Notes to the financial statements

for the year ended 31 March 2022

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 (IT) 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 (as amended) (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 larger disclosures within the Group, however, the recognition and measurement in terms of the standard is not expected to be material.

Consideration	Effective date
IFRS 3 (Business Combinations) Reference to the conceptual framework	Annual periods beginning on or after 1 January 2022
IFRS 16 (Leases) Amendments to illustrative example 13 that accompanies IFRS 16 to remove the illustration of payments from the lessor relating to leasehold improvements	Annual periods beginning on or after 1 January 2022
IFRS 9 (Financial Instruments) Fees in the "10 percent" test for derecognition of financial liabilities	Annual periods beginning on or after 1 January 2022
IAS 16 (Property, Plant and Equipment) Proceeds before intended use	Annual periods beginning on or after 1 January 2022
IFRS 17 (Insurance Contracts)	Annual periods beginning on or after 1 January 2023
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 1 (Presentation of Financial Statements) Amendments regarding the disclosure of accounting policies	Annual periods beginning on or after 1 January 2023
IAS 37 (Provisions, Contingent Liabilities and Contingent Assets) Onerous Contracts – Costs of Fulfilling a Contract	Annual periods beginning on or after 1 January 2022
IAS 12 (Income Taxes) Amendments regarding deferred tax related to assets and liabilities arising from a single transaction	Annual periods beginning on or after 1 January 2023
IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors) Definition of accounting estimate	Annual periods beginning on or after 1 January 2023

2.3 The assessment of the Russia-Ukraine conflict as part of accounting judgements and sources of estimation uncertainty

The geopolitical situation in Eastern Europe intensified on 24 February 2022 with Russia's invasion of Ukraine. The war between the two countries continues to evolve as military activity proceeds and additional sanctions are imposed.

The war has created uncertainties and caused volatility in commodity prices and impacts on the global supply chain.

The Group does not have direct exposure, largely because of not having significant suppliers, vendors or customers in the affected countries. Indirectly, the most likely impact will be on the overall economic uncertainty and negative impacts on the global economy and major financial markets arising from the war. The extent of the financial impact, or how long the war will last, is still not quantifiable.

Going concern

The Group does not have direct exposure in Ukraine/Russia, which could potentially threaten its ability to continue as a going concern. The Group will, however, continue to monitor the indirect impact resulting from the uncertainties in the global economy.

The natural disasters and social unrest experienced recently also did not have a significant impact on the going concern.