INCOME EXPENDITURE

REVENUE

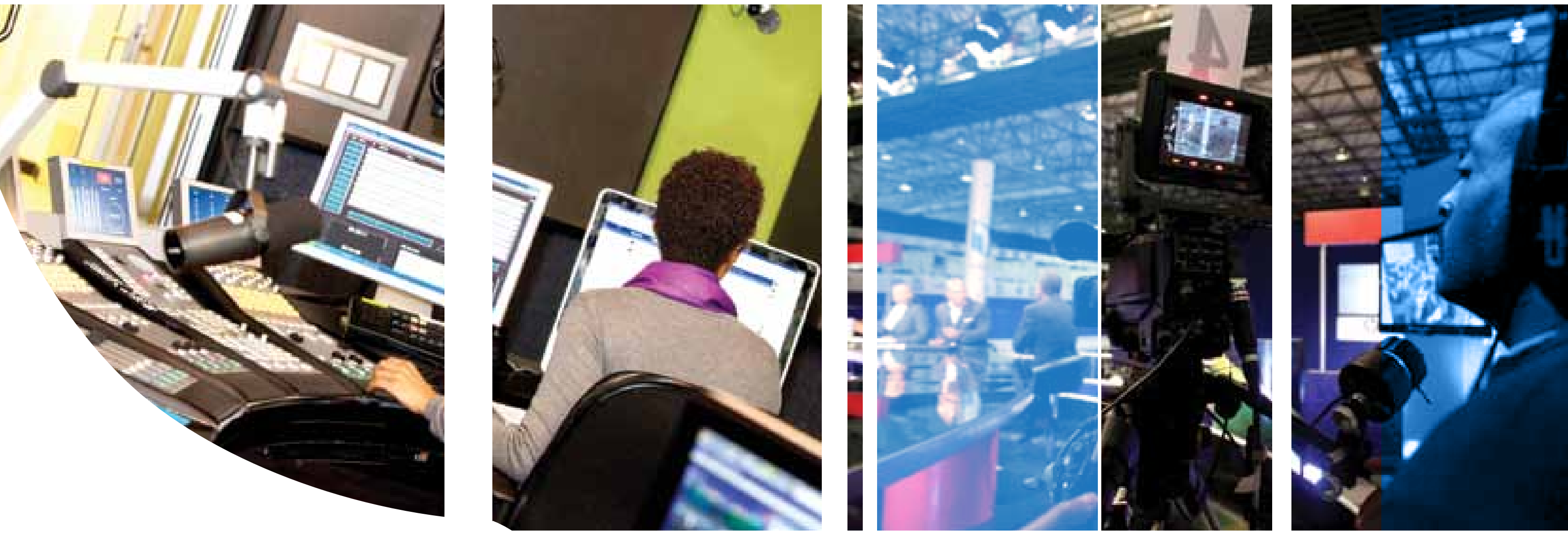
ANNUAL FINANCIAL STATEMENTS OF THE SABC 2012

BALANCE

EQUITY

STRATEGY

AUDIT



BALANCE STATEMENT INCOME

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FINANCIAL REPORT REVENUE ANNUAL

Report of the Audit Committee

to the SABC Executive Authority

Audit Committee Members and Attendance

The Audit Committee, appointed by the Board and approved by the shareholders comprised the following independent non-executive directors:

- Mr D K Golding (Chairman);
- Mr J S Danana;
- Mr C S Gina;
- Prof P M Green;
- Adv. C B Mahlati;

In terms of Section 72 (2) of the Companies Act of South Africa and treasury regulation 27.1.4 the audit committee can have members that are not directors of the company. To this end, the Board has appointed the following independent Advisors to the Audit Committee to provide the Committee with guidance in terms of its roles and functions.

- Mr G Morris (Independent Advisor); and
- Mr M Mazwi (Independent Advisor)

During the year under review six meetings were held and attended as reflected below:

Name of Member	Number of Meetings Attended
Mr D K Golding (Chairman)	5
Mr J S Danana	2
Mr C S Gina	3
Prof P M Green	2
Adv C B Mahlati	5
Mr G Morris	4
Mr M Mazwi	3

The Group Chief Executive, Chief Financial Officer, Acting Chief Operations Officer, the Group Executive Risk & Governance, the Chief Audit Executive and External Auditors attend meetings of the Audit Committee by invitation

Audit Committee Responsibility

The Audit Committee reports that it has complied with the requirements of Section 51 (a) (ii) of the PFMA and Treasury Regulations 27. The Committee has adopted an appropriate formal terms of reference, which was approved by the Board. The terms of reference regulates the Audit Committee's functions. However, the Audit Committee did not conclude on all of its responsibilities.

Consequently, the Audit Committee has effected some improvements in respect of monitoring to assist the Committee to discharge its responsibilities as set out in the terms of reference.

Evaluation of Financial Statements

The Audit Committee has reviewed:

- the Annual Report and Annual Financial Statements for the year under review and made recommendations to the Accounting Authority to assist in ensuring that they present a balanced and understandable assessment of the financial position, performance and prospects of the SABC;
- the Auditors' Report and Management Letter, including Management's Responses;
- SABC's compliance with legislation and the relevant regulatory requirements;
- Significant adjustments relating to the year-end audit;

The Audit Committee assessed and recognised the problems that have led to the financial qualification, as raised by the Auditors. Through interventions subsequent to year end, including a three-year rolling internal audit plan, (which is risk based), and improved reporting and monitoring procedures, the Audit Committee will be able to deal with these challenges, and play a greater role in ensuring that the Corporation meets its pre-determined objectives, effects internal controls and prudent risk management.

Effectiveness of Internal Control

The system of internal control was not entirely effective for the year under review. Several deficiencies were reported by the Internal Auditors and confirmed by the External Auditors.

Internal Audit

The Audit Committee assisted in the appointment of the Chief Audit Executive, which was effected from 1 August 2011. This ensured the proper execution of the approved Internal Audit Plan and reporting to the Audit Committee.

External Audit

The Audit Committee regularly met with the External Auditors and Internal Auditors as required to deal with critical reported matters.

On behalf of the SABC Audit Committee

Mr. D K Golding
(Chairman of the Audit Committee)

30 July 2012

Directors' Responsibility

Statement

The Directors are responsible for the preparation and fair presentation of the Group Annual Financial Statements and Annual Financial Statements of the South African Broadcasting Corporation (SOC) Limited comprising the statements of financial position at 31 March 2012, and the statements of income, other comprehensive income, changes in equity and cash flows for the year then ended and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa, and the Public Finance Management Act of South Africa. In addition, the Directors are responsible for preparing the Directors' report.

The Directors are also responsible for such internal controls as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for maintaining adequate accounting records and an effective system of risk management.

The Directors have assessed the ability of the company and its subsidiaries to continue as a going concern and have no reason to believe that the businesses will not be a going concern in the year ahead.

The Auditors are responsible for reporting on whether the Group Annual Financial Statements and Annual Financial Statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of Group Annual Financial Statements and Annual Financial Statements

The Group Annual Financial Statements and Annual Financial Statements of the South African Broadcasting Corporation (SOC) Limited, as identified in the first paragraph, were approved by the Board of Directors on 30 July 2012 and signed on its behalf by:

Dr. B S Ngubane
(Director)

Ms. L P Mokhobo
(Director)

30 July 2012

Certificate

by the Company Secretary

In my opinion, as Company Secretary, I hereby confirm that, in terms of the Companies Act of South Africa for the year ended 31 March 2012, the SABC 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.

Ms. T Geldenhuys
(Company Secretary)

Johannesburg

30 July 2012

Directors' Report

for the year ended 31 March 2012

The Board of Directors hereby presents the 75th Annual Report of the South African Broadcasting Corporation Limited ("the SABC" or "the Company"), for the financial year to 31 March 2012. The Annual Financial Statements comprise the Consolidated Annual Financial Statements of the Company and its subsidiaries (together referred to as the Group). These Annual Financial Statements are presented in accordance with the requirements of the Companies Act of South Africa, the Broadcasting Act, No 4 of 1999, as amended and the Public Finance Management Act, No 1 of 1999, as amended (hereinafter respectively referred to as the Companies Act, the Broadcasting Act and the PFMA), and have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Nature of the SABC's Business

The SABC is South Africa's public service broadcaster. Its principal activities comprise radio and television broadcasts through 18 radio stations and three television channels for both Public and Commercial Services. In terms of the Broadcasting Charter, the SABC's mandate includes the requirement to make its services available throughout the Republic of South Africa and to produce, procure and broadcast in all official languages, South African and international programmes that entertain, inform and educate its audiences. The SABC is regulated in terms of licences granted by the Independent Communications Authority of South Africa ("ICASA").

Turnaround Strategy

During the year under review, the Corporation began to embed the implementation of the Turnaround Strategy, the Vision for the SABC which seeks to improve functional efficiencies and optimal performance.

The Turnaround Strategy is predicated on seven pillars – namely:

1. putting broadcasting and broadcasters back at the centre of the business; and editorial integrity back into the platforms and programmes of the SABC in particular News;
2. building brands that reflect excellence and South African identity in every way;
3. building the digital SABC and integrating the digital future into all plans and actions;
4. ensuring an operating model that is simple and easily understood, supported by an organisational design that assigns accountability directly to those charged with execution of the Enterprise plans and good governance;
5. building an organisation that is economical, efficient and effective; and
6. focusing on the performance of the organisation at every level, and holding individuals accountable for delivery
7. managing and reporting on strategy development and implementation, operational performance, and risk management.

Review of operations

The operating profit for the year for the SABC Group amounted to R436 million (2011: loss of R35 million). The improvement is mainly due to improved revenues R 5,7 billion (2011: R5,3 billion) (particularly advertising revenues) and a reduction in the amortisation charge R1,4 billion (2011: R1,6 billion) which was partly offset by the increases in broadcast costs R462 million (2011: R338 million) , employee compensation R1,8 billion (2011: R1,7 billion) and other operational expenses R405 million (2011: R300 million).

Austerity measures implemented in 2009 have proven to be sustainable and the implementation of the Turnaround Strategy has resulted in total operating expenses decreasing to R5,2 billion (2011: R5,3 billion). The SABC is not expected to incur a cash outflow for income taxes in the current year as a result of the benefit of the assessed loss from previous years.

Share capital and shareholder

There were no changes 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 SABC Limited. The shareholder's representative is the Minister of Communications.

Dividends

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

Going concern

The Directors have reviewed the Group's budget and cash flow forecast for the year ended 31 March 2013. On the basis of this review of the current financial position and existing financial borrowing facilities and government guarantee (GG), the Directors are satisfied that the South African Broadcasting Corporation (SABC); has access to adequate resources to continue in operational existence for the foreseeable future and is a going concern, and accordingly the going concern basis continues to be adopted in preparation of the accounts. The Board has approved the negotiations relating to the restructuring of the Nedbank term loan. By implementing the restructuring of the loan, we will enjoy greater flexibility and more favourable terms in our loan arrangement. The organisation will also have greater freedom in terms of how it conducts its business.

DTT Funding for Digital Migration

In 2002 the SABC developed a multi-year Technology Plan for the modernisation of the company's broadcast and related IT infrastructure. This plan was costed at just over R1bn and the SABC approached government for assistance in funding the implementation of the plan. National Treasury allocated the SABC R700m in funding over the period 2005/6 to 2010/11 for the purpose of modernising its ageing analogue radio and television broadcast and related IT infrastructure. A further R150m was allocated in 2010/11, bringing the total to R850m. The R850m therefore provided funding for part of the overall cost of this DTT Capital requirement and a further R260m is still required to complete the modernisation programme. We are currently in the process of finalising our 2012-2015 MTEF submission to our shareholder to invest in DTT content and infrastructure.

Government Guarantee

The organisation has not accessed the second tranche of the government guarantee (R473 million) due to operations having stabilised and the liquidity position having improved greatly.

The organisation began early repayments in an amount of R111 million of the current portion of the R1 billion long term loan early in the year.

The Board has implemented its turnaround strategy in order to create a sustainable strategy for the SABC. These measures include revenue enhancing measures, cost reduction initiatives, working capital improvements and a reduction in capital expenditures.

The SABC has submitted to the shareholder a 36 month cash flow projection for the period 1 April 2012 to 31 March 2015. The cash flow projection indicates that the SABC will be able to meet its obligations as they fall due and will have sufficient facilities to meet any cash flow shortfalls in this period.

Corporate Governance and Compliance

The Board of Directors oversees compliance by the SABC with the governance requirements as set out in the King III Report on Corporate Governance for South Africa, the Protocol on Corporate Governance for state owned enterprises, the PFMA and the related Treasury Regulations, the Broadcasting Act, Companies Act and other relevant legislation. The PFMA, in particular, imposes a number of obligations on the Board in relation to the prevention, identification and reporting of fruitless, wasteful and irregular expenditure, and the collection of revenue owing to the Company.

In order to assist the SABC to comply with these obligations, a materiality framework which determines levels of materiality for reporting purposes was approved by the Minister during the prior financial year.

The Board has acknowledged the challenges facing the Corporation related to: procurement and contract management; internal controls; expenditure management; revenue management; asset management and skills deficit. The three-year rolling internal audit plan is in place to improve the control and compliance environment and corporate governance.

This is an integral part of the broader Turnaround Strategy and direction setting for the Corporation.

Special Investigations Unit and other investigations

The Special Investigations Unit continued their investigations that arose from the Auditor General's Report of September 2009. Additional investigations were also undertaken at the request of the SABC Board.

The final reports were received in June 2012 and are in the process of being reviewed for further action. The SABC Board will ensure that matters identified by the SIU will be actioned where possible.

Criminal matters identified in the investigative reports have for the most part been completed and handed over to the National Prosecuting Authority (NPA).

Subsidiaries

Details of the Company's investments in subsidiary companies are reflected in Note 9 of the Group Annual Financial Statements.

Directors

The following were the Directors of the Company as per the Companies and Intellectual Property Registration Office(CIPRO):

- Dr B S Ngubane - Chairperson
- Mr T S ka Plaatjie - Vice Chairperson *(since January 2012)*
- Mr J S Danana *(since June 2011)*
- Ms G P Duda *(since March 2012)*
- Mr C S Gina
- Mr D K Golding
- Prof P M Green
- Mr P J Harris *(until July 2011)*
- Adv C B Mahlati *(since June 2011)*
- Dr S P Makhesha *(since June 2011)*
- Mr G H Motsoeneng - Chief Operating Officer *(since November 2011)*
- Ms L P Mokhobo - Chief Executive Officer *(since January 2012)*
- Mr P Molefe - Acting Chief Executive Officer *(until January 2012)*
- Mr N C Motsepe *(until April 2012)*
- Mr L C Mtimde *(since June 2011)*
- Mr L P Nage - Acting Chief Financial Officer *(until March 2012)*
- Ms C F O'Neil
- Mr R A Nicholson - Chief Financial Officer *(until July 2011)*
- Ms S C Vos

Remuneration of directors and members of the group executive

Remuneration of non-executive Directors consisted of a fixed retainer plus a variable fee which is paid to Directors depending on their membership of Board sub-committees and attendance at scheduled Board meetings. A full disclosure of Directors' remuneration paid for the 2011/12 financial year is set out in Note 43. Full disclosure is also made of the Senior Management remuneration and is also set out in note 43.

Events subsequent to Financial Statement date

Non adjusting event- subsequent to 31 March 2012 one of the group's studios was destroyed by fire on the 13 June 2012. Damages will be claimed once the disaster recovery is finalised and all reports submitted to the insurers.

Company Secretary

Ms T Melk was the Company Secretary until November 2011.

Ms T Geldenhuys was the Company Secretary of the Company from May 2012.

The registered address of the Company and the contact details of the Company Secretary appear below.

Postal address:	Business address:
Private Bag X1	Radio Park
Auckland Park	Henley Road
2006	Auckland Park
	2006

Telephone number: +27 (011) 714-3910

Independent Auditors' Report

to Parliament and the Shareholder: Department of Communications

Report on the Annual Financial Statements

We have audited the group annual financial statements and annual financial statements of the South African Broadcasting Corporation SOC Limited (SABC) as set out on pages 88 to 129, which comprise the statements of financial position as at 31 March 2012, the income statements, the statements of comprehensive income, statements of changes in equity and the statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The Board of Directors, which constitutes the accounting authority, is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and the requirements of the Public Finance Management Act of South Africa (PFMA) and the Companies Act of South Africa, and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Public Audit Act of South Africa, the General Notice issued in terms thereof and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors judgement, including the assessment of the risks of material misstatement of the 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 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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for qualified opinion

Disclosed in the statements of financial position are programme, film and sports rights with a carrying amount of R 862 467 000 and related accruals of R 598 799 000, included in trade and other payables. The income statements disclose amortisations and a reversal of impairments of these rights of R 1 370 395 000 and R 3 281 000 respectively. While management maintained lists to support the rights and accruals and schedules to support the amortisation and impairment, we were unable to obtain sufficient appropriate evidence to substantiate the reconciliation of these supporting lists and schedules to the financial statements. Accordingly, we were unable to determine whether the carrying amount of the rights and related accruals and commitments, amortisation and impairment, as well as the cost price of fully amortised rights, are materially misstated, or to quantify the effect on the financial statements.

Note 45 discloses fruitless and wasteful and irregular expenditure incurred during the year. The company does not have a formal process in place to assess the completeness of these disclosures. In addition:

- Impairments of programme, film and sports rights constitute fruitless and wasteful expenditure. We were unable to obtain sufficient appropriate audit evidence to support the impairments of these rights, as described in the preceding paragraph, and consequently we are unable to determine whether this matter has an effect on the fruitless and wasteful expenditure disclosed.
- The Special Investigations Unit has recently issued several reports that reflect instances of irregular expenditure. The company has not yet completed its evaluation of these reports in order to determine whether adjustments, if any, are required to the fruitless and wasteful and irregular expenditure disclosed.

Accordingly, we were unable to determine whether the disclosure of fruitless and wasteful and irregular expenditure is materially misstated.

Qualified opinion

In our opinion, except for the possible effects of the matters described in the basis for qualified opinion paragraphs, these financial statements present fairly, in all material respects, the consolidated and separate financial position of the SABC at 31 March 2012, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Public Finance Management Act of South Africa and the Companies Act of South Africa.

Other Reports Required by the Companies Act

As part of our audit of the financial statements for the year ended 31 March 2012, we have read the Directors' Report, the Report of the Audit Committee and the Certificate by the Company Secretary 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 we have not identified material inconsistencies between these reports and the audited financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Report on Other Legal and Regulatory Requirements

Public Audit Act Requirements (PAA)

In accordance with the Public Audit Act of South Africa, and the General Notice issued in terms thereof, we report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

We performed procedures to obtain evidence about the usefulness and reliability of the information in the Report on the Performance of the SABC as set out on pages 37 to 41 of the annual report, and reported thereon to the accounting authority.

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

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

There were no material findings on the Report on the Performance of the SABC concerning the usefulness and reliability of the information.

We drew attention to the following matter in our report to the accounting authority:

Achievement of planned objectives

Of the total number of 66 planned key performance indicators, only 20 were achieved during the year under review. This represents 70% of the planned key performance indicators not being achieved during the year under review. Reasons for not achieving the planned key performance indicator have been disclosed in the Report on the Performance of the SABC.

Compliance with laws and regulations

We performed procedures to obtain evidence that the company has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. Our 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:

1. Strategic planning and performance management

1.1. Section 51(1)(a)(i) of the Public Finance Management Act of South Africa (PFMA), read with Treasury Regulation 27.2.1, requires the SABC to maintain an effective, efficient and transparent system of risk management. The risk management strategy, policy framework and risk registers were finalised by the Risk Committee during the last quarter of the previous financial year and approved by the accounting authority in February 2012. While the company has made progress in terms of implementing risk instruments, risk management is yet to be fully embedded throughout the company.

1.2. Formal policies and procedures, prepared in terms of section 51(1)(a)(i) of the PFMA and describing how the company's processes of performance planning, monitoring, measurement, review and reporting should be conducted, organised and managed, were only drafted in the last quarter of the previous financial year. These policies and procedures are yet to be presented to, and approved by, the accounting authority. Subsequent to the approval, the policies and procedures need to be rolled out and embedded throughout the company.

1.3. In terms of Treasury Regulation 29.2.1, the accounting authority must, in consultation with its executive authority, annually conclude a shareholder's compact before the commencement of the reporting period. The shareholder's compact for 2011/12 financial year was approved by the Minister of Communications on 20 April 2012.

1.4. In terms of Treasury Regulation 29.2.1, the accounting authority must, in consultation with its executive authority, annually conclude a shareholder's compact. In terms of the SABC shareholders compact, the accounting authority was required to undertake numerous activities in addition to the strategic objectives and outcomes set out in the shareholder's compact. Apart from the findings already included in this report, the following additional significant findings in relation to non-compliance with the shareholder compact were identified:

- There is no evidence that quarterly reports on the SABC's compliance with the PFMA were prepared, approved and submitted to the Shareholder; and
- The accounting authority is required to assess, at least on a quarterly basis, the assumption that the SABC is a going concern and to develop procedures and mechanisms to fulfil this responsibility. This requirement enables the accounting authority to identify issues which may cause it to re-examine the going concern assumption. Although cash management and the going concern assumption was continuously assessed by management in their preparation of monthly management accounts, there is no evidence that this was assessed by the accounting authority on a quarterly basis.

2. Annual Financial statements

2.1. Section 55(1)(a) of the PFMA requires the accounting authority to keep full and proper records of the financial affairs of the company and the annual financial statements should fairly present the state of affairs of the company, its business, its financial results, its performance against predetermined objectives, and its financial position as at the end of the financial year concerned. Material misstatements were identified during the audit, certain of these were corrected by management and those that were not are included in the basis for qualified opinion paragraph.

2.2. Section 55(1)(d) of the PFMA requires the accounting authority to submit their Annual Report and Annual Financial Statements to National Treasury within five months after their financial year end. The company submitted its Annual Report and Annual Financial Statements for the year ended 31 March 2011 later than the prescribed dates, on the 16 September 2011.

3. Audit committees

3.1. Contrary to the requirements of Treasury Regulation 27.1.8 and the audit committee terms of reference, the audit committee did not conclude on all of its responsibilities in the following areas:

- The audit committee terms of reference require that the Company Secretary facilitate the evaluation of the performance of the committee on an annual basis, or such other basis as the committee may determine. Self assessment questionnaires were circulated to the audit committee members but consolidated responses and feedback was not formally tabled to the committee for consideration;
- The effectiveness of internal controls was not adequately monitored by the audit committee for the period from April to August 2011, as the internal audit reports were not consistently tabled at the audit committee meetings to consider the impact of the findings and corrective action. These reports were only tabled formally from September 2011 onwards;
- Evidence could not be presented that the audit committee had reviewed the processes and controls designed to ensure the communication of the codes of conduct and ethics to all SABC personnel, as well as the processes and controls designed to monitor compliance therewith;
- Evidence could not be presented that the controls designed to ensure that assets are safeguarded were monitored and reviewed by the audit committee; and
- Financial and performance information upon which strategic decisions are based was not consistently evaluated by the audit committee throughout the year to assess the adequacy, reliability and accuracy of such information, as quarterly financial and performance reports where not consistently presented for consideration. In addition, the National Treasury Pack was submitted without review by the audit committee.

4. Internal audit

4.1. Contrary to Treasury Regulation 27.2.10, the internal audit plan for the 2012 financial year did not include planned work relating to operations in the form of a review of performance against predetermined objectives. As such, internal audit did not evaluate quarterly reports to management on performance against predetermined objectives in terms of Treasury Regulation 27.2.10(b).

5. Procurement and contract management

5.1. As required by Section 51(1)(a)(iii) of the PFMA, a Group-wide procurement policy exists and a Content Commissioning and Acquisitions Policy has been developed and was approved by the Board. The following non-compliance with the policies was identified:

- Instances of premature procurement (ordering taking place without the appropriate legal contracts with suppliers); and
- Instances where sport acquisitions were broadcast before contracts could be signed.

Note 45 to the Financial Statements indicates instances of irregular expenditure incurred by the SABC as a result of non-compliance with the policies.

6. Human resource management and compensation

6.1. Vacancies at senior management level

Key management positions are vacant and filled by employees in an acting capacity. Several senior management positions were considered vacant (not filled by permanent positions) at 31 March 2012. These positions include: Chief Operating Officer, Company Secretary, Group Executive Content, Group Executive Legal and Chief Technology Officer.

6.2. Declarations of interest

The company's policies require employees to disclose any and all business interests to the Group Chief Executive Officer. Numerous employees were found to have interests in companies that could not be supported by signed declaration of interest forms. The company does not maintain a centralised register to track and monitor whether all employees have declared their interests.

6.3. Schedule of outcomes of disciplinary hearings and criminal charges

In terms of section 85 of the PFMA and Treasury Regulation 33.3.1 (a), (b) and (c), the accounting authority must, on an annual basis, submit to the executive authority, the National Treasury and the Auditor-General a schedule of the outcome of any disciplinary hearings and/or criminal charges, the names and ranks of employees involved, and the sanctions and any further actions taken against these employees. The SABC did not submit the schedule to the Auditor-General and National Treasury.

7. Expenditure management

7.1. Section 51(1)(b)(ii) of the PFMA requires the accounting authority to take appropriate steps to prevent irregular expenditure, fruitless and wasteful expenditure, losses resulting from criminal conduct and expenditure not complying with the operational policies of the SABC. The SABC currently has policies and procedures in place which would assist with the prevention of these types of expenditures and losses, however, these policies and procedures were not always complied with during the 2011/12 financial year, and as such were not always effective.

Note 45 to the Financial Statements indicates instances of fruitless and wasteful expenditure incurred by the SABC as a result of ineffective operational practices.

7.2. Section 57(b) of the PFMA states that officials within the SABC are responsible for the effective, efficient, economical and transparent use of financial and other resources within their particular area of responsibility. As disclosed in note 45 to the Financial Statements fruitless and wasteful expenditure to the value of R 22 120 000 was incurred during the year, indicating the lack of effective, efficient and economical use of financial resources.

8. Asset management and liability management

8.1. Section 51(1)(c) of the PFMA requires the Board of the SABC to manage and safeguard the assets of the SABC. The following contraventions were identified:

- No full asset stock counts were completed for the year under review; and
- The automated programme, film and sports rights management system was not fully implemented. The programme, film and sports rights lists are currently maintained manually. A reconciliation between the manual listings and the general ledger was only performed at year-end, and was in progress at the date of this report.

8.2. The borrowing programme prepared and included in the corporate plan 2011/2012 in accordance with the requirements of section 52(a) of the PFMA and Treasury Regulation 29.1.3(a) does not include all of the information required by Treasury Regulation 29.1.6(a)–(j). The presented information was deficient in the following areas:

- the terms and conditions on which the money is borrowed;
- information on proposed domestic borrowing;
- the confirmation of compliance with existing and proposed loan covenants; and
- debts guaranteed by the government.

Similarly, as required by Treasury Regulation 29.1.3(b), the quarterly reports on the borrowing programme submitted to National Treasury did not contain information on actual borrowings for that quarter or any update of the borrowing programme.

Internal control

We considered internal control relevant to our audit of the financial statements, and the reports on predetermined objectives and compliance with laws and regulations, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the significant deficiencies relating to leadership, financial and performance management and governance that resulted in the basis for qualified opinion, findings on the Report on the Performance of the SABC and compliance with laws and regulations, as included in this Report.

- Due to poor Information Technology governance structure, the line managers are allowed to operate at their own discretion and thus compromise the ability to use the Information Technology systems to support accurate and reliable reporting.
- No effective oversight responsibility was exercised during the year regarding reporting of performance against predetermined objectives, compliance with laws and regulations and the related internal controls as this information was not always presented on a timeous basis to oversight bodies. This is evidenced by the number of instances of non-compliance with the PFMA and Treasury Regulations identified in this Report and the findings on the effectiveness of Internal Audit.
- Human resource management to ensure that adequate and sufficiently skilled resources were in place and that performance was monitored was not always effective. Staff in various divisions within the company lacked capacity to perform their assigned roles and responsibilities, as monthly reconciliations were not performed timeously. In addition, delays were experienced in receiving vital audit information and, in certain instances, audit information received was erroneous. A lack of segregation of duties was noted as certain individuals prepare and review the same information or prepare and authorise the same information.
- Regular reconciliations of programme, film and sports rights to safeguard the assets of the SABC were not performed. This is due to the lack of implementation of proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available, and to the lack of implementation and adherence to controls over daily and monthly processing and reconciling of transactions.
- Policies and procedures to enable and support the understanding and execution of internal control objectives, processes, and responsibilities were not always established and communicated or reviewed and revised.
- Although compliance with certain legislation is currently managed in various divisions throughout the organisation, the SABC did not have a centralised compliance control or process in place during the year. Accordingly, the SABC did not have an effective process in place to review and monitor its overall compliance with applicable laws and regulations as required by Section 51(1)(h) of the PFMA.

OTHER REPORTS

- Investigations completed during the financial year as advised to us

  The Special Investigation Unit performed special investigations into interest in contracts, revenue matters, procurement of goods and services and appointment of consultants. The company is still in the process of completing its evaluation of the outcomes and implementing the recommendations.

- Investigations in progress as advised to us

  We have not been informed of any further investigations that are still in progress.

The matters contained in the Report on Other Legal and Regulatory Requirements are not considered to affect our opinion contained in our Report on the Annual Financial Statements, unless indicated.

KPMG Inc

KPMG Inc

Per A Bulbulia
Chartered Accountant (SA)
Registered Auditor
Director

30 July 2012

KPMG Crescent
85 Empire Road
Parktown

Ngubane and Company Inc

Ngubane & Co. Inc.

Per P Naude
Chartered Accountant (SA)
Registered Auditor
Director

30 July 2012

Midrand Business Park
Building 1
563 Old Pretoria Road
Midrand

Kwinana and Associates

Kwinana & Associates

Per T Mapenda
Chartered Accountant (SA)
Registered Auditor
Director

30 July 2012

Stand 92
Cnr Dale and Pretorius Street
President Park
Midrand

Statements of Financial Position as at 31 March 2012

	Note	GROUP 2012 R'000	GROUP 2011 R'000	COMPANY 2012 R'000	COMPANY 2011 R'000
ASSETS					
Property, plant and equipment	5	**1 291 051**	1 413 515	**1 291 051**	1 413 515
Investment properties	6	**32 221**	32 728	**32 221**	32 728
Computer software	7	**172 709**	211 151	**172 709**	211 151
Defined benefit asset	8	**155 277**	226 633	**155 277**	226 633
Investment in subsidiaries	9	**-**	-	**71**	71
Available-for-sale financial assets	10	**4 755**	4 847	**4 755**	4 847
Prepayments	11	**83 049**	101 771	**83 049**	101 771
Other non-current assets		**513**	527	**-**	11
Total non-current assets		**1 739 575**	1 991 172	**1 739 133**	1 990 727
Programme, film and sports rights	12	**862 467**	929 748	**862 467**	929 748
Inventories	13	**4 339**	2 735	**4 339**	2 735
Trade and other receivables	14	**883 391**	841 089	**883 192**	832 853
Prepayments	11	**151 495**	119 961	**151 459**	119 925
Call deposits	15	**869 000**	591 000	**869 000**	591 000
Restricted cash	16	**142 996**	161 057	**142 996**	161 057
Cash and cash equivalents	17	**217 732**	108 753	**208 296**	89 302
Total current assets		**3 131 420**	2 754 343	**3 121 749**	2 726 620
Total assets		**4 870 995**	4 745 515	**4 860 882**	4 717 347
EQUITY					
Share capital	18	**1**	1	**1**	1
Fair value adjustment reserve	19	**3 141**	2 454	**3 141**	2 454
Retained earnings		**1 115 780**	848 199	**1 106 652**	835 056
Total equity		**1 118 922**	850 654	**1 109 794**	837 511
LIABILITIES					
Perpetual instrument	20	**27 390**	27 390	**27 390**	27 390
Interest-bearing loans and borrowings	21	**788 390**	1 179 145	**800 927**	1 191 682
Deferred government grant	22	**364 278**	435 593	**364 278**	435 593
Employee benefits	24	**650 417**	564 291	**650 417**	564 291
Other non-current liabilities		**1 137**	1 136	**1 137**	1 136
Total non-current liabilities		**1 831 612**	2 207 555	**1 844 149**	2 220 092
Trade and other payables	25	**932 770**	990 297	**919 559**	963 048
Employee benefits	24	**147 285**	160 887	**147 154**	160 757
Deferred income	26	**122 828**	130 346	**122 828**	130 346
Current portion of interest-bearing loans and borrowings	21	**387 894**	166 524	**387 894**	166 524
Taxation payable		**62 988**	57 198	**62 808**	57 015
Current portion of deferred government grant	22	**71 432**	71 574	**71 432**	71 574
Provisions	27	**195 264**	110 480	**195 264**	110 480
Total current liabilities		**1 920 461**	1 687 306	**1 906 939**	1 659 744
Total liabilities		**3 752 073**	3 894 861	**3 751 088**	3 879 836
Total equity and liabilities		**4 870 995**	4 745 515	**4 860 882**	4 717 347

Income Statements for the year ended 31 March 2012

	Note	GROUP 2012 R'000	GROUP 2011 R'000	COMPANY 2012 R'000	COMPANY 2011 R'000
Revenue	28	**5 612 617**	5 230 324	**5 612 617**	5 230 324
Other income	29	**67 291**	63 118	**64 905**	62 140
Amortisation of programme, film and sports rights	12	**(1 370 395)**	(1 597 178)	**(1 370 395)**	(1 597 178)
Net impairment reversed/(raised) of programme, film and sports rights	12	**3 281**	(79 987)	**3 281**	(79 987)
Amortisation of computer software	7	**(46 958)**	(53 441)	**(46 958)**	(53 441)
Impairment of trade and other receivables		**(1 708)**	(88 037)	**(1 708)**	(88 114)
Broadcast costs		**(462 336)**	(338 173)	**(462 336)**	(338 173)
Signal distribution and linking costs		**(458 122)**	(495 070)	**(458 122)**	(495 070)
Employee compensation and benefit expenses	30	**(1 840 171)**	(1 705 338)	**(1 840 171)**	(1 705 338)
Depreciation of property, plant and equipment	5	**(218 171)**	(218 967)	**(218 171)**	(218 957)
Marketing costs		**(123 788)**	(108 709)	**(123 788)**	(108 698)
Direct licence collection costs		**(130 561)**	(126 677)	**(130 561)**	(126 677)
Professional and consulting fees	31	**(139 669)**	(167 121)	**(133 351)**	(163 000)
Other expenses	32				
- personnel costs-other than employee compensation		**(49 832)**	(47 999)	**(49 822)**	(47 984)
- operational		**(404 750)**	(300 338)	**(404 674)**	(300 351)
Other losses	33	**(307)**	(1 280)	**(307)**	(1 280)
Operating profit/(loss) before finance costs and tax		**436 421**	(34 873)	**440 439**	(31 784)
Net financing costs	34	**(63 518)**	(84 537)	**(63 521)**	(85 141)
Finance income	34	**50 638**	42 771	**50 635**	42 934
Finance expenses	34	**(114 156)**	(127 308)	**(114 156)**	(128 075)
Profit/(loss) before income tax		**372 903**	(119 410)	**376 918**	(116 925)
Income tax	35	**(29 410)**	(9 861)	**(29 410)**	(9 485)
Profit/(loss) for the year		**343 493**	(129 271)	**347 508**	(126 410)

Statements of Comprehensive Income for the year ended 31 March 2012

	Note	GROUP 2012 R'000	GROUP 2011 R'000	COMPANY 2012 R'000	COMPANY 2011 R'000
Profit/(loss) for the year		**343 493**	(129 271)	**347 508**	(126 410)
Other comprehensive loss for the year, before tax		**(104 635)**	(118 380)	**(104 635)**	(118 380)
Actuarial (loss)/gain	*8*	**(173 257)**	267 605	**(173 257)**	267 605
Change in paragraph 58 limit of IAS 19 - employee benefits	*8*	**112 944**	(306 295)	**112 944**	(306 295)
Actuarial loss	*24*	**(45 121)**	(80 081)	**(45 121)**	(80 081)
Gain in changes in fair value of available-for-sale financial assets	*10*	**799**	391	**799**	391
Income tax relating to other components of other comprehensive loss	*35*	**29 410**	33 201	**29 410**	33 201
Other comprehensive loss for the year, net of tax		**(75 225)**	(85 179)	**(75 225)**	(85 179)
Total comprehensive income/(loss) for the year		**268 268**	(214 450)	**272 283**	(211 589)

Statements of Changes in Equity for the year ended 31 March 2012

	Share capital R'000	Fair value adjustment reserve R'000	Retained earnings R'000	Total R'000
	GROUP			
Balance at 31 March 2010	1	2 118	1 062 985	1 065 104
Total comprehensive gain/(loss) for the year	-	336	(214 786)	(214 450)
Balance at 31 March 2011	1	2 454	848 199	850 654
Total comprehensive gain for the year	**-**	**687**	**267 581**	**268 268**
Balance at 31 March 2012	**1**	**3 141**	**1 115 780**	**1 118 922**
	COMPANY			
Balance at 31 March 2010	1	2 118	1 046 981	1 049 100
Total comprehensive gain/(loss) for the year	-	336	(211 925)	(211 589)
Balance at 31 March 2011	1	2 454	835 056	837 511
Total comprehensive gain for the year	**-**	**687**	**271 596**	**272 283**
Balance at 31 March 2012	**1**	**3 141**	**1 106 652**	**1 109 794**

Statements of Cash Flows for the year ended 31 March 2012

	Note	GROUP 2012 R'000	GROUP 2011 R'000	COMPANY 2012 R'000	COMPANY 2011 R'000
Cash flows from operating activities					
Cash receipts from customers		**5 562 797**	5 205 532	**5 554 760**	5 222 768
Cash paid to suppliers and employees		**(4 860 583)**	(4 682 350)	**(4 842 528)**	(4 699 973)
Cash generated from operations	*36*	**702 214**	523 182	**712 232**	522 795
Interest received	*34*	**42 526**	28 493	**42 523**	28 177
Dividends received	*34*	**-**	149	**-**	149
Interest paid	*34*	**(101 907)**	(117 942)	**(101 907)**	(118 375)
Income taxes refunded	*37*	**-**	56 678	**-**	57 014
Net cash inflows from operating activities		**642 833**	490 560	**652 848**	489 760
Cash flows from investing activities					
Acquisition of property, plant and equipment	*5*	**(102 137)**	(112 801)	**(102 137)**	(112 801)
Acquisition of computer software	*7*	**(2 393)**	(2 363)	**(2 393)**	(2 363)
Movement in call deposits	*15*	**(278 000)**	(401 000)	**(278 000)**	(401 000)
Decrease/(increase) in restricted cash	*16*	**18 061**	(107 934)	**18 061**	(107 934)
Net cash outflows from investing activities		**(364 469)**	(624 098)	**(364 469)**	(624 098)
Cash flows from financing activities					
Repayment of loan from subsidiary	*21*	**-**	-	**-**	(69)
Repayment of interest bearing loan	*21*	**(111 111)**	-	**(111 111)**	-
Instalment sale and finance lease paid during the year	*21*	**(58 274)**	(24 081)	**(58 274)**	(24 081)
Finance raised with instalment sales	*21*	**-**	20 515	**-**	20 515
Proceeds from government grant	*22*	**-**	131 579	**-**	131 579
Net cash (outflows)/inflows from financing activities		**(169 385)**	128 013	**(169 385)**	127 944
Net increase/(decrease) in cash and cash equivalents		**108 979**	(5 525)	**118 994**	(6 394)
Cash and cash equivalents at beginning of the year		**108 753**	114 529	**89 302**	95 696
Effects of the exchange rate changes on the balance cash held in foreign currencies		**-**	(251)	**-**	-
Cash and cash equivalents at end of the year	*17*	**217 732**	108 753	**208 296**	89 302

Notes to the annual financial statements for the year ended 31 March 2012

1 SIGNIFICANT ACCOUNTING POLICIES

The South African Broadcasting Corporation Limited is a company domiciled in South Africa. The consolidated financial statements of the Company as at and for the year ended 31 March 2012 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. The consolidated financial statements of the Group were authorised for issue by the board of directors on 30 July 2012.

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

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

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

The accounting policies set out below have been applied consistently for all periods presented in the consolidated and separate Annual Financial Statements.

(C) Basis of Consolidation

(i) *Subsidiaries*

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

(ii) *Transactions eliminated on consolidation*

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

(D) Foreign Currency

(i) *Functional and presentation currency*

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

(ii) *Foreign currency transactions*

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

(E) Property, Plant and Equipment

(i) *Owned assets*

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. The cost of self-constructed assets includes the cost of materials, direct labour, an appropriate proportion of overheads 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 (s).

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(E) Property, Plant and Equipment (continued)

(iii) *Subsequent costs*

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

(iv) *Depreciation*

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

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

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

(v) *Derecognition*

The gain or loss on the disposal or scrapping of property, plant and equipment is recognised in profit or loss, (refer to note 33). 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 stated at historical cost or deemed cost less accumulated depreciation and accumulated impairment losses. Certain items of investment properties that had been revalued to fair value on 1 April 2004, the date of transition to IFRS, are measured on the basis of deemed cost, being the revalued amount at that date.

(ii) *Depreciation*

Depreciation is recognised in 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 not insignificant, are reassessed annually and adjusted if appropriate.

(iii) *Fair values*

An external, independent valuation company, having an appropriate recognised professional qualification and recent 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 arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The valuations are prepared by either considering the value obtained for recent sales of similar or substitute properties, or the aggregate of the net annual rent receivable from the properties and where relevant, associated costs. In the latter instance, a yield which reflects the specific risks inherent in the net cash flows is then applied to net annual rentals to arrive at the property valuation.

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 (r).

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

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(G) Intangible Assets (continued)

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

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

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

(iii) *De-recognition of programme, film and sports rights*
Cost and accumulated amortisation of originated programme, film and sports rights are derecognised after the estimated number of showings. Cost and accumulated amortisation of acquired programme, film and sports rights are derecognised at the earlier of the expriry of licence period or allowed number of showings.

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

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

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

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

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

(H) Investments

The Group classifies its investments in the following categories: loans and receivables, call deposits, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

Financial Assets

Classification

(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 and with no intention of trading. They are included in current assets, except where they have maturities greater than 12 months after the reporting date. These are classified as non-current assets.

(ii) *Call Deposits*
Call deposits 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.

(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) *Non-Financial Assets: Investment in Subsidiaries*
Investment in subsidiaries are carried at cost less accumulated impairment losses in the separate financial statements of the Company.

Recognition and measurement

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

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(H) Investments *(continued)*

(iv) *Non-Financial Assets: Investment in Subsidiaries (continued)*

Recognition and measurement (continued)

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

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

(I) Impairment of Assets

(i) *Financial assets (including receivables)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss has occured 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, the disappearance of an active market for a security. In addition, for an investment in equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

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

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

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

Impairment losses on available-for-sale investment securities are recognised by transferring the cumulative loss that has been recognised in other comprehensive income, and presented in the fair value reserve in equity, to profit or loss. The cumulative loss that is removed from other comprehensive income and recognised in profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisaton, 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 occuring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

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

Calculation of impairment

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

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

Reversals of impairment

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

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

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(I) Impairment of Assests *(continued)*

(ii) *Non-financial assets*

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

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

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 goups 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.

(J) 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.

(K) 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.

(L) 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.

(M) Interest-bearing Borrowings

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

(N) Employee Benefits

(i) *Defined benefit pension plans*

The net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and any unrecognised past service cost and the fair value of any plan assets are deducted. The discount rates used were 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.

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

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

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

(ii) *Other post-employment benefit obligations*

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

(iii) *Short-term benefits*

Short-term employee benefit obligations 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.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(N) Employee Benefits (continued)

(iv) *Long-term benefits*

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

(O) Provisions

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

(P) Trade and other Payables

Trade and other payables are initially recognised at fair value less any directly attributable transaction costs.
Trade and other payables are subsequently measured at amortised cost, using the effective interest method.

(Q) Financial Instruments

(i) *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. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. However, since the Group has elected not to apply hedge accounting, all derivative financial instruments are accounted for as trading instruments.

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

(ii) *Non-derivative financial instruments*

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

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

(iii) *Cash and cash equivalents*

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position. Bank overdrafts that are repayable on demand and form and 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.

(iv) *Restricted cash*

Cash which is subject to restrictions on its use is stated separately at carrying value in the statement of financial position. The restricted cash is restricted to separate capital projects relating to the migration of Digital Terrestrial Television. Given that the cash has specific conditions of use it has been separately disclosed from cash and cash equivalents.

(R) Revenue

(i) *Advertising revenue*

Advertising revenue is recognised at the time the related advertisement or commercial appears before the public. The amount recognised is net of Value-Added Tax; Media Industry Trust levies; trade discounts and, where applicable, estimates of agency commissions, which are granted when payment is made in accordance with agreed payment terms.

(ii) *Trade exchanges (non-monetary exchanges)*

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

(iii) *Sponsorship revenue*

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

(iv) *Licence fee revenue*

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

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(R) Revenue (continued)

(v) *Government grants*

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

(vi) *Other revenue/income (Business enterprises and Facilities 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.

(S) Lease Payments

(i) *Operating lease payments*

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

(ii) Finance lease payments

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

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

(T) Net Financing Income

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

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

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

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

(U) Income Tax

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

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

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

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

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

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

(V) Related Parties

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

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

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

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

2 ACCOUNTING ESTIMATES AND JUDGEMENTS

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

(A) Critical Accounting Estimates and Assumptions

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

(i) *Useful lives of property, plant and equipment*

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

(ii) *Amortisation and impairment of computer software*

The Group believes that the accounting estimates relating to the amortisation and impairment of computer software are significant accounting estimates because they require management to make assumptions about the useful life of an asset. The useful life of an asset is determined on existing economic and technical ageing, legal or other limitations on the use of the asset and obsolescence. If some of these factors were to deteriorate materially, impairing the ability of the asset to generate future cash flows, the Group may accelerate the amortisation charge to reflect the remaining useful life of the asset or record an impairment loss. See accounting policy 1(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 12. The recoverable amount of the rights is considered zero once the licence period is expired.

(iv) *Pension assumptions*

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

Annually the defined benefit pension plan is valued on 31 March using the Projected Unit Credit Method for the financial statements certified by the Actuaries. The cost of the defined benefit pension plan as well as the present value of the pension obligation is determined using actuarial valuations. The actuarial valuations involve making assumptions about discount rates, expected rates of return of assets, future salary increases, mortality rates of in-service members and pension mortality rates and future pension increases, withdrawal of member 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 increase and pension increases are based on expected future inflation rates. Further details about the assumptions used are given in note 8.

(v) *Post-employment medical aid assumptions*

The Group provides a subsidy of medical aid contributions payable by those employees who elect to remain on the medical aid scheme after retirement. The Group provides for these post-employment medical aid benefits using the Projected Unit Credit method prescribed by IAS 19 - Employee Benefits. Future benefits valued are projected using specific actuarial assumptions and the liability for in-service members is accrued over their expected working lifetime. The liability is calculated by considering some key actuarial assumptions such as (1) the rate of healthcare cost inflation, (2) discount rate, (3) percentage members continuing after retirement and (4) average retirement age of members. The key actuarial assumptions made are disclosed in note 24.

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.

	1% point increase	1% point decrease
Effect on the post-employment medical aid liability	**R98m**	**R80m**
Effect on the current service and interest cost	**R79m**	**R98m**

The employers liability will also be affected by the take-up rate assumption related to the past service, a change from the current 80% in the take-up rate would have the following effects.

	10% point increase	10% point decrease
Effect on the past service costs	**R35m**	**R35m**

2 *ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)*

(A) *Critical Accounting Estimates and Assumptions (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 27 and 42.

(vii) *Valuation of financial instruments*

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

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

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

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

(ix) *Accrual for needle time*

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

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

Channel Africa (Radio)

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

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

3 NEW ACCOUNTING STANDARDS AND IFRIC INTERPRETATIONS NOT YET EFFECTIVE

At the date of authorisation of the financial statements of the Group for the year ended 31 March 2012, the following standards and interpretations were in issue but not yet effective.

Standards

(i) IAS 1 - amendment - Presentation of financial statements: Presentation of Other Comprehensive Income - effective 01 July 2012
(ii) IAS 12 - amendment - Deferred tax: Recovery of Underlying Assets - effective 01 January 2012
(iii) IAS 19 - amendment - Employee benefits: Defined benefit plans - effective 01 January 2013
(iv) IAS 27 - Separate Financial Statements - effective 01 January 2013
(v) IAS 32 - Offsetting Financial Assets and Financial Liabilities - effective 01 January 2014
(vi) IFRS 1 - Government Loans - effective 01 January 2013
(vii) IFRS 7 - amendment - Disclosures – Transfers of Financial Assets - effective 01 January 2013
(viii) IFRS 9 - Financial Instruments - effective 01 January 2013
(ix) IFRS 10 - Consolidated Financial Statements - effective 01 January 2013
(x) IFRS 12 - Disclosure of interests in other entities - effective 01 January 2013
(xi) IFRS 13 - Fair value measurement - effective 01 January 2013

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

4 RECLASSIFICATION OF COMPARATIVES

During the period management has reclassified provision for legal claims previously reported as accruals to provisions.

The comparatives of the statement of financial position and the respective notes have been reclassified in terms of IAS 1 presentation of financial statements, the reclassification of provision.

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

	GROUP AND COMPANY
	R'000
Decrease in accruals	(58 148)
Increase in provisions	58 148
	-

5 PROPERTY, PLANT AND EQUIPMENT

	GROUP					
	Land and buildings R'000	Broadcasting equipment R'000	*Other equipment R'000	Vehicles R'000	**Capital work-in-progress R'000	Total R'000
At 31 March 2012						
Cost	**848 601**	**1 627 166**	**358 538**	**81 045**	**50 865**	**2 966 215**
Accumulated depreciation and impairment losses	**(375 318)**	**(970 914)**	**(286 632)**	**(42 300)**	**-**	**(1 675 164)**
Carrying amount	**473 283**	**656 252**	**71 906**	**38 745**	**50 865**	**1 291 051**
At 31 March 2011						
Cost	866 971	1 516 813	368 525	80 703	54 278	2 887 290
Accumulated depreciation and impairment losses	(333 832)	(830 708)	(271 638)	(37 597)	-	(1 473 775)
Carrying amount	533 139	686 105	96 887	43 106	54 278	1 413 515
For the year ended 31 March 2012						
Carrying amount at 1 April 2011	**533 139**	**686 105**	**96 887**	**43 106**	**54 278**	**1 413 515**
Additions	**6 005**	**56 866**	**9 667**	**202**	**29 397**	**102 137**
Disposals	**-**	**(213)**	**(94)**	**-**	**-**	**(307)**
Cost	**-**	**(9 788)**	**(6 995)**	**-**	**-**	**(16 783)**
Accumulated depreciation and impairment losses	**-**	**9 575**	**6 901**	**-**	**-**	**16 476**
Transfers (to)/from computer software and other categories	**(22 330)**	**53 668**	**(4 791)**	**140**	**(32 810)**	**(6 123)**
Cost	**(24 375)**	**63 275**	**(12 353)**	**140**	**(32 810)**	**(6 123)**
Accumulated depreciation and impairment losses	**2 045**	**(9 607)**	**7 562**	**-**	**-**	**-**
Depreciation charge for the year	**(43 531)**	**(140 174)**	**(29 763)**	**(4 703)**	**-**	**(218 171)**
Carrying amount at 31 March 2012	**473 283**	**656 252**	**71 906**	**38 745**	**50 865**	**1 291 051**
Cost price of fully depreciated assets still in use	**42 914**	**494 471**	**217 738**	**23 837**	**-**	**778 960**
For the year ended 31 March 2011						
Carrying amount at 1 April 2010	562 491	740 886	79 646	32 662	106 644	1 522 329
Additions	581	46 838	8 686	15 455	41 241	112 801
Scrapped assets	-	(1 209)	(71)	-	-	(1 280)
Cost	-	(20 123)	(4 833)	(198)	-	(25 154)
Accumulated depreciation and impairment losses	-	18 914	4 762	198	-	23 874
Transfers (to)/from investment property, computer software and other categories	15 850	32 063	44 326	-	(93 607)	(1 368)
Cost	15 850	32 063	44 326	-	(93 607)	(1 368)
Depreciation charge for the year	(45 783)	(132 473)	(35 700)	(5 011)	-	(218 967)
Carrying amount at 31 March 2011	533 139	686 105	96 887	43 106	54 278	1 413 515
Cost price of fully depreciated assets still in use	36 923	432 754	212 526	23 216	-	705 419

** 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)

	COMPANY					
	Land and buildings R'000	Broadcasting equipment R'000	*Other equipment R'000	Vehicles R'000	**Capital work-in-progress R'000	Total R'000
At 31 March 2012						
Cost	**848 601**	**1 627 166**	**358 538**	**81 045**	**50 865**	**2 966 215**
Accumulated depreciation and impairment losses	**(375 318)**	**(970 914)**	**(286 632)**	**(42 300)**	**-**	**(1 675 164)**
Carrying amount	**473 283**	**656 252**	**71 906**	**38 745**	**50 865**	**1 291 051**
At 31 March 2011						
Cost	866 971	1 516 813	368 219	80 703	54 278	2 886 984
Accumulated depreciation and impairment losses	(333 832)	(830 708)	(271 332)	(37 597)	-	(1 473 469)
Carrying amount	533 139	686 105	96 887	43 106	54 278	1 413 515
For the year ended 31 March 2012						
Carrying amount at 1 April 2011	**533 139**	**686 105**	**96 887**	**43 106**	**54 278**	**1 413 515**
Additions	**6 005**	**56 866**	**9 667**	**202**	**29 397**	**102 137**
Disposals	**-**	**(213)**	**(94)**	**-**	**-**	**(307)**
Cost	**-**	**(9 788)**	**(6 995)**	**-**	**-**	**(16 783)**
Accumulated depreciation and impairment losses	**-**	**9 575**	**6 901**	**-**	**-**	**16 476**
Transfers (to)/from computer software and other categories	**(22 330)**	**53 668**	**(4 791)**	**140**	**(32 810)**	**(6 123)**
Cost	**(24 375)**	**63 275**	**(12 353)**	**140**	**(32 810)**	**(6 123)**
Accumulated depreciation and impairment losses	**2 045**	**(9 607)**	**7 562**	**-**	**-**	**-**
Depreciation charge for the year	**(43 531)**	**(140 174)**	**(29 763)**	**(4 703)**	**-**	**(218 171)**
Carrying amount at 31 March 2012	**473 283**	**656 252**	**71 906**	**38 745**	**50 865**	**1 291 051**
Cost price of fully depreciated assets still in use	**42 914**	**494 471**	**217 738**	**23 837**	**-**	**778 960**
For the year ended 31 March 2011						
Carrying amount at 1 April 2010	562 491	740 886	79 636	32 662	106 644	1 522 319
Additions	581	46 838	8 686	15 455	41 241	112 801
Disposals	-	(1 209)	(71)	-	-	(1 280)
Cost	-	(20 123)	(4 833)	(198)	-	(25 154)
Accumulated depreciation and impairment losses	-	18 914	4 762	198	-	23 874
Transfers (to)/from investment property, computer software and other categories	15 850	32 063	44 326	-	(93 607)	(1 368)
Cost	15 850	32 063	44 326	-	(93 607)	(1 368)
Depreciation charge for the year	(45 783)	(132 473)	(35 690)	(5 011)	-	(218 957)
Carrying amount at 31 March 2011	533 139	686 105	96 887	43 106	54 278	1 413 515
Cost price of fully depreciated assets still in use	36 923	432 754	212 281	23 216	-	705 174

** 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	
	2012	2011
Carrying amount of property, plant and equipment ceded as security (see also note 21)	R'000	R'000
Computer Equipment		
Copy centre equipment to secure Nedbank lease facility	-	943
Desktop computer equipment pledged to secure the Nedbank instalment sale	-	2 673
Broadcasting Equipment		
High Definition TV outside broadcast units to secure FirstRand Lease facility	**252 706**	286 411
Motor Vehicle		
Motor vehicles to secure Nedbank instalment sale	**3 636**	4 357
	256 342	294 384
Included in capital work-in-progress are the following major projects:		
Henley final control centres 1 to 4 equipment replacement	**4 183**	1 518
Polokwane studio and news booths upgrade	**2 269**	-
Radiopark studios S3 and S4 upgrade	**1 920**	-
Western Cape chiller replacement	**1 428**	-
Mafikeng access control system	**1 071**	-
News craft and playout server system	**1 037**	-
Henley line record facility upgrade	**606**	3 072
Port Elizabeth chiller replacement	**1 734**	-
Radio minor capital	**1 301**	-
Richards Bay News bureau	**1 283**	-
Polokwane temporary News facilities	**1 202**	-
News minor capital	**783**	-
Group Sales office refurbishment	**417**	-
Group Services minor capital	**589**	-
UPS system for Henley TV facility	-	4 873
Radiopark studios S20 and S21 upgrade	-	1 287
News studio 9 digitisation	**3 368**	10 384
TV Outside Broadcasting unit parking modification	-	2 165
SAP GRC implementation	-	2 509
Election results system	-	4 484
News production and computer systems	**14 372**	2 329
Refurbishment of Bisho infrastructure	-	5 855
Nelspruit broadcasting centre	-	5 583
Total	**37 563**	44 059

6 INVESTMENT PROPERTIES

	2012	2011
Deemed Cost	**34 567**	34 567
Accumulated depreciation and impairment losses	**(2 346)**	(1 839)
Carrying amount	**32 221**	32 728
Carrying amount at 1 April	**32 728**	33 233
Depreciation charge for the year	**(507)**	(505)
Carrying amount at 31 March	**32 221**	32 728
Fair value of investment properties	**108 763**	103 626

Fair value of investment properties

The fair values of investment properties is determined by a registered independent appraiser having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued. Fair values were determined having regard to recent market transactions for similar properties in the same location as the Group's investment properties.

The fair values were determined by JHI Property Services for the South African properties and for the London property they were determined by NB Real Estate, on 31 March 2012 and 1 May 2012 respectively.

Information on investment properties

Investment properties comprise a number of commercial and residential properties that are leased to third parties. These leases are for non-cancellable periods ranging from 1 to 3 years. Subsequent renewals are negotiated with the lessee.

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.

Rental income earned on investment property and direct operating expenses such as maintenance and repairs relating to investment property are disclosed under operating leases (note 40).

7 COMPUTER SOFTWARE

	GROUP AND COMPANY	
	Computer software R'000	Total R'000
At 31 March 2012		
Cost	**385 859**	**385 859**
Accumulated amortisation and impairment losses	**(213 150)**	**(213 150)**
Carrying amount	**172 709**	**172 709**
At 31 March 2011		
Cost	377 343	377 343
Accumulated amortisation and impairment losses	(166 192)	(166 192)
Carrying amount	211 151	211 151
For the year ended 31 March 2012		
Carrying amount at 1 April 2011	**211 151**	**211 151**
Additions	**2 393**	**2 393**
Transfers from property, plant and equipment	**6 123**	**6 123**
Cost	**6 123**	**6 123**
Amortisation charge for the year	**(46 958)**	**(46 958)**
Carrying amount at 31 March 2012	**172 709**	**172 709**
Cost price of fully amortised assets still in use	**30 580**	**30 580**
For the year ended 31 March 2011		
Carrying amount at 1 April 2010	260 861	260 861
Additions	2 363	2 363
Transfers from property, plant and equipment	1 368	1 368
Cost	1 368	1 368
Amortisation charge for the year	(53 441)	(53 441)
Carrying amount at 31 March 2011	211 151	211 151
Cost price of fully amortised assets still in use	15 346	15 346

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

The defined benefit pension plan is valued annually on the 31 March, 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	
	2012 R'000	2011 R'000
Opening balance	**226 633**	285 819
Actuarial loss recognised in other comprehensive income	**(60 313)**	(38 690)
Amounts recognised in profit or loss	**(78 001)**	(83 162)
Employer Contributions	**66 958**	62 666
Closing balance	**155 277**	226 633
The amounts recognised in the statement of financial position are determined as follows:		
Present value of funded obligations	**(6 592 079)**	(5 932 902)
Fair value of plan assets	**7 412 203**	6 937 326
Funded status of the plan	**820 124**	1 004 424
Unrecognised due to paragraph 58 limit of IAS 19 - Employee benefits	**(664 847)**	(777 791)
Asset recognised in the statement of financial position	**155 277**	226 633
Changes in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	**5 932 902**	5 718 895
Current service cost	**183 778**	171 998
Interest cost	**530 209**	509 987
Actuarial loss/(gain)	**214 181**	(188 950)
Benefits paid	**(327 776)**	(332 733)
Employee contributions	**58 785**	53 705
Closing defined benefit obligation	**6 592 079**	5 932 902

8 DEFINED BENEFIT ASSET (continued)

	GROUP AND COMPANY 2012 R'000	GROUP AND COMPANY 2011 R'000
Changes in the fair value of plan assets are as follows:		
Fair value of plan assets at the beginning of the year	**6 937 326**	6 476 210
Employee contributions	**58 785**	53 705
Employer contributions	**66 958**	62 666
Benefit payments	**(327 776)**	(332 733)
Expected return on plan assets	**635 986**	598 823
Actuarial gain	**40 924**	78 655
Fair value of plan assets at the end of the year	**7 412 203**	6 937 326
The amounts recognised in profit or loss are determined as follows:	**(78 001)**	(83 162)
Current service cost	**(183 778)**	(171 998)
Interest cost	**(530 209)**	(509 987)
Expected return on plan assets	**635 986**	598 823
Items recognised in a statement of other comprehensive income are determined as follows:	**(60 313)**	(38 690)
Actuarial (loss)/gain	**(173 257)**	267 605
Change in paragraph 58 limitation	**112 944**	(306 295)
Net periodic pension charge	**(138 314)**	(121 852)
The principal actuarial assumptions at the reporting date (expressed as weighted averages) are as follows:	%	%
Discount rate at 31 March	**9.0**	9.0
Expected return on plan assets at 31 March	**8.9**	9.3
Inflation	**5.8**	5.8
Future salary increases	**7.3**	7.3
Future pension increases	**4.8**	4.8

	GROUP AND COMPANY			
	2012		2011	
Plan assets comprise:	R'000	%	R'000	%
Domestic Equity	**4 409 525**	**59.5**	4 362 228	62.9
Bonds	**1 079 663**	**14.6**	889 009	12.8
Cash	**715 087**	**9.6**	370 997	5.3
Foreign Assets	**1 157 994**	**15.6**	1 152 995	16.6
Hedged Assets	**49 934**	**0.7**	162 097	2.4
	7 412 203	**100.0**	6 937 326	100.0

The overall expected long-term rate of return on assets is 9.3% (2011: 10.2%). The expected long-term rate of return is based on the portfolio as a whole and not on the sum of the returns on individual asset categories. The return is based exclusively on historical returns without adjustments.

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

During the financial year under review, management estimated that an amount of R80 million will be incurred towards the contribution into the defined benefit pension plan. The utilisation of this will be through a "pension fund holiday". The group contribution rate was 7% (2011: 7%) instead of the recommended 16.3% (2011: 16.3%).

9 INVESTMENT IN SUBSIDIARIES

COMPANY	Nature of business	Issued share capital (number)	% Held	Shares at cost 2012 R'000	Shares at cost 2011 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	**- ***	- *
Shares at cost				**71**	71
Directors' valuation				**9 128**	13 143

**Shares at cost of R1.*

10 AVAILABLE-FOR-SALE FINANCIAL ASSETS

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 3: Inputs for the asset that are not based on observable market data

		GROUP AND COMPANY 2012 R'000	GROUP AND COMPANY 2011 R'000
Level 1			
Sanlam shares			
Listed - 143 257 (2011: 143 257) Sanlam Limited*			
Balance on 1 April		**3 956**	3 565
Fair value adjustment recognised in the statement of other comprehensive income		**799**	391
		4 755	3 956
Level 3			
Equity instruments:- Programme, film and sports rights**	**Percentage holding in deals**	**-**	891
People of the Eland	15%	**-**	6
Mr Bones 2	15%	**-**	173
Bang Bang Club	7.50%	**-**	712
Balance 31 March		**4 755**	4 847

*The available-for-sale financial assets were revalued at year end. There were no disposals or impairment on available-for-sale financial assets during the year under review.

**The equity instrument was assessed for impairment at year end and the carrying amount has been adjusted for the impairment. Refer to note 32. There were no disposals or additions during the year under review and the carrying amount of the available-for-sale financial assets closely approximates the fair value at year end.

11 PREPAYMENTS

	GROUP 2012 R'000	GROUP 2011 R'000	COMPANY 2012 R'000	COMPANY 2011 R'000
Programme, film and sports rights	**205 928**	198 146	**205 928**	198 146
Other	**28 616**	23 586	**28 580**	23 550
	234 544	221 732	**234 508**	221 696
Less: Current portion	**(151 495)**	(119 961)	**(151 459)**	(119 925)
Non-current portion	**83 049**	101 771	**83 049**	101 771

12 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 2012				
Cost	**2 346 012**	**5 180 205**	**370 343**	**7 896 560**
Accumulated amortisation and impairment losses	**(2 094 763)**	**(4 906 704)**	**-**	**(7 001 467)**
Provision for programme, film and sports rights impairment losses*	**(21 917)**	**(10 709)**	**-**	**(32 626)**
Carrying amount	**229 332**	**262 792**	**370 343**	**862 467**
At 31 March 2011				
Cost	2 169 686	4 460 632	332 954	6 963 272
Accumulated amortisation and impairment losses	(1 836 170)	(4 139 327)	-	(5 975 497)
Provision for programme, film and sports rights impairment losses*	(47 318)	(10 709)	-	(58 027)
Carrying amount	286 198	310 596	332 954	929 748
For the year ended 31 March 2012				
Carrying amount at 1 April 2011	**286 198**	**310 596**	**332 954**	**929 748**
Additions	**542 871**	**-**	**756 962**	**1 299 833**
Transfers	**-**	**719 573**	**(719 573)**	**-**
Amortisation charge for the year	**(603 018)**	**(767 377)**	**-**	**(1 370 395)**
Impairment charge for the year	**(22 120)**	**-**	**-**	**(22 120)**
Reversal provision for write- off	**25 401**	**-**	**-**	**25 401**
Derecognition	**-**	**-**	**-**	**-**
Cost	**(366 545)**	**-**	**-**	**(366 545)**
Accumulated amortisation	**366 545**	**-**	**-**	**366 545**
Carrying amount at 31 March 2012	**229 332**	**262 792**	**370 343**	**862 467**
Cost price of fully amortised rights	**-**	**2 097 716**	**-**	**2 097 716**
For the year ended 31 March 2011				
Carrying amount at 1 April 2010	441 449	35 658	422 427	899 534
Additions	643 098	-	1 064 281	1 707 379
Transfers	-	1 153 754	(1 153 754)	-
Amortisation charge for the year	(727 656)	(869 522)	-	(1 597 178)
Impairment charge for the year	(74 905)	-	-	(74 905)
Reversal/(raising) provision for write- off *	4 212	(9 294)	-	(5 082)
Derecognition	-	-	-	-
Cost	(260 083)	-	-	(260 083)
Accumulated amortisation	260 083	-	-	260 083
Carrying amount at 31 March 2011	286 198	310 596	332 954	929 748
Cost price of fully amortised rights	-	1 593 509	-	1 593 509

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

13 INVENTORIES

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

14 TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2012 R'000	2011 R'000	2012 R'000	2011 R'000
Trade receivables - gross	**1 117 892**	1 096 606	**1 117 892**	1 096 606
Less: Impairment of trade receivables	**(245 495)**	(270 087)	**(245 495)**	(270 087)
Impairment of trade receivables	**(181 418)**	(179 710)	**(181 418)**	(179 710)
Impairment of trade receivables- credit notes	**(64 077)**	(90 377)	**(64 077)**	(90 377)
Trade receivables - net	**872 397**	826 519	**872 397**	826 519
Other receivables	**10 994**	14 570	**10 795**	6 334
	883 391	841 089	**883 192**	832 853

15 CALL DEPOSITS

	GROUP AND COMPANY	
	2012 R'000	2011 R'000
Term Deposits	**869 000**	591 000

During the financial year under review, cash investments were made with approved financial institutions. The periods of investing range from 90 to 219 days. The average interest rate is 5.76% (2011: 5.47%).

16 RESTRICTED CASH

	2012	2011
Government Grant	**141 636**	159 768
SABC Foundation Bursary Scheme	**1 360**	1 289
	142 996	161 057

The Government Grant is related to the technology plan for the migration of the SABC from analogue to digital technology (refer to note 22). The SABC Foundation Bursary Scheme is used for bursaries only.

17 CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2012	2011	2012	2011
Cash and cash equivalents	R'000	R'000	R'000	R'000
Bank balances	**45 934**	68 155	**40 296**	52 502
Short term deposits	**168 000**	36 800	**168 000**	36 800
Cash held in foreign bank accounts	**3 798**	3 798	**-**	-
	217 732	108 753	**208 296**	89 302

18 SHARE CAPITAL

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

19 FAIR VALUE ADJUSTMENT RESERVE

Fair value adjustment reserves	**3 141**	2 454

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

20 PERPETUAL INSTRUMENT

Permanent capital	**27 390**	27 390

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.

21 INTEREST-BEARING LOANS AND BORROWINGS

	GROUP		COMPANY	
	2012 R'000	2011 R'000	2012 R'000	2011 R'000
Unsecured				
Loan from Auckland Programme Trade B.V. used to buy sports rights bearing interest at 5% per annum. The loan has no fixed terms of repayment.	**-**	-	**12 537**	12 537
Long term loan obtained from Nedbank repayable in five years with a moratorium on the capital repayment for the first two years from December 2009 to December 2011. Interest is charged at the Johannesburg Interbank rate (JIBAR) currently 7.30% (2011: 7.30%) per annum at 31 March 2012.	**888 889**	1 000 000	**888 889**	1 000 000
Secured*				
Wesbank finance lease facility for a high definition outside broadcast vehicle (OB Vans) payable over five years at a rate of 5.65% (2011: 5.65%) per annum. The lease is repayable in monthly payments of R0,97 million with a final balloon payment of R28,1 million due in September 2014.	**49 981**	58 558	**49 981**	58 558
Rand Merchant Bank finance lease facility for a high definition television outside broadcast vehicle payable over five years at a rate of 10.73% (2011: 10.73%) per annum. The lease is repayable in monthly payments of R1,2 million with a final balloon payment of R27,2 million due in August 2014.	**50 645**	60 339	**50 645**	60 339
Nedbank instalment sale facilities for desktop computer equipment payable over four years at a rate between 6.25% and 7% (2011:6.25% - 7%) per annum. The lease is repayable in monthly payments of R0,8 million with the last payment due in May 2013.	**4 268**	13 017	**4 268**	13 017
Nedbank instalment sale facility for PABX equipment payable over five years at a rate of 6.25% (2011:6.25%) per annum. The lease is repayable in monthly payments of R0,003 million with the last payment due in December 2013.	**60**	91	**60**	91
Nedbank lease for copier equipment under finance lease lease repayable over 29 months at a rate of 0% (2011:6.25%) per annum. The lease was repayable in monthly payments of R0,07 million with a final balloon payment which was made in 2012 of R0,195 million.	**-**	195	**-**	195
Wesbank finance lease facility for a high definition television outside broadcast vehicle payable over five years at a rate of 5.65% (2011: 5.65%) per annum. The lease is repayable in monthly payments of R1,6 million with a final balloon payment of R44,1 million due in February 2015.	**89 857**	103 397	**89 857**	103 397
Rand Merchant Bank finance lease facility for a high definition television outside broadcast vehicle payable over five years at a rate of 9.81% (2011: 9.81%) per annum. The lease is repayable in monthly payments of R2,0 million with a final balloon payment of R32,3 million due in January 2015.	**88 682**	105 120	**88 682**	105 120
Nedbank instalment sale facility for vehicles payable over five years at a rate of 7.5% (2011:7.5%) per annum. The lease is repayable in monthly payments of R0,12 million with the last payment due in May 2015.	**3 902**	4 952	**3 902**	4 952
Total	**1 176 284**	1 345 669	**1 188 821**	1 358 206
Current portion transferred to current liabilities	**(387 894)**	(166 524)	**(387 894)**	(166 524)
Non-current portion	**788 390**	1 179 145	**800 927**	1 191 682

** secured assets are reflected on note 5*

21 INTEREST-BEARING LOANS AND BORROWINGS (continued)

	2012			2011		
	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	**69 312**	**(20 106)**	**49 206**	69 508	(23 926)	45 582
Later than one year but not later than five years	**254 568**	**(24 609)**	**229 959**	326 742	(44 715)	282 027
	323 880	**(44 715)**	**279 165**	396 250	(68 641)	327 609
Instalment sale liabilities:						
Less than one year	**5 741**	**(386)**	**5 355**	10 719	(888)	9 831
Later than one year but not later than five years	**3 116**	**(241)**	**2 875**	8 857	(628)	8 229
	8 857	**(627)**	**8 230**	19 576	(1 516)	18 060
Total	**332 737**	**(45 342)**	**287 395**	415 826	(70 157)	345 669
COMPANY						
Finance lease liabilities:						
Less than one year	**69 312**	**(20 106)**	**49 206**	69 508	(23 926)	45 582
Later than one year but not later than five years	**254 568**	**(24 609)**	**229 959**	326 742	(44 715)	282 027
	323 880	**(44 715)**	**279 165**	396 250	(68 641)	327 609
Instalment sale liabilities:						
Less than one year	**5 741**	**(386)**	**5 355**	10 719	(888)	9 831
Later than one year but not later than five years	**3 116**	**(241)**	**2 875**	8 857	(628)	8 229
	8 857	**(627)**	**8 230**	19 576	(1 516)	18 060
Loan from subsidiary:	**12 537**	**-**	**12 537**	12 537	-	12 537
Total	**345 274**	**(45 342)**	**299 932**	428 363	(70 157)	358 206

22 DEFERRED GOVERNMENT GRANT

	GROUP AND COMPANY	
	2012 R'000	2011 R'000
Balance on 1 April	**507 167**	450 959
Amounts received during the year	**-**	131 579
Amount recognised in profit or loss in line with amortisation and depreciation of assets acquired with the grant (see note 28).	**(71 457)**	(75 371)
Balance on 31 March	**435 710**	507 167
Less: Current portion	**(71 432)**	(71 574)
Non-current portion	**364 278**	435 593

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

23 DEFERRED TAX

	GROUP		COMPANY	
	2012	2011	2012	2011
Deferred tax is attributable to the following:	R'000	R'000	R'000	R'000
Deferred Tax Liabilities				
Property, plant and equipment	**122 679**	140 016	**122 748**	140 085
Investment properties	**9 021**	9 163	**9 021**	9 163
Finance lease asset	**78 153**	87 824	**78 153**	87 824
Defined benefit asset	**43 478**	63 457	**43 478**	63 457
Programme, film and sports rights	**137 795**	167 102	**137 795**	167 102
Computer Software	**48 358**	59 122	**48 357**	59 122
Available-for-sale financial assets	**524**	412	**524**	412
Prepayments	**389**	539	**389**	539
Total liabilities	**440 397**	527 635	**440 465**	527 704
Deferred Tax Assets				
Finance leases	**(78 971)**	(91 730)	**(78 971)**	(91 730)
Straight-lining of operating leases	**(314)**	(309)	**(314)**	(309)
Employee benefits	**(226 608)**	(201 015)	**(226 608)**	(201 015)
Deferred income	**(34 392)**	(36 497)	**(34 392)**	(36 497)
Other payables and provisions	**(100 112)**	(101 555)	**(100 180)**	(101 185)
Estimated tax loss utilised	**-**	(96 529)	**-**	(96 968)
Total assets	**(440 397)**	(527 635)	**(440 465)**	(527 704)
Total deferred tax	**-**	-	**-**	-

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

	GROUP 2012	GROUP 2011	COMPANY 2012	COMPANY 2011
Deferred tax recognised in the income statement	**(29 410)**	(33 201)	**(29 410)**	(33 201)
Deferred tax recognised in the statement of other comprehensive income	**29 410**	33 201	**29 410**	33 201
Deferred tax on 31 March	**-**	-	**-**	-
Estimated tax loss	**223 618**	392 056	**223 019**	391 456
Utilised against deferred tax	**-**	(96 529)	**-**	(96 968)
Available for utilisation in future years	**223 618**	295 527	**223 019**	294 488

24 EMPLOYEE BENEFITS

	GROUP 2012	GROUP 2011	COMPANY 2012	COMPANY 2011
Non-current statement of financial position obligations for:				
Post-employment medical benefits	**638 893**	552 969	**638 893**	552 969
Leave pay	**11 524**	11 322	**11 524**	11 322
	650 417	564 291	**650 417**	564 291
Current statement of financial position obligations for:				
Employee incentive	**2 921**	23 717	**2 921**	23 717
Leave pay	**144 364**	137 170	**144 233**	137 040
	147 285	160 887	**147 154**	160 757
Total statement of financial position obligations for employee benefits	**797 702**	725 178	**797 571**	725 048
Income Statement (See also note 30):				
Post-employment medical benefits	**67 957**	55 103	**67 957**	55 103
Employee incentive	**59 954**	39 548	**59 954**	39 548
Leave pay	**31 186**	29 563	**31 186**	29 563
	159 097	124 214	**159 097**	124 214

Post-employment medical benefits

The Group provides a varying subsidy towards medical aid contributions payable by employees who elect to remain on the medical aid scheme after retirement. This subsidy is unfunded and is provided for based on actuarial valuations performed annually. The valuation assumes a varying subsidy of 60%; 75% and 100% consistent with the 2011 valuation scenario.

	GROUP AND COMPANY	
	2012	2011
The amount recognised in the statement of financial position is determined as follows:	R'000	R'000
Present value of unfunded obligations		
Post-employment medical benefits	**638 893**	552 969
Changes in the present value of the defined benefit obligation are as follows:	**552 969**	478 942
Current service cost	**12 829**	12 243
Interest cost	**55 128**	42 860
Subsidy payments	**(27 154)**	(19 299)
*Post-employment medical benefit - past service cost paid	**-**	(41 858)
Actuarial loss	**45 121**	80 081
Closing defined benefit obligation	**638 893**	552 969

24 EMPLOYEE BENEFITS (continued)

Post-employment medical benefits (continued)

	GROUP AND COMPANY	
	2012 R'000	2011 R'000
The amount recognised in profit or loss is determined as follows:	**67 957**	55 103
Current service cost	**12 829**	12 243
Interest cost	**55 128**	42 860
The amount recognised in other comprehensive income is determined as follows:		
Actuarial loss	**45 121**	80 081
Total, included in employee compensation and benefit expenses, *including items recognised in other comprehensive income*	**113 078**	135 184
The principal actuarial assumptions at the reporting date (expressed as weighted averages) are as follows:	%	%
Discount rate at 31 March	**9.0%**	9.2%
Medical inflation rate per annum	**8.1%**	7.9%
Take-up rate by retired employees	**80.0%**	80.0%

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

Employee incentive and long-term leave pay

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

The principal actuarial assumptions in respect of long-term leave pay at the reporting date (expressed as weighted averages) are as follows:	GROUP AND COMPANY	
	2012 %	2011 %
Discount rate at 31 March	**7.4%**	8.6%
Rate of salary increase	**8.2%**	8.2%
Employee turnover rate	**8.3%**	8.6%

Analysis of Unexpected Gains and Losses

At 31 March 2011, the accrued liability was R552.9m. The projection of the liability at March 2012 (assuming all actuarial assumptions are experienced) is R594m. The liability as determined in this valuation is R638.8m, approximately 7% higher than the projected amount. The difference in the estimated value of the liability and what the liability was projected to be is reconciled as follows:

Analysis of change in liability - Experience adjustment vs Assumptions

Factor	Change (2012)	GROUP AND COMPANY				
		2012 R'000	2011 R'000	2010 R'000	2009 R'000	2008 R'000
Projected Liability (from prior years)	as per March 2011 valuation report	**594 298**	469 745	421 570	400 767	214 065
Membership and benefit structure	16 unexpected reinstatements (R6 million) 17 fewer retirees than expected (R4 million) 9 less pensioner deaths than expected (R1.4 million)	**3 958**	(1 070)	(5 079)	(20 323)	137 700
Medical scheme contribution inflation	10.70% vs assumed 7.91%	**10 598**	8 383	12 356	4 084	9 391
Change in real discount rate	9.90% vs 1.24%	**30 906**	59 817	5 490	8 546	8 676
Other		**(867)**	16 094	44 605	1 358	(924)
Year-end liability		**638 893**	552 969	478 942	394 432	368 908

25 TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2012 R'000	2011 R'000	2012 R'000	2011 R'000
Trade payables				
- local	**18 428**	21 328	**16 739**	21 097
- foreign	**1 138**	1 224	**1 138**	1 224
Other payables*	**99 975**	113 303	**89 990**	87 821
Accrued expenses	**214 430**	217 032	**212 893**	215 496
Programme, film and sports rights related trade and other payables	**598 799**	637 410	**598 799**	637 410
	932 770	990 297	**919 559**	963 048

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

26 DEFERRED INCOME

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

27 PROVISIONS

*Legal claims**

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

*Legal claims against the SABC were instituted by various individual(s)/instituions 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.

28 REVENUE

	GROUP		COMPANY	
	2012 R'000	2011 R'000	2012 R'000	2011 R'000
Total Advertising revenue	**4 104 448**	3 569 692	**4 104 448**	3 569 692
Advertising	**4 035 744**	3 504 715	**4 035 744**	3 504 715
Trade exchanges *(non-monetary exchanges)*	**68 704**	64 977	**68 704**	64 977
Business enterprise and facilities revenue	**32 883**	40 224	**32 883**	40 224
Sponsorships	**361 351**	483 937	**361 351**	483 937
License fees	**892 649**	872 050	**892 649**	872 050
Government grants				
- for educational and local programmes	**58 134**	69 886	**58 134**	69 886
- for technology assets	**71 457**	75 371	**71 457**	75 371
* Other revenue	**91 695**	119 164	**91 695**	119 164
	5 612 617	5 230 324	**5 612 617**	5 230 324

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

29 OTHER INCOME

	GROUP 2012	GROUP 2011	COMPANY 2012	COMPANY 2011
Rental income	**7 006**	6 820	**7 006**	6 820
Management fees	**39 318**	39 727	**39 318**	39 727
Travel commission	**3 133**	1 507	**747**	529
Other sundry income	**17 834**	15 064	**17 834**	15 064
	67 291	63 118	**64 905**	62 140

30 EMPLOYEE COMPENSATION AND BENEFIT EXPENSE

	Note	GROUP AND COMPANY 2012 R'000	GROUP AND COMPANY 2011 R'000
Cost of employment		**1 759 075**	1 664 286
Defined benefit pension fund recognised in the income statement	8	**(78 001)**	(83 162)
Post-employment medical benefits	24	**67 957**	55 103
Employee incentive	24	**59 954**	39 548
Leave pay	24	**31 186**	29 563
The amounts recognised in profit or loss		**1 840 171**	1 705 338
Items recognised in other comprehensive income:		**105 434**	118 771
Actuarial loss- Post-retirement medical aid liability	24	**45 121**	80 081
Actuarial loss/(gain) - Pension fund defined benefit	8	**173 257**	(267 605)
Change in paragraph 58 limitation of IAS 19-Employee benefits	8	**(112 944)**	306 295
		1 945 605	1 824 109

Included in these amounts are directors' emoluments which are disclosed in more detail in note 43.

31 PROFESSIONAL AND CONSULTING FEES

	GROUP 2012 R'000	GROUP 2011 R'000	COMPANY 2012 R'000	COMPANY 2011 R'000
Audit fees	**12 758**	15 489	**12 758**	15 489
- current year	**11 473**	9 235	**11 473**	9 235
- prior years	**1 285**	6 254	**1 285**	6 254
Consulting fees	**126 911**	151 632	**120 593**	147 511
	139 669	167 121	**133 351**	163 000

32 OTHER EXPENSES

	GROUP 2012	GROUP 2011	COMPANY 2012	COMPANY 2011
Other expenses include the following charges:				
Operating lease charges	**67 714**	54 960	**67 714**	54 960
Buildings	**9 514**	9 287	**9 514**	9 287
Equipment	**19 610**	11 779	**19 610**	11 779
Vehicles	**9 086**	9 656	**9 086**	9 656
Software	**29 504**	24 238	**29 504**	24 238
Impairment of available-for-sale financial assets	**891**	8 569	**891**	8 569
Depreciation of investment properties	**507**	505	**507**	505
Reversal of legal claims	**-**	(40 000)	**-**	(40 000)
Legal claim provision raised	**156 844**	62 410	**156 844**	62 410
Consumables - write down to net realisable value	**141**	43	**141**	43

33 OTHER LOSSES

	GROUP 2012	GROUP 2011	COMPANY 2012	COMPANY 2011
Loss on sale of property, plant and equipment	**(307)**	(1 280)	**(307)**	(1 280)

34 NET FINANCING LOSS

	GROUP 2012	GROUP 2011	COMPANY 2012	COMPANY 2011
Interest received	**42 526**	28 493	**42 523**	28 177
Dividend received	**-**	149	**-**	149
Net foreign exchange gain on monetary items	**4 398**	7 348	**4 398**	7 348
Foreign exchange gain	**3 714**	6 781	**3 714**	7 260
Finance income	**50 638**	42 771	**50 635**	42 934
Interest paid	**(101 907)**	(117 942)	**(101 907)**	(118 375)
Independent third parties	**(75 436)**	(91 490)	**(75 436)**	(91 923)
Shareholder - permanent capital	**(1 780)**	(1 780)	**(1 780)**	(1 780)
Finance leases	**(24 691)**	(24 672)	**(24 691)**	(24 672)
Foreign exchange loss	**(12 249)**	(9 366)	**(12 249)**	(9 700)
Finance expenses	**(114 156)**	(127 308)	**(114 156)**	(128 075)
Net financing costs	**(63 518)**	(84 537)	**(63 521)**	(85 141)

	Note	GROUP 2012 R'000	GROUP 2011 R'000	COMPANY 2012 R'000	COMPANY 2011 R'000
35 INCOME TAX EXPENSE					
Income tax recognised in profit or loss					
Current tax expense - prior year adjustment		**-**	23 340	**-**	23 716
Deferred tax expense relating to temporary differences		**(29 410)**	(33 201)	**(29 410)**	(33 201)
		(29 410)	(9 861)	**(29 410)**	(9 485)
Reconciliation of effective tax expense:					
Profit/(loss) before income tax		**372 903**	(119 410)	**376 918**	(116 925)
Income tax using the company tax rate		**(104 413)**	33 435	**(105 537)**	32 739
Non-taxable income		**26 976**	30 852	**26 976**	30 852
Non-deductible expenses		**(23 014)**	(1 549)	**(23 014)**	(1 919)
Prior year adjustment		**-**	(23 340)	**-**	(23 716)
Prior year deferred tax adjustment		**(15 244)**	246 268	**(15 244)**	247 047
Timing differences not recognised		**(10 095)**	-	**(8 971)**	-
Effects of tax offsets/(unused tax losses) not recognised		**96 380**	(295 527)	**96 380**	(294 488)
Effective tax expense		**(29 410)**	(9 861)	**(29 410)**	(9 485)
Income tax recognised in other comprehensive income:					
Pension fund		**16 888**	10 833	**16 888**	10 833
Post-employment medical benefits		**12 634**	22 423	**12 634**	22 423
Available-for-sale financial assets		**(112)**	(55)	**(112)**	(55)
		29 410	33 201	**29 410**	33 201
Reconciliation of effective tax expense:					
Comprehensive loss before income tax		**(104 635)**	(118 380)	**(104 635)**	(118 380)
Income tax using the company tax rate		**29 298**	33 146	**29 298**	33 146
Rate differences on available for sale assets		**112**	55	**112**	55
Effective tax expense		**29 410**	33 201	**29 410**	33 201
36 CASH GENERATED FROM OPERATIONS					
Reconciliation of profit/(loss) the year to cash generated from operations:					
Profit/(loss) for the year		**343 493**	(129 271)	**347 508**	(126 410)
Adjustments for:					
Amortisation of programme, film and sports rights	12	**1 370 395**	1 597 178	**1 370 395**	1 597 178
(Reversal)/impairment of programme, film and sports rights	12	**(3 281)**	79 987	**(3 281)**	79 987
Amortisation of computer software	7	**46 958**	53 441	**46 958**	53 441
Amount recognised in profit or loss in line with amortisation and depreciation of assets acquired with the grant.	22	**(71 457)**	(75 371)	**(71 457)**	(75 371)
Depreciation of property, plant and equipment	5	**218 171**	218 967	**218 171**	218 957
Depreciation of investment properties	6	**507**	505	**507**	505
Provision for consumables obsolescence	32	**141**	43	**141**	43
Impairment of trade receivables	14	**(24 592)**	39 722	**(24 592)**	39 799
Impairment of available for sale financial assets	32	**891**	8 569	**891**	8 569
Loss on disposal of property, plant and equipment	33	**307**	1 280	**307**	1 280
Interest received	34	**(42 526)**	(28 493)	**(42 523)**	(28 177)
Dividends received	34	**-**	(149)	**-**	(149)
Interest paid	34	**101 907**	117 942	**101 907**	118 375
Foreign exchange loss		**-**	251	**-**	-
Legal claims reversed	32	**-**	(40 000)	**-**	(40 000)
Provisions raised	32	**156 844**	4 262	**156 844**	4 262
Income tax expense	35	**29 410**	9 861	**29 410**	9 485
Withholding taxes accrued		**5 790**	-	**5 793**	-
Operating profit before payment for acquisition of programme, film and sports rights		**2 132 958**	1 858 724	**2 136 979**	1 861 774
Payments for acquisition of programme, film and sports rights	12	**(1 299 833)**	(1 707 379)	**(1 299 833)**	(1 707 379)

36 CASH GENERATED FROM OPERATIONS (continued)

	Note	GROUP 2012 R'000	GROUP 2011 R'000	COMPANY 2012 R'000	COMPANY 2011 R'000
Operating profit before changes in working capital, employee benefits		**833 125**	151 345	**837 146**	154 395
Provisions paid	*32*	**(72 060)**	-	**(72 060)**	-
Decrease/(increase) in prepayments	*11*	**(12 812)**	114 645	**(12 812)**	114 644
(Increase)/decrease in inventories	*13*	**(1 745)**	(47)	**(1 745)**	(47)
Decrease/(increase) in trade and other receivables	*14*	**(17 710)**	24 946	**(25 747)**	42 105
Increase/(decrease) in employee benefits and defined benefit asset		**38 446**	14 146	**38 445**	14 146
(Decrease)/increase in trade and other payables	*25*	**(57 527)**	307 839	**(43 489)**	287 012
(Decrease)/increase in deferred income	*26*	**(7 518)**	(89 460)	**(7 518)**	(89 460)
(Increase)/decrease in other non-current assets and liabilities		**15**	(232)	**12**	-
Cash generated from operations		**702 214**	523 182	**712 232**	522 795

37 INCOME TAXES REFUNDED

	Note	GROUP 2012 R'000	GROUP 2011 R'000	COMPANY 2012 R'000	COMPANY 2011 R'000
Balance at 1 April		**57 198**	23 860	**57 015**	23 717
Current taxation	*35*	**-**	(23 340)	**-**	(23 716)
Withholding taxes		**5 790**	-	**5 793**	-
Balance at 31 March		**(62 988)**	(57 198)	**(62 808)**	(57 015)
Taxation refunded		**-**	(56 678)	**-**	(57 014)

38 PROCEEDS FROM DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

	Note	GROUP 2012 R'000	GROUP 2011 R'000	COMPANY 2012 R'000	COMPANY 2011 R'000
Disposals	*5*	**307**	1 280	**307**	1 280
Loss on sale of property, plant and equipment	*33*	**(307)**	(1 280)	**(307)**	(1 280)
		-	-	**-**	-

39 FINANCIAL INSTRUMENTS

Overview

The Group has exposure to credit risk, liquidity risk and market risk, that consists of interest rate 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 Audit Committee.

Credit risk

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

Trade and other receivables

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

Allowance for impairment

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

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

The majority of the Group's trade receivables are due for maturity within 45 days and largely comprise 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 to wholly owned subsidiaries. As at 31 March 2012 and 31 March 2011 there was a guarantee of R0.5 million relating to a housing scheme, a guarantee for the Airwave Travels IATA travel agency licence to the value of R0.34 million and a guarantee for Pietersburg Municipality to the value of R0.07 million.

39 FINANCIAL INSTRUMENTS (continued)

The Group considers its maximum exposure to credit risk to be as follows:	GROUP 2012 R'000	GROUP 2011 R'000	COMPANY 2012 R'000	COMPANY 2011 R'000
Available-for-sale financial assets	**4 755**	4 847	**4 755**	4 847
Trade and other receivables	**883 391**	841 089	**883 192**	832 853
Call deposits	**869 000**	591 000	**869 000**	591 000
Restricted cash	**142 996**	161 057	**142 996**	161 057
Cash and cash equivalents	**217 732**	108 753	**208 296**	89 302
	2 117 874	1 706 746	**2 108 239**	1 679 059

Trade receivables:	2012 R'000 Fully Performing	2012 R'000 Past due but not impaired	2012 R'000 Impaired	2011 R'000 Fully Performing	2011 R'000 Past due but not impaired	2011 R'000 Impaired
GROUP						
Government	**5 462**	**17 965**	**49 395**	26 757	13 156	43 983
Agencies	**772 669**	**12 218**	**123 605**	685 649	41 652	139 252
Direct clients	**34 686**	**29 397**	**72 495**	33 327	25 978	86 852
	812 817	**59 580**	**245 495**	745 733	80 786	270 087
COMPANY						
Government	**5 462**	**17 965**	**49 395**	26 757	13 156	43 983
Agencies	**772 669**	**12 218**	**123 605**	685 649	41 652	139 252
Direct clients	**34 686**	**29 397**	**72 495**	33 327	25 978	86 852
	812 817	**59 580**	**245 495**	745 733	80 786	270 087

Age analysis of past due but not impaired is the following:	GROUP 2012 R'000	GROUP 2011 R'000	COMPANY 2012 R'000	COMPANY 2011 R'000
Past due 0 to 30 days	**6 808**	33 368	**6 808**	33 368
Past due 31 to 90 days	**1 333**	10 834	**1 333**	10 834
91 to 120 days	**303**	4 089	**303**	4 089
121 days to 1 year	**51 136**	32 495	**51 136**	32 495
	59 580	80 786	**59 580**	80 786
Age analysis of the impaired trade receivables is the following:				
Past due 0 to 30 days	**12 583**	-	**12 583**	-
Past due 31 to 90 days	**8 283**	12 059	**8 283**	12 059
91 to 120 days	**6 561**	36 664	**6 561**	36 664
121 days and older	**218 068**	221 364	**218 068**	221 364
	245 495	270 087	**245 495**	270 087
Movements on the impairment of trade receivables are as follows:				
Opening balance - 1 April	**270 087**	230 365	**270 087**	230 288
Written off as uncollectible (impaired)	**(41 782)**	(407)	**(41 782)**	(407)
Impairment raised	**17 190**	40 129	**17 190**	40 206
	245 495	270 087	**245 495**	270 087
The Group does hold collateral as security. The nature and fair value of the collateral are as follows:				
Official Government Orders	**77 755**	43 069	**77 755**	43 069
Insurance Cover	**291 060**	789 917	**291 060**	789 917
MCC Security	**776 877**	189 702	**776 877**	189 702
	1 145 692	1 022 688	**1 145 692**	1 022 688

39 *FINANCIAL INSTRUMENTS (continued)*

Liquidity risk

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

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

	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
	GROUP					
	2012					
Non-derivative financial liabilities						
Trade payables - Local	**18 428**	**18 428**	**18 428**	-	-	-
Trade payables - Foreign	**1 138**	**1 138**	**1 138**	-	-	-
Other payables*	**48 903**	**48 903**	**48 903**	-	-	-
Accruals	**214 430**	**214 430**	**214 430**	-	-	-
Programme, film and sports rights related trade and other payables	**598 799**	**598 799**	**598 799**	-	-	-
Loan obtained with government guarantee	**888 889**	**978 105**	**196 466**	**190 451**	**591 188**	-
Loans and borrowings	**287 395**	**332 737**	**37 527**	**37 526**	**128 842**	**128 842**
Perpetual debt instrument	**27 390**	**27 390**	**890**	**890**	**3 560**	**22 050**
	2 085 372	**2 219 930**	**1 116 581**	**228 867**	**723 590**	**150 892**
	2011					
Non-derivative financial liabilities						
Trade payables - Local	21 328	21 328	21 328	-	-	-
Trade payables - Foreign	1 224	1 224	1 224	-	-	-
Other payables*	81 719	81 719	81 719	-	-	-
Accruals	217 032	217 032	217 032	-	-	-
Programme, film and sports rights related trade and other payables	637 410	637 410	637 410	-	-	-
Loan obtained with government guarantee	1 000 000	1 155 289	144 644	32 356	978 289	-
Loans and borrowings	345 669	415 828	40 114	40 114	167 800	167 800
Perpetual debt instrument	27 390	27 390	890	890	3 560	22 050
	2 331 772	2 557 220	1 144 361	73 360	1 149 649	189 850

** excludes statutory accruals and payables*

Maturity analysis, due in:	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
	COMPANY					
	2012					
Non-derivative financial liabilities						
Trade payables - Local	**16 739**	**16 739**	**16 739**	-	-	-
Trade payables - Foreign	**1 138**	**1 138**	**1 138**	-	-	-
Other payables	**35 502**	**35 502**	**35 502**	-	-	-
Accruals	**212 893**	**212 893**	**212 893**	-	-	-
Programme, film and sports rights related trade and other payables	**598 799**	**598 799**	**598 799**	-	-	-
Loan obtained with government guarantee	**888 889**	**978 105**	**196 466**	**190 451**	**591 188**	-
Loans and borrowings	**287 395**	**332 737**	**37 527**	**37 526**	**128 842**	**128 842**
Perpetual debt instrument	**27 390**	**27 390**	**890**	**890**	**3 560**	**22 050**
Loans from subsidiaries	**12 537**	**12 537**	-	**12 537**	-	-
	2 081 282	**2 215 840**	**1 099 954**	**241 404**	**723 590**	**150 892**
	2011					
Non-derivative financial liabilities						
Trade payables - Local	21 097	21 097	21 097	-	-	-
Trade payables - Foreign	1 224	1 224	1 224	-	-	-
Other payables	54 340	54 340	54 340	-	-	-
Accruals	215 496	215 496	215 496	-	-	-
Programme, film and sports rights related trade and other payables	637 410	637 410	637 410	-	-	-
Loan obtained with government guarantee	1 000 000	1 155 289	144 644	32 356	978 289	-
Loans and borrowings	345 669	415 828	40 114	40 114	167 800	167 800
Perpetual debt instrument	27 390	27 390	890	890	3 560	22 050
Loans from subsidiaries	12 537	12 537	-	12 537	-	-
	2 315 163	2 540 611	1 115 215	85 897	1 149 649	189 850

** excludes statutory accruals and payables*

39 FINANCIAL INSTRUMENTS (continued)

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 0% to 50% of firm commitments for the subsequent 12 months. The Group has not applied hedge accounting for these forward currency contracts. The Group only covers known commitments and does not speculate in foreign currency. The percentage cover for less than one year is 74%.

The Group's exposure to foreign currency risk was as follows based on notional amounts:	US Dollar '000	Euro '000	CHF '000	GBP '000	Rand '000
	GROUP				
	2012				
Foreign cash and cash equivalents	**33**	**(3)**	**413**	**60**	**3 798**
Trade payables	**(170)**	**-**	**-**	**-**	**(1 138)**
Gross financial position exposure	**(137)**	**(3)**	**413**	**60**	**2 660**
Net financial position exposure	**(137)**	**(3)**	**413**	**60**	**2 660**
	2011				
Foreign cash and cash equivalents	33	(3)	413	60	3 798
Trade payables	(183)	-	-	-	(1 224)
Gross financial position exposure	(150)	(3)	413	60	2 574
Net financial position exposure	(150)	(3)	413	60	2 574
	COMPANY				
	2012				
Interest-bearing borrowings	**-**	**(1 224)**	**-**	**-**	**(12 537)**
Trade payables	**(170)**	**-**	**-**	**-**	**(1 138)**
Gross financial position exposure	**(170)**	**(1 224)**	**-**	**-**	**(13 675)**
Net financial position exposure	**(170)**	**(1 224)**	**-**	**-**	**(13 675)**
	2011				
Interest-bearing borrowings	-	(1 306)	-	-	(12 537)
Trade payables	(183)	-	-	-	(1 224)
Gross financial position exposure	(183)	(1 306)	-	-	(13 761)
Net financial position exposure	(183)	(1 306)	-	-	(13 761)

The following significant exchange rates applied during the year:	**GROUP AND COMPANY**			
	Average rate		**Reporting date spot rate**	
	2012	**2011**	**2012**	**2011**
USD 1	**7.42**	7.21	**7.68**	6.70
Euro 1	**10.21**	9.48	**10.24**	9.60
CHF 1	**0.12**	0.14	**0.12**	0.14
GBP 1	**11.83**	11.17	**12.27**	10.88

Sensitivity analysis

A 10% strengthening of the Rand against the following currencies at 31 March would have increased/(decreased) profit or 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 2011. Due to the nature of the transactions, there is no effect on equity.

	GROUP		**COMPANY**	
	2012 R'000	**2011 R'000**	**2012 R'000**	**2011 R'000**
	Profit or (loss)			
USD	**266**	257	**1 368**	1 376

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

39 FINANCIAL INSTRUMENTS (continued)

Market risk (continued)

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.

	GROUP		COMPANY	
	2012 R'000	**2011 R'000**	**2012 R'000**	**2011 R'000**
At reporting date the interest rate profile of the Group's interest bearing financial instruments was:	**Carrying amount**			
Fixed rate instruments				
Loans from subsidiaries	**-**	-	**(12 537)**	(12 537)
Finance lease liabilities	**(139 327)**	(165 459)	**(139 327)**	(165 459)
Perpetual debt instrument	**(27 390)**	(27 390)	**(27 390)**	(27 390)
	(166 717)	(192 849)	**(179 254)**	(205 386)
Variable rate instruments				
Long term loan obtained with government guarantee	**(888 889)**	(1 000 000)	**(888 889)**	(1 000 000)
Call deposits	**869 000**	591 000	**869 000**	591 000
Finance lease liabilities	**(139 838)**	(162 150)	**(139 838)**	(162 150)
Instalment sale liabilities	**(8 230)**	(18 060)	**(8 230)**	(18 060)
Cash and cash equivalents	**217 732**	108 753	**208 296**	89 302
	49 775	(480 457)	**40 339**	(499 908)

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 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 2011. Due to the nature of the transactions, there is no effect on equity.

	Profit/loss 100 bp increase			
Variable rate instruments	**5 302**	6 803	**5 402**	6 994

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

Fair value of financial instruments

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

(i) Loans and receivables, call deposits, perpetual debt instrument and interest-bearing loans and borrowings

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

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

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

(iii) Derivative financial instruments

The fair value of derivative financial instruments is based upon market valuations, being the present value of quoted forward rates.

39 FINANCIAL INSTRUMENTS (continued)

Fair value of financial instruments (continued)	2012		2011	
	Carrying amount R'000	Fair value R'000	Carrying amount R'000	Fair value R'000
	GROUP			
Financial assets				
Available-for-sale				
Available-for-sale financial assets	**4 755**	**4 755**	4 847	4 847
Loans and receivables				
Trade and other receivables	**883 391**	**883 391**	841 089	841 089
Held-to-maturity investments	**869 000**	**869 000**	591 000	591 000
Restricted cash	**142 996**	**142 996**	161 057	161 057
Cash and cash equivalents	**217 732**	**217 732**	108 753	108 753
Total financial assets	**2 117 874**	**2 117 874**	1 706 746	1 706 746
Financial liabilities				
Available-for-sale				
Perpetual instrument	**(27 390)**	**(19 782)**	(27 390)	(19 782)
Interest-bearing loans and borrowings	**(1 176 284)**	**(1176 284)**	(1 345 669)	(1 341 838)
Trade and other payables*	**(881 698)**	**(881 698)**	(958 713)	(958 713)
Total financial liabilities	**(2 085 372)**	**(2 077 764)**	(2 331 772)	(2 320 333)
Net financial liabilities	**32 502**	**40 110**	(625 026)	(613 587)
	COMPANY			
Financial assets				
Available-for-sale				
Available-for-sale financial assets	**4 755**	**4 755**	4 847	4 847
Loans and receivables				
Trade and other receivables	**883 192**	**883 192**	832 853	832 853
Held-to-maturity investments	**869 000**	**869 000**	591 000	591 000
Restricted cash	**142 996**	**142 996**	161 057	161 057
Cash and cash equivalents	**208 296**	**208 296**	89 302	89 302
Total financial assets	**2 108 239**	**2 108 239**	1 679 059	1 679 059
Financial liabilities				
Available-for-sale				
Perpetual instrument	**(27 390)**	**(19 782)**	(27 390)	(19 782)
Interest-bearing loans and borrowings	**(1 188 821)**	**(1 188 821)**	(1 358 206)	(1 354 375)
Trade and other payables*	**(865 071)**	**(865 071)**	(996 529)	(996 529)
Total financial liabilities	**(2 081 282)**	**(2 073 674)**	(2 382 125)	(2 370 686)
Net financial liabilities	**26 957**	**34 565**	(703 066)	(691 627)

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

** excludes statutory accruals and payables*

Capital management

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

Borrowing facilities

The unutilised borrowing facilities include general short-term banking facilities, asset-based finance facilities as well as guarantee facilities.

Included in normal guarantees, the Group has guarantees against a housing scheme to the value of R0.5 million, a guarantee for the Airwave Travels IATA travel agency licence to the value of R0.34 million and a guarantee for Pietersburg Municipality to the value of R0.07 million.

39 FINANCIAL INSTRUMENTS (continued)

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

40 OPERATING LEASES

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	2012 R'000	2011 R'000
Less than one year	**1 752**	1 782
Between one and five years	**2 439**	2 090
	4 191	3 872

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

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

Leases as lessor

The Group leases out certain of its investment properties under operating leases, (refer note 6). The future minimum lease receipts under non-cancellable leases are as follows:

	2012 R'000	2011 R'000
Less than one year	**4 116**	3 419
Between one and five years	**7 488**	7 239
	11 604	10 658

During the year ended 31 March 2012, R5 million was recognised as rental income in the income statement (2011: R7 million) and R1.2 million in respect of repairs and maintenance was recognised as an expense in the income statement relating to investment property (2011: R2.5 million).

41 COMMITMENTS

	2012 R'000	2011 R'000
Capital commitments		
Contracted for	**47 044**	99 975
Approved but not contracted for	**853 980**	772 694
	901 024	872 669
Programme, film and sports rights	**682 290**	1 103 198
Total purchase commitments	**1 583 314**	1 975 867
The capital commitment is to be financed as follows:		
Internally generated funds	**740 456**	693 264
Existing credit facilities	**18 932**	19 637
Government funding	**141 636**	159 768
	901 024	872 669

41 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 2012 is as follows:

	Local Commitments	Foreign commitments		Total
	R'000	'000	R'000	R'000
Year ending 31 March 2013	**340 451**	**18 646**	**151 847**	**492 298**
Local	**340 451**	**-**	**37**	**340 488**
Foreign - US Dollar	**-**	**15 061**	**115 216**	**115 216**
Foreign - Euro	**-**	**3 585**	**36 594**	**36 594**
Year ending 31 March 2014	**69 421**	**6 655**	**53 097**	**122 518**
Local	**69 421**	**-**	**-**	**69 421**
Foreign - US Dollar	**-**	**5 800**	**44 370**	**44 370**
Foreign - Euro	**-**	**855**	**8 727**	**8 727**
Year ending 31 March 2015	**7 255**	**6 385**	**58 014**	**65 269**
Local	**7 255**	**-**	**-**	**7 255**
Foreign - US Dollar	**-**	**2 800**	**21 420**	**21 420**
Foreign - Euro	**-**	**3 585**	**36 594**	**36 594**
Year ending 31 March 2016	**2 205**	**-**	**-**	**2 205**
Foreign - US Dollar	**2 205**	**-**	**-**	**2 205**
Foreign - Euro	**-**	**-**	**-**	**-**
Total commitments	**419 332**	**31 686**	**262 958**	**682 290**

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

42 CONTINGENCIES

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

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

(ii) Digital Horizon had sued the SABC for awarding a tender to a party allegedly in breach of its tender processes. The value of the tender was in excess of R400 million. After several interlocutory applications, the matter was postponed sine die at the instance of Digital Horizon. Digital Horizon have abandoned the initial application and have instead issued a new claim for damages against the SABC for an amount R148 million.

43 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			
	2012		2011	
	Amount of transactions R'000	Amounts owed (to) subsidiary R'000	Amount of transactions R'000	Amounts owed (to)/by subsidiary R'000
SABC Airwave Proprietary Limited trading as Airwave Travel	**6 270**	**(2 131)**	9 734	(941)
Auckland Programme Trade B.V. (incorporated in the Netherlands)	**-**	**(12 537)**	69	(12 537)
	6 270	**(14 668)**	9 803	(13 478)

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

43 RELATED PARTIES (continued)

(ii) Significant Transactions with government related entities

	GROUP AND COMPANY	
	2012	2011
Included in Revenue are the following:	R'000	R'000
Aggregate of all transactions that are collectively significant		
Independent Electoral Commission	**4 695**	13 993
Aggregate Sales to other government related entities not listed above	**75 682**	100 435
	80 377	114 428

	GROUP		COMPANY	
	2012	2011	2012	2011
Purchases of goods and services	R'000	R'000	R'000	R'000
Aggregate of all transactions that are collectively significant				
South African Post Office Limited	**28 032**	38 225	**28 032**	38 225
Telkom South Africa Limited	**31 256**	38 317	**31 256**	38 317
Sentech Limited	**535 837**	520 752	**535 837**	520 752
South African Revenue Service	**803 808**	758 983	**803 808**	759 621
- Value-Added-Taxes	**407 130**	381 368	**407 130**	382 006
- Employee taxes (Pay-As-You-Earn ("PAYE"))	**396 678**	377 615	**396 678**	377 615
Aggregate Purchases from other government related entities	**55**	4 981	**55**	4 981
	1 398 988	1 361 258	**1 398 988**	1 361 896

	GROUP AND COMPANY			
	2012		2011	
	Amount of transactions R'000	Outstanding balance R'000	Amount of transactions R'000	Outstanding balance R'000
(iii) Grants and sponsorships				
Government grants recognised in revenue	**71 457**	**-**	145 257	-
Deferred government grant	**-**	**435 710**	-	507 167
	71 457	**435 710**	145 257	507 167
(iv) Interest payments				
Shareholder - permanent capital	**1 780**	**27 390**	1 780	27 390
(v) Employee benefit payments				
SABC Pension fund	**(138 314)**	**155 277**	(121 852)	226 633
SABC Medical aid scheme	**(146 821)**	**-**	(135 395)	-
	(285 135)	**155 277**	(257 247)	226 633

(vi) Administered projects

The Group has been delegated with the responsibility by the Department of Communications to administer Channel Africa and the Community Radio Project, which are sub-divisions of the Department of Communications. The net amount of administered projects of R1 million (2011: R 1million) is included in trade and other payables and or trade and other receivables.

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

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

43 RELATED PARTIES (continued)

(viii) Service contracts for permanent executive directors	G.P. Duda	L.P. Mokhobo	R.A. Nicholson
Service contract			
- start date	01 March 2012	01 February 2012	01 July 2001
- end date	28 February 2017	31 January 2017	30 June 2011
Service period	5 years	5 years	10 years
Remaining	4 years 11 months	4 years 10 months	-

(ix) Directors' and key management personnel compensation

Remuneration paid to the person in any capacity

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

** - Included in basic salary is compensation paid in respect of loss of office and retirement from office*
~ - Excluding contributions obtained from pension fund holiday.

43 RELATED PARTIES (continued)

(ix) Directors' and key management personnel compensation (continued)

Remuneration paid to the person in any capacity

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

** - Included in basic salary is compensation paid in respect of loss of office and retirement from office*
*** - Bonuses paid out in 2011 were previously accrued for. See note 24*
~ - Excluding contributions obtained from pension fund holiday

44 LICENCE AGREEMENTS

The Group was granted the following Public Television Broadcasting Licences by the Public Service Division of the Independent Communications Authority of South Africa ("ICASA") for the period 23 March 2004 to 22 March 2019: SABC 1 and SABC 2.

The Group was granted the following Commercial Television Broadcasting Licences by the Public Service Division of the Independent Communications Authority of South Africa ("ICASA") for the period 23 March 2004 to 22 March 2019: SABC 3.

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

The Group was granted the following Commercial Sound Broadcasting Licences by the Public Service Division of ICASA for the period 23 March 2004 to 22 March 2014: 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.

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

(i) All losses through criminal conduct and 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:

Case number	Action taken	Amount identified R'000
Year ended 31 March 2012		
Case 1	No action required*	**3 942**
Case 2	No action required*	**2 576**
Case 3	No action required*	**2 500**
Case 4	No action required*	**4 995**
Case 5	No action required*	**5 200**
Case 6	No action required*	**2 150**
Case 7	No action required*	**28 000**
Case 8	No action required*	**6 335**
Case 9	No action required*	**6 164**
Case 10	No action required*	**5 438**
Case 11	No action required*	**5 010**
Case 12	No action required*	**3 188**
Case 13	No action required*	**5 169**
Case 14	No action required*	**23 228**
Case 15	No action required*	**10 627**
Aggregate of all other losses not material	Various	**22 437**
Total		**136 959**
Year ended 31 March 2011		
Case 1	No action required*	2 080
Case 2	No action required*	1 665
Case 3	No action required*	2 084
Case 4	No action required*	2 057
Case 5	No action required*	9 835
Case 6	No action required*	4 840
Case 7	No action required*	2 188
Case 8	No action required*	3 667
Case 9	Recovery	2 342
Case 10	Disciplinary Action	9 250
Case 12	No action required	2 280
Case 13	Disciplinary Action	7 900
Case 14	Disciplinary Action	2 057
Aggregate of all other losses not material	Various	22 851
Total		75 096

* These amounts relate to expediture incurred whereby there was no contracts in place and the payments were ratified according to the delegated authority (GCEO/CFO).

45 *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:

Case number	Action taken	Losses identified R'000	Losses recovered year to date R'000	Losses written off R'000	Recovery outstanding R'000
Year ended 31 March 2012					
Case 1	Foreign stock impairment	**22 120**	**-**	**(22 120)**	**-**
Case 2	Trustco legal claim settlement	**72 060**	**-**	**(72 060)**	**-**
Aggregate of all other losses not material	Various	**10 435**	**-**	**(10 435)**	**-**
Total		**104 615**	**-**	**(104 615)**	**-**
Year ended 31 March 2011					
Case 1	No action required	2 918	(1 200)	(1 718)	-
Case 2	Losses written off	4 000	-	(4 000)	-
Case 3	Additional stock impairment	74 905	-	(74 905)	
Case 4	Investigation in progress	2 785	-	(2 785)	-
Aggregate of all other losses not material	Various	3 701	-	(3 701)	-
Total		88 309	(1 200)	(87 109)	-

46 SUBSEQUENT EVENT

Non-adjusting event

Subsequent to 31 March 2012 one of the Group's studios was destroyed by fire on the 13 June 2012. Damages will be claimed once the disaster recovery is finalised and all reports submitted to the insurers.

Glossary of Terms
used in the Report

ABMP – African Broadcasters' Media Partnership

ASA – Advertising Standards Authority

AUB – African Union of Broadcasters

BBBEE – Broad-Based Black Economic Empowerment

BCCSA – Broadcasting Complaints Commission of South Africa

BIT – Broadcast Information Technology

CCC – Customer Competency Centre

CCMA – Commission for Conciliation, Mediation and Arbitration

DoC – Department of Communications

DTT – Digital Terrestrial Television

EAP – Employee Assistance Programme

EE – Employment Equity

ER – Employee Relations

ERM – Enterprise Risk Management

EVS – Enumeration Verification System

FIFA – Federation of International Football Associations

FM – Frequency Modulation

GE – Group Executive

HCS – Human Capital Services

HD – High Definition

HDTV – High Definition Television

IAS – International Accounting Standards

ICASA – Independent Communications Authority of South Africa

ICDL – International Committee on Communication

IEC – Independent Electoral Commission

IFRIC – International Financial Reporting Interpretations Committee

IFRS – International Financial Reporting Standards

IMF – Information Management Framework

IPF – Independent Professional's Forum

IT – Information Technology

LOC – Local Organising Committee

LSM – Living Standards Measure

MAPPP-SETA – Media, Advertising, Publishing, Printing, Packaging – Sector Education Training Authority

MHEG – Multimedia and Hypermedia information coding Expert Group

MMF – Middle Managers' Forum

MTEF – Medium Term Expenditure Framework

NCA – National Credit Act

NSF – National Skills Fund

OB – Outside Broadcast

PAYE – Pay As You Earn

PBI – Public Broadcasters International

PBS – Public Broadcast Service

PCC – Portfolio Committee on Communication

PCS – Public Commercial Service

PFMA – Public Finance Management Act

PIC – Public Investment Corporation

PPE – Property, Plant and Equipment

PSBF – Public Service Broadcasting Fund

RBF – Radio Broadcast Facilities

SAARF – South African Advertising Research Foundation

SABA – Southern African Broadcasting Association

SABC – South African Broadcasting Corporation Limited

SABE – Southern African Bond Exchange

SAFTA – South African Film and Television Awards

SAP – System Application and Products in Data Processing

SAP CCC – SAP Customer Competency Centre

SATMA – South African Traditional Music Awards

SETA – Sector Education and Training Authority

STB – Set-top box

TV – Television

TVBMS – TV Broadcast Management System

TVIEC – Television Industry Emergency Coalition

A note on terminology

- *References in this Annual Report to the Broadcasting Act are to the Broadcasting Act, No 4 of 1999, as amended.*
- *References to the Public Finance Management Act (PFMA) are to the Public Finance Management Act, No 1 of 1999, as amended.*
- *References to the Companies Act are to the Companies Act, No 61 of 1973, as amended.*

Publication detail

This publication is available from SABC Corporate Publications

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Compiled and Edited: SABC Stakeholder Relations
Concept, Design and DTP: Thamarai Naidoo and Johanna Nieuwenhuys
Photography: SABC Media Studio - Nolwazi Shange and SABC divisional submissions
Printed: Xanadu Printing and Graphics (Pty) Ltd