SABC

ANNUAL REPORT 2015

VISION

The SABC inspires change through enriching, credible, relevant and compelling content that is accessible by all.

MISSION

To educate, inform and entertain all audiences accessing SABC services.

VALUES

Conversations and Partnerships
Restoration of Human Dignity
Building a Common Future

This is the 78th Annual Report of the South African Broadcasting Corporation (SOC) Limited, referred to as 'SABC', 'the Corporation' or 'the Company' (Registration Number: 2003/023915/30).

It is tabled in Parliament in terms of the Broadcasting Act, No 4 of 1999, as amended, and the Public Finance Management Act, No 1 of 1999, as amended.

REGISTERED OFFICE ADDRESS:
Radio Park, Henley Road,
Auckland Park, Gauteng, 2006

POSTAL ADDRESS:
Private Bag X1, Auckland Park,
Johannesburg, Gauteng, 2006

CONTACT TELEPHONE NUMBERS:
Tel: +27 11 714 9111
Fax: +27 11 714 3219

EMAIL-ADDRESS:
sabcinfo@sabc.co.za

WEBSITE ADDRESS:
Visit the SABC: www.sabc.co.za

EXTERNAL AUDITORS INFORMATION:
Auditor-General SA,
Lefika House, 300 Middel Street,
Brooklyn, Pretoria, 0001

BANKERS INFORMATION:
ABSA Limited
ABSA Towers East, 3rd Floor,
170 Main Street, Johannesburg

COMPANY SECRETARY
Ms Theresa Geldenhuys
Group Company Secretary
Tel: +27 (11) 714 3910,
Fax: +27 (11) 714 3219,
Mobile +27 83 679 9585
Private Bag X1, Auckland Park,
2006, Gauteng, South Africa
E-mail: GeldenhuysTV@sabc.co.za

Refer to page 143 on how to use this interactive image.

ANNUAL REPORT

CONTENTS

LIST OF ABBREVIATIONS

ACRONYMS

AFCON	Africa Cup of Nations
AGM	Annual General Meeting
AGSA	Auditor-General of South Africa
AR's	Audience Ratings
ASASA	Advertising Standards Authority of South Africa
ARMSCOR	Armaments Corporation of South Africa
AUB	African Union of Broadcasters
BA	Broadcasting Act
BAC	Bid Adjudication Committee
BASA	Business and Arts South Africa
BBBEE	Broad-Based Black Economic Empowerment
BCCSA	Broadcasting Complaints Commission of South Africa
BRC	Broadcast Research Council
BRC RAM	Broadcast Research Council Radio Audience Measure
BRICS	Brazil, Russia, India China, and South Africa
CAATS	Computer-Aided Audit Tools
CAF	Confederation of African Football
CCC	Complaints and Compliance Committee
CCTV	Closed Circuit Television
CFC	Cape Film Commission
CI	Corporate Identity
CNN	Cable News Network
COMESA	Common Market of Eastern and Southern Africa
COSAFA	Confederation of Southern African Football Association
CRL	Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities
CRRF	Council for the Protection of Religious Rights and Freedoms
CSI	Corporate Social Investment
CSIR	Council for Scientific and Industrial Research
DAB	Digital Audio Broadcasting
DBE	Department of Basic Education
DCSR	Department of Culture, Sports and Recreation
DoC	Department of Communications
DPSA	Disabled People of South Africa
DSAT	Digital Satellite
DSD	Department of Social Development
DStv	Digital Satellite Television
DTH	Direct to Home (Satellite distribution)
DTPS	Department of Telecommunications and Postal Services
DTT	Digital Terrestrial Television/Transmission
EAP	Employee Assistance Programme
ECA	Electronics Communications Act
EE	Employment Equity
EVP	Employee Value Proposition
EXCO	Executive Committee
FET	Formal Education and Training
FM	Frequency Modulation

GE	Group Executive
HD	High Definition
HDTV	High Definition Television
HR	Human Resources
ICASA	Independent Communications Authority of South Africa
ICT	Information Communications and Technology
IEC	Independent Electoral Commission
IFFM	International Fellowship of Foundational Ministries
IFRS	International Financial Reporting Standards
IIA	Institute of Internal Auditors
IKB	Information and Knowledge Building
IMF	International Monetary Fund
IMO	International Mathematics Olympiad
IOD	Institute of Directors
IRBA	Independent Regulatory Board of Auditors
ISP	Internet Service Provider
IT	Information Technology
KPI's	Key Performance Indicators
LPT	Low Power Transmitters
LSM	Living Standards Measurement
MaWids	Mamelodi Women in Deeds
MAEG	Multimedia and Hypermedia Expert Group
MEGA	Mpumalanga Economic Growth Agency
MGB	Mpumalanga Gambling Board
MIFF	Mpumalanga International Film Festival
MMA	METRO FM Music Awards
MTEF	Medium Term Expenditure Framework
MOI	Memorandum of Incorporation
MOU	Memorandum of Understanding
MRM	Moral Regeneration Movement
MPC	Monetary Policy Committee
NAB	National Association of Broadcasters
NCA	National Credit Act
NCC	National Consumer Commission
NEMISA	National Electronic Media Institute of South Africa
NEPAD	New Partnership for Africa's Development
NICSA	National Interfaith Council of South Africa

The cast of the local soap production, Isidingo, broadcast on SABC3.

NFVF	National Film and Video Foundation
NLSA	National Library of South Africa
NYDA	National Youth Development Agency
NYSDP	National Youth Skills Development Program
OB	Outside Broadcast
ODI	One Day International
OHS	Occupational Health and Safety
OECD	Organisation for Economic Co-operation and Development
PAs	Political Advertisements
PAA	Public Audit Act No. 25 of 2004
PanSALB	Pan South African Language Board
PBS	Public Broadcasting Services
PCC	Portfolio Committee on Communications
PCS	Public Commercial Services
PEBs	Party Election Broadcasts
PMR	Peer Management Review
PFMA	Public Finance Management Act
PGM	Provincial General Managers
PHWSBC	Public Health and Welfare Sectorial Bargaining Council
PMC	Provincial Management Committee
POC	Proof of Concept
PP	Preferential Procurement
PSA	Public Service Announcement
PSL	Premier Soccer League
PWD	People With Disabilities
RAMS	Radio Audience Measurement Survey
RBF	Radio Broadcast Facilities
RFP	Request for Proposal
ROI	Return on Investment
RPL	Recognition of Prior Learning
SAARF	South African Advertising Research Foundation
SABC	South African Broadcasting Corporation SOC Limited
SABCOHA	South African Business Coalition on HIV/AIDS
SABS	South African Bureau of Standards
SACU	Southern African Customs Union
SADC	Southern African Development Community
SAFA	South African Football Association
SAFTA	South African Film and Television Awards
SAICA	South African Institute of Chartered Accountants
SANPARK	South African National Parks
SAMA	South African Music Awards
SAMF	South African Mathematics Foundation
SAMRO	South African Music Rights Organisation
SANAC	South African National AIDS Council
SANS	South African National Standards
SAP	System Application and Products in Data Processing
SAQA	South African Qualifications Authority
SARB	South African Reverse Bank
SARU	South African Rugby Union
SATMA	South African Traditional Music Awards
SBIS	Swaziland Broadcasting and Information Service
SBL	School of Business Leadership
SEA	Screen Excellence Awards
SEDA	Small Enterprise Development Agency
SETA	Sector Education and Training Authority
SOC	State Owned Company
SOE	State Owned Enterprise
SONA	State of the Nation Address
SOP	Standard Operating Procedure
SRSA	Sport and Recreation South Africa
STB	Set-Top Box
TAMS	Television Audience Measurement Survey
TOR	Terms of Reference
TV	Television
TVBMS	Television Broadcast Management System
TVC	Television Commercial
TVM	Television Mozambique
USAID	United States Agency for International Development
USSD	Unstructured Supplementary Service Data
VHF	Very High Frequency
VOD	Video on Demand
WASPA	Wireless Application Service Provider's Association
WEP	Women Empowerment Programme
WIL	Work Integrated Learning
WSP	Workplace Skills Plan
15+	Over 15 years of age


TAKALANI SESAME
SUBSCRIBE NOW
WATCH PLAY LEARN
Watch TAKALANI SESAME on YouTube
123

SABC AT A GLANCE

Refer to page 143 on how to use this interactive image.

The face behind the morning show on MLFM, Sydney Baloyi.

SHOWCASING
OUR PLATFORMS

The communications landscape is ever evolving due to competition and convergence between broadcasting, telecommunications, new media and the anticipation of Digital Terrestrial Transmission/Television (DTT). Radio remains a critical source of information to a majority South Africans who have little access to information technology and other platforms. SABC's radio stations have remained relevant and its Public Broadcasting Services (PBS) Radio Stations remain a core tool to deliver its public service mandate.

What follows is a brief outline of the Radio stations and TV channels of the SABC.

SABC Radio Stations

Ikwekwezi FM takes pride of the fact that it is the only station in the country that caters for the IsiNdebele speaking community of South Africa. It follows a music and talk-based format whilst understanding that its target market wants to be informed in an entertaining way.

The average weekly audience: 1.782 million adults (15+)

Lesedi FM broadcasts from Bloemfontein to the Sesotho-speaking and -understanding communities. It is the biggest Sesotho radio station in South Africa. It provides programming that touches on issues that have a direct bearing on the development of listeners.

The average weekly audience: 3.669 million adults (15+)

Ligwalagwala FM prides itself on being the upbeat radio station that speaks to the young, motivated, upwardly mobile SiSwati-speaking audiences. Playing a mix of Kwaito, Ballads, House, RandB and Gospel. Ligwalagwala FM appeals to listeners who are progressive and brand-conscious and have true urban identities. The aim of the station is to act as a friend, teacher, entertainer and nation-builder for its listeners by broadcasting content that enriches their daily lives.

The average weekly audience: 1.373 million adults (15+)

Lotus FM fulfils the cultural, information and entertainment needs of the South African Indian population across three religious denominations (Hinduism, Islam and Christianity) in six languages. Its programming is underpinned by core editorial values that reflect the South African Indian identity, while affirming the audience; rich and diverse Indian culture and heritage.

The average weekly audience: 352 000 adults (15+)

Motsweding FM is the largest Setswana radio station broadcasting from the North West Province with a spill over listenership into Botswana.

The average weekly audience: 3.128 million adults (15+)

Munghana Lonene FM broadcasts from Limpopo Province in Xitsonga. The station's broadcast stretches from Limpopo to Gauteng, Mpumalanga and the North West. It boasts a vibrant mix of education, information and entertainment to its listeners who are mainly Xitsonga speaking.

The average weekly audience: 997 000 adults (15+)

Phalaphala FM broadcasts from Limpopo Province in Tshivenda. It provides information, education and entertainment in its programming that is relevant to its target audience who are mainly Tshivenda speaking audience of South Africa.

The average weekly audience: 882 000 adults (15+)

Radio 2000 is a facility radio station that covers events of national importance including sports. It is also a cosmopolitan national radio station that broadcasts in English. Its programming varies from arts, sports, news, culture, travel and business to personal finance.

The a weekly audience: 842 000 adults (15+)

RSG is a full-spectrum radio station which offers diverse programming that is in touch, relevant and rooted in people's needs. It is a totally Afrikaans station. It is the all-in-one preferred radio station for everyone who speaks or understands Afrikaans, regardless of race.

The average weekly audience: 1.905 million adults (15+)

SAfm is a news and information radio station that broadcasts in English providing diverse content that appeals to South Africans who engage in dialogue. It delivers progressive content that educates, entertains and informs its listeners.

The average weekly audience: 532 000 adults (15+)

Thobela FM broadcasts from Limpopo Province and is a voice of Northern Sotho-speaking and understanding South Africans, who are proud and respectful of their culture and heritage. The station is a main source of education, information and entertainment for its listeners.

The average weekly audience: 3.475 million adults (15+)

Tru FM broadcasts from Bisho in the Eastern Cape province to mainly young audiences. It focuses on providing education, entertainment and information to the youth of the Eastern Cape so that they are empowered as it provides tools for self-development.

The average weekly audience: 190 000 adults (15+)

Ukhozi FM is a leading radio station with audiences in excess of 7 million. The station broadcasts from Kwazulu Natal and IsiZulu is the language of broadcast. It provides its listeners with programming that entertains, informs and educates whilst keeping them connected to their culture and heritage.

The average weekly audience: 7.732 million adults (15+)

Umhlobo Wenene FM broadcasts from Port Elizabeth in the Eastern Cape in IsiXhosa. It is the only African-language station to broadcast in nine provinces and cover all of SA's major metro poles. It provides its listeners with programming that entertains, informs and educates whilst keeping them connected to their culture and heritage.

The average weekly audience: 4.244 million adults (15+)

X-K FM targets the San people of Platfontein in the Northern Cape. It aims to preserve the Xu! and Khwe! cultures, uplifting, developing and informing the communities. This community consists of the Xu!, who make up 64%of listeners, and the Khwe!

The average weekly audience: 6 000 adults (15+)

5FM is an English radio station that provides education, information and entertainment through music and content features in its programming. It provides its listeners the opportunity to be part of the energy and dynamism of the fast-changing youthful global community. Underpinned by its diverse and vibrant on-air talent, the station caters for the varied tastes of its listeners.

The average weekly audience: 1.707 million adults (15+)

Good Hope FM broadcasts from Cape Town in English and Afrikaans to mainly the Coloured audience. It provides education, information and entertainment through music and content features in its programming.

The average weekly audience: 650 000 adults (15+)

METRO FM is the largest national urban commercial station in South Africa with listeners in excess of 6 million. The station broadcasts in English and provides education, information and entertainment through music and content features in its programming.

The average weekly audience: 6.388 million adults (15+)

The production of Mela, broadcast on SABC2.

SABC Television Channels

SABC1 is a full spectrum free-to-air channel that represents youthful dreams, and their aspirations, reflecting a society that is currently in motion and progressive.

The channel broadcasts in English, IsiZulu, IsiXhosa, SiSwati and IsiNdebele. Coverage via the terrestrial transmitter network accounts for 91.2% of the audiences. It is also available via satellite on the DStv and StarSat direct-to-home (DTH) digital satellite platforms.

The average weekly audience: 29.5 million (15+).

SABC2 is a full spectrum free-to-air channel defined by cultural customs and traditions. Community, culture and family are very important to the channel.

It broadcasts in English, Afrikaans, Sesotho, Setswana, Sepedi, Xitsonga and Tshivenda. Coverage via terrestrial transmitter network accounts for 92.5% of the audiences. It is also available via satellite on the DStv and StarSat DTH digital satellite platforms.

The average weekly audience: 27.6 million adults (15+).

SABC3 is a full spectrum free-to-air channel. Its focus is the entertainment and information format for cosmopolitan viewers.

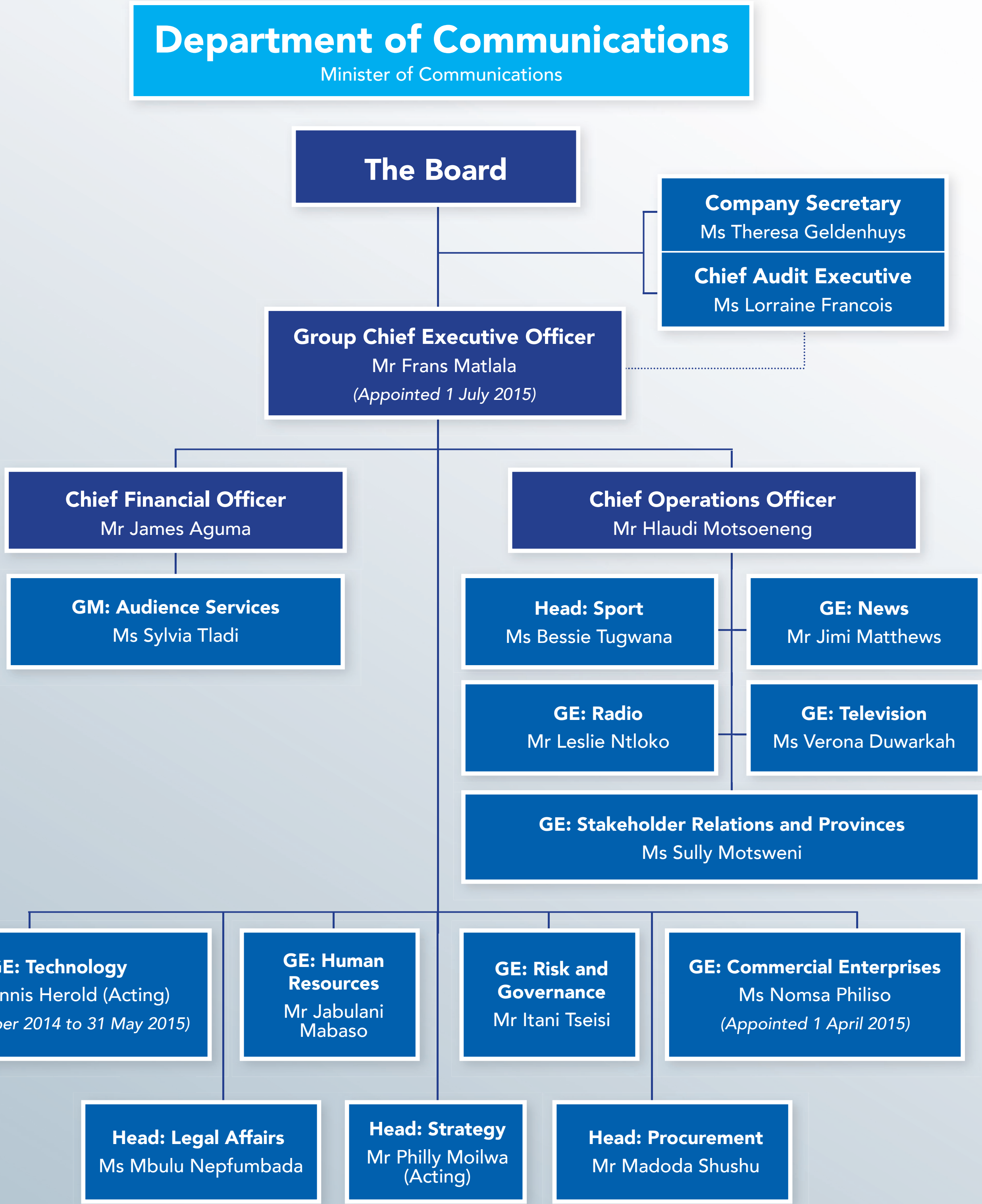
It broadcasts in English with 10% of other languages. Coverage via terrestrial transmitter network accounts for 82.1% of the audiences. It is also available via satellite on the DStv and StarSat DTH digital satellite platforms.

The average weekly audience: 21.3 million adults (15+).

SABC 24 Hour News Channel on DStv Channel 404, offers continuous updates and breaking news. It is a seamless fusion of live journalism and current affairs programming throughout the day. The channel broadcasts mainly in English, with African languages bulletins provided for the evening slots. The channel has expanded its footprint and now covers 51 African countries as it aspires to be an Pan-African channel.

The average weekly audience: 1.3 million adults (15+).

ORGANISATIONAL STRUCTURE



FOREWORD BY THE

CHAIRPERSON

Prof M O Maguvhe

The work done during the 2014/15 financial year provided a basis for the Public Broadcaster to deliver excellent public and commercial broadcasting services in the forthcoming financial year.

Owing to the profound transformation that broadcasters are undergoing globally and taking into account the shifts in the world economy, new technologies, changes in audience behaviour and increasingly complex competitive environments, the SABC needed to reshape its future with a Corporate Plan that is guided by a very clear sense of direction and focus. In the 2015/16 to 2017/18 financial years the main objective will be to strengthen the Public Broadcaster's relationship with the citizens of South Africa. The SABC intends to offer more services on more platforms than ever before. With its strategy of procuring local content through the RFP process, the SABC will become more South African, more provincial and more digital.

The SABC has set a course to ensure its long-term future. This is the start of a fundamental transformation to reposition the Public Broadcaster. The Corporation's strategy aims to better position the Public Broadcaster to meet the vital shifts that are transforming the media universe, and consequently how it connects with South Africans. The SABC will deepen its relationship with South Africans; work in partnership with the creative community to showcase the breadth and depth of SA's reality; and set the Corporation on a clear course to long-term financial sustainability.

The SABC's Corporate Plan was developed to ensure that the Corporation operates within well-defined parameters. The plan focuses on a new value proposition and a new forward-looking funding model, which is essential to the future success and sustainability of the SABC as South Africa's only Public Broadcaster

I take this opportunity to thank my fellow Board members the Parliament Portfolio Committee on Communications, the Shareholder, the National Treasury and most importantly, the women and men of the SABC, who make sure that the Corporation continues to function despite all the daily challenges they experience.

Prof. M.O. Maguvhe

Prof M O Maguvhe
Chairperson of the SABC Board

COMPOSITION OF THE
SABC BOARD

Prof M O Maguvhe
Chairperson
Appointed 19 June 2015

Ms L T Khumalo
Deputy Chairperson
Appointed 19 June 2015

Mr V G M Mavuso

Ms N M Mhlakaza

Mr K Naidoo

Dr N A Tshidzumba

Mr F L Matlala
Group CEO
Appointed 1 July 2015

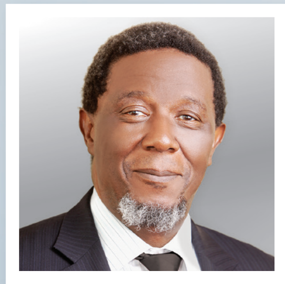
Mr G H Motsoeneng
COO

Mr J R Aguma
CFO
Appointed 5 January 2015

Ms E Z Tshabalala
Resigned 17 December 2014

Mr K T Bonakele
Resigned 4 August 2014

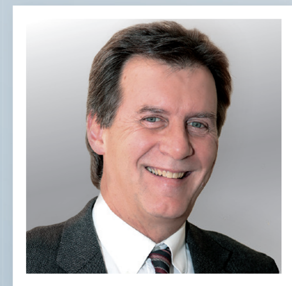
Ms R Kalidass
Removed 26 March 2015



Prof B A Khumalo
Resigned 28 January 2015

Mr M R Lubisi
Removed 26 March 2015

Ms M H Z Zinde
Removed 12 March 2015



Mr A Heunis
Group CEO (Acting)
22 September to 22 November 2014

Mr C Olivier
Group CEO (Acting)
18 March to 16 September 2014

The SABC has a unitary board structure comprising of 12 Non-Executive Directors and three Executive Directors.

The Broadcasting Act No. 4 of 1999, as amended, provides that the SABC will be governed and controlled, in accordance with this Act, by a Board of Directors. The Non-Executive Directors are appointed by the President on the advice of the National Assembly and the Executive Directors are appointed by the Minister in consultation with the Board.

The Non-Executive Directors must hold office for such period as the President may determine which period must not exceed five years. Executive Directors have standard employee service contracts and are subject to the SABC's conditions of service.

Prof Mbulaheni Obert Maguvhe – Chairperson

PhD in Education (University of Pretoria); MEd (Boston College, Massachusetts, USA); Diploma in Special Education (UNISA); BEd (University of the Witwatersrand); BA Education (University of the North); Certificate in Assessor Training.

Prof Maguvhe is an Associate Professor at the University of South Africa in the Department of Inclusive Education. He is the Co-founder of the South African National Association of the Blind and acted as its Executive Director. He held the positions of Programme Manager and Programme Co-ordinator for Education and Training at the Council.

His experience, covering both the public and private sectors, with specific interest on education includes numerous positions which he has occupied. He was the Director: Special Needs at Kha Ri Gude Mass Literacy Campaign by the Department of Education, a teacher at Tshilidzini Special School, and a co-ordinator of the Workbooks Adaptation Task Team of the Department of Basic Education and Training.

He played an instrumental role in a number of significant improvements in the educational initiatives and developments for the blind and partially sighted. He adapted the Department of Basic Education's Annual National Assessments for the Blind and was influential in designing Grade 2 Venda Braille. He initiated and participated in the development of unit standards leading to a diploma qualification in braille (SAQA level 5). His specialisation is curriculum and instructional design and development in the Department of Curriculum Studies at the Faculty of Education at the University of Pretoria.

He has successfully served on a number of committees including being the Chairman of the African languages Committee under the auspices of Braille SA and a Board Member of the South African Library for the Blind. Before being appointed as the Chairperson of the SABC board, by the Presented, his role was the Deputy Chairperson.

Thabisile Khumalo – Deputy Chairperson

BJuris, LLB (University of Durban Westville); Project Management Diploma (University of Westville – Graduate School of Business Leadership); Professional Legal Training (School of Legal Practice, University of Natal).

Ms Leah Khumalo is the founder and director of Mngoma –Mlaba and Khumalo Inc. She has extensive and advanced knowledge and experience in drafting and interpreting legislation, has the ability to draft and design legal documents such as tenders, contracts, agreements etc. and the execution of Judicial Acts (Litigation).

She has been Involved, inter alia, in projects with the following organisations: Public Health and Welfare Sectorial Bargaining Council (PHWSBC); KZN Department of Health; Department of Transport; Adkraal Design and Advertising; LifeLab EcoBio Innovation Centre; Department of Local Government and Traditional Affairs; Msunduzi Municipality; KZN Wildlife; KZN Department of Transport; Nestle (Pty) Ltd; Ethekwini Municipality; Ithala Ltd; KZN Gijima (DED); and KZN Provincial Treasury.

Ms Khumalo is a member of the Board of Sentech, a former member the Audit Committee and is currently the Chairperson of the Procurement Committee of Sentech.

Mr Vusumuzi Mavuso

Post Graduate Diploma in Public and Development Management (University of the Witwatersrand).

Mr Mavuso was a member of the Gauteng Provincial Legislature until 1998. He has held many positions in the public service from Municipal Manager to Regional Director at municipal levels. Mr Mavuso has held key positions of Deputy Director General (HOD) of the Department of Development and Planning in Local Government, as well as the Public Service Commissioner for Gauteng. He is a change management specialist and strategist with vast experience in local government as a consultant.

Ms Nomvuyo Memory Mhlakaza

National Diploma in Human Resources Management (Technikon Northern Gauteng); BTech in Human Resources Management (Tshwane University of Technology); Leadership Development Course; and an Advanced Leadership Development Course.

Ms Mhlakaza is currently employed as a Senior Manager in the office of the Chairperson of the National Youth Development Agency. She has experience in human resource management including industrial relations, workplace skills development plans, staff training and the design and development of training materials.

Mr Krish Naidoo

BProc (University of Durban Westville); MLitt (University of Aberdeen, UK); Attendance Certificate in Banking Law and Financial Markets (Nelson Mandela School of Law and the University of the Witwatersrand).

Mr Naidoo is a practising Attorney and has extensive experience in the fields of human rights, administrative law, mining and commercial law. He worked for Armaments Corporation of South Africa (Armscor) as the Senior Manager of Corporate Communications and gained experience in liaising with the Diplomatic Corps and the Parliamentary Defence Committee. He participated in programmes relating to defence and has written articles for the media and defence journals on issues of defence.

He was a Founding Member of the National Association of Democratic Lawyers and a Founding Member of the National Sports Congress. He chaired the soccer unity talks to form the SA Football Association.

Dr Ndivhoniswani Aaron Tshidzumba

BA (Hons); MA; PhD in Communication (North West University); Post Graduate Diploma in TV Production National Electronic Media Institute of South Africa (NEMISA); Certificate in Public Relations (Allenby Campus); BA UED (University of Venda).

Dr Tshidzumba is currently the Chief Executive Officer of NEMISA and was previously a lecturer in Broadcasting at the Journalism Department of the Tshwane University of Technology. He is a Facilitator at the Business School of the North West University in the field of Graphic Design, Public Relations Management and Visual Programming.

He also managed the Multi-Media centre, in charge of Research, Sound and Video Productions at the Intelligence Academy. Dr Tshidzumba was a Lecturer in the Department of Communication (North West University), where he taught broadcasting for Radio and TV, Computer Literacy, and Media Ethics, to mention but a few.

He taught Media Studies, Graphic Design and Computer Literacy as an Educator at the Hurlingham and Chelsea College in London. He gained experience as a camera person, studio co-ordinator, video editor, script writer, floor manager, and in video transfers and logging, video productions and training new camera interns. He was a Teacher at the Mmabatho High School and the Riverlea High School.

Ms Ellen Zandile Tshabalala – Chairperson
Resigned 17 December 2014

Ms Tshabalala is a strategic management consultant with extensive experience in international business, economic diplomacy, banking, strategic management, project advisory and development as well as investments advisory. She currently serves as National Ambassador responsible for government relations at the Institute of People Management.

Her career spans over 30 years, mostly in senior management for corporates and state owned companies in South Africa including Standard Bank, Transnet Ltd, PortCon Consulting, and South African Post Office. She has also worked extensively in the fields of geostrategic advisory, risk, education and community work. She has made an enormous contribution in trade and investments negotiations with countries and businesses abroad on behalf of African states and companies.

She has served on numerous international structures and was the Chairman of the Council at Durban University of Technology between 2002 and 2006. Ms Tshabalala served on governance boards of a number of corporates and State Owned Companies including Presidential Advisory Council on Broad Based Black Economic Empowerment (BBBEE); Sishen Iron Ore Company – CDT; Transnet SOC Limited; Transnet Foundation; Cape Empowerment Limited; Ascension Properties; Port Shepstone Harbour Development Company; and Moral Regeneration Movement (MRM).

Mr King Thembinkosi Bonakele
Resigned 4 August 2014

BJuris; LLB (University of Fort Hare); MBA (GIBS).

Mr Bonakele was the Chief Executive Officer of a newly found legal and economics practise, Bonakele Competition and Advisory Services. He was appointed as the Commissioner at the Competition Commission. He has held various positions at the Commission's core divisions over the past ten years including being the Deputy Commissioner, Head of Mergers, Head of Compliance and Senior Legal Counsel.

He has gained an in-depth understanding of the key sectors of the South African economy and has an oversight of all major transactions in South Africa in the last five years and in working with various industry experts and economists he has gained insights in these fields. He was part of the core team involved in reviewing the Commission's Strategy and the development of the Corporate Leniency Policy to detect cartels, in addition to renegotiating the Memorandum of Understanding between the Competition Commission and the Independent Communications Authority of South Africa (ICASA), amongst other initiatives with the Department of Public Enterprises, Government, Business and Labour. He has a vast amount of experience in the various aspects of media, labour, health and safety laws and legislative review and drafting both locally and internationally.

Mr Bonakele presented a number of papers at various conferences and made written submissions at the Organisation for Economic Co-operation and Development (OECD) Competition Committee meetings, the International Competition and UNCTAD meetings on various topics, including, amongst others, the Cartel enforcement in South Africa, the Corporate Leniency Policy, Criminalisation of Cartels, Competition and Healthcare and Public and Business Perceptions of Cartel Laws.

Mr Bonakele has served on numerous local and international structures and was an Associate Member of the Africa Committee of the Association of the Bar of the City of New York, promoting support for human rights and peace initiatives in Africa.

Ms Rachel Kalidass
Removed 26 March 2015

BCom (Hons); Certificate in the Theory of Accountancy (CTA) (University of Natal); BCompt (UNISA); CA (SA).

Ms Kalidass is a Chartered Accountant with 15 years of extensive experience in internal and external auditing, financial management, corporate governance and risk management and is currently the Managing Director of R Kalidass and Associates, a practice of Chartered Accountants and Business Consultants. She has commendable experience within the public sector environment, and is a member of the South African Institute of Chartered Accountants (SAICA), Independent Regulatory Board of Auditors (IRBA), the Institute of Internal Auditors (IIA) and Institute of Directors (IOD).

She has obtained financial management experience in various public sector positions and currently serves on the Audit Committee of the National Youth Development Agency (NYDA Audit Committee Chairperson), South African National Parks (SANPARKS Audit Committee Member), the National Library of South Africa (NLSA Audit Committee Member) as well the Business Process Review Committee of the Department of Water Affairs and is responsible for the turnaround on finance and audit related matters.

Ms Kalidass previously served as the Board Chairperson of the Mpumalanga Economic Growth Agency (MEGA) and as an Independent Non-Executive Director of NEHAWU Investment Holdings. She is a current Board Member of the Mpumalanga Gambling Board (MGB), SANPARKS and NLSA.

Prof Bongani Augustine Khumalo
Resigned 28 January 2015

Advanced Executive Programme (AEP) (SBL, UNISA); MA (Fairfield University); MBA (Henley Management College); Diploma in Broadcast Journalism (AACC Nairobi); DAdmin Honoris Causa (University of Fort Hare).

Prof Khumalo is the Chief Executive of Gidani (Proprietary) Limited and the Chairman of Bongani Rainmaker Logistics and Gravitas Group. He is a patron of the South African Business Coalition on HIV/AIDS (SABCOHA) as well as the Professor Extraordinaire and Chairman of the Africa Centre for HIV/AIDS Management at the University of Stellenbosch since 2004.

Prof Khumalo was an Honorary Professor in the Department of Industrial Psychology and later at the Africa Centre. He was an Honorary Fellow of the University of Warwick. He is the former Deputy Chief Executive of Eskom. He served as a Presidential Advisor on HIV/AIDS and Rural Development reporting to the Chairman of the South African National AIDS Council (SANAC). He is the Founder and former Publisher of Aboveboard (Africa's Global Chronicle on Governance, Leadership and Ethics). He was previously the Chairman of the School of Business Leadership (SBL) at UNISA. He was the Chairman of Transnet Limited.

He is an Independent Non-Executive Director of the Board of Anglo American Platinum.

Mr Mashangu Ronny Lubisi
Removed 26 March 2015

BCom (University of Zululand); BCompt Honours (UNISA); CTA (UNISA), CA (SA).

Mr Lubisi is currently the Managing Director of MRL Incorporated, an accounting firm he founded. Mr Lubisi, with his vast financial background, has held positions in finance at various institutions including the University of Venda, Gobodo Incorporated, and Vodacom to name a few.

He is a member of the SAICA and Public Accountants and Auditors Board since 2000.

Ms Mabalwa Hope Zenda Zinde
Removed 12 March 2015

BA in Social Science (University of the North).

Ms Zinde has extensive experience in the field of Journalism, Communications, Media Relations, Campaign Management, Strategy and Concept Development for Marketing, Advertising and Promotions as well as Stakeholder Relations.

She was part of the team responsible for the transformation of Radio RSA to Channel Africa Radio, the transformation of Radio South Africa to SAfm and the enhancement of programming and the look and feel of SABC AFRICA. She participated in the formation of the Communication Workers Union.

Ms Zinde is a member of the Marketing and PR Event Design and Management, as well as the Channel Africa Radio Transformation Committee. She was also a member of the group of five representing staff at the SABC Board under the late Dr Ivy Matsepe-Cassaburi.

Executive Members of the Board

Mr Frans Lekoapa Matlala – Group Chief Executive Officer (Group CEO)

Appointed 1 July 2015

BSc (Chemistry) (Wits); GDE (Industrial) (Wits); MScE (Industrial) (Wits); Emerging Leaders Program (UCT and Duke University); Coaching Excellence Certificate (UCT).

Mr Matlala has a long and distinguished career as a top executive and management consultant on all aspects of strategy and operations management with blue chip companies like Standard Bank, African Life/Sanlam, First National Bank, Nampak, SABMiller, Deloitte and Touche.

He joined the SABC as the Group Chief Executive Officer (GCEO) in July 2015 after he spent over two and a half years as an independent consultant where he served various business clients in the areas of leadership development, financial strategy and organisational transformation.

Throughout his career he has worked with small, medium and large public and private sector enterprises across industry sectors that includes media, Information, Communication and Technology (ICT), Financial services, consumer products, manufacturing and consulting.

Prior to starting his consulting company, Mr Matlala played key senior leadership roles within Standard Bank and First National Bank at their respective head offices in Johannesburg, South Africa. During this period he performed senior executive roles with responsibility over significant budgets and turnaround mandates.

Mr Hlaudi Motsoeneng – Chief Operations Officer (COO)
Permanently appointed 7 July 2014

National Certificate in Generic Management NQF Level 5 (Prodigy); the Thompson Foundation Certificate in Radio Journalism; the SABC Leadership Development Programme (GIBS); Analysis of Contemporary Social Issues (University of Witwatersrand).

Mr Motsoeneng first joined the SABC in the early 1990's as a freelance journalist with commitment and passion for quality news and for broadcasting. He was appointed as a full-time trainee journalist early in 1995. He has made a positive contribution to the SABC as a journalist, as a producer of news and current affairs and as Executive Manager. He is focused and deliverables-driven and has worked through the ranks to achieve his present position of Chief Operations Officer.

His exceptional abilities in stakeholder management were identified by the Free State Provincial Government where he worked as a Media Liaison Officer of the Member of the Executive Council (MEC) for Cooperative Governance and Traditional Affairs. In this role, he served as a critical link between the Department and its Stakeholders, playing a pivotal role as an advisor to the MEC.

He has received the certificate of positive role models awarded (Free State Youth Commission); and the Special Recognition Certificate (Qwa Qwa Campus of the University of the North and Qwa Qwa Community).

Mr James Rogers Aguma – Chief Financial Officer (CFO)
Appointed 5 January 2015

BCom (Hons) (Makerere University); BCom; PGDA (University of Cape Town); PGCTA (Natal) CA (SA); ACMA; CGMA.

The Minister approved the appointment of Mr James Aguma as the Acting CFO with effect from 18 March 2014. The acting appointment was extended on a three-month basis until his appointment as the CFO on 5 January 2015. Mr Aguma joined the SABC in March 2013 as General Manager: Strategic Support from the Auditor-General SA, where he was employed as a Senior Manager. Mr Aguma has extensive public sector experience in working with Government departments and State Owned Entities. His experience includes strategy development, governance, financial and performance reporting, risk management and compliance.

He has worked for PricewaterhouseCoopers on local and international clients including Momentum Group, Gensec Bank, Standard Bank, Rand Merchant Bank, USAID, the World Bank, Swedish Development Agency, Bristol Meyers Squibb and the European Union.

Mr Anton Heunis – Acting Group CEO
22 September - 22 November 2014

BCom (RAU); O and M Diploma (Institute for Organisation and Methods).

The Minister approved the appointment of Mr Anton Heunis as the Acting Group CEO with effect from 22 September 2014 to 22 November 2014.

Mr Heunis joined the SABC on 1 November 1979 as an Organisation and Methods Officer. He has since held a number of senior management and executive positions including that of Group Manager: Human Resources (1995) and Head: Audience Services (1 June 1999). During the period 1 April 2010 to 31 December 2011 Mr Heunis was appointed as the Acting Group Executive: Commercial Enterprises before being formally appointed to this position on 1 January 2012. He has been a member of the Group Executive Committee since 1999.

Mr Heunis is a registered Personnel Practitioner with the South African Board for People Practices

Mr Christian (Tian) Olivier – Acting Group CEO
18 March 2014 - 16 September 2014

BCom; BCom (Hons); MCom (Business Management) (RAU).

The Minister approved the appointment of Mr Tian Olivier as the Acting Group CEO with effect from 18 March 2014, which was extended to 16 September 2014. Until then, he was the Acting CFO from 13 September 2012 to 18 March 2014.

Mr Olivier joined the SABC in 1989 as Chief Clerk: Budgets in the Finance Division. After five months, he was promoted to the position of Accountant: TV-Productions. In 1991, the SABC decentralised the finance function and Mr Olivier was allocated to the TV News Division as Management Accountant. After six years at News, he was asked to move to TV Licences as Financial Manager and promoted to General Manager: Finance and Operations of the TV Licence Division a year later. In January 2010, he was seconded to the office of the CFO to assist with the annual budget planning process, cash flow modelling and financial performance reporting during the Government Guarantee period.

SABC
LEADERSHIP

Mr F L Matlala
GCEO
Appointed 1 July 2015

Mr H Motsoeneng
COO

Mr J R Aguma
CFO

Ms T Geldenhuys
Company Secretary

Ms L Z Francois
Chief Audit Executive

Ms S M Motsweni
GE: Stakeholder Relations and Provinces

Ms V Duwarkah
GE: Television

Ms M Nepfumbaba
Head: Legal Affairs

Mr J Mabaso
GE: Human Resources

Mr I Tseisi
GE: Risk and Governance

Mr L Ntloko
GE: Radio

Mr J Matthews
GE: News

Mr A Heunis
GE: Commercial Enterprises
Retired 31 March 2015

Ms N Philiso
GE: Commercial Enterprises
Appointed 1 April 2015

Mr D M Herold
GE Technology (Acting)
30 October 2014 to 31 May 2015

Mr M P Moilwa
Head: Strategy (Acting)

Mr M J Shushu
Head: Procurement

Ms B L Tugwana
Head: Sport

Mr K Kganyago
Head: Group Communications

Ms I Cupido
CEO: SABC Foundation

PROVINCIAL OFFICES AND THEIR LEADERSHIP

SABC operations are enhanced through established nine provincial offices that are situated throughout the country. These offices are led by Provincial General Managers who mainly exercise oversight. Resources are fully deployed to all the Provinces, ranging from PBS radio stations, radio broadcast facilities, music recording studios, logistics, finance support function, human capital support function and radio sales.

The importance of these offices is that they bring about provincial relevance and feel in news, programming and reflect life and culture of the people of different geographical areas.

The establishment of the SABC 24 Hour News channel has added more capacity with regard to covering events of importance in the Provinces, thereby keeping provincial people informed and this is in keeping with SABC's overall mandate.

Further more, the Provinces are generally acknowledged as important communication hubs, as they service the remotest areas of South Africa. In essence, provincial offices provide viable broadcast platforms, hence most radio stations are located in the Provinces.

During the year under review, many Corporate Social Investment (CSI) initiatives which were implemented in the Provinces continued to make a difference in the lives of ordinary citizens.

Management in Provinces through various outreach programmes undertaken during the year under review, upheld the SABC brand with credibility. Provinces are indeed strategic delivery centres for the SABC.

Mr V Tsoenyane
PGM: Free State and Northern Cape

Ms N Wotshela
PGM: Western Cape

Mr Z Yeye
PGM: Eastern Cape

Ms Z Mkize
PGM: KwaZulu Natal

Mr Q Lenyai
PGM: Mpumalanga

Mr A Kloppers
PGM: Gauteng

Ms T Makuya
PGM: Limpopo

Mr D Mangale
PGM: North West (Acting)

Mr H Motsoeneng

"I'm a firm believer of taking action when action is needed, to make decisions when decisions are required, to fight for and protect the SABC, and to always lead from the front."

CHIEF OPERATING OFFICER'S
REPORT

The SABC is more than just a Public Broadcaster, it is a daily companion to millions of South Africans, allowing audiences to watch, listen and engage, in their mother tongue, with news, public service programming, events of national importance and other moments shaping their lives.

During the financial year 2014/15, the SABC's commitment to its mandate to educate, inform and entertain saw the Corporation deliver top-class public service broadcasting to South African audiences. The SABC remains the dominant player in the broadcast environment, recording significant year-on-year improvements – particularly relating to aspects of over-all audience and revenue performance. The Corporation's presence in other media, such as the online and social media environments, continues to grow at a reasonable pace.

At the end of the financial year, the SABC's financial position remained strong with the Corporation posting a cash balance of R1.017 billion. This was in spite of declining economic conditions, increased competition in the broadcasting industry, factors relating to load shedding and decreasing public funding.

It should be noted that the SABC was successful in sourcing additional funding from external stakeholders. The Corporation entered into meaningful and mutually beneficial external partnerships and began fruitful discussions with a number of other parties. The current funding model of the Public Broadcaster is mainly dependent on commercial funding with less than 3% being funded from Government.

Great effort, during the review period, resulted in many of the corporate strategic objectives bearing fruit. Amongst others, this included ensuring that the Public Broadcaster is ready to migrate to DTT when it is launched in South Africa. Testing in the DTT environment continued throughout the year. The SABC further renovated its studios to such an extent that it can compete with any world-class broadcasters.

Concerted efforts, negotiations and strategic decisions by the executive management of the SABC during financial year 2014/15 culminated in the launch of the SABC's Encore channel, the extension of SABC News in Africa and boxing returning to SABC platforms in the 2015/16 fiscal.

In order to continue to provide audiences with the diversity and quality they rightly expect from the Public Broadcaster, the SABC published its Request for Proposal (RFP) Book in October 2014. Through this substantial investment, the Public Broadcaster continues to be the leading consumer of TV local content in South Africa, and more importantly the foremost generator of employment and development of the independent TV production industry. A key focal point is to support emerging production houses and particularly empower women in this industry. A significant amount has therefore been ring-fenced for new black, female, People with Disabilities (PWD) and youth owned companies. As a Public Service Broadcaster, the emphasis will also be to ensure that there is equitable distribution amongst the provinces in terms of allocating work. To this end, the SABC is working hard to ensure that there are production houses in each of the provinces and that PWD are not left behind.

People remain a priority of the Corporation. It is the talent, passion and commitment of SABC employees that continues to drive success. The SABC's freelance staff should also be recognised for their huge contribution in making the Corporation successful. The SABC's employment equity figures indicate over-delivery on the various categories of targets. Special effort went into empowering and employing women in executive positions during the year under review.

The SABC is extremely proud to announce that huge strides have been made in addressing the AGSA audit findings. The Corporation has progressed from a disclaimer qualification in 2013 to a qualified audit with eight findings in 2014 and finally ending with only three qualification findings at the end of this financial year. These findings are confined to TV licences and disclosure of irregular, fruitless and wasteful expenditure. This indicates the SABC's commitment to improving its control environment and business processes within the Corporation.

Finally, trust is something that we can never take for granted. It is hard won and easily lost. During the year under review, the SABC has earned and retained the trust of its audiences through great programming and adherence to very high editorial standards.

I wish to acknowledge the Executive Management of the SABC and its staff for their unwavering commitment and support during the year. Gratitude is also extended to our external stakeholders and business partners for their continued support. Lastly, thank you to the millions of South African audiences around the globe who believe in the SABC as a first-class Public Broadcaster.

Mr G H Motsoeneng
COO

STRATEGIC
OVERVIEW

The SABC is mandated to deliver an unparalleled public value proposition of educating, informing and entertaining all South Africans in all official languages, by means of 18 radio stations and four television channels. The ability to provide content in all official languages, in multiple genres ranging from children's educational programmes, drama, documentaries, news and current affairs to the top-revenue-grossing soap operas, continues to position the SABC as the most trusted broadcast media group in South Africa.

The SABC remains the only broadcaster serving the information, educational and entertainment needs of millions of citizens who rely on its radio, television and digital platforms for access to reliable content in a language of their choice. Radio, being the most accessible and most affordable medium to produce content for, therefore takes pride of place as an SABC unique selling proposition with a combined audience, on a weekly basis, of 27.9 million listeners aged 15 years and older.

Television remains the medium of choice for most South Africans. Not only is television penetration high, the engagement with television is quite deep. The average South African adult watches 5 hours and 8 minutes of television a day[2]. The Public Broadcaster's SABC1, SABC2, SABC3 attract, on average, 29.5 million, 27.6 million and 21.3 million viewers per week, respectively. The SABC 24Hour News channel is steadily increasing viewership with an average of 2.1 million viewers per week.

During the year under review, the SABC's key focal areas included ensuring a financially sustainable organisation, attracting and retaining audiences, acquiring and scheduling compelling programming, acquiring appropriate and reliable technology infrastructure, increased efficiencies, investing in human capital and finally, effective risk management and internal controls.

In an increasingly competitive environment, the SABC fared well in implementing and executing a number of its core broadcasting strategies. The SABC's commitment to its mandate to educate, inform and entertain, saw the Corporation deliver top-class Public Service Broadcasting to South African audiences including the 2014 General Elections which marked 20 years of democracy. SABC platforms remain the most popular in the South African media landscape and the Corporation's presence in other media, such as the online and social media environments, continues to grow at an inspiring pace.

At the end of March 2015, cash and cash reserves were respectable at R1.017 billion with R789.5 million invested in the money markets. The cash reserves could be under pressure going forward owing to the effects of salary increases, the constricted economy and the accelerated implementation of the SABC's CAPEX plan. The balance sheet was relatively robust with the SABC showing a net asset position of R1.935 billion as at the end of the financial year.

The SABC continued to grow its audience numbers for the period under review particularly on radio with the exception of few stations. Television audience numbers ended slightly below target but strategic projects and initiatives are in place, including acquisition of new compelling local content, which will bolster audience numbers on television. The Corporation further exceeded targets of ensuring greater diversity in terms of content carried on the SABC's platforms. More content was sourced from the provinces and various measures to ensure greater accessibility for PWD, particularly deaf South Africans were implemented.

The SABC Television RFP book was issued in October 2015 with a total value of more than R600 million compared to the last book issued in 2011, which was to the value of R130 million. This makes it the largest book issued by the SABC for local content to date. Through this substantial investment, the SABC continues to be the leading consumer of TV local content in South Africa, and more importantly the foremost generator of employment and development of the independent TV production industry. A significant amount of the RFP book has been ring-fenced for previously disadvantaged, female, people with disabilities and youth owned companies. As the Public Service Broadcaster, the focus will also be to ensure that there is equitable distribution amongst the provinces in terms of allocating work. With the new RFP book, the SABC will provide the South African public with a wide range of high quality local programmes that reflect the diverse cultures, languages such as Afrikaans and Xu! and Khwe!, life experiences, interests and needs of its audience.

Notwithstanding delays in the implementation of DTT in South Africa, the SABC has ensured that its technical infrastructure as well as content propositions are ready for switch-on.

Looking Forward Strategy 2015/16

The changing environment offers an opportunity to improve the Public Broadcaster's relationship with the citizens of South Africa. The Corporation's three-year plan aims to offer more services on more platforms than ever before, and with its strategy, the SABC will continue with its focus on prioritising African issues. This is in spite of decreasing public funding and a more challenging advertising market.

The SABC has set a course of action to ensure its long-term future. The Corporation will undergo some fundamental changes to reposition the Public Broadcaster to meet the vital shifts that are transforming the media universe, and consequently how it connects with South Africans. The SABC will deepen its relationship with South Africans, work in partnership with the creative community to showcase the breadth and depth of South Africa's reality, and set the Corporation on a clear course to long-term financial sustainability.

1. Source: RAMS Aug/Dec 14
2. Source: TAMS, Week 42/14

SABC's COO, Mr Motsoeneng, interviewed by Ashraf on SAfm.

Refer to page 143 on how to use this interactive image.

SABC Editorial Policy Campaign reflecting South Africans expectations from the SABC.

LEGISLATIVE
AND OTHER MANDATES

The South African Broadcasting Corporation (SOC) Limited ('The SABC') is a Schedule 2 (Major Public) entity in terms of the Public Finance Management Act 1 of 1999, as amended.

The Founding, Current Legislation and Policies

The SABC was established through an Act of Parliament in 1936, which replaced the previous state-controlled African Broadcasting Corporation, formed in 1927 and included the South West African Broadcasting Corporation, which later became Namibia Broadcasting Corporation. The Broadcasting Act No. 4 of 1999 as amended (assented to on 23 April 1999) ('the Broadcasting Act') by way of section 7, established the Incorporation of the SABC as a successor of the 1927 Corporation. This meant that the affairs of the SABC would be run in accordance with the Companies Act of 1973 as repealed by the Companies Act No. 71 of 2008, as amended.

The business of the SABC is further defined by the Broadcasting Act into two distinct services, the Public Broadcasting Services (PBS) and Public Commercial Services (PCS), which are to be administered separately. The SABC is unable to account for each group of services (PBS 15 radio stations and two TV channels; PCS three radio stations and two TV channels) in compliance with IFRS due to the unitary model that governs its operations.

Both PBS and PCS services are required to adhere to the SABC Charter and the letter of the Public Broadcasting Service Mandate, as further defined through license conditions accorded to each radio station and television channel.

The Public Broadcasting Service Mandate

The mandate of the SABC, as a Public Broadcaster, is embedded in the legislation, Regulations, Policies, Codes of Conducts and License conditions, among others:

- The Constitution of the Republic of South Africa 108 of 1996 as amended;
- Broadcasting Act No. 4 of 1999 as amended;
- Independent Communications Authority of South Africa Act No. 13 of 2000 as amended; and
- The Electronic Communications Act No. 36 of 2005 as amended.

The obligations arising from the aforementioned Broadcasting Act are encapsulated in the Independent Communications Authority of South Africa (ICASA) Regulations, which determine the licence conditions for the SABC's four television channels and 18 radio stations. The Act also spells out the Legislative Charter wherein the SABC is charged with meeting the broadcasting needs of all South Africans. The SABC is therefore enjoined to do the following:

- Ensure access of its services to all citizens throughout the country;
- Inform, educate and entertain;
- Make services available in all official languages;
- Reflect both the unity and diverse cultural and multi lingual nature of South Africa and all of its cultures and regions to audiences;
- Provide programming for children, women, youth and people with disabilities;
- Broadcast national, developmental and minority sports;
- Develop talent and showcase South African content; and
- Provide independent news of high quality standards.

In executing its mandate, the SABC is also guided, among others, by:

- Public Finance Management Act (PFMA), No. 1 of 1999 as amended;
- The Companies Act No. 71 of 2008 as amended;
- The King Code of Governance for South Africa 2009;
- South African National Treasury Regulations;
- The SABC's Delegation of Authority Framework;
- Basic Conditions of Employment Act No. 75 of 1997, as amended;
- Labour Relations Act No. 66 of 1995, as amended;
- Employment Equity Act No. 55 of 1998, as amended;
- The Preferential Procurement Policy Framework Act No. 5 of 2000 as amended; and
- The Skills Development Act No. 97 of 1998, as amended.

In addition to the legislative and regulatory requirements, the SABC Board is charged with control and direction of the affairs of the Corporation, as defined by the company's Memorandum of Incorporation (MOI), and codified in the shareholder compact incorporating a materiality framework. This ensures that the Corporation complies with the statutory and public policy prescripts.

THE SABC

CHARTER

The mandate of the SABC is encapsulated in legislative and regulatory prescripts and the prevailing operating environment. Its broad objectives are set out in the SABC Charter contained in section 8 of the Broadcasting Act. These are:

- To make its services available throughout the Republic;
- To provide sound and television broadcasting services, whether by analogue or digital means, and to provide sound and television programmes of information, education and entertainment funded by advertisements, subscription, sponsorship, licence fees or any other means of finance;
- To acquire from time to time a licence or licences for such period and subject to such regulations, provisions and license conditions as may be prescribed by the Authority;
- To provide, in its Public Broadcasting Services, radio and television programming that informs, educates and entertains;
- To be responsive to audience needs including the needs of the deaf and the blind and account on how to meet those needs;
- To provide other services, whether or not broadcasting or programme supply services, such services being ancillary services;
- To provide television and radio programmes and any other material to be transmitted or distributed by the common carrier for free to air reception by the public subject to section 33 of this Act;
- To provide to other bodies by such means and methods as may be convenient, services, programmes and materials to be transmitted or distributed by such bodies and to receive from such other bodies services, programmes and materials to be transmitted by stations of the Corporation for reception as above;
- To commission, compile, prepare, edit, make, print, publish, issue, circulate and distribute, with or without charge, such books, magazines, periodicals, journals, printed matter, records, cassettes, compact disks, video tapes, audio-visual and interactive material, whether analogue or digital and whether on media now known or hereafter invented, as may be conducive to any of the objects of the Corporation;
- To establish and maintain libraries and archives containing materials relevant to the objects of the Corporation and to make available to the public such libraries and archives with or without charge;
- To organise, present, produce, provide or subsidise concerts, shows, variety performances, revues, musical and other productions and performances and other entertainment whether live or recorded in connection with the broadcasting and programme supply services of the Corporation or for any purpose incidental thereto;
- To collect news and information in any part of the world and in any manner that may be thought fit and to establish and subscribe to news agencies;
- To carry out research and development work in relation to any technology relevant to the objects of the Corporation and to acquire by operation of law, registration, purchase, assignment, license or otherwise copyright and designs, trademarks, trade names and any other intellectual, industrial and commercial property rights;
- To nurture South African talent and train people in production skills and carry out research and development for the benefit of audiences;
- To develop, produce, manufacture, purchase, acquire, use, display, sell, rent or dispose of sound recordings and films and materials and apparatus for use in connection with such sound recordings and films; and
- To develop and extend the services of the Corporation beyond the borders of South Africa.

SABC PERFORMANCE

The production of the children's talk and interactive show, Hectic 99, broadcast on SABC2.

SITUATIONAL ANALYSIS

Service Delivery Environment

Service Delivery

The South African environment is already showing signs of the broadcasting ecology and broadband-enabled technologies merging to create a more complex, much broader audience for media consumption. While this new ecosystem shows an expanded base of players, devices and a global menu of content, this does not suggest that traditional television will disappear. There will, however, be continued pressure from the emerging alternatives.

The SABC operates in a dynamic multi-medium media industry which encompasses broadcasting (television and radio), telecommunications (wireless application service provision) and digital media (internet, mobile and social media). All these media platforms are commonly dependent on content acquisition and distribution as well as various forms of funding.

The SABC as the Public Broadcaster also engages with a number of key stakeholders as part of its operations. The aim of the SABC's stakeholder engagements is to involve entities, institutions or groups who may be affected by the decisions the Corporation makes or that can influence the implementation of its decisions.

Three key industry driving forces

According to various sources *(PricewaterhouseCoopers, World Wide Worx, Deloitte)*, there are three key industry driving forces that continually change the broadcasting industry landscape:

- Market regulation and deregulation – ICASA and the Department of Communications need to regulate and deregulate the market landscape in order to introduce new players resulting in an increased competitive landscape. Various government departments need to regulate advertising of certain products to various consumer groups resulting in reduced advertising and/or marketing spend.
- Advent of new technologies – the introduction of various social media platforms and other technological advancement (STBs, DTT, DTH etc.) will result in an increased consumer choice, competitive landscape and fragmented audience.
- Consumer demand and changed media consumption patterns – market deregulation as well as the advent of new technologies has resulted in the change of consumer media consumption patterns whereby the consumer has been empowered to engage with content, when and how the consumer wants, leading to a fragmented audience landscape.

As part of the SABC's continuous monitoring and reviewing of its strategic imperatives, the above driving forces were taken into consideration during the period under review when making business decisions and adapting strategies.

Delivering on Mandate

The SABC's mandate derives from the South African Constitution, a range of legislation, and ongoing reviews of an increasingly challenging regulatory regime. As the Public Broadcaster the SABC embraces its mandate but also has to abide by the capacity of its funding model. Funding to deliver on the mandate is derived from a combination of commercial advertising and sponsorship revenues, television licence fees, government grants and other revenues.

There are high expectations from a variety of stakeholders on the SABC to deliver on all mandate obligations. Justifiable discretion is needed to prioritise mandates that contribute the most value, as well as the extent to which any particular mandate should be pursued. Consideration is thus given to achieving the best mix of mandate and licence condition deliverables. Of particular note are nation building elements such as social cohesion, and the reality of multiple languages in South Africa.

During the period under review, the SABC performed very well on television and radio in terms of delivering on its mandate.

Television

- SABC1, SABC2 and SABC3 over-performed on overall local content and in most instances exceeded the local quota requirements per genre.

Students interact in studio with Lesedi FM presenter, Chomane Chomane.

- Language requirements were met, however, there was some under-performance on languages other than English during prime time. This was as a result of the broadcast of events of national importance for which exemption with the licence conditions was lodged and full exemption was approved by ICASA for SABC1 and partial exemption for SABC2 and SABC3.
- The three channels' full day performance shows that channels exceeded their genre delivery targets, with the exception of SABC3's children's genre delivery.

Radio

On weekly basis, PBS Radio delivers programmes that address the challenges facing the nation and promote nation-building and social cohesion. These include but are not limited to the following:

Moral regeneration; health issues; education matters; job creation; human rights; xenophobia and racism; crime and stability; arts and culture; sports and recreation; labour; heritage and tourism; african renaissance; as well as science and technology.

Music is a key driver for drawing audiences to radio and it can also be a tune out factor. SABC Radio continues to meet listeners' needs by playing music that resonates with different listeners from all walks of life. During the period under review, the SABC generally performed above ICASA's minimum requirements for South African music.

SABC Radio broadcasts in more than the 11 official languages as some stations also broadcast in languages of minority groups.

During the year under review, SABC PBS Radio Stations delivered well above the minimum requirements as stated in the ICASA licence conditions. On the news front, PBS Radio delivery against ICASA licence conditions with the majority of the radio stations exceeding weekly targets.

Liquidity Status

The cash reserves of the SABC have improved significantly over the past years and during the period under review it was adequate to meet the current needs of the SABC. Cash and cash equivalents were enough to cover all current liabilities.

At the end of March 2015, the SABC showed a cash position of R1.017 billion.

Organisational Environment

The SABC made good progress in appointing a number of Group Executives (GE) and senior management during the year under review. Amongst others the Chief Operating Officer, Chief Financial Officer, GE: News, Head: Sport, GE: Stakeholder Management and Provinces; and GE: Commercial Enterprises.

Key Policy Developments and Legislative Changes

The SABC continues to participate in policy processes such as ICT Policy Review and Broadcasting Policy Review by the Department of Communications.

The following remain key policy issues affecting the SABC that require consideration:

- The SABC's funding model;
- The SABC Structure and Governance;
- The Licensing framework;
- Competition;
- Digital broadcasting and Content;
- Universal Access; and
- Review of Regulations such as:
  - 'Must Carry' Regulations;
  - Sports Broadcasting Service Regulations;
  - DTT / Spectrum regulations; and
  - Local Content Regulations.

The SABC will furthermore focus on ICASA regulatory processes such as the licensing of new entrants /broadcasters as envisaged by the invitation to apply for the *Free-To-Air* television services, subscription broadcasting services and the licensing of new radio services in the secondary market. Of significance will be the digital migration process and the authorisation of new SABC channels by the Authority.

During the financial year there has been amongst others the following legislative and policy changes, which affect the SABC:

- The Broad-Based Black Economic Empowerment Amendment Act, No 46 of 2013;
- Basic Conditions of Employment Amend Act, No.20 of 2013 ;
- Labour Relations Amendment Act, No.6 of 2014;
- Employment Equity Amendment Act, No.47 of 2013;
- Employment Services Act, No.4 of 2014; and
- Electronic Communication Amendment Act, No.1 of 2014.

STRATEGIC OUTCOME
ORIENTED GOALS

During the 2014/15 financial year, the SABC operated its business under the following pillars and goals, with specific strategic objectives contained under each pillar:

Financial Health

Ensuring a financially sustainable organisation through revenue growth and cost containment.

During the period under review the SABC focused its efforts on growing revenue from commercial as well as public funding sources whilst at the same time managing operating expenditure prudently.

The Corporation's total revenue and income for the year was R7.49 billion which was R573.5 million (7%) below target. Year-on-year revenue was R313.13 million (4%) higher. Expenses of R8.087 billion was R157 million (2%) higher than budget. Compared to the previous financial year, expenses were R1.29 million (19%) higher.

The SABC's operating loss of R600.73 million was R730.43 million (563%) less than budget. The loss position is mainly attributable to increases in expenditure outstripping revenue growth (refer to summary of financial performance/CFO report on page 33).

Audiences

Retaining and growing audience share by meeting the needs and expectations of multi-cultural mass and niche audiences in all official South African languages.

As with markets across the world, South Africa needs to adapt to the new reality of TV as one of many screens that command attention in the modern home by producing more of the on-demand content and user-led experiences that interactive TV can offer. The South African market is already showing signs of the broadcasting ecology and broadband-enabled technologies merging to create a more complex, much broader market for audience consumption.

The SABC performed very well in growing and meeting its audience share targets on Radio. Currently, SABC Radio stations are reaching a massive 27.9 million listeners per week. Constant review of stations' performance, implementation of research findings and continuous in-house training ensured that targets were met and exceeded.

SABC Television exceeded audience share in prime time. On Average five out of twenty of SABC's weekly programmes are consistently ranked in the top five. The schedule changes implemented on SABC2 during July 2014 as well as the replacement of a long-running soapie on SABC1, marginally lowered the audience numbers. However, the Corporation implemented corrective measures to recover and bring audience share closer to the target for the year.

The SABC News Channel's audience share continued to grow with a daily average audience of 785 000 (15+) viewers. It is now the most watched news channel on the DStv bouquet.

Content and Platforms

Acquiring and scheduling compelling and quality programming spanning a range of genres and meeting mandate objectives across traditional and emerging broadcast and digital media platforms.

Delivering high-quality programming and content, spanning a range of genres accessible across multiple platforms is a primary focus for the SABC. The Public Broadcaster is one of the largest producers and commissioners of South African programming and content for television and radio and, in future, the aim is to include on-line in this range of services.

In the SABC's strategy to increase its representation of all South African cultures and stories in its programming, the Corporation committed to providing programming and/or programming inserts from all 9 Provinces. The SABC was able to successfully deliver on this ambitious strategy during the period under review.

As the Public Broadcaster the SABC is required to provide programming to all South African citizens, this includes people with disabilities. Apart from the standard programmes where sign language is provided, the SABC extended sign language to three programmes and furthermore, from 1 April 2014 all new drama productions, except for children programmes, were subtitled ensuring greater accessibility for PWD.

Not only is the SABC's focus on providing greater access to programming for viewers with disabilities, but also on creating employment opportunities for people with disabilities. During the period under review, the SABC procured content from seven companies controlled or owned by People With Disabilities.

May 2014 marked an important milestone in the country's history, with the General Elections being held on the 7th May. Both SABC television and radio covered the elections extensively. Prior to the elections, voter education and awareness as well as build-up programmes were aired to enable the electorate to engage with the participating political parties on key national issues. The actual elections, the counting of ballots, the pronouncement on the results as well as the inauguration of the President were all covered by the SABC.

The year under review also saw the SABC broadcasting a range of sporting events. From the 2014 FIFA World Cup, the ICC Cricket World Cup T20, the Castle Ruby Championship matches of the Springboks to the 2015 ICC Cricket World Cup. These events command high television viewership reaffirming South Africans' interest in sporting events on the public broadcaster's platforms.

Technology and Infrastructure

Ensuring an appropriate and reliable technology infrastructure for the production and delivery of broadcast programming, digital media content, and supporting commercial revenue generation

The main focus regarding technology and infrastructure, was the upgrading and/or implementation of internal systems and processes related to the digital migration. The Corporation further enhanced its DTT readiness plans during the period under review. The SABC has completed the installation and testing of technical elements in the broadcast value chain to ensure that the SABC can successfully broadcast at DTT switch-on.

Universal Access

The SABC is mandated to make its services available throughout the Republic. A significant number of South Africans depend solely on radio as a source of information. The frequency modulation (FM) expansion project's aim is to provide radio services to all South Africans in their preferred language wherever they live in the country. During the period under review, the SABC submitted its radio frequency application to ICASA in order to deliver on this initiative.

Going forward, the SABC will be including all 18 radio stations on the DTT and DTH television platforms, to ensure that citizens,

Behind the scenes during broadcasting.

even in the most rural areas of South Africa are informed, educated and entertained.

Operations

Increased efficiencies and on-going process improvement in support of an effective organisational operating model.

The Corporation has progressed well with the development and implementation of its e-procurement system and related processes during the period under review. Against a target of 50% the SABC is tracking at 69% at year-end. The system enhancements will enable automation of processes and improve procurement efficiencies, governance, risk, compliance and spent visibility.

Human Capital

Investing in a dynamic and motivated fit-for-purpose workforce that embraces learning and is sufficiently adaptable to migrate into the digital age

People remain a priority of the Corporation and it is the talent, passion and commitment of SABC employees that continue to drive success. Human Resources forges the path to ensure that the SABC is a rewarding, progressive and diverse workplace, enabling a high performance culture of dedicated, innovative and highly skilled professionals.

During the latter part of the year, appointments of scarce and critical skills were made within the Human Resources Division to deliver on key strategic projects such as the implementation of an organisational Workforce Plan, evaluation of role profiles and development of an employee value proposition for the retention and attraction of skills. Performance management (performance management training, performance contracts and performance reviews) has been deferred to the beginning of the new financial year.

The SABC exceeded its employment equity (EE) targets, save for females which were slightly below the target. However, a concerted effort is being made to target employment of females. This is evident in the number of female Executives that were recently appointed. The Corporation also did exceptionally well in delivering on its Workplace Skills Plan (WSP) with actual performance of 94% against a target of 90%. As part of the on-going initiative to develop management and leadership capacity, three in-house leadership development programmes - the *People Management Programme, Management Development Programme and Leadership Development Programme* - have been implemented across the organisation. A total of 444 staff members attended training within this portfolio during the financial year. Other training interventions include the *Women Empowerment Programme (WEP), coaching and mentoring training, strategic thinking* and various leadership and management courses.

The SABC successfully reduced its leave liability from 127 485 days (2012/13) to 112 238 days (2014/15). This reduction of leave days was achieved despite an increase of approximately 7% in headcount over the period. The leave liability was curbed by approximately R3.5 million during the 2014/15 financial year by means of improved leave management processes.

Governance

Ensuring compliant and sound business and resource management practices complemented by effective risk management and internal control environment.

Major strides were made during the financial year to improve and enhance governance and internal control issues highlighted in the Auditor-General's report. A detailed audit action plan was put in place to deal with external audit findings and the SABC ensured that it cleared the majority of matters prior to the end of the financial year.

Risk management forms an integral part of the SABC's operations and during the year under review, the Corporation focused on implementing enterprise-wide risk management awareness programmes including Anti-Fraud and Corruption activities, conducting business risk assessments as well as monitoring of and reporting on Divisional and organisational risks.

Participation by the SABC in policy and legislation reviews enables the Public Broadcaster to compete in an ever-increasing competitive environment. The Corporation was therefore vigilant when it came to the regulatory landscape.

The Information and Communications Technology (ICT) Policy review process is now being dealt with by the Department of Telecommunications and Postal Services (DTPS). During the 2014/15 financial year, the SABC submitted written representations to DTPS on the ICT Policy review and to the DoC on the Broadcasting Policy review. Submissions were provided on all regulatory and legislative matters as and when required.

Performance Against Predetermined Objectives

Key Activities	Performance Indicator(s)	FY2014/15 Target	Actual Performance	Comments on Variance
FINANCIAL HEALTH				
GOAL: Ensuring a financially sustainable organisation through revenue growth and cost containment.				
STRATEGIC OBJECTIVE: Grow SABC revenue				
Achieve total SABC Revenue target per annum.	Total SABC revenue earned per annum.	R8.0 billion	R7.441 billion	The effects of increased competition, advertising client budget cuts due to contractions in the economy, effects of sustained labour unrest, the Post Office strike (that affected TV licence renewal statements), disruptions and changes to schedules and non-realisation of anticipated revised TV licence tariffs all or in part contributed to this under performance.
Achieve Commercial Revenue targets.	Commercial revenue targets.	R6.43 billion	R6.165 billion	Tighter market conditions and cutbacks by commitment advertisers, the impact of television schedule changes prior to the peak revenue season, and the non-availability of anticipated content.
Achieve public funding targets (TV Licences).	TV licence revenue targets.	R1.060 billion	R913.4 million	Non-approval of the TV licence tariff increase, Post Office strike affecting delivery of statements and availability of pay points.
Increase distribution of local SABC content.	Content exploitation to increase revenue (sub-license of owned and acquired rights).	R15 million	R22.8 million	The over performance was due to a several new deals being negotiated in addition to the renewals of existing deals.
Increase funding contribution.	Value of funding contracts for SABC's benefit signed per annum.	R30 million	R39.8 million	The SABC was able to sign more funding contracts to a higher value than anticipated.
STRATEGIC OBJECTIVE: Manage and contain SABC expenditure				
Contain total SABC expenditure (incl Depreciation) to targets per annum.	Total SABC costs per annum.	R7.9 billion	R8.087 billion	Cost savings arose largely from under spending in broadcast costs, employee compensation, depreciation and impairment, marketing, revenue collection, professional and consulting, other operational and other personnel expenses.
Manage operating expenditure within approved annual budgets.	Variance between Actual and Budgeted operating expenditure (Maximum Over-expenditure).	1%	1%	The variance between actual and budgeted operating expenditure did not exceed 1%.
AUDIENCES				
GOAL: Retaining and growing audience share by meeting the needs and expectations of multi-cultural mass and niche audiences in all official South African languages.				
STRATEGIC OBJECTIVE: Continuously grow SABC audience share on all platforms				
Reposition channels and radio stations by introducing new content that responds to audience needs.	Increase in Audience share on television and radio (Share).	TAMS 51%	49.3%	The audience target could not be achieved due to a new schedule implemented on SABC2 whilst SABC1 replaced a long-running soapie. Corrective actions were taken and share stabilised and is recovering.
		RAMS 69.2%	69.5%	Radio share over performance is mainly due to a constant review of performance and responding appropriately to poorly performing brands; implementation of research findings; continuous in-house training; production of fresh imaging for Radio Stations.
Secure sport rights and ensure contracts are signed at least 12 months in advance.	% of sports contracts signed on time for broadcasted events.	30%	33%	The SABC was able to negotiate two additional sporting contracts 12 months in advance. The Corporation is also entering into 3-year contracts with Sporting Federations.
Investment in marketing to grow audiences.	External marketing cost as % of revenue.	2.3%	2.18%	A number of marketing projects were not implemented resulting in lower costs.

Key Activities	Performance Indicator(s)	FY2014/15 Target	Actual Performance	Comments on Variance

CONTENT AND PLATFORMS

GOAL: Acquiring and scheduling compelling and quality programming spanning a range of genres and meeting mandate objectives across traditional and emerging broadcast and digital media platforms.

STRATEGIC OBJECTIVE: Delivery of compelling and accessible content.

Key Activities	Performance Indicator(s)	FY2014/15 Target	Actual Performance	Comments on Variance
Commission research on content and implement findings.	Increase in Audience share on television and radio (Share).	TAMS 51%	49.3%	Research conducted on SABC3 was implemented during the period under review. Research on SABC1 and SABC2 were received towards the latter part of 2014/15 and will be implemented in the new financial year.
		RAMS 69.2%	69.5%	Radio was able to deliver compelling content due to qualitative research conducted for individual stations. Insights from research assist programming and radio management to understand listener needs.
Increase provincial aggregation of news content.	Minimum number of local provincial news stories broadcasted per day on news platforms.	18 per day	33 per day	Emphasis was placed on the provincial news strategy which ensured over-delivery on the target for daily provincial news items.
Partner with stakeholders and obtain funding to support production of provincial content.	Number of provincial programmes and inserts broadcasted.	1 per province p.a.	381 programme inserts	The SABC ensured that it provided provincial representation within its programming. Full programme have long lead times and the SABC focused its efforts on the provision of provincial inserts.
Diversify the content by sourcing international content from non-traditional suppliers.	Percentage (%) of acquisition spend on non-traditional (major suppliers).	10%	18%.	The SABC diversified its portfolio by obtaining more content from non-major distributors and acquiring local licences.
Increase sign language in productions.	Number of new/additional programmes broadcasted with sign language.	2	3	The following programmes were broadcast with sign language: Op Pad, DTV (new season) Yo-TV (new season).
	Number of new /additional programmes broadcasted with subtitling.	3	91	All new and re-commissioned programmes contracted from April 2014 have subtitling apart from children's content.
Procure content from companies owned by People With Disabilities (PWDs).	Number of companies controlled or owned by PWDs from which content was procured.	2	2	The SABC was able to procure content from two companies owned by PWD.
Provide balanced, accurate and relevant coverage of National and Local Government elections and to broadcast the results of those elections.	Compliance with the approved elections broadcast plan. (National, Provincial and Local).	Broadcast national elections as per ICASA regulatory requirements.	National elections were broadcast in May 2014 as per ICASA regulatory requirements.	Pre and post-election programmes enhanced the broadcasts.
Availing content on digital multimedia platforms.	Number of page views on SABC websites to access content.	15% p/a increase in web reach	Average of 21% increase over four Quarters.	Over-achievement attributable to: Increased marketing of on-line platforms to attract on-line audiences, launching of revamped Radio websites.

TECHNOLOGY AND INFRASTRUCTURE

GOAL: Ensuring an appropriate and reliable technology infrastructure for the production and delivery of broadcast programming, digital media content, and supporting commercial revenue generation.

STRATEGIC OBJECTIVE: Effective utilisation of appropriate technology and infrastructure in support digitisation.

Key Activities	Performance Indicator(s)	FY2014/15 Target	Actual Performance	Comments on Variance
Digitisation roll-out as per long term capital expenditure plan.	Technology commitments completed against planned budget.	R400 million	R206.9 million	A number of technology projects were approved but are still in the procurement process.
Increase the WAN bandwidth.	Number of regional offices with no congestion.	9	-	Proof of concept (POC) was signed with two service providers. The project has been approved and is in procurement phase.

STRATEGIC OBJECTIVE: Increase universal access

Key Activities	Performance Indicator(s)	FY2014/15 Target	Actual Performance	Comments on Variance
Expansion of FM radio transmitter networks to improve access.	Achieved milestones for FM radio transmitter project.	Submission of frequency application to ICASA.	The SABC's frequency application was submitted to ICASA in August 2014.	Target achieved.

Key Activities	Performance Indicator(s)	FY2014/15 Target	Actual Performance	Comments on Variance
OPERATIONS				
GOAL: Increased efficiencies and on-going process improvement in support of an effective organisational operating model.				
STRATEGIC OBJECTIVE: Maintain efficient and effective operations				
Implement and monitor Standard Operating Procedures (SOPs) for operational and financial activities.	The percentage (%) of significant internal audit findings.	10%	73%	Significant audit findings are more than target owing to the diverse number of audits that are performed throughout the organisation.
Ensure schedule stability.	% of changes as per published rate cards.	5%	4%	Schedule changes after publication of rate cards were kept to a minimum owing to advanced planning.
Implement a Play Out system for radio and advertising sales booking system in order to ensure efficient operations.	Increase in radio advertising revenue due to system enhancements.	R30 million	R0 million	The Play-out System is still in the procurement process and therefore additional revenue could not be realised.
Enhance procurement processes and systems.	Developed and implemented e-Procurement system and associated processes.	50% implementation of system by 31/03/2015.	69%	Procurement projects linked to the implementation of an e-procurement system progressed better than expected and are in an advanced stage resulting in an over-achievement in the target.
Implement business performance reviews.	Number of business performance reviews conducted per annum.	4	4	Reviews are an on-going part of the business.
HUMAN CAPITAL				
GOAL: Investing in a dynamic and motivated fit-for-purpose workforce that embraces learning and is sufficiently adaptable to migrate into the digital age				
STRATEGIC OBJECTIVE: Formulate and implement a workforce plan in which capable people perform the right work and have clearly defined role accountabilities and relationships				
Formulate and implement an integrated SABC Workforce Plan that addresses current and future business goals.	Workforce Plan approved and implemented.	Workforce Plan approved.	The development of the Workforce Plan commenced during the 4th Quarter.	Staff members with scarce and critical skills were appointed in March 2015 and the Workforce Plan project could commence.
Formulate and implement role profiles, processes and practices to facilitate correct placement of skills.	Signed-off job profiles for all positions	100% of job profiles completed.	Development of job profiles commenced during the 4th Quarter.	Staff members with scarce and critical skills were appointed in March 2015 and the Workforce Plan project could commence.
Selection of employees in line with the Employment Equity Plan.	Approved Annual Employment Equity Plan.	Targets per EE Plan.	EE targets were achieved and exceeded save from females that were slightly under target.	The SABC recently appointed 2 female Executives which should bolster this target. On-going focus on the appointment of women.
STRATEGIC OBJECTIVE: Embedding high performance culture through Performance Management				
Institutionalise Performance Management Policy with revised tool including thresholds and stretch targets.	Approved Performance Management implementation plan.	100% signed off performance contracts for all employees 4 performance conversations per employee	Implementation of Performance Management was deferred to FY2015/16. The necessary consultation and other processes commenced during the year.	The Performance Management Policy, Performance Management Tool and the Terms of Reference for the Moderation Committee were finalised. Performance Management is currently with Organised Labour for consultation.
	Advocacy and training on Performance Management.	100% of all levels trained. Implementation of the approved advocacy plan.	Implementation of Performance Management was deferred to FY2015/16.	Training will commence once Performance management is rolled-out.
	Scarce and critical training needs identified and addressed through WSP.	90% of WSP achieved.	94% achievement.	Constant managing and monitoring of attendance to training courses ensured over-achievement of the target.

Key Activities	Performance Indicator(s)	FY2014/15 Target	Actual Performance	Comments on Variance
HUMAN CAPITAL continued				
GOAL: Investing in a dynamic and motivated fit-for-purpose workforce that embraces learning and is sufficiently adaptable to migrate into the digital age				
STRATEGIC OBJECTIVE: Optimise Learning and Development model to ensure sustainability and readiness for the digital age.				
Establishment of SABC Virtual Learning Academy.	Annual milestones achieved for establishment of Virtual Learning Academy.	ETQA requirements met. MOU's (HET/FET) with external training providers 4 performance conversations per employee.	The establishment of the Virtual Learning academy is still being investigated. Implementation of Performance Management was deferred to FY2015/16. The necessary consultation and other processes commenced during the year.	Viability studies scheduled for FY2015/16 regarding the establishment of virtual learning.
Develop a Workplace Skills Plan (WSP) and Operational Training Plan that is aligned to the Skills Audit report and digital migration requirements.	Scarce and critical training needs identified and addressed through WSP.	90% of WSP achieved.	94% achievement.	Constant managing and monitoring of attendance to training courses ensured over achievement of the target.
STRATEGIC OBJECTIVE: Develop leadership capability and capacity to drive sustainable business success				
Executive Development Strategy aligned to the Talent Management Framework.	Approved Executive Development Strategy implemented.	Leadership Development Framework developed, approved and implemented.	Signature leadership development programmes including the PMP, MDP and LDP have been successfully implemented across the organisation.	The Leadership Development Framework will be developed and implemented in FY2015/16.
GOVERNANCE				
GOAL: Ensuring compliant and sound business and resource management practices complemented by effective risk management and internal control environment.				
STRATEGIC OBJECTIVE: Development and maintenance of an efficient, effective and transparent system of Risk Management.				
Enterprise wide Risk Management Awareness Programme.	Risk Management Instruments workshops conducted with all Divisions and Provinces.	30 April 2014	The workshops were conducted along with business risk assessments.	All workshops conducted as required.
Monitor and Reporting of Divisional Risk Management Framework Implementation.	Risk Management Framework Implementation Assurance; (Embedding risk management into day-to-day operations).	Quarterly	Monitoring and reporting on Divisional Risk Management Framework implementation done on a Quarterly basis.	Required activities implemented.
Conduct Enterprise-Wide Annual Business Risk Assessments.	Business Risk Assessments and updated Risk Registers in CURA Software.	31 December 2014	Enterprise-Wide Business risk assessments conducted and recorded in the electronic risk management system.	Outcome of assessments available on CURA (risk management system).
Conduct Enterprise-Wide Fraud risk Assessments.	Fraud Risk Assessments and updated Fraud Risk Registers in CURA Software.	31 December 2014	Assessments were conducted in certain Provinces and Divisions. Remaining Units will be assessed in FY2015/16.	Remaining Units Fraud Risk Assessments will be conducted in FY2015/16.
Monthly and Quarterly Monitoring and Reporting of Strategic Risks.	Risk Discussions at Divisional, Group Exco and Risk Committee of Board. (Monthly Risk Reporting -Group Exco and on a Quarterly basis - Risk Committee of Board).	Monthly and Quarterly	Risk reports were discussed at Group Executive and Risk Committee meetings on a quarterly basis.	Emphasis will be placed on monthly Divisional Risk reporting in FY2015/16.

The presenters of Man Cave, broadcast on SABC3.

Key Activities	Performance Indicator(s)	FY2014/15 Target	Actual Performance	Comments on Variance
GOVERNANCE continued				
GOAL: Ensuring compliant and sound business and resource management practices complemented by effective risk management and internal control environment.				
STRATEGIC OBJECTIVE: Development and maintenance of an efficient, effective and transparent system of Risk Management.				
Risk Management instruments review, update and approval.	Reviewed and Updated Risk Management Instruments and approved by Board.	31 December 2014	Risk Management instruments were reviewed and updated during the 4th Quarter. Approval to be secured in FY2015/16.	Approval of updated Risk management instruments to take place in FY2015/16.
Anti-Fraud and Corruption Strategy communication and awareness activities.	Communicate the anti-fraud and corruption strategy continuously and awareness activities.	Quarterly	The Anti-Fraud and Corruption communication and awareness campaigns were implemented throughout the year.	Implemented as required.
STRATEGIC OBJECTIVE: Motivate and drive key policy and legislative reviews that affect the SABC's ability to compete within the changing broadcasting landscape.				
Participation by SABC in policy and legislation reviews that enables the public broadcaster to compete.	SABC input and participation in policy and legislative reviews.	Participate and submit comments in ICT policy review process.	Submissions are provided on all regulatory and legislative matters as and when required.	The ICT policy review process is being dealt with by the Department of Telecommunications and Postal Services (DTPS). The SABC submitted written representations to DTPS on the ICT Policy Review and to the Department of Communications on the Broadcasting Policy Review. It also attended the ICT Policy Review Panel meetings throughout the year.
STRATEGIC OBJECTIVE: An improved organisational internal control environment.				
Adherence to Standard Operating Procedures (SOPs) and applicable policies and legislation.	The percentage (%) of significant internal audit findings.	10% of all internal audit findings	73%	Significant internal audit findings should decrease when the Internal Control Framework project is implemented during FY2015/16.

FINANCIAL INFORMATION

Although the economic downturn affected commercial revenues significantly and TV licence revenue did not yield the expected results, the SABC maintained a positive cash position, with R1.017 billion in cash reserves. This shows that the SABC is able to perform its operations effectively as the minimum cash required for the SABC to operate effectively is R600 million.

The SABC also maintained a good level of liquidity shown in the current ratio of 2.01 as well as the quick ratio of 1.39. These ratios have shown a gradual improvement year on year; and this shows that the organisation will continue to expand and grow in the future in a sustainable manner.

In addition to this there has been a revenue growth of 4% year on year: mainly attributed to a 7% increase in advertising revenue. This 7% increase was below budgeted revenues due to the contraction in the economy, and impact of TV schedule and programming changes during 2014.

The increase in advertising revenue was offset by difficulties encountered with license fee collections; where license fee revenue dropped by 2%. This was largely a result of the industrial action at the South African Post Office as TV license renewal reminders could not be delivered. In addition, payment points at Post Offices were not accessible due to the industrial action. This was compounded by a decrease in sponsorships, government grants, and mobile revenue where budgeted targets were not met.

Operational expenses have increased by 19% with amortisation of programme, film and sports rights; and employee compensation and benefits comprising of the majority of this increase. The R183 million increase compared to the last year in the amortisation expenditure is due to a change in accounting estimate; where the first transmission of a programme is amortised at a more accelerated rate reflecting the consumption pattern of programmes based on recent audience figures. Employee compensation and benefits increased due to the recruitment of critical skills in Technology, News and Human Resources. There was also the recognition of expenditure related to long service awards, as well as employee recognition awards to staff which were critical and overdue but not budgeted for.

Working Capital

Current Ratio

	2011 R'million	2012 R'million	2013 R'million	2014 R'million	2015 R'million
Current Assets	2 754	3 131	2 622	3 264	**2 899**
Current Liabilities	1 687	1 920	1 351	1 651	**1 445**
Current Ratio	1.63	1.63	1.94	1.98	**2.01**
Quick Ratio (Add-test)					
Quick Assets (Current assets - Inventories - Prog/ Film and Sports Rights - Prepayments)					
Quick Assets	1 702	2 113	1 931	2 373	**2 005**
Current Liabilities	1 687	1 920	1 351	1 651	**1 445**
Quick Working Capital	15	193	580	722	**560**
Quick Ratio	1.01	1.10	1.43	1.44	**1.39**

The Quick Ratio above indicates that the SABC is in a position to cover its current liabilities with readily available cash. The group's liquidity has been improving gradually over the past 5 years; where the quick ratio in 2011 was 1.01 and the ratio for the 2015 financial year was 1.39. The major reason for the improvement of the liquidity has been the repayment of the government guaranteed loan over this period and the settlement of finance leases and instalment sale agreements for property, plant and equipment.

The current ratio has also improved over the past five years starting in 2011 (where the current ratio was 1.63); with the ratio currently standing at 2.01; which is a positive sign.

Cash Flow Statement

	2015 R'million	Movement R'million	2014 R'million	Change %
Net Cash Flows/(Outflows) from Operating Activities	**(313)**	(840)	527	(159%)
Net Cash Flows from Investing Activities	**(195)**	(95)	(100)	96%
Net Cash Flows from Financing Activities	**100**	180	(80)	(225%)
Cash and Cash Equivalents at end of year	**1 017**	**(408)**	**1 425**	**(29%)**

The net cash flows from operating activities have decreased from the 2014 figure of inflows of R527 million to becoming an outflow of R313 million. This was mainly due to an increase in the cash paid to suppliers and employees. Significant amounts were paid for income tax and substantial investments in programme, film and sports rights compared to the previous year. The increase was magnified due to the cash receipts from customers remaining at the same relative level in relation to inflation.

Going Concern

The SABC continues to operate as a going concern; with the company's liquidity and solvency being good despite the economic challenges experienced in the current financial year, which is not indicative of doubts to the long term stability of the organisation. The group has in turn budgeted for modest profits (R19 million) in 2015/16 and these are expected to improve by 2017/18 to R180 million. The group also currently has cash reserves of R1.02 billion and net assets of R1.94 billion.

Profit and Loss

	2015 R'million	2014 R'million	VARIANCE R'million	VARIANCE %
Total Revenue and Other Income	**7 487**	7 174	313	4%
Expenses	**(7 788)**	(6 507)	(1 281)	20%
Profit/(Loss) before net Financing Cost, Income Tax, Depreciation of PPE, Amortisation of Computer Software and Impairment of Trade and Other Receivables	**(301)**	667	(968)	(145%)
Depreciation of PPE, Amortisation of Computer Software and Impairment of Trade and Other Receivables	**(300)**	(281)	(19)	7%
Net Financing Income /(Loss)	**48**	78	(30)	(38%)
Income Tax	**158**	(106)	264	(249%)
Profit/(Loss) for the year	**(395)**	358	(753)	(210%)
Other Comprehensive income/(Loss)	**(6)**	201	(207)	(103%)
Total Comprehensive income / (Loss) for the year	**(401)**	**559**	**(960)**	**(172%)**

The company recorded a loss before net financing costs, income tax, depreciation of PPE, amortisation of computer software, & impairment of trade and other receivables of R301 million. This was a 145% decrease year on year; where the company made a profit of R667 million in the preceding year.

The total comprehensive loss for the 2015 financial year was R401 million (2014: R559 million profit). This difference was mainly attributed to the increase in expenses; where expenses increased by R1.28 billion, which was an increase of 20%. The increase is attributable to substantial investments in program, film and sports rights, broadcast costs (needletime), and employee costs. Total revenue and other income, however remained at the same relative level in comparison with the previous financial year.

Depreciation of PPE, amortisation of computer software, and impairment of trade and other receivables was R300 million; which was an increase of 7% (R19 million) in comparison to the previous financial year where the company recorded a figure of R281 million.

The net financing income for the year decreased by R30 million; where the 2015 figure was R48 million; and the 2014 figure was R78 million. This is due to the lower cash balances.

Revenue

Revenue and Other Income

(R'million)

The average revenue growth over the previous 5 years was 6%, however, over the previous year growth has slowed down to a 4% increase. This can be attributed to declines in license fees and sponsorships; where revenue from those two areas contracted significantly.

Revenue and Other Income

	2015 R'million	Movement %	2014 R'million
Advertising	**5 545**	7%	5 185
Trade Exchanges	**136**	23%	111
Business Enterprises and Facilities Revenue	**44**	5%	42
Sponsorships	**438**	(12%)	499
Licence Fees	**913**	(2%)	928
Government Grants	**204**	68%	121
Mobile Revenue	**19**	(44%)	34
Other Revenue	**143**	91%	75
Other Income	**45**	(75%)	179
Per Group Annual Financial Statements	**7 487**	**4%**	**7 174**

Advertising revenue for the financial year was R5.545 billion which was a 7% increase on the previous year's value of R5.185 billion.

Trade exchanges had a 23% increase on the previous year's value. The 2015 income from trade exchanges was R136 million in comparison to the 2014 value of R111 million.

Business enterprises and facilities generated a revenue of R44 million which was a 5% increase on the previous year's revenue of R42 million.

Sponsorship revenues reflected a 12% decline, from R499 million in 2013/14 to R438 million in 2015. This decrease was mainly attributable to changes in scheduling.

Licence fees for the financial year amounted to R913 million, which was a 2% decline compared to the previous year where a value of R928 million was achieved. The post office industrial action affected the delivery of renewal notices and availability of payment points; and economic downturn affecting consumer spending were amongst the significant reasons for this decrease.

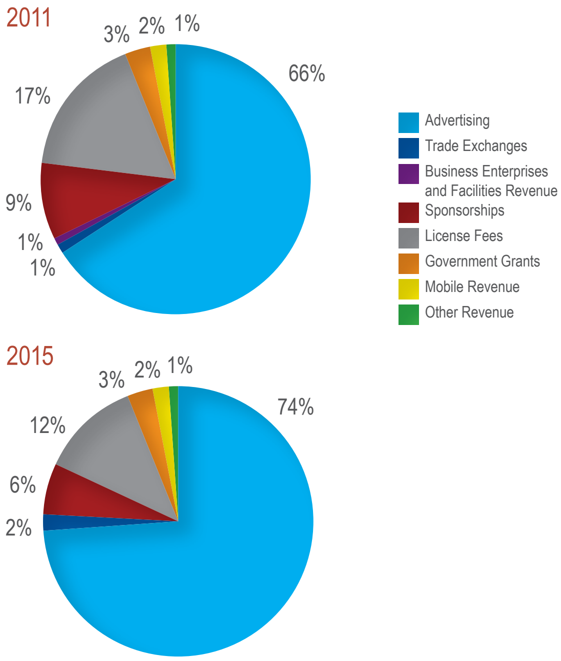
Government grants revenues were R204 million for the 2015 financial year. This was a 68% increase from the previous financial year's value of R121 million. This revenue stream is linked to the amount of government grants provided to the SABC and the related spending of those grants on assets and expenditure.

Mobile revenue declined by 44% from R34 million in 2014 to R19 million for the 2015 financial year.

The group recorded other revenue of R143 million which was 91% more than the previous year's value of R75 million. This was due to the contract between the SABC and Multi-choice, granting Multi-choice the commercial rights to air the 2014 FIFA World Cup; as well as the effect of the SABC News Channel airing throughout the financial year of 2014/15 in comparison to it only airing for a part of 2013/14.

Other income for the financial year was R45 million (2013/14: R179 million) which was a 75% decline. This was due to the revenue from a once-off non-recurring event in the preceding year that did not occur in 2015.

Revenue Split



In 2011, commercial revenues comprised of 75% of the total revenue and this has expanded to making up 80% of the total revenue.

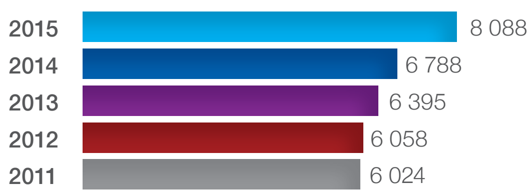
Television licenses have decreased as a percentage of the total revenue over the past five years from 17% to 12% of total revenues.

It is evident that the SABC is becoming increasingly more reliant on Advertising revenue which is extremely sensitive to swings in the economy. The SABC is monitoring the decline of sponsorships, and license fees as significant revenue streams, as they have dipped from having a combined percentage of 26% of the total revenue to now comprising of 18% of the revenue. Strategies to reverse this trend have been developed and are currently being implemented.

Expenses

Operating Expenses

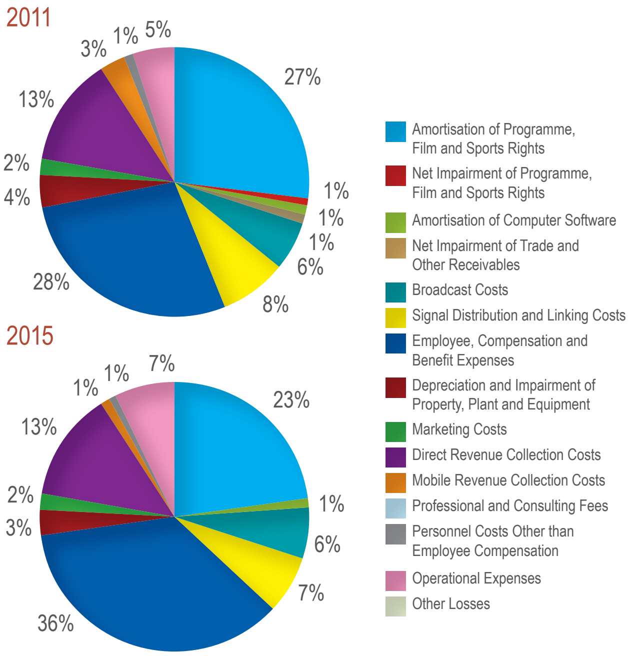
(R'million)



Operating expenses have been increasing significantly over the previous five years. In particular, expenses in 2015 increased by 19%, whereas expenses rose by 6% over the previous two periods in line with the 6% increase in revenues over the same periods.

The increase in expenses in the financial year can be mainly attributed to the 44% increase in the amortisation of programme, film and sports rights; as well as the 16% increase in the employee compensation and benefits expense. The amortisation expense; however is a once-off expense caused by the change in accounting estimate and has no impact on the company's cash flows.

Expenses Split



The largest expense at the SABC is employee compensation and benefits where it comprised of 36% of the total expenses in 2014/15 where previously it had comprised of 37% of the expenses in 2013/14.

Amortisation of programme and film rights, which is the second largest expense; has stayed at a similar relative level where in 2013/14 it comprised of 18% of the total expenses; in 2014/15 it was at 23% of the total expenses.

Broadcast costs as well as signal distribution and linking costs have remained at similar relative levels making up 14% of the total expenses in 2011 and in 2015.

Expenses

	2015 R'million	Movement %	2014 R'million
Amortisation Programme, Film and Sports Rights	**1 840**	47%	1 251
Net Impairment of Programme, Film and Sports Rights	**5**	(44%)	9
Amortisation of Computer Software	**57**	14%	50
Net Impairment of Trade and Other Receivables	**32**	(165%)	(49)
Broadcast Costs	**529**	46%	363
Signal Distribution and Linking Costs	**588**	6%	555
Employee Compensation and Benefit Expenses	**2 928**	16%	2 530
Depreciation and Impairment of Property, Plant and Equipment	**211**	(25%)	280
Marketing Costs	**166**	23%	135
Direct Revenue Collection Costs	**1 022**	5%	972
Mobile Revenue Collection Costs	**22**	(4%)	23
Professional and Consulting Fees	**71**	3%	69
Personnel Costs Other than Employee Compensation	**78**	13%	69
Operational Expenses	**531**	6%	502
Other Losses	**8**	(72%)	29
Per Group Annual Financial Statements	**8 088**	**19%**	**6 788**

The collection costs of mobile and direct revenue have also remained at the same relative levels: comprising of 13% of the total operating expenses.

Other expenses comprise of amortisation of computer software; net impairment of trade and other receivables, depreciation of property, plant and equipment; marketing costs; professional and consulting fees; personnel costs other than employee compensation; operational expenses; and other losses. These made up for 13% of the operating expenses in 2015 and 15% in 2011.

The expenses for the financial year were R8.09 billion which was an increase of 19% in comparison to the previous year where the group recorded expenses of R6.79 billion.

The amortisation of programme, film, and sports rights for the financial year (R1.84 billion) increased by 47% in comparison to the previous year (R1.25 billion). The net impairment of programme, film and sports rights decreased by 51% from a value in 2014 of R9 million to R5 million. This difference as well as the increase in the amortisation of programme, film, and sports rights was mainly due to the changes in accounting estimate explained above.

The amortisation of computer software for the financial year was R57 million (2013/14: R50 million) which was an increase of 14%.

The net impairment of trade and other receivables for the financial year was R32 million (2013/14: R49 million) which was a 165% decrease year on year.

The broadcasting costs for the financial year increased by 46% to R529 million (2013/14: R363 million) as a result of royalties where R198 million was incurred in 2015 in comparison to 2013/14, where R47.4 million was incurred. The 2014 figure was lower due to an adjustment following a court judgment.

The signal distribution and linking costs for the 2015 financial year were R588 million (2013/14: R555 million) which was a 6% increase.

The employee compensation and benefit expense for the financial year was R2.93 billion (R2.53 billion). This was a 16% increase year on year and reflects the single largest expenditure item for the SABC. The increase was due to the recruitment of critical skills in Technology, News and Human Resources for the preparation of the migration to digital terrestrial television (DTT). There was also the recognition of expenditure related to long service awards, as well as employee recognition awards to staff which were critical but not budgeted for.

The depreciation and impairment of property, plant and equipment for the financial year was R211 million (2013/14: R280 million); which was a 25% decrease.

The marketing costs have increased year on year by 23% to R166 million (2013/14: R135 million) in line with significant investments made in the acquisition of new programming.

The direct revenue and collection costs for the 2015 financial year were R1.02 billion (2013/14: R972 million) which was a 5% increase year on year.

Mobile revenue collection costs decreased by 4%; to R22 million (2013/14: R23 million).

Professional and consulting fees for the financial year were well contained to R71 million (2013/14: R69 million) which was a 3% increase. This is predominantly made up of audit fees.

Personnel costs other than employee compensation for the 2015 financial year were R78 million (2013/14: R69 million), which was a 12% increase on the 2014 figure.

The operational expenses increased by 3% year on year to R531 million (2013/14: R502 million).

Other losses decreased by 73%; from the 2014 figure of R29 million to R8 million.

Financing

Financing Expenses/Income

	2015 R'000	2014 R'000
Finance Income	**83 138**	125 959
Finance Expenses	**(35 494)**	(47 569)
Net Financing Income	**47 644**	**78 390**

The financing income has decreased year on year by R43 million from a 2014 value of R125.9 million to a 2015 value of R83.1 million. This has been due to a decrease in the cash on hand at the organisation as financing income is generated from the interest accrued from the cash balance.

The financing expenses decreased year on year where in 2015, the expenses were R35.5 million which was R12 million less than the 2014 value of R47.6 million. This was mainly due to the SABC settling financial lease obligations in the previous financial year.

Progress on Audit Issues

The SABC is making gradual progress in addressing audit matters that arise largely from historical financial management challenges. It has moved from a disclaimer in 2013 to a qualified audit opinion in 2014 and 2015. The extent of reduction in audit qualifications is indicated in the table below. The effects of this are restated prior period figures in the annual financial statements.

Audit Qualification	2013	2014	2015
Property, Plant and Equipment	✔	✓	✗
Intangible Assets	✔	✗	×
Programme, Film and Sports Rights	✓	✗	×
Licence Fees and Receivables	✔	✓	✓
Trade and Other Receivables	✔	✗	×
Irregular, Fruitless and Wasteful Expenditure	✔	✓	✓
Deferred Taxation, tax payable and Income Tax	✔	✓	✓
Expenditure	✔	✗	×
Post Retirement Valuation	✔	✗	×
Deferred Government Grant	×	✓	✗
Other Payables	×	✓	✗
Mobile Income	×	✓	✗
IFRS disclosure - Receivables Aging	×	✓	✗

Explanation of symbols	Symbol
New paragraph - not in previous year's report	✔
Previous year's qualification successfully resolved	✗
Previous year's qualification in process of being cleared	✓
Paragraph not reported on in audit of the previous year	×

Conclusion

The 2014/15 financial period has been a testing period for the SABC, with the economic downturn and other uncontrollable factors having significantly affected the profitability for the current financial year. However, the SABC has delivered on its public mandate (including sports of national interest and news special events despite these costs not being fully covered by revenues). The SABC continues to weather the storm and remains financially sustainable and viable for the foreseeable future.

The group remains in a stable position, with sufficient cash reserves to fund operations as well as a good level of liquidity and solvency.

The country will soon begin the process of migrating to DTT and this will put some strain on the cash reserves of the organisation in the coming years. Expenditure must be contained in the next 3 financial years in order to make the conversion smooth and in order to not put the cash reserves under unnecessary strain.

The SABC continues to implement its action plan to address the outstanding audit matters and is positioned to improve the internal control environment and achieve an improved audit outcome in 2016.

CAPITAL INVESTMENT, MAINTENANCE AND ASSETS MANAGEMENT PLAN

During the period under review, capital expenditure amounted to R192 million, compared to a budget of R607 million. Of this amount, R142 million related to the upgrading or replacement of technology infrastructure. Expenditure on building and equipment maintenance was R28.1 million compared to a budget of R33.7 million.

REVENUE COLLECTION: COMMERCIAL ENTERPRISES

Business Environment

During the year under review, revenue generation reflected the constrained trading conditions evidenced for the better part of the fiscal. Advertising cutbacks had an adverse impact not only to the SABC but to all the South African electronic media. This underscored the need for the SABC to offer the media advertising industry more attractive television content and stable schedules. Compounding factors included major schedule changes by SABC2 following the 2014 Soccer World Cup.

Key divisional strategic initiatives included improvements on the operating model to enhance revenue generation, ensure more robust and effective governance, implement process improvements, and increase operational efficiencies. A range of strategic initiatives have been developed for implementation for the next financial year, including a revenue policy that will govern commercial air time across all SABC platforms and ensure the SABC derives proper value for its commercial inventory.

Commercial Enterprises Division contributed to the successful SABC coverage of the 2014 National Elections through its involvement with Political Advertisements (PAs) and Party Election Broadcasts (PEBs). These broadcasts were in collaboration with the SABC Broadcast Compliance Unit. The robustness of political debate in the run-up to the elections resulted in some PAs and PEBs not being broadcast in the form they were submitted and for the first time being referred to ICASA for adjudication by its Complaints and Compliance Committee (CCC).

Revenue

The SABC as the Public Broadcaster has to possess an enabling funding model in order to fulfil its mandate to deliver extensive public value. Even though the 2014/15 commercial revenue target was not met, year-on-year growth of 4% was achieved. Tight credit management ensured that SABC's working capital was not jeopardised.

Advertising sales are inextricably linked to audience share and performance levels. To this end, the SABC television audience share was 49.3% against the target of 51% for the year under review. Whilst the SABC radio audience share was more stable at an average 69.5% of the total share, however with individual stations showing differing levels in terms of growth or decline, the SABC radio and television performances were in line with the industry trend of gradual increase in competition and fragmented South African media landscape.

Stakeholders in studio with METRO FM presenters.

DELIVERY ON THE MANDATE:
COMPLIANCE WITH LICENCE CONDITIONS

SABC RADIO

The SABC was granted a DAB and digital radio trial licence. The SABC is leading this process in conjunction with the National Association of Broadcasters (NAB) and the Southern African Digital Broadcasting Association (SADIBA). The trial currently on air.

SABC Radio has to deliver on the following mandate as derived from legislation and licence conditions.

Public Service Mandate

Radio programming is based on the following:

- The National Development Plan;
- South African Constitution: Bill of Rights;
- Regulatory Framework: ICASA license conditions;
- Legislative Framework: The Broadcasting Act;
- South Africa's Five National Priorities:
  - Job creation;
  - Health;
  - Education;
  - Rural Development; and
  - Fight Against Crime.
- A need to respond to the triple challenge of poverty, unemployment and inequality;
- The SABC mandate to inform, educate and entertain; and
- Millennium Developmental Goals.

On a weekly basis, PBS Radio delivers programmes that address the challenges facing the nation which promote nation-building and social cohesion. These themes are aligned to the above-mentioned programming drivers and include but are not limited to the following:

- Moral Regeneration;
- Health Issues;
- Education Matters;
- Job Creation;
- Human Rights;
- Xenophobia and Racism;
- Crime and Stability;
- Arts and Culture;
- Sports and Recreation;
- Labour;
- Heritage and Tourism;
- African Renaissance; and
- Science and Technology.

Radio Performance on South African Music

Music is a key driver for drawing audiences to radio and it can also be a tune out factor. SABC Radio continues to meet listeners' needs by playing music that resonates with different listeners from all walks of life. The development of home grown artists and their music are promoted by different SABC Radio Stations through extensive airplay, interviews, inclusion in performance line-up at events and through music awards ceremonies like the annual METRO FM Music Awards (MMA) and Munghana Lonene FM Music Awards. SABC Radio also supported and promoted the annual South African Music Awards (SAMA), during the 2014/15 financial year.

During the year under review, the SABC generally performed above ICASA's minimum requirements for South African music. The table below provides the annual average music percentage per station. The Regulations require that the Public Broadcasting Service (PBS) Radio Stations broadcast a weekly average of 40% South African music with the exception of Lotus FM which has to deliver a minimum quota of 20% and Public Commercial Service (PCS) Radio Stations have to broadcast 25% South African music.

% PCS and PBS Local Music Performance against ICASA quota

Radio Station	ICASA Quota	Financial Year
PBS		
SAfm	40	56
Tru FM	40	56
Lotus FM*	20	24
RSG	40	77
Munghana Lonene FM	40	67
Lesedi FM	40	68
Radio 2000	40	67
X-K FM	40	84
Umhlobo Wenene FM	40	70
Ligwalagwala FM	40	67
Motsweding FM	40	56
Phalaphala FM	40	72
Thobela FM	40	61
Ukhozi FM	40	69
Ikwekwezi FM	40	75
PCS		
5FM	25	37
Good Hope FM	25	39
METRO FM	25	30

** Lotus FM has to deliver a minimum quota of 20%.*

ICASA Genre Licence Conditions:

The Performance of the SABC PBS Radio Stations against ICASA genre licence conditions

Station	News (Daily)			Current Affairs (Daily)			IKB	Education	Children	Drama
	Mon-Fri	Sat	Sun	Mon-Fri	Sat	Sun	Weekly	Weekly	Weekly	Weekly
ICASA Quota	60	60	60	60	60	60	180	300	60	150
RSG	106	64	60	201	63	63	1 678	358	81	239
Munghana Lonene FM	79	80	76	113	60	59	1 254	330 25	79	218
Lesedi FM	88	64	64	189	67	67	961	312	113	165
Ikwekwezi FM	132	69	70	127	60	60	1 505	351	131	268
Ukhozi FM	82	64	64	171	60	60	2 411	274	152	196
Phalaphala FM	81	80	79	115	62	65	2 405	320	121	220
Ligwalagwala FM	98	60	59	107	61	60	1 454	380	374	220
Motsweding FM	106	60	60	119	63	68	1 082	549	101	131
Thobela FM	184	110	80	86	60	60	1 750	420	420	160
Umhlobo Wenene FM	83	80	75	142	78	61	862	390	293	166
ICASA Quota	60	60	60	60	No quota	No quota	180	240	60	150
SAfm	99	99	90	333	-	-	419	109	212	184
ICASA Quota	60	60	60	60	60	60	180	No quota	No quota	150
Lotus FM	74	74	74	97	64	61	614	-	-	190
ICASA Quota	30	30	30	30	30	30	180	300	15	No quota
X-K FM	70	50	50	110	55	55	2 191	618	622	-
ICASA Quota	60	60	60	30	30	30	60	120	30	No quota
Tru FM	75	60	61	53	30	56	2 367	627	55	-

Official Languages (PBS and PCS Radio)

SABC Radio broadcasts in more than the 11 official languages as some stations also broadcast in languages of minority groups.

PBS Stations:

- X-K FM broadcasts equally in *!Xintali* and *Khwedam*;
- Lotus FM broadcasts mainly in English with daily broadcasts in *Urdu, Tamil, Gujirathi* and *Hindi*;
- SAfm broadcasts in English;
- Radio 2000 broadcasts primarily in English;
- Tru FM broadcasts equally in isiXhosa and English;
- RSG broadcasts in Afrikaans; and
- The other nine radio stations broadcast in South African vernacular languages

PCS Stations:

As prescribed, METRO FM, 5FM and Good Hope FM broadcast in English.

ICASA Genre Licence Conditions

During the year under review, SABC PBS Radio Stations delivered well above the minimum requirements as stated in the ICASA licence conditions. On the news front, PBS Radio delivery against ICASA licence conditions with the majority of the radio stations exceeding weekly targets of news and current affairs, drama was above 150 minutes per week, children's programming was above 60 minutes per week, education was above 300 minutes per week, as well as information and knowledge building of above 180 minutes per week. This is with exception of Munghana Lonene FM which was below target in the first two quarters with Sunday Current Affairs and Ukhozi FM delivering below target in the first three quarters on education. These stations did not meet their content quotas due to schedule disruptions attributed to programmes of national interest including the 2014 FIFA World Cup.

The table above summarises radio performance against ICASA Genre Quotas of the period under review.

Programming Highlights

Radio draws its strategic direction from the organisational values and guiding principles of the SABC and continues to align its operations to the pillars which define the SABC's overall strategic direction. All of this is further underpinned by compliance to the Broadcasting Act while holding the provisions of the Constitution of South Africa in the highest regard.

The following represents but is not limited to some of the programming highlights that SABC Radio delivered during the financial year under review. Radio content promoted social cohesion by celebrating major calendar events such as:

- The January 8th address of the ruling party where the party paved the way to the address by the State President;
- The State of the Nation Address (SONA) and the budget speech broadcast live across all the 15 PBS Radio Stations;
- Human Rights Day;
- Freedom Day Celebrations;
- Workers Day;
- Youth Day;
- Nelson Mandela Day; and
- Women's day.

To strengthen democracy, SABC Radio produced and broadcast voter education programming to encourage the youth and other people ,who had never voted to register to vote. The campaign was structured such that it empowered citizens of the country to be able to vote at the next Elections. SABC Radio, in partnership with SABC News and Current Affairs, held party political debates across the country for political parties to inform the citizens about their manifestos.

The calendar year 2014 was dominated by the celebration of 20 years of democracy themed '20 Years of Inspiring the Nation'. In the final quarter of the 2013/14 financial year, with the SABC slogan of 20 Years of Inspiring the Nation, SABC Radio began to enthuse South Africans to celebrate the 20 years of democracy.

During the 2014/15 financial year, radio successfully highlighted sporting codes of national importance (Soccer, Cricket, Rugby and Athletics) through promos, interviews, the build-up and live commentary together with reviews of matches.

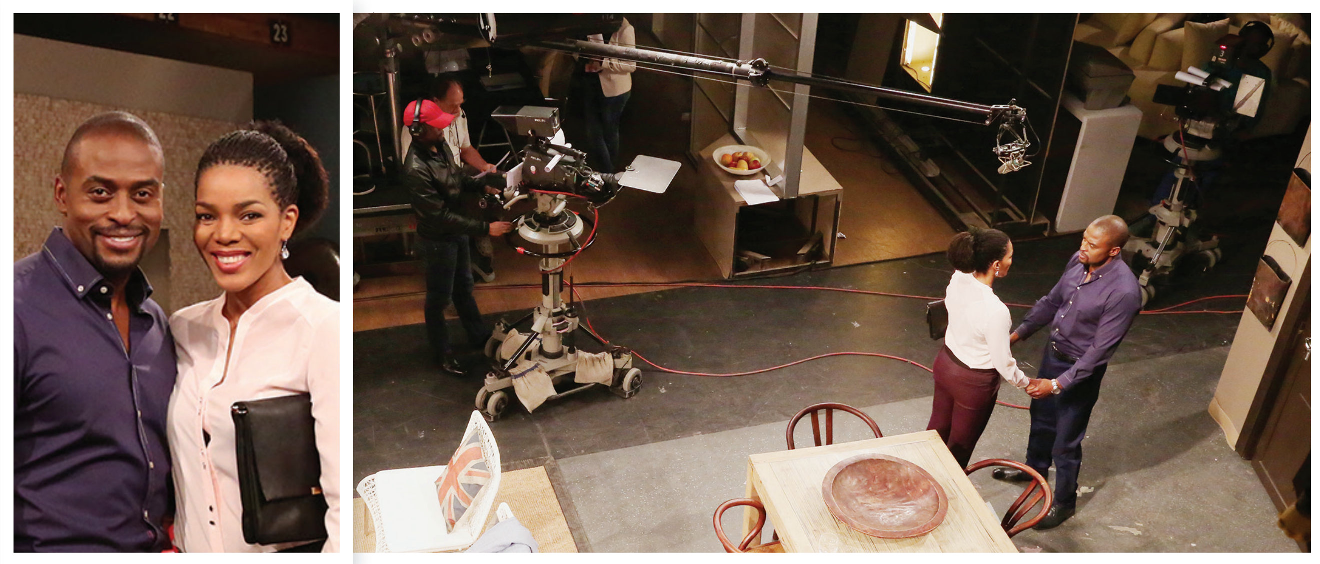
Educational programming highlighted both curriculum-based and informal educative topics from a wide range of social, political and economic issues.

Key Achievements

SABC Radio continued to deliver healthy audience performance across the bulk of our stations.

SABC Radio reaches *27.9 million all adult South Africans (15+). PBS Radio reaches **24.7 million listeners in all the South African languages, PCS radio has a reach of **8 million listeners. SABC Radio commands audience share of 69.5%. This represents a 0.7% growth from previous year's level of 68.8%. At 59.9% PBS Radio contributed the lion's share towards the overall SABC share performance and has improved its position by 0.8% from the previous year.

PBS share is under-represented as the stations broadcast programs to children under the age of 15 years. The Broadcast Research Council Radio Audience Measure (BRC RAM), measures audiences from 15 years upwards for commercial advertising purposes.



Behind the scenes of the production of Generations, broadcast on SABC1.

The following table represents a summary of week cume audience performance by station for the period August to December 2014 (this is the latest audience diary available):

Radio Station	Aug-Dec 2014 (000)
PCS	
METRO FM	6 388
5FM	1 707
Good Hope FM	650
PBS	
Ukhozi FM	7 732
Umhlobo Wenene FM	4 244
Lesedi FM	3 669
Thobela FM	3 475
Motsweding FM	3 128
RSG	1 905
Ikwekwezi FM	1 782
Ligwalagwala FM	1 373
Munghana Lonene FM	997
Phalaphala FM	882
Radio 2000	842
SAfm	532
Lotus FM	352
Tru FM	190
X-K FM (not reflected in RAMS)	6

*27.9 million is an unduplicated figure for SABC Radio

** The figure for PBS Radio and PCS Radio cannot be added as listeners have repertoires that cut across radio stations.

Source: RAMS (August –December 2014)

Looking Forward

The SABC is developing a 360 degree digital solution for its audiences for it to remain relevant and competitive. This includes SABC Radio Digital Media working on developing a Media Player for the SABC. This is the SABC Radio website portal and an application that will enable listeners to access audio streams of the stations from any digital device.

SABC TELEVISION

During the year under review, SABC TV performed considerably well in meeting the public service mandate and delivery of public value, considering the international sporting events the channels had to deliver on which included the 2015 Africa Cup of Nations (AFCON) and the ICC Cricket World Cup.

Compliance to Licence Conditions

The ICASA quotas serve as a yardstick for the regulator to measure the SABC's delivery against its public service mandate as stipulated in the Broadcasting Act.

In terms of the licence conditions, the Corporation must provide the following to prove its compliance:

- Percentage of local content;
- The use of each official language including minority languages; and
- Percentage of different genres broadcast on prime time.

SABC TV Performance on Local Content

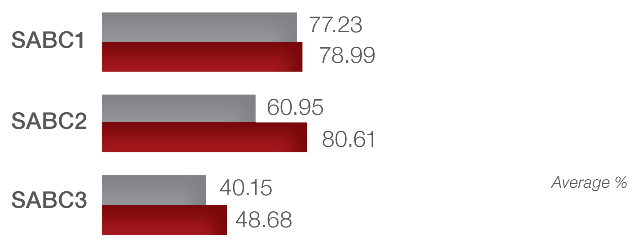
During the 2014/15 financial year, all three channels performed fairly on overall local content and in some instances exceeded the local quota requirements per genre.

The graph below, depicts some under performance on minimum hour per genre requirements and on languages other than English during prime time. This is as a result of the broadcast of events of national importance such as the AFCON for which exemption with the licence conditions was lodged and full exemption was approved by ICASA for SABC1 and partial exemption for SABC2 and SABC3.

SABC Local Content

Full Day
Prime Time

ICASA's overall local content quotas:
55% for PBS and 35% for PCS

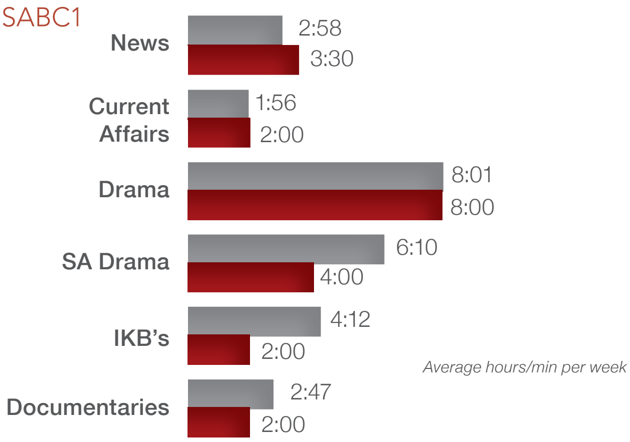


SABC TV on Genre Delivery

Prime Time

Prime Time
ICASA quota

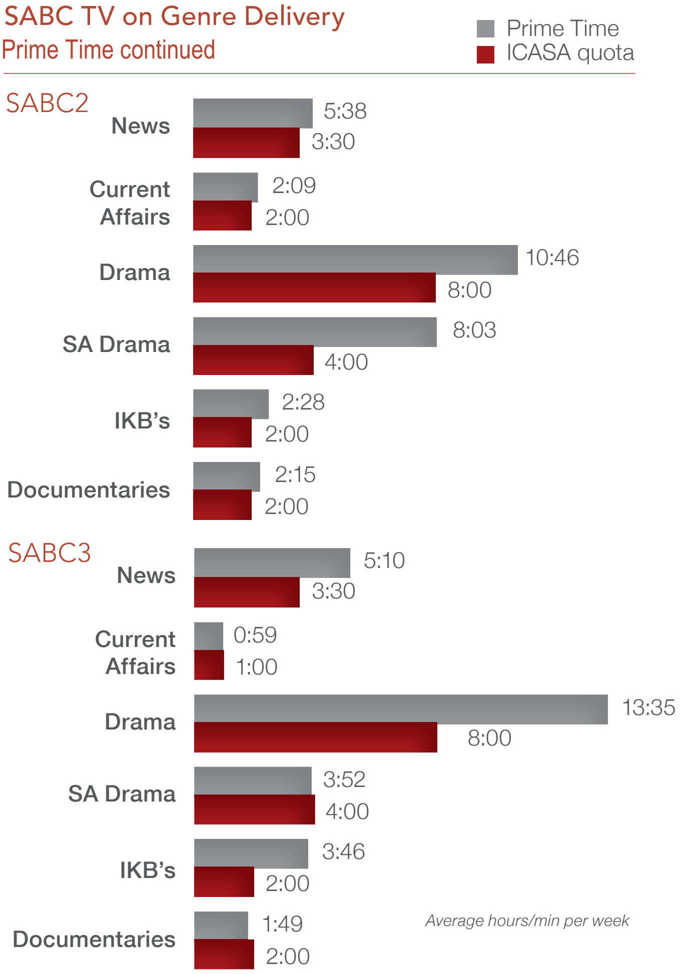
NB: Mandate performance was affected by programming of national interest.



Source: Broadcast schedules (30 March 2014 - 29 March 2015)

SABC TV on Genre Delivery

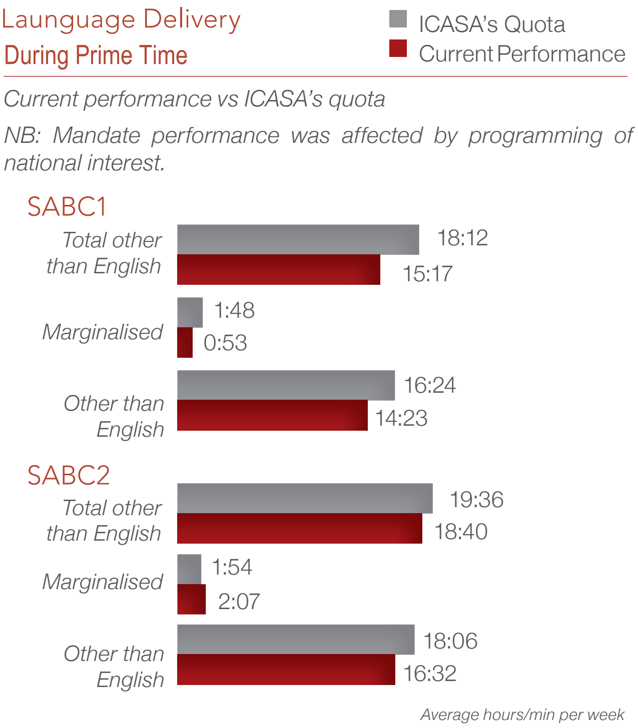
Prime Time continued



Source: Broadcast schedules (30 March 2014 - 29 March 2015)

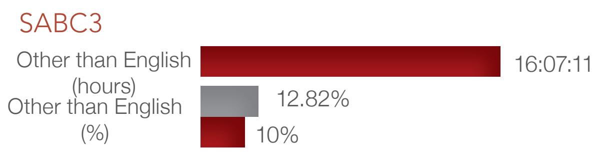
Launguage Delivery

During Prime Time



During TV Performance Period

Current performance vs ICASA's quota



Source: Broadcast schedules (30 March 2014 - 29 March 2015)

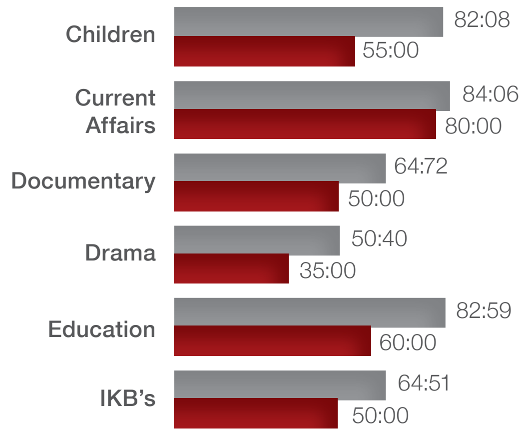
The three channels' full day performance shows that channels exceeded their genre delivery targets, with the exception of SABC3s Children's genre delivery.

% Local Content per Genre

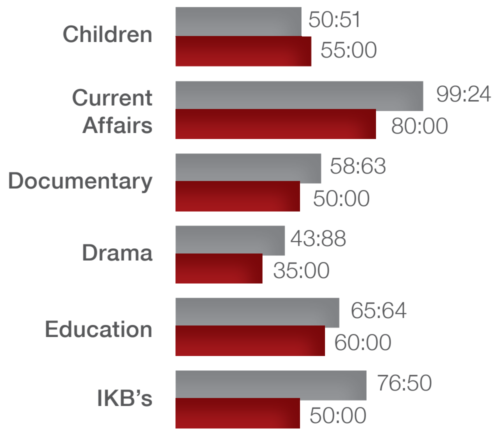
Full Day

NB: Mandate performance was affected by programming of national interest.

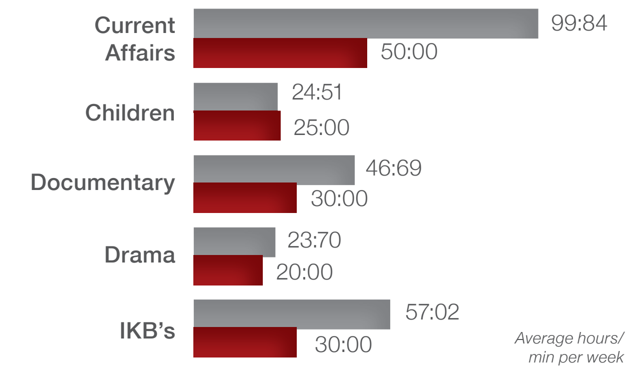
SABC1 as PBS channel



SABC2 as PBS channel



SABC3* as PCS channel



Source: Broadcast schedules (30 March 2014 - 29 March 2015)

Events of national importance were mainly broadcast on SABC2.

**An application for exemption for SABC3 during the West Indies Inbound Cricket Tour and the ICC World Cup was also lodged and the SABC is awaiting the response thereof.*

Refer to page 143 on how to use this interactive image.

SABC Education encourages local communities to stop xenophobia and become involved in youth education, as part of the 'Raise Your Hand' initiative.

Programming Highlights

SABC Education broadcast two specials, the Department of Basic Education (DBE) Spelling BEE, and the Nelson Mandela Children's Parliament. The DBE Spelling BEE is a partnership between SABC Children, SABC Education and the DBE. The show consisted of a three part broadcast on 'YO TV' covering the Gauteng finals, the Provincial finals and the National finals at the National Library in Pretoria.

The Nelson Mandela Children's Parliament, a partnership between SABC Education, The Nelson Mandela Children's Fund and the Department of Social Development (DSD) went out as a Special on 'Hectic Nine 9'. SABC Education has since committed to doing more for South Africa's children, and fight for their well-being in areas like education, safety, sports and recreation.

The 'Living Land' project team at SABC Education together with strategic stakeholders held an emerging farmers agricultural workshop at the Jacaranda Agricultural showground in Pretoria, to engage the farmers on 'Technology and Youth in Agriculture'. The event was attended by 300 youth and emerging farmers from Gauteng and key strategic stakeholders in the agricultural sector. The platform provided organisations with opportunity to engage directly with the farmers specifically on issues that affect them, which included access to loans, new technology, workshops and information on climate conditions that affect them adversely. The event also provided key programming input into the 'Living Land' production.

The 'I am Woman' religious series was selected for screening at the Sonke Gender Justice Film Festival. It was also earmarked for licensing to TV4 Entertainment Channel – VOD in Las Vegas. TV4 Entertainment intends to have debut this series in their new Women's network, which was launched in October 2014.

Key Achievements

The 54th International Mathematics Olympiad (IMO), hosted by South Africa took place from the 3rd to 13th of July 2014 at the University of Cape Town. SABC Education signed a partnership agreement with South African Mathematics Foundation (SAMF) as the Gold Media Sponsor. About 103 countries sent teams (consisting of six learners) to participate at the IMO. SABC Education together with the Minister of Basic Education and other sponsors attended the Award Ceremony that took place on 12th of July 2014 and handed out medals to the gold, silver and bronze winners.

SABC Education partnered with the event management company Spintelligent in a three year agreement to deliver the 'SABC Education African EduWeek' conference and Exhibition targeting Educators and service providers of educational equipment. Consequently, the first SABC Education African EduWeek was held at the Sandton Convention Centre from the 9th to the 11th of July 2014. Part of the importance of SABC Education African EduWeek was to enhance the South African/China bilateral relations on education and to foster partnerships that will afford, in particular, South African students opportunities to study abroad in any of the BRICS countries and to further learn how these countries are advancing with the integration of technology and curricula.

'Raise Your Hand Campaign' an SABC Education Initiative was officially launched in Seshego, Limpopo on the 17th of October 2014, with Thobela FM broadcasting live from the venue. In this venture, the SABC partnered with Eskom and I-College. Eskom gave away 200 Lap desks. I-College gave away 10 Panasonic bursaries, including two years' work experience as part of their 'Raise Your Hand' campaign support. Phalaphala FM and Munghana Lonene FM supported the initiative by doing crossovers and interviews.

SABC Education hosted the 'Matric Results Line' and received over 390 000 sms's of which 250 000 learners opted-in to receive communication from SABC Education. The unit has continued to provide media relations support for the Matric results SMS service and using Unstructured Supplementary Service Data (USSD) to obtain results on 35658 or *120*35658#. The service was published in Drum, Teens Online and BizCommunity.com and broadcast on SABC PBS channels and radio.

In January and February 2015, SABC Education in partnership with the Department of Higher Education and Training rolled out an awareness campaign targeting learners who were not admitted to Institutions of Higher Learning to use alternative institutions of higher learning like Formal Education and Training (FET) Colleges and Universities of Technology.

SABC Religion attended the Summit for the World Alliance of Religions which was held in South Korea on the 15th to the 19th of September 2014. The summit was ground breaking in that it presented 'the World Alliance of Religions' as a concrete proposition for realising the cessation of wars and world peace. It also undertook to sign the Unity of Religions Agreement, and the second measure was to present the agreement to propose the enactment of an International Law for the Cessation of Wars and encourage political and religious leaders around the world to participate.

On the 26th of November 2014 various stakeholders co-hosted a session on religious education in schools as well as challenges faced by religious communities in terms of language and religion. The SABC attended the session to gain insight into the current policy discussions around this.

Behind the scenes during the production of the 10 o' clock morning news broadcast.

The SABC Religion has signed an MOU with the National Inter-faith Council of SA (NICSA). In January 2015 there were successive discussions and meetings with the religious communities such as the International Fellowship of Foundational Ministries (IFFM), Islamic community, NICSA, the Jewish community and Hindu community on the current editorial policies which are to be reviewed.

Three new production companies owned by youth were provided with industry development support through the commissioning of their drama productions.

A South African PWD company, AudioDescribe, was commissioned as part of a universal access pilot project, to audio describe the SABC1 drama series 'Sticks and Stones' for blind audiences. The project is utilising the services of blind individuals based in KwaZulu-Natal and Johannesburg to provide the audio description services. This project is a follow-up on the sponsorship that SABC Television provided for audio description training in 2012. The audio described version of the drama series is currently in production and is expected to be broadcast on the network in the early part of the new fiscal. This is not only the first of its kind at the SABC, but also in the continent.

From September to December 2014, SABC Industry Development hosted emerging filmmaker workshops in Durban, Cape Town, Johannesburg and Polokwane. A total of 258 emerging filmmakers attended. The aim of the workshops was to limit entrance barriers and assist emerging filmmakers and provincial filmmakers with a better understanding of the SABC on how to prepare and submit programming proposals.

The 2014 RFP Book was released to the public on the 27th October 2014 across various platforms. The new content is critical for the three channels to ensure diverse and fresh content which encourages competitive and financially viable schedules thereby concretising the SABC's market position.

SABC Television team, accompanied by Procurement, spent three weeks of November 2014 traveling to all SABC Provincial Offices to present the October 2014 RFP Book. The SABC consulted broadly across all provinces by means of these roadshows and reached about 1033 industry people.

Looking Forward

SABC Encore will be launched on DStv's channel 156 in the first quarter of 2015/16 financial year. The channel will provide quality, memorable retro content for South African viewers. The SABC will utilise its vast archives to package the channel which will showcase content that defined broadcasting in its early years in South Africa. Strong focus will be placed on content from the 80's and 90's. The majority of South Africans between the ages of 37 and 70 years will be able to connect with some of those unforgettable favourites. The multi-genre channel will evoke nostalgic moments that many South Africans have of programmes that made them laugh, cry or just opened their world. The SABC currently has four channels on the terrestrial platform and two on satellite DStv bouquet. The two channels are being piloted on the DStv platform. They will be migrated to the DTT platform after switch on.

SABC NEWS AND CURRENT AFFAIRS

The past financial year proved to be one of the most exciting years in the news front. Nationally, South Africa celebrated 20 years of democracy which culminated in the 5th National Elections, the conviction of the Olympian Oscar Pistorius made international headlines and proved the resilience of South Africa's judiciary. The unfortunate death of 84 South Africans who perished in Nigeria made international headlines. On the international front, the year saw the worst outbreak of Ebola, two passenger planes from the same airline crashed in a matter of months, a war in Ukraine, sit-in protests in Hong Kong, abduction of young girls by Boko Haram, and Germany being declared a surplus economy in the struggling Euro-zone.

As a content provider for all the 18 SABC radio stations, four TV channels and digital media platforms, SABC News and Current Affairs continued to uncover, report and deliver this riveting content to all its viewers across the country and the world.

Compliance to Mandate

The SABC News and Current Affairs Division has extensive news capabilities and resources, with nine bureaus dotted across South Africa and three international offices in Zimbabwe, Kenya and the United States of America. Massive investment in technology has given SABC News and Current Affairs unparalleled news gathering capacity. The service is created in terms of the SABC Charter, the South African Broadcasting Act and follows the prescripts of the Broadcasting Complaints Commission of South Africa's (BCCSA) Code of Conduct and the SABC's Editorial Code. In terms of the Broadcasting Act, the SABC is obliged to broadcast programming that, amongst others:

- Reflects South African attitudes, opinions, ideas, values and artistic creativity;
- Displays South African talent in educational and entertaining programmes;

- Offers a plurality of views and a variety of news, information and analysis from a South African point of view; and
- Advances the national and public interest.

The uniqueness of South Africa's history also drives the functionality and focus of the Division. This is recognised in its editorial policies which include the following directives:

- To heal the divisions of the past and establish a society based on democratic values, social justice and fundamental human rights;
- To improve the quality of life of all citizens and free the potential of each person; and
- To build a united and democratic South Africa which is able to take its rightful place as a sovereign state in the family of nations.

News and Current Affairs Performance

On a daily basis the Division produces 12 Television News bulletins and 10 Television Current Affairs shows on SABC1, SABC2 and SABC3 every week, while on SABC 24 Hour News Channel, the Division produces 16 304 minutes of news and 6 336 minutes of current affairs programming per month. The total emission time on TV increased this year from 2541:15:58 to 2980:48:50 mainly because of increased live coverage of events. Significant growth in the popularity of SABC news online demonstrates the cross platform demand for SABC news content.

Programming Highlights

Nowhere was the capacity and aptness of SABC news displayed more than during the May 2014 General Elections, a milestone in our thriving democracy. In terms of the elections, SABC News commenced with its national debates in February 2014. The debates were broadcast simultaneously on Sunday nights on SABC1 and SAfm and streamed live on sabc.co.za/news. The debates were conducted in partnership with the University of Johannesburg and were held across the country. In April, pre-election shows on SABC2 with simulcast on the 24 Hour News Channel were introduced. The shows were anchored from Johannesburg, with live crossings to Provinces.

Audience ratings (ARs) increased during the election period with six SABC TV news bulletins increasing their ratings month on month, while one sustained its audience. The isiZulu bulletin went back to 11 ARs, with the isiXhosa news bulletin slightly behind on 10.8 ARs. Both these bulletins also exceeded ratings recorded a year ago. The 'Election Debate' programme increased its rating month on month by 0.8 ARs (2.2%), while 'Yilungelo Lakho' increased its rating marginally. 'Cutting Edge' lost viewers during the period. However, the 'Election Debate' programme and 'Yilungelo Lakho' out performed ratings recorded a year ago.

A total of 1 200 SABC staff members were involved in the Television, Radio and online coverage of the 2014 General Elections. SABC News identified 26 Outside Broadcast (OB) points and 100 cameras were deployed across the country. The TV production was end-to-end digital with conversion to analogue only at the point of transmission to air.

The Division also had nine OB points at the Independent Elections Commission (IEC) centres in all nine Provinces. The 17 remote mobile units which were deployed across South Africa received news feeds from all 12 of the SABC's provincial offices. The SABC's results system was connected to the IEC, to ensure that results were available instantaneously. In addition to reflecting the results as released by the IEC, SABC News was able to provide comparisons with previous elections, pick up on results trends as they developed and do predictions of expected outcomes in conjunction with experts from the Council for Scientific and Industrial Research (CSIR), using scientific forecast model specifically developed for the elections. The results and predictions were broadcast on all radio, TV and digital news services.

SABC News had a total of six TV anchors presenting from the IEC in Pretoria which ensured that viewers were kept updated throughout the election period. Featured on the broadcast was a panel of 30 election analysts who took turns to offer a wide and balanced analysis of election issues, in a way that informed, contextualised and explained the results to the citizens of South Africa.

During the post-election period, all the general assembly debates and the State of the Provinces by Premiers were broadcast live. This added impetus to the efforts to take Parliament to the people and bring people to Parliament.

During the period under review, the Division continued to diversify topical issues in the news bulletins and strove towards an equal distribution of political, economic and social policy issues. This made the offerings to be more constructive, insightful and educational on policy issues. The Media Tenor Group describes the coverage during this period as follows: '…, *SABC TV News reported constructively on different policies, while still providing insight into the disruptions of Parliament. The national broadcaster continued to fulfil its role in creating awareness on critical policies.'*

All this happened on the back of two successful live broadcasts of major events in the country, the State of the Nation Address by President J G Zuma and the National Budget Speech by Minister N Nene. Reporting on women issues also increased following the launch of the '16 Days of Activism against Women and Children' campaign towards the end of the third quarter. The coverage exceeded all expectations and provided an opportunity to inform the nation about the major strides which South Africa has made towards women empowerment. Throughout the year under review, SABC News and Current Affairs also had extensive coverage of all relevant newsmakers.

South Africa's involvement at the World Economic Forum generated some positivity on the economy, as President Jacob Zuma assured investors on the business capabilities of South Africa. However, the continued energy challenge and the low growth forecast by the International Monetary Fund (IMF) had some influence on the tonality of the SABC coverage.

The 24 Hour News Channel also improved its performance during this period especially the 18:00 to 23:59 block. The viewership peaked at 18,563, making it the best supported day-part during February and March 2015. The channel's average daily rating improved by 3,930 viewers compared to its rating of a year ago.

Looking Forward

The Division will embark on a concerted effort to change the media paradigm which casts Africa, including South Africa in a negative light. The current paradigm ignores the major economic and social opportunities which exist within South Africa and the continent. Africa has buffered the world economic crisis and yet little is reported on this major achievement. International banks such as Barclays, ICBC and HSBC are looking at expanding their business operations within the continent. Major retailers such as Walmart have also entered into business ventures and are operating on the African soil. Yet coverage of the continent continues to disregard the fact that the continent possesses attractive market dynamics, favourable demographics trends and a growing economy.

As part of the new financial year's drive, the Division will also intensify its preparations for the 2016 Local Government Elections and commence with pre-election programming whilst awaiting the official proclamation of the elections date by the President the Republic of South Africa.

Refer to page 143 on how to use this interactive image.

Kass Naidoo, SABC Sport Anchor.

SABC SPORT

Compliance with Licence Conditions

The ICASA Regulations on Sports of National interest, gazetted on the 7th April 2010 (No. 330797) lists the following sporting codes as national sporting events:

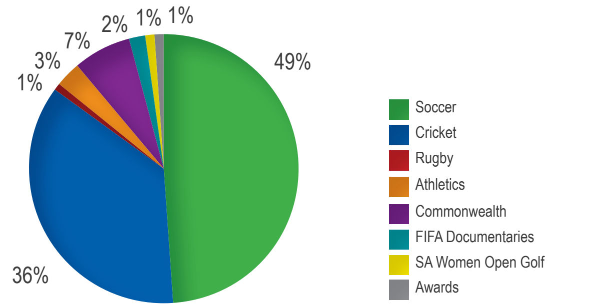
- Summer Olympic Games;
- Paralympic Games;
- All Africa Games;
- Commonwealth Games;
- FIFA World Cup;
- Africa Cup of Nations;
- IRB Rugby World Cup;
- ICC Cricket World Cup;
- ICC T20 Cricket World Cup Championship;
- West Indies Inbound Tour
- Comrades Marathon;
- Two Oceans Marathon;
- Super 15 Rugby;
- COSAFA Cup;
- Confederation of African Football (CAF) Champions League;
- CAF Confederations Cup;
- Telkom Charity Cup;
- MTN 8 Cup;
- Telkom Knockout;
- Nedbank Cup;
- National Men's and Women's Soccer Teams;
- Castle Rugby Championships Inbound Cup;
- Currie Cup; and
- MTN 40 (cricket).

Sport Programmes: SABC's performance

On Sport of National Interest

During the period under review, soccer and cricket dominated the broadcasts of Sport of National Interest. SABC Sport covered the Premier Soccer League (PSL) games, National Teams matches, CAF tournaments, the successful broadcast of the FIFA World Cup 2014, AFCON 2015, Cricket comprised of the Inbound West Indies Tour, and the 2015 ICC Cricket World Cup.

Sport Genres

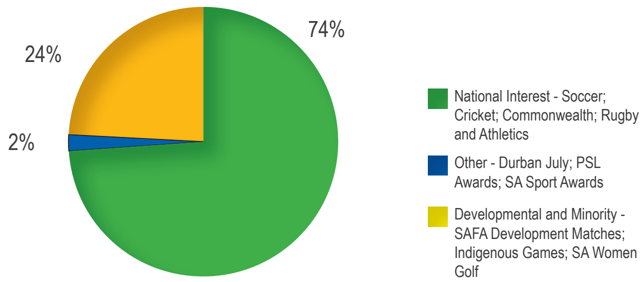


On Minority and Development Sport

During the 2014/15 financial year, the SABC successfully broadcast the South African Women's Golf tournament, the Indigenous Games and the SAFA Development Games. The SABC utilised Sportsview, a weekly magazine show which covers all Development and Minority Sport. The SABC also successfully covered other events such as Vodacom Durban July, PSL Awards and SA Sports Awards.

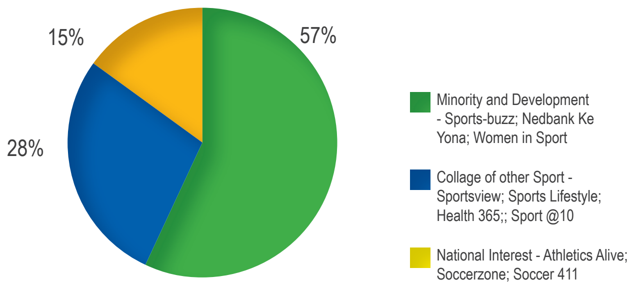
The major events that were broadcast relating to women and youth were the Nedbank KeYona team reality show and match, the SAFA women matches, the Nanjing Youth Olympics and the FIFA under 20 Women's World Cup as well as the Women's Day Minister's Awards.

Sport Genres



The following graph depicts the magazine shows that comply with the ICASA Regulations as it covers Women, Youth and the Disabled in Sport.

Sport Magazines



Programming Highlights

During the year under review, SABC Sport continued to bring the front row seat experience to SABC audiences and saw the broadcasting of major sport events as follows:

- Despite Bafana Bafana failing to qualify for the 2014 FIFA World Cup during June and July 2014, they commanded the highest market share and high audience ratings (AR's). The broadcast plan included the delivery of a number of magazine shows produced by SABC Sport which complimented the overall programme offering of the 2014 FIFA World Cup;
- Six international friendly matches involving Bafana against a number of countries including Australia- away game, New Zealand – away game, Ivory Coast, Mali, Cameroon and Nigeria;
- The 2015 Africa Cup of Nations;
- Africa Women Championship in Namibia and Africa Youth Championships U/20 in Mali;
- The SABC concluded an agreement with Cricket South Africa for the rights to all the Protea Inbound Tours. The first broadcast commenced at the end of December 2014. SABC Radio Sport also played a key role by being the eyes and ears by broadcasting the Protea's outbound cricket matches against Sri Lanka and Australia with Radio 2000 broadcasting all the matches by way of ball-by-ball commentary, with the rest of the radio stations, doing live crossings, live updates or reports;
- Outbound tour to Sri Lanka comprising of three One Day International matches (ODI), against Australia comprising of three T20 international matches and five ODI's. Radio platforms continued to excel in covering the inbound cricket matches against West Indies where two Tests, five ODI and three T20 international matches were played;
- The 2015 ICC Cricket World Cup in which the Proteas unfortunately fell out in the semi-final when they were knocked out of the tournament by co-host New Zealand. Radio 2000, with its top drawer commentary team, remained the home of World Cup Cricket by providing our listeners with ball-by-ball commentary;
- Ball-by-ball commentary, of the tri-angular cricket matches between South Africa, New Zealand and the host, Zimbabwe;
- SABC continued with their mandate to broadcast events of national interest by broadcasting the Comrades and the Soweto Marathons. This was over and above the broadcast of the Nelson Mandela Day Marathon, which took place at Howick, in Kwazulu-Natal;
- In partnership with the South African Rugby Union (SARU) the Rugby Sevens series held in Port Elizabeth, for the first time. This is over and above the three inbound Test matches against Italy, Wales and Scotland and the two of the four outbound Test matches against England and Wales;
- SABC also partnered with Sport and Recreation South Africa (SRSA) to broadcast the 'Unite for Mandela' event which was held at the Union Buildings in Pretoria;
- The SABC brought to the South African population the 2014 Commonwealth Games staged in Glasgow, Scotland from the 23rd of July to the 3rd August 2014, where our athletes performed beyond expectation and brought back home more than 40 medals combined. This was followed immediately by the broadcast of the Youth Olympics;
- SABC Radio and Television did a live broadcast of the SA Sports awards held in Sandton Convention Centre on the 29th of November; and
- SABC Radio continued to shine by bringing to the doorstep of South Africans, the annual NEDBANK Golf Challenge held in Sun City. Radio 2000, RSG, SAfm and Motsweding FM covered this event from the venue in Sun City whilst the other stations did live crossings and updates from their respective provincial studios.

Key Achievements

During the year under review, SABC Sport made some telling achievements which include the following:

- The re-launch of the Sport Website during AFCON;
- Implementation of radio platforms integration strategy to align special projects as well as the variety of content offered;
- Commercialisation of the Radio Sport and increase in classic advertising and sponsorship of special events;
- Broadcast of the 2014 Commonwealth Games thus prioritising main events that included South African athletes, yielding an increase in audience ratings in the time slot allocated; and
- The conclusion of the trade exchange agreement between PSL and SABC Radio Sport. This partnership gave birth to a programme called 'Sekunjalo' which is broadcast across all SABC Radio Stations.

Looking Forward

In a highly competitive environment marked by a wide range of choices due to new media platforms, SABC Sport will strive to:

- Develop and maintain an innovative, sustainable rights and content portfolio, that is compelling and compliant with ICASA requirements;
- Produce content that is world class at an affordable level with innovative, commercial elements that enhance audience delivery;
- Improve our cost efficiencies and profitability;
- Develop, maintain and prioritize relationships with sporting federations and to be a catalyst in the execution of the national agenda on sport and sport development; and
- Invest in human capital through recruitment, development and retention of key talent, skills and performance management.

Refer to page 143 on how to use this interactive image.

The budget speech promo, creating awareness around issues affecting all South Africans , broadcast on SABC2.

UNIVERSAL ACCESS

The SABC continues to partner with other State Owned Entities (SOE)'s to ensure that its services are received by citizens. The DTT roll-out plan is in the process of being finalised between SENTECH and the SABC. On the combined DTT and DTH platforms, for the first time in its history, the SABC will have 100% coverage of all five TV Channels. In addition, plans are underway to expand the FM Transmitter Network to provide more citizens with access to SABC Radio services.

The SABC has included all 18 SABC Radio Stations on its DTT platform. The SABC further applied to ICASA for FM frequencies for expansion of its radio services in areas that do not have coverage of its services. About 30 of the applications made were granted by ICASA for implementation.

INDUSTRY DEVELOPMENT AND TRANSFORMATION

During the year under review, the Broadcast Research Council (BRC) was established as a joint industry initiative to take over from the South African Audience Research Foundation (SAARF). A lot of ground work has been done to ensure that the newly established organisation as an inclusive non-profit industry body catering for the audience research needs for both radio and television industry in South Africa. The formation of a credible new audience measurement structure was proposed when the National Association of Broadcasters (NAB), supported by the SABC and other television and radio broadcast members, terminated membership to SAARF after independent audit findings that the accuracy of the SAARF Television Audience Measurement Survey data (TAMS) had been compromised.

During the period under review, the SABC made significant strides in the history of the organisation by attaining a BBBEE Level 2 rating status in the ICT sector's stringent targets BBBEE accreditation process. This comes after the 2013/14 Level 4 contributory level status which was not ideal for the organisations profile, especially as an SOE. The verification process was conducted throughout the SABC's broader spectrum (Head office and the Provincial offices) and the data provided eventually resulted in the BBBEE status achievement.

The organisations strategic approach and the improved reporting and record keeping by Divisions as well improved BBBEE compliance by Vendor Master Section contributed a great deal. It should be noted that BBBEE Level 2 has resulted in the SABC's BBBEE status being significantly improved, it has also had a positive bearing to the SABC's commitment to South Africa's transformation. Moreover and most significantly this puts the SABC in a favourable position to our clients who are utilising our broadcasting services. This implies that the clients are now entitled to a preferential procurement claim of 125% for each and every rand spent with the SABC. From the SABC clients perspective, this will have a positive impact on their supplier database and contribute to the organisation's BBBEE status as well, specifically in the codes of good practice and preferential procurement element.

Preferential Procurement (PP) Activity

The table below contains the SABC's Preferential Procurement spend accreditation results. Based on the previous codes, the SABC met its targets. The new codes became effective on 1 May 2015 but the sector codes is anticipated to be implemented in October 2015. An analysis based on the new codes will be conducted.

SABC PP Performance for 2014/15 Financial Year

Indicator	Compliance Target	% Achieved
All Suppliers		
B-BBEE Procurement Spend from all suppliers based on the B-BBEE Procurement Recognition Levels as a percentage of Total Measured Procurement Spend	50%	80.96%
QSE/EME		
B-BBEE Procurement Spend from Qualifying Small Enterprises or Exempted Micro Enterprises based on the applicable B-BBEE Procurement Recognition Levels as a percentage of Total Measured Procurement Spend	12%	15.55%
50% Black Owned		
B-BBEE Procurement Spend with Suppliers that are 50% Black Owned as a percentage of Total Measured Procurement Spend	9%	19.26%
30% Black Women Owned		
B-BBEE Procurement Spend with Suppliers that are 30% Black Women Owned as a percentage of Total Measured Procurement Spend	6%	4.29%

Accredited Transformation Table

BEE Element	Weighting Points	Company Score
Ownership	-	NA
Management and Control	15	16
Employment Equity	15	15
Skills Development	20	10
Preferential Procurement	20	19
Enterprise Development	15	15
Socio-Economic Development	15	15
Grand Total	100	15
Procurement Recognition	Level 2	125%

In terms of direct empowerment, the SABC exceeds the minimum targets and has a management which is fully transformed and pertaining to indirect empowerment, which looks at preferential procurement, enterprise development and socio economic development the SABC did meet most of its targets. A greater effort needs to be put on increasing spend and empowerment of more female owned business who are more than 30% Black Female Owned.

Stakeholders and SABC Leadership views the TV OB unit.

TECHNOLOGY

During the 2014/15 financial year, the SABC continued to further its mandate by utilising appropriate technology during SA's journey into the Digital World. The themes of convergence and a customer centric approach remain at the heart of our journey.

Innovations

The Technology Division revamped SABC websites to enable them to be accessible from mobile devices. The new websites include that of SABC Sport, Television OB and Munghana Lonene FM.

In order to reduce the carbon footprint and making the SABC green, the process to implement IT solutions that encourages these elements has begun. The starting point focusses on eliminating manual paper based forms and automates workflows such as our deal making process.

The process of implementing a playout server at Sentech Offices, that will ensure that viewers are not affected during times of technical challenges, started during the period under review.

DTT Readiness

The digital horizon continues to challenge and transcend the boundaries of the traditional analogue broadcasting ecosystems. Broadcasters continue to distribute more content and access more information, centred on personal interaction.

During the period under review, the SABC improved on its infrastructure and systems that will be used to broadcast on the DTT platform e.g. upgrading the DTT Head-end to enable HD. The plan for the next financial year is to continue to upgrade components of the technical broadcast value chain to provide citizens with more value from the DTT migration e.g. develop close captioning functionality.

The SABC continued to work with key stakeholders and industry bodies to ensure a successful DTT changeover. For example,

- Part of the Multimedia and Hypermedia Expert Group (MHEG5 SA) Interactivity Forum was constituted to assist the DTT Set-Top-Box (STB) manufacturers with the implementation of the MHEG5 SA interactive platform in their STB's; and
- Working with the SABS to develop standards for the DTH STB and iDTV's in South Africa;

There are additional benefits that the DTT will enable the SABC to deliver to its audiences including:

- Choice;
- Improved picture and sound quality; and
- Access to programme information via the electronic programme guide.

Looking forward

The next financial year will be exciting and rewarding but a challenging period in the history of the SABC. Convergence and technological improvements will drive efficiencies and provide a competitive edge for the SABC. In addition, the Division will continue to assess and ensure that infrastructure adds value to broadcast operations. Key areas of focus include:

- Completing the implementation of the emergency play-out server at Sentech Office, to ensure that viewers are not affected during times of technical challenges;
- Completing the upgrade of the Corporation's IT network, will seek to enable Provincial Offices to transfer provincial content more easily to the head office;
- Continuing with the upgrade of the Corporation's IT infrastructure to ensure a more robust and reliable platform for business continuity;
- Continuing with the implementation of IT solutions to reduce our carbon footprint;
- Continue with the FM expansion project and procure as well as roll out transmitters for licences that were approved; and
- Continuing to engage with industry stakeholders to ensure a successful DTT migration and put in place MOU's to ensure there is no signal disruption during the DTT migration process.

Refer to page 143 on how to use this interactive image.

The SABC Heritage month awareness campaign.

MARKETING INITIATIVES

BUILDING THE SABC BRAND

During the year under review, work on refining the SABC brand to position the organisation more favourably and restore the corporate brand reputation, continued. The objective remains to galvanise transversal support for all SABC sub-brands and thereby contribute to meeting audience share and revenue targets.

Throughout the year, SABC sought relevant and significant opportunities to position the brand SABC by means of through-the-line marketing campaigns, sponsorships, brand experiences, publicity and digital media interventions to enhance brand perceptions. Some of these included:

20 Years of Democracy theme

The SABC's 20 Years of Inspiration campaign themes for July to September were centred around Madiba Month, Women's Month and Heritage Month respectively. Various SABC TV, Radio and Digital platform executions were broadcast in transversal cooperation with our internal partners. SABC brand teams, in collaboration with the TV on air creatives, produced the Nelson Mandela month TV and Radio campaign. The campaign flighted a generic Mandela Month hashtag (#Do67minutes) and all SABC platforms directed audience conversations about their activities to this platform. The hashtag was trending on the 18th July in South Africa.

2014 General Elections

For the 2014 General Elections, SABC News built the momentum of the election debates through various political party and voter engagements via roadshows that spanned across the country. In partnership with the IEC, the news and marketing teams established an SABC branded exhibition and meeting centre from where live broadcasts were held.

FIFA World Cup in Brazil Sport

The SABC acquired the broadcast rights for the 2014 FIFA World Cup that took place from the 12th June to the 14th July in Brazil. SABC Sport presented a melting pot of content that celebrated and showcased the connection between the host country and our own, honing in on the passion, flair and difference that the game of billions represents to the fans. SABC Sport, with the support of SABC Group Marketing, SABC Radio stations and TV channels executed a series of activations leading up to and during the tournament.

METRO FM Music Awards

During the year under review, METRO FM held the 14th edition of the music awards under the theme: Celebrating Greatness. The METRO FM Music Awards are a key driver of development within the music industry affording METRO FM an opportunity to expose and celebrate musical talent working closely with independent and major recording labels, thus becoming one of the major signature events in the South Africa's music calendar.

Listeners are afforded a platform to actively participate in the project through voting for their favourite artists, participating in competitions associated with the awards, attending the main event, the after party, the public viewing areas and participating in social media conversations while listening to SABC Radio stations and watching Television channels.

The METRO FM Music Awards were hosted at the ICC in Durban. This event, which has gained popularity, continued to grow judging by attendance at activations building up to as well as the awards and gala ceremony. As part of ensuring the implementation of the transversal strategy, the event was broadcast live on SABC1, and all SABC Radio Stations supported the event.

MTN Radio Awards 2014 Awards

SABC radio stations came out victorious at the MTN Radio Awards where they scooped 27 awards with Umhlobo Wenene FM being voted as PBS Station of the Year. Two of SABC Radio veterans, Putco Mafani of Umhlobo Wenene FM and Angie Kapelianis, the National Radio Current Affairs Editor, were also honoured by being inducted into the MTN Radio Hall of Fame. This status signifies that the recipient has left an indelible mark or that their work has had a profound impact in the industry.

AFCON 2015 Sport

AFCON is a soccer tournament that occurs every two years and looks at crowning African Soccer Champions. SABC was the official broadcaster and screened all 32 games live. The tournament took place in January 2015 while the campaign rolled out in late December 2014 and included schedule change elements, executed through radio, print, outdoor, digital and on-air creative.

The X-Factor SA's top 9 contestants, broadcast on SABC1.

The X-Factor

SABC1 acquired the rights to broadcast the South African version of the massively exciting X-Factor, which is a first of its kind reality talent search in SA. The show was well received by the South African public and an extensive through the line campaign was run throughout the broadcast duration.

SABC Transversal Brand-building Initiatives and Audience Experience

Brand activations bring the brand to life and encourage relevance and audience engagement that ensures SABC platforms reach the masses and makes the experience memorable. A number of the brand activations targeted areas outside Johannesburg. The aim of the activations was to generate anticipation, enthusiasm and enjoyment as well as encourage viewing and listening across TV and radio platforms.

Youth Month Campaign

SABC1 partnered with METRO FM, Ligwalagwala FM and 5FM to join hands during the month of June, in support of Youth day on the 16th June. The celebrations by the SABC platforms included on-air competitions, a call to action to the June 16 event, as well as a variety of activities and activations throughout the day.

The campaign was purely social media driven, calling on audiences to use #YouthPowerSA and send an inspiring message. The incentive for this was a pair of double tickets to the event on the 16th June 2014 at Chafpozi, with a meal voucher and a sterling line up of artists.

The second phase of the campaign was the partnership with sister station, 5FM, where a skateboarding activation took place on the 16th June at Walter Sisulu Square in Soweto.

SABC Group Marketing organised the Kimberley Diamond Cup, a skateboarding world championship event and agreed to set up a ramp and provided 5FM and SABC1 branded skateboards for competition give-aways as well as set up a DJ area for 5FM DJs to perform at the event.

5FM and SABC1 promoted the event on-air and encouraged listeners to come and get lessons to train on the ramps. SABC1 used 'Mzansi Insider' as the primary driving show for this initiative.

Heritage Month Activations

Polokwane Beach Festival

The 6th annual Polokwane Beach Festival took place as the first official Sprint event during the year under review. SABC2 participated in the event because of the type of audience that the festival attracts and also because of the city the festival was being hosted in.

Phalaphala FM Royal Heritage Festival

SABC2 and Phalaphala FM teamed up with The Royal Gardens for the third instalment of the Phalaphala FM Royal Heritage Festival. This event played host to a unique melting pot of cultures, coming together for an enormous celebration. With a turnout of about 12 000 people, this Music Festival brought out South Africa's crème de la crème artists who catered for every market. To celebrate 20 years of democracy, there were performances by legends in the music scene from the past 20 years.

Indigenous Games

The 9th Indigenous Games Festival was hosted in collaboration with SABC2 and is made up of nine indigenous games codes. These games comprise of indoor codes such as Lintonga, Morabaraba, Ncuva, Kgati and Driestokkies while the outdoor codes include Jukskei, Diketo, Kho-Kho and Dibeke.

The national festival is a culmination of the provincial competitions that took place in all nine provinces. Approximately 2 500 athletes from all provinces competed for the national titles.

Taung Cultural Calabash

Taung Cultural Calabash is a unique youth based arts festival held annually in Taung, North West province in collaboration with SABC2. The aim of the event is to discover new talent through a series of auditions held at district level. Amateur and semi-professional artists are identified in dance, drama, music and visual arts.

Refer to page 143 on how to use this interactive image.

SABC's digital Magazine, Evoke.

Afro Café's Joy of Jazz activation

SABC2 and some of its sister Radio Stations went into a trade partnership with the Standard Bank Joy of Jazz festival. The brand aligned the channel properties to the different specialities in the industry.

The activation was hosted by Afro Café Presenter, Stoan, who got audiences to engage with music and put their 'music intuition' to the test, where they were rewarded for being on the right track. A branded sound booth was created housing instruments and the actual activation.

Vodacom in the City Festival

The Vodacom in the City is the premier music and lifestyle festival in Johannesburg and one of the major festivals in the South African calendar. This unique festival has a national footprint showcasing both local and international headliners.

SABC3 and 5FM joined forces with Seed Experience for the Vodacom in the City Festival. This event gave SABC3 the opportunity to expose its offerings and helped the channel to acquire content for other properties on the channel. The event took place on the 3rd of October 2014 at Mary Fitzgerald square in Newtown Johannesburg.

Good Food and Wine Show 2014

The Good Food and Wine Show has been in existence for over 15 years and has pushed the boundaries of innovation and excellence as South Africa's premier food, wine and lifestyle experience. The exhibitions take place in Cape Town, Johannesburg and Durban. The celebrity chef line-up and culinary lifestyle experience, ensures that visitors/viewers continue to get a taste of the extraordinary good life. The Good Food and Wine Show is the biggest culinary event in South Africa. The first leg of this activation was a great success. The exhibition took place at the Coca Cola Dome, Johannesburg from 31st July till 3rd August 2014. More than 100, 000 people attended the exhibition during the four days.

After a successful exhibition in Johannesburg, SABC3 once again joined forces with Feira Milano Exhibition Africa to participate in the Durban exhibition, which ran for three days.

Other Campaigns and Initiatives

Other campaigns and initiatives included the *Moshito Music Conference and Exhibition, Vodacom Journalist of the year* (Provincial and National), *Macufe Arts Festival* (Bloemfontein), the *Cricket World Cup*. In addition SABC Marketing successfully launched a digital magazine on the 27th November 2014.

The SABC Evoke Magazine enabled the SABC Brand Platforms to generate brand and programming marketing related content that aims to engage, entertain and keep our audiences up to date with the developments across the SABC relating to content, talent and the latest exciting entertainment developments that unfold daily at the SABC.

The creative campaign included print, radio, TV and digital elements which aimed to promote the magazine to the identified target markets making the magazine accessible via web, mobile and on social media app stores. The link to view the magazine can be accessed via: www.sabcevoke.co.za.

Radio Marketing Highlights

There have been developments in the radio industry and competitive landscape that called for strategies to sustain the SABC radio share.

There has been positive results since the appointment of advertising agencies with a number of Corporate Identity (CI) launches and numerous brand campaigns contributing to the audience share growth.

- Motsweding FM and Thobela FM launched their new CI's in the year under review through multi-layered activations, ranging from stakeholder events to print and Television Commercial (TVC) campaigns;
- RSG launched a brand campaign with two new TV advertisements, outdoor and print activations; and
- 5FM and METRO FM emphasised their brands through TV and print.

Great progress was made in the digital realm with all radio stations reworking websites and exploring more digital offerings for listeners. The radio stations continue with qualitative research to ensure that they understand the listeners' needs and remain competitive in a landscape bombarded with information and entertainment from various sources.

COMPLAINTS

The SABC distinguishes between two categories of complaints against its various Radio and Television services. The first category is direct complaints, which are those received at various levels within the Corporation from listeners and viewers, and are dealt with by the platforms directly. The second category comprises complaints against SABC services that are referred by a number of bodies, some statutory and others self-regulatory. These include the Broadcasting Complaints Commission of South Africa (BCCSA); the Advertising Standards Authority of South Africa (ASASA); the Independent Communications Authority of South Africa (ICASA), the National Consumer Commission (NCC) and the Department of Communications. All such complaints are dealt with centrally by the Broadcast Compliance Department of the SABC.

Direct Complaints

A total of 1 809 direct complaints were received during the 2014/15 financial year. All these complaints were satisfactorily resolved by the SABC.

Direct Complaints Report 2014/15

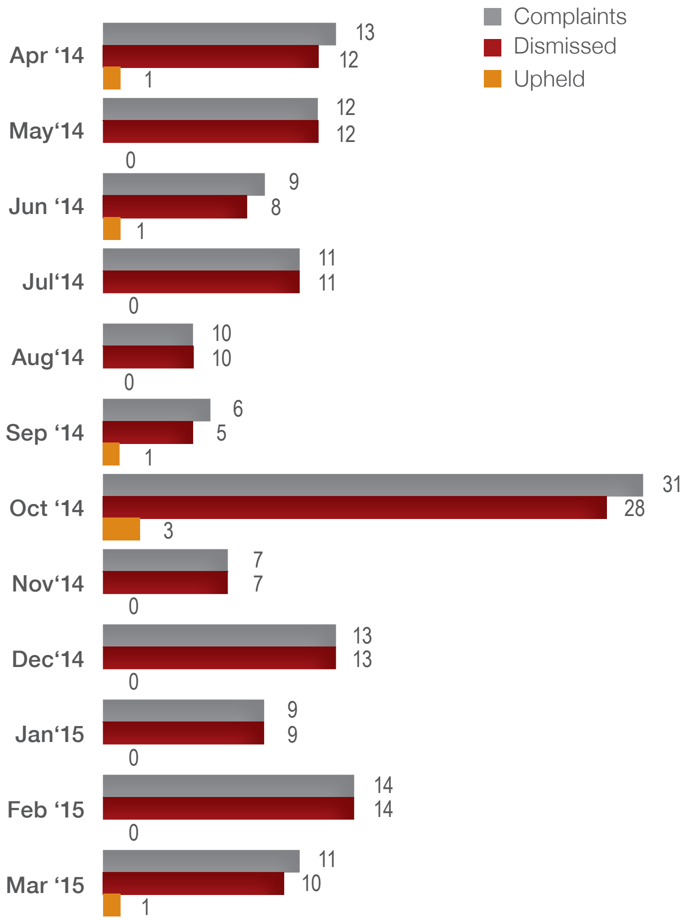
Period	TV Licence	Reception	Scheduling	Prizes
Apr'14	73	7	47	0
May'14	59	1	71	0
Jun'14	114	7	108	0
Jul'14	91	6	134	0
Aug'14	67	2	90	2
Sep'14	54	11	56	0
Oct'14	63	3	69	2
Nov'14	75	5	82	2
Dec'14	47	9	60	0
Jan'15	87	7	85	0
Feb'15	48	8	56	0
Mar'15	48	8	45	0
Annual	**826**	**74**	**903**	**6**

Broadcasting Complaints Commission of South Africa (BCCSA)

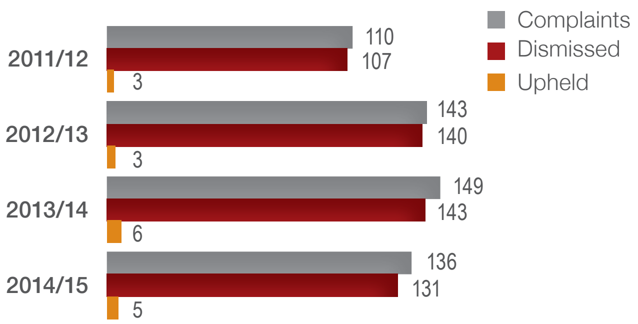
During the 2014/15 financial year, 136 complaints against SABC services were finalised by the BCCSA. Of these complaints, 131 were dismissed, and five were upheld. Of those upheld, fines were issued for two matters. Details of these five cases appear below:

- A fine of R15 000 was imposed on SABC1 due to negligence on the part of the staff member responsible for advisories appearing on screen as per the BCCSA requirements;
- Motsweding FM was fined R15 000 for broadcasting material offensive to children;
- A complaint against the SABC1 programme 'Mzansi Insider' was upheld with a reprimand because appropriate advisory warnings for children were not shown;
- The SABC2 programme '50/50' was reprimanded for not having afforded an interviewee an adequate right of reply;
- The 'Roger Goode Show' on 5FM was reprimanded for containing a great deal of sexual talk; and
- The SAfm programme 'Media@SAfm' was reprimanded because the presenter did not intervene appropriately when a caller made generalised comments about the entire Cabinet being corrupt.

BCCSA Complaints by Month



Comparative Table by Fiscal



Independent Communications Authority of South Africa (ICASA)

During an election period, as was the case during the 2014/15 financial year, all complaints related to election coverage are dealt with by ICASA.

ICASA's Complaints and Compliance Committee considered and dismissed all six complaints lodged by political parties and a member of the public.

ICASA also referred eight complaints regarding poor quality or no reception of some SABC services in certain areas. These were addressed in conjunction with Sentech, which provides the signal distribution network for the SABC.

National Consumer Commission (NCC)

Two complaints relating to television licence fee collection were resolved after complainants were advised about the requirements that need to be met in relation to owning and disposing of a television set.

Ambassador Designates from DIRCO hosted by International Affairs.

Advertising Standards Authority of South Africa (ASASA)

The ASASA considered and dismissed two complaints. One alleged bias in the SABC's promotion of the 20 Years of Democracy campaign. The other related to on-air promotions referring to the SABC being the official broadcaster of the FIFA World Cup, which was indeed so.

Department Of Communications (DoC)

The DoC referred three complaints, one regarding dissatisfaction with content broadcast on SABC and two regarding TV licence issues. Both were satisfactorily resolved.

The SABC views all complaints received in a serious manner and handles each one with the degree of importance it deserves.

STAKEHOLDER ENGAGEMENT

The SABC continued to engage stakeholder according to their respective interest in the Corporation. The numerous interactions held with the various stakeholder organisations bear evidence.

People

The SABC as the Public Service Broadcaster in partnership with public organisations and private entities undertook various social initiatives focused on a number of key national priorities which are shared by the Government and a majority of South Africans. These focus areas form part of the overall SABC strategy of acting as a catalyst for contributing and assisting in transforming the society (across all nine Provinces) that can have positive sustainable impact on the challenges faced by society. These include: education; health; community development; Xenophobia; arts and culture; environment; women and children.

During the period under review, the SABC through its platforms reached out to the far flung communities and these included the following outreach programmes:

- Ikwekwezi FM conducted public feedback sessions with its communities in the rural areas of Mpumalanga and Gauteng. With 1.8 million listeners the station reaches a wide variety of people in urban and rural areas. The station did about 20 OB's per month affording listeners an opportunity to engage with the SABC;
- A number of institutions of higher learning are situated around the SABC offices in Hatfield and as a result the Province deals with a number of students. The Province assisted students with their assignments and tutorials; and
- On the 25th of November 2014, SABC Mpumalanga hosted a march where the public was called to stand together and fight violence against women and children during the '16 Days of Activism against Women and Child' campaign. Everyone converged at the SABC provincial offices and marched through town towards the Nelspruit Rugby stadium where the silence was broken. The activists broke the silence by removing the masking tape and shouting #NO to violence against women and children. Organisations such as GRIP, Childline, Commission for Gender Equity, Traditional Health Practitioners and Child Welfare were part of the march.

People with Disabilities

The Hatfield office employs 2% of people living with disabilities and their rented office caters for them, including visitors and wheelchair friendly access.

The Province, through its corporate social investment (CSI) projects donated perishables to the value of R5 000 to the Odirile Centre for people living with disabilities in Temba. This was done in partnership with the Turkish organisation, Turquoise Harmony.

In pursuance of the existing MOU and on-going engagement with Disabled People of South Africa (DPSA), Stakeholder Relations and Provinces Division was part of a round table discussion with DPSA. The round table discussion was organised by First Rand Foundation and was held in Bloemfontein. The discussion was in preparation of Disability Awareness Month and aimed at heightening the important connection between the disability sector, government and private sector. It was also to commemorate the 16 Days of Activism Global Campaign.

Gauteng celebrated International Day for People with Disability on the 3rd of December 2014. Ten young people with disabilities were invited to a breakfast meeting with the PMC in Mpumalanga Province, the meeting discussed the challenges they have in accessing the SABC services.

During the Disability Month, the Mpumalanga Province raised sponsorship of four wheel-chairs which were given away on radio programmes to listeners. The four chairs were donated over four weeks.

Free State and Northern Cape hosted a Blind Buddy Day. Provincial staff members were requested to express solidarity with the blind people by buying R10 stickers for the Blind Buddy Day on 30 May 2014. Fifty stickers were shared between Bloemfontein and Kimberley offices.

Pholoho School in Mangaung caters for mentally disabled learners from 6 to 20 years old. Teaching focuses mainly on practical skills. Currently the school has 600 learners and their needs are growing. The SABC facilitated a workshop attended by Provincial Management, the Educators and learners. The workshop's objective was to engage the aspirations and the needs of the learners and how the organisation could create enabling work environment for people with disabilities.

Community Organisations

During the period under review, the SABC formed a partnership with Premier Foods and acquired annual sponsorship for the community of Belfast where there was a housing project handover with another partner J4JOY.

Various corporate social responsibility activations and programme promotions are undertaken in the Provinces in partnership with other SABC platforms. Charity and welfare organisations have benefited immensely through the warm hearts campaign held in winter, take-a-girl-child to work campaign, men-in-the-making, brothers for life, and back-to-school campaigns. The Provinces offer many students with internships and pre-qualification training opportunities.

SABC Gauteng Province engaged with AmaNdebele traditional leaders on a regular basis as part of stakeholder engagement. During the period under review, three meetings with Traditional leaders were held successfully. Ikwekwezi FM covered also the annual cultural and community gathering, called 'KwaMjekejeke' at Wallmansthal.

In partnership with Mamelodi Women in Deeds (MaWids), the SABC did a 10km fun awareness walk for breast cancer awareness. The initiative was supported by Mams FM, a community Radio Station and Old Mutual.

Strong relationship with community church groups and local pastors was ensured through Ikwekwezi FM's Abaphole Baphile programme which broadcast once a month from community hospitals.

On the 24th of September 2014, the world's first vegetable tree was unveiled at the annual Heritage Day celebrations in Platfontein. SABC in partnership with SPAR Supermarket has embarked on a greening project to uplift the Khwe and !Xun.

In Northern Cape Platfontein Community, X-K FM and local Spar participated in the process of promoting individual financial independence and at the same time addressing the issues of environmental conservation and food security. X-K FM did the OB and SABC Northern Cape News Department provided the coverage.

Sporting Bodies

Sundowns FC, Supersport FC, Kaizer Chiefs FC, Cricket SA and SAFA worked closely with the Gauteng Provincial Management. SAFA organised a golf day and the Province was given an opportunity to participate.

The North West Province attended the launch of the Confederation of South African Football Association (COSAFA) Cup tournament held at the Sun City Hotel and Resorts on the 13th March 2015. The engagement was intended to unveil the plans for this year's tournament to stakeholders as well as solicit support for the event.

Government Relations

Meetings were held with the Department of Basic Education (DBE) to access their schools for SABC CSI projects. The focus will be on needy schools. SABC Gauteng Province attended National and Provincial Communicators Forum meetings organised by the DoC to explain government's agenda and to foster relationships.

Department of Communications Minister, Ms Faith Muthambi embarked on an outreach programme in the Free State, Bloemfontein on the 14th of November 2014. The Minister's visit focused on Government Communicators and Community Radio Stations. Designated PMC members interacted with the Minister during the first session and a progress report on issues raised was shared with the provincial authorities.

Interactions with Stakeholders in the Provinces

The SABC invited the Gauteng Premier to tour the SABC facilities in Auckland Park and to engage on issues of common interest. The Province also attended his State of the Province Address after the elections with the opening of the Gauteng Provincial Legislature. In addition, the Province worked closely with the following government entities: Pansalb, Tourism, DTI, SEDA, CIPRO, and DIRCO.

SABC Mpumalanga, in conjunction with Commercial Enterprises partnered with Ehlanzeni District Municipality on the 19th September 2014 to organise the Province's biggest Government Networking session. By sponsoring the event the SABC was able to drive sales and gain valuable feedback from them.

In a bid to nurture relations with external stakeholders, the Office of the Provincial General Manager in North West supported by Communications, News and Technology Departments convened a meeting with the North West Department of Sport on the 3rd of September 2014.

The gathering initiated by the SABC North West was intended to solicit input from the Department on how the Corporation can assist in supporting the film industry in the Province. Research conducted by North West Communications revealed that there is no formalised body in the Province with film producers and writers as affiliates. The interests of this creative industry are looked after by the provincial government through the Department of Sport.

Issues that emerged from the meeting included; The SABC's need to support plans by the Department of Sport and Traditional Affairs to establish a film industry training institution.

International Relations

During the period under review, the relationship with International bodies and institutions were cordial and the SABC was able to send a representative to international conferences in Shanghai China and Germany.

The visit to China was from Shanghai Media Group and its purpose was to forge relationship with other broadcasters and maintain bilateral relation.

The visit to Germany was from the Global Media Forum to discuss and share experience from various Broadcasters.

The SABC attended a number of diplomatic functions in different countries. Through the Embassy of the People's Republic of China, training was provided to SABC graphics artists and the embassy's communication staff paid a visit to the SABC offices in Hatfield.

The SABC delegation visited Mozambique TV in Mozambique. The purpose of the visit was to implement the Memorandum of Understanding (MOU) that was signed between SABC and Mozambique TV. The two organisations had agreed to work together on migrating from analogue to digital broadcasting and share content as well as SABC assisting TVM to broadcast the National Elections that took place in October 2014.

On the 25th of March 2015, SABC delegation travelled to Swaziland and met with a delegation from Swaziland government, Ministry of Information and Swaziland Broadcasting and Information Service (SBIS). The aim of the meeting was to strengthen relations and eliminate the challenges News and Current Affairs Division experiences whenever they are covering stories in Swaziland as well as explore opportunities for exchange programmes between SABC, SBIS and Swaziland Television Broadcasting Corporation.

The SABC Western Cape provincial office has forged good relationships with the *Italian, French, Seychelles* and *Japanese* embassies. As a result of these relationships the provincial news office has covered important social responsibility work that these embassies are doing in the communities such as a sailing

SABC staff members dressed in traditional attire, in celebration of Heritage Day.

school that the Italian embassy is running in Simon's Town for the benefit of previously disadvantage children. At his 2nd *Charity Regatta* this is what the Italian Ambassador Vincenzo Schioppa said 'The Perennial Trophy – is a unique opportunity for further strengthening the fraternal relations between Italians and South Africans. It aims at sharing with the youth of disadvantaged communities in the Cape Region the values of the sea, of seamanship, solidarity through sport'. A relationship with the French embassy made it possible for SABC News to get the story first, when Doctors without Borders and the Red Cross anchored a naval vessel at Cape Town harbour and used it as their base to operate on children with cleft and other facial deformities.

Local Content Bodies

Ikwekwezi FM provided creative opportunities to freelance script writers and actors for its drama's and documentaries. With its emphasis on local music, local musicians got wide exposure.

SABC Mpumalanga have a built a strong working relationship with the Mpumalanga International Film Festival (MIFF) an organisation which caters for the majority of film makers in the province. The SABC provincial office supported the MIFF and was a media partner by sponsoring the event with publicity for the event to reach the public.

SABC Mpumalanga is part of the organising committee for the MIFF together with provincial government and private business stakeholders. Other stakeholders are NFVF, Publication Board, NYDA just to name but a few.

SABC Mpumalanga played a significant role in hosting he workshop that was held in the various provinces during the launch of the SABC RFP Book for television content. The provincial office partnered with the Mpumalanga Department of Culture, Sports and Recreation (DCSR) as well as the Mpumalanga Creative Artists during the event.

A relationship with the Cape Film Commission is growing from strength to strength; through the CFC the SABC has been invited to participate in the judging of one of the International Academy Awards categories.

SABC Employees

The SABC strives to build on its employees good citizenship behaviour. The SABC encourages and facilitates good citizenship on the part of its employees by encouraging employees to be involved in volunteer and civic activities for programmes sponsored either by the SABC itself or those that employees participate in during their own time. The SABC believes in encouraging good corporate citizenship among its employees because the health of its business and the well-being of society are interdependent. Participation of employees in civic good cause activities not only increases the visibility and reputation of the SABC but also gives employees a sense of purpose.

Below are some of the examples through which employees articulate their good citizenship:

- Two Oceans and Comrades Marathons;
- Promoting a spirit of camaraderie with other organisations through participation in soccer games, and other sporting activities;
- Wellness activities were held in partnership with companies such as Old Mutual, Standard Bank, Virgin Active and Nedbank;
- Engagements with labour representatives were held on a quarterly basis during the period under review;
- Employees are always invited to participate during SABC community outreach programmes;
- During this financial year, employees celebrated Women's Month. In some instances, such as in Tshwane, the soccer team played in honour of women involved with charity work in Tshwane. Companies such as Nandos, Standard Bank, TUT and McDonalds assisted the SABC; and
- Staff members got together on the 24th September 2014 to celebrate Heritage Day. They were encouraged to wear their traditional attire and share a dish that is unique to their culture to promote the spirit of Diversity and Oneness. It also helped with raising awareness about accepting those that are different thereby discouraging acts of xenophobia and other forms of unfair discrimination.

Going Forward

In order to broaden the concept of good citizenship the SABC will set up an employee citizenship framework and structure to co-ordinate all the volunteering and participation in good cause civic activities so that employees can feel as part of the solution and embrace this concept.

Some of the SABC Radio Station's MTN Radio Awards winners.

ACHIEVEMENTS AND AWARDS
FOR PLATFORMS, PROGRAMMES AND INDIVIDUALS

During the 2014/15 financial year, the SABC continued to build its business on the foundation of top on-air talent, high quality production, well researched topics, entertaining and engaging presentation styles which kept viewers and listeners glued to their TV and radio sets. Similarly, during the period under review, the SABC stood head and shoulders above its peers and collected accolades from all corners of the world.

SABC Radio

The best South African radio talent converged at the 5^{th} **MTN Radio Awards** which were hailed as the biggest since their inception five years ago. From the more than 95 radio stations that participated during the period under review, the SABC radio stations scooped 27 awards with Umhlobo Wenene bagging the most coveted Public Broadcasting Service (PBS) 'Station of the Year' Award and Thobela FM took home the 'My Station' Award by its listeners; Best Radio Station Award; Best Breakfast Show; Best Music Show, Best Weekend Show; and Skumbuzo Mbatha was named the Best Afternoon Drive Show Presenter. The following SABC Radio Stations scooped various awards:

- Motsweding FM: Afternoon Drive Show PBS – Fokotsa Gee and Drama Programme PBS - Seboloke
- Good Hope FM: Breakfast Show Commercial – The Good Hope FM Breakfast Show;
- Lotus FM Newsbreak: News and Actuality Producer PBS – Prabashini Moodley and News and Actuality Show PBS – Newsbreak Talk;
- Ligwalagwala FM: Content Producer - Sifiso Malisa;
- Lotus FM Newsbreak: Field News Reporter PBS – Taresh Harreeparshad
- SABC Radio Stations: Multi-Channel Promotion PBS – Standard Bank Iketsetse Zenzele;
- Munghana Lonene FM: News and Actuality Presenter PBS – Morgan Shibambu;
- Channel Africa: News Bulletin Reader PBS – Amanda Matshaka;
- SAfm: Night-Time Show PBS – Overnight
- Ukhozi FM: Sports Show PBS – Ezemidlalo no Victor; and
- METRO FM: Sports Show Commercial – 083 Sports@6 with Marawa.

The following individuals were recipients of the MTN Awards during the period under review:

- Angie Kapelianis: Inducted into the Hall of Fame;
- Angie Kapelianis, Danny Booysen, Michelle Constant and Monique Stander: Best Radio Documentary;
- AM-Live on SAfm: Best Public Radio Actuality Programme;
- Taresh Harreeparshad: Best Public Radio Actuality Presenter; and
- Busisiwe Mkhize: Best Public Radio Actuality Producer.

Other Radio Awards

- Good Hope FM: Silver Arrow Award from the Peer Management Review (PMR) Africa Awards;
- SAfm's Joey Legodi: Standard Bank Rising Star Award for the Media and Marketing sector;
- RSG: Business and Arts South Africa (BASA) National Award for innovation for the on air RSG 'Kunstefees';
- METRO FM: two nominations in the South African Personality of the Year award 2014;
  - Bonang Matheba: presenter of 'The Front Row' show the 'Trendsetting celebrity of the year' category;
  - DJ Sbu who used to present The Sound Revival was nominated in the 'South African of the year' category; and
- Ikwekwezi FM and Thobela FM received an appreciation award from the Solomon Mahlangu Foundation which was launched on the 22^{nd} of September in Pretoria.

ATKV Mediaveertjies

- Foeta Krige: Best Radio Current Affairs Story.

Refer to page 143 on how to use this interactive image.

SABC2 you belong – Promax/BDA Silver Award for Best Directing.

Discovery Health Journalism Awards

- Sipho Stuurman: Best Radio Current Affairs Story.

National Press Club/North-West University Journalist of the Year Competition

- Melini Moses: Radio Feature Journalist of the Year.

Regional Vodacom journalist of the Year Awards

- Melini Moses: Northern Region Radio Feature Winner;
- Dries Liebenberg and Nonkululeko Hlope: KwaZulu-Natal Region Radio News Winners;
- Taresh Harreeparshad: KwaZulu-Natal Region Radio Feature Winner;
- Veronica Fourie: Eastern Region Radio Feature Winner;
- Protector Nkululeko Nyembezi; Eastern Region Radio News Winner;
- Mcebisi Ngqina: Eastern Region Editor's Choice Winner; and
- Konelo Lekhafola: Central Region Radio News Winner.

National Vodacom Journalist of the Year Awards

- Melini Moses: Best Radio Feature; and
- Dries Liebenberg and Nonkululeko Hlope: Best Radio General News Story.

MTN8 Last Journo Standing Competition

- Teboho Letshaba: Football Trivia Media Quiz Winner.

SADC Media Awards

- Pearl Magubane: Radio Current Affairs Story.

SATMA Awards

- Nomalanga Mnguni: Best Traditional and Cultural New Journalist Award (Electronic Media).

FAK Awards

- Cobus Bester: HB and M Thom Award for Promoting Afrikaans Journalism.

United Nations Correspondents Association Awards

- Sherwin Bryce-Pease: Ricardo Ortega Memorial Prize for Broadcast Media in Bronze.

SABC TV

During the year under review, the SABC received 22 SAFTA awards at the **South African Film and Television Awards** ceremony as follows:

- Best Youth Show – Ispani S6;
- Best Cinematographer – Soul City S1 and 2;
- Best Sound Design – 90 Plein Street S4;
- Best Music and Composition Score – 90 Plein Street S4;
- Best Achievement in Sound TV Soap – 7de Laan;
- Best Achievement in Original Score TV Soap – 7de Laan;
- Best Achievement in Editing – End Game;
- Best Achievement in Scriptwriting – TV Drama – Geraamtes in die Kas;
- Best supporting Actor TV Soap – Isidingo;
- Best supporting Actor TV Comedy – SesTop'La;
- Best supporting Actress TV Comedy – SesTop'La;
- Best Actor in a lead role TV Comedy – Single Gals and Guys;
- Best Actress in a lead role TV Comedy – Skwizas;
- Best Actor in a lead role TV Drama – Swartwater;
- Best Achievement in Directing TV Drama – Swartwater;
- Best TV Drama – Swartwater;
- Best Actress in a lead role TV Drama – Thola;
- Best Talk Show – I am Woman;
- Best Factual/Education programme – Think Big AFP;
- Magazine Programme – Mooiloop;
- Game Show – Clover Little Big Cook off AFP; and

Refer to page 143 on how to use this interactive image.

SABC1 Manifesto – Promax/BDA Gold Award for Best Promo without using Programme footage.

- Best Presenter – Katlego Maboa from Expresso AFP.

Royalty Soapie Awards

- Outstanding Newcomer – Izak Davel as Bradley for Isidingo;
- Outstanding Lead Actor – Motlatsi Mafatshe as Sechaba for Isidingo; and
- Outstanding Lifetime Achiever: Cynthia Shange (Muvhango) and Danie Odendaal (7de Laan).

Promax/BDA Awards

SABC TV won seven out of the SABC's eight awards at the Promax BDA Awards 2014. Promax/BDA leads the international conversation about the role that marketing plays in the monetization of media.

- SABC1 Manifesto – Gold Awards for Best Promo without Using Programme footage;
- SABC1 Manifesto – Gold Award for Best Entertainment Prom;
- SABC1 Manifesto – Gold Award for Best Promo (Something for Nothing);
- SABC1 Manifesto – Silver Award for Best Copy / Script writing;
- SABC2 you belong – Silver Award for Best Directing;
- SABC Education – Silver Award for Best Integrated Marketing Campaign: Raise Your Hand Campaign; and
- SABC Education – Gold Award for Best Use of Social Media: Raise Your Hand Campaign.

Other Awards for Programmes and Individuals:

- Shift - Media Award of the Year at the Chevrolet Feather Awards 2014. The awards, in their 6^{th} year acknowledge Lesbian, Gay, Bisexual and Transgender (LGBTI) rights, issues, struggles and triumphs;
- Expresso Presenter Maps Maponyane won Best Styled Award at Feather Awards 2014; and
- Selimathunzi Presenter Zizo Beda won Role model of the Year Awards at Feather Awards 2014.

Awards for Sport Programmes and Individuals

SABC Radio Sport continued to shine and proved to be a force to be reckoned with in the broadcasting of sports in general by achieving the following awards:

- MTN Commentator of the Year Award – Mr Thabo Kofa of Lesedi FM;
- SAB Sports Commentator of the Year – Mr Thabo Kofa of Lesedi FM;
- Best Sports Programme of the Year – Ukhozi FM 'Ezimidlalo' Victor Molefe; and
- Best Presenter of the Year – Thomas Mlambo.

Special Recognition

- 'Au Film du Temps', a historical film festival, requested SABC Content Hub to submit the factual film strand, 'Hidden Histories' to be entered in the 2014/15 competition;
- 'Roughing It Out' and 'Takalani Sesame' received certification of recognition as quality programming for children at the Prix Jeunesse in Munich. The shows will be included in their catalogue and the Media Bar of the festival;
- The Mela Show (formerly Eastern Mosaic) was nominated for a Gold Promax award for the 'Best opening title sequence';
- Made in SA was nominated for teens' careers in the Association of International Broadcasters (AIB) Awards;
- Expresso's Instagram page was nominated top award in Channel24 awards;
- Expresso Presenter Katlego Maboe was nominated for Best Selfies; and
- Expresso Presenter Elana and her husband Ian Bredenkamp were nominated for Best Couple.

SABC
GOVERNANCE

PORTFOLIO
COMMITTEES

During the year under review, the SABC Board appeared six times before the Portfolio Committee on Communications:

- 4 July 2014;
- 16 September 2014;
- 21 October 2014;
- 3 March 2015;
- 10 March 2015; and
- 17 March 2015.

EXECUTIVE
AUTHORITY

Shareholding

The Government of the Republic of South Africa is the sole shareholder of the SABC. The shareholder representative is the Minister of Communications.

Shareholder Compact

In terms of the Treasury Regulations issued in accordance with the PFMA, the SABC must, in consultation with its Executive Authority (the Minister of Communications), annually conclude a Shareholder Compact documenting the mandated key performance measures and indicators to be attained by the SABC as agreed between the Board of Directors (Board) and the Executive Authority.

The Compact is not intended to interfere in any way with normal company law principles. The relationship between the Shareholder and the Board is preserved, as the Board is responsible for ensuring that proper internal controls are in place and that the SABC is effectively managed.

The SABC Board attended two meetings with the Ministry of Communications during the 2014/15 financial year.

- 2 July 2014; and
- 7 July 2014.

THE ACCOUNTING AUTHORITY
SABC BOARD

Role and Function of the Board

The Board is the Accounting Authority of the SABC in terms of the PFMA and constitutes the fundamental base of corporate governance in the SABC. Accordingly, the SABC must be headed and controlled by an effective and efficient Board, comprising Executive and Non-Executive Directors, of whom the majority must be Non-Executive Directors in order to ensure independence and objectivity in decision-making. The Board of the SABC has absolute responsibility for the performance of the entity and is accountable for such performance.

The Board Charter sets out the roles, duties and responsibilities of the Board as well as salient corporate governance principles.

The role of the Board includes the following activities:

- Providing strategic direction and leadership;
- Determining the goals and objectives of the company;
- Approving key policies including investment and risk management;
- Reviewing the company's goals and strategies for achieving its objectives;
- Approving and monitoring compliance with corporate plans, financial plans and budgets;
- Reviewing and approving the company's financial objectives, plans and expenditure;
- Considering and approving the annual financial statements and notices to the shareholder;
- Ensuring good corporate governance and ethics;
- Ensuring that the Shareholder's performance objectives are achieved and that this can be measured in terms of the performance of the SABC;
- Ensuring that the SABC complies with and is operating in accordance with all applicable laws, regulations, government policies and codes of business practice, regulations and instructions prescribed in terms of legislation;
- Monitoring and reviewing performance and effectiveness of controls;
- Ensuring effective, prompt and open communication with the Shareholder and relevant stakeholders with substance prevailing over form;
- Liaising with and reporting to the Shareholder;
- Guiding key initiatives;
- Retaining full and effective control over the SABC and monitor management in implementing Board decisions, plans and strategies; and
- Approving transactions beyond the authority of management;

Delegation of Authority

The Board has the authority to lead and control the business of the SABC, including the authority to delegate its powers. Its aim is to ensure that the SABC remains a sustainable and viable business.

Its responsibilities are supported by a well-developed governance structure of Board Committees and a clear and comprehensive Delegation of Authority Framework. The Board delegates the management of the day-to-day operations of the Corporation to the Group Chief Executive Officer. The Group Chief Executive Officer is assisted by the Group Executive Committee (EXCO). The Delegation of Authority Framework, which annually undergoes an extensive review assists in the control of the decision-making process and does not dilute the duties and responsibilities of the Directors.

Directors' Induction and Orientation

All new Directors are taken through an induction programme that is designed to enhance their understanding of the SABC's legislative framework, its governance processes and the nature and operations of its business.

Continuous training is also provided on request to meet the needs of Directors. Directors are made aware of new laws and regulations on an ongoing basis.

Board Evaluation

The performance of the Board and individual Directors is evaluated annually. The performance of Board Committees is evaluated against their Terms of Reference. However, during the year under review this evaluation was not done. The Governance and Nomination Committee is responsible for the evaluation of Executive Management. Performance Contracts were finalised with Executive and Senior Management. Performance Contracting will be implemented throughout the SABC in the next financial year.

REPORT OF THE SABC BOARD

FOR THE YEAR ENDED 31 MARCH, 2015

The Board of Directors is pleased to present the 78th Annual Report of the South African Broadcasting Corporation SOC Limited for the financial year ended 31 March, 2015.

The Annual Financial Statements comprise the consolidated Annual Financial Statements of the Corporation and its subsidiaries, (together referred to as the Group), and of the Corporation for the year ended 31 March 2015.

These Annual Financial Statements are presented in accordance with the Companies Act No. 71 of 2008 (as amended), the Broadcasting Act No. 4 of 1999 (as amended), the Public Finance Management Act No. 1 of 1999 (as amended) and in accordance with International Financial Reporting Standards (IFRS).

The SABC Group maintained a positive cash balance of R1.017 billion (2014: R1.425 billion) a current ratio of 2.01 (2014: 1.98) and a net asset position of R1.935 billion (2014: R2.336 billion) despite operating in a financial period that was beset by economic and social-economic challenges that impacted on revenues and operating requirements that required changes to amortisation rates for content, increased investments in program, film and sports rights and recruitment of additional staff. The company experienced a loss of R395 million (2014: R358 million – profit).

Share Capital and Shareholder

No changes were made to the authorised or issued share capital during the year under review. The Government of the Republic of South Africa is the sole shareholder of the SABC Limited. The shareholders representative is the Minister of Communications.

Dividends

No Dividends were declared or paid during the year under review.

Going concern

The SABC will continue to trade as a going concern in the foreseeable future. The entity has made decent revenue gains when compared to the previous year, is in a strong net asset position and more importantly, has sufficient cash reserves of R1.017 billion.

It is important to register that, during the 2014/15 year, the following changes were made to the Board:

- Ms L T Khumalo was appointed with effect from 14 May 2014;
- Mr K T Bonakele resigned with effect from 4 August 2014 due to his appointment as the Competition Commissioner;
- Ms Z E Tshabalala resigned with effect from 17 December 2014 for personal reasons; and
- Prof B A Khumalo resigned with effect from 28 January 2015 for personal reasons;

As a result of the actions of the following Board Members, the Board, after full deliberation and due process followed in terms of the relevant legal instruments, had no option but to remove them as Directors:

- Ms M H Z Zinde with effect from 12 March 2015;
- Mr R Kalidass with effect from 26 March 2015; and
- Mr M R Lubisi with effect from 26 March 2015.

The Board and everyone at the SABC welcomed Ms Khumalo and thanked those Board Members who have resigned for their contributions to the SABC during their tenure.

The Board will continue to ensure that the following, among other things, are achieved:

- Corporate governance is maintained at the SABC;
- Financial and internal controls and risk measures are entrenched and maintained;
- The culture of fruitless and wasteful expenditure is totally eradicated within the Corporation;
- The cost to income ratio is reversed as cost growth has far outpaced revenue growth; and
- Content procurement practices are aligned to the attraction of advertising spend.

The Current Year under Review

2014/15 was both a challenging and a rewarding year for the Board and everyone at the SABC. There has been much progress made and the Board is pleased to confirm that:

- The SABC, as an organisation, has regained stability;
- Prudence in spending, cost reduction and, most importantly, the implementation of strict financial and internal controls have begun to yield healthy financial returns, with significant savings being realised;
- The SABC has improved its audit outcomes by reducing the number of qualification paragraphs from eight in the previous year to three. The SABC is working towards an unqualified audit report in the next financial year;
- The SABC for the first time has been able to increase the budget for local content from R100 million to R600 million and has issued an RFP book. The main purpose of this RFP book is to empower emerging production houses;
- SABC Radio and Television platforms have on average maintained the top positions in listenership and viewership countrywide and our local soapies have consistently been in the top 5 most viewed soapies during the year; and
- In preparation for the launch of DTT, the SABC is testing its four channels on the DStv bouquet.

I take this opportunity to thank my fellow Board members, the Parliament Portfolio Committee on Communication, the Shareholder, the National Treasury and most importantly, the women and men of the SABC, who always make sure that the Corporation continues to function despite all the daily challenges they experience.

Prof. M.O. Maguvhe

Prof M O Maguvhe
Chairperson of the SABC Board

Attendance of Board Meetings

Board meetings are scheduled annually in advance. Special meetings are convened as necessary to address specific issues. Directors or external committee members who, on an exceptional basis, cannot physically attend meetings may communicate electronically. The record of attendance of the 14 Board meetings during the reporting period is reflected below:

BOARD

MEMBERS	ATTENDANCE Meetings held: 14 4 Scheduled, *10 Special*
M O Maguvhe (Deputy Chairperson {Acting Chairperson})[1]	11
Z E Tshabalala (Chairperson)[2]	10
J R Aguma[3, 4]	11
K T Bonakele[5]	2
A Heunis[6]	0
R Kalidass[7]	7
B A Khumalo[8]	10
L T Khumalo[9]	13
M R Lubisi[10]	9
V G M Mavuso	11
N M Mhlakaza	8
G H Motsoeneng	12
K Naidoo	12
C Olivier[11]	6
N A Tshidzumba	10
M H Z Zinde[12]	9

1. Appointed as Acting Chairperson 17 December 2014
2. Resigned (effective 17 December 2014)
3. Acting CFO (effective 18 March 2014)
4. Appointed as CFO 5 January 2015
5. Resigned (effective 4 August 2014)
6. Acting Group CEO (22 September 2014 to 22 November 2014)
7. Removed (effective 26 March 2015)
8. Resigned (effective 28 January 2015)
9. Appointed 14 May 2014)
10. Removed (effective 26 March 2015)
11. Acting Group CEO (effective 18 March 2014 to 16 September 2014)
12. Removed (effective 12 March 2015)

Board Committees

A number of Board Committees exist in order to assist the Board in discharging its responsibilities. This assistance is rendered in the form of recommendations and reports submitted to Board meetings whereby transparency and full disclosure of Committee activities are ensured. Each Committee operates within the ambit of its defined TOR's that set out the composition, role, and responsibilities, delegated authority and meeting requirements of the Committee.

Acquisitions and Disposals Committee

The Acquisitions and Disposals Committee comprises five independent Non-Executive Directors and is chaired by an Independent Non-Executive Director.

The roles and responsibilities of the Committee include:

- Reviewing the long-term and short-term funding plan, for submission to the Board;
- Monitoring the current funding plan of the Corporation to enable it to fulfil both its commercial and public mandates in line with the corporate goals;
- Reviewing and recommending the annual capital and operating budget to the Board for approval;
- Recommending the limits applicable to counter-parties to the Board, and monitoring and reviewing all borrowings made by the Corporation, and the guarantees and sureties issued on behalf of the Corporation;
- Reviewing funding and solvency implications of transactions and make recommendations to the Board;
- Reviewing the capital investment process, monitoring total Group capital expenditure;
- Reviewing and approving any capital project, or the procurement of any capital or the commencement of any capital project item included in the approved budget of the SABC, above R100 million up to R200 million;
- Reviewing and recommending to the Board the commencement of any capital project or the procurement of any capital item the cost of which exceeds R200 million;
- Reviewing the performance of all investments and acquisitions made;
- Reviewing and recommending to the Board the opening of new offices or new regional offices within the borders of the Republic of South Africa;
- Reviewing and recommending to the Board for approval the opening of new offices or new regional offices outside the borders of the Republic of South Africa;
- Reviewing and recommending to the Board regarding the SABC's investment strategy;
- Evaluating and recommending to the Board regarding business cases for new ventures or projects;
- Approving the criteria and guidelines for investments and approve investments within its delegated authority;
- Reviewing the budgetary processes adopted by management for effectiveness, integrity and adherence to the objectives of the Board and the Public Finance Management Act (PFMA);
- Ensuring compliance with the reporting and budget submission deadlines set by the SABC;
- Reviewing the Group's procurement policies for alignment with the BBBEE Charter and procurement policy guidelines set by Government from time to time;
- Review the Bid Adjudication Committee (BAC) processes for effectiveness and integrity and ensure group-wide adherence thereto having regard to the principles of the Group's procurement policies;
- Reviewing the appropriateness of the BAC's processes to the needs of the individual entities within the Group having due regard to the operational dynamics of each entity and to implement such measures as are deemed necessary to ensure the functional effectiveness of these processes;
- Reviewing the effectiveness of the BAC and implementing such measures as are deemed necessary to ensure that this structure is functionally effective;
- Considering and approving the write-off resulting from the impairment of assets, up to an amount of R20 million, and recommend for approval by the Board of any amount over R20 million;
- Reviewing disposals made by Group EXCO in accordance with the authority granted to it by the Board;
- Reviewing and recommending to the Board for approval the writing off of assets above R15 million (at book value) to remove them from the asset register;
- Reviewing and recommending to the Board for approval the writing off of stock (at book value) above R15 million to remove them from the asset register;
- Reviewing and recommending to the Board for approval the sale of moveable assets at book value from R10 million to R16 million and for Board to recommend approval by the Shareholder for assets above R16 million;
- Subject to the provisions of the PMFA, reviewing and approving any sale or disposal of assets, the cost of which shall not exceed R50 million per item;

- Reviewing and recommending to the Board for approval the write-off resulting from the impairment of assets, up to an amount of R20 million;
- Reviewing and recommending to the Board for approval the entering into any agreement for the lease/hire/rental of property, where the cumulative value and the term are above R25 million per annum/five years
- Reporting to the Board on the extent to which the Technology Division has achieved its objectives during the relevant period;
- Ensuring that the Corporation employs technology, which enables it to fulfil both its commercial and public mandates in line with the corporate goals;
- Ensuring that the technology employed by the Corporation is appropriate and able to support the strategic objectives of the Board, including in a converged or multi-channel environment;
- Recommending to the Board the approval of policies, which fall within its mandate and identify, evaluate and report to the Board on any risks associated with the technology of the Corporation;
- Overseeing the development of the disaster recovery plan put in place by the Corporation and advise the Board on the adequacy and suitability thereof;
- Advising the Board generally on purchasing decisions involving the acquisition of technology or systems;
- Determining whether the proposed transaction is in line with the strategic objectives approved by the Board for the Technology Division and the SABC generally;
- Determining whether the proposed transaction is in line with the public broadcasting mandate set out in Section 10 of the Broadcasting Act and the corporate goals;
- Determining whether the proposed transaction has been budgeted for and whether the business aspects of the decision are fundamentally sound;
- Determining whether the financial implications of the transaction will be and how much money will the Corporation make/stand to lose by supporting/rejecting the proposal;
- Determining whether the proposal before the Committee contains all relevant information in sufficient detail and is the Committee satisfied that it has sufficient, appropriate information to enable it to thoroughly probe the decision and make a recommendation to the Board; and

Three Committee meetings were held during the financial year. These were attended by the Acting Group Chief Executive Officer, the Chief Operating Officer, the Chief Financial Officer and other relevant corporate officials.

The attendance of Members at Committee meetings was as follows:

MEMBERS	ATTENDANCE Meetings held: 3 *3 Scheduled,*
M O Maguvhe (Chairperson)	3
J R Aguma[1]	3
K T Bonakele[2]	1
A Heunis[1]	1
R Kalidass[5]	0
K Naidoo[3]	1
G H Motsoeneng[1]	2
C Olivier[1]	2
N A Tshidzumba	1
M H Z Zinde[6]	1
Z E Tshabalala[1, 4]	2

1. Attends by invitation
2. Resigned (effective 4 August 2014)
3. Appointed as Member 31 July 2014
4. Resigned (effective 17 December 2014)
5. Removed (effective 26 March 2015)
6. Removed (effective 12 March 2015)

Audit Committee

The Committee comprises five independent Non-Executive Directors, who are appointed by the Shareholder in terms of the requirements of Section 94 of the Companies Act. The Committee is chaired by an independent Non-Executive Director. Members collectively have sufficient qualifications and experience to fulfil their duties and have sufficient understanding of financial reporting, internal financial controls, external audit process, internal audit process, corporate law and information technology governance.

The roles and responsibilities of the Committee include:

- Serving as the audit committee for the SABC Group;
- Recommending the appointment of the External Auditors and overseeing the external audit process;
- Monitoring the internal control system to protect the SABC's interests and assets;
- Reviewing the accuracy, reliability and credibility of financial reporting and recommends the annual financial statements and the Annual Report, as presented by management, together with the External Auditors' report, for approval by the Board;
- Reviewing any accounting and auditing concerns raised by Internal and External Audit, the annual financial statements and the various reports to Shareholder;
- Ensuring that an effective Internal Audit function is in place and that the roles and functions of External Audit and Internal Audit are clear and co-ordinated to provide an objective overview of the operational effectiveness of the Corporation's systems of internal control, risk management, governance and reporting;
- Reviewing the activities of the Internal Audit Department, the effectiveness thereof and the adequacy of available Internal Audit resources;
- Evaluating the independence, objectivity and effectiveness of the External Auditors;
- Ensuring that the Corporation has implemented an effective policy and plan for risk management that will protect the Corporation's ability to achieve its strategic objectives. Ensuring that a combined assurance model is applied; and
- Obtaining assurance for information technology (IT) as it relates to the management of IT assets, governance and controls, risks and disaster recovery.

Refer to page 75 for the report of the Audit Committee detailing how it carried out its functions.

Nine Committee meetings were held during the financial year. These were attended by the External Auditors, the Acting Group Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer, the Chief Audit Executive and other relevant corporate officials. The Chief Audit Executive and the External Auditors have unrestricted access to the Chairperson of the Committee and to the Chairperson of the SABC Board. The attendance of Members at Committee meetings was as follows:

MEMBERS	ATTENDANCE Meetings held: 9 *The four Audit Committee meetings for the year including the five special meetings were scheduled meetings*
M R Lubisi (Chairperson)[5]	9
J R Aguma[1]	8
A Heunis[1]	1
R Kalidass[5]	7
L T Khumalo[2]	3
N M Mhlakaza	3
G H Motsoeneng[1]	6
K Naidoo[3]	7
C Olivier[1]	5
N A Tshidzumba	4
Z E Tshabalala[1, 4]	2
M O Maguvhe[1]	1

1. Attends by invitation
2. Appointed as Member effective 31 July 2014
3. No longer a Member
4. Resigned (effective 17 December 2014)
5. Removed (effective 26 March 2015)

Governance and Nominations Committee

The Governance and Nominations Committee comprises four independent Non-Executive Directors and is chaired by an independent Non-Executive Director.

The roles and responsibilities of the Committee include:

- Regular reviewing of the size, structure and composition of the Committees of the Board, with due regard to the legal requirements, skills and expertise required for effective performance of each Committee;
- Ensuring that appropriate succession planning is in place for both Executive and Non-Executive Directors of the Board;
- Evaluating succession-planning arrangements for Executive Directors to ensure that these are orderly and calculated to maintain an appropriate balance of diversity, skills, knowledge and experience;
- Annually reviewing the key data indicators of listed successors for direct reports of the Group Chief Executive Officer to determine their status on the succession plan and readiness to assume a role as the need arises. Such data should include the performance evaluation outcomes and outputs of management conversations;
- Supervising the administration of the Corporation's policies relating to actual or potential conflicts of interest affecting Members of the Board;
- Preparing a description of the role and capabilities required for particular appointments to the Board and for identifying and nominating candidates for the approval of the Board for recommendation to the Minister and the President;
- Recommending to the Board for the continuation (or not) in service of any Director as an Executive or Non-Executive Director;
- Reviewing and, where appropriate, recommending to the Board proposed appointments to the Boards and Committees of Subsidiary Businesses including the exercise of shareholder rights to remove a Director and the nomination of Group representatives to sit on the Boards of subsidiaries;
- Approving conditions of employment and all benefits applicable to the Group Chief Executive Officer, Chief Financial Officer, Chief Operating Officer and the terms and conditions of the severance of employment of such individuals;
- Assisting the Group Chief Executive Officer in the selection of the Chief Financial Officer and Chief Operating Officer when vacancies occur provided that the appointment of such persons would remain the decision of the Minister;
- In consultation with the Board, and subject to the approval of the Minister, determining the remuneration for the Executive Directors, on appointment, having regard to the remuneration policy;
- Recommending in respect of the fees and/or remuneration of the Non-Executive Directors to the Board from time to time, which Directors' fees and/or remuneration shall be subject to the approval of the Minister;
- Recommending to the Board for its approval, appropriate Key Performance Indicators (KPIs) for the Executive Directors at the beginning of each Financial Year;
- Determining and agreeing with the Board on the policy for the remuneration of the Executive Directors. No Director or Executive shall be involved in any decisions as to their own remuneration.
- When appropriate, requesting and considering reports and presentations by the Audit Committee, the Risk Committee or the Social and Ethics Committee;
- Developing, evaluating and reviewing the corporate governance structures, policies, practices and procedures of the Corporation and implement such structures, policies, practices and procedures as the Committee deems to be in keeping with the tenets of good corporate governance;
- Reviewing and evaluating regularly the balance of skills, knowledge and experience and performance and effectiveness of the Board and its Committees, make recommendations to the Board with regard to any adjustments that it considers appropriate, and approve the section in the Annual Report dealing with the performance of the Board;
- Establishing and ensuring the implementation of an induction programme for new appointees to the Board;
- Approving a performance and evaluation measurement framework to monitor the effectiveness of the Board, Board Committees, individual Directors, the GCEO, CFO and COO;
- Reviewing and, where appropriate, making recommendation to the Board about actual or potential conflicts of interest affecting any Member of the Board, carry out an annual review of declarations of conflicts of interest by the Board, and approve a report to the Shareholder on how the Corporation's Policy on Conflicts of Interest has been applied during the year;
- Preventing any Human Capital practices that will result in unauthorised, irregular, fruitless and wasteful expenditure and losses from criminal conduct and expenditure not complying with legislation;
- Ensuring compliance with the relevant and applicable labour related legislation;
- Being responsible for the oversight and monitoring of the Human Capital management strategies and implementation within SABC, and ensuring that these are beneficial to the Corporation and employees, the continued existence of the Corporation, and to ensure a return on investment for the Shareholder;
- Ensuring that there is rigorous probing of strategic plans and investment proposals, by asking 'what if' and 'why not' questions, and by challenging the assumptions underlying strategy;
- Ensuring that a proper strategic planning process is implemented;
- In conjunction with the Board, setting the parameters within which Management develops strategy, which may include ensuring that short-term and longer-term strategies are balanced and that it provides a platform for sustainability;
- Ensuring that the strategies are aligned with the purpose of the business, the prevailing culture and ethics and the interests of the SABC's stakeholders; and
- Instituting regular and formal board strategy reviews or strategy audits and examines progress towards the predetermined objectives and evaluate current performance in the light of these predetermined objectives.

Seven Committee meetings were held during the financial year. The attendance of members at Governance and Nominations Committee meetings was as follows:

MEMBERS	ATTENDANCE Meetings held: 7 *2 Scheduled, 5 Special*
Z E Tshabalala (Chairperson)[1]	6
M O Maguvhe[2]	6
K T Bonakele[3]	1
B A Khumalo[4]	4
L T Khumalo[5]	6
N A Tshidzumba[6]	1
M H Z Zinde[6, 7]	1

1. Resigned (effective 17 December 2014)
2. Chairperson (effective 17 December 2014)
3. Resigned (effective 4 August 2014)
4. Resigned (effective 28 January 2015)
5. Appointed as Member effective 31 July 2014
6. Attends by invitation
7. Removed (effective 12 March 2015)

Human Resources and Remuneration Committee

The Human Resources and Remuneration Committee comprises six independent Non-Executive Directors and is chaired by an independent Non-Executive Director.

The roles and responsibilities of the Committee include:

- Ensuring that the structure, size, composition, skill sets and performance of the Corporation is regularly reviewed and maintained at levels which are appropriate;
- Evaluating succession-planning arrangements for Group Executives, to ensure that these are orderly and calculated to maintain an appropriate balance of diversity, skills, knowledge and experience;
- Approving conditions of employment and all benefits applicable to the Group Executives of the Corporation, and the terms and conditions of the severance of employment of such individuals;
- Approving the general material terms and conditions of employment to be applied for all employees of the Group;
- Reviewing the specific application of the Remuneration Policy with regard to Group Executives and make a recommendation to the Board for approval;
- The remuneration of the General Managers and Heads of Business Units will be determined by the Group Chief Executive Officer, within the ranges laid down by the Committee and recommended to the Committee for approval;
- Assisting the Board in its oversight of the Remuneration Policy and its specific application to the Group Executives and its general application to all Group employees, the review of the remuneration philosophy of the Group, the adoption of annual and longer-term incentive plans, the determination and approval of levels of reward to the Group Executives;
- Approving the general retirement policies of the Group and any changes in such policies or to the rules of the retirement funds; and
- Considering and recommending the Human Capital Policies and review the prevailing industrial relations policies and the Corporation's strategies in respect thereof in order to ensure that the appropriate policies are applied.

Eight meetings were held during the financial year. The attendance of members at Human Resources and Remuneration Committee meetings was as follows:

MEMBERS	ATTENDANCE Meetings held: 8 *5 Scheduled, 3 Workshops*
B A Khumalo (Chairperson)[1]	6
J R Aguma[2]	3
A Heunis[2]	1
R Kalidass[4]	5
M R Lubisi[4]	8
V G M Mavuso	8
N M Mhlakaza	3
G H Motsoeneng[2]	2
K Naidoo[2]	1
C Olivier[2]	2
Z E Tshabalala[3]	8

1. Resigned (effective 28 January 2015)
2. Attends by invitation
3. Resigned (effective 17 December 2014)
4. Removed (effective 26 March 2015)

Public Broadcasting Services Committee (PBS Committee)

The PBS Committee comprises six independent Non-Executive Directors. The Committee is chaired by an independent Non-Executive Director. The Acting Group Chief Executive Officer, the Chief Financial Officer and the Chief Operating Officer and other relevant corporate officials attend the meetings.

The role of the Committee is to ensure that the SABC delivers on its obligations as provided for in the Public Broadcasting Service Charter of the Corporation.

Public Services must:

- Be made available to South Africans in all the official languages;
- Reflect both the unity and diverse cultural and multilingual nature of South Africa and all of its cultures and regions to audiences;
- Strive to be of high quality in all of the languages served;
- Provide significant news and public affairs programming, which meets the highest standards of journalism, as well as fair and unbiased coverage, impartiality, balance and independence from government, commercial and other interests;
- Include significant amounts of educational programming, both curriculum-based and informal educative topics from a wide range of social, political and economic issues, including, but not limited to, human rights, health, science, early childhood development, agriculture, culture, technology, religion, justice and commerce and contributing to a shared South African consciousness and identity;
- Enrich the cultural heritage of South Africa by providing support for traditional and contemporary artistic expression;
- Strive to provide a broad range of services targeting, particularly, children, women, the youth and the disabled;
- Include programmes made by the Corporation as well as those commissioned from the independent production sector;
- Include national sports programming as well as developmental and minority sports;
- Review the Sports Broadcasting Rights;
- Report to the Board on the extent to which the News Division has achieved its objectives during the relevant period;
- Develop proposed policies for consideration by the Board on news and current affairs programming, which ensure that SABC's news and current affairs content is fair, balanced, accessible, accurate, compelling, professional, authoritative and in line with the Constitution of South Africa, the Broadcasting Act and other relevant legislation;
- Assist the Board to preserve the Corporation's editorial independence and integrity and to ensure that the Corporation does not allow commercial, political or personal considerations to influence its editorial decisions; and
- Review the editorial policies of the Corporation from time to time to ensure that they remain appropriate to the operational needs of the corporation and the fulfilment of the statutory and regulatory obligations and mandates of the corporation.

Four Committee meetings were held during the financial year. The attendance of Members at these meetings is reflected below:

MEMBERS	ATTENDANCE Meetings held: 4
M H Z Zinde (Chairperson)[5]	3
J R Aguma[1]	3
K T Bonakele[2]	1
A Heunis[1]	1
L T Khumalo[3]	3
V G M Mavuso	4
G H Motsoeneng[1]	3
C Olivier[1]	2
Z E Tshabalala[4]	3
N A Tshidzumba	3

1. Attends by invitation
2. Resigned (effective 4 August 2014)
3. Appointed as Member effective 31 July 2014
4. Resigned (effective 17 December 2014)
5. Removed (effective 12 March 2015)

Public Commercial Services Committee (PCS Committee)

The Public Commercial Services Committee comprises six independent Non-Executive Directors. The Committee is chaired by an independent Non-Executive Director. The Acting Group Chief Executive Officer, the Chief Financial Officer and the Chief Operating Officer and other relevant corporate officials attend the meetings

The role of the Committee is to ensure that the SABC delivers on its obligations as provided for in the Public Commercial Service Charter of the Corporation. Commercial Services must:

- Be subject to the same policy and regulatory structures as outlined in the Act for commercial broadcasting services;
- Comply with the values of public broadcasting service in the provision of programmes and service;
- Commission a significant amount of their programming from the independent sector;
- Subsidise the public services to the extent recommended by the Board and approved by the Minister;
- Be operated in an efficient manner to maximise the revenues provided to the Shareholder;
- Report to the Board on the extent to which the News division has achieved its objectives during the relevant period;
- Develop proposed policies for consideration by the Board on news and current affairs programming, which ensure that SABC's news and current affairs content is fair, balanced, accessible, accurate, compelling, professional, authoritative and in line with the Constitution of South Africa, the Broadcasting Act and other relevant legislation;
- Assist the Board to preserve the Corporation's editorial independence and integrity and to ensure that the Corporation does not allow commercial, political or personal considerations to influence its editorial decisions; and
- Review the editorial policies of the Corporation from time to time to ensure that they remain appropriate to the operational needs of the corporation and the fulfilment of the statutory and regulatory obligations and mandates of the corporation

Four Committee meetings were held during the financial year. The attendance of Members at these meetings is reflected below:

MEMBERS	ATTENDANCE Meetings held: 4
N A Tshidzumba (Chairperson)	3
J R Aguma[1]	3
K T Bonakele[2]	1
A Heunis[1]	1
L T Khumalo[3]	3
V G M Mavuso	4
G H Motsoeneng[1]	3
C Olivier[1]	2
Z E Tshabalala[4]	3
M H Z Zinde[5]	3

1. Attends by invitation
2. Resigned (effective 4 August 2014)
3. Appointed as Member effective 31 July 2014
4. Resigned (effective 17 December 2014)
5. Removed (effective 12 March 2015)

Risk Committee

The Risk Committee comprises five independent Non-Executive Directors and was chaired by an independent Non-Executive Director.

The role and responsibilities of the Committee are:

- Monitoring the SABC's compliance with statutory and legislative obligations and fiduciary responsibilities;
- Confirming that the SABC has appropriate controls in place to identify, and implement legislative and regulatory changes, which will affect its operations;
- Monitoring that management and administration of the products and services are conducted in accordance with relevant legislation, regulation, governing rules and within the terms of any delegation;
- Reviewing significant breaches, or potential breaches, of regulation and the steps taken to ensure that the underlying root causes of any regulatory control failures are being addressed;
- Assisting in identifying, evaluating, mitigating, and monitoring the business risks that the Group faces during the course of its operations, its exposure to significant risk, and the adequacy of the identification of risk;
- Reviewing the SABC's risk appetite and future risk strategy, particularly for economic (i.e. risk-based) capital, liquidity and reputation, but also for operational risk, and to make recommendations on risk appetite to the Board for it to review the principal risk policies for consistency with the Group's risk appetite and to approve any material changes to these policies;
- Reviewing the risk profile against its risk appetite and strategy and review the drivers of the changes, if any, in the risk profile and their implications for liquidity and going concern status;
- With input from the Audit Committee, as appropriate, reviewing the adequacy of the Group's processes and the effectiveness of controls over the determination of the compliance with the requirements of the Government Guarantee;
- Reviewing the design, completeness, and effectiveness of the risk management framework relative to the enterprise-wide risk management policy, and plans for management of the significant risks activities;
- Reviewing the adequacy and quality of the risk management function and the effectiveness of risk reporting (including timeliness and risk events);
- Evaluating the risk of exposure to fraud, reviewing policies, and procedures in place to minimise, or detect fraud, and make recommendations to the Board to enhance such policies and procedures; and
- Developing and refining the SABC's enterprise-wide appetite for risk, in conjunction with the full Board.

Four Committee meetings were held during the financial year. The attendance of Members at these meetings is reflected below:

MEMBERS	ATTENDANCE Meetings held: 4
K T Bonakele (Chairperson)[1]	1
L T Khumalo (Chairperson)[2]	3
J R Aguma[3]	4
A Heunis[3]	1
K Naidoo	4
M R Lubisi[5]	4
V G M Mavuso	4
G H Motsoeneng[3]	4
C Olivier[3]	2
Z E Tshabalala[3, 4]	1

1. Resigned (effective 4 August 2014)
2. Appointed as Member effective 31 July 2014
3. Attends by invitation
4. Resigned (effective 17 December 2014)
5. Removed (effective 26 March 2015)

Social and Ethics Committee

The Social and Ethics Committee comprises seven independent Non-Executive Directors and was chaired by an Independent Non-Executive Director.

The role and function of the Committee is to monitor/oversee the Corporation's activities, having regard to any relevant legislation, other legal requirements, or prevailing codes of best practice, with regard to matters relating to the following functions:

- The Social and Economic Development goals of the Corporation, including the Corporation's standing in terms of the goals and purposes of the ten principles set out in the United Nations Global Compact Principles are an integral part of the business strategy, day-to-day operations, and organisational culture; the United Nations Global Compact Principles are incorporated in the decision-making processes of the Board;
- The Corporation advances the United Nations Global Compact Principles and the case for responsible business practices through advocacy and outreach to peers, partners, clients, consumers, and the public at large;
- Reviewing and recommending to the Board with respect to the Corporation's Social Economic Development;
- Monitoring Social Economic Development Initiatives;
- Assisting the Board in discharging its responsibility to ensure that Broad Based Black Economic Empowerment (BBBEE) is pursued and implemented throughout the SABC;
- Reviewing the Corporation's standing in terms of the goals and purposes of the promotion of equality and the prevention of unfair discrimination;
- Reviewing the SABC's standing in terms of its support of the four strategic objectives in respect of the International Labour Organisation Protocol on decent work and working conditions;
- Monitoring the SABC's employment relationships, and its contribution toward the educational development of its employees;
- Reviewing recommendations on ethical matters made by Management or other external sources and to make recommendations to the Board whether, and if so, to what extent, these should be applied to the SABC;
- In conjunction with the Risk Committee, overseeing and reviewing the anti-corruption and bribery practices;
- Reviewing the policies and processes for managing non-financial risks affecting the business, including relationships with stakeholders (principally colleagues, partners, customers, local communities, non-governmental organisations, regulators, shareholders and suppliers), and the impact of the SABC's activities on its general business reputation;
- Promoting environmental policies that relate to the activities where the SABC has its most significant environmental impacts in respect of energy management and climate change, water quality, resource productivity (including leakage and waste); and
- In conjunction with the Risk Committee, reviewing and recommending to the Board with respect to the SABC's Health and Safety Policies and review the procedure for reporting and investigating accidents, incidents and accidents at work.

Three committee meetings were held during the financial year. The attendance of members at these meetings is reflected below:

MEMBERS	ATTENDANCE Meetings held: 3
N M Mhlakaza (Chairperson)	2
J R Aguma[1]	3
A Heunis[1]	1
B A Khumalo[2]	2
M R Lubisi[4]	2
M O Maguvhe	2
V G M Mavuso	3
G H Motsoeneng[1]	2
K Naidoo	3
C Olivier[1]	2
Z E Tshabalala[1, 3]	2
M H Z Zinde[5]	1

1. Attends by invitation
2. Resigned (effective 28 January 2015)
3. Resigned (effective 17 December 2014)
4. Removed (effective 26 March 2015)
5.Removed (effective 12 March 2015)

Directors' Remuneration

Non-Executive Directors receive fees for their contribution to the Board and the Committees on which they serve. The Shareholder determines the rate in consultation with National Treasury. Non-Executive Directors are also reimbursed for out-of-pocket expenses incurred on the Corporation's behalf.

Further information on Directors' remuneration appears on pages 138 to 139.

Company Secretarial Function

Directors have unrestricted access to the advice and services of the Company Secretary as well as the Secretariat Department. The Directors are entitled to obtain independent professional advice at the SABC's expense should they deem this necessary.

The Company Secretary together with other assurance functions monitors the SABC's compliance with the requirements of the PFMA, Companies Act and other relevant legislation.

Reporting To Stakeholders

In order to present a balanced and understandable assessment of its position, the SABC is continuously striving to ensure that reporting and disclosure to stakeholders are relevant, clear and effective. It places great emphasis on addressing both positive and negative aspects in order to demonstrate the long-term sustainability of the organisation. The King III Report, the Treasury Guideline on Annual Reports and Treasury Regulations are used in compiling the annual report.

Stakeholder Relations

In addition to the interests of the government as shareholder, the SABC recognises the legitimate interest of specific government departments, employees, consumers, suppliers, the media, policy and regulatory bodies, trade unions, non-governmental groups and local communities in its affairs. Communication and interaction with stakeholders is ongoing during the year and are addressed through various channels depending on the different needs of the various stakeholders.

Behind the scenes, during production of Expresso, broadcast on SABC3.

RISK
MANAGEMENT

In a continuing effort to attain a world class status, amongst other initiatives, the SABC implemented a risk management methodology that is based on best business practice and in line with the risk management framework issued by National Treasury.

The PFMA was enacted in 1999 with the primary purpose of securing sound and sustainable management of the financial affairs of government bodies. Responsibilities of the SABC's Group Chief Executive Officer, as the Accounting Officer, specifies that he/she is responsible for managing the financial administration of the SABC. Included in this duty is the maintenance of an effective, efficient and transparent system of risk management.

Furthermore, the King Report on Corporate Governance for South Africa, 2009 (King III) states that risk management should be practised throughout the organisation by all staff in their day-to-day activities.

Risk Management is about identifying and assessing key risks, designing and implementing strategies and processes by which those risks can be managed. It is also about continually reviewing processes to ensure that risks identified have been mitigated to a level acceptable to the relevant stakeholders.

In accordance with the above, the methodology of the SABC employs an eight phased approach, which incorporates the principles as mentioned in the previous paragraph. By establishing and working from a set model, the SABC has ensured a consistent and logical approach to risk management.

During the year under review, annual risk assessments were conducted to determine key risks that may affect the achieving of the SABC's strategic objectives as contained in the Strategic Imperatives. The risks identified were assessed and used as an input to the efforts of Internal Audit and to determine the resources required in mitigating and managing those risks.

Strategic risks and their mitigation strategies are evaluated and monitored at both Board and Executive level. Where applicable, strategic risks were rolled down to an operational level, and collectively each Business Unit throughout the SABC has a role to play in managing and mitigating these risks.

During the year under review, the SABC Board approved two newly developed governance instruments namely the Integrated Internal Control Framework and the Governance Framework.

The Integrated Internal Control Framework is to provide the Board of Directors with sufficient control oversight and management with a roadmap to facilitate the control environment in daily operations. The framework further connects, aligns and strengthens other frameworks and structures of internal control.

The Governance Framework recognises the complexities of corporate governance within the SABC and the public sector. The framework touches on the principles of strategic governance as embedded in various applicable pieces of legislation. This framework also forms part of the Risk Management system of the SABC and the implementation of the framework contributes largely in achieving the goals of Risk Management and the performance of the SABC. The Governance Framework supports the culture of corporate governance by integrating other governance processes such as the Corporate Plan, Risk Management Policy, Control Risk Framework, Internal Control Framework and other relevant policies and processes into one framework.

The Risk Management Committee of the Board played a vital oversight role and advised both management and the Board on risk matters. The Audit Committee played an oversight role on the assurance of system of risk management and internal control effectiveness. Both Risk and Audit Committees have contributed on the effectiveness of the system of risk management.

INTERNAL
CONTROL

The Board has the ultimate responsibility for establishing a framework for internal control, including an appropriate procurement and provisioning system. The controls throughout the SABC focus on those critical risk areas identified by operational risk management, confirmed by executive management and endorsed by the internal auditors.

The controls are designed to provide cost-effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. Organisational policies, procedures, structure and approval frameworks provide direction, accountability and segregation of responsibilities and contain self-monitoring mechanisms. Management with the assistance of the Group Internal Audit (GIA) Division, closely monitor the controls and actions that are taken to correct deficiencies as they are identified.

Audit

In accordance with the Public Finance Management Act (PFMA), Section 51 (1) (a) (i), read with Treasury Regulation 27, the accounting authority must ensure that the South African Broadcasting Corporation SOC Limited (SABC) has and maintain an effective, efficient and transparent system of financial, risk management and internal control.

In line with the PFMA and the King III Report requirements, the GIA Division provides the Audit Committee and management with the assurance that the internal controls are appropriate and effective. This is achieved by means of an independent objective appraisal and evaluation of the risk management processes, internal controls and governance processes as well as by recommending corrective actions and suggested enhancements to the controls and processes.

The risk based Internal Audit Plan focuses on major risks emanating from the SABC's internal risk management process. The Internal Audit Plan is responsive to changes in the SABC's risk profile.

The GIA Division is fully supported by the Board and the Audit Committee and has full and unrestricted access to all Corporation activities, records, property and personnel. The External Auditors are responsible for independently auditing and reporting on the financial statements in conformity with International Standards on Auditing.

During the year under review, the Risk Governance Division started to implement the approved Integrated Internal Control Framework in order to maintain an adequate and effective control environment which supports the strategic and operational goals and objectives of the SABC. The Integrated Internal Control Framework (referred to here in as the Framework) is being implemented at SABC.

The Framework is complemented by the Enterprise Risk Management Framework (ERM Framework) and the Fraud and Corruption Prevention Strategy and other relevant policies.

INTERNAL AUDIT
AND AUDIT COMMITTEE

Mandate and Purpose of the Internal Audit

The mandate of the SABC Group Internal Audit is determined in terms of Section 51(1) (ii) of the Public Finance Management Act of 1999 which requires that the SABC Board of Directors (Accounting Authority) must ensure that the SABC has and maintains '*a system of internal audit under the control and direction of an Audit Committee complying with and operating in accordance with regulations and instructions prescribed in terms of Sections 76 and 77*' of the Act. Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve on organisational operations, in order to ensure that the organisation accomplishes its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The Internal Audit Charter which is approved by the SABC Audit Committee establishes the purpose, scope of work, responsibility, accountability, independence and authority conferred by the Board on SABC Internal Audit unit in terms of the PFMA as well as the International Standards for Professional Practice of Internal Auditing (Standards).

In line with the approved SABC Internal Audit Charter, the PFMA, the Internal Auditing Standards and Corporate Governance King III, the following are incorporated in the activities of Group Internal Audit:

- Provision of assurance on the adequacy and effectiveness of risk management processes, system of internal controls and governance processes; and
- Consulting services on internal control matters and elements impacting on the control environment.

The Group Executive Directors approved the changes in the reporting lines of the Forensic Department to report administratively to the office of the Chief Financial Officer with effect from 3 December 2014. This structural change of moving the Forensic Department from Group Internal Audit is also supported by the recommendation of improvement by the External Quality Assessment Report.

External Quality Assessment of the SABC Internal Audit Activity

During the financial year under review, the Board commissioned a qualified, independent review team in accordance with the Standards of the Institute of Internal Audit (IIA) to conduct an external quality assessment of the work of the Group Internal Audit (GIA). The IIA Standards prescribe that an external assessment of the GIA Activity must be conducted at least once every five years by a qualified independent reviewer. The objectives of the review were to review:

- The effectiveness of the GIA Activity in providing the assurance and consulting service to the Board, Senior Executives and other interested parties;
- The conformance of the GIA Activity to the International Standards for Professional Practice of Internal Audit and Code of Ethics; and
- Opportunities and offer recommendations for improvement to the Chief Audit Executive and Internal Audit staff.

The External Assessor on Group Internal Audit (GIA) reported in its overall opinion and conclusion that the SABC Internal Audit Activity 'generally conforms to the Standards and Code of Ethics' and that, the GIA, technically is 'effective in providing assurance and consulting services to the Senior Executive, the Audit Committee and the Board.'

Tru FM's outside broadcast during their search for truTalent.

Internal Audit Performance

The Group Internal Audit played a pivotal role in the governance pillar by executing audit projects against the Risk Based Annual Audit Plan as approved by the Audit Committee and reporting the findings to management accordingly. The Division also executed continuous business monitoring projects to provide management with an alternative view on business risks and controls and thereby assisted in proactively monitoring key risk areas within the organisation to ensure the achievement of the business objectives. Data analysis through Computer Aided Audit Tools (CAATS) was conducted on critical transactions within Human Resource, Procurement and Payroll.

The following table presents the summary of performance for the year:

DETAILS	2012/13	2013/14	2014/15
Internal Audit Reports Issued	41(82%)	56 (90%)	46 (94%)
Planned Audits Deferred	9 (18%)	1(1.6%) Deferred and 5 (8.4%) replaced	3 (6%)

During the last quarter of the year under review, the Division completed the implementation of an audit working paper system, TeamMate, to automate the audit process. This system will significantly refine the management of audit projects which is aimed at improving the turnaround time of audit assignments.

Internal Audit Overall Assessment of the Internal Control Environment

Group Internal Audit executed audit projects based on the audit coverage from the approved 2014/15 Risk Based Annual Audit Plan. The performance status against the approved plan is reflected under the section Internal Audit Performance above.

In our opinion, we found that the internal controls over most focal areas were partially inadequate and ineffective and required significant improvements to ensure their adequacy and efficacy. Internal Audit completed 46 audit reports (56 last year) in terms of its approved Annual Audit Plan.

The results and the audit opinions are reflected in the table below:

YEAR	2012/13	2013/14	2014/15
No of Reports Issued	41	56	46
Rating 3 and 4 Audit Opinions (Negative Opinions)	73%	83%	75%
No. of Significant Findings	166	311	205
1 and 2 Audit Opinions (Positive Opinions)	27%	17%	25%

COMPLIANCE
WITH LAWS AND REGULATIONS

As a public entity, the SABC acknowledges that adherence to sound governance principles is of utmost importance. In recognition of this imperative and in acknowledgment of the Auditor-General's findings regarding the state of the internal control environment within the SABC, a number of initiatives were implemented during the 2014/15 financial year to address identified deficiencies.

One of the key initiatives was the strengthening of the Compliance function within the Corporation. The SABC recognises that a well-functioning combined assurance model is necessary in order to achieve the intended levels of governance. To this effect, regular measurement against the Public Finance Management Act and King III Code of Corporate Governance is carried out to ensure that deficiencies are identified and corrective measures are implemented.

Public Finance Management Act (PFMA)

The PFMA focuses on financial management with related outputs and responsibilities. The Directors, as the Accounting Authority, comply with their fiduciary duties as set out in the PFMA. In terms of the PFMA, the responsibilities of the Board include taking appropriate action to ensure that:

- Economic, efficient, effective and transparent systems of financial and risk management and internal controls are in place;
- A system is maintained for properly evaluating all major capital projects prior to a final decision on each project;
- The implementation of appropriate and effective measures to prevent unauthorised, irregular or fruitless and wasteful expenditure, expenditure not complying with legislation, or losses from criminal conduct;
- All revenues due to the SABC are collected;
- The economic and efficient management of available working capital; and
- The definition of objectives and the allocation of resources in an economic, efficient, effective and transparent manner.

In terms of the Treasury Regulations, the SABC's Accounting Authority must in terms of sections 54(2) and 55(2) of the PFMA, develop and agree a framework of acceptable levels of materiality and significance with the relevant Executive Authority.

In terms of Section 52 of the PFMA the Accounting Authority for a public entity must submit to the Accounting Officer for a Department designated by the Executive Authority for that public entity, and to the relevant treasury, at least one month, or another period agreed with the National Treasury, before the start of its financial year, a corporate plan in the prescribed format covering the affairs of the public entity for the following three financial years. In terms of Treasury Regulation (TR) 29.1.1 (f) such a corporate plan must include a materiality/significant framework.

The principles of the King III Code and Report on Corporate Governance for South Africa (2009) (King III), requires that disclosure be made on matters of significance, interest and relevance to shareholders and a wide range of stakeholders. The Accounting Authority should establish guidelines of materiality for disclosure by the Corporation.

This framework will be reviewed and updated annually.

The materiality and significance framework for the financial year under review, which is determined and annually reviewed by management, is as follows:

REQUIREMENT	MATERIAL/SIGNIFICANT
Section 50(1)	
The accounting authority for a public entity must – (c) on request, disclose to the executive authority responsible for that public entity or the legislature to which the public entity is accountable, *all material facts*, including those reasonably discoverable, which in any way may influence the decisions or actions of the executive authority.	The SABC submits quarterly reports to the Executive Authority, which includes all relevant information, which may influence the decisions or actions of the Executive Authority. These reports cover *all information* that is considered relevant to the Executive Authority.
Section 54(2)	
Before a public entity concludes any of the following transactions, the accounting authority for the public entity must promptly and in writing inform the relevant treasury of the transaction and submit relevant particulars of the transaction to its executive authority for approval of the transaction: (a) establishment or participation in the establishment of a company; (b) Participation in a *significant* partnership, trust, unincorporated joint venture or similar arrangement; (c) acquisition or disposal of a *significant* shareholding in a company; (d) acquisition or disposal of a *significant* asset; (e) commencement or cessation of a *significant* business activity; and (f) a *significant* change in the nature or extent of its interest in a *significant* partnership, trust, unincorporated joint venture or similar arrangement.	The SABC will inform the National Treasury of individual transactions covered by this section which are in access of R16 million.
Section 55(2)	
The annual report and financial statements referred to in subsection 55(1)(d) must – (b) include particulars of – (i) any material losses through criminal conduct and any irregular expenditure and fruitless and wasteful expenditure that occurred during the financial year.	• All losses arising from criminal conduct are considered, by their nature, to be material and will be reported in accordance with the provisions of section 55(2) of the PFMA. • Individual transactions in excess of R8.06 million arising from irregular expenditure and fruitless and wasteful expenditure will be considered to be material and will be dealt with in accordance with the provisions of section 55(2) of the PFMA. This figure is based on 0.1% of the 2014/15 budgeted revenue.

King III

The SABC has and continuously applies the King III principles and best practices. As a state owned company, some of these best practices are developmental areas for the SABC and are being improved on an ongoing basis. In certain instances and areas, the SABC has adopted alternative practices to those recommended by King III, due to the nature and structural differences of the company. In implementing the 'apply or explain' King III rule further explanations are presented in the table below. Where there are not approved policies, processes or procedures yet, draft documents will be presented and approved by the relevant governance structures in the next reporting cycle.

Good Hope FM presenters during a outside broadcast event.

Applying the King III Principles and Practices

Number and description of King III principle or practice not in place		EXPLANATION
2.16.1	Board should elect a Chairperson on an annual basis.	Determined by the President.
2.17.1	Board should appoint a chief executive.	Determined by Shareholder in conjunction with the Board.
2.18.10	Board should be able to remove any director without shareholder approval.	Determined by the President in conjunction with the National Assembly.
2.8	The Board should be responsible for information technology (IT) governance.	The Audit Committee is tasked with overseeing IT Governance and is awaiting the IT Governance Framework.
2.27	Remuneration policy.	Draft policy in place.
2.24	Subsidiary governance framework.	Draft Framework in place.
3.5.1	Combined assurance model.	Practice being updated.
5.1.2	IT charter.	Charter in the process of being finalised.
5.3	IT governance framework.	Framework in the process of being finalised.
6.1.1	Compliance register.	Register in the process of being finalised.
3.8.2.2	Internal financial control policy.	Policy will be developed.
5.3	Internal control framework.	Framework in the process of being updated.
2.1	The Board should report on the effectiveness of the company's system of internal controls.	The internal controls are in the process of being reviewed, however the Audit Committee reports on the effectiveness thereof.
3.4	The audit committee should oversee integrated reporting.	Consideration is being given to the preparation of the integrated report.
9.1	The Board should ensure the integrity of the company's integrated report.	Consideration is being given to the preparation of the integrated report.
9.2	Sustainability reporting and disclosure should be integrated with the company's financial reporting.	Consideration is being given to the preparation of the integrated report.
9.3	Sustainability reporting and disclosure should be independently assured.	Consideration is being given to the preparation of the integrated report.

FRAUD
AND CORRUPTION

The Board is responsible for ensuring that an integrated Fraud Prevention Plan is implemented in order to minimise the risk and opportunity for fraud and irregularities.

In order to support the strategic intent and business objectives of the SABC, the Board or its Committees, at its discretion, may, request a forensic audit where there is prima facie evidence that this is justified.

The SABC has reviewed and updated the Anti-Fraud and Corruption policy and strategy to continue prevention, detection and response to fraud and corruption. The Anti-Fraud Awareness Campaign was rolled out in the organisation to educate and remind employees about the Fraud and Corruption strategy, policy as well as the Whistle Blowing policy.

Employees and SABC stakeholders may report fraud and corruption through the established Hotline, or to the Chief Audit Executive, or the Group Executive: Risk and Governance in line with the Whistle Blowing policy.

Such reports may be submitted verbally or in writing.

The Forensic Department is mandated to investigate allegations reported and report back in terms of forensic reporting protocols. Matters are then escalated, depending on the actions required to remedy the action.

SABC staff interaction with Fire fighters.

MINIMISING CONFLICT OF INTEREST

The SABC has put measures in place to minimize the risk of employees being conflicted in the business activities. The strategic approach ensures that there are various platforms that are fully embedded with the key levels that will minimize the risk of having employees partaking in the business activities where they may be conflicted.

The organisation-wide declaration of business interests is done annually and reviewed accordingly. In addition, when the employees participate in various governance structures and processes the declaration of interest is formally done by each individual concerned, prior to any discussions relating to that particular subject. Where there is a conflict of interest, members must declare such and recuse themselves from the specific governance structure and process. It should be noted that the current Procurement Policy incorporates the Conflict of Interest component.

The Procurement Policy clearly stipulates that employees who are members of the Procurement key structures must declare their business interests upfront. On the other hand, prospective suppliers are also encouraged to declare their interest.

CODE OF CONDUCT

The Code of Business Conduct and Ethics that was approved in 2013, was rolled out in the SABC during the period under review. The Code defines behaviour expectations for both employees and management.

While this Code does not prevent inappropriate behaviour or fraud, it does provide employees with legal and ethical standards that will influence their performance and commitment to the SABC system of internal control. Where an employee and or management violates the provisions of the Code, proper investigations will be conducted and appropriate action will be taken. Forensic investigations are conducted where there are allegations or suspicions of violation of the provisions of the Code and then the disciplinary process is followed.

HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

The SABC is committed to creating a healthy environment for all its employees. During the 2014/15 financial year, the SABC began the implementation of the Occupational Health and Safety (OHS) related measures. Key initiatives, such as the Fire Safety programme, have assisted the Corporation to create a conducive work environment for its employees.

There were 10 injuries on duty incidents, with no fatalities. That is a reduction of 37,5% from the previous year. In addition, the SABC was issued with a Letter of Good Standing from the Compensation Commissioner for effectively managing injuries on duty as required by the Compensation for Occupational Injuries and Diseases Act.

Furthermore, the Corporation conducted certain key health and safety mandatory elements. These include servicing of fire equipment; evacuation drills; noise, air quality and light surveys; water quality tests; waste management; and smoking restrictions.

REPORT BY THE COMPANY SECRETARY

In my opinion, as Company Secretary, I hereby confirm that, in terms of the Companies Act 71 of 2008, for the year ended 31 March 2015, the South African Broadcasting Corporation SOC Limited, has lodged with the Registrar of Companies all such returns as required of a public company in terms of the Companies Act, and all such returns are true, correct and up to date.

Johannesburg
July 2015

16 days of Activism march .

SOCIAL RESPONSIBILITY

South African Broadcasting Corporation Limited established the SABC Foundation to focus on CSI and SED projects within the SABC. Different SABC platforms and divisions in conjunction with the SABC Foundation carried out their individual socio-economic programmes within the period under review as listed below.

Socio Economic Development initiatives

- Radio 2000's Madiba CSI (67 Minutes of community service). This was done in honour of the late former President Nelson Mandela's 67 years of service to humanity. The station dedicated Mandela Month to restore human dignity by feeding the homeless and the needy living in and around Johannesburg;
- Tru FM donated R300 000 bursary and R61 413 worth of computers to Pakamani high school in the Eastern Cape;
- RSG donated airtime worth R562 000 to the South African National Blood Service by encouraging donation of blood as part of the Mandela Day activations on air;
- Umhlobo Wenene FM initiated the 'back to school' OB which saw two schools from disadvantaged areas chosen, one school received applause for the 80% pass rate while the other school received motivation for learners and teachers to perform better. In both broadcasts the station's on air personalities gave motivational talks;
- SAfm runs an annual competition called 'OR Tambo Edu Tour' to afford a young adult an opportunity to join a life changing trip to Tanzania and trace the liberation struggle to the Solomon Mahlangu Freedom College. This initiative is sponsored by Somafco Trust and Transnet;
- Munghana Lonene FM undertook a 'Build a House' project which saw a five roomed house was built in Nkomo village in Limpopo for the Mathebula orphans in partnership with 'Don't Blame God International Ministries' (DBGIM) led by Pastor Malungeni, a religious contributor on Munghana Lonene FM;
- Motsweding FM and Gobeng Consulting donated an array of electronic supplies like TV sets, Radio Sets, Borehole, Mattresses, Green House Vegetable garden to 'Ke Barona' home of the aged and disabled;
- 5FM undertook a mentorship programme whereby 40 hours were spent with kids in a week long programme that gave them insights into how 5FM operates. The programme included meeting the on air presenters and getting to understand all aspects of the business such as programming, sales, marketing and technical aspects .The programme was educational and developmental and the airtime was worth R40 000 per integrated campaign;
- Good Hope FM undertook their annual 'Keep Cape Town Warm' campaign and saw the station collecting clothing, blankets, and non-perishable food for those less fortunate in the greater Cape Town Metropole. The Community Chest assisted in distributing the donations to needy communities throughout the campaign;
- METRO FM undertook their annual 'Men in the Making' initiative in partnership with Tracker, The Star Newspaper and the Department of Basic Education with an aim to inspire high-school going boys from Grades 9 to 12, to work hard at school, improve their school performance and set themselves positive goals by physically exposing them to the many rewarding career opportunities available to them in South Africa's job-scape in which they may one day wish to work. The campaign, which is now in its sixth year hopes to encourage as many South African companies as possible to welcome high-school boys into their businesses and provide meaningful contributions for our future leaders;
- SABC1 partnered with Cashtime, an independent record company, for a number of activities during the Mandela Day. All efforts were aimed at assisting Compass, an NGO that cares for approximately 102 babies and children, from newly born babies to 17 year olds who are terminally ill and from abused, abandoned, impoverished, and previously disadvantaged backgrounds;
- SABC1 accompanied by On-Air personalities went to the Compass Orphanage to refurbish the minors' section of the land, to paint, clean and donate school shoes,

Lotus FM school shoe drive.

SAfm and Nedbank partner to building houses.

blankets, rice, toiletries and other basic supplies. The social media activation was under the corporate campaign #do67minutes; and

- SABC2 had two Mandela Day activations that were initiated by SABC's radio partners, Radio 2000 and Lotus FM. Commonwealth Games also took place in the month of July, and the channel used this to carry the late Mr Nelson Mandela's sentiment on sports.

SABC Provincial offices also undertook Socio-Economic Development Initiatives in response to their provincial needs assessment, which included the following activities:

- Mandela Day, which saw a cleaning and painting campaign, which was held at an after care centre, 'Vulamehlo' in Dennilton, Mpumalanga. It was in partnership with Nedbank and Aranda Blankets;
- The Turkish Harmony Institute donated food supplies to the 'Odirile Centre' for people living with disabilities in Temba, Hammanskraal and to the 'Leamogetswe Safety Home' in Atteridgeville, west of Pretoria;
- Information centres and libraries of rural communities in Mpumalanga received computers and books;
- A World Aids Day function was held in partnership with Nkangala District Municipality, Love Life and local businesses;
- The SABC shared Christmas with 'Amazing Grace Orphanage' in Malelane. The SABC shared lunch and gifts with the kids and they were entertained by presenters from Ligwalagwala FM;
- The SABC took part in the infamous Ice Bucket Challenge. This project is aimed at creating and promoting awareness of amyotrophic lateral sclerosis (ALS) also known as motor neuron disease. Two On-Air personalities were drenched in ice-cold water and went on to spread the message on their respective shows on Ligwalagwala FM;
- SABC took part in the Mandela day activities with several sponsors to provide Singabantu Sonke Ophanage with a 5 000 litre water tank and piping by a company called Buco, fence and gate by J4Joy Foundation, tables, chairs and mattresses by Spar, blankets and mattresses by Sun riders Bikers Club, food supplies by Boxer Supermarket, stationery SAPS, labour Correctional Services and children's clothes and toys SABC staff;
- SABC donated brand new electronics to the Sunflower House Children's Hospice in Bloemfontein. The hospice received two computers and a Television set. The donation follows the SABC news story coverage of the internet friendship between the Children's Hospice and the Women's Prison Choir in the USA. They link up regularly via Skype and after seeing the kids huddled around a borrowed laptop, the SABC Foundation intervened and provided the Hospice with their own laptop, a desktop computer and a big screen television; and
- The SABC, in partnership with 'Inguqu', a non-profit organisation that focuses on crime prevention and awareness, donated toys and hosted the Christmas party of the Babies Behind Bars project. This project provides support to mothers and children who are born in prison until they are ready for release to their families or foster care. SABC Human Resources contributed towards making the Christmas party a success, which brought joy to all the children currently staying at the Centre. This shelter is in existence since 2002 and cares for the needs of the poor and destitute, including abused women, women with children and elderly persons.

Public Service Announcements

As the National Public Broadcaster, the SABC Foundation supports bona fide organisations by promoting social and welfare campaigns of national significance. This is done through creating public awareness of their activities by the granting of free advertising time on Radio and Television platforms as Public Service Announcements.

Name of Campaign	Total Amount Allocated
Reach for a Dream	R700 000
Abraham Kriel childcare	R250 000
Commission for Gender Equality	R250 000
Bring Back our Girls	R300 000
Casual Day	R800 000
Rhino/Boucher Legacy	R1 000 000
Bandana Day (Sunflower Fund)	R800 000
Nelson Mandela Children Hospital Fund	R250 000
Stop the Violence against Children	R3 000 000
Blood Donor Awareness Campaign	R1 000 000
Retinal South Africa	R300 000
HPCA	R700 000
The Giant Flag	R1 000 000
UNICEF	R2 000 000
UNAIDS	R2 700 000
Rand Water Foundation	R2 000 000

AUDIT COMMITTEE REPORT

We present our report for the financial year ended 31 March 2015.

Audit Committee Members

Section 94 of the Companies Act No. 71 of 2008 (as amended), requires that the Members of the Audit Committee must be appointed by the Shareholder at every AGM. During the year under review, the Shareholder confirmed the appointment of the Members of the Audit Committee at the AGM held on 25 September 2014.

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from Section 51 (a) (ii) of the PFMA, the requirements of Treasury Regulation 27.1 and Section 94 of the Companies Act No. 71 of 2008. The Audit Committee has adopted an appropriate formal terms of reference (TOR) and has attempted to discharge its responsibilities as contained therein.

The Audit Committee held nine meetings during the year under review (refer to page 63). The additional meetings were convened in order to monitor management's processes and procedures to clear the audit issues that resulted in the audit disclaimer received for the 2012/13 financial year and the qualified audit opinion received for the 2013/14 financial year. The Committee reviewed the status of the clearing of the audit issues, reports arising from the execution of the Internal Audit annual work programme and the 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, and auditing concerns identified.

The effectiveness of Internal Controls

The various reports of the Internal Auditors and the Audit Reports on the Annual Financial Statements and Management Letter of the Auditor General indicate that the system of internal control has shortcomings. In view of the significant and material non-compliance with prescribed policies and procedures in selected areas, the Auditor General has found sufficient and appropriate audit evidence to issue a qualified audit opinion.

The Audit Committee considers the qualified audit a serious matter and the necessary steps have been implemented to ensure that the required corrective action is taken to deal with the root causes of the internal control weaknesses. The Audit Committee monitors the steps being taken by management to address each of the issues raised.

Risk Management

The implementation of appropriate risk management activities to ensure that regular risk assessments, including consideration of IT risks and fraud prevention, are conducted and that a Risk Strategy to address the risks is developed and monitored was partially effective. The processes 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 were partially effective.

Evaluation of Financial Statements

The Audit Committee accepts and concurs with the conclusions of the Auditor-General on the Annual Financial Statements and is of the opinion that the audited Annual Financial Statements be accepted and read together with the report of the Auditor-General.

Ms N M Mhlakaza
Chairperson of the Audit Committee
Appointed 15 July 2015

HUMAN RESOURCE MANAGEMENT

Learning and development interaction with Staff.

HUMAN RESOURCE
MANAGEMENT OVERVIEW

People remain a priority of the SABC as it recognises that it is the talent, passion and commitment of each SABC employee that continues to drive success. Human Resources (HR) plays a strategic role in ensuring that the SABC is a rewarding, progressive and diverse workplace, that drives a culture of high performance, and is staffed with dedicated, innovative and highly skilled professionals.

With the steady economic recovery of the companies are aggressively positioning themselves for growth. However, the workforce has changed, and like many other organisations, the Corporation is faced with the challenge of competing for skilled talent in a 21st Century economy. The 21st Century workforce is global and highly connected, technology is ubiquitous and everyone is technologically savvy. The workforce is youthful, ambitious and demanding. Skilled talent is scarce. The conventional ways of working have changed with mobility and flexibility in working arrangements key to decision-making of new recruits.

The SABC is faced with the challenge of competing in this environment for sufficiently skilled talent, particularly in the areas that support its strategic objectives such as new channels roll-out, DTT migration and improved universal access.

During the period under review, the organisation embarked on various initiatives to ensure that the challenges are addressed by looking at a total Employee Value Proposition (EVP) and implementing the necessary people, processes and structural changes, where required. Finding and retaining the right people is at the heart of the HR strategy. For the financial year under review, the Corporation has seen good strides in achieving this.

The organisation successfully made key executive appointments improving stability within the organisation and is in the process of filing key vacancies. The SABC is putting in place a performance management process that will not just drive accountability for results but will also leverage on the learning and development platform to coach, mentor and train employees. Internal controls have been and continue to be put in place to correct historical issues, and some gains were made, for example, in the reduction of leave liability which resulted in an improved balance sheet. A one-stop HR service was implemented through the HR Shared Services Centre. The status competency baseline has been done to assist the organisation to define its future skills base that will see it into the future.

Some of the significant successes of the financial year under review include, but are not limited to the following:

- Appointment of six key executive positions, i.e. Chief Operating Officer, Chief Financial Officer, Group Executive: News and Current Affairs, Head of Sport, Group Executive: Stakeholder Relations and Provinces and Group Executive: Commercial Enterprises;
- Go-live of the HR Shared Services Centre enabling a best-practice one-stop HR facility;
- Reduction of the leave liability impacting positively on the SABC balance sheet;
- Finalisation of an Employee Reward and Recognition Programme to improve employee morale and motivation;
- Development and finalisation of the Performance Management Policy, tools and processes for implementation in the next fiscal;
- Investment of R22.7 million toward employee development which is an average investment of R14 000 per employee and achievement of 94% of Workplace Skills Plan (WSP) target;
- Commencement of a company-wide Competency Model to define key competencies to take SABC into the future;
- Commencement of a Career Progression Model to set the baseline for enhanced career paths and create job opportunities for all staff;
- Review of key Human Resources policies and procedures in partnership with social partners; and
- Significant improvement in Employment Equity (EE) targets which led the organisation submitting its nomination for the Employment Equity Award to the Department of Labour.

The SABC remains committed to ensuring that adequate talent pool is created to enable it to compete favourably and to ensure that it successfully delivers on its mandate.

Performance against the Corporate Plan

The following deliverables were part of the Corporate Plan and below is the update.

Competency and Career Progression Model

The Skills Audit conducted by the SABC indicated a gap in key skills in certain areas of the business. In order to address this gap, HR embarked on the development of a Career Progression Model and commenced with profiling the 'as-is' competencies for the organisation in order to assess the gap and plan for a healthy talent pool. This initiative will define key competencies as a building block toward establishing an improved organisation. It will also allow a more objective and transparent method for making key people decisions across all job levels and functions within the organisation. It will support and position the organisation for future growth and position the

SABC as an employer of choice through creation of models for multiple career paths. The ultimate benefit will be the improvement of the morale of staff and retention of critical talent.

Human Resources Shared Services Centre

The 2013/14 audit found that personnel records were in disarray and thus posed a great risk. To mitigate this risk in the financial year under review, the HR Division successfully launched the Shared Services Centre. This unit provides a one-stop HR administrative function to the business units with a fully functional Call Centre to provide immediate responses to HR queries, a back office to ensure accurate HR data capturing, a records office with up to date employee records and a specialised Freelance Desk to attend to all freelance employees queries. The Shared Services Centre consolidates administrative services and provides standardised HR processes for the SABC.

Employee Value Proposition (EVP)

At the core of a successful employer brand is a compelling Employee Value Proposition (EVP). Our talent management strategy is therefore to ensure that the SABC’s brand and values are reflected in every aspect of the talent management value chain and for every employee experience. This will touch on innovative and unique talent strategies for attraction, selection, performance, rewards, recognition and incentives. Together with the Career Progression and Competency Modelling exercise, the EVP process is underway and it will be benchmarked to the industry’s best practices.

Workforce Planning and Recruitment

Effective workforce planning will enable the organisation to adequately plan for capacitation at each business unit and cater for the growing needs of the business, specifically the skills required to drive the current strategy of digital migration, enhanced channels and improved universal access. In addition the Corporation requires a workforce plan that ensures a healthy pipeline of critical and scarce skills. To achieve this, a specialist in workforce planning was recently recruited. In line with the workforce planning efforts, the SABC’s recruitment policy has been reviewed and aligned to the latest legislative requirements.

Managing the Challenges

The past year has seen an active focus on addressing key HR challenges. The priority was to ensure that the requisite talent is secured in the areas of workforce planning, change management, group dynamics and knowledge management to ensure that the HR Division is adequately capacitated to deliver on its commitments to the Corporate Plan. The HR Division actively recruited and staffed the respective areas to ensure delivery.

Skills shortage remains a challenge for the SABC with vacancies in key executive management posts as well as at some critical and scarce skill levels. Notwithstanding this, the previous financial year saw the successful appointment of at least six senior management positions using our internal talent to fill these posts. Any other remaining executive acting positions will be addressed once due processes have been concluded in the coming year.

The Corporation’s EVP is crafted to attract high calibre and critical skills such as technical skills needed in areas of broadcast media and digitisation to enable it to see through the DTT migration project. Various opportunities have been identified and progress made to establish an SABC that is an employer of choice in the market.

The performance management process has been completed and ready for implementation. The Recognition and Reward Framework has been approved for implementation. Salary benchmarking is underway. Competency and Career Progression Models are being established.

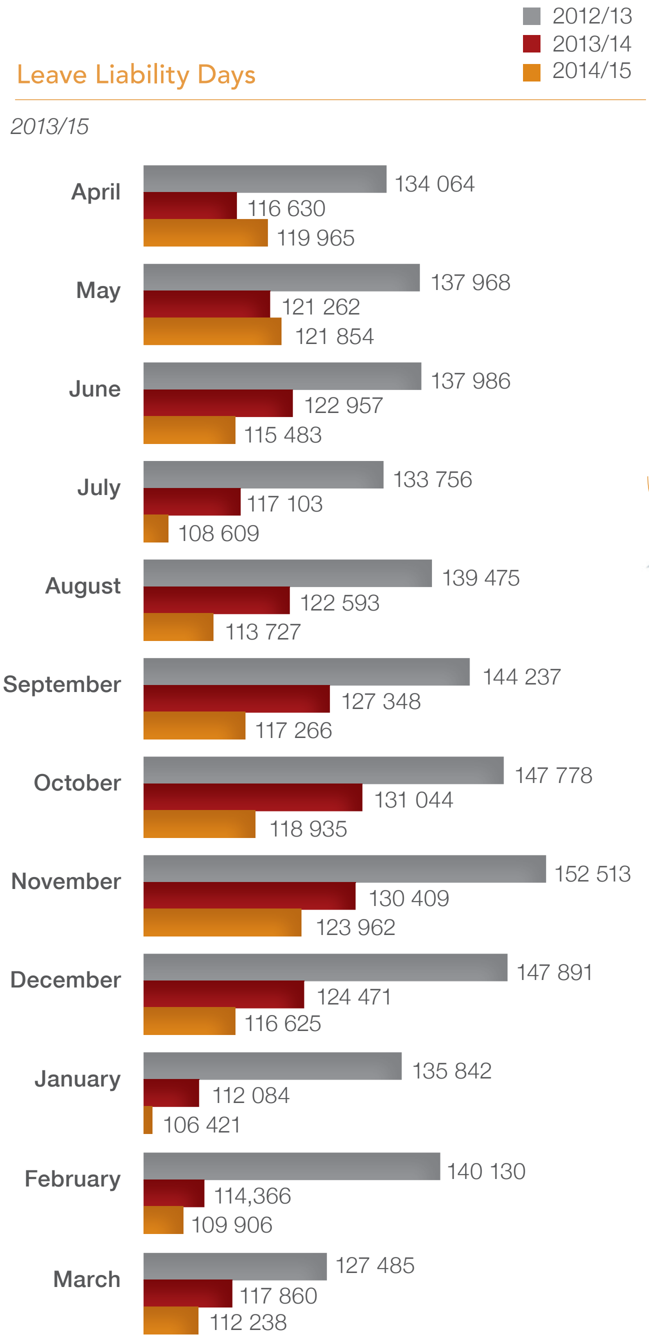
The SABC has been actively participating in Career Fairs and Expos to broaden its footprint to future talent. Furthermore, the Internship and Bursary Programme have yielded a pool of talent from which beneficiaries who have been identified as quality candidates, were made offers of permanent employment. This helps the organisation to grow its own talent pool.

These key initiatives are tools to attract, reward and retain excellent performance at all levels of the organisation.

Highlights

Leave Liability

Inadequate management and control of leave was an issue faced by the business in previous years. This resulted in an inflated leave liability and potential fraudulent practices. The period under review saw vast gains in managing this risk. Key controls were put in place through a system-enabled leave application and approval process and elimination of unapproved leave. The number of days was reduced by 12% from 127 485 days in 2012/13 to 112 238 in 2014/15. This resulted in a positive impact on the balance sheet with a reduction in the leave liability of approximately R3.5 million.



Refer to page 143 on how to use this interactive image.

5FM youth empowerment initiative.

Learning and Development

Employee development is crucial in any organisation that is positioned for growth. The SABC's investment in Learning and Development activities reflects its commitment to invest in people and to create opportunities for building depth of technical, operational and other skills.

The table below reflects in-depth investment in skills development:

Intervention	Highlight
Internships - 153 interns were recruited in various professional disciplines to gain workplace learning experience. Learners were also exposed to entrepreneurial and work readiness programmes.	• 10% absorbed by the SABC; and • 6% employed externally.
Employee study assistance schemes	249 employees and their children were supported to pursue formal studies with institutes of higher learning.
Recognition of prior learning (RPL)	71 employees who had no formal qualifications were put through the RPL programme and they all achieved their qualifications.
Learnerships	27 Employees and unemployed youth participated in registered learnerships within the organisation.
Executive, Management and Leadership programmes	481 managers participated in management and leadership programmes.
Continuous Professional Development	264 employees were registered with SAQA accredited bodies to professionalise their careers.
Workplace Skills Plan (WSP)	The SABC achieved 94% of the WSP of the total participants: • 86% of participants were Black; • 49% were females; and • 2% were employees with disabilities.
Accreditation	The SABC has been accredited by the University of Johannesburg for electrical engineering for Work Integrated Learning (WIL).

Performance Management

Performance management is critical for the effective management of individuals and teams towards achieving long-term corporate goals. The organisation has successfully designed a Performance Management Policy and system that enables the setting of targets aligned to the corporate and divisional goals, and integrates employee development needs and competency based appraisals. This was approved for implementation at management level. Consultations regarding implementation within the bargaining unit and for non-management levels are ongoing.

Employee Wellness

The SABC Employee Wellness Centre is positioned to assist the organisation deal with stress related to interpersonal relations and/or work pressures. The Centre ensures effective management of both formal and informally reported cases, as, if left unchecked these could result in the erosion of work relations and group dynamics, and an increase in sick leave and grievances. All of these can manifest in an unproductive work environment.

The organisation provides both chronic disease screening through on-site clinician care, and a 24-hour employee assistance programme, through an external wellness provider. This two-pronged approach enables an environment where employees are supported in adopting a preventative approach to illness and disease, as well as ensuring that their psychological well-being is catered for.

Consultations at the Wellness Centre improved by 14%, during the year under review. The provincial clinics were audited during the reporting period with positive feedback received and initiatives to improve wellness facilities were well supported. All wellness clinics' operating hours have been increased, and each Province will have access to an Occupational Health Doctor.

These improvements will certainly have a positive impact on employee productivity.

Policy Development

In response to the recent audit findings, all HR related policies were reviewed for relevance and legislative compliance. Where modernisation is required, it will be addressed.

The organisation has thus embarked on a three-year project in consultation with organised labour to ensure transparency. Due to the time-sensitive nature of the content, strict adherence to approval committees and governance protocols will be adhered to, to ensure that the commitments are met. Some significant policies such as Disciplinary Code and Procedure, Employment Equity (EE), Grievance Procedure, and Transfer Procedure were consulted organisation-wide and approved for implementation. In the next financial year other critical policies will continue to be reviewed for their adherence, and where necessary aligned to the business while ensuring compliance to legal prescripts.

Staff interactions behind the scenes of the Elections broadcast.

HUMAN RESOURCE
OVERSIGHT STATISTICS

Personnel Cost by Division

Division	Total Expenditure (R'000)	Permanent Employee Compensation and Benefits Expenditure (R'000)	Permanent Employee Compensation and Benefits Expenditure as % of Total Expenditure	No of Employees	Average Employee Compensation and Benefits Expenditure per employee
Commercial Enterprises	364 361	217 184	59,6%	323	672,40
Group Services	657 972	349 474	53,1%	542	644,79
News	962 390	605 633	62,9%	1059	571,89
Provincial Operations	209 008	103 875	49,7%	184	564,54
Radio	1 029 955	225 207	21,9%	375	600,55
SABC Sport	797 234	39 747	5,0%	59	673,68
Technology	1 065 130	542 603	50,9%	1010	537,23
Television	2 855 862	188 462	6,6%	323	583,47
Grand Total	**7 941 912**	**2 272 185**	**28,6%**	**3875**	**586,37**

Personnel Cost by Level

Level	Permanent Employee Compensation and Benefits Expenditure (R'000)	Permanent Employee Compensation and Benefits Expenditure as % of Total	No of Employees	Average Employee Compensation and Benefits per Employee
Top Management	37 394	1,6%	14	2 671,00
Senior Management	109 468	4,8%	69	1 586,49
Middle Management	452 282	19,9%	489	924,91
Junior Management	459 975	20,2%	630	730,12
Supervisory Levels	1 020 234	44,9%	2100	485,83
Rest of Staff	192 832	8,5%	573	336,53
Grand Total	**2 272 185**	**100,0%**	**3875**	**586,37**

Performance Reward

Level	Performance Rewards	Employee Compensation and Benefits Expenditure (R'000)	% of Performance Rewards vs Total Employee Compensation and Benefits Expenses
Top Management	-	37 394	0,0%
Senior Management	-	109 468	0,0%
Middle Management	-	452 282	0,0%
Junior Management	-	459 975	0,0%
Supervisory Levels	-	1 020 234	0,0%
Rest of Staff	-	192 832	0,0%
Grand Total	**-**	**2 272 185**	0,0%

**There was no reward paid on the basis of individual performance. Instead an exgratia payment was made to all employees on the basis of organisational performance.*

Training Cost

Level	Permanent Employee Compensation and Benefits Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as % of Permanent Employee Compensation and Benefits Expenses	No of Employees Trained	Average Training Cost per Employee (R'000)
Commercial Enterprises	217 184	1 662	0,8%	122	14
Group Services	349 474	3 528	1,0%	259	14
News	605 633	5 543	0,9%	407	14
Provincial Operations	103 875	1 239	1,2%	91	14
Radio	225 207	2 547	1,1%	187	14
SABC Sport	39 747	327	0,8%	24	14
Technology	542 603	7 042	1,3%	517	14
Television	188 462	2 016	1,1%	148	14
Grand Total	**2 272 185**	**23 904**	**1,1%**	**1755**	**14**

Employment and Vacancies by Division

Division	2013/14 No of Employees	2014/15 Approved Posts	2014/15 No of Employees	2014/15 Vacancies	% of Vacancies
Commercial Enterprises	311	334	323	11	3,3%
Group Services	512	570	542	28	4,9%
News	960	1088	1059	29	2,7%
Provincial Operations	178	188	184	4	2,1%
Radio	365	390	375	15	3,8%
SABC Sport	50	61	59	2	3,3%
Technology	939	1033	1010	23	2,2%
Television	305	334	323	11	3,3%
Grand Total	**3620**	**3998**	**3875**	**123**	**3,1%**

Employment and Vacancies by Level

Level	2013/14 No of Employees	2014/15 Approved Posts	2014/15 No of Employees	2014/15 Vacancies	% of Vacancies
Top Management	11	16	14	2	12.5%
Senior Management	73	75	69	6	8.0%
Middle Management	441	507	489	18	3.6%
Junior Management	595	650	630	20	3.1%
Supervisory Levels	1 946	2 152	2 100	52	2.4%
Rest of Staff	554	598	573	25	4.2%
Grand Total	3 620	3 998	3 875	123	3.1%

Employment Changes

Level	Employment at Beginning of Period	Appointments	Terminations	Employment at the End of Period	Level Movements
Top Management	11	0	1	14	4
Senior Management	73	2	6	69	-
Middle Management	441	54	35	489	29
Junior Management	595	44	41	630	32
Supervisory Levels	1946	217	91	2100	28
Rest of Staff	554	122	10	573	(93)
Grand Total	3620	439	184	3875	-

Reasons for Staff Leaving

Reason	Number	% of Total No of Staff Leaving
Death	13	7,1%
Resignation	72	39,1%
Dismissal	9	4,9%
Retirement	70	38,0%
Ill Health	5	2,7%
Expiry of Contract	13	7,1%
Other	2	1,1%
Grand Total	184	100,0%

Labour Relations: Misconduct and Disciplinary Action

Level	Number
Verbal Warning	11
Written Warning	7
Final Written Warning	10
Dismissal	9
Grand Total	37

The highest number of staff leave the SABC on the grounds of resignation due to other opportunities. In instances where it is a key skill, counter offers are made.

The SABC currently has an ageing workforce, therefore the number of retirements. These positions are filled with emerging talent.

Cast of High Rollers Season 2, broadcast on SABC3.

Employment Equity Targets and Status

Level	African		Coloured		Indian		White		Disabled Staff	
	Current	Target	Current	Target	Current	Target	Current	Target	Current	Target
MALE										
Top Management	-	-	-	-	-	-	-	-	-	-
Senior Management	7	6	1	-	-	0	-	1	-	-
Professional Qualified	220	170	23	16	29	23	63	60	3	5
Skilled	1197	1084	120	121	57	53	252	253	29	33
Semi-Skilled	70	51	5	5	-	-	-	-	2	2
Unskilled	-	-	-	-	-	-	-	-	-	-
Grand Total	1494	1311	149	142	86	76	315	314	34	40
FEMALE										
Top Management	-	1	-	-	-	-	-	-	-	-
Senior Management	2	2	2	2	1	1	-	-	-	-
Professional Qualified	133	115	23	20	16	14	54	42	3	5
Skilled	1064	996	164	164	76	73	259	232	44	61
Semi-Skilled	31	38	5	4	-	-	1	2	1	3
Unskilled	-	-	-	-	-	-	-	-	-	-
Grand Total	1230	1152	194	190	93	88	314	276	48	69

Looking Forward

Despite the challenges faced by the organisation during the reporting period, the commitment to deliver by supporting the business to achieve its mandate through people solutions remains the HR Division's priority. The previous year was aimed at setting the scene for attending to the basics of human resource issues such as correct personnel records, role profiles for every employee, review employment policies, amongst others. The next year will see the implementation of all initiatives that were developed in the previous year.

The next financial year must also see the creation of a new vision, mission and value system for the SABC in order to rally all employees, and leadership towards 'One SABC, One Goal'. This way the organisation can start to immerse shared values and commit to a shared ethics manifesto.

The SABC, through its diverse employees, will develop initiatives to contribute towards the larger national goal of social cohesion. The organisation will develop creative diversity programmes to drive the value of 'One Africa, One People' to ensure that the unfortunate occurrences experienced in recent times are mitigated.


Comprehensive Statement of Income for the Year Ended June
FY
Reported Basis

ANNUAL FINANCIAL STATEMENTS

STATEMENT OF RESPONSIBILITY

AND CONFIRMATION OF ACCURACY OF PERFORMANCE INFORMATION

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 judgments 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 co-ordinate 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 2015, 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 pages 87 to 90. Against this background, the Directors of the Corporation accept responsibility for the annual financial statements, which were approved by the Board of Directors on 3 August 2015 and are signed on its behalf by:

Prof. M.O. Maguvhe

Prof M O Maguvhe
Chairperson

Mr F L Matlala*
Group CEO
Appointed 1 July 2015

**Annual Report Disclaimer :*
The signature of Mr F Matlala does not constitute a full endorsement of the accuracy and completeness of this Annual Report. This is due to the fact that he assumed responsibility in the office of the Group Chief Executive Officer on the 1st of July 2015.

Report on the consolidated and separate financial statements

Introduction

1. I have audited the consolidated and separate financial statements of the South African Broadcasting Corporation (SOC) Limited and its subsidiaries set out on pages 91 to 141, which comprise the consolidated and separate statements of financial position as at 31 March 2015, the consolidated and separate statements of profit and loss, consolidated and separate statements of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

The board of director's responsibility for the consolidated and separate 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), the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and the Companies Act of South Africa, 2008 (Act No. 71 of 2008), 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 these consolidated and separate financial statements based on my audit. I conducted my 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. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.
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 judgment, 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 qualified audit opinion.

BASIS FOR QUALIFIED OPINION

Licence fee revenue and related receivable

6. The South African Broadcasting Corporation (SOC) Limited (SABC) and group generates revenue from TV licence fees, which should be recognised once the recognition criteria is met in accordance with the International Financial Reporting Standards, IAS 18, Revenue. The SABC did not record revenue on an accrual basis, as required by the accounting standard but rather recorded the revenue on a cash basis. In addition, the SABC made use of agents to collect a significant amount of cash for TV licenses without obtaining any assurance report from an independent auditor to confirm the correctness of the amount paid over to the SABC by the respective agents. 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 required accrual adjustment to the cash amount stated at R913 396 000 (2013: R927 882 000) in note 26 to the consolidated and separate financial statements. I was unable to confirm the correct amount by alternative means. Consequently, I was unable to determine whether any adjustments to the TV licence fee revenue resultant from the accrual of revenue not yet recognised, related other receivable balance and any impairment thereof, as disclosed in notes 26 and 14 to the consolidated and separate financial statements, were necessary. I was also not able to determine the consequential impact that the required adjustments would have on the loss for the current period as well as the retained earnings for the prior period. This limitation equally applies to the comparative figures in the consolidated and separate financial statements.

Deferred tax, Tax payable and Income tax

7. The SABC and group did not include unpaid TV license fees in its Annual Financial Statements as reported in paragraph 6 of this report (cash basis of accounting was done). Therefore, I was unable to obtain sufficient appropriate audit evidence to ascertain the accuracy of the amount included as gross income in the tax computation in respect of the unpaid TV license fees. I was unable to confirm the accuracy of this amount by performing alternative procedures as stated in par 6 of this report.

In addition the SABC's tax computation includes a deduction claimed in respect of the unpaid TV licence fee on the basis that the total amount is doubtful as to its recoverability. The amount of this deduction could not be confirmed by supporting evidence as stated in paragraph 7 above. The total amount included as the unpaid TV licence fee was deducted in terms of section 11(j) of the Income Tax Act that entitles the taxpayer to an allowance as may be made each year by the Commissioner in respect of so much of any debt due to the taxpayer as the Commissioner considers to be doubtful, if that debt would have been allowed as a deduction had the debt become bad. The practice of the Commissioner is to allow as deduction 25% of the doubtful debts. I was unable to obtain sufficient appropriate audit evidence for the amount claimed as the deduction in the tax computation of SABC. Therefore, I was unable to establish whether adjustments to the amount claimed as a doubtful debt deduction in the tax computation are necessary.

As a result of the above I was unable to determine whether any further adjustment to income tax (note 33), tax payable (note 35) and deferred tax (note 21) stated at R158 413 000 (2014: -R105 683 000), R282 033 000 (2014: R354 746 000) (2013: R69 034 000) and -R296 702 000 (2014: -R117 702 000) (2013: R50 886 000) respectively in the consolidated and separate financial statements, were necessary. I was also not able to determine the consequential impact that any further required adjustment would have on the disclosure in notes 4, 21, 33, 35, the loss for the period and the retained surplus. This limitation equally applies to the comparative figures in the consolidated and separate financial statements.

Irregular, fruitless and wasteful expenditure

8. Section 55(2) (b) (i) of the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999) requires the SABC and group to include particulars of irregular, fruitless and wasteful expenditure in the notes to the annual financial statements. Note 43 to the consolidated and separate financial statements was misstated as follows:

- The SABC and group reduced the irregular expenditure reported in the prior year (opening balance) due to the original tax clearance certificates being subsequently obtained. Upon inspection of these submitted original tax clearance certificates we found that they did not coincide with the dates when the awards previously regarded as irregular expenditure were made. As a result the non-compliance in terms of the prior year's still result in irregular expenditure and the removal of these items from the opening balance has resulted in an understatement of the opening balance by a projected R272 017 070.
- The SABC and group incurred expenditure in contravention of the supply chain management (SCM) requirements for both the current and prior years that were not included in irregular expenditure note. The understatement amounted to R6 882 259 and R2 044 680 for the current and prior years respectively.
- The SABC and group incurred expenditure in vain, which could have been avoided had strong internal controls been in place in the prior year, that were not included in the fruitless and wasteful expenditure opening balance. This resulted in fruitless and wasteful expenditure opening balance being understated by R514 088. This was identified in the previous year audit and the disclosure note was not updated in the current year.

In addition, supporting documents to the value of R23 933 478 to test the compliance against supply chain management regulations were not provided for audit purposes. This was due to the SABC not having adequate systems in place to maintain complete records of compliance, irregular, fruitless and wasteful expenditure. Due to this lack of systems I was not able to confirm the amount of irregular, fruitless and wasteful expenditure to be disclosed by alternative means. Consequently, I was unable to determine whether any further adjustments to irregular, fruitless and wasteful expenditure as disclosed in note 43 to the consolidated and separate financial statements were necessary. This limitation equally applies to the comparative figures disclosed in the consolidated and separate financial statements.

Qualified opinion

9. In my opinion, except for the possible effects of the matters described in the basis for qualified opinion paragraphs, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the South African Broadcasting Corporation (SOC) Limited and its subsidiaries as at 31 March 2015, and their financial performance and cash flows for the year then ended, in accordance with the International Financial Reporting Standards, and the requirements of the PFMA and the Companies Act of South Africa.

Emphasis of matters

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

Significant uncertainties

11. With reference to note 40 to the consolidated and separate financial statements, the SABC was a defendant in a number of lawsuits. At the time of this report, the ultimate outcome of these matters could not be determined, and no provision for any liability that may result was made in the consolidated and separate financial statements.

Restatement of corresponding figures

12. As disclosed in note 4 to the consolidated and separate financial statements, the corresponding figures for the year ended 31 March 2014 and the opening balance as at 1 April 2013 were restated as a result of errors discovered during the period ended 31 March 2015 in the consolidated and separate financial statements of the SABC.

Allowance and impairment of trade receivables

13. As disclosed in note 14 to the financial statements, material losses to the amount of R94 874 000 (2014: R96 988 000) were incurred as a result of write-off of potentially irrecoverable trade debtors.

Additional matters

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

Other reports required by the Companies Act

15. As part of our audit of the consolidated and separate financial statements for the year ended 31 March 2015, I have read the director's report, the audit committee's report and the SABC secretary's certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports I have not identified material inconsistencies between these reports and the audited financial statements in respect of which I expressed a qualified opinion. I have not audited these reports and, accordingly, do not express an opinion on these reports.

Report on other legal and regulatory requirements

16. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected strategic goals presented in the annual performance report, non-compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

PREDETERMINED OBJECTIVES

17. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected strategic goals presented in the annual performance report of the public entity for the year ended 31 March 2015:

- **GOAL 1:** Ensuring a financially sustainable organisation through revenue growth and cost containment (pages 28 to 29)
- **GOAL 2:** Retaining and growing audience share by meeting the needs and expectations of multi-cultural mass and niche audiences in all official South African languages (pages 28 to 29)
- **GOAL 3:** Acquiring and scheduling compelling and quality programming spanning a range of genres and meeting mandate objectives across traditional and emerging broadcast and digital media platforms (pages 28 to 29)
- **GOAL 4:** Ensuring an appropriate and reliable technology infrastructure for the production and delivery of broadcast

programming, digital media content, and supporting commercial revenue generation (pages 28 to 29)

18. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
19. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned strategic goals. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for managing programme performance information (FMPPI).
20. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
21. The material findings in respect of the selected strategic goals for the SABC are as follows:

GOAL 1: Ensuring a financially sustainable organisation through revenue growth and cost containment

Usefulness of reported performance information

22. I did not identify any material findings on the usefulness of the reported performance information for this strategic goal.

Reliability of reported performance information

23. The FMPPI requires auditees to 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 and explanations I considered necessary to satisfy myself as to the reliability of the reported performance information. This was due to the fact that the auditee could not provide sufficient appropriate evidence in support of the reported performance information and the auditee's records not permitting the application of alternative audit procedures.

GOAL 2: Retaining and growing audience share by meeting the needs and expectations of multi-cultural mass and niche audiences in all official South African languages

Usefulness of reported performance information

24. The FMPPI requires the following:
    - Targets must be measurable. I could not measure the required performance of 25% of the targets.
    - Indicators must have clear definitions so that data can be collected consistently and is easy to understand and use. It must further be possible to validate the processes and systems that produced the indicator, meaning that the indicator must be verifiable. A total of 33% of the indicators were not verifiable.

    This was due to inadequate systems and processes in place for performance planning and management to provide for the development of performance indicators and targets included in the corporate plan and shareholder's compact.

Reliability of reported performance information

25. The FMPPI requires auditees to 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 and explanations I considered necessary to satisfy myself as to the reliability of the reported performance information. This was due to the fact that the auditee could not provide sufficient appropriate evidence in support of the reported performance information and the auditee's records not permitting the application of alternative audit procedures.

GOAL 3: Acquiring and scheduling compelling and quality programming spanning a range of genres and meeting mandate objectives across traditional and emerging broadcast and digital media platforms

Usefulness of reported performance information

26. I did not identify any material findings on the usefulness of the reported performance information for this strategic goal.

Reliability of reported performance information

27. The FMPPI requires auditees to have adequate 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 and explanations I considered necessary to satisfy myself as to the reliability of 20% of the reported performance information. This was due to the fact that the auditee could not provide sufficient appropriate evidence in support of the reported performance information and the auditee's records not permitting the application of alternative audit procedures.

GOAL 4: Ensuring an appropriate and reliable technology infrastructure for the production and delivery of broadcast programming, digital media content, and supporting commercial revenue generation

28. I did not identify any material findings on the usefulness and reliability of the reported performance information for this strategic goal.

Additional matters

29. We draw attention to the following matters.

Achievement of planned targets

30. Refer to the annual performance report on pages 28 to 32 for information on the achievement of planned targets for the year.

COMPLIANCE WITH LEGISLATION

31. I performed procedures to obtain evidence that the SABC and its subsidiaries 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 management

32. Effective, efficient and transparent systems of internal control with respect to the process of performance monitoring, measurement, review and reporting in relation to performance information and management was not in place as required by section 51(1)(a)(i) of the PFMA.

Annual financial statements, performance report and annual report

33. The financial statements submitted for auditing were not prepared in accordance with the International Financial Reporting Standards (IFRS) or supported by full and proper records as required by section 55(1)(a) and (b) of the Public Finance Management Act and section 29(1)(a) of the Companies Act. Material misstatements of trade and other receivables, programme, film and sports rights, income tax as well as various disclosure matters identified by the auditors in the submitted financial statements were subsequently corrected, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.

Procurement and contract management

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

Expenditure management

36. The accounting authority did not take effective steps to prevent irregular expenditure, fruitless and wasteful expenditure, as required by section 51(1)(b)(ii) of the Public Finance Management Act. The accounting records for expenditure was not complete and accurate, as required by section 28(1) of the Companies Act and prescribed in the Companies Regulations 25(3)(c).

Asset management

37. Proper control systems to safeguard and maintain assets were not adequately implemented, as required by section 50(1) (a) and section 50(1) (c) of the Public Finance Management Act.

Revenue management

38. Effective and appropriate steps were not taken to collect all money due, as required by section 51(1)(b)(i) of the Public Finance Management Act. The accounting records for revenue were not complete and accurate, as required by section 28 of the Companies Act and prescribed in the Companies Act Regulation 25(3) (c).
39. The SABC accounting records for revenue were not complete, as required by section 28 of the Companies Act and prescribed in regulation 25(3)(c) of the Companies Act.

Consequence management

40. Sufficient appropriate audit evidence could not be obtained that effective and appropriate disciplinary steps were taken in all instances against officials who incurred and/or permitted irregular expenditure, fruitless and wasteful expenditure, as required by section 51(1)(e)(iii) of the Public Finance Management Act.

Other

41. The SABC did not consist of separate operation entities, namely a public service and commercial service division, and did not have adequate accounting and administrative systems in place to ensure that the corporation functioned in separate operation entities, as required section 9 of the Broadcasting Act, 1999 (Act No. 4 of 1999).

INTERNAL CONTROL

42. 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 findings on the report on predetermined objectives and the findings on compliance with laws and regulations included in this report.

Leadership

43. Management did not ensure that proper policies and procedures are put in place to account for TV licence revenue in accordance with the accounting standards (accrual basis)
44. The SABC's did not have a formal documented policy and standard operating procedures governing predetermined objectives and it's relating activities for majority of the financial year. The current policy was approved in January 2015. Implementation of this policy is critical to manage performance against the corporate plan.
45. Management did not adequately review the annual financial statements and the annual performance report against compliance with the relevant reporting framework before submitting them for auditing. Material matters were noted that required amendments.
46. Management has not ensured that proper record keeping systems and processes are put in place for keeping and retrieving information to support financial and non-financial performance.
47. Management has not ensured that adequate processes are put in place for managing the consequences of incurring irregular, fruitless and wasteful expenditure by officials.

Financial and performance management

48. Management did not ensure that daily and monthly controls put in place are executed; monitored and reviewed to ensure financial and non-financial information reported is accurate, valid and complete.
49. Reviewing and monitoring compliance with applicable laws and regulations were not effective, this was mainly due to the lack of formally established policies and procedures to detect and prevent non-compliance. In addition to this controls to prevent non-compliance from occurring is also inadequate.

Governance

50. The audit committee did not adequately review the annual financial statements and the annual performance report against compliance with the relevant reporting framework before submitting them for auditing. Material matters were noted that required amendment on the AFS submitted for audit. This was due to the lack of in-depth understanding of the financial frameworks by the members that attended the audit committee when the AFS was submitted for review.

OTHER REPORTS

Investigations

Completed during the year

51. The Public Protector conducted an investigation on various matters pertaining to the SABC and issued the report to the board of the SABC on 17 February 2014. The board of the SABC commented on the report and issued their comments to the Minister of Communications on 21 July 2014. At the time of this report, the conclusion of the report was still uncertain.

Instituted during the year

52. The forensic unit was conducting several investigations. The investigations were on-going and might or might not result in disciplinary and/or criminal proceedings against the parties concerned.

Auditor - General

Pretoria

31 July 2015

AUDITOR-GENERAL SOUTH AFRICA

Auditing to build public confidence

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2015

	Note	GROUP			COMPANY		
		31-Mar-15 R'000	31-Mar-14 R'000 Restated*	01-Apr-13 R'000 Restated*	31-Mar-15 R'000	31-Mar-14 R'000 Restated*	01-Apr-13 R'000 Restated*
ASSETS							
Property, plant and equipment	5	**1 369 052**	1 438 401	1 660 519	**1 369 052**	1 438 401	1 660 519
Investment property	6	**9 126**	9 220	9 437	**9 126**	9 220	9 437
Computer software	7	**231 633**	244 085	290 090	**231 633**	244 085	290 090
Defined benefit asset	8	**75 435**	155 657	69 202	**75 435**	155 657	69 202
Investment in subsidiaries	9	**-**	-	-	**71**	71	71
Available-for-sale financial assets	10	**11 227**	8 245	6 761	**11 227**	8 245	6 761
Prepayments	11	**27 496**	133 273	168 082	**27 496**	133 273	168 082
Deferred Tax	21	**296 702**	117 702	-	**296 702**	117 702	-
Non-current loans and receivables		**-**	-	-	**-**	-	-
Other non-current assets		**112**	-	-	**112**	-	-
Total non-current assets		**2 020 783**	2 106 583	2 204 091	**2 020 854**	2 106 654	2 204 162
Programme, film and sports rights	7	**691 952**	693 191	631 200	**691 952**	693 191	631 200
Property held for sale	12	**8 541**	8 541	-	**8 541**	8 541	-
Inventories	13	**4 128**	2 901	2 538	**4 128**	2 901	2 538
Trade and other receivables	14	**979 188**	939 364	839 780	**984 043**	944 763	840 386
Taxation	35	**-**	-	14 093	**-**	-	14 093
Prepayments	11	**198 027**	195 363	57 213	**198 019**	195 306	57 168
Cash and cash equivalents	15	**1 016 965**	1 424 843	1 077 151	**1 014 249**	1 419 772	1 063 104
Total current assets		**2 898 801**	3 264 203	2 621 975	**2 900 932**	3 264 474	2 608 489
Total assets		**4 919 584**	5 370 786	4 826 066	**4 921 786**	5 371 128	4 812 651
EQUITY							
Share capital	16	**1**	1	1	**1**	1	1
Fair value adjustment reserve	17	**9 408**	6 982	5 772	**9 408**	6 982	5 772
Retained earnings		**1 925 612**	2 329 230	1 771 523	**1 912 027**	2 313 585	1 757 530
Total equity		**1 935 021**	2 336 213	1 777 296	**1 921 436**	2 320 568	1 763 303
LIABILITIES							
Perpetual debt instrument	18	**27 390**	27 390	27 390	**27 390**	27 390	27 390
Loans and borrowings	19	**-**	230	343 058	**-**	230	343 058
Deferred government grant	20	**356 485**	364 054	347 219	**356 485**	364 054	347 219
Deferred tax	21	**-**	-	50 886	**-**	-	50 886
Employee benefits obligation	22	**1 155 753**	992 039	928 654	**1 155 753**	992 039	928 654
Other non-current liabilities		**-**	-	223	**-**	-	223
Total non-current liabilities		**1 539 628**	1 383 713	1 697 430	**1 539 628**	1 383 713	1 697 430
Trade and other payables	23	**628 851**	627 919	632 967	**622 214**	622 801	617 075
Employee benefits	22	**164 932**	160 621	152 713	**164 932**	160 621	152 713
Deferred income	24	**93 037**	182 431	69 501	**93 037**	182 431	69 501
Current portion of loans and borrowings	19	**230**	92 239	56 978	**22 614**	113 344	73 580
Tax payable	35	**282 033**	354 746	69 034	**282 073**	354 746	68 902
Current portion of deferred government grant	20	**104 846**	108 967	141 273	**104 846**	108 967	141 273
Provisions	25	**171 006**	123 937	228 874	**171 006**	123 937	228 874
Total current liabilities		**1 444 935**	1 650 860	1 351 340	**1 460 722**	1 666 847	1 351 918
Total liabilities		**2 984 563**	3 034 573	3 048 770	**3 000 350**	3 050 560	3 049 348
Total equity and liabilities		**4 919 584**	5 370 786	4 826 066	**4 921 786**	5 371 128	4 812 651

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31 MARCH 2015

		GROUP		COMPANY	
	Note	31-Mar-15 R'000	31-Mar-14 R'000 Restated*	31-Mar-15 R'000	31-Mar-14 R'000 Restated*
Revenue	*26*	**7 441 982**	6 994 558	**7 441 982**	6 994 558
Other income	*27*	**44 967**	179 258	**44 967**	182 777
Amortisation of programme, film and sports rights	*7*	**(1 840 126)**	(1 250 619)	**(1 840 126)**	(1 250 619)
Net impairment (raised)/reversed of programme, film and sports rights	*7*	**(4 576)**	(9 398)	**(4 576)**	(9 398)
Amortisation of computer software	*7*	**(57 443)**	(50 473)	**(57 443)**	(50 473)
Net impairment reversed/(raised) of trade and other receivables		**(31 610)**	48 860	**(31 848)**	48 860
Broadcast costs		**(528 719)**	(363 066)	**(528 719)**	(363 066)
Signal distribution and linking costs		**(588 029)**	(555 171)	**(588 029)**	(555 171)
Employee compensation and benefit expenses	*28*	**(2 928 368)**	(2 530 231)	**(2 928 368)**	(2 530 231)
Depreciation and impairment of property, plant and equipment	*5*	**(211 129)**	(279 658)	**(211 129)**	(279 658)
Marketing costs		**(166 343)**	(135 293)	**(166 343)**	(135 293)
Direct revenue collection costs		**(1 022 409)**	(972 021)	**(1 022 409)**	(972 021)
Mobile revenue collection costs		**(21 692)**	(22 519)	**(21 692)**	(22 519)
Professional and consulting fees	*29*	**(70 696)**	(68 531)	**(70 070)**	(69 158)
Other expenses					
- personnel costs other than employee compensation		**(77 589)**	(69 271)	**(77 589)**	(69 265)
- operational		**(530 943)**	(501 579)	**(531 235)**	(500 590)
Other profits/(losses)	*31*	**(8 008)**	(29 129)	**(8 008)**	(29 129)
Operating (loss)/profit before finance costs and tax		**(600 731)**	385 717	**(600 635)**	389 604
Net financing income/(expenses)	*32*	**47 644**	78 390	**49 674**	72 959
Finance income	*32*	**83 138**	125 959	**82 741**	125 037
Finance expenses	*32*	**(35 494)**	(47 569)	**(33 067)**	(52 078)
(Loss)/profit before income tax		**(553 087)**	464 107	**(550 961)**	462 563
Income tax	*33*	**158 413**	(105 683)	**158 347**	(105 791)
(Loss)/Profit for the year		**(394 674)**	358 424	**(392 614)**	356 772

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2015

		GROUP		COMPANY	
	Note	31-Mar-15 R'000	31-Mar-14 R'000	31-Mar-15 R'000	31-Mar-14 R'000
(Loss)/profit for the year		**(394 674)**	358 424	**(392 614)**	356 772
		(9 440)	278 265	**(9 440)**	278 265
Items that will never be reclassified to profit and loss					
Pension fund					
Actuarial loss	*8*	**(723 089)**	(667 195)	**(723 089)**	(667 195)
Change in paragraph 58 limit of IAS 19 - employee benefits	*8*		-		-
Expected return on plan assets	*8*	**790 075**	960 735	**790 075**	960 735
Post-employment medical benefits					
Actuarial loss	*22*	**(79 408)**	(16 759)	**(79 408)**	(16 759)
Items that may be reclassified to profit and loss					
Gain in changes in fair value of available-for-sale financial assets	*10*	**2 982**	1 484	**2 982**	1 484
Income tax relating to gain on available-for-sale financial assets	*33*	**(556)**	(274)	**(556)**	(274)
Income tax relating to loss on pension fund actuarial valuation	*33*	**(18 756)**	(82 191)	**(18 756)**	(82 191)
Income tax relating to loss on post employment medical benefits	*33*	**22 234**	4 693	**22 234**	4 693
Other comprehensive income/(loss) for the year, net of tax		**(6 518)**	200 493	**(6 518)**	200 493
Total comprehensive income/(loss) for the year		**(401 192)**	558 917	**(399 132)**	557 265

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2015

	Share capital R'000	Fair value adjustment reserve R'000	Retained earnings R'000	Total R'000
		GROUP		
Balance at 1 April 2013 as previously reported	1	5 772	1 528 114	1 533 887
Effects of changes recognised in accordance with IAS8	-	-	243 409	243 409
Balance at 1 April 2013 as restated	1	5 772	1 771 523	1 777 296
Total comprehensive income for the year	-	1 210	557 707	558 917
Balance at 31 March 2014	**1**	**6 982**	**2 329 230**	**2 336 213**
Total comprehensive (loss)/income for the year		**2 426**	**(403 618)**	**(401 192)**
Balance at 31 March 2015	**1**	**9 408**	**1 925 612**	**1 935 021**
		COMPANY		
Balance at 1 April 2013 as previously reported	1	5 772	1 514 121	1 519 894
Effects of changes recognised in accordance with IAS8	-	-	243 409	243 409
Balance at 1 April 2013 as restated	1	5 772	1 757 530	1 763 303
Total comprehensive income for the year		1 210	556 055	557 265
Balance at 31 March 2014	**1**	**6 982**	**2 313 585**	**2 320 568**
Total comprehensive (loss)/income for the year		**2 426**	**(401 558)**	**(399 132)**
Balance at 31 March 2015	**1**	**9 408**	**1 912 027**	**1 921 436**

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2015

	Note	GROUP 2015 R'000	GROUP 2014 R'000	COMPANY 2015 R'000	COMPANY 2014 R'000
Cash flows from operating activities					
Cash receipts from customers		**7 312 763**	7 007 903	**7 313 307**	7 003 111
Cash paid to suppliers and employees		**(7 597 833)**	(6 515 521)	**(7 596 879)**	(6 505 475)
Cash generated from operations	*34*	**(285 070)**	492 382	**(283 572)**	497 636
Interest received	*32*	**74 112**	123 029	**73 715**	122 107
Dividends received	*32*	**299**	289	**299**	289
Interest paid	*32*	**(11 983)**	(34 210)	**(11 982)**	(34 201)
Income taxes paid	*35*	**(90 378)**	(54 595)	**(90 404)**	(54 463)
Net cash (outflows)/inflows from operating activities		**(313 020)**	526 896	**(311 944)**	531 368
Cash flows from investing activities					
Proceeds from disposal of property, plant and equipment	*36*	**(4 126)**	941	**(4 126)**	941
Acquisition of property, plant and equipment	*5*	**(180 914)**	(98 028)	**(180 914)**	(98 028)
Acquisition of computer software	*7*	**(9 763)**	(2 473)	**(9 763)**	(2 473)
Net cash outflows from investing activities		**(194 803)**	(99 560)	**(194 803)**	(99 560)
Cash flows from financing activities					
Advance of/(Repayment) of loan from subsidiary	*19*		-	**1 279**	4 503
Repayment of loans and borrowings	*19*	**-**	(166 666)	**-**	(166 666)
Instalment sale and finance lease paid during the year	*19*	**(92 239)**	(140 900)	**(92 239)**	(140 900)
Proceeds from government grant	*20*	**192 184**	227 923	**192 184**	227 923
Net cash (outflows)/inflows from financing activities		**99 945**	(79 643)	**101 224**	(75 140)
Net increase/(decrease) in cash and cash equivalents		**(407 878)**	347 692	**(405 523)**	356 668
Cash and cash equivalents at beginning of the year		**1 424 843**	1 077 151	**1 419 772**	1 063 104
Cash and cash equivalents at end of the year	*15*	**1 016 965**	1 424 843	**1 014 249**	1 419 772

1 Significant accounting policies

(Including amended standards adopted in the current year)

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 2015 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 on-going 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, except where an amendment was required as a result of a change in IFRS.

Amended standards adopted by the Group

In the current year the Group has applied a number of new and revised IFRS issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2014. The amended standards are presented below:

The amendments to IAS 32, 'Financial instruments: Presentation' clarify the requirements relating to the offset of financial assets and financial liabilities in the financial statements. Specifically, the amendments clarify the meaning of the 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'. The amendments clarify that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendments also consider settlement mechanisms. The application of the amendments to IAS32 has not had a significant impact on the Group's consolidated financial statement as the Group does not have any financial assets and financial liabilities that qualify for offset.

Amendment to IAS 36, 'Impairment of assets' on the recoverable amount disclosures for non-financial assets. This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The application of this amendment has not had a significant impact on the Group's consolidated financial statements as the Group does not have significant impairments which were impaired as a result of them being valued at fair value less costs of disposal.

The amendment to IAS 39, 'Financial instruments: Recognition and measurement' on the novation of derivatives and the continuation of hedge accounting considers legislative changes to 'over-the-counter' derivatives and the establishment of central counterparties. Under IAS 39 novation of derivatives to central counterparties would result in discontinuance of hedge accounting. The amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument meets specified criteria. The application of this amendment has not had any impact on the Groups consolidated financial statements.

IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy if that liability is within the scope of IAS 37 'Provisions'. The interpretation addresses what the obligating event is that gives rise to pay a levy and when a liability should be recognised. The application of the amendment has not had a significant impact on the Group's consolidated financial statements as the Group is not exposed to material amounts of 'Levies' as set out.

The amendments to IFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements. To qualify as an investment, a reporting entity is required to a) obtain funds from one or more investors for the purpose of providing them with professional investment management services, b) commit to investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both and c) measure and evaluate performance of substantially all of its investments on a fair value basis. Consequential amendments have been made to IFRS 12 and IAS27 to introduce new disclosure requirements for investment entities. The amendments has had no effect on the Group's consolidated financial statements as none of the group's companies are considered investment entities.

(C) Basis of consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial results of subsidiaries are in the consolidated annual financial statements of the group from the date that it obtains control. They are deconsolidated from the date that the investor loses control of the investee.

(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 unrealized gains, but only to the extent that there is no evidence of impairment.

Significant accounting policies (continued)

(iii) Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Group.

(D) Foreign currency translation

(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 initially measured at cost. Subsequently, they 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 policy (Y).

(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, from the date that they are available for use. 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	3 - 60 years
• Broadcast equipment	3 - 40 years
• Computer equipment	3 - 5 years
• Musical equipment	up to 80 years
• Office equipment	5 - 15 years
• Security equipment	5 - 10 years
• Motor vehicles	5 - 20 years

The useful lives, depreciation methods and current residual values, if significant, are reassessed annually and adjusted if appropriate.

The depreciation charge which constitutes part of the cost of programme, film and sports rights is included in its carrying amount.

(v) Derecognition

Assets are disposed of or scrapped when no future economic benefit is expected from the assets. The gain or loss on the disposal or scrapping of property, plant and equipment is recognised in profit or loss, (refer to note 36). 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) Investment properties

(i) Cost method

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are initially carried at cost or deemed cost including transaction costs. Subsequent to initial recognition, investments properties are measured at cost or deemed cost less accumulated depreciation and impairment.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from disposal. Any gains and losses arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) are included in the profit and loss in the period in which the property is derecognised.

(ii) Depreciation

Depreciation is charged to profit or loss on a straight line basis over the estimated useful lives of each of the investment properties. The estimated useful lives for the current and comparative periods are as follows:

• Investment properties	50 years

The useful lives, depreciation methods and residual values, if significant, are reassessed annually.

(iii) Fair value

An external, independent valuation company, having appropriate recognised professional qualification and recent

1 *Significant accounting policies (continued)*

experience in the location and category of property, has been involved in determining the fair value of the properties for disclosure purposes. The values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arms length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Valuations reflect, where appropriate, the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting of vacant accommodation and the market's general perception of their credit worthiness; the allocation of maintenance and insurance responsibilities between the lessor and lessee; and the remaining economic life of the property. It has been assumed that whenever rent reviews or lease renewals are pending with anticipated revisionary increases, all notices and, where appropriate, counter notices have been served validly and within the appropriate time.

Rental income from investment property is accounted for as described in accounting policy (X).

Where an item of property, plant and equipment is transferred to/from investment property following a change in its use, the cost and related accumulated depreciation (i.e. carrying value) at the date of reclassification becomes its cost for accounting purposes and subsequent recording.

(G) Intangible assets

(i) Originated programme, film and sports rights

Originated programme, film and sports rights, including work commissioned from independent producers, are intangible assets with finite useful lives and are stated at cost less accumulated amortisation and accumulated impairment losses. Cost comprises direct costs, including cost of materials, artist fees and production overheads. The amount initially recognised for originated asset is recognised from the date when the intangible asset first meets the recognition criteria listed below.

Subsequent to initial recognition, originated assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An originated asset arising from the development phase of an internal project is recognised if, and only if, all the following have been demonstrated: a) the technical feasibility of completing the intangible asset so that it will be available for use or sale, b) the intention to complete the intangible asset and use or sell it, c) the ability to use or sell the intangible asset, d) how the intangible asset will generate probable future economic benefits e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, f) the ability to measurement reliably the expenditure attributable to the intangible asset during its development.

(ii) Acquired programme, film and sports rights

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

Acquired programme, film and sports rights are generally recognised when the license 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 license 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 license 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.

(iii) Prepayments

Payments made before the recognition criteria for an intangible asset are met, are recorded as Prepayments and classified as current or non-current, depending on the estimated time of usage of the material.

(iv) Commitments

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 (refer to note 39).

(v) Classification

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

(vi) Derecognition 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 the license period or allowed number of showings.

(vii) Other intangible assets

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

(viii) 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.

(ix) Derecognition

Other intangible assets are retired when no future economic benefits are expected from the assets. The gain or loss on retirement of other intangible assets is recognised in profit or loss, (refer to note 36). Gains and losses on the retirement of items of other intangible assets are determined by comparing the proceeds on retirement with the carrying amount of the other intangible assets retired.

(x) Amortisation

Amortisation of programme, film and sports rights is charged to profit and loss on an accelerated basis where the first transmission is expected to be more valuable than subsequent transmissions and on a straight-line basis based on the estimated number of future showings if each showing is expected to generate similar audiences.

Amortisation of other intangible assets is charged to profit and 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 significant, are reassessed annually, and adjusted if appropriate.

Significant accounting policies (continued)

(H) Property held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of their carrying amount and fair value less costs to sell.

(I) Investments in subsidiaries

Subsidiaries are all entities (including special-purpose entities) over which the group has the power to govern the financial and operating policies to obtain benefits from the activities of the entity. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Investments in subsidiaries are accounted for at cost less impairment losses in the separate financial statements of the company.

(J) Impairment of non-financial assets

The carrying amount of the Group's assets, other than inventories 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.

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.

(K) Financial assets

Non-derivative financial assets comprise of investment in securities, financial instruments with group companies, trade and other receivables and cash and cash equivalents.

Loans and receivables are initially recognised when they are originated. All other financial assets are initially recognised on trade date.

Classification

The group classifies its financial assets in the following categories: at fair value through profit and loss, 'held-to-maturity' investments, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using effective interest rate method, less any impairment. 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. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date.

(iv) Financial assets at fair value through profit and loss

Financial assets are classified as fair value through profit and loss when the asset is held for trading or it is designated through profit and loss. A financial asset is classified as held for trading if: a) its has been acquired principally for the purpose of selling it in the near term; or b)on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or c) it is a derivative that is not designated and effective as a hedging instruments. A financial asset other than a financial asset held for trading may be designated as at fair value through profit or loss upon initial recognition if: a) such designation eliminates or significantly reduces a measurement of recognition inconsistency that would otherwise arise; or b) the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy and information about the grouping is provided internally on that basis, c) it forms part of a contract containing one or more embedded derivatives and IAS39 permits the entire combined contract to be designated as at fair value through profit and loss.

Financial assets at fair value through profit and loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item.

Derecognition

Financial assets are derecognised when the contractual rights to the cash flow from the financial asset expire or when the Group has transferred substantially all the risks and rewards of ownership of those financial assets.

(L) Impairment of 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

1 *Significant accounting policies (continued)*

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 or 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 judgment 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 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.

The Group's investments are recognised at amortised cost which is calculated as 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 value, 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.

(M) Financial liabilities

Non-derivative financial liabilities comprise of loans and borrowings, financial instruments with group companies, financial trading liabilities, finance lease liabilities and trade and other payables.

Loans and debt securities are initially recognised when they are originated. All other financial liabilities are initially recognised on trade date.

Financial liabilities are classified as either financial liabilities at 'fair value through profit or loss' or 'other financial liabilities'.

Financial liabilities at 'fair value through profit or loss'

A financial liability is classified as at 'fair value through profit and loss' when the financial liability is either held for trading or designated through this category.

A financial liability is classified as held for trading if: a) it has been principally for the purpose of repurchasing it in the near term, b) on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short term profit-taking, or c) it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as 'fair value through profit or loss' upon initial recognition if a) such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise, the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, or c) it forms part of a contract containing one or more embedded derivatives, and IAS39 permits the entire combined contract to be designated as 'fair value through profit or loss'.

Financial liabilities at 'fair value through profit or loss' are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain

Significant accounting policies (continued)

or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item.

Other financial liabilities

Other financial liabilities are subsequently measured at amortised cost using the effect interest rate method

The effective interest rate method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments, through the life of the liability or a shorter period, to the net carrying amount on initial recognition.

Derecognition

Financial liabilities are derecognised when the obligation is discharged, cancelled or expires.

(N) 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 and 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.

(O) 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.

(P) 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.

(Q) 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 are recognised as an expense in the period in which the write-down occurs. Any reversal are recognised in profit and loss in the period in which the reversal occurs.

(R) 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.

(S) 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.

(T) Employee benefit obligations

(i) Defined benefit pension plans

The net obligation in respect of defined benefit pension plans is the present value of the defined benefit obligation (calculated by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods) at the end of the reporting period less the fair value on plan assets. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using an appropriate discount rate. 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 of Exchange) that have maturity dates approximating the terms of the Company's obligations. The defined benefit obligation is calculated annually by independent actuaries. Refer to Note 8 on the defined benefit pension plan.

Past service costs are recognised immediately in profit and loss.

(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 practice of post-retirement medical aid contributions was discontinued for all new employees after 1 July 2002. 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.

(v) Long service awards

The Group provides long service awards to its employees on 5 year continuous service intervals; it starts from 5 years of service to 45 years of service. The awards consists of

1 Significant accounting policies (continued)

a cash portion as well as a gift portion, where continuous service reaches 30 years then an additional 5 days of long service leave is also granted. To determine the present value of the obligation the Projected Unit Credit Method is used. The liability is valued annually by independent qualified actuaries."

(U) 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.

(V) 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.

(W) 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.

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 in note 15.

(X) 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 Group.

(v) Government grants

Government grants are recognised in the statement of financial position initially as deferred income (deferred government grant) 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.

(Y) 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. The difference between the amounts recognised as an expense and the contractual payments (due to straight-lining of lease payments), is recognised as an operating lease asset or liability.

(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.

(Z) 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

Significant accounting policies (continued)

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.

(AA) 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.

(BB) 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.

(CC) Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit and loss in the period in which they are incurred.

(DD) Irregular, Fruitless and Wasteful Expenditure

Irregular Expenditure

Irregular expenditure: means expenditure, incurred in contravention of or that is not in accordance with the requirement of any applicable legislation. Such expenditure is recorded in the notes to the annual financial statements. It is recorded at the value of the irregular expenditure incurred unless it is impracticable to determine the value thereof. Where such impracticality exists, the reasons therefore are provided in the notes. Irregular expenditure is removed from the notes when it is either (a) condoned by the National Treasury or the relevant authority; (b) it is transferred to receivables for recovery; or (c) it is not condoned and is irrecoverable. A receivable related to irregular expenditure is measured at the amount that is expected to be recovered and is de-recognised when the receivable is settled or subsequently written off as irrecoverable.

Fruitless and Wasteful Expenditure

Fruitless and wasteful expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised. When confirmed, fruitless and wasteful expenditure is recorded in the notes to the financial statements. This includes particulars of fruitless and wasteful expenditure that occurred during the financial year and any disciplinary steps taken as a consequence of such fruitless and wasteful expenditure.

(EE) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

If the likelihood of an outflow of resources is remote, the possible obligation is neither a provision nor a contingent liability and no disclosure is made.

(FF) Expenses

Expenses are decreases in economic benefits during the financial year in the form of outflows or depletions of assets or incurrences of liabilities that result in decreases in equity, other than those relating to distributions to equity participants.

2 Accounting Estimates and Judgments

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 and residual values of property, plant and equipment

Useful lives

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.

"The expected useful lives of assets is determined by considering the components identified in the asset hierarchy and by considering the inputs from knowledgeable representatives within the departments within the SABC per component identified based on their past experiences and knowledge.

In determining the expected useful lives of the assets, the current asset register was analysed to determine the average age of the assets per component where applicable.

The remaining useful life of assets is informed by two parameters, Age based remaining useful life and condition based remaining useful life. The final remaining useful life is determined with reference to an algorithm, which takes into account both parameters.

Residual Values

The residual value has in most cases been taken as zero, as the SABC has adopted the approach of utilising their assets beyond their economical useful live, considering the environment in which the SABC functions where technological advancements can render certain assets obsolete and also on the assertion that none of the assets have material residual values at the end of the expected useful life.

(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(G) 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(G) 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 pensioner 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 the rate of healthcare cost inflation, discount rate, percentage members continuing after retirement and average retirement age of members. The key actuarial assumptions made are disclosed in note 8.

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 percent-age point increase	**One percent-age point decrease**
Effect on the post-employment medical aid liability:	R1 248 m	R929 m

Accounting Estimates and Judgments (continued)

(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 25 and 40.

(vii) *Determining the fair value of financial instruments*

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 (Level 2) The inputs of these models are taken from observable markets where possible, but where this is not possible, a degree of judgment 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.

The different valuation levels are identified as follows by IFRS 13:

Level 1 - Quoted prices (unadjusted) in active ,markets for identical assets or liabilities.

Level 2 - that observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)

Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

(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 uncollectable. Accumulated write-downs of receivables and provisions for credit notes amounted to R95 million (2014: R118 million) as of 31 March 2015.

3 New and revised IFRSs in issue but not yet effective

At the date of authorisation of the financial statements of the Group for the year ended 31 March 2015, the following standards and interpretations were in issue but not yet effective. The Group has therefore not yet applied them.

		Effective date of Standard
(i)	*IFRS 9 - Financial Instruments*	*1-Jan-18*
(ii)	*Amendments to IFRS 9 and IFRS 7 - Mandatory effective date of IFRS 9 and Transition Disclosure*	*1-Jan-18*
(iii)	*IFRS 15 - Revenue from contracts with customers*	*1-Jan-17*
(iv)	*Annual Improvements to IFRSs 2012 - 2014 cycle*	*1-Jul-16*
(v)	*Amendments to IFRS 11 - Accounting for acquisitions of interests in joint operations*	*1-Jan-16*
(vi)	*Amendments to IFRS 10 and IAS 28 - Sale or contribution of assets between an investor and its associate or joint venture*	*1-Jan-16*
(vii)	*Amendments to IAS 27 Separate financial statements- Equity method in separate financial statements*	*1-Jan-16*
(viii)	*Amendments to IAS 16 and IAS 38 - Clarification of acceptable methods of depreciation and amortisation.*	*1-Jan-16*
(ix)	*Annual Improvements to IFRSs 2011 - 2013 cycle*	*1-Jul-14*
(x)	*Annual Improvements to IFRSs 2010 - 2012 cycle*	*1-Jul-14*
(xi)	*Amendments to IAS 19 - Defined benefit plans: Employee contributions*	*1-Jul-14*

IFRS 9 Financial Instruments

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit and loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit and loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness test. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The group is yet to assess IFRS 9's full impact.

IFRS 15 - Revenue from contracts with customers

This is the converged standard on revenue recognition. It replaces IAS 11, 'Construction contracts,' IAS 18,'Revenue' and related interpretations.

Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service.

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

IFRS 15 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers."

Annual Improvements to IFRSs 2012 - 2014 cycle

These annual improvements amend standards from the 2012 – 2014 reporting cycle. It includes changes to:

- IFRS 5,'Non-current assets held for sale and discontinued operations' – The amendment clarifies that, when an asset

3 New and revised IFRSs in issue but not yet effective (continued)

(or disposal group) is reclassified from 'held for sale' to 'held for distribution,' or vice versa, this does not constitute a change to a plan of sale or distribution, and does not have to be accounted for as such. This means that the asset (or disposal group) does not need to be reinstated in the financial statements as if it had never been classified as 'held for sale' or 'held for distribution' simply because the manner of disposal has changed. The amendment also explains that the guidance on changes in a plan of sale should be applied to an asset (or disposal group) which ceases to be held for distribution but is not reclassified as 'held for sale.'

- IFRS 7, 'Financial instruments: Disclosures' – There are two amendments:
  - Servicing contracts – If an entity transfers a financial asset to a third party under conditions which allow the transferor to derecognise the asset, IFRS 7 requires disclosure of all types of continuing involvement that the entity might still have in the transferred assets. The standard provides guidance about what is meant by continuing involvement. The amendment is prospective with an option to apply retrospectively. There is a consequential amendment to IFRS 1 to give the same relief to first time adopters.
  - Interim financial statements – the amendment clarifies that the additional disclosure required by the amendments to IFRS 7, 'Disclosure – Offsetting financial assets and financial liabilities' is not specifically required for all interim periods unless required by IAS 34. This amendment is retrospective.
- IAS 19, 'Employee benefits' – The amendment clarifies that, when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important, not the country where they arise. The assessment of whether there is a deep market in high-quality corporate bonds is based on corporate bonds in that currency, not corporate bonds in a particular country. Similarly, where there is no deep market in high-quality corporate bonds in that currency, government bonds in the relevant currency should be used. The amendment is retrospective but limited to the beginning of the earliest period presented.
- IAS 34, 'Interim financial reporting' – the amendment clarifies what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report.' The amendment also amends IAS 34 to require a cross-reference from the interim financial statements to the location of that information. The amendment is retrospective.

Amendments to IFRS 11 - Accounting for acquisitions of interests in joint operations

This amendment provides new guidance on how to account for the acquisition of an interest in a joint venture operation that constitutes a business. The amendments require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a 'business.' The amendments are applicable to both the acquisition of the initial interest in a joint operation and the acquisition of additional interest in the same joint operation. However, a previously held interest is not re-measured when the acquisition of an additional interest in the same joint operation results in retaining joint control.

Amendments to IFRS 10 and IAS 28 - Sale or contribution of assets between an investor and its associate or joint venture.

These amendments address an inconsistency between IFRS 10 and IAS 28 in the sale or contribution of assets between an investor and its associate or joint venture.

A full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if those assets are in a subsidiary.

Amendments to IAS 27 Separate financial statements- Equity method in separate financial statements

The amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

Amendments to IAS 16 and IAS 38 - Clarification of acceptable methods of depreciation and amortisation

This amendment clarifies that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

This has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The presumption may only be rebutted in certain limited circumstances. These are where the intangible asset is expressed as a measure of revenue; or where it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

Annual Improvements to IFRSs 2011 -2013 cycle

These annual improvements amend standards from the 2011 - 2013 reporting cycle. It includes changes to:

- IFRS 1, 'First time adoptions of IFRSs,' basis of conclusions is amended to clarify that where a new standard is not mandatory but is available for early adoption a first-time adopter can use either the old or the new version, provided the same standard is applied in all periods presented.
- IFRS 3, 'Business combinations' is amended to clarify that IFRS 3 does not apply to the accounting for the formation of any joint venture under IFRS 11.
- IFRS 13, 'Fair value measurement' is amended to clarify that the portfolio exception in IFRS 13 applies to all contracts (including non-financial contracts) within the scope of IAS 39 or IFRS 9.
- IAS 40, 'Investment property' is amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive. IAS 40 assists users to distinguish between investment property and owner-occupied property. Preparers also need to consider the guidance in IFRS 3 to determine whether the acquisition of an investment property is a business combination.

Annual Improvements to IFRSs 2010 - 2012 cycle

These annual improvements amend standards from the 2010 - 2012 reporting cycle. It includes changes to:

- IFRS 2, 'Share based payments,' and clarifies the definition of a 'vesting condition' and separately defines 'performance condition' and 'service condition.'
- IFRS 3, 'Business combinations,' and clarifies that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or equity, on the basis of the definitions in IAS 32, 'Financial instruments: Presentation.' It also clarifies that all non-equity contingent consideration is measured at fair value at each reporting date, with changes in value recognised in profit and loss.

New and revised IFRSs in issue but not yet effective (continued)

- IFRS 8, 'Operating segments' which is amended to require disclosure of the judgements made by management in aggregating operating segments. It is also amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported.
- IFRS 13, 'Fair value' which amended the basis of conclusions to clarify that it did not intend to remove the ability to measure short term receivables and payables at invoice amounts where the effect of discounting is immaterial.
- IAS 16, 'Property, plant and equipment' and IAS 38,'Intangible assets' are amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model.
- IAS 24, 'Related party disclosures' is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity (the 'management entity'). Disclosure of the amounts charged to the reporting entity is required."

Amendments to IAS 19 - Defined benefit plans: Employee contributions

The amendment applies to contributions from employees or third parties to defined benefit plans and clarifies the treatment of such contributions. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. The objective of the amendment is to simplify the accounting for contributions that are independent of the number of years of employee service, for example employee contributions that are calculated according to a fixed percentage of salary. Entities with plans that require contributions that vary with service will be required to recognise the benefit of those contributions over employee's working lives.

4 Restatements in respect of Errors and Changes in Accounting Policy

		GROUP					
		2014			2013		
		Previously Reported R'000	Adjust-ments R'000	Restated R'000	Previously Reported R'000	Adjust-ments R'000	Restated R'000
ASSETS							
Property, plant and equipment	*(i)*	1 385 016	53 385	1 438 401	1 611 934	48 585	1 660 519
Computer software	*(i)*	90 103	153 982	244 085	163 491	126 599	290 090
Investment property	*(i)*	9 220	-	9 220	17 978	(8 541)	9 437
Deferred tax asset	*(vi)*	194 177	(76 475)	117 702			-
Total non-current assets			**130 892**			**166 643**	
Programme, film and sports rights	*(x)*	726 733	(33 542)	693 191	657 359	(26 159)	631 200
Trade and other receivables	*(v), (vii), (viii)*	1 065 261	(125 897)	939 364	851 591	(11 811)	839 780
Total current assets			**(159 439)**			**(37 970)**	
Impact on Assets			**(28 547)**			**128 673**	
LIABILITIES							
Non-current employee benefits	*(ii)*	(937 938)	(54 101)	(992 039)	(864 350)	(64 304)	(928 654)
Deferred tax liability				-	(278 426)	227 540	(50 886)
Deferred Government Grants	*(iii), (iv)*	(296 488)	(67 566)	(364 054)	(292 142)	(55 077)	(347 219)
Impact on non-current liabilities			**(121 667)**			**108 159**	
Trade and Other Payables	*(ix), (x)*	(681 307)	53 388	(627 919)	(670 665)	37 698	(632 967)
Current portion of deferred government grants	*(iii), (iv)*	(120 924)	11 957	(108 967)	(93 625)	(47 648)	(141 273)
Tax Payable	*(vi)*	(370 439)	15 693	(354 746)			
Deferred Income	*(v), (viii), (xi)*	(201 509)	19 078	(182 431)	(86 028)	16 527	(69 501)
Total current liabilities			**100 116**			**6 577**	
Impact on liabilities			**(21 551)**			**114 736**	
Impact on assets and Liabilities			**(50 098)**			**243 409**	
INCOME STATEMENT							
Revenue	*(iii), (iv), (ix)*	7 069 441	(74 883)	6 994 558			
Amortisation of Programme,film and sports rights	*(x)*	(1 328 069)	77 450	(1 250 619)			
Impairment of programme, film and sports rights	*(x)*	(9 978)	580	(9 398)			
Amortisation of computer software	*(i), (x)*	(76 713)	26 240	(50 473)			
Broadcast costs	*(x)*	(340 109)	(22 957)	(363 066)			
Depreciation of property, plant and equipment	*(i), (x)*	(308 889)	29 231	(279 658)			
Other expenses- Operational	*(i), (x)*	(482 598)	(18 981)	(501 579)			
Other expenses- Personnel	*(x)*	(68 218)	(1 053)	(69 271)			
Other profits and losses	*(i)*	302	(29 431)	(29 129)			
Other income	*(vii)*	171 791	7 467	179 258			
Signal distribution and linking costs	*(x)*	(554 456)	(715)	(555 171)			
Impairment of trade and other receivables	*(v)*	30 479	18 381	48 860			
Employee Compensation and Benefit Expenses	*(ii), (x)*	(2 513 718)	(16 513)	(2 530 231)			
Impact on Operating profit/(loss) before finance costs and tax			(5 184)				
Income Tax expense	*(vi)*	182 640	(288 323)	(105 683)			
Impact on Profit/(loss) for the year			**(293 507)**				
Impact on Total comprehensive income (loss) for the year			**(293 507)**				
EQUITY							
Cumulative impact on opening retained earnings			**243 409**				
Retained earnings		2 379 328	(50 098)	2 329 230	1 528 114	243 409	1 771 523

4 Restatements in respect of Errors and Changes in Accounting Policy (continued)

		COMPANY					
		2014			2013		
		Previously Reported R'000	Adjust-ments R'000	Restated R'000	Previously Reported R'000	Adjust-ments R'000	Restated R'000
ASSETS							
Property, plant and equipment	(i)	1 385 016	53 385	1 438 401	1 611 934	48 585	1 660 519
Computer software	(i)	90 103	153 982	244 085	163 491	126 599	290 090
Investment property	(i)	9 220	-	9 220	17 978	(8 541)	9 437
Deferred tax asset	(vi)	194 177	(76 475)	117 702	-	-	-
Total non-current assets			**130 892**			**166 643**	
Programme, film and sports rights	(x)	726 733	(33 542)	693 191	657 359	(26 159)	631 200
Trade and other receivables	(v), (vii), (viii)	1 070 660	(125 897)	944 763	852 197	(11 811)	840 386
Total current assets			**(159 439)**			**(37 970)**	
Impact on Assets			**(28 547)**			**128 673**	
LIABILITIES							
Non-current employee benefits	(ii)	(937 938)	(54 101)	(992 039)	(864 350)	(64 304)	(928 654)
Deferred tax liability				-	(278 426)	227 540	(50 886)
Deferred Government Grants	(iii), (iv)	(296 488)	(67 566)	(364 054)	(292 142)	(55 077)	(347 219)
Impact on non-current liabilities			**(121 667)**			**108 159**	
Trade and Other Payables	(ix), (x)	(676 189)	53 388	(622 801)	(654 773)	37 698	(617 075)
Current portion of deferred government grants	(iii), (iv)	(120 924)	11 957	(108 967)	(93 625)	(47 648)	(141 273)
Tax Payable	(vi)	(370 094)	15 348	(354 746)			
Deferred income	(v), (viii), (xi)	(201 509)	19 078	(182 431)	(86 028)	16 527	(69 501)
Total current liabilities			**99 771**			**6 577**	
Impact on liabilities			**(21 896)**			**114 736**	
Impact on assets and Liabilities			**(50 443)**			**243 409**	
INCOME STATEMENT							
Revenue	(iii), (iv), (ix)	7 069 441	(74 883)	6 994 558			
Amortisation of Programme,film and sports rights	(x)	(1 328 069)	77 450	(1 250 619)			
Impairment of Programme, film and sports rights	(x)	(9 978)	580	(9 398)			
Amortisation of computer software	(i), (x)	(76 713)	26 240	(50 473)			
Broadcast costs	(x)	(340 109)	(22 957)	(363 066)			
Depreciation of property, plant and equipment	(i), (x)	(308 889)	29 231	(279 658)			
Other expenses- Operational	(i), (x)	(481 609)	(18 981)	(500 590)			
Other expenses- Personnel	(x)	(68 212)	(1 053)	(69 265)			
Other profits and losses	(i)	302	(29 431)	(29 129)			
Other income	(vii)	175 310	7 467	182 777			
Signal distribution and linking costs	(x)	(554 456)	(715)	(555 171)			
Impairment of trade and other receivables	(v)	30 479	18 381	48 860			
Employee Compensation and Benefit Expenses	(ii), (x)	(2 513 718)	(16 513)	(2 530 231)			
Impact on Operating profit/(loss) before finance costs and tax			(5 184)				
Income tax expense		182 877	(288 668)	(105 791)			
Impact on Profit/(loss) for the year			**(293 852)**				
Impact on Total comprehensive income (loss) for the year			**(293 852)**				
EQUITY							
Cumulative impact on opening retained earnings			**243 409**				
Retained earnings		2 364 028	(50 443)	2 313 585	1 514 121	243 409	1 757 530

4 *Restatements in respect of Errors and Changes in Accounting Policy (continued)*

	GROUP AND COMPANY	
	2014 Adjustments R'000	2013 R'000
(i) Restatements in respect of property, plant and equipment and computer software		
Prior Period Restatement: In the current period, the project commenced during the prior period to conduct a verification of property, plant and equipment and computer software, and assess residual values and useful lives of related assets was concluded. The project also further enhanced the asset hierarchy which affected classifications within property, plant and equipment and computer software. The period specific effects of the historic errors have been disclosed, comprising mainly of a reversal of depreciation of property, plant and equipment and amortisation of computer software to reflect a more accurate assessment of estimated useful lives of individual assets. In addition flowing from the conclusion of the verification exercise, assets recorded on the asset register that could not be verified were derecognised from the asset register and assets found during the verification that were not on the asset register were added.		
Cost - property, plant and equipment	74 968	(10 497)
Increase/(decrease) in cost of land and buildings	(414 024)	(456 079)
Increase/(decrease) in cost of broadcasting equipment	13 328	110 651
Increase/(decrease) in cost of other equipment	(821)	(5 124)
Increase/(decrease) in cost of vehicles	-	(1)
Increase/(decrease) in cost of capital-work-in-progress		
Cost - computer software		
Increase/(decrease) in cost of computer software	2 934	(7 973)
Accumulated depreciation - property, plant and equipment		
Decrease/(increase) in accumulated depreciation of land and buildings	(40 119)	13 204
Decrease/(increase) in accumulated depreciation of broadcasting equipment	360 038	394 379
Decrease/(increase) in accumulated depreciation of other equipment	59 250	22 581
Decrease/(increase) in accumulated depreciation of vehicles	765	6 108
Accumulated amortisation - computer software		
Decrease/(increase) in accumulated amortisation	151 048	134 572
Increase in property plant and equipment and computer software	**207 367**	**201 821**

(ii) **Prior Period Error:** In the current year, the liability relating to long service awards which had not been recognised in the past was recognised. The impact of the defined benefit obligation has therefore been corrected retrospectively.

(iii) **Prior Period Error:** In the prior period, the amortisation of educational programming acquired with government grants was restated however the related revenue recognised for government grants was not restated. This has been corrected retrospectively.

(iv) **Prior Period Error:** In the prior period, the deferred government grant for technology assets recognised as revenue was incorrectly stated. This was corrected retrospectively and the impact of the error is disclosed in the affected line items. Deferred government grants are now recognised as revenue based on the depreciation of individual funded assets.

(v) **Prior Period Error:** In the current year a project was undertaken to assess and clean up the trade receivables. All unallocated deposits were allocated correctly and the related impairment has also been retrospectively restated. The allowance for doubtful debtors was also incorrectly stated and corrected retrospectively and the impact of the error is disclosed in the affected line items.

(vi) **Prior Period Error:** In the current year, a project was undertaken to compute the taxation which related to the prior period errors. This has been retrospectively corrected.

(vii) **Prior Period Error:** In the prior year, proceeds on damaged studios was receivable from an insurance company and had not been recognised. This has been retrospectively adjusted for in the current year.

(viii) **Prior Period Error:** In the prior year, the trade receivables with debit balances had not been reclassified to the payables. This has been retrospectively corrected.

(ix) **Prior Period Error:** In the prior year revenue relating to government grants was incorrectly recognised as not all details of the transaction were made clear with the counterparty. The effect of the error has been retrospectively adjusted and restated.(x) Prior Period Error Restatement: In the current year, in addition to the conclusion of the asset count and project on property, plant and equipment; the related overhead allocations to programme, film and sports rights were recomputed. As a result programme, film and sports rights and related payables balances have been restated retrospectively.

(xi) **Prior Period Error Restatement:** Historical account balances which were unsubstantiated and which were classified as deferred income were written off.

5 Property, plant and equipment

	GROUP AND COMPANY					
	Land and buildings R'000	Broad-casting equipment R'000	Other equipment* R'000	Vehicles R'000	Capital-work-in-progress** R'000	Total R'000
At 31 March 2015						
Cost	**955 153**	**950 330**	**709 009**	**99 239**	**57 182**	**2 770 913**
Accumulated depreciation and impairment losses	**(393 979)**	**(549 409)**	**(398 190)**	**(60 283)**	**-**	**(1 401 861)**
Carrying amount	**561 174**	**400 921**	**310 819**	**38 956**	**57 182**	**1 369 052**
At 31 March 2014						
Cost	946 757	921 058	654 743	96 882	21 849	2 641 289
Accumulated depreciation and impairment losses	(371 121)	(460 981)	(323 620)	(47 166)	-	(1 202 888)
Carrying amount	575 636	460 077	331 123	49 716	21 849	1 438 401
For the year ended 31 March 2015						
Carrying amount at 1 April 2014	**575 636**	**460 077**	**331 123**	**49 716**	**21 849**	**1 438 401**
Additions	**2 456**	**54 583**	**60 259**	**2 357**	**61 259**	**180 914**
Disposals	**(2)**	**(2 474)**	**(1 491)**	**-**	**85**	**(3 882)**
Cost	**(8)**	**(10 866)**	**(5 249)**	**-**	**85**	**(16 038)**
Accumulated depreciation and impairment losses	**6**	**8 392**	**3 758**	**-**	**-**	**12 156**
Transfers from/(to) computer software and other categories	**5 948**	**(14 441)**	**(748)**	**-**	**(26 011)**	**(35 252)**
Cost	**5 948**	**(14 445)**	**(744)**	**-**	**(26 011)**	**(35 252)**
Accumulated depreciation and impairment losses	**-**	**4**	**(4)**	**-**	**-**	**-**
Depreciation charge for the year	**(22 864)**	**(96 824)**	**(78 324)**	**(13 117)**	**-**	**(211 129)**
Impairment loss for the year	**-**	**-**	**-**	**-**	**-**	**-**
Carrying amount at 31 March 2015	**561 174**	**400 921**	**310 819**	**38 956**	**57 182**	**1 369 052**
For the year ended 31 March 2014						
Carrying amount at 1 April 2013	560 221	514 512	491 683	57 599	36 504	1 660 519
Additions	795	30 922	29 525	5 776	31 010	98 028
Disposals	(18)	(19 533)	(10 519)	-	-	(30 070)
Cost	(24)	(62 317)	(35 905)	(362)		(98 608)
Accumulated depreciation and impairment losses	6	42 784	25 386	362		68 538
Transfers from/(to) computer software and other categories	34 682	41 119	(40 554)	-	(45 665)	(10 418)
Cost	92 337	40 442	(99 118)	-	(45 665)	(12 004)
Accumulated depreciation and impairment losses	(57 655)	677	58 564	-	-	1 586
Depreciation charge for the year	(20 044)	(106 943)	(139 012)	(13 659)	-	(279 658)
Impairment loss for the year	-	-	-	-	-	-
Carrying amount at 31 March 2014	575 636	460 077	331 123	49 716	21 849	1 438 401

** 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.

5 *Property, Plant and equipment (continued)*

	GROUP AND COMPANY	
	2015 R'000	2015 R'000
Carrying amount of property, plant and equipment ceded as security (see also note 19)		
Broadcasting Equipment		
High Definition TV outside broadcast units to secure Wesbank and Rand Merchant Bank lease facility	**-**	89 021
Motor Vehicle		
Motor vehicles to secure Nedbank installment sale	**1 472**	2 193
	1 472	91 214
Included in capital work-in-progress are the following major projects:		
Henley sport play out centre	**11 516**	4 848
Radio Park and TV Block chillers replacements	**4 395**	702
Mpumalanga studio facilities upgrade	**4 229**	377
Asset management system	**3 967**	1 209
Channel Africa studio replacement	**3 961**	-
Thohoyandou air conditioning plant replacement	**3 412**	-
Henley studio 1 and 2 digital upgrade	**2 809**	-
Bhisho reception and ablution facilities upgrade	**2 500**	-
Radio outside broadcast vehicle replacement	**2 468**	-
Radio Broadcasting Facilities portable recording equipment	**2 408**	-
Ukhozi FM and Lotus FM outside broadcast vehicle replacement	**2 343**	-
Western Cape music studio replacement	**2 205**	-
Port Elizabeth Umhlobo Wenene FM studio upgrade	**2 088**	-
TVOB Provincial News studio upgrades	**1 562**	-
Mthatha studio upgrade	**1 166**	-
Henley fire detection system replacement	**939**	1 141
Mafikeng access control system	**742**	1 927
Polokwane studio and news booth upgrade	**373**	660
Election results system	**-**	2 446
Western Cape passenger lifts upgrade	**-**	1 224
Radio Park and Henley uninterrupted power system upgrades	**-**	852
Kwa-Zulu Natal CCTV recording system upgrade	**-**	841
SAfm studio equipment replacement	**-**	357
Western Cape foyer upgrade	**-**	318
Other	**4 099**	4 947
Total	**57 182**	21 849

6 Investment Properties

	GROUP AND COMPANY Total R'000
At 31 March 2015	
Cost	**18 827**
Accumulated depreciation	**(9 701)**
Carrying amount	**9 126**
At 31 March 2014	
Cost	18 827
Accumulated depreciation	(9 607)
Carrying amount	9 220
For the year ended 31 March 2015	
Carrying amount at 1 April 2014	**9 220**
Additions	**-**
Transfer to asset held for sale	**-**
Cost	**-**
Accumulated depreciation	**-**
Depreciation charge for the year	**(94)**
Impairment charge for the year	
Carrying amount at 31 March 2015	**9 126**
For the year ended 31 March 2014	
Carrying amount at 1 April 2013	9 437
Additions	-
Transfer to asset held for sale	-
Cost	-
Accumulated depreciation	-
Depreciation charge for the year	(217)
Carrying amount at 31 March 2014	9 220

Fair value of investment properties
The fair values of investment properties are determined every second year by a registered independent appraiser having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued. These fair values are determined having regard to recent market transactions for similar properties in the same location as the Group's investment properties. In intervening years, management determines the valuation.

The fair values as at 31 March 2015 were determined by management based on the average annual increase in fair values from 31 March 2012 to 31 March 2014 determined by independent appraisers.

Details of the Group's investment properties and information about the hierarchy as at 31 March 2015 are as follows:

	Level 1	Level 2	Level 3	Fair value at 31 March 2015
Fair value of investment properties	**64 739**	**-**	**-**	**64 739**

There were no transfers between level 1 and 2 during the year.

(The fair value is based on observable quoted prices in an active market)

Information on investment properties
Investment properties comprise a commercial property leased to a third party, vacant buildings and vacant land. The commercial property lease is for a non-cancellable period of 5 years. Subsequent renewals are negotiated with the lessee. There were no additions or disposals during 2014/15.

Information in respect of investment properties is contained in the register of fixed property which is available for inspection at the registered office of the Group.

	2015 R'000	2014 R'000
Direct operating expenses (including repairs and maintenance) arising from investment property that generated rental income during the period.	**155**	-
Direct operating expenses (including repairs and maintenance) arising from investment property that did not generated rental income during the period.	**-**	-
Cumulative change in fair value recognised in profit and loss on a sale of investment property from a pool of assets in which the cost model is used.	**-**	-

7 Intangible assets

(i) Computer software

	GROUP AND COMPANY
	Total
	R'000
At 31 March 2015	
Cost	**435 655**
Accumulated amortisation	**(204 022)**
Carrying amount	**231 633**
At 31 March 2014	
Cost	390 663
Accumulated amortisation	(146 578)
Carrying amount	244 085
For the year ended 31 March 2015	
Carrying amount at 1 April 2014	**244 085**
Additions	**9 763**
Transfers from PPE	**35 255**
Cost	**35 255**
Accumulated amortisation	**-**
Retirements	**(27)**
Cost	**(25)**
Accumulated amortisation	**(2)**
Amortisation charge for the year	**(57 443)**
Carrying amount at 31 March 2015	**231 633**
For the year ended 31 March 2014	
Carrying amount at 1 April 2013	290 090
Additions	2 473
Transfers from PPE	1 878
Cost	3 464
Accumulated amortisation	(1 586)
Retirements	117
Cost	94
Accumulated amortisation	23
Amortisation charge for the year	(50 473)
Carrying amount at 31 March 2014	244 085

	GROUP AND COMPANY	
	2015	2014
	R'000	R'000
Amortisation reconciliation to profit and loss	**(57 443)**	(50 473)
Amortisation charge for the year as stated in the Note (above)		
Capitalised to Programme, film and sports rights	**(57 443)**	(50 473)
Amounts recognised in profit and loss		

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 2015				
Cost	**546 263**	**861 172**	**319 852**	**1 727 287**
Accumulated amortisation and impairment losses	**(191 320)**	**(826 983)**	**-**	**(1 018 303)**
"Provision for programme, film and sports rights impairment losses*"	**(17 032)**	**-**	**-**	**(17 032)**
Carrying amount	**337 911**	**34 189**	**319 852**	**691 952**
At 31 March 2014				
Cost	531 119	1 239 677	261 516	2 032 312
Accumulated amortisation and impairment losses	(274 417)	(1 041 188)	-	(1 315 605)
"Provision for programme, film and sports rights impairment losses*"	(23 516)	-	-	(23 516)
Carrying amount	233 186	198 489	261 516	693 191
For the year ended 31 March 2015				
Carrying amount at 1 April 2014	**233 186**	**198 489**	**261 516**	**693 191**
Additions	**935 499**	**-**	**925 180**	**1 860 679**
Transfers		**866 844**	**(866 844)**	**-**
Amortisation charge for the year	**(826 198)**	**(1 031 144)**	**-**	**(1 857 342)**
Amortisation charge for the year	**(815 033)**	**(859 308)**		**(1 674 341)**
Accelerated amortisation charge based on change in estimate **	**(11 165)**	**(171 836)**		**(183 001)**
Impairment charge for the year	**(11 060)**	**-**	**-**	**(11 060)**
Reversal/(raising) provision for write- off *	**6 484**	**-**	**-**	**6 484**
Derecognition	**-**	**-**	**-**	**-**
Cost	**(920 355)**	**(1 245 349)**	**-**	**(2 165 704)**
Accumulated amortisation	**920 355**	**1 245 349**	**-**	**2 165 704**
Carrying amount at 31 March 2015	**337 911**	**34 189**	**319 852**	**691 952**
For the year ended 31 March 2014				
Carrying amount at 1 April 2013	219 436	171 048	240 716	631 200
Additions	562 034	-	762 295	1 324 329
Transfers		741 495	(741 495)	-
Amortisation charge for the year	(538 886)	(714 054)		(1 252 940)
Impairment charge for the year	(4 820)	-		(4 820)
Reversal/(raising) provision for write- off *	(4 578)			(4 578)
Derecognition	-	-	-	-
Cost	(527 461)	(437 019)	-	(964 480)
Accumulated amortisation	527 461	437 019	-	964 480
Carrying amount at 31 March 2014	233 186	198 489	261 516	693 191

**Excess capacity film rights for which the licence period has not yet expired.*
***In the current year the amortisation method was revised taking into account the expected audiences per transmission of a programme by genre. The amounts above reflect the impact of the change in estimate on the opening balances.*

(iii) **Programme, film and sports rights**

	GROUP AND COMPANY	
Amortisation reconciliation to profit and loss	**2015 R'000**	**2014 R'000**
Amortisation for the year as stated in the Note	**(1 857 342)**	(1 252 940)
Prior period amortisation correction for previously de-recognised fully broadcast programmes	**17 216**	2 321
Amounts recognised in profit and loss	**(1 840 126)**	(1 250 619)

8 Defined benefit asset

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 in the form of a guaranteed level of pension payable for life. 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 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 level of benefits provided depends on members' length of service and their final salary in the final years leading up to retirement. Pension increases are defined in the rules of the fund where increases will be the lesser of 100% of Headline inflation to the preceding 31 March; or the percentage increase that can be afforded out of investment earnings. The Trustees may grant increases in excess of the above mentioned provided that the funding level in the Pensions Account does not reduce to below 114%. The governance of the Fund is a joint responsibility of the Board of Trustees and the Group, the Board of Trustees must be composed of representatives of the Group and Fund members in accordance with regulations and the rules of the Fund.

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	
	2015	**2014**
	R'000	**R'000**
Opening balance	**155 657**	69 202
Actuarial gain/(loss) recognised in other comprehensive income	**66 986**	293 540
Amounts recognised in profit or loss	**(367 346)**	(333 745)
Employer contributions	**220 138**	126 660
Closing balance	**75 435**	155 657
The amounts recognised in the statement of financial position are determined as follows:		
Present value of funded obligations	**(11 568 216)**	(9 881 401)
Fair value of plan assets	**11 643 651**	10 037 058
Funded status of the plan	**75 435**	155 657
Asset recognised in the statement of financial position	**75 435**	155 657
Changes in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	**9 881 401**	8 428 328
Current service cost	**333 913**	295 016
Interest cost	**919 971**	750 889
Actuarial loss/(gain)	**723 089**	667 195
Benefits paid	**(371 587)**	(337 478)
Employee contributions	**81 429**	77 451
Closing defined benefit obligation	**11 568 216**	9 881 401
Changes in the fair value of plan assets are as follows:		
Fair value of plan assets at the beginning of the year	**10 037 058**	8 497 530
Employee contributions	**81 429**	77 451
Employer contributions	**220 138**	126 660
Benefit payments	**(394 206)**	(357 913)
Expected return on plan assets	**790 075**	960 735
Actuarial gain	**-**	-
Interest income	**909 157**	732 595
Fair value of plan assets at the end of the year	**11 643 651**	10 037 058
The amounts recognised in profit or loss are determined as follows:	**(367 346)**	(333 745)
Current service cost	**(333 913)**	(295 016)
Expenses	**(22 619)**	(20 435)
Interest cost	**(10 814)**	(18 294)
Expected return on plan assets		
Items recognised in a statement of other comprehensive income are determined as follows:	**66 986**	293 540
Actuarial (loss)	**(723 089)**	(667 195)
Change in paragraph 58 limitation	**-**	-
Expected return on plan assets	**790 075**	960 735
Net periodic pension charge	**(300 360)**	(40 205)

8 *Defined benefit asset (continued)*

The principal actuarial assumptions at the reporting date (expressed as weighted averages) are as follows:

	GROUP AND COMPANY	
	2015 %	2014 %
Discount rate at 31 March	**8,7**	9,1
Inflation	**6,4**	6,5
Future salary increases	**7,9**	8,0
Future pension increases	**6,4**	6,5

	GROUP AND COMPANY			
Plan assets comprise:	2015 R'000	%	2014 R'000	%
Domestic equity	**7 044 409**	**60,5**	6 072 420	60,5
Bonds	**1 758 191**	**15,1**	1 515 596	15,1
Cash	**489 033**	**4,2**	421 556	4,2
Foreign assets	**2 352 018**	**20,2**	2 027 486	20,2
	11 643 651	**100,0**	10 037 058	100,0

	GROUP AND COMPANY				
	2015 R'000	2014 R'000	2013 R'000	2012 R'000	2011 R'000
Defined benefit obligation	**(11 568 216)**	(9 881 401)	(8 428 328)	(6 592 079)	(5 932 902)
Plan assets	**11 643 651**	10 037 058	8 497 530	7 412 203	6 937 326
Surplus	**75 435**	155 657	69 202	820 124	1 004 424

The plan typically exposes the group to actuarial risks such as:

Interest rate risk	The risk that future interest rates are lower than assumed and that the liability has been under-valued.
Inflation risk	The risk that future CPI inflation is higher than assumed and that it is sporadic and uncontrolled.
Longevity risk	The risk that continuation members live longer than expected and that the company needs to pay their pension benefits for longer than initially anticipated, thus generating a higher cost for the company.
Risk on non-enforcement of eligibility criteria and rules	The risk that the eligibility criteria and benefit rules set out by the company are not strictly adhered to.
Risk of future changes in legislation and regulation	The risk that changes in legislation and regulation (specifically IAS 19R) and the methodology used in valuing the benefit may increase the liability.
Risk of dissatisfied non-eligible employees	The risk that employees not eligible for post-retirement pension benefits perceive themselves to be treated unequally and are dissatisfied as a result.
Mismatch risk	The risk that the plan assets do not match the nature and term of the liabilities and hence that the company will be required to fund the balance.
Currency risk	The risk of currency movements, due to a proportion of the fund's assets being held in foreign investments, and hence that the assets are not adequate to fund the liability.

Sensitivity Analysis

Reasonable possible changes in one of the significant actuarial assumptions at the end of the reporting period, keeping all other assumptions constant, would have the following effect on the defined benefit obligation as displayed below:

Inflation (pension and salary increase rates)	**1% decrease (10 553 637)**	**Base(6.35%) (11 568 216)**	**1% increase (12 904 571)**
Discount rate	**1% decrease (12 935 643)**	**Base (8.7%) (11 568 216)**	**1% increase (10 540 933)**
Post-retirement mortality improvements	**0.0% improvement (11 462 645)**	**Base (0.5% improvement) (11 568 216)**	**1.0% improvement (11 674 689)**

52 employees had left the employment of SABC between 31 December 2014 and 31 March 2015, with total liabilities of R166 million as at 31 March 2015. The sensitivity illustrated below is based on the assumption that the benefit payments between 31 December 2014 and 31 March 2015 in respect of the 52 employees is equal to their IAS19 liability.

Sensitivity of the Net Position to actual membership exits between 1 January 2015 and 31 March 2015 (R'000)	**2015 Original**	**2015 Updated**
Defined Benefit Obligation	(11 568 216)	(11 402 216)
Plan Assets	11 643 651	11 477 651
Asset Ceiling	-	-
Net Position	**75 435**	**75 435**

Although the plan does not take into full account of the distribution of the cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

The SABC has assumed that all the active members will have eligible spouses at retirement. This assumption was set in line with the last statutory valuation of the fund.

9 Investments in subsidiaries

Shares at cost	Nature of business	Issued share capital	% Held	COMPANY 2015 R'000	COMPANY 2014 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
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

**Shares at cost of R1.*

 # Auckland Programme Trade B.V. is in the process of being liquidated. This process is expected to be concluded by the end of May 2015.

10 Available-for-sale financial assets

(a) 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

	2015 R'000	2014 R'000
Sanlam shares		
Listed - 143 257 (2014 : 143 257) Sanlam Limited		
Balance on 1 April	**8 245**	6 761
Fair value adjustment recognised in the statement of other comprehensive income	**2 982**	1 484
	11 227	8 245

11 Prepayments

	GROUP 2015 R'000	GROUP 2014 R'000	COMPANY 2015 R'000	COMPANY 2014 R'000
Programme, film and sports rights	**209 126**	307 361	**209 126**	307 361
Other	**16 397**	21 275	**16 389**	21 218
Less: Current portion	**225 523**	328 636	**225 515**	328 579
Non-current portion	**(198 027)**	(195 363)	**(198 019)**	(195 306)
	27 496	133 273	**27 496**	133 273

12 Property held for sale

	GROUP AND COMPANY 2015 R'000	GROUP AND COMPANY 2014 R'000
For the year ended 31 March		
Carrying amount at 1 April	**8 541**	-
Transfer from Property Plant and Equipment	**-**	8 541
Impairment charge for the year	**-**	-
Carrying amount at 31 March	**8 541**	8 541

The Minister of Communication approved the disposal of the house situated in New Malden, London in the United Kingdom, on 26 November 2013. The sale of the property was expected to be concluded during the year ending 31 March 2015. A purchase agreement was concluded prior to 31 March 2015, but the transfer of the title will only take place during the year ended 31 March 2016.

13 Inventories

	2015	2014
Merchandise and consumables	**4 282**	3 370
Provision for obsolescence	**(154)**	(469)
	4 128	2 901

14 Trade and other receivables

	GROUP		COMPANY	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Trade receivables - gross	**1 060 562**	1 028 486	**1 060 562**	1 028 486
Less: allowance for doubtful debts	**(94 874)**	(96 988)	**(94 874)**	(96 988)
Trade receivables - net	**965 688**	931 498	**965 688**	931 498
Other receivables	**13 500**	7 866	**18 355**	13 265
	979 188	939 364	**984 043**	944 763

15 Cash and cash equivalents

	GROUP 2015	GROUP 2014	COMPANY 2015	COMPANY 2014
Bank balances	**16 163**	23 960	**13 447**	22 454
Held-to-maturity investments *(i)*	**789 524**	1 189 717	**789 524**	1 189 717
Government Grant restricted cash *(ii)*	**178 352**	170 005	**178 352**	170 005
SABC Community Radio bank balances *(iii)*	**926**	11 096	**926**	11 096
Short term deposits	**32 000**	26 500	**32 000**	26 500
Cash held in foreign bank accounts	**-**	3 565	**-**	-
	1 016 965	1 424 843	**1 014 249**	1 419 772

(i) 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 6.15% (2014: 5.15%).

(ii) The Government Grant is related to the technology plan for the migration of the SABC from analogue to digital technology (refer to note 20).

(iii) The SABC Community Radio bank account relates to funds received from the Department of Communications for Community Radio stations.

16 Share capital

	GROUP AND COMPANY	
	2015 R'000	2014 R'000
Share capital - Authorised and issued 1 000 ordinary shares of R 1 each	**1**	1

17 Fair value adjustment reserve

	2015	2014
Opening balance at 1 April	**6 982**	5 772
Adjustment to revaluation reserve		-
Gain on revaluation of available-for-sale financial asset	**2 426**	1 210
Closing balance at 31 March	**9 408**	6 982

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

18 Perpetual debt instrument

	2015	2014
Permanent capital non-redeemable debt	**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 is 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.

19 Loans and borrowings

	GROUP		COMPANY	
	2015 R'000	2014 R'000	2015 R'000	2014 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.	**-**	-	**22 384**	21 105
Secured*				
Wesbank finance lease facility for a high definition outside broadcast vehicle payable over five years bearing interest at 5.65% (2013: 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.	**-**	32 010	**-**	32 010
Wesbank finance lease facility for a high definition television outside broadcast vehicle payable over five years bearing interest at 5.65% (2013: 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.	**-**	58 909	**-**	58 909
Nedbank installment sale facility for vehicles payable over five years bearing interest at 7.75% (2014: 7.5%) per annum. The borrowing is repayable in monthly payments of R0,12 million with the last payment due in May 2015.	**230**	1 550	**230**	1 550
Total	**230**	92 469	**22 614**	113 574
Current Portion	**(230)**	(92 239)	**(22 614)**	(113 344)
Non-current portion	**-**	230	**-**	230

** secured assets are reflected on note 5*

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.

19 Loans and borrowings (continued)

	2015			2014		
	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	-	-	-	94 120	(3 201)	90 919
	-	-	-	94 120	(3 201)	90 919
Installment sale liabilities:						
Less than one year	**230**	**1**	**231**	1 383	(63)	1 320
Later than one year but not later than five years	-	-	-	231	(1)	230
	230	**1**	**231**	1 614	(64)	1 550
Total	**230**	**1**	**231**	95 734	(3 265)	92 469
			COMPANY			
Finance lease liabilities:						
Less than one year	-	-	-	94 120	(3 201)	90 919
	-	-	-	94 120	(3 201)	90 919
Less than one year	**230**	**1**	**231**	1 383	(63)	1 320
Later than one year but not later than five years	-	-	-	231	(1)	230
	230	**1**	**231**	1 614	(64)	1 550
Loan from subsidiary:	**22 384**	-	**22 384**	21 105	-	21 105
Total	**22 614**	**1**	**22 615**	116 839	(3 265)	113 574

20 Deferred government grant

	GROUP AND COMPANY	
	2015 R'000	2014 R'000
Balance on 1 April	**473 021**	488 493
Amounts received during the year		
Amounts received during the year for technology funding	**54 386**	66 667
Amount received during the year for Community Radio funding	**5 123**	8 842
Amount paid during the year for Community Radio projects	-	(9 851)
Amounts received during the year for Education projects	**85 262**	78 118
Amounts received during the year for Channel Africa projects	**47 413**	44 673
Amounts received during the year for News Projects	-	39 474
Amounts received during the year for Sports projects	-	
Amount recognised in profit or loss (including amortisation and depreciation of assets acquired with the grant) (see note 26).	**(203 874)**	(243 395)
Balance on 31 March	**461 331**	473 021
Less: Current portion	**(104 846)**	(108 967)
Non-current portion	**356 485**	364 054

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 the Company's migration from analogue to digital technical infrastructure. Additional amounts were contributed by the Departments during 2010/11 (R150 million including VAT), 2013/14 (R76 million including VAT) and 2014/15 (R62 million including VAT). The total amount of grant funding received is R988 million.

21 Deferred tax

	GROUP		COMPANY	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Deferred tax is attributable to the following:				
Deferred tax liabilities				
Property, plant and equipment	**(222 830)**	(236 094)	**(222 830)**	(236 094)
Property held for sale	**(2 391)**	(2 391)	**(2 391)**	(2 391)
Defined benefit asset	**(21 123)**	(43 585)	**(21 123)**	(43 585)
Programme, film and sports rights	**-**	(22 131)	**-**	(22 131)
Computer software	**(61 299)**	(65 526)	**(61 299)**	(65 526)
Available-for-sale financial assets	**(2 819)**	(1 984)	**(2 819)**	(1 984)
Doubtful debt allowance	**(5 148)**	(6 789)	**(5 148)**	(6 789)
Doubtful debt allowance -TV licences	**(982 492)**	(656 254)	**(982 492)**	(656 254)
Prepayments	**(829)**	(297)	**(829)**	(297)
Section 24C	**(14 710)**	-	**(14 710)**	
Total liabilities	**(1 313 641)**	(1 035 051)	**(1 313 641)**	(1 035 051)
Deferred tax assets				
Finance leases	**-**	26 354	**-**	26 354
Defined benefit asset	**-**	-	**-**	-
Programme, film and sports rights	**94 044**	-	**94 044**	-
Inventory	**-**	-	**-**	-
Variable remuneration	**58 133**	53 417	**58 133**	53 417
Straight-lining of operating leases	**89**	136	**89**	136
Employee benefits	**300 947**	259 686	**300 947**	259 686
Deferred income	**40 761**	51 081	**40 761**	51 081
Other payables and provisions	**133 877**	105 825	**133 877**	105 825
Amounts accrued not received-TV licences	**982 492**	656 254	**982 492**	656 254
Section 24C	**-**	-	**-**	
Tax Loss	**-**	-	**-**	-
Set off of tax asset	**-**	-	**-**	-
Total assets	**1 610 343**	1 152 753	**1 610 343**	1 152 753
Total deferred tax	**296 702**	117 702	**296 702**	117 702

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

	GROUP 2015 R'000	GROUP 2014 R'000	COMPANY 2015 R'000	COMPANY 2014 R'000
Deferred tax liability on 1 April	**117 702**	(53 704)	**117 702**	(53 704)
Deferred tax recognised in profit and loss	**176 078**	249 178	**176 078**	249 178
Deferred Tax loss utilised	**-**	-	**-**	-
Prior year end adjustment	**-**	-	**-**	-
Deferred tax recognised in the statement of other comprehensive income	**2 922**	(77 772)	**2 922**	(77 772)
Prior year end adjustment		-		-
Deferred tax on 31 March	**296 702**	117 702	**296 702**	117 702
Opening tax loss		877	**-**	877
Utilised against deferred tax	**-**	(877)	**-**	(877)
current year created	**-**	-	**-**	-
Prior period adjustments	**-**	-	**-**	-
Un-utilised from prior periods	**-**	-	**-**	-
Available for utilisation in future years	**-**	-	**-**	-
	-	-	**-**	-

22 Employee benefits obligation

	GROUP		COMPANY	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Non-current statement of financial position obligations for:				
Post-employment medical benefits*	**1 074 812**	927 451	**1 074 812**	927 451
Leave pay	**9 958**	10 487	**9 958**	10 487
Long service award	**70 983**	54 101	**70 983**	54 101
	1 155 753	992 039	**1 155 753**	992 039
Current statement of financial position obligations for:				
Employee incentive	**4 433**	2 306	**4 433**	2 306
Leave pay	**160 499**	158 315	**160 499**	158 315
	164 932	160 621	**164 932**	160 621
Total statement of financial position obligations for employee benefits	**1 320 685**	1 152 660	**1 320 685**	1 152 660
Income Statement (See also note 28):				
Post-employment medical benefits	**102 939**	91 316	**102 939**	91 316
Employee incentive	**27 917**	7 772	**27 917**	7 772
Leave pay	**45 026**	35 008	**45 026**	35 008
Long service award	**27 856**	(2 567)	**27 856**	(2 567)
	203 738	131 529	**203 738**	131 529

Post-employment medical benefits

** This balance includes an amount of R2.9 million, which arose as a result of an ex employee instituting a claim against the SABC for 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 2014 valuation scenario. The plan is only open to employees who joined SABC before 1 June 2002. There are different levels of post-employment subsidy namely; staff whom retired between 1979 and 31 March 1990 with past service greater than 5 years, receives a 100% medical aid subsidy from SABC; staff whom retired between 1979 and 31 March 1990 with past service of less than 5 years receives a 75% medical aid subsidy from SABC; staff whom retired from 1 April 1990 and thereafter receives a 60% subsidy. Not all in receipt of a post-employment subsidy are retired on SABC Pension Fund; there are a select group of Non-Pensioner Retirees whom qualified for post-employment subsidies. The method of accounting, significant assumptions and the frequency of the valuation are similar to those used for the defined benefit pension scheme as set out with the addition of the Healthcare cost inflation of 8%.

The amount recognised in the statement of financial position is determined as follows:	GROUP AND COMPANY	
	2015 R'000	2014 R'000
Present value of unfunded obligations		
Post-employment medical benefits	**1 074 812**	**927 451**
Changes in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	**927 451**	852 140
Current service cost	**19 498**	18 051
Interest cost	**83 441**	73 265
Subsidy payments	**(34 986)**	(32 764)
Actuarial loss	**79 408**	16 759
Closing defined benefit obligation	**1 074 812**	927 451
The amount recognised in profit or loss is determined as follows:	**102 939**	91 316
Current service cost	**19 498**	18 051
Interest cost	**83 441**	73 265
The amount recognised in other comprehensive income is determined as follows:		
Actuarial loss	**79 408**	16 759
Total, included in employee compensation and benefit expenses, including items recognised in other comprehensive income	**182 347**	108 075
The principal actuarial assumptions at the reporting date (expressed as weighted averages) are as follows:		
Discount rate at 31 March	**9%**	9%
Medical inflation rate per annum	**8%**	8%
Take-up rate by retired employees	**30%**	30%

22 Employee benefits continued)

Post-employment medical benefits (continued)

	GROUP AND COMPANY				
	2015 R'000	2014 R'000	2013 R'000	2012 R'000	2011 R'000
Post employment medical benefits obligation	**(1 074 812)**	(927 451)	(852 140)	(638 893)	(552 969)

Sensitivity Analysis

Healthcare cost inflation	**1% decrease** (929 067)	**Base (CPI + 2%)** (1 071 885)	**1% increase** (1 248 617)
Discount rate	**1% decrease** (1 248 892)	**Base (CPI + 2%)** (1 071 885)	**1% increase** (931 230)
Post-retirement mortality improvements	**0.5% improvement** (1 020 064)	**Base (1% improvement)** (1 071 885)	**1.5% improvement** (1 127 115)

The above sensitivity analyses are based on a change in one of the significant actuarial assumptions at the end of the reporting date, keeping all other assumptions constant. When calculating the sensitivity of the employee benefits obligation to the significant actuarial assumptions the projected unit credit method has been applied.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

Long service awards

The Group provides long service awards to its employees on 5 year continuous service intervals; it starts from 5 years of service to 45 years of service. These awards are unfunded and are provided for based on actuarial valuations performed annually. These awards consists of a cash portion as well as a gift portion, where continuous service reach 30 years and more; 5 days of long service leave is also granted and for each subsequent 5 year interval. To determine the present value of the obligation the Projected Unit Credit Method is used.

The amount recognised in the statement of financial position is determined as follows:

	GROUP	
	2015 R'000	2014 R'000
Present value of unfunded obligations		
Post-employment medical benefits	**70 983**	54 101
Changes in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	**54 101**	64 304
Current service cost	**4 575**	4 735
Interest cost	**5 224**	4 264
Past service cost	**8 679**	-
Benefit payments	**(10 974)**	(7 636)
Actuarial loss/ (gain)	**9 378**	(11 566)
Closing defined benefit obligation	**70 983**	54 101
The amount recognised in profit or loss is determined as follows:	**27 856**	(2 567)
Current service cost	**4 575**	4 735
Interest cost	**5 224**	4 264
Past service cost	**8 679**	-
Actuarial loss/ (gain)	**9 378**	(11 566)
Total, included in employee compensation and benefit expenses, including items recognised in other comprehensive income	**27 856**	(2 567)

The principal actuarial assumptions in respect of long service awards at the reporting date (expressed as weighted averages) are as follows:

	GROUP AND COMPANY	
	2015 %	2014 %
Discount rate at 31 March	**7,7%**	8,5
Rate of salary increase	**7,0%**	7,7

22 Employee benefits continued)

Long service awards (continued)	GROUP AND COMPANY		
	2015 R'000	2014 R'000	2013 R'000
Long service award obligation	**(70 983)**	(54 101)	(64 304)

Sensitivity Analysis

Healthcare cost inflation	**1% decrease** (69 905)	**Base (CPI + 2%)** (70 983)	**1% increase** (72 236)
Discount rate	**1% decrease** (76 372)	**Base (CPI + 2%)** (70 983)	**1% increase** (66 260)

The above sensitivity analysis are based on a change in one of the significant actuarial assumptions at the end of the reporting date, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumption at the valuation date.

Employee 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 averag-es) are as follows:	GROUP AND COMPANY	
	2015 %	2014 %
Discount rate at 31 March	**7,5%**	8,4%
Rate of salary increase	**6,9%**	8,5%
Employee turnover rate		18,3%

23 Trade and other payables

	GROUP		COMPANY	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Trade payables				
- local	**7 177**	6 597	**7 115**	6 597
- foreign	**5 017**	25 846	**5 017**	25 846
Other payables*	**58 407**	98 132	**52 618**	76 421
Accruals	**275 040**	335 192	**274 254**	351 785
Programme, film and sports rights related trade and other payables	**283 210**	162 152	**283 210**	162 152
	628 851	627 919	**622 214**	622 801

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

24 Deferred income

	GROUP AND COMPANY	
	2015 R'000	2014 R'000
TV License fees received in advance	**43 197**	46 095
Income and sponsorships received in advance	**49 840**	136 336
	93 037	182 431

25 Provisions

*Legal claims**		
Balance at 1 April	**123 937**	228 874
Provisions reversed during the year		(104 937)
Provisions raised during the year	**47 069**	-
Balance at 31 March	**171 006**	123 937

*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.

26 Revenue

	GROUP		COMPANY	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Total advertising revenue	**5 680 720**	5 295 418	**5 680 720**	5 295 418
Advertising	**5 545 185**	5 184 618	**5 545 185**	5 184 618
Trade exchanges (non-monetary exchanges)	**135 535**	110 800	**135 535**	110 800
Business enterprise and facilities revenue	**44 226**	41 884	**44 226**	41 884
Sponsorships	**437 899**	498 842	**437 899**	498 842
License fees	**913 396**	927 882	**913 396**	927 882
Government grants	**203 874**	121 395	**203 874**	121 395
Mobile revenue	**19 109**	34 425	**19 109**	34 425
* Other revenue	**142 758**	74 712	**142 758**	74 712
	7 441 982	6 994 558	**7 441 982**	6 994 558

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

27 Other income

Rental income	**10 714**	11 382	**10 714**	11 382
Management fees	**225**	923	**225**	7 455
Travel commission	**3 366**	4 096	**3 366**	1 083
Other sundry income	**30 662**	162 857	**30 662**	162 857
	44 967	179 258	**44 967**	182 777

28 Employee compensation and benefit expense

Cost of Employment	**2 357 284**	2 064 957	**2 357 284**	2 064 957
Long-service Awards	**27 856**	(2 567)	**27 856**	(2 567)
Defined benefit pension fund recognised in profit or loss	**367 346**	333 745	**367 346**	333 745
Post-employment medical benefits	**102 939**	91 316	**102 939**	91 316
Employee incentive	**27 917**	7 772	**27 917**	7 772
Leave pay	**45 026**	35 008	**45 026**	35 008
Total amounts recognised in profit or loss	**2 928 368**	2 530 231	**2 928 368**	2 530 231
Items recognised in other comprehensive income:	**12 422**	(276 781)	**12 422**	(276 781)
Actuarial loss- Post-retirement medical aid liability	**79 408**	16 759	**79 408**	16 759
Actuarial loss/(gain) - Pension fund defined benefit	**723 089**	667 195	**723 089**	667 195
Change in paragraph 58 limit of IAS 19 - employee benefits				
Expected return on plan assets	**(790 075)**	(960 735)	**(790 075)**	(960 735)
	2 940 790	2 253 450	**2 940 790**	2 253 450

Included in these amounts are directors' emoluments which are disclosed in more detail in note 41.

29 Professional and consulting fees

Audit fees	**29 760**	23 782	**29 760**	23 782
- current year	**29 760**	23 782	**29 760**	23 782
- prior years		-		-
Consulting fees	**40 936**	44 749	**40 310**	45 376
Managerial	**17 521**	25 211	**16 895**	25 838
Projects	**4 601**	1 482	**4 601**	1 482
Technical	**18 814**	18 056	**18 814**	18 056
	70 696	68 531	**70 070**	69 158

30 Other expenses

Other expenses include the following charges:

Operating lease charges	**17 193**	17 947	**17 193**	17 947
Buildings	**12 122**	11 074	**12 122**	11 074
Equipment	**721**	869	**721**	869
Vehicles	**4 350**	6 004	**4 350**	6 004
Legal claim provision raised / (reversed)	**47 069**	(104 937)	**47 069**	(104 937)
Consumables - (reversal) / write down to net realisable value	**(315)**	(233)	**(315)**	(233)

31 Other losses

	GROUP		COMPANY	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Profit/(Loss) on sale of property, plant and equipment	**(8 008)**	(29 129)	**(8 008)**	(29 129)

32 Net financing costs

	GROUP 2015 R'000	GROUP 2014 R'000	COMPANY 2015 R'000	COMPANY 2014 R'000
Interest received	**74 112**	123 029	**73 715**	122 107
Banking institutions	**74 112**	123 029	**73 715**	122 107
South African Revenue Services	**-**	-	**-**	-
Dividend received	**299**	289	**299**	289
Net foreign exchange gain on monetary items	**8 414**	1 382	**8 414**	1 382
Foreign exchange gain	**313**	1 259	**313**	1 259
Finance income	**83 138**	125 959	**82 741**	125 037
Interest paid	**(11 983)**	(34 210)	**(11 982)**	(34 201)
Independent third parties	**(5 501)**	(15 835)	**(5 500)**	(15 827)
Shareholder - permanent capital	**(1 780)**	(1 780)	**(1 780)**	(1 780)
Finance leases	**(4 702)**	(16 595)	**(4 702)**	(16 594)
Foreign exchange loss	**(23 511)**	(13 359)	**(21 085)**	(17 877)
Finance expenses	**(35 494)**	(47 569)	**(33 067)**	(52 078)
Net financing costs	**47 644**	78 390	**49 674**	72 959

33 Income tax expense

	GROUP 2015 R'000	GROUP 2014 R'000	COMPANY 2015 R'000	COMPANY 2014 R'000
Income tax recognised in profit or loss				
Current tax expense	**17 665**	353 984	**17 731**	354 092
Current tax expense - prior year adjustment	**-**	-	**-**	-
Deferred tax- utilisation of assessed loss	**-**	877	**-**	877
Deferred tax Prior year adjustment	**-**	-	**-**	-
Deferred tax expense relating to temporary differences	**(176 078)**	(249 178)	**(176 078)**	(249 178)
	(158 413)	105 683	**(158 347)**	105 791
Reconciliation of effective tax expense:				
Profit/(loss) before income tax	**(553 087)**	464 107	**(550 961)**	462 563
Income tax using the company tax rate	**(154 864)**	129 950	**(154 269)**	129 518
Non-taxable income	**(14 028)**	(31 973)	**(14 557)**	(31 433)
Non-deductible expenses	**10 479**	7 706	**10 479**	7 706
Prior year adjustment	**-**	-	**-**	-
Prior year deferred tax adjustment	**-**	-	**-**	-
Timing differences not recognised to create deferred tax	**-**	-	**-**	-
Effects of prior period errors	**-**		**-**	-
Utilisation of tax loss	**-**	-	**-**	-
Effects of tax offsets/(unused tax losses) not recognised	**-**	-	**-**	-
Reduction in tax rate	**-**	-	**-**	-
	-	-	**-**	-
Effective tax expense	**(158 413)**	105 683	**(158 347)**	105 791
Income tax recognised in other comprehensive income:				
Pension fund	**(18 756)**	(82 191)	**(18 756)**	(82 191)
Post-employment medical benefits	**22 234**	4 693	**22 234**	4 693
Available-for-sale financial assets	**(556)**	(274)	**(556)**	(274)
	2 922	(77 772)	**2 922**	(77 772)
Reconciliation of effective tax expense:				
Comprehensive income/(loss) before income tax	**(9 440)**	278 265	**(9 440)**	278 265
Income tax using the company tax rate	**2 643**	(77 914)	**2 643**	(77 914)
Change in Tax rate (CGT-rate) from 50% to 66% relating to current period				
Change in Tax rate (CGT-rate) from 50% to 66% relating to prior periods		-		-
Rate differences on available for sale assets	**279**	142	**279**	142
Effective tax expense	**2 922**	(77 772)	**2 922**	(77 772)

34 Cash generated by/from operations

		GROUP		COMPANY	
		2015	2014	2015	2014
	Note	R'000	R'000	R'000	R'000
Reconciliation of profit/(loss) for the year to cash generated from/(utilised by) operations:					
Profit/(Loss) for the year		**(394 674)**	358 424	**(392 614)**	356 772
Adjustments for:					
Amortisation and impairment of programme, film and sports rights	7	**1 857 342**	1 252 940	**1 857 342**	1 252 940
Impairment/Reversal of impairment of programme, film and sports rights	7	**4 576**	9 398	**4 576**	9 398
Amortisation of computer software	7	**57 443**	50 473	**57 443**	50 473
Amount recognised in profit or loss in line with amortisation and depreciation of assets acquired with the grant.	20	**(203 874)**	(243 395)	**(203 874)**	(243 395)
Depreciation and impairment of property, plant and equipment	5	**211 129**	279 658	**211 129**	279 658
Depreciation of Investment Property	6	**94**	217	**94**	217
(Reversal)/provision for consumables obsolescence	30	**(315)**	(233)	**(315)**	(233)
Impairment reversed/(raised) on trade receivables	14	**31 610**	(48 860)	**31 848**	(48 860)
(Profit)/Loss on disposal of property, plant and equipment	31	**8 008**	29 129	**8 008**	29 129
Profit/(Loss) on retirements of computer software	7	**27**	(117)	**27**	(117)
Interest received	32	**(74 112)**	(123 029)	**(73 715)**	(122 107)
Dividends received	32	**(299)**	(289)	**(299)**	(289)
Interest paid	32	**11 983**	34 210	**11 982**	34 201
Income tax expense	33	**(158 413)**	108 039	**(158 347)**	108 039
Withholding taxes accrued			-		-
Operating profit before payment for acquisition of programme, film and sports rights		**1 350 525**	1 706 565	**1 353 285**	1 705 826
Net acquisitions of programme, film and sports rights	7	**(1 860 679)**	(1 324 329)	**(1 860 679)**	(1 324 329)
Operating profit before changes in working capital, employee benefits		**(510 154)**	382 236	**(507 394)**	381 497
Provisions raised/ (paid)	25	**47 069**	(104 937)	**47 069**	(104 937)
(Increase)decrease in prepayments	11	**103 112**	(103 341)	**103 064**	(103 328)
(Increase)/decrease in inventories	13	**(912)**	(130)	**(912)**	(130)
(Increase)decrease in trade and other receivables	14	**(71 434)**	(50 724)	**(71 129)**	(55 518)
Decrease in defined benefit asset		**147 206**	207 085	**147 206**	207 085
Increase in employee benefits obligation		**88 617**	54 534	**88 617**	54 534
(Decrease)/ Increase in trade and other payables	23	**932**	(5 048)	**(587)**	5 726
Increase/(Decrease) in deferred income	24	**(89 394)**	112 930	**(89 394)**	112 930
(Increase) in other non-current assets and liabilities		**(112)**	(223)	**(112)**	(223)
Cash generated from operations		**(285 070)**	492 382	**(283 572)**	497 636

35 Income taxes paid

Balance at 1 April	**354 746**	69 034	**354 746**	68 902
Current taxation	**17 665**	354 400	**17 731**	354 400
Taxation refund	**-**	(14 093)	**-**	(14 093)
Withholding taxes	**-**	-	**-**	-
Balance at 31 March	**(282 033)**	(354 746)	**(282 073)**	(354 746)
Taxation paid	**90 378**	54 595	**90 404**	54 463

36 Proceeds from disposal of property, plant and equipment

Net book value of disposals	**3 882**	30 070	**3 882**	30 070
Profit/(loss) on sale of property, plant and equipment	**(8 008)**	(29 129)	**(8 008)**	(29 129)
Proceeds	**(4 126)**	941	**(4 126)**	941

37 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 credit is extended.

Allowance for impairment

Trade receivables are impaired when there is objective evidence that the debt is irrecoverable.

Trade receivables for 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 R160K on behalf of Airwave Travel (Pty) Ltd for the IATA travel agency license. Other guarantees issued by the Company were amounts of R19.943 million for Technology related projects and R335K relating to the employee housing scheme.

The Group considers its maximum exposure to credit risk to be as follows:	GROUP		COMPANY	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Available-for-sale financial assets (note 10)	**11 227**	8 245	**11 227**	8 245
Trade and other receivables	**979 188**	939 364	**979 188**	939 364
Cash and cash equivalents	**1 016 965**	1 424 843	**1 016 965**	1 424 843
	2 007 380	2 372 452	**2 007 380**	2 372 452

	GROUP					
	2015 R'000			2014 R'000		
	Fully Performing	Past due but not impaired	Impaired	Fully Performing	Past due but not impaired	Impaired
Agencies	**835 465**	**678**	**60 541**	741 622	4 492	65 294
Government	**22 778**	**4 626**	**3 426**	19 273	12 883	2 123
Direct clients	**71 121**	**31 020**	**30 907**	93 263	59 965	29 571
	929 364	**36 324**	**94 874**	854 158	77 340	96 988

Trade receivables:	COMPANY					
	2015 R'000			2014 R'000		
	Fully Performing	Past due but not impaired	Impaired	Fully Performing	Past due but not impaired	Impaired
Agencies	**835 465**	**678**	**60 541**	741 622	4 492	65 294
Government	**22 778**	**4 626**	**3 426**	19 273	12 883	2 123
Direct clients	**71 121**	**31 020**	**30 907**	93 263	59 965	29 571
	929 364	**36 324**	**94 874**	854 158	77 340	96 988

37 Financial instruments (continued)

	GROUP		COMPANY	
	2015	**2014**	**2015**	**2014**
Age analysis of past due but not impaired is the following:	**R'000**	**R'000**	**R'000**	**R'000**
Past due 0 to 30 days	**14 080**	19 554	**14 080**	19 554
Past due 31 to 90 days	**10 473**	8 347	**10 473**	8 347
91 to 120 days	**8 735**	3 039	**8 735**	3 039
121 days to 1 year	**2 176**	10 501	**2 176**	10 501
Over 1 year	**860**	35 899	**860**	35 899
	36 324	77 340	**36 324**	77 340
Age analysis of the impaired trade receivables is the following:				
Past due				
Past due 0 to 30 days	**2 035**	13 382	**2 035**	13 382
Past due 31 to 90 days	**3 057**	1 574	**3 057**	1 574
91 to 120 days	**2 460**	2 592	**2 460**	2 592
121 days and older	**16 244**	7 937	**16 244**	7 937
Over 1 year	**71 078**	71 503	**71 078**	71 503
	94 874	96 988	**94 874**	96 988
Movements on the impairment of trade receivables are as follows:				
Opening balance - 1 April	**96 988**	204 778	**96 988**	204 778
Amounts written off against provision	**(21 747)**	(58 257)	**(21 747)**	(58 257)
Movement in impairment - included in profit and loss	**19 633**	(49 533)	**19 633**	(49 533)
	94 874	96 988	**94 874**	96 988
The Group does hold collateral as security.				
The nature and fair value of the collateral are as follows:				
Coface	**2 477 155**	-	**2 477 155**	-
Insurance Cover		483 610		483 610
MCC Security	**1 598 380**	1 072 800	**1 598 380**	1 072 800
	4 075 535	1 556 410	**4 075 535**	1 556 410

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 R419 million (2014: R822 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**
	2015					
Non-derivative financial liabilities						
Trade payables - Local	**7 177**	**7 177**	**7 177**	**-**	**-**	**-**
Trade payables - Foreign	**5 017**	**5 017**	**5 017**	**-**	**-**	**-**
Other payables*	**11 633**	**11 633**	**11 633**	**-**	**-**	**-**
Accruals	**275 040**	**275 040**	**275 040**	**-**	**-**	**-**
Programme, film and sports rights related trade and other payables	**283 210**	**283 210**	**283 210**	**-**	**-**	**-**
Loan obtained with government guarantee		**-**	**-**	**-**	**-**	**-**
Loans and borrowings	**231**	**230**	**230**	**-**	**-**	**-**
Perpetual debt instrument	**27 390**	**27 390**	**890**	**890**	**3 560**	**22 050**
	609 698	**609 698**	**609 697**	**583 197**	**890**	**3 560**
	2014					
Non-derivative financial liabilities						
Trade payables - Local	6 597	6 597	6 597	-	-	-
Trade payables - Foreign	25 846	25 846	25 846	-	-	-
Other payables*	46 584	46 584	46 584	-	-	-
Accruals	335 192	335 192	335 192	-	-	-
Programme, film and sports rights related trade and other payables	162 152	162 152	162 152	-	-	-
Loans and borrowings	92 469	95 734	47 752	47 752	231	
Perpetual debt instrument	27 390	27 390	890	890	3 560	22 050
	696 230	699 495	625 013	48 642	3 791	22 050

* excludes statutory accruals and payables

37 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
			2015			
Non-derivative financial liabilities						
Trade payables - Local	**7 115**	**7 115**	**-**	**-**	**-**	**-**
Trade payables - Foreign	**5 017**	**5 017**	**-**	**-**	**-**	**-**
Other payables*	**24 858**	**24 858**	**-**	**-**	**-**	**-**
Accruals	**274 254**	**274 254**	**-**	**-**	**-**	**-**
Programme, film and sports rights related to trade and other payables	**283 210**	**283 210**	**-**	**-**	**-**	**-**
Loan obtained with government guarantee			**-**	**-**	**-**	**-**
Loans and borrowings	**22 615**	**22 614**	**-**	**-**	**-**	**-**
Perpetual debt instrument	**27 390**	**27 390**	**890**	**890**	**3 560**	**22 050**
Loans from subsidiaries	**22 384**	**22 384**	**22 384**	**-**	**-**	**-**
	666 843	**666 842**	**23 274**	**890**	**3 560**	**22 050**
			2014			
Non-derivative financial liabilities						
Trade payables - Local	6 597	6 597	**6 597**	-	**-**	-
Trade payables - Foreign	25 846	25 846	**25 846**	-	**-**	-
Other payables*	24 509	24 509	**24 509**	-	**-**	-
Accruals	351 785	351 785	**351 785**	-	**-**	-
Programme, film and sports rights related to trade and other payables	162 152	162 152	**162 152**	-	**-**	-
Loans and borrowings	113 574	116 839	**47 752**	47 752	**21 336**	
Perpetual debt instrument	27 390	27 390	**890**	890	**3 560**	22 050
Loans from subsidiaries	21 105	21 105	**-**	21 105	**-**	-
	732 958	736 223	**619 531**	69 747	**24 896**	22 050

* 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 35%.

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

	2015			2014		
	US Dollar R'000	Euro R'000	Rand R'000	US Dollar R'000	Euro R'000	Rand R'000
			GROUP			
Foreign cash and cash equivalents	-	-	-		246	3 565
Trade payables	(414)		(5 017)	2 459	-	(25 846)
Gross financial position exposure	(414)	-	(5 017)	2 459	246	(22 281)
Net financial position exposure	(414)	-	(5 017)	2 459	246	(22 281)
			COMPANY			
Foreign cash and cash equivalents	-	1 720	22 384	-	(1 455)	(21 105)
Trade payables	(414)	-	(5 017)	(2 459)	-	(25 846)
Gross financial position exposure	(414)	1 720	17 367	(2 459)	(1 455)	(46 951)
Net financial position exposure	(414)	1 720	17 367	(2 459)	(1 455)	(46 951)

37 Financial instruments (continued)

Market risk (continued)

	GROUP		COMPANY	
The following significant exchange rates applied during the year:	Average Rate spot rate		Reporting date spot rate	
	2015	2014	2015	2014
USD 1	**11,08**	10,08	**12,13**	10.51
EUR 1	**14,01**	13,5	**13,01**	14,51

Sensitivity analysis

A 10% strengthening of the Rand against the following currency 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 2014. Due to the nature of the transactions, there is no effect on equity.

	GROUP		COMPANY	
	2015	2014	2015	2014
Profit or (loss)	R'000	R'000	R'000	R'000
USD	**502**	2 228	**(1 737)**	4 695

A 10% weakening of the Rand against the above currency 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.

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

Carrying amount				
Fixed rate instruments				
Finance lease liabilities				
Perpetual debt instrument	**(27 390)**	(27 390)	**(27 390)**	(27 390)
	(27 390)	(27 390)	**(27 390)**	(27 390)
Variable rate instruments				
Long term loan obtained with government guarantee		-		-
Finance lease liabilities	**-**	-	**-**	-
Instalment sale liabilities	**-**	-	**-**	(1 550)
Cash and cash equivalents	**1 016 965**	1 424 843	**1 014 249**	1 419 772
	1 016 965	1 424 843	**1 014 249**	1 418 222

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 2013. Due to the nature of the transactions, there is no effect on equity.

Profit/loss 100 bp increase				
Variable rate instruments	**12 209**	10 618	**12 162**	10 522

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

The table below analyses financial instruments carried at fair value, by valuation method. The different valuation levels are identified as follows by IFRS 13:

Level 1 - Quoted prices (unadjusted) in active ,markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within level 1 that observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)

Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal market at the measurement date under current market conditions. 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. (Level 2)

(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 relative short term maturity of these financial instruments. (Level 2)

37 Financial instruments (continued)

Fair value of financial instruments (continued)

	2015				2014			
	Carrying	Fair value			Carrying	Fair value		
	amount R'000	Level 1 R'000	Level 2 R'000	Level 3 R'000	amount R'000	Level 1 R'000	Level 2 R'000	Level 3 R'000
	GROUP							
Financial assets								
Available-for-sale								
Available-for-sale financial assets	**11 227**	**11 227**			8 245	8 245	-	-
Loans and receivables								
Trade and other receivables	**979 188**		**979 188**		939 364	-	939 364	-
Cash and cash equivalents	**1 016 965**	**1 016 965**			1 424 843	1 424 843	-	-
Total financial assets	**2 007 380**	**1 028 192**	**979 188**	**-**	2 372 452	1 433 088	939 364	-
Financial liabilities								
Financial liabilities measured at amortised costs								
Perpetual debt instrument	**(27 390)**	**-**	**(19 782)**	**-**	(27 390)	-	(19 782)	-
Loans and borrowings	**-**	**-**		**-**	-	-	-	-
Trade and other payables*	**(582 078)**	**-**	**(582 078)**	**-**	(576 371)	-	(576 371)	-
Total financial liabilities	**(609 468)**	**-**	**(601 860)**	**-**	(603 761)	-	(596 153)	-
Net financial liabilities	**1 397 912**	**1 028 192**	**377 328**	**-**	1 768 691	1 433 088	343 211	-
	COMPANY							
Financial assets								
Available-for-sale								
Available-for-sale financial assets	**11 227**	**11 227**			8 245	8 245	-	-
Loans and receivables								
Trade and other receivables	**984 043**		**984 043**		944 763	-	944 763	-
Cash and cash equivalents	**1 014 249**	**1 014 249**			1 419 772	1 419 772	-	-
Total financial assets	**2 009 519**	**1 025 476**	**984 043**	**-**	2 372 780	1 428 017	944 763	-
Financial liabilities								
Financial liabilities measured at amortised costs								
Perpetual debt instrument	**(27 390)**	**-**	**(19 782)**	**-**	(27 390)	-	(19 782)	-
Loans and borrowings	**-**				-	-	-	-
Trade and other payables*	**(594 454)**		**(594 454)**		(570 889)	-	(570 889)	-
Total financial liabilities	**(621 844)**	**-**	**(614 236)**	**-**	(598 279)	-	(590 671)	-
Net financial liabilities	**1 387 675**	**1 025 476**	**369 807**	**-**	1 774 501	1 428 017	354 092	-

The fair values of trade and other receivables and trade and other payables are determined with reference to their carrying amounts 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. The Group is not subject to any externally imposed capital requirements. The Group manages its Capital to ensure that the entity is able to continue as a going concern by maintaining a minimum liquidity reserve. The minimum liquidity reserve is the specified minimum acceptable surplus of uncommitted facilities or cash holdings over projected net debt levels for the next 12 months. This level is currently set at R600 million.

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 the employee housing scheme to the value of R0.335 million, and guarantees for Airwave Travel's IATA travel agency licence and other guarantees with banks totaling R20.1 million."

37 Financial instruments (continued)

	GROUP AND COMPANY	
	2015	**2014**
	R'000	**R'000**
General short-term banking facilities (available for future operating activities)		
Rand Merchant Bank	**26 500**	96 500
Nedbank	**152 000**	152 000
ABSA Corporate and Merchant Bank	**65 000**	135 000
Total credit facilities		
Total	**243 500**	383 500
Unutilised	**243 500**	383 500
Asset finance (available to settle capital commitments)		
Provided	**175 983**	438 000
Utilised	**(230)**	(92 464)
Unutilised	**175 753**	345 536
Guarantees		
Provided	**52 000**	52 000
Utilised	**(20 103)**	(720)
Unutilised	**31 897**	51 280

38 Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	2015	2014
Less than one year	**3 233**	1 810
Between one and five years	**4 917**	4 538
	8 150	6 348

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 2015, R17.2 million was recognised as an expense in the statement of financial performance in respect of operating leases (2014: R18 million).

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:

	2015	2014
Less than one year	**4 903**	4 436
Between one and five years	**14 444**	2 257
	19 347	6 693

During the year ended 31 March 2015, R10.7 million was recognised as rental income in the statement of profit and loss (2014: R10.5 million) and R2.1 million in respect of repairs and maintenance was recognised as an expense in the statement of financial performance (2014: R0.4 million).

39 Commitments

	2015	2014
Capital commitments		
Contracted for	**97 284**	101 210
Programme, film and sports rights	**1 578 730**	1 121 683
Foreign exchange contracts		-
Total purchase commitments	**1 676 014**	1 222 893

The capital commitment is to be financed as follows:

	2015	2014
Internally generated funds	**97 284**	100 637
Government funding		573
	97 284	101 210

39 Commitments (continued)

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 2015 is as follows:

	Local Commitments	Foreign commitments		Total
	R'000	Forex '000	R'000	R'000
Year ending 31 March 2016	**810 877**	**6 546**	**79 379**	**890 256**
Local	810 877	-	-	810 877
Foreign - US Dollar	-	6 546	79 379	79 379
Foreign - Euro	-	-	-	-
Year ending 31 March 2017	**484 691**	**2 625**	**31 823**	**516 514**
Local	484 691	-	-	484 691
Foreign - US Dollar		2 625	31 823	31 823
Foreign - Euro	-	-	-	-
Year ending 31 March 2018	**141 897**	**-**	**-**	**141 897**
Local	141 897	-	-	141 897
Foreign - US Dollar	-	-	-	-
Foreign - Euro	-	-	-	-
Year ending 31 March 2019	**23 216**	**-**	**-**	**23 216**
Local	23 216	-	-	23 216
Foreign - US Dollar	-	-	-	-
Foreign - Euro	-	-	-	-
Year ending 31 March 2020	**6 847**	**-**	**-**	**6 847**
Local	6 847	-	-	6 847
Foreign - US Dollar	-	-	-	-
Foreign - Euro	-	-	-	-
Total commitments	**1 467 528**	**9 171**	**111 202**	**1 578 730**

40 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:

	Possible Losses for the Group	
	2015 R'000	2014 R'000
(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, i.e. Minister of Finance, Minister of Communications, Minister of Arts and Culture and North West Provincial Government. The matter was set down for hearing from 15 to 26 July 2013 but had to be removed from the roll as some of the parties did not receive the notice of set down timeously. Parties intend to explore a possibility of a negotiated out of court settlement	**337 000**	337 000
(ii)Digital Horizons is suing 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 R400 million. After several interlocutory applications, the matter was postponed sine die at the instance of Digital Horizons. Digital Horizon has abandoned the initial application and has instead issued a new claim for damages against the SABC for an amount of R140m. in April 2013, the SABC received a without prejudice settlement proposal from Digital Horizons proposing that the SABC pays an amount of R150m including interest and costs. This proposal was rejected by the SABC. Digital Horizons has to date failed to set the matter down and the SABC has decided to file an application for security for costs and tax the bill of costs awarded to the SABC in the interdict application. Digital Horizon has already filed a notice to oppose the application for security for costs.	**148 000**	150 000
(iii) A third party 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 thousand for the termination of contract. The matter has been postponed several times and the last postponement was in 2013 without a date.	**76**	76
(iv) A third party has issued summons against the SABC for alleged non-payment of repeat fees. The SABC is defending the matter. The internal client has advised that the Plaintiff was paid. The SABC cannot serve any paper on the Plaintiff as he is currently in prison. The SABC approached the court with an application to dismiss the matter but the court refused the application. The matter will be put in abeyance until the plaintiff revives it.	**80**	Royalties and repeat fees
(v) A third party is suing the SABC for damages of R447 thousand as a result of an alleged 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. The matter was partly heard on the 23, 24 and 26 October 2012.It was set down again in November 2014 but to a different judge and on agreement between the parties it was removed from the roll. We have instructed our attorney to force the plaintiff to set the matter down failing which, we will set the matter down ourselves.	**447**	447
(vi) A third party is suing the SABC for R1.2 million for the termination of his independent contract wherein he was to render services as a presenter for Munghana Lonene FM. The contract was terminated due to his transgression which was viewed in a serious light by the station.	**1 247**	1 200

40 Contingencies (continued)

	Possible Losses for the Group	
	2015 R'000	2014 R'000
(vii) BCG Productions is claiming a sum of R228 000 for breach of contract arising from an alleged failure by the SABC to flight BGC's 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. The matter is yet to be set down by the Plaintiff.	**228**	228
(viii)A former SABC (METRO FM) presenter is claiming damages of R230 thousand from the SABC for an alleged breach of contract. The contract was terminated on 5 March 2010 before its expiry date due to a decline in audience rating and the station's decision to terminate the programme. There were several trail date set by the Plaintiff however the matter was not set down because there was no pre trial conference as requirement in terms of the law. We have been approached by the Plaintiff and he suggests that we negotiate an out of court settlement. The Legal Department is taking instructions from its internal clients.	**240**	230
(ix) Branco Sports Production (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. The SABC has proof that Branco was paid all monies due to it.	**38 000**	38 000
(x) A third party is suing the SABC for royalties in connection with the theme song for SABC1 'Simunye We are One'. The SABC 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. The matter is still proceeding. We believe our prospects of succeeding are good. The matter was set down in November 2014 but later withdrawn as the parties were not properly served with the notice of set down. We await a new court date.	**485**	Exception dismissed with costs
(xi) In 2013, the SABC was served with summons by attorneys representing liquidators of South African Recording Rights Association (SARRAL) claiming R5 176 930.00 in respect of outstanding mechanical royalties on behalf of its members. The SABC defended this claim as there was no existing agreement between Sarral and SABC but instead the SABC was contracted to another collecting society for mechanical royalties. On 13 May 2013 the SABC was served with a warrant of execution and upon inquiring with our attorney the SABC discovered that court had erroneously granted summary judgment in this matter. The SABC immediately instructed its attorneys to make an urgent application to stay the execution and apply for the rescission of judgment. The SABC will only be able to measure its prospects once a decision has been made on the rescission of judgment application.	**5 176**	5 000
(xii) The South African Music Performance Rights Association (SAMPRA) which is a collecting society established to collect needle time royalties, referred a dispute to the Copyright Tribunal for the determination of the royalties payable by the broadcasters. The broadcasters were represented by the National Association of Broadcasters (NAB). On 30 May 2012 the Copyright Tribunal heard the matter and set the royalty at 7% of the net revenue instead of the 10% that SAMPRA was claiming. The broadcasters appealed the above decision in the Supreme Court of Appeal and the SCA reduced the percentage to 3%. SAMPRA has now approached the Constitutional Court to have the SCA judgment reviewed. The CC dismissed the application which effectively means that the judgment of the SCA remains valid. In terms of the SABC's interpretation of the judgment the SABC is liable to pay SAMPRA a maximum of 3% of its radio revenue as defined in the judgment. The payment should be calculated from the 14th of March 2014 being the date of the judgment.	**6 000**	4% of net revenue
(xiii) DLLO was chosen as the preferred supplier of corporate clothing to the SABC. The agreed purchase price was R153 907.98 and DLLO was given an upfront payment of R61 042.44. In terms of the agreement the final delivery date was 30 October 2008. The supplier failed to deliver within the agreed time. Also the other material delivered was of poor quality and did not conform to the sample and design agreed to during the pitch. SABC refused to pay the balance and DLLO then sued the SABC. The matter was set down for the 5 October 2010 to have DLLO's claim dismissed for failure to deliver the Discovery Affidavit. DLLO requested that we remove the matter from the roll and they will tender costs. The matter was then postponed sine die and DLLO was ordered to pay costs. The matter is currently dormant, as the DLLO has not pursued the matter since the postponement in 2010.	**92**	-
(ivx)A third party's claim against the SABC is based on a commissioning agreement entered into on 25 March 2010 for the production of a television programme called Music Lounge Series 3. The Plaintiff avers that an invoice for the amount of R224 063 58 (two hundred and twenty four thousand and sixty three rand and fifty eight cents) was sent to the SABC on the 1st of June 2012 which the SABC allegedly acknowledged and agreed to pay, by no later than 30 July 2012. The SABC was contracted to a company called Moratiwa Productions who then ceded its claim to the third party. The SABC in processing the claim ignored the fact that the claim was ceded and paid Moratiwa Productions instead of the third party.	**224**	-
(xv) In 2010, the SABC verbally engaged Lights for Africa to erect 10 public viewing areas. It later transpired that another service provider was engaged to provide the same service and the SABC took a decision to request each of the two providers to erect 5 public viewing areas. In August 2011 after an Internal Audit investigation into why Lights for Africa did not have a written contract, Lights for Africa was paid eleven R11 234 825.00 and the amount was inclusive of VAT. On the 12th of June 2014 the SABC was served with summons by Lights for Africa claiming R3 948 645.00 as an outstanding amount. The SABC defended this claim and as Lights for Africa failed to comply with the court rules the SABC has instructed its attorney to make a application for the dismissal of this claim. We have good prospects in this matter.	**3 948**	-
(xvi) In 2011, U Turn Communications served the SABC with summons claiming R1 461 340.88 in respect of commission for securing a sponsorship for the SABC. Upon receiving the summons the SABC alerted U Turn to the fact that the SABC has a counter claim of R3.7 Million parties then agreed to settle the matter out of court and the settlement agreement stated that U turn will instate pay the SABC R50 000.00 in full and final settlement of all claims between the two parties. The settlement was eventually not signed as U Turn did not draft it as agreed. In August 2014 the SABC was served with a warranty of execution for R1 461 340.88. The SABC immediately alerted to the fact that the SABC was approaching court urgent application to stay the execution and also to apply for a rescission of judgment . The execution was stayed by agreement between the parties and we await the rescission of judgment to be set down. We have good prospects in this matter.	**1 461**	

40 Contingencies (continued)

	Possible Losses for the Group	
	2015 R'000	2014 R'000
(vxii)The SABC received summons from Motalane Kgariya Attorneys acting on behalf on a third party. The third party alleges that the SABC through its television series (Leihlo la Sechaba), broadcast wrongful, defamatory and dishonest statements about the plaintiff. The plaintiff purports that the SABC misled the viewers in saying that he obtained tenders irregularly and he was involved in tender -rigging. The plaintiff claims to have his reputation damaged and suffered damages to the amount of R1 000 000.00. The matter has been referred to our insurance department.	**1 000**	-
(vxiii) A third party applied for an interdict restraining the SABC from preventing the third party from presenting the "Youth Crossfire" show on Lotus FM; directing the SABC to provide facilities to enable the third party to present her show; to pay the amount of R125000. for services and other relief and an interdictory relief preventing the respondent from releasing any report about her, without firstly furnishing a copy to her first. The Applicant's interim relief which was set down for the 01 April 2010 was not granted. The applicant has not pursued the matter and we will be instructing the attorney to apply for a dismissal of	**125**	-
(vxiiii) On the 12th of December 2012 the Legal Department received summons from Fluxmans Attorneys acting on Behalf of a third party. The plaintiff is claiming a payment for the sum of R1.466.173 being the amount for alleged unpaid remuneration. The matter is proceeding and the parties are still exchanging pleadings.	**1 466**	-
(xix) On the 29 August 2014 the SABC was served with the notice of motion by attorneys representing a third party. In the notice of motion they are asking the court to enforce the agreement that was allegedly entered by SABC and the third party. In the notice of motion they are claiming R787 170.00 in respect of alleged damages suffered by their client in a form of legal fees. We have good prospects of success in this matter as the agreement between the SABC and the third party was not finalised.	**787**	-

41 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 9). 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.

(i) Transactions with subsidiaries

	COMPANY			
	2015		2014	
	Amount of transactions R'000	Amounts owed (to)/by subsidiary R'000	Amount of transactions R'000	Amounts owed (to)/by subsidiary R'000
Rugby Broadcasting (Pty) Ltd	-	-	-	-
Skenia Telematics (Pty) Ltd	-	-	-	-
AstraSat (Pty) Ltd	-	-	-	-
Receipt from SABC Airwave Travel (Proprietary) Limited trading as Airwave Travel	565			
Payables to SABC Airwave Travel (Proprietary) Limited trading as Airwave Travel	(798)	(1 267)	7 447	-
Loan receivable from SABC Airwave Travel (Proprietary) Limited trading as Airwave Travel	-	5 214		
Auckland Programme Trade B.V. *(incorporated in the Netherlands)*	-	(19 380)	-	(21 105)
Payables to SABC Foundation NPC	266	(6)		
Receivables from SABC Foundation NPC	1 817	4 298	2 209	2 209
	1 850	(11 141)	9 656	(18 896)

Related party relationships exists between the Company and its wholly-owned subsidiaries, Airwave Travel, Auckland Programme Trade B.V. and SABC Foundation NPC. 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*). Transactions entered with SABC Foundation NPC are donations received by SABC SOC on behalf of SABC Foundation and management fees charged by SABC SOC for operating costs incurred. These transactions are at arm's length and entered into in the normal course of business.

41 Related parties (continued)

(ii) Significant transactions with government related entities

	GROUP AND COMPANY	
Included in Revenue are the following:	**2015 R'000**	**2014 R'000**
Aggregate of all transactions that are collectively significant		
Independent Electoral Commission	**1 930**	14 059
Parliament of the Republic of South Africa	**15 614**	14 536
Government Communication and Information Services	**64 362**	140 440
Department of Transport	**8 312**	-
Department of Health	**3 755**	-
Department of Social Development	**8 161**	14 996
Department of Agriculture	**4 897**	12 872
South African Social Security Agency	**-**	-
Eskom	**203**	53 082
Telkom	**5 807**	17 047
Department of Science and Technology	**8 235**	12 380
Aggregate Sales to other government related entities not listed above	**24 636**	44 606
	145 912	324 018

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

	GROUP		COMPANY	
Purchases of goods and services	**2015 R'000**	**2014 R'000**	**2015 R'000**	**2014 R'000**
Aggregate of all transactions that are collectively significant				
City of Johannesburg	**90 905**	78 664	**90 905**	78 664
South African Post Office (SOC) Limited	**14 156**	34 367	**14 156**	34 367
Telkom South Africa (SOC) Limited	**22 341**	23 024	**22 341**	23 024
Sentech (SOC) Limited	**643 035**	608 385	**643 035**	608 385
Aggregate Purchases from other government related entities	**12 556**	11 401	**12 556**	11 401
	782 993	755 841	**782 993**	755 841

	GROUP AND COMPANY			
	2015			**2014**
(iii) Grants and sponsorships	**Amount of transactions R'000**	**Outstanding balance R'000**	**Amount of transactions R'000**	**Outstanding balance R'000**
Government grants recognised in revenue	**203 874**	**-**	**243 395**	-
Deferred government grant	**-**	**461 331**	**-**	473 021
	203 874	**461 331**	**243 395**	473 021
Goods and services are purchased from related parties on an arms length basis at market related prices.				
(iv) Interest payments				
Shareholder - permanent capital	**1 780**	**27 390**	**1 780**	27 390
(v) Employee benefit payments				
SABC Pension fund	**(300 360)**	**75 435**	**(40 205)**	155 657
SABC Medical aid scheme	**(182 347)**		**(108 075)**	-
	(482 707)	**75 435**	**(148 280)**	155 657

(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 for Channel Africa of R11 million (2012: R4 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 expenditure R'000**	**Interest accrued R'000**	**Closing balance R'000**
For the year ended 31 March 2015						
Channel Africa	**(11 752)**	**47 413**	**(56 324)**	**(56 324)**	**-**	**(20 663)**
Community Radio Project	**(8 746)**	**4 622**	**(14 847)**	**(14 847)**	**59**	**(18 916)**
	(20 498)	**52 035**	**(71 171)**	**(71 171)**	**59**	**(39 579)**
For the year ended 31 March 2014						
Channel Africa	(4 229)	44 673	(52 196)	(52 196)	-	(11 752)
Community Radio Project	(7 737)	8 842	(9 961)	(9 961)	114	(8 746)
	(11 966)	53 515	(62 157)	(62 157)	114	(20 498)

41 *Related parties (continued)*

(vii) Administered funds

	2015 R'000	2014 R'000
Bank balances of Community Radio Project	**926**	11 096

(viii) Service contracts for permanent executive directors

	C Olivier	G H Motsoeneng	J R Aguma	A Heunis
Service contract				
- start date	18 March 2014	28 November 2011	18 March 2014	22 September 2014
- end date	17 September 2014	30 June 2019	4 January 2020	13 November 2014
Service period	6 Months	3 Years and 4 Months	1 Year and 2 Weeks	1 Month and 3 Weeks
Remaining	-	4 Years and 3 Months	4 Years and 9 Months	-

*service period in acting position as at balance sheet date, and is in the process of being extended for a further three months.

(xi) Directors' and key management personnel compensation

		Remuneration paid to the person in any capacity					
Year ended 31 March 2015	**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							
Ms E Z Tshabalala	*Board Chairperson*	9	-	-	537	-	537
Prof M O Maguvhe	*Deputy Board Chairperson(Acting Board Chairperson 3 months)*	12	-	-	436	-	436
Ms L T Khumalo	*Board Member*	10	-	-	331	-	331
Mr M R Lubisi	*Board Member*	12	-	-	365	-	365
Mr V G M Mavuso	*Board Member*	12	-	-	366	-	366
Mr K T Bonakele	*Board Member*	6	-	-	103	-	103
Ms R Kalidass	*Board Member*	12	-	-	220	-	220
Prof B A Khumalo	*Board Member*	10	-	-	259	-	259
Ms N M Mhlakaza	*Board Member*	12	-	-	246	-	246
Mr K Naidoo	*Board Member*	12	-	-	360	-	360
Dr N A Tshidzumba	*Board Member*	12	-	-	266	-	266
Ms M H Z Zinde	*Board Member*	12	-	-	246	-	246
Executive directors							
Mr G H Motsoeneng	*Chief Operating Officer*	12	2 220	279	916	369	3 784
Mr C Olivier	*Acting Group Chief Executive Officer*	6	633	194	381	116	1 324
Mr J R Aguma	*Chief Financial Officer*	12	1 301	165	697	195	2 358
Mr A Heunis	*Acting Group Chief Executive Officer Acting 3 Months (Group Executive 9 months)*	12	1 840	1 091	855	324	4 110
Senior Management							
Ms T Geldenhuys	*Company Secretary*	12	1 274	190	458	230	2 152
Mr S M Masinga	*Group Executive*	12	1 488	228	522	250	2 488
Ms V Duwarkah	*Group Executive*	12	1 440	220	707	247	2 614
Mr K Kganyago	*Group Executive*	12	1 058	162	476	212	1 908
Ms L Z Francois	*Group Executive*	12	1 380	209	357	255	2 201
Ms M Nepfumbada	*Group Executive*	12	1 059	162	393	191	1 805
Mr L Ntloko	*Group Executive*	12	1 440	220	642	269	2 571
Mr M J Shushu	*Group Executive*	12	1 175	180	348	234	1 937
Mr I Tseisi	*Group Executive*	12	1 346	172	566	255	2 339
Mr J Mabaso	*Group Executive*	12	1 446	184	506	266	2 402
Mr V Tsoenyane	*Acting Group Executive*	8	654	150	438	127	1 369
Mr J Matthews	*Group Executive*	12	1 177	171	495	23	1 866
Mr M P Moilwa	*Acting Group Executive*	12	885	133	504	164	1 686
Ms B L Tugwana	*Group Executive (4 months acting, 8 months appointed)*	12	1 206	177	659	180	2 222
Ms S M Motsweni	*Group Executive*	4	455	-	190	81	726
Mr D M Herold	*Acting Group Executive*	5	384	-	219	78	681
Ms R P Mayiji	*Acting Group Executive*	6	311	47	136	49	543
Ms N P Philiso	*Acting Group Executive*	3	283	105	88	42	518
Total remuneration			24 455	4 439	14 288	4 157	47 339

~ - including contributions on employer variable pension contribution

41 *Related parties (continued)*

(xi) Directors' and key management personnel compensation

		Remuneration paid to the person in any capacity					
Year ended 31 March 2014	**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							
Ms E Z Tshabalala	*Board Chairperson*	12	-	-	936	-	936
Ms N P Gosa	*Deputy Board Chairperson*	9	-	-	399	-	399
Prof M O Maguvhe	*Deputy Board Chairperson*	6	-	-	344	-	344
Mr M S Mazwi	*Board Member*	4	-	-	25	-	25
Mr M R Lubisi	*Board Member*	12	-	-	606	-	606
Mr V G M Mavuso	*Board Member*	12	-	-	651	-	651
Mr K T Bonakele	*Board Member*	6	-	-	216	-	216
Ms R Kalidass	*Board Member*	6	-	-	227	-	227
Prof B A Khumalo	*Board Member*	6	-	-	218	-	218
Ms N M Mhlakaza	*Board Member*	6	-	-	205		205
Mr K Naidoo	*Board Member*	6	-	-	321	-	321
Dr N A Tshidzumba	*Board Member*	6	-	-	222		222
Ms M H Z Zinde	*Board Member*	6	-	-	222	-	222
Executive directors							
Ms L P Mokhobo*	*Group Chief Executive Officer*	11	5 369	-	2 289	436	8 094
Ms G P Duda	*Chief Financial Officer*	12	1 999	-	642	348	2 989
Mr G H Motsoeneng	*Acting Chief Operating Officer*	12	1 676	-	897	299	2 872
Mr C Olivier	*Acting Group Chief Executive Officer/ (Acting Chief Financial Officer until 17 March 2014)*	12	1 162		371	225	1 758
Mr J R Aguma	*Acting Chief Financial Officer*	1	82		26	14	122
Senior Management							
Ms T Geldenhuys	*Company Secretary*	12	1 139	-	436	299	1 874
Mr S M Masinga	*Group Executive*	12	1 328	-	542	236	2 106
Ms V Duwarkah	*Group Executive*	12	1 322	-	689	238	2 249
Mr K Kganyago	*Group Executive*	12	906	-	327	165	1 398
Ms L Z Francois	*Group Executive*	12	1 253	-	378	244	1 875
Ms M Nepfumbada	*Group Executive*	12	993	-	356	186	1 535
Mr L Ntloko	*Group Executive*	12	1 321	-	601	258	2 180
Mr A Heunis	*Group Executive*	12	1 688	1 493	602	312	4 095
Mr M J Shushu	*Group Executive*	12	1 078	-	348	220	1 646
Mr S E Nzimande	*Group Executive*	8	1 305	-	77		1 382
Mr T P Molefe*	*Group Executive*	2	3 530	-	733	622	4 885
Mr I Tseisi	*Group Executive*	10	995	-	454	181	1 630
Mr J Mabaso	*Group Executive*	10	1 105	-	388	218	1 711
Mr V Tsoenyane	*Acting Group Executive*	12	818	-	403	171	1 392
Mr J Matthews	*Acting Group Executive*	12	1 024	-	518	21	1 563
Mr M P Moilwa	*Acting Group Executive*	6	420	-	520	81	1 021
Ms B L Tugwana	*Acting Group Executive*	3	266	-	89	46	401
Ms S M Motsweni	*Acting Group Executive*	2	172	-	58	31	261
Mr R Naiker	*Acting Group Executive*	2	150	-	55	27	232
Mr K Mosweu	*Acting Group Executive*	2	150	-	92		242
Ms Y B Kgame	*Acting Group Executive*	2	176	-	48	33	257
Mr N J Bonthuys	*Acting Group Executive*	1	64	-	24	13	101
Total remuneration			31 491	1 493	16 555	4 924	54 463

~ - including contributions on employer variable pension contribution
* - included in basic salary and expenses and other allowances is compensation paid in respect of loss of office.

42 Licence agreements

The Group was granted the following Public Television Broadcasting Licences by the Independent Communications Authority of South Africa ("ICASA") for the period 18 December 2008 to 18 December 2023: SABC1 and SABC2.

The Group was granted the following Commercial Television Broadcasting Licences by ICASA for the period 18 December 2008 to 18 December 2023: SABC3.

The Group was granted the following Public Sound Broadcasting Licences by ICASA for the period 18 December 2008 to 18 December 2018: 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 ICASA for the period 23 March 2008 to 18 December 2018: 5 FM, 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.

43 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	
	2015 R'000	2014 R'000
Opening balance	3 376 809	1 231
Expenditure previously disclosed as irregular re-verified in the current year	(1 113 081)	-
As restated	2 263 728	
Add: Irregular expenditure - current year	389 283	990 694
Add: Irregular expenditure identified in the current year relating to the prior years	24 510	2 399 775
Financial Year - 2014	21 995	1 033 800
Financial Year - 2013	2 515	1 365 975
Less: Amounts condoned	-	(14 891)
Irregular expenditure not condoned	2 677 521	3 376 809
Less: Amounts recoverable	(50)	-
Less: Amounts recovered	-	-
Less: Amounts not recoverable	-	-
Irregular expenditure awaiting condonation	2 677 471	3 376 809
Analysis of expenditure awaiting condonation per age classification		
Current year	413 743	975 803
Prior years	2 263 728	2 401 006
	2 677 471	3 376 809

Details of irregular expenditure

Incident	Disciplinary steps taken/(criminal proceedings)	2015	2014
Payments without contracts	None	13 382	14 891
Procurement process not followed	None	80 400	3 375 578
Delegation of authority contravened	Investigations underway	3 330	-
No original tax clearance certificate at date of award	None	315 249	-
Inadequate monitoring of contracts	None	1 382	-
Other	Process to recover from employees underway	50	-
		413 793	3 390 469

***Note:** Amounts disclosed are inclusive of VAT*

43 *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	
	2015 R'000	**2014 R'000**
Opening balance	**42 000**	-
Add: Fruitless and wasteful expenditure - current year	**18 840**	54 600
Less: Amounts condoned	**1 014**	-
Fruitless and wasteful expenditure not condoned	**61 854**	54 600
Less: Amounts recoverable	**(869)**	(12 600)
Less: Amounts recovered		-
Less: Amounts not recoverable (not condoned)		
Fruitless and wasteful expenditure awaiting condonation	**60 985**	42 000

Details of fruitless and wasteful expenditure

Incident	**Disciplinary steps taken/(criminal proceedings)**		
Impairment of foreign content	Reconciliation of broadcast schedule	**9 026**	4 820
Withholding tax penalties and interest	Process payment when due timeously	**-**	29 372
Travel cancellation fees and penalties	Reported to recover value	**529**	404
Interest, penalties and fines on late payments	Timeous payments	**3 033**	3 615
Staff advances long outstanding and written off	Timeous reconciliation of advances and recoveries	**-**	266
Impairment of sport productions - not broadcast	Reconciliation of broadcast schedule	**2 034**	2 396
Impairment provision raised - not all sport content provided	In negotiations with service provider to recover value	**-**	13 027
Overcharge by vendor for services rendered	In negotiations to recover value	**-**	600
Court dismissed CCMA reward review	CCMA reward adhered to	**-**	100
No shows charges on training	Reported to recover value	**340**	-
Recruitment process not followed	None	**1 889**	-
Overpayment to vendor	Investigations underway	**2 942**	-
Other	None	**61**	
		19 854	54 600

44 Subsequent Events

As at balance sheet date of 31 March 2015, no subsequent events have taken place.

IN REMEMBRANCE:

HONOURING WOMEN AND MEN WHO CONTRIBUTED TO THE SABC

During the year under review.

Mr Thomas Zulu- 23 Jun 2014
TEAMLEADER: Provinces and Stakeholder Relations

Mr Wellington Madlakane - 24 Jun 2014
NEWS PRESENTER/TRANSLATOR: News,

Mr Geofrey Letlape - 11 Jul 2014
WRITER: News

Mr Tumelo Radebe - 26 Jul 2014
SUPERVISOR: FIXED ASSETS ADMINISTRATION: Technology

Mr Avhapfani Maphutha - 14 Aug 2014
ENGINEERING CONSULTANT: Technology

Mrs Debbie Kandier - 31 Oct 2014
CO-ORDINATOR: SCHEDULING: Television

Mr Amos Mabuza - 16 Nov 2014
SENIOR CAMERAMAN: News,

Miss Zanele Ndlela - 3 Feb 2015
SOUND MIXER: Henley TV-Facilities

Mr Saba Mbixane - 26 Feb 2015
ANNOUNCER: Radio

Ms Estella Kambinda - 28 Feb 2015
ANNOUNCER: Radio

Mr Jeffrey Ntuli - 3 Mar 2015
SPECIALIST VISION CONTROLLER: Technology

Miss Letta Mahlangu - 15 Mar 2015
BULLETIN WRITER: News

Mr Peter Huckell - 17 Mar 2015
SPECIALIST VIDEO EDITOR: Technology

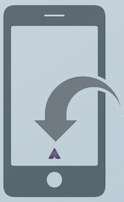
Honouring all our fallen heroes who have contributed immensely to the SABC TV Channels and Radio Stations with deep gratitude.

How to use this interactive Annual Report

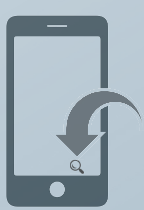
As a public broadcaster that strives to keep up to date with the latest technology, this book has been designed so that you can experience the audio and video content of SABC TV and Radio in print form too.

We have made use of ‘Augmented Reality’ to bring our content to life. Here are simple step by step instructions to get the best use of this Annual Report.

STEP 1
Download the Aurasma App to your Android or iOS device from Google Play Store or the App Store.



STEP 2
Launch the Aurasma App and click on the icon at the bottom of your screen.



STEP 3
Select the search function and type SABC 2015, then select the link and click follow.

STEP 4
Point your device at photos in this book which display these 2 icons and enjoy exclusive video or audio content.

Publication Detail

This publication is available from SABC Corporate Publications
Private Bag X1, Auckland Park 2006
Tel: +27 11 714 4117
Fax: +27 11 714 3514
Visit the SABC: www.sabc.co.za

Compiled and Edited by:
Iris Cupido, Thokozani Zitha and Errol Motsoene.
Concept, Design and DTP:
Johanna Nieuwenhuys.
Photography:
Nolwazi Shange, Lungelo Mbulwana, SABC divisional submissions, Gallo Images and Clips from campaigns broadcast on Television.

SABC