Notes to the financial statements

for the year ended 31 March 2024

1. Corporate information

Telkom SA SOC Ltd (Telkom), the ultimate parent of the Group, is a company incorporated and domiciled in the Republic of South Africa (South Africa) whose shares are publicly traded on the JSE Ltd. The main objective of Telkom and its subsidiaries (the Group) and associates is to supply telecommunication, multimedia, technology, information, mobile communication services and other related information technology (IT) services to the Group's customers in Africa. Refer to note 3.2 for a description of the products and services offered by the Group.

2. Accounting framework and significant judgements

2.1 Basis of preparation

These financial statements have been prepared in accordance with the IFRS® Accounting Standards of the International Accounting Standards Board (IASB), and in compliance with the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements and the requirements of the Companies Act, 71 of 2008 (as amended) (the Companies Act). The annual financial statements have been prepared on the going concern basis.

The financial statements are prepared in South African rand, which is also the parent company's presentation and functional currency. Unless stated otherwise, all financial information presented in rand has been rounded off to the nearest million.

The financial statements are prepared on the historical cost basis, with the exception of certain financial instruments subsequently measured at fair value. The carrying values of the recognised assets and liabilities that are designated as hedged items in fair value hedges, that would otherwise be carried at amortised cost, are adjusted to record the fair values attributable to the risks that are being hedged in effective hedge relationships. Details of the Group's material accounting policies are set out below and are consistent with those applied in the previous financial year except for the adopted standards and amendments as listed below.

2.2 New accounting pronouncements

2.2.1 Other standards, amendments to standards and interpretations

The standards and amendments to standards listed below were adopted, effective 1 April 2023, and did not have a material impact on the Group:

Consideration	Effective date
IAS 1 (Presentation of Financial Statements) Amendments regarding the disclosure of accounting policies	Annual periods beginning on or after 1 January 2023
IAS 12 (Income Taxes) Amendments regarding deferred tax related to assets and liabilities arising from a single transaction	Annual periods beginning on or after 1 January 2023
IAS 12 (Income Taxes) Amendments regarding international tax reform – pillar two model rules	Annual periods beginning on or after 1 January 2023
IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors) Definition of accounting estimate	Annual periods beginning on or after 1 January 2023

Adoption of IFRS 17 (Insurance Contracts)
The Group has retrospectively adopted IFRS 17 (Insurance Contracts) with effect from 1 April 2023. Through the cell captives, as part of the Group's core business, the Group sells life insurance and device insurance to its customers. Across the Group, IFRS 17 is only applicable to the third-party insurance cell captives (Guardrisk short-term life insurance cell captive and Mutual and Federal Risk Financing Limited (MFRF) short-term handset and device insurance). The Group qualified to use the premium allocation approach (PAA) for both cell captives, resulting in an immaterial quantitative impact on adoption.

The Group continues to invest in its insurance business and considers the revenue from insurance as part of its operating revenue. As required by IFRS 17, the Group has now disaggregated the presentation of its insurance results business on the face of its statement of profit or loss and other comprehensive income. The disaggregation resulted in the Group introducing an insurance revenue line of R281 million (31 March 2023: R203 million) and an insurance service expense line of R185 million (31 March 2023: R209 million) in the statement of profit or loss and other comprehensive income. The impact is neutral on net profit or loss after tax for the year. Refer to note 2.7 for each affected line item.

Adoption of IAS 12 amendments
With effect from 1 April 2023, the Group retrospectively adopted the IAS 12 amendments for deferred tax relating to assets and liabilities arising from a single transaction. The amendment prohibits the use of the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. The amendments apply to taxable and deductible temporary differences associated with right-of-use assets and lease liabilities as well as decommissioning obligations and corresponding amounts recognised as assets at the beginning of the earliest comparative period presented.

The adoption of IAS 12 amendments did not have an impact in the primary financial statements' presentation across the Group. The amendment resulted in a restatement in the Group deferred tax disclosure note due to some of the Group entities having calculated the deferred tax on right-of-use assets and lease liabilities on a net basis, as well the elimination of the intercompany right-of-use assets and lease liabilities being on net basis. There is no disclosure impact on Telkom Company. Refer to note 8.2 for the restatement impact.