ANNUAL FINANCIAL STATEMENTS

Statement of RESPONSIBILITY

Statement of Responsibility by the Board of Directors

The Directors of the South African Broadcasting Corporation (SOC) Limited (SABC) are responsible for the preparation of the annual financial statements of the Corporation, to maintain a sound system of internal control and to safeguard the shareholder's investment and the SABC's assets. In presenting the accompanying financial statements, International Financial Reporting Standards and applicable accounting policies have been used, while prudent judgements and estimates have been made. In order for the Directors to discharge their responsibilities, management is in the process of developing and will continue to maintain a system of internal controls, which is aimed at reducing the risk of error or loss, in a cost effective manner. Such systems can provide reasonable, but not absolute, assurance against material misstatement or loss. The Directors meet periodically, primarily through the Audit Committee, with the external and internal auditors and executive management to evaluate matters concerning accounting policies, internal controls, auditing and financial reporting.

The SABC's internal auditors independently evaluate the internal controls and coordinate their audit coverage with the external auditors. The Auditor-General is responsible for reporting on the financial statements. Both external and internal auditors have unrestricted access to all records, property, personnel and systems as well as to the Audit Committee.

Based on the information and explanations given by management and the internal auditors, and on comment by the external auditors on the results of their audit conducted for expressing their opinion, the Directors are of the opinion that the internal accounting controls are inadequate. The financial records were relied on for preparing the financial statements and maintaining accountability for assets and liabilities.

As the Directors have reviewed the Corporation's financial budgets for the year to 31 March 2014, and in the light of the current financial position, they consider it appropriate that the annual financial statements be prepared on the going-concern basis. The Auditor-General has audited the annual financial statements of the Corporation and his report appears on page 80. Against this background, the Directors of the Corporation accept responsibility for the annual financial statements, which were approved by the Board of Directors on 30 July 2013 and are signed on its behalf by:

Ms Z E Tshabalala
SABC Board of Directors
Chairman

Ms L P Mokhobo
Chief Executive Officer Executive

REPORT of the Group Chief Executive Officer

At the end of March 2013 the SABC Group of companies showed a profit after tax of R330m. This was R14m (4%) lower than the previous year's surplus.

Revenues improved by 4%. Radio advertising revenue improved by R176m (14%) and Government grants increased by R95m (73%).

Operational expenses increased by 6%. The total remuneration cost of permanent employees increased by R200m (12%). Wage negotiations led to a 9.5% increase in the salaries of staff in the bargaining unit. The investment in Television & Sport programmes increased by R146m (11%). The use of management and technical consultants decreased by R70m (52%).

The depreciation of property, plant and equipment increased by R20m.

Net finance costs decreased by R47m due to an increase in interest received of R30m and lower interest paid of R28m. This was achieved despite the increase in the repayment of the Nedbank loan. The net increase in foreign exchange costs was R8m.

The outstanding balance of the Nedbank loan was R167m at year-end. The loan repayments were escalated during the year due to cash balances above R1bn. The interest rate on the loan was 8.25% and the average interest rate earned on short term deposits was 5.25%. It made financial sense to pay the loan back faster in view of the good liquidity position and the savings in finance costs.

The cancellation of the Siemens/Atos technology partner contract slowed down the spending on digital migration capital projects. The Technology division focused on strengthening the internal project management capacity during the year and an increase in capital projects is expected in the new financial year.

The Television division also faced a lack of internal capacity with the issuing of requests for new productions from the RFP book during the integration of the Content division with the Television division. A new RFP book will receive priority in the new financial year.

The hosting of the AFCON 2013 tournament in South Africa was accommodated at short notice and the SABC carried an estimated schedule displacement cost of R25m. Without government funding for the local broadcaster rights a large number of South African households would not have been able to follow the event on television.

The fire at the Henley studies came as a big shock to the management and staff of the SABC. Around R10m was spent to clean up, replace critical electrical components and move productions to external studios after the fire. The full damage to the structure of the studios is being investigated before the insurance claim can be finalised.

During the financial year the SABC continued to seek ways to prepare for the launch of the new DTT television channels in a financially sustainable manner. Requests for government funding to assist with the launch of the 24 Hour News Channel failed and private investments had to be found before the channel could be launched. ICASA was also approached and asked if there were any spare frequencies available to launch the channel as a fourth analogue television channel. ICASA replied that all frequencies were being used for the launch of DTT transmissions. Sadly the

SABC was not able to make the News channel available to all South Africans before DTT transmissions start. The additional funding obtained from DSTV will make it possible for the SABC to launch the News channel on 1 August 2013 on the DSTV platform. The channel will be made available to all viewers as a free-to-air channel as soon as DTT transmissions take place.

During the year-end it became clear that unnecessary time and costs are spent on the preparation of financial statements of a number of dormant subsidiary companies in the SABC group. The shareholder will be approached in the new financial year for approval to close these dormant subsidiaries.

The SABC did not make the financial performance targets set out in the government guarantee. The inability to meet the revenue targets by R604m (9%) accounted for the bulk of the lower performance. Sponsorships were R368m (50%) lower, the sale of content R62m (66%) lower and advertising revenue R190m (4%) below the target. The lack of the planned TV licence increase added an additional R76m (8%) to the shortfall. Some unforeseen expenditures, provisions and actuarial valuations of post retirement liabilities also resulted in expenses being higher by a mere R28m (0.5%). This is a clear indication that the SABC experienced pressure on the revenue side. Not meeting the financial performance targets of the government guarantee had little impact on the overall cash flow position of the SABC.

The SABC continues to face a number of challenges that could have an impact on the future financial performance. The SABC still relies on 80% of its revenue from commercial activities yet almost 80% of costs are fixed (content, transmitters and people). The high rights fees of mandated sports of national importance and the demands for wage increases above the rate of inflation are two of the biggest concerns. The recent changes in the valuation methods of the post retirement pension liability as required under IAS19 will also increase the total cost of permanent staff remuneration. This gives the SABC very little room to make own funds available for new DTT television channels.

The cash reserves of the SABC are adequate to meet the current needs. By the end of September 2013, the Nedbank loan would have been paid in full. With sound management and keeping within a number of pre-determined financial parameters the SABC will be in a position to continue to deliver on its public mandate.

The SABC has faced several challenges over the years. These historical challenges gradually eroded the very foundation of the internal control structure namely governance, leadership, financial and performance management.

The Board and the executive management of the SABC were aware of some of these issues and put in place actions to resolve them, cognisant of the fact that the results of their resolution would not be apparent in a year. However, it is a disappointment to me and my team that the effort proved insufficient to earn an improved audit report, this year, from the Auditor General compared to 2012.

My leadership team and I have developed an action plan to deal with the disclaimer opinion issued by the Auditor General. The action plan to improve the audit outcomes in 2014 involves the following key activities that should yield a better audit outcome in 2014:

- Implementation of a task team to focus on finding solutions to the root causes of the audit findings.
- Reviewing and revising the structure and reporting relationships of key operating divisions.
- Recruitment of additional, skilled resources in finance and other divisions to deal with vacancies.
- Implementation of focused in-house and external upskilling and training interventions
- The implementation of a revised internal controls framework.
- Implementation of a robust performance management regime to enforce accountability.
- A review of operating and financial systems with a view to effect upgrades, reduce manual interventions and foster integration amongst them.
- Fostering closer relationships with significant stakeholders such as the AGSA, National Treasury and SARS to keep abreast with latest developments and trends.

The SABC is committed to implement these activities and I am confident that the audit outcomes for 2014 will improve and be better aligned with the government drive of Operation Clean Audit 2014.

Ms L P Mokhobo
Chief Executive Officer Executive

REPORT OF THE AUDITOR-GENERAL

to Parliament on the South African Broadcasting Corporation (SOC) Limited

Report on the Consolidated Financial Statements

Introduction

1. I was engaged to audit the consolidated and separate financial statements of the South African Broadcasting Corporation (SOC) Limited and its subsidiaries set out on pages 84 to 128, which comprise the consolidated and separate statement of financial position as at 31 March 2013, the consolidated and separate statement of comprehensive income, changes in equity and cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

The board of directors' responsibility for the consolidated financial statements

2. The board of directors which constitutes the accounting authority is responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with the International Financial Reporting Standards (IFRS) and the requirements of the Public Finance Management Act, 1999 (Act No.1 of 1999) (PFMA), 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.

Auditor-general's responsibility

3. My responsibility is to express an opinion on the consolidated and separate financial statements based on conducting the audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Because of the matters described in the basis for disclaimer of opinion paragraphs, however, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and separate financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated and separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated and separate financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my disclaimer audit opinion.

Basis for Disclaimer of Opinion

Property, plant and equipment

6. The entity did not review the residual values and useful lives of property, plant and equipment at each reporting date in accordance with International Financial Reporting Standards, IAS 16, *Property, plant and equipment*. Property, plant and equipment assets with a gross carrying amount of R886 793 000 (2012: R778 960 000) are included in the financial statements at a zero or less than R1 net carrying amount while still in use. In addition, assets with a negative net carrying value of R3 080 805 were incorrectly included in the fixed asset register. I was unable to determine the correct net carrying amount of property, plant and equipment and depreciation amounting to R1 205 095 000 and R239 008 000, respectively, in note 6 to the financial statements as it was impracticable to do so. I was also not able to determine the consequential impact that adjustments required would have on the surplus for the period and the accumulated surplus.
7. The entity did not test property, plant and equipment for impairment at the reporting date in accordance with International Financial Reporting Standards, IAS 36, *Impairment of assets*. There is no system in place on which I could rely for the purpose of the audit, and there were no satisfactory audit procedures that I could perform to obtain reasonable assurance that all relevant available data was used to perform the impairment testing as required by IAS 36. Because of the nature of these assets, I was unable to confirm or verify by alternative means the value of the property, plant and equipment. As a result, I was unable to determine if any adjustments to property, plant and equipment amounting to R1 205 095 000 as disclosed in note 6 to the financial statements were necessary. As a result of this I was also not able to determine the consequential impact that required adjustments would have on the surplus for the period and the accumulated surplus.
8. I was unable to obtain sufficient appropriate audit evidence that the cost of an item of fixed property has been correctly accounted for in the accounting records. The property was included in the fixed asset register without a value and I was unable to confirm the cost by alternative means. Consequently, I was unable to determine whether any adjustments to land and buildings stated at R465 860 000 in note 6 to the financial statements were necessary.

Intangible assets

9. The entity did not review the residual values and useful lives of intangible assets at each reporting date in accordance with International Financial Reporting Standards, IAS 38, *Intangible assets*. Intangible assets with a gross carrying amount of R32 057 000 (2012: R30 580 000) are included in the financial statements at a zero or R1 net carrying amount while still in use. I was unable to determine the correct net carrying amount of intangible assets and related amortisation amounting to R132 447 000 and R43 643 000, respectively, in note 7 to the financial statements, as it was impracticable to do so. I was also not able to determine the consequential impact that required adjustments would have on the surplus for the period and the accumulated surplus.
10. The entity did not test Intangible assets for impairment at the reporting date in accordance with International Financial Reporting Standards, IAS 36, *Impairment of assets*. There was no system in place on which I could rely for the purpose of the audit, and there were no satisfactory audit procedures that I could perform to obtain reasonable assurance that all relevant available data was used to perform the impairment testing as required by IAS 36. Because of the nature of these Intangible assets, I was unable to confirm or verify by alternative means the value of the Intangible assets included in the financial statements at R132 447 000 as disclosed in note 7 to the financial statements, as it was impracticable to do so.

Licence fee revenue and related receivables

11. A substantial amount of the entity's revenue is generated from the TV licence fees which should be recognised once recognition criteria is met in terms of International Financial Reporting Standards, IAS 18, *Revenue*. The entity did not record revenue on an accrual basis as required by the accounting standard but rather recorded the revenue on a cash basis. Due to the lack of adequate systems in place to maintain records of TV licence fees on an accrual basis I was unable to obtain sufficient appropriate audit evidence for the amounts disclosed as TV licence fees of R913 838 000 in note 25 to the financial statements and I could not confirm the correct amount by alternative means. Consequently, I was unable to determine whether any adjustments to the TV licence fee revenue and related receivables balance and any impairments thereof, as disclosed in note 13 to the financial statements, were necessary. I was also not able to determine the consequential impact adjustments required would have on the surplus for the period and the accumulated surplus.

Programme, film and sports rights

12. The entity did not have adequate systems in place to maintain records of programme, film and sports rights. Furthermore, the additions per the general ledger exceed by R213 047 325 the additions for 2012-13 per note 7 of the annual financial statements.

    Due to the nature of these assets, I was unable to confirm or verify by alternative means the values of these assets as disclosed in note 7 to the financial statements. Consequently, I was unable to determine whether any further adjustments to programme, film and sports rights stated at R689 636 000 (2012: R862 467 000), amortisation of programme, film and sports rights at R1 516 341 000 (2012: R1 370 395 000) and net impairment of programme, film and sports rights at R12 230 000 (2012: R3 281 000) in the financial statements were necessary.

Trade and other receivables

13. The entity should assess whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant in accordance with International Financial Reporting Standards, IAS 39, *Financial Instruments – Recognition and Measurement*. The entity did not have an adequate system in place to follow up and impair outstanding trade receivables. In addition, sufficient appropriate audit evidence was not available for the amounts disclosed as impairment of trade receivables in note 13 to the financial statements and I could not confirm the disclosure by alternative means. Consequently, I was unable to determine whether any further adjustments to accounts receivable and impairment of trade and other receivables stated at R838 746 000 and R789 000, respectively, in the financial statements were necessary. I was also not able to determine the consequential impact that required adjustments would have on the surplus for the period and the accumulated surplus.

Irregular expenditure

14. Section 55(2)(b)(i) of the Public Finance Management Act (PFMA) requires the entity to include particulars of irregular expenditure in the notes to the annual financial statements. The entity did not have adequate systems in place to maintain records of iirregular expenditure and, consequently, I was unable to determine whether any adjustments to the amount of R106 322 000 as disclosed in note 42 in the financial statements were necessary. Due to this lack of systems I was also not able to confirm the amount of irregular expenditure to be disclosed by alternative means.

Taxation

15. As disclosed in the statement of financial position, the entity created a provision amounting to R69 034 000 (2012: R62 988 000) in the statement of financial position. This provision was created in terms of section 35 of the Tax Act that provides for a withholding tax to be paid for royalties payable to a person other than a resident or controlled foreign company. The entity is required to withhold and pay the amount calculated to SARS within 14 days after the end of the month during which the payment or liability for the royalty arose. The entity has not, since its registration as a taxpayer in 2003, withheld any tax from royalties paid to non-residents and as a result created the provision disclosed in the statement of financial position. Due to an inadequate system of control over royalties paid to non-residents and foreign-controlled companies I was unable to obtain sufficient appropriate audit evidence that management has properly accounted for all withholding taxes on qualifying royalty payments. I was unable to confirm the withholding taxes by alternative means. Consequently, I was unable to determine whether any adjustment to tax payable provision was necessary.
16. The entity's claim for the deduction of the provision for bad debts was not in terms of section 11(j) of the Income tax Act which allows for a deduction of provision for bad debts, provided these were previously included in taxable income. The South African Revenue Service generally allows a general provision based on 25% of debts provided for as a deduction, however, the deduction was claimed on 100% of the provision. Consequently, income tax in the statement of financial performance is understated by R155 367 719, deferred taxation asset is overstated by R107 699 135 and tax payable is understated by R47 668 583 in the statement of financial position.

Expenditure

17. I was unable to obtain sufficient appropriate audit evidence for journals processed to broadcasting cost, signal distribution and linking cost, marketing cost, professional and consultancy fees and other expenditure in the statement of financial performance which, in total amounted to R1 588 929 000, as supporting documentation could not be provided. I was unable to confirm these expenditure balances and any other balances to which the corresponding entries would have been proceeded to. Consequently, I was unable to determine whether adjustments to these expenditure balances and related account balances in the financial statements were necessary.

Post retirement valuation

18. The entity omitted certain employees from the calculation of the post-retirement medical benefit obligation. Consequently, post-employment medical benefits stated at R74 562 000 in note 21 to the financial statements and the actuarial loss stated at R158 305 000 in the statements of comprehensive income are understated by R67 455 267. Additionally, there was a consequential impact on the surplus for the current year.

Disclaimer of opinion

19. Because of the significance of the matters described in the basis for disclaimer of opinion paragraphs, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the financial statements.

Emphasis of matters

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

Significant uncertainties

21. With reference to note 39 to the financial statements, the South African Broadcasting Corporation is a defendant in a number of lawsuits. The ultimate outcome of these matters cannot currently be determined, and no provision for any liability that may result has been made in the financial statements.

Restatement of corresponding figures

22. As disclosed in note 5 to the financial statements, the corresponding figures for the year ended 31 March 2012 have been restated as a result of an errors discovered during the period 31 March 2013 in the financial statements of the SABC for the year ended 31 March 2012.

Irregular expenditure

23. As disclosed in note 42 to the financial statements, irregular expenditure to the amount of R106 322 000 was incurred, as proper tender processes had not been followed.

Additional matter

24. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Prior year audited by a predecessor auditor

25. The financial statements of the prior year were audited by a predecessor auditor in terms of section 4(3) of the Public Audit Act on 30 July 2012. The qualified opinion was expressed due to the following:
    - Inability to determine whether the carrying amount of the programme, film and sports rights and related accruals and commitments, amortisation and impairments, as well as the cost price of fully amortised rights, is materially misstated, or to quantify the effect on the financial statements.

Report of the Auditor-General to Parliament on the South African Broadcasting Corporation (SOC) Limited (continued)

- Inability to assess the completeness of the disclosure of fruitless and wasteful expenditure, and irregular expenditure.

Report on Other Legal and Regulatory Requirements

26. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

27. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages 27 to 28 of the annual report.

28. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury's annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the FMPPI.

    The reliability of the information in respect of the selected objectives is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

29. The material findings are as follows:

Usefulness of information

Presentation

Reasons for variances not supported by sufficient appropriate evidence

30. The National Treasury *Guide for the preparation of the annual report* requires that explanations for variances between the planned and reported (actual) targets should be provided in all instances and should also be supported by adequate and reliable corroborating evidence.

    Adequate and reliable corroborating evidence could not be provided for 53% of variances for the selected targets as disclosed in the annual performance report. The institution's records did not permit the application of alternative audit procedures.

    Consequently, I did not obtain sufficient appropriate audit evidence to satisfy myself as to the reliability of the reasons for major variances.

Measurability

Performance indicators not well defined

31. The FMPPI requires that indicators should have clear unambiguous data definitions so that data is collected consistently and is easy to understand and use. A total of 21% of the selected indicators were not well defined in that clear, unambiguous data definitions were not available to allow for data to be collected consistently. This was due to the fact that management was not aware of the requirements of the FMPPI.

Indicators not verifiable

32. The FMPPI requires that it must be possible to validate the processes and systems that produce the indicator. A total of 21% of the selected indicators were not verifiable in that valid processes and systems that produce the information on actual performance did not exist. This was due to the fact that management was not aware of the requirements of the FMPPI.

Reliability of Information

Reported performance not reliable

33. The FMPPI requires that institutions should have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets.

    I was unable to obtain the information presented with respect to:

    - Strategic objective 5 – Maintain average TV audience share market share
    - Strategic objective 6 – Maintain average radio audience market share
    - Strategic objective 7 – Maintain average TV and radio audience market share through local and foreign content investment
    - Strategic objective 8 – DTT readiness and digitisation of internal broadcasting value chain

    This was due to limitations placed on the scope of my work due to the fact that the institution could not provide sufficient appropriate evidence in support of the information presented with respect to the strategic objective stated above.

Additional matter

34. I draw attention to the following matter below. This matter does not have an impact on the predetermined objectives audit findings reported above.

Material adjustments to the annual performance report

35. Material audit adjustments in the annual performance report were identified during the audit, of which all were corrected by management.

Compliance with laws and regulations

36. I performed procedures to obtain evidence that the entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations as set out in the general notice issued in terms of the PAA are as follows:

Strategic planning and performance

37. The accounting authority did not ensure that the public entity had and maintained effective, efficient and transparent systems of financial and risk management and internal control as required by Section 51(a)(i) of the PFMA.

38. The accounting authority did not establish procedures for quarterly reporting to the executive authority in order to facilitate effective performance monitoring, evaluation and corrective action as required by Treasury Regulations (TR) 29.3.1

39. The accounting authority did not submit to the accounting officer of a department designated by the executive authority responsible for that public entity or business enterprise, and to the relevant treasury, at least one month, or another period agreed with the National Treasury, before the start of the financial year, a corporate plan in the prescribed format as required by section 52(b) of the PFMA, read with Treasury Regulation 29.2 for South African Broadcasting Corporation SOC Limited and its trading subsidiaries.

40. The accounting authority did not, in consultation with its executive authority, conclude a shareholder's compact for the year under review as required by Treasury Regulation 29.2.2 for South African Broadcasting Corporation SOC Limited and its trading subsidiaries.

Annual financial statements, performance and annual report

41. The financial statements submitted for auditing were not prepared in accordance with International Financial Reporting Standards and supported by full and proper records as required by section 55(1)(a) and (b) of the PFMA and section 29(1)(a) of the Companies Act.

42. Material misstatements of non-current assets, liabilities, current assets, revenue, expenditure, taxation, trade receivables and disclosure notes to the financial statements identified by the auditors in the submitted financial statements were subsequently corrected and/or the supporting records were provided subsequently, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a disclaimer audit opinion.

43. The SABC did not consist of separate operation entities namely a public service and a commercial service division and did not have adequate accounting and administrative systems in place to ensure that the cooperation functions in separate operation entities as required section 9 of the Broadcasting Act of 1999.

Audit Committee

44. The audit committee did not adequately review the effectiveness of the internal audit function, annual work programmes of the internal audit function and reports arising from the execution of the annual work programme, coordination between the internal audit function and external auditors, reports of significant investigations issued by the internal audit function, responses from management to specific recommendations, risk areas of the entity's operations covered in the scope of internal and external audits and, accounting and auditing concerns identified as a result of internal and external audits as required by TR 27.1.8.
45. The audit committee did not adequately review the entity's compliance with legal and regulatory provisions, as required by TR 27.1.8(f).

Procurement and contract management

46. Goods, works and service were not procured through a procurement process which is fair, equitable, transparent and competitive as required by the PFMA section 51(1)(a)(iii).
47. Contracts and quotations were awarded to suppliers whose tax matters had not been declared by the South African Revenue Service to be in order as required by the Preferential Procurement Regulations.

Expenditure management

48. The accounting authority did not take effective steps to prevent irregular and fruitless and wasteful expenditure, as required by section 51(1)(b)(ii) of the PFMA.

Revenue management

49. The accounting authority did not take effective and appropriate steps to collect all money due, as required by section 51(1)(b)(i) of the PFMA and Treasury Regulations 31.1.2(a) and 31.1.2(e).

Asset management

50.Proper control systems to safeguard and maintain assets were not implemented, as required by sections 50(1)(a) and 51(1)(c) of the PFMA.

51. The accounting records for non-current assets were not complete and accurate, as required by section 28(1) of the Companies Act and prescribed in the Companies Regulation 25(3)(a)(i).

Internal Control

52. I considered internal control relevant to my audit of the financial statements, report on predetermined objectives and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the basis for disclaimer of opinion, the findings on the report on the predetermined objectives and the findings on compliance with laws and regulations included in this report.

Leadership

53. The entity experienced instability in leadership in recent years which culminated in the dissolution of the board of directors and the suspensions and dismissals in key leadership positions.
54. An effective organisation structure that places people with appropriate skills in appropriate positions has not been established.
55. Implementation of effective HR management was not established to ensure that adequate and sufficiently skilled resources are in place and that performance is monitored.
56. Development and monitoring of the implementation of action plans to address internal control deficiencies was not effective.
57. The ac counting authority did not exercise adequate oversight responsibility regarding performance reporting, compliance and related internal controls.
58. The leadership did not establish and communicate policies and procedures to enable and support understanding and execution of internal control objectives, processes and responsibilities.
59. The leadership did not establish mechanisms to communicate and hold individuals accountable for performance of internal control responsibilities.
60. Actions are not taken in a timely manner to address the risks relating to the achievement of complete, relevant and accurate financial reporting.of complete, relevant and accurate financial reporting.

Financial and performance management

61. Reviewing and monitoring of compliance with applicable laws and regulations were not effective.
62. Design and implementation of formal controls over IT systems to ensure the reliability of the systems and the availability, accuracy and protection of information were not adequate.
63. The leadership did not implement proper record-keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.
64. The leadership did not prepare regular, accurate and complete financial and performance reports that were supported and evidenced by reliable information.

Governance

65. Implementation of appropriate risk management activities to ensure that regular risk assessments, including consideration of IT risks and fraud prevention, were conducted and that a risk strategy to address the risks was developed and monitored was not effective.
66. The process to ensure that the audit committee promotes accountability and service delivery through evaluating and monitoring responses to risks and providing oversight over the effectiveness of the internal control environment, including financial and performance reporting and compliance with laws and regulations was not effective.

Other Reports

Investigations

Completed during the year

67. Several investigations were conducted by the forensic unit. The investigations resulted in recommendations for disciplinary and/or criminal proceedings to be instituted against the guilty parties concerned.

Investigations in progress

68. The chief financial officer was suspended during the year due to procurement irregularities and disciplinary action was still pending.

69.Several investigations were being conducted by the forensic unit. The investigations were ongoing and may or may not result in disciplinary and/or criminal proceedings against the parties concerned.

Auditor - General

Pretoria
31 July 2013

STATEMENT of financial position as at 31 March 2013

	Note	GROUP 2013 R'000	GROUP 2012 R'000 Restated*	GROUP 2011 R'000 Restated*	COMPANY 2013 R'000	COMPANY 2012 R'000 Restated*	COMPANY 2011 R'000 Restated*
ASSETS							
Property, plant and equipment	6	**1 205 095**	1 323 272	1 446 243	**1 205 095**	1 323 272	1 446 243
Intangible assets - computer software	7	**132 447**	172 709	211 151	**132 447**	172 709	211 151
Defined benefit asset	8	**69 202**	155 277	226 633	**69 202**	155 277	226 633
Investment in subsidiaries	9	**-**	-	-	**71**	71	71
Available-for-sale financial assets	10	**6 761**	4 755	4 847	**6 761**	4 755	4 847
Prepayments	11	**143 941**	83 049	101 771	**143 941**	83 049	101 771
Other non-current assets		**-**	513	527	**-**	-	11
Total non-current assets		**1 557 446**	1 739 575	1 991 172	**1 557 517**	1 739 133	1 990 727
Intangible asset - programme, film and sports rights	7	**689 636**	862 467	929 748	**689 636**	862 467	929 748
Inventories	12	**2 536**	4 339	2 735	**2 536**	4 339	2 735
Trade and other receivables	13	**859 162**	883 391	841 089	**859 768**	883 192	832 853
Taxation		**14 093**	-	-	**14 093**	-	-
Prepayments	11	**63 902**	151 495	119 961	**63 857**	151 459	119 925
Cash and cash equivalents	14	**1 072 476**	1 229 728	860 810	**1 058 429**	1 220 292	841 359
Total current assets		**2 701 805**	3 131 420	2 754 343	**2 688 319**	3 121 749	2 726 620
Total assets		**4 259 251**	4 870 995	4 745 515	**4 245 836**	4 860 882	4 717 347
EQUITY							
Share capital	15	**1**	1	1	**1**	1	1
Fair value adjustment reserve	16	**5 769**	3 141	2 454	**5 769**	3 141	2 454
Retained earnings		**1 347 917**	1 115 780	848 199	**1 333 924**	1 106 652	835 056
Total equity		**1 353 687**	1 118 922	850 654	**1 339 694**	1 109 794	837 511
LIABILITIES							
Perpetual debt instrument	17	**27 390**	27 390	27 390	**27 390**	27 390	27 390
Loans and borrowings	18	**343 058**	788 390	1 179 145	**359 660**	800 927	1 191 682
Deferred government grant	19	**292 142**	364 278	435 593	**292 142**	364 278	435 593
Deferred tax	20	**-**	-	-	**-**	-	-
Employee benefits obligation	21	**854 650**	650 417	564 291	**854 650**	650 417	564 291
Other non-current liabilities		**223**	1 137	1 136	**223**	1 137	1 136
Total non-current liabilities		**1 517 463**	1 831 612	2 207 555	**1 534 065**	1 844 149	2 220 092
Trade and other payables	22	**700 849**	932 770	990 297	**684 957**	919 559	963 048
Employee benefits	21	**152 713**	147 285	160 887	**152 713**	147 154	160 757
Deferred income	23	**103 243**	122 828	130 346	**103 243**	122 828	130 346
Current portion of loans and borrowings	18	**56 978**	387 894	166 524	**56 978**	387 894	166 524
Tax payable		**69 034**	62 988	57 198	**68 902**	62 808	57 015
Current portion of deferred government grant	19	**76 410**	71 432	71 574	**76 410**	71 432	71 574
Provisions	24	**228 874**	195 264	110 480	**228 874**	195 264	110 480
Total current liabilities		**1 388 101**	1 920 461	1 687 306	**1 372 077**	1 906 939	1 659 744
Total liabilities		**2 905 564**	3 752 073	3 894 861	**2 906 142**	3 751 088	3 879 836
Total equity and liabilities		**4 259 251**	4 870 995	4 745 515	**4 245 836**	4 860 882	4 717 347

STATEMENT of financial performance for the year ended 31 March 2013

		GROUP			COMPANY		
		2013	2012	2011	2013	2012	2011
	Note	R'000	R'000	R'000	R'000	R'000	R'000
			Restated*			Restated*	
Revenue	*25*	**6 665 812**	6 426 745	5 926 140	**6 665 812**	6 426 745	5 926 140
Other income	*26*	**97 987**	67 291	63 118	**101 120**	64 905	62 140
Amortisation of programme, film and sports rights	*7*	**(1 516 341)**	(1 370 395)	(1 597 178)	**(1 516 341)**	(1 370 395)	(1 597 178)
Net impairment (raised)/reversed of programme, film and sports rights	*7*	**(12 230)**	3 281	(79 987)	**(12 230)**	3 281	(79 987)
Amortisation of computer software	*7*	**(43 643)**	(46 958)	(53 441)	**(43 643)**	(46 958)	(53 441)
Impairment of trade and other receivables		**(789)**	(1 708)	(88 037)	**(789)**	(1 708)	(88 114)
Broadcast costs		**(408 390)**	(501 976)	(373 417)	**(408 390)**	(501 976)	(373 417)
Signal distribution and linking costs		**(514 792)**	(458 122)	(495 070)	**(514 792)**	(458 122)	(495 070)
Employee compensation and benefit expenses	*27*						
- permanent employee costs		**(1 819 452)**	(1 619 324)	(1 518 554)	**(1 819 625)**	(1 619 324)	(1 518 554)
- non-permanent employee costs		**(257 505)**	(220 847)	(186 784)	**(257 505)**	(220 847)	(186 784)
Depreciation of property, plant and equipment	*6*	**(239 008)**	(218 678)	(219 472)	**(239 008)**	(218 678)	(219 462)
Marketing costs		**(123 307)**	(123 788)	(108 709)	**(123 307)**	(123 788)	(108 698)
Direct revenue collection costs		**(913 200)**	(905 049)	(787 249)	**(913 200)**	(905 049)	(787 249)
Professional and consulting fees	*28*	**(63 161)**	(139 669)	(167 121)	**(63 763)**	(133 351)	(163 000)
Other expenses	*29*						
- personnel costs other than employee compensation		**(79 245)**	(49 832)	(47 999)	**(79 237)**	(49 822)	(47 984)
- operational		**(403 299)**	(404 243)	(299 833)	**(405 632)**	(404 167)	(299 846)
Other (losses)/profits	*30*	**(482)**	(307)	(1 280)	**(482)**	(307)	(1 280)
Operating profit/(loss) before finance costs and tax		**368 955**	436 421	(34 873)	**368 988**	440 439	(31 784)
Net financing costs	*31*	**(16 300)**	(63 518)	(84 537)	**(21 328)**	(63 521)	(85 141)
Finance income	*31*	**100 727**	50 638	42 771	**99 453**	50 635	42 934
Finance expenses	*31*	**(117 027)**	(114 156)	(127 308)	**(120 781)**	(114 156)	(128 075)
Profit/(loss) before income tax		**352 655**	372 903	(119 410)	**347 660**	376 918	(116 925)
Income tax	*32*	**(23 142)**	(29 410)	(9 861)	**(23 012)**	(29 410)	(9 485)
Profit/(loss) for the year		**329 513**	343 493	(129 271)	**324 648**	347 508	(126 410)

STATEMENT of comprehensive income for the year ended 31 March 2013

		GROUP			COMPANY		
		2013	2012	2011	2013	2012	2011
	Note	R'000	R'000	R'000	R'000	R'000	R'000
			Restated*			Restated*	
Profit/(loss) for the year		**329 513**	343 493	(129 271)	**324 648**	347 508	(126 410)
Other Comprehensive loss for the year before tax		**(131 854)**	(104 635)	(118 380)	**(131 854)**	(104 635)	(118 380)
Pension fund							
Actuarial (loss)/gain	*8*	**(640 402)**	(173 257)	267 605	**(640 402)**	(173 257)	267 605
Change in paragraph 58 limit of IAS 19 - employee benefits	*8*	**664 847**	112 944	(306 295)	**664 847**	112 944	(306 295)
Post-employment medical benefits							
Actuarial loss	*21*	**(158 305)**	(45 121)	(80 081)	**(158 305)**	(45 121)	(80 081)
Gain in changes in fair value of available-for-sale financial assets	*10*	**2 006**	799	391	**2 006**	799	391
Income tax relating to gain on available-for-sale financial assets	*32*	**(374)**	(112)	(55)	**(374)**	(112)	(55)
Income tax relating to gain/(loss) on pension fund actuarial valuation	*32*	**(6 845)**	16 888	10 833	**(6 845)**	16 888	10 833
Income tax relating to loss on post-employment medical benefits	*32*	**44 325**	12 634	22 423	**44 325**	12 634	22 423
Other comprehensive loss for the year, net of tax		**(94 748)**	(75 225)	(85 179)	**(94 748)**	(75 225)	(85 179)
Total comprehensive income/(loss) for the year		**234 765**	268 268	(214 450)	**229 900**	272 283	(211 589)

STATEMENT of changes in equity for the year ended 31 March 2013

	GROUP			
	Share capital R'000	Fair value adjustment reserve R'000	Retained earnings R'000	Total R'000
Balance at 31 March 2010	1	2 118	1 062 985	1 065 104
Total comprehensive income/(loss) for the year	-	336	(214 786)	(214 450)
Balance at 31 March 2011	1	2 454	848 199	850 654
Total comprehensive income for the year	-	687	267 581	268 268
Balance at 31 March 2012	1	3 141	1 115 780	1 118 922
Total comprehensive income for the year	**-**	**2 628**	**232 137**	**234 765**
Balance at 31 March 2013	**1**	**5 769**	**1 347 917**	**1 353 687**

	COMPANY			
	Share capital R'000	Fair value adjustment reserve R'000	Retained earnings R'000	Total R'000
Balance at 31 March 2010	1	2 118	1 046 981	1 049 100
Total comprehensive income/(loss) for the year	-	336	(211 925)	(211 589)
Balance at 31 March 2011	1	2 454	835 056	837 511
Total comprehensive income for the year	-	687	271 596	272 283
Balance at 31 March 2012	1	3 141	1 106 652	1 109 794
Total comprehensive income for the year	**-**	**2 628**	**227 272**	**229 900**
Balance at 31 March 2013	**1**	**5 769**	**1 333 924**	**1 339 694**

STATEMENT of cash flows for the year ended 31 March 2013

	Note	GROUP 2013 R'000	GROUP 2012 R'000 Restated*	GROUP 2011 R'000 Restated*	COMPANY 2013 R'000	COMPANY 2012 R'000 Restated*	COMPANY 2011 R'000 Restated*
Cash flows from operating activities							
Cash receipts from customers		**6 916 112**	6 376 925	5 205 532	**6 915 307**	6 368 888	5 222 768
Cash paid to suppliers and employees		**(6 181 206)**	(5 674 711)	(4 682 350)	**(6 184 214)**	(5 656 656)	(4 699 973)
Cash generated from operations	*33*	**734 906**	702 214	523 182	**731 093**	712 232	522 795
Interest received	*31*	**72 497**	42 526	28 493	**71 529**	42 523	28 177
Dividends received	*31*	**-**	-	149	**-**	-	149
Interest paid	*31*	**(73 929)**	(101 907)	(117 942)	**(73 929)**	(101 907)	(118 375)
Income taxes refunded	*34*	**(1 849)**	-	56 678	**(1 679)**	-	57 014
Net cash inflows from operating activities		**731 625**	642 833	490 560	**727 014**	652 848	489 760
Cash flows from investing activities							
Acquisition of property, plant and equipment	*6*	**(121 623)**	(102 137)	(112 801)	**(121 623)**	(102 137)	(112 801)
Acquisition of computer software	*7*	**(3 111)**	(2 393)	(2 363)	**(3 111)**	(2 393)	(2 363)
Net cash outflows from investing activities		**(124 734)**	(104 530)	(115 164)	**(124 734)**	(104 530)	(115 164)
Cash flows from financing activities							
Repayment of loan from subsidiary	*18*	**-**	-	-	**-**	-	(69)
Repayment of loans and borrowings	*18*	**(722 222)**	(111 111)	-	**(722 222)**	(111 111)	-
Instalment sale and finance lease paid during the year	*18*	**(54 026)**	(58 274)	(24 081)	**(54 026)**	(58 274)	(24 081)
Finance raised with instalment sales	*18*	**-**	-	20 515	**-**	-	20 515
Proceeds from government grant	*19*	**12 105**	-	131 579	**12 105**	-	131 579
Net cash (outflows)/inflows from financing activities		**(764 143)**	(169 385)	128 013	**(764 143)**	(169 385)	127 944
Net increase/(decrease) in cash and cash equivalents		**(157 252)**	368 918	503 409	**(161 863)**	378 933	502 540
Cash and cash equivalents at beginning of the year		**1 229 728**	860 810	357 652	**1 220 292**	841 359	338 819
Effects of the exchange rate changes on the cash balance held in foreign currencies		**-**	-	(251)	**-**	-	-
Cash and cash equivalents at end of the year	*14*	**1 072 476**	1 229 728	860 810	**1 058 429**	1 220 292	841 359

NOTES to the annual financial statements for the year ended 31 March 2013

1 SIGNIFICANT ACCOUNTING POLICIES

The South African Broadcasting Corporation (SOC) Limited is a company domiciled in South Africa. The consolidated financial statements of the Company as at and for the year ended 31 March 2013 comprise the Company and its subsidiaries (together referred to as the 'Group' and individually as 'Group entities'). The Group is South Africa's national public service broadcaster.

(A) Statement of compliance

The consolidated and separate annual financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') and in the manner required by the Companies Act of South Africa, 2008, the Public Finance Management Act, No. 1 of 1999, as amended, and the Broadcasting Act, No. 4 of 1999, as amended.

(B) Basis of preparation

The consolidated and separate annual financial statements are presented in South African Rands, rounded to the nearest thousand, and have been prepared on the historical cost basis, except for certain financial instruments and defined benefit asset and liability which are measured at fair value.

The preparation of consolidated and separate annual financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment are discussed in note 2.

The accounting policies set out below have been applied consistently for all periods presented in the consolidated annual financial statements.

(C) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable are taken into account. The financial results of subsidiaries are included in the annual financial statements from the date that control commences until the date that control ceases.

(ii) Transactions eliminated on consolidation

Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the annual financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(D) Foreign currency

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('functional currency'). The annual financial statements are presented in South African Rands, which is the Company's and Group's functional presentation currency.

(ii) Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the date the fair value was determined.

(E) Property, plant and equipment

(i) Owned assets

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. The cost of self-constructed assets includes the cost of materials, direct labour, and any other costs directly attributable to bringing the asset to a working condition in the manner intended by management.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(ii) Leased assets

Leases in which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. An asset acquired by way of a finance lease is recognised at an amount equal to the lower of its fair value and the present value of minimum lease payments at inception of the lease on initial recognition. The asset is accounted for in accordance with the accounting policy applicable to that asset. Lease payments are accounted for as described in accounting policies.

Notes to the annual financial statements for the year ended 31 March 2013 (continued)

1 Significant accounting policies (continued)

(E) Property, plant and equipment (continued)

(iii) Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other costs are charged to profit or loss during the financial period in which they are incurred.

(iv) Depreciation

Depreciation is calculated on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less residual value. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term or their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated. The estimated useful lives for the current and comparative periods are as follows:

• Buildings	7 - 65 years
• Broadcast equipment	5 - 15 years
• Computer equipment	3 - 11 years
• Musical equipment	up to 40 years
• Office equipment	5 years
• Security equipment	5 years
• Motor vehicles	5 - 15 years

The useful lives, depreciation methods and current residual values, if not insignificant, are reassessed annually and adjusted if appropriate.

(v) Derecognition

The gain or loss on the disposal or scrapping of property, plant and equipment is recognised in profit or loss, (refer to note 35). Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment.

(F) Intangible assets

(i) Originated programme, film and sports rights

Originated programme, film and sports rights, including work commissioned from independent producers, are stated at cost less accumulated amortisation and accumulated impairment losses. Cost comprises direct costs, including cost of materials, artist fees and production overheads. Subsequent expenditure is capitalised only if costs can be measured reliably, the programme, film and sport right is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete and/or use or sell the asset.

(ii) Acquired programme, film and sports rights

Acquired programme, film and sports rights are stated at cost less accumulated amortisation and accumulated impairment losses (refer to note 7). Cost comprises actual acquisition cost plus language dubbing, where applicable.

Acquired programme, film and sports rights are generally recognised when the licence period begins, the cost of the right is known or reasonably determinable, the material has been accepted by the Group in accordance with conditions of the licence agreement, and the material is available for its first transmission. If at the date of signing, a substantial degree of uncertainty exists about the availability of the material, particularly if a licence agreement is signed for programme material that does not yet exist, the asset is only recorded once the uncertainties are eliminated and the programme is received and available for broadcast.

Payments made before the recognition criteria for an asset are met, are recorded as Prepayments and classified as current or non-current, depending on the estimated time of usage of the material. Conversely, where arrangements have been executed for the future purchase of programme, film and sports rights, but the recognition criteria above have not been met, the arrangements are disclosed as *Commitments.*

Programme, film and sports rights are classified as current assets as they are expected to be realised in the Group's normal operating cycle.

(iii) De-recognition of programme, film and sports rights

Cost and accumulated amortisation of originated programme, film and sports rights are derecognised after the estimated number of showings. Cost and accumulated amortisation of acquired programme, film and sports rights are derecognised at the earlier of the expiry of licence period or allowed number of showings.

(iv) Other intangible assets

Other intangible assets, including computer software not considered an integral part of property, plant and equipment, are stated at cost less accumulated amortisation and impairment losses (refer to note 7). Expenditure on internally generated brands is recognised in profit or loss as an expense as incurred.

(v) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

(vi) Amortisation

Amortisation of programme, film and sports rights is charged to profit or loss on a straight-line basis based on the estimated number of future showings if each showing is expected to generate similar audiences. An accelerated method of amortisation is used when the first showing is expected to be more valuable than re-runs.

1 Significant accounting policies (continued)

(F) Intangible assets (continued)

(vi) Amortisation (continued)

Amortisation of other intangible assets is charged to profit or loss on a straight-line based on the estimated useful lives of such assets from the date that they are available for use. The estimated useful life of computer software for the current and comparative period is between 2 and 10 years.

Amortisation methods, useful lives and residual values, if not insignificant, are reassessed annually, and adjusted if appropriate.

(G) Investments in subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses in the separate financial statements of the Company.

Recognition and measurement

Purchases and sales of investments are recognised on trade-date, the date at which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred, and substantially all the risks and rewards of ownership have been transferred.

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method less accumulated impairment losses. Available-for-sale financial assets are subsequently carried at fair value. Unrealised gains and losses arising from changes in the fair value of investments classified as available-for-sale are recognised in other comprehensive income. When investments classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in profit or loss as gains and losses from investment securities.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis refined to reflect the issuer's specific circumstances.

(H) Impairment of assets

(i) Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, of the disappearance of an active market for a security. In addition, for an investment in equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Group considers evidence of impairment for receivables and held-to-maturity investment securities at both a specific asset and collective level. All individually significant receivables and held-to-maturity investment securities are assessed for specific impairment. All individually significant receivables and held-to-maturity investment securities found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together receivables and held-to-maturity investment securities with similar risk characteristics.

In assessing collective impairment the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rates. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Impairment losses on available-for-sale investment securities are recognised by transferring the cumulative loss that has been recognised in other comprehensive income, and presented in the fair value reserve in equity, to profit or loss. The cumulative loss that is removed from other comprehensive income and recognised in profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss. Changes in impairment provision attributable to time value are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when the group has a legal right to offset the amount and intends to either settle on a net basis or to realise the asset and settle the liability simultaneously.

Notes to the annual financial statements for the year ended 31 March 2013 (continued)

1 Significant accounting policies (continued)

(H) Impairment of assets (continued)

(i) Financial assets (continued)

The Group's investments at amortised cost are calculated at the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest computed at initial recognition of these financial assets). Receivables with a short duration are not discounted where the effect is not material.

Calculation of impairment

Impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the impairment is the difference between the asset's carrying amount and its fair values, being the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the impairment is recognised in profit or loss.

Reversals of impairment

An impairment loss in respect of financial assets carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss.

An impairment loss in respect of an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss.

(ii) Non-financial assets

The carrying amount of the Group's assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or, its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss. The impairment loss on programme, film and sports rights will be recognised when the tapes have not been flighted as per schedule at the end of the licence period.

Calculation of impairment

The recoverable amount of non-financial assets is the greater of their fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. A cash generating unit is the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. Impairment losses in respect of cash generating units are allocated first to reduce the carrying amount of goodwill allocated to the unit and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

Reversals of impairment

In respect of non-financial assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(I) Inventories

Merchandise and consumables are stated 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 selling expenses. Cost is determined on a weighted average basis and includes other costs incurred in bringing the consumables to their present location and condition. Any write-down and impairment of obsolete inventory to net realisable value is recognised as an expense in the period in which the write-down occurs. Any reversal is recognised in profit and loss in the period in which the reversal occurs.

(J) Trade receivables

Trade receivables comprise receivables in respect of advertising, sponsorships and facilities and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less impairment losses. The fair value of trade receivables is net of agency commissions, and where applicable net of trade discounts, which are granted when payment is made in accordance with agreed payment terms.

(K) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds, net of tax.

(L) Perpetual debt instrument

Perpetual debt instrument relates to a non repayable loan from the shareholder. On 1 February 1972, the Company's shareholder converted a long-term loan into permanent capital. The permanent capital is not repayable. In terms of the Exchequer Act, No. 66 of 1975, as amended, interest will be payable, in perpetuity, at a rate of 6.5% per annum on the capital amount. The instrument represents a financial liability (in the form of perpetual debt) under IAS 32 - *Financial Instruments:* Presentation, because of the underlying obligation to deliver cash in the form of future payments to the Company's shareholder.

(M) Loans and borrowings

Loans and borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, loans and borrowings are stated at amortised cost using the effective interest rate method.

1 Significant accounting policies (continued)

(N) Employee benefit obligations

(i) Defined benefit pension plans

The net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and any unrecognised past service cost and the fair value of any plan assets are deducted. The discount rates used are the following:- yield on Government Stock, the zero-coupon yield curve provided by the South African Bond Exchange (member of the Johannesburg Stock Exchange) that have maturity dates approximating the terms of the Company's obligations.

When the benefits of a plan improve, the portion of the increased benefit relating to past service by employees is recognised as an expense in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions, are recognised in full in other comprehensive income. These defined benefit pension plan's liabilities or assets are valued annually by independent qualified actuaries using the projected unit credit method.

In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of plan liabilities.

(ii) Other post-employment benefit obligations

The Group provides a subsidy for medical aid contributions payable by those employees who elect to remain on the medical aid scheme after retirement. The entitlement to these benefits is usually conditional on the employee remaining in service up to normal retirement age or the completion of a minimum service period in the event of early retirement. The expected costs of these benefits are accrued over the period of employment using an accounting methodology similar to that used for the defined benefit pension plan. This liability relating to post-employment medical benefits is valued annually by independent qualified actuaries. This practise of post-retirement medical aid contributions was discontinued for all new employees after 1 July 2004. Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions, are recognised in other comprehensive income.

(iii) Short-term benefits

Short-term employee benefit obligations relating to leave pay are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(iv) Long-term benefits

The Group's net obligation in respect of long-term employee benefits relating to old leave pay and bonuses other than pension plans is the amount of future benefits that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value.

(O) Provisions

A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimates. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(P) Trade and other payables

Trade and other payables are initially recognised at fair value less any directly attributable transaction costs.

Trade and other payables are subsequently measured at amortised cost, using the effective interest method.

(Q) Financial instruments

(i) Loans and receivables

Loans and receivables includes trade receivables that are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and with no intention of trading. They are included in current assets, except where they have maturities greater than 12 months after the reporting date. These are classified as non-current assets.

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell a significant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale and prevent the Group from classifying investment securities as held-to-maturity for the current and the following two financial years.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

Notes to the annual financial statements for the year ended 31 March 2013 (continued)

1 Significant accounting policies (continued)

(Q) Financial instruments

(iv) Derivative financial instruments

The Group uses derivative financial instruments to economically hedge its exposure to foreign exchange risks arising from the purchase of foreign programme, film and sports rights, capital equipment and certain operational expenses. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. However, since the Group has elected not to apply hedge accounting, all derivative financial instruments are accounted for as trading instruments.

Derivative financial instruments are recognised initially at fair value, attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivative financial instruments are measured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

(v) Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequently it is measured at amortised cost using the effective interest method, less any impairment losses (in case of a financial asset).

(vi) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts shown within the loans and receivables category of financial instruments. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(vii) Restricted cash

Cash which is subject to restrictions on its use is stated separately at carrying value in the statement of financial position. Government grants received for capital expenditure are restricted to capital projects relating to the migration of analogue infrastructure to digital. Given that the cash has specific conditions of use it has been separately disclosed from cash and cash equivalents.

(R) Revenue

(i) Advertising revenue

Advertising revenue is recognised at the time the related advertisement or commercial appears before the public. The amount recognised is net of Value-Added Tax and trade discounts.

(ii) Trade exchanges (non-monetary exchanges)

When broadcasting airtime is exchanged for dissimilar goods or services, the exchange is regarded as a transaction which generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

(iii) Sponsorship revenue

Sponsorship revenue is recognised at the time sponsored programmes are aired, net of Value-Added Tax and trade discounts. The consideration in sponsorship agreements containing more than one identifiable component, such as promotional advertising time and sponsorships, is allocated to underlying components based on their relative fair value and accounted for in accordance with the substance of the underlying component.

(iv) Licence fee revenue

Licence fee revenue is recognised only when it is probable that the economic benefits associated with the transaction will flow to the Company. Based on past experience, management does not consider economic benefits associated with television licences to be probable until the consideration is received, and therefore does not accrue for revenue on television licences. Licence fee revenue is therefore recognised on a cash basis, net of Value-Added Tax, as and when received.

(v) Government grants

Government grants are recognised in the statement of financial position initially as deferred income when there is reasonable assurance that they will be received and that the Group will comply with the conditions attached to them. Grants that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognised in profit or loss as revenue on a systematic basis over the useful life of the asset.

(vi) Other revenue

Other revenue associated with the sale of goods such as programme rights exploitation revenue and mobile revenue is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. Other revenue associated with the provision of services is recognised in profit or loss in proportion to the services performed to date as a percentage of total services to be performed. Other revenue/income also includes rental income, which is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(vii) Other income

Other income includes rental income, which is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

1 Significant accounting policies (continued)

(S) Lease payments

(i) Operating lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease.

(ii) Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is also allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. The capital portion of future obligations under the leases is included as a liability in the statement of financial position.

Initial direct costs incurred in negotiating and securing lease arrangements are added to the amount recognised as an asset.

(T) Net financing income

Financing income includes interest receivable on funds invested, dividend income and foreign exchange gains and losses.

Interest payable on borrowings is calculated using the effective interest method. Interest income is recognised in profit or loss as it accrues, using the effective interest method.

Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is usually the ex-dividend date.

The interest expense component of finance lease payments is recognised in profit or loss using the effective interest method.

(U) Income tax

Income tax expense comprises current and deferred tax. Income tax is recognised in profit or loss, except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised there.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on the net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits or reversing temporary differences will be available against which the asset can be utilised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

(V) Related Parties

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

Key management is defined as individuals with the authority and responsibility for planning, directing and controlling the activities of the Company. All individuals from the level of Executive Management up to the Board of Directors are regarded as key management per the definition of IFRS.

Close family members of key management personnel are considered to be those family members who may be expected to influence, or be influenced by key management individuals in their dealings with the Group.

Other related party transactions are also disclosed in terms of the requirements of IFRS. The objective of IFRS and the annual financial statements is to provide relevant and reliable information and therefore materiality is considered in the disclosure of these transactions.

(W) Borrowing costs

Financing costs directly associated with the acquisition or construction of assets that require more than three months to complete and place in service are capitalised at interest relating to loans specifically raised for that purpose, or at the weighted average borrowing rate where the general pool of Group borrowings was utilised. Other borrowing costs are expensed as incurred. Capitalisation commences when the entity incurs expenditure for the asset, it incurs the borrowing costs and it undertakes activities that are necessary to bring the asset to its intended use or sale.

2 ACCOUNTING ESTIMATES AND JUDGEMENTS

Management discusses with the Audit Committee the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates.

(A) Critical accounting estimates and assumptions

The preparation of the annual financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in significant adjustments as accounting estimates will, by definition, seldom equal the actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Useful lives of property, plant and equipment
The Group calculates depreciation of property, plant and equipment on a straight-line basis so as to write off the cost of the assets over their expected useful lives. The useful life of an asset is determined on existing physical wear and tear, economic and technical ageing, legal or other limits on the use of the asset and obsolescence. If some of these factors were to deteriorate materially, impairing the ability of the asset to generate future cash flows, the Group may accelerate depreciation charges to reflect the remaining useful life of the asset or record an impairment loss.

(ii) Amortisation and impairment of computer software
The Group believes that the accounting estimates relating to the amortisation and impairment of computer software are significant accounting estimates because they require management to make assumptions about the useful life of an asset. The useful life of an asset is determined on existing economic and technical ageing, legal or other limitations on the use of the asset and obsolescence. If some of these factors were to deteriorate materially, impairing the ability of the asset to generate future cash flows, the Group may accelerate the amortisation charge to reflect the remaining useful life of the asset or record an impairment loss. See accounting policy 1(F) and note 7.

(iii) Amortisation and impairment of programme, film and sports rights
The Group believes that the accounting estimates relating to the amortisation and impairment of programme, film and sports rights are significant accounting estimates because they require management to make assumptions about future audiences and revenues, and a change in the pattern of amortisation or potential impairment in programme, film and sports rights may have a material impact on the value of these assets reported in the Company's statement of financial position. See accounting policies 1(F) and note 7. The recoverable amount of the rights is considered zero once the licence period is expired.

(iv) Pension assumptions
The Group's pension fund is a funded defined benefit pension fund that provides pension fund benefits for all of the Group's permanent employees. The latest statutory valuation of the fund was performed at 31 December 2011, in which the valuator reported that the fund was in a sound financial position subject to the continuation of the current contribution rates, and its assets exceed its liabilities.

Annually the defined benefit pension plan is valued on 31 March using the Projected Unit Credit Method for the financial statements certified by the Actuaries. The cost of the defined benefit pension plan as well as the present value of the pension obligation is determined using actuarial valuations. The actuarial valuations involve making assumptions about discount rates, expected rates of return of assets, future salary increases, mortality rates of in-service members and pension mortality rates and future pension increases, withdrawal of members in the service and family statistics. All assumptions are reviewed at each reporting date. In determining the appropriate discount rate, management considers the interest rates of quality corporate bonds in the respective country, (i.e. yield on South African Government Bonds). The mortality rate is based on public available mortality tables for the specific country (i.e. PA (90) mortality table). Future salary increases and pension increases are based on expected future inflation rates. Further details about the assumptions used are given in note 8.

(v) Post-employment medical aid assumptions
The Group provides a subsidy of medical aid contributions payable by those employees who elect to remain on the medical aid scheme after retirement. The Group provides for these post-employment medical aid benefits using the Projected Unit Credit method prescribed by IAS 19 - Employee Benefits. Future benefits valued are projected using specific actuarial assumptions and the liability for in-service members is accrued over their expected working lifetime. The liability is calculated by considering some key actuarial assumptions such as (1) the rate of healthcare cost inflation, (2) discount rate, (3) percentage members continuing after retirement and (4) average retirement age of members. The key actuarial assumptions made are disclosed in note 21.

Any change in these assumptions could result in a material adjustment to the post-employment medical liability stated on the Group's statement of financial position as well as a material impact on the Group's profit. A one percentage point change in the rate of health care cost inflation would have the following effects.

	One percentage point increase	**One percentage point decrease**
Effect on the post-employment medical aid liability	R790m	R1 089m
Effect on the current service and interest cost	R85m	R121m

(vi) Legal matters
The Group is involved in legal disputes through its normal course of business. The outcome of these legal claims may have a material impact on the Group's financial position and results of operations. Management estimates the potential outcome of these legal claims based on the most objective evidence on hand from internal and external legal advisors until such time that ultimate legal resolution has been finalised. Due to the uncertain nature of these issues, any changes in these estimates based on additional information as it becomes available could result in material changes to the financial statements in subsequent periods. See note 24 and 39.

(vii) Valuation of financial instruments
The valuation of embedded derivative financial instruments is based on the market situation at reporting date. The value of the derivative instruments fluctuates on a daily basis and the actual amounts realised may differ materially from their value at reporting date.

2 Accounting estimates and judgements (continued)

(A) Critical accounting estimates and assumptions (continued)

(vii) Valuation of financial instruments (continued)

Where the fair value of the financial assets and liabilities recorded in the statement of financial position cannot be derived from the active markets, they are determined using valuation techniques including the discounted cash flow model. The inputs of these models are taken from observable markets where possible, but where this is not possible, a degree of judgement is required in establishing fair values. The judgements include consideration of inputs such as liquidity risk, credit risk, and volatility. Changes in assumptions about the facts could affect the reported fair value of the affected financial instrument.

(viii) Impairment of trade and other receivables and credit notes

Doubtful accounts are reported at the amount likely to be recoverable based on the historical experience of customer default. As soon as it is learned that a particular account is subject to a risk over and above the normal credit risk (e.g. lower creditworthiness of customer, dispute as to the existence of the amount of the claim, no enforceability of the claim for legal reasons etc.), the account is analysed and written down if circumstances indicate the receivable is uncollectible. Accumulated write-downs of receivables and provisions for credit notes amounted to R203 million (2012: R245 million; 2011: R270 million) as of 31 March 2013.

(ix) Provision for needle time

The 'needle time' royalty provision is the amount accrued for music performers, for music broadcasted on SABC radio stations. The provision takes into consideration the revenue of each radio station, the total music broadcasted as a percentage of total broadcast time, for the period of the provision in terms of the judgement awarded by the Commissioner.

(B) Critical judgements in applying the Company's accounting policies

Channel Africa (Radio)

The Group has been delegated with the responsibility by the Department of Communications to administer Channel Africa, which is a sub-division of the Department of Communications.

Channel Africa (Radio) has therefore been excluded from the annual financial statements because the Board of Directors do not believe that it is controlled by the Company, nor is it a Joint Venture or an Associate Company.

3 NEW ACCOUNTING STANDARDS AND IFRIC INTERPRETATIONS NOT YET EFFECTIVE

At the date of authorisation of the financial statements of the Group for the year ended 31 March 2013, the following standards and interpretations were in issue but not yet effective.

Standards

(i) IAS 32 - Offsetting Financial Assets and Financial Liabilities - effective 01 January 2014

(ii) IAS 36 - amendment - Recoverable amount disclosure for non-financial assets - effective 01 January 2014

(iii) IFRS 9 - Financial Instruments - effective 01 January 2015

Management has not yet considered the effect of these on the Company.

4 RECLASSIFICATION OF COMPARATIVES

At financial year end 2010, the claim from SAMPRA was reported as an accrual in view of a dispute of the amount claimed. SAMPRA claimed 10% of gross revenue and the court judgement was placed at 7%. The comparatives of the statement of financial position and the respective notes have been reclassified in terms of IAS 1 - Presentation of the financial statement, the reclassification of a provision.

The impact on the statement of financial position is as follows:

	COMPANY		
	2013 R'000	2012 R'000	2011 R'000
Decrease in accruals	-	(195 264)	(58 148)
Increase in provisions	-	195 264	58 148
	-	-	-

Notes to the annual financial statements for the year ended 31 March 2013 (continued)

5 PRIOR PERIOD ERROR

		GROUP			COMPANY		
(i) Revenue	*Note*	2013 R'000	2012 R'000 Restated*	2011 R'000 Restated*	2013 R'000	2012 R'000 Restated*	2011 R'000 Restated*
Advertising revenue as previously stated		-	4 035 744	3 504 715	-	4 035 744	3 504 715
MIT levies previously deducted and now recognised as Broadcast costs		-	39 640	35 244	-	39 640	35 244
Agency Commissions previously deducted and now recognised as Revenue collection costs		-	733 782	624 128	-	733 782	624 128
Advertising revenue restated	*25*	**4 855 881**	4 809 166	4 164 087	**4 855 881**	4 809 166	4 164 087
Sponsorships as previously stated		-	361 351	483 937	-	361 351	483 937
Agency Commissions previously deducted and now recognised as Revenue collection costs		-	40 706	36 444	-	40 706	36 444
Sponsorships restated	*25*	**410 470**	402 057	520 381	**410 470**	402 057	520 381
Broadcast costs as previously stated		-	(462 336)	(338 173)	-	(462 336)	(338 173)
MIT levies previously recognised as revenue		-	(39 640)	(35 244)	-	(39 640)	(35 244)
Broadcast costs restated		**(408 390)**	(501 976)	(373 417)	**(408 390)**	(501 976)	(373 417)
Direct Revenue collection costs as previously stated		-	(130 561)	(126 677)	-	(130 561)	(126 677)
Agency commissions previously recognised as revenue		-	(774 488)	(660 572)	-	(774 488)	(660 572)
Direct Revenue collection costs restated		**(913 200)**	(905 049)	(787 249)	**(913 200)**	(905 049)	(787 249)
Net impact on profit/(loss) for the year		-	-	-	-	-	-
(ii) Investment Property & Property, plant and equipment							
Investment Property							
Investment property as previously stated		-	-	34 567	-	-	34 567
Accumulated depreciation on investment property as previously stated		-	-	(1 839)	-	-	(1 839)
Prior period error investment property classification corrected to property, plant and equipment		-	-	(34 567)	-	-	(34 567)
Prior period error on accumulated depreciation on investment property classification corrected to accumulated depreciation on property, plant and equipment		-	-	1 839	-	-	1 839
Investment property restated			-	-	-	-	-
Property, plant and equipment							
Property, plant and equipment as previously stated							
Cost		-	-	2 887 290	-	-	2 886 984
Accumulated depreciation and impairments		-	-	(1 473 775)	-	-	(1 473 469)
Prior period error investment property classification corrected to property, plant and equipment							
Cost		-	-	34 567	-	-	34 567
Accumulated depreciation and impairments		-	-	(1 839)	-	-	(1 839)
		-	-	1 446 243	-	-	1 446 243
Property, plant and equipment restated							
Cost		-	-	2 921 857			2 921 857
Accumulated depreciation and impairments		-	-	(1 475 614)			(1 475 614)
Property, plant and equipment restated		-	-	1 446 243	-	-	1 446 243
Depreciation charge							
Depreciation charge: Land and buildings as previously stated		-	43 531	45 783	-	43 531	45 783
Depreciation charge: Investment properties previously stated as Other expenses - operational		-	507	505	-	507	505
Depreciation charge: Land and buildings restated		-	44 038	46 288	-	44 038	46 288
Other expenses - operational							
Other expenses - operational as previously stated		-	404 750	300 338	-	404 674	300 351
Depreciation charge: Investment properties now recognised as Depreciation charge: Property, plant and equipment		-	(507)	(505)	-	(507)	(505)
Other expenses - operational restated		-	404 243	299 833	-	404 167	299 846

In the prior period management has incorrectly classified some of its assets as investment property and the error has been corrected and reclassified as property, plant and equipment.

6 PROPERTY, PLANT AND EQUIPMENT

	GROUP					
	Land and buildings R'000	Broad-casting equipment R'000	*Other equipment R'000	Motor vehicles R'000	**Capital work-in-progress R'000	Total R'000
At 31 March 2013						
Cost	**886 338**	**1 708 782**	**385 910**	**80 880**	**37 123**	**3 099 033**
Accumulated depreciation and impairment losses	**(420 478)**	**(1 116 792)**	**(309 789)**	**(46 879)**	**-**	**(1 893 938)**
Carrying amount	**465 860**	**591 990**	**76 121**	**34 001**	**37 123**	**1 205 095**
At 31 March 2012						
Cost	883 168	1 627 166	358 782	81 045	50 865	3 001 026
Accumulated depreciation and impairment losses	(377 664)	(970 914)	(286 876)	(42 300)	-	(1 677 754)
Carrying amount	505 504	656 252	71 906	38 745	50 865	1 323 272
At 31 March 2011						
Cost	901 538	1 516 813	368 525	80 703	54 278	2 921 857
Accumulated depreciation and impairment losses	(335 671)	(830 708)	(271 638)	(37 597)	-	(1 475 614)
Carrying amount	565 867	686 105	96 887	43 106	54 278	1 446 243
For the year ended 31 March 2013						
Carrying amount at 1 April 2012	**505 504**	**656 252**	**71 906**	**38 745**	**50 865**	**1 323 272**
Additions	**1 059**	**54 091**	**23 769**	**-**	**42 704**	**121 623**
Disposals	**-**	**(491)**	**(10)**	**(21)**	**-**	**(522)**
Cost	**-**	**(18 490)**	**(4 492)**	**(165)**	**-**	**(23 147)**
Accumulated depreciation and impairment losses	**-**	**17 999**	**4 482**	**144**	**-**	**22 625**
Transfers (to)/from computer software and other categories	**2 315**	**46 052**	**7 809**	**-**	**(56 446)**	**(270)**
Cost	**2 315**	**46 052**	**7 851**	**-**	**(56 446)**	**(228)**
Accumulated depreciation and impairment losses	**-**	**-**	**(42)**	**-**	**-**	**(42)**
Depreciation charge for the year	**(43 018)**	**(163 914)**	**(27 353)**	**(4 723)**	**-**	**(239 008)**
Carrying amount at 31 March 2013	**465 860**	**591 990**	**76 121**	**34 001**	**37 123**	**1 205 095**
For the year ended 31 March 2012						
Carrying amount at 1 April 2011	565 867	686 105	96 887	43 106	54 278	1 446 243
Additions	6 005	56 866	9 667	202	29 397	102 137
Disposals	-	(213)	(94)	-	-	(307)
Cost	-	(9 788)	(6 995)	-	-	(16 783)
Accumulated depreciation and impairment losses	-	9 575	6 901	-	-	16 476
Transfers (to)/from investment property, computer software and other categories	(22 330)	53 668	(4 791)	140	(32 810)	(6 123)
Cost	(24 375)	63 275	(12 353)	140	(32 810)	(6 123)
Accumulated depreciation and impairment losses	2 045	(9 607)	7 562	-	-	
Depreciation charge for the year	(44 038)	(140 174)	(29 763)	(4 703)	-	(218 678)
Carrying amount at 31 March 2012	505 504	656 252	71 906	38 745	50 865	1 323 272
For the year ended 31 March 2011						
Carrying amount at 1 April 2010	562 491	740 886	79 646	32 662	106 644	1 522 329
Additions	581	46 838	8 686	15 455	41 241	112 801
Disposals	-	(1 209)	(71)	-	-	(1 280)
Cost	-	(20 123)	(4 833)	(198)	-	(25 154)
Accumulated depreciation and impairment losses	-	18 914	4 762	198	-	23 874
Correction of prior period error on investment properties	33 233	-	-	-	-	32 233
Cost	34 567	-	-	-	-	34 567
Accumulated depreciation and impairment losses	(1 334)	-	-	-	-	(1 334)
Transfers (to)/from investment property, computer software and other categories - cost	15 850	32 063	44 326	-	(93 607)	(1 368)
Depreciation charge for the year	(46 288)	(132 473)	(35 700)	(5 011)	-	(219 472)
Carrying amount at 31 March 2011	565 867	686 105	96 887	43 106	54 278	1 446 243

** Other equipment comprises computer, office, musical and security equipment*
*** Capital work-in-progress consists of property, plant and equipment that has been received or constructed, but is not yet available for use.*

Information on land and buildings

Information in respect of land and buildings is contained in the fixed property register, which is available for inspection at the registered office of the company.

Notes to the annual financial statements for the year ended 31 March 2013 (continued)

6 PROPERTY, PLANT AND EQUIPMENT (continued)

	COMPANY					
	Land and buildings R'000	Broad-casting equipment R'000	*Other equipment R'000	Motor vehicles R'000	**Capital work-in-progress R'000	Total R'000
At 31 March 2013						
Cost	**886 338**	**1 708 782**	**385 666**	**80 880**	**37 123**	**3 098 789**
Accumulated depreciation and impairment losses	**(420 478)**	**(1 116 792)**	**(309 545)**	**(46 879)**	**-**	**(1 893 694)**
Carrying amount	**465 860**	**591 990**	**76 121**	**34 001**	**37 123**	**1 205 095**
At 31 March 2012						
Cost	883 168	1 627 166	358 538	81 045	50 865	3 000 782
Accumulated depreciation and impairment losses	(377 664)	(970 914)	(286 632)	(42 300)	-	(1 677 510)
Carrying amount	505 504	656 252	71 906	38 745	50 865	1 323 272
At 31 March 2011						
Cost	901 538	1 516 813	368 219	80 703	54 278	2 921 551
Accumulated depreciation and impairment losses	(335 671)	(830 708)	(271 332)	(37 597)	-	(1 475 308)
Carrying amount	565 867	686 105	96 887	43 106	54 278	1 446 243
For the year ended 31 March 2013						
Carrying amount at 1 April 2012	**505 504**	**656 252**	**71 906**	**38 745**	**50 865**	**1 323 272**
Additions	**1 059**	**54 091**	**23 769**	**-**	**42 704**	**121 623**
Disposals	**-**	**(491)**	**(10)**	**(21)**	**-**	**(522)**
Cost	**-**	**(18 490)**	**(4 492)**	**(165)**	**-**	**(23 147)**
Accumulated depreciation and impairment losses	**-**	**17 999**	**4 482**	**144**	**-**	**22 625**
Transfers (to)/from computer software and other categories	**2 315**	**46 052**	**7 809**	**-**	**(56 446)**	**(270)**
Cost	**2 111**	**46 015**	**7 851**	**-**	**(56 446)**	**(469)**
Accumulated depreciation and impairment losses	**204**	**37**	**(42)**	**-**	**-**	**199**
Depreciation charge for the year	**(43 018)**	**(163 914)**	**(27 353)**	**(4 723)**	**-**	**(239 008)**
Carrying amount at 31 March 2013	**465 860**	**591 990**	**76 121**	**34 001**	**37 123**	**1 205 095**
For the year ended 31 March 2012						
Carrying amount at 1 April 2011	565 867	686 105	96 887	43 106	54 278	1 446 243
Additions	6 005	56 866	9 667	202	29 397	102 137
Disposals	-	(213)	(94)	-	-	(307)
Cost	-	(9 788)	(6 995)	-	-	(16 783)
Accumulated depreciation and impairment losses	-	9 575	6 901	-	-	16 476
Transfers (to)/from investment property, computer software and other categories	(22 330)	53 668	(4 791)	140	(32 810)	(6 123)
Cost	(24 375)	63 275	(12 353)	140	(32 810)	(6 123)
Accumulated depreciation and impairment losses	2 045	(9 607)	7 562	-	-	
Depreciation charge for the year	(44 038)	(140 174)	(29 763)	(4 703)	-	(218 678)
Carrying amount at 31 March 2012	505 504	656 252	71 906	38 745	50 865	1 323 272
For the year ended 31 March 2011						
Carrying amount at 1 April 2010	562 491	740 886	79 636	32 662	106 644	1 522 319
Additions	581	46 838	8 686	15 455	41 241	112 801
Disposals	-	(1 209)	(71)	-	-	(1 280)
Cost	-	(20 123)	(4 833)	(198)	-	(25 154)
Accumulated depreciation and impairment losses	-	18 914	4 762	198	-	23 874
Correction of prior period error for investment properties	33 233	-	-	-	-	33 233
Cost	34 567	-	-	-	-	34 567
Accumulated depreciation and impairment losses	(1 334)	-	-	-	-	(1 334)
Transfers (to)/from investment property, computer software and other categories	15 850	32 063	44 326	-	(93 607)	(1 368)
Cost	15 850	32 063	44 326	-	(93 607)	(1 368)
Depreciation charge for the year	(46 288)	(132 473)	(35 690)	(5 011)	-	(219 462)
Carrying amount at 31 March 2011	565 867	686 105	96 887	43 106	54 278	1 446 243

***Other equipment comprises computer, office, musical and security equipment.*
*** Capital work-in-progress consists of property, plant and equipment that has been received or constructed, but is not yet available for use.*

Information on land and buildings

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6 PROPERTY, PLANT AND EQUIPMENT (continued)

	GROUP AND COMPANY		
	2013	2012	2011
Carrying amount of property, plant and equipment ceded as security *(see also note 18)*	R'000	R'000	R'000
Computer Equipment			
Copy centre equipment to secure Nedbank lease facility	**-**	-	943
Desktop computer equipment pledged to secure the Nedbank instalment sale	**-**	-	2 673
Broadcasting Equipment			
High Definition TV outside broadcast units to secure Wesbank and Rand Merchant Bank lease facility	**218 958**	252 706	286 411
Motor Vehicle			
Motor vehicles to secure Nedbank instalment sale	**2 915**	3 636	4 357
PABX			
PABX to secure Nedbank Instalment sale	**-**	-	-
	221 873	256 342	294 384

Included in capital work-in-progress are the following major projects:			
News weather system replacement	**8 977**	-	-
Henley final control centre expansion for DTT	**6 490**	-	-
Radio minor capital	**2 413**	1 301	-
Expansion of DTT head end equipment	**2 305**	-	-
Henley line record facility upgrade	**2 019**	606	3 072
Mafikeng access control system	**1 860**	1 071	-
Radiopark lift rope replacement	**1 471**	-	-
Western Cape passenger lift upgrade	**1 091**	-	-
News minor capital	**1 015**	783	-
News craft and playout server system	**917**	1 037	-
Kwazulu Natal CCTV recording system upgrade	**774**	-	-
Polokwane studio and News booths upgrade	**650**	2 269	-
TVOB radio communication equipment	**620**	-	-
TVOB minor capital	**607**	-	-
Radiopark UPS System	**579**	-	-
Group Sales office refurbishment	**527**	417	-
Henley final control centres 1 to 4 equipment replacement	**-**	4 183	1 518
Radiopark studios S3 and S4 upgrade	**-**	1 920	-
Western Cape chiller replacement	**-**	1 428	-
Port Elizabeth chiller replacement	**-**	1 734	-
Richards Bay News bureau	**-**	1 283	-
Polokwane temporary News facilities	**-**	1 202	-
Group Services minor capital	**-**	589	-
UPS system for Henley TV facility	**-**	-	4 873
Radiopark studios S20 and S21 upgrade	**-**	-	1 287
News studio 9 digitisation	**-**	3 368	10 384
TV Outside Broadcasting unit parking modification	**-**	-	2 165
SAP GRC implementation	**-**	-	2 509
Election results system	**-**	-	4 484
News production and computer systems	**-**	14 372	2 329
Refurbishment of Bisho infrastructure	**-**	-	5 855
Nelspruit broadcasting centre	**-**	-	5 583
Other	**4 808**	13 302	10 219
Total	**37 123**	50 865	54 278

Notes to the annual financial statements for the year ended 31 March 2013 (continued)

7 INTANGIBLE ASSETS

(i) Computer software

	GROUP AND COMPANY Total R'000
At 31 March 2013	
Cost	**390 590**
Accumulated amortisation and impairment losses	**(258 143)**
Carrying amount	**132 447**
At 31 March 2012	
Cost	385 859
Accumulated amortisation and impairment losses	(213 150)
Carrying amount	172 709
At 31 March 2011	
Cost	377 343
Accumulated amortisation and impairment losses	(166 192)
Carrying amount	211 151
For the year ended 31 March 2013	
Carrying amount at 1 April 2012	**172 709**
Additions	**3 111**
Transfers from property, plant and equipment	**270**
Cost	**2 543**
Accumulated amortisation and impairment losses	**(2 273)**
Amortisation charge for the year	**(43 643)**
Carrying amount at 31 March 2013	**132 447**
For the year ended 31 March 2012	
Carrying amount at 1 April 2011	211 151
Additions	2 393
Transfers from property, plant and equipment	6 123
Cost	6 123
Amortisation charge for the year	(46 958)
Carrying amount at 31 March 2012	172 709
For the year ended 31 March 2011	
Carrying amount at 1 April 2010	260 861
Additions	2 363
Transfers from property, plant and equipment	1 368
Cost	1 368
Amortisation charge for the year	(53 441)
Carrying amount at 31 March 2011	211 151

7 INTANGIBLE ASSETS (continued)

(ii) Programme, film and sports rights

	GROUP AND COMPANY			
	Acquired programme film and sports rights R'000	Originated programme film and sports rights R'000	Work-in-progress R'000	Total R'000
At 31 March 2013				
Cost	**3 023 454**	**6 001 871**	**226 975**	**9 252 300**
Accumulated amortisation and impairment losses	**(2 773 265)**	**(5 759 510)**	**-**	**(8 532 775)**
Provision for programme, film and sports rights impairment losses*	**(19 180)**	**(10 709)**	**-**	**(29 889)**
Carrying amount	**231 009**	**231 652**	**226 975**	**689 636**
At 31 March 2012				
Cost	2 346 012	5 180 205	370 343	7 896 560
Accumulated amortisation and impairment losses	(2 094 763)	(4 906 704)	-	(7 001 467)
Provision for programme, film and sports rights impairment losses*	(21 917)	(10 709)	-	(32 626)
Carrying amount	229 332	262 792	370 343	862 467
At 31 March 2011				
Cost	2 169 686	4 460 632	332 954	6 963 272
Accumulated amortisation and impairment losses	(1 836 170)	(4 139 327)	-	(5 975 497)
Provision for programme, film and sports rights impairment losses*	(47 318)	(10 709)	-	(58 027)
Carrying amount	286 198	310 596	332 954	929 748
For the year ended 31 March 2013				
Carrying amount at 1 April 2012	**229 332**	**262 792**	**370 343**	**862 467**
Movement on media asset register corrections	**26 095**	**(3 720)**	**(19 271)**	**3 104**
Local production accrual reversal	**-**	**-**	**(183 288)**	**(183 288)**
Additions	**651 347**	**-**	**884 577**	**1 535 924**
Transfers	**-**	**825 386**	**(825 386)**	**-**
Amortisation charge for the year	**(663 535)**	**(852 806)**	**-**	**(1 516 341)**
Impairment charge for the year	**(14 967)**	**-**	**-**	**(14 967)**
Reversal provision for write- off**	**2 737**	**-**	**-**	**2 737**
Carrying amount at 31 March 2013	**231 009**	**231 652**	**226 975**	**689 636**
For the year ended 31 March 2012				
Carrying amount at 1 April 2011	286 198	310 596	332 954	929 748
Additions	542 871	-	756 962	1 299 833
Transfers	-	719 573	(719 573)	-
Amortisation charge for the year	(603 018)	(767 377)	-	(1 370 395)
Impairment charge for the year	(22 120)	-	-	(22 120)
Reversal provision for write- off**	25 401	-	-	25 401
Derecognition	-	-	-	-
Cost	(366 545)	-	-	(366 545)
Accumulated amortisation	366 545	-	-	366 545
Carrying amount at 31 March 2012	229 332	262 792	370 343	862 467
For the year ended 31 March 2011				
Carrying amount at 1 April 2010	441 449	35 658	422 427	899 534
Additions	643 098	-	1 064 281	1 707 379
Transfers	-	1 153 754	(1 153 754)	-
Amortisation charge for the year	(727 656)	(869 522)	-	(1 597 178)
Impairment charge for the year	(74 905)	-	-	(74 905)
Reversal/(raising) provision for write- off *	4 212	(9 294)	-	(5 082)
Derecognition	-	-	-	-
Cost	(260 083)	-	-	(260 083)
Accumulated amortisation	260 083	-	-	260 083
Carrying amount at 31 March 2011	286 198	310 596	332 954	929 748

**Excess capacity film rights for which the licence period has not yet expired.*

***Reversal of provision for write off relates to film rights licences which expired previously and renegotiated for extensions to be utilised in the future.*

Notes to the annual financial statements for the year ended 31 March 2013 (continued)

8 DEFINED BENEFIT ASSET / (LIABILITY)

The Group's Pension Fund is a funded defined benefit pension fund, that is registered and governed in terms of the Pension Funds Act, No. 24 of 1956 and Pension Funds Second Amendment Act, No. 39 of 2001. It provides pension fund benefits for all its members. The financial position of the fund is examined and reported upon by the Fund's valuator at intervals not exceeding three years. The last statutory valuation of the Fund was performed at 31 December 2011, in which the valuator reported that the Fund was in a sound financial position subject to the continuation of the current contribution rates, and that its assets exceeded its liabilities. The next statutory valuation will take place before 31 December 2014. The results of the valuation undertaken in 31 December 2003 and approved in 2007 have been used to determine the extent of the surplus for the purpose of a surplus apportionment in terms of the Pension Fund Second Amendment Act, No. 39 of 2001.

The defined benefit pension plan is valued annually at year end using the Projected Unit Credit Method for the financial statements. These valuations are performed by actuaries and the results are as follows:

	GROUP AND COMPANY		
	2013 R'000	**2012 R'000**	**2011 R'000**
Opening balance	**155 277**	226 633	285 819
Actuarial (gain)/loss recognised in other comprehensive income	**24 445**	(60 313)	(38 690)
Amounts recognised in profit or loss	**(184 264)**	(78 001)	(83 162)
Employer contributions	**73 744**	66 958	62 666
Closing balance	**69 202**	155 277	226 633
The amounts recognised in the statement of financial position are determined as follows:			
Present value of funded obligations	**(8 428 328)**	(6 592 079)	(5 932 902)
Fair value of plan assets	**8 497 530**	7 412 203	6 937 326
Funded status of the plan	**69 202**	820 124	1 004 424
Unrecognised due to paragraph 58 limit of IAS 19 - Employee benefits	**-**	(664 847)	(777 791)
Asset recognised in the statement of financial position	**69 202**	155 277	226 633
Changes in the present value of the defined benefit obligation are as follows:			
Opening defined benefit obligation	**6 592 079**	5 932 902	5 718 895
Current service cost	**213 319**	183 778	171 998
Interest cost	**602 572**	530 209	509 987
Actuarial loss/(gain)	**1 303 150**	214 181	(188 950)
Benefits paid	**(346 340)**	(327 776)	(332 733)
Employee contributions	**63 548**	58 785	53 705
Closing defined benefit obligation	**8 428 328**	6 592 079	5 932 902
Changes in the fair value of plan assets are as follows:			
Fair value of plan assets at the beginning of the year	**7 412 203**	6 937 326	6 476 210
Employee contributions	**63 548**	58 785	53 705
Employer contributions	**73 744**	66 958	62 666
Benefit payments	**(364 297)**	(327 776)	(332 733)
Expected return on plan assets	**649 584**	635 986	598 823
Actuarial gain	**662 748**	40 924	78 655
Fair value of plan assets at the end of the year	**8 497 530**	7 412 203	6 937 326
The amounts recognised in profit or loss are determined as follows:	**(184 264)**	(78 001)	(83 162)
Current service cost	**(213 319)**	(183 778)	(171 998)
Expenses	**(17 957)**	-	-
Interest cost	**(602 572)**	(530 209)	(509 987)
Expected return on plan assets	**649 584**	635 986	598 823
Items recognised in a statement of other comprehensive income are determined as follows:	**24 445**	(60 313)	(38 690)
Actuarial (loss)/gain	**(640 402)**	(173 257)	267 605
Change in paragraph 58 limitation	**664 847**	112 944	(306 295)
Net periodic pension charge	**(159 819)**	(138 314)	(121 852)

The principal actuarial assumptions at the reporting date (expressed as weighted averages) are as follows:	**2013 %**	**2012 %**	**2011 %**
Discount rate at 31 March	**8.7**	9.0	9.0
Expected return on plan assets at 31 March	**-**	8.9	9.3
Inflation	**6.2**	5.8	5.8
Future salary increases	**7.7**	7.3	7.3
Future pension increases	**6.2**	4.8	4.8

8 DEFINED BENEFIT ASSET / (LIABILITY) (continued)

	GROUP AND COMPANY					
Plan assets comprise:	**2013 R'000**	**%**	**2012 R'000**	**%**	**2011 R'000**	**%**
Domestic equity	**5 166 498**	**60.8**	4 409 525	59.5	4 362 228	62.9
Bonds	**1 427 585**	**16.8**	1 079 663	14.6	889 009	12.8
Cash	**407 882**	**4.8**	715 087	9.6	370 997	5.3
Foreign assets	**1 495 565**	**17.6**	1 157 994	15.6	1 152 995	16.6
Hedged assets	**-**	**-**	49 934	0.7	162 097	2.4
	8 497 530	**100.0**	7 412 203	100.0	6 937 326	100.0

The overall expected long-term rate of return on assets was (2012: 8.9%, 2011: 10.2%). The expected long-term rate of return is not required under the revised IAS 19.

	GROUP AND COMPANY					
	2013 R'000	**2012 R'000**	**2011 R'000**	**2010 R'000**	**2009 R'000**	**2008 R'000**
Defined benefit obligation	**(8 428 328)**	(6 592 079)	(5 932 902)	(5 718 895)	(5 066 772)	(5 344 393)
Plan assets	**8 497 530**	7 412 203	6 937 326	6 476 210	5 406 796	6 557 089
Surplus	**69 202**	820 124	1 004 424	757 315	340 024	1 212 696

9 INVESTMENT IN SUBSIDIARIES

				COMPANY		
				2013	**2012**	**2011**
Shares at cost	**Nature of business**	**Issued share capital (number)**	**% Held**	**R'000**	**R'000**	**R'000**
SABC Airwave Travel Proprietary Limited	Travel agency	2	100	**- ***	- *	- *
Astrasat Proprietary Limited	Dormant	1	100	**- ***	- *	- *
Auckland Programme Trade B.V. (incorporated in the Netherlands)	Trading in TV programmes	40	100	**71**	71	71
Rugby Broadcasting Proprietary Limited	Dormant	1	100	**- ***	- *	- *
Skenia Telematics Proprietary Limited	Dormant	1	100	**- ***	- *	- *
SABC Foundation (*Non-profit organisation*)	Corporate Social Investment			**- ***	- *	- *
Shares at cost				**71**	71	71

**Shares at cost of R1.*

10 AVAILABLE-FOR-SALE FINANCIAL ASSETS

		GROUP AND COMPANY		
		2013 R'000	**2012 R'000**	**2011 R'000**
Fair value Hierarchy				
The available for sale assets listed below are analysed by hierarchy levels defined as follows:				
Level 1: Quoted prices in active markets for identical assets				
Level 1				
Sanlam shares				
Listed - 143 257 (2012 and 2011: 143 257) Sanlam Limited*				
Balance on 1 April		**4 755**	3 956	3 565
Fair value adjustment recognised in the statement of other comprehensive income		**2 006**	799	391
*The board of directors decided to transfer the value of Sanlam shares in the new financial year to one of its subsidiaries being the SABC Foundation a non-profit organisation.		**6 761**	4 755	3 956
Level 3				
Equity instruments:- Programme, film and sports rights	**Percentage holding in deals**	-	-	891
People of the Eland	**15%**	-	-	6
Mr Bones 2	**15%**	-	-	173
Bang Bang Club	**7,50%**	-	-	712
Balance 31 March		6 761	4 755	4 847

The available-for-sale financial assets were revalued at year end based on the closing share price traded on the 31 March 2013. There were no disposals or impairment on available-for-sale financial assets during the year under review.

Notes to the annual financial statements for the year ended 31 March 2013 (continued)

11 PREPAYMENTS

	GROUP 2013 R'000	GROUP 2012 R'000	GROUP 2011 R'000	COMPANY 2013 R'000	COMPANY 2012 R'000	COMPANY 2011 R'000
Programme, film and sports rights	**197 833**	205 928	198 146	**197 833**	205 928	198 146
Other	**10 010**	28 616	23 586	**9 965**	28 580	23 550
	207 843	234 544	221 732	**207 798**	234 508	221 696
Less: Current portion	**(63 902)**	(151 495)	(119 961)	**(63 857)**	(151 459)	(119 925)
Non-current portion	**143 941**	83 049	101 771	**143 941**	83 049	101 771

12 INVENTORIES

	GROUP AND COMPANY 2013 R'000	GROUP AND COMPANY 2012 R'000	GROUP AND COMPANY 2011 R'000
Merchandise and consumables	**3 238**	5 071	3 326
Provision for obsolescence	**(702)**	(732)	(591)
	2 536	4 339	2 735

13 TRADE AND OTHER RECEIVABLES

	GROUP 2013 R'000	GROUP 2012 R'000	GROUP 2011 R'000	COMPANY 2013 R'000	COMPANY 2012 R'000	COMPANY 2011 R'000
Trade receivables - gross	**1 042 124**	1 117 892	1 096 606	**1 042 124**	1 117 892	1 096 606
Less: Impairment of trade receivables	**(203 378)**	(245 495)	(270 087)	**(203 378)**	(245 495)	(270 087)
Impairment of trade receivables	**(157 426)**	(181 418)	(179 710)	**(157 426)**	(181 418)	(179 710)
Provision for credit notes	**(45 952)**	(64 077)	(90 377)	**(45 952)**	(64 077)	(90 377)
Trade receivables - net	**838 746**	872 397	826 519	**838 746**	872 397	826 519
Other receivables	**20 416**	10 994	14 570	**21 022**	10 795	6 334
	859 162	883 391	841 089	**859 768**	883 192	832 853

14 CASH AND CASH EQUIVALENTS

	GROUP 2013 R'000	GROUP 2012 R'000	GROUP 2011 R'000	COMPANY 2013 R'000	COMPANY 2012 R'000	COMPANY 2011 R'000
Bank balances	**106 519**	45 934	68 155	**96 513**	40 296	52 502
Held-to-maturity investments*	**851 000**	869 000	591 000	**851 000**	869 000	591 000
Government Grant restricted cash**	**74 598**	141 636	159 768	**74 598**	141 636	159 768
SABC Foundation Bursary Scheme restricted cash***	**1 431**	1 360	1 289	**1 431**	1 360	1 289
SABC Sport clubs bank balances****	**782**	-	-	**782**	-	-
SABC community Radio bank balances*****	**12 105**	-	-	**12 105**	-	-
Short term deposits	**22 000**	168 000	36 800	**22 000**	168 000	36 800
Cash held in foreign bank accounts	**4 041**	3 798	3 798	**-**	-	-
	1 072 476	1 229 728	860 810	**1 058 429**	1 220 292	841 359

*During the financial year under review, held-to-maturity investments were made with approved financial institutions. The periods of investing range from 33 to 210 days. The average interest rate is 5.15% (2012: 5.76%, 2011: 5.47%).

**The Government Grant is related to the technology plan for the migration of the SABC from analogue to digital technology (refer to note 19).

***The SABC Foundation Bursary Scheme is to be transferred to the SABC Foundation non-profit organisation (a subsidiary) in the new financial year.

****The SABC Sport clubs bank account relates to employees contribution to social sporting clubs managed and run by the employees.

*****The SABC community Radio bank account relates to funds received from the Department of Communications for community Radio stations.

15 SHARE CAPITAL

	GROUP AND COMPANY 2013 R'000	GROUP AND COMPANY 2012 R'000	GROUP AND COMPANY 2011 R'000
Share capital - Authorised and issued			
1 000 ordinary shares of R 1 each	**1**	1	1

16 FAIR VALUE ADJUSTMENT RESERVE

	2013	2012	2011
Balance at 1 April	**3 141**	2 454	2 118
Adjustment to revaluation reserve	**996**	-	-
Gain on revaluation of available for sale financial asset	**1 632**	687	336
Balance at 31 March	**5 769**	3 141	2 454

The fair value adjustment reserve relates to fair value adjustments of available-for-sale financial assets.

17 PERPETUAL DEBT INSTRUMENT

	2013	2012	2011
Permanent capital non-redeemable debt	**27 390**	27 390	27 390

On 1 February 1972, the Company's shareholder converted a long-term loan into non-redeemable capital. The permanent capital is not repayable. In terms of the Exchequer Act, No. 66 of 1975, as amended, interest will be payable, in perpetuity, at a rate of 6.5% per annum on the capital amount. The instrument represents a financial liability (in the form of perpetual debt) under IAS 32 - *Financial Instruments:* Presentation, because of the underlying obligation to deliver cash in the form of future interest payments to the Company's shareholder.

18 LOANS AND BORROWINGS

	GROUP			COMPANY		
	2013 R'000	2012 R'000	2011 R'000	2013 R'000	2012 R'000	2011 R'000
Unsecured						
Loan from Auckland Programme Trade B.V. used to buy sports rights bearing interest at 5% per annum. The loan has no fixed terms of repayment.	**-**	-		**16 602**	12 537	12 537
Long term loan obtained from Nedbank repayable over five years with a moratorium on the capital repayment for the first two years from December 2009 to December 2011. Interest is linked to the monthly Johannesburg Interbank rate (JIBAR) currently 6.79% (2012: 7.30%, 2011: 7.30%) per annum at 31 March 2013.	**166 667**	888 889	1 000 000	**166 667**	888 889	1 000 000
Secured*						
Wesbank finance lease facility for a high definition outside broadcast vehicle payable over five years at a rate of 5.15% (2012: 5.65%, 2011: 5.65%) per annum. The lease is repayable in monthly payments of R0,97 million with a final balloon payment of R28,1 million due in September 2014.	**41 832**	49 981	58 558	**41 832**	49 981	58 558
Rand Merchant Bank finance lease facility for a high definition television outside broadcast vehicle payable over five years at a rate of 10.73% (2012: 10.73%, 2011: 10.73%) per annum. The lease is repayable in monthly payments of R1,2 million with a final balloon payment of R27,2 million due in August 2014.	**41 175**	50 645	60 339	**41 175**	50 645	60 339
Nedbank instalment sale facilities for desktop computer equipment payable over four years at a rate of 6.5% (2012: 6.25% and 7%, 2011: 6.25% - 7%) per annum. The borrowing is repayable in monthly payments of R0,06 million with the last payment due in May 2013.	**80**	4 268	13 017	**80**	4 268	13 017
Nedbank instalment sale facility for PABX equipment payable over five years at a rate of 5.75% (2012: 6.25%, 2011: 6.25%) per annum. The borrowing is repayable in monthly payments of R0,003 million with the last payment made in December 2013.	**26**	60	91	**26**	60	91
Nedbank lease for copier equipment under finance lease repayable over 29 months at a rate of 2011: 6.25% per annum. The lease was repayable in monthly payments of R0,07 million with a final balloon payment made in 2012 of R0,195 million.	**-**	-	195	**-**	-	195
Wesbank finance lease facility for a high definition television outside broadcast vehicle payable over five years at a rate of 5.15% (2012: 5.65%, 2011: 5.65%) per annum. The lease is repayable in monthly payments of R1,6 million with a final balloon payment of R44,1 million due in February 2015.	**74 645**	89 857	103 397	**74 645**	89 857	103 397
Rand Merchant Bank finance lease facility for a high definition television outside broadcast vehicle payable over five years at a rate of 9.81% (2012: 9.81%, 2011: 9.81%) per annum. The lease is repayable in monthly payments of R2,0 million with a final balloon payment of R41,3 million due in January 2015.	**72 846**	88 682	105 120	**72 846**	88 682	105 120
Nedbank instalment sale facility for vehicles payable over five years at a rate of 7.0% (2012: 7.5%, 2011: 7.5%) per annum. The borrowing is repayable in monthly payments of R0,12 million with the last payment due in May 2015.	**2 765**	3 902	4 952	**2 765**	3 902	4 952
Total	**400 036**	1 176 284	1 345 669	**416 638**	1 188 821	1 358 206
Current portion	**(56 978)**	(387 894)	(166 524)	**(56 978)**	(387 894)	(166 524)
Non-current portion	**343 058**	788 390	1 179 145	**359 660**	800 927	1 191 682

** secured assets are reflected on note 6*

At the end of the leases the SABC has an option to purchase the HD OB units at market value. Alternatively, the SABC can retain the units for its own use, subject to a new lease with the lessor.

Notes to the annual financial statements for the year ended 31 March 2013 (continued)

18 LOANS AND BORROWINGS *(continued)*

	2013			2012			2011		
	Minimum lease payments R'000	Interest R'000	Principal R'000	Minimum lease payments R'000	Interest R'000	Principal R'000	Minimum lease payments R'000	Interest R'000	Principal R'000
				GROUP					
Finance lease liabilities:									
Less than one year	**71 310**	**(15 662)**	**55 648**	69 312	(20 106)	49 206	69 508	(23 926)	45 582
Later than one year but not later than five years	**182 997**	**(8 146)**	**174 851**	254 568	(24 609)	229 959	326 742	(44 715)	282 027
	254 307	**(23 808)**	**230 499**	323 880	(44 715)	279 165	396 250	(68 641)	327 609
Instalment sale liabilities:									
Less than one year	**1 487**	**(157)**	**1 330**	5 741	(386)	5 355	10 719	(888)	9 831
Later than one year but not later than five years	**1 609**	**(69)**	**1 540**	3 116	(241)	2 875	8 857	(628)	8 229
	3 096	**(226)**	**2 870**	8 857	(627)	8 230	19 576	(1 516)	18 060
Total	**257 403**	**(24 034)**	**233 369**	332 737	(45 342)	287 395	415 826	(70 157)	345 669
				COMPANY					
Finance lease liabilities:									
Less than one year	**71 310**	**(15 662)**	**55 648**	69 312	(20 106)	49 206	69 508	(23 926)	45 582
Later than one year but not later than five years	**182 997**	**(8 146)**	**174 851**	254 568	(24 609)	229 959	326 742	(44 715)	282 027
	254 307	**(23 808)**	**230 499**	323 880	(44 715)	279 165	396 250	(68 641)	327 609
Instalment sale liabilities:									
Less than one year	**1 487**	**(157)**	**1 330**	5 741	(386)	5 355	10 719	(888)	9 831
Later than one year but not later than five years	**1 609**	**(69)**	**1 540**	3 116	(241)	2 875	8 857	(628)	8 229
	3 096	**(226)**	**2 870**	8 857	(627)	8 230	19 576	(1 516)	18 060
Loan from subsidiary:	**16 602**	**-**	**16 602**	12 537	-	12 537	12 537	-	12 537
Total	**274 005**	**(24 034)**	**249 971**	345 274	(45 342)	299 932	428 363	(70 157)	358 206

19 DEFERRED GOVERNMENT GRANT

	GROUP AND COMPANY		
	2013 R'000	2012 R'000	2011 R'000
Balance on 1 April	**435 710**	507 167	450 959
Amount received during the year for technology funding	**-**	-	131 579
Amount received during the year for community radio funding	**12 105**	-	-
Amount recognised in profit or loss in line with amortisation and depreciation of assets acquired with the grant (see note 25).	**(79 263)**	(71 457)	(75 371)
Balance on 31 March	**368 552**	435 710	507 167
Less: Current portion	**(76 410)**	(71 432)	(71 574)
Non-current portion	**292 142**	364 278	435 593

In February 2005, the Department of Communications and National Treasury committed an amount of R700 million including VAT to the Company over a period of five years, in order to facilitate key improvements to infrastructure within the Company. The money is intended to fund the Company's detailed modernisation and information technology plan, which includes the migration from analogue to digital technology. During the year 2010/2011 an additional amount of R150 million including VAT was contributed by the Department of Communication, with the total received amounting to R850 million.

20 DEFERRED TAX

Deferred tax is attributable to the following:

	GROUP			COMPANY		
Deferred Tax Liabilities	2013 R'000	2012 R'000	2011 R'000	2013 R'000	2012 R'000	2011 R'000
Property, plant and equipment	**117 563**	131 700	149 179	**117 563**	131 769	149 248
Finance lease asset	**62 124**	78 153	87 824	**62 124**	78 153	87 824
Defined benefit asset	**19 377**	43 478	63 457	**19 377**	43 478	63 457
Intangible assets - Programme, film and sports rights	**151 559**	137 795	167 102	**151 559**	137 795	167 102
Intangible assets - computer software	**37 085**	48 358	59 122	**37 085**	48 358	59 122
Available-for-sale financial assets	**991**	524	412	**991**	524	412
Derivative financial instruments	**-**	-	-	**-**	(1)	-
Prepayments	**-**	389	539	**-**	389	539
Total liabilities	**388 699**	440 397	527 635	**388 699**	440 465	527 704
Deferred Tax Assets						
Finance leases	**(64 540)**	(78 971)	(91 730)	**(64 540)**	(78 971)	(91 730)
Straight-lining of operating leases	**79**	(314)	(309)	**79**	(314)	(309)
Employee benefits	**(310 313)**	(226 608)	(201 015)	**(310 313)**	(226 608)	(201 015)
Deferred income	**34 229**	(34 392)	(36 497)	**34 229**	(34 392)	(36 497)
Other payables and provisions	**(101 887)**	(100 112)	(101 555)	**(101 730)**	(100 180)	(101 185)
Estimated tax loss utilised	**53 733**	-	(96 529)	**53 576**	-	(96 968)
Total assets	**(388 699)**	(440 397)	(527 635)	**(388 699)**	(440 465)	(527 704)
Total deferred tax	**-**	-	-	**-**	-	-

The insignificant deferred tax asset has been offset against the deferred tax liability in the prior financial year.

20 DEFERRED TAX (continued)

All movements in the temporary differences described above, have been recognised in profit or loss and other comprehensive income, as follows:

	GROUP			COMPANY		
	2013 R'000	**2012 R'000**	**2011 R'000**	**2013 R'000**	**2012 R'000**	**2011 R'000**
Deferred tax recognised in the income statement of financial performance	**(107 975)**	(29 410)	(33 201)	**(107 975)**	(29 410)	(33 201)
Deferred Tax loss utilised	**61 407**	-	-	**61 415**	-	-
Prior year adjustment	**9 462**	-	-	**9 454**	-	-
Deferred tax recognised in the statement of other comprehensive income	**37 106**	29 410	33 201	**37 106**	29 410	33 201
Deferred tax at 31 March	**-**	-	-	**-**	-	-
Estimated tax loss	**238 913**	223 618	392 056	**239 827**	223 019	391 456
Utilised against deferred tax	**53 733**	-	(96 529)	**53 576**	-	(96 968)
Available for utilisation in future years	**292 646**	223 618	295 527	**293 403**	223 019	294 488

21 EMPLOYEE BENEFITS OBLIGATION

	GROUP			COMPANY		
	2013 R'000	**2012 R'000**	**2011 R'000**	**2013 R'000**	**2012 R'000**	**2011 R'000**
Non-current statement of financial position obligations for:						
Post-employment medical benefits	**842 440**	638 893	552 969	**842 440**	638 893	552 969
Leave pay	**12 210**	11 524	11 322	**12 210**	11 524	11 322
	854 650	650 417	564 291	**854 650**	650 417	564 291
Current statement of financial position obligations for:						
Employee incentive	**(1 687)**	2 921	23 717	**(1 687)**	2 921	23 717
Leave pay	**154 400**	144 364	137 170	**154 400**	144 233	137 040
	152 713	147 285	160 887	**152 713**	147 154	160 757
Total statement of financial position obligations for employee benefits	**1 007 363**	797 702	725 178	**1 007 363**	797 571	725 048
Income Statement (See also note 27):						
Post-employment medical benefits	**74 562**	67 957	55 103	**74 562**	67 957	55 103
Employee incentive	**41 870**	59 954	39 548	**41 870**	59 954	39 548
Leave pay	**30 291**	31 186	29 563	**30 291**	31 186	29 563
	146 723	159 097	124 214	**146 723**	159 097	124 214

Post-employment medical benefits

The Group provides a varying subsidy towards medical aid contributions payable by employees who elect to remain on the medical aid scheme after retirement. This subsidy is unfunded and is provided for based on actuarial valuations performed annually. The valuation assumes a varying subsidy of 60%; 75% and 100% consistent with the 2012 valuation scenario.

The amount recognised in the statement of financial position is determined as follows:	GROUP AND COMPANY		
	2013 R'000	**2012 R'000**	**2011 R'000**
Present value of unfunded obligations			
Post-employment medical benefits	**842 440**	638 893	552 969
Changes in the present value of the defined benefit obligation are as follows:			
Opening defined benefit obligation	**638 893**	552 969	478 942
Current service cost	**13 961**	12 829	12 243
Interest cost	**60 601**	55 128	42 860
Subsidy payments	**(29 320)**	(27 154)	(19 299)
Post-employment medical benefit - past service cost paid	**-**	-	(41 858)
Actuarial loss	**158 305**	45 121	80 081
Closing defined benefit obligation	**842 440**	638 893	552 969
The amount recognised in profit or loss is determined as follows:	**74 562**	67 957	55 103
Current service cost	**13 961**	12 829	12 243
Interest cost	**60 601**	55 128	42 860
The amount recognised in other comprehensive income is determined as follows:			
Actuarial loss	**158 305**	45 121	80 081
Total, included in employee compensation and benefit expenses, including items recognised in other comprehensive income	**232 867**	113 078	135 184
The principal actuarial assumptions at the reporting date (expressed as weighted averages) are as follows:			
Discount rate at 31 March	**8,7%**	9,0%	9,2%
Medical inflation rate per annum	**7,7%**	8,1%	7,9%
Take-up rate by retired employees	**80,0%**	80,0%	80,0%

Notes to the annual financial statements for the year ended 31 March 2013 (continued)

21 EMPLOYEE BENEFITS OBLIGATION (continued)

	GROUP AND COMPANY					
	2013	2012	2011	2010	2009	2008
Post-employment medical benefits (continued)	R'000	R'000	R'000	R'000	R'000	R'000
Post employment medical benefits obligation	**(842 440)**	(638 893)	(552 969)	(478 942)	(394 432)	(368 908)

Employee incentive and long-term leave pay

Certain of the Group's employee incentive programmes and employee leave arrangements provide for benefits not payable wholly within twelve months after the reporting date. These arrangements are therefore classified as 'other long-term employee benefits' and the liabilities in respect thereof are measured on the same basis as the Group's obligations in respect of its post-employment benefit plans, with certain simplified assumptions. The liability in respect of employee incentives also requires certain assumptions regarding the Group's future performance.

The principal actuarial assumptions in respect of long-term leave pay at the reporting date (expressed as weighted averages) are as follows:	GROUP AND COMPANY		
	2013	2012	2011
	%	%	%
Discount rate at 31 March	**8,7%**	7,4%	8,6%
Rate of salary increase	**9,5%**	8,2%	8,2%
Employee turnover rate	**16,9%**	8,3%	8,6%

22 TRADE AND OTHER PAYABLES

	GROUP			COMPANY		
	2013	2012	2011	2013	2012	2011
Trade payables	R'000	R'000	R'000	R'000	R'000	R'000
- local	**24 968**	18 428	21 328	**21 758**	16 739	21 097
- foreign	**6 659**	1 138	1 224	**6 659**	1 138	1 224
Other payables*	**129 551**	99 975	113 303	**117 247**	89 990	87 821
Accruals	**300 049**	214 430	217 032	**299 671**	212 893	215 496
Programme, film and sports rights related trade and other payables	**239 622**	598 799	637 410	**239 622**	598 799	637 410
	700 849	932 770	990 297	**684 957**	919 559	963 048

**included in other payables is VAT amounts owing to SARS and payroll related payables.*

23 DEFERRED INCOME

	GROUP AND COMPANY		
	2013	2012	2011
	R'000	R'000	R'000
TV Licence fees received in advance	**39 087**	25 406	45 139
Income and sponsorships received in advance	**64 156**	97 422	85 207
	103 243	122 828	130 346

24 PROVISIONS

*Legal claims**

Balance at 1 April	**195 264**	110 480	88 070
Provisions paid during the year	**-**	(72 060)	-
Provisions raised during the year	**33 610**	156 844	62 410
Provisions released during the year	**-**	-	(40 000)
Balance at 31 March	**228 874**	195 264	110 480

*Legal claims against the SABC were instituted by various individuals/institutions and a provision has been raised in that regard. Certain of these matters are before the courts and others the Group is attempting to settle out of court. Management estimates the potential outcome of these legal claims based on the most objective evidence on hand from internal and external legal advisors until such time that ultimate legal resolution has been finalised. Refer to note 2(A) for basis of estimates and assumptions in determining any provision raised.

25 REVENUE

	GROUP			COMPANY		
	2013	2012	2011	2013	2012	2011
	R'000	R'000	R'000	R'000	R'000	R'000
Total advertising revenue	**4 994 575**	4 877 870	4 229 064	**4 994 575**	4 877 870	4 229 064
Advertising	**4 855 881**	4 809 166	4 164 087	**4 855 881**	4 809 166	4 164 087
Trade exchanges (non-monetary exchanges)	**138 694**	68 704	64 977	**138 694**	68 704	64 977
Business enterprise and facilities revenue	**35 041**	32 883	40 224	**35 041**	32 883	40 224
Sponsorships	**410 470**	402 057	520 381	**410 470**	402 057	520 381
Licence fees	**913 838**	892 649	872 050	**913 838**	892 649	872 050
Government grants						
- for Educational programmes	**88 161**	58 134	69 886	**88 161**	58 134	69 886
- for Technology assets	**79 263**	71 457	75 371	**79 263**	71 457	75 371
- for Sport	**57 017**	-	-	**57 017**	-	-
Other revenue*	**87 447**	91 695	119 164	**87 447**	91 695	119 164
	6 665 812	6 426 745	5 926 140	**6 665 812**	6 426 745	5 926 140

*Included in other revenue is facilities revenue, programme rights exploitation revenue and mobile revenue.

	GROUP			COMPANY		
	2013 R'000	2012 R'000	2011 R'000	2013 R'000	2012 R'000	2011 R'000
26 OTHER INCOME						
Rental income	**31 804**	7 006	6 820	**31 804**	7 006	6 820
Management fees	**38 195**	39 318	39 727	**43 949**	39 318	39 727
Travel commission	**3 672**	3 133	1 507	**1 051**	747	529
Other sundry income	**24 316**	17 834	15 064	**24 316**	17 834	15 064
	97 987	67 291	63 118	**101 120**	64 905	62 140
27 EMPLOYEE COMPENSATION AND BENEFIT EXPENSE						
Non-permanent employment cost	**257 505**	220 847	186 784	**257 505**	220 847	186 784
Non-executive directors	**4 397**	4 766	2 940	**4 397**	4 766	2 940
Freelance	**224 653**	183 288	159 850	**224 653**	183 288	159 850
Temporary staff	**28 455**	32 793	23 994	**28 455**	32 793	23 994
Permanent employment cost	**1 488 465**	1 382 226	1 311 178	**1 488 638**	1 382 226	1 311 178
Defined benefit pension fund recognised in profit or loss	**184 264**	78 001	83 162	**184 264**	78 001	83 162
Post-employment medical benefits	**74 562**	67 957	55 103	**74 562**	67 957	55 103
Employee incentive	**41 870**	59 954	39 548	**41 870**	59 954	39 548
Leave pay	**30 291**	31 186	29 563	**30 291**	31 186	29 563
Total permanent employment cost	**1 819 452**	1 619 324	1 518 554	**1 819 625**	1 619 324	1 518 554
The amounts recognised in profit or loss	**2 076 957**	1 840 171	1 705 338	**2 077 130**	1 840 171	1 705 338
Items recognised in other comprehensive income:	**133 860**	105 434	118 771	**133 860**	105 434	118 771
Actuarial loss- Post-retirement medical aid liability	**158 305**	45 121	80 081	**158 305**	45 121	80 081
Actuarial loss/(gain) - Pension fund defined benefit	**640 402**	173 257	(267 605)	**640 402**	173 257	(267 605)
Change in paragraph 58 limitation of IAS 19-Employee benefits	**(664 847)**	(112 944)	306 295	**(664 847)**	(112 944)	306 295
	2 210 817	1 945 605	1 824 109	**2 210 990**	1 945 605	1 824 109
Included in these amounts are directors' emoluments which are disclosed in more detail in note 40.						
28 PROFESSIONAL AND CONSULTING FEES						
Audit fees	**13 116**	12 758	15 489	**13 116**	12 758	15 489
- current year	**13 116**	11 473	9 235	**13 116**	11 473	9 235
- prior years	**-**	1 285	6 254	**-**	1 285	6 254
Consulting fees	**50 045**	126 911	151 632	**50 647**	120 593	147 511
Managerial	**19 838**	93 763	70 335	**20 440**	87 445	66 214
Projects	**1 011**	-	38 346	**1 011**	-	38 346
Technical	**29 196**	33 148	42 951	**29 196**	33 148	42 951
	63 161	139 669	167 121	**63 763**	133 351	163 000
29 OTHER EXPENSES						
Other expenses include the following charges:						
Operating lease charges	**67 402**	67 714	54 960	**67 402**	67 714	54 960
Buildings	**11 278**	9 514	9 287	**11 278**	9 514	9 287
Equipment	**14 286**	19 610	11 779	**14 286**	19 610	11 779
Vehicles	**13 191**	9 086	9 656	**13 191**	9 086	9 656
Software	**28 647**	29 504	24 238	**28 647**	29 504	24 238
Impairment of available-for-sale financial assets	**-**	891	8 569	**-**	891	8 569
Reversal of legal claims	**-**	-	(40 000)	**-**	-	(40 000)
Legal claim provision raised	**33 610**	156 844	62 410	**33 610**	156 844	62 410
Consumables - (reversal)/write down to net realisable value	**(30)**	141	43	**(30)**	141	43
30 OTHER LOSSES						
Loss on sale of property, plant and equipment	**(482)**	(307)	(1 280)	**(482)**	(307)	(1 280)
31 NET FINANCING COSTS						
Interest received	**72 497**	42 526	28 493	**71 529**	42 523	28 177
Banking institutions	**70 819**	42 526	28 493	**69 851**	42 523	28 177
South African Revenue Services	**1 678**	-	-	**1 678**	-	-
Dividend received	**-**	-	149	**-**	-	149
Net foreign exchange gain on monetary items	**1 631**	4 398	7 348	**1 631**	4 398	7 348
Foreign exchange gain	**26 599**	3 714	6 781	**26 293**	3 714	7 260
Finance income	**100 727**	50 638	42 771	**99 453**	50 635	42 934
Interest paid	**(73 929)**	(101 907)	(117 942)	**(73 929)**	(101 907)	(118 375)
Independent third parties	**(51 943)**	(75 436)	(91 490)	**(51 943)**	(75 436)	(91 923)
Shareholder - permanent capital	**(1 780)**	(1 780)	(1 780)	**(1 780)**	(1 780)	(1 780)
Finance leases	**(20 206)**	(24 691)	(24 672)	**(20 206)**	(24 691)	(24 672)
Foreign exchange loss	**(43 098)**	(12 249)	(9 366)	**(46 852)**	(12 249)	(9 700)
Finance expenses	**(117 027)**	(114 156)	(127 308)	**(120 781)**	(114 156)	(128 075)
Net financing costs	**(16 300)**	(63 518)	(84 537)	**(21 328)**	(63 521)	(85 141)

Notes to the annual financial statements for the year ended 31 March 2013 (continued)

32 INCOME TAX EXPENSE

		GROUP			COMPANY		
		2013	2012	2011	2013	2012	2011
Income tax recognised in profit or loss	***Note***	R'000	R'000	R'000	R'000	R'000	R'000
Current tax expense - prior year adjustment		13 971	-	23 340	14 093	-	23 716
Deferred tax expense relating to temporary differences		(37 113)	(29 410)	(33 201)	(37 105)	(29 410)	(33 201)
		(23 142)	(29 410)	(9 861)	(23 012)	(29 410)	(9 485)
Reconciliation of effective tax expense:							
Profit/(loss) before income tax		352 655	372 903	(119 410)	347 660	376 918	(116 925)
Income tax using the company tax rate		(98 743)	(104 413)	33 435	(97 345)	(105 537)	32 739
Non-taxable income		30 689	26 976	30 852	30 689	26 976	30 852
Non-deductible expenses		(41 387)	(23 014)	(1 549)	(41 387)	(23 014)	(1 919)
Prior year adjustment		(13 971)	-	(23 340)	(14 093)	-	(23 716)
Prior year deferred tax adjustment			(15 244)	246 268	-	(15 244)	247 047
Timing differences not recognised to create deferred tax		38 628	(10 095)	-	38 112	(8 971)	-
Effects of tax offsets/(unused tax losses) not recognised		61 407	96 380	(295 527)	61 415	96 380	(294 488)
Effective tax expense		(23 377)	(29 410)	(9 861)	(22 609)	(29 410)	(9 485)
Income tax recognised in other comprehensive income:							
Pension fund		(6 845)	16 888	10 833	(6 845)	16 888	10 833
Post-employment medical benefits		44 325	12 634	22 423	44 325	12 634	22 423
Available-for-sale financial assets		(374)	(112)	(55)	(374)	(112)	(55)
		37 106	29 410	33 201	37 106	29 410	33 201
Reconciliation of effective tax expense:							
Comprehensive loss before income tax		(131 854)	(104 635)	(118 380)	(131 854)	(104 635)	(118 380)
Income tax using the company tax rate		36 919	29 298	33 146	36 919	29 298	33 146
Change in tax rate (CGT-rate) from 50% to 66%		(187)			(187)		
Rate differences on available for sale assets		374	112	55	374	112	55
Effective tax expense		37 106	29 410	33 201	37 106	29 410	33 201

33 CASH GENERATED FROM OPERATIONS

	Note	Group 2013 R'000	Group 2012 R'000	Group 2011 R'000	Company 2013 R'000	Company 2012 R'000	Company 2011 R'000
Reconciliation of profit/(loss) for the year to cash generated from /(utilised by) operations:							
Profit for the year		329 513	343 493	(129 271)	324 648	347 508	(126 410)
Adjustments for:							
Amortisation of programme, film and sports rights	7	1 516 341	1 370 395	1 597 178	1 516 341	1 370 395	1 597 178
Impairment/(reversal of impairment) of programme, film and sports rights	7	12 230	(3 281)	79 987	12 230	(3 281)	79 987
Amortisation of computer software	7	43 643	46 958	53 441	43 643	46 958	53 441
Amount recognised in profit or loss in line with amortisation and depreciation of assets acquired with the grant.	19	(79 263)	(71 457)	(75 371)	(79 263)	(71 457)	(75 371)
Depreciation of property, plant and equipment	6	239 008	218 678	219 472	239 008	218 678	219 462
(Reversal)/provision for consumables obsolescence	29	(30)	141	43	(30)	141	43
Impairment of trade receivables	13	(42 117)	(24 592)	39 722	(42 117)	(24 592)	39 799
Impairment of available-for-sale financial assets	29	-	891	8 569	-	891	8 569
Loss on disposal of property, plant and equipment	30	522	307	1 280	522	307	1 280
Interest received	31	(72 497)	(42 526)	(28 493)	(71 529)	(42 523)	(28 177)
Dividends received	31	-	-	(149)	-	-	(149)
Interest paid	31	73 929	101 907	117 942	73 929	101 907	118 375
Foreign exchange loss		(5)	-	251	4 068	-	-
Legal claims reversed	24	-	-	(40 000)	-	-	(40 000)
Provisions raised	24	33 610	156 844	4 262	33 610	156 844	4 262
Income tax expense	32	23 142	29 410	9 861	23 012	29 410	9 485
Withholding taxes accrued		7 773	5 790	-	7 773	5 793	-
Operating profit before payment for acquisition of programme, film and sports rights		2 085 799	2 132 958	1 858 724	2 085 845	2 136 979	1 861 774
Payments for acquisition of programme, film and sports rights	7	(1 535 924)	(1 299 833)	(1 707 379)	(1 535 924)	(1 299 833)	(1 707 379)
Operating profit before changes in working capital and employee benefits (carried forward)		549 875	833 125	151 345	549 921	837 146	154 395

33 CASH GENERATED BY FROM OPERATIONS (continued)		GROUP			COMPANY		
		2013	**2012**	**2011**	**2013**	**2012**	**2011**
	Note	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Operating profit before changes in working capital, employee benefits (brought forward)		**549 875**	833 125	151 345	**549 921**	837 146	154 395
Movement in programme, film and sport rights	*7*	**180 184**	-	-	**180 184**	-	-
Provisions paid	*24*	**-**	(72 060)	-	**-**	(72 060)	-
Decrease/(increase) in prepayments	*11*	**26 701**	(12 812)	114 645	**26 710**	(12 812)	114 644
(Increase)/decrease in inventories	*12*	**1 833**	(1 745)	(47)	**1 833**	(1 745)	(47)
Decrease/(increase) in trade and other receivables	*13*	**66 346**	(17 710)	24 946	**65 541**	(25 747)	42 105
Increase/(decrease) in employee benefits obligation and defined benefit asset		**161 876**	38 446	14 146	**162 007**	38 445	14 146
(Decrease)/increase in trade and other payables	*22*	**(231 921)**	(57 527)	307 839	**(234 602)**	(43 489)	287 012
Decrease in deferred income	*23*	**(19 585)**	(7 518)	(89 460)	**(19 585)**	(7 518)	(89 460)
(Increase)/decrease in other non-current assets and liabilities		**(403)**	15	(232)	**(916)**	12	-
Cash generated from operations		**734 906**	702 214	523 182	**731 093**	712 232	522 795

34 INCOME TAXES REFUNDED

	Note	Group 2013	Group 2012	Group 2011	Company 2013	Company 2012	Company 2011
Balance at 1 April		**62 988**	57 198	23 860	**62 808**	57 015	23 717
Current taxation	*32*	**(13 971)**	-	(23 340)	**(14 093)**	-	(23 716)
Taxation refund		**14 093**			**14 093**		
Withholding taxes		**7 773**	5 790	-	**7 773**	5 793	-
Balance at 31 March		**(69 034)**	(62 988)	(57 198)	**(68 902)**	(62 808)	(57 015)
Taxation refunded		**1 849**	-	(56 678)	**1 679**	-	(57 014)

35 PROCEEDS FROM DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

	Note	Group 2013	Group 2012	Group 2011	Company 2013	Company 2012	Company 2011
Net book value of disposals	*6*	**482**	307	1 280	**482**	307	1 280
Loss on sale of property, plant and equipment	*30*	**(482)**	(307)	(1 280)	**(482)**	(307)	(1 280)
Proceeds		**-**	-	-	**-**	-	-

36 FINANCIAL INSTRUMENTS

Overview

The Group has exposure to credit risk, liquidity risk and market risk, that consists of interest rate risk and currency risk that arise out of the normal course of business.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

The Group Audit Committee is tasked with overseeing how management monitors compliance with the Group's policies and procedures and the reviews of the adequacy of the internal audit monitoring of these risks. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Group Audit Committee.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

Trade and other receivables

The Group has established a credit policy under which each new significant customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases bank references. Credit risk is measured individually within each division and reviewed regularly.

Allowance for impairment

Trade receivables that are less than three months past due are not considered to be impaired.

Trade receivables that are past due but relate to Government clients or of which the Group hold security, insurance or any other types of collateral is held are also not considered to be impaired.

The majority of the Group's trade receivables are due for maturity within 45 days and largely comprise of amounts receivable from advertising agencies.

Cash and cash equivalents

Investments are acquired only in liquid securities and only with counterparties that have credit ratings equal to or better than the Group. Transactions involving derivative financial instruments are with counterparties with sound credit ratings.

Guarantees

The Group's policy is to provide financial guarantees on behalf of its wholly owned subsidiaries. The Company has issued a guarantee of R0.160 million on behalf of Airwave Travel (Pty) Ltd for the IATA travel agency licence. Other guarantees issued by the Company were amounts of R0.463 million outstanding relating to housing scheme and R9.741m for Sport Five CAF.

Notes to the annual financial statements for the year ended 31 March 2013 (continued)

36 FINANCIAL INSTRUMENTS (continued)

Credit risk (continued)

	GROUP			COMPANY		
The Group considers its maximum exposure to credit risk to be as follows:	2013 R'000	2012 R'000	2011 R'000	2013 R'000	2012 R'000	2011 R'000
Available-for-sale financial assets (note 10)	**6 761**	4 755	4 847	**6 761**	4 755	4 847
Trade and other receivables	**859 162**	883 391	841 089	**859 768**	883 192	832 853
Cash and cash equivalents	**1 072 476**	1 229 728	860 810	**1 058 429**	1 220 292	841 359
	1 938 399	2 117 874	1 706 746	**1 924 958**	2 108 239	1 679 059

Trade receivables:	GROUP								
	2013 R'000			2012 R'000			2011 R'000		
	Fully Performing	Past due but not impaired	Impaired	Fully Performing	Past due but not impaired	Impaired	Fully Performing	Past due but not impaired	Impaired
Government	**20 156**	**1 611**	**46 169**	5 462	17 965	49 395	26 757	13 156	43 983
Agencies	**772 378**	**15 837**	**89 799**	772 669	12 218	123 605	685 649	41 652	139 252
Direct clients	**33 600**	**(4 836)**	**67 410**	34 686	29 397	72 495	33 327	25 978	86 852
	826 134	**12 612**	**203 378**	812 817	59 580	245 495	745 733	80 786	270 087

Trade receivables:	COMPANY								
	2013 R'000			2012 R'000			2011 R'000		
	Fully Performing	Past due but not impaired	Impaired	Fully Performing	Past due but not impaired	Impaired	Fully Performing	Past due but not impaired	Impaired
Government	**20 156**	**1 611**	**46 169**	5 462	17 965	49 395	26 757	13 156	43 983
Agencies	**772 378**	**15 837**	**89 799**	772 669	12 218	123 605	685 649	41 652	139 252
Direct clients	**33 600**	**(4 836)**	**67 410**	34 686	29 397	72 495	33 327	25 978	86 852
	826 134	**12 612**	**203 378**	812 817	59 580	245 495	745 733	80 786	270 087

Age analysis of past due but not impaired is the following:	GROUP			COMPANY		
	2013 R'000	2012 R'000	2011 R'000	2013 R'000	2012 R'000	2011 R'000
Past due 0 to 30 days	**20 323**	6 808	33 368	**20 323**	6 808	33 368
Past due 31 to 90 days	**304**	1 333	10 834	**304**	1 333	10 834
91 to 120 days	**1 782**	303	4 089	**1 782**	303	4 089
121 days to 1 year	**(9 797)**	51 136	32 495	**(9 797)**	51 136	32 495
	12 612	59 580	80 786	**12 612**	59 580	80 786
Age analysis of the impaired trade receivables is the following:						
Past due 0 to 30 days	**7 253**	12 583	-	**7 253**	12 583	-
Past due 31 to 90 days	**5 252**	8 283	12 059	**5 252**	8 283	12 059
91 to 120 days	**996**	6 561	36 664	**996**	6 561	36 664
121 days and older	**189 878**	218 068	221 364	**189 878**	218 068	221 364
	203 378	245 495	270 087	**203 378**	245 495	270 087
Movements on the impairment of trade receivables are as follows:						
Opening balance - 1 April	**245 495**	270 087	230 365	**245 495**	270 087	230 365
Written off as uncollectible (impaired)	**(34 950)**	(41 782)	(407)	**(34 950)**	(41 782)	(407)
Impairment raised/(reversed)	**(7 167)**	17 190	40 129	**(7 167)**	17 190	40 129
	203 378	245 495	270 087	**203 378**	245 495	270 087
The Group does hold collateral as security.						
The nature and fair value of the collateral are as follows:						
Official Government Orders	**1 611**	77 755	43 069	**1 611**	77 755	43 069
Insurance Cover	**455 000**	291 060	789 917	**455 000**	291 060	789 917
MCC Security	**956 420**	776 877	189 702	**956 420**	776 877	189 702
	1 413 031	1 145 692	1 022 688	**1 413 031**	1 145 692	1 022 688

36 FINANCIAL INSTRUMENTS (continued)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages its cash flow requirements with a three month forecast. The Group has borrowing facilities amounting to R944 million (2012: R822 million, 2011: R829 million) which include short-term banking facilities as well as asset-based finance facilities.

	GROUP					
	Carrying amount R'000	Contractual cash flow R'000	Up to 6 months R'000	6 months to 1 year R'000	1 year to 3 years R'000	Thereafter R'000
Non-derivative financial liabilities			2013			
Trade payables - Local	**24 968**	**24 968**	**24 968**	**-**	**-**	**-**
Trade payables - Foreign	**6 659**	**6 659**	**6 659**	**-**	**-**	**-**
Other payables*	**81 406**	**81 406**	**81 406**	**-**	**-**	**-**
Accruals	**300 049**	**300 049**	**300 049**	**-**	**-**	**-**
Programme, film and sports rights related trade and other payables	**239 622**	**239 622**	**239 622**	**-**	**-**	**-**
Loan obtained with government guarantee	**166 667**	**170 069**	**170 069**	**-**	**-**	**-**
Loans and borrowings	**233 369**	**247 617**	**35 438**	**35 438**	**176 741**	**-**
Perpetual debt instrument	**27 390**	**27 390**	**890**	**890**	**3 560**	**22 050**
	1 080 130	**1 097 780**	**859 101**	**36 328**	**180 301**	**22 050**
Non-derivative financial liabilities			2012			
Trade payables - Local	18 428	18 428	18 428	-	-	-
Trade payables - Foreign	1 138	1 138	1 138	-	-	-
Other payables*	48 903	48 903	48 903	-	-	-
Accruals	214 430	214 430	214 430	-	-	-
Programme, film and sports rights related trade and other payables	598 799	598 799	598 799	-	-	-
Loan obtained with government guarantee	888 889	978 105	196 466	190 451	591 188	-
Loans and borrowings	287 395	332 737	37 527	37 526	128 842	128 842
Perpetual debt instrument	27 390	27 390	890	890	3 560	22 050
	2 085 372	2 219 930	1 116 581	228 867	723 590	150 892
Non-derivative financial liabilities			2011			
Trade payables - Local	21 328	21 328	21 328	-	-	-
Trade payables - Foreign	1 224	1 224	1 224	-	-	-
Other payables*	81 719	81 719	81 719	-	-	-
Accruals	217 032	217 032	217 032	-	-	-
Programme, film and sports rights related trade and other payables	637 410	637 410	637 410	-	-	-
Loan obtained with government guarantee	1 000 000	1 155 289	144 644	32 356	978 289	-
Loans and borrowings	345 669	415 828	40 114	40 114	167 800	167 800
Perpetual debt instrument	27 390	27 390	890	890	3 560	22 050
	2 331 772	2 557 220	1 144 361	73 360	1 149 649	189 850

* excludes statutory accruals and payables

Notes to the annual financial statements for the year ended 31 March 2013 (continued)

36 FINANCIAL INSTRUMENTS (continued)

Liquidity risk (continued)

Maturity analysis, due in:	COMPANY Carrying amount R'000	Contractual cash flow R'000	Up to 6 months R'000	6 months to 1 year R'000	1 year to 3 years R'000	Thereafter R'000
Non-derivative financial liabilities	**2013**					
Trade payables - Local	**21 758**	**21 758**	**21 758**	**-**	**-**	**-**
Trade payables - Foreign	**6 659**	**6 659**	**6 659**	**-**	**-**	**-**
Other payables*	**67 135**	**67 135**	**67 135**	**-**	**-**	**-**
Accruals	**299 671**	**299 671**	**299 671**	**-**	**-**	**-**
Programme, film and sports rights related to trade and other payables	**239 622**	**239 622**	**239 622**	**-**	**-**	**-**
Loan obtained with government guarantee	**166 667**	**170 069**	**170 069**	**-**	**-**	**-**
Loans and borrowings	**233 369**	**247 617**	**35 438**	**35 438**	**176 741**	**-**
Perpetual debt instrument	**27 390**	**27 390**	**890**	**890**	**3 560**	**22 050**
Loans from subsidiaries	**16 602**	**16 602**	**-**	**16 602**	**-**	**-**
	1 078 873	**1 096 523**	**841 242**	**52 930**	**180 301**	**22 050**
Non-derivative financial liabilities	**2012**					
Trade payables - Local	16 739	16 739	16 739	-	-	-
Trade payables - Foreign	1 138	1 138	1 138	-	-	-
Other payables*	35 502	35 502	35 502	-	-	-
Accruals	212 893	212 893	212 893	-	-	-
Programme, film and sports rights related to trade and other payables	598 799	598 799	598 799			
Loan obtained with government guarantee	888 889	978 105	196 466	190 451	591 188	-
Loans and borrowings	287 395	332 737	37 527	37 526	128 842	128 842
Perpetual debt instrument	27 390	27 390	890	890	3 560	22 050
Loans from subsidiaries	12 537	12 537	-	12 537	-	-
	2 081 282	2 215 840	1 099 954	241 404	723 590	150 892
Non-derivative financial liabilities	**2011**					
Trade payables - Local	21 097	21 097	21 097	-	-	-
Trade payables - Foreign	1 224	1 224	1 224	-	-	-
Other payables*	54 340	54 340	54 340	-	-	-
Accruals	215 496	215 496	215 496	-	-	-
Programme, film and sports rights related to trade and other payables	637 410	637 410	637 410			
Loan obtained with government guarantee	1 000 000	1 155 289	144 644	32 356	978 289	-
Loans and borrowings	345 669	415 828	40 114	40 114	167 800	167 800
Perpetual debt instrument	27 390	27 390	890	890	3 560	22 050
Loans from subsidiaries	12 537	12 537	-	12 537	-	-
	2 315 163	2 540 611	1 115 215	85 897	1 149 649	189 850

* excludes statutory accruals and payables

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, that will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

Foreign currency risk arises primarily from international programming rights that are procured in foreign currency and the procurement, implementation and maintenance of the broadcasting infrastructure. Foreign currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The Group uses forward contracts to manage foreign currency risk arising from future commercial transactions and recognised assets and liabilities and is responsible for managing the net position in each foreign currency.

The Group's risk management policy is to economically hedge between 35% to 75% of firm commitments for the rolling 12 months. The Group has not applied hedge accounting for these forward currency contracts. The Group only covers known commitments and does not speculate in foreign currency. The percentage cover for less than one year is 74%.

36 FINANCIAL INSTRUMENTS (continued)

Market risk (continued)

The Group's exposure to foreign currency risk was as follows based on notional amounts:

	US Dollar '000	Euro '000	CHF '000	GBP '000	Rand '000
	GROUP				
	2013				
Foreign cash and cash equivalents	**-**	**342**	**-**	**-**	**4 041**
Trade payables	**(721)**	**-**	**-**	**-**	**(6 659)**
Gross financial position exposure	**(721)**	**342**	**-**	**-**	**(2 618)**
Net financial position exposure	**(721)**	**342**	**-**	**-**	**(2 618)**
	2012				
Foreign cash and cash equivalents	33	(3)	413	60	3 798
Trade payables	(170)	-	-	-	(1 138)
Gross financial position exposure	(137)	(3)	413	60	2 660
Net financial position exposure	(137)	(3)	413	60	2 660
	2011				
Foreign cash and cash equivalents	33	(3)	413	60	3 798
Trade payables	(183)	-	-	-	(1 224)
Gross financial position exposure	(150)	(3)	413	60	2 574
Net financial position exposure	(150)	(3)	413	60	2 574
	COMPANY				
	2013				
Loans and bearing borrowings	**-**	**(1 407)**	**-**	**-**	**(16 602)**
Trade payables	**(721)**	**-**	**-**	**-**	**(6 659)**
Gross financial position exposure	**(721)**	**(1 407)**	**-**	**-**	**(23 261)**
Net financial position exposure	**(721)**	**(1 407)**	**-**	**-**	**(23 261)**
	2012				
Loans and bearing borrowings	-	(1 224)	-	-	(12 537)
Trade payables	(170)	-	-	-	(1 138)
Gross financial position exposure	(170)	(1 224)	-	-	(13 675)
Net financial position exposure	(170)	(1 224)	-	-	(13 675)
	2011				
Interest-bearing borrowings	-	(1 306)	-	-	(12 537)
Trade payables	(183)	-	-	-	(1 224)
Gross financial position exposure	(183)	(1 306)	-	-	(13 761)
Net financial position exposure	(183)	(1 306)	-	-	(13 761)

The following significant exchange rates applied during the year:	**GROUP AND COMPANY**					
	Average Rate			**Reporting date spot rate**		
	2013	**2012**	**2011**	**2013**	**2012**	**2011**
USD 1	**8.49**	7.42	7.21	**9.23**	7.68	6.70
Euro 1	**10.94**	10.21	9.48	**11.80**	10.24	9.60
CHF 1	**.11**	.12	.14	**.10**	.12	.14
GBP 1	**13.42**	11.83	11.17	**14.01**	12.27	10.88

Sensitivity analysis

A 10% strengthening of the Rand against the following currencies at 31 March would have increased profit / decreased loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. This analysis is performed on the same basis for 2012 and 2011. Due to the nature of the transactions, there is no effect on equity.

	GROUP			**COMPANY**		
Profit or (loss)	**2013 R'000**	**2012 R'000**	**2011 R'000**	**2013 R'000**	**2012 R'000**	**2011 R'000**
USD	**262**	266	266	**2 326**	1 368	1 368

A 10% weakening of the Rand against the above currencies at 31 March would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

The Group's income and operating cash flows are substantially dependent on changes in market interest rates. The interest rates of finance leases to which the Group is a lessee are fixed at inception of the lease or variable over the term of the lease, and therefore expose the Group to fair value interest rate risk.

Notes to the annual financial statements for the year ended 31 March 2013 (continued)

36 FINANCIAL INSTRUMENTS (continued)

Market risk (continued)

At reporting date the interest rate profile of the Group's interest bearing financial instruments was:

	GROUP			COMPANY		
Carrying amount	**2013 R'000**	**2012 R'000**	**2011 R'000**	**2013 R'000**	**2012 R'000**	**2011 R'000**
Fixed rate instruments						
Loans from subsidiaries	**-**	-	-	**(16 602)**	(12 537)	(12 537)
Finance lease liabilities	**(114 021)**	(139 327)	(165 459)	**(114 021)**	(139 327)	(165 459)
Perpetual debt instrument	**(27 390)**	(27 390)	(27 390)	**(27 390)**	(27 390)	(27 390)
	(141 411)	(166 717)	(192 849)	**(158 013)**	(179 254)	(205 386)
Variable rate instruments						
Long term loan obtained with government guarantee	**(166 667)**	(888 889)	(1 000 000)	**(166 667)**	(888 889)	(1 000 000)
Finance lease liabilities	**(116 477)**	(139 838)	(162 150)	**(116 477)**	(139 838)	(162 150)
Instalment sale liabilities	**(2 871)**	(8 230)	(18 060)	**(2 871)**	(8 230)	(18 060)
Cash and cash equivalents	**1 072 476**	1 229 728	860 810	**1 058 429**	1 220 292	841 359
	786 461	192 771	(319 400)	**772 414**	183 335	(338 851)

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rates financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

An increase of 100 basis points in interest rates at the reporting date would have increased profit or decreased loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis was performed on the same basis for 2012. Due to the nature of the transactions, there is no effect on equity.

	GROUP			COMPANY		
Profit/loss 100 bp increase	**2013 R'000**	**2012 R'000**	**2011 R'000**	**2013 R'000**	**2012 R'000**	**2011 R'000**
Variable rate instruments	**4 896**	5 302	6 803	**4 779**	5 402	6 994

A decrease of 100 basis points in interest rates at the reporting date would have had the equal but opposite effect on the above amounts, on the basis that all other variables remain constant.

Fair value of financial instruments

Fair value is defined as the amount at which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction, other than a forced or liquidation sale. The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

(i) Loans and receivables, perpetual debt instrument and loans and borrowings

The fair value of these financial instruments is determined by reference to market-related interest rates for financial instruments with similar maturities, and without deducting any transaction costs.

(ii) Trade and other receivables, cash and cash equivalents and trade and other payables

The carrying amount of these financial assets and liabilities approximates fair value due to the relatively short term maturity of these financial instruments.

	GROUP					
	2013		2012		2011	
	Carrying amount R'000	**Fair value R'000**	**Carrying amount R'000**	**Fair value R'000**	**Carrying amount R'000**	**Fair value R'000**
Financial assets						
Available-for-sale						
Available-for-sale financial assets	**6 761**	**6 761**	4 755	4 755	4 847	4 847
Loans and receivables						
Trade and other receivables	**859 162**	**859 162**	883 391	883 391	841 089	841 089
Cash and cash equivalents	**1 072 476**	**1 072 476**	1 229 728	1 229 728	860 810	860 810
Total financial assets	**1 938 399**	**1 938 399**	2 117 874	2 117 874	1 706 746	1 706 746
Financial liabilities						
Financial liabilities measured at amortised costs						
Perpetual debt instrument	**(27 390)**	**(19 782)**	(27 390)	(19 782)	(27 390)	(19 782)
Loans and borrowings	**(400 036)**	**(400 036)**	(1 176 284)	(1 176 284)	(1 345 669)	(1 341 838)
Trade and other payables*	**(652 704)**	**(652 704)**	(881 698)	(881 698)	(958 713)	(958 713)
Total financial liabilities	**(1 080 130)**	**(1 072 522)**	(2 085 372)	(2 077 764)	(2 331 772)	(2 320 333)
Net financial liabilities	**858 269**	**865 877**	32 502	40 110	(625 026)	(613 587)

36 FINANCIAL INSTRUMENTS (continued)

Fair value of financial instruments (continued)

	COMPANY					
	2013		2012		2011	
	Carrying amount R'000	Fair value R'000	Carrying amount R'000	Fair value R'000	Carrying amount R'000	Fair value R'000
Financial assets						
Available-for-sale						
Available-for-sale financial assets	**6 761**	**6 761**	4 755	4 755	4 847	4 847
Loans and receivables						
Trade and other receivables	**859 768**	**859 768**	883 192	883 192	832 853	832 853
Cash and cash equivalents	**1 058 429**	**1 058 429**	1 220 292	1 220 292	841 359	841 359
Total financial assets	**1 924 958**	**1 924 958**	2 108 239	2 108 239	1 679 059	1 679 059
Financial liabilities						
Financial liabilities measured at amortised costs						
Perpetual instrument	**(27 390)**	**(19 782)**	(27 390)	(19 782)	(27 390)	(19 782)
Loans and borrowings	**(416 638)**	**(416 638)**	(1 188 821)	(1 188 821)	(1 358 206)	(1 354 375)
Trade and other payables*	**(634 845)**	**(634 845)**	(865 071)	(865 071)	(996 529)	(996 529)
Total financial liabilities	**(1 078 873)**	**(1 071 265)**	(2 081 282)	(2 073 674)	(2 382 125)	(2 370 686)
Net financial liabilities	**846 085**	**853 693**	26 957	34 565	(703 066)	(691 627)

The fair value of trade and other payables equals their carrying amount as the impact of discounting is not significant.
* excludes statutory accruals and payables

Capital management

The Group's share capital is 100% owned by the Government. The Group does not hold any other form of share capital. There are no changes expected in the Group's approach to capital management during the year.

Borrowing facilities

The unutilised borrowing facilities include general short-term banking facilities, asset-based finance facilities as well as guarantee facilities. Included in normal guarantees, the Group has guarantees against a housing scheme to the value of R0.463 million, a guarantee for the Airwave Travel's IATA travel agency licence to the value of R0.160 million and Sport Five CAF to the value of R9.741m.

	GROUP AND COMPANY		
	2013 R'000	2012 R'000	2011 R'000
General short-term banking facilities			
Rand Merchant Bank	**90 000**	90 000	90 000
Nedbank	**80 000**	80 000	100 000
Absa Corporate and Merchant Bank	**183 600**	183 600	183 600
Total	**353 600**	353 600	373 600
Unutilised	**353 600**	353 600	373 600
Asset finance			
Provided	**399 971**	468 000	455 000
Utilised	**(233 369)**	(287 444)	(316 592)
Unutilised	**166 602**	180 556	138 408
Guarantees			
Provided	**50 360**	89 995	84 360
Utilised	**(160)**	(410)	(745)
Unutilised	**50 200**	89 585	83 615

37 OPERATING LEASES

Leases as lessee

	2013 R'000	2012 R'000	2011 R'000
Non-cancellable operating lease rentals are payable as follows:			
Less than one year	**892**	1 752	1 782
Between one and five years	**939**	2 439	2 090
	1 831	4 191	3 872

The Group has various lease agreements for equipment and premises. Some of these lease agreements contain renewal and/or purchase options. None of the lease agreements include contingent rentals.

During the year ended 31 March 2013, R65 million was recognised as an expense in the statement of financial performance in respect of operating leases (2012: R65 million; 2011: R55 million).

Notes to the annual financial statements for the year ended 31 March 2013 (continued)

37 OPERATING LEASES (continued)

Leases as lessor

The Group leases out certain of its property under operating leases. The future minimum lease receipts under non-cancellable leases are as follows:

	GROUP AND COMPANY		
	2013 R'000	2012 R'000	2011 R'000
Less than one year	**4 813**	4 116	3 419
Between one and five years	**9 364**	7 488	7 239
	14 177	11 604	10 658

During the year ended 31 March 2013, R6 million was recognised as rental income in the statement of financial performance (2012: R5 million; 2011: R7 million) and R1.1 million in respect of repairs and maintenance was recognised as an expense in the statement of financial performance (2012: R1.2 million; 2011: R2.5 million).

38 COMMITMENTS

	GROUP AND COMPANY		
	2013 R'000	2012 R'000	2011 R'000
Capital commitments			
Contracted for	**48 038**	47 044	99 975
	48 038	47 044	99 975
Programme, film and sports rights	**1 130 295**	682 290	1 103 198
Foreign exchange contracts	**54 806**	-	-
Total purchase commitments	**1 233 139**	729 334	1 203 173
The capital commitment is to be financed as follows:			
Internally generated funds	**781 539**	740 456	693 264
Existing credit facilities	**-**	18 932	19 637
Government funding	**74 602**	141 636	159 768
	856 141	901 024	872 669

Commitments for programme, film and sports rights will be funded internally. The local commitments and the currency exposure on foreign programme, film and sports rights at 31 March 2013 is as follows:

	Local Commitments R'000	Foreign commitments Forex'000	Foreign commitments R'000	Total R'000
Year ending 31 March 2014	**543 299**	**10 434**	**107 135**	**650 434**
Local	**543 299**	**-**	**-**	**543 299**
Foreign - US Dollar	**-**	**7 634**	**83 335**	**83 335**
Foreign - Euro	**-**	**2 800**	**23 800**	**23 800**
Year ending 31 March 2015	**214 833**	**6 385**	**65 028**	**279 861**
Local	**214 833**	**-**	**-**	**214 833**
Foreign - US Dollar	**-**	**3 585**	**41 228**	**41 228**
Foreign - Euro	**-**	**2 800**	**23 800**	**23 800**
Year ending 31 March 2016	**200 000**	**-**	**-**	**200 000**
Local	**200 000**	**-**	**-**	**200 000**
Foreign - US Dollar		**-**	**-**	**-**
Foreign - Euro	**-**	**-**	**-**	**-**
Year ending 31 March 2017	**-**	**-**	**-**	**-**
Total commitments	**958 132**	**16 819**	**172 163**	**1 130 295**

The Group has committed R10 million to the SABC Foundation for educating future generations.

39 CONTINGENCIES

Contingent liabilities comprise claims lodged by third parties against the Group and Company which, in some cases, may be reduced by a counter-claim for insurance. The claims details are as follows:

(i) The Government Employee Pension Fund ('GEPF') represented by the Public Investment Corporation ('PIC') instituted a claim of approximately R337 million plus interest against the SABC. The claim arose from the cancellation of a purported lease agreement for certain assets previously leased by Bophuthatswana Broadcasting Corporation. There have been various interlocutory applications and rulings, none of which has been lost by the SABC. The SABC has, in the course of proceedings, joined certain third parties as respondents. Although the matter is awaiting a trial date, and while maintaining that it is not liable to GEPF, the SABC is engaging PIC in efforts to resolve the matter amicably following previous unsuccessful settlement offers that the SABC made.

39 CONTINGENCIES (continued)

(ii) Digital Horizon had sued the SABC for awarding a tender to a party allegedly in breach of its tender processes. The value of the tender was in excess of R400m. After several interlocutory applications, the matter was postponed sine die at the instance of Digital Horizon. Digital Horizon have abandoned the initial application and have instead issued a new claim for damages against the SABC for an amount of R120m.

(iii) Moses Nemangovhani entered into an independent contractor's agreement with the SABC for Takalane Sesame. The production team was not happy with his performance and after giving several opportunities to prove himself, his contract was terminated. He is claiming R76 000 for the termination of contract.

(iv) Themba Dlavana is suing for alleged non-payment of repeat fees. He has issued summons and the SABC has requested attorneys to enter appearance to defend. The internal client has indicated to us that the Plaintiff was paid. We cannot serve any paper on the plaintiff as he is currently in prison.

(v) Red Cherry Media is demanding commission payment of R1.3m from the SABC allegedly for securing sponsorship from the Tshwane Metropolitan Municipality as a host city for the staging of the METRO FM awards in 2008. The SABC is of the view that this sponsorship was secured by its employees.

(vi) Bothata Mosikili is suing the SABC for damages of R447 000 as a result of breach of his contract which was terminated for misconduct in that he did not adhere to the program plan and did things without following proper channels.

(vii) Senzeni Marasela is suing the SABC for R80 000 as the SABC undertook to host an art exhibition during the course of the 2010 FIFA Soccer World Cup and the event did not take place. We are advised that there was no contract in place and the business in trying to pay the amount without contract.

(viii) SABC education commissioned a certain producer to produce a program called Matric's Reloaded. After broadcasting the program we received summons for R57 000 from a certain Vusi Mabaso who claims to own the concept of the program.

(ix) Mr Ngobeni is suing the SABC for R1.2m as his independent contract with the SABC, wherein he was to render services as a presenter for Munghana Lonene FM, was terminated as the station viewed his transgression in a serious light.

(x) BCG Productions is claiming a sum of R228 000 for breach of contract arising from failure by the SABC to flight its advertisement and consequently suffering a loss of income in the form of advertising revenue. It later unfolded that the SABC did actually flight those advertisements.

(xi) Muvhango Samuel Masindi, a former SABC (METRO FM) presenter is claiming damages of R230 000 from the SABC for an alleged breach of contract. The contract was terminated on the 5th March 2010 before its expiry date due to the audience rating that was declining and the station had decided to terminate the programme.

(xii) David Zama claims that in 2007 Ukhozi FM hosted a competition, sponsored by Vodacom which he participated in telephonically. He further claims that he was informed, on air, that he was the winner of a R18 000 in prize money. The presenters do not have recollection of the event and the station does not have any on air records.

(xiii) Branco made an application to court for an order interdicting the SABC and BSA from signing an agreement to regulate broadcast dates. Branco also issued summons against the SABC claiming R38m for alleged short payments

(xiv) JB Arthur is suing the SABC for royalties in connection with the theme song for SABC1 'Simunye We are One'. We raised an exception to plaintiff's claim on the basis that he did not have Locus Standi to sue. However the exception has been dismissed with costs.

(xv) Since 2011 the SABC and South African Recording Rights Association (SARRAL) liquidators have been in discussions in an effort to resolve this matter as the SABC is currently not paying SARRAL and/or its liquidators any licence fee. In July 2011 the SABC entered into a tripartite agreement with South African Music Rights Organisation (SAMRO) and National Organisation for Reproduction Rights in Music (NORM) in terms of which the two collecting societies licenced the same right that SARRAL was licensing and further indemnified the SABC against any claims by third parties. This means that the SABC is indemnified against a claim of R5m that SARRAL is making.

40 RELATED PARTIES

The Group is 100% controlled by its Shareholder, the Government, represented by the Department of Communications.

The Group is a Schedule 2 public entity in terms of the Public Finance Management Act, no 1 of 1999 as amended.

The related parties of the Group consist mainly of government departments, State-Owned Companies (SOC), other public entities in the national sphere of government and key management personnel of the Company or its shareholder and close family members of these related parties. The related parties of the Company also include its subsidiaries (see note 10). The list of public entities in the national sphere of government was provided by National Treasury on their website www.treasury.gov.za.

The Group with regards to government related entities is required to disclose the nature and amount of each individually significant transaction and for other transactions that are collectively but not individually significant, a quantitative or qualitative indication of their extent.

Notes to the annual financial statements for the year ended 31 March 2013 (continued)

40 RELATED PARTIES (continued)

(i) Transactions with subsidiaries

	COMPANY					
	2013		2012		2011	
	Amount of transactions R'000	Amounts owed (to)/by subsidiary R'000	Amount of transactions R'000	Amounts owed (to)/by subsidiary R'000	Amount of transactions R'000	Amounts owed (to)/by subsidiary R'000
SABC Airwave Travel (Proprietary) Limited *trading as Airwave Travel*	7 566	(588)	6 270	(2 131)	9 734	(941)
Auckland Programme Trade B.V. (incorporated in the Netherlands)	-	(16 602)	-	(12 537)	69	(12 537)
	7 566	(17 190)	6 270	(14 668)	9 803	(13 478)

Related party relationships exists between the Company and its wholly-owned subsidiaries, Airwave Travel and Auckland Programme Trade B.V. The Company has entered into a number of transactions with Airwave Travel for bookings and accommodation for business trips. Transactions entered into are in the normal course of business and on an arm's length basis. Amounts due and owing are settled accordingly. Auckland Programme Trade B.V. is managed by Orange Field Trust, Netherlands and transactions within this subsidiary are limited to administration costs and exchange differences arising from the translation of items into Rand (its functional currency under IAS 21 - The Effects of Changes in Foreign Exchange Rates)

(ii) Significant transactions with government related entities

	GROUP AND COMPANY		
	2013	2012	2011
Included in Revenue are the following:	R'000	R'000	R'000
Aggregate of all transactions that are collectively significant			
Independent Electoral Commission	-	4 695	13 993
Parliament of the Republic of South Africa	10 751	-	-
Government Communication and Information System	70 635	-	-
Department of Transport	11 641	-	-
Department of Health	110 213	-	-
Department of Social Development	16 540	-	-
Department of Agriculture	11 236	-	-
South African Social Security Agency	45 297	-	-
	57 713	75 682	100 435
	334 026	80 377	114 428

Goods and services are sold to related parties on an arm's lenght basis at market related prices.

	GROUP			COMPANY		
	2013	2012	2011	2013	2012	2011
Purchases of goods and services	R'000	R'000	R'000	R'000	R'000	R'000
Aggregate of all transactions that are collectively significant						
South African Post Office (SOC)Limited	19 709	28 032	38 225	28 032	28 032	38 225
Telkom South Africa (SOC) Limited	22 488	31 256	38 317	31 256	31 256	38 317
Sentech (SOC) Limited	574 058	535 837	520 752	535 837	535 837	520 752
Aggregate Purchases from other government related entities	7 561	55	4 981	55	55	4 981
	623 816	595 180	602 275	595 180	595 180	602 275

	GROUP AND COMPANY					
	2013		2012		2011	
(iii) Grants and sponsorships	Amount of transactions R'000	Outstanding balance R'000	Amount of transactions R'000	Outstanding balance R'000	Amount of transactions R'000	Outstanding balance R'000
Government grants recognised in revenue	79 263	-	71 457	-	145 257	-
Deferred government grant	-	368 552	-	435 710	-	507 167
	79 263	368 552	71 457	435 710	145 257	507 167

40 RELATED PARTIES (continued)

Goods and services are purchased from related parties on an arms length basis at market related prices.

	GROUP AND COMPANY					
	2013		2012		2011	
	Amount of transactions R'000	Outstanding balance R'000	Amount of transactions R'000	Outstanding balance R'000	Amount of transactions R'000	Outstanding balance R'000
(iv) Interest payments						
Shareholder - permanent capital	**1 780**	**27 390**	1 780	27 390	1 780	27 390
(v) Employee benefit payments						
SABC Pension fund	**(159 819)**	**69 202**	(138 314)	155 277	(121 852)	226 633
SABC Medical aid scheme	**(159 210)**	**-**	(146 821)	-	(135 395)	-
	(319 029)	**69 202**	(285 135)	155 277	(257 247)	226 633

(vi) Administered projects

The Group has been delegated with the responsibility by the Department of Communications to administer Channel Africa and the Community Radio Project, which are sub-divisions of the Department of Communications. The net amount of administered projects of R4 million (2012: R1 million; 2011: R1 million) is included in trade and other payables and or trade and other receivables.

	GROUP AND COMPANY					
	Opening balance R'000	Funds received R'000	Applied to expenditure R'000	Applied to net assets R'000	Interest accrued R'000	Closing balance R'000
For the year ended 31 March 2013						
Channel Africa	**(884)**	**43 292**	**(46 637)**	**-**	**-**	**(4 229)**
Community Radio Project	**29 799**	**10 000**	**(48 285)**	**(4)**	**753**	**(7 737)**
	28 915	**53 292**	**(94 922)**	**(4)**	**753**	**(11 966)**
For the year ended 31 March 2012						
Channel Africa	(3 726)	41 230	(38 388)	-	-	(884)
Community Radio Project	6 229	22 663	-	(4)	911	29 799
	2 503	63 893	(38 388)	(4)	911	28 915
For the year ended 31 March 2011						
Channel Africa	(2 004)	38 896	(40 618)	-	-	(3 726)
Community Radio Project	(8 552)	15 333	(1 135)	(3)	586	6 229
	(10 556)	54 229	(41 753)	(3)	586	2 503

	2013 R'000	2012 R'000	2011 R'000
(vii) Administered funds			
Bank balances of Community Radio Project	**12 105**	49 641	26 702

(viii) *Service contracts for permanent executive directors*

Service contract	G P Duda	L P Mokhobo
- start date	1 March 2012	1 February 2012
- end date	28 February 2017	31 January 2017
Service period	5 years	5 years
Remaining	3 years 11 months	3 years 10 months

Notes to the annual financial statements for the year ended 31 March 2013 (continued)

40 RELATED PARTIES (continued)

(ix) Directors' and key management personnel compensation

Year ended 31 March 2013	Service as	Service period in months	Basic salary R'000	Bonuses and commissions R'000	Expenses and other allowances R'000	Employer's contribution to pension fund, medical aid and other ~ R'000	Total R'000
		Remuneration paid to the person in any capacity					
Members of the Accounting Authority							
Non-executive directors							
Dr B S Ngubane	Board Chairman	12	-	-	521	-	521
Mr T S Ka Plaatjie	Deputy Board Chairman	12	-	-	562	-	562
Mr C S Gina	Board Member	12	-	-	451	-	451
Ms C F O'Neil	Board Member	12	-	-	347	-	347
Prof P M Green	Board Member	12	-	-	385	-	385
Mr D K Golding	Board Member	12	-	-	177	-	177
Ms S C Vos	Board Member	12	-	-	403	-	403
Mr J S Danana	Board Member	12	-	-	405	-	405
Adv C B Mahlati	Board Member	12	-	-	335	-	335
Dr S P Makhesha	Board Member	12	-	-	233	-	233
Mr L C Mtimde	Board Member	12	-	-	410	-	410
Ms N P Gosa	Board Member	2	-	-	78	-	78
Executive directors							
Ms L P Mokhobo	Group Chief Executive Officer	12	2 618	-	960	430	4 008
Ms G P Duda	Chief Financial Officer	12	1 860	-	642	303	2 805
Mr G H Motsoeneng	Acting Chief Operating Officer	12	1 566	-	650	266	2 482
Mr C Olivier	Acting Chief Financial Officer	7	625		130	116	871
Senior Management							
Ms T V Geldenhuys	Company Secretary	11	975	-	400	179	1 554
Mr T P Molefe	Group Executive	12	1 629	-	359	290	2 278
Mr V Tsoenyane	Acting Group Executive	8	506	-	256	102	864
Mr S M Masinga	Acting Group Executive	12	748	-	373	136	1 257
Ms S M Motsweni	Acting Group Executive	9	790	-	324	142	1 256
Ms R Naiker	Acting Group Executive	5	358	-	143	64	565
Ms V Duwarkah	Group Executive	10	842	-	387	147	1 376
Mr K Kganyago	General Manager	12	823	-	329	123	1 275
Ms L Z Francois	Chief Audit Executive	12	1 171	-	392	218	1 781
Ms B L Tugwana	Acting Group Executive	3	231	338	116	34	719
Ms M Nepfumbada	Acting Group Executive	5	284	-	129	54	467
Mr L Ntloko	Group Executive	12	1 191	332	472	130	2 125
Mr S E Nzimande	Group Executive	12	1 957	-	4	-	1 961
Ms P D Mwelase	Acting Group Executive	5	320	-	230	54	604
Mr N G Dlamini	Acting Group Executive	5	238	-	48	44	330
Mr P T Lesala	Group Executive	7	723	-	2 461	130	3 314
Mr A Heunis	Group Executive	12	1 577	1 749	536	279	4 141
Ms I Marutla	Acting Group Executive	7	329	-	163	77	569
Mr J Mathews	Acting Group Executive	12	943	-	475	20	1 438
Mr K Mosweu	Acting Group Executive	5	345	-	238	-	583
Ms Y B Kgame	Acting Group Executive	6	528	-	87	99	714
Mr T S Mathibe	Acting Group Executive	1	80	-	31	12	123
Ms J N Mbatia	Acting Company Secretary	2	82	-	41	19	142
Total remuneration			23 339	2 419	14 683	3 468	43 909

~ - including contributions obtained from pension fund holiday

40 RELATED PARTIES (continued)

(ix) Directors' and key management personnel compensation

		Remuneration paid to the person in any capacity					
Year ended 31 March 2012	**Service as**	**Service period in months**	**Basic salary R'000**	**Bonuses and commissions R'000**	**Expenses and other allowances R'000**	**Employer's contribution to pension fund, medical aid and other ~ R'000**	**Total R'000**
Members of the Accounting Authority							
Non-executive directors							
Dr B S Ngubane	Board Chairman	12	-	-	639	-	639
Mr T S Ka Plaatjie	Deputy Board Chairman	3	-	-	125	-	125
Mr C S Gina	Board Member	12	-	-	411	-	411
Ms C F O'Neil	Board Member	12	-	-	363	-	363
Prof P M Green	Board Member	12	-	-	373	-	373
Mr P J Harris	Board Member	4	-	-	77	-	77
Mr N Motsepe	Board Member	12	-	-	249	-	249
Mr D K Golding	Board Member	12	-	-	389	-	389
Ms S C Vos	Board Member	12	-	-	443	-	443
Mr J S Danana	Board Member	10	-	-	469	-	469
Adv C B Mahlati	Board Member	10	-	-	473	-	473
Dr S P Makhesha	Board Member	10	-	-	407	-	407
Mr L C Mtimde	Board Member	10	-	-	293	-	293
Executive directors							
Ms L P Mokhobo	Group Chief Executive Officer	3	518	-	201	55	774
Mr R A Nicholson	Acting Group Chief Executive	3	436	-	567	44	1 047
Ms G P Duda	Chief Financial Officer	1	146	-	54	19	219
Mr G H Motsoeneng	Acting Chief Operating Officer	12	1 002	58	443	109	1 612
Mr L P Nage	Acting Chief Financial Officer	12	897	72	460	94	1 523
Mr T P Molefe	Acting Group Chief Executive Officer	12	1 537	121	402	166	2 226
Senior Management							
Ms T Melk	Company Secretary*	8	3 748	-	563	74	4 385
Ms J N Mbatia	Acting Company Secretary	3	123	10	34	20	187
Ms T C C Mampane	Group Executive	12	1 694	137	363	171	2 365
Mr G Kausiyo	Acting Group Executive	2	121	56	49	17	243
Mr R Waghorn	Group Executive	8	1 896	-	662	10	2 568
Mr S M Masinga	Acting Group Executive	3	123	10	41	16	190
Ms S M Motsweni	Acting Group Executive	3	156	38	71	31	296
Mr M Siluma	Acting Group Executive	9	630	-	265	95	990
Ms N M Mofokeng	Group Executive	5	467	-	296	47	810
Mr K Kganyago	General Manager	12	776	62	356	62	1 256
Ms L Z Francois	Chief Audit Executive	8	628	-	217	80	925
Ms B L Tugwana	Acting Group Executive	12	925	72	450	74	1 521
Mr L Ntloko	Acting Group Executive	12	995	78	419	42	1 534
Mr S E Nzimande	Acting Group Executive	12	1 812	-	31	-	1 843
Mr M J Ndaba	Acting Group Executive	9	1 350	-	287	-	1 637
Ms P D Mwelase	Acting Group Executive	3	181	-	84	19	284
Ms Y Johnston	Group Executive	12	2 000	-	64	-	2 064
Mr S Molaudzi	Acting Group Executive	3	164	-	72	10	246
Mr P T Lesala	Acting Group Executive	4	338	62	132	41	573
Mr A Heunis	Group Executive	12	1 310	1 557	449	144	3 460
Mr I Tseisi	Group Executive	12	1 776	140	371	181	2 468
Mr T S Mathibe	Acting Group Executive	7	526	72	170	42	810
Mr S Sithole	Acting Group Executive	5	800	-	1	-	801
Ms M M Chokoe	Acting Group Executive	3	181	56	69	22	328
Total remuneration			27 256	2 601	12 354	1 685	43 896

** - Included in basic salary is compensation paid in respect of loss of office and retirement from office*

~ - Excluding contributions obtained from pension fund holiday

Notes to the annual financial statements for the year ended 31 March 2013 (continued)

40 RELATED PARTIES (continued)

(ix) Directors' and key management personnel compensation

Year ended 31 March 2011	Service as	Service period in months	Remuneration paid to the person in any capacity Basic salary R'000	Bonuses** and commissions R'000	Expenses and other allowances R'000	Employer's contribution to pension fund, medical aid and other ~ R'000	Total R'000
Members of the Accounting Authority							
Non-executive directors							
Dr B S Ngubane	Board Chairman	12	-	-	444	-	444
Mr D Niddrie	Board Member	7	-	-	178	-	178
Mr C S Gina	Board Member	12	-	-	340	-	340
Ms C F O'Neil	Board Member	12	-	-	253	-	253
Prof P M Green	Board Member	12	-	-	192	-	192
Ms B Masekela	Board Member	7	-	-	98	-	98
Mr P J Harris	Board Member	12	-	-	248	-	248
Ms F Sekha	Board Member	6	-	-	210	-	210
Ms M Mello	Board Member	7	-	-	143	-	143
Mr N Motsepe	Board Member	12	-	-	203	-	203
Mr D K Golding	Board Member	12	-	-	282	-	282
Ms S C Vos	Board Member	12	-	-	221	-	221
Executive directors							
Mr S M Mokoetle	Group Chief Executive Officer*	10	5 244	2	242	327	5 815
Mr R A Nicholson	Acting Group Chief Executive Officer and Chief Financial Officer	12	1 647	1 392	765	326	4 130
Senior Management							
Mr L P Nage	Acting Chief Financial Officer	5	358		112	62	532
Ms T Melk	Company Secretary	12	1 092	2	478	181	1 753
Mr G L Mampone	Group Executive and Acting Group Chief Executive Officer	12	1 173	2	669	212	2 056
Mr R Waghorn	Group Executive	12	2 442	2	1 285	17	3 746
Ms T C C Mampane	Acting Chief Operating Officer	7	880	450	162	151	1 643
Ms N M Mofokeng	Group Executive	12	1 056	2	248	186	1 492
Ms L P Mokhobo	Group Executive	3	388	516	507	64	1 475
Ms P Ntombela-Nzimande	Group Executive*	12	3 756	460	310	178	4 704
Mr K Kganyago	General Manager	12	726	73	268	109	1 176
Mr M B Sathekge	Group Executive	7	382	60	233	73	748
Mr S J Mathebula	Acting Group Executive	9	459	41	244	97	841
Ms B L Tugwana	Acting Group Executive	5	398	-	117	60	575
Mr L Ntloko	Acting Group Executive	12	930	125	339	39	1 433
Mr M J Ndaba	Acting Group Executive	3	450	-	-	-	450
Mr N Sibisi	Acting Group Executive	10	728	2	303	142	1 175
Mr R Morobe	Acting Group Executive	9	618	116	171	110	1 015
Mr C K Seokane	Acting Group Executive	12	480	112	282	90	964
Mr T Ntenteni	Group Executive	12	1 194	375	414	196	2 179
Mr A Heunis	Group Executive	12	1 180	1 141	278	213	2 812
Mr I Tseisi	Group Executive	12	1 736	72	311	297	2 416
Mr T P Molefe	Group Executive	12	1 341	110	303	241	1 995
Ms W Mkhize	Acting Group Executive	3	177	-	68	31	276
Total remuneration			28 835	5 055	10 921	3 402	48 213

** - Included in basic salary is compensation paid in respect of loss of office and retirement from office*
*** - Bonuses paid out in 2011 were previously accrued for. See note 21*
~ - Excluding contributions obtained from pension fund holiday

41 LICENCE AGREEMENTS

The Group was granted the following Public Television Broadcasting Licences by the Public Service Division of the Independent Communications Authority of South Africa ('ICASA') for the period 23 March 2004 to 22 March 2019: SABC1 and SABC2.

The Group was granted the following Commercial Television Broadcasting Licences by the Public Service Division of the Independent Communications Authority of South Africa ('ICASA') for the period 23 March 2004 to 22 March 2019: SABC3.

The Group was granted the following Public Sound Broadcasting Licences by the Public Service Division of ICASA for the period 23 March 2004 to 22 March 2014 for the following stations: SAFM, RSG, UMHLOBO WENENE FM, UKHOZI FM, LESEDI FM, MOTSWEDING FM, THOBELA FM, LIGWALAGWALA FM, IKWEKWEZI FM, MUNGHANA LONENE FM, PHALAPHALA FM, LOTUS FM, RADIO 2000, X-K FM and TRU FM.

The Group was granted the following Commercial Sound Broadcasting Licences by the Public Service Division of ICASA for the period 23 March 2004 to 22 March 2014 for the following stations: 5FM, METRO FM and GOOD HOPE FM.

The licence area for all of the licences above is the Republic of South Africa. The Licences were granted at no consideration and the Group is required to comply with the applicable regulations as amended from time to time. No subsequent expenditure has been incurred on these licences.

42 EXPENDITURE AND LOSSES THROUGH CRIMINAL CONDUCT, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURES

(i) All losses through any irregular expenditure

Section 1 of the Public Finance Management Act, No. 1 of 1999, as amended, defines irregular expenditure as expenditure, other than unauthorised expenditure, incurred in contravention of or that is not incurred in accordance with a requirement of any applicable legislation

The following amounts have been determined as being irregular expenditure, in terms of section 55(2)(b)(i) of the Public Finance Management Act, No. 1 of 1999, as amended:

		GROUP AND COMPANY		
		2013	**2012**	**2011**
		R'000	**R'000**	**R'000**
Opening Balance		**-**	-	-
Add: Irregular expenditure - current year		**106 322**	136 959	75 096
Less: Amounts condoned		**(103 218)**	(134 624)	(53 547)
Irregular expenditure not condoned		**3 104**	2 335	21 549
Less: Amounts recoverable		**-**	(771)	(21 549)
Less: Amounts recovered		**-**	(3)	-
Less: Amounts not recoverable		**(1 873)**	(1 561)	-
Irregular expenditure awaiting condonation		**1 231**	-	-
Analysis of expenditure awaiting condonation per age classification				
Current year		**1 231**	-	-
		1 231	-	-
Details of irregular expenditure				
Incident	**Disciplinary steps taken/(criminal proceedings)**			
Payments without contracts	Condoned by the Chief Financial Officer	**103 218**	134 624	53 547
Procurement procedures not adhered to	Written off as irrecoverable	**1 873**	1 561	10 242
Delegation of authority contravened	Investigations underway	**325**	298	9 250
Misappropriation of resources	Disciplinary action initiated against the responsible person	**906**	476	2 057
		106 322	136 959	75 096

Notes to the annual financial statements for the year ended 31 March 2013 (continued)

42 EXPENDITURE AND LOSSES THROUGH CRIMINAL CONDUCT, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURES (continued)

(ii) Material losses through fruitless and wasteful expenditures

Section 1 of the Public Finance Management Act, No. 1 of 1999, as amended, defines fruitless and wasteful expenditure as expenditure which was made in vain and would have been avoided had reasonable care been exercised.

The following material losses, through fruitless and wasteful expenditure have been identified as being reportable in terms of the materiality framework approved by the Minister of Communications for the year under review:

		GROUP AND COMPANY		
		2013 R'000	**2012 R'000**	**2011 R'000**
Opening Balance		**-**	-	-
Add: Fruitless and wasteful expenditure - current year		**22 116**	104 615	88 309
Less: Amounts condoned		**(22 066)**	(103 098)	(85 391)
Fruitless and wasteful expenditure not condoned		**50**	1 517	2 918
Less: Amounts recoverable		**(50)**	(1 512)	(1 718)
Less: Amounts recovered		**-**	(5)	(1 200)
Fruitless and wasteful expenditure awaiting condonation		**-**	-	-
Details of fruitless and wasteful expenditure				
Incident	**Disciplinary steps taken/(criminal proceedings)**			
Impairment of foreign content	Content should be broadcast in full before the licence expired	**12 518**	22 120	74 905
Contractual disputes with third parties	Contract disputes for vehicles rented but not utilised	**6 743**	2 372	10 159
Travel cancellation fees and penalties	Investigations underway	**442**	124	327
Legal claims		**-**	72 060	-
Payment for services not provided	Disciplinary action initiated against the responsible person	**2 413**	7 939	2 918
		22 116	104 615	88 309

HONOURING

Men and Women who Contributed to the SABC

In memory of our employees who passed on in this financial year. We wish to thank their families on their behalf for the profound contribution they made to the SABC. With our deep appreciation and much gratitude.

SABC Board and Management

- Amrit Manga - 5 April 2012
  News
- Jeoffrey Mathibe - 9 April 2012
  Technology
- Thokozane Makhanya - 17 June 2012
  Radio
- Joyce Dube - 3 July 2012
  Stakeholder Relations
- Hulisani Mametsi - 30 July 2012
  Technology
- Luyanda Cewana - 11 August 2012
  News
- Kgaugelo Moseta - 20 August 2012
  News
- Thando Tuso - 26 August 2012
  Television
- Judy Jiyane - 18 September 2012
  News
- Andre Smit - 7 October 2012
  Technology
- Mandla Masanabo - 19 October 2012
  News
- Hesterita Masuret - 21 October 2012
  Commercial Enterprises
- Amos Sithole - 30 October 2012
  Television
- Sibongile Khumalo - 14 December 2012
  Technology
- Jan De Klerk - 24 December 2012
  News
- Sophia Mookapilo - 1 March 2013
  Stakeholder Relations
- Jannie Nero - 24 March 2013
  Provincial Operations
- Brian Banda - 29 March 2013
  Technology

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and SABC divisional submissions

SABC

SABC ANNUAL REPORT 2013