348	-	36 348	36 348	-	36 348
Documents	259	-	259	259	-	259
Philatelic stationery	510	-	510	510	-	510
Other assets	1 433	-	1 433	1 433	-	1 433
Total	46 247	-	46 247	46 247	-	46 247

Valuations

Fair value determinations are made at intervals such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

The last valuation was performed at 31 March 2017. The fair value was performed by independent valuers that are not connected to the Group.

The valuation was based on current market values and no discount rates were used.

Other information

In terms of the ICASA license agreement, the South African Post Office (SOC) Limited is required to own a museum which contains assets of a historical nature, including stamps, paintings, artefacts and machinery.

A register containing the information required by Regulation 25(3) of the Companies Regulations, 2011 is available for inspection at the registered office of the Company.

Notes to the Financial Statements

7. Intangible assets

Group	2022			2021		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Computer software	340 858	(337 905)	2 953	349 827	(348 232)	1 595
Intangible assets under development	54 806	(54 806)	-	54 806	(54 806)	-
Total	395 664	(392 711)	2 953	404 633	(403 038)	1 595

Company	2022			2021		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Computer software	337 484	(334 531)	2 953	346 453	(344 858)	1 595
Intangible assets under development	54 806	(54 806)	-	54 806	(54 806)	-
Total	392 290	(389 337)	2 953	401 259	(399 664)	1 595

Reconciliation of intangible assets - Group - 2022

	Opening balance	Additions	Other changes, movements	Amortisation	Total
Computer software	1 595	246	7 468	(6 356)	2 953

Reconciliation of intangible assets - Group - 2021

	Opening balance	Disposals	Other changes, movements	Amortisation	Total
Computer software	18 007	(7 790)	2 622	(11 244)	1 595

Reconciliation of intangible assets - Company - 2022

	Opening balance	Additions	Other changes, movements	Amortisation	Total
Computer software	1 595	246	7 468	(6 356)	2 953

Reconciliation of intangible assets - Company - 2021

	Opening balance	Disposals	Other changes, movements	Amortisation	Total
Computer software	18 007	(7 790)	2 622	(11 244)	1 595

Individually material intangible assets

There are no individually material intangible assets that require specific disclosure.

Pledged as security

No intangible assets have been pledged as security for liabilities.

Other information

There were no impairments of intangible assets during the year.

Notes to the Financial Statements

8. Interests in subsidiaries including consolidated structured entities

The following table lists the entities which are controlled directly by the company, and the carrying amounts of the investments in the company's separate financial statements.

Company				
Name of company	% voting power 2022	% voting power 2021	Carrying amount 2022	Carrying amount 2021
SA Post Office Properties (Rossburgh) (Pty) Ltd	100.00 %	100.00 %	8 564	8 564
SA Post Office Properties (Cape town) (Pty) Ltd	100.00 %	100.00 %	5 976	5 976
SA Post Office Properties (Bloemfontein) (Pty) Ltd	100.00 %	100.00 %	1 314	1 314
SA Post Office Properties (East Rand) (Pty) Ltd	100.00 %	100.00 %	14 358	14 358
SA Post Office Properties (Port Elizabeth) (Pty) Ltd	100.00 %	100.00 %	1 885	1 885
The Courier and Freight Group (Pty) Ltd	100.00 %	100.00 %	1 053	1 053
The Document Exchange (Pty) Ltd	100.00 %	100.00 %	-	-
			33 150	33 150
Impairment of investment in subsidiaries			(1 217)	(1 217)
			31 933	31 933

*Truebill (Pty) Ltd remains dormant.

The investments in subsidiary companies listed above are unlisted.

Notes to the Financial Statements

9. Loans to group companies

Figures in Rand thousand	Group		Company	
	2022	2021	2022	2021
The Courier and Freight Group (Pty) Ltd	-	-	703 996	709 899
Impairment	-	-	(703 996)	(709 899)
	-	-	-	-

The loan to the Courier and Freight Group (Pty) Ltd pertains to support charges, other operational services reclassified from other receivables and other short-term loans.

The loan has been fully impaired.

10. Other financial assets

Debt investments at fair value through profit or loss	503 476	1 246 380	503 476	1 246 380
Equity investments at fair value through other comprehensive income	129 986	133 639	129 986	133 639
	633 462	1 380 019	633 462	1 380 019
Designated at fair value through profit or loss:				
Investment at fair value: Post retirement Medical Aid	503 476	1 246 380	503 476	1 246 380
Equity investments at fair value through other comprehensive income:				
Unlisted shares: Centriq Insurance Innovation (Pty) Ltd	129 986	133 639	129 986	133 639
Total other financial assets	633 462	1 380 019	633 462	1 380 019
Split between non-current and current portions				
Non-current assets	489 688	1 018 006	489 688	1 018 006
Current assets	143 774	362 013	143 774	362 013
	633 462	1 380 019	633 462	1 380 019

Investment at fair value: Post-retirement medical aid

During the current financial year an amount of R861 million of growth funds were withdrawn from the PRMA investment, in order to finance a portion of the company's current obligations.

This amount withdrawn from the fund did not reduce the capital amount invested in the fund and still complies with the initial obligations towards the purpose of the fund.

Unlisted shares: Centriq Insurance Innovation (Pty) Ltd

The unlisted shares held in the cell captive Centriq Insurance Innovation (Pty) Ltd are classified as subsequently measured at fair value through other comprehensive income (FVOCI), which are measured at fair value, with fair value gains and losses recognised directly in other comprehensive income.

The Group designated the investments at FVOCI because these equity securities represent investments that the Group intends to hold long term for strategic purposes.

Notes to the Financial Statements

Fair value information of debt instruments at fair value through profit or loss

Financial assets at fair value through profit or loss are measured at fair value, which is therefore equal to their carrying amounts.

The following classes of financial assets at fair value through profit and loss are measured through fair value using quoted market prices:

- Local cash
- Local bonds
- Local equity
- Foreign cash
- Foreign bonds

Fair value hierarchy of debt instruments at fair value through profit and loss

For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements.

Level 1 represents those assets which are measured using unadjusted quoted prices for identical assets in active markets.

Level 2 applies inputs other than quoted prices included in level 1 that are observable for the assets either directly (as prices) or indirectly (derived from prices).

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Figures in Rand thousand	Group		Company	
	2022	2021	2022	2021
Level 1				
Local bonds	140 390	358 971	184 609	358 971
Local equity	215 223	526 687	215 223	526 687
Foreign bonds	6 099	11 829	6 099	11 829
Total for level 1	361 712	897 487	405 931	897 487
Level 2				
Local and foreign investment & NOC's	141 764	348 894	97 545	348 894
Total for level 2	141 764	348 894	97 545	348 894
For the current and previous financial years, there were no transfers between level 1 and 2.				
Debt instruments at fair value through profit or loss are denominated in the following currencies:				
Rand	503 476	1 246 381	503 476	1 246 380

Notes to the Financial Statements

Equity instruments at fair value through other comprehensive income

Financial assets classified as subsequently measured at fair value through other comprehensive income are recognised at fair value unless they are unlisted equity instruments and the fair value cannot be determined using other means, in which case they are measured at cost. Fair value information is not provided for these financial assets. Management believes that cost approximates fair value.

The carry value (based on the audited annual financial statements of Centriq) is used in the determination of the fair value of unlisted shares for which no reference can be made to quoted market prices. Management believes that the carrying value approximates the fair value of this investment.

Fair value hierarchy of equity instruments at fair value through other comprehensive income

For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements.

Level 1 represents those assets which are measured using unadjusted quoted prices for identical assets in active markets.

Level 2 applies inputs other than quoted prices included in level 1 that are observable for the assets either directly (as prices) or indirectly (derived from prices).

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Management are of the opinion that the carrying value of the unlisted shares are more indicative of fair values derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs) and therefore for more accurate disclosure, the unlisted shares should be included in level 3.

There were no transfers in or out of Level 3 during the current year.

Figures in Rand thousand	Group		Company	
	2022	2021	2022	2021
Level 3				
Unlisted shares - Centriq Insurance Innovation (Pty) Ltd	129 986	133 639	129 986	133 639
Total level 3	129 986	133 639	129 986	133 639

Reconciliation of equity instruments at fair value through OCI measured at level 3				
The carrying amount of these financial instruments is as follows:				
		Opening balance	Gains or losses in other comprehensive income	Closing balance
2022				
Unlisted shares - Centriq Insurance Innovation (Pty) Ltd		133 639	(3 653)	129 986
2021				
Unlisted shares - Centriq Insurance Innovation (Pty) Ltd		129 102	4 537	133 639

Notes to the Financial Statements

SAPO is a holder of preference share in Centriq Insurance Company Limited (Centriq). In terms of the preference share agreement, Centriq operates a cell captive facility for SAPO.

The financial position and results of the insurance operations conducted through the cell captive are presented in the form of management accounts. The management accounts include a balance sheet as at 31 March 2022, as well as an income statement for the period then ended.

The fair value of the preference share is determined with

reference to the Adjusted net asset value.

The group has not reclassified any financial assets from cost or amortised cost to fair value, or from fair value to cost or amortised cost during the current or prior year.

There were no gains or losses realised on the disposal of held to maturity financial assets in 2022 and 2021, as all the financial assets were disposed of at their redemption date.

11. Operating lease asset (accrual)

Figures in Rand thousand	Group		Company	
	2022	2021	2022	2021
Non-current assets	1 862	3 118	1 862	3 076
Current assets	105	3 266	436	3 516
	1 967	6 384	2 298	6 592
Maturity analysis of lease payments:				
Within one year	222	4 336	222	4 294
Two to five years	1 698	1 895	2 029	2 145
More than five years	47	153	47	153
	1 967	6 384	2 298	6 592

The company has entered into operating leases for buildings. It straight-lined its operating leases where it is the lessee over the period of the lease contract.

Notes to the Financial Statements

12. Retirement benefits

Group 2022	Post retirement telephone subsidy	Post- retirement medical aid subsidy	Provident Fund	Pension fund	Total
Post retirement benefits					
Present value of obligation					
Balance at the beginning of the year	758	1 089 199	560	4 913 417	6 003 934
Service cost	-	-	-	826	826
Finance expense	-	130 241	26	677 158	807 425
Benefits paid	-	(128 501)	(19)	(652 604)	(781 124)
Transfers	-	-	-	415 426	415 426
Actuarial (gains) / losses	-	(78 924)	(22)	135 738	56 792
Write back of obligation	(758)	-	-	-	(758)
Present value of obligation at end of the year	-	1 012 015	545	5 489 961	6 502 521
Present value of assets					
Balance at the beginning of the year	-	-	45 233	7 052 610	7 097 843
Expected return on assets	-	-	2 142	979 074	981 216
Contributions received	-	-	-	1 930	1 930
Transfers	-	-	-	415 426	415 426
Benefits paid	-	-	(19)	(652 604)	(652 623)
Actuarial (gains) / losses	-	-	(391)	(47 972)	(47 581)
Present value of assets at end of the year	-	-	47 747	7 748 464	7 796 211
Present value obligation	-	(1 012 015)	(545)	(5 489 961)	(6 502 521)
Present value assets	-	-	47 746	7 748 464	7 796 210
Net present value (obligation) / asset					
(Deficit) / surplus	-	(1 012 015)	47 201	2 258 503	1 293 689
Asset ceiling	-	-	-	(2 258 503)	(2 258 503)
Net present (obligation) / asset	-	(1 012 015)	47 201	-	(964 814)
Current assets	-	-	-	-	-
Non-current assets	-	-	47 201	-	47 201
Current liabilities	-	(136 124)	-	-	(136 124)
Non-current liabilities	-	(875 891)	-	-	(875 891)
	-	(1 012 015)	-	-	(1 012 015)

Notes to the Financial Statements

Group 2021	Post retirement telephone subsidy	Post- retirement medical aid subsidy	Provident Fund	Pension fund	Total
Present value of obligation					
Balance at the beginning of the year	952	1 070 812	627	4 910 583	5 982 974
Service cost	-	-	-	880	880
Finance expense	102	128 568	38	636 141	764 849
Benefits paid	(117)	(138 167)	(74)	(584 980)	(723 338)
Transfers	-	-	-	188 170	188 170
Actuarial (gains) / losses	(180)	27 986	(31)	(237 377)	(209 602)
Present value of obligation at end of the year	757	1 089 199	560	4 913 417	6 003 933
Present value of assets					
Opening balance at the beginning of the year	-	-	43 038	5 799 477	5 842 515
Expected return on assets	-	-	2 732	756 040	758 772
Contribution received	-	-	-	1 930	1 930
Transfers	-	-	-	188 170	188 170
Benefits paid	-	-	(73)	(584 980)	(585 053)
Actuarial gains / (losses)	-	-	(464)	891 973	891 509
Present value of asset at end of the year	-	-	45 233	7 052 610	7 097 843
Net present value (obligation) / asset					
Present value obligation	(757)	(1 089 200)	(560)	(4 913 417)	(6 003 934)
Present value asset	-	-	45 232	7 052 610	7 097 842
(Deficit) / surplus	(757)	(1 089 200)	44 672	2 139 193	1 093 908
Asset ceiling	-	-	-	(2 139 193)	(2 139 193)
Net present (obligation) / asset	(757)	(1 089 200)	44 672	-	(1 045 285)
Current assets					
Current assets	-	-	-	-	-
Non-current assets					
Non-current assets	-	-	44 672	-	44 672
Current liabilities					
Current liabilities	-	(151 608)	-	-	(151 608)
Non-current liabilities					
Non-current liabilities	(757)	(937 592)	-	-	(938 349)
	(757)	(1 089 200)	-	-	(1 089 957)

Notes to the Financial Statements

Company 2022	Post retirement telephone subsidy	Post- retirement medical aid subsidy	Provident Fund	Pension fund	Total
Present value of obligation					
Balance at the beginning of the year	758	1 089 199	560	4 913 417	6 003 934
Service cost	-	-	-	826	826
Finance expense	-	130 241	26	677 158	807 425
Benefits paid	-	(128 501)	(19)	(652 604)	(781 124)
Transfers	-	-	-	415 426	415 426
Actuarial (gains) / losses	-	(78 924)	(22)	135 738	56 792
Write back of obligation	(758)	-	-	-	(758)
Present value of obligation at end of year	-	1 012 015	545	5 489 961	6 502 521
Present value of assets					
Opening balance at the beginning of the year	-	-	45 233	7 052 610	7 097 843
Expected return on assets	-	-	2 142	979 074	981 216
Contribution received	-	-	-	1 930	1 930
Transfers	-	-	-	415 426	415 426
Benefits paid	-	-	(19)	(652 604)	(652 623)
Actuarial gains / (losses)	-	-	391	(47 972)	(47 581)
Present value of asset at end of the year	-	-	47 747	7 748 464	7 796 211
Net present value (obligation) / asset					
Present value of obligation	-	(1 012 015)	(546)	(5 489 961)	(6 502 522)
Present value of asset	-	-	47 747	7 748 464	7 796 211
(Deficit) / surplus	-	(1 012 015)	47 201	2 258 503	1 293 689
Asset ceiling	-	-	-	(2 258 503)	(2 258 503)
Net present (obligation) / asset	-	(1 012 015)	47 201	-	(964 814)
Current assets					
Current assets	-	-	-	-	-
Non-current assets					
Non-current assets	-	-	47 201	-	47 201
Current liabilities					
Current liabilities	-	(136 124)	-	-	(136 124)
Non-current liabilities					
Non-current liabilities	-	(875 891)	-	-	(875 891)
	-	(1 012 015)	-	-	(1 012 015)

Notes to the Financial Statements

Company 2021	Post retirement telephone subsidy	Post- retirement medical aid subsidy	Provident Fund	Pension fund	Total
Present value of obligation					
Balance at the beginning of the year	952	1 070 812	627	4 910 583	5 982 974
Service cost	-	-	-	880	880
Finance expense	102	128 568	38	636 141	764 849
Benefits paid	(117)	(138 167)	(74)	(584 980)	(723 338)
Transfers	-	-	-	188 170	188 170
Actuarial (gains) / losses	(180)	27 986	(31)	(237 377)	(209 602)
Present value of obligation at end of year	757	1 089 199	560	4 913 417	6 003 933
Present value of assets					
Opening balance at the beginning of the year	-	-	43 038	5 799 477	5 842 515
Expected return on assets	-	-	2 732	756 040	758 772
Contribution received	-	-	-	1 930	1 930
Transfers	-	-	-	188 170	188 170
Benefits paid	-	-	(73)	(584 980)	(585 053)
Actuarial gains / (losses)	-	-	(464)	891 973	891 509
Present value of asset at end of the year	-	-	45 233	7 052 610	7 097 843
Net present value (obligation) / asset					
Present value of obligation	(757)	(1 089 200)	(561)	(4 913 417)	(6 003 935)
Present value of asset	-	-	45 233	7 052 610	7 097 843
(Deficit) / surplus	(757)	(1 089 200)	44 672	2 139 193	1 093 908
Asset ceiling	-	-	-	(2 139 193)	(2 139 193)
Net present (obligation) / asset	(757)	(1 089 200)	44 672	-	(1 045 285)
Current assets					
Current assets	-	-	-	-	-
Non-current assets					
Non-current assets	-	-	44 672	-	44 672
Current liabilities					
Current liabilities	-	(151 608)	-	-	(151 608)
Non-current liabilities					
Non-current liabilities	(757)	(937 592)	-	-	(938 349)
	(757)	(1 089 200)	-	-	(1 089 957)

Notes to the Financial Statements

Post retirement telephone subsidy

The company has undertaken to pay the telephone accounts for certain retired employees and their surviving spouses until either the time of their death, that of their spouse or when they change their phone numbers or addresses. The company's net obligation in this regard is the amount of future benefits that the employees have earned in return for their service in the prior periods. Any unrecognised actuarial gains

or losses and past service costs are recognised immediately. There are no plan assets for this liability and the employer funds this as the need for settlement arises

The results of the valuation are dependent on the underlying assumptions made. The assumptions represent our best estimate of future experience. The actual cost of the subsidy will however be dependent on the actual experience.

Figures in Rand thousand	Group		Company	
	2022	2021	2022	2021
The amounts recognised in profit and loss:				
Finance expense	-	102	-	102
The amounts recognised in other comprehensive income (OCI):				
Remeasurements of post retirement telephone subsidy (actuarial (gains) / losses)				
Changes in assumptions	-	54	-	54
Experience adjustment	-	(233)	-	(233)
	-	(77)	-	(77)

Actuarial assumptions: Post retirement telephone subsidy

The tables below illustrate the likely impact on SA Post Office that certain changes to the underlying assumptions would have on the results. These values are determined by assuming all other relevant assumptions remain constant. (Amounts in R'000).