



2024 Annual Report

**Reengineering South Africa's
Designated Postal Operator**

Post Office 
South Africa

Highlights

FINANCIAL



- Company was placed under business rescue on 10 July 2023
- Creditors supported a write-off of 88% of amounts owed (creditor's compromise) with the adoption of the BR Plan
- Payments to creditors as part of their compromised claims commenced on 31 March 2024
- Top-up dividend of 18 cents to the Rand to statutory and payroll creditors including South African Revenue Service (SARS), Post Office Retirement Fund (PORF) and Medical Aid Schemes will be paid upon receipt of further funding from National Treasury
- Group net profit after tax of R5.297 million and net asset value of R1.018 million
- Group revenue decreased by 30.08% to R1.628 million
- Fruitless and wasteful expenditure for the group under investigation at R16 million
- Disclaimer audit opinion issued by the Auditor General

OPERATIONAL



- Finalisation of logistics end-to-end plan
- Deployed 422 leased vehicles into Operations
- Contracts concluded for mail to be delivered to international destinations
- International and African mail backlogs have been cleared
- Multi modal delivery strategy to restructure logistics and last mile
- Introduction of motorcycles and telemetry technology for delivery tracking
- Establishment of driver training academy to fast track up skilling of postmen and postwomen to motorcycles
- Mail handling improvement in large Mail Centres by overhaul of automated sorting capabilities
- Development and completion of framework for the closure of branches
- Closure and the reopening of branches is in progress
- Branch office points of presence to be reduced from 1 069 to 657
- Digital Inclusion strategy implementation underway
- Geo-referencing of addresses
- Decrease in reported crime related incidents
- Decrease in reported crime related loss
- Continued contribution to the Nal'ibali programme to deliver reading material to schools and reading clubs

STRATEGY



- Adoption of BR Plan on 7 December by majority of creditors
- BR Plan comprises stabilising, surviving and future-proofing of the SA Post Office
- Initial R2.4 billion funding utilised for commencement of implementation of BR Plan
- Balance of required funding not received

INFORMATION TECHNOLOGY



- Move from fire-fighting mode into stabilisation phase
- Continued stabilisation of IT infrastructure and operations environment
- Settlement of all critical IT vendors and historic liabilities
- Relationships with critical suppliers restored
- Data centre migration completed in May 2024

HUMAN RESOURCES



- Redesign and implementation of new organisational structure
- Commencement of Section 189(A) with CCMA, Organised Labour and Employee Committee
- VSPs made available and 583 offers accepted
- Permanent staff numbers reduced to 10 854
- 4 875 Employees issued S189(A) notices
- WSP and ATR submitted to Services SETA
- Reduction of PRMA liability
- FMC re-capacitated
- In excess of 886 consequence management matters attended to, over 420 dismissals
- No annual salary increases implemented

GOVERNMENT



- Registration of 41 363 qualifying beneficiaries for BDM programme
- Issuing of 59 661 STB kits for BDM programme





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Layout and design: Thea Clemons | Senior Graphic Designer | SA Post Office





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A collage of historical and modern images related to South Africa, including a postage stamp, a ship, a zebra, a car, and a hand holding a card, set against a background of old documents and a red-to-blue gradient.

1792

During the early nineteenth century mail ordinances on horseback replaced the runners on the routes between Stellenbosch, Paarl, Tulbach and Swellendam. From Swellendam Khoi took the mail on foot to Graaff-Reinet and Uitenhage. Matthew Gall was appointed Cape Postmaster General.

A mail boat service was introduced between England and the Cape during 1815. Fast ships conveying mail, passengers and light freight for the Cape Colony, Mauritius and India departed monthly from Britain. The first mail boat, the Eclipse, reached Cape Town 114 days later.

The main gold reef was discovered on the Witwatersrand in 1886 and that augured one of the most colourful periods in our postal history. The coaches of George Heyes & Co ran between Matjesfontein and Kimberley, and between Kimberley and Johannesburg. Matjesfontein was then the end of the railroad.

The stamps were not perforated and had to be cut with a pair of scissors. These stamps could be used to pay inland postage only – postage for mail to other countries had to be paid in advance, in cash.

The railroad track from Cape Town to Wellington was completed by 1862 and shortly afterwards, mail was transported here by train. The mail train was commissioned in 1883. Railroad coaches specially equipped for this purpose acted as mobile post offices between Cape Town and Hutchinson, where the railroad ended at the time. Until 1950 this service was offered in the remote areas of South Africa.

1900-1945

The first steam ships were commissioned in 1925 and covered the distance between England and the Cape in 58 days. The Union Castle Steamship Company was established in 1900, handling the conveyance of mail to Britain until 1977. The surface mail contract between South Africa and the Union Castle Steamship Company, which for a century ensured a weekly dispatch of mail between Cape Town and Southampton, lapsed at the end of September 1977. From 1 October 1977 mail was transported only by container ships and aeroplanes.

Mail was transported by motor car for the first time in 1911. The first time that mail was transported by air, was between Kenilworth and Muizenberg, and in fact it took the form of a novelty and was not a serious attempt at introducing an air-mail service. This service was introduced on a regular basis in 1929. The first overseas airmail service was introduced in 1932. The Springbok Air Service between the Union of South Africa and Britain began to operate during 1945. An air-mail parcel service was introduced simultaneously.

1963-1968

The first mail-sorting machine was installed in Pretoria in 1967. This was the result of a study started in the Johannesburg office in 1963 to compare the cost of manual and automatic sorting of mail. The mail-sorting machine was commissioned in 1968, and that was also the year when the office was made financially independent.

1994/95

This was the year of the first democratic elections in South Africa, and the SA Post Office issued a set of stamps with peace as a theme. South Africa is readmitted to the Universal Postal Union thanks to the abolition of apartheid.

In March 1994, Track and Trace System was introduced. Each mail article and parcel gets a unique bar-coded label which is scanned at each point where the article is handled. Customers can now trace where their mail items are in the postal chain. The first Postpoint, a post office within a host business, opened in the Moreleta Park Pharmacy in Pretoria on 1 August 1994.

1995/96

The first Retail Postal Agency (RPA) was opened in Bloemfontein in August 1995. Retail postal agencies are third party businesses that are appointed to offer a postal service when postal activities are too low to justify a fully-fledged post office branch. The business owner is paid for each transaction he or she does on behalf of the SA Post Office.

By the end of 1995 the Witwatersrand mail sorting activities were moved into the Witspos Mail Centre in Ormonde, Johannesburg. As the largest mail centre in the Southern hemisphere, it enabled the elimination and duplication of many processes, since mail processing is now done at one level.

1996/97

The Post Office administrations of the former 'independent homelands' (Transkei, Bophuthatswana, Venda and Ciskei) are incorporated into the SA Post Office.

2002/03

A world first for the SA Post Office, as South African President Thabo Mbeki electronically signs the Electronic Communication and Transaction Act into law. This is the first Act in the world to be signed into law by an electronic signature. The signing was enabled using the SA Post Office authentication service. The Act defines the SA Post Office as the "preferred authentication service provider" of identification procedures necessary for the issuing of advanced electronic signatures.

2003/04

The SA Post Office launches its "Paymaster to the Nation" project. In terms of this project, recipients of social grants can open a Postbank account. The bank card contains a chip with the beneficiary's photo, digital signature and fingerprints encoded on it. His or her social grant is now paid into the Postbank account, eliminating the need to queue on payout days. This gives grant recipients the freedom to withdraw their grants when it suits them – at any post office branch, without any transaction charges, or at the ATM of any Saswitech-linked bank. Every social pensioner can now enjoy the status and confidence that a bank account brings.

2004/05

The SA Post Office posts the first operating profit in its history. This was achieved without any negative effect on its universal service obligations. During this year, the SA Post Office also won an international award for its "Paymaster to the Nation" project. It also won the World Mail Award in the security category for its campaign to promote ethical conduct among its employees.

2005/06

Postbank, the SA Post Office's banking division, took the lead with Mzansi accounts. This is attributed to Postbank's unrivalled coverage – every post office branch is a Postbank. Mzansi accounts were designed especially for the unbanked.



2006/07

Postbank improves its lead with Mzansi accounts to 40% of the total market. The SA Post Office issues a miniature sheet of stamps to commemorate the handover of the Soccer World Cup from Germany to South Africa, where the next Soccer World Cup will be hosted in 2010. The design features a wild dog, Africa's most endangered predator, and was designed by a final-year graphic art student. The annual Congress of Commonwealth Postal Administrators is held in South Africa for the first time in history.

2007/08

MultiChoice's share offer is done using the SA Post Office as an outlet for application. This share offer was so popular that it was three times oversubscribed and more than 125,000 citizens participated in the scheme. By offering outlets in practically every village, town and city, the SA Post Office allowed rural South Africans to participate in this scheme on an equal footing with urbanites. CTF (Certifying Top Performers) in conjunction with Accenture names the SA Post Office as one of the top 25 best employers in South Africa.

2008/09

The SA Post Office joins the rest of the world in July 2008 in celebrating the 90th birthday of former President Nelson Mandela by issuing two miniature sheets of stamps. The photo on the postage stamp for domestic postage was taken by Halden Krog while the stamp for international small letters used a painting by Cyril Coetzee. With denominations for both domestic and small international letters available, it was possible to send South African birthday wishes for Madiba throughout the world. These items immediately turned into collectors' items. Sasol and Vodacom chose the SA Post Office as a vehicle for their Broad-based Black Economic Empowerment (BBBEE) transactions.

2009/10

Building on its strategic theme of becoming government's preferred partner for the delivery of services, the SA Post Office introduced its facility for the renewal of motor vehicle licences to the Gauteng province. This service was so successful that it was expanded to more post offices within seven months of the launch. 2009 also saw the SA Post Office deploy a strategy to reduce the impact of its business activities on the environment. The company planted a total of 857 trees at schools in the year ended 31 March 2010 to offset carbon emissions and introduced various energy saving measures. Postbank became a partner in the Climate Change Leadership Awards. The awards recognise individuals, communities and businesses that are taking a leading role in the fight against climate change. The SA Post Office

successfully manages the applications for SA Breweries' Zenzele share scheme.

2010/11

During 2010, Postbank celebrates its centenary as a savings bank and quite appropriately, legislation is promulgated that will enable the organisation to change from a deposit-taking institution to a fully-fledged bank. More than two million South Africans used this facility during the year. The SA Post Office is again chosen as application channel for a share scheme, this time by MTN for its Zakhele scheme.

From the beginning of 2018, the SA Post Office and Postbank began an era of partnership with the South African Social Security Agency (SASSA) for the onboarding of new social grant recipients, and the issuing of new bank cards to beneficiaries. The task is enormous. Approximately 17 million South Africans receive social grants.

2012

The SA Post Office dips a toe in the electronic waters by launching the virtual post office, which enables users to complete certain transactions without visiting a physical post office branch. The SA Post Office later expanded its electronic offerings to include transactions such as customs declarations for foreign parcels.

2013

Following accreditation under the Electronic Communication and Transaction Act, the SA Post Office Trust Centre is launched. Through its digital certificates and public key infrastructure, the Trust Centre can authenticate users of electronic devices and ensure the users are who they say they are; validate the transaction to ensure non-repudiation; protect messages from tampering; encrypt messages to protect the message from unauthorised access; and make it possible for users to digitally sign transactions and communications to authenticate code, data messages and documents.

2014/15

After three years of protracted strikes, the SA Post Office records record financial losses and its board of directors resign. The entity is placed under administration until 2015, and a new board of directors is appointed.

2016

The SA Post Office launches an app for smartphones which customers can use to track parcels and find the SA Post Office branches nearest to their location.



2017

The facility for motor vehicle owners to renew their motor vehicle licences at certain SA Post Office branches is extended to the Northern Cape. The facility gives vehicle owners longer hours for licence renewal and is a huge success – nationally, around 3 million motor vehicle licences are renewed at Post Office branches annually.

2018

The SA Post Office begins a partnership with the SASSA for the onboarding of new social grant recipients, and the issuing of new bank cards to beneficiaries. By the end of 2018, almost 8 million people who receive social grants had chosen the SASSA card issued by Postbank. They receive one free cash withdrawal per month and unlimited card swipes to pay for shopping at merchants without having to pay a cent in bank charges.

2019

Changes in legislation turn Postbank into a subsidiary of the SA Post Office with its own assets, board of directors and balance sheet – a requirement to qualify for a banking licence. Postbank operated as a division of the SA Post Office until separation.

The SA Post Office cooperated with the Independent Electoral Commission to verify the addresses of citizens on the voters' roll, even those in informal settlements. The SA Post Office helped to ensure that all South Africans could exercise their democratic right to vote.

The payment of motor vehicle licences becomes available at selected post offices in Mpumalanga. The only province in SA where car licences cannot be renewed via the SA Post office, is the Western Cape.

2020

The Covid-19 pandemic spreads worldwide, and in South Africa the SA Post Office pays out the Covid relief grant to an average of two million of citizens per month. During 2020 SA Post Office branches turned into beacons of hope for South Africans who had lost their income to the pandemic.

2021

As South Africa is migrating to digital broadcasting, meaning that older television sets will no longer work, unless they are connected to a digital decoder. The SA Post Office continues to

manage the registration of five million qualifying households for subsidised decoders, and also manages the issuing of decoders, aerials and satellite dishes to installers.

The SA Post Office concludes partnerships with Wish.com and Mail Americas for the exclusive delivery of their items in South Africa. Delivery timeframes are faster by 50%, turning the entity into a fully-fledged role player in e-commerce.

2022

In February 2022, the SA Post Office launches an online platform for renewing motor vehicle licences. Customers in all provinces except the Western Cape can now renew vehicle licences 24 hours a day, seven days a week from any mobile device. The licence itself can be delivered to any address in South Africa or collected from any convenient SA Post Office branch.

The facility to renew vehicle licences over the counter at selected branches remains in place.

2023

The SA Post Office adopts the Post Office of Tomorrow strategy as foundation for its corporate strategy, aimed at turning the organisation into a relevant and financially sustainable organisation serving the needs of a modern economy and its citizens.

Due to an unpaid debt, the organisation is placed in provisional liquidation during February 2023.

2024

During May 2023, the Department of Communication and Digital Technologies together with the SA Post Office submits an application to the South African Government to place the entity in Business Rescue. The application is approved by Cabinet.

On 10 July 2023, the High Court of South Africa approves the application for the SA Post Office to be placed in Business Rescue. Messrs Anoosh Rooplal and Juanito Damons are appointed as Joint Business Rescue Practitioners to oversee the turnaround of the SA Post Office.

A BR Plan is developed by the Practitioners and is adopted by creditors on 7 December 2023. The BR Plan is underpinned by strategic drivers which are aimed at stabilising, supporting and future-proofing the SA Post Office so as to ensure its ongoing sustainability.



A. General Information



General Information

Registered name	South African Post Office SOC (Limited)
Registration number	1991/005477/30
Registered office address	497 Sophie de Bruyn Street, Pretoria, 0002
Postal address	PO Box 10 000, Pretoria, 0001
Contact telephone number	(012) 407 7000
Email address	customer.service@postoffice.co.za
Website address	www.postoffice.co.za
External auditors information	Auditor-General of South Africa
Banker's information	Standard Bank South Africa
Company Secretary	Ms Tankiso Motaung (Acting)



List of Abbreviations and Acronyms

AARTO	The Administrative Adjudication of Road Traffic Offences
AGSA	The Auditor-General South Africa
ALCO	Asset and Liability Committee
ALM	Asset and Liability Management
APP	Annual Performance Plans
ARC	Audit and Risk Committee
ATM	Automated Teller Machine
ATR	Annual Training Report
AU	African Union
BAC	Bid Adjudication Committee
BBBEE	Broad-based Black Economic Empowerment
BCP	Business Continuity Plan
BDM	Broadcasting Digital Migration
BEC	Bid Evaluation Committee
BOT	Build Operate Transfer
BRPs	Business Rescue Practitioners
BUs	Business Units
CCMA	Commission for Conciliation, Mediation and Arbitration
CCPA	Conference of Commonwealth Postal Administrations
CENTRIQ	Centriq Insurance Innovation (Pty) Ltd
CEO	Chief Executive Officer
CFG	The Courier and Freight Group (Pty) Ltd
CFO	Chief Financial Officer
CIPC	Companies and Intellectual Property Commission
CIT	Cash in Transit
CIO	Chief Information Officer
CPP	Cash Pay Points
CRASA	Communications Regulators' Association of Southern Africa
CSI	Corporate Social Investment
COO	Chief Operations Officer
CRMP	Compliance Risk Management Plan
DAFF	Department of Agriculture, Forestry
DIRCO	Department of International Relations and Cooperation
DOCEX	The Document Exchange (Pty) Ltd
DCDT	Department of Communications and Digital Technologies

DOA	Delegation of Authority
DPS	Domestic Postal System
DRM	Disaster Risk Management
DTH	Direct to Home
DTT	Digital Terrestrial Television
EAP	Enterprise Application Platform/Employee Assistance Program
EBDN	Electronic Bulk Mail Delivery Note
EEA	The Employment Equity Act
eCom API	e-commerce Application Programming Interfaces
ERP	Enterprise Risk Plan
ESS	Employee Satisfaction Survey
EWT	Endangered Wildlife Trust
EXCO	Executive Committee
FAIS	Financial Advisory & Intermediary Services
FICA	Financial Intelligence Centre Act 38 of 2001 (as amended)
FIC	Financial Intelligence Centre
FMC	Financial Misconduct Committee
FNB	First National Bank
FSB	Financial Services Board
FSCA	Financial Sector Conduct Authority
FRA	Forward Rate Agreed
FY	Financial Year
GIS	Geographic Information System
GPC	Government Private Cloud
HR	Human Resources
HRTF	Human Resource, Transformation, Remuneration and Performance Committee
ICASA	The Independent Communications Authority of South Africa
ICT	Information and Communications Technology
IDTV	Integrated Digital Television
IFRS	International Financial Reporting Standards
IGPS	Integrated Grant Payment System
ILO	International Labour Organisation
IOD	Injury on Duty
IPS	International Postal System
IT	Information Technology

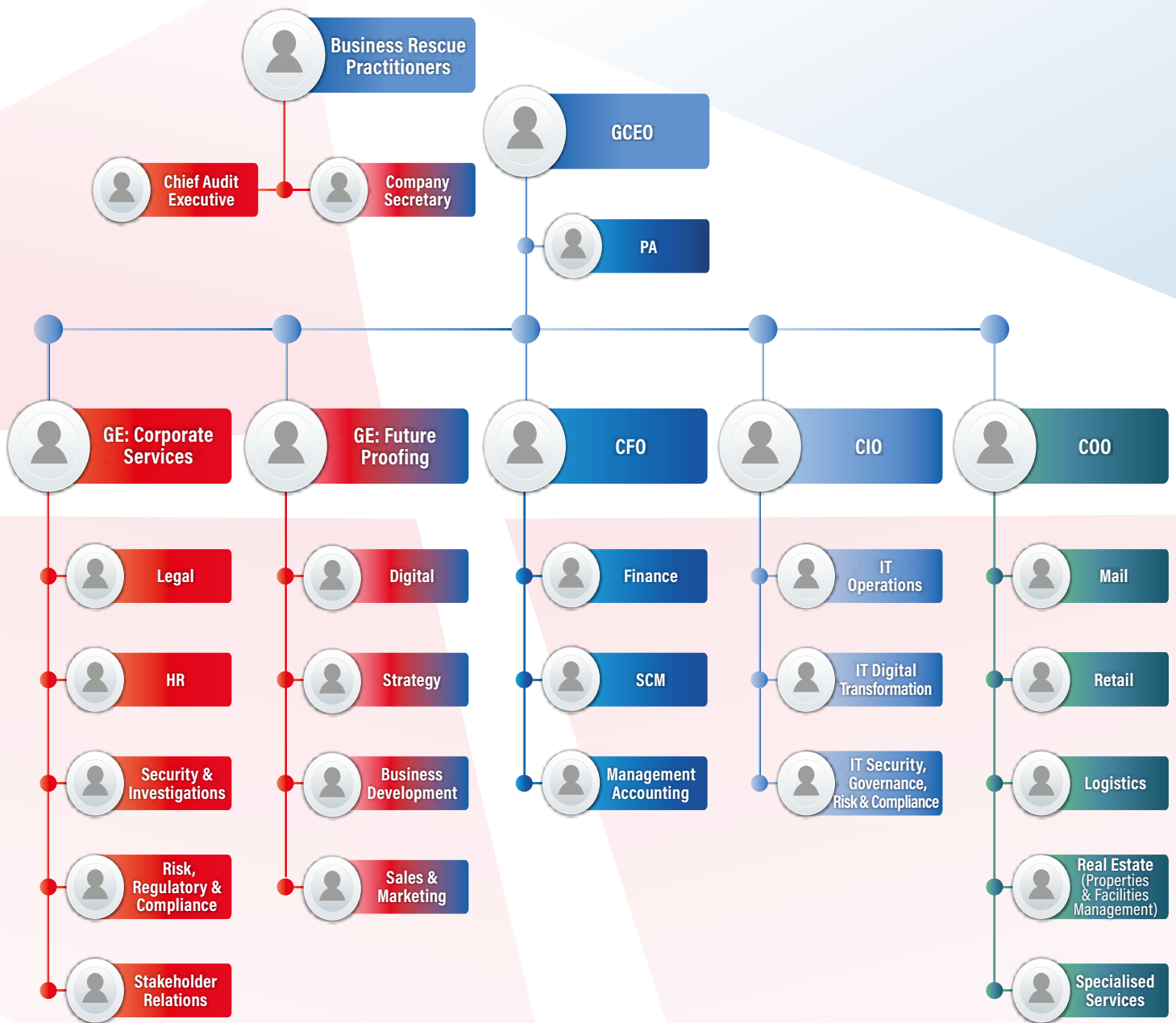


IT/STP	IT Governance, Strategic Planning and Procurement Committee
KING IV	The King Report on Corporate Governance IV
KPIs	Key Performance Indicators
MCP	Mail Collection Point
MD	Managing Director
MSA	Master Service Agreement
MTEF	Medium-term Expenditure Framework
MVL	Motor Vehicle License
NCD	Negotiable Certificates of Deposits
NCOP	National Council of Provinces
NHTL	National House of Traditional Leaders
NPS	National Payment System
OECD	Organisation of Economic Co-operation and Development
OHS	Occupational Health and Safety
OSHA	Occupational Safety and Health Administration
PAA	Public Audit Act, No 25 of 2004
PAPU	The Pan African Postal Union
PIC	Public Investment Corporation
PFMA	Public Finance Management Act, No. 1 of 1999 (as amended)
PPE	Personal Protective Equipment
PPMD	Payroll Personnel Master Data
PPTE's	Permanent Part-Time Employees
POD	Proof Of Delivery
POPIA	Protection of Personal Information Act
POS	Point of Sale
POW	Programmes of Works
PRASA	Passenger Rail Agency of South Africa
PRMA	Post-Retirement Medical Aid
PTC	Postal Technology Centre
PTTT	Postbank Transition Task Team
QoS	Quality of Service
RDMS	Retail Document Management System
REMS	Risk Evaluation and Mitigation Strategy
RFI	Request for Information
RFP	Request for Proposal
RFQ	Request for Quotation
RPA	Retail Postal Agency

RTIA	Road Traffic Infringement Agency
RTMC	Road Traffic Management Corporation
SAAF	South African Air Force
SAC	Stamp Advisory Committee
SADC	Southern African Development Community
SAPOA	Southern African Postal Operators Association
SAPO	South African Post Office
SARB	South African Reserve Bank
SARS	South African Revenue Service
SASSA	South African Social Security Agency
SCM	Supply Chain Management
SDAs	Social Disbursement Accounts
SDGs	Sustainable Development Goals
SETA	Sector Education and Training Authority
SFTP	Secure File Transfer Protocol
SITA	State Information Technology Agency SOC Ltd
SLA	Service Level Agreement
SMMES	Small, Medium and Micro Enterprises
SOC	State-Owned Company
SOE	State Owned Entity
SRDs	Social Relief of Distress
STBs	Set Top Boxes
STP	Strategic Turnaround Plan
SWAD	Scanning, Weighting, and Dimensioning
TERS	Temporary Employee Relief Scheme
The SA Post Office	The South African Post Office (SOC) Limited
The Post Office Act	The South African Post Office Act No. 22 of 2011 (as amended)
TP	Turnaround Plan
TVBC	Transkei, Venda, Bophuthatswana and Ciskei
UIF	Unemployment Insurance Fund
UPU	Universal Postal Union
USAASA	Universal Service and Access Agency of South Africa
USO	Universal Service Obligation
WRE	Web Riposte
VSPs	Voluntary Severance Package
WSP	Workplace Skills Plan
YoY	Year on Year



Organisational Structure



Business Rescue Practitioner's Overview



On 9 February 2023 the SA Post Office was placed under provisional liquidation by the Pretoria High Court, following its inability to make good on its creditor payments.

During May 2023, the Department of Communications and Digital Technologies (DCDT) requested Cabinet to approve a submission to the High Court to place the SA Post Office into business rescue. Cabinet granted such request, and the High Court approved the application for the organisation to be placed under business rescue on 10 July 2023.

On 10 July 2023 in accordance with Section 131 of the Companies Act 71 of 2008, as amended (Companies Act), Messrs. Rooplal and Damons, were appointed as the Company's interim joint business rescue practitioners (BRPs) subject to creditors ratification at the first statutory meeting of creditors.

The appointment of the BRPs was approved by the Registrar of Financial Services on 14 July 2023 and ratified by the majority of creditors on 24 July 2023.

The BRPs assume the role of the accounting authority in terms of Companies Act.

As required by law, a Business Rescue Plan (BR Plan) was prepared by the BRPs in terms of Section 150 of the Companies Act 71 of 2008 (as amended) and adopted by the majority of the creditors on 7 December 2023. The effect of an adopted BR Plan, is that it is binding on the organisation, creditors, shareholders, directors and other affected persons.

The BR Plan aims to achieve the objectives of business rescue by providing a better return for creditors and/or an improved out-

come for other affected persons than would result from immediate liquidation.

The BR Plan for the SA Post Office identified several key drivers to achieve a successful and sustainable turnaround. Central to this is the restoration of solvency and capital adequacy, requiring recapitalisation by the DCDT. This recapitalisation, as was contained in the documents submitted to the High Court for the application for business rescue and on which basis (i) the application was approved and (ii) the creditors accordingly voted on the BR plan, was conditional and dependent on the receipt of the recapitalisation proceeds in two tranches of R2.4 billion and R3.8 billion respectively.

The initial R2.4 billion tranche, was earmarked to address operating cash flow shortfalls and creditor settlements with a further capital injection of R3.8 billion being required to cover retrenchment costs, creditor dividends, and investment capital for asset modernisation.

In terms of Section 140(1)(a) of the Companies Act 71 of 2008, as amended, the Joint BRPs have taken over full management control of the SA Post Office and have delegated certain functions to members of Management in terms of Section 140(1)(b). This is to ensure the continuation of the business of the organisation and preservation of its goodwill in the best interests of all stakeholders.

The BRPs have conducted numerous site visits to determine the extent of the properties owned by the organisation, instructed an independent valuation company to conduct a valuation of the immovable assets of SA Post Office, and conducted an extensive branch analysis to ascertain the profitability and operational viability of branches.



The BRPs have further engaged with key stakeholders and customers to cultivate and explore potential collaborations and partnerships with the SA Post Office, the implementation of which would contribute to the operational and financial sustainability of the organisation.

Various task teams were established to conduct verification of cash management at various branches, verification of all employees, skills inventory analysis of all employees and assessment of branch equipment at various branches. Where required, policies and procedures have been amended, reporting lines restructured and enforcement of consequence management ensured.

The BRPs continue to exercise due care and diligence around all functions delegated to Management and continue to have regular meetings with the DCDT and the SA Post Office Management team.

BUSINESS RESCUE PLAN (BR PLAN)

South Africa's socio-economic landscape reveals inequalities of education, income, living standards and settlement displacement across urban and rural areas. 'One size' does not fit all and the requirements of all South Africans must be considered by the well-functioning and sustainable Post Office. Its 'social mandate' should play an imperative role in connecting all South Africans with each other and the world through modern and technologically accessible products and services.

The SA Post Office must provide key basic communications services to all households including the rural areas, where access to wifi, smart phones and printers are not a given. The SA Post Office can do this affordably and conveniently, given certain regulatory pricing geographic reach which will continue in far flung areas in SA.

A restructured SA Post Office can contribute to the financial sustainability of many large and smaller businesses, due to its many procurement activities. It will also contribute to the tax paying base as well as become a future employer as the business grows.

Twelve key strategic drivers for the turnaround of the SA Post Office were identified in the BR Plan, which, in summary, entails three core principles, namely: Stabilising, Surviving and Future-proofing of the SA Post Office.

The twelve key turnaround drivers of the BR Plan are:

Key Driver 1: Operating cost rationalisation and restructure

The financial sustainability of the SA Post Office is a critical concern that demands immediate action to reduce its operating costs. SA Post Office's total operating costs have consistently exceeded its revenue indicating an unsustainable cost base.

Staff cost

The BR Plan proposes a reduction of approximately R1.2 billion in annual employee costs based on an analysis of the SA Post Office employee numbers including the average annual employee cost. A total reduction of approximately 6 000 employees is required to right size the SA Post Office.

Operating cost restructure

The BR Plan will reallocate working capital into key areas to ensure a sustainable business going forward.

Key Driver 2: Revenue protection and product portfolio restructure

The SA Post Office has experienced a decline in revenue due to changing market conditions, including a reduction of postal mail volumes, increased competition, and a lack of customer focus.

The success of the BR Plan is dependent on the ability of SA Post Office to defend its existing revenue base whilst also growing and expanding into new market segments where it has a strategic advantage.

Key Driver 3: Branch rationalisation and reconfiguration

The BR Plan identified that there is a need to retain branches for the SA Post Office so as to operate efficiently and maintain its strategic advantage in terms of reach; mandated Universal Service Obligation (USO) and international mail centre requirements.

Key Driver 4: Modernise and capacitate the engine room and business model

Critical investment in the SA Post Office operating asset base is required to become financially sustainable.

Key Driver 5: Investment in modernisation of IT infrastructure

The modernisation and upgrading of the SA Post Office hardware infrastructure and business software applications are critical to the successful turnaround of SA Post Office.

Key Driver 6: Business focus on securing strategic partnerships

Revitalising the SA Post Office requires the establishment of strategic partnerships with private sector entities to bolster its capabilities and resources. This involves establishing alliances with local and international industry leaders to collaborate in crucial areas such as logistics, operations, and information technology.



Additionally, the securing of commercial partnerships will be essential to achieving SA Post Office's strategic goals in e-commerce and freight logistics. SA Post Office is to also seek a strategic partner to manage its property portfolio, including owned and leased properties, as well as overseeing facilities management.

Key Driver 7: Development of business developments, sales and marketing and brand development capacity

The SA Post Office currently does not have an effective sales team. There is also no marketing and communications capacity within SA Post Office and it presently does not spend any resources on sales, marketing and communications.

There is currently no focus on building the SA Post Office brand through proactive media campaigns. The Company is not customer focused either towards its retail or its commercial client base. These aspects will be addressed as part of the BR Plan.

Key Driver 8: Unbundling the property portfolio

The SA Post Office owns properties nationally and in the former Transkei Bophuthatswana Venda and Ciskei (TBVC) states that are still to be transferred. In addition, SA Post Office also leases various properties to accommodate its retail branch network.

Company owned buildings have not been maintained due to cashflow challenges and in most instances are in urgent need of upgrading and maintenance. The bulk of the value of the SA Post Office property portfolio therefore lies in the land portion and not necessarily in the buildings thereon.

A number of the SA Post Office properties are very well located and may prove attractive to property developers, investors and entrepreneurs.

The BRPs appointed an independent firm to perform a valuation of all the SA Post Office owned properties.

Key Driver 9: Restructuring the operating model

The operating model currently has several critical weaknesses. The organisation lacks skills and experience in critical areas and revenue generating units are not appropriately segregated to focus attention on the different requirements of clients. It also has no marketing and communications function. The human resource's function is weak and requires an injection of skills and expertise to be able to meet the needs of the organisation including driving culture change towards a high-performance organisation.

Key Driver 10: Postbank and SA Post Office operating model and Postbank incubation compensation

The future sustainability of the SA Post Office will entail the separation and migration of over the counter (OTC) banking operations from the SA Post Office to Postbank. This will include the SASSA OTC payments, the Cash Pay Point (CPP) payments and all traditional Postbank cash banking clients. SA Post Office may consider transferring certain branches to Postbank and exit the SASSA and other banking related business areas but continue to assist Postbank over an agreed transition period with related support services.

The Postbank is currently in the process of applying for its own banking license with South African Reserve Bank (SARB). The SA Post Office has not been compensated for the value created in incubating Postbank.

Key Driver 11: Restoring solvency and capital adequacy

The SA Post Office is technically insolvent and will not be able to continue to trade outside the protection of Chapter 6 (Business Rescue) of the Act, unless it is restored to solvency. The SA Post Office required the initial R2.4 billion that was already received as well as the second capital injection of R3.8 billion as per the high court application submitted for business rescue.

Key Driver 12: Trust centre

The development of a Trust Centre to provide e-Registered Mail and secure electronic signature services to the public. Section 19(4) of the Electronic Communications and Transactions Act 25 of 2002 gives the SA Post Office the exclusive right to provide e-Registered mail which is recognised by the courts similar to that of physical registered mail.

PROGRESS ON IMPLEMENTATION OF THE BR PLAN

The initial R2.4 billion funding that was made available on 22 February 2023 by the Minister of Finance, Mr Enoch Godongwana during his National Budget Speech to the Members of the National Assembly, has been utilised for the intended purposes of commencing with the implementation of the BR Plan.

To date the additional R3.8 billion has not been received. The non-receipt of these recapitalisation funds jeopardises the organisation's ability to implement critical actions towards a sustainable turnaround to achieve long-term financial stability and severely threatens the successful execution of the BR Plan.



The complete and successful implementation of the BR Plan is contingent on the additional funding of R3.8 billion being made available.

Key achievements during the business rescue process include:

Creditors

- By 31 July 2024, 99.6% of creditors had been paid a compromised 12c in the rand of the amount owed to them, totalling R1 billion;
- During the implementation phase of the BR Plan, payments to creditors as part of their compromised claims commenced on 31 March 2024;
- Solvency has improved; and
- The top-up dividend of 18 cents to the Rand to statutory and payroll creditors such as, South African Revenue Service (SARS), Post Office Retirement Fund (PORF) and Medical Aid Schemes will be paid upon receipt of further funding from National Treasury.

Labour and Employees

- On 3 January 2024, the BRPs entered into a section 189(A) process with the CCMA, Organised Labour and the Employee Committee, which was set up in terms of section 148 of the Companies Act, to commence with the retrenchment of employees;
- 4 875 employees were issued S189(A) notices and will be paid their retrenchment packages over 3 tranches;
- The first and second tranches of the severance package payments were made in June 2024 and August 2024 respectively, and the remaining tranche is due to be paid in November 2024;
- The process of recalling staff with critical skills required for the business continuity has been concluded. As part of improving internal efficiencies, we continuously cross-utilise available skills and competencies through various human resources processes, such as transfers, redeployment, secondments, etc.
- The Financial Misconduct Committee was capacitated; and
- Since the inception of the business rescue process in July 2023, over 886 consequence management matters have been attended, with over 420 dismissals. The direct cost savings for the same Business Rescue period is more than R47 million.

Branch closures and re-opening of branches

- The branch network rationalisation plan was completed on 31 March 2024, with 657 branches identified to be retained or reopened;
- The BRP team together with SA Post Office Properties developed and completed a framework for the closure of branches; and
- Closure and the reopening of branches is in progress.

Operations

- The BRPs redesigned and implemented the new organisational structure
- Data centre migration completed in May 2024 – connectivity and IT operations are now stable;
- Launching the e-Registered Mail offering as part of the development of the Trust Centre;
- Development of multi modal delivery strategy to restructure logistics and last mile. This has culminated in the introduction of motorcycles and telemetry technology for delivery tracking. Pilots are ongoing in Tshwane and KwaZulu Natal with exponential efficiency and cost gains being achieved;
- Establishment of Driver Training Academy to fast track the upskilling of postmen and postwomen from on-foot and bicycles as main delivery mode to motorcycles;
- In addition to the Data centre migration, all production systems have been successfully migrated to the new Datacentre facility and this includes SAP ERP;
- Digital Inclusion strategy implementation underway with pilots designed in detail including scoping, analysis, design and identification of pilot sites and finalisation of renovation plans for launch and operational testing;
- Comprehensive overhaul of SA Post Office's Automated Sorting Capabilities done to ensure efficient and cost-effective mail handling in large Mail Centers;
- BRP team together with SA Post Office management finalised the logistics end-to-end plan;
- Secured 422 leased vehicles deployed into Operations for the movement of mail between major processing centres, for the collection and delivery of mail to branches and for the transportation of mail and postman to the delivery depots and street delivery;
- Universal Postal Union (UPU) Committee was constituted to focus and comply with international postal obligations;
- International and African mail backlogs have been cleared;
- India Post identified for collaboration; and
- Contract concluded with Ethiopian Airlines and mail being delivered to international destinations effectively;



Collaborations and Partnerships

- An Investment Committee has been constituted and clear proposal protocols established to ensure consistent and comprehensive evaluation;
- 39 unsolicited proposals have been received to date and are currently under consideration;
- The approach is anchored in leveraging the existing asset and capabilities base of the SA Post Office to maximize value attribution for the organisation and securing funding and catalytic collaborations to revitalise the SA Post Office through targeted initiatives, insulated from current operational challenges, prioritising speed and expertise;
- Actively pursuing and forging strategic partnerships with various state organs to revitalise operations, holistically enhance service delivery and unlock mutually beneficial growth opportunities; and
- 6 SA Post Office owned dormant companies have been pre-emptively prepared and are now in a state of readiness for potential partnerships within distinct Special Purpose Vehicle (SPV) structures. These entities are ready to facilitate the implementation of suitable potential partnerships.



Anoosh Rooplal
Business Rescue Practitioner
SNG Grant Thornton

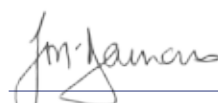
CRITICAL STAKEHOLDERS

Turning around an organisation of the size and complexity such as the SA Post Office, requires the input and buy-in of many stakeholders.

We are grateful to the creditors of the SA Post Office for their approval of the BR Plan, and for the support and guidance provided by the Minister, Mr. Solly Malatsi and Deputy Minister, Mr. Mondli Gungubele, the Department of Communications and Digital Technologies led by the Acting Director-General Ms. Nonkubela Jordan-Dyani.

We thank the management and staff of the SA Post Office for their dedication and service to the people of South Africa – under severely challenging circumstances.

We would also wish to thank our customers for entrusting us with their business and our suppliers for their ongoing support.



Juanito Martin Damons
Business Rescue Practitioner
Legae Turnarounds



Legislative and Other Mandates



Mandate, regulation and license

The South African Post Office SOC Limited was established on 1 October 1991 as a company in terms of the Companies Act, No. 61 of 1973. The State (Republic of South Africa), represented by the Minister of Communications and Digital Technologies, is the sole Shareholder.

Following the repealing amendment of the Companies Act No. 61 of 1973 and the enactment of the Companies Act No. 71 of 2008 (as amended), the SA Post Office was designated as a state-owned company (SOC) as per the South African Post Office Limited Act No. 22 of 2011, as amended.

The SA Post Office is also a major state entity in terms of Schedule 2 of the PFMA No. 1 of 1999 (as amended).

Regulation

The SA Post Office is mandated to provide postal services in accordance with the Postal Services Act of 1998. This Act provides for the regulation of postal services including its Universal Service Obligations (USO).

The Reserved Postal Services license to operate as South Africa's postal services provider was issued to the SA Post Office by the regulator in August 2001. This license is valid for 25 years and is reviewed every three years in terms of targets and performance.

Through its license, the SA Post Office is afforded exclusivity of reserved postal services where it has monopoly over sub 1 kg items. In terms of the mandate, the SA Post Office is also required to maintain certain standards and certain obligations which includes customer care standards, roll-out of street ad-

dresses and the provision of retail postal services in under-served areas whilst aligning with the government's developmental programme for 2030.

The Postal Services Act of 1998 obligates the Regulator, the Independent Communications Authority of South Africa (ICASA), to protect the provision of the universal service on behalf of the Reserved Postal Services licensee, namely the SA Post Office. The Postal Services Act further requires ICASA to monitor the incumbent against 'anti-competitive' behaviour.

Legislative and Governance Framework

The SA Post Office complies with the protocols and legislation governing SOCs and is guided by various postal, courier and financial regulations laid down by the regulatory bodies such as ICASA, the Financial Intelligence Centre (FIC) and the Financial Sector Conduct Authority (FSCA).

The Group is required to comply with, inter alia, to the following:

- SA Post Office Act No. 22 of 2011 (as amended);
- Postbank Act No. 9 of 2010 (as amended);
- Postal Services Act No. 124 of 1998;
- Public Finance Management Act No.1 of 1999 (as amended);
- Companies Act No. 71 of 2008 (as amended);
- Financial Advisory and Intermediary Service Act No. 37 of 2002;
- Financial Intelligence Centre Act No. 38 of 2001 (as amended);
- Relevant legislation applicable to the postal sector and to SOC;
- King IV Code on Good Corporate Governance; and
- Other relevant local and international codes for the postal sector.



B. Performance Information



Report on Predetermined Objectives



BUSINESS RESCUE

The Joint Business Rescue Practitioners (BRPs), SNG Grant Thornton and Legae Turnarounds were appointed on 10 July 2023, represented by Messrs Anoosh Roopal and Juanito Martin Damons. The appointment of the BRPs was ratified during the creditors meeting on 24 July 2023.

Following Ministerial approval of the Business Rescue Plan (BR Plan) and engagements with SA Post Office major creditors, the BR Plan was published on 23 November 2023 for consideration and adoption at the creditors meeting. The creditors meeting, called in terms of section 151 of the Companies Act, 71 of 2008 (as amended), was convened on 7 December 2023, and the BR plan was adopted with more than the required 75% for the adoption.

The BR Plan addresses operational necessities and proposed the dismissal of approximately 6 000 employees. The reduction in staff numbers has been executed through a consultation process, adhering to facilitation guidelines provided by the CCMA. In view of the SA Post Office national operational scope, the retrenchments have cut across the entire organisation. The foundation of the selection criteria for retrenchment was based on the operational requirements of the SA Post Office. The BRPs continued to maintain a receptive stance towards any proposals presented during consultations.

The commencement of the retrenchment process was initiated by the service of the LRA Form 7.20, which was served on

3 January 2024. Consequently, retrenchments were to commence during March 2024, however due to the submission of a Temporary Employee Relief Scheme (TERS) funding application to the Department of Employment and Labour, which was declined, the effective implementation retrenchment process was delayed to the 2024/25 FY.

The adopted business rescue plan has set the foundation for the turnaround of the organisation and has identified short-, medium- and long-term objectives for implementation. The implementation of the SA Post Office BR Plan is of critical importance to the restructuring and future sustainability of the organisation.

Notwithstanding the adoption of the BR Plan on 7 December 2023, the organisational performance was assessed in line with the approved Corporate Plan and Annual Performance Plan targets for 2023/24 FY. However from the beginning of the 2023/24 FY, the SA Post Office was not in a position to implement any of the approved initiatives in the Corporate Plan, due to being placed under provisional liquidation during Q1 (April to June 2023) and subsequently in business rescue from 10 July 2023 onwards.

For the 2024/25 FY, the Corporate - and Annual Performance Plans as submitted on 30 April 2024, have been aligned to the adopted BR plan.



TIMELINES OF THE BUSINESS RESCUE PROCESS ARE INDICATED BELOW:

Court Order granted for the commencement of Business Rescue proceedings	10 July 2023
Confirmation from the CIPC to commence Business Rescue proceedings	12 July 2023
CIPC confirmed BRPs appointment	14 July 2023
First meeting of Creditors held	24 July 2023
First Status Report issued	27 October 2023
BR Plan published	23 November 2023
Second Status Report issued	4 December 2023
Section 151 meeting held	7 December 2023
BR Plan adopted	7 December 2023
Section 189A(3) Labour Relations Act process commenced	3 January 2024
First Consultation in terms of S189A(3) of the LRA	26 January 2024
Second Consultation in terms of S189A(3) of the LRA	19 February 2024
Third Consultation in terms of S189A(3) of the LRA	6 and 7 March 2024
Fourth Consultation in terms of S189A(3) of the LRA	22 March 2024
Conclusion of branch analysis	31 January 2024
Branch closure process to commence	31 May 2024
Payment to creditors per the approved BR Plan to commence	April 2024

SERVICE DELIVERY ENVIRONMENT

The SA Post Office continues to play a vital role in ensuring the delivery of essential social services to remote and under-served communities, serving as a critical link between Government and citizens by facilitating the distribution of important documents, social grant payments and Government communications. By fulfilling this role, the SA Post Office supports the Government's objectives in providing accessible services to all citizens, contributing to social cohesion and stability.

Through the provision of postal service, the SA Post Office serves as an important interface between Government and its citizens. In effect, being the delivery arm of Government, not just in terms of correspondence but also in respect of services. The postal service, in most instances, is the most accessible face of Government, a visible sign of service delivery between Government and its citizens. Importantly, the SA Post Office ensures

service delivery in uneconomical areas, where the private sector is unwilling to operate, and thereby preventing market failure for essential services within such communities.

During the 2023/24 FY there has been a continued mismatch between monthly revenues generated and corresponding operating expenditure, resulting in a deficit to meet monthly financial obligations. The SA Post Office has been severely impacted with a loss of customers and planned revenues due to cash flow effects, non-payment of critical suppliers and having been placed into provisional liquidation and then into business rescue.

Revenue generation during the 2023/24 FY has remained weak with an attainment of R1 595 million.

Service delivery has been negatively affected with a shortage of vehicles, tools of trade, bicycles, machine parts, etc. Initiatives such as productivity improvement, cross utilisation of staff, im-



provement of the end-to-end plan and route optimisation are continuing. Loadshedding has continued to affect operational performance and revenue generation, especially where affected mail centres, depots and branches are required close for the duration of loadshedding.

The monthly average carryover for 2023/24 FY closed at 4.2 million items which is an improvement when compared to 2022/23 FY performance which was at a monthly average of 5.1 million items. Delivery standards have not recovered since the performance of above 80% in 2019/20 FY. For 2023/24 FY the performance is at 45.15%, a 6.47% decline when compared to 2022/23 FY, attributable to shortages of resources e.g. fleet to convey mail throughout the value chain. This trend is expected to improve as operations get capacitated and stabilised.

A total of 657 retail branches will be retained as part of the point of presence network. Focus during the 2023/24 FY centred on payment of outstanding rentals, payment of domestic accounts and the renewal of leases where required. The valuation of company owned buildings was completed during October / November 2023 as required for the BR Plan.

The separation of Postbank from the SA Post Office came into effect on 01 April 2019. Notwithstanding the financial separation between the SA Post Office and Postbank, the Postbank remains inextricably linked to the SA Post Office, with the Postbank having no physical points of presence, other than through the SA Post Office. During October 2022, the contract for the payment of Social Grants was ceded to the Postbank.

The SA Post Office continues to play a vital role in South Africa's objective of migrating all television transmission from analogue to digital transmission. The project aims to improve media services and leverage the efficiencies brought about by the new digital broadcasting technology. The project, once implemented will create new possibilities for South Africa and open up opportunities in the global digital economy.

The SA Post Office has been mandated by the DCDT to be one of the stakeholders of the Analogue Switch Off project which intends to supply 100% of registered households with Government subsidised Set Top Boxes (STBs) by end March 2025. This is to ensure that once all analogue transmitters are switched off, all citizens in South Africa have been migrated to digital technology.

The role of the SA Post Office as distribution partner includes:

- Display and distribution of STB marketing material at online SA Post Office branches;
- Processing applications for the subsidised STBs;

- Ordering, warehousing and distribution of STB equipment to SA Post Office branches;
- Delivery of STB equipment to qualifying applicants;
- Exchange/replacement of faulty/incomplete/incorrect STB equipment (reverse distribution process);
- Acceptance of the return of uninstalled STB kits by the assigned STB Installers at SA Post Office branches; and
- Insurance of STB kits up to hand over to installers.

The registration of qualifying households for the Broadcasting Digital Migration Programme (BDM) continued in all provinces. During the 2023/24 FY, a total of 41 363 qualifying households were registered. As at the end of March 2024, a total 59 661 STB kits were issued for the 2023/24 FY.

ORGANISATIONAL ENVIRONMENT

The SA Post Office Group headcount for permanent employees reduced from 12 637 as at 31 March 2023 to 10 854 as at 31 March 2024, a reduction of 1 783 employees. The staff reduction during the year under review was as a result Voluntary Severance Packages (VSP) and natural attrition.

Voluntary Severance Packages were offered to employees from October 2023 to 31 March 2024. VSP amounts were paid monthly. A total of 583 offers were accepted during the 2023/24 FY at a total cost of R 56.9 million.

As at 31 March 2024, a total of 4,875 Section 189 retrenchment notices were issued to employees across the organisation.

Numerous leadership vacancies persisted during the 2023/24 FY, filled by acting incumbents.

KEY POLICY DEVELOPMENTS AND LEGISLATIVE AMENDMENTS

On 22 February 2023 the Minister of Finance, Mr Enoch Godongwana, presented his National Budget Speech to the Members of the National Assembly. An amount of R2.4 billion was allocated to the SA Post Office. Drawdowns were effected and used to commence with the implementation of the BR plan and supplement the organisation's operating cash flow shortfalls.

The transfer of Postbank to operate as a separate company has been concluded and the Postbank continues to prepare separate annual financial statements.

There were no Key Policy Developments and Legislative Amendments during the 2023/24 FY.



STRATEGIC OUTCOME ORIENTED GOALS

Performance Information

Strategic Objectives, Key Performance Indicators planned targets and actual achievements

The organisational performance was assessed in line with the approved Corporate Plan and Annual Performance Plan targets. The strategic objectives over the 2023/24 FY considered 10 key areas:

1. Financial Sustainability
2. Logistics Centre
3. Logistics Partnerships
4. e-commerce
5. Authentication Authority / Trust Centre
6. Digital Business Hubs
7. Building Capacity & Capability
8. Digitalisation & Modernisation
9. Strategic Partnerships
10. Corporate Governance

A total of 15 Key Performance Indicators (KPIs) were set and measured for the 2023/24 FY, aligned towards attaining the 10 strategic objectives. Performance for 2023/24 FY has been poor when considering only 2 KPIs achieved 100% of the planned target or 13% overall achievement on target.

It should be noted that from the beginning of the 2023/24 FY, the SA Post Office was not in a position to implement any of the approved initiatives, due to being placed under provisional liquidation during Q1 (April to June 2023) and subsequently in business rescue from 10 July 2023 onwards, which directly contributed to the poor performance on performance targets.

Strategic Objectives	Planned Target	Number Achieved 100%	100% Achievement	Number achieved 80% - 99%
Financial Sustainability	1	1	100%	0
Logistics Centre	2	0	0%	0
Logistics Partnerships	1	0	0%	0
e-commerce	1	0	0%	0
Authentication Authority / Trust Centre	1	0	0%	0
Digital Business Hubs	1	0	0%	0
Building Capacity & Capability	3	0	0%	0
Digitalisation & Modernisation	2	0	0%	1
Strategic Partnerships	1	0	0%	0
Corporate Governance	2	1	50%	0
Total	15	2	13%	1



FINANCIAL SUSTAINABILITY

The strategic objective focused on improving the financial position of the SA Post Office by becoming financially sustainable and attain the net profit / (loss) position as per the Corporate Plan 2023/24 - 2025/26. This objective comprised 1 KPI.

The annual target was achieved with a net profit position of R5 500 million against a projected net loss target of R2 071 million. The target was achieved due to the impact of the creditors dividend payments and related write-offs.

Revenue performance during the 2023/24FY remained weak with an attainment of R1 595 million.

The expense budget for March 2024 YTD has not been attained at R5 282 million.

LOGISTICS CENTRE

The objective considered 2 KPIs.

The first KPI was aimed at consolidating courier and parcel business into a unified logistics platform, and for the SA Post Office to have a full range of logistics services (express, courier, freight and international). The targeted growth of 16% in parcel revenue from 2022/23 FY was not achieved with a negative growth of 0.26% achieved.

The second KPI was aimed at establishing a network of warehouses. The target to generate R1 million warehousing revenue was not achieved.

LOGISTICS PARTNERSHIPS

The objective considered 1 KPI.

The goal of the strategic objective is for the SA Post Office is to establish itself at the centre of a Logistic alliance throughout the Southern African Region and Internationally, assisting businesses to transport freight and packages domestically and internationally. The target to contract 12 Infrastructure as a Service (IAAS) clients was not achieved with only 1 client contracted.

E-COMMERCE

The objective considered 1 KPI.

The goal is for the SA Post Office to become a cyber-physical entity by effectively leveraging technologies and operating in a modernised manner, and to be more competitive and reposition itself in the postal and courier market. The KPI target was to establish an e-commerce mall to support SMME development.

The eMall/e-commerce services were not launched due to unavailability of resources.

AUTHENTICATION AUTHORITY / TRUST CENTRE

The objective considered 1 KPI.

The strategic objective aims for the establishment of a designated Authentication Authority that fulfils its role as a National Trust Centre in the age of digital identity and services.

The target to establish an accredited Trust Centre was not achieved due to a lack of funding, resources and the non-award of the advertised tender.

DIGITAL BUSINESS HUBS

The objective considered 1 KPI.

The strategic objective aims to transform SA Post Office outlets into one-stop technology service centres for business and individuals and to support their ICT and related requirements. The target of implementation of the Digital Business Hub to 40% of identified sites was not achieved due to a lack of funding and the finalisation of the branch retention list.

BUILDING CAPACITY & CAPABILITY

The objective considered 3 KPIs.

The strategic objective aims to optimise core business processes and systems so as to stabilise business operations and enhance the operating efficiency of the organisation.

Due to delays in mail processing, backlogs and carry overs accumulated during load shedding, together with financial challenges which resulted in the withdrawal of the delivery fleet, closure of branches and a lack of tools of trade, the achievement of the regulated ICASA mail delivery standard of 92% was not achieved. Annual performance was recorded at 45.15% against the regulated target of 92%.

The achievement of the domestic and international courier delivery standard of 90% was not achieved with domestic performance measured at 49.6% and international performance recorded at 45.2%. The performance was affected by a shortage of vehicles, limited funding for airline services, and low scanning performance.

In order to ensure efficient service delivery and increased value to customers, the 100% resolution of customer complaints re-



corded at the call centre within 7 working days is required. Annual performance is recorded at 78%.

During the 2023/24 FY, 627 complaints were recorded with 420 complaints resolved within 7 working days, with 207 complaints outside the required resolution period. Reasons for the variance on target include poor delivery standards, forced closure of branches, redirection of mail items to other branches, and relocation of mail collection points and the unavailability of the Remedy ARS System.

DIGITALISATION & MODERNISATION

The objective considered 2 KPIs.

SA Post Office systems are to be available at a 98% system uptime standard for customers to transact. The target was not achieved at 97.18% due to several municipal power failures experienced at the Data centre during the 2023/24 FY and its impact on system availability. The lift and shift out of the SA Post Office Data centre and cloud migration will be completed during 2024/25 FY.

The implementation of critical modernisation and digitalisation programmes was not achieved. A number of tenders were advertised however not awarded due to funding availability and the finalisation of the branch retention list.

STRATEGIC PARTNERSHIPS

The objective considered 1 KPI.

The aim was to conclude strategic partnerships to improve service delivery and organisational performance. Partnerships were to be of a revenue generation, revenue share, and technology transfer or knowledge management nature. The target to appoint and conclude strategic partnerships with 10 suppliers was not achieved.

CORPORATE GOVERNANCE

The objective considered 2 KPIs.

The goal of the strategic objective is to enhance adherence to corporate governance standards across the organisation.

The indicator to improve the audit outcome was not met. AGSA issued a disclaimer audit opinion for SA Post Office.

The regular monitoring and reporting by the SA Post Office to the DCDT was achieved and compliance to the R2.4 billion funding conditions attained. Drawdowns on the R2.4 billion funding have been authorised.

The detailed performance for the 2023/24 FY KPIs is indicated in the table below:



Annual Performance 2023/24								
Objective	Goal	KPI Ref	Key Performance Indicator	Target	Actual	Variance	Achieved/ Not Achieved	Actual Performance and Reason for Target Variance/ Deviation
1. Financial Sustainability	To be a productive asset rather than a liability to the State	1.1	Attain net profit / (loss) position as per the Corporate Plan 2023/24 - 2025/26	(R2,070,618)	R5,475,501	R7,546,119	Achieved	The Annual target was achieved with a profit position of R5 476 million against a projected net loss target of R2 071 million. The target was achieved due to the impact of the creditors dividend payments and related write-offs. Revenue performance during the 2023/24FY has remained weak with an attainment of R1 595 million against a target of R2 630 million, R103 million (39%) below budget. The lower than projected revenue performance is due continued customer migration to digital alternatives and transaction volumes, together with the weak financial position of the SA Post Office and suppliers not having been paid, thus withdrawing services, further impacting revenue generation. Additional factors influencing the reduced revenue include a lack of technology investment, lack of tools of trade, poor operational performance, product offering and closure of branches. The SA Post Office was also severely impacted with a loss of customers due to having been placed into provisional liquidation and then into business rescue. The expense budget for March 2024 YTD has not been attained at R5 282 million against a budget of 5 157 million, R124 million below budget.
2. Logistics Centre	To establish a unified logistics services platform and to provide both customers and courier operators reverse logistics needs	2.1	Growth in Logistics revenue	Growth of 16% in parcel revenue from 2022/23FY	-0.26%	-16.26%	Not Achieved	The Annual target was not achieved with the Parcel revenue for March 2024 YTD at R 21 million with the 16.0% growth target not having been attained. Reasons for the deviation on target include a shortage of vehicles for delivery, consequential poor delivery standards, a shortage of critical consumables and the unavailability of a tracking system.
		2.2	Network of warehouses	Generate R1m warehousing revenue	R0	(R1m)	Not Achieved	The Annual target was not achieved due to outstanding regulatory approvals and the unavailability of the required warehousing capability.



Annual Performance 2023/24						
Objective	Goal	KPI Ref	Key Performance Indicator	Target	Actual	Achieved/ Not Achieved
3. Logistics Partnerships	To establish SA Post Office as the centre of the Logistical alliance thereby assisting businesses to transport freight and packages domestically and internationally	3.1	Logistics Alliance (international & domestic)	12 Logistics IAAS clients contracted	1 Logistics IAAS client contracted	-11
						The Annual target was not achieved due to the uncertainty surrounding the provisional liquidation and business rescue and clients thus not wishing to discuss and conclude agreements with the SA Post Office.
4. e-commerce	The organisation is to become a cyberphysical entity effectively leveraging technologies and operating in a modernised manner. Ultimately, the SA Post Office aims to be more competitive and reposition itself in the market, located at the apex's physical and digital economies.	4.1	Establish e-commerce mall to support SMME development	Launch eMail / e-commerce services (100%)	61%	-39%
						The Annual target was not achieved due to the unavailability of critical human resources to implement the project.
5. Authentication Authority / Trust Centre		5.1	Trust Centre establishment	Accredited Trust Centre (100%)	22.5%	-77.5%
						The Annual target was not achieved due to the proposed funding and partnership structure for the Trust centre implementation, which resulted in the advertised tender being declared a non-award.
6. Digital Business Hubs	To transform SA Post Office outlets into one-stop technology service centres for business and individuals	6.1	Establishment of Digital Business Hubs	Implementation of the Digital Business Hub to 40% of identified sites	0%	-100%
						The target was not achieved. Due to funding constraints and the required finalisation of the branch retention list, the advertised tender was not awarded.



Annual Performance 2023/24						
Objective	Goal	KPI Ref	Key Performance Indicator	Target	Actual	Variance
7. Building Capacity & Capability	Optimise core business processes and systems which stabilise the business and enhance the efficient operating of the organisation. To enhance the customer experience at all points of presence through effective delivery of services, including government services, to all communities.	7.1	Achieve the regulated mail delivery standard	92%	45.15%	-46.85%
						Not Achieved
		7.2	Achieve domestic and international courier delivery standard (>1kg)	90%	49.6% Domestic, 45.2% EMS	-40.4% Domestic, -44.8% EMS
						Not Achieved
		7.3	Resolution of customer complaints recorded at the call centre within 7 days	100%	67%	-33%
						Not Achieved

The target was not achieved. The ICASA performance was recorded at 45.15% against a target of 92% representing an attainment of 49.08% of target.

Due to delays in mail processing, backlogs and carry overs accumulated during load shedding, together with financial challenges which resulted in the withdrawal of the delivery fleet, closure of branches and a lack of tools of trade, the achievement of the regulated ICASA mail delivery standard was not achieved.

The delivery standard target of 90% was not achieved.

Domestic courier performed at 49.6% and International EMS was recorded at 45.2%. Performance improved during the year, although far below the required target.

The performance on target was affected by a shortage of vehicles, limited funding for airline services, low scanning performance and inadequate processing and assessment period for EMS.

The target was not achieved.

A total of 627 complaints were recorded with 420 complaints resolved within 7 working days, with 207 complaints outside the required resolution period.

Reasons for the variance on target include poor delivery standards, forced closure of branches, redirection of mail items to other branches, and relocation of mail collection points and the unavailability of the Remedy ARS System.

Annual Performance 2023/24								
Objective	Goal	KPI Ref	Key Performance Indicator	Target	Actual	Variance	Achieved/ Not Achieved	Actual Performance and Reason for Target Variance/ Deviation
8. Digitalisation & Modernisation	Optimise core business processes and systems which stabilise the business and enhance the efficient operating of the organisation.	8.1	Maintain system uptime at online Post Office branches	98%	97.18%	-0.82%	Not Achieved	TThe system uptime target of 98% was not achieved at 97.18%. The target was not achieved due to several municipal power failures experienced at the Data centre during the 2023/24 FY impacting on system availability.
		8.2	Implementation of critical modernisation and digitalisation programmes	Implementation of critical modernisation and digitalisation programmes to 30% of identified sites.	0%	-100%	Not Achieved	The target was not achieved. A number of tenders were advertised however not awarded due to funding availability and the finalisation of the network / branch retention list.
9. Strategic Partnerships	To engage Strategic Partners to improve service delivery and organisational performance	9.1	Establishment of Strategic Partnerships	Appoint and conclude Strategic Partnership agreements with 10 supplier/s	Appointment of Strategic Partnerships not concluded	Appoint and conclude Strategic Partnership agreements with 10 supplier/s	Not Achieved	The Annual target was not achieved due to the uncertainty surrounding the provisional liquidation and business rescue and its impact on strategic partnerships.
10. Corporate Governance	Enhance adherence to corporate governance standards across the organisation	10.1	Improve the Audit Outcome	Audit Opinion	Disclaimer audit opinion	Audit Opinion	Not Achieved	The AGSA issued a disclaimer audit opinion for SA Post Office
		10.2	Regular Monitoring and Reporting on the Post Office Turn-around Strategy	Compliance to Funding Conditions	Complied	-	Achieved	The target was achieved. Drawdowns on the R2.4bn funding have been authorised.

Legend Performance - Achieved / Not Achieved		
Not Achieved	Less than 100%	Achieved 100%
		Achieved



Revenue and Sales

During the period under review, the South African economy faced several challenges including slow economic growth due to structural issues such as energy shortages, high levels of unemployment and weak consumer demand. Continued loadshedding due to Eskom's inability to provide adequate levels of electricity affected the SA Post Office in particular, resulting in lower productivity levels.

During the 2023/24 FY, the SA Post Office faced a particularly challenging environment, moving from provisional liquidation into business rescue. Limited revenue growth to cover the organisational expenses resulted in operational challenges such as branch closures and evictions due to non-payment of rentals and utilities. This had a major impact on product lines that rely on the branch network, such as Motor Vehicle Licensing (MVL), third-party payments, mail delivery and courier services.

The offer of Voluntary Severance Packages (VSP) to reduce staff expenditure resulted in a number of experienced sales staff exiting the organisation at very short notice without a proper handover of accounts. This had a major impact on our Bulk Mail revenue as key accounts were not managed adequately and resulted in customers, particularly in the Western Cape region, moving from traditional mail products and services to digital substitutes such as SMS and email. The continued migration to digital alternatives has also impacted Envelope and Franking revenue.

The SA Post Office's poor service delivery is the main contributor to customers converting statements to digital alternatives and electronic formats, and this trend will continue unless the delivery standards are improved and maintained.

In response to these challenges, the SA Post Office has intensified its efforts to digitise the organisation, focusing on transforming products and services to align with evolving customer needs. Central to this digital transformation is its Financial Services, Hybrid Mail, e-Registered Mail, and Digital Certificates. The ongoing digitisation initiatives will expand the range of options available to customers, enhancing the value of services delivered. Additionally, the SA Post Office is upgrading its courier capabilities to improve last-mile delivery for online transactions, ensuring that it remains competitive in the rapidly evolving e-commerce market.

A few key areas contributed to driving SA Post Office revenues during 2023/24 FY as the organisation dealt with financial instability, competition, and shifting market dynamics:

- Sales have been proactive in engagements with Government and municipalities, offering an improved service package that highlights the complete value proposition of the SA Post Office. This includes digital solutions, designed to enhance the services provided to government entities. The SA Post Office has assumed a significant role in managing the vehicle licensing renewal for all provinces, except the Western Cape, demonstrating its ability to adapt and meet the specific needs of clients;
- Sales have continued to engage closely with Corporate and SMME customers who transitioned to SMS and MMS for statement delivery. These engagements aim to retain and grow existing revenue streams while also identifying new opportunities. The migration to digital platforms by customers, driven by technological innovation and inconsistent service delivery, has necessitated a strategic shift in how the organisation operates;
- Sales has also been prospecting for bulk MVL renewals and are engaging the different Departments of Transport to reopen closed sites and identify and authorise new sites in order to increase the MVL revenue stream.

Performance against the planned revenue targets has been weak, primarily due to the challenges indicated above, slow progress on contracts, the SA Post Office's financial position, and other operational issues. Investment in platforms to support service delivery remains essential to secure the necessary technologies and assets for improving services and revenues. Integration projects are ongoing to ensure swift customer integration and offer a broader portfolio of services. The successful completion of ongoing projects such as AARTO will lead to value enhancement and revenue growth.

Whilst the SA Post Office has faced significant challenges during the 2023/24 FY, its commitment to digital transformation, customer engagement, and service improvement will position it for future success. Sales continues to move towards a client focused solutions strategy to maximise customer value and remains focused on overcoming the obstacles it faces in delivering value to our customers and stakeholders.



Capital Investments



Capital investment to the value of R2.5 million was made during the 2023/24 FY with a further amount of R1 million committed.

Capital Investment Items	Budget (R'000)	Actual	Committed	Total Actuals and Committed
Computers and other equipment	479	465		465
Security devices and access control	6 264	1 875	1 015	2 890
Software and servers	5 538	155		155
Total	12 281	2 495	1 015	3 510

During the 2022/23 FY R3 million was expended for capital investment, with a further amount of R40 million committed at year-end.



Operations



OPERATIONAL REPORT

The SA Post Office has continued to restructure its operating model in line with the BR Plan. Rationalisation of facilities, points of presence and head count together with the optimisation of processes is at the core of the restructuring process.

The SA Post Office has for some time specialised in small goods logistics which include the collection, clearing, warehousing, cross docking and delivery. Operating nationally and internationally, the cross-border logistics capability positions SA Post Office to be a significant participant in the e-commerce supply chain. Digital capability has become a prerequisite for financial viability.

The modernisation and digitisation of SA Post Office products and services remains a strategic imperative to ensure financial sustainability and to future proof the organisation.

Mail volumes have continued to decline due to sustained digital migration and hastened due by the organisation's inability to achieve the required delivery performance standards. The poor delivery standards have driven existing customers to source al-

ternative delivery channels whilst also preventing new customers from being on-boarded. A number of mail houses no longer lodge mail with the SA Post Office due to unreliable delivery performance standards.

During the 2023/24 FY, 76 000 new addresses were generated and geo referenced.

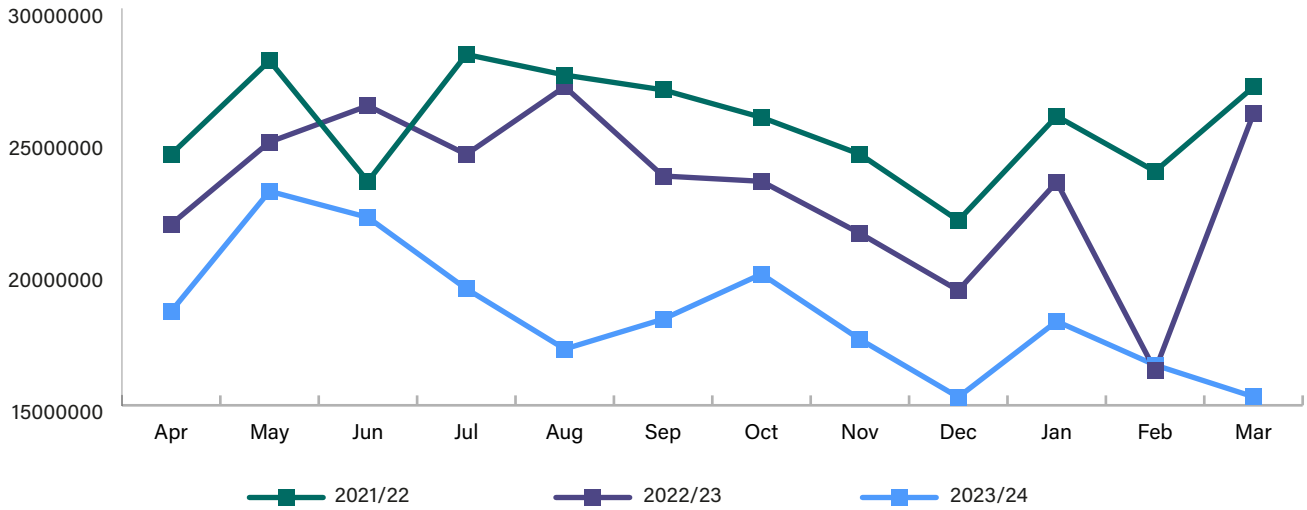
A total of 657 retail branches will be retained as part of the point of presence network. Focus during the 2023/24 FY centred on payment of outstanding rentals, payment of domestic accounts and the renewal of leases where required. The valuation of company owned buildings was completed during November 2023 as required for the BR Plan.

Mail Business

The graph below indicates the consolidated domestic total mail volumes for standard mail, non-standard mail, fastmail, registered letters and parcels over a three-year cycle from 2021/22 FY to 2023/24 FY.



Mail Business: Std, Nstd, Fastmail, Register, Parcel Volumes



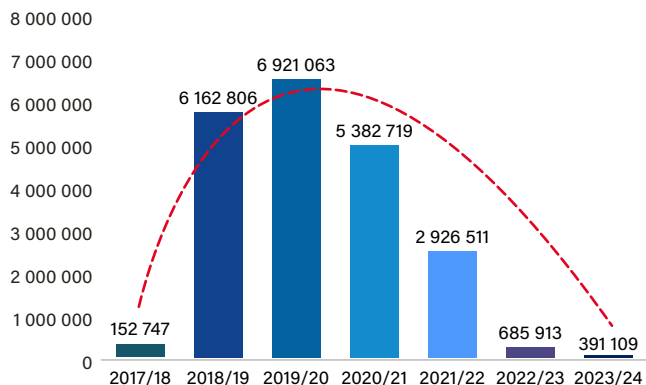
Mail volumes have continued to show a consistent declining pattern year on year as indicated in the graph. Mail volumes declined by 20.5% when comparing 2022/23 FY to 2023/24 FY.

CN22 Volumes

Volumes for CN22 international parcels continued to decline sharply at a decline of 43% from 685 913 items during 2022/23 FY to 391 109 items during 2023/24 FY.

The annual volumes for CN22 parcels is indicated in the table below.

CN22 Parcel Volumes

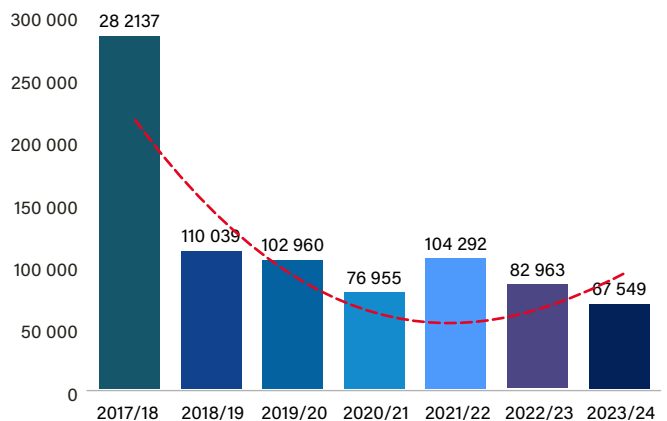


EMS Volumes

Volumes for EMS declined from 82 963 items during 2022/23 FY to 67 549 items in 2023/24 FY.

The chart below indicates the EMS volumes from 2017/18 FY to 2023/24 FY.

EMS Volumes



SERVICE STANDARD

Delivery Standards

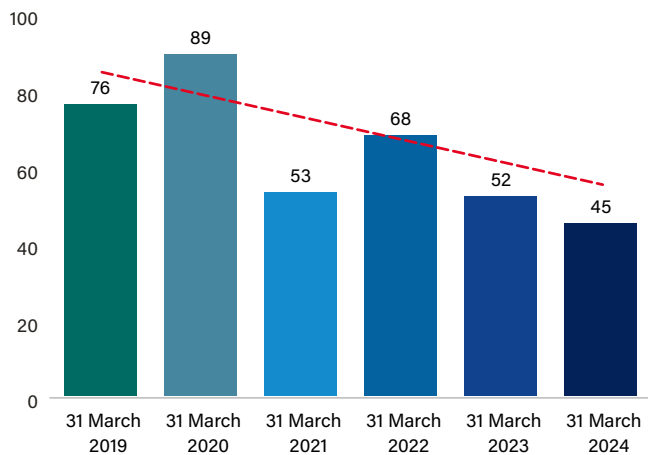
Delivery standards have not recovered since the performance of 89.30% for the 2019/20 FY.

For the 2023/24 FY the mail delivery standard is at 45.15%, a 6.47% decline when compared to 2022/23 FY, attributable to shortages of resources which amongst others, includes the lack of a fleet to convey mail throughout the value chain.

The declining delivery standard trend will reverse and improve as Operations continues to be capacitated and stabilised.

The graph below indicates the mail delivery performance from 2018/19 FY to 2023/24 FY.

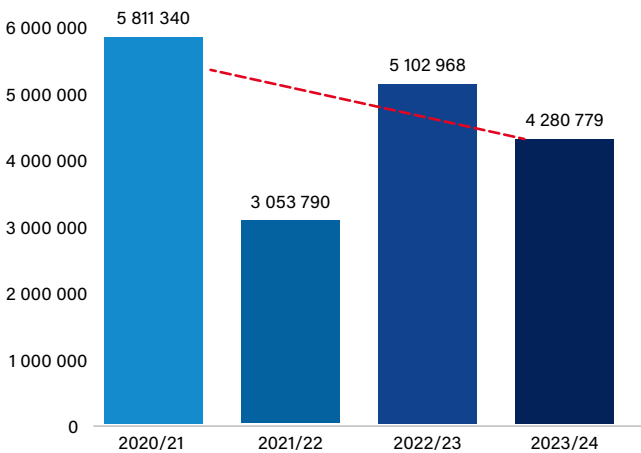
Delivery Performance



Volume Carryovers

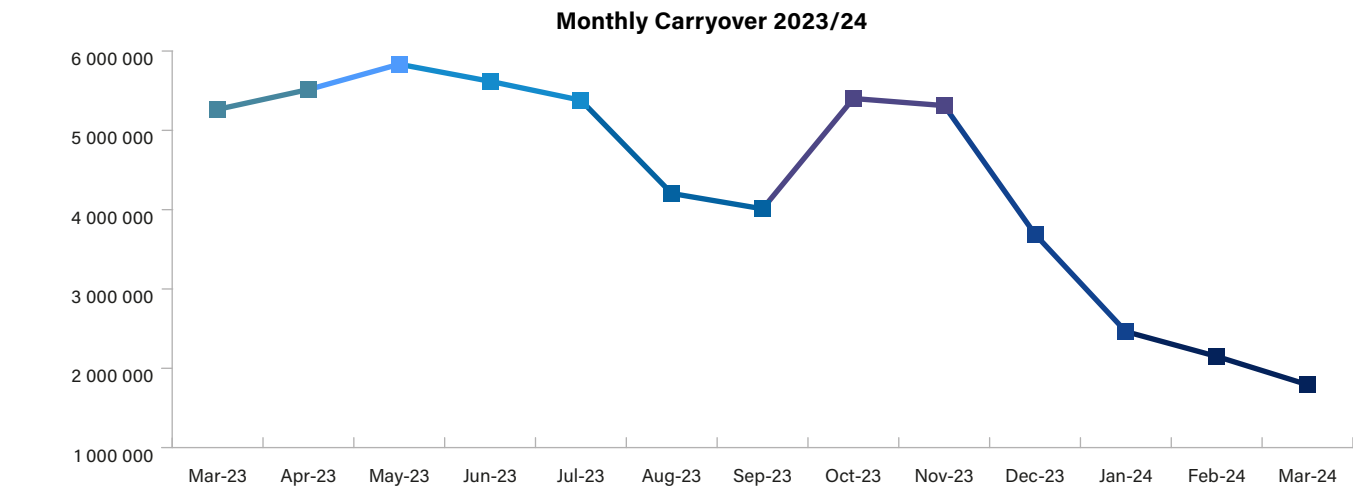
The average monthly carryover for 2023/24 FY is at 4.28 million items. This indicates improvement when compared to 2022/23 FY which was at 5.1 million items. The average monthly carryover will be further reduced during the 2024/25 FY due to stabilisation and capacitation efforts.

Average Carryover

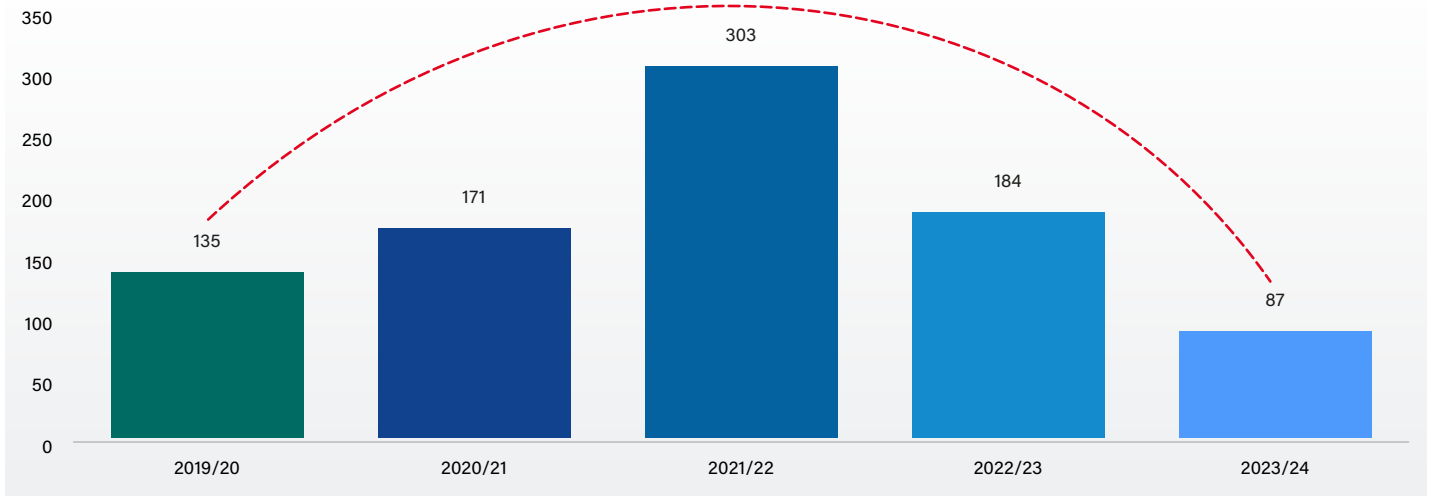


The average monthly carryover for 2023/24 FY shows a consistent decline from October 2023 to the end of March 2024. As at the end of 2023/24 FY the average monthly carryover stood at 1.7 million items.

The carryover trend from March 2023 to March 2024 is indicated in the graph below:



Branch Profitability



Post Office by type and RPAs - 31 March 2024

Description	Post Office	Postpoints	Transportable	Mobile	RPA's	Total
Total	947	28	13	3	348	1339
PO Only	991					

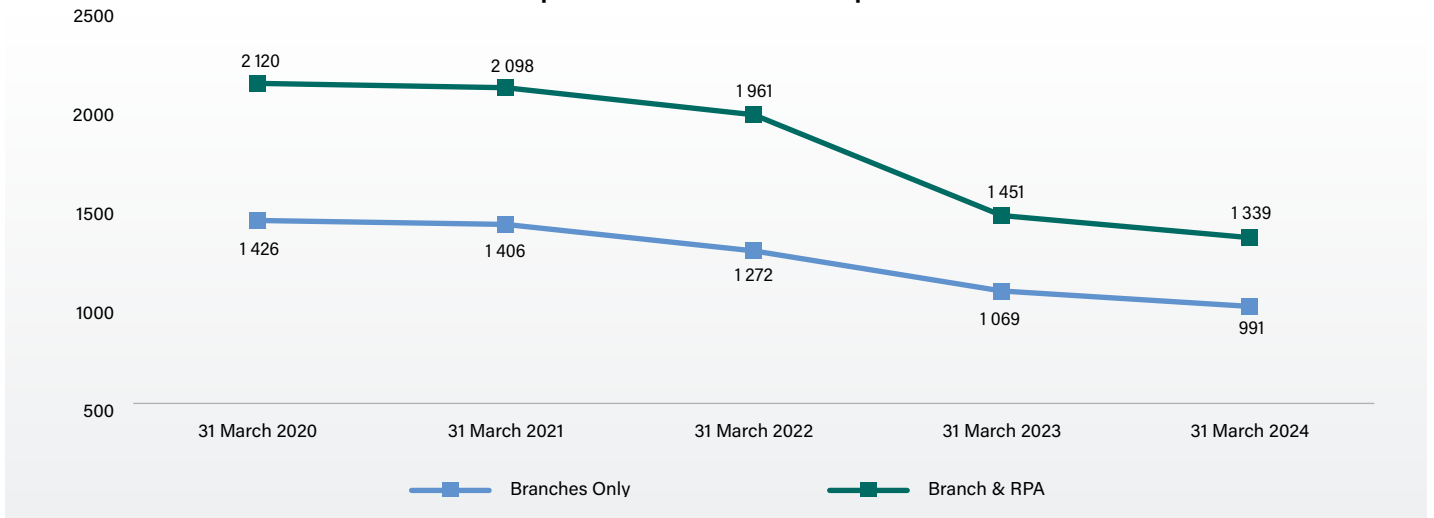
Operations Footprint - Competitive Advantage

The total number of SA Post Office branches has been reduced from 1 069 during 2022/23 FY to 991 during 2023/24 FY. The branch offices (78) were mainly loss making as well as low volume offices and identified as part of the BR Plan.

nationally across all regions. These mail centres are connected via fleet to 288 depots whose primary function is to deliver mail and parcels to the final destination. SA Post Office enables connections of mail and parcels through available fleet with a total of 422 vehicles.

SA Post Office also process mail and parcels in 24 Mail Centres

Operations Retail Outlet Footprint



Addressing

A Total of 76 000 new addresses were generated and geocoded for the 2023/24 FY. The low number achieved was due to lack of tools of trade. Regional employees could not secure vehicles to use for visiting the sites for address generation.

The SA Post Office's private and free post boxes are serviced at branches and loose standing box units with a total of 3 620 186 post boxes on record. The level of post box renewals has been very low and is currently being addressed by realigning and placing these in more convenient locations.

LOGISTICS CENTRE

Logistics Optimisation

Logistics capability is a critical enabler for the effective and efficient movement of postal items. As at 31 March 2024, the logistics fleet comprised of 422 vehicles in line with the end to end plan requirements. Operations can draw on this amount of vehicles as determined by the end to end plan, however on average the daily utilisation is at 210 vehicles at all levels of operations. As at 31 March 2023, the average daily vehicle utilisation was at 154 vehicles.

The Logistics division has adopted a hybrid model to service the organisation:

- Short term rental vehicles;
- Panel of service providers; and
- Owned vehicles.

The SA Post Office currently leases vehicles and also makes use of various mail panel service providers, together with owning a number of motorcycles (to service local to local). The last mile delivery is fulfilled by Postmen and courier operations.

A transversal contract with Passenger Rail Agency of South Africa (PRASA) and a panel of service providers has been introduced for line haul to transport mail between provinces. The panel of service providers are assessed every 6 months to compare prices in the market. This assists with maintaining the cost low for the moving of mail, as the panel of service providers compete on a market price value.

As part of the modernisation and digitalisation of the BR Plan, the Logistics division will provide tailor-made logistical solutions by creating convenience to both its customers and partners.

Convenience to customers will include the availability and visibility of tracking, service quality and introducing a paperless and cashless environment.

Convenience to partners will include the seamless exchange of data such as information about airline loading, customs authorities' processes, and logistics aggregators through e-commerce Application Programming Interfaces (eCom API).

E-commerce

Logistics has made progress in the fulfilment of the last mile, clearing, warehousing and delivery of e-commerce products and services. Agreements were reached with some suppliers to increase parcel delivery opportunities. The Customs Declaration System (CDS) and upgraded International Postal System (IPS) has strengthened the technology backbone to operate in the e-commerce market.

Migration to the CDS and IPS cloud is in progress and is expected to be finalised during 2024/25 FY. The migration is envisaged to assist in, keeping up with the application versions used, and alleviate the need for related SA Post Office infrastructure refresh.

The IPS as a tool for tracking of items is in place, while procurement of additional essential equipment is fast tracked to ensure stability of the entire IPS system. The Domestic Postal System (DPS) integrating with Point of Sale (POS) rollout is in progress.

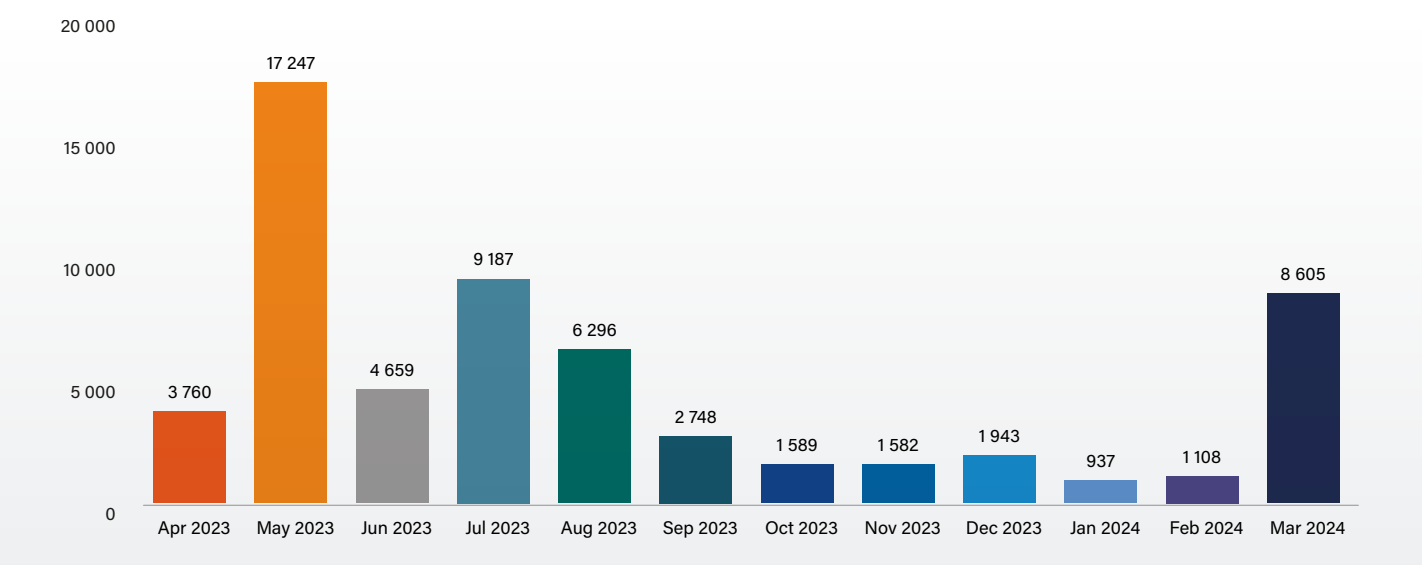


Digital Terrestrial Television (Broadband Digital Migration Project)

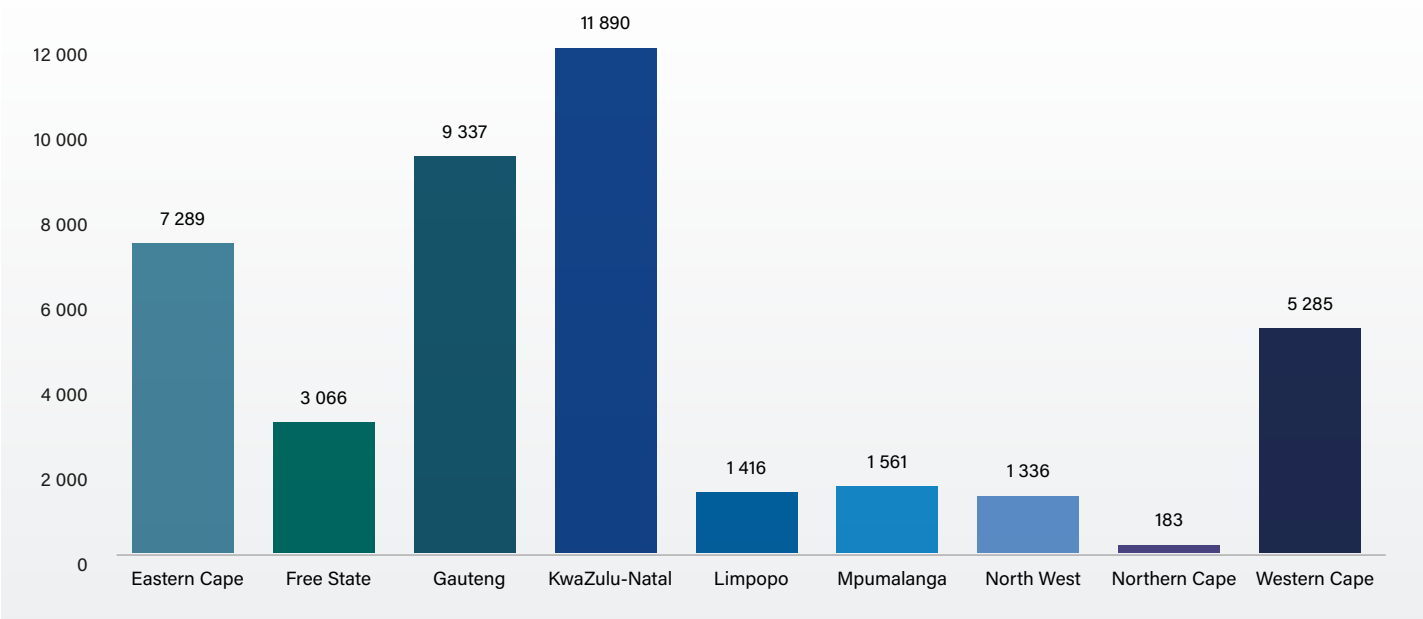
The registration of qualifying households for the Broadcasting Digital Migration Programme (BDM) continued in all provinces. During the 2023/24 FY, a total of 41 363 qualifying households were registered. As at the end of March 2024, a total 59 661

Set Top Box (STB) kits were issued for the 2023/24 FY. During 2023/24 FY, 3053 STB kits exchanged by SA Post Office (Faulty, STB Type changes).

STB Kits Issued



Number of approved STB registrations



Building Capacity & Capability

Due to delays in mail processing, backlogs and carry overs accumulated during load shedding, together with financial challenges which resulted in the withdrawal of the delivery fleet, closure of branches and a lack of tools of trade, the achievement of the regulated ICASA mail delivery standard of 92% was not achieved. Annual performance was recorded at 45.15% against the regulated target of 92%.

The achievement of the domestic and international courier delivery standard of 90% was not achieved with domestic performance recorded at 49.6% and international performance recorded at 45.2%. The performance was affected by a shortage of vehicles, limited funding for airline services, and low scanning performance.

In order to ensure efficient service delivery and increased value to customers, the 100% resolution of customer complaints recorded at the call centre within 7 working days is required. Annual performance is recorded at 67%.

During the 2023/24 FY, 627 complaints were recorded with 420 complaints resolved within 7 working days, with 207 complaints outside the required resolution period. Reasons for the variance on target include poor delivery standards, forced closure of branches, redirection of mail items to other branches, and relocation of mail collection points

Customer complaints and the response to these remain a key indicator of the level of customer satisfaction and the quality of service provided. The remedial actions implemented to manage complaints from customers are continuously monitored and managed at Head Office (Call Centre Management) and from across all Regional offices (Regional Sales Managers & Regional General Managers).

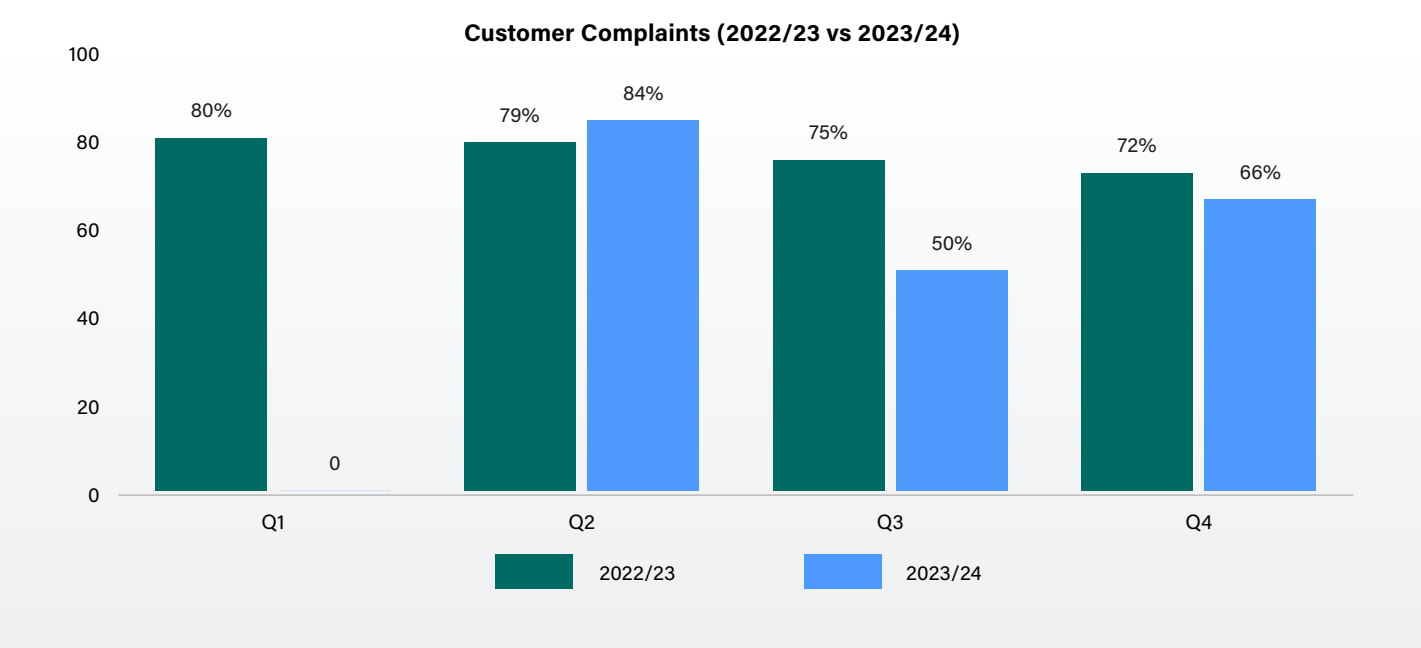
The SA Post Office is constantly exploring opportunities with other Government entities to enhance collaboration, and improving service offerings to citizens via our infrastructure.

Customer Experience

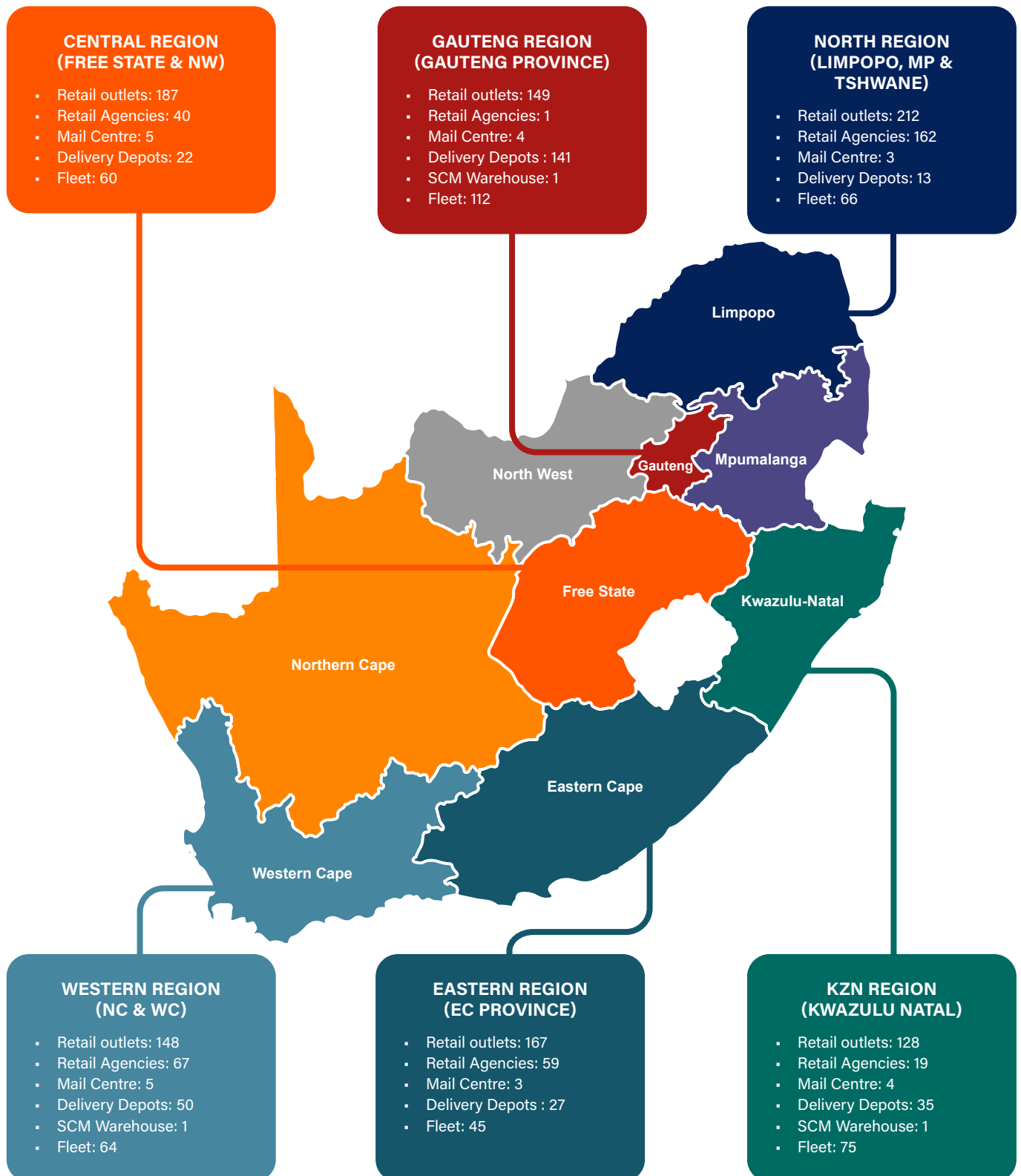
Engagement with employees brought a gradual improvement in the customer experience towards the end of the 2023/24. This was evident through the positive comments received from customers by the SA Post Office towards the end of the financial year. The reliability of the postal service is a key factor determining the customer experience, which is of utmost importance to ensure financial sustainability of the organisation going forward.

When comparing complaints from the 2022/23 FY to the 2023/24 FY, there was a gradual downward trend on complaints received.

The graph below indicates the declining trend of the customer complaints.



Operational Footprint





Information Technology (IT)

1. INTRODUCTION

On July 10, 2023, SA Post Office entered a business rescue process, necessitating a realignment of its IT functional plans. SA Post Office IT submitted a comprehensive analysis report to the BRPs providing an overview of the current IT landscape within SA Post Office.

This report identified critical areas requiring attention to establish a more stable IT environment that aligns with SA Post Office business objectives. The findings and recommendations outlined in the report were consistent with the overall business rescue strategy and plan. The assessment revealed that SA Post Office IT operations are at risk and currently unstable. The IT department has been characterised as being in a "fire-fighting" mode, necessitating immediate intervention to transition to a "stabilisation phase" that will support uninterrupted business operations. The key challenges identified include:

- Unsupported, outdated, and aging infrastructure;
- Ineffective maintenance and support for critical business and IT systems;
- Non-standard and non-compliant Data Centre;
- Lack of Disaster Recovery (DR) capabilities; and
- Outstanding and recurring audit findings

In response to these challenges, SA Post Office IT developed a stabilisation plan, which has been approved by the BRPs for implementation over the next 18 to 24 months. The primary focus of SA Post Office IT will be on stabilising IT infrastructure and operations while also considering the organisation's digitisation objectives. This initiative will encompass improvements in the areas of People, Process, and Technology as they pertain to SA Post Office IT operations. Our ultimate end goal remains to become a strategic partner to business.

- Lack of senior leadership in critical areas of SA Post Office IT
- Absence of essential management and specialist roles, along with insufficient staff capacity;



2. IT BUSINESS REVIEW - HIGH LEVEL OVERVIEW

2.1 People

The assessment evaluated the structure, skills, and roles of the workforce within the IT organisation. The SA Post Office IT structure was reviewed and streamlined to facilitate the implementation of the BR Plan. The evaluation identified significant challenges related to both capability and capacity. At present, all senior positions are held by acting members who are also performing their current roles, while critical positions—such as Data Centre Manager, IT Security, and Chief Information Officer have remained vacant for an extended period. Additionally, the current existing staff capacity is misaligned to address the demands of the evolving business landscape.

Staff morale has been negatively impacted by prevailing working conditions, which include a lack of leadership, substandard office environments, and the removal of certain benefits. The challenges facing the IT workforce can largely be attributed to cash flow constraints that have hindered the filling of key senior IT vacancies. The absence of leadership in these critical roles, along with insufficient specialist capabilities, is likely to continue affecting SA Post Office stabilisation efforts and the IT Department's ability to contribute to the organisation's growth. The lack of capacity and skills has been exacerbated by several factors:

- A moratorium on recruitment over the past five years;
- A pause on all training and development programmes, which has negatively impacted resource skills;
- The absence of staff wellness programs; and
- A lack of reward and recognition processes, including the termination of overtime and staff allowances.

2.2 Process

The assessment focused on the process component, including IT audits to evaluate the control environment, commercial practices, and business partnering. A significant risk on IT processes relates to the non-existence of active IT application and infrastructure support contracts as well as open audit findings relating to:

- Support and maintenance contracts being cancelled due to cash flow constraints which places a significant risk on the business should any IT incidents occur which may impact on system performance, availability and data retention.
- Repeat audit findings with regards to:
 - IT Governance;
 - IT Security;
 - IT Service Continuity;
 - IT Change Management;
 - Physical Access Controls; and
 - User Access Management.

As part of the process component, an evaluation of the controls, procedures, and methodologies employed within the organisation is ongoing. This involves a detailed examination of task performance to identify bottlenecks, redundancies, and inefficiencies, along with recommendations for improvements to streamline operations and enhance productivity. This assessment will continue as an ongoing effort even after IT stability has been achieved.

2.3 Technology

The SA Post Office IT strategic plan was historically aligned with the Post Office of Tomorrow strategy, which aimed to prioritise modernisation and digitisation within SA Post Office.

The interim strategy was designed to balance the necessity of strengthening the existing operational landscape with the goal of transitioning seamlessly into a digitised future. However, significant concerns arose regarding the stability, security, and availability of core IT applications necessary for supporting business operations. These challenges were primarily attributed to a lack of investment in the maintenance and transformation of IT infrastructure and software. At that time, the technology estate within SA Post Office was considered at risk and unstable. This instability was characterised by aging infrastructure, outdated software versions, and inadequate patching of applications and systems, leading to increased security vulnerabilities. Additionally, end-of-life tools for both end users and service desks compounded the issues. Key areas identified for immediate attention included:

- Data Centre: The technology and environmental controls were below standard. The existing backup power supply, cooling and security was well below par against a Tier 3 hosting facility requirement;
- Data Restoration: Data backups had not been tested due to capacity constraints, and the backup solution was out of maintenance from both hardware and software perspectives;
- Disaster Recovery: There was no disaster recovery site or related technologies in place to facilitate effective disaster recovery (DR);
- Key business and IT applications: WRE, SAP, Active Directory, Exchange, and IT Service Management, were outdated and unsupported; and
- Tools of Trade: The software and hardware for end-user computing (laptops, desktops, and printers) were outdated, negatively impacting overall productivity.



3. IT STABILISATION PLAN - OVERVIEW AND PROGRESS

3.1 People

The proposed resolution historically included long-term initiatives such as training and upskilling current staff, along with repurposing roles where feasible. These initiatives were intended to be actively pursued once the SA Postoffice's overall structure and human capital plan for the future, as well as the Section 189 process, were finalised. However, the permanent recruitment of critical positions could not be overlooked. It was recommended that 10 critical positions be filled urgently, with consideration for addressing additional key roles on a temporary basis to stabilise operations. Additionally, it was advised that SA Post Office review its talent management policies to allow for internal mobility and the repurposing of existing positions, thereby maximising the potential of the current talent within the organisation. Unfortunately,

no permanent appointments were possible as planned due to the overall company focus was on restructuring. However, notably, IT overtime was reintroduced as allowance to ensure key maintenance activities resume.

3.2 Process

An analysis conducted on SA Post Office key business vendors revealed an outstanding liability of approximately R700 million and it became clear that highlighting key vendors linked to stabilisation efforts was essential.

All critical IT vendors and other historic liabilities were settled through the BR Plan and process as voted by creditors. The relationship with these suppliers was also restored.

Supplier	Issue During Analysis	Rationale For Attention	Status
Telkom / BCX	Contract terminated due to business rescue clause in Master Service Agreement. Significant historic capital debt value	To keep current operations online and cater for contracted liabilities	Resolved
SAP	SAP Licence Agreement cancelled by the OEM due to non-payment	To stabilise the organisation's ERP solution from a software licencing perspective as well as re-establish and upgrade path to SAP S4 HANA. Settlement of historic debt was key for engagement	Resolved
Escher	Contract was cancelled in 2019. SA Post Office POS environment currently runs on Windows XP which is a major security concern as a POS software version compatible with Windows 10 is not available due to cancellation of contract	A short term re-engagement with Escher will result in a cost effective resolution of key POS issues, and upgraded version of the software. Settlement of historic debt was key for engagement	Resolved
Fuse IT	Support services suspended in April 2023 due to non-payment	Support from Fuse IT is crucial to finalise Digital Terrestrial Television (DTT) project as well as upcoming AARTO national roll-out. Settlement of historic debt was key for engagement	Resolved
Dell / EMC	No active contract but operates on a time and material basis. The outstanding liability would hinder support going forward	With no support and maintenance contracts active, the relationship with Dell/EMC was key for any possible unforeseen emergencies. All SA Post Office system data is stored on this supplier's devices. Settlement of historic debt was key for engagement	Resolved
SITA	Supplier was pursuing outstanding debt	SITA provides key connectivity services to National Treasury. SA Post Office also had various initiatives lined up with SITA such as Electronic Document Distribution (EDD) solutions for AARTO, government cloud hosting for certain cloud ready applications, in order to stabilise and grow operations. Settlement of historic debt was key for engagement	Resolved



3.3 Technology

The SA Post Office has to upgrade its technology to maintain the stability of current services and in support of the BR plan. The principle underlying this initiative was that, before SA Post Office can evolve, certain fundamental IT capabilities needed to be re-established. The critical applications and infrastructure, were identified as requiring immediate attention.

Additionally, an evaluation of the SA Post Office Data Centre facility revealed alarming deficiencies. The facility failed to meet standard Data Centre hosting criteria and would not pass any grading by the Uptime Institute.

The immediate focus, therefore, was on establishing stability and a baseline level of resilience within the IT estate. The proposed remediation efforts were directed toward the following key areas:

Critical Applications and Infrastructure	Issue	Plan	Status
SAP ERP	High Risk, Backup and Hosting Challenges	Re-Instate Software Maintenance	Historic debt resolved, reinstatement procurement process in progress
Microsoft Exchange	High Risk, Backup and Hosting Challenges	Migrate to Cloud	Completed
POS Software (WRE)	High Risk, Backup and Hosting Challenges	Re-Instate Software Maintenance, Migrate to Cloud, Version Upgrade	Historic debt resolved, software maintenance and support reinstated, migrated to cloud, version upgrade in progress
Third Party Payments System	High Risk, Backup and Hosting Challenges	Extend Software Support, Migrate to Cloud Hosting Provider	Completed
International Parcel Management System (IPS)	High Risk, Backup and Hosting Challenges	Migrate to certified Tier 3 Data Centre hosted facility	Completed
International Financial System (IFS)	High Risk, Backup and Hosting Challenges	Migrate to certified Tier 3 Data Centre hosted facility	Completed
International Parcel Management System (IPMS)	High Risk, Backup and Hosting Challenges	Replace with UPU Solution (CDS)	In Progress
Hybrid Mail (Composition)	Not fit for increased volumes	New Solution	In Progress
Domain Controllers	High Risk, Backup and Hosting Challenges	Rebuild - Migrate to certified Tier 3 Data Centre hosted facility	Completed
Backup As-A-Service	High Risk, Licence Expired, Solution Crashed, No Support and Maintenance	Backup As-A-Service	Not Started (Planned 24/25)
Integration Bus, Scheduling, MIS	High Risk, Backup and Hosting Challenges	New Solution	Not Started (Planned 24/25)
ITSM (IT Service Management Tool)	Current Solution Crashed	New solution (SAAS)	Not Started (Planned 24/25)
SA Post Office WAN	Contract Terminated, Business Rescue Clause	Extend 12 Months	Completed
SA Post Office Internet	Solution not Secure	New Internet breakout and Associated IT Security Services	Completed
Call Centre Solution (Hardware and Software)	Outdated, Unsupported, Not managing volumes of calls	New Solution - through an RFP	Not Started (Planned 24/25)



Critical Applications and Infrastructure	Issue	Plan	Status
POS Hardware	End Of Life, No Parts	National POS Hardware Replacement through an RFP	In Progress
Data Centre Facility	Facility not fit for hosting	Move to alternative Tier 3 certified site	Completed
Data Centre Infrastructure Maintenance	Various data centre hardware component failures	Once-off hardware assessment, fixes, replacement	Completed
Tools of Trade	Obsolete IT Laptop and Desktop Equipment	Replace in phases (50 Laptops, IT Service Desk Headsets)	Completed

4. CONCLUSION

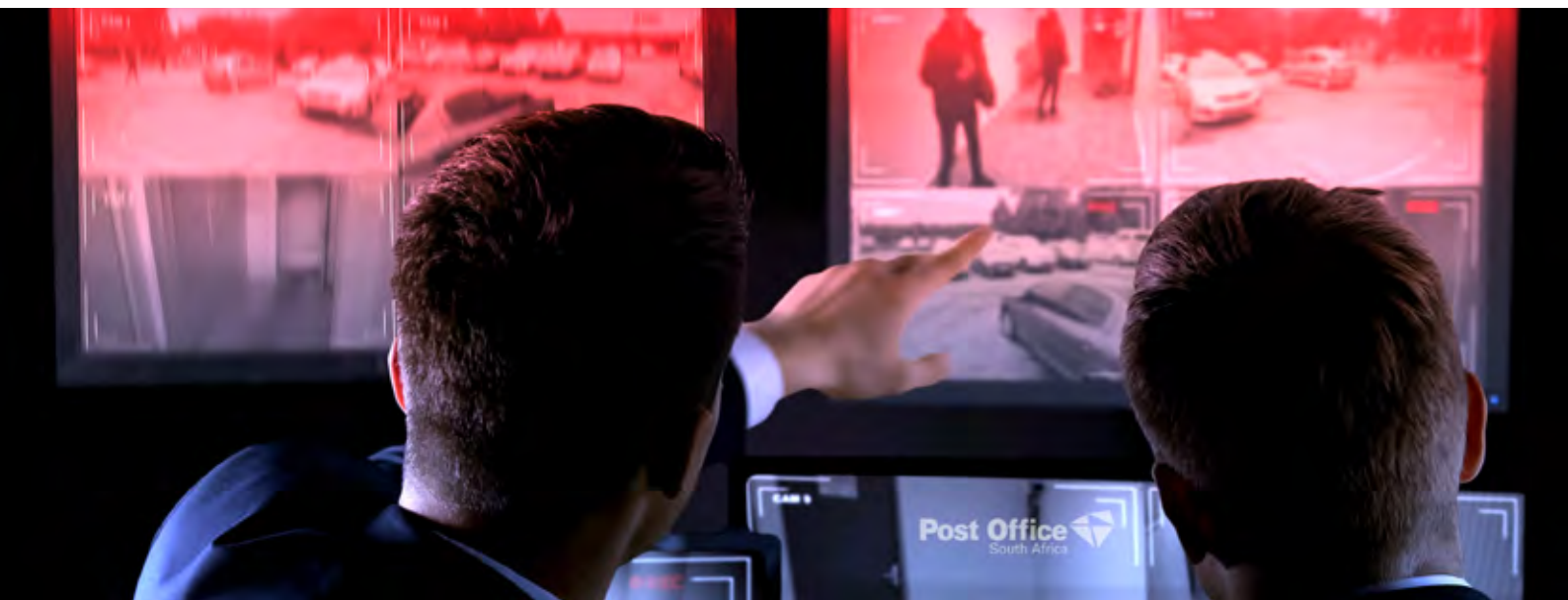
During the period under review, significant achievements have been made in enhancing the SA Post Office IT infrastructure and operations. Crucially, a move from fire-fighting mode into a stabilisation phase has been attained, enabling a renewed focus on core objectives.

These initiatives have collectively stabilised the IT environment, ensuring the SA Post Office can effectively support its ongoing

business rescue strategy. Whilst some initiatives remain incomplete, these will be prioritised in the upcoming year, with amended IT plans that incorporate growth initiatives. The focus will also include investing in human capital as a key driver for future success. IT will continue to collaborate closely with business units to align strategies and foster a culture of innovation and responsiveness.



Security and Investigation Services

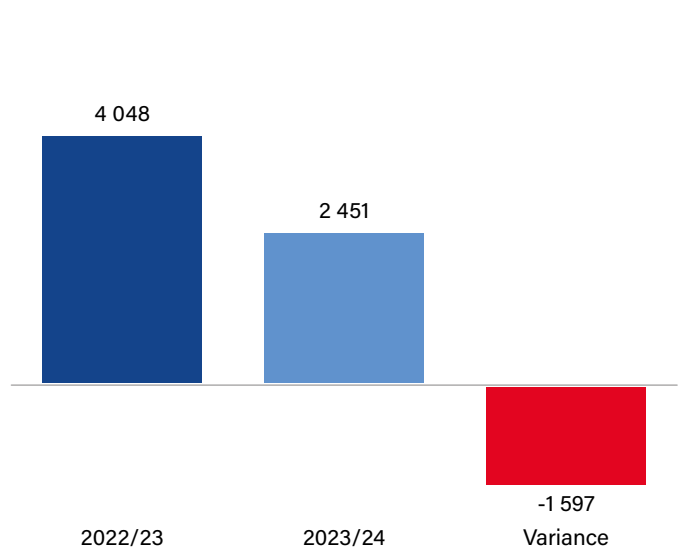


INTRODUCTION

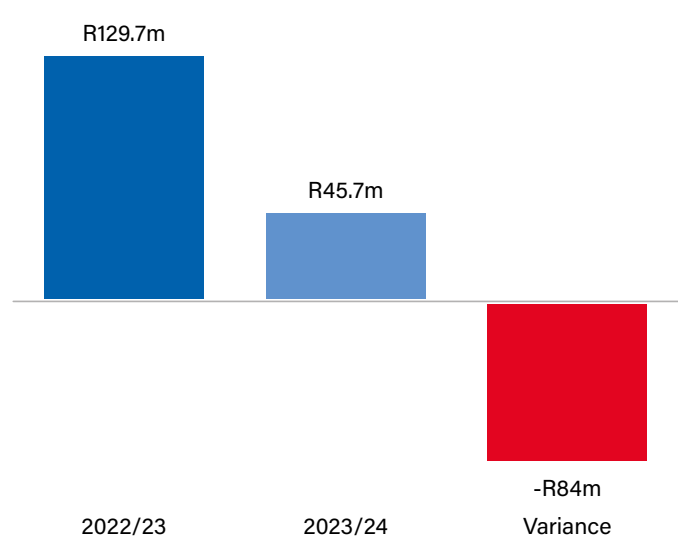
During 2023/24 FY the SA Post Office experienced a significant decrease in the number of incidents and related losses reported for investigation.

The decrease of 39% in reported incidents and 65% decrease in the losses is directly attributed to the decrease in social grant payments at SA Post Office branches and reduced cash volumes at branches.

National Overview of Reported Incidents



National Overview of Reported Loss



The table below provides a comparative summary of the reported incidents and related loss per Crime Incident Category

	2022/23		2023/24	
Crime Incident Category	Reported Incidents	Reported Loss	Reported Incidents	Reported Loss
Commercial Crime: Fraud	1 650	R79 805 062.39	597	R25 290 599.01
Commercial Crime: Theft	202	R2 233 022.60	154	R145 984.33
Commercial Crime: Other	26	R3 355.00	5	-
Violent Crime	893	R44 807 296.91	925	R18 718 549.89
Postal Crime	993	-	574	-

Violent Crime Overview

During the 2023/2024 FY, notwithstanding that the SA Post Office experienced an increase of 32 incidents of violent crime, it had a notable decrease of R26.1 million in reported losses.

The increase during the 2023/2024 FY is as a result of an increase in business burglary incidents that, in comparison to the previous financial year, increased from 594 to 698 incidents – an increase of 104 incidents. The reported loss due to business burglaries has however reduced from R12 016 854.01 to R2 852 192, a decrease of R 9 164 661.87

Armed robbery incidents decreased by 70 incidents from 198 incidents to 128 incidents during the 2023/24 FY as compared to the previous financial year. The reported loss decreased from

R32 786 792.90 to R15 825 496.75, a decrease of R16 961 296.15.

The decrease of violent crime incidents is as a result of lower volumes on hand at SA Post Office branches together with improved cash management and control.

Fraud Overview

In comparison to the previous financial year, fraud related incidents decreased by 1 053 incidents during the 2023/24 FY, whilst the reported loss decreased by R54 514 463.38.

	2022/23		2023/24	
Crime Incident Category	Reported Incidents	Reported Loss	Reported Incidents	Reported Loss
Fraud (General)	253	R43 915 346.08	152	R14 018 209.25
Account Fraud (Non-SASSA)	141	R5 407 643.09	219	R 491 403.83
Account Fraud (SASSA)	1 256	R30 482 073.22	226	R1 780 985.93
Total	1650	R79 805 062.39	597	R25 290 599.01

The suspension of the payments of Social Relief of Distress (SRD) grants at SA Post Office Branches, as well as reduced levels of SASSA grant transactions at SA Post Office branches has had a significant impact on the reduction of fraud incidents.

Additionally, improved systems and control measures have also had an impact on criminal elements being able to access account details of beneficiaries.



Supply Chain Management



The Supply Chain Management (SCM) unit comprises of the following divisions:

- Procurement;
- Supplier Management;
- Governance; and
- Logistics – Demand Management and Warehousing.

Each division contributes to the effective functioning of SCM unit.

PROCUREMENT

During the 2023/24 FY, the SA Post Office expended approximately R298 million in procuring of goods / works and services, excluding statutory payments.

Procurement at the SA Post Office encompasses small / low value, individual purchases of commodity items through to complex high value, high risk contracts.

Procurement reaches and affects every facet of the SA Post Office's activities and plays a crucial role in meeting the financial challenges the organisation faces. The effectiveness of how procurement is undertaken and how suppliers perform in delivering on these procurement contracts, affects the quality of service our customers receive and also has an impact on local businesses and stakeholders.

As a SOC, the SA Post Office is required to comply with National Treasury Procurement Legislation which places legal requirements on the manner in which procurement is undertaken and performed.

Whilst National Treasury Procurement Legislation may limit flexibility of procurement, it in no way, alters the necessity for procurement to make a significant contribution to delivering financial benefits and value for money on the goods, works and services procured.

As at 31 March 2024, there were 28 valid procurement contracts, with the highest value contracts in the Security Services and Information Technology business units.

The SCM strategy for 2023/24 FY was to review all contracts to ascertain the value they add to the organisation, however was not completed due to a lack of skilled resources to perform this exercise.

SUPPLIER MANAGEMENT

Supplier Management supports the SA Post Office Group procurement strategies by identifying and selecting operationally capable and financially sustainable suppliers.

Supplier Management is tasked with managing and coordinating supplier development initiatives, introducing SMMs and BEE enterprises into the SA Post Office procurement value chain. It also oversees the mitigation of supplier risk and monitors adherence to procurement and related legislation.

During the 2023/24 FY, the SA Post Office achieved 56% of its annual procurement spend on companies that are 30% owned by black women.



GOVERNANCE

Governance is responsible for SCM compliance in terms of SCM policies and procedures, contracts management, tenders and audit management. The Governance unit produces the SCM monthly reports, financial misconduct reports which includes irregular expenditure and fruitless & wasteful expenditure reports. It is also responsible for the document management and the storage of documentation.

SCM LOGISTICS

SCM Logistics is responsible for inventory management of saleable (60%) and consumable stock (40%). Inventory is currently centralised in the SA Post Office premises in Silverton, Pretoria.





Government Relations and International Participation

Government Relations

Government Relations (GR) is responsible for establishing and strengthening stakeholder relationships with all three tiers of Government: National, Provincial and Local as well as Parliamentary Portfolio Committees, Select Committees of the National Council of Provinces (NCOP) and study groups.

Government Relations is an important element of any business that is subject to Government regulations. It is therefore imperative that the SA Post Office develops and nurtures strong relations with the shareholder, DCDT, various other government departments, regulatory bodies, political parties represented in Parliament, SOEs, private sector, civil society, labour unions and other relevant organisations.

Parliamentary Relations

Parliament is an essential part of South African politics and interacts on a daily basis with a number of important organisations, including the SA Post Office. It is the legal authority in the

country, which makes, amends, and repeals any law. Parliament consists of the National Assembly and the National Council of Provinces.

The SA Post Office interacts with Parliamentary Portfolio Committees of the National Assembly and Select Committees of the National Council of Provinces as well as study groups of various political parties represented in Parliament. As with other government departments and SOEs, the SA Post Office is accountable to the sector ministries and to these Parliamentary Committees and study groups.

INTERNATIONAL ENGAGEMENTS

The SA Post Office's participation within the international realm is guided by the framework of the Government White Paper on International Relations.

The SA Post Office's active participation in international postal organisation fulfils the international obligations as contained in Section 21 of the SA Post Office License.



The SA Post Office is an active member of the following international organisations:

- Universal Postal Union (UPU);
- Southern African Postal Operators Association (SAPOA);
- Pan African Postal Union (PAPU); and
- Conference of Commonwealth Postal Administrations (CCPA).

Universal Postal Union (UPU)

The UPU was established in 1874, with its Headquarters in Berne, Switzerland. The UPU is a specialised agency of the United Nations and helps to ensure a universal network of up-to-date products and services with 191 member countries.

The UPU also establishes the regulations for international mail exchanges and presents recommendations to stimulate growth in mail volumes and to improve the quality of service for customers.

Pan African Postal Union (PAPU)

The PAPU is a specialised agency of the African Union (AU) with its headquarters in Arusha, Tanzania.

PAPU was established to organise and improve the postal services on the continent of Africa, and promotes the development of international collaboration amongst member postal enterprises and provides technical assistance in postal matters. The SA Post Office is a member of PAPU via our shareholder.

Southern African Postal Operators Association (SAPOA)

The organisation represents a collaborative and cooperative forum of 14 member postal operators. The members correspond to the Southern Africa Development Community (SADC) member countries.

The current members of SAPOA are Angola, Botswana, Democratic Republic of the Congo, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, South Africa, Swaziland, Tanzania, Zambia, and Zimbabwe.

SAPOA main objectives are to promote the development, establishment and operation of efficient, affordable and accessible postal services within the Southern Africa Region that meet the diverse needs of customers while being economically and commercially sustainable.

Currently SA Post Office is heading two major positions within SAPOA:

- Chair of the Operators Directors of SAPOA, chaired by Head of Logistics; and
- Acting Group Executive Operation is a Board member of SAPOA.

Conference of Commonwealth Postal Administrations (CCPA)

The CCPA was formed in 1971 and has a membership of 71 postal administrations drawn from the Commonwealth of 53 member countries.

It was created as a forum for sharing best practice, discussing matters of common interest and acting as a concerted lobby on key issues given that CCPA membership represents about a quarter of the UPU electorate.

International Participation for 2023/24 FY

As the implementing agent of South Africa for the Universal Postal Convention, the SA Post Office is mandated to fulfil the country's international obligations. The delivery is coordinated by the UPU on a global scale, PAPU and SAPOA on a continental scale. This coordination begins with setting standards for interoperability that match prevailing market trends. Thereafter, these intergovernmental agencies monitor compliance with these standards.

Scoring 38.7 out of 100 points on the postal development index, South Africa is ranked at level four on the consolidated postal maturity measurement, out of a possible ten levels.

Level four countries are approaching the level of maturity necessary to adequately serve their current and potential customers. In an effort to increase the postal maturity of South Africa, the SA Post Office drew on the vast experience and expertise of these international multilateral institutions, as encapsulated in the World Postal Strategy.

In an effort to increase compliance points, the SA Post Office participated in the UPU and PAPU technical groups and task teams. International participation was necessary to increase post-pandemic mail volume by improving the Integrated Product Plan (IPP) offering. Furthermore, the rapid changes in the regulatory environment, such as the Act of America and the European Import Control System (ICS2), dictated technology upgrades to transmit advanced electronic data exchange. Non-compliance would result in South African exports being denied access to these markets.

Following the UPU's adoption of the Abidjan Postal Strategy, the SA Post Office continued with delivering the commonly developed programmes, including the Operational Readiness for



eCommerce (ORE). The aim of ORE is to develop the postal capability to effectively and efficiently fulfil customer deliveries that come through its online channels. This includes developing people, processes, technology and facilities to be able to handle all aspects of the e-commerce logistics.

The SA Post Office played a pivotal role in South Africa's active lobbying efforts on the controversial issue of opening up the UPU to a wider range of postal sector players.

South Africa adopted a policy stance that the opening up to non-postal players should be done gradually, on a risk-based basis that protects designated operators and citizens. This was the main topic of the 2023 UPU Extraordinary Congress in Riyadh, Saudi Arabia, under the theme of "The Future of the Postal Sector: Innovation and Transformation". Discussions on opening up to non-postal players still continues. The discussions will continue at the upcoming Postal Operations Council (POC) and Council of Administration (CA).

Postal Financial Services is a key focus area. The SA Post Office is eager to increase volumes in the fourteen existing cross-border corridors and increase south-south corridors. To mitigate the challenges that come with large money flows, the postal sector required consensus on regulating anti-money laundering and combating the financing of terrorism. Therefore, it was critical to send South African experts to ensure that South African laws are integrated into postal industry standards and subsequent systems that facilitate money transfer.

It is worth noting the trust given by peers, South Africa through SA Post Office employees serve as chairperson of Operations Directors' Committee of Southern Africa and deputy chairperson for two continental committees on Remuneration and Digital Transformation.



Philately and Museum



PHILATELIC SERVICES

Philatelic Services is responsible for the design, printing, distribution and sale of postage stamps and postal stationery for the SA Post Office. Philatelic Services is one of the smallest divisions of the organisation and is often described as the division that captures South Africa in a visual form.

Philatelic Services reflects the aspirations of South Africans, showing the world and the country the beauty, lifestyle, heritage, fauna, flora, sport and the arts and different aspects of South Africa, are reflected on postage stamps.

The country has been issuing postage stamps since 1853 when the country's first stamp, the Cape Triangular was issued. The stamps were issued in monochrome sheets with no perforations between the stamps, the sheets had to be cut by hand to separate the stamps. Stamps have come a long way since then but what has not changed is what stamps represent. Stamps are in very simple terms, receipts to indicate payment for letters to be transported from the sender to the receiver.

Notwithstanding that only one stamp was issued during the 2023/24 FY, revenue generated from stamp sales has been consistent. That is a testimony to the popularity, utility and preference for stamps by Post Office users above labels which are also available in branches. The most popular stamp rate continues to be the standard postage rate, registered postage and the B4 rate.

Stamp news and National stamp Exhibitions

Exhibition – Kyalami Country Club

At the National Stamp Exhibition held at the Kyalami Country Club from 11–14 October 2023, Philatelic Services showcased an exhibit demonstrating how Crypto stamp collections can be presented at national and international exhibitions using platforms on the Metaverse. The Metaverse is a virtual world that offers a shared space for users to interact, access information, and engage in various activities.



The 16-page exhibition showcasing how digital images such as stamps are already being displayed on the Metaverse.



New Stamp Issues

- The graphic designer worked extensively on the idea of introducing digital stamps for the Post Office. The stamps could be an invaluable part of a digitised SA Post Office.
- The project is ongoing;
- There are also plans for the development of digital stamps;
- The stamp issued for the 2023/24 FY was the Rugby Stamp Issue.

SPRINGBOK WORLD CHAMPIONS 2023

Two stamp sheets of 6 stamps and an envelope (First Day Cover) were issued to celebrate the historic fourth win of the

Rugby World Cup by the Springboks on 28 October 2023.

The set of stamps was issued on 28 November 2023.



SERVICES TO SA POST OFFICE

Extensive work has been done for other SA Post Office sections, below are a few examples:

- The annual postal rates brochure
- Social media banners to market the new e-Registered Platform
- Ongoing work on the annual report



Docex Managing Director's Overview



Docex operates within a niche market providing distribution services of confidential documents to its registered members. It continues to enjoy a dominant position within the distribution of secure and time sensitive documents predominantly within the legal fraternity. Its dominant position is boosted by the Docex product offering together with its presence in all provinces throughout South Africa.

Customer service remains the highest priority for Docex, guaranteeing an effective overnight delivery of time sensitive documents between members, sheriffs, and courts nationally. Docex continues with the expansion of its footprint and reach to ensure that the needs of its current and future members are met.

Digitisation and the current economic landscape continues to add pressure on the Docex revenue line, and a focus on optimising costs during 2023/24 FY realised benefits.

The implementation of an advanced electronic signature has gained traction during the 2023/24 FY and financial benefits are expected to flow through during the 2024/25 FY.

DOCEX FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2024

Revenue for the 2023/24 FY increased marginally from R32.7 million in the prior year to R33.0 million, attributable to an increase in membership subscriptions. Excess weight and Bar Code Rolls revenue however, which are demand driven, were lower during the 2023/24 FY, negating the positive contribution of increased member subscriptions to overall revenue performance.

Operational expenditure for the 2023/24 FY was below budget and increased by 2% compared to prior year. An increase in staff

expenses was the main contributor accounting for 57% of total expenditure.

The reported financial position for the period is a net loss of R1.9 million, lower than the prior year net loss position of R1.5 million.

The increase in reported net loss year on year is attributable to:

- increased expenses due to the recalculated employee benefits payable, as per the actuarial valuation report.

Financial Indicators

- Net asset position of R13.6 million
- Cash and cash equivalents of R18.9 million; Current ratio at 1.55; compared to 1.80 in the prior year;
- Quick asset ratio 1.52 compared to 1.77 in the prior year,
- indicating the company's ability to fully cover its liabilities;
- Current liabilities increased by 3% compared to prior year,
- contributed by an increase in deferred income.
- Current assets decreased by 11% compared to prior year; due to the decrease on cash on hand as a result of increased Trade and other receivables at year-end;
- Docex's ability to cover its short-term debt as it falls due remains intact.

The digital modernisation of Docex remains of critical importance and measures remain in place to modernise its operations so as to align to the technological needs and changes driven by the customer and market demands.

I would like to extend my appreciation to the BRPs for their support over the past year.

Dina Lume

Managing Director, Docex PTY (Ltd)



Docex Operational Performance

PERFORMANCE OVERVIEW

Service Delivery Environment

Revenue was lower than budget by 20% (R8.7 mil), and marginally up by 2% against prior year (R521k) contributed by a slight increase in subscriptions revenue and messenger delivery service. The slow growth in revenue can mostly be attributed to increase in membership cancellations due to poor customer service, negatively impacted by non-compliance to the SLA.

Subscription revenue increased by 3% compared to prior year, it accounts for 81% of total revenue. The other contributing positive variance compared to prior year was interest revenue by 21%, and 34% compared to budget due to invested available cash to generate return. There has been an improvement in messenger service by 57% compared to prior year, with an expectation to improve significantly once the company's service level improves in order to conduct agile operations.

The main positive expenditure contributor was Employee costs lower against budget by 8%, in addition to lower transport and rental costs which combined accounts for 84% of total costs.

Organisational Environment

A number of key positions within the organisation remained vacant during the 2023/24 FY. The staff numbers have decreased by 1 to 58 due to a resignation.

STRATEGIC OUTCOME ORIENTED GOALS

Performance information

The Document Exchange Pty Ltd (Docex) is a subsidiary of the SA Post Office which provides for the secure collection and delivery of confidential documents. The strategic objectives over the 2023/24 FY considered 4 key strategic objectives focusing on setting the foundation for the transition to being a modern business - and operating model, competing efficiently in a digitised economy, with revenue generated from its digital service and product revenue streams.

The 4 strategic objectives are:

1. Financial Sustainability
2. Digital Transformation
3. Operational efficiency
4. Corporate Governance

A total of 8 Key Performance Indicators (KPIs) were measured for the 2023/24 FY, aligned towards attaining the strategic objectives, with 3 of KPIs achieving 100% of target, and the remaining 5 KPIs not achieving target, resulting in an overall 38% achievement of the set KPI target.

The performance of Docex has been adversely affected by the organisational performance of the SA Post Office.

Strategic Objectives	Planned Target	Number Achieved 100%	100% Achievement	Number achieved 80% - 99%
1. Financial Sustainability	4	1	25%	2
2. Digital Transformation	1	0	0%	0
3. Operational efficiency	2	1	50%	0
4. Corporate Governance	1	1	100%	0
Total	8	3	38%	2



Financial Sustainability

The strategic objective is focused on retaining current and diversifying revenue streams. Docex is a secure distribution service provider to a niche group of customers who frequently send and receive confidential documents. Currently Docex enjoys a dominant market position within this niche segment, particularly within the legal industry, and is positioned within the letter and parcel distribution sector. Docex has a strong market advantage which is enabled by a large closed loop national distribution network, its subscription-based product model and unique back office access at selected South African courts.

To date Docex has not had a direct competitor which has further contributed to its dominant position. The dominant position Docex currently holds within the secure document distribution market is however under threat and is currently facing increasing vulnerability to digital alternatives and new market competitors.

The strategic objective comprised of 4 KPIs, which considered the growth in revenue from the previous year, retention of subscriber base, remaining within the allocated cost budget and achieving a projected net profit position. The slow growth in revenue and increase in total costs, resulted in an increase on the net loss position compared to the prior year, and the retention of members target was not met. The KPI relating to remaining within the allocated cost budget was achieved.

Digital Transformation

The strategic objective focuses on the development of an integrated service delivery platform, and considered 1 KPI, launching the Legal Document Digital platform (eDocex). The eDocex requires an advanced electronic signature and due to the delay in implementing and accrediting the SA Post Office Trust Centre, the KPI was not achieved.

The Digital Transformation for Docex remains key to its continued future sustainability and relevance. For 2024/25 FY, the implementation of the eDocex platform has remained as a KPI.

Operational Efficiency

The strategic objective focused on improving the effectiveness of the Docex business processes and operational environment. The strategic objective comprised of 2 KPIs, which considered the mail delivered within 15 minutes prior or post scheduled delivery time and resolution of customer queries within 72 working hours.

From the 2 KPI's only 1 missed the annual target by 20% for the year. This being the customer queries KPI, which remains a concern even though it has improved noticeably from PY.

Corporate Governance

The strategic objective considered 1 KPI by way of obtaining an unqualified Audit Opinion by the Auditor General for the 2023/24 FY, based on the final signed audit report, the financial statements present fairly, in all material respects, the financial position of The Document Exchange (Pty) Ltd.

In the prior year, Docex obtained a qualified audit opinion, outstanding audit matters for 2022/23 FY were addressed to improve the audit outcome for the 2023/24 FY.

The detailed performance for the KPIs is indicated in the table below:



Annual Performance 2023/24						
Objective	Goal	KPI Ref	Key Performance Indicator	Target	Actual	Variance
3 Operational Efficiency	To achieve operational efficiency and effectiveness	3.1	% customer queries resolved within 72 working hours	96%	76%	-10%
		3.2	% of mail delivered within 15 min prior or post scheduled delivery time	90%	98%	8%
4. Corporate Governance	To have a liberated, engaged team of brand ambassadors providing excellent service	4.1	Improve Audit outcome for 23/24	Unqualified Audit Opinion for 2023/24	Unqualified Audit Opinion for 2023/24	-
				Achieved	Achieved	Achieved
				Not Achieved	Not Achieved	Not Achieved
				The Customer queries actual of 76% did not meet the set target of 96% recording a negative deficit of 20% for the year. This was mainly due to the current service provider not being able to recover miss routed bags within the acceptable time, leading to delay in closing the queries within the 72 hours working hours. However measures have been put in place to mitigate the poor performance. These interventions started to bear fruits during Q4 as the query resolutions actual improved.		
				The actual performance exceeded the yearly target by 8%. This is as a result of improvements within operations, which was mainly driven by the hiring of vehicles for the local deliveries.		
				Performance target met. Based on the final signed audit report, the financial statements present fairly, in all material respects, the financial position of The Document Exchange (Pty) Ltd.		

Legend Performance - Achieved / Not Achieved		
Not Achieved	Less than 100%	Achieved 100%
		Achieved

SA Post Office Subsidiaries



COURIER FREIGHT GROUP (PTY) LTD

The company was incorporated on 19 January 1955 and obtained its certificate to commence business on the same day. The Courier and Freight Group (Pty) Ltd was incorporated in South Africa with interests in the courier services industry. The company operates in South Africa. There have been no material changes to the nature of the company's business from the prior year.

The company recorded a net profit after tax for the year ended 31 March 2024 of R754 518 455 (2023: R10 990 104).

THE DOCUMENT EXCHANGE (PTY) LTD

The company was incorporated on 28 August 1995 and obtained its certificate to commence business on the same day. The Document Exchange (Pty) Ltd was incorporated in South Africa with interests in the services industry. The company operates in South Africa. There have been no material changes to the nature of the company's business from the prior year.

The company recorded a net loss after tax for the year ended 31 March 2024 of R1 980 824 (2023: net loss of R1 560 691). Company revenue increased by 1% from R32 780 204 in the prior year to R33 006 495 for the year ended 31 March 2024.

SAPOS PROPERTIES (EAST RAND) (PTY) LTD

The company was incorporated on 24 August 1959 and obtained its certificate to commence business on the same day. SAPOS

Properties (East Rand) (Pty) Ltd was incorporated in South Africa with interests in the rental of property sector. The company operates in South Africa. There have been no material changes to the nature of the company's business from the prior year.

At 31 March 2024 the company's investment property amounted to R45 900 000 (2023: R50 511 746), of which R4 611 746 related to a decrease through fair value of the property (2023: R5 498 246 increase in fair value).

SAPOS PROPERTIES (BLOEMFONTEIN) (PTY) LTD

The company was incorporated on 30 October 1973 and obtained its certificate to commence business on the same day. The company is domiciled in South Africa where it is incorporated as a private company limited by shares under the Companies Act of South Africa. SAPOS Properties (Bloemfontein) (Pty) Ltd was incorporated in South Africa with interests in the rental of property industry. The company operates in South Africa. There have been no material changes to the nature of the company's business from the prior year.

At 31 March 2024 the company's investment property amounted to R3 227 000 (2023: R6 118 742), of which R2 891 742 related to a decrease through fair value of the property (2023: R 2 582 902 increase in fair value).



SAPOS PROPERTIES (ERF 145018 CAPE TOWN) (PTY) LTD

The company was incorporated on 29 December 1960 and obtained its certificate to commence business on the same day. SAPOS Properties (Erf 145018 Cape Town) (Pty) Ltd was incorporated in South Africa with interests in the rental of property sector. The company operates in South Africa. There have been no material changes to the nature of the company's business from the prior year.

At 31 March 2024 the company's investment in property amounted to R25 430 000 (2023: R19 409 860), of which R6 020 140 related to an increase in the fair value of the property (2023: R3 707 140 decrease in fair value).

SAPOS PROPERTIES (PE) (PTY) LTD

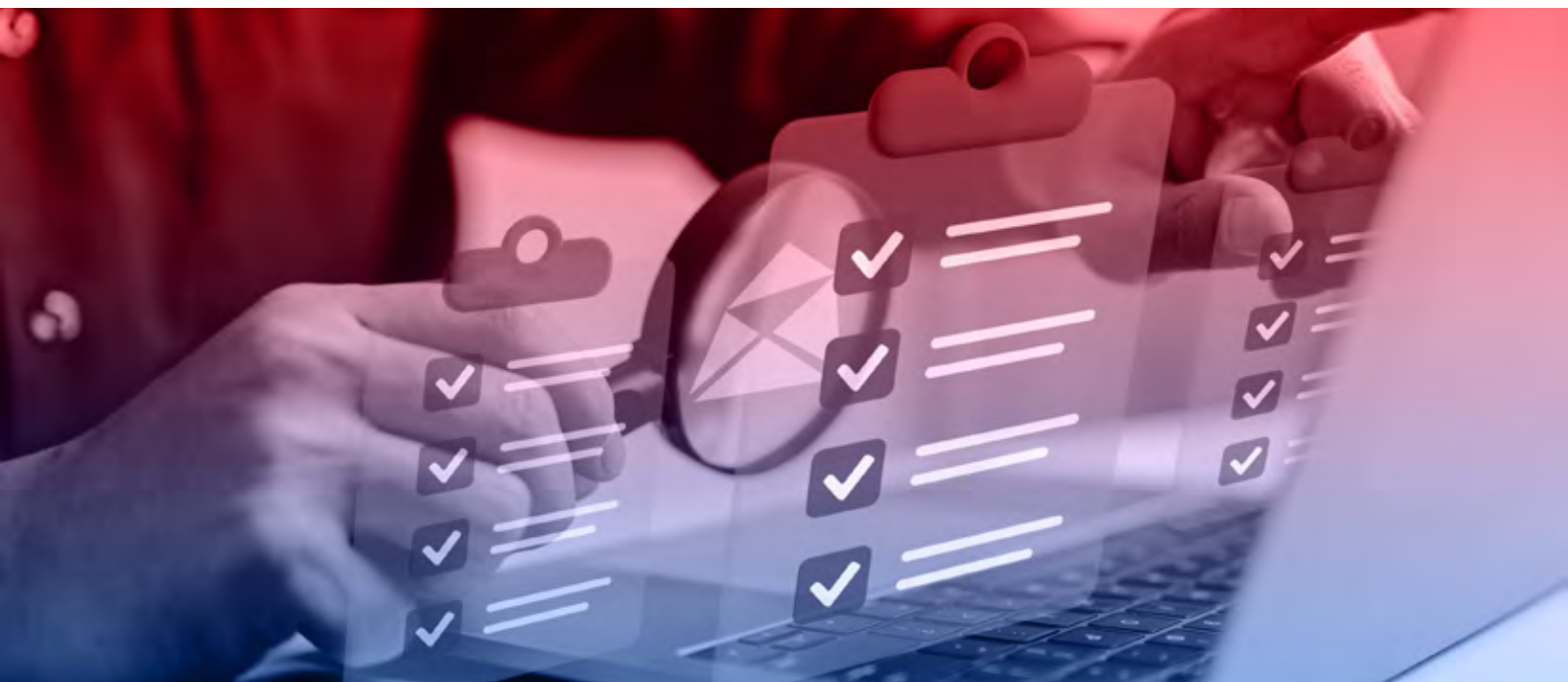
The company was incorporated on 28 December 1967 and obtained its certificate to commence business on the same day. SAPOS Properties (PE) (Pty) Ltd was incorporated in South Africa with interests in the rental of property sector. The company operates in South Africa.

The investment property was categorised as held-for-sale during the previous financial year, since the property was sold at auction during March 2022 for R4 850 000. The consideration for the property has since been received and the property fully transferred to the buyer.

SAPOS PROPERTIES (ROSSBURGH) (PTY) LTD

The company was incorporated on 28 December 1967 and obtained its certificate to commence business on the same day. SAPOS Properties (Rossburgh) (Pty) Ltd was incorporated in South Africa with interests in the rental of property industry. The company operates in South Africa.

The company no longer holds any investment property and recorded a net loss after tax for the year ended 31 March 2024 of R1 772 515 (2022: profit after tax R2 229 564).



C. Governance



Introduction



The SA Post Office is a State Owned Company (SOC) with a public service mandate to ensure the provision of universal, accessible, reliable, affordable postal services to the citizens of South Africa. The provision of these services occurs in accordance with the Universal Service Obligations (USO) which is derived from the Universal Postal Union of which the SA Post Office is a member.

The SA Post Office has the following wholly owned subsidiaries, namely: Document Exchange (Pty) Ltd (DOCEX); Courier Freight Group (Pty) Ltd (CFG); and five property holding companies: Bloemfontein; Cape Town; East Rand; Port Elizabeth and Rossburgh.

The SA Post Office was placed in business rescue on 10 July 2023.

PORTFOLIO COMMITTEES

The Portfolio Committee on Communications exercises legislative oversight over the SA Post Office through the Executive Authority, the Minister Communications and Digital Technologies.

The SA Post Office appeared before the Portfolio Committee on Communications on a number of matters which include the approved BR Plan, briefing by the SA Post Office on progress made in the implementation of BR Plan, Quarterly and Annual Performance Reporting; Strategic and Annual Performance Plans.

During the reporting period, the SA Post Office also provided replies to Parliamentary questions on various matters through the Office of the Minister.

EXECUTIVE AUTHORITY/MINISTER

The Minister of Communications and Digital Technologies fulfils the PFMA defined role of Executive Authority over the SA Post Office, and is also the sole shareholder on behalf of the South African Government.

ACCOUNTING AUTHORITY/ JOINT BUSINESS RESCUE PRACTITIONERS

The Board of Directors was dissolved in May 2023. The BRPs have assumed the responsibility of the Board of Directors and are the Accounting Authority for the SA Post Office.

In terms of Section 140(1)(a) of the Companies Act 71 of 2008 (as amended), the BRPs have taken over full management control of the Company and have delegated certain functions to certain members of Management in terms of Section 140(1)(b). This was done to ensure the ongoing continuation of the business of the Company and preservation of its goodwill in the best interests of all stakeholders.

The BRPs have continued to exercise due care and diligence around all functions delegated to Management and continue to have regular meetings with the Department of Communications and Digital Technologies and SA Post Office Exco team.

The table below sets out the salient dates on which key events have taken place during the business rescue process:



NO.	SECTION OF THE ACT	DESCRIPTION	DATES
1.	Section 131(1)	Court Order granted for the commencement of Business Rescue proceedings	10 July 2023
2.	Section 129(3)(b)	Appointment by CIPC of BRPs	14 July 2023
3.	Section 38A(3)(b) of FAIS Act	Approval of BRPs appointment	14 July 2023
4.	Section 129(3)(a) Section 129(4)(b)	Statutory notice to Affected Persons: Commencement of Business Rescue	17 July 2023
5.	Section 129(3)(a) Section 129(4)(b)	Statutory notice to Affected Persons: Section 147 and section 148 meetings	17 July 2023
6.	Section 131(5)	Ratification of the BRPs appointment	24 July 2023
7.	Section 147	First Creditors Meeting	24 July 2023
8.	Section 148	Employees' Meeting	24 July 2023
9.	Section 144(3)(c)	Nomination of Creditors Committee	24 July 2023
10.	Section 144(3)(c)	Nomination of Employees Committee	24 July 2023
11.	Section 150	Extension of the Publication Date of the BR Plan was approved from 14 August 2023 to 30 November 2023	24 July 2023
12.	Section 150	Extension of Proposed Publication Date of the BR Plan granted by Employees Committee	9 November 2023
14.	Section 150	Publication Date of the BR Plan	23 November 2023
15.	Section 151	Approval of the BR Plan	7 December 2023





Joint Business Rescue Practitioners

Anoosh Rooplal

Anoosh is a Chartered Accountant with over 23 years' experience and is a licensed Senior Business Rescue Practitioner. He completed level 2 of the CFA program and recently obtained the INSOL Foundation Certificate in International Insolvency Law. He leads SNG Grant Thornton's Corporate Finance & Restructuring division. Prior to this, he was the national leader of the Financial Services Group where he managed a team of over 160 professionals who provided audit and advisory services to banks, asset management entities, insurance entities and other financial services entities.

Anoosh currently leads and co-ordinates a diverse team that is involved in tracking and tracing of assets, asset preservation, digital forensic and analysis, assisting various regulatory and enforcement authorities in collating evidence, acting in various capacities like curators, inspectors, liquidators, restructuring experts and providing specialist support services to insolvency and business rescue practitioners. The team provides services to entities across various sectors in South African and Africa.

Anoosh brings a rare combination of strong corporate finance, M&A, restructuring, insolvency and audit credentials. Working together with his global and African Grant Thornton counterparts, he is able to provide innovative and bespoke solutions. Anoosh has been involved in various high-valued contentious, confidential and complex valuations. He has executed various M&A transactional advisory assignments for clients across various industries and countries. He was involved in various global bond issues for South African clients. He was also involved in a high-profile mutual bank curatorship and liquidation where he uncovered a massive fraud where approximately R2 billion was looted from the bank.

Anoosh holds a number of qualifications and memberships: Chartered Accountant (South Africa); B Acc (UKZN); Dip Acc (Hons) (UKZN); INSOL Foundation Certificate in International Insolvency Law; JSE Registered Auditor; Independent Professional Expert for JSE; Insolvency Practitioner; Member of SARIPA; South African Institute of Chartered Accountants (SAICA).

Juanito Martin Damons

Juanito is a Legal Practitioner and Notary with over 25 years' experience and is a licensed Senior Business Rescue Practitioner. Juanito is a senior director at Damons Inc. Attorneys, a niche law firm, as well as the managing director of Legae Trust (Pty) Ltd, the oldest wholly owned black Liquidation and Curatorship Company in South Africa. He is also managing director of Legae Turnarounds (Pty) Ltd, which specialises mainly in business rescue matters.

Juanito has overseen high-profile business rescues involving major corporations such as Optimum Coal Mine and the South African Post Office. His expertise has positioned him as a key figure in the industry, serving on several business rescue panels, including those of the Public Investment Corporation and the Industrial Development Corporation. Juanito has also been involved in significant liquidations including Consolidated News Agency, managing complex cases and pyramid schemes, and most recently acted as senior curator for the Municipal Councillors Pension Fund, safeguarding the interests of approximately 5,800 municipal councillors. The Fund was successfully taken out of curatorship in 2023.

Juanito holds several qualifications and memberships: BLC degree cum laude (University of Pretoria); LLB degree cum laude (University of Pretoria); LLM degree in Human Rights and Constitutional Law with distinction (University of Pretoria). Juanito is a respected leader in his field and has served as the National Chairperson of the South African Restructuring and Insolvency Practitioners Association NPC ("SARIPA") for 13 years and was a board member of INSOL International. He is an Honorary Member of SARIPA since 2017.

Juanito has held directorships in several multi-billion-rand companies which include TSOGO Sun and Premier Foods. He continues to play a pivotal role in shaping the landscape of corporate law and business rescue in South Africa. Juanito further served as a member of the Financial Services Tribunal (previously the FSB Appeal Board) for several years, chairing numerous tribunal hearings and previously served as a member of the Takeover Regulations Panel.

Board Committees

Following dissolution of the Board of Directors during May 2023 and appointment of the BRPs on 10 July 2023, all Board committees have been collapsed and merged under the BRPs.



Risk Management



ACCOUNTABILITY OF ACCOUNTING AUTHORITY

In view of the SA Post Office being under business rescue, the BRPs have assumed responsibility for the comprehensive risk management process within the Group and to oversee the implementation of strategies to mitigate significant risks.

The BRPs acknowledge the legislative, governance, and compliance mandates that define and govern their risk management obligations, as well as those of management and employees, in accordance with the provisions of the Public Finance Management Act.

The SA Post Office has adopted a Risk Management Policy that aligns with the National Treasury Risk Management framework to embed risk management practices within the organisation. In accordance with this policy, the BRPs oversee the Group's risk management programme and monitor emerging risks that may arise from modifications in the corporate plan or external factors. Furthermore, they have duly delegated to management the responsibility of designing, executing, and monitoring the risk management plan, thereby assigning the day-to-day responsibility for risk management to the management team.

RISK MANAGEMENT OVERVIEW

The financially distressed position of the SA Post Office persisted during the period under review. For the first half of the 2023/24FY, the organisation was constrained in meeting many of its payment obligations. In addition, the continued effects of loadshedding severely impacted branches necessitating closures daily,

thus reducing their operational effectiveness. A shortage of vehicles and essential tools of trade amongst others, affected delivery standards and overall service quality, adversely impacting revenue retention and planned improvement initiatives.

The SA Post Office was also placed under business rescue after having been in provisional liquidation. The capital resources and financial sustainability required to reengineer the SA Post Office, indicate the substantial residual risk exposure that still prevails in the organisation. Consequently, these risks continue to be at elevated levels, with mitigation strategies failing to provide immediate relief, primarily due to a lack of adequate resources.

The inherent perils associated with existing risks have had a cascading effect on residual exposure requiring an increased allocation of resources, an in particular financial resources. These threats have been accumulating over a prolonged period, requiring a phased approach for effective resolution.

Notwithstanding best efforts to avert risks, the current organisational circumstances limit the extent of available interventions. Adoption of a higher tolerance for risk exposure is thus required with a prioritisation of resources to where the most impact will be realised in efforts to stabilise the organisation.

Whilst there are emerging signs of improvement in the operational environment, the partial and inadequate fulfilment of delivery standards, which serves as an essential measure for assessing operational effectiveness, indicates that the overall risk exposure remains notably high across most areas. This emphasises the need for enhanced measures to lower risk exposure to acceptable levels.



Throughout the 2023/24 FY, the financial position of the SA Post Office significantly hampered its ability to effectively manage and mitigate identified risk exposures, as well as the unintended consequences arising from unaddressed risks. These unaddressed risks have adversely affected the stabilisation and turn-around efforts.

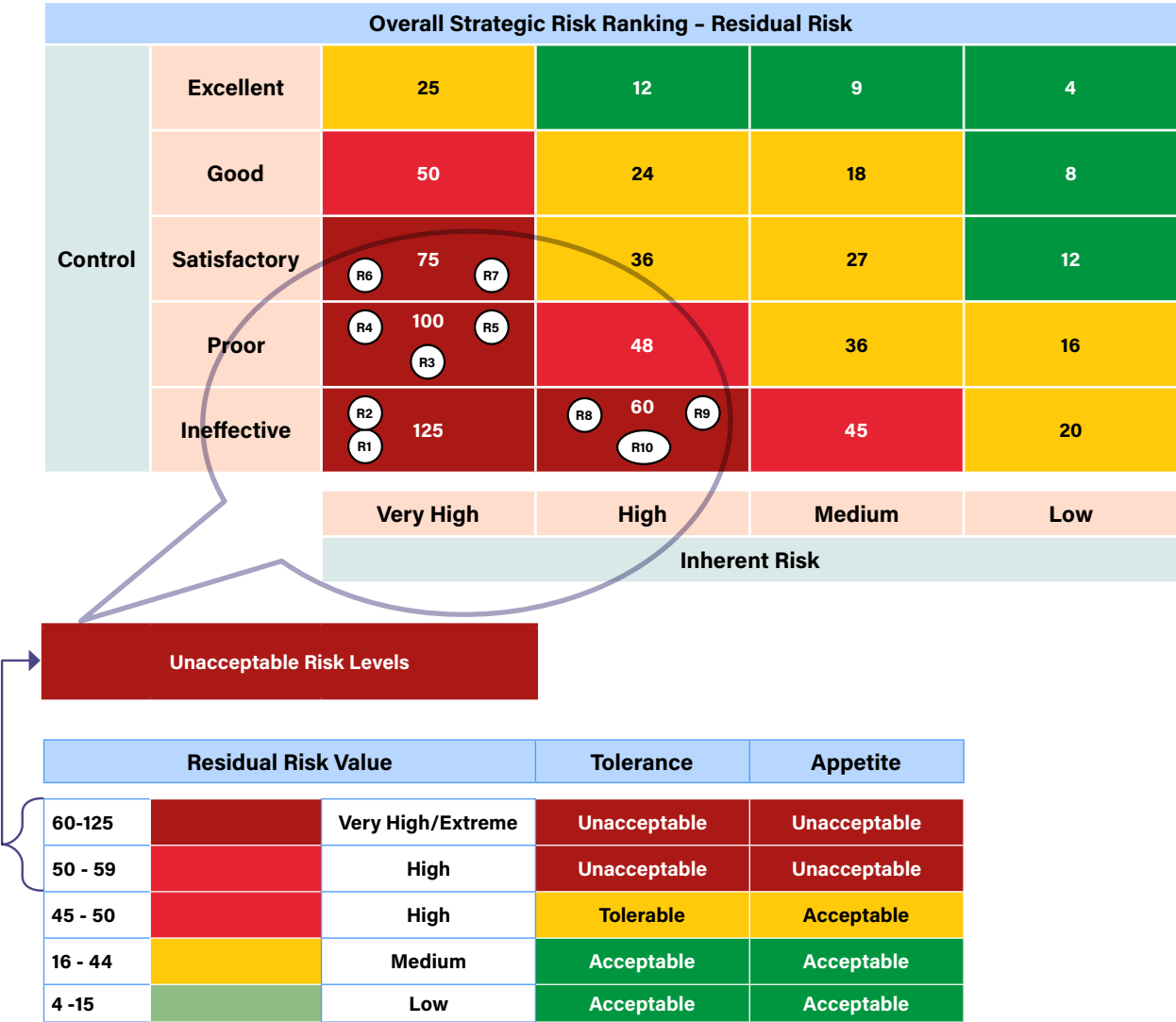
RISK ASSESSMENT

The strategic risks and exposure areas identified were largely considered residually extreme, suggesting that the current measures in place to mitigate these risks is deemed insufficient. This further implies that the realisation of the BR Plan, which is primarily aimed at stabilising and future proofing the organisation would require significant effort to overcome the identified exposures. Consequently, necessary mitigation actions aimed at

reducing these exposures were defined. It is also crucial to note that the successful implementation of the BR Plan is contingent on additional funding.

Management was mandated to reinforce an effective risk mitigation plan. Management was therefore required to establish, deploy and maintain risk response plans pertinent to their respective areas of responsibility to manage and address identified risks and thereby supporting the achievement of the strategy.

The diagram below indicates a comprehensive overview of the primary strategic risks for 2023/24 FY. The ten most significant strategic risks outlined below are regarded as remaining at high to extreme levels. Whilst these risks are not new, these have developed and intensified over time as the organisational challenges have become increasingly entrenched.



No	Key Risk Exposures	Rating
R1	Liquidation/ Financial Sustainability Risk Persistent threat of a sustained adverse net position for the organisation due to revenue contraction, resulting in negative cash flow and the consequent risk of liquidation.	
R2	Funding and Execution Risk Risk of inadequate funding may hinder the successful execution of the stabilisation and turnaround efforts outlined in the BR Plan	
R3	Business Shrinkage Loss of revenue due to inability to retain customers, reclaim lost clients, and attract new business exacerbated by an inability to adapt swiftly to evolving customer needs, ultimately threatening commercial viability.	
R4	IT Related Risks - Backlog on required Investments - Organisational IT transformation - Cybersecurity - Business continuity and Disaster Recovery management	
R5	Business Stagnation and Competition Increasing competitive forces and migration to digital substitution resulting in loss of market share	
R6	Impaired Brand Value and Customer Trust Deficit Inability to attract new business due to adverse reputation, poor customer experience and perception and loss of credibility, trust and customer confidence	
R7	Deteriorated Service Levels and Poor Delivery Standards Inability to deliver services to the requisite standard due to lack of critical suppliers and shortage of basic/core tools of trade as well as shrinking footprint	
R8	Ageing Infrastructure - Spend backlog on required investments maintenance - Compromised OHS compliance and possible devaluation of assets - Work environment not conducive for high performance	
R9	Criminality - Including Fraud, Cybercrime and Theft - Security vulnerabilities	
R10	Human Capital Risk and Change Management - Leadership stabilisation and continuity - Loss of skill and experience and in effective succession planning - Inadequate expertise/skill mix alignment to strategy	

The ongoing presence of persistent risks and continuous operational inefficiencies reflects an insufficiently developed control environment which has not matured to desired levels. The existence of significant risks suggests that achieving the BR Plan, which is focused on ensuring organisational sustainability, will necessitate additional efforts to adequately address the identified vulnerabilities.

STATUS OF RISK MITIGATION

Key risk strategies are aimed at improving the risk management environment and mitigate aspects that may negatively impact on the organisation's ability to:

- Build and grow an efficient and sustainable business;
- Embed an effective and responsive risk management culture and promote overall compliance;

- Institutionalise good governance;
- Continuous improvement of internal controls, streamlining processes and enhancing efficient decision making;
- Renew and design appropriate infrastructure (physical and IT systems) for the future; and
- Innovate new products and services.

With the implementation of these embedded initiatives, it was anticipated that positive outcomes in stabilising the organisation and ultimately facilitate a sustainable financial recovery plan would result. However, this was only partially achieved as certain some mitigation strategies could not be effectively implemented. This is also reflected in the organisation's failure to achieve its key performance indicators. A significant factor also contributing to the partially achieved status is the financially distressed position of the organisation.



Key reasons behind the inability to close identified exposures in the organisation include:

- Severe liquidity crunch and the organisation's inability to secure additional funding;
- Unavailability of critical suppliers resulting in severe regression of delivery standards;
- Operational and process inefficiencies impacting on the ability to deliver;
- High vacancy rate especially at executive and senior management level as well as critical positions across the organisation and thus having an impact on an optimised capacity to drive implementation; and
- Skills drain - loss of critical expertise, experience and institutional memory which has had a negative impact on organisational effectiveness as well as appropriate skills match to strategy implementation.

Due to the financial position of the organisation, the lack of essential infrastructure has significantly delayed and prevented its ability to manage risks effectively. The organisation is facing escalating operating losses, primarily driven by operating expenses that continue to outpace diminishing revenues, and which has led to ongoing financial distress and a threat to its future sustainability.

Progress has been made in implementing the approved BR Plan. The 12% compromise payments to creditors have been verified, and payments commenced on 31 March 2024.

There has been notable improvement in expenditure management through the integration of improved controls and risk mitigation strategies. Nevertheless, efforts to achieve cost savings have been undermined by declining revenues. Additionally, weaknesses in internal controls and procedural shortcomings have occasionally hampered revenue protection efforts. Expected funding support from the Government has also not yet materialised.

Due to the high fixed cost structure and declining mail revenue, a Section 189(A) process was required and supplemented by branch rationalisation, in line with the approved BR Plan. Whilst these processes have achieved significant cost reduction, it also introduced the unintended consequence of accelerated skills and institutional memory loss. Acquisition of new skills and training / reskilling of staff in line with strategic imperatives will need to be considered. The ability to ensure adequate investment in employees and to build capability for the future is also dependant on availability of funding.

The Universal Service Obligation (USO) requirement of the SA Post Office requires the organisation to provide services in areas that are not financially viable. Due to limited funding and a growing gap between subsidy received and cost incurred to provide the USO, has over a number of years added to the financially distressed position of the SA Post Office.

The cumulative impact of investment backlog on both IT and property infrastructure contributed much to the current state of infrastructure disrepair. Continued deterioration of facilities with minimal repairs and maintenance attracts various OHSA compliance related risks. Alignment of facilities footprint to customer needs also impacts on service delivery with cases of underutilisation / redundancies.

Suitability of facilities to house operations and ability to adapt structurally, impacts on operational efficiency. An initiative to re-balance service points for improved cost effectiveness and optimised service delivery has since been implemented.

Limited funding for general repairs and maintenance was made available, however, due to the severity of the state of disrepair, there has not been a significant visible improvement.

The 2023/24 FY was extremely challenging. Although response strategies were developed to regain lost market share, the investment required to fund these strategies has not yet been made available.

Continued exposure to extreme residual risk levels were unavoidable and have in turn impacted negatively on the organisation's ability discharge its mandate and delayed the turnaround of the organisation. The constraining factors and high levels of risk exposure suggests that SA Post Office will remain in a high residual risk exposure position for some time, although efforts to control risks and organisational wide efforts to mitigate risks will start impacting risk levels.

The SA Post Office remains committed to a proactive risk management approach, continuously improving its processes to address emerging risks and adapt to changing market conditions. Effective risk management at the SA Post Office aims to safeguard stakeholder interests and enhance long term customer value. Strong governance going forward and the full implementation of the BR Plan will flow ensure organisational stabilisation and future sustainability of the organisation.



Compliance with Laws & Regulations



REGULATORY COMPLIANCE

The SA Post Office acknowledges that adherence to relevant statutes, guidelines, rules, and codes is critical for maintaining good governance and fulfilling its role as a responsible corporate citizen. Implementing robust corporate governance practices is vital for generating and preserving value and trust by promoting ethical, transparent, and lawful corporate conduct. To this end, the organisation has developed appropriate structures and processes to ensure compliance with these regulatory frameworks.

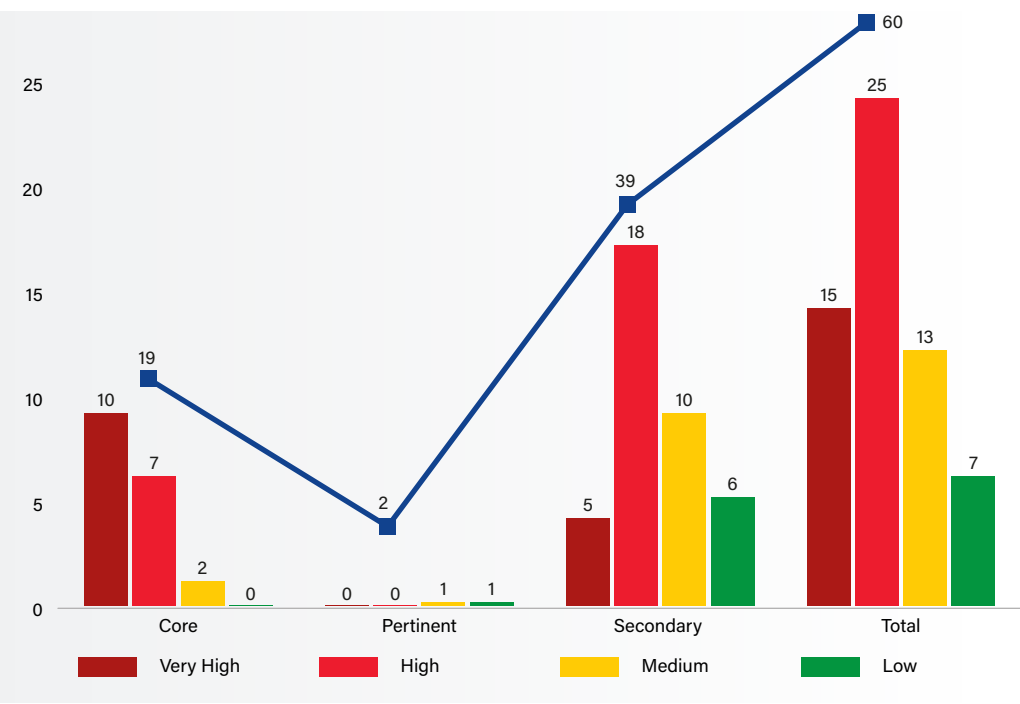
In its commitment to being a responsible corporate citizen, the SA Post Office has an established compliance function that reports on compliance status to relevant stakeholders within the organisation and ultimately to the BRPs in accordance with the approved annual compliance plan. The Compliance Unit's objective is to support the Accounting Authority and the organisation to continually improve on the maturity of the compliance culture within the organisation.

The compliance function, whilst not fully capacitated, has well established processes to monitor com

pliance with relevant and applicable legislative and regulatory requirements. A compliance policy, compliance framework and procedure

manual as well as an applicable SA Post Office specific compliance universe has been established. Compliance risk management plans are developed in line with prioritised acts and regulations for annual focus and monitored according to an approved Annual Activity Plan.

The table indicates a high level illustration of the risk distribution of the compliance universe applicable to SA Post Office.



The compliance function's primary objective is to ensure adherence to the various legislative requirements that impact the organisation. This involves fostering compliance awareness, conducting compliance monitoring through evaluating the organisation's compliance status, identifying non-conformances, and following up on the implementation of corrective actions, ultimately delivering assurance of compliance.

The Compliance Unit is dedicated to promoting a compliance culture within the organisation and is designed to support the BRPs and the organisation in enhancing compliance management and advancing the organisation's compliance maturity.

Despite the challenges faced by the SA Post Office, efforts have been made to implement the necessary measures towards optimal compliance within the organisation.

The laws that are core to the organisation relate to the postal license requirements including, but not limited to:

- Companies Act No. 71 of 2008;
- Consumer Protection Act, No. 68 of 2008;
- Financial Intelligence Centre Act, No. 38 of 2001;
- Financial Advisory and Intermediary Services Act No. 37 of 2002;
- National Treasury Regulations;
- Protection of Personal Information Act, No. 4 of 2013;
- Post Office License (ICASA);
- Postal Services Act, No. 124 of 1998;
- Promotion of Access to information Act, No. 2 of 2000;
- Public Finance Management Act, No. 1 of 1999 and related Treasury Regulations; and
- South African Post Office SOC Limited Act, No.22 of 2011.



Financial Misconduct



The SA Post Office is a public entity listed in Schedule 2 to the Public Finance Management Act (PFMA). The SA Post Office is thus required to comply with the requirements of the PFMA, related regulations and all instruction notes applicable to all entities listed in Schedule 2 to the PFMA.

In terms of section 51 (1) (b) (ii) of the PFMA, the accounting authority is required to take effective and appropriate steps to,

amongst others, prevent irregular - and fruitless and wasteful expenditure.

Section 57 (c) of the PFMA further provides that an official of a public entity must take effective and appropriate steps to prevent irregular expenditure and fruitless and wasteful expenditure in their areas of responsibility.

FINANCIAL MISCONDUCT COMMITTEE (FMC)

The SA Post Office has an established FMC to review and to ensure that all instances of financial misconduct within the SA Post Office Group of companies are managed in accordance with the requirements of the PFMA (Public Finance Management Act) and related regulations.

The FMC has been established in line with the Public Finance Management Act, 1999, as amended.

Section 51 (b) (ii) as well as 51 (e) (iii) of the PFMA read in conjunction with chapter 33 of the Treasury Regulations requires the Accounting Authority to:

- prevent irregular expenditure, fruitless and wasteful expenditure, losses resulting from criminal conduct, and expenditure not complying with the operational policies of the entity
- take effective and appropriate disciplinary steps against any official who makes or permits any irregular - or fruitless and wasteful expenditure

The FMC continues to review instances of irregular - and fruitless & wasteful expenditure. Where required, consequence management has been recommended for implementation.



IRREGULAR EXPENDITURE (IRE)

	Group		Company	
	2024	2023	2024	2023
Opening Balance	2,595,128	2,439,170	2,542,200	2,387,041
Add: Irregular expenditure – current year	42,096	155,958	41,107	155,159
Add: Irregular expenditure – prior year	10,405	-	10,405	-
Total Irregular expenditure awaiting condonation	2,647,628	2,595,128	2,593,712	2,542,200
Analysis of awaiting condonation per age classification				
Current period	42,096	155,958	41,107	155,159
Prior years	2,605,533	2,439,170	2,552,605	2,387,041
Total Irregular and Wasteful Expenditure awaiting condonation	2,647,628	2,595,128	2,593,712	2,542,200

The South African Post Office (SOC) Limited started reporting on irregular expenditure in the 2011 Financial Year in accordance with the PFMA requirement and continued accordingly. The South African Post Office (SOC) Limited is addressing the root causes resulting in Irregular expenditure and it should also be noted that a total solution will only be achieved in the long term due to the interventions considered and currently being implemented.

SAPO has an established Financial Misconduct Committee (FMC) to review and to ensure that all “Financial Misconducts” within the SA Post Office Group of companies are managed in accordance with the requirements of the PFMA (Public Finance Management Act) and related regulations.

The process to identify any other irregular expenditure is ongoing in order to have these transactions assessed and condoned where relevant.

The amount of R2,648 million expenditure incurred by the Group, is awaiting condonation. It can be broken down as follows:

- Irregular expenditure of R2,594 million (2023: R2,542 million) incurred by the South African Post Office (SOC) Ltd company, awaiting condonation
- Irregular expenditure of R7,9 million (2023: R6,9 million) incurred by The Document Exchange (Pty) Ltd, awaiting condonation
- Irregular expenditure of R9,3 million incurred by The Courier and Freight Group (Pty) Ltd, awaiting condonation

SA Post Office submitted applications to National Treasury in the 2024 FY to condone irregular expenditure for the prior financial years up to and including the 2023 financial year. National Treasury did not condone the irregular expenditure and advised SA Post Office to comply with paragraphs 5.7 and 5.8 of the Compliance Framework where irregular expenditure was not condoned. A submission to the Accounting Authority (AA) will be prepared and tabled during the current financial year for consideration to write-off of the irregular expenditure up to the 2023 financial year.

Root Cause	Controls Implemented
Procurement without a competitive bidding or quotation process.	All procurement requires a formal procurement process as per the approved policy. All expired contracts must cease on termination date. Contracts are monitored on a monthly basis.
Non-compliances when evaluating bids and/or inconsistent bid evaluation process.	From 2023/24 FY, all tenders are audited for compliance prior to award.
Bid proposals not evaluated in accordance with specification and tender conditions contained in bid document - Invalid bid award.	From 2023/24 FY, all tenders are audited for compliance prior to award.



Root Cause	Controls Implemented
Non-compliance with tax compliance status verification requirement (RFQ's/RFP's/LBD's)	The responsibilities have been assigned to the Procurement Specialist who is the key custodians of this process. Will be monitored for compliance. Additional check will include the person confirming tax status before a purchase order is released.
Splitting/parcelling where the value of procurement for the same commodity exceeding the RFQ or single quote threshold.	The policy has been amended to increase the threshold for RFQ's.
Deviation from competitive bidding process not justifiable to compliance with National Treasury "rules" or criteria pertaining to "procurement by other means" i.e. of sole/single/multiple/urgent or emergency procurement.	The rules have been assigned to all executives. Secondly, the Bid Adjudication Committee must adjudicate all procurement by other means procurement prior to award. The only exception is emergency procurement, which is reviewed subsequent to the procurement for compliance.
Continued use of services after contract expiry or procurement process or approval.	All expired contracts will cease on termination date. Services or products still required will be preceded by a competitive bidding process or procurement by alternative means process to ensure compliance. At the discretion of the BRP and during the Business Rescue Proceedings, contracts can be approved to continue to ensure business sustainability for critical services and due to the fact that in the current environment, suppliers are reluctant to contract products or services with the Post Office. All procurement will require prior approval.
Suppliers appointed to commence with work and Contract extensions or expansions executed without final approval by delegated authority (BAC).	SCM is the gatekeeper for all procurement and will ensure that all orders are supported by a valid procurement process.

FRUITLESS & WASTEFUL EXPENDITURE (F&WE)

	Group		Company	
	2024	2023	2024	2023
Opening Balance	962,552	809,483	944,354	791,336
Add: Fruitless & wasteful expenditure - current year	152,240	153,069	152,237	153,018
Less: BRP Compromise (12c) - Prior years	(483,894)	-	(483,862)	-
Less: BRP Compromise (12c) - current year	(136,037)	-	(136,034)	-
Total Fruitless and wasteful expenditure awaiting write-off	494,861	962,552	476,695	944,354
Analysis of awaiting write-off per age classification				
Current period	16,203	153,069	16,203	153,018
Prior years	478,658	809,483	460,492	791,336
Total Fruitless and wasteful expenditure awaiting write-off	494,861	962,552	476,695	944,354

A breakdown of fruitless & wasteful expenditure for SAPO includes:

The amount of R494,9 million relates to "fruitless & wasteful expenditure awaiting write-off" for SA Post Office Group.

The BRP process in place since July 2023 allowed for a 12 cents compromise to SA Post Office creditors which was approved by the creditors in December 2023 as SA Post Office could not pay

the amounts due to creditors in full. The compromise of 12c applies to payments and interest payable thus meaning that creditors received only 12c in the rand. For purposes of the Fruitless & wasteful expenditure disclosure, it should be noted that the 12c compromise in a rand was applied to the interest portion due to creditors.

- The original amount of R152,2 million for the 2024 financial year has been reduced to the amount of R16,2 million of



Fruitless and Wasteful expenditure was incurred and relates to interests charged in the amount of R15,5 million and legal fees in the amount of R666k

- The original amount of R153,0 million for the 2023 financial year has been reduced to the amount of R45,4 million of Fruit less and Wasteful expenditure
- The main categories of Fruitless and wasteful expenditure relate to Interests payments to creditors due to late

payment for Real Estate landlords and suppliers and that the 12c compromise does apply to this category of Fruitless and Wasteful expenditure

The table below indicates the nature of the cases and further indicates why consequence management is not practical or possible given the circumstances that prevailed when the fruitless and wasteful expenditure was incurred.

Nature	Current Status
Interest and penalties due to late or no payment	This was as a result of the adverse financial position where suppliers could not be paid or paid timely. This was an organisational failure and no person or persons can be held responsible for consequence management. The situation should stabilise or improve following commencement of the business rescue process.
Legal fees due to late or no payment	This was as a result of the adverse financial position during the period where suppliers could not be paid or paid timely. This was an organisational failure and no person or persons can be held responsible for consequence management. The situation should stabilise or improve following commencement of the business rescue process
SASSA penalties and fines	Non-delivery or non-compliance with the SLA between Post Office and SASSA. Non-compliances were not wilful nor negligent but an operational risk in the normal course of business.
Staff suspensions	There was an initial view that the salaries paid to staff on suspension is fruitless. After a reconsideration, the view correct as suspensions with pay is valid according to policies and labour laws.
Intangible assets impaired	Valid fruitless and wasteful expenditure items incurred on projects which were never concluded/implemented and therefore no value was received for the expenditure incurred. It is unfortunate that by the time this was identified, the responsible individuals were no longer employed.



Minimising Conflict of Interest



MINIMISING CONFLICT OF INTEREST

SA Post Office employees are required annually to complete a declaration of interest. Each Business Unit is responsible to keep a copy of the declaration of interest and/ or to submit to Human Resources (HR) for record keeping.

Any Business Unit that requests to deviate from the procurement process and contract amendments, are required to submit a declaration of interest with their request to the Bid Adjudication Committee (BAC). The declaration of interest documents are kept together with the submission at Supply Chain Document Management.

The Bid Evaluation Committee (BEC) members are required to complete a declaration of interest prior to evaluation of bids which are included in the project working file. Project working files are kept at the Supply Chain Document Management office for safekeeping. In the event that a conflict of interest is declared, the member who has declared a conflict of interest is recused from the evaluation process, and such interest is recorded.

The BAC members complete a declaration of interest prior to commencement of the BAC meeting for adjudication of bids. In the event that a conflict of interest is declared, the BAC member who declares such conflict of interest is recused from the adjudication of the bid, and such interest is recorded. The declaration of the conflict of interest documents are kept by the BAC Secretariat at Supply Chain Management.

The Board of Directors complete a declaration of interest prior to adjudication of bids. In the event that a conflict of interest is declared, the Board member who has declared a conflict of interest is recused from the adjudication of the bid, and such interest is recorded. The declaration of the conflict of interest documents are kept with the Company Secretariat at Head Office.

All records are kept for a period of five years, in line with regulations and as amended from time to time.



Code of Conduct

Code of conduct



The Ethics Policy Framework was approved during 2021 by the Social and Ethics Committee, a sub Committee of the SA Post Office Board of Directors.

The Code of Ethics Policy Framework aims to achieve the following:

- All employees, irrespective of title, role, rank, or employment type, must know the minimum standard that is required from them as SA Post Office employees, principles and guidelines are provided;
- Employees are to conduct themselves professionally with both their colleagues and clients;
- Development of a common approach, thereby enhancing the quality of ethical decisions in line with company values, mission and mandate;
- Ensuring that all employees carry out their jobs in a manner that credits the organisation, considering that the SA Post Office has an important role in the social and business life in South Africa;
- Improve decision making and reduction of potential risk;
- All employees are to take pride in being part of the organisation, living up to the values and ethical integrity, which will lead to a better organisation, as well as personal fulfilment;

- Increasing the awareness of ethical requirements through education and training on ethics, including fraud and corruption as well as the resources available to address ethical dilemmas; and
- Raise ethical awareness and minimise or eliminate ethical risk.

Further, there are five values that each SA Post Office employee is required to embody:

Accountability – to take personal responsibility for their actions, honouring commitments made;

- Respect – to treat everyone with courtesy, politeness and professionalism;
- Trust – to rebuild confidence in the integrity of the SA Post Office by being reliable;
- Innovation – to be on the lookout for new ideas and how to translate these into practical plans for the benefit of all; and
- Excellence – to commit to doing their best.

An ethics awareness program will be implemented during the 2024/25 FY.



Occupational Health & Safety



INTRODUCTION

The SA Post Office is dedicated to prioritising the health and safety of both its employees and customers while reducing the impact of its operations on individuals and the environment. Our objective is to prevent and minimise accidents and work-related illnesses by effectively managing the health and safety risks linked to our activities. We integrate considerations of safety, health, and environmental factors into our planning and decision-making processes to ensure a balanced approach to economic, social, and environmental needs.

Our commitment entails establishing a practical management system, providing essential training, responding to emergencies, and conducting regular reviews of our policies to ensure their effectiveness. Whilst we strive to uphold a zero-tolerance policy for non-compliance with health and safety standards, the severe financial difficulties currently faced by the organisation have posed significant challenges to full compliance with all relevant regulations.

RISK MANAGEMENT STRATEGIES

To facilitate compliance with Occupational Health and Safety (OHS) standards, as legally mandated, an OHS Advisory unit has been established. Its primary role is to guide the organisation to observe as far as practically possible, minimum requirements, recognise potential risk areas, and address them promptly to safeguard the health and safety of both employees and customers. Where feasible and within budget constraints, high-risk areas are given priority for corrective measures.

The effectiveness of OHS Services has been significantly affected over the past year due to staffing departures. As a compensating measure, responsible personnel are urged to regularly undertake planned task observations and job safety analyses at their workplace, as well as to consistently monitor employees' safety behaviours (both safe and unsafe actions) and the safety conditions of the environment. This approach is instrumental in preventing avoidable injuries and machinery damage, which is reflected in the overall decrease in injury-on-duty incidents, apart from the previously mentioned exceptions.

SA Post Office employs a systematic approach to hazard identification and risk assessment to ensure workplace safety through:

- Periodic routine workplace Inspections;
- Employees are actively encouraged to voice any hazards or safety concerns through established communication channels;
- Standardised risk assessment procedures;
- Establishment of relevant committees and the necessary appointments of responsible officials;
- Documentation of all findings from inspections and assessments ; and
- Employees are encouraged to report any incidents, near misses, or unsafe conditions immediately.

Based on the risk assessments conducted, appropriate remedial actions are implemented to manage identified exposures.

These measures encompass policies, appropriate personal protective equipment (PPE), building maintenance, ongoing training,



and safety awareness programs, along with regular evaluations of control measures and their effectiveness. The key challenge in applying corrective measures is lack of financial resources.

Injury On Duty (IOD) Incidents

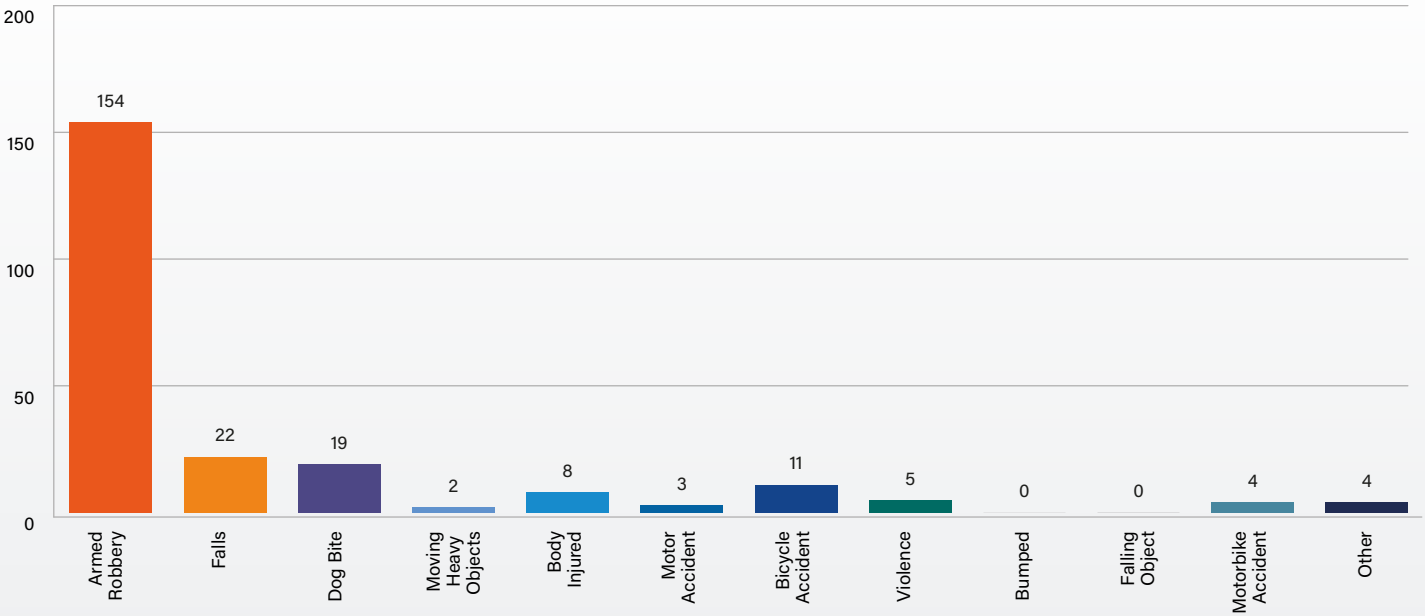
There has been a significant improvement in the number of incidents compared to the previous year, with an overall reduction of 46%.

A total of 232 (428 incidents during 2022/23 FY) IOD incidents were reported for the 2023/24 FY. Although incidents related to armed robberies remains the largest contributor to the total number of incidents, at 154, making up 66% of all incidents, there has been a notable downward trend year on year, with a registered 40% reduction compared to the previous year.

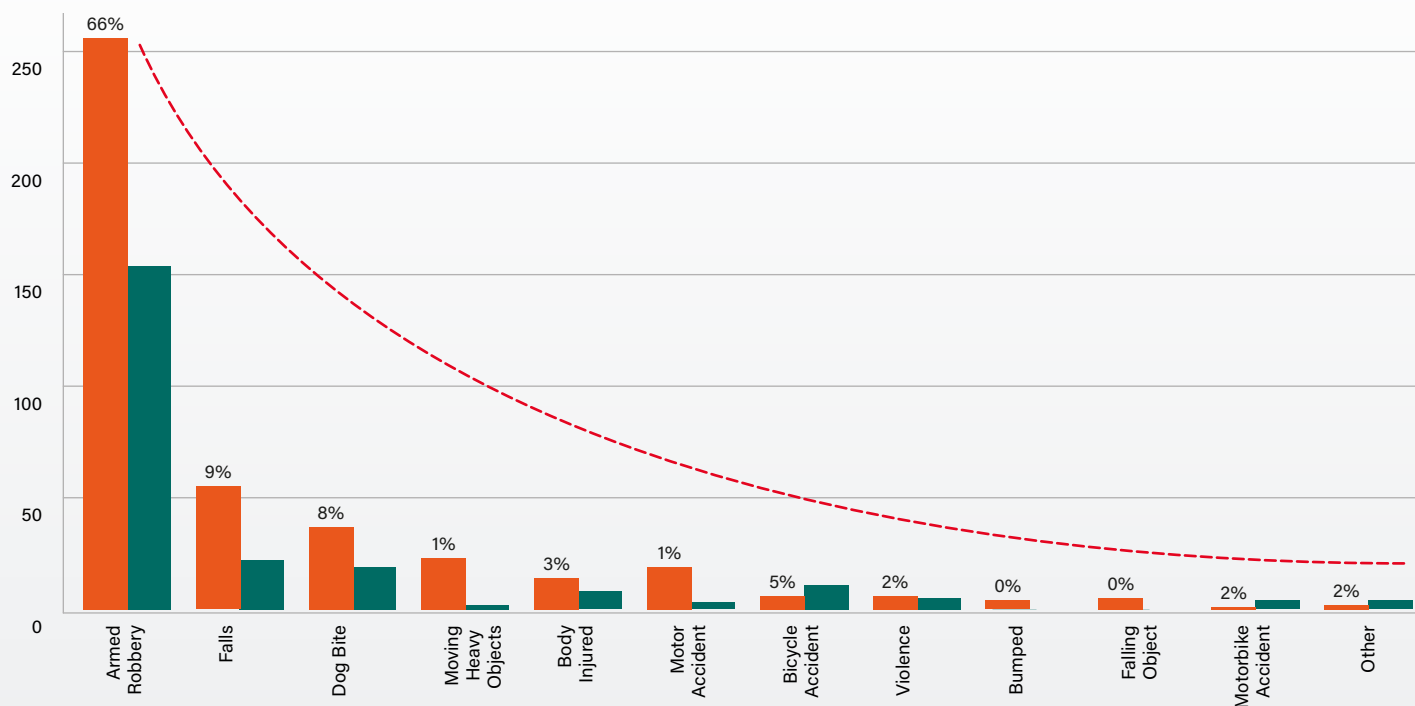
The table is a summary of the annual comparative analysis of the past two years per incident type of workplace injuries and incidents that occurred during the reporting period:

Incident Type	2023	2024	Variance
Armed Robbery	256	154	-40%
Falls	55	22	-60%
Dog Bite	37	19	-49%
Moving Heavy Objects	23	2	-91%
Body Injured	14	8	-43%
Motor Accident	19	3	-84%
Bicycle Accident	6	11	83%
Violence	6	5	-17%
Bumped	4	0	-100%
Falling Object	5	0	-100%
Motorbike Accident	1	4	300%
Other	2	4	100%
Total	428	232	-45,79%

Injury on Duty Statistics April 2023 to March 2024



Injury on Duty Statistics 2022/23 versus 2023/24



Whilst the reduction in these incidents is a positive development, armed robberies continue to represent a significant threat to the safety of employees and customers of the SA Post Office. To mitigate this risk, safety and security measures are regularly reviewed. Furthermore, trauma counselling and wellness programs are available for affected staff members.

In addition to armed robberies, there has been a marked decline in most types of IOD, with the exception of injuries stemming from motorcycle and bicycle accidents. Although these two categories account for only 7% of all incidents, the notable increase compared to the previous year raises concerns particularly noting the potential consequential impact of these incidents.

To address the root causes of these specific incidents and minimise recurrence, post-incident assessments are carried out. To further reduce the frequency of these accidents, several initiatives have been implemented, including the phased rollout of new motorcycles and the provision of necessary protective gear for motorcycle and bicycle operations. Additionally, there has been a comprehensive review and optimisation of last-mile logistical requirements to minimise travel distances wherever possible. Ultimately, the goal is to establish a motorcycle driver academy, contingent upon available funding.



Corporate Social Investment

Supporting literacy is at the core of the SA Post Office corporate social investment strategy. Research indicates that a child that reads in its mother language understands more, enjoys the activity much more and is more likely to achieve success as a student later in life. The SA Post Office has been in a partnership with the non-governmental organisation Nal'ibali, which produces interactive reading material in the 11 official languages of South Africa and so encourages reading in mother languages, for a number of years.

The SA Post Office has continued to distribute reading material free of charge to SA Post Office branches and reading clubs all over South Africa, enabling Nal'ibali to focus on reaching more young people with reading material rather than having to incur cost to courier the reading supplements.

During the year under review, the partnership between the SA Post Office and Nal'ibali distributed 1 133 316 reading supplements throughout South Africa.



Literacy
through the
South African
Post Office



B-BBEE Compliance Information



The following table has been completed in accordance with compliance to the BBBEE requirements of the BBBEE Act of 2013 and as determined by the Department of Trade and Industry.

Has the Department / Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:		
Criteria	Response	Discussion (include a discussion on your response and indicate what measures have been taken to comply)
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	No	Not applicable
Developing and implementing a preferential procurement policy?	Yes	Procurement policy updated and approved
Determining qualification criteria for the sale of state-owned enterprises?	No	Not applicable
Developing criteria for entering into partnerships with the private sector?	Yes	Included in the policy
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment?	No	Currently no funding capability



D. Human Resource Management



Introduction

During the year under review, Human Resources completed the following initiatives within the SA Post Office:

- Following the adoption of the BR Plan, focus was placed on revising the SA Post Office structures at all levels;
- The process to ensure proper management of the Post-Retirement Medical Aid (PRMA) subsidy liability is continuing and can be regarded as work in progress;
- Prior to the adoption of the BR Plan, SA Post Office had consultation sessions with Organised Labour on various matters which included staff reductions and organisational structure;
- In accordance with the Leave Policy, all employees were required to take statutory leave for the previous leave cycle by 30 September 2023;
- Voluntary Severance Packages (VSPs) were made available and 583 offers were accepted;
- Permanent staff numbers reduced from 12 637 (31 March 2023) to 10 854 (31 March 2024);
- Employment Equity Plan and Report submitted to Department of Employment and Labour as required;
- Workplace Skills Plan (WSP) and Annual Training Report (ATR) was submitted to the Services SETA;
- Consultation and tabling of the contemplated dismissal for operational requirements during the National Consultative forum were completed during October 2023; and
- Due to financial constraints, no annual salary increases were implemented during the period under review.





Business Rescue Process

After being placed in business rescue, the BRPs were required to publish a comprehensive BR Plan for the SA Post Office.

The BR Plan was adopted by the creditors on 7 December 2023.

The BR Plan has addressed the operational requirements for the SA Post Office and proposed the dismissal of approximately 6 000 employees. The reduction in staff numbers was executed through a consultation process, adhering to facilitation guidelines provided by the CCMA.

In view of the SA Post Office's national operational scope, the retrenchments have cut across the entire organisation.

The foundation of the selection criteria for retrenchment was based on the operational requirements of the SA Post Office.

The BRPs continued to maintain a receptive stance towards any proposals presented during retrenchment consultations.

Whilst recognising the application of the LIFO principle as the standard selection criterion, the BRPs acknowledged the existence of exceptional circumstances within the organisation. In instances where practicality necessitated a departure from the LIFO principle, the selection criteria remained open for discussion and consideration throughout the consultation process.

The commencement of the retrenchment process was initiated by the service of the LRA Form 7.20, which was served on 3 January 2024. Consequently, retrenchments were to commence during March 2024, however due to the submission of a Temporary Employee Relief Scheme (TERS) funding application to the Department of Employment and Labour, which was declined, the effective implementation retrenchment process was delayed to the 2024/25 FY.

After assessing the operations of the SA Post Office, the BRPs considered the following positions to be affected:

GROUP EXECUTIVES AND GENERAL MANAGERS

3 positions within the Group Executives and General Manager positions were considered to be affected. In assessing the business strategy of the SA Post Office, the BRPs noted that the Executive structure was ballooned, with duplicated roles. To this end, other positions within the Executive Structures were consolidated and others abolished. The new proposed structures, which abolished certain positions and consolidated others, was prepared and shared as part of section 189A of the LRA process to enable proper consultation.

DISTRICT MANAGERS AND AREA MANAGERS

Evaluation revealed a duplication of roles between District Managers and Area Managers. Consequently, all District Manager positions were recommended for removal from the organisational structure.

SUPERNUMERARY EMPLOYEES

Approximately 815 supernumerary employees, initially stationed in now-closed branches, were identified during the BRPs investigations. While not all faced dismissal for operational reasons, the retrenchment process had an impact on supernumerary employees.

TEMPORARY AND TOTAL DISABILITY EMPLOYEES (TTD EMPLOYEES)

TTD employees, comprising over 200 individuals on medical leave were affected by the retrenchment process as operations have continued in their absence.



RETAIL STAFF

Between 2 500 to 3 000 of the Retail staff were affected by the retrenchments. Following a branch analysis conducted, it was noted that there were branches that were operating at a substantial loss. It was important to reduce the operational expenses of the underperforming branches through the reduction of the head count in these respective branches.

DRIVERS

Forklift Drivers and all other Drivers were affected by the retrenchment process as the SA Post Office has lost most of its vehicle fleet and there are thus no vehicles which the Drivers will be using. There were also a number of incidences where the

employees in this category refused to be repurposed and used in different capacities.

POSTMEN/POSTWOMEN

Postmen/Postwomen were also affected by the possible retrenchments.

Employee Wellness

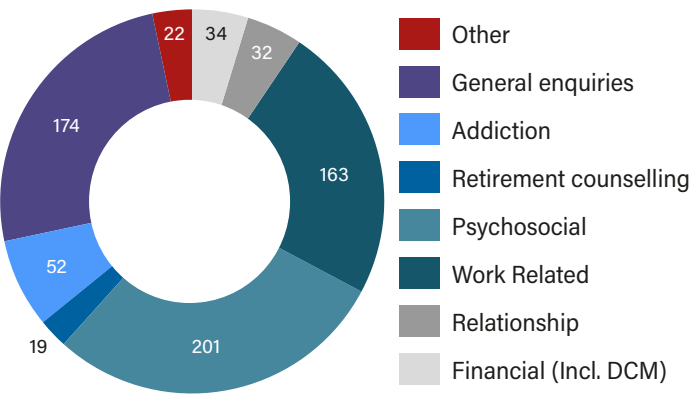
Employee health and wellness focuses on the Employee Assistance Program (EAP), disability management, occupational health and health promotion.

Employees can access professional assistance for a wide range of psychological, acute and chronic medical conditions, inter-

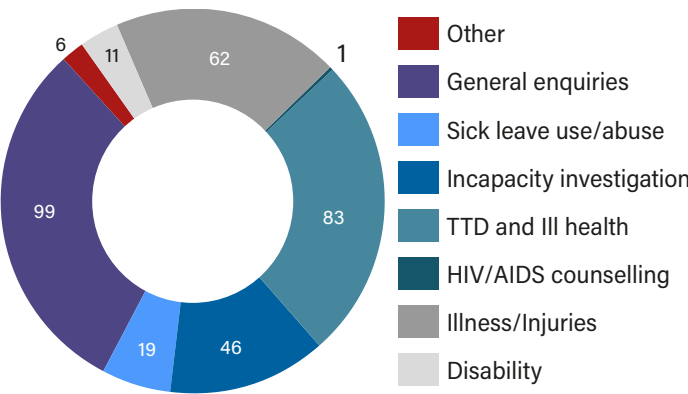
personal work-related concerns/challenges, including trauma counselling.

Psychosocial problems and general enquiries accounted for the highest of total EAP consultations, followed by work related consultations.

Psychosocial Consultations



Health and Disability Consultations

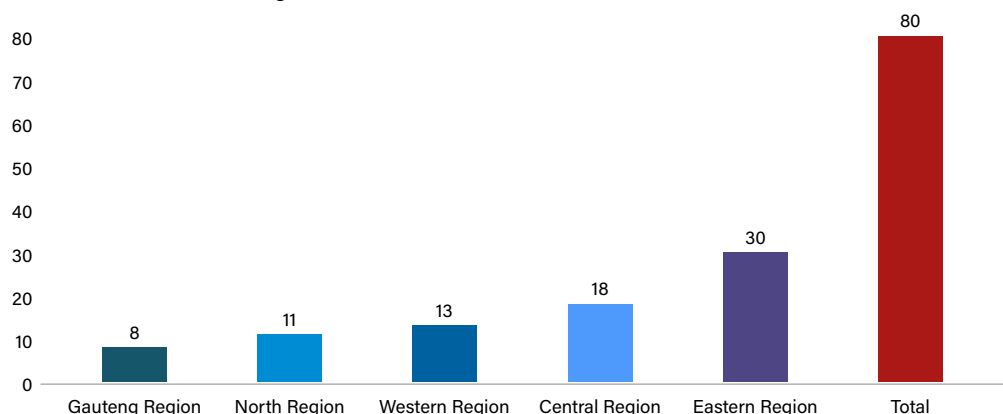


Most health and disability consultations were for general enquiries and illness/injuries followed by TTD and Ill Health.



Armed Robberies and Counselling Sessions

The SA Post Office was the target of 80 armed robberies during the 2023/24 FY and 98 employees received related counselling.



ILL HEALTH RETIREMENT

During the 2023/24 FY, no withdrawal or approval of ILL Health applications were approved. Pending cases amounted to 14 with 1 case declined.

ILL Health Status	# of Employees
Approved	0
Declined	1
Withdrawal	0
Pending	14
Total	15

TEMPORARY TOTAL DISABILITY (TTD)

During the 2023/24 FY, 217 TTD applications were still pending awaiting for an outcome from Sanlam. 21 TTD were approved/ admitted by Sanlam, and 1 TTD was declined.

TTD Status	# of Employees
Approved	21
Partially Approved	0
Declined	1
Pending	217

ENGAGEMENT WITH LABOUR

Since the 2021/22 FY, the SA Post Office has not provided any salary increases due to its constrained financial position and it continues to engage with all stakeholders regarding its financial position.

Due to the formulating and planning for the business rescue process, and the planned retrenchment process, the filling of vacant positions for the 2023/24 FY was placed on hold.

RECRUITMENT AND APPOINTMENTS

Recruitment and Selection continued to strive to ensure that the right skills are available at the right place at the right time and that the best fit candidate is attracted and appointed.



Human Resources Statistics



STAFF ESTABLISHMENT

The SA Post Office staff establishment was 12 637 as at 31 March 2023 and 10 854 as at 31 March 2024, a decrease of 1 783 employees. The staff reduction during the year under review was as a result of VSP and natural attrition.

Employment changes

Occupational Levels	Employment at the beginning of the period	Appointments	Terminations	Internal movements/ appointments	Employment at the end of the period
Top management	22	0	9	0	13
Senior Management	41	0	13	0	28
Specialists	162	0	35	0	127
Skilled	2 081	0	385	0	1 696
Semi-skilled	9 699	0	1 240	0	8 459
Unskilled	632	0	101	0	531
TOTAL	12 637	0	1 783	0	10 854



Post-Retirement Medical Aid (PRMA)

The contract with Norton Rose Fulbright for assistance with the PRMA buy-out was terminated during 2023/24 FY.

Natural attrition resulted in a reduction of R 1.3 million of the PRMA liability during the 2023/24 FY.

Medical Aid Scheme	Total
BONITAS	110
MEDIPOS	1 113
Grand Total	1 223

Voluntary Severance Packages (VSPs)

VSPs were offered to staff from October 2023 to 31 March 2024. VSP amounts were paid monthly. A total of 583 offers were accepted during the 2023/24 FY at a total cost of R 56.9 million.

Age Group	Number	Amount
MSOER: Early Retirement (> 55)	183	R23 970 252
MSOER: Early Retirement Defer	4	R977 053
MSOER: Early Retirement(50-54)	133	R13 711 848
MSOER: Withdrawal (< 55)	263	R18 266 843
Total	583	R56 925 996

Strategic Workforce Plan

The strategic workforce plan is dynamic and remains as work in progress. The plan consists of a demographic analysis of employees on managerial and non-managerial levels. The SA Post Office skills and competencies were matched to skills and competencies informed by the BR Plan.

Attrition Rate

As at 31 March 2023 the SA Post Office had 10 854 employees. The attrition rate the 2023/24 FY is 14%.

Demographic Analysis

A strategic workforce plan has been created to document and understand the gaps of the SA Post Office future talent demands in relation to the workforce and acts as guideline for staff optimisation.

The workforce demographics:

- Average age for employees is 46 years indicating that SA Post Office has an ageing workforce; and
- Employees have an average of 15 years of service.

Ageing Workforce and Years of Service

As the SA Post Office has an ageing workforce, it entails several generations in the organisation are working together with different values and expectations.

Due to the ageing workforce, employees have longer years of service and therefore mentoring and coaching is required to ensure that skills are transferred from older to younger workers.

Employee Wellness assisted ageing workers with the transition to retirement by offering financial planning and counselling sessions. Wellness programmes for the ageing workforce have thus become important.



Employment Equity

Employment equity targets are based on the economically active population as set out by Statistics SA and the SA Post Office strives to recruit, promote and employ categories as set out by these standards. The current financial situation of the organisation

poses challenges to reach the set targets by preventing the up skilling of current employees, recruiting and employment of youth and other suitable candidates from previously disadvantaged groups.

S.A. POST OFFICE PERSONNEL STRENGTH AS AT MARCH 2024									
PERSONNEL COMPLEMENT									
CATEGORY PERSONNEL	African		Coloured		Indians		White		
	Male	Female	Male	Female	Male	Female	Male	Female	
NATIONAL EAP TARGET	43,1%	36,2%	5,2%	4,3%	1,7%	0,9%	4,9%	3,8%	
TOP MANAGEMENT									
TOTAL	3	3	1	0	2	1	3	0	13
	23,08%	23,08%	7,69%	0,00%	15,38%	7,69%	23,08%	0,00%	
Under / (Over Representation)	19,99%	13,10%	(2,54%)	4,32%	(13,71%)	(6,76%)	(18,18%)	3,78%	
	3	2	(0)	1	(2)	(1)	(2)	0	
The figures are reflecting an over representation of the Indian males, Coloured males and White males. Opportunities exist for the appointment /development of African female, and Coloured females.									
SENIOR MANAGEMENT									
TOTAL	11	5	0	0	4	1	4	3	28
	39,29%	17,86%	0,00%	0,00%	14,29%	3,57%	14,29%	10,71%	
Under / (Over Representation)	3,78%	18,32%	5,16%	4,32%	(12,61%)	(2,64%)	(9,38%)	(6,93%)	
	1	5	1	1	(4)	(1)	(3)	(2)	
White males and females, Indian males and females should be guarded for appointment. There is an opportunity for African males and females as well as Coloured males and females. Appointments and development should be considered when the opportunity arises.									
PROFESSIONAL SPECIALIST									
TOTAL	53	30	1	4	8	2	16	13	127
	41,73%	23,62%	0,79%	3,15%	6,30%	1,57%	12,60%	10,24%	
Under / (Over Representation)	1,33%	12,56%	4,37%	1,17%	(4,63%)	(0,65%)	(7,70%)	(6,46%)	
	2	16	6	1	(6)	(1)	(10)	(8)	
White males and females, Indian males should be guarded for appointment. There is an opportunity for African males and females as well as Coloured females. Appointments and development should be considered when the opportunity arises.									
TECHNICAL AND ACADEMICAL									
TOTAL	502	773	81	101	58	36	68	77	1 696
	29,60%	45,58%	4,78%	5,96%	3,42%	2,12%	4,01%	4,54%	
Under / (Over Representation)	13,47%	(9,40%)	0,38%	(1,64%)	(1,75%)	(1,19%)	0,89%	(0,76%)	
	228	(159)	6	(28)	(30)	(20)	15	(13)	
Opportunities exist for the appointment /development of African and Coloured males and White males. The other groups over represented at this level.									



S.A. POST OFFICE PERSONNEL STRENGTH AS AT MARCH 2024

PERSONNEL COMPLEMENT

CATEGORY PERSONNEL	African		Coloured		Indians		White		
	Male	Female	Male	Female	Male	Female	Male	Female	
NATIONAL EAP TARGET	43,1%	36,2%	5,2%	4,3%	1,7%	0,9%	4,9%	3,8%	
SEMI-SKILLED									
TOTAL	3 733	3 513	504	319	103	51	107	129	8 459
	44,13%	41,53%	5,96%	3,77%	1,22%	0,60%	1,26%	1,53%	
Under / (Over Representation)	(1,06%)	(5,35%)	(0,80%)	0,54%	0,45%	0,33%	3,64%	2,26%	
	(90)	(453)	(68)	46	38	28	308	191	

African male and female, Coloured and Indian male are over represented. Opportunities exist for the appointment /development of Coloured and Indian females as well as white males and females.

UNSKILLED

TOTAL	96	359	20	50	1	0	2	3	531
	18,08%	67,61%	3,77%	9,42%	0,19%	0,00%	0,38%	0,56%	
Under / (Over Representation)	24,99%	(31,43%)	1,39%	(5,10%)	1,48%	0,93%	4,52%	3,22%	
	133	(167)	7	(27)	8	5	24	17	

African and Coloured females are over represented. Opportunities exist for the appointment /development of African and Coloured males as well as Indian male/female and white male/female.

ALL PERMANENT EMPLOYEES

TOTAL	4 398	4 683	607	474	176	91	200	225	10 854
	40,52%	43,15%	5,59%	4,37%	1,62%	0,84%	1,84%	2,07%	
Under / (Over Representation)	2,55%	(6,97%)	(0,44%)	(0,05%)	0,05%	0,09%	3,06%	1,71%	
	276	(756)	(47)	(6)	6	10	332	185	

Overall African females, Coloured male and female, Indian males and Indian females are over represented. Opportunities exist for the appointment /development of African males, Indian females and white males and females at the appropriate levels.

NON-PERMANENT EMPLOYEES

TOTAL	1	0	0	0	0	0	3	0	4
	25,00%	0,00%	0,00%	0,00%	0,00%	0,00%	75,00%	0,00%	
Under / (Over Representation)	18,07%	36,18%	5,16%	4,32%	1,67%	0,93%	(70,10%)	3,78%	
	1	1	0	0	0	0	(3)	0	

ALL EMPLOYEES

TOTAL	4 399	4 683	607	474	176	91	203	225	10 858
Percentage representation	40,51%	43,13%	5,59%	4,37%	1,62%	0,84%	1,87%	2,07%	
Under / (Over Representation)	2,55%	(6,95%)	(0,43%)	(0,05%)	0,05%	0,09%	3,03%	1,71%	
	277	(755)	(47)	(5)	6	10	329	185	

Data Source: The EAP targets as reflected in the 2019 QLFS 2rd Quarter ,2019, household-based sample survey conducted by Statistics South Africa (Stats SA). The EAP targets used is the National targets as a company must reflect the national target in it's HEAD OFFICE irrespective of where it is situated.



TALENT AND SUCCESSION MANAGEMENT

The exit of employees via the VSP process necessitated business to request HR to assist with secondment and exposure of employees to fill certain critical and priority positions. Employees were placed in various business units across regions in their relevant field of study or qualifications obtained.

Learning and Development

Learning and Development continued to strive to develop human capital in alignment with the strategic intent of the organisation, and the requirements of its stakeholders.

Various learning and development interventions were implemented for the 2023/24 FY, aligned to meeting the strategic intent of the SA Post Office and were included in the workplace skills plan and annual training report that was submitted to Services SETA for the 2023/24 FY.

The SA Post Office received an amount of R2.99 million as part of the mandatory grants refund for submitting the 2024/25 FY Workplace Skills Plan (WSP) and Annual Training Report (ATR).

A total of 4 173 employees were trained on various interventions including those that support revenue generation, and compliance to various legislative requirements, which included:

- Crime Prevention Awareness;
- Know Your Money - South African Reserve Bank;
- Customer Service;
- eNatis Motor Vehicle Licensing - Department of Transport;
- Customs Declaration – UPU compliance;
- In-house Motor Cycle training;
- Quality Circles (Teams quality intervention);
- OHSA: Representative's Training; and
- POPI: Protection of Personal Information Act.

Highlights

A total of 200 employees, in Gauteng and Central regions attended and successfully completed the Skills Programmes provided by the Bank SETA in collaboration with Organised Labour and HR Learning and Development. All have received their statement of results.

Bank Teller Skills Programme

70 employees successfully completed this programme. This skills programme has contributed to up skilling employees with the required skills and knowledge to function within the environment as well as the banking environment. Some of the employees have been affected by the retrenchment process and therefore this skills programme will empower them to be absorbed in the banking environment should they meet all the other requirements.

Bank Customer Services Skills Programme

70 employees successfully completed this programme. This skills programme has empowered the Employees with the required skills and knowledge to function and compete in the Customer Services environment in so far as customer service etiquette, product knowledge, handling customer queries, complaints and achieving customer satisfaction, all of which contribute to customer retention.

ICT Skills Programme

60 employees successfully completed this programme and were issued with Statements of Results after completing practical and theoretical training and assessments for this programme. This programme has empowered employees to have foundational technical skills and knowledge required in the IT Support environment. It will further allow opportunities for the employees to further their studies in specialisation to other IT fields such as g and IT support.

Targets achieved for the 2023/24 FY were lower than the prior year due to the effect of the restructuring, exacerbated by the financial position of the organisation affecting travel and accommodation. As a result, the delivery of training interventions was affected.

An online platform was used as a training delivery method for employees in far outlying areas where these had access thereto.



Training Attendance

Course Name	Central Region	Eastern Region	Gauteng Region	Head Office	KwaZulu Natal Region	Northern Region	Western Region	Grand Total
AARTO				1				1
Awareness FAIS		4						4
Awareness: Code of Ethical Conduct	1		55	1				57
Awareness: HR Policies			50			1		51
Bank Customer Service Clerk	19		36	12				67
Bank Teller Practicals			7			15	1	23
Bank Teller Theory			7			15		22
Change Management			103	1	1	2	2	109
Crime Prevention Awareness	2		142	2	1	3	2	152
Customer Services 1			4		2	119	2	127
Customer Services 2	1	9	83	1	2	6	2	104
Dangerous Goods CAT C Training			7	8				15
Designated Postal Operators - Category A - Personnel involved in Accepting Dangerous Goods				1				1
Digital Literacy (Module 1 - 5)						4		4
Digital Terrestrial Television (DTT)		1					6	7
Digital Terrestrial Television (DTT) Refresher							28	28
Disciplinary Skills						21		21
DL1: Computer Basics						1		1
eNaTIS: Motor Vehicle Licencing Practical Training		6						6
eNaTIS: Renewals (Tellers)	1		23			1		25



Course Name	Central Region	Eastern Region	Gauteng Region	Head Office	KwaZulu Natal Region	Northern Region	Western Region	Grand Total
FICA: Financial Intelligence Centre Act			26					26
ICT Skills			37	2				39
International Postal System (IPS): Dispatch Mail Items at a Registered Letter Section and Parcel		3	1					4
International Postal System Management (IPS) Awareness		1	18	10				29
Know Your Money - South African Reserve Bank	174	218	365	8	541	544	186	2 036
Motivating and Stress handling			100					100
Motor Cycle Training			145		2	2		149
OHSA: Representative's Training	2							2
POPI :Protection Of Personal Information Act		10	26					36
Practical Supervision Mod 17: Managing Change	1		153	5	1	1		161
Quality Circle Teams Awareness		11						11
SAP Branch Managers Guide	1	3	6			12		22
SC:Customs Declaration System Postal User Guide	53	11	265	10	75	158	86	658
Trauma Peer Supporters Training	1		1	1	16	30	1	50
Violation of Mail Awareness			25					25
Grand Total	256	277	1 685	63	641	935	316	4 173



Training Attendance EE Representation Statistics

Region	Female				Female Total	Male				Male Total	Grand Total
	African	Coloured	Indian	White		African	Coloured	Indian	White		
Central Region	154	28		9	191	50	9	0	6	65	256
Eastern Region	183	6		10	199	69	5		4	78	277
Gauteng Region	964	48	6	46	1 064	589	15	6	11	621	1 685
Head Office	36	1		1	38	25				25	63
KwaZulu Natal Region	390	5	47	16	458	138	4	38	3	183	641
Northern Region	665	3		14	682	246		1	6	253	935
Western Region	97	64	1	5	167	62	68		19	149	316
Grand Total	2 489	155	54	101	2 799	1 179	101	45	49	1 374	4 173

Employee Relations

The company was placed under Business rescue and all consultation with Organised Labour and employees was done by the BRPs.

Engagement Process

Stakeholder engagement took place through the BRP Team.

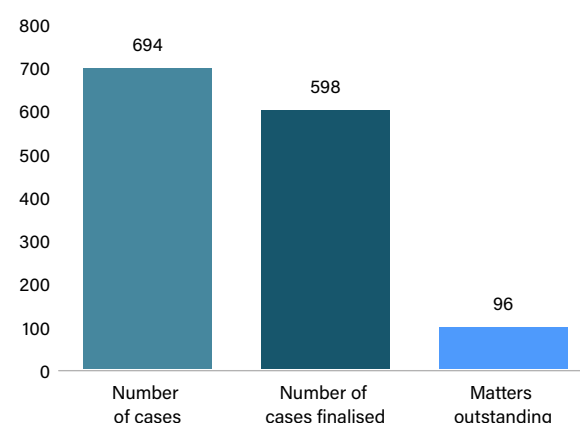
Case Management

Management of labour related cases has been relatively stable and was consistently applied. The most common types of misconduct were:

- Fraud and Negligence

Progressive discipline as guided by employment legislation is applied and the sanctions handed down are commensurate with the seriousness of the misconduct.

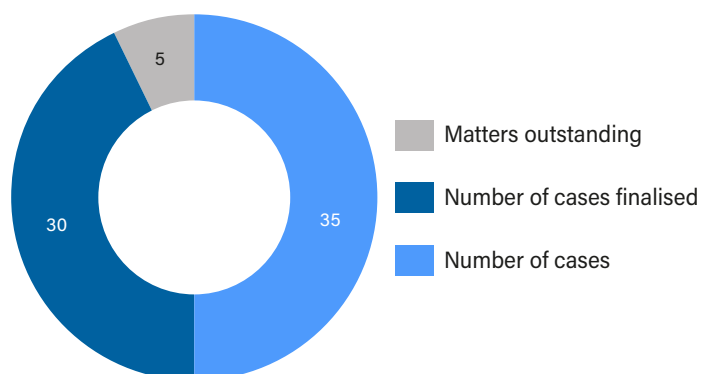
Misconduct Cases



86% of misconduct cases were finalised.



Grievances



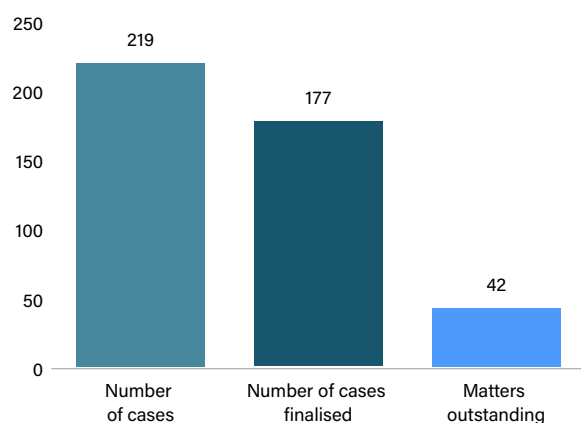
86% of all grievances were finalised.

The nature of the grievances related to:

- Abuse of power;
- Deformation/ False accusations;
- Divulging of information;
- Exploitation;
- Favouritism; and
- Harassment/Intimidation

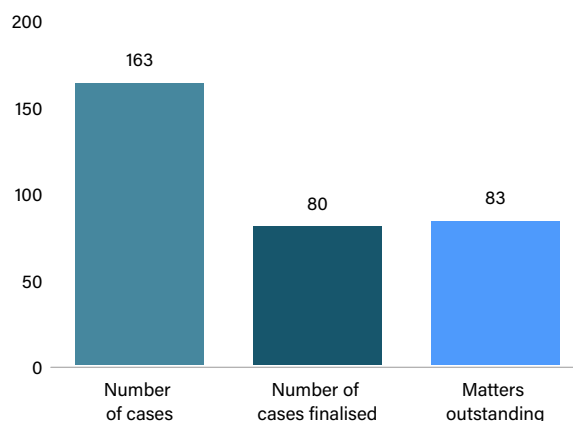
Most grievances were received for unfair labour practice and victimisation.

Suspensions



80% of cases have been addressed. The total number of suspensions recorded for the was 219.

CCMA Cases



A total number of 163 cases were recorded. A total of 83 cases were pending and 80 cases were finalised at the CCMA.

49% cases were finalised.

The nature of disputes related to:

- Severance packages;
- Unfair dismissal;
- Unfair conduct;
- Failure to pay a claim;
- Unfair suspension/disciplinary enquiry;
- Rescission application; and
- Section 188A.

Cases settled and reasons:

- Four cases were found to be unfair dismissals;
- One case related to 41 Severance pay;
- One case related to 186(1)(e) - Constructive dismissal
- One case related to 73A [BCEA] - Claims for failure to pay any amount owing (BCEA); and
- One case related to 191(1) [191(5)(a)] - Dismissal related to misconduct.



E. Financial Information



Report of the Auditor-General to Parliament on South African Post Office SOC Limited

DISCLAIMER OF OPINION

1. I was engaged to audit the consolidated and separate financial statements of the South African Post Office (SOC) Limited (SAPO) and its subsidiaries (the group) set out on pages 116 to 232, which comprise the consolidated and separate statement of financial position as at 31 March 2024, consolidated and separate statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, as well as notes to the consolidated and separate financial statements, including a summary of material accounting policy information.
2. I do not express an opinion on the financial statements of the group and company. Because of the significance of the matters described in the basis for disclaimer of opinion section of this auditor's report, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated and separate financial statements.

BASIS FOR DISCLAIMER OF OPINION

Going concern

3. As indicated in the consolidated and separate financial statements, at the reporting date, current liabilities exceeds current assets by R702 076 000 and R709 901 000 for the group and company respectively. Further, the group and company generated negative cash flows from operating activities of R275 159 000 and R270 876 000 respectively.
4. Note 48 further indicates multiple material uncertainties that may cast significant doubt on the group and company's ability to continue as a going concern. However, the group and company did not adequately disclose all the principle events and conditions that may cast significant doubt on the group and company's ability to continue as a going concern, management's evaluation of its significance, and management plan to mitigate the effects of these events as required by IAS 1, *Presentation of financial statements*.
5. Additionally, supporting information, including management assumptions to support the appropriateness of the financial statement being prepared using the going concern basis of accounting, have not been provided. Therefore, I was unable to obtain sufficient appropriate audit evidence to confirm the reasonableness of the cash flow forecast and the related assumptions, conditions and events to support management's assessment of the group and company's viability in the foreseeable future. I was unable to confirm the going concern assessment by alternative means. Consequently, I was unable to confirm or dispel whether it is appropriate to prepare the consolidated and separate financial statements using the going concern assumption.

Trade and other receivables

6. I was unable to obtain sufficient appropriate audit evidence for gross uncleared control accounts and other receivables due to a lack of proper record keeping and reconciliation of control accounts. As at the date of this auditor's report, management was still in the process of investigating these gross uncleared control accounts and other receivables. I was unable to confirm these gross uncleared control accounts and other receivables by alternative means. Additionally, the group and company raised an impairment on these control accounts. I was also unable to confirm the appropriateness of the impairment by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to gross uncleared control accounts and other receivables stated at R771 164 000 (2023: R744 315 000) and R771 177 000 (2023: R744 103 000) and impairment stated at R702 033 000 (2023: R398 536 000) in note 14 to the consolidated and separate financial statements respectively. Additionally, this also impacted other operating expenses.
7. During 2023, trade receivables, gross uncleared control account and other receivables were not presented in accordance with IAS 1, *Presentation of financial statements*, which requires assets and liabilities be reported separately. This resulted in the trade receivables, gross uncleared control accounts and other receivables disclosed in note 14, being understated by R129 903 647 and R700 941 000 respectively while trade payables and Postbank payables - South African Social Security Agency (Sassa) billings disclosed in note 24 being understated by R700 941 000 and R129 903 647 respectively, to the consolidated and separate financial statements. My opinion on the current year financial statements is also modified because of the possible effect of this matter on the comparability of trade receivables, uncleared control accounts and other receivables for the current period.



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Trade and other payables

8. During 2023, I was unable to obtain sufficient appropriate audit evidence for trade and other payables due to the poor status of the accounting records. I could not confirm the trade and other payables by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to trade other payables stated at R 8 070 520 000 (2022: R7 555 789 000) and R8 044 029 000 (2022: R7 501 999 000) in note 24 to the consolidated and separate financial statements.
9. My opinion on the financial statements for the period ended 31 March 2023 was modified accordingly. My opinion on the current year financial statements is also modified because of the possible effect of this matter on the comparability of trade payables and Postbank payables daily settlement for the current period.
10. Trade and other payables was materially misstated by R50 622 000 due to the cumulative effect of individually immaterial uncorrected misstatements in the following items:
- Trade payable stated at R181 845 000 was understated by R37 843 000
 - Creditors compromise (amounts to be paid to creditors per business rescue plan) stated at R701 952 000 was overstated by R10 431 000
 - Employee related payables stated R878 294 000 was overstated by R1 929 000
 - Accrued expense stated at R157 187 000 was understated by R25 138 000.

In addition, I was unable to obtain sufficient appropriate audit evidence and to confirm trade and other payables by alternative means

- Trade payable of R181845000 as included in the disclosed balance of R2 975 979 000
- Employee related payables of R878 294 000 as included in the disclosed balance of R2 975 979 000
- Accrued expense of R157 187 000 (2023: R413 421 000) as included in the disclosed balance of R2 975 979 000.

Consequently, I was unable to determine whether any further adjustment was necessary to trade and other payables.

Other operating expenses

11. Other operating expenses were not accounted for in the correct accounting period as required by IAS 1, Presentation of financial statements, which resulted in other operating expenses being overstated by R126 883 000 (2023: R1519487000). In addition, I was unable to obtain sufficient appropriate audit evidence that other operating expenses had been properly accounted for, due to the poor status of the accounting records. I was unable to confirm other operating expenses by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to other operating expenses stated at R1 342 560 000 (2023: R1 295 039 000) and R1 334 054 000 (2023: R1 279 089 000) in note 32 to the consolidated and separate financial statements.

Statement of cash flows

12. Statement of cash flows was not correctly prepared and disclosed as required by Standards of IAS 7, Cash flow statements. This was due to multiple errors in determining cash flows from operating activities. I was not able to determine the full extent of the errors in the statement of cash flows, as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments to the statement of cash flows as presented in the consolidated and separate financial statements were necessary.

Property, plant and equipment

13. During 2023, the group and company did not perform an adequate impairment assessment for property, plant and equipment, in accordance with IAS 36, Impairment of assets, as possible indicators of impairment conditions existed at year-end. I was unable to determine the exact impact to property, plant and equipment as it was impracticable to do so. In addition, I was unable to obtain sufficient appropriate audit evidence for the fair values of property plant and equipment determined by the group and company in the prior year, as the fair value assessment provided for audit purposes did not have accurate and complete audit evidence to support the assumptions made by the company. I was unable to confirm the assessment by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to the corresponding figures for property, plant and equipment stated at R2 320 101 000 and R2 319 887 000 in note 3 to the consolidated and separate financial statements. My opinion on the current year financial statements is also modified because of the possible effect of this matter on the comparability of property, plant and equipment for the current period.



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Investment property

14. During 2023, investment properties were not accounted for as required by /AS 40, Investment Property. The fair value assessment performed did not contain sufficient information to support the assumptions made by the group and company. Consequently, I was unable to determine whether any further adjustments were necessary to the corresponding figures for investment property stated at R287 294 000 and R214 209 000 in note 5 to the consolidated and separate financial statements. My opinion on the current year financial statements is also modified because of the possible effect of this matter on the comparability of the Investment Property for the current period and corresponding figures.

Funds collected on behalf of third parties

15. During 2022, I was unable to obtain sufficient appropriate audit evidence that funds collected on behalf of third parties had been properly accounted for due to the poor status of accounting records. I was unable to confirm the funds collected on behalf of third parties by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to funds collected on behalf of third parties stated at R467 893 000, in note 27 to the consolidated and separate financial statements. My audit opinion on the financial statements for the period ended 31 March 2022, was modified accordingly. My opinion on the current year financial statements is also modified because of the possible effect of this matter on the comparability of funds collected on behalf of third parties for the current period.

Comparative figures and prior period errors

16. I was unable to obtain sufficient appropriate audit evidence for the restatements of the corresponding figures of various financial statement line items, as described in note 42 to the financial statements. I was unable to obtain sufficient appropriate audit evidence by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary for each consolidated and separate financial statement item affected by the restatement of corresponding figures per note 42 to the financial statements.

Total assets

17. I was unable to obtain sufficient appropriate audit evidence and to confirm non-current assets and current assets by alternative means due to the status of the accounting records:

Non-current assets

- Property, plant and equipment of R63 514 000 as included in the balance of R1 733 121 000 and R1 732 571 000 in note 3 to the consolidated and separate financial statements
- Heritage assets stated at R46 247 000 in note 6 to the consolidated and separate financial statements

Current assets

- Cash and cash equivalent of R42 443 000 as included in the balance of R2 578 479 and R2 559 593 000 in note 16 to the consolidated and separate financial statements

Consequently, I was unable to determine whether any further adjustment was necessary to total non-current and current assets

In addition, Total assets was materially misstated by due to the cumulative effect of individually immaterial uncorrected misstatements in non-current assets and current assets

EMPHASIS OF MATTERS

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

Loan to group companies

19. As disclosed in note 9 to the financial statements, the loan of R711 496 000 to the Courier and Freight Group (Pty) Ltd was extinguished by mutual agreement among the entities, during the current year.

Material losses due to criminal conduct

20. As disclosed in note 50 to the financial statements, material losses amounting to R44 155 000 for group and company, were incurred because of the fraud and theft.

OTHER MATTER

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

Business rescue proceedings

22. The business rescue plan was adopted on 7 December 2023 by affected persons as required by section 152(2) of the Companies Act. In terms of section 140 of the Companies Act the business rescue practitioners have full management control of the company in substitution for its board and pre-existing management.



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23. Section 49 of the PFMA states that every public entity must have an accounting authority which must be accountable for the purposes of this Act. During the business rescue period the board of the public entity was dissolved.

The dissolution of the board impacted the governance and oversight of the entity's operations and financial activities during this critical period.

RESPONSIBILITIES OF THE ACCOUNTING AUTHORITY FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

24. The accounting authority is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with the IFRS Accounting Standards as issued by the International Accounting Standards Board, the requirements of the PFMA and the Companies Act; and for such internal control as the accounting authority determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

25. In preparing the consolidated and separate financial statements, the accounting authority is responsible for assessing the group's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the group or to cease operations or has no realistic alternative but to do so.

RESPONSIBILITIES OF THE AUDITOR-GENERAL FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

26. Our responsibility is to conduct an audit of the consolidated and separate financial statements in accordance with the International Standards on Auditing (ISAs) and to issue an auditor's report. However, because of the matters described in the basis for disclaimer of opinion section of this auditor's report, we were unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

27. I am independent of the group in accordance with the Independent Regulatory Board for Auditors' *Code of professional conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants* (including *International Independence Standards*).

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

28. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected objective presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.

29. I selected the following objective presented in the annual performance report for the year ended 31 March 2024 for auditing. I selected an objective that measures the public entity's performance on its primary mandated functions and that is of significant national, community or public interest.

Objective	Page numbers	Purpose
Building capacity & capability	29	Optimise core business processes and systems which stabilise the business and enhance the efficient operating of the organisation.
		To enhance the customer experience at all points of presence through effective delivery of services, including government services, to all communities.



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30. I was engaged to evaluate the reported performance information for the selected objective against the criteria developed from the performance management and reporting framework, as defined in the general notice. An annual performance report prepared using these criteria provides useful and reliable information and insights to users of the report on the public entity's planning and delivery on its mandate and planned objectives. My objective was to perform procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.

31. The material findings on the reported performance information for the selected objective are as follows;

Building capacity & capability

VARIOUS INDICATORS

32. I could not determine if the reported achievements were correct, as adequate supporting evidence was not provided for auditing. Consequently, the achievements might be more or less than reported and were not reliable for determining if the targets had been achieved.

Indicator	Target	Reported achievement
KPI 7.1 - Achieve the regulated mail delivery standard	92%	45,15%
KPI 7.3 - Resolution of customer complaints recorded at the call centre within 7 days.	100%	67%

KPI 7.2 -ACHIEVE DOMESTIC AND INTERNATIONAL COURIER DELIVERY STANDARDS.

33. The approved planning documents included a commitment to achieve 90% of domestic and international courier delivery standards. However, an achievement of 49,6% domestic and 45,2% EMS (international) was reported in the annual performance report. This discrepancy highlights misalignment between approved plans and operations, while the incorrect reporting undermines transparency and accountability.

34. Additionally, I could not determine if the reported achievements were correct, as adequate supporting evidence was not provided for auditing. Consequently, the achievements might be more or less than reported and were not reliable for determining if the targets had been achieved.

OTHER MATTERS

35. I draw attention to the matters below.

Achievement of planned targets

36. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or underachievements. This information should be considered in the context of the material findings on the reported performance information.

37. The table that follows provides information on the achievement of planned targets and lists the key service delivery indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets are included in the annual performance report on page 29.



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Building capacity & capability

Targets achieved: 0%

Indicator	Target	Reported achievement
Achieve the regulated mail delivery standard	92%	45,15%
Achieve domestic and international courier delivery standards	90%	49,6% domestic and 45,2% EMS
Resolution of customer complaints recorded at the call centre within 7 days	100%	78%

MATERIAL MISSTATEMENTS

38. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for Building capacity & capability of the development objective. Management did not correct all the misstatements, and I reported material findings in this regard.

REPORT ON COMPLIANCE WITH LEGISLATION

39. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the entity's compliance with legislation.

40. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

41. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

42. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Strategic planning and performance management

43. The corporate plan submitted to the director-general of the Department of Communications and Digital Technologies (DCDT) designated by the executive authority did not include the affairs of subsidiaries listed below as required by the section 52(b) of the PFMA:

- The South African Postbank SOC Ltd
- The Courier and Freight Group (Pty) Ltd
- SAPOs Properties (East Rand) (Pty) Ltd
- SAPOs Properties (Bloemfontein) (Pty) Ltd
- SAPOs Properties (Cape Town) (Pty) Ltd
- SAPOs Properties (Port Elizabeth) (Pty) Ltd
- SAPOs Properties (Rossburgh) (Pty) Ltd

Procurement and contract management

44. Some of the goods, works or services were not procured through a procurement process which is fair, equitable, transparent and competitive, as required by section 51(1)(a)(iii) of the PFMA. Similar non-compliance was also reported in the prior year.

Revenue management

45. Effective and appropriate steps were not taken to collect all revenue due, as required by section 51(1)(b)(i) of the PFMA.

Expenditure management

46. Effective and appropriate steps were not taken to prevent irregular expenditure as disclosed in note 49 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA. The majority of the irregular expenditure was caused by the group not following supply chain management processes.



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47. Effective steps were not taken to prevent fruitless and wasteful expenditure as disclosed in note 49 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA. The majority of the fruitless and wasteful expenditure was caused by interest and penalties for late payments.

Consequence management

48. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure as required by section 51(1)(e)(iii) of the PFMA. This was due to proper and complete records that were not maintained as evidence to support the investigations into irregular expenditure.

49. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred fruitless and wasteful expenditure as required by section 51(1)(e)(iii) of the PFMA. This was because investigations into fruitless and wasteful expenditure were not performed.

50. Allegations of theft and fraud which exceeded R100 000 were not reported to the South African Police Service (SAPS), as required by section 34(1) of the Prevention and Combating of Corrupt Activities Act 12 of 2004 (Precca).

Oversight and governance

51. A social and ethics committee was not established, as required by section 72(4)(a) of the Companies Act and Companies Regulation 43(2)(a).

52. An audit committee was not established by the accounting authority, as required by section 51(1)(a)(ii) of the PFMA.

53. The vacancy of the company secretary was not filled within 60 days by the board after the vacancy arose, as required by section 86(4) of the Companies Act.

Annual financial statement

54. The financial statements were not submitted for auditing within the prescribed period after the end of financial year, as required by section 55(1)(c)(i) of the PFMA.

55. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records, as required by section 55(1) (a) and (b) of the PFMA.

56. Material misstatements of current assets, current liabilities, revenue, expenditure, other non - operating income and disclosure items identified by the auditors in the submitted financial statements were corrected and some of the supporting records were provided, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a disclaimer of opinion.

Internal control deficiencies

57. I considered internal control relevant to my audit of the consolidated and separate financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

58. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the disclaimer of opinion, material findings on the annual performance report and the material findings on compliance with legislation included in this report.

59. As indicated under the "other matter" paragraph above, the entity was placed under business rescue on 10 July 2023. Due to the solvency and liquidity challenges that preceded the business rescue process and the lengthy duration of the business rescue process, management only prepared and submitted financial statements for auditing after the legislated deadline.

60. The board of directors was dissolved during the business rescue process. The absence of the board represents a significant internal control deficiency, as it removes a key layer of accountability and oversight which contributed to the outcomes that we see above.

61. During the business rescue, there were limited measures implemented to preserve skills and capacity in the finance and IT function. This affected the credibility of the financial statements prepared as the experienced personnel with knowledge of the entities' financial records left the company during the business rescue process. This was highlighted by the lack of ownership and accountability for accurate and complete financial records and financial reporting at a component level, which further indicates a lack of financial oversight, monitoring, and review of component financial information.

62. Management and those charged with governance have not established an appropriate organisational structure to facilitate an effective control environment for reliable financial reporting and to ensure that financial statements and compliance activities are supported by appropriate



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records sustainable after the business rescue proceedings has been substantially implemented.

63. The action plans to address the internal control deficiencies were not adequately implemented and monitored. The continued capacity constraints at the accounting authority continued to have impact on the effectiveness of the accounting authority. The leadership did not exercise oversight on the financial statements and the annual performance report before submission for audit. We identified similar material misstatements to the financial statements and annual performance report submitted for audit that were previously reported.

64. Leadership did not exercise oversight responsibility regarding financial reporting, compliance and related internal controls to ensure that compliance requirements are met to prevent irregular and fruitless and wasteful expenditure and consequence management. The entity continued to incur irregular and fruitless and wasteful expenditure.

65. Poor awareness/rolling out of policies and procedures with regards to compliance with supply chain management policy, procedures and other laws and regulations as non-compliance findings were identified in procurement and contract management.

66. Leadership did not act on a timely basis on the internal audit unit's recommendations or reports, thus negatively affecting its effectiveness as an assurance provider to the leadership of the entity as numerous misstatements and findings were identified in the financial statements, annual performance report and compliance with relevant legislations.

67. Regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information were not adequately prepared by management as material misstatements on financial statements and performance information were identified relating to disagreements and limitations.

MATERIAL IRREGULARITIES

68. In accordance with the PAA and the Material Irregularity (MI) Regulations, I have a responsibility to report on material irregularities identified during the audit and on the status of material irregularities as previously reported in the auditor's report.

STATUS OF PREVIOUSLY REPORTED MATERIAL IRREGULARITIES

Lack of implementation of effective controls on the SASSA beneficiary payment system (IGPS)

69. In the 2019-20 financial year, SAPa sac Ltd did not implement effective controls and risk management processes on the grant payment system, resulting in various internal control deficiencies relating to the management of the integrated grant payment system (IGPS) used to manage the Sassa grant beneficiary payments, as required by PFMA section 51(1)(a)(i).

70. I notified the acting accounting authority of the material irregularity (MI) on 12 November 2020, and provided them with an opportunity to respond. The accounting authority responded on the 16 February 2021 and indicated that they are not the appropriate accounting authority, and therefore

cannot take any action as an agreement was reached to transfer ownership of the IGPS system from SAPa to Postbank SAC Ltd effective from 8 January 2021 in line with transfer of the Postbank division from the group to its own stand-alone entity which is not consolidated.

71. The written representation received was further assessed against the requirements of section 51(1)(a)(i) of the PFMA and an assessment of the responses to the internal control deficiencies identified contained indicators of fraud were prevalent in the internal control deficiencies. identified.

72. I therefore referred the material irregularity to the Directorate for Priority Crime Investigation (DPCI) on 15 November 2021 for investigation as provided for in section 5(1A) of the PAA



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- 73.** Progress received from DPCI dated 14 July 2022 indicated that Sapo terminated the contract of a service provider (card manufacturer and supplier) and further reported them to National Treasury as an unfit and dishonest service provider.
- 74.** The DPCI further submitted a compliance file to the AGSA, which mainly covered compliance which was already dealt with by the auditors and some actions that Sapo had already taken as it contained the same information provided to the audit team during the audit of the material irregularity relating to the procurement process and consequence management already implemented by SAPa internally
- 75.** I therefore concluded and responded to the DPCI indicating that the process completed thus far, has not yet dealt with the fraud considerations highlighted in the material irregularity referred to them and I have since awaited responses or progress on the actions taken on the fraud element of the MI.
- 76.** The DPCI submitted a status update on the 1 October 2024 indicating that the docket is still with the prosecutor for decision making.
- 77.** I will follow up on the progress made on the next audit.

Auditor - General

Pretoria

3 March 2025



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence



Annexure to the auditor's report

AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

Professional judgement and professional scepticism

- As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the consolidated and separate financial statements and the procedures performed on reported performance information for selected strategic objectives and on the entity's compliance with selected requirements in key legislation.

Financial statements

- In addition to my responsibility for the audit of the consolidated and separate financial statements as described in this auditor's report, I also:
- identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit 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
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the consolidated and separate financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may

cast significant doubt on the ability of the entity and its subsidiaries to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the consolidated and separate financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause an entity to cease operating as a going concern

- evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and determine whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

Communication with those charged with governance

- I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
- I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.



Annexure to the auditor's report

COMPLIANCE WITH LEGISLATION - SELECTED LEGISLATIVE REQUIREMENTS

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999	Section 50(3); 50(3)(a); 50(3)(b); 51(1)(a)(ii); Section 51(1)(a)(iii); 51(1)(b)(i); 51(1)(b)(ii); Section 51(1)(e)(iii); 52(b); 54(2)(c); 54(2)(d); Section 55(1)(a); 55(1)(b); 55(1)(c)(i); 56; 57(b); Section 57(d); 66(3)(a)
Treasury Regulations, 2005	Regulation 29.1.1; 29.1.1(a); 29.1.1(c); 29.2.1; Regulation 29.2.2; 29.3.1; 31.2.5; 31.2.7(a); Regulation 33.1.1; 33.1.3
Companies Act 71 of 2008	Section 30(3)(b)(i); 33(1)(a); 45(2); 45(3)(a)(ii); Section 45(3)(b)(i); 45(3)(b)(ii); 45(4); 46(1)(a); Section 46(1)(b); 46(1)(c); 72(4)(a); 75(6); 86(1); Section 86(4); 88(2)(d); 112(2)(a); 129(7)
Companies Act Regulations, 2011	Regulation 30(2); 43(2)(a)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations, 2004	Regulation 17; 25(7A)
Second amendment National Treasury Instruction No. 5 of 2020/21	Paragraph 1
Erratum National Treasury Instruction No. 5 of 2020/21	Paragraph 2
National Treasury Instruction No. 4 of 2015/16	Paragraph 3.4
National Treasury Instruction No. 5 of 2020/21	Paragraph 4.8; 4.9; 5.3
National Treasury SCM Instruction No.03 of 2021/22	Paragraph 4.2
National Treasury SCM Instruction No. 11 of 2020/21	Paragraph 3.1; 3.4(b); 3.9
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2.1(a); 2.1(f)
Preferential Procurement Regulations, 2022	Paragraph 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Preferential Procurement Regulations, 2017	Regulation 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; Regulation 6.3; 6.5; 6.6; 6.8; 7.1; 7.2; 7.3; 7.5; Regulation 7.6; 7.8; 8.2; 8.5; 9.1; 10.1; 10.2; Regulation 11.1; 11.2
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)
Public Finance Management Act 1 of 1999	Section 50(3); 50(3)(a); 50(3)(b); 51(1)(a)(ii); Section 51(1)(a)(iii); 51(1)(b)(i); 51(1)(b)(ii); Section 51(1)(e)(iii); 52(b); 54(2)(c); 54(2)(d); Section 55(1)(a); 55(1)(b); 55(1)(c)(i); 56; 57(b); Section 57(d); 66(3)(a)
Treasury Regulations, 2005	Regulation 29.1.1; 29.1.1(a); 29.1.1(c); 29.2.1; Regulation 29.2.2; 29.3.1; 31.2.5; 31.2.7(a); Regulation 33.1.1; 33.1.3



Director's Responsibilities and Approval

The Business Rescue Practitioners' (BRPs') appointment was ratified at a meeting of creditors in terms of section 147 of the Companies Act 71 of 2008 on 24 July 2023 (refer to point 15 of the Business Rescue Practitioners' report).

In terms of section 140 (1) (a) and (b) of the Companies Act :1)
"During a company's business rescue proceedings, the BRP, in addition to any other powers and duties set out in Chapter 6 of the Companies Act -

1.1 has full management control of the Company in substitution for its board and pre-existing management;

1.2 may delegate any power or function of the practitioner to a person who was part of the board or pre-existing management of the Company;



Ms. F Abdul-Gany - CA(SA)
SAPO GCFO

In terms of Section 49 of the Public Finance Management Act, the BRPs are therefore considered to be the Accounting Authority.

The BRPs have delegated Authority for the approval of these financial statements to the company's director, MS. F. Abdul-Gany.

The financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The financial statements set out on pages 111 to 227, which have been prepared on the going concern basis, were approved on 11 February 2025 and were signed on their behalf by:



Business Rescue Practitioners' Report

The BRPs have pleasure in submitting their report on the financial statements of the South African Post Office (SOC) Limited and its Subsidiaries (SA Post Office) for the year ended 31 March 2024.

1. INCORPORATION

The Company was incorporated on 30 September 1991 and obtained its certificate to commence business on the same day.

The Company's registered address is 497 Sophie de Bruyn street, Pretoria, 0001.

2. ULTIMATE HOLDING ENTITY

The group's ultimate holding entity is the South African Government which is represented by the Department of Communications and Digital Technologies.

3. NATURE OF BUSINESS

The South African Post Office was incorporated in South Africa with interests in the communication and services industry.

The activities of the Group are undertaken through the company and its principal subsidiaries.

The Group operates principally in South Africa.

The business of the Group is:

- The provision of universal, accessible, reliable and affordable postal services to the people of the Republic of South Africa in terms of the SA Post Office Act No. 22 of 2011 (as amended) and the Postal Services Act No. 124 of 1998 (as amended).
- To provide an infrastructure for the movement of paper and electronic documents between members in various industries and become the preferred delivery partner in the judicial system; and
- To provide courier, freight and related logistical services to citizens and business, within and beyond the South African boundaries.
- To provide agency services.

The business of the Group is conducted through its operations as well as its operating subsidiary within logistics, namely the Document Exchange Pty Ltd (DOCEX). These divisions and its subsidiary are responsible for all the trading activities of the Group, which are conducted through the mail distribution network as well as the infrastructure of service points available throughout the country. The main support divisions in the Group are: Strategic Planning, Finance and Supply Chain Management, Human Resources, Information Technology, Internal Audit, Property Management, Sales, and Governance and Compliance.



Business Rescue Practitioners Report

4. DIRECTORATE

The directors in the office at the date of this report are as follows:

Directors	Office	Designation	Changes
Ms. NP Mona	Group Chief Executive Officer	Executive	Resigned 30 June 2024
Ms. F Abdul-Gany	Group Chief Financial Officer	Executive	
Mr. SLM Majombozi	Acting Chairperson	Non-executive	Resigned 25 May 2023
Ms. NP Ngonyama	Other	Non-executive	Resigned 23 May 2023
Mr. ST Nkese	Other	Non-executive	Resigned 25 May 2023
Mr. TJ Ntetho	Other	Non-executive	Resigned 25 May 2023

Appointment of BRPs - refer to 16 below.

In May 2023 the powers and mandate of the board were relinquished. The Business Rescue Practitioners then assumed this same responsibility of the Board of Directors. The Group CEO and CFO remained in their positions as per the information in the above table.

5. BUSINESS RESCUE PRACTITIONERS

Mr. J Damons	Appointed 10 July 2023
Mr. A Rooplal	Appointed 10 July 2023

6. DIRECTORS' AND OFFICERS' INTERESTS IN CONTRACTS

During the financial year, no contracts were entered into which directors or officers of the Group had an interest and which significantly affected the business of the Group.

7. AUDITORS

The Shareholder reappointed the Auditor-General of South Africa as auditor for the Company and its subsidiaries at the Company's previous Annual General Meeting

8. REVIEW OF FINANCIAL RESULTS AND ACTIVITIES

The financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS'), the Public Finance Management Act ('PFMA') and the requirements of the Companies Act of South Africa.

All amounts are rounded to the nearest thousands, except when otherwise indicated.

The accounting policies have been applied consistently compared to the prior year.

The group recorded a net profit after tax for the year ended 31 March 2024 of R5,297 million (2023: net loss after tax R2,120 million) and a net asset value of R1,018 million (2023: negative net asset value of R6,215 million)

Group revenue decreased by 30.08% from R2,329 million in the prior year to R1,628 million for the year ended 31 March 2024. The mail revenue continued to be depressed driven mainly by the decline in mail volumes, logistics volumes and loss of customers. The mail revenue business represents 73% (2023: 61%) of total company revenues.



Business Rescue Practitioners Report

9. PROPERTY, PLANT AND EQUIPMENT

There was no significant change in the nature of the property, plant and equipment of the group or in the policy regarding their use.

As at 31 March 2024 the total carrying amount of the group's property and plant and equipment amounted to R1,733 million (2023: R2,320 million), of which R2.3 million (2023: R2.7 million) of property and plant and equipment was added in the current year through acquisition.

During the current financial year, there was a revaluation of property, plant and equipment and investment properties were performed by external valuers.

The group has commitments in respect of contracts placed for capital expenditure to the amount of R1 million (2023: R40 million). Refer to note 46 for details.

10. DIVIDENDS

The Company's dividend policy is to consider an interim and a final dividend in respect of each financial year. At its discretion, the board of directors may consider a special dividend, where appropriate. Depending on the perceived need to retain funds for expansion or operating purposes, the board of directors may pass on the payment of dividends. Given the current constrained cash flows of the Company, the board of directors has not declared a dividend by the SA Post Office during the financial year ended 31 March 2024 (2023: R0).

11. MONITORING OF FRUITLESS, WASTEFUL AND IRREGULAR EXPENDITURE, AND LOSSES DUE TO CRIMINAL CONDUCT

The Financial Misconduct Committee (FMC) was established in 2015, with its first meeting held on 12 February 2015 and mandated through the Group's financial misconduct policy to regulate, monitor and report on all fruitless, wasteful and irregular expenditure, and losses due to criminal conduct, and institute management consequences that need to be implemented.

All identified fruitless and wasteful expenditure for the Group under investigation as at 31 March 2024 amounted to R16 million of fruitless and wasteful expenditure (2023: R45 million). Refer to note 49 for more detail.

All identified irregular expenditure for the Group under investigation as at 31 March 2024 amounted to R42 million of irregular expenditure (2023: R166 million). Refer to note 49 for more detail.

All identified losses due to criminal conduct for the Group under investigation as at 31 March 2024 amounted to R44 million (2023: R127 million). The Company considers a single loss due to criminal conduct of R30 million and above to be material. There has been no single incident in the financial year where the materiality was breached. Refer to note 50 for more detail.

12. INSURANCE AND RISK MANAGEMENT

The company follows a policy of reviewing the risks relating to assets and possible liabilities arising from business transactions with its insurers on an annual basis. Wherever possible assets are automatically included. There is also a continuous asset risk control program, which is carried out in conjunction with the company's insurance brokers. Over the last few years, the company has reduced insurance cover in line with financial constraints and its affordability. This leaves the business, its directors and public officers exposed to certain risk, should it materialise.

13. SPECIAL RESOLUTIONS

No special resolutions, the nature of which might be significant to the shareholder in their appreciation of the state of affairs of the Company were made during the period covered by this report.

The Non-executive Board of Directors was dissolved in May 2023. The Business Rescue Practitioners assumed the responsibility of the Board of Directors upon their appointment on 10 July 2023.

The BRP's requested approval for exemption, from the Minister, from sections of South African Post Office SOC Act 22 of 2011 (as amended), Memorandum of Incorporation, Public Finance and Management Act and Companies Act, to dispose of certain property assets and authority to borrow funds from external parties. At the date of this report, these approvals were not granted.

The BRP's received approval from the Minister to liquidate the dormant subsidiary, Courier Freight Group (Pty) Limited.

14. EVENTS AFTER THE REPORTING PERIOD

Retrenchment of Employees

In April and May 2024, the SA Post Office retrenched approximately 4,300 employees as part of its ongoing Business Rescue Process. The decision to retrench was finalized prior to the reporting date of 31 March 2024, and a provision for the retrenchment costs was recognized in the financial statements for the year ended 31 March 2024. As the decision was made before



Business Rescue Practitioners Report

year-end, this constitutes an adjusting event in accordance with IAS 10, and the financial statements have been adjusted to reflect the related obligations. The actual retrenchment process, including the settlement of final employee benefits, took place after year-end.

During the initial restructuring phase, management estimated the retrenchment of approximately 6,000 employees as part of the Business Rescue Process to ensure the financial sustainability of the SA Post Office. After further assessments, management revised the plan to reduce the number of job cuts in an effort to retain as many jobs as possible.

Following this reassessment, 4,300 employees were retrenched. This decision reflects management's commitment to preserving employment while addressing operational efficiency and financial viability. The financial impact of these changes has been factored into the restructuring provisions in the financial statements.

Closure of Branches

SA Post Office closed 366 branches as part of its restructuring and cost-cutting measures. The decision to close these branches was made prior to 31 March 2024, and a provision has been raised in the financial statements for the costs associated with the closures. While the branch closure process commenced after the reporting date, the decision to close was made before year-end, thus constituting an adjusting event in accordance with IAS 10. The financial statements have been adjusted to reflect the estimated costs associated with the closures.

Courier Freight Group (Pty) Limited

The BRP's received approval from the Minister to liquidate the dormant subsidiary, Courier Freight Group (Pty) Limited.

The BRPs are not aware of any other material event which occurred after the reporting date and up to the date of this report.

15. GOING CONCERN

Going concern basis of preparation

The SA Post Office is a State-Owned Company with the mandate to achieve the priorities of the Government in providing universal access and affordable postal and financial services to all areas, including rural areas and small towns within the Republic of South Africa. The SA Post Office infrastructure and SA Post Office branch network exists to render these Universal Postal Services that all citizens are entitled to in the foreseeable future.

The accompanying financial statements have been prepared on a going concern basis, which assumes that the Company will continue to operate in the foreseeable future.

Business rescue (BR) process

Due to financial difficulties and the inability to meet its obligations as they became due, the Company was placed under business rescue on 10 July 2023 by the North Gauteng Division of the High Court of South Africa, in accordance with the provisions of the Companies Act, No. 71 of 2008.

Interim joint BRPs, Mr. Anooshkumar Rooplal and Mr. Juanito Martin Damons, were appointed in respect of the business rescue proceedings subject to approval by the Registrar of Financial Services and ratification by the majority of SA Post Office's creditors. Approval was obtained from the FSCA on 14 July 2023, and the joint BRP's appointment was ratified at a meeting of creditors in terms of section 147 of the Companies Act 71 of 2008 on 24 July 2023.

The BRPs are responsible for overseeing the Company's affairs, business, and property in an effort to facilitate the rehabilitation of the Company.

The Company's ability to continue as a going concern is dependent on the successful implementation of the business rescue plan, which includes measures to restructure the Company's debt, improve its liquidity position, and return the Company to profitability. The implementation of the BR plan is dependent on funding from the fiscus.

The BRPs believe that, with the successful execution of the business rescue plan and the support of key stakeholders, the Company will be able to continue as a going concern. However, should the business rescue process not succeed, there is a risk that the Company may not be able to continue as a going concern, and adjustments may be required to the carrying amounts of assets and liabilities in the financial statements.

BR progress, significant outcomes and milestones achieved over the reporting period

The Plan is underpinned by strategic drivers that are aimed at stabilising, surviving and future-proofing the SA Post Office to ensure it will be sustainable in future. The SA Post Office received the full R2.4 billion funding allocation from the fiscus in 2023/2024 financial year, which is supporting the current operations, partial payment of retrenchment costs and payment of the creditors compromise due to relevant affected parties of the Company.

In order to fully implement the approved BR Plan, the SA Post Office requires a further R3.8 billion in funding from the fiscus, as was stated in the application to the high court to place the SA Post Office into business rescue. A formal application for this funding allocation has been submitted. A representative BRP team also updated Parliament on operational changes, success-



Business Rescue Practitioners Report

es, risks and possible mitigation tactics as well as the envisaged future of the SA Post Office, should additional funding not be procured.

Over the past year, the BRPs have stabilized the business and made progress on cutting costs. This has included rescaling the business. As a result, about 4 300 employees out of a total staff complement of 11 083 were retrenched through a Labour Relations Act section 189 process, in consultation with the CCMA. The first tranche of retrenchment packages was paid in June 2024, and the second tranche was paid on 28 August 2024. The final tranche was paid in November 2024 as agreed with the CCMA and relevant unions.

The restructuring of the SA Post Office is intended not only to align the costs to revenue, but to also have the capacity and renewed infrastructure to grow the business. The capacity of the Financial Misconduct Committee was reinforced, enabling over 250 disciplinary matters to be completed. This resulted in dismissals, where recommended.

The branch network was rationalized, with 366 Post Office branches permanently closed. When this process is completed, the SA Post Office will have about 657 branches across South Africa, with 232 sites offering Motor Vehicle License renewals through the Department of Transport. The closures will not affect the SA Post Office's Universal Service Obligation (USO) mandate, which is to provide postal services to all South Africans, regardless of where they live.

Creditors supported the write-off of 88% of the amounts owed to them, which has reduced the SA Post Office's debt burden. By 31 July 2024, 99.6% of all creditors had been paid a compromised 12c in the rand or 12% of the amount owed to them, totaling R1 billion. Statutory & payroll creditors (SARS, Post Office Retirement Fund & Medical Aid Schemes) will be paid a further 18 cents compromise upon receipt of the R3,8 billion funding from the Fiscus.

Further operational and sales activities were undertaken to support the business. They included migrating the key system applications and hardware to a new data centre, which stabilized the connectivity and IT operations, and comprehensively overhauling the automated sorting capabilities to ensure cost-efficient and effective mail handling in large mail centres. An internal committee was constituted to focus and comply with international postal obligations and as a result international and African mail backlogs have all been cleared. Domestic mail backlogs have been reducing since the commencement of business rescue and mail is moving frequently.

To support the delivery of mail and parcels, a multimodal approach to 'last mile' delivery has been adopted. A combination of walking, bicycles, motorcycles and vans are being used to op-

timise routes and delivery. Some 422 leased vehicles have been deployed to move mail and postmen to delivery depots and to make street deliveries.

Summary of material uncertainty

The conditions noted below resulted in a material uncertainty that might cast significant doubt on Group's ability to continue as a going concern as at the reporting date:

- Declining demand for traditional postal services due to technological advancements, and the SA Post Office's failure to adapt to these developments;
- Operational inefficiencies and inadequate infrastructure;
- The Group has limited ability to obtain financing for essential operational and strategic initiatives; and

The South African Post Office requires a further R3.8 billion in funding from the fiscus, as was stated in the application to the high court to place the South African Post Office into business rescue.

As discussed above and below, significant progress in resolving these matters has been made, however, considerable work remains to be done.

Strategic repositioning the entity

A Business Rescue Plan ('the BR Plan') designed to stabilize and support the business to ensure it had a sustainable future was drafted by the BRPs and endorsed by an overwhelming majority of relevant creditors on 7 December 2023.

The BRPs have implemented a robust Governance and Control system to ensure effective oversight of the cash conservation and cash utilisation process. The payment approval process has created better control of cash management through greater interrogation of expense requisitions.

This Business Rescue Plan proposes that SA Post Office invest in a dedicated sales and business development team to revitalize the bulk mail revenue segment. This team would be tasked with attracting new clients, increasing volumes from existing clients, and implementing strategies to enhance the overall efficiency and effectiveness of SA Post Office's bulk mail operations.

The bulk mail revenue segment is critical to the successful turnaround of SA Post Office. Key interventions in the "engine room" of SA Post Office is required in terms of operations at its mail processing centres and the logistics value chain, which includes the Last Mile to the customer. The BRPs have held meetings with certain Bulk Mail customers to appraise them of the Business Rescue proceedings and to request their ongoing support. The BRPs are working on the broader sales and marketing fit-



Business Rescue Practitioners Report

for- purpose strategy. This will ultimately culminate in strengthening the sales and marketing team with suitably qualified and experienced people to drive product development and sales. The BRPs are also addressing key challenges to improve delivery standards.

SA Post Office has a depot network that is strategically located throughout South Africa. SA Post Office's depot network, coupled with investment in a large company-owned logistics fleet, could position it as an attractive partner to retailers in the e-commerce space and to corporates in the freight logistics market. The BRPs are of the opinion that a large addressable market exists and that SA Post Office could reposition itself as a leading South African logistics services provider

The BRPs are currently building a sales capability, and a marketing and communications capacity within SA Post Office. The exact modalities will be implemented by the BRPs working in consultation with SA Post Office management and could include external service providers for a transition period, given the urgency of the interventions required. In addition, provision is made in the financial forecasts for a ramp-up in annual operating expenditure on marketing and brand development.

Conclusion

In light of these circumstances, the BRPs have concluded that the going concern assumption is appropriate. However, material uncertainties related to the Company's ability to continue as a going concern remain. These uncertainties cast significant doubt on the Company's ability to continue its operations without the receipt of the R3,8 billion funding to successful complete the business rescue process.

16. PROVISIONAL LIQUIDATION

On 09 February 2023, a judgement was issued to place SA Post Office under provisional liquidation which led to a Provisional

Liquidator being appointed on 30 March 2023.

On 10 July 2023, the Company was placed into Business rescue with the appointment of the Business Rescue Practitioners. The BRP's applied to have the provisional liquidation order to be set aside. The matter was heard on 22 November 2024 in special motion court and the order setting aside the provisional liquidation was granted.

17. LITIGATION STATEMENT

From time to time the company becomes involved in various claims and lawsuits incidental to the ordinary course of business. Refer to note 47 for more details regarding these.

The BRP's are not aware of any further legal or arbitration proceedings which have a material effect on the Company's financial position, except for those mentioned in note 47.

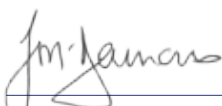
18. DATE OF AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The consolidated and company annual financial statements have been authorised for issue by the Accounting Authority, the BRPs on 11 February 2025.

19. ACKNOWLEDGEMENTS

Thanks and appreciation are extended to the SA Post Office's shareholder, all staff,, suppliers and consumers for their continued support of the group.

Signed By Business Rescue Practitioners:



Mr. J Damons



Mr. A Rooplal



Statement of Financial Position as at 31 March 2024

		Group			Company		
Figures in Rand thousand	Note(s)	2024	2023 Restated *	2022 Restated *	2024	2023 Restated *	2022 Restated *
Assets							
Non-Current Assets							
Property, plant and equipment	3	1,733,121	2,320,101	2,405,262	1,732,571	2,319,887	2,404,949
Right-of-use assets	4	57,605	189,871	112,454	54,397	187,051	107,751
Investment property	5	226,019	287,294	252,737	154,417	214,209	179,526
Heritage assets	6	46,247	46,247	46,247	46,247	46,247	46,247
Intangible assets	7	1,434	1,449	2,953	1,434	1,449	2,953
Investments in subsidiaries	8	-	-	-	20,576	31,933	31,933
Other financial assets	10	99,883	94,333	489,688	99,883	94,333	489,688
Operating lease asset	11	-	5,483	-	-	5,465	-
Retirement benefit asset	12	55,968	50,484	47,200	55,968	50,484	47,200
Deferred tax	21	7,083	6,696	6,226	-	-	-
		2,227,360	3,001,958	3,362,767	2,165,493	2,951,058	3,310,247
Current Assets							
Loans to group companies	9	-	-	-	-	-	-
Other financial assets	10	1,664	1,472	143,774	1,664	1,472	143,774
Operating lease asset	11	7,958	226	2,328	7,899	206	2,298
Inventories	13	49,754	48,128	47,242	49,385	47,744	46,847
Trade and other receivables	14	332,046	680,633	1,758,094	326,789	673,785	1,749,957
Prepayments	15	12,874	899	2,418	12,706	899	2,418
Current tax receivable		145	12	110	-	-	-
Cash and cash equivalents	16	2,578,479	543,054	682,140	2,559,593	520,025	656,672
		2,982,920	1,274,424	2,636,106	2,958,036	1,244,131	2,601,966
Non-current assets held for sale	17	-	41,151	144,367	-	36,301	126,767
Total Assets		5,210,280	4,317,533	6,143,240	5,123,529	4,231,490	6,038,980
Equity and Liabilities							
Equity							
Share capital	18	10,564,116	8,164,116	8,164,116	10,564,116	8,164,116	8,164,116
Reserves		1,522,855	1,990,338	2,048,821	1,522,855	1,990,338	2,048,821
Accumulated loss		(11,068,751)	(16,369,127)	(14,240,749)	(11,122,304)	(16,396,246)	(14,255,195)
		1,018,220	(6,214,673)	(4,027,812)	964,667	(6,241,792)	(4,042,258)



Statement of Financial Position as at 31 March 2024

		Group			Company		
Figures in Rand thousand	Note(s)	2024	2023 Restated *	2022 Restated *	2024	2023 Restated *	2022 Restated *
Liabilities							
Non-Current Liabilities							
Lease liabilities	4	34,792	66,617	71,157	34,668	63,545	67,632
Retirement benefit obligation	12	412,405	620,210	875,891	412,405	620,210	875,891
Deferred tax	21	14,210	17,668	20,014	-	-	-
Provisions	22	23,249	34,486	30,036	23,249	34,486	30,036
Other employee benefits	23	22,408	34,783	39,301	20,603	34,235	38,753
		507,064	773,764	1,036,399	490,925	752,476	1,012,312
Current Liabilities							
Lease liabilities	4	83,268	383,942	268,897	79,768	383,942	266,805
Operating lease liability	11	772	2,005	-	772	-	-
Retirement benefit obligation	12	97,358	95,510	136,124	97,358	95,510	136,124
Postbank SOC Ltd Liability	20	-	215,869	207,897	-	215,869	207,897
Provisions	22	30,928	91,512	126,745	30,928	91,512	126,745
Trade and other payables	24	2,979,685	8,070,520	7,555,789	2,975,979	8,044,029	7,501,999
Financial liabilities at amortised cost		-	-	24,969	-	-	24,969
Contract liabilities	25	2,465	1,954	1,954	-	-	-
Deferred income	26	63,422	80,942	99,031	56,162	75,278	93,184
Current tax payable		310,774	58	765	310,363	-	-
Funds collected on behalf of third parties	27	40,714	669,017	467,893	40,714	669,017	467,893
Other employee benefits	23	75,610	147,113	185,779	75,893	145,649	184,500
Government grants	28	-	-	58,810	-	-	58,810
		3,684,996	9,758,442	9,134,653	3,667,937	9,720,806	9,068,926
Total Liabilities		4,192,060	10,532,206	10,171,052	4,158,862	10,473,282	10,081,238
Total Equity and Liabilities		5,210,280	4,317,533	6,143,240	5,123,529	4,231,490	6,038,980



Statement of Profit or Loss and Other Comprehensive Income

		Group		Company	
Figures in Rand thousand	Note(s)	2024	2023 Restated *	2024	2023 Restated *
Revenue	29	1,628,264	2,328,734	1,595,212	2,295,940
Other operating income	30	1,046,364	750,752	1,008,401	732,034
Other operating gains (losses)	31	(33,077)	(21,798)	(31,593)	(26,522)
Movement in credit loss allowances	14	(250,819)	(1,548)	(252,566)	(1,548)
Other operating expenses	32	(1,342,560)	(1,295,039)	(1,334,054)	(1,279,089)
Employee costs	33	(2,944,666)	(3,677,336)	(2,924,050)	(3,656,758)
Transport cost		(45,142)	(80,881)	(37,377)	(72,684)
Depreciation, amortisation and impairment losses	34	(225,143)	(189,313)	(234,258)	(187,432)
Operating profit (loss)		(2,166,779)	(2,186,429)	(2,210,285)	(2,196,059)
Investment income	35	1,051,968	942,201	1,071,205	940,845
Finance costs	36	(802,410)	(1,017,272)	(801,785)	(1,016,623)
Other non-operating gains (losses)	37	7,524,325	138,874	7,524,325	138,874
Profit (loss) before taxation		5,607,104	(2,122,626)	5,583,460	(2,132,963)
Taxation	38	(309,686)	2,468	(310,363)	-
Profit (loss) for the year		5,297,418	(2,120,158)	5,273,097	(2,132,963)
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Remeasurements on net defined benefit liability/asset		(91,940)	(8,220)	(92,171)	(8,088)
Losses on property revaluation		(473,033)	(22,829)	(473,033)	(22,829)
Gains (losses) on other financial assets adjustments	10	5,550	(35,654)	5,550	(35,654)
Total items that will not be reclassified to profit or loss		(559,423)	(66,703)	(559,654)	(66,571)
Other comprehensive income for the year net of taxation		(559,423)	(66,703)	(559,654)	(66,571)
Total comprehensive income (loss) for the year		4,737,995	(2,186,861)	4,713,443	(2,199,534)



Statement of Changes in Equity

Figures in Rand thousand	Share capital	Capital contribution reserve	Total share capital	Revaluation reserve	Mark-to-market reserve	Total reserves	Accumulated loss	Total equity
Group								
Opening balance as previously reported	8,164,116	-	8,164,116	2,007,761	41,06	2,048,821	(15,463,266)	(5,250,329)
Adjustments								
Prior year adjustments	-	-	-	-	-	-	1,222,517	1,222,517
Balance at 01 April 2022 as restated	8,164,116	-	8,164,116	2,007,761	41,06	2,048,821	(14,240,749)	(4,027,812)
Loss for the year	-	-	-	-	-	-	(2,120,158)	(2,120,158)
Other comprehensive income	-	-	-	(22,829)	(35,654)	(58,483)	(8,220)	(66,703)
Total comprehensive Loss for the year	-	-	-	(22,829)	(35,654)	(58,483)	(2,128,378)	(2,186,861)
Opening balance as previously reported	8,164,116	-	8,164,116	1,984,932	5,406	1,990,338	(17,643,617)	(7,489,163)
Adjustments								
Prior year adjustments	-	-	-	-	-	-	1,274,490	1,274,490
Balance at 01 April 2023 as restated	8,164,116	-	8,164,116	1,984,932	5,406	1,990,338	(16,369,127)	(6,214,673)
Profit for the year	-	-	-	-	-	-	5,297,418	5,297,418
Other comprehensive income	-	-	-	(473,033)	5,550	(467,483)	(91,940)	(559,423)
Total comprehensive income for the year	-	-	-	(473,033)	5,550	(467,483)	5,205,478	4,737,995
Capital contribution reserve	-	2,400,000	2,400,000	-	-	-	-	2,400,000
Actuarial gains and losses	-	-	-	-	-	-	94,898	94,898
Total contributions by and distributions to owners of company recognised directly in equity	-	2,400,000	2,400,000	-	-	-	94,898	2,494,898
Balance at 31 March 2024	8,164,116	2,400,000	10,564,116	1,511,899	10,956	1,522,855	(11,068,751)	1,018,220
Note(s)	18	18	18		19			



Statement of Changes in Equity

Figures in Rand thousand	Share capital	Capital contribution reserve	Total share capital	Revaluation reserve	Mark-to-market reserve	Total reserves	Accumulated loss	Total equity
Company								
Opening balance as previously reported	8,164,116	-	8,164,116	2,007,761	41,06	2,048,821	(15,477,708)	(5,264,771)
Adjustments								
Prior year adjustments	-	-	-	-	-	-	1,222,513	1,222,513
Balance at 01 April 2022 as restated	8,164,116	-	8,164,116	2,007,761	41,06	2,048,821	(14,255,195)	(4,042,258)
Loss for the year	-	-	-	-	-	-	(2,132,963)	(2,132,963)
Other comprehensive income	-	-	-	(22,829)	(35,654)	(58,483)	(8,088)	(66,571)
Total comprehensive Loss for the year	-	-	-	(22,829)	(35,654)	(58,483)	(2,141,051)	(2,199,534)
Opening balance as previously reported	8,164,116	-	8,164,116	1,984,932	5,406	1,990,338	(17,670,735)	(7,516,281)
Adjustments								
Prior year adjustments	-	-	-	-	-	-	1,274,489	1,274,489
Balance at 01 April 2023 as restated	8,164,116	-	8,164,116	1,984,932	5,406	1,990,338	(16,396,246)	(6,241,792)
Profit for the year	-	-	-	-	-	-	5,273,097	5,273,097
Other comprehensive income	-	-	-	(473,033)	5,550	(467,483)	(92,171)	(559,654)
Total comprehensive income for the year	-	-	-	(473,033)	5,550	(467,483)	5,180,926	4,713,443
Capital contribution reserve	-	2,400,000	2,400,000	-	-	-	-	2,400,000
Actuarial gains and losses	-	-	-	-	-	-	93,016	93,016
Total contributions by and distributions to owners of company recognised directly in equity	-	2,400,000	2,400,000	-	-	-	93,016	2,493,016
Balance at 31 March 2024	8,164,116	2,400,000	10,564,116	1,511,899	10,956	1,522,855	(11,122,304)	964,667
Note(s)	18	18	18					

The accounting policies on pages 122 to 140 and the notes on pages 141 to 232 form an integral part of the financial statements.



Statement of Cash Flows

		Group		Company	
Figures in Rand thousand	Note(s)	2024	2023*	2024	2023*
Cash flows from operating activities					
Grants and transfers received		524,270	519,273	524,270	519,273
Cash receipts from customers		2,568,516	3,309,630	1,953,967	3,256,385
Cash paid to suppliers and employees		(3,455,706)	(4,602,635)	(2,856,458)	(4,532,450)
Cash used in operations		(362,920)	(773,732)	(378,221)	(756,792)
Interest income		100,711	43,811	99,007	42,455
Dividends received (trading)		10,000	15,000	30,941	15,000
Finance costs		(22,684)	(11,764)	(22,603)	(11,609)
Tax paid	39	(266)	(957)	-	-
Net cash from operating activities		(275,159)	(727,642)	(270,876)	(710,946)
Cash flows from investing activities					
Purchase of property, plant and equipment	3	(2,340)	(2,729)	(1,898)	(2,729)
Sale of property, plant and equipment		-	517	-	517
Sale of investment property	5	39,717	8,718	34,866	8,718
Purchase of other intangible assets	7	(156)	-	(156)	-
Disposal of financial assets at fair value		-	640,877	-	640,877
Changes in (disposal of) non-current assets held for sale		-	17,599	-	-
Net cash from investing activities		37,221	664,982	32,812	647,383
Cash flows from financing activities					
Proceeds from capital contribution reserve	18	2,400,000	-	2,400,000	-
Proceeds from (repayment of) lease liabilities		(126,637)	(76,426)	(122,368)	(73,084)
Finance costs		-	-	-	-
Net cash from financing activities		2,273,363	(76,426)	2,277,632	(73,084)
Total cash movement for the year		2,035,425	(139,086)	2,039,568	(136,647)
Cash at the beginning of the year		543,054	682,140	520,025	656,672
Total cash at end of the year	16	2,578,479	543,054	2,559,593	520,025

* See note 42



Accounting Policies

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

SA Post Office is a Company incorporated in South Africa. Its parent and ultimate holding entity is the South African Government represented by the Department of Communications and Digital Technologies. The address of its registered office and place of business are disclosed in the BRP's report. The principal activities of the Company and its subsidiaries are also described in the BRPs' report.

The Company's annual financial statements have been prepared in accordance with International Financial Reporting Standards, and the requirements of the Public Finance Management Act and the Companies Act of South Africa.

The accounting policies applied in preparation of these annual financial statements are consistent in all material respects with those applied in the prior year, unless explicitly stated otherwise as changes in accounting policies. No standards were adopted before the effective date during the financial reporting period ended 31 March 2024.

The financial statements are presented in South African Rands (ZAR), the functional currency of the Company. All amounts are rounded to the nearest thousands, except when otherwise indicated. They are prepared on the historical cost basis, except for land and building, heritage assets, investment properties and certain financial instruments at fair value.

All references to the "Company" in these accounting policies also refer to the "Group", unless context indicates otherwise.

1.1 Basis of preparation

The financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these financial statements and the Companies Act of South Africa, as amended.

These financial statements comply with the requirements of the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

The financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Rands, which is the group and company's functional currency.

These accounting policies are consistent with the previous period.

1.2 Financial statement preparation

Basis of consolidation

Subsidiaries

The consolidated annual financial statements incorporate the annual financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- Has power over the investee
- Is exposed, or has rights, to variable returns from its involvement with the investee and
- Has the ability to use its power to affect its return

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other voting holders;
- Potential voting rights held by the Company, other vote holder or other parties;
- Rights arising from other contractual arrangements, and
- Any additional facts and circumstances that indicate that the Company has, or does have, the current ability to direct the relevant activities at the time that decisions need to be made.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the annual financial statements of subsidiaries to bring their accounting policies to



Accounting Policies

align with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Fair value considerations

The consolidated annual financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and /or disclosure purposes in these consolidated annual financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 input are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

Current non-current distinction

All assets and all liabilities are classified and presented as either current or non-current unless they are presented in order of their liquidity. The term 'current' is defined for:

1. assets, as an asset that is:
 - expected to be realised in, or is intended for sale or consumption in, the entity's normal operating cycle; (ii) held primarily for the purpose of being traded;
 - expected to be realised within 12 months after the reporting period; or
 - cash or a cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period;
2. liabilities, as a liability that:
 - is expected to be settled in the entity's normal operating cycle;
 - is held primarily for the purpose of being traded;
 - is due to be settled within 12 months after the reporting period; or
 - the entity does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current assets include inventories and trade receivables that are sold, consumed or realised as part of the normal operating cycle and current liabilities include those liabilities that form part of the working capital used in a normal operating cycle of the entity, for example trade payables and accruals for employee benefits expense.

The principal accounting policies are set out below.

1.3 Significant judgements and sources of estimation uncertainty

In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the amounts represented in the consolidated financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the consolidated financial statements. Significant judgements include:

Loans and receivables

The Group assesses its loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the Group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the



Accounting Policies

portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Financial assets through other comprehensive income (OCI)

The Group follows the guidance of IFRS 9 to determine when a financial asset is impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

Allowance for slow moving, damaged and obsolete stock

The allowance for stock write-off at the lower of cost or net realisable value requires the use of estimates to determine the selling price and direct cost to sell.

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

Other items that are subject to fair value as a significant judgement and source of estimation and uncertainty include property, plant and equipment, and investment property. Further detail on the valuation of these items is provided in notes 3 and 5 respectively.

Impairment testing of non-financial assets

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of

value-in-use calculations and fair value less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that assumptions may change which may then impact estimations and may then require a material adjustment to the carrying value of non-financial assets.

The Group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable.

Provisions and contingent liabilities

Provisions were raised and management determined an estimate based on available information.

General

Management's judgement is required when recognising and measuring provisions and when measuring contingent liabilities. The probability that an outflow of economic resources will be required to settle the obligation must be assessed and a reliable estimate must be made of the amount of the obligation. Provisions are measured at management's best estimate of the expenditure required to settle the obligation and discounted where the effect of discounting is material.

The discount rate used is the rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability, all of which require management's judgement. The Group is required to recognise provisions for legal contingencies when the occurrence of the contingency is probable and the amount of the loss can be reasonably estimated. Liabilities provided for legal matters require judgements regarding projected outcomes and ranges of losses based on historical experience and recommendations of legal counsel. Litigation is however unpredictable and actual costs incurred could differ materially from those estimated at the reporting date.

Provision for expected credit losses of trade receivables

The Group uses a provision matrix to calculate expected credit losses (ECLs) for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns based on product type.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.



Accounting Policies

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 14.

Realisation of deferred tax

Deferred tax is provided for on the fair value adjustments of investment properties based on the type of recovery, i.e. sale or use. This type of recovery affects the rate used to determine the deferred tax liability.

Taxation

Judgement is required when determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Group recognises the net future tax benefit related to deferred tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred tax assets requires the Group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

Deferred income

Judgement is required when determining the deferred revenue due to the stage of completion of the revenue contract at year end. There are many transactions and calculations for which the ultimate deferred revenue determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated deferred income based on the stage of completion. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact the profit or loss and deferred income liability in the period in which such determination is made.

Post-employment benefit obligations

In determining the value to be placed on these post-employment benefits, various assumptions in respect of various economic and demographic factors have been made. In order to have consistency between the benefits, the same assumptions for all benefits have been applied where relevant. In assessing the appropriateness of the assumptions used it is important to consider the assumptions as a whole rather than in isolation. In particular, the relationship between the assumptions for the discount rate and the rate of increase in benefits is important.

IAS 19 Employee Benefits (IAS 19) requires that realistic assumptions be applied in the valuation and that this should be determined with reference to the yields on corporate stock of similar duration to the liabilities. The standard further indicates that if the corporate bond market is neither sufficiently deep nor liquid, reference should be made to the yields on government stock. For the purpose of this valuation, account has been taken of the yields on South African government stock as reflected in the yield curve of the Bond Exchange of South Africa. The basic inflation assumption has also been determined by reference to the inflation rate implied in the market by the difference between the yield on nominal and inflation linked government stock.

The demographic assumptions (e.g. mortality, withdrawal rates, etc.) have been based on standard actuarial tables and other assumption rates that are generally used in the marketplace for the valuation of liabilities of this nature. Allowance has been made for AIDS related deaths in respect of the long service and leave encashment benefits, but not the post-retirement medical aid (PRMA) benefits, using the Actuarial Society of South Africa AIDS model.

The results of the valuation are highly dependent on the choice of assumptions and the relationship between them. Therefore, in order to assist the user in interpretation of the valuation, results show the impact on the liabilities of a number of different assumptions.

Actuarial valuations are performed on an annual basis.

Site restoration and dismantling cost

Decommissioning costs expected to be incurred upon the termination or conclusion of lease agreements have been capitalised in terms of the relevant lease agreements. It is uncertain whether these leases will be extended or terminated earlier, and this creates uncertainty regarding the amount and timing of the cash flows. There are no expected reimbursements for the costs that will be incurred.



Accounting Policies

Estimation of useful lives and residual values

Property, plant and equipment are depreciated over their useful lives taking into account the residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessment considers issues such as future market conditions, the remaining lives of the assets and the projected disposal values.

Intangible assets are amortised on a straight-line basis over their estimated useful lives. The amortisation methods and remaining useful lives are reviewed at least annually. The estimation of the useful lives of intangible assets is based on historic performance as well as expectations about future use and therefore requires a significant degree of judgement.

Going Concern

Significant judgements were made in respect of assessing whether the entity was a going concern. Please refer to note 46 for more information.

Estimation of uncertainty for Trade and other receivables

Trade and other receivables

Trade and other receivables include amounts related to cash recorded by SA Post Office as handed over to a security service provider for delivery but not acknowledged as received by SA Post Office branches. A portion of the amount is long outstanding, and a reconciliation by the service provider to confirm what balance is owed to SA Post Office was ongoing at the reporting date. The outcome of the reconciliation may affect the book value of these amounts recognised in future periods.

1.4 Heritage assets

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations. Heritage assets lie in contrast with property, plant and equipment, which are tangible items that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes.

In the absence of an IFRS that specifically applies to a transaction, other event or condition, management develops an accounting policy in terms of IAS 8, which permits management to consider the most recent pronouncements of other standard setting bodies that use a similar conceptual framework to develop accounting standards, to the extent that these do not conflict

with the requirements in IFRSs dealing with similar and related issues, and key definitions and concepts within the Conceptual Framework for Financial Reporting.

It is on this basis that the accounting treatment for heritage assets is informed by the requirements of GRAP 103 (Heritage Assets), issued by the Accounting Standards Board (South Africa).

In terms of the Independent Communications Authority of South Africa (ICASA) license agreement, the SA Post Office is required to own a museum which contains assets of a historical nature, including stamps, paintings, artifacts and machinery. Heritage Assets are recognised when

- it is probable that future economic benefits or service potential associated with the asset will flow to the entity; and
- the fair value or cost of the asset can be measured reliably.

Heritage assets which qualify for recognition as an asset are initially measured at cost.

Where heritage assets were acquired for no cost or nominal cost, its cost is measured at fair value on the date of acquisition.

An inflow of resources from a non-exchange transaction recognised as a heritage asset will be recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow (which is the case when a stipulation is a condition).

Costs of day-to-day servicing i.e. repairs and maintenance are expensed, only costs incurred to enhance or restore an asset to preserve its indefinite useful life can be capitalised if they meet the recognition criteria.

Heritage assets are subsequently measured at the revalued amount less accumulated impairment losses.

Heritage assets have indefinite useful lives and are not depreciated.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited to other comprehensive income and accumulated in the revaluation surplus in equity. The increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in profit or loss in the current period. The decrease is debited in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset.



Accounting Policies

Service potential is the capacity to provide services that contribute to achieving the Group's objectives. Service potential enables an entity to achieve its objectives without necessarily generating net cash inflows.

An asset is derecognised when it is disposed of or when no future economic benefits or service potential is expected. Any gain or loss is recognised in profit or loss. The revaluation surplus included in equity in respect of a heritage assets may be transferred directly to retained earnings when it is derecognised.

A heritage asset is not depreciated but the Group assesses at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the entity estimates the recoverable amount or the recoverable service amount of the heritage asset.

In assessing whether there is an indication that an asset may be impaired, the Group has considered, as a minimum, the following indications:

External sources of information:

(a) During the period, a heritage asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.

(b) The absence of an active market for a revalued heritage asset.

Internal sources of information:

(a) Evidence is available of physical damage or deterioration of a heritage asset.

(b) A decision to halt the construction of the heritage asset before it is complete or in a usable form.

1.5 Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the enterprise, and the cost of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Fair value

Subsequent to initial measurement investment property is measured at fair value, which reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net profit or loss for the period in which it arises.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use.

Investment property is derecognised either when it has been disposed of or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

1.6 Property, plant and equipment

Property, plant and equipment are tangible assets which the Group holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost including any cost directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating as intended by management. Land is not depreciated. Where any item comprises of major components with different useful lives, these major components are accounted for as separate items.

Expenditure incurred subsequently for major services, additions to, or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost can be measured reliably. Day-to-day servicing costs are included in profit or loss in the year in which they are incurred.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses except for land and buildings.

Land and buildings are subsequently stated at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.



Accounting Policies

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

On revaluation, the carrying amount of the asset is adjusted to the revalued amount. The amount of the adjustment of accumulated depreciation forms part of the increase or decrease in carrying amount.

When an asset's carrying amount is adjusted as a result of a revaluation, the adjusted is recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged

to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the Group. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The assumptions regarding estimated useful lives of items of property, plant and equipment at acquisition have been assessed as follows:

Item	Depreciation method	Average useful life
Assets under construction	Straight line	Not depreciated until asset is complete and in use
Buildings	Straight line	30 - 100 years
Data processing equipment	Straight line	3 - 8 years
Furniture and fixtures	Straight line	3 - 12 years
Land	Straight line	Indefinite
Leasehold improvements	Straight line	Term of the lease
Motor vehicles	Straight line	3 - 20 years
Machinery and equipment	Straight line	3 - 20 years

Whenever the Company re-assesses the useful lives of its assets, the remaining useful lives of some assets may be extended beyond or reduced beneath the initial estimates made at acquisition. Such extensions or reductions to individual assets are then updated and reflected within the fixed asset register.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment

is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. Any gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.7 Site restoration and dismantling cost

Where the Company has an obligation to dismantle, remove and restore items of property, plant and equipment, such obligations are referred to as "decommissioning, restoration and similar liabilities". The cost of these items of property, plant and equipment include the initial estimate of the costs of dismantling and



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removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period, for purposes other than to produce inventories during that period. These assets are individually considered and depreciated over their expected lease term, usually indicated by the actual lease contract.

The related asset is measured using the cost model:

- changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in profit or loss; and
- if the adjustment results in an addition to the cost of an asset, the entity considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the asset is tested for impairment by estimating its recoverable amount, and any impairment loss is recognised in profit or loss.

1.8 Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Neither the Group nor the Company has intangible assets with indefinite useful lives.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Expenditure on research activities is recognised as an expense in the period in which it is incurred. The amortisation period and the amortisation method for intangible assets are reviewed regularly.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Item	Useful life
Intangible assets under development	Not amortised until asset is complete and in use
Software	2 - 8 years
Software - personal computers	1 - 3 years

1.9 Interests in subsidiaries

In the Company's separate annual financial statements, investments in subsidiaries are carried at cost less any accumulated impairment.

The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the select entity; plus
- any costs directly attributable to the purchase of the subsidiary.

1.10 Financial instruments

Financial instruments held by the Group and Company are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the Group and Company, as applicable, are as follows:

Financial assets which are equity instruments:



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- Mandatorily at fair value through profit or loss; or
- Designated as at fair value through other comprehensive income. (This designation is not available to equity instruments which are held for trading, or which are contingent consideration in a business combination).

Financial assets which are debt instruments:

- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows);
- Fair value through other comprehensive income. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is achieved by both collecting contractual cash flows and selling the instruments); or

Derivatives which are not part of a hedging relationship:

- Mandatorily at fair value through profit or loss.

Financial liabilities:

- Amortised cost; or
- Mandatorily at fair value through profit or loss. (This applies to contingent consideration in a business combination or to liabilities which are held for trading); or

Note 43 Risk management presents the financial instruments held by the Group and Company based on their specific classifications.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the Group and Company are presented below:

Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions note 1.3.
- Trade receivables note 14.

The Group recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers financial assets other than trade receivables financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Loans to (from) group companies

Initial recognition and classification

Intragroup loans and receivables/(payables) are classified as financial assets/(financial liabilities). These include loans to and from subsidiaries and are recognised initially at fair value plus/ (minus) direct transaction costs.

Subsequent measurement

Intragroup loans and receivables/(payables) are subsequently measured at amortised cost.

They have been classified in this manner because the contractual terms of these loans give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the Group's business model is to collect the



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contractual cash flows on these loans.

Financial liabilities at amortised cost

Initial recognition and classification

Financial liabilities at amortised cost consist of advance payment received. This advance is initially measured at fair value plus/(minus) direct transaction costs.

Subsequent measurement

Financial liabilities at amortised cost are subsequently measured at a fair value equal to a similar liability valued at a market interest rate.

The advance has been classified in this manner because the contractual terms of these advance give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the Group's business model is to repay the contractual cash flows on this advance.

The difference in the fair value of the advance and the actual payments received is subsequently recognised as a government grant on year end.

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, Value-Added Tax and prepayments, are classified as financial assets subsequently measured at amortised cost (Note 14).

It has been classified in this manner because the contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the Group and Company's business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement

Trade and other receivables are recognised when the Group and Company becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at transaction price, as the receivables are generally due within 12 months or less from their creation and do not contain a significant financing component.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) if applicable using the effective interest method of any difference between the initial amount and the maturity

amount, adjusted for any loss allowance.

Trade and other payables

Classification

Trade and other payables, excluding Value Added Tax and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the Group and Company becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs.

Trade and other payables expose the Group and Company to liquidity risk and possibly to interest rate risk. Refer to Note 43 for details of risk exposure and management thereof.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at amortised cost.

Borrowings

Initial recognition and classification

The amount represents an internal, inter-divisional, balance that was converted to a company-level liability as a consequence of the separation of Postbank from SA Post Office. This amount is initially measured at fair value plus/(minus) direct transaction costs.

Subsequent measurement

Borrowings are subsequently measured at amortised cost on an effective rate basis, on the principal amount of the loan.

The amount is considered to be current in nature because the Company has no contractual right to unilaterally defer settlement of the liability for at least twelve months after the reporting period.



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1.11 Taxation

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

- the initial recognition of an asset or liability in a transaction which:
 - is not a business combination; and
 - at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries and branches, except to the extent that both of the following conditions are satisfied:

- the parent, investor or venturer is able to control the timing of the reversal of the temporary difference; and
- it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that:

- is not a business combination; and
- at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences arising from investments in subsidiaries, branches and associates, to the extent that it is probable that:

- the temporary difference will reverse in the foreseeable future; and
- taxable profit will be available against which the temporary difference can be utilised.

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.12 Leases

Group as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the group is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the group recognises the lease payments as an operating expense (note 32) on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist).

Details of leasing arrangements where the group is a lessee are presented in note 4, Leases (group as lessee).



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Lease liability

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- lease payments in an optional renewal period if the group is reasonably certain to exercise an extension option; and

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses (note 4).

The lease liability is presented as a separate line item on the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the incremental borrowing rate) and by reducing the carrying

amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs (note 36).

IFRS 16 is silent on the accounting treatment of interest on lease obligations in arrears. The Group follows guidance provided by the National Treasury, shown below,

When an interest expense on lease payments in arrears results in a liability that will not be payable to the lessor, the excess liability is immediately derecognized by reducing the lease liability and crediting the corresponding gain in the profit or loss statement, to ensure that the lease liability reflects the true lease liability by not overstating the lease liability with the unrealized interest. Lease obligations arrears are presented as part of the overall lease obligation.

Where the lease agreement stipulates penalties and additional charges for missed payments, these are recognised as an expense in profit or loss.

The group remeasures the lease liability, when applicable, in accordance with the following table:

Lease liability remeasurement scenario	Lease liability remeasurement methodology
Change to the lease term.	Discounting the revised lease payments using a revised discount rate.
Change in the assessment of whether the group will exercise a purchase, termination or extension option.	Discounting the revised lease payments using a revised discount rate.
Change to the lease payments as a result of a change in an index or a rate.	Discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
Change in expected payment under a residual value guarantee	Discounting the revised lease payments using the initial discount rate.
Lease contract has been modified and the lease modification is not accounted for as a separate lease.	Discounting the revised payments using a revised discount rate.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Right-of-use assets

Lease payments included in the measurement of the lease liability comprise the following:

- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the group incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.



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When the group incurs an obligation for the costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying assets to the condition required by the terms and conditions of the lease, a provision is recognised in the Statement of Financial Position in note 22 Provisions.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, if a

lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of a lease.

For right-of-use assets which are depreciated over their useful lives, the useful lives are presented in the following table:

Item	Depreciation method	Average useful life
Buildings	Straight line	Lease term
Motor vehicles	Straight line	Lease term
IT equipment	Straight line	Lease term
Computer software	Straight line	Lease term
Site restoration	Straight line	Lease term

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

The depreciation charge for each year is recognised in profit or loss.

Group as lessor

Leases for which the group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Lease classification is made at inception and is only reassessed if there is a lease modification.

Operating leases

Lease payments from operating leases are recognised on a straight-line basis over the term of the relevant lease, or on another systematic basis if that basis is more representative of the pattern in which the benefits from the use of the underlying asset are diminished. Operating lease income is included in other operating income (note 30).

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and are expensed over the lease term on the same basis as the lease income.

Modifications made to operating leases are accounted for as a new lease from the effective date of the modification. Any pre-

paid or accrued lease payments relating to the original lease are treated as part of the lease payments of the new lease.

1.13 Inventories

Inventories are measured 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 the estimated costs necessary to make the sale, exchange or distribution.

The cost of inventories includes the purchase price and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs.

The amount of any reversal of any write-down of inventories - books, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories - booklets, envelopes and stamps recognised as an expense in the period in which the reversal occurs.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the



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related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.14 Non-current assets (disposal groups) held for sale or distribution to owners

A non-current asset or disposal group is classified as held-for-sale if its carrying amount will be recovered primarily through a sale transaction instead of through continuing use.

Assets held for sale are measured at the lower of the carrying value and fair value less costs to sell. Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

1.15 Impairment of non-financial assets

The Group assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.16 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

1.17 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid 13th cheque), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

A defined contribution plan is a pension plan under which the Group pays fixed contributions.

Defined benefit plans

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. Defined benefit schemes are funded through payments to trustee-administered funds, determined by periodic actuarial calculations.

The benefit costs and obligations under the defined benefit funds are determined separately for each fund using the projected unit credit method.

The service cost and net interest on the net defined benefit liability or asset are recognised in profit or loss.

Where the benefits of a plan are amended or curtailed, the change in the present value of the net defined benefit obligation relating to past service by the employees is recognised in profit or loss in the period of the amendment.

The fund surplus amounted to R2.1 Billion (Note 12) at year end.



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The company accepts liability for any under funding.

Past service costs are recognised immediately.

Remeasurements of the net defined benefit liability or asset, comprising actuarial gains and losses, the effect of changes in the asset ceiling where applicable, and the return on the plan assets other than interest are recognised in other comprehensive income and transferred to equity in the period in which they arise.

The post-benefit obligation recognised in the statement of financial position represents the present value of the defined benefit obligation less the fair value of any plan assets. An asset resulting from this calculation is recognised only to the extent of any economic benefits available to the SA Post Office in the form of refunds or reductions in the future contributions (asset ceiling).

Actuarial gains or determined through annual actuarial valuations by independent consulting actuaries using the projected unit credit method and remeasurements recognised as stated above.

1.18 Funds collected on behalf of third parties

Funds collected on behalf of third parties consist of funds collected on behalf of third-party clients from the customers of the Company. These funds are paid over to the third-party client within the 24 hours after collection from the customers.

These amounts are initially and subsequently recognised at the gross amount collected from the customers, and does not incur interest for the period the monies are held in the bank account of the Company.

1.19 Provisions and contingent liabilities

Provisions are recognised when:

- the Group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision. A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

Management applies its judgment to the fact of patterns and advice it receives from its attorneys, advocates and other advisors in assessing if an obligation is probable, more likely than not, or remote. This judgment application is used to determine if the obligation is recognised as a liability or disclosed as a contingent liability.

Contingent assets and contingent liabilities are not recognised.

1.20 Government grants

Government grants are recognised when there is reasonable assurance that:

- the Group will comply with the conditions attaching to them; and
- the grants will be received.

These are included in subsidy received in advance until they are utilised.

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate for.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

1.21 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:



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- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

In circumstances where the group receives or pays an amount in foreign currency in advance of a transaction, the transaction date for purposes of determining the exchange rate to use on initial recognition of the related asset, income or expense is the date on which the group initially recognised the non-monetary item arising on payment or receipt of the advance consideration.

If there are multiple payments or receipts in advance, group determines a date of transaction for each payment or receipt of advance consideration.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

1.22 IFRS 15 Revenue from contracts with customers

Revenue recognition

Revenue from contracts with customers is applied using a single model which is a five step-Model. The five-step model consist of the following steps:

- Identify the contract(s) with a customer
- Identify the separate performance obligations (PO) in the contract
- Determine the transaction price
- Allocate the transaction price to the separate performance obligations (PO)
- Recognise revenue when the entity satisfies a performance

obligations (PO)

Revenue is recognised when (or as) the entity satisfies a performance obligation by transferring a promised good or services (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

An entity transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs;
- the entity's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or
- the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If a performance obligation is not satisfied over time in accordance with the above, an entity satisfies the performance obligation at a point in time.

Measurement

When (or as) a performance obligation is satisfied, SA Post Office recognise as revenue the amount of the transaction price (which excludes estimates of variable consideration that are constrained) that is allocated to that performance obligation.

Bulk mail revenue

Bulk-mail is a mail sorting and delivery service offered to customers with large mailing lists such as retail clothing companies. Bulk-mail revenue also include bulk parcels. Revenue from bulk-mail services is recognised at a point in time upon delivery of the mail to its destination (post-box or physical address).The time of delivery is based on our mail delivery performance statistics. Bulk-mail revenue also includes collection services that is recognized at a point in time after collection.

Franking mail revenue

Franking refers to any devices, markings, or combinations thereof ("franks") applied to mails of any class which qualifies them to be postally serviced. Franking mail revenue is recognized at a point in time when the mail is delivered to its destination. The time of delivery is based on our mail delivery performance statistics. Franking mail revenue also include license fees. License revenue is recognised at a point in time when SA Post Office and the customer becomes parties to a contract because the 'over time' criteria are not met.



Accounting Policies

Hybrid mail revenue

Hybrid mail involves digital data being transformed into physical letter items at distribution print centres located as close as possible to the final delivery addresses. Hybrid mail revenue is recognised at a point in time when the mail is delivered to its destination (post-box or physical address).

Box revenue

These are amounts paid by customers for the rental of private post boxes (2nd postal addresses). Revenue is recognised on an accrual basis over the rented period. Box revenue also include the sale of locks which is recognized at a point in time when keys are transferred to customers.

Registered and domestic letters revenue

Registered letters are postal services in which a receipt is issued to the sender of a mail and the mail's destination address is recorded in a register. Upon its delivery, the recipient's signatures are taken on a form as proof of delivery to the specified addressee. Domestic letters will be delivered without any signature or receipt taken by the recipient and cannot be tracked. In case the addressee is not found, the mail is returned to the sender. Registered and domestic letter revenue is recognised at a point in time when the letter is delivered to its destination. The time of delivery is based on our mail delivery performance statistics.

Agency revenue

Agency revenue is commission due to SA Post Office for collecting money on behalf of 3rd parties. Revenue from rendering of agency services is recognised at a point in time when funds collected are transferred to the customers.

Sale of philatelic products

Philatelic products are stamps or any other product issued during the year to commemorate special events in the country. Revenue is recognised at a point in time when the promised goods/services (sale of philatelic products) revenue are transferred to the customer. Philately revenue also includes the sale of stamps used for postal services which is recognized at a point in time when letters reach their destination. The time of delivery is based on our mail delivery performance statistics.

Courier service revenue

Courier services refers to parcel/mail delivery. Revenue from courier services is recognised at a point in time when the parcel/mail is delivered to its destination. The time of delivery is based on our mail delivery performance statistics.

Expedited Mail Service (EMS) revenue

Expedited Mail Service is an international priority mail service that provides a fast and reliable door to door service for the dispatch of urgent goods such as tender documents, business papers, merchandise and samples. EMS revenue is recognised at a point in time upon delivery of the parcel to its intended destination. The time of delivery is based on our mail delivery performance statistics.

Terminal and transit dues (International revenue)

Terminal dues are amounts due to SA Post Office Limited for mail received from foreign postal administrators whose destination is South Africa. Transit dues are amounts due from international postal administrators for international mail which passes through SA Post Office Ltd in transit to its destination out of South Africa. Revenue from terminal and transit dues is recognised once the mail has been delivered to its destination in the case of terminal dues, and once it has been sent off to its next stop with regard to the latter. The time of delivery is based on our mail delivery performance statistics.

Stamps and envelope revenue

Stamp and envelope revenue is the sale of stamps and envelopes that will be used by customers when they post letters. Revenue from sale of stamps and envelopes is recognised at a point in time when the mail is delivered to its destination. The time of delivery is based on our mail delivery performance statistics.

DOCEX - Subscription revenue

For all subscription revenue (Annual, monthly and daily delivery), revenue is recognised in two ways as an upfront contract where total revenue is billed for the duration of the period at the commencement of the contract. Revenue is therefore measured monthly as and when the performance obligation is satisfied, therefore revenue is recognised over time for the duration of the contract.

The second part of subscription revenue is when revenue is billed on a monthly basis, the contracts are recognised as either Debit order or EFT contracts. Contracts are signed for a 12-month period, however billing occurs monthly as and when a performance obligation is satisfied. These contracts are therefore billed at a point in time whereas the contract is valid for 12 months.

The daily delivery subscription serves as an additional sign-on subscription for delivery and collection of mail to and from the member's premises. This subscription can only be elected if there's an existing subscription membership as outlined above, and can be cancelled at any point without impacting the original



Accounting Policies

membership of a member. A member on daily delivery membership can vary the conditions of the plan in terms of the frequency of delivery and collection, and based on that change the fee structure is therefore adjusted accordingly.

Barcode rolls

The Company sells barcode rolls to members who prefer to track their packages and mail through a barcode, the barcode allows for packages and mail to be tracked and traced on the Docex platform.

Revenue is recognised at a point in time for sales of goods.

For Barcode rolls sales, revenue is recognised when control of the goods has transferred, being at the point the customer purchases the goods. Payment of the transaction price is due immediately at the point the customer purchases the goods and payable within 30 days. A receivable is recognised in the customer's account when a payment has not been received upfront for the barcode rolls procured.

Secure mail revenue

This service provides a water-tight and cost-effective security for credit cards, retail cards, share certificates, cell phones or any other item of value using advanced technology. Secure mail revenue is recognised at a point in time when the mail/parcel is delivered to its destination. The time of delivery is based on our mail delivery performance statistics.

Other operating income

Other rental income

Contractual rental income from operating leases is recognised in profit or loss on a straight-line basis over the lease term.

Other recoveries

Other recovery income is recognised in profit or loss when the Group becomes entitled to the income or when it is virtually certain that the conditions required to be fulfilled before payment is received, will be fulfilled.

1.23 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including:

1. this Act; or
 2. the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
 3. the National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):
- Irregular expenditure that was incurred and identified during the current financial year, and which was condoned before year end, and/or before finalisation of the financial statements must be updated appropriately in the irregular expenditure register. In such an instance, no further action would be required, with the exception of updating the note in the financial statements.
 - Irregular expenditure incurred and identified during the current financial year, awaiting condonement at year end, must be recorded in the irregular expenditure register. No further action is required, except to update the financial statement note.
 - Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.
 - Irregular expenditure that was incurred and identified during the current financial year, and which was not condoned by the National Treasury, or the relevant authority must be recorded appropriately in the irregular expenditure register. If an individual is proved to be liable for an irregular expenditure, a debt account is created, and such debt is deemed to be legally recoverable from the individual. Immediate steps are taken to recover the amount. If recovery is not possible, the accounting officer or Accounting Authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register is also updated accordingly. Where the irregular expenditure has not been condoned and no person is liable by law, the expenditure related thereto must remain allocated to the relevant programme/expenditure item, to be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.24 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.



Accounting Policies

1.25 Material losses due to criminal conduct

Material losses due to criminal conduct means losses incurred due to crime and incidents relating to general commercial fraud, commercial general account fraud, commercial account fraud relating to SASSA transactions, commercial theft, violent armed robbery, violent business burglary and postal crime.

All expenditure relating to material losses due to criminal conduct is initially recognized as other receivables and then investigated. Once investigations are complete and it is determined that the loss cannot be recovered from any third party it is recognized as an expense.

The threshold for Material Losses due to criminal conduct is set at R30 million for a single incident as per the SA Post Office Materiality Framework.

1.26 Related parties

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

Management are those persons responsible for planning, directing

and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions. The BRPs' and their teams, executive managers and individuals in the Board of Directors are regarded as key management.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

1.27 Investment income

The Group's investment income include:

- Interest income;
- Dividend income;

Interest income on financial assets at amortised cost and financial assets at fair value through other comprehensive income (FVOCI) calculated using the effective interest method is recognised in profit or loss as part of investment income and include interest earned on cash and cash equivalents and the Expected Return on Assets of Post-Retirement Benefit Assets.

Dividends are received from financial assets measured at fair value through profit or loss (FVPL) Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.



Notes to the Consolidated and Separate Financial Statements

2. NEW STANDARDS AND INTERPRETATIONS

2.1 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 01 April 2024 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
Amendments to IAS 1 – Classification of Liabilities as Current or Non-current	01-Jan-24	Unlikely there will be a material impact
These amendments (issued in July 2020) clarify that the classification of liabilities as current or non-current should be based on rights that exist at the end of the reporting period.		
Amendments to IFRS 9 and IFRS 7 – Amendments	01-Jan-26	Unlikely there will be a material impact
Issued on 25 May 2023, the amendments require an entity to provide additional disclosures about its supplier finance arrangements.		
Amendments to IAS 21 – Lack of Exchangeability	01-Jan-25	Unlikely there will be a material impact
Requires a consistent approach to assessing whether a currency is exchangeable and, when it is not, to determining the exchange rate to use and the disclosures to provide.		
Supplier finance arrangements - amendments to IAS 7 and IFRS 7	01-Jan-24	Unlikely there will be a material impact
Issued on 25 May 2023, the amendments require an entity to provide additional disclosures about its supplier finance arrangements.		
Amendments to IAS 1 – Non-current Liabilities with Covenants	01-Jan-24	Unlikely there will be a material impact
In October 2022 the International Accounting Standards Board issued amendments to IAS 1 Presentation of Financial Statements that clarifies that only those covenants with which an entity must comply on or before the end of the reporting period affect the classification of a liability as current or non-current.		
Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback	01-Jan-24	Unlikely there will be a material impact
The amendments, issued by the International Accounting Standards Board in September 2022, specify requirements relating to measuring the lease liability in a sale and leaseback transaction after the date of the transaction.		



Notes to the Consolidated and Separate Financial Statements

3. PROPERTY, PLANT AND EQUIPMENT

Group		2024			2023	
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Land	610,981	-	610,981	612,981	-	612,981
Buildings	1,485,552	(427,476)	1,058,076	1,999,674	(373,812)	1,625,862
Machinery and equipment	313,840	(283,034)	30,806	332,404	(295,906)	36,498
Furniture and fittings	50,855	(41,983)	8,872	52,031	(41,382)	10,649
Motor vehicles	21,439	(9,452)	11,987	28,771	(11,868)	16,903
Data processing equipment	384,542	(375,689)	8,853	395,911	(383,193)	12,718
Leasehold improvements	240,841	(237,295)	3,546	255,008	(250,518)	4,490
Total	3,108,050	(1,374,929)	1,733,121	3,676,780	(1,356,679)	2,320,101

Company		2024			2023	
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Land	610,981	-	610,981	612,981	-	612,981
Buildings	1,485,552	(427,476)	1,058,076	1,999,674	(373,812)	1,625,862
Machinery and equipment	313,840	(283,034)	30,806	332,404	(295,906)	36,498
Furniture and fittings	50,040	(41,172)	8,868	51,216	(40,573)	10,643
Motor vehicles	21,289	(9,314)	11,975	28,621	(11,730)	16,891
Data processing equipment	381,704	(373,385)	8,319	393,500	(380,977)	12,523
Leasehold improvements	240,262	(236,716)	3,546	254,429	(249,940)	4,489
Total	3,103,668	(1,371,097)	1,732,571	3,672,825	(1,352,938)	2,319,887



Notes to the Consolidated and Separate Financial Statements

3. PROPERTY, PLANT AND EQUIPMENT

Reconciliation of property, plant and equipment - Group - 2024								
	Opening balance	Additions	Retire-ments	Transfer from held-for-sale	Devalua-tions	Other move-ments	Deprecia-tion	Total
Land	612,981	-	(1,290)	1,250	(1,960)	-	-	610,981
Buildings	1,625,862	1,777	(24,280)	184	(471,073)	-	(74,394)	1,058,076
Machinery and equipment	36,498	98	(1,941)	-	-	-	(3,849)	30,806
Furniture and fittings	10,649	-	(148)	-	-	-	(1,629)	8,872
Motor vehicles	16,903	-	(2,955)	-	-	-	(1,961)	11,987
Data processing equipment	12,718	465	(109)	-	-	-	(4,221)	8,853
Leasehold improvements	4,490	-	(280)	-	-	-	(664)	3,546
	2,320,101	2,340	(31,003)	1,434	(473,033)	-	(86,718)	1,733,121

Reconciliation of property, plant and equipment - Group - 2023								
	Opening balance	Additions	Retire-ments	Transfer from held-for-sale	Revalua-tions/(De-valuations)	Other move-ments	Deprecia-tion	Total
Land	589,231	-	-	23,052	698	-	-	612,981
Buildings	1,711,178	1,647	(317)	11,226	(23,527)	2,925	(77,270)	1,625,862
Machinery and equipment	40,024	1,015	(506)	-	-	-	(4,035)	36,498
Furniture and fittings	12,455	-	(109)	-	-	-	(1,697)	10,649
Motor vehicles	25,483	-	(5,992)	-	-	-	(2,588)	16,903
Data processing equipment	18,611	-	(87)	-	-	-	(5,806)	12,718
Leasehold improvements	5,355	67	(209)	-	-	-	(723,000)	4,490
Assets under construction	2,925	-	-	-	-	(2,925)	-	-
	2,405,262	2,729	(7,220)	34,278	(22,829)	-	(92,119)	2,320,101



Notes to the Consolidated and Separate Financial Statements

3. PROPERTY, PLANT AND EQUIPMENT

Reconciliation of property, plant and equipment - Company - 2024								
	Opening balance	Additions	Retire-ments	Transfer from held-for-sale	Devalua-tions	Other move-ments	Deprecia-tion	Total
Land	612,981	-	(1,290)	1,250	(1,960)	-	-	610,981
Buildings	1,625,862	1,777	(24,280)	184	(471,073)	-	(74,394)	1,058,076
Machinery and equipment	36,498	98	(1,941)	-	-	-	(3,849)	30,806
Furniture and fittings	10,643	-	(149)	-	-	-	(1,626)	8,868
Motor vehicles	16,891	-	(2,955)	-	-	-	(1,961)	11,975
Data processing equipment	12,523	23	(94)	-	-	-	(4,133)	8,319
Leasehold improvements	4,489	-	(279)	-	-	-	(664)	3,546
	2,319,887	1,898	(30,988)	1,434	(473,033)	-	(86,627)	1,732,571

Reconciliation of property, plant and equipment - Company - 2023								
	Opening balance	Additions	Retire-ments	Transfer from held-for-sale	Revalua-tions/(De-valuations)	Other move-ments	Deprecia-tion	Total
Land	589,231	-	-	23,052	698	-	-	612,981
Buildings	1,711,178	1,647	(317)	11,226	(23,527)	2,925	(77,270)	1,625,862
Machinery and equipment	40,024	1,015	(506)	-	-	-	(4,035)	36,498
Furniture and fittings	12,446	-	(109)	-	-	-	(1,694)	10,643
Motor vehicles	25,471	-	(5,992)	-	-	-	(2,588)	16,891
Data processing equipment	18,320	-	(87)	-	-	-	(5,710)	12,523
Leasehold improvements	5,354	67	(209)	-	-	-	(723)	4,489
Assets under construction	2,925	-	-	-	-	(2,925)	-	-
	2,404,949	2,729	(7,220)	34,278	(22,829)	-	(92,020)	2,319,887

Property, plant and equipment encumbered as security

No property, plant and equipment have been pledged as security for liabilities.

Borrowing costs capitalised

There were no borrowing costs that required capitalisation during the period.

Revaluation of property, plant and equipment

Valuation

For the years 2021 to 2023 a decision was taken to perform internal revaluations of PPE land and buildings, utilising the techniques and methodologies applied by the external valuers of 2017. Fair values as determined by independent valuers were re-assessed / valued and adjusted annually by an internal team,



Notes to the Consolidated and Separate Financial Statements

to reflect the highest and best use for the properties.

Fair value hierarchy categorises inputs to valuation techniques into three levels. The highest priority is given to Level 1 inputs and the lowest priority to Level 3 inputs, maximising the use of Level 1 inputs and minimising the use of Level 3 inputs.

Fair value hierarchy of property, plant and equipment

Fair value hierarchy categorises inputs to valuation techniques into three levels. The highest priority is given to Level 1 inputs and the lowest priority to Level 3 inputs, maximising the use of Level 1 inputs and minimising the use of Level 3 inputs.

The fair value hierarchy applied by the Group is a combination between Level 2 and Level 3 inputs. Where the fair value adjustments are based upon the same methodology as the external valuations, mostly income capitalisation, the fair value is deemed to be a level 2 input. Where fair value adjustments are based upon the comparative sales approach, the inputs are also deemed to be Level 2, since the value of the properties are based on similar, observable market prices. Where neither approach can be applied and the values are maintained between external valuations, these are classified as Level 3 since there are no observable inputs.

The Group applies appropriate valuation inputs as follows:

Level 1 Inputs

There was no application for quoted prices in active markets for identical assets, where available.

Level 2 Inputs

The Group applies observable inputs. These include market capitalisation rates, market rental escalations, market operating cost escalations, and accepted maintenance percentages. Other inputs are applied indirectly. These include market corroborated inputs such as selling prices of similar properties, in similar locations, and comparable prices per square meter.

Level 3 Inputs

The Group's fair value measurements are derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group has no restrictions on the realisability of its properties and no contractual obligations to purchase, construct or develop properties or for repairs, maintenance and enhancements.

An internal valuation was performed in the previous financial year end 2023.

External Valuation performed in the current financial year 2024

The PPE Land and Buildings, and Investment Properties were revalued, externally, together in the present financial year.

The Properties were revalued by Jones Lang LaSalle (Pty) Ltd (JLL), a company registered in the Republic of South Africa. JLL parent company JLL (NYSE: JLL) is a Fortune 500 company with operations in over 80 countries and a global workforce of over 100,000. JLL is the brand name and a registered trademark of Jones Lang LaSalle Incorporated. JLL is the trusted valuation specialist of many of the most significant REITs/listed funds across South Africa's broad property spectrum and carries out many valuations and provides opinions of value for major banks, funds, and developers across Sub-Saharan Africa.

JLL valuations are compliant with global standards and, adhere to the JSE Listing Requirements on independent valuations, and are in line with the International Financial Reporting Standards (IFRS) and the International Valuation Standards Council (IVSC) valuation requirements as well as the South African Council for the Property Valuers Profession (SACPVP).

JLL were supported by external third-party services firms on a sub-contract basis, to assist in conducting physical site visits to verify the state of repair of all the buildings.

The external valuers were not required to make any distinctions for, or between the valuations of PPE Land and Buildings, and Investment Properties

Included in the valuation mandate were the following steps and processes:

- Arrange and inspect the properties to check location, topography, the grade of the properties condition of improvements, and other relevant issues;
- Establish the extent of the site by reference to Title Deeds;
- Where possible, identify title restrictions that may adversely impact the value of the asset;
- Review issues pertaining to town planning/zoning of the sites and relevant compliance thereof;
- Research macro and microeconomic conditions to determine factors influencing value;
- Analysis of income, expenses, vacancy, lease expiry profile – and comparing these to published benchmarks;
- Review parameters (acquisition yields, growth rates, etc.) and applicable market rentals per unit and compare these to published benchmarks / recent lettings;



Notes to the Consolidated and Separate Financial Statements

- Prepare fully motivated property valuation reports per property.

Included in the valuation mandate were the following considerations in the properties overviews:

- Location and physical condition of the properties;
- Highest and best use (for development sites);
- Property expenses;
- Strengths/Weaknesses/Opportunities/Threats (SWOT) analysis;
- Asset management optimisation/critique suggesting potential innovations to improve income performance or enhance the asset's capital value.

External valuation techniques

1) High Value Properties: Full Valuation (FV)

The income-producing assets are valued on a 5-year discounted Cash-flow (DCF). The cash flow period runs for five years from 01 November 2023, together with a terminal year. The period assumes the valuation date to be 01 November 2023. Where JLL assume a sale with vacant possession, JLL use the comparable sales method.

For the DCF method, budgets prepared by the property manager are applied as the projected forecast for the net income and expense items. The valuer is required to satisfy themselves as to the reasonableness of the assumptions in the budget provided. If the valuer's opinion of the expected net income differs substantially from that outlined in the budget, an explanation must be provided. If no budget is provided, the valuer will make reasonable market-related assumptions to estimate a net income and expenses. Certain non-property income and expense items are to be excluded from the annual budget. Major/irregular capital expenses will be deducted as lump sums from the gross value and will be reflected in the cash flow as Non-Recurring Capital Expenditure.

For certain properties, in arriving at a valuation opinion of the Market Value for the Subject Property, JLL adopted the Direct Capitalisation method of valuation. This method involves the capitalisation of rental income or forecast income at an appropriate Capitalisation Rate or Initial Yield calculated in reference to investment transactions within the market or based on investor sentiment in the market. With the Subject Property being owner-occupied, a Comparable Transactions analysis that considers transactions relating to similar owner-occupied properties would have been the appropriate method to value the Property. In the

absence of sufficient market data on such transactions, the next best approach is to assume a lease of the Subject Property on market-related terms.

2) Middle Value Properties: Full Brokers Opinion of Value (BOVs)

For the JLL BOVs, JLL used the sales comparison approach (SCA) for the vast majority of the properties as JLL made special assumptions that the Properties will be sold on a vacant possession basis.

The Sales Comparison approach is one of the major groupings of valuation methods, commonly used in real estate appraisal. This approach compares a subject property's characteristics with those of comparable properties which have recently sold in similar transactions. JLL used several techniques to adjust the prices of comparable transactions according to the presence, absence, or degree of characteristics which influence value. As such, all sales comparison approach methods are variations on characteristic-type measurements, which determine the value of something as the sum of the value of the various components which contribute utility. The sales comparison approach is based upon the principles of supply and demand, as well as upon the principle of substitution which indicates that a purchaser would not purchase an improved property for any value higher than it could be replaced for on a site with equivalent utility, assuming no undue delays in construction. Supply and demand indicate value through the typical market behaviour of both buyers and sellers. For properties with no top structure, the land was also valued on the comparable sales method. All BOVs are supported by an analysis of comparable sales and market rents.

3) Low Value properties: Abbreviate/Short Broker's Opinion of Value (SV)

For the Low Value Properties, the same format and processes were applied as for Middle (BOV) Value Properties. However, the valuations are abbreviated such that JLL were not required to conduct a comprehensive matrix comparable analysis, and utilised, or relied upon more generic capital value per square meter adjustments.

Each of the valuation techniques were performed on the basis that the properties are free of encumbrances, restrictions, mortgages, charges, financial liens or other impediments of an onerous nature that would affect value.

JLL valued the PPE properties using the same techniques and principles as applied to SA Post Office's Investment Properties.



Notes to the Consolidated and Separate Financial Statements

Valuation	
Opinion of market value of SA Post Office-owned portfolio	R 1,670,000,000
Valuation date:	01-Nov-23
Date of Inspections:	Oct-23
Sectors	Office/ Retail/ Industrial
Property locations	All 9 Provinces
Delineations	Metro, Urban, Rural
Key Outputs Summary	
Estimated potential market rental per property across portfolio	R74,500 per month
Estimated potential market rental per property across portfolio	R29/ m ² per month

LEVEL 2 - Discounted cash flow analysis unobservable inputs: Applied to high value properties - Full valuations		
Metrics applied individually to properties to achieve the appropriate market value attributed to each SA Post Office property:	Adjustment for:	Adjustment for:
Market capitalisation rates	Low/ Medium/ High	-10% to +10%
Market capitalisation rates	Low/ Medium/ High	-10% to +10%
Market capitalisation rates	Low/ Medium/ High	-10% to +10%
Market capitalisation rates	Low/ Medium/ High	-10% to +10%



Notes to the Consolidated and Separate Financial Statements

LEVEL 2 - Comparable sales analysis observable inputs: Applied to middle value, and low value properties - Brokers opinion of value

Weighted Value Adjustments - Applied sequentially for each comparative property metric to achieve the appropriate market value per square meter attributed to each SA Post Office property:	Adjustments for:	% Range, where applicable
Market conditions at Sale/ listing	Poor/ Fair/ Good	-10% to +10%
Erf Size	Adjust for m2	-10% to +10%
Gross lettable Area	Adjust for m2	-10% to +10%
Leasing Profile	Occupied/ Unoccupied	-10% to +10%
Conversion Opportunity	Low/ Medium/ High	-10% to +10%
Tenant Improvement Allowance/ Capex expenditure	Low/ Medium/ High	-10% to +10%
Location/ Neighbourhood	Prime/ Secondary	-10% to +10%
Accessibility	Good/ Fair/ Poor	-10% to +10%
Shape/ Site layout	Regular/ Irregular	-10% to +10%
Topography	Level/ Sloped	-10% to +10%
Visibility	Good/ Secondary	-10% to +10%
Building Condition	Good/ Fair/ Poor	-10% to +10%
Amenities Available	Good/ Fair/ Poor	-10% to +10%
Building Compliance	Good/ Fair/ Poor	-10% to +10%
Telecoms Access/ Availability	Yes/ No	-10% to +10%

There were no level one quoted inputs nor level 3 unobservable inputs applied in the valuations.

Land and Building conveyance checks

At year-end, included in land and building are 8 properties valued R30,8 million whose titles are still being reconfirmed through full conveyance checks, in addition to deed database confirmations performed.

Retirement of Property plant and equipment

Property retirements include actual sales of properties with regards to land with a book value of R1,3 million (2023, R0,3 million); and buildings to the book value of R0,2 million (2023, nil).

4. RIGHT-OF-USE ASSETS

	2024			2023		
Group	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Buildings	749,019	(691,414)	57,605	745,182	(648,327)	96,855
Vehicles	326,946	(326,946)	-	326,946	(326,946)	-
Office equipment	123,457	(123,457)	-	123,457	(30,441)	93,016
	1,199,422	(1,141,817)	57,605	1,195,585	(1,005,714)	189,871
	2024			2023		
Company	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Buildings	745,232	(690,835)	54,397	741,783	(647,748)	94,035
Vehicles	326,946	(326,946)	-	326,946	(326,946)	-
Office equipment	123,457	(123,457)	-	123,457	(30,441)	93,016
	1,195,635	(1,141,238)	54,397	1,192,186	(1,005,135)	187,051



Notes to the Consolidated and Separate Financial Statements

4. RIGHT-OF-USE ASSETS

	2024			2023		
Group - Reconciliation as at 31 March 2024	Opening balance	Additions	Depreciation	Remeasurement	Terminations	Closing balance
Buildings	96,855	5,988	(45,238)	-	-	57,605
Vehicles	-	-	-	-	-	-
Office equipment	93,016	-	(93,016)	-	-	-
	189,871	5,988	(138,254)	-	-	57,605
Group - Reconciliation as at 31 March 2023	Opening balance	Additions	Depreciation	Remeasurement	Terminations	Closing balance
Buildings	108,855	54,178	(61,650)	(4,528)	-	96,855
Vehicles	3,599	-	(3,599)	-	-	-
Office equipment	-	123,457	(30,441)	-	-	93,016
	112,454	177,635	(95,690)	(4,528)	-	189,871
Company - Reconciliation as at 31 March 2024	Opening balance	Additions	Depreciation	Remeasurement	Terminations	Closing balance
Buildings	94,035	3,449	(43,087)	-	-	54,397
Vehicles	-	-	-	-	-	-
Office equipment	93,016	-	(93,016)	-	-	-
	187,051	3,449	(136,103)	-	-	54,397
Company - Reconciliation as at 31 March 2023	Opening balance	Additions	Depreciation	Remeasurement	Terminations	Closing balance
Buildings	104,152	49,751	(59,868)	-	-	94,035
Vehicles	3,599	-	(3,599)	-	-	-
Office equipment	-	123,457	(30,441)	-	-	93,016
	107,751	173,208	(93,908)	-	-	187,051



Notes to the Consolidated and Separate Financial Statements

4. RIGHT-OF-USE ASSETS

Right of use assets consist of:

Buildings: Various buildings in different regions

Vehicles

IT Equipment: (SOW 9, SOW 11 and SOW 14)

	Group		Company	
Figures in Rand thousand	2024	2023	2024	2023
Other disclosures				
Interest expense on lease liabilities	14,819	18,024	14,484	17,730
Gain/(Loss) with remeasurement of leases	-	(1,214)	-	(1,214)
Lease liabilities				
The maturity analysis of lease liabilities is as follows:				
Within one year	85,938	392,792	84,028	391,148
Two to five years	43,814	73,225	37,540	73,227
	129,752	466,017	121,568	464,375
Less finance charges component	(11,692)	(15,458)	(7,132)	(16,888)
	118,060	450,559	114,436	447,487
Non-current liabilities	34,792	66,617	34,668	63,545
Current liabilities	83,268	383,942	79,768	383,942
	118,060	450,559	114,436	447,487

Buildings: These leases are for Post Office branches and offices, that is leased for a period between 2 - 10 years, at an incremental borrowing rate of 8.6% during the year.

All leases have fixed repayments and no arrangements have been entered into for contingent rent.

Reconciliation of lease liability

Opening balance	450,559	339,040	447,487	334,437
Additions	8,235	173,208	3,449	173,208
Repayment	(124,510)	(76,426)	(122,368)	(73,084)
Interest charged	7,956	14,737	10,048	12,926
Creditors compromise	(224,180)	-	(224,180)	-
	118,060	450,559	114,436	447,487



Notes to the Consolidated and Separate Financial Statements

5. INVESTMENT PROPERTY

Group				2024	2023
				Carrying value	Carrying value
Investment property				226,019	287,294
Company				2024	2023
				Carrying value	Carrying value
Investment property				154,417	214,209
Reconciliation of investment property - Group - 2024					
	Opening balance	Disposals	Transfer from held-for-sale	Fair value adjustments	Total
Investment property	287,294	(39,717)	39,717	(61,275)	226,019
Reconciliation of investment property - Group - 2023					
	Opening balance	Disposals	Transfer from held-for-sale	Fair value adjustments	Total
Investment property	252,737	(8,718)	51,339	(8,064)	287,294
Reconciliation of investment property - Company - 2024					
	Opening balance	Disposals	Transfer from held-for-sale	Fair value adjustments	Total
Investment property	214,209	(34,866)	34,866	(59,792)	154,417
Reconciliation of investment property - Company - 2023					
	Opening balance	Disposals	Transfer from held-for-sale	Fair value adjustments	Total
Investment property	179,526	(8,718)	56,189	(12,788)	214,209



Notes to the Consolidated and Separate Financial Statements

5. INVESTMENT PROPERTY

Pledged as security

No investment property has been pledged as security.

Fair value of investment property

Valuation

External valuations are performed with sufficient regularity as deemed appropriate by management. The independent property valuers determine the fair values of investment properties. In the current year investment property was revalued externally together with property, plant and equipment, as detailed in note 3.

Revaluation

Internal revaluations are performed in the years in between independent valuations. Here the fair values as determined by independent valuers are re-assessed/valued and adjusted annually by an internal team, to reflect the highest and best use for the properties.

As there is no requirement per IFRS to value investment properties every 5 years, although recommended, once a formal valuation is performed, an entity may apply the valuer's methods internally (revaluation) and adjust on an ongoing basis. Should material changes arise in the inputs into the revaluation then independent valuers would be utilised.

The revaluation adjustments to the value of properties are based on the following methodology:

1. SA Post Office utilises revaluation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.
2. For properties where independent valuations were performed, the same methodology and assumptions used by the independent valuer(s) are continually applied.

Fair value hierarchy categorises inputs to valuation techniques into three levels. The highest priority is given to Level 1 inputs and the lowest priority to Level 3 inputs, maximising the use of Level 1 inputs and minimising the use of Level 3 inputs.

Fair value hierarchy of investment property

Fair value hierarchy categorises inputs to valuation techniques into three levels. The highest priority is given to Level 1 inputs and the lowest priority to Level 3 inputs, maximising the use of Level 1 inputs and minimising the use of Level 3 inputs.

The fair value hierarchy applied by the group is a combination between Level 2 and Level 3 inputs. Where the fair value adjustments are based upon the same methodology as the external valuations, mostly income capitalisation, the fair value is deemed to be a level 2 input. Where fair value adjustments are based upon the comparative sales approach, the inputs are also deemed to be Level 2, since the value of the properties are based on similar, observable market prices. Where neither approach can be applied and the values are maintained between external valuations, these are classified as Level 3 since there are no observable inputs.

The Group applies appropriate valuation inputs as follows:

Level 1 Inputs

There was no application for quoted prices in active markets for identical assets where available.

Level 2 Inputs

The Group applies observable inputs for investment properties directly. These may include market capitalisation rates, market rental escalations, market operating cost escalations, and accepted maintenance percentages. Other inputs are applied indirectly. These include market corroborated inputs such as selling prices of similar properties, in similar locations, and comparable prices per square meter.

Level 3 Inputs

The group's fair value measurements are derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.



Notes to the Consolidated and Separate Financial Statements

5. INVESTMENT PROPERTY

Valuation of investment properties

The PPE Land and Buildings, and Investment Properties were revalued, externally, together in the present financial year. The external valuers were not required to make any distinctions for, or between the valuations of PPE Land and Buildings, and Investment Properties.

Refer to note 3, Property Plant and Equipment (PPE) for Investment Property revaluation information and detail related to the application of valuation inputs.

	Group		Company	
Figures in Rand thousand	2024	2023	2024	2023
Level 2				
Direct inputs				
- Buildings	120,867	144,145	115,947	110,933
- Land	105,152	74,197	38,471	34,325
Indirect inputs				
- Buildings	-	850	-	850
- Land	-	12,363	-	12,363
Total level 2	226,019	231,555	154,418	158,471
Properties not revalued				
- Buildings	-	9,021	-	9,021
- Land	-	1,271	-	1,271
Total	-	10,292	-	10,292
Restatement of non-current assets held for sale	-	45,447	-	45,446
Fair value of investment property	226,019	287,294	154,418	214,209

There were no level 3 unobservable inputs in 2024 or 2023.

Where SA Post Office occupies less than that fifty percent of the building/land, it is classified as Investment property

Wherever investment properties are related, being comprised of both the land and the building thereupon, they are ordinarily re-valued as one single property unit, with any movement in valuation being apportioned to the building, where the proportional increase/decrease allocation to either is not suitably determinable.



Notes to the Consolidated and Separate Financial Statements

5. INVESTMENT PROPERTY

	Group		Company	
Figures in Rand thousand	2024	2023	2024	2023
Investment property operating amounts recognised in profit or loss for the year				
Rental income from investment property	10,484	12,536	9,721	10,984
Direct operating expenses from rental generating property	(9,895)	(10,310)	(9,596)	(9,427)
Direct operating expenses from non-rental generating property	(4,846)	(11,954)	(4,783)	(10,299)
Profit (loss) from investment property	(4,257)	(9,728)	(4,658)	(8,742)

Investment properties classified as non-current assets held-for-sale

There are currently no Held-For-Sale properties in 2024 due to the process being repealed at year end. A new, yet to be determined, sale process (if any) will be embarked upon as per the requirements of the Business Rescue process.

Investment properties classified as held-for-sale during the prior year, are those for which properties were either; actually sold in the current year, or for which offers to purchase had been received in the current year, or for which the cash has been deposited by the buyer. The group would remain liable to pay the rates and

taxes for properties classified as held-for-sale, until the properties were occupied, or the transfer is registered, whichever came first.

The investment properties classified as held for sale are now reflected at nil. The movement from the prior year the current year is totally attributable to actual Property sales.

Investment property conveyance checks

At year-end, included in investment property are 4 properties valued R1,695 million whose titles are still being reconfirmed through full conveyance checks, in addition to deed database confirmations performed.



Notes to the Consolidated and Separate Financial Statements

6. HERITAGE ASSETS

Group	2024			2023		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Work of art	7,697	-	7,697	7,697	-	7,697
Stamps	36,348	-	36,348	36,348	-	36,348
Documents	259	-	259	259	-	259
Philatelic stationery	510	-	510	510	-	510
Other assets	1,433	-	1,433	1,433	-	1,433
Total	46,247	-	46,247	46,247	-	46,247

Company	2024			2023		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Work of art	7,697	-	7,697	7,697	-	7,697
Stamps	36,348	-	36,348	36,348	-	36,348
Documents	259	-	259	259	-	259
Philatelic stationery	510	-	510	510	-	510
Other assets	1,433	-	1,433	1,433	-	1,433
Total	46,247	-	46,247	46,247	-	46,247

Valuations

Fair value determinations are made at intervals such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

The last valuation was performed at 31 March 2017. The fair value was performed by independent valuers that are not connected to the Group.

The valuation was based on current market values and no discount rates were used.

Other information

In terms of the Independent Communications Authority of South Africa (ICASA) license agreement, the SA Post Office is required to own a museum which contains assets of a historical nature, including stamps, paintings, artifacts and machinery.

A register containing the information required by Regulation 25(3) of the Companies Regulations, 2011 is available for inspection at the registered office of the Company.



Notes to the Consolidated and Separate Financial Statements

7. INTANGIBLE ASSETS

Group	2024			2023		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Computer software	335,410	(333,976)	1,434	340,837	(339,388)	1,449
Intangible assets under development	54,806	(54,806)	-	54,806	(54,806)	-
Total	390,216	(388,782)	1,434	395,643	(394,194)	1,449

Company	2024			2023		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Computer software	335,410	(333,976)	1,434	337,463	(336,014)	1,449
Intangible assets under development	54,806	(54,806)	-	54,806	(54,806)	-
Total	390,216	(388,782)	1,434	392,269	(390,820)	1,449

Reconciliation of intangible assets - Group - 2024						
			Opening balance	Additions	Amortisation	Total
Computer software			1,449	156	(171)	1,434

Reconciliation of intangible assets - Group - 2023						
				Opening balance	Amortisation	Total
Computer software				2,953	(1,504)	1,449

Reconciliation of intangible assets - Company - 2024						
			Opening balance	Additions	Amortisation	Total
Computer software			1,449	156	(171)	1,434

Reconciliation of intangible assets - Company - 2023						
				Opening balance	Amortisation	Total
Computer software				2,953	(1,504)	1,449



Notes to the Consolidated and Separate Financial Statements

7. INTANGIBLE ASSETS

Individually material intangible assets

There are no individually material intangible assets that require specific disclosure.

Other information

There were no impairments of intangible assets during the year.

Pledged as security

No intangible assets have been pledged as security for liabilities.

8. INTERESTS IN SUBSIDIARIES INCLUDING CONSOLIDATED STRUCTURED ENTITIES

The following table lists the entities which are controlled directly by the company, and the carrying amounts of the investments in

the company's separate financial statements.

Company				
Name of company	% voting power 2024	% voting power 2023	Carrying amount 2024	Carrying amount 2023
SAPOS Properties (Rossburgh) (Pty) Ltd	100.00 %	100.00 %	11	8,564
SAPOS Properties(Cape Town) (Pty) Ltd	100.00 %	100.00 %	5,976	5,976
SAPOS Properties (Bloemfontein) (Pty) Ltd	100.00 %	100.00 %	1,314	1,314
SAPOS Properties (East Rand) (Pty) Ltd	100.00 %	100.00 %	14,358	14,358
SAPOS Properties (Port Elizabeth) (Pty) Ltd	100.00 %	100.00 %	134	1,885
The Courier and Freight Group (Pty) Ltd	100.00 %	100.00 %	-	1,053
The Document Exchange (Pty) Ltd	100.00 %	100.00 %	-	-
			21,793	33,150
Impairment of investment in subsidiaries. (Rossburgh, Port Elizabeth and CFG)			(1,217)	(1,217)
			20,576	31,933

Truebill (Pty) Ltd remains dormant.

Postbank SOC Limited is 100% owned by SAPO but not consolidated in these financial statements. Effective control over Postbank lies with the Group's ultimate shareholder, the Department

of Communications and Digital Technologies (DCDT), represented by the Minister of DCDT.

9. LOANS TO GROUP COMPANIES

	Group		Company	
Figures in Rand thousand	2024	2023	2024	2023
The Courier and Freight Group (Pty) Ltd	-	-	-	711,496
Impairment	-	-	-	(711,496)
	-	-	-	-



Notes to the Consolidated and Separate Financial Statements

The loan to the Courier and Freight Group (Pty) Ltd related to support charges, other operational services reclassified from other receivables and other short-term loans.

In 2024, this intercompany loan was extinguished by mutual agreement among the entities, acting on the representation and authority of the SA Post Office's accounting authority, the BRPs.

The loan was fully impaired in the 2023 financial year.

10. OTHER FINANCIAL ASSETS

Debt investments at fair value through profit or loss	1,664	1,472	1,664	1,472
Equity investments at fair value through other comprehensive income	99,883	94,333	99,883	94,333
	101,547	95,805	101,547	95,805
Designated at fair value through profit or loss:				
Investment at fair value	1,664	1,472	1,664	1,472
Equity investments at fair value through other comprehensive income:				
Unlisted shares: Centriq Insurance Innovation (Pty) Ltd	99,883	94,333	99,883	94,333
Total other financial assets	101,547	95,805	101,547	95,805
Split between non-current and current portions				
Non-current assets	99,883	94,333	99,883	94,333
Current assets	1,664	1,472	1,664	1,472
	101,547	95,805	101,547	95,805

Unlisted shares: Centriq Insurance Innovation (Pty) Ltd

The unlisted shares held in the cell captive Centriq Insurance Innovation (Pty) Ltd are classified as financial assets and subsequently measured at fair value through other comprehensive income (FVOCI). These are measured at fair value, with fair value gains and losses recognised directly in other comprehensive income.

The Group designated the investments at FVOCI because these equity securities represent investments that the Group intends to hold long-term for strategic purposes.

Fair value information of debt instruments at fair value through profit or loss

Financial assets at fair value through profit or loss are measured at fair value, which is therefore equal to their carrying amounts.

The following classes of financial assets at fair value through profit and loss are measured through fair value using quoted market prices:

- Local and foreign cash
- Local equity
- Local and foreign bonds

Fair value hierarchy of debt instruments at fair value through profit and loss

For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements.

Level 1 represents those assets which are measured using unadjusted quoted prices for identical assets in active markets.

Level 2 applies inputs other than quoted prices included in level 1 that are observable for the assets either directly (as prices) or indirectly (derived from prices).

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).



Notes to the Consolidated and Separate Financial Statements

10. OTHER FINANCIAL ASSETS

	Group		Company	
Figures in Rand thousand	2024	2023	2024	2023
Debt instruments	1,664	1,427	1,664	1,427
Total for level 2	1,664	1,427	1,664	1,427

For the current and previous financial years, there were no transfers between level 1 and 2.

Equity instruments at fair value through other comprehensive income

Financial assets classified as subsequently measured at fair value through other comprehensive income are recognised at fair value unless they are unlisted equity instruments and the fair value cannot be determined using other means, in which case they are measured at cost. Fair value information is not provided for these financial assets. Management believes that cost approximates fair value.

The carry value (based on the audited annual financial statements of Centriq) is used in the determination of the fair value of unlisted shares for which no reference can be made to quoted market prices. Management believes that the carrying value approximates the fair value of this investment.

Fair value hierarchy of equity instruments at fair value through other comprehensive income

For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements.

Level 1 represents those assets which are measured using unadjusted quoted prices for identical assets in active markets.

Level 2 applies inputs other than quoted prices included in level 1 that are observable for the assets either directly (as prices) or indirectly (derived from prices).

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Management is of the opinion that the carrying value of the unlisted shares are more indicative of fair values derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs) and therefore for more accurate disclosure, the unlisted shares should be included in level 3.

There were no transfers in or out of Level 3 during the current year.



Notes to the Consolidated and Separate Financial Statements

10. OTHER FINANCIAL ASSETS

	Group		Company	
Figures in Rand thousand	2024	2023	2024	2023
Level 3				
Unlisted shares - Centriq Insurance Innovation (Pty) Ltd	99,883	94,333	99,883	94,333
Total level 3	99,883	94,333	99,883	94,333

Reconciliation of equity instruments at fair value through OCI measured at level 3

The carrying amount of these financial instruments is as follows:

2024	Opening balance	Gains or losses in other comprehensive income	Closing balance
Unlisted shares - Centriq Insurance Innovation (Pty) Ltd	94,333	5,550	99,883
2023	Opening balance	Gains or losses in other comprehensive income	Closing balance
Unlisted shares - Centriq Insurance Innovation (Pty) Ltd	129,986	(35,653)	94,333

SA Post Office is a holder of preference share in Centriq Insurance Company Limited (Centriq). In terms of the preference share agreement, Centriq operates a cell captive facility for SA Post Office.

The financial position and results of the insurance operations conducted through the cell captive are presented in the form of management accounts. The management accounts include a balance sheet as at 31 March 2024, as well as an income state-

ment for the period then ended.

The fair value of the preference share is determined with reference to the Adjusted net asset value.

The Group has not reclassified any financial assets from cost or amortised cost to fair value, or from fair value to cost or amortised cost during the current or prior year.



Notes to the Consolidated and Separate Financial Statements

11. OPERATING LEASES

	Group		Company	
Figures in Rand thousand	2024	2023	2024	2023
Non-current assets	-	5,483	-	5,465
Current assets	7,958	226	7,899	206
Current liabilities	(772)	(2,005)	(772)	-
	7,186	3,704	7,127	5,671
Maturity analysis of lease payments:				
Within one year	39,880	246	39,880	226
Two to five years	91,507	4,247	91,507	4,590
More than five years	15,655	855	15,655	855
	147,042	5,348	147,042	5,671

The Company has entered into operating leases for buildings. It straight-lined its operating leases where it is the lessee over the period of the lease contract.

There was a prior period error in which future lease payments were incorrectly disclosed under non-current assets when rec-

onciling the maturity analysis of payments. These future lease payments do not qualify as non-current assets per the relevant accounting standards. As the lease term progresses towards its conclusion, the future lease payment obligations will decrease accordingly.



Notes to the Consolidated and Separate Financial Statements

12. RETIREMENT BENEFITS

Post-retirement benefits				
Group 2024	Post-retirement medical aid subsidy	Provident Fund	Pension fund	Total
Present value of obligation				
Balance at the beginning of the year	715,720	548	5,965,920	6,682,188
Finance expense	71,498	22	686,066	757,586
Service cost	-	-	556	556
Benefits paid	(131,893)	(554)	(842,590)	(975,037)
Transfers	-	-	910,446	910,446
Actuarial (gains) / losses	(145,562)	(16)	(85,833)	(231,411)
Present value of obligation at end of the year	509,763	-	6,634,565	7,144,328
Present value of assets				
Balance at the beginning of the year	-	51,032	8,162,005	8,213,037
Expected return on assets	-	4,026	937,231	941,257
Contributions received	-	-	953	953
Transfers	-	-	910,446	910,446
Benefits paid	-	(554)	(842,590)	(843,144)
Actuarial (gains) / losses	-	1,464	(218,587)	(217,123)
Present value of assets at end of the year	-	55,968	8,949,458	9,005,426
Net present value (obligation) / asset				
Present value obligation	(509,763)	-	(6,634,565)	(7,144,328)
Present value assets	-	55,968	8,949,458	9,005,426
(Deficit) / surplus	(509,763)	55,968	2,314,893	1,861,098
Asset ceiling	-	-	(2,314,893)	(2,314,893)
Net present (obligation) / asset	(509,763)	55,968	-	(453,795)
Current assets				
Current assets	-	-	-	-
Non-current assets	-	55,968	-	55,968
Current liabilities				
Current liabilities	(97,358)	-	-	(97,358)
Non-current liabilities	(412,405)	-	-	(412,405)
	(509,763)	-	-	(509,763)



Notes to the Consolidated and Separate Financial Statements

12. RETIREMENT BENEFITS

Post-retirement benefits				
Group 2023	Post-retirement medical aid subsidy	Provident Fund	Pension fund	Total
Present value of obligation				
Balance at the beginning of the year	1,012,015	545	5,489,961	6,502,521
Finance expense	105,375	30	611,734	717,139
Service cost	-	-	741	741
Benefits paid	(150,253)	-	(728,150)	(878,403)
Transfers	-	-	(560)	(560)
Actuarial (gains) / losses	(251,417)	(27)	592,194	340,750
Present value of obligation at end of the year	715,720	548	5,965,920	6,682,188
Present value of assets				
Opening balance at the beginning of the year	-	47,747	7,748,463	7,796,210
Expected return on assets	-	2,604	880,784	883,388
Contribution received	-	-	1,744	1,744
Transfer	-	-	(560)	(560)
Benefits paid	-	-	(728,150)	(728,150)
Actuarial gains / (losses)	-	681	259,726	260,407
Present value of asset at end of the year	-	51,032	8,162,007	8,213,039
Net present value (obligation) / asset				
Present value obligation	(715,720)	(548)	(5,965,920)	(6,682,188)
Present value asset	-	51,032	8,162,007	8,213,039
(Deficit) / surplus	(715,720)	50,484	2,196,087	1,530,851
Asset ceiling	-	-	(2,196,087)	(2,196,087)
Net present (obligation) / asset	(715,720)	50,484	-	(665,236)
Current assets				
Current assets	-	-	-	-
Non-current assets	-	50,484	-	50,484
Current liabilities				
Current liabilities	(95,510)	-	-	(95,510)
Non-current liabilities	(620,210)	-	-	(620,210)
	(715,720)	-	-	(715,720)



Notes to the Consolidated and Separate Financial Statements

12. RETIREMENT BENEFITS

Post-retirement benefits				
Company 2024	Post-retirement medical aid subsidy	Provident Fund	Pension fund	Total
Present value of obligation				
Balance at the beginning of the year	715,720	548	5,965,920	6,682,188
Finance expense	71,498	22	686,066	757,586
Service cost	-	-	556	556
Benefits paid	(131,893)	(554)	(842,590)	(975,037)
Transfers	-	-	910,446	910,446
Actuarial (gains) / losses	(145,562)	(16)	(85,833)	(231,411)
Present value of obligation at end of year	509,763	-	6,634,565	7,144,328
Present value of assets				
Opening balance at the beginning of the year	-	51,032	8,162,005	8,213,037
Expected return on assets	-	4,026	937,231	941,257
Contribution received	-	-	953	953
Transfers	-	-	910,446	910,446
Benefits paid	-	(554)	(842,590)	(843,144)
Actuarial gains / (losses)	-	1,464	(218,587)	(217,123)
Present value of asset at end of the year	-	55,968	8,949,458	9,005,426
Net present value (obligation) / asset				
Present value of obligation	(509,763)	-	(6,634,565)	(7,144,328)
Present value of asset	-	55,968	8,949,458	9,005,426
(Deficit) / surplus	(509,763)	55,968	2,314,893	1,861,098
Asset ceiling	-	-	(2,314,893)	(2,314,893)
Net present (obligation) / asset	(509,763)	55,968	-	(453,795)
Current assets				
Current assets	-	-	-	-
Non-current assets	-	55,968	-	55,968
Current liabilities				
Current liabilities	(97,358)	-	-	(97,358)
Non-current liabilities	(412,405)	-	-	(412,405)
	(509,763)	-	-	(509,763)



Notes to the Consolidated and Separate Financial Statements

12. RETIREMENT BENEFITS

Post-retirement benefits				
Company 2023	Post-retirement medical aid subsidy	Provident Fund	Pension fund	Total
Present value of obligation				
Balance at the beginning of the year	1,012,015	545	5,489,961	6,502,521
Finance expense	105,375	30	611,734	717,139
Service cost	-	-	741	741
Benefits paid	(150,253)	-	(728,150)	(878,403)
Transfers	-	-	(560)	(560)
Actuarial (gains) / losses	(251,417)	(27)	592,194	340,750
Present value of obligation at end of year	715,720	548	5,965,920	6,682,188
Present value of assets				
Opening balance at the beginning of the year	-	47,747	7,748,463	7,796,210
Expected return on assets	-	2,604	880,784	883,388
Contribution received	-	-	1,744	1,744
Transfers	-	-	(560)	(560)
Benefits paid	-	-	(728,150)	(728,150)
Actuarial gains / (losses)	-	681	259,726	260,407
Present value of asset at end of the year	-	51,032	8,162,007	8,213,039
Net present value (obligation) / asset				
Present value of obligation	(715,720)	(548)	(5,965,920)	(6,682,188)
Present value of asset	-	51,032	8,162,007	8,213,039
(Deficit) / surplus	(715,720)	50,484	2,196,087	1,530,851
Asset ceiling	-	-	(2,196,087)	(2,196,087)
Net present (obligation) / asset	(715,720)	(50,484)	-	(665,236)
Current assets	-	-	-	-
Non-current assets	-	50,484	-	50,484
Current liabilities	(95,510)	-	-	(95,510)
Non-current liabilities	(620,210)	-	-	(620,210)
	(715,720)	-	-	(715,720)

Post-retirement medical subsidy

The Company has negotiated with bargaining unit employees that employees retiring after 30 June 2005 will not receive PRMA benefits. This curtailment of benefits was accounted for during the 2005 period. In addition, spouses and dependents of employ-

ees who passed away whilst in the service of the SA Post Office after 2005 will also receive medical aid benefits as part of the Defined Benefit Plan.



Notes to the Consolidated and Separate Financial Statements

12. RETIREMENT BENEFITS

	Group		Company	
Figures in Rand thousand	2024	2023	2024	2023
The amounts recognised in profit and loss:				
Interest cost	71,498	105,375	71,498	105,375
Estimated benefit payments	(131,893)	(150,253)	(131,893)	(150,253)
The amounts recognised in other comprehensive income (OCI):				
Remeasurements of post-retirement medical subsidy (actuarial (gains) / losses)				
Change in assumptions	(22,599)	(17,766)	(22,599)	(17,766)
Experience adjustment	(122,963)	(233,651)	(122,963)	(233,651)
	(205,957)	(296,295)	(205,957)	(296,295)

Actuarial assumptions: Post-retirement medical aid subsidy

These tables set out the impact on results as a consequence of changes to assumptions on the discount and post-retirement mortality rates.

Discount rate				
1% increase	481,840	674,031	481,840	674,031
Current assumption	509,763	715,720	509,763	715,720
1% decrease	541,240	763,104	541,240	763,104
Post-retirement mortality rate				
1% increase	487,672	684,209	487,672	684,209
Current assumption	509,763	715,720	509,763	715,720
1% decrease	532,329	747,560	532,329	747,560



Notes to the Consolidated and Separate Financial Statements

12. RETIREMENT BENEFITS

The assumptions used are based on statistics and market data as at 31 March 2024.

The previous valuation used the zero-coupon government nominal bond curve to set the discount rate and, the relationship to the nominal real curve, to derived inflation. For the current valuation we have set the discount rate and inflation assumptions with reference to the par/swap bond curves.

The sensitivity section quantifies the effects of a narrowing and widening of the net discount rates by 1% per annum.

Discount rate assumption - The discount rate required by IAS 19 should be set with reference to a high-quality corporate bond. In countries where there is no deep market in such bonds, the market yield on government bonds should be used. We have set the discount rate by using the average yields from the Nominal Bond Par Swap curve with a duration of between 10 and 15 years. The recommended discount rate is 14.16%. The source is the Johannesburg Stock Exchange through INET BFA IReSS data service.

Future inflation assumption - The general inflation assumption is used to estimate the base rate for determining the rate at which the future subsidies will increase. We have estimated the market's pricing of inflation by comparing the yields on the Nominal Bond Par Swap curve with a duration of between 10 and 15 years. The implied inflation assumption is therefore 8.53% per annum for future inflation. We assumed that medical inflation will exceed general inflation by 1.5% per annum. The implied medical inflation assumption is therefore 10.03% per annum.

Net discount rate - Even though the actual values used for the discount rate and the expected increase in salary inflation are

important, the "gap" between the two assumptions is more important. This "gap" is referred to as the net discount rate. The net discount rate is assumed to be 3.75% per annum (derived from a discount rate of 14.16% and the expected medical inflation rate of 10.03%). The net discount rate was 3.08% per annum at the previous valuation.

Post-retirement mortality - The PA(90) mortality table was used. This assumption is consistent with the assumption used for the previous valuation report.

Age of spouse - The actual age of the spouse was used in the valuation. This assumption is consistent with the assumption used for the previous valuation report.

Developments since the previous valuation - There were no changes to the rules governing payment and eligibility for the postretirement medical aid benefits since the previous valuation. As far as assumptions are concerned only the discount rate and inflation rate which are dependent on the market at the time of the valuation differed from the previous valuation

Within the valuation period there was a Buy-Out option given to members. All members who accepted the Buy-Out option and received payment within the valuation period are excluded. All other assumptions are broadly consistent with that used at the previous valuation unless otherwise stated.

As the liability only relates to pensioners the liability is fully accrued and there is no service cost. Allowance has been made in these calculations for the liabilities of SA Post Office to increase in line with medical inflation. Should any increases in the fixed subsidy be implemented in future, this liability will increase.

Other assumptions

Discount rate	14,16%	10,97%	14,16%	10,97%
Medical inflation increase rate	10,03%	7,65%	10,03%	7,65%
Long-term price inflation	8,53%	6,15%	8,53%	6,15%

Provident fund

The SA Post Office provident fund (the fund) was established on 1 August 1993 to hedge the leave liability beyond a specific threshold. The fund became dormant on 1 April 2004 when all leave entitlement and salaries were capped.

In terms of a surplus apportionment scheme conducted by the fund some years ago, an Employer Surplus Reserve was created within the ambit of the fund and in terms of the Pension Funds Act, 1956 (Act No. 24 of 1956, as amended) for the benefit of the SA Post Office.

The fund is a separate legal entity, distinct from its members and is capable in law, in its own name, of suing and of being sued, and of acquiring, holding and alienating property, movable and immovable. The assets held by the fund are registered in the name of the fund.

As per the rules of the fund, the SA Post Office is required to meet the balance of cost of financing the benefits provided by the fund, which would include the any fund deficit. At year end, the SA Post Office met the balance of cost of financing the benefits provided by the fund. The Employer Surplus Reserve is available to fund future deficits should they arise.



Notes to the Consolidated and Separate Financial Statements

12. RETIREMENT BENEFITS

	Group		Company	
Figures in Rand thousand	2024	2023	2024	2023
The amounts recognised in profit and loss:				
Net interest (income) / cost	(4,004)	(2,576)	(4,004)	(2,576)
Amounts recognised in other comprehensive income:				
Remeasurements of provident fund (actuarial (gains) / losses)				
Change in assumptions	-	(2)	-	(2)
Experience adjustment	(16)	(25)	(16)	(25)
Remeasurement of asset				
(Gains) / losses on plan asset	(1,464)	(681)	(1,464)	(681)
	(5,484)	(3,284)	(5,484)	(3,284)

Actuarial assumptions: Provident fund

These tables set out the impact on results as a consequence of changes to assumptions on the discount rate and the retirement mortality rates.

Discount rate				
1% increase	5,300	547	5,300	547
Current Assumption	4,740	548	4,740	548
1% decrease	4,180	549	4,180	549

The assumptions used are based on statistics and market data as at 31 March 2024. Financial markets are currently experiencing increased volatility.

The previous valuation used the zero-coupon government nominal bond curve to set the discount rate and, the relationship to the nominal real curve, to derived inflation. For the current valuation we have set the discount rate and inflation assumptions with reference to the par/swap bond curves.

The Sensitivity section quantifies the effects of a narrowing and widening of the net discount rates by 1% per annum.

Discount rate assumption - The discount rate required by IAS19 should be set with reference to a high-quality corporate bond. In countries where there is no deep market in such bonds, the market yield on government bonds should be used. We have set the discount rate by using the best fit discount rate at 31 March 2024 based on the yields from the Nominal Bond Par Swap curve with a duration of between 0 and 1 year. The recommended discount

rate is 8.47%. The source is the Johannesburg Stock Exchange through INET BFA IReSS data service. The discount rate for the previous valuation was 7.93%.

Future inflation assumption - The benefit does not increase in future as such the general inflation assumption is not required.

Net discount rate - The net discount rate is 8.47% per annum as the benefits do not increase in future.

Assets - We have been advised by the actuary to the Provident Fund that the Employer Surplus Account has an estimated balance of R 55,968 million at 31 March 2024. For purposes of the valuation we have taken the asset value to be R 55,968 million.

Pre-retirement mortality - We have assumed that the pre-retirement mortality will be in line with SA585-90 (Light) table, rated down by three years for both male and female employees. This assumption is consistent with the assumption used for the previous valuation report.



Notes to the Consolidated and Separate Financial Statements

12. RETIREMENT BENEFITS

Assumed retirement age - The normal retirement age of the Group is 65 years. We have been advised that the average age for retiring members is 59 years of age. A retirement age of 59 years is assumed. For employees currently over age 59 we have provided for the immediate value of the benefit. This assumption is consistent with the assumption used for the previous valuation report.

Developments since the previous valuation - There were no changes to the rules governing payment and eligibility for the Provident Fund leave benefits since the previous valuation. As

far as assumptions are concerned only the discount rate which are dependent on the market at the time of the valuation differed from the previous valuation. All other assumptions are broadly consistent with that used at the previous valuation unless otherwise stated.

The accounting standard requires that the liabilities are valued using the Projected Unit Credit Method. This method was therefore used to value the liabilities. The service in respect of the leave days was fully accrued for.

	Group		Company	
Figures in Rand thousand	2024	2023	2024	2023
Other assumptions				
Discount rate	8,47%	7,93%	8,47%	7,93%
Expected return on plan assets	8,47%	7,93%	8,47%	7,93%
Long-term price inflation	3,83%	4,44%	3,83%	4,44%

Pension fund

The SA Post Office retirement fund (the fund) previously known as the SA Post Office Pension Fund, was established on 1 October 1991 in terms of section 9(1) of the SA Post Office Act, 1958 (Act No.44 of 1958, as amended). The fund only allowed for defined benefit members until 30 November 2005 when it was converted into primarily a defined contribution scheme. It then became known as the SA Post Office retirement fund.

The fund is a separate legal entity, distinct from its members and is capable in law, in its own name, of suing and of being sued, and of acquiring, holding and alienating property, movable and immovable.

The assets held by the fund are registered in the name of the fund which has as its objective the provision of retirement and

ancillary benefits to all its beneficiaries, being pensioners and active members.

In terms of section 10A of the South African Post Office Act (Act No 44 of 1958, as amended), the financial obligations of the SA Post Office retirement fund in respect of its defined benefit members and pensioners are guaranteed by the SA Post Office whilst the Government of the Republic of South Africa in turn guarantees the obligations of the SA Post Office in this regard.

In terms of a recent actuarial capital adequacy analysis, the fund was fully funded and the actuary concluded that it was in a sound financial position.

The amounts recognised in profit and loss:				
Service cost	(556)	(741)	(556)	(741)
Estimated contributions	953	1,744	953	1,744
Net interest income	251,498	269,050	251,498	269,050
	(5,994)	-	(5,994)	-
Remeasurements of post-retirement fund (actuarial gains) / losses)				
Changes in assumptions	236,860	82,055	236,860	82,055
Experience adjustment	(151,027)	(674,250)	(151,027)	(674,250)
Actuarial (Gains) / losses on plan asset	(224,914)	259,726	(224,914)	259,726
Changes in the effect of the asset ceiling	(118,808)	62,416	(118,808)	62,416
	(5,994)	-	(5,994)	-



Notes to the Consolidated and Separate Financial Statements

12. RETIREMENT BENEFITS

Actuarial assumptions: Pension fund

These tables set out the impact on results as a consequence of changes to assumptions on the discount rate and the postretirement age rating assumptions.

	Group		Company	
Figures in Rand thousand	2024	2023	2024	2023
Discount rate				
1% increase	6,222,085	5,580,605	6,222,085	5,580,605
Current assumption	6,634,565	5,965,920	6,634,565	5,965,920
1% decrease	7,103,942	6,405,623	7,103,942	6,405,623
Post-retirement age rating				
PA(90) +1	6,480,009	5,804,004	6,480,009	5,804,004
Current Assumption	6,634,565	5,965,920	6,634,565	5,965,920
PA(90) -1	6,786,881	6,126,675	6,786,881	6,126,675

The assumptions used are based on statistics and market data as at 31 March 2024. The assumptions are unbiased and mutually compatible.

The previous valuation used the zero-coupon government nominal bond curve to set the discount rate and, the relationship to the nominal real curve, to derived inflation. For the current valuation we have set the discount rate and inflation assumptions with reference to the par/swap bond curves.

Discount rate assumption - The discount rate required by IAS19 should be set with reference to a high-quality corporate bond. In countries where there is no deep market in such bonds, the market yield on government bonds should be used. We have used the average Nominal Bond Par Swap curve with duration of between 15 and 20 years as at 31 March 2024. The recommended discount rate is 15.16%. The source of the yield curve is the Johannesburg Stock Exchange through IRESS data service. The discount rate assumption used for the previous valuation was 11.44%

Future inflation assumption - The general inflation assumption is used to estimate the base rate for determining the rate at which the future salaries will increase. We have used the difference between the Nominal Bond Par Swap curve and the real Bond Par Swap curve with duration of between 15 and 20 years. The implied inflation assumption is therefore 9.49% per annum for future inflation. The source of the yield curves is the Johannesburg Stock Exchange through IRESS data service. The inflation assumption used for the previous valuation was 6.53%

Future salary inflation assumption - It was assumed that the subsidies will increase in line with 1.00% in excess of general inflation, therefore 10.49% per annum. This is consistent with the assumptions of the previous valuation. The inflation assumption used for the previous valuation was 7.53%.

Net discount rate - Even though the actual values used for the discount rate and the expected increase in medical inflation are important, the "gap" between the two assumptions is more important. This "gap" is referred to as the net discount rate. The net discount rate for subsidy inflation is assumed to be 4.23% per annum (derived from a discount rate of 15.16% and the expected salary inflation rate of 10.49%). The net discount rate was 3.63% per annum at the previous valuation.

Pre-retirement mortality - We have assumed that the pre-retirement mortality will be in line with SA85-90 (light) table, rated down by 3 years for female employees. We have not allowed for death as a result of an injury arising in the course of employment with the Entity. This is consistent with the assumptions of the previous valuation.

Post-retirement mortality - The post-retirement mortality assumptions were based on the PA(90) mortality tables. This is consistent with the assumptions of the previous valuation.

Withdrawals - Given the small number of active Defined Benefit (DB) members and their age profile, no specific allowance for withdrawals was made. This implies that the actuarial reserve value is available to provide benefits on voluntary exit and re-



Notes to the Consolidated and Separate Financial Statements

12. RETIREMENT BENEFITS

trenchment. This is consistent with the assumptions of the previous valuation.

Assumed retirement age - The normal retirement age of the remaining active defined benefit members is 65 years. We have assumed, on average, that active members will retire early at age 59. This is the same assumption used at the previous valuation date. This is consistent with the assumptions of the previous valuation.

Marital status - An assumption has been made that 90% of members will be married at retirement with the male spouse being 3 years older than the female spouse. For retired members who are married, we have used the actual date of birth for the spouse where available. Where the spouses date of birth was not available we have assumed that the male spouse is 3 years older than the female spouse. This is consistent with the assumptions of the previous valuation.

Commutation - We have assumed that on retirement all Defined Contribution (DC) pensioners would have commuted a third of

their pension on retirement. We have further assumed that all DB-A members and DB-C members would have commuted at third of their pension on retirement. This is consistent with the assumptions of the previous valuation.

The accounting standard requires that the liabilities are valued using the Projected Unit Credit Method, and this method was therefore applied.

The Fund provides benefits of both Defined Benefit and Defined Contribution nature. The liability in respect of active defined benefit members was based on the actual past service of Members in the active service of the Company. The liability in respect of current pensioners is fully accounted for.

The liabilities, assets and reserve accounts relating to the Defined Contribution section of the fund were excluded from the valuation. In aggregate, these liabilities (and assets) amount to approximately R8 billion.

	Group		Company	
Figures in Rand thousand	2024	2023	2024	2023
Other assumptions				
Discount rate	15,16%	11,44%	15,16%	11,44%
Expected return on plan assets	15,16%	11,44%	15,16%	11,44%
Long-term plan inflation	9,49%	6,53%	9,49%	6,53%

Expected contributions and maturity profile				
Expected contributions to the defined benefit plan in future years			2024	2023
Within the next 12 months (next annual reporting period)			334	1,744
Between 2 and 5 years			809	7,117
Between 5 and 10 years			432	5,743
Beyond 10 years			227	4,105
			1,802	18,709

Maturity profile

The average term to retirement for actives is 7 years for 2024. The average duration for the pensioners is 17 years. For 2023 the average term to retirement is 7 years. The average duration for pensioners is 17 years.

The average duration retirement age for current employees (pensioners) is 15.7 (male) and 17.9 (female).



Notes to the Consolidated and Separate Financial Statements

13. INVENTORIES

	Group		Company	
Figures in Rand thousand	2024	2023	2024	2023
Inventories				
Merchandise	27,724	31,547	27,724	31,547
Consumables	23,744	18,295	23,375	17,911
	51,468	49,842	51,099	49,458
Inventories (write-downs)	(1,714)	(1,714)	(1,714)	(1,714)
Total inventories net of write-downs	49,754	48,128	49,385	47,744

Inventory pledged as security

No inventory has been pledged as security for liabilities.

14. TRADE AND OTHER RECEIVABLES

Financial instruments:				
Trade receivables	408,818	146,294	403,394	138,161
Loss allowance	(279,623)	(35,518)	(279,373)	(32,252)
Trade receivables at amortised cost	129,195	110,776	124,021	105,909
Deposits	40	783	-	-
Amounts due from subsidiaries	-	-	-	7,164
Money and postal orders	8,937	13,874	8,881	8,846
International debtors	128,468	140,710	128,468	140,710
Other receivables	309	562	309	-
Non-financial instruments:				
Value Added Tax	-	2,560	-	-
Employee costs in advance	(4,034)	65,589	(4,034)	65,589
Gross uncleared control accounts & other receivables	771,164	744,315	771,177	744,103
Impaired uncleared control accounts & other receivables	(702,033)	(398,536)	(702,033)	(398,536)
Total trade and other receivables	332,046	680,633	326,789	673,785



Notes to the Consolidated and Separate Financial Statements

14. TRADE AND OTHER RECEIVABLES

Exposure to credit risk

The following table provides information about the exposure to credit risk and ECL's for trade receivable from individual customers as at 31 March 2024:

	Group			
31 March 2024 (R'000)	Average loss rate	Gross carrying amount	Loss allowance	Credit impaired
0 - 30 days	21.80 %	127,565	27,810	No
31 - 60 days	16.24 %	29,546	4,798	No
61 - 90 days	40.39 %	6,573	2,655	No
91 - 120 days	81.93 %	15,059	12,338	No
More than 120 days past due	100.85 %	230,075	232,022	Yes
		408,818	279,623	
	Group			
31 March 2023 (R'000)	Average loss rate	Gross carrying amount	Loss allowance	Credit impaired
0 - 30 days	0.86 %	73,219	628	No
31 - 60 days	11.87 %	8,671	1,029	No
61 - 90 days	143.38 %	3,013	4,320	No
91 - 120 days	634.49 %	1,589	10,082	No
More than 120 days past due	32.54 %	59,802	19,459	Yes
		146,294	35,518	



Notes to the Consolidated and Separate Financial Statements

14. TRADE AND OTHER RECEIVABLES

	Company			
31 March 2024 (R'000)	Average loss rate	Gross carrying amount	Loss allowance	Credit impaired
0 - 30 days	22.11 %	125,278	27,696	No
31 - 60 days	16.54 %	28,725	4,750	No
61 - 90 days	43.75 %	6,000	2,625	No
91 - 120 days	82.22 %	14,981	12,318	No
More than 120 days past due	101.56 %	228,410	231,984	Yes
		403,394	279,373	
	Company			
31 March 2023 (R'000)	Average loss rate	Gross carrying amount	Loss allowance	Credit impaired
0 - 30 days	0.86 %	73,219	628	No
31 - 60 days	11.87 %	8,671	1,029	No
61 - 90 days	143.38 %	3,013	4,320	No
91 - 120 days	634.49 %	1,589	10,082	No
More than 120 days past due	31.34 %	51,669	16,193	Yes
		138,161	32,252	

Fair value of trade and other receivables

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

Management believes that all amounts that are past due by more than 120 days are not collectible, based on historical payment behaviour.

Trade receivables impaired

As of 31 March 2024, trade and other receivables of Group R279,623 (2023: R35,518) and Company R279,373 (2023: R32,252) were impaired and provided for.

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	Impairment	Impairment	Impairment	Impairment
	2024	2023	2024	2023
Balance as at 1 April	35,518	34,081	32,252	30,704
Amounts written off	-	-	-	-
Net remeasurements of loss allowance	244,105	1,437	247,121	1,548
Balance as at 31 March	279,623	35,518	279,373	32,252



Notes to the Consolidated and Separate Financial Statements

14. TRADE AND OTHER RECEIVABLES

Control account impaired

The movement in the allowance for impairment in respect of control account during the year was as follows

	2024 Impairment	2023 Impairment	2024 Impairment	2023 Impairment
Balance as at 1 April	398,536	190,194	398,536	190,194
Amounts written off	-	-	-	-
Net remeasurements of loss allowance	303,497	208,342	303,497	208,342
Balance as at 31 March	702,033	398,536	702,033	398,536

International debtors impaired

The movement in the allowance for impairment in respect of international debtors account during the year was as follows:

	2024 Impairment	2023 Impairment	2024 Impairment	2023 Impairment
Balance as at 1 April	-	-	-	-
Amounts written off	-	-	-	-
Net remeasurements of loss allowance	5,445	-	5,445	-
Balance as at 31 March	5,445	-	5,445	-

IFRS 9 allows an entity to use a simplified "provision matrix" for calculating expected losses as a practical expedient (e.g., for trade receivables), if consistent with the general principles for measuring expected losses. The provision matrix is based on an

entity's historical default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates.

The provision matrix and default rates applied (unadjusted) is set out as:

2024	From 1 to 30 days	From 31 to 60 days	From 61 to 90 days	From 91 to 120 days	Greater than 120 days
Group	21.80 %	16.24 %	40.39 %	81.93 %	100.85 %
Company	22.11 %	16.54 %	43.75 %	82.22 %	101.56 %
2023	From 1 to 30 days	From 31 to 60 days	From 61 to 90 days	From 91 to 120 days	Greater than 120 days
Group	0.86 %	11.87 %	143.38 %	634.49 %	32.54 %
Company	0.86 %	11.87 %	143.38 %	634.49 %	31.34 %

The Group define a default on trade receivables as a non-payment of the trade receivable within 120 days after the issue of the invoice.

The Group has applied the practical expedient of IFRS 15.63, which permits the Group not to adjust the transaction price for the effects of a significant financing component if, at contract inception, it expects the period between the customer payment and the transfer of services to be less than or equal to one year.

For trade receivables, repayment is due at the end of the month following the invoice date (which is on average between 30 and 60 days). The Group applies a historic loss rate, adjusted to re-

flect economic conditions and macro-economic factors. The Group determined that the "unemployment rate" was the most appropriate macro-economic factor that can affect the credit losses of the Group.

The movement in unemployment rate that is applied to adjust the historic default rate is 0,8% (32.1% - 32.9%) in 2024 and 0,2%(32.7% - 32.9%) in 2023.

Classification as trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business.



Notes to the Consolidated and Separate Financial Statements

They are generally due for settlement within 30 to 60 days and are therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional and does not contain a significant financing component.

The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost.

15. PREPAYMENTS

	Group		Company	
Figures in Rand thousand	2024	2023	2024	2023
Subscriptions and IT solutions paid in advance				
Services receivable within a year	12,874	899	12,706	899

Prepaid expenses are payments made in advance of the future performance of services. These amounts are recorded as assets in the financial statements until the related expenses have been incurred.

16. CASH AND CASH EQUIVALENTS

Cash on hand	19,627	40,997	19,618	40,975
Bank balances	2,517,159	445,791	2,517,159	445,408
Short-term deposits	18,877	22,624	-	-
Other cash and cash equivalents	22,816	33,642	22,816	33,642
	2,578,479	543,054	2,559,593	520,025

Note 43 (Financial instruments and risk management) provides further detail on the credit quality of cash and cash equivalents.

17. NON-CURRENT ASSETS HELD FOR SALE

Reconciliation of non-current assets held for sale				
Opening balance				
Property plant and equipment	1,435	35,712	1,435	35,712
Investment Property	39,716	108,655	34,866	91,055
	41,151	144,367	36,301	126,767
Transfers in the year				
Property plant and equipment	(1,435)	(15,566)	(1,435)	(16,566)
Investment property	(39,716)	(23,492)	(34,866)	(10,742)
Restatement of balances	-	(63,158)	-	(63,158)
	(41,151)	(103,216)	(36,301)	(90,466)
Closing balance				
Property plant and equipment	-	1,435	-	1,435
Investment property	-	39,716	-	34,866
	-	41,151	-	36,301



Notes to the Consolidated and Separate Financial Statements

18. SHARE CAPITAL

	Group		Company	
	2024	2023	2024	2023
Authorised				
1 000 000 000 Ordinary shares of R1 each	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
Reconciliation of number of shares issued:				
Reported as at 01 April 2023	8,164,115,878	8,164,115,878	8,164,115,878	8,164,115,878
Issue of shares – ordinary shares*	1	-	1	-
	8,164,115,879	8,164,115,878	8,164,115,879	8,164,115,878
Figures in Rand thousand				
Issued				
Ordinary shares of R1 each	8,164,116	8,164,116	8,164,116	8,164,116
Capital contribution reserve	2,400,000	-	2,400,000	-
	10,564,116	8,164,116	10,564,116	8,164,116

At year end, there are 306 884 117 unissued ordinary shares. This authority remains in force until the next annual general meeting.

19. MARK-TO-MARKET RESERVE

The unlisted shares held in the cell captive Centriq Insurance Innovation (Pty) Ltd are classified as a financial asset at fair value through other comprehensive income.

Financial assets classified as subsequently measured at fair value through other comprehensive income, with fair value gains

and losses recognised directly in other comprehensive income as the reserve for valuation of investments (mark-to-market reserve). The market approach is used under IFRS 13 in the determination of the fair value of unlisted shares for which no reference can be made to quote market prices. Refer to note 10.

	Group		Company	
Figures in Rand thousand	2024	2023	2024	2023
Investments at fair value through other comprehensive income	5,550	(35,654)	5,550	(35,654)



Notes to the Consolidated and Separate Financial Statements

20. POSTBANK SOC LTD LIABILITY

Held at amortised cost				
Postbank SOC Ltd	-	215,869	-	215,869

The liability was unsecured and carried interest at the publicly quoted interest rate, compounded monthly in arrears.

The liability represents an internal, inter-divisional, balance that was converted to a company-level liability as a consequence of the separation of Postbank from SA Post Office. The liability has

no fixed terms of repayment. It is classified as current on the basis that SA Post Office has no contractual right to unilaterally defer settlement of the liability for at least twelve months after the reporting period. This amount was settled as part of the creditors compromise.

Split between non-current and current portions				
Current liabilities	-	215,869	-	215,869



Notes to the Consolidated and Separate Financial Statements

21. DEFERRED TAX

	Group		Company	
Figures in Rand thousand	2024	2023	2024	2023
Deferred tax liability				
Property plant and equipment	(14,210)	(17,548)	-	-
Reversing temporary difference on fixed assets	-	(682)	-	-
Impairment of bad debts	-	10	-	-
Deferred Lease	-	552	-	-
Total deferred tax liability	(14,210)	(17,668)	-	-
Deferred tax asset				
Provisions	6,544	1,083	-	-
Deferred lease	-	2,034	-	-
Income received in advance	-	1,426	-	-
Deferred tax balance from temporary differences other than unused tax losses	6,544	4,543	-	-
Tax losses available for set off against future tax in	539	2,153	-	-
	7,083	6,696	-	-
Total deferred tax asset	7,083	6,696	-	-
Deferred tax liability	(14,210)	(17,668)	-	-
Deferred tax asset	7,083	6,696	-	-
Total net deferred tax liability	(7,127)	(10,972)	-	-
Reconciliation of deferred tax asset / (liability)				
At beginning of year	(10,972)	(13,788)	-	-
Investment property	-	756	-	-
Provisions	-	30	-	-
Deferred lease	-	(2)	-	-
Employee benefit	-	118	-	-
Income received in advance	-	(124)	-	-
Taxable / (deductible) temporary difference movement on tangible fixed assets	-	(712)	-	-
Increase (decrease) in tax loss available to set off against future taxable income	3,845	2,750	-	-
	(7,127)	(10,972)	-	-



Notes to the Consolidated and Separate Financial Statements

21. DEFERRED TAX

Recognition of deferred tax asset

The Group discloses the amount of a deferred tax asset and the nature of the evidence supporting its recognition, when:

- the utilisation of the deferred tax asset is dependent on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences; and
- the entity has suffered a loss in either the current or preceding period in the tax jurisdiction to which the deferred tax asset relates.

	Group		Company	
Figures in Rand thousand	2024	2023	2024	2023
Unrecognised deferred tax asset				
Available for sale financial assets adjustments	-	(9,599)	-	(9,599)
Tax loss	-	4,353,884	-	4,353,884
Deferred revenue	-	14,190	-	14,190
Provisions	-	532,953	-	532,447
Fixed assets	-	(421,760)	-	(421,760)
Financial instruments	-	(56)	-	(56)
	-	4,469,612	-	4,469,106

Unrecognised deferred tax asset for components of other comprehensive income

Unrecognised deferred tax is made up of the following:

Timing differences on tax loss	3,017,849	4,353,884	3,017,849	4,353,884
Timing differences on temporary difference	1,534	115,222	1,534	115,222
	3,019,383	4,469,106	3,019,383	4,469,106

As it is unlikely that the assessed loss will be utilised in the foreseeable future, no deferred tax asset has been recognised. The current unrecognised deferred tax asset is R3 billion (2023: R4,4 billion). The unused estimated/assessed tax loss at year-end is R3 billion (2023: R4.3 billion).

22. PROVISIONS

Reconciliation of provisions - Group - 2024				
	Opening balance	Additions	Reversed during the year	Total
Site restoration	125,998	3,257	(95,085)	34,170
Restructuring costs	-	20,007	-	20,007
	125,998	23,264	(95,085)	54,177

Reconciliation of provisions - Group - 2023				
	Opening balance	Additions	Reversed during the year	Total
Site restoration	156,781	3,887	(34,670)	125,998



Notes to the Consolidated and Separate Financial Statements

22. PROVISIONS

Reconciliation of provisions - Company - 2024				
	Opening balance	Additions	Reversed during the year	Total
Site restoration	125,998	3,257	(95,085)	34,170
Restructuring costs	-	20,007	-	20,007
	125,998	23,264	(95,085)	54,177

Reconciliation of provisions - Company - 2023				
	Opening balance	Additions	Reversed during the year	Total
Site restoration	156,781	3,887	(34,670)	125,998
	2024	2023	2024	2023
Non-current liabilities				
Site restoration	23,249	34,486	23,249	34,486
	23,249	34,486	23,249	34,486
Current liabilities				
Site restoration	10,921	91,512	10,921	91,512
Restructuring costs	20,007	-	20,007	-
	30,928	91,512	30,928	91,512
	54,177	125,998	54,177	125,998



Notes to the Consolidated and Separate Financial Statements

22. PROVISIONS

Site restoration

The provision relates to decommissioning costs that are expected to be incurred upon termination or conclusion of property rental lease agreements where the Company is currently or has previously been the lessee. It is uncertain whether these leases will be extended or terminated earlier, which creates uncertainties regarding the amount and timing of the cash flows.

Assumptions and methodologies used in the calculation of this provision:

Site restoration is determined where there is a possibility of a restoration obligation arising. Site restoration is provided for active rental contacts, as well as for arrears contacts where the Company is still in occupation.

The Company has maintained records of actual site restorations performed. Prior restoration costs are inflation-adjusted to determine average restoration costs per square meter for rental properties each year. Average costs per square meter are applied to individual rentals to arrive at current restoration estimates. There are select landlords who do accept three months rental or more, instead of a site restoration being performed, and therefore monthly rental amounts are also considered in arriving at restoration estimates. Evidence suggests that around six months of rental payments approaches the estimates arrived at based upon square meterage. For each property which may require site restoration, the Company applies the highest of the two estimates to ensure that liabilities for restoration might not easily be underestimated.

The initial present value estimate of site restoration costs is capitalised in terms of the relevant lease agreements, and a corresponding provision (liability) recognised. Depreciation is straight-lined over the remaining lease period. Where there is no more rental contract (non-renewed) the site restoration liability is not written off but maintained until site restoration is performed. The current liability portion of site restoration is

determined based upon rental contracts that will expire within the next 12 months. The current liability includes expired rentals from previous years.

The future value of each rental is calculated to the end of its remaining lease term, using the present value, being the current estimated cost of site restoration, and applying the SA prime rate as the interest rate. Interest arrived at for each of the remaining rental years is expensed each year. Where there is no more rental contract, no more interest is expensed as there is no more lease term.

Restructuring costs

The SA Post Office is undergoing a restructuring process under Business Rescue, which involves the retrenchment of approximately 4,300 employees as per the Labour Relations Act (section 189). Initially, the retrenchment process considered 6,000 employees, but this number has since been revised to 4,300. The restructuring affects multiple functions and locations within SA Post Office.

The total provision for restructuring amounts to R18 million. Additionally, an amount of R328 million has been accrued as a liability and accounted for in expenditure. The combined total restructuring cost amounts to R344 million. The anticipated outflow of resources related to this provision is expected to occur within the forthcoming financial year.

The provision is based on current estimates. However, actual costs may vary depending on the final number of employees retrenched, potential variations in severance payments, and any unforeseen additional costs, including termination-related expenses due to Branch closures.

This is a newly established provision for the current financial year. Consequently, there is no comparative information available from prior periods.



Notes to the Consolidated and Separate Financial Statements

23. OTHER EMPLOYEE BENEFITS

Summary				
Other employee benefits - Current	75,610	147,113	75,893	145,649
Other employee benefits - Non-current	22,408	34,783	20,603	34,235
	98,018	181,896	96,496	179,884
Current liability				
Long service leave awards	341	450	341	450
Leave pay	74,642	143,819	74,642	143,819
Long service cash award	477	2,662	871	1,341
General provision	39	39	39	39
Contractual 13th cheque	111	143	-	-
	75,610	147,113	75,893	145,649
Non Current liability				
Long service cash awards	16,309	21,474	14,504	20,926
Leave Pay	700	1,251	700	1,251
Long service leave awards	5,399	12,058	5,399	12,058
	22,408	34,783	20,603	34,235

General provision

Employees can elect to join a Bargaining Unit for 13th cheque payments or employees appointed on a Total Cost to Company (TCTC) basis may elect to structure their package for a 13th cheque payment. 13th cheque payments for Bargaining Unit's members are paid in the employee's birth month and TCTC 13th cheque payments are made in December.

Leave obligation

Employees are entitled to 22 days leave per annum. As at 31 March the remaining statutory annual leave may be carried forward for a period of six (6) months after year end, thereafter the leave will be forfeited.

Any leave balance remaining when an employee leaves the service of the SA Post Office for whatever reason (e.g. resignation, death, retirement) is encashed at that time.

Capped leave

In addition to their "normal" current accrued leave some staff members also have an amount of "capped" leave. During 2001 and 2002 the SA Post Office negotiated with staff in different categories that leave accrued up till that date would in future

only be encashed at the salary as at that time. This leave can be taken, but only after all other accrued leave has been taken. Any remaining balance will be paid out as cash when the employee leaves the service of the SA Post Office.

Given these rules, the SA Post Office recognises that the balances in both the "capped" leave and "normal" accrued leave will not be settled in the 12 months following the date of calculation, and therefore some form of calculation is required. In performing these calculations, an assumption has been applied that 50% of the balance standing in the "normal" accrued leave will be taken as leave in the next 12 months. The remainder of the "normal" and the balance in the "capped" leave will be paid out in cash when the employee leaves the service of the SA Post Office by death, resignation or retirement. In the case of the "accrued" leave, this will be based on the salary applicable at that date, and in the case of the "capped" leave, based on the current fixed rate.

A restricted number of employees are members of the leave provident fund. This provident fund provides for leave in excess of 60 days at a specific point in time. No additional employees may become members of this fund. Leave in this fund can only be encashed when the employee retires or resigns and cannot be utilised as leave. As provident fund assets are sufficient this leave is not accrued by the Company.



Notes to the Consolidated and Separate Financial Statements

23. OTHER EMPLOYEE BENEFITS

Contractual 13th cheque

The contractual 13th cheque relates to The Document Exchange (Pty) Ltd:

An obligation arises based on a percentage of an employee total cost to company deducted monthly to be paid out in the month of December every year. The amount is certain and the likelihood of cash flow is very high.

Long service cash awards

The Group has a once off cash award policy in respect of long service. The Group has valued this benefit in the current period, and shall be valuing the benefit annually.

Long service leave awards

The Group has a policy of giving a once-off extra day of leave when employees reach ten years of service and for every ten years thereafter within the SA Post Office's employment.

	Group		Company	
Figures in Rand thousand	2024	2023	2024	2023
Actuarial assumptions and sensitivity analysis				
Long service cash awards				
Discount rate				
1% increase	16,001	22,835	16,001	22,835
Current assumption	16,786	24,135	16,786	24,135
1% decrease	17,633	25,555	17,633	25,555
Retirement age				
2-year increase	18,928	28,238	18,928	28,238
Current assumption	16,784	24,135	15,375	24,135
2-year decrease	14,332	19,958	14,332	19,958
Leave days				
Discount rate				
1% increase	5,444	11,890	5,444	11,890
Current assumption	5,740	12,508	5,740	12,508
1% decrease	6,064	13,182	6,064	13,182
Retirement age				
2-year increase	6,569	14,089	6,569	14,089
Current assumption	5,740	12,508	5,740	12,508
2-year decrease	4,823	10,630	4,823	10,630



Notes to the Consolidated and Separate Financial Statements

23. OTHER EMPLOYEE BENEFITS

Actuarial assumptions

The assumptions used are based on statistics and market data as at 31 March 2024.

The previous valuation used the zero-coupon government nominal bond curve to set the discount rate and, the relationship to the nominal real curve, to derived inflation. For the current valuation we have set the discount rate and inflation assumptions with reference to the par/swap bond curves.

Discount rate assumption

The discount rate required by IAS19 should be set with reference to a high-quality corporate bond. In countries where there is no deep market in such bonds, the market yield on government bonds should be used. We have set the discount rate by using the best fit discount rate at 31 March 2024 based on the yields from the Nominal Bond Par Swap curve. The best fit has been determined taking into account the cash-flow weighted duration of the liabilities, which is approximately 8 years. The recommended discount rate is 10,13%.

Future inflation assumption

The general inflation assumption is used to estimate the base rate for determining the rate at which the future salaries will increase.

We have estimated the market's pricing of inflation by comparing the yields on the Nominal Bond Par Swap curve with a duration of 8 years. The implied inflation assumption is therefore 5,55% per annum for future inflation. The source is the Johannesburg Stock Exchange through IRESS data services. We assumed that salary inflation will exceed general inflation by 1.0% per annum, i.e. 6,55% p.a.

Assets

The Company does not have any specific assets set aside to fund this liability. We have therefore not included any asset value in this report.

Net discount rate

Even though the actual values used for the discount rate and the expected increase in salaries are important, the "gap" between the two assumptions is more important. This "gap" is referred to as the net discount rate. The net discount rate for salary inflation is assumed to be 3,36% per annum (derived from a discount rate of 10,13% and the expected salary-inflation rate of 6,55%).

Pre-retirement mortality

We have assumed that the pre-retirement mortality will be in line with SA85-90 (Light) table, rated down by 3 years for female employees. This assumption is in line with the previous assumptions used.

Assumed retirement age

The normal retirement age of the group is 65 years. Evidence has shown that not all members are retiring at the normal retirement age. We have been advised that the average age for retiring members is 59 years of age. A normal retirement age of 59 years is assumed. For employees currently over age 59 we have assumed that they will retire immediately.



Notes to the Consolidated and Separate Financial Statements

23. OTHER EMPLOYEE BENEFITS

	Group		Company	
Figures in Rand thousand	2024	2023	2024	2023
Other assumptions				
Discount rate	10.99 %	10.13 %	10.99 %	10.13 %
Salary inflation increase rate	7.07 %	6.55 %	7.07 %	6.55 %
Long-term price inflation	6.07 %	3.36 %	6.07 %	3.36 %
Leave encashment				
Discount rate				
1% increase	1,058	2,126	1,058	2,126
Current assumption	1,112	2,175	1,112	2,175
1% decrease	1,170	2,228	1,170	2,228
Retirement age				
2-year increase	844	2,362	844	2,362
Current assumption	1,112	2,175	1,112	2,175
2-year decrease	1,364	1,972	1,364	1,972

Actuarial assumptions

The assumptions used are based on statistics and market data as at 31 March 2024.

The previous valuation used the zero-coupon government nominal bond curve to set the discount rate and, the relationship to the nominal real curve, to derived inflation. For the current valuation we have set the discount rate and inflation assumptions with reference to the par/swap bond curves.

Discount rate assumption

The discount rate required by IAS19 should be set with reference to a high-quality corporate bond. In countries where there is no deep market in such bonds, the market yield on government bonds should be used. We have set the discount rate by using the best fit discount rate at 31 March 2024 based on the yields from the Nominal Bond Par Swap curve with a duration of between 2 and 5 years. The recommended discount rate is 8,45%. The source is the Johannesburg Stock Exchange through INET BFA IRESS data service.

Net discount rate

The benefits do not increase and are pegged at the rate of applicable salary in 2001 or 2002 as applicable. The net discount rate is therefore 8,45% per annum.

Post-retirement mortality assumption

We have assumed that the pre-retirement mortality will be in line with SA85-90 (Light) table, rated down by 3 years for female employees. This assumption is in line with the previous assumptions used. This assumption is consistent with the assumption used for the previous valuation report.

Assumed retirement mortality assumption

The normal retirement age of the group is 65 years. Evidence has shown that not all members are retiring at exactly these ages. We have been advised that the average age for retiring members is 59 years of age. A normal retirement age of 59 years is assumed. For employees currently over age 59 we have assumed that they will retire in 1 years' time. This assumption is consistent with the assumption used for the previous valuation report.

Take-up rates assumption

We have assumed that the capped leave will be encashed on exit from the Company. This assumption is consistent with the assumption used for the previous valuation report.



Notes to the Consolidated and Separate Financial Statements

23. OTHER EMPLOYEE BENEFITS

	Group		Company	
Figures in Rand thousand	2024	2023	2024	2023
Other assumptions				
Discount rate	9.89 %	8.45 %	9.89 %	8.45 %
Expected return on plan assets	9.89 %	8.45 %	9.89 %	8.45 %
Long-term price inflation	5.19 %	4.74 %	5.19 %	4.74 %

24. TRADE AND OTHER PAYABLES

	Group		Company	
Figures in Rand thousand	2024	2023	2024	2023
Financial instruments:				
Trade payables	182,029	909,792	181,845	879,542
Postbank payable - SASSA Billing	-	827,528	-	827,528
Postbank payable - Daily settlement	721,518	2,484,498	721,518	2,484,498
Postbank payable - Value Added Tax	-	23,970	-	23,970
Postbank payable - Other	23	16	23	16
Money and postal orders	10,284	10,218	10,284	10,218
International trade payables	103,601	117,462	103,601	117,462
Creditors compromise (Amounts to be paid to creditors per BR plan)	701,952	-	701,952	-
Accrued expenses	157,187	421,941	157,187	413,421
Deposits received	87,006	87,460	86,803	87,213
Deferred gain on hedges	-	490	-	-
Other payables	114,044	94,411	110,808	90,292
Amounts due to subsidiaries	72	-	323	17,459
Non-financial instruments:				
Employee related payables	878,294	3,066,477	878,294	3,066,477
Value Added Tax	23,675	26,257	23,341	25,933
	2,979,685	8,070,520	2,975,979	8,044,029



Notes to the Consolidated and Separate Financial Statements

25. CONTRACT LIABILITIES

	Group		Company	
Figures in Rand thousand	2024	2023	2024	2023
Summary of contract liabilities				
Subscriptions - upfront members	2,465	1,954	-	-
Reconciliation of contract liabilities				
Opening balance	1,954	1,954	-	-
Movement for post year end contracts for which the timing of the right to consideration only become unconditional in the future.	511	-	-	-
	2,465	1,954	-	-

Revenue on annual subscriptions (upfront membership) is recognised when control of the goods has transferred to the customer, which is the point at which the goods are delivered to the customer. The customer is liable for the full transaction price

at the point when a contract is entered into, non-payment on these contracts is classified as contract liability and not deferred income.



Notes to the Consolidated and Separate Financial Statements

26. DEFERRED INCOME

	Group		Company	
Figures in Rand thousand	2024	2023	2024	2023
Bulk mail, Parcels, Hybrid, Mail Sundry & Registered letters revenue	25,121	25,724	25,121	25,724
Franking mail revenue	1,039	630	1,039	630
Box revenue	29,288	48,300	29,288	48,300
Stamp and envelope revenue	701	571	701	571
Speed services revenue	13	53	13	53
Subscription fees	7,260	5,664	-	-
Total deferred income	63,422	80,942	56,162	75,278
Reconciliation of deferred income - Group 2024				
	Opening balance	Additions	Recognised as revenue	Closing balance
Bulk mail, Parcels, Hybrid, Mail Sundry & Registered letters revenue	25,724	25,122	(25,724)	25,122
Franking mail revenue	630	1,039	(630)	1,039
Box revenue	48,300	29,288	(48,300)	29,288
Stamp and envelope revenue	571	701	(571)	701
Speed services revenue	53	13	(53)	13
Subscription fees	5,664	7,259	(5,664)	7,259
	80,942	63,422	(80,942)	63,422
Reconciliation of deferred income - Group 2023				
	Opening balance	Additions	Recognised as revenue	Closing balance
Bulk mail, Parcels, Hybrid, Mail Sundry & Registered letters revenue	19,374	25,724	(19,374)	25,724
Franking mail revenue	1,047	630	(1,047)	630
Box revenue	71,031	48,300	(71,031)	48,300
Stamp and envelope revenue	1,681	571	(1,681)	571
Speed services revenue	51	53	(51)	53
Subscription fees	5,847	5,664	(5,847)	5,664
	99,031	80,942	(99,031)	80,942



Notes to the Consolidated and Separate Financial Statements

26. DEFERRED INCOME

Reconciliation of deferred income - Company 2024				
	Opening balance	Additions	Recognised as revenue	Closing balance
Bulk mail, Parcels, Hybrid, Mail Sundry & Registered letters revenue	25,724	25,121	(25,724)	25,121
Franking mail revenue	630	1,039	(630)	1,039
Box revenue	48,300	29,288	(48,300)	29,288
Stamp and envelope revenue	571	701	(571)	701
Speed services revenue	53	13	(53)	13
	75,278	56,162	(75,278)	56,162
Reconciliation of deferred income - Company 2023				
	Opening balance	Additions	Recognised as revenue	Closing balance
Bulk mail, Parcels, Hybrid, Mail Sundry & Registered letters revenue	19,374	25,724	(19,374)	25,724
Franking mail revenue	1,047	630	(1,047)	630
Box revenue	71,031	48,300	(71,031)	48,300
Stamp and envelope revenue	1,681	571	(1,681)	571
Speed services revenue	51	53	(51)	53
	93,184	75,278	(93,184)	75,278

Deferred revenue

SA Post Office recognises deferred revenue for income received in advance on Postal related Income. The valuation of the deferred revenue is based on sampling systems, for Domestic mail (Test post system) and International mail (Quality of Service system). Sampling results are drawn from these systems for mailing made mid-month to end of March to determine the progress of delivery as at year end.

Bulk mail, parcels, hybrid, mail sundry and registered letters revenue

The deferred revenue calculation is based on the mail delivery performance statistics for March. Revenue is recognised based on performance satisfaction obligation at the reporting period. Revenue received in the last 21 days (2023: 21 days) days prior to year end is deferred based on the progress of delivery. The revenue deferred is expected to be recognised 21 days (2023: 21 days) days after the reporting period.

Franking mail revenue

The deferred revenue calculation is based on the assumption that 21 days (2023: 21 days) working days' revenue is unearned.

Revenue is recognised based on performance satisfaction obligation at the reporting period. Revenue received in the last ten days prior to year end is deferred based on the progress of delivery. The revenue deferred is expected to be recognised ten days after the reporting period.

Box revenue

The renewal cycle for the rental of the boxes is a calendar year from 1 January to 31 December however; the financial year for the SA Post Office is 1 April to 31 March. This means that only the revenue for three (3) months of the renewal cycle is earned for that financial year and the remaining nine (9) months of the renewal cycle is regarded as deferred revenue. The revenue deferred is expected to be recognised within nine (9) months after the reporting period.

The drop in box revenue can be attributed to numerous factors, most notably, closure of Post Office Branches (which led to affected customers opting to terminate their Post Box service subscriptions), and macro-environmental issues such as greater sensitivity to pricing amongst our customers, increased competition from electronic alternatives to physical mail, which – at present – must be done in person at post office branches.



Notes to the Consolidated and Separate Financial Statements

26. DEFERRED INCOME

Stamp and envelope revenue

The deferred revenue calculation is based on the assumption that 21 days (2023: 21 days) working days revenue is unearned. Revenue is recognised based on performance satisfaction obligation at the reporting period. Revenue received in the last 21 days (2023: 21 days) days prior to year end is deferred based on the progress of delivery. The revenue deferred is expected to be recognised ten days after the reporting period.

Speed services revenue

The deferred revenue calculation is based on the courier delivery performance statistics for March. Revenue is recognised based on performance satisfaction obligation at the reporting period. Revenue received in the last 21 days (2023: 21 days) days prior to year-end is deferred based on the progress of delivery. The

revenue deferred is expected to be recognised 21 days (2023: 21 days) days after the reporting period.

Relating to The Document Exchange (Pty) Ltd:

Subscription fees

Members pay the subscription fee annually, for twelve (12) month period. In cases where the membership overlaps between two financial years, the portion of the amount belonging to the subsequent financial year is the unearned revenue and is deferred to the next financial year. The revenue deferred is expected to be recognised over the remaining subscription period that falls within the new reporting period.

27. FUNDS COLLECTED ON BEHALF OF THIRD PARTIES

	Group		Company	
Figures in Rand thousand	2024	2023	2024	2023
Agency services and collections	40,714	669,017	40,714	669,017

Funds collected from the customers of the Company on behalf of third-party clients are paid into their bank accounts within 24 hours following the collection at Post Office outlets. In terms of

service level agreements with the clients, no interest will be paid to clients for the 24-hour period before the money collected is paid into the client's respective accounts.



Notes to the Consolidated and Separate Financial Statements

28. GOVERNMENT GRANTS

	Group		Company	
Figures in Rand thousand	2024	2023	2024	2023
Current liabilities				
Unutilised grants	-	-	-	-
Subsidy received				
Government grants unutilised in prior year	-	58,810	-	58,810
Universal Service Obligations (USO)	524,270	519,273	524,270	519,273
Government grants utilised				
Utilised for Digital Terrestrial Television (DTT)	-	(58,810)	-	(58,810)
Utilised for USO	(455,887)	(451,542)	(455,887)	(451,542)
Value Added Tax (VAT) paid on subsidy	(68,383)	(67,731)	(68,383)	(67,731)
Government grants unutilised	-	-	-	-



Notes to the Consolidated and Separate Financial Statements

29. REVENUE

	Group		Company	
Figures in Rand thousand	2024	2023	2024	2023
Revenue from contracts with customers				
Courier and parcel revenue	21,718	33,553	21,718	33,553
Postal services revenue	1,165,285	1,418,594	1,165,285	1,418,594
Agency services	407,609	843,482	407,609	843,482
Rendering of services - DOCEX	33,006	32,780	-	-
Other revenue	646	325	600	311
	1,628,264	2,328,734	1,595,212	2,295,940
Disaggregation of revenue from contracts with customers				
The group disaggregates revenue from customers as follows:				
Courier and parcel revenue				
Parcels	15,771	20,718	15,771	20,718
Speed services	5,947	12,835	5,947	12,835
	21,718	33,553	21,718	33,553
Postal services revenue				
Franking mail	36,207	48,700	36,207	48,700
Bulk mail	720,836	925,628	720,836	925,628
Secure mail	12,035	12,036	12,035	12,036
Sundry mail	1,796	3,034	1,796	3,034
Stamp and philately	31,995	39,836	31,995	39,836
Foreign	116,352	133,481	116,352	133,481
Envelope	13,834	23,561	13,834	23,561
Hybrid mail	114,934	67,016	114,934	67,016
Registered letters	45,638	57,055	45,638	57,055
Box and key	71,658	108,247	71,658	108,247
	1,165,285	1,418,594	1,165,285	1,418,594



Notes to the Consolidated and Separate Financial Statements

29. REVENUE

	Group		Company	
Figures in Rand thousand	2024	2023	2024	2023
Agency services				
Motor licensing	251,885	340,359	251,885	340,359
Social grant	78,814	318,812	78,814	318,812
Money and postal orders	29	1,211	29	1,211
Digital Terrestrial Television (DTT)	62,257	156,189	62,257	156,189
Municipality commission	955	1,667	955	1,667
National housing	3,547	8,750	3,547	8,750
Prepaid revenue	652	733	652	733
Lottery commission	1,648	2,582	1,648	2,582
Pay-a-bill commission	3,835	6,520	3,835	6,520
Fax & photocopier	189	1,276	189	1,276
Sundry retail	3,798	5,383	3,798	5,383
	407,609	843,482	407,609	843,482
Rendering of services - DOCEX				
Barcode rolls	1,522	1,773	-	-
Subscription revenue	27,237	25,951	-	-
Delivery messenger service	-	402	-	-
Daily delivery, Entry fees & Excess weight	4,247	4,654	-	-
	33,006	32,780	-	-
Other revenue				
Digital revenue	646	325	600	311
Total revenue from contracts with customers	1,628,264	2,328,734	1,595,212	2,295,940



Notes to the Consolidated and Separate Financial Statements

30. OTHER OPERATING INCOME

	Group		Company	
Figures in Rand thousand	2024	2023	2024	2023
Administration and management fees received	-	1	-	-
Fees earned	-	68	-	-
Commissions received	-	9,250	-	-
Other rental income	90,037	73,614	89,274	72,055
Bad debts recovered	-	184	-	184
Other recoveries	160,843	155,470	121,086	155,342
Other income	339,597	60,623	342,154	52,911
Government grants	455,887	451,542	455,887	451,542
	1,046,364	750,752	1,008,401	732,034

31. OTHER OPERATING GAINS (LOSSES)

		Group		Company	
Figures in Rand thousand		2024	2023	2024	2023
Gains (losses) on disposals, scrapplings and settlements					
Property, plant and equipment	3	(34,983)	(6,703)	(34,983)	(6,703)
Finance leases					
Gain from derecognition of finance leases	4	59,666	(14,099)	59,666	(14,099)
Foreign exchange gains (losses)					
Net foreign exchange gains		3,516	7,068	3,516	7,068
Fair value gains (losses)					
Investment property	5	(61,276)	(8,064)	(59,792)	(12,788)
Total other operating gains (losses)		(33,077)	(21,798)	(31,593)	(26,522)



Notes to the Consolidated and Separate Financial Statements

32. OTHER OPERATING EXPENSES

Operating profit (loss) for the year is stated after charging (crediting) the following, amongst others:

	Group		Company	
Figures in Rand thousand	2024	2023	2024	2023
Auditor's remuneration - external				
Audit fees	24,572	29,407	23,589	28,577
Remuneration, other than to employees				
Administrative and managerial services	1,244	1,292	-	-
Consulting and professional services	102,934	43,721	102,890	43,721
Restructuring cost	17,879	-	17,879	-
	122,057	45,013	120,769	43,721

Consulting and professional services include amounts totalling R86m paid to the BRP firms. These include:

- BRP fees
- Secondments
- Specialised support; and
- Consulting services.

Please refer to note 40 (Related parties) for more details.

Other operating expenses				
Other operating expenses include the following:				
Lease expenses	441,606	350,991	441,476	350,586
Bank charges	26,475	52,501	26,336	52,363
Security	45,045	316,590	45,036	316,580
Telephone	1,883	(48,536)	1,585	(48,937)
Other expenses	827,551	623,493	819,621	608,497
	1,342,560	1,295,039	1,334,054	1,279,089



Notes to the Consolidated and Separate Financial Statements

33. EMPLOYEE COSTS

	Group		Company	
Figures in Rand thousand	2024	2023	2024	2023
Employee costs				
Basic	1,726,638	2,293,572	1,712,165	2,278,918
Overtime	4,096	7,078	4,096	7,078
13th Cheque	138,172	169,993	136,940	168,897
Medical aid - company contributions	252,265	366,667	250,587	365,082
Unemployment insurance fund	20,230	25,740	20,104	25,612
Workers compensation assistance	52,389	24,635	51,949	24,300
Skills development levy	20,997	27,035	20,826	26,864
Other payroll levies	7	22	-	-
Leave pay provision charge	28,622	415	28,399	157
Home-owner's allowance	8,333	10,867	8,210	10,734
Motor scheme management	6,712	9,392	6,702	9,382
Training expenses	(569)	18	(569)	18
Other short-term costs	110,676	211,682	110,338	211,311
Retirement benefit plans	230,751	296,964	228,956	295,149
Termination benefits	345,347	233,256	345,347	233,256
	2,944,666	3,677,336	2,924,050	3,656,758

34. DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES

Depreciation				
Property, plant and equipment	86,718	92,119	86,627	92,020
Right-of-use assets	138,254	95,690	136,103	93,908
	224,972	187,809	222,730	185,928
Amortisation				
Intangible assets	171	1,504	171	1,504
Impairment losses				
Investments in subsidiaries, joint arrangements and associates	-	-	11,357	-
Total depreciation, amortisation and impairment				
Depreciation	224,972	187,809	222,730	185,928
Amortisation	171	1,504	171	1,504
Impairment losses	-	-	11,357	-
	225,143	189,313	234,258	187,432



Notes to the Consolidated and Separate Financial Statements

35. INVESTMENT INCOME

	Group		Company	
Figures in Rand thousand	2024	2023	2024	2023
Dividend income				
Equity instruments at fair value through other comprehensive income: investments - Local				
Unlisted investments - Local	10,000	15,000	30,941	15,000
Total dividend income	10,000	15,000	30,941	15,000
Interest income				
Investments in financial assets:				
Bank and other cash	100,705	43,811	99,007	42,455
Other financial assets	6	-	-	-
Interest on retirement benefit asset	941,257	883,390	941,257	883,390
Total interest income	1,041,968	927,201	1,040,264	925,845
Total investment income	1,051,968	942,201	1,071,205	940,845

36. FINANCE COSTS

Lease liabilities	14,819	18,024	14,484	17,730
Interest paid (bank)	81	301	-	146
Unwinding of site restoration provision	3,257	3,888	3,257	3,888
Trade and other payables	18,909	261,094	18,909	261,094
Term loan interest (Postbank)	3,694	11,463	3,694	11,463
Interest (actuarial) on retirement benefit obligation	757,795	717,339	757,586	717,139
Interest (actuarial) on long service award	3,855	5,163	3,855	5,163
Total finance costs	802,410	1,017,272	801,785	1,016,623



Notes to the Consolidated and Separate Financial Statements

37. OTHER NON-OPERATING GAINS

	Group		Company	
Figures in Rand thousand	2024	2023	2024	2023
Creditors compromise				
Write-back of 88%	7,391,287	-	7,391,287	-

Business Rescue Plan was published on the 23rd of November 2023 and circulated on the SA Post Office website. The BRPs believe that this Business Rescue Plan shall, upon its implementation, achieve a better return for Creditors, and better outcome for other Affected Persons, than would result from an immediate

liquidation of the Company. The BRP's and the creditors reached an agreement that all creditors up to 9 July 2023 will receive 12 cents to the Rand for all amounts owed up to 9 July 2023. A further 18 cents to the Rand is payable to statutory creditors upon receipt of the additional R3.8 billion funding from the fiscus.

Fair value gains (losses)				
Post-retirement medical aid and Provident fund asset	133,038	138,874	133,038	138,874
Total other non-operating gains (losses)	7,524,325	138,874	7,524,325	138,874

The fair value gains and losses recognised in other financial assets are derived from financial assets subsequently measured at fair value through profit or loss and relate to Post-retirement

medical aid asset as well as Provident fund asset. Refer to note 12 for more detail.

38. TAXATION

Major components of the tax expense (income)				
Current				
Local income tax - current period	310,843	348	310,363	-
Local income tax - prior period (over) under provision	6		-	-
	310,849		310,363	-
Deferred	-			
Originating and reversing temporary differences	1,024	(2,816)	-	-
Arising from previously unrecognised tax loss	(416)	-	-	-
Impairment of deferred tax	(452)	-	-	-
Arising from prior period adjustments	(1,319)	-	-	-
	(1,163)	(2,816)	-	-
	309,686	(2,468)	310,363	-



Notes to the Consolidated and Separate Financial Statements

38. TAXATION

	Group		Company	
Figures in Rand thousand	2024	2023	2024	2023
Reconciliation of the tax expense				
Reconciliation between applicable tax rate and average effective tax rate.				
Applicable tax rate	27.00%	27.00%	27.00%	27.00%
Exempt income	(4.53)%	(4.53)%	(0.14)%	(4.51)%
Provision: Creditor Dividends	- %	- %	3.39%	- %
Debt compromise	- %	- %	(3.39)%	- %
Impairment of loans, subsidiaries	- %	- %	0.05%	- %
Disallowable charges	3.79%	3.79%	(0.09)%	3.77%
Non-deductible expenses	(0.13)%	(0.13)%	- %	- %
Reversing temporary differences	(0.13)%	(0.13)%	- %	- %
Utilisation of unrecognised tax loss	(21.76)%	(26.00)%	(21.46)%	(26.26)%
	5.28%	- %	5.36%	- %

39. TAX PAID

Balance at beginning of the year	(46)	(655)	-	-
Current tax for the year recognised in profit or loss	(310,849)	(348)	(310,363)	-
Balance at end of the year	310,629	46	310,363	-
	(266)	(957)	-	-



Notes to the Consolidated and Separate Financial Statements

40. RELATED PARTIES

Relationships	
Ultimate holding company	South African Government
Holding company	South African Post Office SOC Ltd (SA Post Office)
Subsidiaries	Refer to note 8
Members of key management	Refer to note 41
Shareholder with significant influence	The Department of Communications and Digital Technology National Treasury
Provisional liquidator	Anton Shaban, Kaap Vall Trust (Pty) Ltd
Joint BRPs	Directors, employees and agents of: SNG Grant Thornton - A. Rooplal (Registered BRP) Legae Turnarounds - JM Damons (Registered BRP)
Regulatory authority	Independent Communications Authority of South Africa (ICASA)
Post employment benefit plan for employees	Post Office Retirement Fund
Post Office medical aid scheme	MEDiPOS Medical Scheme
Other public entities	South African national government departments and public entities including but not limited to: Eskom Holdings SOC Ltd, Telkom SA SOC Limited, the South African Revenue Services, the Unemployment Insurance Fund, South African Broadcasting Corporation Limited and their subsidiaries.

Intragroup transactions and balances

Balances and transactions between the Company and its subsidiaries, which are related parties of SA Post Office, have been eliminated on consolidation. Details of transactions between the Group and other related parties are disclosed below.

Terms loans: Unsecured, interest free and no repayment date.

Terms receivables: Unsecured, interest at prime and no repayment date.

Inter-governmental transactions and balances

Inter-governmental transactions and balances refers to transactions and balances between SA Post Office and other government entities.

Only individually significant transactions and balances are disclosed. According to the materiality framework of SA Post Office, the significant threshold is R100 million. Transactions and balances that are not at arm's length are considered to be significant even if they are below the R100 million threshold. All inter-governmental transactions have been made at arm's length.

	Group		Company	
Figures in Rand thousand	2024	2023	2024	2023
Related party balances				
Trade receivables (payables) - Owning (to) by subsidiaries				
SAPOS Properties (Bloemfontein) (Pty) Ltd	-	-	-	587
SAPOS Properties (Cape Town) (Pty) Ltd	-	-	-	(867)
POS Properties (East Rand) (Pty) Ltd	-	-	-	6,577
SAPOS Properties (Port Elizabeth) (Pty) Ltd	-	-	-	143
SAPOS Properties (Rossburgh) (Pty) Ltd	-	-	-	(16,734)



Notes to the Consolidated and Separate Financial Statements

40. RELATED PARTIES

	Group		Company	
Figures in Rand thousand	2024	2023	2024	2023
Amounts included in Trade Payables regarding related parties				
Post Office Retirement Fund	(550,675)	(1,303,693)	(550,675)	(1,303,693)
Postbank SOC Limited	(721,518)	(3,551,865)	(721,518)	(3,551,865)
South African Revenue Services (Employee tax & other taxes)	(93,964)	(670,874)	(93,964)	(670,874)
South African Revenue Services (Value Added Tax)	(43,931)	(30,459)	(43,931)	(30,459)
Telkom SA Limited	(37,185)	(252,116)	(37,185)	(252,116)
Eskom SOC Limited	(1,681)	-	(1,681)	-
Other public entities	(9,945)	(133,235)	(40,714)	(133,235)
Amounts included in Trade Receivables regarding related parties				
Telkom SA Limited	35,817	-	35,817	-
Other public entities	14,774	514,748	14,774	514,748
Postbank	232,574	14,738	232,574	14,738
Eskom SOC Limited	1,474	-	1,474	-
Loan accounts - Owing (to) by related parties				
The Courier and Freight Group (Pty) Ltd	-	-	-	711,496
Related party transactions				
Related party transactions				
Transactions with subsidiaries				
DOCEX - Sales	-	-	3,140	4,230
Purchases from related parties				
Eskom SOC Limited	(11,945)	(11,920)	(11,945)	(11,920)
Telkom SA Limited	(214,027)	(542,560)	(214,027)	(542,560)
Other public entities	-	(749,519)	-	(749,519)



Notes to the Consolidated and Separate Financial Statements

40. RELATED PARTIES

	Group		Company	
Figures in Rand thousand	2024	2023	2024	2023
Sales to related parties				
South African Social Services Agency	-	648,842	-	648,842
Other public entities	-	204,134	-	204,134
Postbank SOC Limited	117,374	217,818	117,374	217,818
Telkom SA Limited	57,726	-	57,726	-
Eskom SOC Limited	3,012	-	3,012	-
Transactions with authorities & regulators				
South African Revenue Services (Employee tax & other taxes)	(166,493)	(222,199)	(166,493)	(222,199)
South African Revenue Services (VAT)	(210,698)	-	(210,698)	-
Unemployment Insurance Fund	(40,208)	(51,224)	(40,208)	(51,224)
Funds collected on behalf of third parties				
South African Broadcasting Corporation Limited	-	(398)	-	(398)
Other public entities	(9,945)	(55,928)	(9,945)	(55,928)
Other transactions				
Department of Telecommunications and Postal Services - Grant subsidy	455,887	451,542	455,887	451,542
Universal Services & Access Agency (revenue DTT Project)	62,249	156,185	62,249	156,185
Universal Services & Access Agency (receivable DTT Project)	20,908	9,964	20,908	9,964
Dividend income				
SAPOS Properties (Port Elizabeth) (Pty) Ltd	-	-	4,547	-
SAPOS Properties (Rossburgh) (Pty) Ltd	-	-	16,393	-

The remuneration of directors and other members of key management refer to note 41.



Notes to the Consolidated and Separate Financial Statements

40. RELATED PARTIES

	Group and Company	
Figures in Rand thousand	2024	2023
Provisional liquidator's fees		
Anton Shaban, Kaap Vall Trust (Pty) Ltd	3,796	-
Purchases from BRPs		
BRP Fees		
A. Rooplal - SNG Grant Thornton	1,588	-
JM. Damons - Legae Turnarounds	2,768	-
	4,356	-
Specialised BRP support		
SNG Grant Thornton	13,583	-
Legae Turnarounds	1,680	-
	15,263	-
General BRP support		
SNG Grant Thornton	23,712	-
Legae Turnarounds	23,125	-
	46,837	-
Secondments		
SNG Grant Thornton	1,922	-
Legae Turnarounds	-	-
	1,922	-
Disbursements		
SNG Grant Thornton	3,735	-
Legae Turnarounds	11,475	-
	15,210	-



Notes to the Consolidated and Separate Financial Statements

40. RELATED PARTIES

General BRP support and Disbursements are made up as follows:

Group and Company 2024

	SNG Grant Thornton	Legae Turnarounds	Total
General BRP support			
Channel Strategy	318	-	318
Branch Rationalisation	7,769	2,230	9,999
Section 189	-	2,297	2,297
Human Resource Services	5,584	2,598	8,182
Creditors' Compromise	-	4,800	4,800
Executing on the Recommendations of the Financial Misconduct Committee	-	890	890
PRMA Verifications	1,171	-	1,171
Branch Inspections and Verifications	2,448	794	3,242
Tax Support	4,631	-	4,631
Forensics	1,010	-	1,010
Information Technology	781	-	781
Financial Modelling and Cash flow	-	2,958	2,958
BR Oversight Operations and Sales	-	4,946	4,946
Drafting BR Plan	-	1,612	1,612
	23,712	23,125	46,837
Disbursements			
Stakeholder Management and Communications	602	1,653	2,255
Disbursements on behalf of SA Post Office	512	5,064	5,576
Travel and accommodation disbursements	532	-	532
Labour attorneys / Legal	2,089	4,758	6,847
	3,735	11,475	15,210



Notes to the Consolidated and Separate Financial Statements

41. DIRECTORS', BUSINESS RESCUE PRACTITIONERS' AND PRESCRIBED OFFICERS' EMOLUMENTS

The following emoluments were paid to the directors or any individuals holding a prescribed office during the year:

Executive				
2024			Emoluments	Total
Ms. NP Mona		1	3,992	3,992
Ms. F Abdul-Gany		2	3,133	3,133
			7,125	7,125
1. Appointed as Group Chief Executive Officer (GCEO) from 1 April 2021, resigned 30 June 2024.				
2. Appointed as Group Chief Financial Officer (GCFO) on 1 March 2023.				
2023		Emoluments	Other benefits ¹	Total
Ms. NP Mona	2	3,992	-	3,992
Mr. L Govender	3	1,666	4	1,670
Ms. F Abdul-Gany	4	261	-	261
		5,919	4	5,923

1. Other benefits include mainly telephone.
2. Appointed as GCEO on 1 April 2021.
3. Appointed as Acting GCFO from 1 January 2021 to 15 December 2022.
4. Appointed as GCFO on 1 March 2023.

Directors' meeting attendance			
Membership	Role	2023/24	2022/23
Mr. SLM Majombozi (Chairperson)	Non-executive	1/1	2/5
Mr. T Nteho	Non-executive	1/1	5/5
Mr. S Nkese	Non-executive	1/1	5/5
Ms. N Ngonyama	Non-executive	1/1	3/5
Ms. N Mona (GCEO)	Executive	1/1	3/5
Ms. F Abdul-Gany (GCFO)	Executive	1/1	N/A



Notes to the Consolidated and Separate Financial Statements

41. DIRECTORS', BUSINESS RESCUE PRACTITIONERS' AND PRESCRIBED OFFICERS' EMOLUMENTS

Non-executive			
2024		Directors' fees ¹	Total
Mr. SLM Majombozi		53	53
Ms. NP Ngonyama		50	50
Mr. ST Nkese		45	45
Mr. TJ Ntetho		46	46
		194	194

2023		Directors' fees ¹	Total
Mr. SLM Majombozi	2	383	383
Ms. NP Ngonyama	3	277	277
Mr. ST Nkese	4	267	267
Mr. TJ Ntetho	5	292	292
Ms. YLM Manzini	6	182	182
		1,401	1,401

- Emoluments include both directors' fees for meetings and annual / quarterly retainer fees. Travel and accommodation expenses for members outside the Gauteng province.
- Appointed on 2 September 2020, contract ended 24 October 2022, term extended until 25 March 2023, term extended again from 01 April 2023 until 30 June 2023. Resigned on 25 May 2023.
- Appointed on 25 October 2019, contract ended on 24 October 2022, term extended until 23 March 2023, term extended again from 01 April 2023 until 23 May 2023.
- Appointed on 25 October 2019, contract ended 24 October 2022, term extended until 25 March 2023, term extended again from 01 April 2023 until 25 May 2023.
- Appointed on 01 June 2021, contract ended 31 October 2022, term extended until 25 March 2023, term extended again on 01 April 2023 until 25 May 2023.
- Appointed on 03 September 2020 resigned 22 October 2022.



Notes to the Consolidated and Separate Financial Statements

41. DIRECTORS', BUSINESS RESCUE PRACTITIONERS' AND PRESCRIBED OFFICERS' EMOLUMENTS

Business rescue practitioners				
2024			BRP fees	Total
A Rooplal			1,588	1,588
JM Damons			2,768	2,768
			4,356	4,356
Prescribed officers				
2024		Emoluments	Other Benefits ¹	Total
Mr. J Binedell	2	1,014	-	1,014
Mr. D Dada	3	936	202	1,138
Mr. B Mgoza	4	1,527	203	1,730
Ms. K Rapoo	5	1,419	32	1,451
Ms. S Sontange	6	1,078	152	1,230
Mr. G Bataille	7	1,291	-	1,291
Mr. V Dlamini	8	1,820	-	1,820
Ms. Z Ntsikeni	9	2,592	1	2,593
Mr. S Kgalanyane	10	1,435	59	1,494
Mr. H Vos	11	1,226	61	1,287
Mr. M Coetsee	12	1,240	32	1,272
Mr. S Gaybba	13	1,273	-	1,273
Mr. E Matimulane	14	1,365	145	1,510
Mr. J Jagbeer	15	1,272	-	1,272
Mr. E Jaftha	16	1,272	-	1,272
Mr. L Govender	17	2,221	-	2,221
Mr. S Pather	18	1,651	-	1,651
Mr. S Singh	19	207	-	207
Mr C Basson	20	352	-	352
		25,191	887	26,078

1. Other benefits include mainly telephone and acting allowance.
2. Appointed as Acting Chief Audit Executive on 28 October 2020.
3. Company Secretary from 1 August 2017 - 31 October 2023.
4. Appointed as GM: Real Estate. Resigned on 16 November 2023.
5. Appointed as GM: Risk Management.
6. Appointed as Acting GE: Supply Chain Management on 5 December 2019. Resigned on 23 January 2024.
7. Appointed as Acting GE: Strategy on 1 November 2021.



Notes to the Consolidated and Separate Financial Statements

41. DIRECTORS', BUSINESS RESCUE PRACTITIONERS' AND PRESCRIBED OFFICERS' EMOLUMENTS

8. Appointed as GE: Human Resources on 12 September 2022, resigned on 18 April 2024.
9. Appointed as GE: Operations, resigned on 18 April 2024.
10. Appointed as GM Logistics.
11. Appointed as GM Security and Investigations.
12. Appointed as Acting GM Real Estate.
13. Appointed as Acting GE: Supply Chain Management on 8 July 2022.
14. Appointed as Head: Legal. Resigned 31 January 2024
15. Appointed as GM: GCEO Office Manager and Acting GE Commercial on 1 October 2022.
16. Appointed as Acting CIO on 1 November 2022.
17. General Manager Cost & Management Accounting.

The following were seconded from the BRP team into full-time vacant positions at the SA Post Office and invoiced in the amounts paid to the BRP firms at a fixed amount per month:

18. Appointed on 1 September 2023.
19. Appointed on 8 January 2024.
20. Appointed on 8 January 2024.

The following positions are invoiced in the amounts paid to the BRP firms, for ad-hoc consulting in these prescribed officer roles:

2023		Emoluments	Other benefits ¹	Total
Mr. J Binedell	2	1,015	3	1,018
Mr. D Dada	3	1,722	12	1,734
Mr. B Mgoza	4	2,440	4	2,444
Ms. K Rapoo	5	1,455	-	1,455
Ms. S Sontange	6	340	2	342
Mr. G Bataille	7	1,293	4	1,297
Mr. V Dlamini	8	1,013	-	1,013
Ms. Z Ntsikeni	9	2,593	12	2,605
Mr. S Kgalanyane	10	1,500	4	1,504
Mr. H Vos	11	1,272	5	1,277
Mr. M Coetsee	12	954	2	956
Mr. S Gaybba	13	954	2	956
Mr. E Matimulane	14	1,636	-	1,636
Mr. J Jagbeer	15	636	-	636
Mr. E Jaftha	16	530	-	530
Mr. L Govender	17	1,666	-	1,666
		21,019	50	21,069

1. Please see next page for comments



Notes to the Consolidated and Separate Financial Statements

41. DIRECTORS', BUSINESS RESCUE PRACTITIONERS' AND PRESCRIBED OFFICERS' EMOLUMENTS

1. Other benefits include mainly telephone and acting allowance.
2. Appointed as Acting Chief Audit Executive on 28 October 2020.
3. Company Secretary from 1 August 2017.
4. Appointed as GM: Real Estate.
5. Appointed as GM: Risk Management.
6. Appointed as Acting GE: Supply Chain Management on 5 December 2019.
7. Appointed as Acting GE: Strategy on 1 November 2021.
8. Appointed as GE: Human Resources on 12 September 2022.
9. Appointed as GE: Operations.
10. Appointed as GM Logistics.
11. Appointed as GM Security and Investigations.
12. Appointed as Acting GM Real Estate.
13. Appointed as Acting GE: Supply Chain Management on 8 July 2022.
14. Appointed as Head: Legal.
15. Appointed as GM: GCEO Office Manager and Acting GE Commercial on 1 October 2022.
16. Appointed as Acting CIO on 1 November 2022.
17. General Manager Cost & Management Accounting. Acting GCFO from January 2021 to 15 December 2022.



Notes to the Consolidated and Separate Financial Statements

42. COMPARATIVE FIGURES AND PRIOR PERIOD ERRORS

The comparative figures for the consolidated and company annual financial statements have been restated due to various errors and reclassifications. The Group presents an additional statement of financial position at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements. An additional statement of financial position as at 31 March 2022 is therefore presented in these consolidated financial statements due to the retrospective correction of errors.

Narrative disclosures have been provided only for individually or collectively material misstatements (i.e. those that could reasonably be expected to influence economic decisions users make on the basis of the financial statements). The quantitative threshold or qualitative considerations of the error, or a combination of both, were considered when determining whether the error is material or not.

The effects of the restatement are as follows:

Company - 2023					
Statement of Financial Position					
Figures in Rand thousand	Note(s)	2023 (Previously stated)	Correction of account classification errors	Correction of account balances	2023 (Restated)
Assets					
Non-current assets					
Property, plant and equipment	42.1	2,302,176	-	17,711	2,319,887
Right-of-use assets	42.1	292,597	-	(105,546)	187,051
Investment property	42.2	168,762	-	45,447	214,209
Current assets					
Trade and other receivables	42.5	677,345	(3,560)	-	673,785
Cash and cash equivalents	42.5	516,464	3,560	-	520,024
Non-current assets held for sale	42.3	99,459	-	(63,158)	36,301
Equity and liabilities					
Equity					
Accumulated loss (before loss for the year)	42.4	17,660,377	-	(1,264,132)	16,396,245
Non-current liabilities					
Lease liabilities	42.1	177,324	-	(142,656)	34,668
Provisions	42.7	68,721	(34,237)	-	34,484
Other employee benefits	42.7	-	34,237	-	34,237
Current liabilities					
Lease liabilities	42.1	193,212	-	(113,444)	79,768
Trade and other payables	42.3	9,490,656	-	(1,302,809)	8,187,847
Provisions	42.7	237,161	(145,649)	-	91,512
Other employee benefits	42.7	-	145,649	-	145,649
Effect on statement of financial position		-	-	(2,928,587)	-



Notes to the Consolidated and Separate Financial Statements

42. COMPARATIVE FIGURES AND PRIOR PERIOD ERRORS

Statement of Profit or Loss and Other Comprehensive Income					
Figures in Rand thousand	Note(s)	2023 (Previously stated)	Correction of account classification errors	Correction of account balances	2023 (Restated)
Operating profit (loss)					
Other operating gains/(losses)	42.1	(12,423)	-	(19,170)	(31,593)
Movement in credit loss allowances		-	-	(1,548)	(1,548)
Other operating expenses	42.1	(1,133,736)	-	(145,353)	(1,279,089)
Total depreciation, amortisation and impairments					
Depreciation of property plant and equipment	42.1	(334,333)	-	146,901	(187,432)
Finance cost					
Finance cost	42.1	(1,072,341)	-	(55,718)	(1,016,623)
Net effect on loss for the year		-	-	36,548	-

Statement of Cash Flows					
Figures in Rand thousand	Note(s)	2023 (Previously stated)	Correction of account classification errors	Correction of account balances	2023 (Restated)
Cash flows from operating activities					
Cash receipts from customers	42.6	4,078,732	(519,273)	(303,074)	3,256,385
Cash paid to suppliers and employees	42.5	(4,470,782)	(61,669)	-	(4,532,451)
Interest income	42.8	-	42,455	-	42,455
Finance costs	42.8	-	11,609	-	11,609
Grants and transfers received	42.6	-	519,273	-	519,273
Cash flows from investing activities					
Disposal (purchase) of property, plant and equipment		(2,212)	-	(517)	(2,729)
Sale of investment property		8,718	-	-	8,718
Disposal of financial assets at fair value		640,877	-	-	640,877
Interest Income	42.8	42,455	(42,455)	-	-
Dividends received		15,000	-	-	15,000
Cash flows from financing activities					
Proceeds from (repayment of) lease liabilities	42.1	(364,889)	(291,805)	-	(656,694)
Finance costs	42.8	(11,609)	11,609	-	-
Total cash movement for the year	42.5	(63,710)	(72,937)	-	(136,647)
Cash at the beginning of the year		580,174	76,498	-	656,672
Total cash at end of the year		516,464	3,561	-	520,025



Notes to the Consolidated and Separate Financial Statements

Company - 2022					
Statement of Financial Position					
Figures in Rand thousand	Note(s)	2022 (Previously stated)	Correction of account classification errors	Correction of account balances	2022 (Restated)
Assets					
Non-current assets					
Right-of-use assets	42.1	370,848	-	(263,097)	107,751
Current assets					
Operating lease asset	42.3	463	1,835	-	2,298
Trade and other receivables	42.5	1,826,455	(76,498)	-	1,749,957
Cash and cash equivalents	42.5	580,174	76,498	-	656,672
Equity and liabilities					
Equity					
Accumulated loss (before loss for the year)	42.4	15,447,707	-	(1,192,513)	14,255,194
Non-current liabilities					
Lease liabilities	42.1	(198,126)	-	(71,701)	(269,827)
Provisions	42.7	68,789	(38,753)	-	30,036
Other employee benefits	42.7	-	38,753	-	38,753
Current liabilities					
Lease liabilities	42.1	(391,551)	-	326,941	(64,610)
Trade and other payables	42.3	(8,732,368)	1,862	1,051,444	(7,679,062)
Provisions	42.7	311,245	(184,500)	-	126,745
Other employee benefits	42.7	-	184,500	-	184,500
Effect on statement of financial position		-	3,697	(148,926)	-



Notes to the Consolidated and Separate Financial Statements

42. COMPARATIVE FIGURES AND PRIOR PERIOD ERRORS

42.1. Right-of-use assets and lease liability

Lease liabilities (together with right of use ("ROU") assets, depreciation (of ROU assets), finance costs attributable to finance leases), and other operating expenses were restated to account for corrections to the composition of the Company's underlying lease list, and to correct for the use of contractual amounts in the valuation instead of the actual payments. In addition, the revised figures fully incorporate escalation rates to the lease amount.

The incorporation of actual payments into the lease valuation also resulted in the transfer of amounts previously presented under trade and other payables to the finance lease obligation.

IFRS 16 is silent on the accounting treatment of interest on lease obligations in arrears. In light of this ambiguity, the Group previously devised and applied an accounting treatment in terms of IAS 8.10 that entailed non-recognition of such interest on the basis that interest on lease obligations in arrears does not translate into an obligation to transfer future economic benefits. Lease obligations in arrears were transferred to trade payables.

Guidance subsequently provided by the National Treasury's Accounting Support & Reporting Unit has resulted in the Group modifying its approach to accounting for such interest. Specifically, the Group now accounts for the interest on lease payment shortfalls as an expense.

When the expense results in a liability that will not be payable to the lessor, the excess liability is immediately derecognised by debiting the lease liability and crediting the corresponding gain in the profit or loss statement, to ensure that the lease liability reflects the true lease liability by not overstating the lease liability with the unrealised interest.

Additionally, the Group now retains arrears on lease obligations in the lease obligations line item.

This change in approach resulted in a decrease and increase in finance lease obligations, and reduction in trade and other payables.

In addition, it resulted in an increase finance cost attributable to leases, matched inversely by a new gain on derecognition of lease liability in profit or loss.

The Group has that assessed that its IFRS 16 finance costs on arrears do not translate into future obligations, as late payments are generally addressed by contractually determined penalties.

Where the lease agreement stipulates penalties and additional charges for missed payments, these are recognised as an expense in profit or loss. This treatment of penalties is consistent with the Groups existing practices.

During the current financial year, management identified that interest charged by vendors in the 2022/23 financial year was not recognized in the financial statements. The interest, amounting to R10,089,726.28, has since been recorded and disclosed as a prior period error. This adjustment impacts the completeness and cut-off of finance costs. The correction of the error has been accounted for retrospectively in accordance with International Financial Reporting Standards (IFRS).

In addition to the above, it was discovered that some expired lease contracts had been mistakenly included in the lease obligations from previous financial periods. The lease obligations have since been restated to exclude these expired leases.

42.2. Non-current assets held for sale

Non-current assets held for sale, as presented in the prior year have been restated by (R63,16 million). The amount which previously represented all properties approved for sale by the SA Post Office Board has been restated to represent only those properties which were either sold in the current year, or for which offers to purchase had been received in the current year, or for which cash has been deposited by the buyer. Items affected by the correction include Property, plant and equipment for R 17,71 million and Investment property for R 45,45 million.

There were no non-current assets held for sale at the reporting date due to the process being halted at year end. A new, yet to be determined, sale process (if any) will be embarked upon as per the needs of the Business Rescue process.

42.3. Operating lease asset and liability

In 2022 an amount of R1,86 million attributable to operating lease liabilities was previously misclassified as Trade and other payables.

42.4. Accumulated loss

Restatements to retained income represent the cumulative effect of all the corrections and reclassifications discussed herein.



Notes to the Consolidated and Separate Financial Statements

42.5. Cash and cash equivalents

Previously, cash transported by security service providers on behalf of the Group was misclassified as Trade receivables.

42.6. Government grants

In 2023, cash flow attributable to government grants were offset with cash received from customers. The amounts have been separated in the current reporting period.

In 2023, cash flows attributable to trade and other receivables omitted adjustments for non-cash items including impairment of uncleared control accounts (R208,342), and reassignment of items between trade receivables and trade payables.

42.7. Other employee benefits

Provisions associated with employee benefits are now presented separately (IAS 19) following an evaluation as to the scope of the previous accounting standards (IFRS 9) under which they were reported.

42.8. Finance cost and Interest income

Following evaluation by management, it was concluded that classification of finance cost and interest income under operating activities more accurately reflected the nature of the entities operations.

43. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Categories of financial instruments						
Categories of financial assets						
Group - 2024	Note(s)	Fair value through other comprehensive income equity instruments	Fair value through profit or loss Designated	Amortised cost	Total	Fair value
Loans to group companies	9	-	-	1,573	1,573	-
Other financial assets	10	99,883	1,664	-	101,547	101,547
Trade and other receivables	14	-	-	266,949	266,949	266,949
Cash and cash equivalents	16	-	-	2,578,479	2,578,479	2,578,479
		99,883	1,664	2,847,001	2,948,548	2,946,975
Other financial assets	10	94,333	1,472	-	95,805	95,805
Trade and other receivables	14	-	-	266,705	266,705	266,705
Cash and cash equivalents	16	-	-	543,054	543,054	543,054
		94,333	1,472	809,759	905,564	905,564



Notes to the Consolidated and Separate Financial Statements

43. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Categories of financial instruments						
Categories of financial assets						
Company - 2024	Note(s)	Fair value through other comprehensive income equity instruments	Fair value through profit or loss - Designated	Amortised cost	Total	Fair value
Other financial assets	10	99,883	1,664	-	101,547	101,547
Trade and other receivables	14	-	-	261,679	261,679	261,679
Cash and cash equivalents	16	-	-	2,559,593	2,559,593	2,559,593
		99,883	1,664	2,821,272	2,922,819	2,922,819
Company - 2023	Note(s)	Fair value through other comprehensive income equity instruments	Fair value through profit or loss - Designated	Amortised cost	Total	Fair value
Other financial assets	10	94,333	1,472	-	95,805	95,805
Trade and other receivables	14	-	-	262,629	262,629	262,620
Cash and cash equivalents	16	-	-	520,025	520,025	520,025
		94,333	1,472	782,654	878,459	878,450



Notes to the Consolidated and Separate Financial Statements

43. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Categories of financial liabilities				
Group - 2024	Note(s)	Amortised cost	Total	Fair value
Lease liabilities	4	118,060	118,060	118,060
Trade and other payables	24	2,077,716	2,077,716	2,077,716
		2,195,776	2,195,776	2,195,776
Group - 2023	Note(s)	Amortised cost	Total	Fair value
Lease liabilities	4	450,559	450,559	450,559
Postbank SOC Ltd Liability	20	215,869	215,869	215,869
Trade and other payables	24	4,977,786	4,977,786	4,977,786
Funds collected on behalf of third parties	27	669,017	669,017	669,017
		6,313,231	6,313,231	6,313,231
Company - 2024	Note(s)	Amortised cost	Total	Fair value
Lease liabilities	4	114,436	114,436	114,436
Trade and other payables	24	2,074,344	2,074,344	2,074,344
Funds collected on behalf of third parties	27	40,714	40,714	40,714
		2,229,494	2,229,494	2,229,494
Company - 2023	Note(s)	Amortised cost	Total	Fair value
Lease liabilities	4	447,487	447,487	447,487
Trade and other payables	24	4,951,619	4,951,619	4,951,619
Postbank SOC Ltd Liability	20	215,869	215,869	215,869
Funds collected on behalf of third parties	27	669,017	669,017	669,017
		6,283,992	6,283,992	6,283,992



Notes to the Consolidated and Separate Financial Statements

43. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Capital risk management

Capital risk pertains to the possibility that the Group may be unable to withstand losses, uphold public trust, and foster competitive business growth. Effectively managing capital risk is essential to seize opportunities promptly without jeopardizing solvency. The Group manages its capital to ensure that it safeguards its ability to continue as a going concern thereby providing value to its shareholder, while also optimizing the capital structure to minimize the cost of capital.

In accordance with the Business Rescue Plan, the entity aims is to establish/position itself as a potentially appealing business partner. This will be achieved by effectively managing its statement of financial position, exercising prudent cash flow management, and securing the necessary funding through the anticipated allocation or alternative funding sources.

The Group's capital structure is comprised of debt, which encompasses consists of debt which mainly includes short-term borrowings (excluding derivative financial liabilities) disclosed in notes 9, 22, & 26, equity attributable to the parent's equity holding, comprising issued capital, reserves, and retained earnings. Disclosed in note 18 and cash and cash equivalents disclosed in note 16 in the statement of financial position. A contingency plan to manage the liquidity of the Group, a facility (a combination of an asset-based finance and multi-option facility) has been secured with a financial institution. Refer to note 48 for further context on the Group's exposure to risk capital.

The Group monitors capital on the basis of the gearing ratio.

The ratio was calculated by dividing interest-bearing debt by total equity.

The Group's exposure to capital risk arises from primarily the following:

- Insufficient funding allocation: funds may cease before completion of the projects that they are intended to be financed; and
- Funds received from the shareholder are specifically for certain identified projects.

Capital risk is managed in terms of certain guidelines agreed between the Group and shareholder. There are no externally imposed capital requirements. Risk management policies are in place. The Group's risk management policies and frameworks are established to identify and analyse organisational risk exposures, where plausible and relevant to set appropriate risk limits and controls, as well as to monitor the progress made in addressing such exposures. Internal audit conducts reviews in line with their approved audit plan to assess compliance with risk management policies. There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.



Notes to the Consolidated and Separate Financial Statements

43. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The gearing ratio at 31 March 2024 and 31 March 2023 respectively were as follows:

Figures in Rand thousand	Note(s)	Group		Company	
		2024	2023	2024	2023
Lease liability	4	118,060	450,559	114,436	447,487
Postbank SOC Ltd Liability		-	215,869	-	215,869
Total interest-bearing debt		118,060	666,428	114,436	663,356
Equity		1,018,220	(6,214,673)	964,667	(6,241,792)
Gearing ratio		12%	(11%)	12%	(11%)

Financial risk management

Overview

Due to the nature of its activities and the use of various financial instruments, the SA Post Office is exposed to various financial risks. The Accounting Authority has the overall responsibility for establishing and overseeing the entity's risk management framework.

SA Post Office is committed to maintaining a robust risk management framework to effectively identify, assess, and manage risks that may impact its operations and financial performance. The risk management framework encompasses strategic, operational, financial, and compliance risks and is designed to support the achievement of the entity's objectives.

The Group's activities expose it to a variety of financial risks. A number of financial risks that the organisation is exposed to from its use of financial instruments have been identified. The Group seeks to minimise the effects of the negative impact of these risks through the following:

- The treasury policy, which was recently reviewed and in approval stage by the BRP's.
- The policy undergoes a rigorous review process to ensure that related activities and the requisite policy statements align with the entity's current realities and that known financial risk exposures are identified, understood, and managed. The treasury policy covers the applicable areas of risk management, namely identification, measurement, management, and reporting of risk.
- Instruments limits are set to avoid excess concentration in any given financial investment instrument. Overall, the Group's main financial risk management objective is to ensure enhanced return within the risk profiles or applicable and approved parameters.

- Ensuring compliance with the treasury policy limits and benchmarks with regard to the following:
 - Proposed money market investment strategies do not result in the breach of asset/liability mismatch gap limit;
 - Ensuring that the net interest income volatility is within the approved benchmark;
 - Adequate overnight liquidity limit is complied with by having sufficient overnight callable balances;
 - The SA Post Office's credit exposure in the investment portfolio is diversified across a range of acceptable counterparties, and the maximum investment with a particular counterparty will be limited to 25% of the total counterparty should be limited to 50% + 1 of the total investment and not exceeding R25 million investments. Where the amount to be invested per counterparty is less than or equal to R50 million, the minimum investment with any one counterparty should be limited to 50% + 1 of the total investment and not exceeding R25 million; and
- The ALM function was not active during the reporting period, and activities associated with financial risk management were performed within the wider finance department.
- Segregation of functions is in place to ensure effective independent monitoring and management of market risks through
- Fair value assumptions of financial instruments

The Groups overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. A central treasury department (Group banking) under the applicable treasury policy carries out the management of financial risk exposures. Group treasury identifies, evaluates and manages financial risks in close co-operation with the operational units. The Accounting Authority provides principles for overall risk management, as well as written policies covering specific areas when applicable, such as foreign exchange risk, interest



Notes to the Consolidated and Separate Financial Statements

43. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

rate risk, and credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Risk Categories

The Group's activities expose it to a variety of financial risks. Market risks relating to the treasury operations of the Group are monitored and managed through internal reports, which analyse the degree and magnitude of exposures. The following major financial risks that the organisation is exposed to from its use of financial instruments have been identified

- Credit risk;
- Liquidity risk;
- Foreign exchange risk;
- Price risk; and
- Cash flow interest rate risk

The fair value of financial assets and financial liabilities are determined as follows:

- The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices;
- The fair value of other financial assets and financial liabilities (excluding derivative instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments; and
- The fair value of foreign currency forward contracts is measured using quoted forward exchange rates and interest rate differential between local and foreign rates derived from quoted interest rates matching maturities of contracts.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in the financial loss to the Group. The Group's exposure to credit risk arises primarily from credit sales to its clients as well as money market investment activities.

Credit risk is managed in terms of the treasury policy, which in turn encompasses comprehensive credit procedures, limits and delegated approval authorities. Formal credit ratings are utilized in the credit evaluation process of the counterparties.

The minimum credit ratings for counterparties are Fitch National Long-Term Rating 'A' and Fitch National Short-term Rating. The Group credit exposure is diversified across a range of acceptable

counterparties and the maximum investment with any counterparty is limited to 25% of total investments. All counterparty limits are reviewed in line with the balance sheet growth and at least on an annual basis.

All financial assets except for those that are measured at fair value through profit or loss are assessed to determine any evidence of impairment. Any deterioration in any counterparty credit rating is regarded as evidence of impairment. During the course of the year, there was no evidence of impairment observed in amortised cost financial assets and fair value through other comprehensive income assets held by the Group.

The Group credit risk is considered to be limited because all its investment counter parties are major banks with high credit ratings. The credit risk profile and quality of the Group's investment counter parties is considered to be sound, well managed and commensurate with the acceptable risk appetite.

Trade receivables

Trade receivables are exposed to credit risk due to the effect of macro-economic factors on the Group's customers. The customers identified with a higher credit risk, are those customers with payments outstanding more than 120 days as well as the utilization of unused credit facilities.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates. The expected loss rates are based on the payment profiles of sales over a period of 36 months. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The Group makes use of credit rating agencies to assess credit worthiness of customers. The current credit profiles of customers are used to assess the future credit behaviour of customers before they are provided with a credit limit. Customers are therefore less likely to default on their accounts with the Group. The historical losses are used as a basis of determining future losses based on the term of the debt.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a



Notes to the Consolidated and Separate Financial Statements

43. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

failure to make contractual payments for a period of greater than 120 days past due. The Group actively follows up on all outstanding debtors to ensure that they are recovered. Group Legal is also involved in credit disputes that require their services. Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Forward-looking information was not considered to have a significant impact on the impairment allowance required to be recognised.

No significant changes in the inputs, assumptions and estimation techniques were noted.

Group	Note(s)	2024			2023		
		Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Other financial assets	10	101,547	-	101,547	95,805	-	95,805
Trade and other receivables	14	408,818	(279,623)	129,195	146,294	(35,518)	110,776
Cash and cash equivalents	16	2,578,479	-	2,578,479	543,054	-	543,054
		3,088,844	(279,623)	2,809,221	785,153	(35,518)	749,635
Company		2024			2023		
		Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Other financial assets	10	101,547	-	101,547	95,805	-	95,805
Trade and other receivables	14	403,394	(279,373)	124,021	138,161	(32,252)	105,909
Cash and cash equivalents	16	2,559,593	-	2,559,593	520,025	-	520,025
		3,064,534	(279,373)	2,785,161	753,991	(32,252)	721,739



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43. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet both expected and unexpected current and future cashflow needs without negatively affecting either the daily operations or the financial condition of the Group.

The Group's exposure to liquidity risk arises mainly as a result of the following:

- Daily working capital requirements; and
- The Group has signed contracts with third parties where its retail network is used as a collection agent for municipalities and other institutions. All contracts stipulate that funds collected for third parties are paid over to them after 24 hours.

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions.

Management monitors rolling forecasts of the Group's liquidity reserve and cash and cash equivalents based on expected cash flows. The Group manages its liquidity risk through:

- Review of its daily cash flow position.
- Regular monitoring of liquidity through periodic forecast cash flow management and maintaining an adequate level of short-term marketable securities;
- Implementation of long-term and short-term funding and investment strategies;
- Diversification of funding and investing activities; and

The Accounting Authority monitors the liquidity position of the Group through a review of cash flow forecasts. The liquidity position of the Group has been assessed as part of a going concern assessment. Management has assessed and concluded that the Group has access to sufficient cash resources to continue in the foreseeable future.

Group - 2024		Within one year	Two to 5 years	Total
Liabilities				
Lease liability	4	85,938	43,814	129,752
Trade and other payables	24	2,077,716	-	2,077,716
Funds collected on behalf of third parties	27	40,714	-	40,714
		2,204,368	43,814	2,248,182
Group - 2023		Within one year	Two to 5 years	Total
Liabilities				
Lease liability	4	392,792	73,225	466,017
Postbank SOC Ltd Liability	20	215,869	-	215,869
Trade and other payables	24	4,977,786	-	4,977,786
Funds collected on behalf of third parties	27	669,017	-	669,017
		6,255,464	73,225	6,328,689



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43. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Company - 2024		Within one year	Two to 5 years	Total
Liabilities				
Lease liability	4	84,028	37,540	121,568
Trade and other payables	24	2,074,344	-	2,074,344
Funds collected on behalf of third parties	27	40,714	-	40,714
		2,199,086	37,540	2,236,626
Company - 2023		Within one year	Two to 5 years	Total
Liabilities				
Lease liability	4	391,148	73,227	464,375
Postbank SOC Ltd Liability	20	-	215,869	215,869
Trade and other payables	24	4,951,619	-	4,951,619
Funds collected on behalf of third parties	27	669,017	-	669,017
		6,011,784	289,096	6,300,880

Foreign exchange risk

Foreign exchange risk is the risk of the decline in the earnings or realisable value in the net financial asset position of the Group arising from adverse movements in foreign exchange rates. The Group is exposed to foreign exchange risk as a result of exposures that arise from rendering of international postal services and products as well as capital imports that are sourced offshore. The Group manages the foreign currency exposures relating to international postal services through the utilisation of Universal Postal Union (UPU) approved netting agreements between South Africa and debtor and creditor countries. In the event where the exposure after netting exceeds the limit specified below, a forward foreign exchange contract is taken to hedge the foreign exchange risk.

The Group has a policy that manages foreign exchange risk arising from capital imports sourced offshore by utilisation of for

ward foreign exchange contracts as documented in the board approved treasury policy. The treasury policy stipulates the following in respect of utilisation of forward cover:

- No forward cover is required where the currency exposure is less than R1 million in value and a 1% adverse exchange rate move does not result in a R 0,5 million currency loss.
- Forward cover is taken where the exposure in respect of a specific foreign currency commitment is more than R 1 million and 1% adverse move in the exchange rate results in the Group experiencing a loss of more than R 0,5 million.

At year-end the Group was exposed to the following foreign currency denominated financial assets and financial liabilities for which no forward cover had been taken out.



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	Group		Company	
Figures in Rand thousand	2024	2023	2024	2023
Foreign currency exposure at the end of the reporting period				
Financial Assets:				
Euro	46	52	46	52
Special Drawing Rights	5,199	5,850	5,199	5,850
United States Dollar	1,522	1,578	1,522	1,578
Financial Liabilities:				
Euro	923	923	923	923
New Zealand Dollar	191	191	191	191
Special Drawing Rights	4,073	5,539	4,073	5,539
Swiss Franc	3	3	3	3
Current assets (in Rand):				
Trade and other receivables	144,465	171,080	144,465	171,080
Current liabilities (in Rand):				
Trade and other payables	86,077	154,468	86,077	154,468



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43. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Interest rate risk

Cash flow interest rate risk is the risk of loss arising from changes in interest rates through higher interest payments or lower interest receipts. The Group does not have significant liabilities financed through finance lease. Financial institutions consider the Company to be medium risk with its interest payments linked to prime.

Cash flow interest rate risk

The table below reflects net interest income sensitivity for a given 1% up and downward shift in interest rates at year-end.

	Group		Company	
Figures in Rand thousand	2024	2023	2024	2023
Increase (Decrease)				
1% increase in interest rates:	8,024	10,173	8,018	10,166
1% decrease in interest rates:	(8,024)	(10,173)	(8,018)	(10,166)

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market.

Compliance risk

Compliance risk is the risk of non-compliance with any statutory requirement of national or local government and includes the South African Reserve Bank, Financial Services Conduct Authority, ICASA and various financial exchanges. This is minimised through effective monitoring and reporting to the relevant governance structures to ensure compliance with the key Acts and regulations through the Compliance function.



Notes to the Consolidated and Separate Financial Statements

44. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Reconciliation of liabilities arising from financing activities						
Group - 2024	Opening balance	New leases	Other non-cash movements	Total non-cash movements	Cash flows	Closing balance
Lease liabilities	450,559	7,955	(215,944)	(207,989)	(124,510)	118,060
Total liabilities from financing activities	450,559	7,955	(215,944)	(207,989)	(124,510)	118,060

Reconciliation of liabilities arising from financing activities						
Group - 2023	Opening balance	New leases	Other non-cash movements	Total non-cash movements	Cash flows	Closing balance
Lease liabilities	339,040	173,208	14,737	187,945	(76,426)	450,559
Financial liabilities at amortised cost	24,969	-	(24,969)	(24,969)	-	-
Total liabilities from financing	364,009	173,208	(10,232)	162,976	(76,426)	450,559

Reconciliation of liabilities arising from financing activities						
Company - 2024	Opening balance	New leases	Other non-cash movements	Total non-cash movements	Cash flows	Closing balance
Lease liabilities	447,487	3,449	(214,132)	(210,683)	(122,368)	114,436
Total liabilities from financing activities	447,487	3,449	(214,132)	(210,683)	(122,368)	114,436

Reconciliation of liabilities arising from financing activities						
Company - 2023	Opening balance	New leases	Other non-cash movements	Total non-cash movements	Cash flows	Closing balance
Lease liabilities	334,437	173,208	12,926	186,134	(73,084)	447,487
Financial liabilities at amortised cost	24,969	-	(24,969)	(24,969)	-	-
Total liabilities from financing activities	359,406	173,208	(12,043)	161,165	(73,084)	447,487



Notes to the Consolidated and Separate Financial Statements

45. FAIR VALUE INFORMATION FAIR VALUE HIERARCHY

The table below analyses assets and liabilities carried at fair value. The different levels are defined as follows:

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the group can access at measurement date.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Group & Company - 2024	Note(s)	Opening balance	Gains (losses) recognised in other comprehensive income	Closing balance
Assets				
Heritage assets	6			
Works of art		7,697	-	7,697
Stamps		36,348	-	36,348
Documents		259	-	259
Philatelic stationery		510	-	510
Other assets		1,433	-	1,433
Total heritage assets		46,247	-	46,247
Equity investments at fair value through other comprehensive income				
Unlisted shares	10	94,332	-	94,332
Total		140,579	-	140,579

Group & Company - 2023	Note(s)	Opening balance	Gains (losses) recognised in other comprehensive income	Closing balance
Assets				
Heritage assets	6			
Works of art		7,697	-	7,697
Stamps		36,348	-	36,348
Documents		259	-	259
Philatelic stationery		510	-	510
Other assets		1,433	-	1,433
Total heritage assets		46,247	-	46,247
Equity investments at fair value through other comprehensive income				
Unlisted shares	10	129,986	-35,654	94,332
Total		176,233	-35,654	140,579

Gains and losses recognised in profit or loss are included in Other income on the Statement of Comprehensive Income, except for gains and losses on financial assets and liabilities which have been included in fair value adjustments.

Gains and losses recognised in other comprehensive income are included in Gains and losses on property revaluation.



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46. COMMITMENTS

Authorised capital expenditure

Capital expenditure authorised by the board of directors at reporting date, but not yet recognised in the annual financial statements are as follows:

	Group		Company	
Figures in Rand thousand	2024	2023	2024	2023
Already contracted for but not provided for				
• Property, plant and equipment	1,015	34,001	1,015	34,001
• Intangible assets	-	5,538	-	5,538
Total commitments	1,015	39,539	1,015	39,539

Capital commitments treatment

Capital commitments are disclosed in respect of contracted amounts for which delivery is outstanding at the accounting date, as well as the amount of contractual commitments for the acquisition of property, plant and equipment and intangible assets.

Capital commitments represent goods or services that have been ordered, but no delivery has taken place at the reporting date.

These amounts are not recognised in the statement of financial position as a liability or as expenditure in the statement of comprehensive income, but are however disclosed as part of the disclosure notes.

Management expects these capital commitments to be financed from internally generated cash and other borrowings.

47. CONTINGENCIES

Contingent liabilities				
The following contingent liabilities were identified:				
Civil and Service providers	-	664,427	-	655,080

All pre-BR claims were compromised per the BR Plan. Should the review application not be in SA Post Office's favour, the claim will be limited to 12c per the plan. At this stage, there is no financial exposure as the Court has yet to adjudicate on the matter. It is important to note that there might be future exposure should the Court rule against SA Post Office after the finalisation of the BR proceedings.

On 09 February 2023, a judgement was issued to place SA Post Office under provisional liquidation which led to a Provisional Liquidator being appointed on 30 March 2023.

On 10 July 2023, the Company was placed into Business rescue with the appointment of the Business Rescue Practitioners. This led to the provisional liquidation order being set aside.



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47. CONTINGENCIES

	Group		Company	
Figures in Rand thousand	2024	2023	2024	2023
Contingent assets				
Civil claims	-	15,157	-	12,616

The litigation schedule provided by the lawyer shows no cases where SA Post Office is listed as the plaintiff.

48. GOING CONCERN

Going concern basis of preparation

The SA Post Office is a State-Owned Company with the mandate to achieve the priorities of the Government in providing universal access and affordable postal and financial services to all areas, including rural areas and small towns within the Republic of South Africa. The SA Post Office infrastructure and SA Post Office branch network exists to render these Universal Postal Services that all citizens are entitled to in the foreseeable future.

The accompanying financial statements have been prepared on a going concern basis, which assumes that the Company will continue to operate in the foreseeable future.

Business rescue (BR) process

Due to financial difficulties and the inability to meet its obligations as they became due, the Company was placed under business rescue on 10 July 2023 by the North Gauteng Division of the High Court of South Africa, in accordance with the provisions of the Companies Act, No. 71 of 2008.

Interim joint BRPs, Mr. Anooshkumar Rooplal and Mr. Juanito Martin Damons, were appointed in respect of the business rescue proceedings subject to approval by the Registrar of Financial Services and ratification by the majority of SA Post Office's creditors. Approval was obtained from the FSCA on 14 July 2023, and the joint BRP's appointment was ratified at a meeting of creditors in terms of section 147 of the Companies Act 71 of 2008 on 24 July 2023.

The BRPs are responsible for overseeing the Company's affairs, business, and property in an effort to facilitate the rehabilitation of the Company.

The Company's ability to continue as a going concern is dependent on the successful implementation of the business rescue plan, which includes measures to restructure the Company's

debt, improve its liquidity position, and return the Company to profitability. The implementation of the BR plan is dependent on funding from the fiscus.

The BRPs believe that, with the successful execution of the business rescue plan and the support of key stakeholders, the Company will be able to continue as a going concern. However, should the business rescue process not succeed, there is a risk that the Company may not be able to continue as a going concern, and adjustments may be required to the carrying amounts of assets and liabilities in the financial statements.

BR progress, significant outcomes and milestones achieved over the reporting period

The Plan is underpinned by strategic drivers that are aimed at stabilising, surviving and future-proofing the SA Post Office to ensure it will be sustainable in future. The SA Post Office received the full R2.4 billion funding allocation from the fiscus in 2023/2024 financial year, which is supporting the current operations, partial payment of retrenchment costs and payment of the creditors compromise due to relevant affected parties of the Company.

In order to fully implement the approved BR Plan, the SA Post Office requires a further R3.8 billion in funding from the fiscus, as was stated in the application to the high court to place the SA Post Office into business rescue. A formal application for this funding allocation has been submitted. A representative BRP team also updated Parliament on operational changes, successes, risks and possible mitigation tactics as well as the envisaged future of the SA Post Office, should additional funding not be procured.

Over the past year, the BRPs have stabilized the business and made progress on cutting costs. This has included rescaling the business. As a result, about 4 300 employees out of a total staff complement of 11 083 were retrenched through a Labour Relations Act section 189 process, in consultation with the CCMA. The first tranche of retrenchment packages was paid in June 2024, and the second tranche was paid on 28 August 2024.



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The final tranche was paid in November 2024 as agreed with the CCMA and relevant unions.

The restructuring of the SA Post Office is intended not only to align the costs to revenue, but to also have the capacity and renewed infrastructure to grow the business. The capacity of the Financial Misconduct Committee was reinforced, enabling over 250 disciplinary matters to be completed. This resulted in dismissals, where recommended.

The branch network was rationalized, with 366 Post Office branches permanently closed. When this process is completed, the SA Post Office will have about 657 branches across South Africa, with 232 sites offering Motor Vehicle License renewals through the Department of Transport. The closures will not affect the SA Post Office's Universal Service Obligation (USO) mandate, which is to provide postal services to all South Africans, regardless of where they live.

Creditors supported the write-off of 88% of the amounts owed to them, which has reduced the SA Post Office's debt burden. By 31 July 2024, 99.6% of all creditors had been paid a compromised 12c in the rand or 12% of the amount owed to them, totaling R1 billion. Statutory & payroll creditors (SARS, Post Office Retirement Fund & Medical Aid Schemes) will be paid a further 18 cents compromise upon receipt of the R3,8 billion funding from the Fiscus.

Further operational and sales activities were undertaken to support the business. They included migrating the key system applications and hardware to a new data centre, which stabilized the connectivity and IT operations, and comprehensively overhauling the automated sorting capabilities to ensure cost-efficient and effective mail handling in large mail centres. An internal committee was constituted to focus and comply with international postal obligations and as a result international and African mail backlogs have all been cleared. Domestic mail backlogs have been reducing since the commencement of business rescue and mail is moving frequently.

To support the delivery of mail and parcels, a multimodal approach to 'last mile' delivery has been adopted. A combination of walking, bicycles, motorcycles and vans are being used to optimise routes and delivery. Some 422 leased vehicles have been deployed to move mail and postmen to delivery depots and to make street deliveries.

Summary of material uncertainty

The conditions noted below resulted in a material uncertainty that might cast significant doubt on Group's ability to continue as a going concern as at the reporting date:

- Declining demand for traditional postal services due to technological advancements, and the SA Post Office's failure to adapt to these developments;
- Operational inefficiencies and Inadequate infrastructure;
- The Group has limited ability to obtain financing for essential operational and strategic initiatives; and

The South African Post Office requires a further R3.8 billion in funding from the fiscus, as was stated in the application to the high court to place the South African Post Office into business rescue.

As discussed above and below, significant progress in resolving these matters has been made, however, considerable work remains to be done.

Strategic repositioning the entity

A Business Rescue Plan ('the BR Plan') designed to stabilize and support the business to ensure it had a sustainable future was drafted by the BRPs and endorsed by an overwhelming majority of relevant creditors on 7 December 2023.

The BRPs have implemented a robust Governance and Control system to ensure effective oversight of the cash conservation and cash utilisation process. The payment approval process has created better control of cash management through greater interrogation of expense requisitions.

This Business Rescue Plan proposes that SA Post Office invest in a dedicated sales and business development team to revitalize the bulk mail revenue segment. This team would be tasked with attracting new clients, increasing volumes from existing clients, and implementing strategies to enhance the overall efficiency and effectiveness of SA Post Office's bulk mail operations.

The bulk mail revenue segment is critical to the successful turnaround of SA Post Office. Key interventions in the "engine room" of SA Post Office is required in terms of operations at its mail processing centres and the logistics value chain, which includes the Last Mile to the customer. The BRPs have held meetings with certain Bulk Mail customers to appraise them of the Business Rescue proceedings and to request their ongoing support. The BRPs are working on the broader sales and marketing fit-for-purpose strategy. This will ultimately culminate in strengthening the sales and marketing team with suitably qualified and experienced people to drive product development and sales. The BRPs are also addressing key challenges to improve delivery standards.

SA Post Office has a depot network that is strategically located throughout South Africa. SA Post Office's depot network, cou-



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pled with investment in a large company-owned logistics fleet, could position it as an attractive partner to retailers in the e-commerce space and to corporates in the freight logistics market. The BRPs are of the opinion that a large addressable market exists and that SA Post Office could reposition itself as a leading South African logistics services provider

The BRPs are currently building a sales capability, and a marketing and communications capacity within SA Post Office. The exact modalities will be implemented by the BRPs working in consultation with SA Post Office management and could include external service providers for a transition period, given the urgency of the interventions required. In addition, provision is

made in the financial forecasts for a ramp-up in annual operating expenditure on marketing and brand development.

Conclusion

In light of these circumstances, the BRPs have concluded that the going concern assumption is appropriate. However, material uncertainties related to the Company's ability to continue as a going concern remain. These uncertainties cast significant doubt on the Company's ability to continue its operations without the receipt of the R3,8 billion funding to successfully complete the business rescue process.

49. FRUITLESS AND WASTEFUL EXPENDITURE AND IRREGULAR EXPENDITURE

	Group		Company	
Figures in Rand thousand	2024	2023	2024	2023
Fruitless and Wasteful expenditure	16,203	45,428	16,203	45,428
Irregular expenditure	42,096	166,363	41,107	165,564
	58,299	211,791	57,310	210,992

50. MATERIAL LOSSES DUE TO CRIMINAL CONDUCT

	Group		Company	
Figures in Rand thousand	2024	2023	2024	2023
Fraud and Theft				
Incidents under investigation at the reporting date	44,155	138,080	44,155	138,080
Adjustments for:				
Results of prior-year Investigations concluded/conducted in the current year	-	(11,231)	-	(11,231)
	44,155	126,849	44,155	126,849

The Company considers a single loss due to criminal conduct of R30 million and above to be material. There has been no single

incident in the financial year where the materiality threshold was breached.



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51. EVENTS AFTER THE REPORTING PERIOD

Retrenchment of Employees

In April and May 2024, the SA Post Office retrenched approximately 4,300 employees as part of its ongoing Business Rescue Process. The decision to retrench was finalized prior to the reporting date of 31 March 2024, and a provision for the retrenchment costs was recognized in the financial statements for the year ended 31 March 2024. As the decision was made before year-end, this constitutes an adjusting event in accordance with IAS 10, and the financial statements have been adjusted to reflect the related obligations. The actual retrenchment process, including the settlement of final employee benefits, took place after year-end.

During the initial restructuring phase, management estimated the retrenchment of approximately 6,000 employees as part of the Business Rescue Process to ensure the financial sustainability of the SA Post Office. After further assessments, management revised the plan to reduce the number of job cuts in an effort to retain as many jobs as possible. Following this reassessment, 4,300 employees were retrenched. This decision reflects management's commitment to preserving employment while addressing operational efficiency and financial viability. The financial impact of these changes has been factored into the restructuring provisions in the financial statements.

Closure of Branches

SA Post Office closed 366 branches as part of its restructuring and cost-cutting measures. The decision to close these branches was made prior to 31 March 2024, and a provision has been raised in the financial statements for the costs associated with the closures. While the branch closure process commenced after the reporting date, the decision to close was made before year-end, thus constituting an adjusting event. The financial statements have been adjusted to reflect the estimated costs associated with the closures.

Resignation of the Group Chief Executive Officer

The Group Chief Executive Officer, Ms NP Mona, resigned with effect from 30 June 2024.

Other matters

The BRPs are not aware of any other material event which occurred after the reporting date and up to the date of this report.



