Notes to the financial statements

for the year ended 31 March 2021

1. Corporate information

Telkom SA SOC Ltd (Telkom), the ultimate parent of the Group, is a company incorporated and domiciled in the Republic of South Africa (South Africa) whose shares are publicly traded on the Johannesburg Stock Exchange (JSE). The main objective of Telkom and its subsidiaries (the Group) and associates is to supply telecommunication, multimedia, technology, information, mobile communication services and other related information technology services to the Group's customers in Africa. Refer to note 2.5.9.1 for a description of the products and services offered by the Group.

2. Significant accounting policies, judgements, estimates and assumptions

2.1 Basis of preparation

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

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

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

2.2 New accounting pronouncements

2.2.1 Other standards, amendments to standards and interpretations

The standards and amendments listed below will be effective in future reporting periods. It is expected that the Group will adopt the pronouncements on their respective effective dates. With the exception of IFRS 17, the amendments are not expected to have a material impact. The adoption of IFRS 17 will result in greater disclosures within the Group, however the recognition and measurement in terms of the standard are not expected to be material.

Consideration	Effective date
Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (subsidiary as a first-time adopter)	Annual periods beginning on or after 1 January 2022
IFRS 3 (Business Combinations) Amendments updating a reference to the Conceptual Framework	Annual periods beginning on or after 1 January 2022
IFRS 4 (Insurance Contracts) Amendments regarding replacement issues in the context of the IBOR reform	Annual periods beginning on or after 1 January 2021
IFRS 7 (Financial Instruments Disclosures) Amendments regarding replacement issues in the context of the IBOR reform	Annual periods beginning on or after 1 January 2021
IFRS 9 (Financial Instruments) Amendments regarding replacement issues in the context of the IBOR reform	Annual periods beginning on or after 1 January 2021
Amendment to extend the exemption from assessing whether a COVID-19-related rent concession is a lease modification	Annual periods beginning on or after 1 April 2021
IFRS 17 (Insurance Contracts) Amendments to address concerns and implementation challenges that were identified after IFRS 17 was published (includes a deferral of the effective date to annual periods beginning on or after 1 January 2023)	Annual periods beginning on or after 1 January 2023
IAS 1 (Presentation of Financial Statements) Amendments regarding the classification of liabilities	Annual periods beginning on or after 1 January 2023
IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors) Amendments regarding the definition of material	Annual periods beginning on or after 1 January 2020
IAS 37 (Provisions, Contingent Liabilities and Contingent Assets) Amendments regarding the costs to include when assessing whether a contract is onerous	Annual periods beginning on or after 1 January 2022